

State of Alaska
Department of Revenue

Commissioner Bryan Butcher



SEAN PARNELL, GOVERNOR

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The Honorable Bert Stedman
The Honorable Lyman Hoffman
Co-Chairs, Senate Finance Committee
Alaska State Senate
Juneau, AK 99801

March 1, 2012

Dear Senators Stedman and Hoffman:

During the Senate Finance Committee hearing on February 22, I was asked what the value of the PERS and TERS funds would have grown to had they achieved the annual estimated return rate adopted by the Alaska Retirement Management Board (ARMB) and its predecessor board, the Alaska State Pension Investment Board. The calculation is more complex than would initially be expected because of the hundreds of cash flows into and out of the funds due to multiple employer receipts as well as pension and health care payments.

We have attempted to provide a fair estimate of the calculation you requested by using fund balances at the beginning of the fiscal year and adjusting for net cash flows throughout the fiscal year. The attached table is the result of our computations.

Please advise me if I can be of further assistance.

Sincerely,

Angela Rodell
Deputy Commissioner

Enclosure

cc: Darwin Peterson, Senate Finance Committee Aide

PERS	Starting 6/30/01 Balance (\$MM):		\$	8,081.5	TRS	Starting 6/30/01 Balance (\$MM):		\$	4,076.1
	Target Return		Actual Return			Target Return		Actual Return	
FY02	\$	8,493.70	\$	7,411.60	FY02	\$	4,225.42	\$	3,686.71
FY03	\$	8,883.59	\$	7,399.29	FY03	\$	4,345.38	\$	3,609.95
FY04	\$	9,248.80	\$	8,172.60	FY04	\$	4,450.83	\$	3,908.93
FY05	\$	9,650.67	\$	8,577.49	FY05	\$	4,563.31	\$	4,022.10
FY06	\$	10,180.03	\$	9,350.00	FY06	\$	4,710.57	\$	4,278.15
FY07	\$	10,767.32	\$	10,858.88	FY07	\$	4,871.49	\$	4,847.34
FY08	\$	11,833.17	\$	10,698.34	FY08	\$	5,234.54	\$	4,670.34
FY09	\$	12,692.03	\$	8,428.65	FY09	\$	5,639.46	\$	3,691.39
FY10	\$	13,627.93	\$	9,172.66	FY10	\$	6,006.02	\$	3,972.28
FY11	\$	14,932.45	\$	11,348.76	FY11	\$	6,386.91	\$	4,705.75

Note: the balances above begin with the 6/30/2001 balance of PERS and TRS, then separately roll forward the target return and the actual return. Non-investment-related cash flows are assumed to occur at the start of the year in question.

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Treasury Division

