

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.

PERS DB Plan	FY13	FY14	FY15	FY16	FY17
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
PERS DCR Plan	FY13	FY14	FY15	FY16	FY17
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

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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.

PERS DB Plan	Current DB Plan	DB Plan After SB 38
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

PERS DCR Plan	Current DCR Plan	DCR Plan After SB 38
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. Slishinsky, 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 Hull, Buck Consultants
Ms. Kyla Kaltenbach, Buck Consultants