

1/22/04

OVERVIEW:  
INCREASED  
COSTS OF  
PERS &  
TRS

**HFIN**

**FILE**



# **State of Alaska**

**Public Employees' Retirement System  
Teachers' Retirement System**

**Presentation to the House Finance Committee**

**January 22, 2004**

# Outline PERS / TRS Funding

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White Paper - Retirement System Funding

Funding Status

Valuation Report Results June 30, 2002 - PERS / TRS

Primary Factors Contributing to Funding Status

Increase in Health Care Cost

Loss of Investment Earnings

Employer Rates FY01 through FY05

Employer Contribution Rate Savings FY98 - FY04

FY05 Change by Employer

PERS Tier IV - TRS Tier III Subcommittee

Comparison with other retirement systems funding of healthcare

white

Paper

# EMPLOYEE BENEFITS AND RETIREMENT SYSTEM FUNDING WHITE PAPER

## Public Employees' Retirement System Teachers' Retirement System

The purpose of the following is to review the differences between a plan such as PERS / TRS (Defined Benefit plans) and the SBS Annuity / Deferred Compensation Plan (Defined Contribution plans). This covers: how the "benefit" is constructed for both plan types – and how very different they are, a broad description about how PERS / TRS are funded, what is an "Actuarial Valuation," how employer liabilities are determined, who sets the rates, and what causes the variation in employer rates from year to year and among employers.

What Kind of Plan Is It? – Defined Benefit v. Defined Contribution .....	1
Funding Sources – "Additions" To The Plan – Defined Benefit.....	2
Expenses – "Deductions" From Plan Assets – Defined Benefit.....	2
Funding Needs = Pension Benefits + Health Costs + Admin. Expenses.....	2
Actuarial Valuation.....	3
Individual Employer Rates v. Cost Sharing.....	5
Who Adopts The Rates – How High Can They Go? .....	5
Employer Rates and Funding Levels – FY 04 v. FY 05.....	6
Why The Big Difference Between FY 04 and FY 05.....	7
What Does a One-Year Increase In Employer Rates Mean? .....	8
Who Takes the Risk? – The "Bottom Line" .....	8

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## What Kind of Plan is it? Defined *Benefit* v. Defined *Contribution* Plan

The type of retirement plan makes a big difference in the benefits employees can expect and the related present and future costs of a retirement system.

The Alaska Public Employees' and Teachers' Retirement Systems (PERS / TRS) are Defined Benefit plans. (Social Security is a Defined Benefit plan.) The Alaska Supplemental Annuity Plan (SBS Annuity) and Deferred Compensation Plan (DCP) are Defined Contribution plans.

Most employers, both government and private, use a combination of both plans. Private industry traditionally uses Social Security and adds a defined contribution plan like either a 401(k), or a defined benefit plan, or both. Except where benefits are negotiated, the additional plan, if any, is at the employer's discretion.

Governments traditionally use a defined benefit plan (like a PERS) and / or Social Security, and / or use an optional defined contribution plan such as Deferred Compensation (457). For Alaska State employees (and some political subdivisions) PERS is combined with SBS Annuity (as a substitute for Social Security). Deferred Compensation is purely elective, and not employer matched. Some political subdivisions use a combination of Social Security and PERS (i.e., the Anchorage Municipality); some use PERS only.

### Defined Benefit

In a Defined Benefit plan the benefit paid to an employee is based upon a formula set in law (determined by statute, regulation, plan document), and is NOT determined by the account balance.

Key features of this type benefit for PERS / TRS are:

- Benefit is based upon a formula (involves service, salary, age, etc.), and paid for the life of the member, with adjusted levels that continue the payment for a survivor.
- Benefit usually increases with post retirement pension adjustments and / or COLA.
- Plan paid health care, or a special low cost health care fee paid for by the member.
- Future benefit payments are NOT affected by plan funding methods or funding level of the plan, market gains or losses, or expenses.
- There is no separate refundable account balance once benefits start.
- If a member decides to cash-out the employee account, they only get employee contributions and fixed interest on that account. Employer contributions and actual investment earnings stay with the retirement system.
- Plan can reduce benefits for new entering members first hired after the date of the change (i.e., the tier system), *but the plan can not retroactively reduce benefits for members hired prior to the date of the plan benefit change.*

## Defined Contribution

In a Defined Contribution Benefit plan, the benefit is the amount of money in the account at retirement or termination - no more, no less.

Key features of this type benefit for SBS Annuity and DCP are:

- Benefit is the account balance. No extra survivor payment.
- Benefit does NOT increase with post retirement pension adjustments and / or COLA. The value of the account will increase *or decrease* with individual investment performance.
- NO paid health care and no special low cost health care options.
- The total benefit is affected by market gains or losses and expenses.
- When the money in the account runs out, no further benefits are payable. (Member can purchase their own annuity.)

## **Funding Sources – “Additions” To The Plan - Defined Benefits**

All retirement plans usually have three basic funding sources:

- Employee Contributions
- Employer Contributions
- Investment Earnings, including gains and losses

*Over the broad time horizon, investment earnings, including gains and losses, typically provide 75% of the total funding for retirement plans; with the 25% balance provided by employee and employer contributions.*

## **Expenses – “Deductions” From Plan Assets - Defined Benefits**

The major categories of expenditures (and their relative percentages) for PERS and TRS are as follows (based on actual results for the past year). The differences between the plans are due to benefit differences, number of members, variety of job classifications, etc.:

<u>PERS</u>	<u>TRS</u>	
• 65.5%	77.2%	- Pension benefit payments
• 30.5%	20.8%	- Post employment health care
• 2.8%	1.2%	- Refunds of contributions
• 1.2%	0.8%	- Administrative expenses

## **Funding Needs = Pension Benefits + Health Care Costs + Admin. Expenses**

The funding goal is to collect enough contributions during the working lifetime of the employee, and earnings on those contributions, to pay for retirement benefits. The benefits themselves will be paid out after retirement for the life of the member (and / or survivor).

For the entire system, the sum of all benefits owed determines the system *liability*, after taking into account inflation and the timing of future payments.

As an example, with a \$40,000 salary and 20 years of service, the normal retirement benefit for a police officer would be about \$17,000 per year, *for life*. The plan must accumulate about \$210,000 during the 20-year career to pay that benefit over time (including the cost of health coverage). However, once the employee is retired and collecting payments, the plan can no longer charge the employee for the increase and the following usually changes the benefit cost:

- The employee collects more payments than the original assumed life expectancy.
- Health care and other costs continually rise higher than the actuarial assumptions.
- Legislative changes or judicial interpretations that grant increases to all members.

Since the retirement fund cannot get further contributions from the employee, it must obtain the additional funding from the former employers of the employee. If the plan does not earn enough money from investments, the remaining uncovered costs must be paid for by contributions from employers. Employee contributions are set in statute; they cannot be raised for current employees without an offsetting increase in benefits.

Total system costs / funding can be defined by:

$$\begin{array}{r} \text{Benefits Paid + Administrative Expenses (LIABILITIES)} \\ = \\ \text{Employer and Member Contributions + Net Investment Income / Loss (ASSETS)} \end{array}$$

Therefore: Calculated LIABILITIES *greater* than ASSETS = Funding Shortfall  
Calculated LIABILITIES less than ASSETS = Excess Funding

### Actuarial Valuation

An Actuarial Valuation is performed each year to obtain an up to date number of the total accrued liability for the entire system. An actuarial valuation produces an estimate of total liabilities, at a given point in time; *it does not change the ultimate cost of the system*.

Actuarial Valuations use assumptions to determine what the total cost will be over the life of the system. These assumptions reflect the major variables that will affect the total system costs, and the cost of any one individual. The overall objective of a pension fund is to accumulate sufficient funds to meet all expected future financial obligations to participants. An Actuarial Valuation determines the expected future obligation.

In a Defined Benefit plan, the system does not know how long you will actually live, how many payments you will actually get after retirement, how much COLA you will actually be paid, how much your post retirement pension adjustments will be, or how much future health care costs will be – therefore, assumptions are used to make a reasonable estimate of what the cost might be – and the funding level is determined as a result.

Although there are over 20 separate assumptions, the major ones are:

- **Investment Return** – 8.25% average annual rate of return on plan assets over the long term, compounded annually, net of expenses. Returns less than the assumed rate lead to funding shortfalls.

*The assets of the PERS and TRS are invested by the Alaska State Pension Investment Board, Department of Revenue. They are not invested by the Division of Retirement & Benefits.*

- **Health Cost Trend** – The average compound annual rate of increase since 1978 has been 10%. The plan uses an estimate for health cost increases at a compounded annual rate for the life of the system, that decreases over time to the rate of inflation plus 1.5%. Current trends are closely followed and adjustments made.

*The PERS and TRS Pre-fund health insurance costs. This is NOT common to most retirement systems – they generally only fund the cost of the current year. This means the PERS and TRS systems are far better funded, and have accounted for all liabilities. This is why PERS and TRS funding levels may appear to be unfavorable compared to their counterparts; but are in fact quite favorable compared to their counterparts.*

*For instance, even in a dramatic down year like 2002, PERS is funded for non-medical benefits at the 125.8% level. When including health insurance costs – total benefits – the funding ratio drops to 75.7% (within the top quartile of nationwide plan funding levels)*

- **Mortality** – The expected “life expectancy” of a member. This translates directly into how many payments the plan will make. We use the 1994 Group Annuity Mortality Basic Table. To illustrate, when the 1994 table came into effect it added 2.5 years of life on average mortality versus the 1983 table. (2.5 years more of payments than were originally anticipated for each member!)
- **Past Service Amortization** – When a member actually retires, often 20-30 years after starting employment, *their benefit cost for those early years to the system can dramatically increase* as compared to the present day health care costs, longevity and more payments, etc. The employers for whom they worked are responsible to pay these additional costs even if the employee no longer works for them.

Further, employers create large past service liability when they grant newly hired, experienced employees generous rights to purchase additional service. All of that cost now, and in the future, must be paid. This generates an unfunded liability to the employer (or a surplus if costs are less). That unfunded liability or surplus is spread over 25 years.

- **“Smoothing” Method – Level Out The Highs and Lows of Investment Earnings** – It is important not to allow extreme market volatility to affect any one year. That means gains and losses on marketable securities in any particular year are not charged to the asset base for actuarial purposes. The plan spreads out gains and losses of any one year over five years.

Additional assumptions include: asset valuation methods, methods of recognizing gain or loss, COLA, Post-Retirement Pension Adjustment, system benefit changes that affect future costs, inflation, total employee turnover, salary scale, expected disability, rates of retirement, spouse's ages, dependent children, contribution refunds, new entrants, marital status, expenses, etc.

### **Individual Employer Rates v. Cost Sharing**

#### **PERS is an “agent multiple-employer plan” that results in individual employer rates**

An agent multiple-employer plan can be thought of as a collection of single-employer plans that are managed by a single administrative agency – such as the Division's PERS Plan. The plans' assets are pooled for investment purposes and administrative costs are shared. However, the benefit obligations (actuarial accrued liabilities) are not pooled. Each employer remains individually responsible for its own obligations.

Employers covered by PERS, unlike TRS, have a variety of job functions. The functions operated, and the extent to which they operate varies greatly among political subdivisions or the State of Alaska. In TRS, they are essentially all teachers.

Small employers tend to be more affected by liability cost increases because of the smaller employee base. Also, larger plans (PERS), and less mature and more diverse plans (PERS) tend to have more insulation from volatility and funding swings versus less diverse, more mature, and smaller plans (TRS). It is a matter of size and function spread. The bigger the pie, the greater the place to spread common costs.

#### **TRS is a “cost-sharing multiple-employer plan” that results in one uniform rate**

Cost-sharing employers are not individually responsible for plan benefit obligations. In a cost-sharing plan, the actuarial accrued liabilities of the various employers are shared, and the plan assets are pooled and are available to pay the shared actuarial accrued liabilities as they become due. The contribution rate is the same for all employers.

The justification for a single rate is the uniform nature of the employees allowed into TRS and the job that they do (they must be certificated teachers) versus the far greater functional diversity and selective inclusion of employees for a PERS employer.

### **Who Adopts The Rates – How High Can They Go?**

By Alaska Statute, the PERS Board adopts the employer rate after review of the Actuarial Valuation and factors surrounding that decision. However, no matter how high the calculated rates go in any one year, the change in an employer's rate for any one year, up or down, by

regulation is limited to 5.0%. That means if the full calculated rate is not used, liabilities go uncovered into future years.

PERS individual employer rates, after considering the 5.0% annual limit, for FY 05, vary between 0.00% (over funded) and 35.49% (large unfunded liability).

TRS has a single rate for all employers. Rates have traditionally been set by the TRS Board, but the Plan Administrator has the final authority. The rate for TRS is not limited by statute. However, along with its cost sharing policy, the TRS Board has maintained a more level rate over the past several years, between 11 and 12%.

With the dramatic health care increases and investment losses of the last three years, the TRS Board raised the employer rate to 16% for FY 05.

*Actuarial valuations are two years ahead in rate setting. For instance, the financial results as of June 30, 2002 are used in the 2003 Actuarial Valuation, which will be used to set the FY 05 employer rates. Each year, 100% of the employee and retiree data, updated and modified for all changes in the past year, maintained by Retirement & Benefits, is used to update the liability calculation.*

**Employer Rates and Funding Levels – FY 04 v. FY 05**

<u>Key PERS Results:</u>	<u>FY 04</u>	<u>FY05</u>	<u>Change</u>
Average Calculated Contribution Rate	6.77%	24.91%	
Board Adopted Average Employer Rate	6.77	11.77	+ 5.0%
Funding Ratio			
Non-Medical Benefits	143.7%	120.9%	
TOTAL Benefits	100.9	75.2%	(25.7%)

(Represents the AVERAGE rates, individual employer rates vary)

<u>Key TRS Results:</u>	<u>FY 04</u>	<u>FY05</u>	<u>Change</u>
Calculated Contribution Rate	14.44%	35.57%	
Board Adopted Employer Rate	12.00	16.00	+ 4.0%
Funding Ratio			
Non-Medical Benefits	119.7%	93.2%	
TOTAL Benefits	95.0	68.2%	(26.8%)

## Why the Big Difference Between FY 04 and FY 05?

Basically two reasons:      *Lower investment earnings*  
   *Increasing health care costs*

### Investment Earnings

From July 2000 to June 2002, PERS lost \$927 million, and TRS lost \$471 million dollars. This puts overall earnings at a negative 5.4% for two years. (For the 2003 fiscal year earnings came in at 3.6%.)

*The amount of earnings loss for the period July 2000 to June 2002 was equal to about eight years of employer and employee contributions.*

In order for unfunded liabilities NOT to increase, the funds have to earn at least 8.25% - the long term assumed rate. If the funds earn consistently less than the assumed rate, the liabilities are not covered, the plan is under funded, and consequently rates go up. The 8.25% rate is well within nationally accepted boundaries for such a rate.

(It has been suggested that lowering the earnings assumed rate would help – in fact, the opposite would happen. The lower the long-term earnings, the less the ability to cover rising obligations. The result is even lower fund levels and higher employer rates!)

### Health Care Costs

The rate of increase for each of the last five calendar years has been as follows:

<u>Period</u>	<u>Premium To Plan</u>	<u>Increase</u>
1998	\$ 368	-
1999	442	20%
2000	530	20
2001	610	15
2002	668	10
2003	720	8

*The average compounded annual increase since FY 78 has been 10%.*

When members 20 years ago were paying into PERS or TRS, the employer rates were calculated using a far lower rate of health care cost increases. When these employees retire, their employer has to make up for the new higher rates through past service costs.

*That is how a defined benefit plan works. The retiree gets the benefit they were promised; not a reduced benefit based upon what was actually accrued for them over their working life.*

*Resources must be found to make up the difference – either more investment earnings, or higher contributions from employers.*

## **What Does a One-Year Increase in Employer Rates Mean?**

The 5% employer rate increase for PERS, for FY 05, for all PERS employers, results in an additional \$73,000,000 in costs. (The State of Alaska will pay about 50% of those costs and all other PERS employers, 50%.)

The 4% employer rate increase for TRS, for FY 05, for all TRS employers, results in an additional \$22,000,000 in costs.

## **Who Takes The Risk? – The “Bottom Line”**

In a **Defined Benefit** plan, the **employer** takes the risk of lower than expected earnings and higher than expected costs.

In a **Defined Contribution** plan, the *employee* takes the risk of lower than expected earnings and higher than expected costs.

# Background

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Total system costs can be defined by the following equation:

$$\begin{aligned} & \text{Benefits Paid} \\ & + \\ & \text{Administration Expenses} \\ & = \\ & \text{Employer and Member Contributions} \\ & + \\ & \text{Net Investment Income/Loss} \end{aligned}$$

# Background

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Actuarial methods are used to allocate system costs over time in an orderly fashion. They do not, however, change the ultimate cost of the system.

Results are based on the most recent valuations for PERS and TRS as of June 30, 2002.

# System Funding Goals

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The following are proposed system funding goals based on observed board discussions:

- Relatively stable contribution rates over time
- Actuarial funding of retiree medical benefits
- 100% (102% for PERS) funded ratio of assets to accrued liabilities (including retiree medical)
- Pay for benefits during working lifetime



# Data, Assumptions & Methods

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The results in this presentation are based on the following:

- Participant data as of projected to June 30, 2002
- Asset data as of June 30, 2002
- Actuarial assumptions, procedures and methods as described in the June 30, 2002 actuarial valuation reports

# Current Issues and Challenges

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Rising employer contribution levels and deteriorating funded status

- Primary reasons:
  - financial market performance
  - rising cost of medical care

# Funding Status

FY 04 - FY 05

# Employer Rates

## Employer Rates and Funding Levels – FY 04 v. FY 05

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Employer  
Savings  
FY 98 - FY 04

## SAVINGS DUE TO LOWER EMPLOYER CONTRIBUTIONS FY 98 – FY 04

### PERS

Attached is a spreadsheet that reviews the results of dropping the Average Employer Contribution Rate for the year 1998, estimated through 2004. 1998 was the year of the first major lowering of the contribution rates (12.14 to 8.00%), and in 2005 the rate will be raised by 5.00% (6.77 to 11.77%)

This is based on the "Average" consolidated employer contribution rate that is a base for all employers. Each employer is affected by the consolidated rate that applies to all employers, and then by their individual Past Service Rate. The TOTAL employer rate is usually higher because of Past Service Rate. For instance, the State of Alaska Total rate for FY 04 is 7.75%; the Total State rate is 12.75% for FY05 (because of the 5% cap). The actual total calculated rate was 25.71% if the cap was not in effect.

The spreadsheet applies this average rate to reported salaries and other includable taxable compensation. The calculated savings are derived through comparing the salaries reported with the change in rate from the base. This gives the gross savings due only to the component of the change in the average rate for all employers.

In the last two columns there is a reflection of the actual drop in contributions. The rise in past service costs, changes in employee base, etc. will offset some of the calculated savings, because what was saved has been used for other payroll purposes. The last column gives a net savings after all factors. In very simple terms, while calculated total savings from the base year were \$463 million (using a 3% total payroll increase factor for FY 04 – merit plus growth), employers at least saved \$360 million because other costs absorbed a portion of the "savings."

No employer was given a rebate of actual cash; that is prevented by statute. Some employers had found themselves in an over funded condition, even after considering past service costs, and they went to very low to even 0.00% employer contribution rates.

PERS rate reduction were pushed because they generated savings that all employers could point to. It generated savings for legislative budget purposes. (The rate lowering also made a good argument for granting post retirement pension adjustments and at the same time showing legislative budget reductions). The savings generated to employers were quite real.

### TRS

TRS, because it is a multiple employer cost sharing system, has used a more uniform rate (basically disregarding for the most part the investment gains or losses). TRS employer rates were FY 1993-2001 at 12%, FY 2002 and 2003 was 11%, FY 2004 back to 12%, and FY 2005 set at 16%. Calculated rates were usually higher, and lower for several years due to "boom" earnings, but quickly reversed when the market collapsed.

TRS did have savings from the 1% change in 2002 and 2003. For 2002, total TRS payroll was \$558 million (updated for changes through 12/03) - which translates to a \$5.5 million savings in employer contributions for 2002, and near the same amount in 2003. A total savings of just over \$11 million during the two year 1% drop period.

January 20, 2004

**Public Employees' Retirement System**  
**Average Employer Contribution Rate & Payroll**  
**Savings Due To Lower Employer Contributions - FY 98 - FY 04**

Fiscal Year	Payroll State AK Only (actual data)	Percent Change From PY	Payroll All Others (actual data)	Percent Change From PY	Payroll Total	PERS Board Adopted Average ER Contribution Rate	Chg From FY 97 Base	Calculated State of Alaska Change	Calculated All Other PERS Employer Change	Calculated Total Employer Contrib. Less Due To Base Change	Actual Total Employer Contrib	Actual Change In Total Net ER Contrib (includes all changes)
1996	619,492,911		602,373,652		1,221,866,563	12.82%						
1997	617,556,456	-0.31%	611,578,056	1.53%	1,229,134,512	12.14%					154,599,000	
1998	622,044,248	0.73%	613,394,989	0.30%	1,235,439,237	8.00% A	-4.14%	(25,752,632)	(25,394,553)	(51,147,184)	112,384,000	(42,215,000)
1999	640,906,256	3.03%	642,642,366	4.77%	1,283,548,622	7.74%	-4.40%	(28,199,875)	(28,276,264)	(56,476,139)	109,938,000	(44,661,000)
2000	661,362,372	3.19%	660,548,849	2.79%	1,321,911,221 B	7.74%	-4.40%	(29,099,944)	(29,064,149)	(58,164,094)	107,596,000	(47,003,000)
2001	681,818,488	3.09%	678,455,331	2.71%	1,360,273,819	7.40%	-4.74%	(32,318,196)	(32,158,783)	(64,476,979)	96,484,000	(58,115,000)
2002	701,531,848	2.89%	700,820,331	3.30%	1,402,352,179	6.75%	-5.39%	(37,812,567)	(37,774,216)	(75,586,782)	94,769,000	(59,830,000)
2003	722,577,803	3.00% C	721,844,941	3.00% C	1,444,422,744	6.75%	-5.39%	(38,946,944)	(38,907,442)	(77,854,386)	99,198,000	(55,401,000)
2004	744,255,138	3.00% C	743,500,289	3.00% C	1,487,755,427	6.77%	-5.37%	(39,966,501)	(39,925,966)	(79,892,466)	102,173,940 C est.	(52,425,060) C est.
2005	766,582,792	3.00% C	765,805,298	3.00% C	1,532,388,090	11.77%	-0.37%					
								(232,096,659)	(231,501,372)	(463,598,031)		(359,650,060)

A - Revised August 29, 1997 to 8.00% from a prior rate of 11.90%

B - Because of Y2K Transition of Computer System, used 50 \ 50 prior, after FY.

C - Estimate of an increase amount for future (rounded ave. of 99-02 increase - 3.0% - updated from 1.5% used in earlier version); and last yr. total cost for purposes of equal comparison

D-1 - Savings based on lower average rate applied to all employers

D-2 - Actual drop in employer contributions compared to the high; AFTER individual past service cost increases, other hiring, and all other factors, unrelated to lowering base rate.

## Public Employees' Retirement System (PERS) &amp; Teachers' Retirement System (TRS)

01/20/04 10:20 AM

## Average Employer Contribution Rate &amp; Payroll - Active Employers

## ESTIMATED FY 05 Change In Employer Contribution - Sort By System \ Employer

## Division of Retirement &amp; Benefits

			(B) Ave. Inc. \ yr.>>>	3.00%	<<<PERS>>>	5.0% (D)
			(B) Ave. Inc. \ yr.>>>	3.00%	<<<TRS >>>	4.0% (D)
			(A)	(Chg\Yr x 3 Yrs)	(C)	(E)
Fund	ER Num	Employer	FY 02 Total Earnings	FY02-FY05 Increase Earn Est.	FY 05 Estimated Earnings	Ave ER Rate Increase Dollars
PERS	208	AKUTAN, CITY OF	264,162	109.00%	287,937	5.0% 14,397
PERS	255	ALASKA GATEWAY SD	1,310,423	109.00%	1,428,361	5.0% 71,418
PERS	152	ALASKA HOUSING FINANCE CORPORATION	14,119,271	109.00%	15,390,005	5.0% 769,500
PERS	106	ALASKA MUNICIPAL LEAGUE	283,665	109.00%	309,195	5.0% 15,460
PERS	101	ALASKA, STATE OF	701,531,848	109.00%	764,669,714	5.0% 38,233,486
PERS	267	ALEUTIAN HOUSING AUTHORITY	463,009	109.00%	504,680	5.0% 25,234
PERS	162	ALEUTIAN REGION SD	134,678	109.00%	146,799	5.0% 7,340
PERS	230	ALEUTIANS EAST BOROUGH	894,043	109.00%	974,507	5.0% 48,725
PERS	244	ALEUTIANS EAST BOROUGH SD	1,070,290	109.00%	1,166,616	5.0% 58,331
PERS	245	ALEUTIANS WEST CRSA	49,841	109.00%	54,327	5.0% 2,716
PERS	259	ALLAKAKET, CITY OF	45,352	109.00%	49,434	5.0% 2,472
PERS	203	ANCHORAGE PARKING AUTHORITY	935,838	109.00%	1,020,063	5.0% 51,003
PERS	111	ANCHORAGE SD	64,634,105	109.00%	70,451,174	5.0% 3,522,559
PERS	173	ANCHORAGE, MUNICIPALITY OF	117,039,389	109.00%	127,572,934	5.0% 6,378,647
PERS	283	ANDERSON, CITY OF	35,532	109.00%	38,730	5.0% 1,936
PERS	289	ANGOON, CITY OF	282,259	109.00%	307,662	5.0% 15,383
PERS	103	ANNETTE ISLAND SD	1,117,072	109.00%	1,217,608	5.0% 60,880
PERS	243	ATKA, CITY OF	65,598	109.00%	71,502	5.0% 3,575
PERS	281	BARANOF ISLAND HA	418,305	109.00%	455,952	5.0% 22,798
PERS	171	BARROW, CITY OF	951,260	109.00%	1,036,873	5.0% 51,844
PERS	219	BARTLETT REGIONAL HOSPITAL	15,749,772	109.00%	17,167,251	5.0% 858,363
PERS	104	BERING STRAIT SD	6,487,845	109.00%	7,071,751	5.0% 353,588
PERS	232	BERING STRAITS CRSA	62,733	109.00%	68,379	5.0% 3,419
PERS	270	BERING STRAITS RHA	987,804	109.00%	1,076,706	5.0% 53,835
PERS	136	BETHEL, CITY OF	4,163,059	109.00%	4,537,734	5.0% 226,887
PERS	144	BRISTOL BAY BOROUGH	1,255,061	109.00%	1,368,016	5.0% 68,401
PERS	184	BRISTOL BAY BOROUGH SD	641,364	109.00%	699,087	5.0% 34,954
PERS	223	BRISTOL BAY RHA	1,018,325	109.00%	1,109,974	5.0% 55,499
PERS	105	CHATHAM SD	631,934	109.00%	688,808	5.0% 34,440
PERS	121	CHUGACH SD	213,355	109.00%	232,557	5.0% 11,628
PERS	262	COOK INLET HOUSING AUTHORITY	2,371,737	109.00%	2,585,193	5.0% 129,260
PERS	224	COPPER RIVER BASIN RHA	491,773	109.00%	536,033	5.0% 26,802
PERS	112	COPPER RIVER SD	1,127,364	109.00%	1,228,827	5.0% 61,441
PERS	185	CORDOVA CITY SD	575,642	109.00%	627,450	5.0% 31,372
PERS	163	CORDOVA COMMUNITY MEDICAL CENTER	2,320,138	109.00%	2,528,950	5.0% 126,448
PERS	148	CORDOVA, CITY OF	1,742,230	109.00%	1,899,031	5.0% 94,952
PERS	204	CRAIG CITY SD	997,311	109.00%	1,087,069	5.0% 54,353
PERS	186	CRAIG, CITY OF	1,670,674	109.00%	1,821,035	5.0% 91,052
PERS	282	DELTA JUNCTION, CITY OF	60,476	109.00%	65,919	5.0% 3,296
PERS	246	DELTA/GREELY SD	841,659	109.00%	917,408	5.0% 45,870
PERS	258	DENALI BOROUGH	521,599	109.00%	568,543	5.0% 28,427
PERS	118	DENALI BOROUGH SD	773,615	109.00%	843,240	5.0% 42,162
PERS	205	DILLINGHAM CITY SD	1,118,566	109.00%	1,219,237	5.0% 60,962
PERS	178	DILLINGHAM, CITY OF	2,160,968	109.00%	2,355,455	5.0% 117,773
PERS	271	EGEGIK, CITY OF	89,782	109.00%	97,862	5.0% 4,893
PERS	242	ELIM, CITY OF	160,588	109.00%	175,041	5.0% 8,752
PERS	116	FAIRBANKS NORTH STAR BOROUGH	15,353,714	109.00%	16,735,548	5.0% 836,777
PERS	117	FAIRBANKS NORTH STAR BOROUGH SD	21,839,911	109.00%	23,805,503	5.0% 1,190,275
PERS	129	FAIRBANKS, CITY OF	5,409,556	109.00%	5,898,416	5.0% 294,821
PERS	183	FORT YUKON, CITY OF	271,347	109.00%	295,768	5.0% 14,788
PERS	141	GALENA CITY SD	2,888,249	109.00%	3,148,191	5.0% 157,410
PERS	192	GALENA, CITY OF	1,211,569	109.00%	1,320,610	5.0% 66,031
PERS	189	HAINES BOROUGH	1,869,294	109.00%	2,037,530	5.0% 101,877
PERS	240	HAINES BOROUGH SD	910,974	109.00%	992,962	5.0% 49,648
PERS	216	HOMER, CITY OF	4,347,392	109.00%	4,738,657	5.0% 236,933
PERS	131	HOONAH CITY SD	473,035	109.00%	515,508	5.0% 25,780

Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS)

01/20/04 10:20 AM

Average Employer Contribution Rate & Payroll - Active Employers

ESTIMATED FY 05 Change in Employer Contribution - Sort By System \ Employer

Division of Retirement & Benefits

			(B) Ave. inc. \ yr.>>>	3.00%	<< :PERS>>>	5.0%	(D)
			(B) Ave. inc. \ yr.>>>	3.00%	<<<TRS >>>	4.0%	(D)
			(A)	(Chg\Yr x 3 Yrs)	(C)		(E)
Fund	ER Num	Employer	FY 02 Total Earnings	FY02-FY05 Increase Earn Est.	FY 05 Estimated Earnings	Ave ER Rate Increase	AVE Increase Dollars
PERS	199	HOONAH, CITY OF	585,470	109.00%	638,162	5.0%	31,908
PERS	285	HOOPER BAY, CITY OF	543,733	109.00%	592,669	5.0%	29,633
PERS	235	HUSLIA, CITY OF	84,657	109.00%	92,276	5.0%	4,614
PERS	168	HYDABURG CITY SD	238,167	109.00%	259,602	5.0%	12,980
PERS	124	IDITAROD AREA SD	1,456,563	109.00%	1,587,654	5.0%	79,383
PERS	275	ILISAGVIK COLLEGE	3,647,081	109.00%	3,975,318	5.0%	198,766
PERS	263	INTERIOR RHA	927,652	109.00%	1,011,141	5.0%	50,557
PERS	284	INTER-ISLAND FERRY AUTHORITY	116,851	109.00%	127,368	5.0%	6,368
PERS	108	JUNEAU BOROUGH SD	8,242,706	109.00%	8,984,550	5.0%	449,227
PERS	126	JUNEAU, CITY AND BOROUGH OF	23,913,382	109.00%	26,065,586	5.0%	1,303,279
PERS	260	KACHEMAK, CITY OF	54,282	109.00%	59,167	5.0%	2,958
PERS	265	KAKE CITY SD	443,280	109.00%	483,175	5.0%	24,159
PERS	277	KAKE, CITY OF	267,796	109.00%	291,898	5.0%	14,595
PERS	237	KALTAG, CITY OF	26,173	109.00%	28,529	5.0%	1,426
PERS	211	KASHUNAMIUT SD	1,092,499	109.00%	1,190,824	5.0%	59,541
PERS	180	KENAI PENINSULA BOROUGH	11,066,805	109.00%	12,062,817	5.0%	603,141
PERS	190	KENAI PENINSULA BOROUGH SD	11,394,928	109.00%	12,420,472	5.0%	621,024
PERS	115	KENAI, CITY OF	4,926,214	109.00%	5,369,573	5.0%	268,479
PERS	122	KETCHIKAN GATEWAY BOROUGH	3,649,736	109.00%	3,978,212	5.0%	198,911
PERS	177	KETCHIKAN GATEWAY BOROUGH SD	3,323,252	109.00%	3,622,345	5.0%	181,117
PERS	181	KETCHIKAN, CITY OF	7,358,245	109.00%	8,020,487	5.0%	401,024
PERS	151	KING COVE, CITY OF	949,662	109.00%	1,035,132	5.0%	51,757
PERS	251	KLAWOCK CITY SD	524,844	109.00%	572,080	5.0%	28,604
PERS	227	KLAWOCK, CITY OF	752,608	109.00%	820,343	5.0%	41,017
PERS	174	KODIAK ISLAND BOROUGH	2,010,855	109.00%	2,191,832	5.0%	109,592
PERS	158	KODIAK ISLAND BOROUGH SD	4,169,251	109.00%	4,544,484	5.0%	227,224
PERS	128	KODIAK, CITY OF	5,195,780	109.00%	5,663,400	5.0%	283,170
PERS	140	KOTZEBUE, CITY OF	2,879,470	109.00%	3,138,622	5.0%	156,931
PERS	287	KOYUK, CITY OF	19,691	109.00%	21,463	5.0%	1,073
PERS	125	KUSPUK SD	2,025,436	109.00%	2,207,725	5.0%	110,386
PERS	247	LAKE AND PENINSULA BOROUGH	580,459	109.00%	632,700	5.0%	31,635
PERS	164	LAKE AND PENINSULA BOROUGH SD	2,325,155	109.00%	2,534,419	5.0%	126,721
PERS	157	LOWER KUSKOKWIM SD	15,200,587	109.00%	16,568,640	5.0%	828,432
PERS	153	LOWER YUKON SD	4,182,229	109.00%	4,558,630	5.0%	227,931
PERS	109	MATANUSKA-SUSITNA, BOROUGH	8,776,404	109.00%	9,566,280	5.0%	478,314
PERS	110	MATANUSKA-SUSITNA BOROUG:1 SD	17,631,217	109.00%	19,218,027	5.0%	960,901
PERS	196	NENANA CITY SD	858,876	109.00%	936,175	5.0%	46,809
PERS	193	NENANA, CITY OF	342,988	109.00%	373,857	5.0%	18,693
PERS	149	NOME CITY SD	1,299,621	109.00%	1,416,587	5.0%	70,829
PERS	175	NOME JOINT UTILITY SYSTEM	898,551	109.00%	979,421	5.0%	48,971
PERS	139	NOME, CITY OF	2,290,282	109.00%	2,496,407	5.0%	124,820
PERS	241	NOORVIK, CITY OF	322,853	109.00%	351,910	5.0%	17,595
PERS	170	NORTH PACIFIC FISHERY MGMT COUNCIL	1,021,196	109.00%	1,113,104	5.0%	55,655
PERS	276	NORTH PACIFIC RIM HA	866,445	109.00%	944,425	5.0%	47,221
PERS	191	NORTH POLE, CITY OF	1,902,373	109.00%	2,073,587	5.0%	103,679
PERS	145	NORTH SLOPE BOROUGH	43,491,164	109.00%	47,405,369	5.0%	2,370,268
PERS	161	NORTH SLOPE BOROUGH SD	11,544,616	109.00%	12,583,631	5.0%	629,182
PERS	220	NORTHWEST ARCTIC BOROUGH	642,887	109.00%	700,747	5.0%	35,037
PERS	154	NORTHWEST ARCTIC BOROUGH SD	6,381,393	109.00%	6,955,718	5.0%	347,786
PERS	288	NORTHWEST INUPIAT HOUSING AUTHORITY	497,665	109.00%	542,455	5.0%	27,123
PERS	134	PALMER, CITY OF	2,352,286	109.00%	2,563,992	5.0%	128,200
PERS	257	PELICAN CITY SD	71,599	109.00%	78,043	5.0%	3,902
PERS	200	PELICAN, CITY OF	116,031	109.00%	126,474	5.0%	6,324
PERS	228	PETERSBURG CITY SD	954,205	109.00%	1,040,083	5.0%	52,004
PERS	187	PETERSBURG MEDICAL CENTER	2,837,752	109.00%	2,875,150	5.0%	143,757
PERS	143	PETERSBURG, CITY OF	3,511,447	109.00%	3,827,477	5.0%	191,374

Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS)

01/20/04 10:20 AM

Average Employer Contribution Rate & Payroll - Active Employers

ESTIMATED FY 05 Change in Employer Contribution - Sort By System \ Employer

Division of Retirement & Benefits:

(B) Ave. Inc. \ yr.>>> 3.00% <<<PERS>>> 5.0% (D)  
 (B) Ave. Inc. \ yr.>>> 3.00% <<<TRS >>> 4.0% (D)

Fund	ER Num	Employer	(A)	(ChglYr x 3 Yrs)	(C)	Ave ER	(E)
			FY 02 Total Earnings	FY02-FY05 Increase Earn Est.	FY 05 Estimated Earnings	Rate Increase	AVE Increase Dollars
PERS	156	PRIBILOF SD	585,402	109.00%	638,088	5.0%	31,904
PERS	266	QUINHAGAK, CITY OF	27,461	109.00%	29,932	5.0%	1,497
PERS	216	RUBY, CITY OF	108,860	109.00%	118,657	5.0%	5,933
PERS	256	SAINT GEORGE, CITY OF	335,905	109.00%	366,136	5.0%	18,307
PERS	221	SAINT MARY'S SD	375,758	109.00%	409,576	5.0%	20,479
PERS	214	SAINT MARY'S, CITY OF	281,188	109.00%	306,495	5.0%	15,325
PERS	172	SAINT PAUL, CITY OF	1,253,946	109.00%	1,366,801	5.0%	68,340
PERS	176	SAND POINT, CITY OF	695,464	109.00%	758,056	5.0%	37,903
PERS	278	SAXMAN SEAPORT	35,302	109.00%	38,479	5.0%	1,924
PERS	198	SAXMAN, CITY OF	380,961	109.00%	415,247	5.0%	20,762
PERS	222	SELAWICK, CITY OF	71,048	109.00%	77,442	5.0%	3,872
PERS	286	SELDOVIA, CITY OF	88,403	109.00%	96,359	5.0%	4,818
PERS	182	SEWARD, CITY OF	3,413,307	109.00%	3,720,505	5.0%	186,025
PEHS	133	SITKA BOROUGH SD	1,669,532	109.00%	1,819,790	5.0%	90,989
PERS	165	SITKA COMMUNITY HOSPITAL	3,983,358	109.00%	4,341,860	5.0%	217,093
PERS	120	SITKA, CITY AND BOROUGH OF	6,574,007	109.00%	7,165,668	5.0%	358,283
PERS	225	SKAGWAY CITY SD	326,640	109.00%	356,038	5.0%	17,802
PERS	132	SKAGWAY, CITY OF	1,283,006	109.00%	1,398,477	5.0%	69,924
PERS	123	SOLDOTNA, CITY OF	2,467,394	109.00%	2,689,459	5.0%	134,473
PERS	155	SOUTHEAST ISLAND SD	892,269	109.00%	972,573	5.0%	48,629
PERS	167	SOUTHEAST REGIONAL RESOURCE CENTER	1,535,777	109.00%	1,673,997	5.0%	83,700
PERS	102	SOUTHWEST REGION SCHOOL DISTRICT (SD)	2,540,714	109.00%	2,769,378	5.0%	138,469
PERS	218	SPECIAL EDUCATION SERVICE AGENCY	449,505	109.00%	489,960	5.0%	24,498
PERS	166	TANANA SD	143,139	109.00%	156,022	5.0%	7,801
PERS	169	TANANA, CITY OF	199,643	109.00%	217,611	5.0%	10,881
PERS	206	THORNE BAY, CITY OF	256,748	109.00%	279,855	5.0%	12,993
PERS	279	TLINGIT-HAIDA RHA	1,783,104	109.00%	1,943,583	5.0%	97,179
PERS	280	TOKSOOK BAY, CITY OF	15,591	109.00%	16,994	5.0%	850
PERS	249	UNALAKLEET, CITY OF	242,330	109.00%	264,140	5.0%	12,207
PERS	209	UNALASKA CITY SD	848,924	109.00%	925,327	5.0%	46,266
PERS	179	UNALASKA, CITY OF	8,723,847	109.00%	9,508,993	5.0%	475,450
PERS	113	UNIVERSITY OF ALASKA	102,892,246	109.00%	112,152,548	5.0%	5,607,627
PERS	137	VALDEZ CITY SD	1,528,485	109.00%	1,633,049	5.0%	83,302
PERS	107	VALDEZ, CITY OF	4,522,102	109.00%	4,929,091	5.0%	246,455
PERS	131	WASILLA, CITY OF	3,070,992	109.00%	3,347,381	5.0%	167,369
PERS	202	WHITTIER, CITY OF	866,442	109.00%	944,422	5.0%	47,221
PERS	146	WRANGELL PUBLIC SD	753,953	109.00%	821,809	5.0%	41,090
PERS	135	WRANGELL, CITY OF	2,226,452	109.00%	2,426,833	5.0%	121,342
PERS	264	YAKUTAT, SD	344,955	109.00%	376,001	5.0%	18,800
PERS	248	YAKUTAT, CITY AND BOROUGH OF	402,871	109.00%	439,129	5.0%	21,956
PERS	160	YUKON / KOYUKUK SD	1,945,463	109.00%	2,120,555	5.0%	106,028
PERS	159	YUKON FLATS SD	1,165,980	109.00%	1,270,918	5.0%	63,546
TOTAL PERS			1,402,352,179		1,528,563,875		78,428,194
TRS	737	ALASKA DEPARTMENT OF EDUCATION	6,056,769	109.00%	6,601,878	4.0%	264,075
TRS	766	ALASKA GATEWAY SD	2,374,512	109.00%	2,588,218	4.0%	103,529
TRS	758	ALEUTIAN REGION SD	352,472	109.00%	384,194	4.0%	15,368
TRS	780	ALEUTIANS EAST BOROUGH SD	2,333,776	109.00%	2,543,816	4.0%	101,753
TRS	701	ANCHORAGE SD	174,033,538	109.00%	189,696,556	4.0%	7,587,862
TRS	770	ANNETTE ISLAND SD	1,582,724	109.00%	1,725,189	4.0%	69,007
TRS	752	BERING STRAIT SD	10,819,453	109.00%	11,793,204	4.0%	471,728
TRS	742	BRISTOL BAY BOROUGH SD	1,288,846	109.00%	1,404,842	4.0%	58,194
TRS	768	CHATHAM SD	1,277,824	109.00%	1,392,828	4.0%	55,713
TRS	771	CHUGACH SD	920,673	109.00%	1,003,534	4.0%	40,141

Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS)

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Average Employer Contribution Rate & Payroll - Active Employers

ESTIMATED FY 05 Change in Employer Contribution - Sort By System \ Employer

Division of Retirement & Benefits

Fund	ER Num	Employer	(B) Ave. Inc. \ yr.>>>	3.00%	<<<PERS>>>	5.0%	(D)
			(B) Ave. Inc. \ yr.>>>	3.00%	<<<TRS >>>	4.0%	(D)
			(A)	(Chg\Yr x 3 Yrs)	(C)		(E)
			FY 02	FY02-FY05	FY 05	Ave ER	AVE
			Total	Increase	Estimated	Rate	Increase
			Earnings	Earn Est.	Earnings	Increase	Dollars
TRS	767	COPPER RIVER SD	2,812,815	109.00%	3,065,969	4.0%	122,639
TRS	704	CORDOVA CITY SD	2,040,792	109.00%	2,224,463	4.0%	88,979
TRS	705	CRAIG CITY SD	2,283,193	109.00%	2,488,681	4.0%	99,547
TRS	765	DELTA/GREELY SD	2,953,816	109.00%	3,219,659	4.0%	128,786
TRS	764	DENALI BOROUGH SD	1,645,783	109.00%	1,793,904	4.0%	71,756
TRS	744	DILLINGHAM CITY SD	2,826,074	109.00%	3,080,420	4.0%	123,217
TRS	706	FAIRBANKS NORTH STAR BOROUGH SD	57,301,300	109.00%	62,458,417	4.0%	2,498,337
TRS	735	GALENA CITY SD	4,434,405	109.00%	4,833,501	4.0%	193,340
TRS	707	HAINES BOROUGH SD	1,825,381	109.00%	1,989,665	4.0%	79,587
TRS	708	HOONAH CITY SD	1,549,901	109.00%	1,689,392	4.0%	67,576
TRS	709	HYDABURG CITY SD	693,110	109.00%	755,490	4.0%	30,220
TRS	761	IDIAROD AREA SD	2,526,120	109.00%	2,753,471	4.0%	110,139
TRS	710	JUNEAU BOROUGH SD	19,865,625	109.00%	21,655,711	4.0%	866,228
TRS	712	KAKE CITY SD	776,899	109.00%	846,820	4.0%	33,873
TRS	777	KASHUNAMIUT SD	1,434,079	109.00%	1,563,146	4.0%	62,526
TRS	746	KENAI PENINSULA BOROUGH SD	37,313,529	109.00%	40,671,746	4.0%	1,626,870
TRS	714	KETCHIKAN GATEWAY BOROUGH SD	9,067,218	109.00%	9,883,267	4.0%	395,331
TRS	717	KLAWOCK CITY SD	1,140,371	109.00%	1,243,004	4.0%	49,720
TRS	718	KODIAK ISLAND BOROUGH SD	12,306,959	109.00%	13,414,585	4.0%	536,583
TRS	755	KUSPUK SD	2,730,248	109.00%	2,975,971	4.0%	119,039
TRS	757	LAKE AND PENINSULA BOROUGH SD	3,174,455	109.00%	3,460,156	4.0%	138,406
TRS	754	LOWER KUSKOKWIM SD	18,407,816	109.00%	20,064,520	4.0%	802,581
TRS	753	LOWER YUKON SD	8,902,385	109.00%	9,703,599	4.0%	388,144
TRS	722	MATANUSKA-SUSITNA BOROUGH SD	50,380,854	109.00%	54,915,131	4.0%	2,196,605
TRS	719	NENANA CITY SD	2,091,464	109.00%	2,279,695	4.0%	91,188
TRS	720	NOME CITY SD	3,080,546	109.00%	3,357,796	4.0%	134,312
TRS	736	NORTH SLOPE BOROUGH SD	14,173,506	109.00%	15,449,122	4.0%	617,965
TRS	751	NORTHWEST ARCTIC BOROUGH SD	12,278,335	109.00%	13,383,385	4.0%	535,335
TRS	723	PELICAN CITY SD	144,390	109.00%	157,385	4.0%	6,295
TRS	724	PETERSBURG CITY SD	2,862,977	109.00%	3,120,645	4.0%	124,826
TRS	759	PRIBILOF SD	676,442	109.00%	737,321	4.0%	29,493
TRS	748	SAINT MARY'S SD	854,777	109.00%	931,707	4.0%	37,268
TRS	727	SITKA BOROUGH SD	6,727,047	109.00%	7,332,481	4.0%	293,299
TRS	728	SKAGWAY CITY SD	695,485	109.00%	758,078	4.0%	30,323
TRS	769	SOUTHEAST ISLAND SD	1,330,619	109.00%	1,450,375	4.0%	58,015
TRS	743	SOUTHEAST REGIONAL RESOURCE CENTER	973,810	109.00%	1,061,453	4.0%	42,458
TRS	756	SOUTHWEST REGION SD	4,994,756	109.00%	5,444,284	4.0%	217,771
TRS	779	SPECIAL EDUCATION SERVICE AGENCY	1,145,329	109.00%	1,248,408	4.0%	49,936
TRS	775	TANANA SD	280,879	109.00%	306,158	4.0%	12,246
TRS	729	UNALASKA CITY SD	2,116,028	109.00%	2,306,471	4.0%	92,259
TRS	733	UNIVERSITY OF ALASKA	37,998,992	109.00%	41,418,901	4.0%	1,656,756
TRS	730	VALDEZ CITY SD	4,609,664	109.00%	5,024,534	4.0%	200,981
TRS	731	WRANGELL PUBLIC SD	2,062,636	109.00%	2,248,273	4.0%	89,931
TRS	732	YAKUTAT SD	912,808	109.00%	994,961	4.0%	39,798
TRS	762	YUKON / KOYUKUK SD	3,767,177	109.00%	4,106,223	4.0%	164,249
TRS	763	YUKON FLATS SD	2,353,329	109.00%	2,565,129	4.0%	102,675
TRS	778	YUPIIT SD	2,188,565	109.00%	2,385,536	4.0%	95,421
TOTAL TRS			557,755,273		607,953,247		24,318,130
TOTAL BOTH PERS AND TRS			1,960,107,452		2,136,517,122		100,746,324

Note A - Represents total earnings base for FY02; for PERS Actuarial Valuation;  
 for TRS actual CRS (no valuation supplement produced because all have same ER rate)  
 Because of numerous changes in a year since base established, some employers have shifted around

Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS)

01/20/04 10:20 AM

Average Employer Contribution Rate & Payroll - Active Employers

ESTIMATED FY 05 Change In Employer Contribution - Sort By System \ Employer

Division of Retirement & Benefits

(B) Ave. inc. \ yr.>>> 3.00% <<<PERS>>> 5.0% (D)  
 (B) Ave. inc. \ yr.>>> 3.00% <<<TRS >>> 4.0% (D)

Fund	ER Num	Employer	(A)	(Chg\Yr x 3 Yrs)	(C)	Ave ER Rate	(E)
			FY 02 Total Earnings	FY02-FY05 Increase Earn Est.	FY 05 Estimated Earnings		AVE Increase Dollars

Purpose here is to give an overall idea of where FY 05 would be.

Note B - To update FY 02 base to FY 05

Rounded Ave. of FY 99-02 increase, 3.0% -- multiplied -- by 3 years (FY 03,04,05)

(Updated from prior version that used last actual year change of 4.5% PERS - 2.4% TRS to 3% average)

Accounts for both salary increase and growth.

Note C - Adjusted FY 05 based on increase in earnings in earnings base.

Note D - The AVERAGE employer rate increase applied to all employers; by Board action.

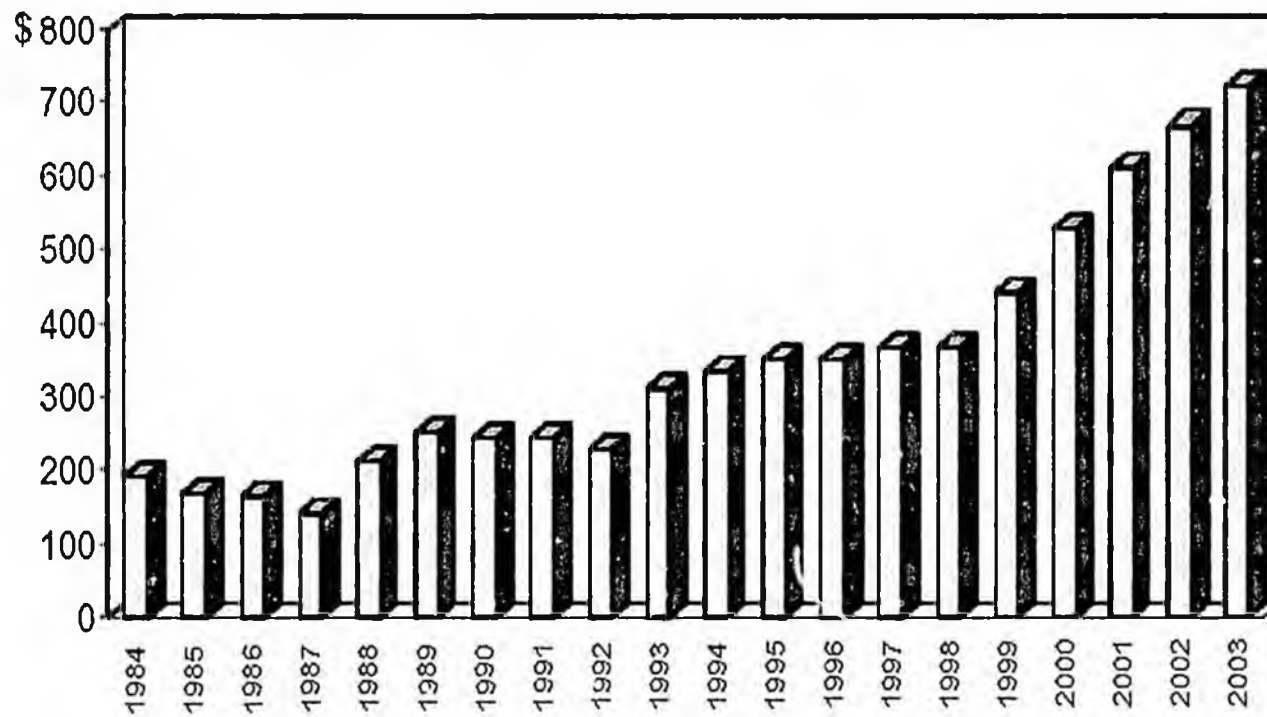
Note E - The "estimated" increase in dollars due to average employer rate increase.

# Retiree Medical Insurance

The following table summarizes the monthly premium per benefit recipient since retiree medical benefits have been provided under PERS and TRS.

Time Period	Monthly Premium Per Retiree For Health Coverage	Annual Percentage Change	Average Compound Annual Increase Since FY78
2/1/76-1/31/77	\$ 34.75	--	--
2/1/77-1/31/78	57.64	66%	--
2/1/78-1/31/79	69.10	20%	20%
2/1/79-1/31/80	64.70	-6%	6%
2/1/80-1/31/81	96.34	49%	19%
2/1/81-1/31/82	96.34	0%	14%
2/1/82-1/31/83	115.61	20%	15%
2/1/83-1/31/84	156.07	35%	18%
2/1/84-1/31/85	191.85	23%	19%
2/1/85-1/31/86	168.25	-12%	14%
2/1/86-1/31/87	165.00	-2%	12%
2/1/87-1/31/88	140.25	-15%	9%
2/1/88-1/31/89	211.22	51%	13%
2/1/89-1/31/90	252.83	20%	13%
2/1/90-1/31/91	243.98	-4%	12%
2/1/91-1/31/92	243.98	0%	11%
2/1/92-1/31/93	226.90	-7%	10%
2/1/93-1/31/94	309.72	37%	11%
2/1/94-1/31/95	336.05	9%	11%
2/1/95-1/31/96	350.50	4%	11%
2/1/96-1/31/97	350.50	0%	10%
2/1/97-1/31/98	368.00	5%	10%
2/1/98-12/31/98	368.00	0%	9%
1/1/99-12/31/99	442.00	20%	10%
1/1/00-12/31/00	530.00	20%	10%
1/1/01-12/31/01	610.00	15%	10%
1/1/02-12/31/02	668.00	10%	10%
1/1/03-12/31/03	720.00	8%	10%

## PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEM 20-YEAR COMPARISON OF RETIREE MONTHLY HEALTH INSURANCE PREMIUMS



# Investment Experience

---

Investment loss/gain	FY01	FY02	FY03
	(5.25%)	(5.48%)	+3.67

## Actuarial Earning Rate

8.25%	8.25%	8.25%
-------	-------	-------

PERS

Employer

Rates

FY 01 - FY 05

# PERS Employer Rate Change

## Employer Rate Change Last 5 Years

Public Employees' Retirement System Analysis of Financial Experience					
Change in Average Employer Contribution Rate Due to Gains and Losses in Accrued Liabilities During the Last Five Fiscal Years Resulting From Differences Between Assumed Experience and Actual Experience					
Type of Gain or Loss	Change in Average Contribution Rate During Fiscal Year				
	2002	2001	2000	1999	1998
Health Experience	3.68%	-	-	-	-
Salary Experience	(0.20)%	(1.03)%	-	(0.23)%	(0.46)%
Investment Experience	7.24%	0.11%	(0.12)%	(0.49)%	(3.26)%
Demographic Experience	<u>1.21%</u>	<u>0.77%</u>	<u>(0.81)%</u>	<u>0.21%</u>	<u>1.12%</u>
(Gain) or Loss During Year From Experience	11.93%	(0.15)%	(0.93)%	(0.51)%	(2.60)%
<b>Non-recurring changes</b>					
Asset Valuation Method	4.11%	-	(2.67)%	-	-
Past Service Amortization Change	(5.06)%	-	-	-	-
Assumption Changes	6.98%	-	3.09%	-	1.08%
System Benefit Changes	0.04%	0.17%	-	-	-
Liability Loading Adjustment	-	0.57%	-	-	0.99%
Ad hoc PRPA	<u>0.14%</u>	<u>0.06%</u>	<u>0.07%</u>	<u>0.04%</u>	<u>0.20%</u>
Composite (Gain) or Loss During Year	<u>16.14%</u>	<u>0.65%</u>	<u>(0.44)%</u>	<u>(0.47)%</u>	<u>(0.33)%</u>
Beginning Average Employer Contribution Rate	<u>6.77%</u>	<u>6.12%</u>	<u>6.56%</u>	<u>7.03%</u>	<u>7.36%</u>
Ending Average Employer Contribution Rate	<u>24.91%</u>	<u>6.77%</u>	<u>6.12%</u>	<u>6.56%</u>	<u>7.03%</u>
Board Adopted Employer Contribution Rate	<u>11.77%</u>	<u>6.77%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>7.40%</u>
Fiscal Year above rate is applied	FY05	FY04	FY03	FY02	FY01

TRS

Employer

Rates

FY01 - FY05

# TRS Employer Rate Change

## Employer Rate Change Last 5 Years

Teachers' Retirement System Analysis of Financial Experience					
Change in Employer Contribution Rate Due to Gains and Losses in Accrued Liabilities During the Last Five Fiscal Years Resulting From Differences Between Assumed Experience and Actual Experience					
Type of Gain or Loss	Change in Employer Contribution Rate During Fiscal Year				
	2002	2001	2000	1999	1998
Health Experience	3.85%	-	-	-	-
Salary Experience	(0.11)%	(1.68)%	-	(0.64)%	(0.84)%
Investment Experience	15.03%	1.35%	(3.35)%	(3.73)%	(2.70)%
Demographic Experience	<u>4.21%</u>	<u>2.66%</u>	<u>(0.91)%</u>	<u>0.80%</u>	<u>0.54%</u>
(Gain) or Loss During Year from Experience	22.98%	2.33%	(4.26)%	(3.57)%	(3.00)%
<b>Non-recurring changes</b>					
Asset Valuation Method	0.03%	-	(1.38)%	-	-
Past Service Amortization Change	(9.08)%	-	-	-	-
Assumption Changes	6.84%	-	6.68%	-	-
System Benefit Changes	-	0.17%	-	-	-
Administrative System Changes	-	3.49%	-	-	-
Ad hoc PRPA	<u>0.36%</u>	<u>0.16%</u>	<u>0.16%</u>	<u>0.11%</u>	<u>0.55%</u>
Composite (Gain) or Loss During Year	<u>21.13%</u>	<u>6.15%</u>	<u>1.20%</u>	<u>(3.46)%</u>	<u>(2.45)%</u>
Beginning Total Employer Contribution Rate	<u>14.44%</u>	<u>8.29%</u>	<u>7.09%</u>	<u>10.55%</u>	<u>13.00%</u>
Ending Total Employer Contribution Rate	<u>35.57%</u>	<u>14.44%</u>	<u>8.29%</u>	<u>7.09%</u>	<u>10.55%</u>
Board Adopted Employer Contribution Rate	<u>16.00%</u>	<u>12.00%</u>	<u>11.00%</u>	<u>11.00%</u>	<u>12.00%</u>
Fiscal Year above rate is applied	FY05	FY04	FY03	FY02	FY01

# PERS Summary of Benefits

Public Employees' Retirement System Schedule of Benefit Expenses by Type (000's Omitted)								
Year Ended June 30	Service	Disability	Survivor	Dependent <sup>(1)</sup>	COLA <sup>(2)</sup>	PRPA <sup>(3)</sup>	Medical	Total
1994	\$90,388	\$3,895	\$ 4,668	\$ -	\$7,099	\$15,817	\$36,046	\$157,913
1995	97,730	4,073	5,431	-	7,597	16,800	40,687	172,321
1996	107,082	4,608	5,546	-	8,244	17,559	47,964	191,003
1997 <sup>(1)</sup>	160,103	6,228	10,314	683	-	-	48,361	225,689
1998	177,556	6,598	10,823	567	-	-	55,165	250,709
1999	195,605	7,195	12,141	229	-	-	64,486	279,656
2000	216,118	9,669	13,650	4	-	-	83,794	323,235
2001	239,814	8,185	11,772	-	-	-	103,846	363,617
2002	258,189	8,379	13,163	-	-	-	124,805	404,536
2003	283,927	8,827	14,930	-	-	-	143,331	451,015

(1) Due to the implementation of a new computer system, COLA and PRPAs can now be combined with the appropriate base benefit and dependent benefits can be separated from survivor and disability benefits.

(2) Cost-of-Living in Alaska (COLA)

(3) Post-Retirement Pension Adjustment (PRPA)

# TRS Summary of Benefits

## Teachers' Retirement System Schedule of Benefit Expenses by Type (000's omitted)

Year Ended June 30	Service	Disability	Survivor	Dependent <sup>(1)</sup>	COLA <sup>(2)</sup>	PRPA <sup>(3)</sup>	Healthcare	Total
1994	\$ 76,735	\$2,579	\$2,260	\$ -	\$4,991	\$14,202	\$15,725	\$116,492
1995	85,933	2,546	2,513	-	5,642	14,864	18,264	129,762
1996	93,089	2,798	2,618	-	6,082	15,362	21,655	141,604
1997 <sup>(1)</sup>	147,259	3,943	6,322	43	-	-	22,653	180,220
1998	160,409	3,693	5,691	38	-	-	26,123	195,954
1999	176,800	3,775	6,384	96	-	-	30,987	218,072
2000	191,138	4,601	7,059	129	-	-	40,183	243,110
2001	201,338	3,410	5,784	413	-	-	48,928	259,873
2002	213,106	2,979	6,320	492	-	-	56,946	279,843
2003	234,253	2,872	6,901	492	-	-	65,898	310,416

<sup>(1)</sup> Due to the implementation of a new computer system, COLA and PRPAs can now be combined with the appropriate base benefit and dependent benefits can be separated from survivor and disability benefits.

<sup>(2)</sup> Cost-of-Living in Alaska (COLA)

<sup>(3)</sup> Post-Retirement Pension Adjustment (PRPA)

PRS/TRS

Tier IV - Tier III

Subcommittee



# State of Alaska Employer Newsletter

Public Employees' Retirement System (PERS)  
Teachers' Retirement System (TRS)

## Message from Commissioner Miller

On September 22, 2003, I assigned an important project to the Public Employees' Retirement Board (PERB) and Teachers' Retirement Board (TRB) members involving the future system design for Tiers. My request was made in order to address the increasing costs for employers associated with funding the retirement systems for the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS). I requested a subcommittee be formed to analyze and provide recommendations that would in turn form the basis for designing a new Tier IV for PERS and Tier III for TRS.

*When making this request of the PERS and TRS Board members Mike Miller, Commissioner, Department of Administration stated, "while the State may be short on dollars, it is not short on talent."*

—PERB/TRB Meeting, September 23, 2003

As most of you are aware, the employer rates for FY05 were adopted by the PERB and TRB on \_\_\_\_\_.

The PERB adopted an 11.77% average employer rate for PERS employers, which represents a 5% increase from the FY04 6.77% rate. The TRB adopted an employer rate of 16% for FY05, which represents a 4% increase from the FY04 12% rate.



Mike Miller, Commissioner  
Dept. of Administration

I participated in the first "kick off" meeting on November 19, 2003, with the Tier IV PERS and Tier III TRS Subcommittee. I am confident the Tier Subcommittee will work hard to identify, develop, and provide recommendations for future Tier design.

—Mike Miller

## In Search of Your Ideas

*Draft*

PERS/TRS Tier Subcommittee  
(from left to right)

Bob Boko—Chair, Alyce Hanley,  
Richard Solie, and Frank Narusch.



The purpose of this issue of the Employer Newsletter is to solicit employer comments on how the Public Employees' (PERS) and Teachers' Retirement Systems (TRS) could be changed to deal with increasing costs while still allowing employers to attract and retain employees to the workforce. That means a new benefit structure for future employees.

The Boards of both systems have formed a joint committee to review what might be considered in the design of a new "tier." This new tier would affect new employees hired after the passage of a new tier and does not represent an immediate solution to rising employer costs. However, putting cost containment measures in place now will slow the inevitable rise in costs for the future. The present three tiers in PERS and two tiers in TRS still do not provide enough opportunity to control

employer retirement costs. Without some further changes, costs will inevitably rise.

We want to consider all types of input. **That means any ideas you may have to restructure future retirement benefits.** On the following pages of this newsletter is a questionnaire / comment form we would like you to fill out in order to provide the boards with your suggestions. Please mail it back to the address, or fax it to the number indicated in the survey by \_\_\_\_\_.

PLEASE give us your comments and suggestions. It's your retirement system, and we need your input. **Although several issues and suggestions are listed, you are not restricted to this list. If you have ideas that are not listed there, by all means include them.**

**EMPLOYER TIER SURVEY—2004**  
**PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEMS**

Following are several areas that could be considered for changes in a new tier. (Any changes would affect new members hired after the date of a new tier only; benefits for current members would not change.)

- ☛ After each question, please select one of the three answers.
- ☛ Please respond to all the questions in a particular section that apply.
- ☛ There is a section at the end of the survey to supply whatever comments or suggestions you may have.

Please return this survey by \_\_\_\_\_ to:

Mail: Melanie Millhorn, Director,  
 Division of Retirement & Benefits  
 PO Box 110203, Juneau, Alaska, 99811-0203  
 Fax: 907-465-3086

**I. Changes to the Current Benefit Structure**

**1. Change the basis of salary computation:**

	System	Yes	No	Neutral
<b>a. The TRS uses any 3 high years; change that to 3 consecutive high years.</b>	TRS			
<b>b. Eliminate overtime from inclusion in salaries considered for benefit calculation</b>	PERS			
<b>c. Eliminate geographic differential from inclusion in salaries considered for benefit calculation. (State of Alaska only)</b>	PERS			
<b>d. Change the formula to an average of <u>all</u> years earnings, not just a series of high years.</b>	PERS			
	TRS			
<b>e. Eliminate the use of any kind of bonus from inclusion in salaries considered for benefit calculation. (A bonus granted at the end of a person's employment that is eligible for inclusion in salary calculation creates a substantial unfunded liability to the employer.)</b>	PERS			
	TRS			

System	Yes	No	Neutral
PERS			
TRS			
PERS			
TRS			
PERS			
TRS			

**2. Change the retirement eligibility requirements.**

a. Make the normal retirement age 65, and early retirement age 60.

b. Change the service eligibility requirements from 20 to 25 years (retire at any age) for teachers and police/fire members.

c. Retain a 20 year service retirement option for teachers and police/fire members but members must elect the option and pay a contribution surcharge.

**3. Change the rate of service accrual:**

a. Increase the number of hours a PERS employee must work to be considered full-time from 30 to 35 or higher. Redefine this to require actual full-time work for full-time credit and give proportionately less credit for less than actual full time.

b. Increase the number of hours a PERS part-time employee must work per week from a minimum of 15 to 20 or higher. Redefine this to give proportionately less credit for less than standard part-time service.

**4. Change the employee and/or employer contribution rate:**

a. Currently, employee contribution rates are set in statute and do not vary. Increase the percentage the employee pays. Current percentages are: PERS All other— 6.75%, PERS Police/Fire—7.5%, TRS—8.65%

b. Base the employee contribution rate on a percentage of the total cost to fund benefits. Employee rates would vary each year.

c. Change the TRS from a shared employer rate to an employer specific rate similar to the PERS. Each employer would pay contributions based on their liability for their own employees.

PERS			
TRS			
PERS			
TRS			
TRS			

**5. Change Retiree Health Insurance Coverage:**

	System	Yes	No	Neutral
a. Provide system-paid premiums for insurance coverage for members only. Members would pay extra to cover spouses and dependents.	PERS			
	TRS			
b. Require ten years of TRS service in order to be eligible for system-paid insurance premiums. (Already a provision of PERS Tier III.)	TRS			
c. Require more than 10 years of service in order to be eligible for system-paid insurance premiums.	PERS			
	TRS			
d. Graduated health premium coverage based on years of service.	PERS			
	TRS			
e. Raise the deductibles and co-pays on retiree health insurance coverage.	PERS			
	TRS			
f. Require the use of generic drugs wherever available.	PERS			
	TRS			
g. Develop a cafeteria style plan where the system offers minimum health care and retirees can purchase increased coverage.	PERS			
	TRS			
h. Retiree pays full premium until age 65 and Medicare eligible.	PERS			
	TRS			

**6. Change interest accruals:**

a. Make the mandatory interest rate paid on employee accounts variable with actual earnings. Presently it is set at 4.5%, irrespective of whether the system has positive investment returns. That means that in years of no earnings / losses, employers must fund a 4.5% interest rate on employee accounts through increased future employer rates.	PERS			
	TRS			
b. Increase the interest rate employees pay on an indebtedness to buy back service previously cashed out, or to purchase permissible service credits. The present rate is 7% and is below the rate the system must use for long term funding.	PERS			
	TRS			

System	Yes	No	Neutral

## II. Change the Entire Plan

### 1. Change the basis of salary computation:

Are you in favor of a total change in the type of retirement plan offered by each system, i.e., a change to a defined contribution plan or a hybrid plan that retains some aspects of the defined benefit plan but adds a defined contribution component?

- a. Change to a defined contribution plan. New employees would enroll in a 401(k) type plan where the contributions and the earnings become the benefit. Unlike the present PERS or TRS, the benefit would be the account balance, and employers would have no further liability for future cost increases once the employee terminates. The employee gets the account balance, not an annuity type payment for a lifetime. No health care would be provided by the system, the employee funds their own health care from the rollover eligible account balance. The moneys in such a plan would be rollover eligible to similar plans, can be moved from employer to employer (if the other employer allows), or placed in an IRA.

PERS			
TRS			

- b. Change to a hybrid plan. Hybrid plans offer a compromise between defined benefit plans and defined contribution plans. Examples of a few hybrid plans are:

**Cash Balance Plan.** Offers simplicity, portability, equity and cost control. This type of plan bears a close resemblance to a defined contribution plan but contains standards for vesting and still determines the participant's future benefit using a specific formula.

PERS			
TRS			

**Pension Equity Plan.** Bears a close resemblance to a defined contribution plan but defines benefits based on final-average pay and pays a lump sum benefit.

PERS			
TRS			

**Floor-Offset Plan.** Consists of two separate but associated plans. A defined benefit floor plan and a defined contribution base plan. The defined benefit plan uses a standard formula to establish a minimum benefit level. If the defined contribution plan provides a benefit that equals or exceeds the minimum established by the defined benefit floor, then the participant receives the benefit equal to the defined contribution account only; if the defined contribution plan provides less than the minimum benefit, the floor plan makes up the difference between what the defined contribution plan can provide and the minimum benefit.

PERS			
TRS			



**Sent By:**

Employer: \_\_\_\_\_ PERS \_\_\_\_\_ TRS \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_



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**Now call  
 toll-free  
 1-800-821-2251**

*Inside this issue*

In Search of Your Ideas .....	1
Message from Commissioner Miller .....	1
Employer Tier Survey—2004 .....	2

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Comparison of  
Other Systems  
Funding  
Health Care

## Public Fund Survey - Funding Levels

Note: The following systems 123 systems identified only 8 retirement systems prefund the post-retirement health care.

- Alaska PERS / TRS
- Kentucky ERS / TRS
- Michigan SERS / Public Schools
- Ohio PERS / TRS

Dollars are in 000's

Aggregate for the 123 Plans shown here	Actuarial Funding Ratio	Actuarial Assets	Actuarial Liabilities	Unfunded Liability (Surplus)
	96.4%	\$2,043,166,050	\$2,119,562,494	\$76,396,444

No.	State	Plan Name	Actuarial Funding Ratio	Actuarial Assets	Actuarial Liabilities	Unfunded Liability (Surplus)	Valuation Date
1	AK	<u>Alaska PERS</u>	100.9%	\$7,941,756	\$7,868,574	(\$73,182)	6/30/2001
2	AK	<u>Alaska Teachers</u>	95.0%	\$4,372,229	\$4,603,147	\$230,918	6/30/2001
3	AL	<u>Alabama ERS</u>	100.2%	\$8,028,471	\$8,010,123	(\$18,348)	6/30/2001
4	AL	<u>Alabama Teachers</u>	97.4%	\$17,904,881	\$18,374,174	\$469,293	6/30/2002
5	AR	<u>Arkansas PERS</u>	100.1%	\$4,404,000	\$4,398,000	(\$6,000)	6/30/2002
6	AR	<u>Arkansas Teachers</u>	91.9%	\$9,328,451	\$9,061,500	\$733,049	6/30/2002
7	AZ	<u>Arizona Public Safety Personnel</u>	113.0%	\$4,684,386	\$4,144,711	(\$540,175)	6/30/2002
8	AZ	<u>Arizona SRS</u>	104.6%	\$23,623,016	\$22,586,921	(\$1,036,095)	6/30/2002
9	CA	<u>California PERF</u>	111.9%	\$166,860,000	\$149,155,000	(\$17,705,000)	6/30/2001
10	CA	<u>California Teachers</u>	98.0%	\$107,861,000	\$110,094,000	\$2,233,000	6/30/2001
11	CA	<u>LA County ERS</u>	100.0%	\$26,490,000	\$26,489,976	(\$24)	6/30/2001
12	CA	<u>San Francisco City &amp; County</u>	129.0%	\$10,797,024	\$8,371,843	(\$2,425,181)	6/30/2001
13	CO	<u>Colorado Municipal</u>	93.6%	\$1,839,632	\$1,966,143	\$126,511	12/31/2002
14	CO	<u>Colorado State &amp; School</u>	87.9%	\$28,551,607	\$32,463,918	\$3,912,311	12/31/2002
15	CO	<u>Denver Schools</u>	90.9%	\$2,470,000	\$2,710,000	\$240,000	1/1/2003
16	CT	<u>Connecticut SEKS</u>	61.6%	\$7,893,700	\$12,806,100	\$4,912,400	6/30/2002
17	CT	<u>Connecticut Teachers</u>	75.9%	\$10,387,300	\$13,679,900	\$3,292,600	6/30/2002
18	DC	<u>DC Police &amp; Fire</u>	100.0%	\$1,097,300	\$1,097,300	\$0*	10/1/2000

19	DC	<u>DC Teachers</u>	100.0%	\$798,900	\$798,900	\$0*	10/1/2000
20	DE	<u>Delaware State Employees</u>	109.6%	\$4,956,156	\$4,521,732	(\$434,424)	6/30/2002
21	FL	<u>Florida RS</u>	114.8%	\$99,405,677	\$86,469,774	(\$12,935,903)	7/1/2002
22	GA	<u>Georgia ERS</u>	101.7%	\$11,750,624	\$11,557,255	(\$193,369)	6/30/2001
23	GA	<u>Georgia Teachers</u>	102.0%	\$40,502,333	\$39,706,523	(\$795,810)	6/30/2002
24	HI	<u>Hawaii ERS</u>	84.0%	\$9,415,160	\$11,210,226	\$1,795,066	6/30/2002
25	IA	<u>Iowa PERS</u>	92.6%	\$15,613,114	\$16,868,559	\$1,255,445	6/30/2002
26	ID	<u>Idaho PERS</u>	84.9%	\$6,133,800	\$7,209,500	\$1,075,700	7/1/2002
27	IL	<u>Chicago Teachers</u>	96.3%	\$10,619,061	\$11,025,482	\$406,421	6/30/2002
28	IL	<u>Illinois Municipal</u>	101.5%	\$16,800,196	\$16,559,907	(\$240,289)	12/31/2002
29	IL	<u>Illinois SERS</u>	53.7%	\$7,673,893	\$14,291,044	\$6,617,151	6/30/2002
30	IL	<u>Illinois Teachers</u>	49.3%	\$23,124,823	\$46,933,432	\$23,808,609	7/1/2003
31	IL	<u>Illinois Universities</u>	58.9%	\$9,814,700	\$16,654,000	\$6,839,300	6/30/2002
32	IN	<u>Indiana PERF</u>	105.0%	\$8,723,304	\$8,305,672	(\$417,632)	7/1/2001
33	IN	<u>Indiana Teachers</u>	42.1%	\$6,176,574	\$14,664,661	\$8,488,087	6/30/2001
34	KS	<u>Kansas PERS</u>	83.6%	\$8,603,150	\$10,294,455	\$1,691,305	12/31/2001
35	KS	<u>Wichita Employees</u>	117.0%	\$433,366	\$370,399	(\$62,967)	12/31/2002
36	KS	<u>Wichita Fire &amp; Police</u>	106.2%	\$361,687	\$340,524	(\$21,163)	12/31/2002
37	KY	<u>Kentucky County</u>	125.3%	\$6,883,299	\$5,492,646	(\$1,390,653)	6/30/2002
38	KY	<u>Kentucky ERS</u>	110.7%	\$7,030,468	\$6,348,164	(\$682,304)	6/30/2002
39	KY	<u>Kentucky Teachers</u>	86.6%	\$13,588,847	\$15,695,574	\$2,106,727	6/30/2002
40	LA	<u>Louisiana SERS</u>	70.2%	\$6,460,594	\$9,206,734	\$2,746,140	6/30/2002
41	LA	<u>Louisiana Teachers</u>	73.9%	\$12,019,552	\$16,263,239	\$4,243,687	6/30/2002
42	MA	<u>Massachusetts SERS</u>	79.5%	\$13,947,271	\$17,550,939	\$3,603,668	1/1/2003
43	MA	<u>Massachusetts Teachers</u>	76.2%	\$15,712,000	\$20,620,000	\$4,908,000	1/1/2002
44	MD	<u>Maryland PERS</u>	98.0%	\$11,162,265	\$11,385,749	\$223,484	6/30/2002
45	MD	<u>Maryland Teachers</u>	92.0%	\$19,424,000	\$21,117,047	\$1,693,047	6/30/2002
46	ME	<u>Maine Local</u>	101.1%	\$1,381,356	\$1,366,485	(\$14,871)	6/30/2001
47	ME	<u>Maine State and Teacher</u>	72.9%	\$5,801,423	\$7,958,810	\$2,157,387	6/30/2001
48	MI	<u>Michigan Municipal</u>	84.3%	\$4,034,400	\$4,783,900	\$749,500	12/31/2001
49	MI	<u>Michigan Public Schools</u>	96.5%	\$38,399,000	\$39,774,000	\$1,375,000	9/30/2001

* 50	MI	<u>Michigan SERS</u>	107.6%	\$10,633,000	\$9,878,000	(\$755,000)	9/30/2001
51	MN	<u>Duluth Teachers</u>	95.7%	\$278,467	\$291,109	\$12,642	7/1/2003
52	MN	<u>Minneapolis ERF</u>	92.3%	\$1,540,221	\$1,667,871	\$127,650	7/1/2002
53	MN	<u>Minneapolis Teachers</u>	61.9%	\$1,027,883	\$1,659,512	\$631,629	6/30/2002
54	MN	<u>Minnesota PERF</u>	85.0%	\$11,017,414	\$12,958,105	\$1,940,691	6/30/2002
55	MN	<u>Minnesota State Employees</u>	104.5%	\$7,673,028	\$7,340,397	(\$332,631)	6/30/2002
56	MN	<u>Minnesota Teachers</u>	105.3%	\$17,378,994	\$16,503,099	(\$875,895)	7/1/2002
57	MN	<u>St. Paul Teachers</u>	78.8%	\$899,572	\$1,141,300	\$241,728	6/30/2002
58	MO	<u>Missouri DOT and Highway Patrol</u>	66.0%	\$1,520,800	\$2,301,403	\$780,603	6/30/2001
59	MO	<u>Missouri Local</u>	100.4%	\$2,623,611	\$2,613,088	(\$10,523)	2/28/2002
60	MO	<u>Missouri Non-Teachers</u>	97.6%	\$1,810,619	\$1,855,982	\$45,363	6/30/2002
61	MO	<u>Missouri State Employees</u>	90.9%	\$6,057,329	\$6,662,291	\$604,962	6/30/2003
62	MO	<u>Missouri Teachers</u>	95.3%	\$22,236,105	\$23,333,937	\$1,097,832	6/30/2002
63	MO	<u>St. Louis School Employees</u>	89.3%	\$861,128	\$964,833	\$103,705	1/1/2002
64	MS	<u>Mississippi PERS</u>	83.4%	\$16,823,185	\$20,280,347	\$3,457,162	6/30/2002
65	MT	<u>Montana PERS</u>	100.0%	\$3,076,781	\$3,077,764	\$983	6/30/2002
66	MT	<u>Montana Teachers</u>	83.4%	\$2,484,800	\$2,980,100	\$495,300	7/1/2002
67	NC	<u>Charlotte Firefighters</u>	93.9%	\$261,022	\$277,843	\$16,821	7/1/2003
68	NC	<u>North Carolina Local Government</u>	99.3%	\$10,764,034	\$10,836,460	\$72,426	12/31/2001
69	NC	<u>North Carolina Teachers and State Employees</u>	111.6%	\$42,104,086	\$37,713,663	(\$4,390,423)	12/31/2001
70	ND	<u>North Dakota PERS</u>	98.1%	\$1,166,500	\$1,188,800	\$22,300	6/30/2003
71	ND	<u>North Dakota Teachers</u>	91.6%	\$1,443,500	\$1,575,800	\$132,300	7/1/2002
72	NE	<u>Nebraska Schools</u>	n/a				
73	NH	<u>New Hampshire Retirement System</u>	82.1%	\$3,443,395	\$4,196,314	\$752,919	6/30/2002
74	NJ	<u>New Jersey PERS</u>	107.3%	\$27,728,804	\$25,842,457	(\$1,886,347)	6/30/2002
75	NJ	<u>New Jersey Police &amp; Fire</u>	100.8%	\$18,074,454	\$17,922,587	(\$151,867)	6/30/2001
76	NJ	<u>New Jersey Teachers</u>	100.0%	\$35,192,180	\$35,190,526	(\$1,654)	6/30/2001
77	NM	<u>New Mexico PERF</u>	103.1%	\$8,769,254	\$8,505,931	(\$263,303)	6/30/2002
78	NM	<u>New Mexico Teachers</u>	86.8%	\$7,595,591	\$8,747,971	\$1,152,380	6/30/2002
79	NV	<u>Nevada Police and Firemen</u>	78.1%	\$2,763,283	\$3,536,980	\$773,697	6/30/2002

80	NV	<u>Nevada Regular Employees</u>	83.5%	\$12,289,048	\$14,722,878	-\$2,433,830	6/30/2002
81	NY	<u>New York City ERS</u>	99.8%	\$43,015,355	\$43,087,570	\$72,215	6/30/2001
82	NY	<u>New York City Teachers</u>	100.0%	\$35,410,230	\$35,414,490	\$4,260	6/30/2001
83	NY	<u>New York State Teachers</u>	125.0%	\$87,295,300	\$69,817,000	(\$17,478,300)	6/30/2001
84	NY	<u>NY State &amp; Local ERS</u>	100.0%	\$107,610,000	\$107,610,000	\$0*	4/1/2002
85	NY	<u>NY State &amp; Local Police &amp; Fire</u>	100.0%	\$19,412,000	\$19,412,000	\$0*	4/1/2002
* 86	OH	<u>Ohio PERS</u>	102.6%	\$48,749,000	\$47,492,000	(\$1,257,000)	12/31/2001
* 87	OH	<u>Ohio Police &amp; Fire</u>	92.8%	\$9,076,469	\$9,785,766	\$709,297	1/1/2002
88	OH	<u>Ohio School Employees</u>	89.0%	\$8,879,000	\$9,986,000	\$1,107,000	6/30/2002
89	OH	<u>Ohio Teachers</u>	77.4%	\$48,958,824	\$63,215,643	\$14,256,819	6/30/2002
90	OK	<u>Oklahoma PERS</u>	79.8%	\$5,299,781	\$6,639,720	\$1,339,939	7/1/2002
91	OK	<u>Oklahoma Teachers</u>	51.4%	\$6,310,900	\$12,275,900	\$5,965,000	6/30/2002
92	OR	<u>Oregon PERS</u>	89.9%	\$35,537,100	\$39,520,500	\$3,983,400	12/31/2002
93	PA	<u>Pennsylvania School Employees</u>	114.4%	\$54,830,300	\$47,917,399	(\$6,912,901)	6/30/2001
94	PA	<u>Pennsylvania SERS</u>	107.2%	\$27,497,640	\$25,650,389	(\$1,847,251)	12/31/2002
95	RI	<u>Rhode Island ERS</u>	77.6%	\$5,859,719	\$7,234,787	\$1,375,068	6/30/2000
96	RI	<u>Rhode Island Municipal</u>	81.0%	\$895,475	\$758,090	(\$137,385)	6/30/2000
97	SC	<u>South Carolina Police</u>	94.6%	\$2,177,982	\$2,324,257	\$126,275	7/1/2001
98	SC	<u>South Carolina RS</u>	87.4%	\$18,486,773	\$21,162,147	\$2,675,374	7/1/2001
99	SD	<u>South Dakota PERS</u>	96.7%	\$4,425,392	\$4,576,949	\$151,557	6/30/2002
100	TN	<u>TN Political Subdivisions</u>	90.4%	\$3,187,990	\$3,528,137	\$340,147	7/1/2001
101	TN	<u>TN State and Teachers</u>	99.6%	\$20,760,989	\$20,842,216	\$81,227	7/1/2001
102	TX	<u>Houston Firefighters</u>	112.9%	\$1,863,100	\$1,650,800	(\$212,300)	7/1/2001
103	TX	<u>Texas County &amp; District</u>	88.7%	\$8,779,300	\$9,898,400	\$1,119,100	12/31/2002
104	TX	<u>Texas ERS</u>	97.6%	\$19,478,555	\$19,959,112	\$480,557	8/31/2003
105	TX	<u>Texas LECOS</u>	131.6%	\$647,757	\$492,127	(\$155,630)	
106	TX	<u>Texas Municipal</u>	84.2%	\$9,998,700	\$11,868,100	\$1,869,400	12/31/2002
107	TX	<u>Texas Teachers</u>	96.3%	\$86,035,000	\$89,322,000	\$3,287,000	8/31/2002
108	UT	<u>Utah Noncontributory</u>	93.6%	\$10,888,518	\$11,628,203	\$739,685	12/31/2002
109	VA	<u>Fairfax County Schools</u>	103.0%	\$1,599,219	\$1,552,558	(\$46,661)	6/30/2001
110	VA	<u>Virginia Retirement System</u>	107.3%	\$37,968,000	\$35,384,000	(\$2,584,000)	6/30/2001

111	VT	<u>Vermont State Employees</u>	97.4%	\$990,450	\$1,017,129	\$26,679	6/30/2002
112	VT	<u>Vermont Teachers</u>	89.5%	\$1,169,294	\$1,307,202	\$137,908	6/30/2002
113	WA	<u>Washington LEOFF Plan 1</u>	129.3%	\$5,368,900	\$4,153,000	(\$1,215,900)	9/30/2001
114	WA	<u>Washington LEOFF Plan 2</u>	100.0%	\$2,575,600	\$2,575,600	\$0*	9/30/2001
115	WA	<u>Washington PERS 1</u>	90.9%	\$10,989,900	\$12,088,400	\$1,098,500	9/30/2001
116	WA	<u>Washington PERS 2/3</u>	100.0%	\$11,031,600	\$11,031,600	\$0*	9/30/2001
117	WA	<u>Washington School Employees Plan 2/3</u>	100.0%	\$1,471,700	\$1,471,700	\$0*	9/30/2001
118	WA	<u>Washington Teachers Plan 1</u>	94.4%	\$9,341,800	\$9,894,900	\$553,100	9/30/2001
119	WA	<u>Washington Teachers Plan 2/3</u>	100.0%	\$3,547,200	\$3,547,200	\$0*	9/30/2001
120	WI	<u>Wisconsin Retirement System</u>	97.1%	\$57,861,900	\$59,618,800	\$1,756,900	12/31/2002
121	WV	<u>West Virginia PERS</u>	75.4%	\$2,588,700	\$3,429,675	\$840,975	7/1/2002
122	WV	<u>West Virginia Teachers</u>	19.2%	\$1,098,400	\$5,708,900	\$4,610,500	7/1/2002
123	WY	<u>Wyoming Public Employees</u>	92.2%	\$4,352,424	\$4,718,618	\$366,194	1/1/2003

\*Funds with an unfunded liability of zero use the aggregate cost actuarial valuation method. Under this method, the actuarial value of liabilities is equal to the act of assets and no unfunded liability is identified.

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