

# PERS News Break

Alaska Public Employees' Retirement System

## Division launches redesigned web site

The Division of Retirement and Benefits web site, [alaska.gov/drb](http://alaska.gov/drb), has been redesigned to make it more user-friendly for employees and retirees and went live to the public on December 27. The easiest way to navigate the site is to start with the **Use Your RnB** section, linked near the bottom of the home page, that asks what kind of user you are, i.e. employee, retiree, survivor, etc. Begin your search for answers to your questions at the **Your RnB** link or by using the "Search" function, which has been enhanced to make it easier to find information.

The main sections of the new site (e.g. Home, Retirement, Benefits, Employer Services) are color-coded to visually distinguish them from each other. Check the **Headlines** from time to time to keep up-to-date on the latest news from the division.

**Retirees, please note:** any events, such as a change in taxes, insurance premiums or Post Retirement Pension Adjustments (PRPAs) that affect the amount of retiree checks will be posted on our home page, under **Headlines** and/or **Hot Topics > Retiree Updates**.

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## IRS 1099-R forms mailed in late January

If you are a retiree, survivor or dependent, including members who took a refund during calendar year 2010, your 2010 IRS Form 1099-R was mailed at the end of January. Detailed information related to this form is available on our web site under **Hot Topics > Retiree Updates**. The web page includes an introduction to your 1099-R and describes various scenarios that could apply to retirees and beneficiaries who received distributions in 2010. If you would like us to mail you a copy of the 1099-R *News*, please call the Retirement Customer Service Center at 800-821-2251 (phone hours 10 a.m. to 3:30 p.m. Alaska time), option 1, or send an e-mail to [doa.drb.retireepayroll@alaska.gov](mailto:doa.drb.retireepayroll@alaska.gov).

## Benefit Fair coming to Bethel March 16-19

Fair also planned for Ketchikan on April 15-16

The next Benefit Fair will be held in Bethel, March 16-19, 2011, at a location yet to be announced. PERS and TRS members of *all* ages are invited to attend. There will be educational workshops to help you plan now for your future retirement security. The fair will provide state employees covered under the **ALASKACARE Employee Health Plan** an opportunity to learn more about available benefits. There will also be sessions on *Optional Benefits* (formerly Supplemental Benefits) and the *Supplemental Annuity Plan*.

A fair is also scheduled for Ketchikan on April 15-16 at the University of Alaska Southeast, Ketchikan campus. Watch for more details about the fairs on our web site, [alaska.gov/drb](http://alaska.gov/drb).

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# To marry or not... that is the question

## Marriage or partnership and how it may affect your retirement benefit

**W**hen it comes to retirement, the benefit you receive will be partially determined by whether or not you are married or in a same-sex partnership\* at the time of retirement, whether or not you elect a survivor option (if eligible), and the type of survivor option you elect. The following summarizes most of the possible scenarios and describes the applicable benefits:

### You are married prior to your retirement effective date:

1. If you elect one of the three survivor options, there is a lifetime reduction to your retirement benefit. After your death, your spouse receives a lifetime monthly benefit. If you elected medical coverage, dental/vision/audio (DVA), and/or long-term care (LTC) for you and your spouse, he/she may continue to be covered under these plans.
2. If you do not elect a survivor option and you take the "Regular" retirement benefit, there is no reduction to your pension. However, your spouse needs to sign the waiver on the retirement application waiving entitlement to any continued benefits. If you elected medical coverage for you and your spouse, your spouse is covered under the retiree health plan while you are alive, but in the event of your death, all benefits cease.
3. If you do not elect a survivor option and you take the "Level Income Option" (only available if first hired prior to July 1, 1996), your monthly retirement benefit will be at an increased amount prior to age 65 and at a reduced amount after age 65. As with scenario #2, your spouse needs to sign the survivor option waiver, is covered under the retiree health plan while you are alive (if you elected medical coverage for you and your spouse), and ceases to receive all benefits upon your death.



### You are NOT married prior to your retirement effective date:

- The "Regular" benefit or LIO, if available, are your only choices. There is NO joint and survivor reduction to your retirement benefit and there are NO survivor benefits.

### You are NOT married prior to your retirement effective date. However, you marry AFTER your retirement effective date:

- There will be no change in the Regular or LIO benefit election (no reduction to your pension). You may add your spouse to your medical coverage; if you are not eligible for ALASKACARE system-paid medical, you must pay the appropriate monthly premium to add your spouse. If you elected DVA or LTC for yourself at retirement, and you still have those plans and are paying the premiums, then you can also elect those plans for your spouse and pay the additional costs. Your written request to increase coverage must be postmarked or received within 120 days of the date of the event. There are NO continued benefits for your spouse after your death.

\*The scenarios described above for marriage also apply to a same-sex partnership; however, there is no waiver requirement if the member elects a benefit that does not include a joint and survivor benefit. If you wish to designate a same-sex partner to receive survivor benefits or to enroll him/her in the retiree medical plan, you must complete the Same-Sex Partner Supplement in addition to the Retirement Application. Included in the Supplement are the Same-Sex Partner Affidavit, which you and your partner must sign, and the Declaration of Tax Status Alaska Benefit Plans.

## Retirement dates are *always* effective the 1st of the month

**S**ome employers are telling employees who are terminating that they must work on the 1st of the month to have health insurance coverage, *even if they are planning to retire that month. This is not correct!*

If you are an employee who is *retiring*, your retirement *effective date* is the 1st of the month. If you work on the first day of any given month, you must then delay your retirement effective date until the 1st of the following month. For example, if you want to retire May 1, you must terminate no later than April 30. The division has had some employees who have had to wait an extra month to retire because their employers told them they must work on the 1st of the month.

If you are eligible for ALASKACARE system-paid medical when you retire, you have health insurance coverage immediately. If you are not eligible for system-paid medical when you retire, because of age or insufficient years of credited service, you can opt to purchase health insurance coverage immediately upon retirement or during an annual open enrollment period.

If you are terminating your position but *not* retiring, health insurance coverage continues through the *end of the month* in which you terminate. This is also the case for most, but not all, political subdivision employees. (Check with your employer.) So, for example, if you are a state employee and you terminate on the 1st, 2nd, or 3rd etc. day of a month, your health insurance coverage continues to the end of that month.

**Bottom line** – if you want to *retire* on the 1st of a given month, you *must not work* the 1st of that month.

## Returning to work with a PERS employer *after* retirement

**A**laska Statute 39.35.150 prohibits retirees who first entered a Public Employees' Retirement System (PERS) position *prior* to July 1, 2006, from working in a PERS-covered position while receiving PERS retirement benefits.

If you are retired and go back to work in a PERS position, your retirement benefit will be suspended until you terminate employment. PERS contributions will be deducted from your paycheck and you will accrue PERS service. You will retain the same tier status you held at the time you retired. You will NOT be reemployed into the Defined Contribution Retirement (DCR) Plan unless you work for an employer who first entered into participation with the PERS after July 1, 2006. You are required to pay back any retirement benefits you receive while simultaneously earning PERS credit. This amount must be paid in full before you retire again.

For most members, when you retire again, your first retirement benefit will be restarted once we receive notification that you have terminated employment. You must apply for the additional retirement benefit earned during reemployment. The additional benefit will be calculated using your back-to-work employment segment and salaries. You may elect a new survivor option if you have had a change in marital status since your previous retirement.



(continued on pg. 5)

# Survivor Benefits—What you need to know

**W**hen a member dies, a benefit payment, designed to provide some financial security, is provided to survivors. The type of payment is determined by whether the death was occupational or nonoccupational, and by whether or not the member was retired.

## Nonoccupational death before retirement

When a member dies from nonoccupational causes *before retiring*, the spouse, qualified same-sex partner, or other eligible beneficiary is entitled to the following survivor benefits.

### Benefit for survivor of nonvested member

For a member with *less than one year* of PERS service, the survivor benefit is the balance of the employee's contribution account, which includes mandatory and voluntary contributions, indebtedness principal and interest payments, and interest accrued to the account.

For a member with *at least one year* of PERS service but not yet vested, the survivor benefit is the balance of the employee's contribution account (same as above), and a lump-sum benefit of \$1,000 plus \$100 multiplied by the years of credited service.

### Benefit for survivor of vested member

For vested members, the survivor benefit is the same as that described above for nonvested members with at least one year of service. A beneficiary who is the spouse or qualified same-sex partner may choose instead a monthly 50% joint and survivor benefit. A spouse must have been married to the member for at least one year to be eligible for this benefit. A qualified same-sex partner must have been in an exclusive, committed relationship with the member for at least one year to be eligible for this benefit. The one-year requirement does not apply if the death is accidental or occupational.

The spouse is automatically the designated beneficiary provided that the spouse was married to the member during part of the member's employment and a waiver of benefits was not received by the Division.

If there is no surviving spouse or qualified same-sex partner or someone else is the designated beneficiary, including dependent children, the survivor benefit is the same as for nonvested members with at least one year of service.

### Monthly benefit

The 50% joint and survivor benefit is calculated on the member's average monthly compensation and years of PERS credited service at the time of death.

Benefits accrue from the first day of the month following the member's death and are payable at the end of the month. Benefits stop when the spouse or qualified same-sex partner dies.

### Occupational death

When a member dies from job-related causes, either during employment or while receiving occupational disability benefits, the spouse, qualified same-sex

partner, or other eligible beneficiary is entitled to the survivor benefit described below. **A member does not need to be vested to qualify for occupational death benefits.**

### Monthly benefit

The monthly survivor's pension is equal to 40% of the member's gross salary at the time of death or end of employment due to occupational disability.

For a peace officer or fire fighter, the monthly survivor's pension is the greater of 50% of the gross salary or 75% of the normal retirement benefit the member would have earned when he/she retired.



(continued on pg. 5)

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## Pat Shier appointed acting director of ETS

**O**n February 4, 2011, the Commissioner's Office of the Department of Administration (DOA) announced a personnel change to all DOA staff. Anand Dubey's resignation was accepted as director of the Division of Enterprise Technology Services (ETS) and our director, Pat Shier, was named as acting director of ETS until a permanent replacement has been found. Jim Puckett was named as acting director of the Division of Retirement and Benefits while Pat is at ETS.

## Survivor Benefits *(continued from pg. 4)*

The benefit changes at the member's normal retirement date (by age or service). The benefit is then paid as if the member had worked until normal retirement.

**There is an exception to the pension amount payable to survivors of members hired prior to July 1, 1976.** If this applies to you, contact the Division for more information.

Benefits accrue from the first day of the month following the member's death and are payable at the end of the month.

The spouse is automatically the designated beneficiary if the spouse was married to the member during part of the member's employment and a waiver of benefits was not received by the Division. If there is no surviving spouse, but there is a surviving qualified same-sex partner, the partner will receive the monthly survivor's pension. If there is no surviving spouse or qualified same-sex partner, but the member has dependent children, the monthly survivor's pension will be divided equally among those children.

Benefits stop when there is no longer a surviving spouse, qualified same-sex partner or eligible dependent child(ren).

### Survivor benefits for retired members

When a member dies after retiring, the beneficiary is entitled to the benefit check for the month in which [alaska.gov/drb](http://alaska.gov/drb)

## Survivor Benefits *(continued)*

the member dies, if not already paid to the member. However, a check payable to a deceased member must be returned to the Division and reissued in the beneficiary's name. It is illegal to cash a deceased member's check.

If the member selected a joint and survivor option at retirement, the spouse or qualified same-sex partner will start receiving that benefit.

If the member did not select a joint and survivor option, the beneficiary will receive the balance remaining in the employee contribution account, if any.

### Beneficiary designation

Your beneficiary designation may determine who receives your survivor benefit. Please refer to the *PERS Information Handbook* for more detailed information. Payment of benefits is based on the last designation received by the PERS.

If there is no surviving spouse, qualified same-sex partner or dependent child(ren), a lump sum is payable to the designated beneficiary. If there is no designated beneficiary, a lump sum is payable to the surviving parents. If there are no surviving parents, a lump sum is payable to the employee's estate.

## Returning to work *(continued from pg. 3)*

For those first hired prior to July 1, 1977, a second option is also available; your retirement benefit can be recalculated combining your original service and back-to-work service. This combined service is then multiplied by the average monthly salary, based on your high-three consecutive salaries and a 2% benefit multiplier. Upon your subsequent retirement, you may elect the calculation you prefer. (If you chose the pre-1977 option, you cannot elect a different survivor option from your first benefit.)

Special provisions apply to those whose first retirement was early or under the Retiree Incentive Program (RIP), or if you elected the Level Income Option. Contact the Retirement Customer Service Center for additional information if you fall into one of these categories and are thinking of returning to work.

# PERS Performance in Fiscal Year 2010

The Division of Retirement and Benefits (Division) prepares a Comprehensive Annual Financial Report (CAFR) which is available online at [alaska.gov/drb/pers/perscafr.html](http://alaska.gov/drb/pers/perscafr.html). The Public Employees Retirement System (PERS) CAFR provides comprehensive financial, investment, actuarial and statistical data.

The Division also posts the results of the annual actuarial valuation online at [alaska.gov/drb/pers/actuarial-valuation.html](http://alaska.gov/drb/pers/actuarial-valuation.html). This report contains the funding status of the PERS, as well as the data, assumptions, and methods used to develop contribution rate recommendations. As of June 30, 2009, the date of the latest actuarial valuation, the Defined Benefit Unfunded Accrued Liability was \$6,336,393,000.

A summary of the PERS Financial Statements as of June 30, 2010 is reported below.

## Summary of Fiscal Year (FY) 2010

- There were 27,565 PERS DB employees and 9,412 PERS DCR employees working for 160 PERS employers.
- \$77 million in interest was credited to PERS employees' accounts.
- PERS employers paid 22% of each employee's gross salary in addition to contributions paid by the covered employees. The state paid an extra 5.65% to meet the actuarially determined contribution rate of 27.65%.
- 25,015 people received monthly PERS pension benefits in FY 2010, an increase of 3.9% over FY 2009. PERS retirees and beneficiaries received an average of \$20,000 annually in FY 2010.
- The Alaska Retirement Management Board settled a lawsuit against its former actuary, Mercer. The settlement agreement amounted to \$500 million in exchange for dismissal of the lawsuit. The amount allocated to PERS was \$359 million after legal fees were deducted.

## Changes in PERS Assets During Fiscal Year 2010



	<b>Defined Benefit</b>	<b>Defined Contribution</b>
<b>Additions and Deductions</b>		
Net Assets on June 30, 2009 .....	\$8,535,815,000	\$79,817,000
<b>Additions</b>		
Employer Contributions .....	392,347,000	36,088,000
Plan Member Contributions .....	123,541,000	29,246,000
State of Alaska Contributions .....	107,953,000	
Net investment income .....	878,755,000	5,371,000
Legal Settlement .....	445,414,000	
Other .....	11,082,000	
<b>Total Additions .....</b>	<b>1,959,092,000</b>	<b>70,705,000</b>
<b>Deductions</b>		
Pension Benefits Paid .....	496,015,000	
Healthcare Benefits Paid .....	312,901,000	
Refunds to Members .....	12,364,000	3,029,000
Legal Settlement Fees .....	86,428,000	
Administrative Expenses .....	14,591,000	335,000
<b>Total Deductions .....</b>	<b>922,299,000</b>	<b>3,364,000</b>
<b>Net Assets on June 30, 2010 .....</b>	<b>\$9,572,608,000</b>	<b>\$147,158,000</b>

## Statement of PERS Assets as of June 30, 2010

<b>Assets</b>		
Short-Term Investments .....	\$98,826,000	\$777,000
Great-West Account .....		3,955,000
Legal Settlement Receivable .....	445,415,000	
Other Receivables .....	52,467,000	4,740,000
Investments, at Fair Value .....	9,116,830,000	139,060,000
Other Assets .....	2,829,000	
<b>Total Assets .....</b>	<b>9,716,367,000</b>	<b>148,532,000</b>
<b>Liabilities</b>		
Accrued Expenses and Other Liabilities .....	143,759,000	1,374,000
<b>Total Liabilities .....</b>	<b>143,759,000</b>	<b>1,374,000</b>
<b>Net Assets on June 30, 2010 .....</b>	<b>\$9,572,608,000</b>	<b>\$147,158,000</b>

# Benefit Fairs

**Bethel**  
Exact location TBA

**March 16-19, 2011**

Watch for more details on our web site

**Ketchikan**

University of Alaska Southeast, Ketchikan campus

**April 15-16, 2011**

Watch for more details on our web site

For Benefit Fair schedules and descriptions, check the **Seminar** page on our website at [alaska.gov/drb](http://alaska.gov/drb). For questions about the fairs, contact Judy Hall by e-mail at [judy.hall@alaska.gov](mailto:judy.hall@alaska.gov) or call 800-821-2251. Fair presentations are on a first-come, first-seated basis.

# Benefit Education Seminars\*

## The Retirement Process

**Anchorage - Robert B. Atwood Building, Room 240**

1:00 – 3:30 p.m.	April 21, 2011
1:00 – 3:30 p.m.	May 26, 2011
1:00 – 3:30 p.m.	June 22, 2011*
1:00 – 3:30 p.m.	July 21, 2011
1:00 – 3:30 p.m.	August 25, 2011
1:00 – 3:30 p.m.	September 29, 2011

\*Atwood Building, Room 602

## The Retirement Process

**Juneau - State Office Building, 6th floor conf room**

1:30 – 3:30 p.m.	March 10, 2011
1:30 – 3:30 p.m.	April 14, 2011
1:30 – 3:30 p.m.	May 26, 2011
1:30 – 3:30 p.m.	June 16, 2011

## The Retirement Process

**Fairbanks - North Star Borough School District**

3:00 – 5:00 p.m.	April 11, 2011
6:00 – 8:00 p.m.	May 9, 2011*

\*School District Admin Center

**\*Register for seminars online at [alaska.gov/drb](http://alaska.gov/drb) or call 800-821-2251** (in Juneau 465-6280)

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

## Where Are You?

**T**he Division of Retirement and Benefits is trying to locate the following people whose address is no longer correct in our system. If you have a current address or any other information for anyone listed below, please contact the division as indicated.

**Please note:** Some people might have the same name as you or may have a new last name due to marriage, divorce, or name change. Any information you can provide will be appreciated.

For the following people, please contact Laurie Helfinstine in the **Retiree Payroll Section** toll-free at (800) 821-2251, ext. 3104 or (907) 465-3104.

Ably, Vernon R	Andreola, Josephine C	Hyden, Zelmer L	Sikvayugak, Regina D
Allison, Elsam	Dexter, Frank L	Leavitt, Mary L	Stevens, Lissa B
Alton, Sally L	Dodge, Sydney J	Lekanoff Jr, Constantine	Terwilliger, John F
Anderson, Robert O	Duntley, Alan D	Levan, Constance	Townsend, Jettie
Anderson, Timothy T	Felder, Jennie	Mitchell, Hetty L	Vasquez, Ricardo R
Andreola, Josephine C	Hobson, Lana P	Panter, Georgia R	Warren, Roy A

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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.

### **Alaska Retirement Management Board (ARMB) Meetings**

**April 28-29, 2011**

**Anchorage Marriott Downtown Hotel**

**June 16-17, 2011**

**Anchorage Marriott Downtown Hotel**

ARMB meetings are open to the public. Minutes of past meetings and meeting agendas can be found at the ARMB link on the Department of Revenue's website at [dor.alaska.gov/treasury/programs](http://dor.alaska.gov/treasury/programs). If you have questions, call Judy Hall, ARMB liaison, at (907) 465-3749.

