



LEGISLATIVE RESEARCH SERVICES

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Memorandum

TO: Representative Kurt Olson
FROM: Heather Parker, Legislative Analyst
RE: Questions on finances for the State of Alaska

You asked two specific questions related to finances for the State of Alaska. Those questions and answers follow.

How much has the State saved by switching to a defined contribution program?

Briefly, there is no simple answer to this question. Pat Shier, director of the Division of Retirement and Benefits, estimates that as an employer, the State of Alaska has saved over \$202 million since implementing the three bills that shaped the current overall retirement system.¹ This number, however, does not take into account the unfunded liability, which is in itself a moving target.

How much has PERS lost due to the recent stock market nosedive?

Retirement Investment Losses, July - November 2008		
<i>Plans</i>	<i>approximate loss in value (millions)</i>	<i>approximate percentage loss</i>
<i>Defined Benefit Plan</i>		
PERS - Defined Benefit Fund	\$ 2,200	20 %
<i>Defined Contribution Plans</i>		
PERS--Defined Contribution Fund	\$ 9	38 %
SBS	\$ 311	15 %
Deferred Compensation	\$ 82	16 %
<i>NOTES: All plans receive contributions each pay period, increasing aggregate account balances despite losses, and complicating efforts to quantify investment losses only. Percentages are slightly overstated.</i>		
<i>SOURCE: Pat Shier, director, Division of Retirement and Benefits, Department of Administration, (907) 465-4817.</i>		

We hope you find this information to be useful. Please do not hesitate to contact us if you have any additional questions.

¹ Those bills are SB 141 (ch 9 FSSLA 2005), SB 123 (ch 20 SLA 07), and SB 125 (ch 13 SLA 08). Pat Shier, director, Division of Retirement and Benefits, can be reached at (907) 465-4817.