SENATE FINANCE COMMITTEE
February 5, 2021
9:02 a.m.

9:02:06 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson (via teleconference)
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

PRESENT VIA TELECONFERENCE

Ajay Desai, Director, Division of Retirement and Benefits, Department of Administration; Emily Ricci, Chief Health Policy Administrator, Division of Retirement and Benefits, Department of Administration; Kevin Worley, Chief Financial Officer, Division of Retirement and Benefits, Department of Administration.

SUMMARY

PRESENTATION: PRS/TRS UPDATE, FY22 PAYMENT

Co-Chair Stedman discussed the agenda.

^PRESENTATION: PRS/TRS UPDATE, FY22 PAYMENT

9:03:10 AM

AJAY DESAI, DIRECTOR, DIVISION OF RETIREMENT AND BENEFITS, DEPARTMENT OF ADMINISTRATION (via teleconference), discussed his background. He had been director of the

Division of Retirement and Benefits for the previous four years. He had about 32 years of experience in the area of pension and health benefit administration. He introduced his staff.

9:04:14 AM

Mr. Desai discussed the presentation "PERS/TRS 2020 Update," (copy on file).

Mr. Desai looked at slide 2, "Organization - PERS / TRS," which showed a flow chart that included the Department of Revenue, the Alaska Retirement Management (ARM) Board, and the Department of Administration (DOA). He commented that effective October 1, 2005 the ARM board was a trustee for the pension and retiree health trust, the state supplemental annuity plan, and deferred compensation plans. The board's primary duties were to manage and invest assets in a manner that was sufficient to meet the liabilities and pension obligations of the system. He listed a summary of the board's duties: establish investment policies, review actuarial earnings assumptions, establish asset allocation, set contribution rates of employers, provide investment options, and monitor performance.

Mr. Desai spoke to slide 3, "Membership (as of June 30, 2020)," which showed a data table with membership numbers under both PERS and TRS from defined benefit and defined contribution plans. He pointed out that the numbers were broken down by tier and active versus inactive employees. He directed attention to the last column, which indicated that there were about 34 percent active participants under defined benefits plans in 2020. He noted that inactive vested employees were at about 71 percent, and retired employees were at 100 percent. Under defined contribution plans, the active population was continuously growing and was at about 66 percent. Inactive vested employees comprised about 29 percent. There was a half percent of retirees in defined contribution plans that was shown as zero.

Mr. Desai referenced slide 4, "An Employer Group Waiver Plan (EGWP) Subsidy":

- Projected amounts described above are rough estimates due to the dynamic nature of claims.

- 2019 Actual subsidy is $49.5M compared to the projected subsidy of $52.9M
- 2020 Actual subsidy is subject to minor adjustment due to true-up

Mr. Desai shared that the 2020 actual subsidy from the Employer Group Waiver Plan (EGWP) was projected to be about $58.38 million. He projected about $62.25 million for 2021, which was trending higher than expected and would help with the unfunded liability.

9:08:12 AM

Senator von Imhof asked if the reference to "subsidy" was an Unrestricted General Fund (UGF) additional payment of $62 million. She asked if the amount was a subsidy made of GF to make the account whole.

Mr. Desai explained that the funds were savings that otherwise would have been spent on drugs through the retiree plans. By implementing the EGWP, the state was able to save and get a federal subsidy.

Senator von Imhof asked if the EGWP was an arrangement to help do bulk purchasing with prescription drugs and if Mr. Desai was saying that the federal government was going to be paying the state $62 million for 2021 as a cost shift from the state.

Mr. Desai answered in the affirmative.

9:09:50 AM

Senator Wilson asked about projected cost savings for future years.

Mr. Desai asked his staff to address the question.

EMILY RICCI, CHIEF HEALTH POLICY ADMINISTRATOR, DIVISION OF RETIREMENT AND BENEFITS, DEPARTMENT OF ADMINISTRATION (via teleconference), noted that the federal subsidies provided through the EGWP were fairly dynamic. She mentioned the catastrophic reinsurance and the coverage gap discount, which reflected the pharmacy spending for the membership. She pointed out that prescription drug costs for retiree members had grown from 2019 to 2021. For the foreseeable future, assuming there were no changes at the federal level, the subsidies would increase with the increases in prescription drug prices.

Mr. Desai turned to slide 5, "Additional State Contributions - Projected," which showed a data table which listed projected additional state contributions from 2022 through 2043. He reminded that there had been a projection that the state would be 100 percent funded by 2039. As the state had created new layers for liabilities, the contribution rate went a little higher on the TRS side. The amount would be paid by additional state assistance.

Co-Chair Stedman asked for an estimate regarding overfunding towards the end with lower participants in 2040.

Mr. Desai stated that the question of overfunding prompted the extension of amortization past 2039, in the case that there was a significant drop in investment income there would not be a huge liability to pay off. The majority of state contributions would be paid by 2039.

Co-Chair Stedman asked about the current unfunded liability for PERS and TRS.

Mr. Desai estimated that current liability was approximately $6.1 billion in present value. If the state were to pay the total liability in a lump sum, it would add up to about $4.8 billion for PERS and about $1.4 billion for TRS.

9:14:47 AM

Mr. Desai considered slide 6, "Additional State Contributions - History," which showed a data table depicting additional state contributions from 2006 to 2021. He highlighted that the total added up to $7.9 billion. He thought the amount was significant. There had been $3 billion paid in 2015.

Co-Chair Stedman pointed out that when the state reduced its contribution from 2016 to 2019, there was a greater contribution to be paid in the future. He did not think the practice was necessarily a good idea and made matters worse in the future.

9:16:13 AM

Mr. Desai displayed slide 7, "Investment Experience":

> The actuarial value of assets was reinitialized to equal fair value as of June 30, 2014. Beginning in FY15, the valuation method recognizes 20% of the investment gain or loss each year, for a period of five years (“Smoothing”).

Mr. Desai noted that the first column on the table on slide 7 showed assumed actuarial earning rates set by the board, which was 7.38 percent for PERS and TRS. In 2019, the return based on fair value of assets for PERS was about 6 percent and for TRS was about 5.9 percent. For 2020 the rates based on fair value of assets were about a 4.1 percent for both plans, but the numbers were not yet finalized. The actuarial value for both plans was 5.5 percent for 2019 and 5.8 percent for 2020.

Co-Chair Stedman asked about the assumed actuarial rate and the lower values for the fair value of assets and actuarial rate.

Mr. Desai explained that there was a smoothing process over a five-year period that recognized 20 percent of investment gain or loss each year. He stated that by applying the smoothing method, there was a lesser impact on the actuarial assets of the plans.

Co-Chair Stedman asked if the division was hitting its targeted rate of return, and if the committee should expect a decrease in the rates.

Mr. Desai pointed out the difference between the 2020 expected rate of 7.38 percent and actuarial perspective of 5.8 percent. He acknowledged that the previous year was tough worldwide and it was yet to be seen how returns would change.

Co-Chair Stedman asked for clarification that the expected rate of return was higher than actual returns. He asked what to expect from Callan regarding future rates and return and inflation. He referenced hearing from the Alaska Permanent Fund Corporation (APFC) that rates were going down in the future.

9:20:23 AM

KEVIN WORLEY, CHIEF FINANCIAL OFFICER, DIVISION OF RETIREMENT AND BENEFITS, DEPARTMENT OF ADMINISTRATION (via teleconference), relayed that there was an experience study done every four years and the consulting actuary would consider the actuarial assumptions (including the rate of return) compared to what was actually experienced. The consultant would work with Callan and the Department of Revenue (DOR) over the preceding year. The division would consider the rate of return experience from the next study.

Co-Chair Stedman rephrased his question. He asked what the division's target and return for the previous year.

Mr. Worley shared that the target had been 7.38 percent and the return was 4.1 percent.

Co-Chair Stedman asked if the division fell short of its target.

Mr. Worley answered in the affirmative.

Co-Chair Stedman asked the division to be clear so there was more understanding. He acknowledged that targets and returns could vary. He thought Mr. Worley had indicated that there would be a review from the actuaries and consultants that would come some time in the summer, and the information would be available to the committee the following January.

Mr. Worley stated that the experience study would start during the summer and would take about a year to complete, during which the information would be considered and adopted by the ARM board. The study would be in the June 30, 2021 valuation report issued summer of 2022.

Co-Chair Stedman asked if the committee should be prepared to expect a request for a higher contribution rate since there were expectations of lower growth of capital markets for the next decade (as relayed by APFC).

Mr. Worley stated that the matter would have to be worked out during the course of the meetings with the actuarial committee, the actuary consultants, Callan, and DOR. He reminded that the division's investing time-perspective was different than that of the APFC. He believed the projections for the Permanent Fund were based on a much shorter time frame than that of the retirement systems.

Co-Chair Stedman pointed out that the Permanent Fund was invested in the equities and bond markets in the United States. He recognized there were time-frame issues. He understood other states in the country were cutting contributions towards unfunded liabilities, which he did not think was in the best interest of the state. He was concerned if there was a risk of a higher capital call on the treasury, there should be information sooner rather than later. He asked for assistance with rough estimates of what was coming.

9:25:18 AM

Co-Chair Stedman continued his remarks. He acknowledged that it was not possible to have exact numbers but wanted ballpark figures to factor into committee discussions. He thought Callan would be presenting to the committee in the future and addressing the Permanent Fund and possibly the PERs and TERS issue. He expressed concern about changing capital market expectations when the state was in a tough financial spot.

Senator von Imhof appreciated slide 7. She noted that beginning in 2015, the valuation method recognized 20 percent in investment gains. She referenced slide 11, which referenced a longer history. She thought it was possible to see a trend on slide 7, even if the period was shorter in time. She wanted to see a difference between assumed actuarial rates and the differences with the rate based on fair market assets. She considered whether PERS and TRS had an adequate funding ratio. She thought something similar to the Department of Natural Resources' oil forecast, which had high, medium, and low scenarios, could be helpful.

Co-Chair Stedman thought what Senator von Imhof described was called a bugle graph and could be put in dollars or percentages. He thought the graphs well illustrated the risk level.

Senator von Imhof thought it would be helpful to reframe slide 7 to include the years 2015 to 2020 with the different rates.

Co-Chair Stedman asked Mr. Worley to reframe the slide with the help of the Legislative Finance Division (LFD). He asserted that there was a significant cash call on the treasury and emphasized the importance of an accurate understanding of expectations.

9:29:03 AM

Co-Chair Bishop referenced slide 5 and commented that if the legislature had not made large deposits in the past such as in 2015, there would be much more significant deposits needed going forward. He thought it was important to avoid the situation in the future.

Mr. Worley affirmed that he would respond to Senator von Imhof's request to provide 2015 to 2020 information as noted on slide 7. He would reach out to DOR, since the agency did all the investing for the system.

Co-Chair Stedman stressed the importance of not underfunding the state's obligation.

Mr. Desai highlighted slide 8, "Funded Status - Valuation Results ($000's)," which showed a data table. The table showed total overall status of the actuarial funded ratio, which was about 78.4 percent in 2019 for PERS. He noted that the 79.3 percent for PERS for 2020 was a draft and not yet approved by the board. He discussed the actuarial funded ratio for TRS, which was 85.9 percent for 2019 and projected to be 86.6 percent for 2020.

Mr. Desai looked at slide 9, "Funded Status - Valuation Results ($000's)," which showed a data table with funded status for the defined benefit pension. He cited that the ratio for PERS in 2019 was 63.7 percent and was projected to be about 62.6 percent for 2020. Similarly, for TRS the most recent valuation ratio was 75.3 percent, and a draft ratio of 75.0 percent for 2020.

9:32:29 AM

Mr. Desai addressed slide 10, "Funded Status - Valuation Results ($000's)," which showed a data table showing funded status for defined benefit health care for PERS and TRS. The 2019 funded ratio for PERS was 109.2 percent, and 2020 was expected to be 113.5 percent. The 2019 TERS ratio was about 117 percent for 2019, raising to an estimated 121.3 percent for 2020.

Co-Chair Stedman asked about understanding the mechanism of overfunding in healthcare and the slight underfunding in pension.

Mr. Worley stated that for funding for the health plans, the state currently deposited what was called the "normal cost," which was the annual cost of the healthcare plan. Because it was over funded, the state would have a negative past service cost, which could reduce the contributions going into the healthcare trust. Because of statutes in place, the state was not allowed to take a negative past service cost or reduction to the contribution percentage rate for healthcare. The statute was a result of a funding situation from 20 years previously. The division would continue requesting employers to make a contribution into the healthcare plan even though it was overfunded.

Co-Chair Stedman asked about the point at which the funding level was higher than necessary. He questioned when the statute should be revisited, so the overfunding could be directed toward the pension side.

Mr. Worley stated that the matter had been discussed internally. The division had discussed better ways to fund the pension plan. He thought the division could work on the matter with the ARM Board, DOR, and the legislature.

Co-Chair Stedman agreed with Mr. Worley's suggestion to address the matter.

9:36:17 AM

Senator von Imhof observed that there were 20,000 Tier 1 retirees. She asked if the state was overfunded because the retirees were healthy and not making claims. She wondered how quickly the numbers could change.

Mr. Desai deferred to Ms. Ricci for more detail on the numbers.

Ms. Ricci stated that funding levels for the healthcare plan had been positively impacted by the implementation of the EGWP. She explained that healthcare costs could change fairly dramatically. While there had been initial relief from the EGWP, there had also been dramatic cost increases, especially related to specialty drugs and new gene therapies. She emphasized the healthcare costs for the group could increase quickly. She cited that another contributor of the positive funding status was due to increasing age of participants, at which point Medicare became a primary payer. The division had seen about a 7 percent increase in membership moving to the group of 65 and over individuals. There had been a reduction in pharmacy costs as well as greater numbers of retirees becoming Medicare-eligible. She affirmed that that the division tried to anticipate changes in the healthcare system, which it would try and manage as efficiently as possible.

Senator von Imhof assumed that the division tracked demographics of the 22,000 members. She asked about the age breakdown of the members, and if Ms. Ricci could share the information with the committee.

Ms. Ricci agreed to share the information with the committee.

9:40:27 AM

Mr. Desai advanced to slide 11, "Historical Rate of Return and Funded Ratio," which showed a large data table. The data went back to 1996. He pointed out that the numbers shown in red, such as in 2001 and 2002, indicated the lower returns and the ratio dropped. Negative returns affected the actuarially funded ratio.

Co-Chair Stedman thought it was nice to see the funded ratio advancing on the slide. He reminded that viewers should take the numbers for 1996 through 2001 with a grain of salt, as he suspected the numbers were not accurate. He referenced past defensive maneuvers to keep the pension plan solvent.

Senator Hoffman looked at the "Assumed Actuarial Earnings Rate" in the second column. He asked if the rate was for both the PERS and TRS systems.

Mr. Desai answered in the affirmative. He stated that historically the rate had been set the same for the two systems.

Senator Hoffman asked if the rate was the same for PERS and TRS, the plans must be invested differently since there were different actual rates of return. He observed that there were differences in the rates of return for the two systems over time.

Mr. Desai invited Mr. Worley to address Senator Hoffman's question.

Mr. Worley thought the question would best be addressed by DOR. He thought the difference in rates of return had to do with incoming revenue coming at different times. He noted that PERS employers reporting to the division ranged from bi-weekly, semi-weekly, to monthly timing of funds. He offered to reach out to DOR for a more detailed response.

Co-Chair Stedman asked for Mr. Worley to reach out to DOR and addition asked to clarify if there was co-mingling of PERS and TRS.

Mr. Worley agreed to provide the information.

Mr. Desai looked at slide 12, "Funded Ratio - History (Based on Actuarial Valuation Reports)," which showed a bar graph showing the funded ratio history for PERS and TRS from 2001 to the most recent valuation in 2019.

Co-Chair Stedman observed that the last time there were any real gains to the ratio was when the state had made a cash infusion to the systems.

Mr. Desai agreed.

9:45:03 AM

Mr. Desai showed slide 13, "Unfunded Liability - PERS / TRS ($000’s)," which showed a bar graph with data from 2006 to the last valuation date in 2019. He pointed out that the last column showed that the PERS unfunded liability present value was about $4.8 billion and was nearly $1.4 billion for TRS. He summarized that there was about $6.2 billion in present value for unfunded liability.

Co-Chair Stedman observed that during the period from 2008 to 2019, PERS was about the same for unfunded liability, while TRS had improved significantly by over $1 billion. He asked for Mr. Desai to address the contribution issue.

Mr. Desai drew attention to a significant increase in unfunded liability 2012 and 2013. He considered that there had been significant movement in the PERS unfunded liability as it rose and fell between 2008 and 2019.

Co-Chair Stedman asked Mr. Desai to provide a written answer as to why there were gains for TRS and did not gain anything in PERS from 2008 to 2019.

Mr. Desai referenced slide 14, "Employers and Additional State Contributions Projection," which showed a graphical flow chart:

> Allocation of Projected Employer and Additional State Contributions with Liabilities "Rolled Forward" Two Years, Assets "Rolled Forward" One Year and Smoothed

Mr. Desai summarized that the slide showed a kind of timeline of what it took to determine annual rates for employer and state contributions. The last complete valuation, the actual rate of return, and the projected rate was considered.

Co-Chair Stedman thought the state frequently struggled with the delayed impact of change.

9:49:07 AM

Mr. Desai turned to slide 15, "FY2022 Contribution Rates - DB Plans," which showed a data table of contribution rates for defined benefit plans. He noted that the rates were determined using the process illustrated on the previous slide. He discussed contribution rates and noted that employer contribution rates were capped at 22 percent and 12.56 percent for PERS and TRS respectively. He pointed out that the row showing "Additional state contribution" signified the amount the state paid toward the unfunded liability.

Senator von Imhof did not know when it was appropriate to ask about SB 55, which pertained to PERS payments and was sponsored at the request of the governor.

Co-Chair Stedman thought the matter should be addressed when the bill was before the committee for consideration.

He thought the committee could go into more detail regarding contributions when the bill was discussed.

Senator von Imhof thought it was important to know that the bill was coming forward and would address contribution rates and funding sources.

Co-Chair Stedman thought the bill would be before the committee in the next month or so.

Senator Wielechowski thought there was a federal bill with funding that could possibly apply to the state's defined benefit plans. He wondered if the division was monitoring the issue.

Co-Chair Stedman asked if the department had heard if there was any relief for unfunded pension liability for states included in the most recent federal COVID-19 relief bill.

Mr. Desai stated that the federal legislation was in the draft stage and the division did not have any detail as to the potential impacts. The department would be working to understand the impacts but did not have any detailed information yet.

Senator Wielechowski understood that the bill contained significant relief for states. He was interested in getting an update from the administration, as he thought the funding could have as significant impact on the budget.

Co-Chair Stedman stated that LFD would be working on understanding the federal legislation. He thought the administration would be doing the same and would work with the legislature to the greatest advantage of the state.

9:53:41 AM

Mr. Desai considered slide 16, "FY2022 Contribution Rates - DC Plans," which showed a data table of contribution rates for defined contribution plans. He cited that the slide showed that employees in defined contribution plans under PERS and TRS contributed about 8 percent. The employer paid 5 percent for PERS and 7 percent for TRS. The healthcare percentage for PERS was 1.07 percent, and .83 percent for TRS. Occupational death and disability for all employees was at a rate of about .31 percent, and for peace officers and firefighters was .68 percent. For TERS the healthcare percent was .08 percent. The health reimbursement account was a flat dollar amount based on 3 percent of all PERS and TRS average annual compensation. Any overflow of the contributions helped towards the defined benefit plan unfunded liability.

Senator Wilson wondered how Alaska compared to other states with regard to unfunded liability.

Co-Chair Stedman thought the question was broad.

Mr. Desai agreed to provide the information at a later time. He noted that the division participated in a national organization that would have information.

Co-Chair Stedman asked for Mr. Desai to include healthcare information as well.

9:56:22 AM

Mr. Desai displayed slide 17, "Contribution Rates - History," which showed two line graphs; one for PERS and one for TRS. He pointed out that in 2014, the required contribution was flat at 22 percent, but the actuarial rate was 31.9 percent. The gap between the two rates was paid as the additional state contribution. He continued that for TRS, it was possible to see the gap in rates that signified the state's additional contribution.

Senator Wielechowski asked if Alaska was still the only state in the country that did not have a defined benefit plan or social security for state employees.

Mr. Desai believed there were other states that had stopped providing defined benefits. He did not have details on individual states. He offered to provide the information at a later time.

Co-Chair Stedman noted that the TRS system could opt into social security, and the choice was not controlled by the legislature.

Senator Wielechowski asked if there had been discussion regarding the PERS or TRS systems opting back into Social Security.

Mr. Desai had not heard of any discussion on the matter. He thought there had been questions about how TRS could get back under social security. He echoed Co-Chair Stedman's remarks that there was an option to opt into social security. He did not have any additional information.

Senator von Imhof affirmed that there was always the option of opting back into Social Security. She thought the change would require a vote and the matter was not under the purview of the legislature.

Mr. Desai highlighted slide 18, "Projected Pension Benefit Recipients," which showed a line graph. The graph showed the count of retirees receiving benefits from the system. He drew attention to the top line of the chart, which showed there were about 51,639 retirees receiving benefits from PERS and TRS. According to the latest valuation, in 2029 the state would have its highest population receiving benefits from the plans at close to 58,000 retirees.

Co-Chair Stedman reminded that the state was in no jeopardy of not meeting its pension obligations. He acknowledged that the unfunded liability was a cash flow issue and in no way were the retirees subject to an adverse cash position within the retirement plans. He thought meetings were sometimes misinterpreted regarding the unfunded liability and the state's ability to pay its obligations.

Mr. Desai agreed with Co-Chair Stedman.

10:01:00 AM

Mr. Desai looked at slide 19, "Projected Pension Benefits Payment ($000's)," which showed a line graph. He cited that the state would be paying about $1.5 million for 2021 compared with a projected peak at $2 billion in 2036. The chart slowed down after 2037 after retirees aged out of the system. The state would make the benefits payment until the end of the century.

Co-Chair Stedman asked why the chart went to 2100, which he thought was indicative of a long life expectancy.

Mr. Desai explained that there were many employees that had not retired under the PERS and TRS systems yet and were still active. The projection of the expected payments considered demographic information and the fact that beneficiaries could collect benefits after death.

Co-Chair Stedman contemplated that a beneficiary would have to be 20 years of age currently to receive benefits that far in the future.

Mr. Desai stated that beneficiaries could be spouses or children. He had seen a projection until the year 2112.

Co-Chair Stedman referenced Senator von Imhof's question about age distribution and thought it would be helpful for the committee to see how many qualified individuals were under the defined benefit plan that were in different age groups.

Senator Wilson asked if there had been any trends related to retirement age and life expectancy changes.

Co-Chair Stedman asked to be reminded about life expectancy tables and how often the information was reset.

Mr. Worley agreed to send the committee the life expectancy tables. He explained that the tables were considered during the experience study, when the actual experience and assumptions were compared using data from a four-year period. He thought there could be an update after the next study was completed after 2021.

Co-Chair Stedman thought the tables had been continuously extended.

Senator Wilson thought there had been recent debate regarding whether COVID-19 had changed the data and studies being done.

Co-Chair Stedman noted that the last widow of a Confederate soldier from the Civil War had passed away the previous year.

10:06:02 AM

Mr. Desai addressed slide 20, "Health Care Cost Trend Rates," which showed a data table with data from the last actuarial evaluation in 2019. He pointed out the 7 percent rate in the "Medical Pre-65" column. He noted that after

2050 the rate was projected to continue at 4.5 percent for all the groups.

Senator Hoffman referenced the Supplemental Benefits System and deferred compensation. Several years previously the state had submitted a plan to the federal government that changed how the retirement systems worked. He had expressed concerns that deferred compensation should be an individual decision by state employees. He thought the problem with the plan the state had submitted was that individuals could only access the deferred compensation funds upon retirement. He asked for a list of number of participants for the previous ten years, and the yearly total of deferred compensation deductions. He was concerned that by including deferred compensation into the state's retirement program, it had taken a management tool from individual employees. He questioned what benefit there was to employees that deferred income but could not access the funds. He thought the state had made a mistake by including deferred compensation program in the retirement system and not allowing individual employees to have control over their own funds.

Co-Chair Stedman asked Mr. Desai to get the information back to the committee. He thought it would be nice to have a historical view of deferred compensation participation over the last several decades.

Mr. Desai agreed to provide the information requested by Senator Hoffman. He thought the division had done some research on the matter. He stated he would try to find out whether there were federal regulations with options that allowed making changes to the plan to allow participants to withdraw benefits.

10:10:39 AM

Senator Hoffman asked if any other states were treating the deferred compensation program in the same way as Alaska.

Co-Chair Stedman asked Mr. Desai to add Senator Hoffman's additional question to the inquiry about deferred compensation.

Co-Chair Stedman commented that the retirement system was a serious issue to the entire state. He discussed the agenda for the following week.

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ADJOURNMENT
10:12:18 AM

The meeting was adjourned at 10:12 a.m.