



THE STATE  
of ALASKA  
GOVERNOR MIKE DUNLEAVY

## Department of Revenue

ALASKA RETIREMENT MANAGEMENT BOARD

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To our Members and Retirees:

At this time, as we collectively face the health challenges presented by the COVID-19 pandemic, our foremost thoughts center around the safety and health of you and your family. The pandemic, and the measures taken to stem its spread, have created concerns over the trajectory of economic growth globally and have resulted in reductions to the market value of investments in the retirement trusts. During this difficult time, we want to take a moment to communicate how the Alaska Retirement Management Board is managing through this environment.

The markets, by many estimates, have now priced in a recession in the United States. This means that should we experience a recession, it will not necessarily be new information to the markets, and this may mitigate the extent of further draw downs. Also, the unprecedented monetary and fiscal policy responses both in the United States and elsewhere are designed to offset the impact on individuals and businesses that are experiencing disruption. However, it is very difficult to handicap the future market movements in the short term. We anticipate that the markets will remain relatively volatile as we collectively parse the import of news relating to the extent of COVID-19 infection and the impact of measures taken both to arrest the spread of the virus and to stimulate the economy.

For defined benefit participants, market downturns such as the one we are currently experiencing do not change the commitment to pay your retirement benefits. Your benefits will continue to be paid. The defined benefit plans are pre-funded. That is, money is set aside in a trust fund today to pay your benefit in the future. The Alaska Retirement Management Board manages the defined benefit plans to maintain a long-term focus and has rebalanced toward its strategic asset allocation. The asset allocation is diversified across stocks, bonds, real estate and other assets, maintains sufficient liquidity to pay benefits and to rebalance when capital markets are in distress, and is designed to withstand shocks such as what we are now experiencing.

Market gains and losses do affect your Alaska Supplemental Annuity, Deferred Compensation and Defined Contribution Retirement plan balances. The investment choices within these plans are designed to provide participants with the tools to manage your investments as you determine. As is generally the case for these plans, think carefully and consider seeking the assistance of a professional advisor before withdrawing funds or changing your asset allocation.

Sincerely,

Handwritten signature of Robert Johnson.

Robert Johnson, Chair

Handwritten signature of Bob Mitchell.

Bob Mitchell, Chief Investment Officer