

Konrad Jackson

From: Bruce Campbell <brucecanoe@gmail.com>
Sent: Monday, January 26, 2026 11:29 AM
To: Senate Labor and Commerce
Cc: Randall Burns
Subject: HB 78, Support, SL/C Committee Meeting Monday, 1:30 pm

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Dear Chairman Bjorkman,

Please consider the following as support for HB 78.

It is very important to note the proposal in HB78 is not a resumption of the old Legacy Plan, it is a separate and relies on modern annualized rate of return calculations.

What I recall from the combined Alaska Retirement Board and Alaska Senate Finance meeting on this topic (circa 2013) was that the old Legacy Defined Benefits plan was built around a 1985/1986 calculation that the retirement investment plan could earn 8 1/4 percent annually or more. The assumption may have held for a few years after the high inflation rates of the late 1970's and early 1980's, but it failed to generate sufficient funds to pay for the retirement benefits, and was changed by the Legislature, effective 2006.

In 2014 we added \$3b to the fund to reduce the annual underfunded liability to about \$250 to 350 million.

The Legislature in 2013/14 couldn't simply lower the rate of return to a more normal 5 1/2% or even European 4 1/2% because the increased amount the employee and employer would have to pay into a retirement account was too much. Alaska Municipalities couldn't afford it, claimed the increased cost for all their retired employees would make them go bankrupt.

My understanding is that today's proposal fixes the rate of return problem.

Sincerely,
Bruce Campbell
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