

State of Alaska FY2015 Governor's Operating Budget

Department of Revenue Alaska Retirement Management Board Component Budget Summary

Component: Alaska Retirement Management Board**Contribution to Department's Mission**

The mission of the Alaska Retirement Management Board is to manage the state's retirement and benefit plan funds.

Results

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

Target: Exceed 1-year, 3-year and 5-year target returns.

Core Services

- Manage the investment of ARMB funds.

Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

1. Manage the investment of ARMB funds.

Target: Increase average longevity of the investment officers to five years.

Target: At least four investment staff will have their Chartered Financial Analyst (CFA) designation.

Major Component Accomplishments in 2013

- The PERS and TRS defined benefit retirement plans earned annual returns of 12.5% and 12.59%, respectively. Both plans exceeded targeted returns.
- The Alaska Retirement Management Board (ARMB) continues to improve investment options for defined contribution retirement plan participants.
- Continued to improve asset allocation of defined benefit plans.

- Began investing a portion of public equities using internal staff resulting in savings of \$200 thousand.
- ARMB website redesigned to include additional information and be more user friendly.

Key Component Challenges

- Managing investment risk during times of market volatility.
- Achieving actuarial rate of return or greater over long periods of time.
- Evaluating asset allocation and new investment opportunities for both defined benefit and defined contribution plans.
- Managing investment liquidity challenges arising out of a closed defined benefit plan.

Significant Changes in Results to be Delivered in FY2015

No changes in results delivered.

Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

Contact Information
Contact: Jerry Burnett, Director, Administrative Services Phone: (907) 465-2312 Fax: (907) 465-1685 E-mail: jerry.burnett@alaska.gov

Alaska Retirement Management Board Component Financial Summary

All dollars shown in thousands

	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	74.0	86.2	86.2
72000 Travel	257.3	124.0	124.0
73000 Services	6,358.4	8,043.3	7,823.5
74000 Commodities	76.7	7.5	7.5
75000 Capital Outlay	81.8	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	6,848.2	8,261.0	8,041.2
Funding Sources:			
1004 General Fund Receipts	427.5	381.6	132.5
1017 Benefits Systems Receipts	1,164.3	1,635.4	1,640.3
1029 Public Employees Retirement System Fund	3,675.7	4,116.5	4,133.6
1034 Teachers Retirement System Fund	1,527.9	1,992.1	1,999.1
1042 Judicial Retirement System	42.0	47.9	48.1
1045 National Guard & Naval Militia Retirement System	10.8	87.5	87.6
Funding Totals	6,848.2	8,261.0	8,041.2

Estimated Revenue Collections

Description	Master Revenue Account	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Benefits System Receipts	51390	1,164.3	1,635.4	1,640.3
Restricted Total		1,164.3	1,635.4	1,640.3
Total Estimated Revenues		1,164.3	1,635.4	1,640.3

**Summary of Component Budget Changes
From FY2014 Management Plan to FY2015 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2014 Management Plan	381.6	0.0	7,879.4	0.0	8,261.0
Proposed budget decreases:					
-Reduction in Contractual Services	-250.0	0.0	0.0	0.0	-250.0
Proposed budget increases:					
-Alaska Retirement Management Board Salary Costs Reflected in Treasury Division	0.9	0.0	29.3	0.0	30.2
FY2015 Governor	132.5	0.0	7,908.7	0.0	8,041.2

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Department of Revenue Alaska Retirement Management Board Custody and Management Fees Component Budget Summary

Component: Alaska Retirement Management Board Custody and Management Fees

Contribution to Department's Mission

Please see Alaska Retirement Management Board component.

Core Services

- Please see Alaska Retirement Management Board component

Major Component Accomplishments in 2013

Please see Alaska Retirement Management Board component.

Key Component Challenges

Please see Alaska Retirement Management Board component.

Significant Changes in Results to be Delivered in FY2015

Please see Alaska Retirement Management Board component.

Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

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Fax: (907) 465-1685
E-mail: jerry.burnett@alaska.gov

Component — Alaska Retirement Management Board Custody and Management Fees

**Alaska Retirement Management Board Custody and Management Fees
Component Financial Summary**

All dollars shown in thousands

	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	32,205.1	43,906.7	43,906.7
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	32,205.1	43,906.7	43,906.7
Funding Sources:			
1029 Public Employees Retirement System Fund	22,465.8	30,800.0	30,800.0
1034 Teachers Retirement System Fund	9,412.9	12,600.0	12,600.0
1042 Judicial Retirement System	260.6	350.0	350.0
1045 National Guard & Naval Militia Retirement System	65.8	156.7	156.7
Funding Totals	32,205.1	43,906.7	43,906.7

**Summary of Component Budget Changes
From FY2014 Management Plan to FY2015 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2014 Management Plan	0.0	0.0	43,906.7	0.0	43,906.7
FY2015 Governor	0.0	0.0	43,906.7	0.0	43,906.7