

# ALASKA STATE LEGISLATURE

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Official Business

### **Finance CS for Senate Bill 88: Defined Benefit Pension Summary of Changes from Labor and Commerce Version ("D" to "O")**

- Change #1** Language was added to clarify that certain former Defined Benefit plan members, who were not vested before the Defined Contribution plan took effect in 2006 and elected at the time to switch to the DC plan, are eligible to transition to the new Defined Benefit plans.
- Change #2** Corrects a discrepancy in the previous version regarding how long a TRS retiree under 60 years of age must receive pension benefits before being eligible for the Post Retirement Pension Adjustment (PRPA) benefit. All sections were aligned for this at five years.
- Change #3** Clarifies what happens if, in the future, the full actuarial cost of the program for employers declines to less than 12% and the 12% "floor" in the bill were to take effect. In this case, the additional employer contributions would be deposited into the sub-trusts for the appropriate employee groups.
- Change #4** Adds language to account for what happens if a Defined Contribution plan member elects to switch to Defined Benefit, but the amount in their account is more than what is needed to purchase their full-service time. In that case, the excess funds would be transferred either to the employee's SBS account or to another eligible retirement plan.
- Change #5** Clarifies language describing which plan members are initially eligible to elect to switch to the new Defined Benefit plan. This applies to those employees who became a member of that plan after June 30, 2006, and are employed on the effective date of the bill.
- Change #6** Extends the time-period for an employee to choose whether to switch to the Defined Benefit plan from 120 days to 180 days.