

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 286
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB286-DOA-DRB-01-20-14
Title: VETS'
RETIREMENT/LOANS/HOUSING/EMPLOYMENT
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Retirement and Benefits
OMB Component Number: 64

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

--	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **No**
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: <u>Michael Barnhill, Deputy Commissioner</u>	Phone: <u>(907)465-2200</u>
Division: <u>Retirement and Benefits</u>	Date: <u>01/14/2014 12:00 AM</u>
Approved By: <u>Curtis Thayer, Commissioner</u>	Date: <u>01/20/2014</u>
Agency: <u>Department of Administration</u>	

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. HB 286

Analysis

Sections 1-2, 4, 8-11 of this bill allows the survivors of members who die while performing qualified military service access to benefits they would have been provided had the member resumed employment and then died. This bill also subjects differential wage payments (any wages paid by the employer to a service member while on active duty) to the Internal Revenue Service (IRS) maximum contribution limits under IRS code 415(c).

Since the HEART Act inception in 2009 the PERS, TRS and JRS have had no members die while performing qualified military service. This bill has no fiscal impact on the funding or administration of the plans and therefore DRB submits a zero fiscal note.

December 12, 2013

VIA EMAIL

Ms. Kathy Lea
Deputy Director
Division of Retirement and Benefits
Department of Administration
State of Alaska
333 Willoughby Avenue
6th Floor State Office Building
Juneau, AK 99811-0208

RE: HEART Act Survivor Benefits in the Alaska Retirement Systems Actuarial Valuations

Dear Kathy:

As requested, we are providing you this letter to document our correspondence regarding the application of the 2008 HEART Act in the actuarial valuations of the State of Alaska. Specifically, you have asked how we are treating retirement system members who are called to active duty and die while performing qualified military service. Under the requirements of the HEART Act, the eligible survivors would be eligible for death benefits under the retirement system as if the member had resumed employment and plan membership the day before death.

As you have confirmed, according to your records, no employees have died in this manner since 2009. In addition, our mortality assumptions are updated every four years to reflect actual death experience of members that are eligible to receive death benefits under the retirement systems. On the basis of your experience and our experience analysis, we expect any future impact on the retirement systems to be de minimus for actuarial valuation purposes. If in performing a future actuarial experience analysis we find that this mortality experience is not de minimus, we will recommend adjusting our mortality assumptions and request specific member data to capture and recognize expected future liability of these survivor benefits.

Please let us know if you need any further information.

Sincerely,



David H. Slisinsky, F.C.A., A.S.A., E.A.
Principal and Consulting Actuary

c: Mr. Mike Barnhill, State of Alaska
Mr. Jim Puckett, State of Alaska
Ms. Rebecca Williams, Buck Consultants