

# Fiscal Note

State of Alaska  
2014 Legislative Session

Bill Version: SB 145  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB145-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 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
---------------------------	--	--	--	--	--	--	--

**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If yes, by what date are the regulations to be adopted, amended or repealed?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:	Michael Barnhill, Deputy Commissioner	Phone:	(907)465-2200
Division:	Retirement and Benefits	Date:	01/14/2014 12:00 AM
Approved By:	Curtis Thayer, Commissioner	Date:	01/20/2014
Agency:	Department of Administration		

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA  
2014 LEGISLATIVE SESSION**

**BILL NO.** SB 145

**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