

From: Ronald Johnson
To: [Rep. Sam Kito](#); [Rep. Adam Wool](#); [Rep. Andy Josephson](#); [Rep. Louise Stutes](#); [Rep. Chris Birch](#); [Rep. Gary Knopp](#); [Rep. Colleen Sullivan-Leonard](#)
Subject: HB 83
Date: Friday, February 16, 2018 5:32:16 PM

House L & C:

My testimony re HB 83.

HB 83 would allow new folks a chance to have a DB retirement plan.

A critical issue is the assumed ROR as this determines how much the state and the employees have to contribute. The lower the assumed ROR, the more each employee will be required to contribute into his/her retirement.

TRS/PERS is already stuck w my retirement no matter what ROR is assumed. No matter what ROR is assumed, the actual UL will not change. Not true for new folks. To provide a secure retirement for them, it is important to structure HB 83 with a prudent ROR.

If 8 % is assumed and the real return is, say, 7 %, the passage of HB 83 will add many \$ B to the unfunded liability [UL.] This would have a severe negative effect on PERS and TRS.

Senate Finance had a 90 minute session this week regarding PERS/TRS. They are very concerned about the ability of Alaska to make the future annual payments [exceeding \$ 500 M] toward the UL [referred to it as the elephant in the room]

The AkPF assumes a $ROR < 7\%$ and Callan is recommending to the ARMB that it lower the ROR to $< 7\%$.

European public and world corporate pension funds assume RORs closer to 6 %.

The ARMB will vote on its assumed forward ROR this June.

I realize ADMIN will not do a fiscal analysis until HB 83 clears the house or at least the Finance Committee. Hence, it is impossible for anyone to know now what each employee needs to contribute [I believe HB 83 sets it at 8 %].

If you move this bill out of committee, I urge you to express these concerns.

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