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Governor Bill Walker
STATE OF ALASKA

January 23, 2018

The Honorable Pete Kelly
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Kelly,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to disbursement options for the defined contribution retirement plans.

In 2005, the state established a defined contribution retirement plan for certain employees of the State, political subdivision, or public organization of the State. The plan applies to qualified members of the public employees' retirement system (AS 39.35), and the teachers' retirement system (AS 14.25) hired after July 1, 2006. Each plan includes provisions for membership, participation, contributions by members and employers, and distribution of a participant's share.

Currently, the law places statutory restrictions on the forms of distribution. Unfortunately, for plan participants, the statutory options have proven to be inflexible and serve to limit plan participant options. The Division of Retirement and Benefits has found through surveys that plan participants desire further options, including an option for a guaranteed lifetime income product. To meet this need, the Department of Revenue (DOR) and the Department of Administration (DOA) are considering available options and will make those recommended options available for consideration by the Alaska Retirement Management Board in the spring of 2018.

This bill would provide DOA with the ability to put plan options in regulation. Through the regulation process, DOA would have more flexibility to respond to participant needs. This will result in better options for participants, enhance the desirability of public service as a career, and provide a more stable financial future for plan participants.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker
Governor

Enclosure