

State of Alaska
Division of Retirement & Benefits

Public Employees' Retirement System
and Teachers' Retirement System
Defined Contribution Retirement Plan

Presented by Division of Retirement & Benefits



PERS/TRS DCR Plan

General Features

PERS Tier IV and TRS Tier III are Hybrid
Defined Contribution Retirement (PERS/TRS
DCR) Plans that offer:

- Occupational death and disability benefits
- Medical coverage
- Health Reimbursement Arrangement (HRA) Account



General Features

• Who is a participant of the PERS/TRS DCR
Plan?

- 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



General Features - continued

- The amount in each individual's account is funded by three sources:
 - Employee contributions
 - Employer contributions
 - Investment gains or losses
- The participant is in the driver seat.
 - Each participant may remain in the default target fund option *or* may decide for themselves how the money in their account is invested from a list of 27 investment options

Employee Contributions

- Participants contribute 8 percent of their salary into their individual account
- Participants can roll funds from other qualified plans into their PERS/TRS account

Employer Contributions

- Employer Rates
 - PERS employers contribute 5 percent to each participant's account
 - TRS employers contribute 7 percent to each participant's account
 - Flat dollar contribution to the Health Reimbursement Arrangement (HRA)
 - Employers also make contributions to fund the retiree medical and occupational disability benefits

Vesting

- Participant's contributions are immediately 100 percent vested
- Employer contributions are 100 percent vested after five years
 - 25 percent vested with two years of service
 - 50 percent vested with three years of service
 - 75 percent vested with four years of service
 - 100 percent vested with five years of service

Importance of Saving

Minimum savings for retirement is the percentage that represents one-half your age:

- At age 36 you should be saving 18%
- At age 52 you should be saving 26%

How to Become Eligible for Benefits

- Access to account balance once terminated from employment
- Access to Medical coverage:
 - 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
 - Must have worked the prior 12 months and retire directly from the system

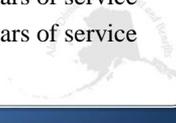
Retiree Medical Plan

- 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



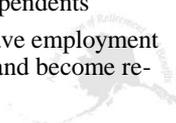
Retiree Medical Premiums

- Participants who are eligible for Medicare will pay a percentage of the monthly premium based on years of service as follows:
 - 10 percent with 30 or more years of service
 - 15 percent with 25 to 29 years of service
 - 20 percent with 20 to 24 years of service
 - 25 percent with 15 to 19 years of service
 - 30 percent with 10 to 14 years of service



Health Reimbursement Arrangement

- Your employer makes all contributions to the HRA
 - Flat dollar amount based on 3 percent 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 you leave employment before reaching eligibility and become re-employed



Eligibility for HRA Benefits

- Access to Health Reimbursement Arrangement (HRA)
 - 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 system



Disability Benefits

Occupational Disability

- If you as a participant experience a totally, and presumably permanent disability from an accident, injury or illness caused by your job:
 - You will receive 40 percent of your salary at the time of termination due to the disability
 - You will convert to a normal retirement when you reach eligibility for normal retirement
- Tax free benefit



Disability Benefits

- Occupational Disability
 - Employer continues to pay the participant and employer contributions into the participant's account, the HRA, and the retiree medical account



Death Benefits

- Non-occupational Death Benefit
 - Balance of the participant's account, including all employee and vested employer contributions, as well as any net gains or losses



Death Benefits - continued

- Occupational Death Benefit - at time of death
 - 40 percent of salary for "all others"
 - 50 percent of salary for "peace officer/firefighter"
 - Converts to a normal retirement when participant would have reached normal retirement eligibility



Death Benefits

- Occupational Death
 - 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.*



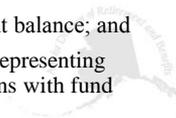
Disability/Death Benefits

- A participant or survivor receiving disability or death benefits is not eligible for medical benefits until normal retirement
- Access to medical benefits and premium subsidy at time of normal retirement
- Service continues to accrue toward medical eligibility until the participant would have reached normal retirement



Normal Retirement Conversion

- Disability Recipients
 - Peace officer/firefighter participants may choose between a continuing lifetime pension benefit or their account balance
 - All other participants may access their account balance
- Survivor Benefit Recipients
 - Access to participant's account balance; and
 - Access to additional account representing employer ongoing contributions with fund interest



Defined Benefit Conclusion

- Medical Coverage
- Health Reimbursement Arrangement (HRA)
- Occupational Disability and Death Benefits



Investing Your Contributions

Recognizing that not all participants are investment experts, your retirement system 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

New participants are automatically enrolled in an age appropriate target fund



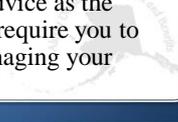
Important Note

- If you were first hired before July 1, 2009, you were automatically enrolled in managed accounts
- If you were hired on or after July 1, 2009, you were automatically enrolled in a Target Fund



Reality Investing Options

- **Guidance** *Do-It-Myself* investor. Free online access to Investment Option Detail sheets, calculators and market information.
- **Advice** *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. This service provides the same financial advice as the Managed Accounts, but does require you to take a more active role in managing your account.



Reality Investing Options

- **Managed Accounts *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.

- Contact AAG at 1-800-888-4952 ext 41066



Reality Investing Costs

- Guidance – Free
- Advice - \$25 annually, billed \$6.25 per quarter
- Managed Accounts – Annual fees based on balance of account
 - .45 percent annually for balances less than \$100,000, charged quarterly
 - For example, an account with a balance of \$10,000.00 would equal a \$45 annual fee, billed at \$11.25 per quarter

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



Managed Account Fee Schedule

Example of a \$425,000 account balance

Less than \$100,000	\$450.00
Next \$150,000	\$525.00
Next \$150,000	\$375.00
Amount over \$400,000	<u>\$37.50</u>
Total Annual Cost	\$1,387.50





Advisory Services																						
Introduction	Step 4: Confirmation																					
Step 1: Information Personal and Income Accounts Guaranteed Income Other Income Other Expenses	Below is a detailed confirmation of your new strategy. This reflects the most recent information available to us and may require changes to the variables outlined below.																					
Step 2: Strategy Contributions Annual Income Projections Total Health Projections Asset Allocation	You have accepted the following:																					
Step 3: Service Options Investment Strategy Legal Decision	<table border="1"> <thead> <tr> <th colspan="2">General Information</th> <th>Participant</th> </tr> </thead> <tbody> <tr> <td>Name</td> <td colspan="2">DOE MATTHEW</td> </tr> <tr> <td>Retirement Age</td> <td colspan="2">58</td> </tr> <tr> <td>Salary</td> <td colspan="2">\$ 50,000</td> </tr> <tr> <td>502 Balance</td> <td colspan="2">\$ 22,000</td> </tr> <tr> <td>Annual Pension</td> <td colspan="2">\$ 22,000</td> </tr> <tr> <td>Retirement Goal</td> <td colspan="2">\$ 60,000</td> </tr> </tbody> </table>	General Information		Participant	Name	DOE MATTHEW		Retirement Age	58		Salary	\$ 50,000		502 Balance	\$ 22,000		Annual Pension	\$ 22,000		Retirement Goal	\$ 60,000	
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FOR ILLUSTRATIVE PURPOSES ONLY.

Distribution

- Participants must be terminated from employment for 60 days before they can access their account
- Participants may elect from the following options:
 - Leave their 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



Conclusion

- A defined contribution plan is an excellent retirement vehicle for employees. It is important for you to take an active role at the start of your employment
- You have an opportunity to take advantage of the Reality Investing options if you would like



Social Security

- If you work in a position that does not pay into Social Security, and have less than 30 years of qualifying Social Security earnings, you may be subject to Windfall Elimination Provision which will reduce your Social Security benefit
- Benefit estimates received from Social Security do not include offset - must be specifically requested
- Contact Social Security for more information
- (1-800-772-1213 / www.ssa.gov)



Other Considerations

- Divorce and Dissolution
Your PERS/TRS DCR account is considered a marital asset! If you were married during your employment and later divorced, your former spouse may have a claim to part of your benefits. You will need to provide court certified copies of your divorce or dissolution documents to the division.



Other Considerations

- Beneficiary Information – keep it updated!
 - Online at Empower Retirement
 - Hard copy form sent to Empower Retirement
- Address Changes



Other Considerations

- Credit Management
 - Understanding how credit works
 - Federal Trade Commission Credit Reports at www.ftc.gov
 - Debt Management
 - Understanding your debt ratio
 - Consumer credit counseling at www.cccsofak.com
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Retirement Education

- Retirement & Benefits online at doa.alaska.gov/drbr
 - Various retirement planning tools
 - Advocacy groups
 - Calculators
 - Reality Check
 - Empower Retirement online at: akdrb.gwrs.com
 - Retiree Crossroads
 - E-Learning Seminars
- 

Resources

- Division of Retirement and Benefits Counselors & Staff
 - Division Website
 - Statutes, Handbooks, and Welcome Kits
 - Anchorage Empower Retirement Office
 - Empower Retirement Website
 - AAG, LLC
 - Reality Investing
 - mymoney.gov
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Contacts

Division Regional Counselors

- Anchorage Office
 - Debbie Bialka-Benedict
 - Mark Rosier
 - Becky Sheridan
- Benefit Attachments
 - Kathryn Setzer
- Retirement Counselors
 - Tony Brakes
 - Mike Doss



Contacts

Division Regional Counselors

- Lisa Templeton
 - Aleutians, Western Alaska, Kenai Peninsula
- Mark Rosier
 - Mat-Su
- Natasha Golovatiuk & 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
10:00 am to 3:30pm

Empower Retirement Customer Service
(800) 232-0859

5:00 am to 5:30 pm Alaska time

Voice Response System (Open 24 hours)

Investment advice from Advised Asset Group

1-800-888-4952 ext 41066

6:00 am to 3:00 pm Alaska time



Thank you for attending!

Please complete the seminar evaluation
located in each of your folders.