State of Alaska
Division of Retirement & Benefits

Supplemental Benefit System Annuity Plan

&

Deferred Compensation Plan

SBS-AP Overview

- Defined contribution plan governed by section 401(a) of the IRC
- Administered by the Alaska Division of Retirement & Benefits
- Great-West Retirement Services is the contract record-keeper and payer

Great-West Client Service

- Great-West Retirement Services (GWRS)
  - on-line akdrb.com
  - by phone 1-800-232-0859
  - Allocation of new contributions
  - Managed Accounts or Investment Advice (fees apply)
  - Investment Guidance
  - Automatic rebalancing
  - Beneficiaries

Contributions

- Mandatory Contributions
  - Employee 6.13%
  - Employer 6.13%
- Immediately 100% Vested
- Self Directed Investments

Beneficiaries

- Update with GWRS
  - Hardcopies
  - On-line updates
- Default Beneficiary
  - Spouse
  - Children
  - Parents
  - Estate

In-Coming Transfers

- Rollover from Qualified Plans
  - Government Sponsored 401(a)
  - Private Employer 401(k)
  - Government DCP 457(b)
  - Tax Sheltered Annuity 403(b)
  - Non-Roth IRA

Purchase of Service

- Can utilize the Supplement Annuity Plan and other qualified pre-tax plans to pay for
  - Temporary service
  - Military service
  - Workers' Compensation leave without pay
- Cannot use to pay back refunded service
- Must complete prior to beginning retirement
- Contact Retirement & Benefits Accounting Section at: (907) 465-4460 (800) 821-2251

Distribution Options

- Lump Sum
  - percent or dollar amount
- Direct Transfer/Rollover to Non-Roth IRA
  - percent or dollar amount
- Direct Transfer/Rollover to Roth IRA
  - percent or dollar amount

Various Annuity Options

- Fixed Annuity; 5, 10 or 15 year
- Fixed Life Annuity
- Fixed Life Annuity; 10 or 15 year guaranteed
- Joint Life Annuity
  - 50%
  - 100%

Fixed Annuity

- Receive payments on a monthly basis
- Income for a period certain
  - 5, 10 or 15 year
- Pays remaining payments to a beneficiary at your death

Fixed Life Annuity

- Receive payments on a monthly basis
- Income for your life only
- No death benefit

Fixed Life Annuity Guaranteed

- Receive payments on a monthly basis
- Income for your life only
- Guarantees income to a beneficiary within the first 10 or 15 years after death

Joint Life Annuity

- Receive payments on a monthly basis
- Income for your life
- Provides co-annuitant life benefit at your death
  - 50% survivor benefit
  - 100% survivor benefit

Taxes & Penalties

- Subject to income tax
  - 20% for lump sum, 5 year certain
  - Choose withholding for payouts lasting 10 or more years
- State tax based on residence
- 10% penalty for early withdrawal
  - Some exclusions apply

Distribution Procedures

- Requested distributions authorized 60 days after termination
- Defer payment until April 1st of calendar year after you turn age 70 ½
- Submit distribution requests to Great-West after termination of employment

Death Benefits (Spouse)

- Spouse Beneficiary
  - All SBS-AP distribution options available
- Tax Withholding
  - Spouse Beneficiary – 20%
  - Excluded from 10% penalty
- Payment Deferral
  - 12/31 of the year participant would turn age 70 1/2

Death Benefits (non-Spouse)

- Non-Spouse Beneficiary
  - Lump Sum (5th calendar year of DOD)
  - 5 year Annuity (elect by 12/31/ of DOD)
  - Fixed Life Annuity (5th calendar year of DOD)
  - Inherited IRA rollover (5th calendar year of DOD)
- Tax Withholding
  - Non-spouse Beneficiary – 20%
  - Excluded from 10% penalty

Investments

- 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 28 investment options
- 10 target funds & 18 other funds
- Research investment options using on-line Quarterly Reports & Investment Option Detail sheets
- Management tools available from GWRS

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 1-800-232-0859

Reality Investing Costs

- Guidance – Free
- Advice - $25 annually, billed $6.25 per quarter
- Managed Accounts – Annual fees based on balance of account
  - .50 percent for balances less than $100,000 charged quarterly
  - Example: an account with a balance of $5,000 would equal a $25 annual fee. Billed at $6.25 per quarter

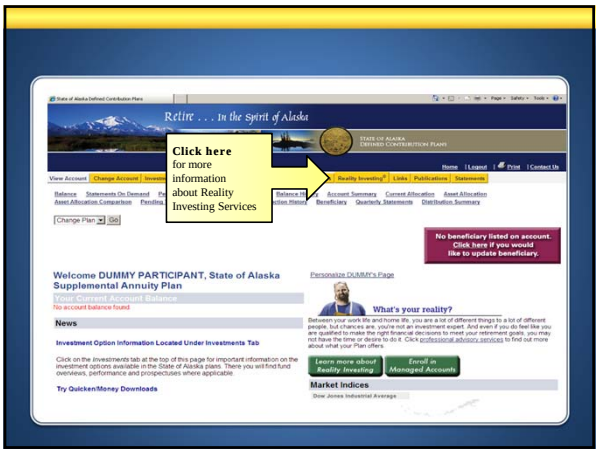
(Participants may opt in or out of any of these features each quarter)

Managed Account Fee Schedule

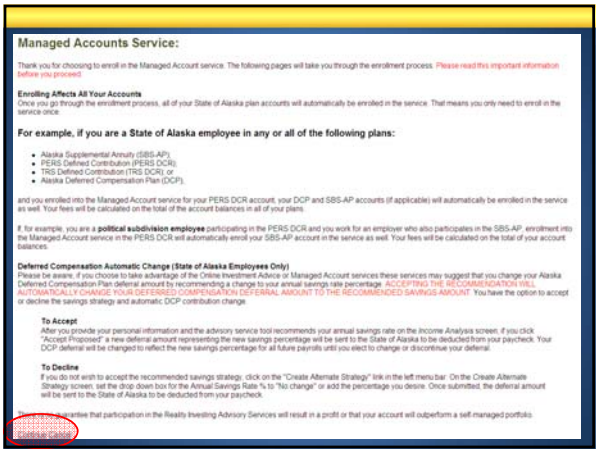
Example of a $425,000 account balance

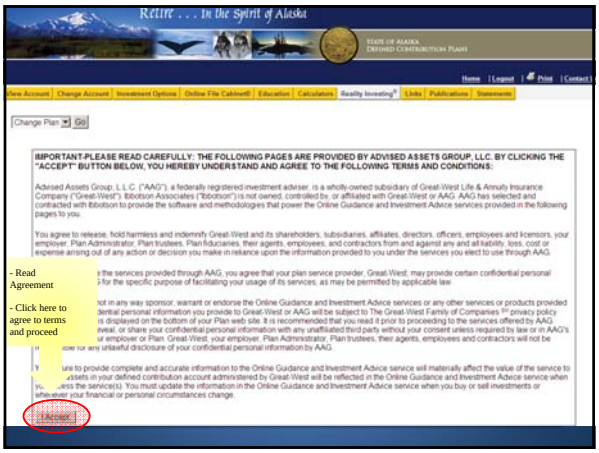
First $100,000	$500.00
Next $150,000	$600.00
Next $150,000	$450.00
Amount over $400,000	$50.00
Total Annual Cost	$1,600.00

Advisory Services
on the Web
akdrb.com


Retire . . . In the Spirit of Alaska
Click here for more information about Reality Investing Services
Reality Investing
No beneficiary listed on account. Click here if you would like to update beneficiary.
Welcome DUMMY PARTICIPANT, State of Alaska Supplemental Annuity Plan
Personalize DUMMY's Page
What's your reality?
News
Investment Option Information Located Under Investments Tab
Learn more about Reality Investing
Enroll in Managed Accounts
Market Indices
Try Quicken/Money Downloads

Retire . . . In the Spirit of Alaska
REALITYinvesting
AdvisedAssetsGroup
Ibbotson Associates
Read information on this page
•Click here to begin using Reality Investing Services
Let's get started!


Managed Accounts Service:
Thank you for choosing to enroll in the Managed Account service. The following pages will take you through the enrollment process. Please read this important information before you proceed:
Enrolling Affects All Your Accounts
Once you go through the enrollment process, all of your State of Alaska plan accounts will automatically be enrolled in the service. That means you only need to enroll in the service once.
For example, if you are a State of Alaska employee in any or all of the following plans:
Alaska Supplemental Annuity (SBS-AP);
PERS Defined Contribution (PERS DCR);
TRS Defined Contribution (TRS DCR); or
Alaska Deferred Compensation Plan (DCP).
and you enrolled into the Managed Account service for your PERS DCR account, your DCP and SBS-AP accounts (if applicable) will automatically be enrolled in the service as well. Your fees will be calculated on the total of the account balances in all of your plans.
If, for example, you are a political subdivision employee participating in the PERS DCR and you work for an employer who also participates in the SBS-AP, enrollment into the Managed Account service in the PERS DCR will automatically enroll your SBS-AP account in the service as well. Your fees will be calculated on the total of your account balances.
Deferred Compensation Automatic Change (State of Alaska Employees Only)
Please be aware, if you choose to take advantage of the Online Investment Advice or Managed Account services these services may suggest that you change your Alaska Deferred Compensation Plan deferral amount by recommending a change to your annual savings rate percentage. ACCEPTING THE RECOMMENDATION WILL AUTOMATICALLY CHANGE YOUR DEFERRED COMPENSATION DEFERRAL AMOUNT TO THE RECOMMENDED SAVINGS AMOUNT. You have the option to accept or decline the savings strategy and automatic DCP contribution change.
To Accept
After you provide your personal information and the advisory service tool recommends your annual savings rate on the Income Analysis screen, if you click "Accept Proposed" a new deferral amount representing the new savings percentage will be sent to the State of Alaska to be deducted from your paycheck. Your DCP deferral will be changed to reflect the new savings percentage for all future payrolls until you elect to change or discontinue your deferral.
To Decline
If you do not wish to accept the recommended savings strategy, click on the "Create Alternate Strategy" link in the left menu bar. On the Create Alternate Strategy screen, set the drop down box for the Annual Savings Rate % to "No change" or add the percentage you desire. Once submitted, the deferral amount will be sent to the State of Alaska to be deducted from your paycheck.
Continue Cancel



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%

Voluntary Savings Plan

- The Voluntary Savings Plan is available to PERS members (Tier I, II & III)
  - No open enrollment
  - Contributions are post-tax
  - Minimum contribution of $5 per pay period
  - Maximum contribution of 5% of gross salary per pay period
  - Earns 4.5% interest compounded semi-annually
  - Payment options include: lump sum, life annuity and installment over a designated period

Deferred Compensation Overview

- State of Alaska employees
- Eligible governmental deferred compensation plan under Internal Revenue code (IRC) Section 457(b)
- Administered by the Alaska Division of Retirement & Benefits
- Great-West Retirement Services is the contract record-keeper and payer

Investments

- Choose investments when enrolling
- 10 target funds & 17 other funds
- Research investment options using on-line Quarterly Reports & Investment Option Detail sheets
- Management tools available from GWRS

Beneficiaries

- Update changes with GWRS
  - Hardcopies
  - On-line updates
- Default beneficiary
  - Spouse
  - Children
  - Parents
  - Estate

Miscellaneous

- Re-enroll if a break in service
  - Returning legislative session employees
  - Lay-off status
- Plan-to-Plan transfer accepted from another eligible 457(b) plan

Getting Started

- Eligible to participate the first of month after enrollment
- Regular and Long-term nonpermanent employees
- Can defer up to 100% of net pay
  - subject to annual maximum
- Enrollment available on-line akdrb.com

Deferrals

- Minimum $25 per pay period
- $17,000 annual contribution
- Age 50 and older: additional $5,500 if eligible for the full $17,000
- Limits are based on current tax year

Deferral Changes

- Increase, decrease, discontinue or reinstate contributions
- Changes effective first of month
- Set up future date changes
- Schedule annual increases

Leave Cash-in Contributions

- Cash in leave hours
  - Front load investments
  - Assists with maximizing annual deferrals
  - Reduces tax liability when terminating employment
- Contact Retirement Customer Service Center

  Hours: 10:00 am – 3:30 pm

  (907) 465-4460 (800) 821-2251

Purchase of Service

- Can utilize the Deferred Compensation Plan and other qualified pre-tax plans to pay for
  - Temporary service
  - Military service
  - Workers' Compensation leave without pay
- Cannot use to pay back refunded service
- Must complete prior to beginning retirement
- Contact Retirement & Benefits Accounting Section at: (907) 465-4460 (800) 821-2251

Catch-Up Program

- Make up for contributions not previously made during state employment
- Start as early as three years prior to normal retirement (age or service)
- Utilize over three consecutive years
- Contract Retirement Customer Service Center

Hardship Provisions for Active Employees

- Must be an extreme financial emergency
  - Sudden and unexpected
  - Loss of property due to event beyond control of participant
  - Illness/accident to participant or dependent
- Strict provisions
- Subject to applicable IRC code

DCP Contributions from Final Check

- Request must be received by Retirement & Benefits the month *prior* to your last day of employment
- Subject to annual maximums
- May defer terminal leave payout including unpaid wages
- Must request in writing to Retirement Customer Service Center
- Deferral must occur in year worked

Account Information

- Account balance and activity included on statements from Great-West
- General information including Quarterly (investment performance) Reports, available on-line
- For specific account information contact Great-West Retirement Services:

  (800) 232-0859 or akdrb.com

  (obtain PIN from Great-West)

Distribution Procedures

- Requested distributions are authorized 60 days after termination date
  - Option to waive 60-day waiting period
- Multiple distribution options: Periodic payments in addition to same options available for SBS
- Annual Minimum distribution required begins at age 70 ½
- Submit distribution request to Great-West after termination of employment

Periodic Payments:

A Flexible Payment Option

- Schedule regular distributions directly from your account
  - Specify period or amount
  - Monthly, quarterly, semi-annual or annual
- Account balance remains invested by you
- Can liquidate proportionally from investment fund(s)

Periodic Payment - continued

- No irrevocable commitment
- No guarantee of lifetime income
- Change in existing payment
  - Increase/decrease/discontinue
  - Unlimited partial distributions

Death Benefits

- Same distribution options as the Supplemental Annuity Plan
- Periodic payment option can be utilized by both spouse and non-spouse beneficiary
  - Non-spouse must liquidate account by December 31 of the 5th year of death

Taxes & Penalties

- Subject to income tax
  - 20% for lump sum, 5 year certain
  - Choose withholding for payouts lasting 10 or more years
- State tax based on residence
- No 10% IRS Penalty for early withdrawal

Credit & Debt Management

- 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

Other Considerations

- Divorce and Dissolution

  Your retirement accounts are considered a marital asset! If you were married during your employment and later divorce, 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.
- Address Changes

Conclusion

- The SBS and DCP defined contribution plans are 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 anytime

Contacts

Division Regional Counselors

- Anchorage Office
  - Debbie Bialka, Paul Carlson, Mark Rosier
  -
- Tony Brakes, Paul Carlson
  - QDRO
- Marla Christenson
  - Disability

Contacts

Division Regional Counselors

- Roberto Aceveda
  - Aleutians, Western Alaska, Kenai Peninsula
- Debbie Bialka
  - Mat-Su
- Pam Couzin
  - Fairbanks and Railbelt, Tok, Glennallen, Valdez
- Mike Doss
  - Southeast and AMH System

Contacts

DRB Customer Service Center
(800) 821-2251 or (907) 465-4460
10:00 a.m. to 3:30 p.m.

Contacts

Thank you for attending!

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