

State of Alaska

Department of Administration

Division of Retirement and Benefits

Presentation to the Senate Finance Committee

- Defined Benefit Versus Defined Contribution Comparison
 - Public Employees' Retirement System (PERS)
 - Teachers' Retirement System (TRS)
- Ajay Desai, Director
- Mindy Voigt, Sr. Pension Manager
- February 23, 2023



PERS - Tier III and Tier IV Comparison

All Other Members

(From Slide# 7)

Hypothetical Salaries			V/S	Actual Salaries as of 2022					
PERS All Other	DB Plan	DC Plan		Actual Plan Data (as of 2/1/2023)					
		(Projected ROR=7%)		Comparable Salaries		All Salaries		RoR >= 7% Projection	
Total Service	A: Salary Replacement Ratio	B: Salary Replacement Ratio		Members	C: Salary Replacement Ratio	Members	D: Salary Replacement Ratio	Members	E: Salary Replacement Ratio
5	9.48%	5.75%		23	5.29%	296	5.27%	48	6.44%
6	11.37%	7.05%		25	6.53%	480	6.22%	53	8.46%
7	13.27%	8.40%		28	7.65%	445	7.39%	56	9.22%
8	15.17%	9.81%		24	9.34%	448	8.73%	59	11.46%
9	17.06%	11.27%		21	9.71%	419	9.91%	56	12.42%
10	18.96%	12.80%		28	11.68%	402	11.06%	56	13.97%
11	21.09%	14.38%		10	13.58%	324	12.84%	47	16.21%
12	23.22%	16.04%		18	13.96%	303	14.25%	55	17.63%
13	25.36%	17.76%		12	16.40%	215	15.80%	42	19.28%
14	27.49%	19.55%		10	16.69%	214	16.65%	27	21.20%
15	29.62%	21.42%		10	19.22%	207	17.96%	20	23.55%
16	31.75%	23.37%		5	20.11%	138	18.67%	8	25.84%
17	33.89%	25.39%		0		10	20.98%	1	25.99%
Total Actual Members:>				214		3,901		528	

Additional details for the analysis are shown in the appendix (Slides 21 and 22)



PERS - Tier III and Tier IV Comparison

Peace Officers/Firefighters

(From Slide# 8)

Hypothetical Salaries			V/S	Actual Salaries as of 2022					
PERS PO/FF	DB Plan	DC Plan (Projected ROR=7%)		Actual Plan Data (as of 2/1/2023)					
	A: Salary Replacement Ratio	B: Salary Replacement Ratio		Comparable Salaries		All Salaries		RoR >= 7% Projection	
Total Service				Members	C: Salary Replacement Ratio	Members	D: Salary Replacement Ratio	Members	E: Salary Replacement Ratio
5	9.73%	5.75%		1	4.92%	48	4.90%	1	5.80%
6	11.68%	7.05%		3	6.16%	87	5.72%	3	7.71%
7	13.63%	8.40%		2	6.95%	81	6.58%	1	8.69%
8	15.58%	9.81%		1	7.81%	75	8.08%	7	10.54%
9	17.52%	11.27%		2	9.80%	67	8.98%	2	11.80%
10	19.47%	12.80%		4	10.27%	55	10.09%	3	14.49%
11	21.90%	14.38%		5	12.06%	56	12.21%	8	16.41%
12	24.34%	16.04%		3	15.14%	51	14.17%	12	17.32%
13	26.77%	17.76%		1	14.31%	22	14.24%	1	18.12%
14	29.20%	19.55%		1	18.39%	31	15.19%	2	19.76%
15	31.64%	21.42%		1	19.08%	65	16.87%	5	22.29%
16	34.07%	23.37%		2	19.17%	31	16.99%	2	24.78%
17	36.51%	25.39%		0		3	18.91%	0	
Total Actual Members:>				26		672		47	

Additional details for the analysis are shown in the appendix (Slides 23 and 24)



TRS - Tier II and Tier III Comparison

Teachers

(From Slide# 9)

Hypothetical Salaries			V/S	Actual Salaries as of 2022					
TRS	DB Plan	DC Plan (Projected ROR=7%)		Actual Plan Data (as of 2/1/2023)					
Total Service	A: Salary Replacement Ratio	B: Salary Replacement Ratio		Comparable Salaries		All Salaries		RoR >= 7% Projection	
				Members	C: Salary Replacement Ratio	Members	D: Salary Replacement Ratio	Members	E: Salary Replacement Ratio
5	9.73%	6.64%		2	6.28%	35	5.77%	2	7.44%
6	11.68%	8.13%		14	6.93%	226	6.66%	14	9.22%
7	13.63%	9.69%		28	8.18%	214	7.93%	7	10.92%
8	15.58%	11.31%		21	9.52%	252	9.49%	19	12.45%
9	17.52%	13.00%		18	11.22%	198	10.76%	8	14.21%
10	19.47%	14.76%		25	13.21%	196	12.48%	10	15.91%
11	21.42%	16.60%		22	15.03%	152	14.05%	10	18.12%
12	23.36%	18.51%		15	17.03%	153	15.90%	13	19.58%
13	25.31%	20.49%		8	19.05%	124	17.64%	8	22.46%
14	27.26%	22.56%		16	20.16%	149	19.25%	9	26.26%
15	29.20%	24.72%		15	19.59%	120	19.78%	3	27.09%
16	31.15%	26.96%		19	21.99%	109	21.08%	1	27.36%
17	33.10%	29.30%		12	23.70%	60	22.30%	1	29.89%
Total Actual Members:>				215		1,988		105	

Additional details for the analysis are shown in the appendix (Slides 25 and 26)

