



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Alaska Retirement Management Board Overview

February 14, 2023

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Agenda

- Background & Mission
- Organizational Structure
- Board Duties & Statutes
- Meetings & Decision-Making Process



Background

- The Alaska Retirement Management Board (ARMB) was established on October 1, 2005, as fiduciary of the assets of the state's retirement systems, replacing the Alaska State Pension Investment Board (ASPIB).
- The board's **primary mission** is to *serve as trustee of the assets of the state retirement systems*:
 - Public Employees' Retirement Trust Funds (PERS)
 - Teachers' Retirement Trust Funds (TRS)
 - Judicial Retirement Trust Fund (JRS)
 - National Guard and Naval Militia Retirement Trust Fund (NGNMR)
 - State Deferred Compensation Plan
 - State Supplemental Benefits System



Board Composition

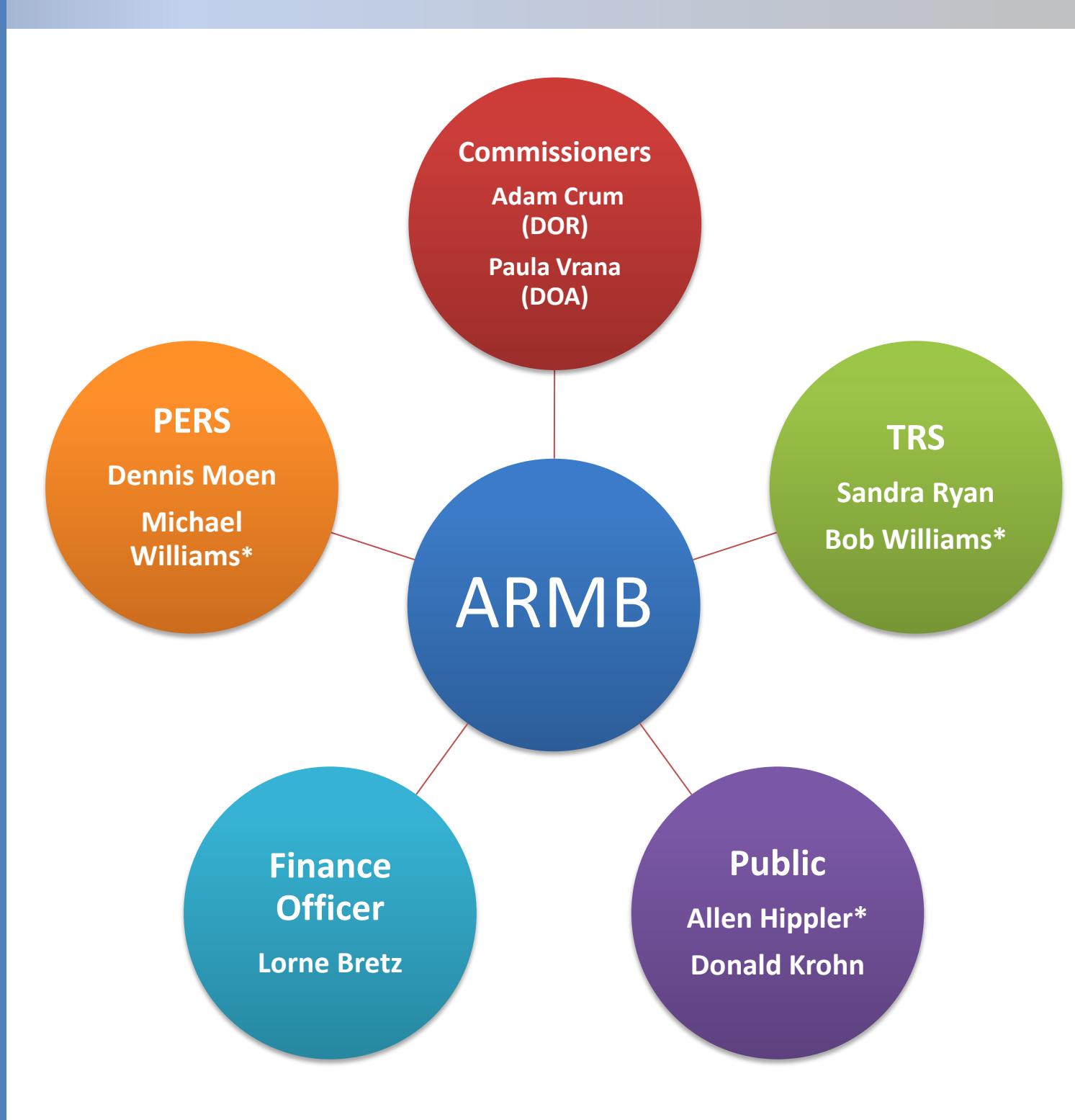
- Nine Members
- Commissioners of Administration & Revenue
- Seven members appointed by the Governor
- Qualify for permanent fund dividend
- Recognized competence in investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis
- Two PERS and two TRS members, each selected from a list of four nominees submitted from PERS and TRS bargaining units
- Two members of the general public
- One member employed as finance officer for a political subdivision
- Other than commissioners, members serve staggered, four-year terms



Board Composition cont.

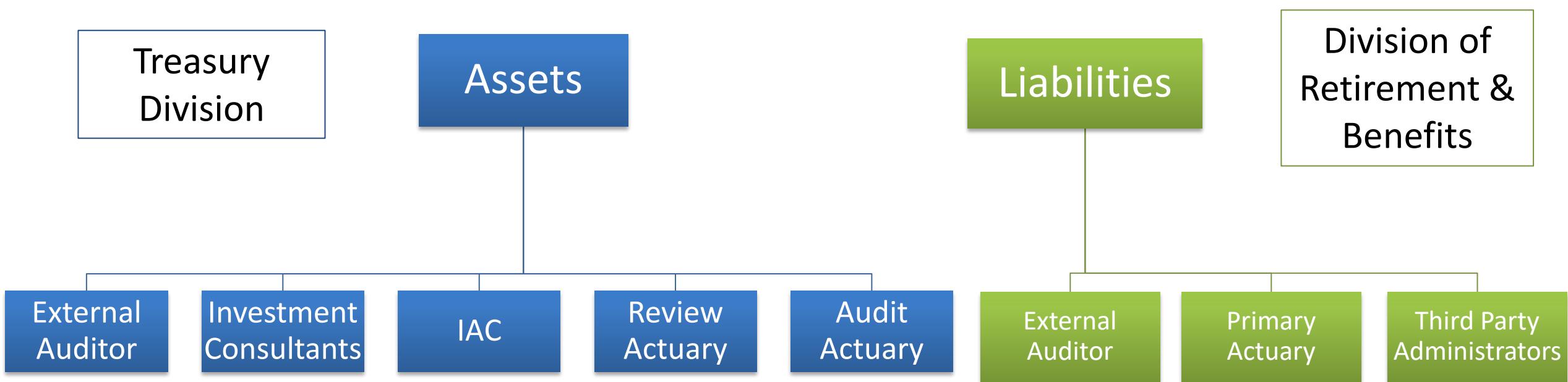
- Bob Williams (TRS), *Chair*
- Allen Hippler (Public), *Vice Chair*
- Michael Williams (PERS), *Secretary*
- Lorne Bretz (Finance Officer)
- Adam Crum (DOR Commissioner)
- Donald Krohn (Public)
- Dennis Moen (PERS)
- Sandra Ryan (TRS)
- Paula Vrana (DOA Commissioner)

* Denotes ARMB Officer.



Organizational Structure

Alaska Retirement Management Board



Key Advisors

- Investment Consultant (General & Real Assets): Callan LLC
- Investment Advisory Council
- Primary Actuary: Buck
- Review Actuary: GRS
- Audit Actuary: GRS
- Auditors: KPMG
- Department of Revenue (DOR) Staff
- Division of Retirement & Benefits (DRB) Staff
- Department of Law



Summary of ARMB Duties

- Establish Investment Policies
- Establish Asset Allocation
- Provide Investment Options
- Monitor Performance
- Review Actuarial Earnings Assumptions
- Set Contribution Rates of Employers



Board Statutes & Duties

AS 37.10.210 Alaska Retirement Management Board

- Make investments as a fiduciary of a state fund under AS 37.10.071
- Serve as trustee for pension and retiree health trusts, the State of Alaska Supplemental Annuity Plan, and Deferred Compensation programs
- Manage and invest assets in a manner that is sufficient to meet the liabilities and pension obligations of the systems

AS 37.10.071 Investment Powers & Duties

- Secure safe and adequate custodial facilities for assets; maintain accounting records in accordance with Generally Accepted Accounting Principles (GAAP)
- Exercise the powers of an owner of these assets
- Concentrate or diversify investments as appropriate
- Delegate investment, custodial, and depository authority to employees of the state and to external firms
- Utilize consultants, advisors, custodians, investment services, and legal counsel
- Apply the **Prudent Investor Rule** and exercise duty in the sole financial best interest of the beneficiaries



Board Statutes & Duties cont.

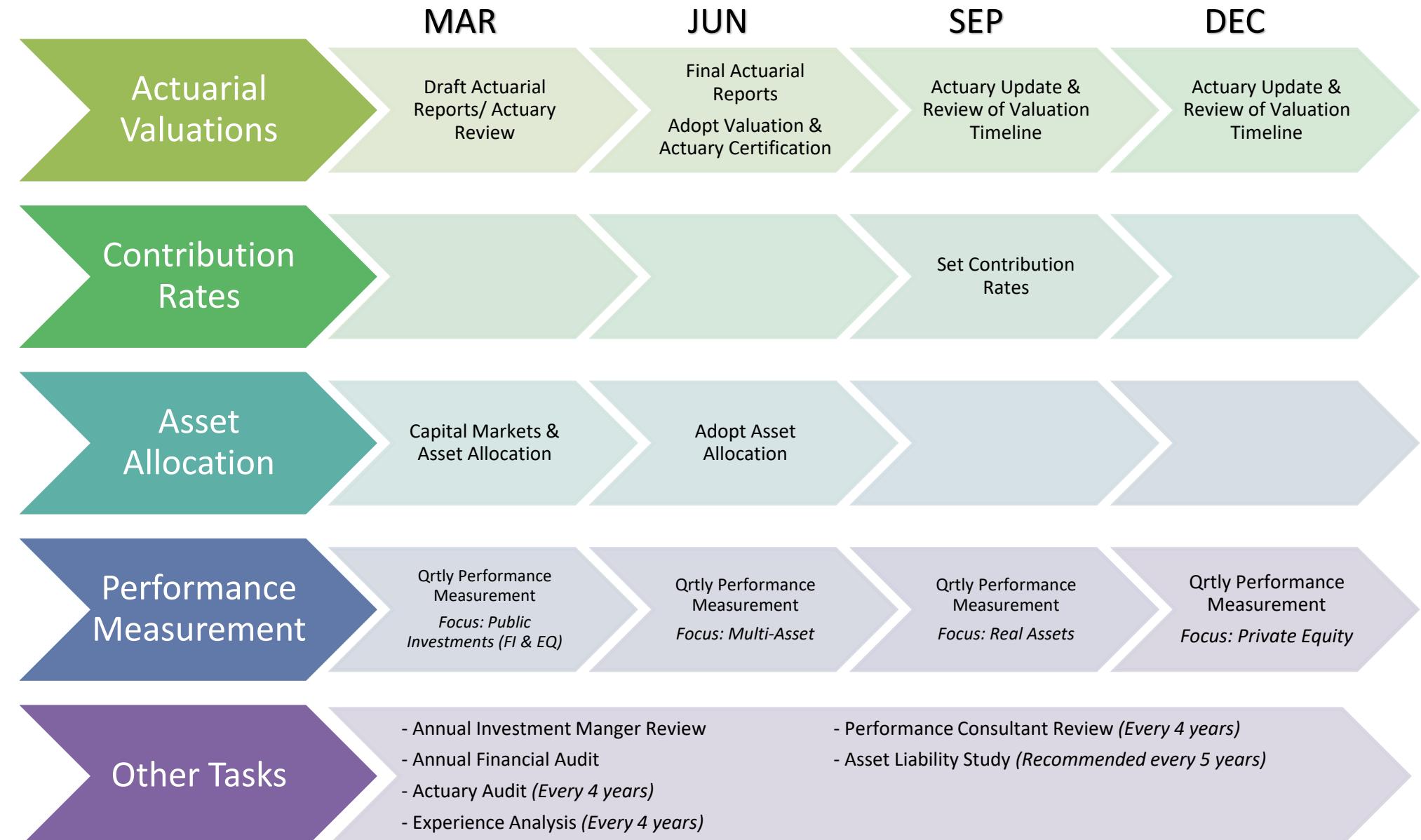
AS 13.36.230 – 290 (Prudent Investor Rule)

- Consider the purposes and requirements of the trust
- The risk and return objectives should be reasonably suited to the trust
- Investment decisions should be evaluated in the context of the portfolio as a whole
- Make a reasonable effort to verify the facts relevant to the investment and management of assets
- Diversify
- Prudently delegate – scope of delegation, periodically review actions to monitor performance and compliance with terms
- Incur reasonable and appropriate costs



ARMB Meetings

- The board calls four meetings annually to accomplish their fiduciary responsibilities
- Special meetings may be called to take care of issues that arise between meetings or for matters that cannot wait until the next scheduled meeting



ARMB Committees

- Committees are established by the board to assist with completing board business
- Committees are not authorized to act on behalf of the board, but provide in depth review, research, and recommendations to the board
- Current standing committees:

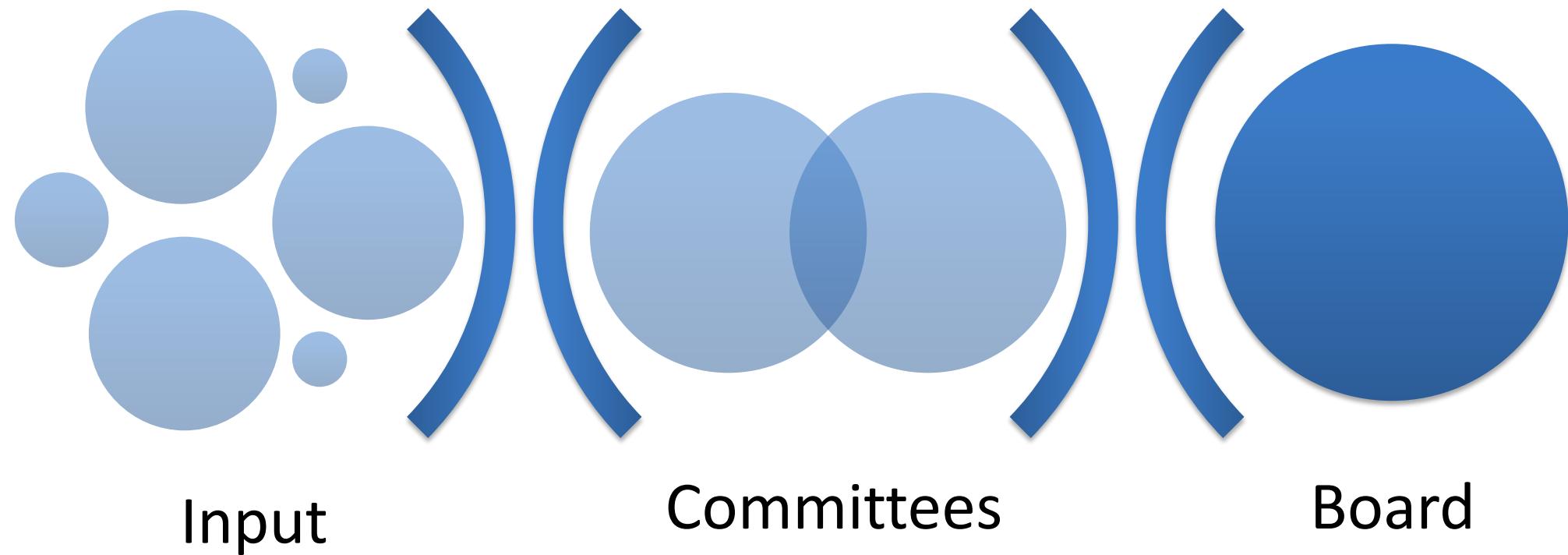
AUDIT
<i>Michael Williams, Chair</i>
Provides independent oversight of the integrity of the ARMB's financial statements and reporting systems of internal controls, and compliance with legal and regulatory requirements.

DC PLAN
<i>Bob Williams, Chair</i>
Has the authority to research, review, and recommend policies and procedures that it believes may be beneficial to the members of the retirement systems, or that represent best practices, or that result in efficient administration of the defined contribution plan for public employee members and teachers.

ACTUARIAL
<i>Allen Hippler, Chair</i>
Assists the board in fulfilling the board's function of independent oversight of the integrity of the ARMB retirement systems' actuarial valuations, experience analyses, and other requested reports and analysis, including compliance with legal, accounting, and regulatory requirements.

OPERATIONS
<i>Dennis Moen, Chair</i>
Considers input from outside sources as well as the Department of Revenue (DOR) for the purpose of making recommendations to the board on the following matters: (a) an annual operating budget for the board; (b) salary considerations for DOR staff who work on matters relating to the board and the funds administered by the board; and (c) policies and procedures relating to the functioning of the board.

Decision Making Process





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THANK YOU



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Appendix

Timeline for June 30, 2022 Valuations

State of Alaska

Timeline for June 30, 2022 Valuations (PERS, TRS, PERS DCR, TRS DCR, JRS, NGNMRS)

Item #	Task	Original Deadline	Revised Deadline	Date Completed	Team Responsible	Comments / Notes
1	Enrollment data request to Aetna	7/15/22		7/14/22	Buck	
2	Valuation data request to DRB	7/15/22		7/15/22	Buck	
3	Monthly audit discussion with GRS / Buck	7/20/22	7/22/22	7/22/22	GRS / Buck	
4	Monthly audit discussion with GRS / Buck	8/17/22	8/19/22	not needed	GRS / Buck	
5	Preliminary 6/30/22 assets to Buck	8/30/22		8/31/22	DRB	These will be used only for the adoption of FY24 contribution rates.
6	Valuation data to Buck	9/2/22		9/6/22	DRB	
7	Send valuation data files received from DRB to GRS	9/6/22		9/6/22	Buck	
8	Actuarial Committee Meeting - FY24 contribution rates (based on 6/30/21 valuations)	9/14/22		9/14/22	All	Anchorage. Deadline for meeting materials is 8/26 (extended to 9/6 since assets not available until the end of August).
9	Audit data and sample lives request to Buck	9/16/22		9/17/22	GRS	
10	Monthly audit discussion with GRS / Buck	9/21/22			GRS / Buck	
11	Claims data request to Segal/DRB	9/23/22		9/6/22	Buck	Incurred claims through 6/30/22 that are paid through 8/31/22.
12	Data questions to DRB	9/23/22		9/27/22	Buck	PERS data questions sent on 9/26, TRS sent on 9/27.
13	Data answers to Buck	10/7/22		10/7/22	DRB	
14	Final 6/30/22 assets to Buck	10/14/22		10/21/22	DRB	
15	Monthly audit discussion with GRS / Buck	10/19/22	10/21/22	10/21/22	GRS / Buck	
16	Claims data to Buck	10/21/22		10/24/22	Segal / DRB	Incurred claims through 6/30/22 that are paid through 8/31/22.
17	6/30/22 valuation data and DRB data questions to GRS	10/28/22		11/7/22	Buck	PERS pension/PERS DCR sent on 10/28, TRS pension/TRS DCR sent on 11/4, PERS/TRS OPEB sent on 11/7.
18	Sample life information to GRS	11/11/22		11/14/22	Buck	All except PERS pension active sample lives sent on 11/11. PERS pension active sent on 11/14.
19	Monthly audit discussion with GRS / Buck	11/16/22	11/18/22		GRS / Buck	
20	Preliminary valuation results and PVB's by individual to GRS	11/18/22			Buck	
21	Actuarial Committee Meeting - 6/30/22 valuation results (preliminary)	11/30/22			All	Anchorage. Deadline for meeting materials is 11/14.
22	Monthly audit discussion with GRS / Buck	12/21/22			GRS / Buck	
23	Draft DCR valuation reports to GRS	1/6/23			Buck	
24	Monthly audit discussion with GRS / Buck	1/18/23	1/20/23		GRS / Buck	
25	Draft DB valuation reports to GRS	1/20/23			Buck	
26	Monthly audit discussion with GRS / Buck	2/15/23	2/17/23		GRS / Buck	
27	Draft actuarial review report to Buck	3/7/23			GRS	
28	Monthly audit discussion with GRS / Buck	3/15/23	3/8/23		GRS / Buck	
29	Actuarial Committee Meeting - 6/30/22 valuation results (full), projections, draft valuation reports	3/15/23			All	Juneau. Deadline for meeting materials is 2/24.
30	Monthly audit discussion with GRS / Buck	4/19/23			GRS / Buck	
31	ARMB Meeting - follow-up to March meeting (if needed)	April 2023 - TBD			All	Teleconference.
32	Monthly audit discussion with GRS / Buck	5/17/23			GRS / Buck	
33	Actuarial Committee Meeting - final valuation reports	6/14/23			All	Anchorage. Deadline for meeting materials is 5/26.

Note: All deadline and completion dates are specific to PERS and TRS.

