



## **KENAI PENINSULA BOROUGH**

Finance Department

144 North Binkley Street • Soldotna, Alaska 99669-8250

PHONE: (907) 714-2170 • FAX: (907) 714-2376

March 17, 2009

House Labor & Commerce Committee

Re: HB 30, Repeal Defined Contributions Retirement Plan

Dear Sirs:

Prior to repealing the current defined contribution retirement plan and instituting a new defined benefit plan, please consider the following:

1. Under the old defined benefit plan, it was estimated there was an under funding impact to the plan in excess of \$200,000 for each elected official; if a new defined benefit plan is developed, who will be responsible for this under funding.
2. Some communities as a cost saving measure, exempted their elected officials from participating in PERS. Now with a single employer plan for PERS, if a defined benefit plan is instituted, these same communities will be forced to contribute on behalf of elected official from other communities where they were not exempted.
3. Overtime wages should not be included in calculating the wage base when determining high years of service. At worst, only the straight time portion should be included.
4. Extra curricular pay should be exempt from PERS/TRS.
5. Bonuses and retirement incentives should not be included in the calculating the wage base. The increased benefits paid to individuals who receive these payments can far outweigh the PERS/TRS payments made to the plans.
6. Limit legislative changes to the plans that increase cost without funding the increased cost.
7. 100% of the cost to the PERS/TRS plans due to changes that adds classes of employees or changes in benefits resulting in increased cost to the plan, should be borne by the communities advocating the plan changes.

These are but a few of the items that should be considered by the legislature prior to making any change from the current retirement system.

Sincerely

Craig C Chapman

Finance Director

Kenai Peninsula Borough