

February 4, 2011

**VIA EMAIL**

Mr. Pat Shier  
Director  
Division of Retirement and Benefits  
State of Alaska  
333 Willoughby Avenue  
6th Floor State Office Building  
Juneau, AK 99811-0208

**RE: Fiscal Note for Senate Bill No. 38**

Dear Pat:

As requested, we are providing the following information for a Fiscal Note for a bill regarding the addition of a one-time lump sum payment of \$100,000 to the spouse (or dependent children) of a Peace Officer/Firefighter who dies due to occupational causes. This bill affects both the State of Alaska Public Employees' Retirement System Defined Benefit Plan (PERS DB) and the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan (PERS DCR). We have assumed that the bill will become effective as of July 1, 2010. Our results are based on the draft 2010 actuarial valuation results.

The tables below show the cost of the bill for Fiscal Years 2013 through 2017. Dollars are in thousands.

<b>PERS DB Plan</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
Increase in Normal Cost Amount	\$98	\$101	\$104	\$107	\$111
Increase in Past Service Cost Amortization Payment	\$42	\$43	\$45	\$46	\$48
Total Increase in Annual Employer Contribution Amount	\$140	\$144	\$149	\$153	\$159
<b>PERS DCR Plan</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
Increase in Normal Cost Amount	\$34	\$36	\$38	\$39	\$41
Increase in Past Service Cost Amortization Payment	\$1	\$1	\$1	\$1	\$1
Total Increase in Annual Employer Contribution Amount	\$35	\$37	\$39	\$40	\$42

### Summary for Analysis Continuation Section of Fiscal Note

The data, assumptions, plan provisions and methods used for the DB plan costs are described in the draft actuarial valuation reports as of June 30, 2010. The assets for both plans are based on the June 30, 2010 information provided by Christina Maiquis. We have assumed that the bill will become effective July 1, 2010.

The tables below summarize the change in the unfunded accrued liability. Dollars are in thousands.

<b>PERS DB Plan</b>	<b>Current DB Plan</b>	<b>DB Plan After SB 38</b>
Accrued Liability	\$18,132,492	\$18,133,139
Actuarial Value of Assets	11,157,464	11,157,464
Total Unfunded Accrued Liability	\$6,975,028	\$6,975,675

<b>PERS DCR Plan</b>	<b>Current DCR Plan</b>	<b>DCR Plan After SB 38</b>
Accrued Liability	\$8,038	\$8,048
Actuarial Value of Assets	13,568	13,568
Total Unfunded Accrued Liability	\$(5,530)	\$(5,520)

Please let us know if you need any further information.

Sincerely,



David H. Sliskinsky, A.S.A.  
Principal and Consulting Actuary

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c: Ms. Teresa Kesey, State of Alaska  
Ms. Kathy Lea, State of Alaska  
Ms. Michelle DeLange, Buck Consultants  
Mr. Chris Hulla, Buck Consultants  
Ms. Kyla Kaltenbach, Buck Consultants