



# State of Alaska Department of Revenue ARMB Budget Overview

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**A Presentation to the Revenue Finance Subcommittee**

February 4, 2015

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# Alaska Retirement Management Board

*The Mission of the Alaska Retirement Management Board is to manage the state's retirement and benefit plan funds.*

- ARMB is the fiduciary of the investment funds under:
  - Public Employee's Retirement System (PERS)
  - Teachers' Retirement System (TRS)
  - Judicial Retirement System (JRS)
  - National Guard/Naval Militia Retirement System (NGMRS)
  - Alaska Supplemental Annuity Plan (SBS)
  - Alaska Deferred Compensation Plan (DC)

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# ARMB Facts & Figures

- Treasury provides staff to the ARMB and oversees the investments
- 14 defined benefit funds managed in a pooled environment
- 4 participant directed plans overseen (defined contribution, supplemental annuity, deferred compensation)
- Treasury staff invests \$2.5B in assets directly and oversees 100 external investment managers
- FY05-FY14 defined benefit plan assets grew 75% from \$12.7B to \$21.2B

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# Major ARMB Accomplishments in 2014

- Public Employees Retirement Plan and Teachers Retirement Plan funds returned 18.55% and 18.56% respectively as compared to 12.50% and FY12.59% in FY13.
- Returns for all retirement funds exceeded the 1-year, 3-year and 5-year return targets.
- Continued to diversify assets to reduce risk by adding 14 new investment mandates.
- Longevity of investment staff continued to increase (7.7 years), retaining knowledge and allowing for the development of new skills/knowledge.
- There are currently 8 investment staff holding a CFA designation compared to 5 in 2009, signaling an increased depth of investment knowledge and expertise of Treasury staff.

# ARMB FY16 Budget

## ➤ 2 Components

- ARMB Operating
- ARMB Custody and Management fees

## ➤ FY16 budget requests

- Increase salaries closer to market: \$327,000
- 2 new investment officers:\$300,000 (expected savings in management fees of \$1.2M)



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  - ▶ Child Support Services Division
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  - ▶ Alaska Housing Finance Corporation
  - ▶ Alaska Mental Health Trust Authority

## Alaska Retirement Management Board

The Alaska Retirement Management Board assumed fiduciary responsibility for the assets of the state's retirement systems as of October 1, 2005.

The board consists of nine trustees and is staffed by the Department of Revenue - Treasury Division. The board appoints an Investment Advisory Council (IAC) composed of three members who possess experience and expertise in financial investments and management of investment portfolios. ARMB also contracts with an external consulting firm for assistance with asset allocation, strategy, performance measurement, general consulting purposes and with a consulting firm for assistance with investing the real estate portfolio.

For information about specific plans and benefits, visit the Division of Retirement and Benefits website.

### Announcements

- For the fiscal year ending June 30, 2014, the Public Employees' Retirement System and the Teachers' Retirement System earned 18.56%, exceeding the Alaska Retirement Management Board's strategic policy benchmark target return of 17.20%. For more information click [here](#).

### Market Value as of December 31, 2014

- Public Employees' Retirement System: \$15,793,229,447
- Teachers' Retirement System: \$7,421,696,010
- Judicial Retirement System: \$168,171,985
- National Guard/Naval Militia Retirement System: \$37,061,451
- Alaska Supplemental Annuity Plan: \$3,355,137,119
- Alaska Deferred Compensation Plan: \$798,722,221

**For more information, check out our website:**

**<http://treasury.dor.alaska.gov/armb/Home.aspx>**

# THANK YOU

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