

# SB 55

## TRS Employer Contribution Rate; Supplemental Employee Benefits

---

SENATE LABOR AND COMMERCE COMMITTEE

FEBRUARY 12, 2025

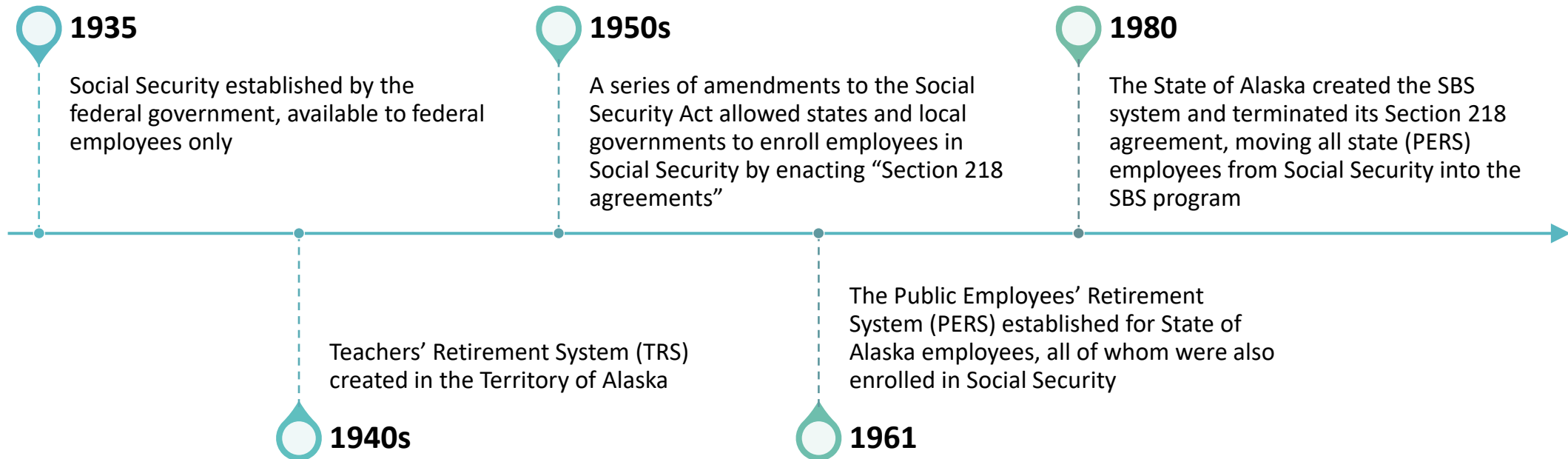
# Teachers' Retirement System (TRS) Basics

---

- The Teachers' Retirement System (TRS) was the first Alaska retirement system, developed by the Territory of Alaska in the 1940s to encourage teachers to live and work in Alaska
- Tiers I and II are defined benefit plans that closed to new employees 6/30/2006
- Tier III is a defined contribution plan, and is the plan offered to employees hired after 6/30/2006
- TRS employees participate in neither SBS nor Social Security

# History of Social Security in Alaska

---



# Employee Retirement Savings Comparison: PERS v. TRS

---

## PERS TIER IV (WITH SBS)

Employee Contribution:	8%
Employer Contribution:	5%
SBS Employee Contribution:	6.12%
SBS Employer Contribution:	6.12%
<hr/>	
Total Retirement Savings:	25.24%

## TRS TIER III

Employee Contribution:	8%
Employer Contribution:	7%
SBS Employee Contribution:	--
SBS Employer Contribution:	--
<hr/>	
Total Retirement Savings:	15.0%

PERS employees who participate in the SBS system are automatically saving *over 10% more* of their salary than TRS and non-SBS PERS employees

# How can we improve retirement for Alaska's teachers and other non-state PERS employees?

34-LS0301\A

## SENATE BILL NO. 55

IN THE LEGISLATURE OF THE STATE OF ALASKA THIRTY-FOURTH  
LEGISLATURE - FIRST SESSION

BY SENATOR STEDMAN

Introduced: 1/24/25

Referred: Labor and Commerce, Finance

## A BILL FOR AN ACT ENTITLED

1 "An Act relating to employer contributions in the teachers' retirement system;  
relating

2 to supplemental employee benefits; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\* **Section 1.** AS 14.25.070(a) is amended to read:

(a) Each employer shall contribute to the system every  
payroll period an  
amount calculated by applying a rate of **14.56** [12.56] percent to the total of all base  
salaries paid by the employer to active members of the system and to members who  
are retired from the plan and reemployed under AS 14.20.136, including any  
adjustments to contributions required by AS 14.25.173(a).

\* **Sec. 2.** AS 14.25.350(a) is amended to read:

(a) An employer shall contribute to each member's  
individual account an  
amount equal to **nine** [SEVEN] percent of the member's compensation from July 1 to  
the following June 30.

\* **Sec. 3.** AS 39.30.170(a) is amended to read:

# SB 55 Key Provisions

GOAL: *Equalize retirement savings between State employees and non-state PERS and TRS employees*

---

## Increase the TRS Employer Contribution Rate

- Raises the employer contribution rate by 2%, from 7% to 9% of gross salary
- Increases the cap on employer contributions from 12.56% to 14.56% to account for the increased contribution

## Require PERS and TRS Employers Provide a Supplemental Annuity Plan

- Requires participation in SBS if the employer is not currently a member of Social Security
- Opens the SBS statute to allow TRS employers to participate in the program alongside PERS employers

# Full Implementation of SB 55

*FOR ILLUSTRATIVE PURPOSES ONLY*

---

## PERS TIER IV

Employee Contribution:	8%
Employer Contribution:	5%
SBS Employee Contribution:	6.12%
SBS Employer Contribution:	6.12%
Total Retirement Savings:	25.24%

## TRS TIER III

Employee Contribution:	8%
Employer Contribution:	9%
SBS Employee Contribution:	6.12%
SBS Employer Contribution:	6.12%
Total Retirement Savings:	27.24%

If both the employer contribution and SBS participation were enacted, a TRS Tier III employee would be saving more for retirement than a PERS Tier IV employee – *this is not the intent.*

# SB 55 provides options to improve retirement savings equity

---

## Participation in SBS

- Could provide total additional savings of 12.24%
- Contributions are made equally by employer and employee

## Increased employer contribution to TRS

- Could provide an additional savings of 2%
- Contribution made by employer