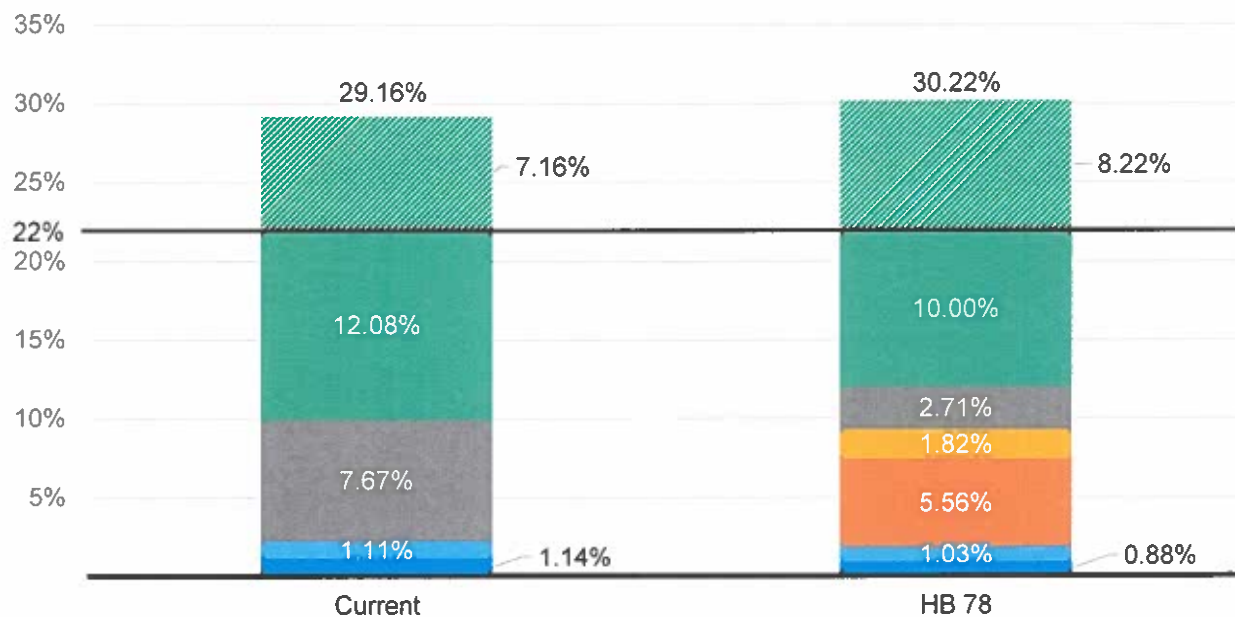


Example – FY30 Actuarially Determined Contribution Rates – Current vs HB 78

as a percentage of total pay

● DB Pension NC
 ● DB Healthcare NC
 ● HB 78 Pension
 ● HB 78 Healthcare
 ● DCR/HRA
 ● DB Past Svc ER
 ● DB Past Svc ASC

PERS



In \$millions	Current	HB 78
DB Past Svc ASC*	102	124
DB Past Svc ER	173	151
DCR/HRA	110	41
HB 78 Healthcare	0	27
HB 78 Pension	0	84
DB Healthcare NC	16	16
DB Pension NC	<u>16</u>	<u>13</u>
Total	417	456

*Before ½ year interest adjustment

B

Projected State Contributions FY27-FY39

Additional State Contributions (\$ in millions)

February 9th presentation to SFIN

Fiscal Year	PERS			TRS			Total		
	Current	HB 78	Incr/(Decr)	Current	HB 78	Incr/(Decr)	Current	HB 78	Incr/(Decr)
2027	\$ 93.0	\$ 109.4	\$ 16.4	\$ 161.0	\$ 160.7	\$ (0.3)	\$ 254.0	\$ 270.1	\$ 16.1
2028	94.2	112.0	17.8	162.9	164.7	1.8	257.1	276.7	19.6
2029	95.8	115.3	19.5	165.1	167.9	2.8	260.9	283.2	22.3
2030	98.9	119.8	20.9	168.7	172.3	3.6	267.6	292.1	24.5
2031	101.7	125.2	23.5	172.5	176.9	4.4	274.2	302.1	27.9
2032	105.1	131.0	25.9	176.6	181.7	5.1	281.7	312.7	31.0
2033	108.6	137.4	28.8	180.8	186.7	5.9	289.4	324.1	34.7
2034	112.4	143.8	31.4	185.4	191.9	6.5	297.8	335.7	37.9
2035	116.4	150.9	34.5	189.9	197.2	7.3	306.3	348.1	41.8
2036	120.2	158.2	38.0	194.9	202.7	7.8	315.1	360.9	45.8
2037	123.9	165.7	41.8	200.0	208.6	8.6	323.9	374.3	50.4
2038	127.5	173.7	46.2	205.2	214.5	9.3	332.7	388.2	55.5
2039	131.8	181.6	49.8	210.7	220.4	9.7	342.5	402.0	59.5
Total	\$ 1,429.5	\$ 1,824.0	\$ 394.5	\$ 2,373.7	\$ 2,446.2	\$ 72.5	\$ 3,803.2	\$ 4,270.2	\$ 467.0

Cost Shift from the other 148 Pers Employers to the State of Alaska

HB 78 FY39 Example (based on 2024 valuations)

\$ in millions

		PERS (Non-State Employers)	
		Current	HB 78
		FY39	FY39
1	Distribution of Statutory Employer Contribution		
1A	Legacy DB Pension Normal Cost	3	2
1B	Legacy DB Healthcare Normal Cost	3	3
1C	Legacy DB Past Service Cost	215	162
1D	DCR (ODD, Healthcare, DC, HRA)	147	0
1E	HB 78 (Pension, Healthcare, HRA)	0	229
1F	Total Statutory Employer Contribution (PERS 22%)	368	396
2	Legacy DB Past Service Cost		
2A	Actuarially Determined Amount	351	350
2B	Employer Portion [1C from above]	215	162
2C	State Portion [2A - 2B]	136	188
3	Additional State Contribution		
3A	Before Interest Adjustment [2C from above]	136	188
3B	After Interest Adjustment	132	182
4	Total Payroll	1,670	1,804

The cost of the HB 78 benefits in 1E is *higher* than the cost of the DCR benefits in 1D.

Because of the higher HB 78 costs, there is less available from the total Statutory employer contribution to apply toward the legacy DB Past Service Cost in 1C.

Because the Employer portion of the Legacy DB Past Service Cost decreases in 2B, the State portion of the Legacy DB Past Service Cost in 2C *increases* to make up the difference.

FROM: Gallagher

HB 78 FY40 Example (based on 2024 valuations)

D

\$ in millions

		PERS (Non-State Employers)		
		Current	HB 78	
		FY40	FY40	
1	Distribution of Statutory Employer Contribution			
1A	Legacy DB Pension Normal Cost	2	2	
1B	Legacy DB Healthcare Normal Cost	2	2	
1C	Legacy DB Past Service Cost	60	60	
1D	DCR (ODD, Healthcare, DC, HRA)	152	0	
1E	HB 78 (Pension, Healthcare, HRA)	0	238	
1F	Total Statutory Employer Contribution (PERS 22%)	216	302	86 M
2	Legacy DB Past Service Cost			
2A	Actuarially Determined Amount	60	60	
2B	Employer Portion [1C from above]	60	60	
2C	State Portion [2A - 2B]	0	0	
3	Additional State Contribution			
3A	Before Interest Adjustment [2C from above]	0	0	
3B	After Interest Adjustment	0	0	
4	Total Payroll	1,709	1,844	

The cost of the HB 78 benefits in 1E is *higher* than the cost of the DCR benefits in 1D.

However, since the total Statutory rate in 1F is less than 22% of total payroll in 4, the non-State employers pay the entire portion of the Legacy DB Past Service Cost in 1C.

As a result, the State's portion of the Legacy DB Past Service Cost in 2C is zero.

FROM: Gallagher