

March 5, 2025

State of Alaska Late Payroll Analysis Estimates

Analysis prepared using payroll dollar amount and date assumptions.

Key assumptions:

3 Late payroll events each for \$19.4M

Assuming a recovery date of all payroll dollars at same time for each monthly projection.

Methodology:

Analysis and estimate prepared using data and scenarios modeled through the online VFCP calculator tool from U.S. Department of Labor. One limitation of the tool is only will allow for projection 30 days out.

Calculator: <https://www.askebsa.dol.gov/vfcpcalculator/webcalculator.aspx>

Details: <https://www.dol.gov/agencies/ebsa/employers-and-advisers/plan-administration-and-compliance/correction-programs/vfcpc>

Analysis spreadsheet data elements and details:

Column A & B

Payroll Date and Payroll Amount

Payroll date- Derive from provided October 2024 payroll file- assumed October date of payroll would be same in November 2024 through January 2024 on a monthly frequency.

Payroll Amount- is the sum of any given set of payrolls on the October 2024 file that are on the same day of the month.

Column C

Grouped Payroll Dollars- Payroll amounts were grouped into a common loss (payroll date) for use in the online calculator to prepare the estimates.

[illegible]

Columns C,D,E,F, and H

Month/Date/Year assumed Loss and Recovery dates

Loss date- using payroll date as date a contribution should have posted

Recovery Date- Date a late contribution actually posts.

Using the grouped payroll dollars by the groups loss date the information was input into the online DOL calculator. Calculator returns the Earning amount due based on the inputs.

Input Data:

| | A | B | C | D | E | F | G | H |
|-----|-----------|---------------|-------------------------|------------------------|-----------------------|-----------------------|---|---------------------|
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| 7 | Payroll D | Payroll Amo | Grouped Payroll Dollars | 12/19/24 Recovery date | 1/19/25 Recovery date | 2/19/25 Recovery date | Dollar change from FEB 2025 to Mar 2025 | 3/20/25 Recovery Da |
| 10 | 4-Nov-24 | \$ 172,559.84 | \$ 2,935,062.21 | \$ 37,140.19 | \$ 60,953.87 | \$ 83,633.76 | | \$ 104,694.08 |
| 18 | 13-Nov-24 | \$ 328,065.95 | \$ 4,870,519.41 | \$ 49,244.44 | \$ 88,761.49 | \$ 126,397.09 | | \$ 161,345.13 |
| 25 | 21-Nov-24 | \$ 932,511.15 | \$ 3,272,416.41 | \$ 25,705.78 | \$ 52,256.59 | \$ 77,543.29 | | \$ 101,024.26 |
| 30 | 28-Nov-24 | \$ 489,891.19 | \$ 8,303,484.41 | \$ 48,872.90 | \$ 116,243.37 | \$ 180,406.27 | | \$ 239,987.29 |
| 43 | 4-Dec-24 | \$ 172,559.84 | \$ 2,935,062.21 | | \$ 36,143.05 | \$ 58,822.94 | | \$ 79,883.25 |
| 51 | 13-Dec-24 | \$ 328,065.95 | \$ 4,870,519.41 | | \$ 47,690.86 | \$ 85,326.46 | | \$ 120,274.50 |
| 58 | 21-Dec-24 | \$ 932,511.15 | \$ 3,272,416.41 | | \$ 24,722.20 | \$ 50,008.90 | | \$ 73,489.87 |
| 63 | 28-Dec-24 | \$ 489,891.19 | \$ 8,303,484.41 | | \$ 46,510.62 | \$ 110,673.52 | | \$ 170,254.54 |
| 78 | 4-Jan-25 | \$ 172,559.84 | \$ 2,935,062.21 | | | \$33,716.41 | | \$ 54,776.73 |
| 86 | 13-Jan-25 | \$ 328,065.95 | \$ 4,870,519.41 | | | \$44,953.20 | | \$ 79,901.24 |
| 93 | 21-Jan-25 | \$ 932,511.15 | \$ 3,272,416.41 | | | \$23,649.46 | | \$ 47,130.44 |
| 98 | 28-Jan-25 | \$ 489,891.19 | \$ 8,303,484.41 | | | \$45,484.41 | | \$ 105,065.44 |
| 103 | | | | | | | | |

Example Scenario from DOL calculator [November 2024 loss dates & March 20, 2025 assumed recovery date]:

VFCP Calculator – Final Result

Lost Earnings and interest, if any, (\$607,050.76) exceed Restoration of Profits (\$0.00). Therefore the amount due to the plan is: **\$607,050.76**.

Note: This amount does **not** include any Principal Amount that may also need to be paid to the plan. Check the specific transaction to determine if the Principal Amount must be paid.

Lost Earnings

| Principal | Loss Date | Recovery Date | Final Payment Date | Amount Due |
|----------------|------------|---------------|--------------------|--------------|
| \$2,935,062.21 | 11/4/2024 | 3/20/2025 | 3/20/2025 | \$104,694.08 |
| \$4,870,519.41 | 11/13/2024 | 3/20/2025 | 3/20/2025 | \$161,345.13 |
| \$3,272,416.41 | 11/21/2024 | 3/20/2025 | 3/20/2025 | \$101,024.26 |
| \$8,303,484.41 | 11/28/2024 | 3/20/2025 | 3/20/2025 | \$239,987.29 |

Principal Amount total:\$19,381,482.44

Lost Earnings total:\$607,050.76

(full .pdf file attachment “AK March 20 2025 VFCP result”)

Data input is repeated for the December 2024 and January 2025 assumed late payroll loss and recovery date combinations.

File rows 33,67,& 102 show the total result for each of the monthly payroll iterations.

From that data we can see the most recent monthly change in the earnings result from Feb 2025 to March 2025 calculation is \$139,070.35

Columns I,J, &K

The \$139,070.35 change per month then was used to project out to April, May, and June of 2025 that are not yet allowed to be entered into the DOL calculator.

Each of those projections adds \$139,070.35 to the previous month result beginning at the last result from the DOL calculator (March 20, 2025) and adds an additional \$10,000 for the Final payment (earnings on earnings component of the calculator).