



SENATOR DENNIS EGAN

SB 30 - Alaska Pension Choices

Sponsor Statement

SB 30 lets teachers, Troopers, firefighters and other public employees choose one of two state retirement systems: an individual defined contribution retirement account, or earning a defined benefit pension.

A defined benefit pension takes time to earn, but rewards a record of public service by paying a guaranteed monthly benefit and, for long-term employees, health insurance. An individual defined contribution account is portable from one employer to another, and flexible in how it can be used, but makes no guarantees. SB 30 lets newly hired public servants in Alaska choose the one that fits best.

SB 30 creates a new more stable, more predictable defined benefit pension tier for public employees. In 2005, Alaska beefed up oversight of the pension system. Now we have two actuaries analyzing the health of the pension trusts, there are more frequent experience studies and the law bars the practice of sometimes paying less than the cost of benefits. SB 30 keeps these smart reforms, making Alaska pensions stronger than ever.

And because the defined benefit pensions for new employees include sharing the risk of rising health costs, they will never cost employers more than the defined contribution system, saving money for schools, municipalities, and the State of Alaska.

Alaska's public servants don't earn the private sector's defined benefit of Social Security, and many even lose Social Security benefits they earned in past jobs. So for most, a defined benefit pension makes sense. Other employees will choose individual defined contribution accounts because they prefer flexibility, portability, and control, or because they don't plan on long-term public sector work. SB 30 lets them choose an individual account instead.

The teachers who educate our children, the police and firefighters who protect our families, and the public employees who plow the roads and serve our state and cities will be able to choose the benefit that best fits their service.

ALASKA SENATE

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