Benefit Category Employee Contribution	Proposed New PERS-PS (Public Safety) 8-12% (adjustable by ARM Board)	Proposed New PERS-NPS (Non-PS public employees) 8-12% (adjustable by ARM Board)	Proposed New TRS (Teachers) 8-12% (adjustable by ARM Board)	Employees share risk and liabilities, contributing more during poor market	Bill Section & Page Number Version R PERS: Sec. 57, p.34-35 TRS: Sec. 8, p.7-8	Change from Prior Draft Version B Version B provided 8- 10% adjustable range; increased to provide more risk share of
				returns.		employee.
Employer Contribution	PERS employers other than the State pay the lesser of 22% or the full actuarial cost, but no less than 12%. State maintains existing liability toward past service cost above the 22%. When employee contribution rate rises above 8%, employer contributes equivalent amount.	PERS employers other than the State pay the lesser of 22% or the full actuarial cost, but no less than 12%. State maintains existing liability toward past service cost above the 22%. When employee contribution rate rises above 8%, employer contributes equivalent amount.	TRS employers other than the State pay the lesser of 12.56% or the full actuarial cost, but no less than 12%. State maintains existing liability toward past service cost above the 22%. When employee contribution rate rises above 8%, employer contributes equivalent amount.	Employer contributions align with current rates for DB and DC tiers, but when full actuarial cost falls below the maximum rates, municipalities and school districts receive financial relief; deemed best practices for rate- setting among public pension systems. The 12% hard floor for long term success of the plan. Employers and employees share risk and liabilities when employee contribution rate rises.	PERS: Sec. 62, p.37 TRS: Sec. 10, p.8-9	Version B incorporated the employer rate of 22% PERS and 12.56% TRS. SL&C CS allows PERS 22% to drop to full actuarial cost, with a floor of 12%; TRS 12.56% to drop to full actuarial cost, with a floor of 12%. Employee rate may be increased to address liabilities, but employers must contribute an equivalent amount as employees. Version B provided the change as same percentage; SL&C CS provides for same total amount.

Benefit Category	Proposed New PERS-PS (Public Safety)	Proposed New PERS-NPS (Non-PS public employees)	Proposed New TRS (Teachers)	Rationale for Policy Choice	Page Number Version R	Change from Prior Draft Version B
Employer Fee for Late Contributions Reduced to Normal Interest	Current law of 1.5 times interest rate on late payments to the State of employer and employee contributions reduced to the normal interest rate.	Current law of 1.5 times interest rate on late payments to the State of employer and employee contributions reduced to the normal interest rate.	Current law of 1.5 times interest rate on late payments to the State of employer and employee contributions reduced to the normal interest rate.	Intended to provide financial relief to employers.	PERS: Sec. 77, p.45 TRS: Sec. 9, p.8	Version B did not address this mechanism to provide financial relief to employers.
Vesting	5 years	5 years	5 years	PERS is consistent with prior DB tiers. Aligns TRS with PERS vesting period. Teachers previously vested at 8 years.	PERS: Current Law (DB) & Sec. 68, p.39 TRS: Sec. 17, p.11-12; Sec. 28, p.19	No change from Version B
Qualification for Retirement	50 w/ 25 years of service or 55 w/20 years of service	60 years of age or 30 years of service	60 years of age or 30 years of service	Allows PS employees to reach retirement eligibility prior to age 60. Aligns TRS with PERS qualification for retirement. PS and teachers previously qualified at any age after 20 years.	PERS: Sec. 68, p.39 TRS: Sec. 17, p.11-12	No change from Version B
Benefit Calculation Formula	2.0% First 10 years 2.5% thereafter	2.0% first 10 years 2.25% next 10 years 2.5% thereafter	2.0% first 10 years 2.25% next 10 years 2.5% thereafter	PERS is consistent with prior PERS Tier III. Aligns TRS with	PERS-PS & PERS-NPS: Current Law (DB) TRS: Sec. 19, p.12-13	No change from Version B

Benefit Category	Proposed New PERS-PS (Public Safety)	Proposed New PERS-NPS (Non-PS public employees)	Proposed New TRS (Teachers)	Rationale for Policy Choice	Bill Section & Page Number Version R	Change from Prior Draft Version B
Final Average Salary	Highest 5 consecutive payroll years	Highest 5 consecutive payroll years	Highest 5 payroll years (includes contract addenda)	PERS benefit calculation. Teachers previously received 2.0% for 20 years and 2.5% thereafter. PERS-NPS consistent with prior PERS-NPS Tier III. Aligns PERS- PS with PERS-NPS final average salary calculation. PERS-PS previously based on highest 3 consecutive years. Teachers based on	PERS: Current Law (DB) & Sec. 78, p.45-46 TRS: Sec. 26, p.17-18	Version B teacher final average salary was based on consecutive years; SL&C CS removes consecutive time requirement for teachers.
Alaska Cost of	Eliminated for new	Eliminated for new	Eliminated for new	nonconsecutive years similarly to prior TRS Tier II highest 3 nonconsecutive years. Unlike prior DB plans,	PERS: Sec. 72, p. 40	No change from
Living Adjustment (COLA)	PERS-PS	PERS-NPS	TRS	no COLA is provided for new PERS or TRS DB plans; helps to keep plan solvent.	TRS: Sec. 20, p.13	Version B
Post Retirement Pension Adjustments	PRPA provided if new DB trust fund values are 90% funded, else ARM Board may	PRPA provided if new DB trust fund values are 90% funded, else ARM Board may	PRPA provided if new DB trust fund values are 90% funded, else ARM Board may	ARM Board may reduce or eliminate PRPA as necessary to keep the plan	PERS: Sec. 70, p.39-40; Sec. 71, p.40 TRS: Sec. 21, p.13; Sec. 22, p.13;	Version B did not address an out-of- state residency

Benefit	Proposed New	Proposed New	Proposed New TRS	Rationale for Policy		Change from Prior
Category	PERS-PS	PERS-NPS	(Teachers)	Choice	Page Number	Draft
	(Public Safety)	(Non-PS public			Version R	Version B
		employees)				
(PRPA) (Inflation	reduce or eliminate.	reduce or eliminate.	reduce or eliminate.	solvent. As an	Sec. 23, p.14	reduction in PRPA or
Protection)	Nonresidents	Nonresidents	Nonresidents	incentive to retiree		qualification for PFD.
	ineligible for PFD, as	ineligible for PFD, as	ineligible for PFD, as	state residency and		
	the qualifications	the qualifications	the qualifications	offset in-state		
	read on the effective	read on the effective	read on the effective	expenses,		
	date of the Act, are	date of the Act, are	date of the Act, are	nonresidents receive		
	subject to 50%	subject to 50%	subject to 50%	a 50% reduction in		
	reduction in PRPA.	reduction in PRPA.	reduction in PRPA.	PRPA.		
Retirement	Coverage consistent	Coverage consistent	Coverage consistent	Medical plan is	PERS: Sec. 76, p.42-45;	No change from
Medical	with PERS Tier IV	with PERS Tier IV	with TRS Tier III	consistent with PERS	Sec. 41, p.27-28	Version B
Coverage	(Current DC plan).	(Current DC plan).	(Current DC plan).	Tier IV and TRS Tier	TRS: Sec. 25, p.15-17;	
	Major medical as	Major medical as	Major medical as	III, the current DC	Sec. 41, p.27-28	
	supplement to	supplement to	supplement to	plans, to keep the		
	Medicare available at	Medicare available at	Medicare available at	plan solvent.		
	age 65; premiums	age 65; premiums	age 65; premiums			
	depend on service	depend on service	depend on service			
	years. Employer	years. Employer	years. Employer			
	contributes 3%	contributes 3%	contributes 3%			
	average all employee	average all employee	average all employee			
	compensation to	compensation to	compensation to			
	employee HRA trust;	employee HRA trust;	employee HRA trust;			
	individual accounts	individual accounts	individual accounts			
	can be used for any	can be used for any	can be used for any			
	qualifying medical	qualifying medical	qualifying medical			
	need, including	need, including	need, including			
	insurance premiums.	insurance premiums.	insurance premiums.			
Disability &	Coverage consistent	Coverage consistent	Coverage consistent	PERS is consistent	PERS: Current Law (DB)	Version B aligned new
Death Benefits	with PERS Tier III.	with PERS Tier III.	with TRS Tier II.	with prior PERS Tier	TRS: Current Law (DB)	TRS with PERS Tier III;
	Nonoccupational	Nonoccupational	Nonoccupational and	III. TRS is consistent		SL&C CS aligns new
	disability benefit	disability benefit	occupational	with prior TRS Tier II.		TRS with TRS Tier II.
	calculated as normal	calculated as normal	disability is 50% of	Unlike current DC		

Benefit Category	Proposed New PERS-PS (Public Safety)	Proposed New PERS-NPS (Non-PS public	Proposed New TRS (Teachers)	Rationale for Policy Choice	Bill Section & Page Number Version R	Change from Prior Draft Version B
	(* 3.3 3)	employees)				
	retirement. Occupational disability or death provides 40% of the gross monthly compensation. Nonoccupational death benefit provided under formula.	retirement. Occupational disability or death provides 40% of the gross monthly compensation. Nonoccupational death benefit provided under formula.	member's base salary immediately before disability plus 10% for each dependent child up to four. Nonoccupational death benefit for vested member either lump sum or 50% joint & survivor option. Occupational death 40% of average base salary until normal retirement, then normal retirement.	plans, provides nonoccupational benefits to provide minimal protection to employees and their families when they have career ending injuries or disabilities occur off the job.		
Requirement of Separate Accounting	Plan administrator and ARM Board have mandate to account for and track contributions, assets, earnings, and liabilities of the members of the new PERS-PS plan.	Plan administrator and ARM Board have mandate to account for and track contributions, assets, earnings, and liabilities of the members of the new PERS-PS plan.	Plan administrator and ARM Board have mandate to account for and track contributions, assets, earnings, and liabilities of the members of the new TRS plan.	Formerly, no separate accounting for prior DB tiers, which will be necessary for the new DB plans to maintain separate attribution of risks and liabilities.	PERS & TRS: Sec. 37, p.21-24	Version B did not include this requirement; SL&C CS recognizes the need.

Benefit	Proposed New	Proposed New	Proposed New TRS	Rationale for Policy	Bill Section &	Change from Prior
Category	PERS-PS	PERS-NPS	(Teachers)	Choice	Page Number	Draft
	(Public Safety)	(Non-PS public			Version R	Version B
		employees)				
Requirement of	The ARM Board shall	The ARM Board shall	The ARM Board shall	Creation of pension	PERS & TRS: Sec. 37,	Version B did not
Sub-Trusts	establish sub-trusts	establish sub-trusts	establish sub-trusts	and medical sub-	p.21-24	include this
	to hold the employer	to hold the employer	to hold the employer	trusts for the new DB		requirement; the SL&C
	and employee	and employee	and employee	plans, along with		CS recognizes the
	contributions, assets,	contributions, assets,	contributions, assets,	existing HRA sub-		need.
	and earnings of the	and earnings of the	and earnings of the	trusts, enable better		
	new DB plans.	new DB plans.	new DB plans.	tracking of assets and		
				liabilities and		
				increased protection		
				from prior DB tier		
				liabilities.		
TRS Members	PERS DB members	PERS DB members	TRS DB members	During vetting of the	PERS: Not Applicable	Version B did not
with PERS	who are also	who are also	who are also	legislation for the	TRS: Sec. 3, p.2-3	include this election;
Service May Add	members of a TRS DB	members of a TRS DB	members of a PERS	SL&C CS it was		the SL&C CS
PERS	plan can elect to	plan can elect to	DB can elect to have	observed that some		recognizes the need
Compensation to	have their PERS	have their PERS	their PERS earnings	teachers work in		for clarity and
TRS for Benefit	earnings included in	earnings included in	included in their TRS	PERS service when		consistency.
Calculation	their TRS base salary	their TRS base salary	base salary to	not teaching while		
	to potentially count	to potentially count	potentially count	TRS and PERS dual		
	toward their pension	toward their pension	toward their pension	membership was not		
	benefit calculation.	benefit calculation.	benefit calculation.	addressed in law; this		
				remedy was sought.		
What happens to	Current PERS Tier IV	Current PERS Tier IV	Current TRS Tier III	Giving current DC	PERS & TRS: Sec. 89,	No change from
current DC	members, including	members, including	members, including	employees an "opt-	p.48-49 (Uncodified	Version B
employees, hired	previous transferors	previous transferors	previous transferors	in" ensures that	Law)	
after 2006, if this	from DB Tier III,	from DB Tier III,	from DB Tier II, could	current employees		
became law?	could opt to convert	could opt to convert	opt to convert to the	can retain their DC		
	to the new DB plan	to the new DB plan	new DB plan within a	plans or choose to		
	within a four-month	within a four-month	four-month time	opt into the new DB		
	time window.	time window.	window.	plan.		

Benefit	Proposed New	Proposed New	Proposed New TRS	Rationale for Policy	Bill Section &	Change from Prior
Category	PERS-PS	PERS-NPS	(Teachers)	Choice	Page Number	Draft
	(Public Safety)	(Non-PS public			Version R	Version B
		employees)				
What happens to	The balance of the	The balance of the	The balance of the	Allows DC members	PERS & TRS: Sec. 89,	Version B envisioned a
DC employees	account of a PERS	account of a PERS	account of a TRS Tier	opting into DB plan	p.48-49 (Uncodified	mandated pay-up of
who convert to	Tier IV member	Tier IV member	III member opting	to join without	Law)	service time
the new DB plan	opting into the DB	opting into the DB	into the DB plan is	worrying about a	PERS: Sec. 55, p.31-32	indebtedness; the
if their DB	plan is valued for DB	plan is valued for DB	valued for DB service	mandatory	TRS: Sec. 4, p.3-4	SL&C CS clarifies that
service time	service time. If the	service time. If the	time. If the value	requirement to pay		the transferor can
credit is different	value provides fewer	value provides fewer	provides fewer DB	up full service time.		choose to accept the
than their	DB years than	DB years than	years than worked	Allows DC members		value of the service
service under	worked the	worked the	the employee may	with account		time as the amount of
DC?	employee may elect	employee may elect	elect to accept those	balances in excess of		membership service
	to accept those	to accept those	service years or pay	value necessary to		time credit in the new
	service years or pay	service years or pay	up to full service	pay full service time		DB plan, or pay up to
	up to full service	up to full service	time. If the value is	credit to maintain a		the full amount of
	time. If the value is	time. If the value is	more than full	DC account.		indebtedness for full
	more than full	more than full	service time, the			service time credit.
	service time, the	service time, the	member maintains			
	member maintains	member maintains	the remainder in the			
	the remainder in the	the remainder in the	DC account.			
	DC account.	DC account.				
What happens to	New employees	New employees	New employees	Alaska's workforce	PERS: Sec. 52, p.30	No change from
new employees,	would automatically	would automatically	would automatically	challenges recruiting	TRS: Sec. 1, p.1;	Version B
hired after the	be enrolled in the	be enrolled in the	be enrolled in the	and retaining public	Sec. 2, p.1-2	
bill goes into	new DB plan.	new DB plan.	new DB plan.	workers are the		
effect, if this				primary motivation		
became law?				driving this		
				legislation. Pensions		
				remain among the		
				best fiscal choices for		
				the state to meet		
				these goals.		

Benefit	Proposed New	Proposed New	Proposed New TRS	Rationale for Policy	Bill Section &	Change from Prior
Category	PERS-PS	PERS-NPS	(Teachers)	Choice	Page Number	Draft
	(Public Safety)	(Non-PS public			Version R	Version B
		employees)				
What happens to	Former PERS Tier IV	Former PERS Tier IV	Former TRS Tier III	Giving former DC	PERS: Sec. 55, p.31-32	Version B did not
former DC	members who are	members who are	members who are	employees an "opt-	TRS: Sec. 4, p.3-4	expressly provide for
employees who	reemployed who	reemployed who	reemployed who	in" ensures the		this opt-in policy for
left their DC	kept their DC	kept their DC	kept their DC	employees have		former DC members
accounts active	accounts active can	accounts active can	accounts active can	flexibility in their		with active accounts.
who are	opt to convert from	opt to convert from	opt to convert from	options; incentivizes		
reemployed in	the DC plan to the	the DC plan to the	the DC plan to the	return to public		
service if this bill	new DB plan within a	new DB plan within a	new DB plan within a	service and		
became law?	four-month time	four-month time	four-month time	potentially increases		
	window, regardless	window, regardless	window, regardless	membership of the		
	of when they come	of when they come	of when they come	new DB plans.		
	back.	back.	back.			
What happens to	Former PERS Tier IV	Former PERS Tier IV	Former TRS Tier III	Alaska's workforce	PERS: Sec. 52, p.30;	Version B did not
former DC	members who are	members who are	members who are	challenges recruiting	Sec. 53, p.30-31	expressly provide for
employees who	reemployed who did	reemployed who did	reemployed who did	and retaining public	Sec. 55, p.31-32	the policy for former
did not leave	not keep their DC	not keep their DC	not keep their DC	workers are the	TRS: Sec. 1, p.1;	DC members without
their DC	accounts active will	accounts active will	accounts active will	primary motivation	Sec. 2, p.1-2;	active accounts
accounts active	become members of	become members of	become members of	driving this	Sec. 3, p.2-3;	become members of
who are	the new DB plan,	the new DB plan,	the new DB plan,	legislation. Pensions	Sec. 4, p.3-4	the new DB plan or
reemployed in	unless their DC	unless their DC	unless their DC	remain among the		provide for the
service if this bill	account was rolled	account was rolled	account was rolled	best fiscal choices for		possibility that former
became law?	over to an IRA and	over to an IRA and	over to an IRA and	the state to meet		DC members who
	rolled back; then	rolled back; then	rolled back; then	these goals.		rolled over their
	they can opt to	they can opt to	they can opt to			accounts could
	convert from the DC	convert from the DC	convert from the DC			rollback and opt into
	plan to the new DB	plan to the new DB	plan to the new DB			the new DB plan.
	plan.	plan.	plan.			
1						