

**SUBCOMM.
MEETING,
PERS/TRS,
2/19/05**

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

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February 10, 2005

The Honorable Paul Seaton, Chair
Members of House State Affairs
Alaska State Legislature
State Capitol, Room 102
Juneau, Alaska 99801

Subject: Response to Questions from House State Affairs Members

Dear Mr. Chair and Members of House State Affairs:

This letter is written in response to questions received from the members of the House State Affairs Committee on January 31, 2005. Based on the nature of the question, the response will originate from the Division of Retirement and Benefits, the Alaska State Pension Investment Board, or Mercer Human Resource Consulting as noted below. Additionally, some questions were posed by members of the Committee to the Division during the presentations and were not assigned a number. Please let me know if you have any questions about this information.

Questions 1, 2, and 3 (b) were responded to by Mercer Human Resource Consulting (enclosed).

3. (a) Would you characterize the management of the assets as conservative?

Response provided by Alaska State Pension Investment Board (ASPIB). Asset management by the fiduciaries, the Alaska State Pension Investment Board trustees, is not conservative according to conventional definitions. The current target asset allocation is to have 30% of the portfolio in domestic fixed income and 3% in other fixed income. A conservatively managed portfolio would have a higher allocation to fixed income, lower expected returns, and a lower standard deviation in returns (a measure of risk).

4. Why is the liability of the pension system managed by the Department of Administration, the assets by the Department of Revenue, and what is the role of the PERS and TRS Boards?

Response: In 1961 the Public Employees' Retirement System was established pursuant to AS 39.35.010. The authority for the administration of the Public Employees' Retirement System is found in AS 39.35.020, Administration, which states, "The commissioner of administration is responsible for the administration of the system. . . ."

In 1955 the Teachers' Retirement System was established pursuant to AS 14.25.010. The authority for the administration for the Teachers' Retirement System is found in AS 14.25.015 Administrator, which states, "The commissioner of administration shall appoint an administrator of the system."

In 1993 the Alaska State Pension Investment Board (ASPIB) was established pursuant AS 37.10.210. The authority is set out in AS 37.10.210, and states, "There is established the Alaska State Pension Investment Board in the Department of Revenue. The purpose of the board is to provide prudent and productive management and investment of state pension funds. . . ."

AS 39.35.030 established the Public Employees' Retirement Board (PERB) and AS 14.25.035 established the Teachers' Retirement Board (TRB). The powers and duties assigned to the PERB and TRB can be summarized, in part, as follows: (1) hold regular and special meetings considered necessary; all meetings are open to the public; (2) serve as an appeal board and shall hold hearings at the request of the employer, member, annuitant, or any beneficiary on decisions made by the administrator; (3) to adopt, with modifications it considers proper, regulations recommended by the administrator; (4) the PERB determines the annual employer contribution rate and the TRB recommends to the Commissioner the annual employer contribution rate; and (5) review periodic actuarial/experience studies and audits of the actuarial consultant and may adopt, revise, or reject the recommendations made by the actuarial consultant.

5. Would it be prudent to increase the overall investment risk of the fund?

Response provided by Alaska State Investment Board (ASPIB). Contemporary management of large institutional funds strive for efficiency as delineated by high returns compared to the amount of risk assumed. Over time, incremental increases in risk may be expected to

increase long-term returns. However, extreme volatility could impact employer contribution rate stability over the short- to mid-term even as it could reduce required contributions over the long term. The current targeted rate of return and associated risk projects that there is a 1 in 10 chance of a negative 6% rate of return, and a 1 in 4 chance of earning only a .2% rate of return, in any given year. Likewise there is a 1 in 10 chance of earning 24%, and a 1 in 4 chance of earning 16%.

6. Could PERS and TRS invest in the gas pipeline?

Response provided by Alaska State Investment Board (ASPIB). Building one or more gas pipelines to bring North Slope natural gas to markets is expected to include various financing structures. Fixed income securities will likely be part of the mix. While much of the bonded indebtedness may be tax-exempt, and therefore paying a lower rate than a public pension fund would find attractive, if there is a taxable component of the bonds it would likely be rated at investment grade or better and would therefore be an attractive investment option for the Alaska State Pension Investment Board.

Questions 7 and 8 were responded to by Mercer Human Resource Consulting (enclosed).

9. What policy decisions of the PERS and TRS Boards improved the financial condition of the plan?

Response: Adopting the actuary's recommendation regarding assumptions and methods; increasing the employer contribution rates; and initiating efforts to reduce medical costs for the retiree health plan. For example, the Health Sub-committee initiated an educational campaign along with the Division to educate retired members about the use of generic drugs versus brand name drugs. For every 1% shift that members make from brand name prescriptions to generic drugs, it saves the retiree health plan one million dollars. Initially the percentage of generic prescriptions filled constituted 37%, which has increased to 42% since the inception of this initiative.

10. Have policy decisions of the PERS and TRS Boards impacted the current financial condition of the plan?

Response: The lowering of the employer contribution rate beginning in 1998 for PERS may have had a financial impact on the funding status for the system. Additionally, not adopting the actuarially calculated rate for TRS may have had an impact on the TRS system. Mercer has been asked to determine the financial impact.

11. What policy decisions can the Department of Administration make to improve the plan?

Response: A Tier Redesign Study was initiated at the request of the Commissioner of Administration in order to determine what the financial impact would be in the event new Tiers were established by the Legislature. The Commissioner of Administration has not approved ad hoc Post Retirement Pension Adjustment (ad hoc PRPA) for the last two consecutive years.

For example, if the ad hoc PRPA had been approved by the Commissioner, the increase in accrued liability for PERS would have been \$37.7 million and \$34.0 million for TRS. AS 39.35.475 (a) Post Retirement Pension Adjustment states, "When the administrator determines that the cost of living has increased and that the financial condition of the retirement fund permits, he shall increase benefit payments to persons receiving benefits under this system."

Based on the statute provision, the ad hoc PRPAs are discretionary (only Tier 1 PERS and TRS members are eligible to receive ad hoc PRPA). Since 1991, eight ad hoc PRPAs have been paid to retirees, three were paid as a result of a lawsuit. In addition to the ad hoc PRPA, there is also an automatic PRPA, which is tied to the consumer price index (CPI) for Anchorage and specific conditions apply to this increase in benefit payment.

12. What policy decision can the Legislature make to improve the plan?

Response: The outcome of the Tier Redesign Project indicates that it could provide a long-term solution by limiting the volatility of the current defined benefit plan and reducing the medical costs to employers for future members. New Tiers will not immediately reduce the employer contribution rate for some period of years into the future. However, the new tiers will reduce volatility, provide a good benefit for new members and pay off the unfunded liability. The Legislature could consider establishing a moratorium on any legislation that enhances retirement benefits for members.

Question 13 was responded to by Mercer Human Resource Consulting (enclosed).

14. Please provide a graph of the actual cash flows in and out of the various existing plans for the periods listed below as well as what you anticipate (base case) for the next three years – please aggregate if possible so that we can more easily see the “big picture.” The chart responding to this information is attached.

Questions 15, 16, 17, 18, and 19 were responded to by Mercer Human Resource Consulting (enclosed).

The following questions noted below were asked by members during the hearing session or were sent to the Division for response without an assigned number.

What were the comments made by employers who refused to participate in the Tier Employer Survey?

Response: Most employers who did not participate did so after at least three follow-up calls from staff with the Division of Retirement and Benefits. When asked most employers did not want to discuss why they were not responding to the survey.

However, a couple of the employers did provide the following comments regarding not participating in the survey as follows:

"As a school administrator I'm not comfortable speaking to the best interests of almost 200 employees we serve with our program. . . My subjective responses to these questions would not be a fair assessment of what my board might offer and wouldn't serve the majority of our employees."

"The questions seemed to only really provide two choices to choose from." (There were many choices, but it appears this references defined benefit v. defined contribution.) "The survey was extremely long;" "Can't respond due to time constraints."

A copy of the Tier Employer Survey is enclosed.

How many states pre-fund the medical cost component of the retirement benefits?

Response: According to National Association of Retired State Administrators (NASRA) there are three other states besides Alaska that pre-fund for the medical costs of the retirement benefit: (1) Ohio, (2) Michigan, and (3) Kentucky.

What type of smoothing technique is used to determine the employers' contribution rate, and limit volatility from year to year?

Response: The smoothing technique adopted by PERB and TRB can be found in the actuarial valuation report in section 2.3 of this report. Effective June 30, 2002, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method will be phased in over the next five years. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from audited financial statements provided by KPMG LLP. Valuation assets cannot be outside a range of 80% to 120% of the market value of assets.

How are future savings of the Tier employees factored into the future rate projections?

Response: The normal cost rate includes the present value of benefits for the various different Tiers, which are expected to be credited with respect to service during the year beginning on the valuation date. The normal cost rate includes the different benefit costs for each of the Tiers.

The Legislature has been provided a suggestion from the Kenai Peninsula Board calling for an "Alaska Public Employees Retirement Corporation." Have you reviewed it? Is it a more efficient manner to doing business?

Response: The Division is aware of this proposal, however, the Division has not undertaken an analysis of this proposal. If the proposal becomes a bill, it is anticipated that the public comment and legislative hearing process will assist in a determination regarding the merits of this proposal.

Could you explain whether the retiree rehire provisions of HB 242 has impacted the PERS or TRS?

Response: This response only addresses the retiree rehire provisions and not the medical enhancements for HB 242. According to Mercer's letter dated September 2, 2004, "A member who elects the waiver earns no additional benefits from the Retirement System. Therefore, such a member has no "normal cost rate" and there is no normal cost rate. However, a portion of the employer contribution for each member is needed to amortize the Systems' unfunded past service liability. This portion is referred to as the "past service rate." When a member elects the waiver, the payroll base that can be used to amortize the unfunded liability is reduced.

A higher past service rate must be applied to the remaining payroll to arrive at the same payment towards the unfunded liability. Based on the number of members participating in HB 242 for PERS, the cost has been negligible. As a result of the higher unfunded liability for TRS coupled with the number of members participating, it has resulted in approximately \$100,000 of additional unfunded liability per year (see attached).

Explain the new GASB rules - Are we sure the state is required to comply, since the state self-insures? Or are we already compliant?


Response: The State already complies with this new rule and has done so since the 1970s. While the State is self-insured, this factor does not impact the new GASB rules issued in August of 2004. The new GASB rules will mandate that employers subject to GASB's rules account for retiree health benefits in a similar manner to the way they account for defined pension benefits. Instead of recording the expense associated with when the expenses are paid, employers will have to recognize the expense over the working lifetimes of their employees. By contrast the State already records the expense on an accrual basis not a pay-as-you-go basis. Additionally, the State pre-funds for this expense in order to collect all of the amount necessary to pay for this benefit at the time an employee is appointed to retirement. GASB will not require states to pre-fund; however, they will have to record the expense on an accrual basis.

Why can a national guard/reservist claim military service in the PERS and a career military retiree can not? What is the employer's cost for claiming military service?

Response: Please see enclosed letter from Kathy Lea, Retirement Manager to Representative Lynn.

Provide retirement statistics by fund (attached 1995 through 2004).

Sincerely,



Melanie Millhorn
Director

MM

cc: Ray Matiashowski, Commissioner, Department of Administration
Kevin Brooks, Deputy Commissioner, Department of Administration
Mike Tibbles, Deputy Commissioner, Department of Administration

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February 3, 2005

Ms. Melanie Millhorn
Director of Retirement and Benefits
State of Alaska
Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Subject:

PERS and TRS – Investment Return Assumption

Dear Melanie:

This letter responds to questions 1 through 3 from the January 27, 2005 memo from Louie Flora. Mercer cannot respond to the part of question 3 related to management of assets, but would suggest referring that question to the Alaska State Pension Investment Board (ASPIB).

Actuarial Methods

The purpose of actuarial methods is to fund each member's retirement benefits over the member's working lifetime. The total expected liability for each member is broken down into two parts – the past service liability and future normal costs. The past service liability is the portion attributable to prior service and is expected to have already been funded for. Future normal costs are the annual amounts expected to be earned in the future and to be paid for by future member and employer contributions. To the extent that System assets are less than the past service liability, the "unfunded liability" is amortized over 25 years and a past service rate is combined with the normal cost rate in calculating employer contributions.

Actuarial Assumptions

The expected System liability is the value in today's dollars of all of the expected future benefit payments to all of the System members. There is uncertainty as to both the amount and the timing of future benefit payments. Thus, determining System liabilities requires making assumptions regarding future events. In setting each assumption, appropriate consideration is given to historical observations as well as to expectations for the future. Professional standards require that each assumption represents our best estimate at the time of anticipated future experience. Therefore, it would not be appropriate to characterize any of the assumptions as "conservative" or "aggressive", but rather to characterize each assumption as our best estimate based on information available at the time.

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Several of the key actuarial assumptions are as follows:

- investment return
- health cost trend
- future inflation
- mortality rates
- future salary increases
- retirement/termination rates

While each assumption is the best estimate of future experience based on information available at a given point in time, changes can occur which lead to revisions in actuarial assumptions. Among others, such changes can include longevity increases, lowered expectations regarding future inflation, and increased expectations regarding future healthcare cost increases. Assumption changes cause increases or decreases in System liabilities, which are amortized over 25 years through the past service rate.

Assumption Review Process

Actuarial assumptions are approved by the PERS and TRS Boards after recommendations by and discussion with the actuary. Formal assumption reviews are conducted every five years. The results of the most recent review of the actuarial assumptions were presented to the Boards in October, 2000. Detailed analysis of each assumption can be found in the following reports:

- Public Employees' Retirement System Analysis Study of Actuarial Assumptions
- Teachers' Retirement System Analysis Study of Actuarial Assumptions

In addition, periodic audits of the actuary's assumptions and methods are performed by an independent actuarial consulting firm. The most recent audit was performed by Milliman, USA, with results presented to the Boards in October, 2002.

Investment Return Assumption

The investment return assumption represents the average long-term rate of return expected to be realized on the System portfolio over the System's future lifetime. It is used to discount future benefit payments to the valuation date when calculating liabilities. Because it represents expected future earnings to provide for benefits, raising or lowering the return assumptions causes liabilities to move in the opposite direction. Lowering the return assumption to 7.25% would increase System liabilities; raising the discount rate to 9.25% would reduce System liabilities.

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Attached are excerpts from the most recent assumption review, providing our analysis of the investment return assumption. Also attached are excerpts from the actuarial audit rendering the opinion. "We believe this is a reasonable assumption given the Systems' current asset allocation policies".

The National Association of State Retirement Administrators (NASRA) periodically publishes a public fund survey. NASRA's survey of investment return assumptions as of June 30, 2003 produces a median return assumption of 8%, with 39 funds using return assumptions of 8.25% or higher.

I hope this information is helpful. Please call or email if you have questions or need additional information.

Sincerely,



Robert M. Reynolds, ASA, MAAA

RMR/CMB/ws

Copy:

Chris Byrnes

Marcia Chapman

Enclosure

g:\ret\makasa\407 resp\2005 investment return assumption mm_013105_rmr.doc

Excerpt from Mercer Assumption Review

Annual Investment Return

The investment return assumption is one of the most important elements of the actuarial basis in that it covers the entire lifetime of System participants, making the results of the valuation extremely sensitive to this assumption. The investment return assumption represents the average long-term rate of return expected to be realized on the investment portfolio of the System over the System's future lifetime. Current System liabilities and recommended contribution rates are determined by discounting all future benefits payable to current and future retirees and their beneficiaries at this rate of interest. It is important not to overestimate the expected future investment returns, otherwise actuarial losses could occur resulting in unanticipated contribution rate increases. However, it should be remembered that short-term expectations of interest rate levels should have little influence on the determination of a valuation assumption which should rather represent best estimates of the long-term average return which can be anticipated for the System assets.

The annual investment return is comprised of three major components:

- The increase in overall productivity
- The risk premium associated with each investment class
- Inflation

The first two of these represent the "real" rate of return. Since 1996, the real rate of return implicit in the investment rate has been 4.25% for PERS. The real rate of return expected on investments is a function of the time period over which results are measured and the types of investments chosen.

The following table presents rates of return for the past five years for the System:

Measurement Period	National CPI	Approximate Return on Market Value of Assets
FY99	2.2%	10.3%
FY98	1.6%	12.8%
FY97	2.3%	17.9%
FY96	3.0%	13.6%
FY95	2.8%	15.3%

A relatively long time frame should be measured when choosing a retirement system investment return expectation given that system liabilities can span 50-plus years. Therefore, the real investment return assumption for actuarial valuations may differ from the real return expectations often measured over shorter durations.

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Excerpt from Mercer Assumption Review (cont.)

Generally, the more risk accepted in the asset classes chosen for investment, the higher expected real rate of return. Given the above discussion of time frame, the actuarial assumption for real return should be based on historic observations of real returns in the capital markets as well as expectations about the future.

In developing the basic assumptions used for this study, we have used long-term returns for various asset classes along with projections based on the current economic environment. A large portion of the data represents information for periods beginning in 1926.

The Investment Policy of the System will determine the long-term asset allocation. The current investment policy is summarized as follows:

Current PERS Investment Policy	
Asset Category	Policy Allocation
Domestic Large Cap	29%
Domestic Small Cap	12%
International	17%
Domestic Fixed	30%
International Fixed	5%
Real Estate	7%

Based on current Investment Policy for the System, a simple mathematical average can be applied to determine the long-term real rate of return expectation.

	Long-Term Real Return Expectation*	Current Investment Policy	Product
Domestic Large Cap Equities	6.61%	29%	1.92%
Domestic Small Cap Equities	7.39%	12%	.89%
International Equities	6.81%	17%	1.16%
Domestic Fixed Income	3.00%	30%	.90%
International Fixed Income	3.51%	5%	.18%
Real Estate	4.83%	7%	.34%
			5.39%

* Produced by Mercer Investment Consulting, Inc.

Considering that the actual year-by-year returns achieved by PERS will be volatile, reflecting the risk associated with each asset class, it is often prudent to set the real return assumption below the full expectation. We believe a real return assumption between 4.50% and 5.00% would be appropriate, and when added to the long-term inflation assumption of 3.5% yields a nominal return of 8.00% to 8.50%. We are recommending that the Board continue to assume 8.25% for the interest rate.

Alaska Division of Retirement and Benefits 2002 Actuarial Audit of TRS & PERS

Although we believe inflation levels may turn out to be lower than currently assumed, we believe the 3.50% inflation assumption is reasonable. We concur with Mercer that a separate inflation assumption for the Post Retirement Pension Adjustments (PRPA) is not justified.

Wage Growth: Estimates of future salaries are based on two types of assumptions. Rates of increase in the general wage level of the membership are directly related to inflation, while rates of increase in individual salaries due to merit or promotion and longevity occur even in the absence of inflation.

The excess of wage growth over price inflation represents the increase in the standard of living, also called real wage growth. The 2000 Study contained a recommendation for productivity increases of 0.50% per year, except for the PERS P&F group, where the recommended increase is 1.00%.

Although we generally agree with the level of real wage growth increase in TRS and PERS, in our opinion, the reports should have demonstrated a basis for the real wage growth increases. In addition, it is uncommon to assume a different real wage growth, an assumption derived for the forecast of a general economic trend, for different groups within the same valuation. Increases in excess of across-the-board adjustments are normally handled in the longevity assumption.

We have used statistics from the Social Security System on the National Average Wage from 1951 through 1998 (these would have been available for the 2000 Study). For years prior to 1951 we studied the Total Private Nonagricultural Wages as published in Historical Statistics of the U.S., Colonial Times to 1970. This data shows a compounded annual increase from 1926 through 1998 of 4.6%.

Inflation for the same period was 3.1%, so the long-term real increase in wages has been about 1.5% per year. The difference between the compounded rate of wage increase and the rate of inflation has been decreasing.

Based on our judgment, we believe that a range between 0.25% and 1.00% is reasonable for the long-term real wage growth assumption. Therefore, based on an inflation assumption of 3.50%, we believe a reasonable range for wage growth is between 3.75% and 4.50%. The Mercer assumption fits within this range.

Investment Return: The investment return assumption is one of the primary determinants to allocate the expected cost of the Systems' benefits, providing a discount of the estimated future benefit payments to reflect the time value of money. The current assumption for investment return is 8.25% per year. We believe this is a reasonable assumption given the Systems' current asset allocation policies.

**Alaska Division of Retirement and Benefits
2002 Actuarial Audit of TRS & PERS**

The following description of the derivation of the 8.25% assumption contained in the 2000 Study followed the actuarial standard.

Table 5

Asset Class	Expected Real Rate of Return	Policy Assct Allocation	Return by Class
Domestic Large Cap Equities	6.61%	29%	1.92%
Domestic Small Cap Equities	7.39	12	0.89
International Equities	6.81	17	1.16
Domestic Fixed Income	3.00	30	0.90
International Fixed Income	3.51	5	0.18
Real Estate	4.83	7	0.34
Total Fund		100%	5.39%

"Considering that the actual year-by-year returns achieved by PERS will be volatile, reflecting the risk associated with each asset class, it is often prudent to set the real return assumption below the full expectation. We believe a real return assumption between 4.50% and 5.00% would be appropriate, and when added to the long-term inflation assumption of 3.5% yields a nominal return of 8.00% to 8.50%. We are recommending that the Board continue to assume 8.25% for the interest rate." (from Mercer's experience study report)

Our following demonstration also shows that the 8.25% assumption was within a reasonable range in 2000. A formula-based model was used to predict future returns based on these capital market assumptions, the asset allocation policy, and assumed annual rebalancing. The asset allocation and the expected real returns and total returns by asset class are shown below.

Table 6

Asset Class	Expected Real Rate of Return	Standard Deviation
US Equities	6.80%	18.10%
International Equities	6.90	19.20
Real Estate	5.70	15.50
Fixed Income	4.50	3.10

Asset Class	Cross Correlation Matrix			
	US Equity	Intl Equity	Real Estate	Fixed
US Equities	1.00			
Int'l Equities	0.58	1.00		
Real Estate	0.36	0.29	1.00	
Fixed Income	0.27	0.24	0.48	1.00

Alaska Division of Retirement and Benefits 2002 Actuarial Audit of TRS & PERS

These capital market assumptions were combined with the asset allocation policy shown in the 2000 Study to generate expected returns over a thirty-year period. The model assumes that investment returns are normally distributed and are based on mathematical formulas from *The Long-Term Expected Rate of Return: Setting it Right* by Olivier de la Grandville as published in the *Financial Analysts Journal*, Nov/Dec 1998.

The expected real rate of return of a portfolio allocated in this way is 5.94% for one year, which is slightly higher than the Mercer results shown in the 2000 Study. However, the return is subject to significant volatility. The model provides a guide to see if it is reasonable to expect this return to compound over longer periods of time. The results are summarized in the following table.

Table 7

Horizon in Years	Mean	Std Dev	Percentile Results				
			5th	25th	50th	75th	95th
1	5.94%	10.5%	(10.5)%	(1.4)%	5.4%	12.7%	24.1%
10	5.47	3.3	0.1	3.2	5.4	7.7	11.0
20	5.44	2.3	1.6	3.8	5.4	7.0	9.3
30	5.43	1.9	2.3	4.1	5.4	6.7	8.6

In the first year, the mean real return is 5.94%, but due to the volatility associated with the asset allocation, the range of probable outcomes is quite large. For example, for a single year there is a 5% chance the return will be less than -10.5% and a 5% chance it will be greater than 24.1% based on these capital market assumptions. As the time horizon lengthens, the range of cumulative average results narrows.

Over a thirty-year time horizon, there is a 25% chance the real return will be less than 4.1% and a 25% chance the return will be greater than 6.7% (bold numbers on the bottom line in the table above). Therefore, we can say the real return is just as likely to be within the range from 4.1% to 6.7% as not. The median return over thirty years is expected to be 5.4%.

The investment return is assumed to be net of all investment-related and administrative expenses. The investment and administrative expenses, taken from the System's financial statements, are very modest. The expense ratio is calculated as the total expenses divided by the average asset balance during the year. Based on this data, it appears the annual investment and administrative expenses represent are about 0.3% of the Systems' assets.

Based on the ASOP No. 27 guidelines, we conclude that a reasonable range for the net investment return is from 7.3% to 9.9%.

**Alaska Division of Retirement and Benefits
2002 Actuarial Audit of TRS & PERS**

Table 8

Components of Return	Percentile Results		
	25th	50th	75th
Real Investment Return	4.1%	5.4%	6.7%
Inflation	3.5	3.5	3.5
Assumed Expenses	<u>(0.3)</u>	<u>(0.3)</u>	<u>(1.3)</u>
Net Investment Return	7.3%	8.6%	9.9%

Based on this analysis, we concur that the net investment return assumption of 8.25% per year was reasonable based on available information and the economic environment in 2000. We believe an investment return assumption of 8.25% per year was consistent with the level of inflation and real rate of return likely to occur over an extended period of time, net of expenses.

Although comparing one system's assumptions to those of other systems has only limited importance in setting assumption, we did make several comparisons.

- The assumption of 8.25% was slightly high when compared with the assumptions made by other public systems at that time. The 2000 GFOA survey of state and local governmental employee retirement systems showed that the average assumed rate of return from the latest available actuarial reports was 7.88% for all systems
- The biennial comparative study performed by the State of Wisconsin on 84 statewide systems showed a range from 7.0% through 9.0%, with an average of 8.0%. The rates of return were fairly well distributed, with over half of the systems using 8.0%, 20% using 7.5% and 20% using 8.5%.

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February 3, 2005

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State of Alaska
Department of Administration
Division of Retirement and Benefits
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Juneau, AK 99811-0203

Subject:

PERS and TRS - Effect of Tiers

Dear Melanie:

This letter responds to questions 7 and 8 from the January 27, 2005 memo from Louie Flora.

Mercer's actuarial valuations of the Systems are based on member and asset information provided by the Division of Retirement and Benefits and plan provisions as described in the Actuarial Valuation Reports. The actuarial methods and assumptions are also described in the Actuarial Valuation Reports.

The Division of Retirement and Benefits provides us with information on each System member. Using proprietary computer software, we apply actuarial assumptions and methods to individually project each member's expected future benefit payments, taking into account the benefit provisions applicable to each individual member. *Each member's Tier is taken into account.* The liability for each System is the sum of the individual member liabilities.

For the Public Employees' Retirement System, we calculate liabilities for each participating employer, taking into account each employer's actual member population. Each employer's liability and calculated rate therefore reflect the proportion of that employer's members in each Tier.

Employees contribute the same rate regardless of Tier. In general, contribution rates for employees are as follows:

	Employee Contribution Rate
Teachers	9.85%
Police Officers & Firefighters	7.50%
Other PERS Members	6.75%

 Marsh & McLennan Companies

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Human Resource Consulting

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February 3, 2005

Ms. Melanie Millhorn

State of Alaska

I hope this information is helpful. Please call or email if you have questions or need additional information.

Sincerely,



Robert M. Reynolds, ASA, MAAA

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February 3, 2005

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Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Subject:

PERS and TRS – Financial Condition

Dear Melanie:

This letter responds to question 13 from the January 27, 2005 memo from Louie Flora: "Is there anything that can be done besides adding assets to the plan to improve its fiscal condition?" It also addresses questions 15 through 19 related to possible System benefit changes.

Retirement Program Financial Management

The attached chart depicts the 3 primary policies involved in financial management of a retirement system:

- funding policy
- investment policy
- benefits policy

The ultimate cost of a retirement system is equal to the benefits paid to members together with the administrative cost of managing the system. These costs are determined by the benefits policy. The money to pay for these costs must come from either of 2 sources: contributions to the fund (funding policy) or investment earnings on the assets in the fund (investment policy).

Actuarial calculated contribution rates for the PERS and TRS indicate the need for higher contributions in order to eventually achieve 100 percent funding ratios. In theory, higher funding ratios could also be achieved through increasing the level of investment earnings. However, higher levels of investment earnings can generally be achieved only by taking on higher levels of risk, which may mean both increasing year-to-year volatility and increasing the likelihood of failure to meet long-term investment objectives.

Both the funding and investment policies can be thought of as "adding assets to the plan." The remaining "lever" available towards improving the fiscal condition is the benefits policy. Over the long term, the Systems' fiscal condition could be improved by providing lower benefits. Alaska court interpretations indicate that benefit reductions can only be implemented through formation of new tiers.

 Marsh & McLennan Companies

MERCER

Human Resource Consulting

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February 3, 2005

Ms. Melanie Millhorn

State of Alaska

New Tiers

Questions 15, 16 and 17 are related to changing from a "final pay" to a "career average" type of benefit formula. Currently the Systems base retirement benefits on the highest 3-year average pay, or on the highest 5-year average in the case of PERS "other" members. In general, averaging pay over a member's entire career would result in a lower average, thereby reducing monthly benefits and System liabilities. Similarly, as suggested in question 18, excluding overtime and eliminating the Alaska COLA would reduce monthly benefits and System liabilities. As you know, these and other issues were studied by the Tier Committee appointed by the PERS and TRS Boards. More detail on the alternatives considered by the Committee and their long-term financial impact can be found in our reports as posted on the Division's website.

Defined Contribution Program

Question 19 addresses implications of changing from the current defined benefit approach to a defined contribution approach. Defined contribution programs provide members with accounts. Usually both members and employers make annual contributions. Many programs allow members to perform their own asset allocations to funds selected in advance by the program administrator. In general, providing benefit levels comparable to the current Systems would require comparable long-term costs. A significant difference to the current program, however, is that investment risk and any costs attributable to long-term investment underperformance are borne by plan members rather than employers. More discussion on characteristics of defined benefit and defined contribution programs, detail on the alternatives considered by the Committee, and the possible long-term financial impact can also be found in our reports as posted on the Division's website.

Please call or email if you have questions or need additional information.

Sincerely,



Robert M. Reynolds, ASA, MAAA

RMR/CMB/ws

Copy:

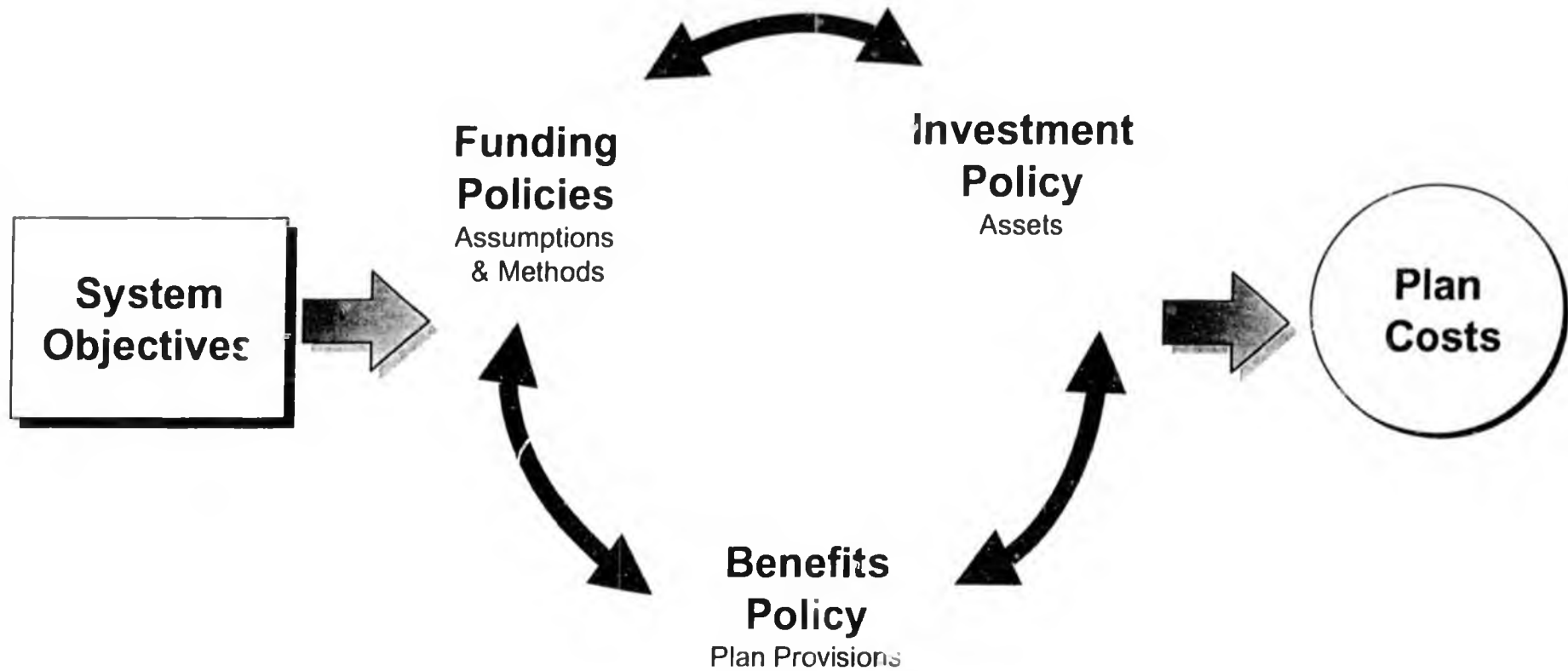
Chris Byrnes, Marcia Chapman

Enclosure



Overview

Retirement Program Financial Management



Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS)																				
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June 7, 2004																				
Division of Retirement & Benefits																				
2/7/2005 14:11		RPY	1	IMP	2	IMP	3	IMP	4	Reciprocal rights	IMP	5	IMP	6	IMP	7	IMP	8	IMP	
Yellow = Employer Responded		Yes																		
NR = Employer Did Not Respond to Specific Question		NR																		
Green = Employer Would Not Participate in Survey		WP																		
Fund	Num	Employer	Incomplete =	INC																
PERS	208	AKUTAN, CITY OF	Yes	5	3	5	3	5	3	5	No	3	8	2	5	2	5	3	7	3
PERS	255	ALASKA GATEWAY SD	Yes	9	1	9	1	5	2	5	No	3	7	2	1	1	1	1	9	1
PERS	152	ALASKA HOUSING FINANCE CORP	Yes	2	1	8	1	7	1	7	n/r	2	7	2	8	1	n/r	1	2	1
PERS	106	ALASKA MUNICIPAL LEAGUE	Yes	5	2	5	2	7	2	5	n/r	2	7	1	n/r	n/r	3	1	1	1
PERS	101	ALASKA, STATE OF	Yes	3	2	5	2	7	2	3	n/r	2	5	2	5	2	4	2	2	2
PERS	287	ALEUTIAN HOUSING AUTHORITY	WP																	
PERS	182	ALEUTIAN REGION SD																		
PERS	230	ALEUTIANS EAST BOROUGH																		
PERS	244	ALEUTIANS EAST BOROUGH SD	Yes	8	2	8	2	6	2	8	n/r	2	8	2	7	2	2	1	3	2
PERS	245	ALEUTIANS WEST CRSA	WP																	
PERS	259	ALLAKAKE, CITY OF																		
PERS	203	ANCHORAGE PARKING AUTHORITY	Yes	7	2	7	2	5	2	9	No	2	5	2	1	1	1	1	4	1
PERS	111	ANCHORAGE SD	Yes	2	1	7	2	5	2	5	n/r	2	8	2	5	1	7	1	3	2
PERS	173	ANCHORAGE, MUNICIPALITY OF	Yes	2	1	8	1	5	2	3	Yes	1	5	2	2	1	3	1	7	1
PERS	283	ANDERSON, CITY OF	Yes	2	2	9	1	6	2	9	n/r	2	7	2	1	1	1	1	7	1
PERS	289	ANGOON, CITY OF	WP																	
PERS	103	ANNETTE ISLAND SD	Yes	9	1	9	1	7	1	7	n/r	2	1	1	1	1	1	1	9	1
PERS	243	ATKA, CITY OF	Yes	5	3	1	2	5	2	2	n/r	3	9	2	2	2	1	1	9	1
PERS	281	BARANOF ISLAND HA	Yes	3	2	6	2	5	2	5	n/r	2	7	2	7	2	4	2	6	2
PERS	171	BARROW, CITY OF	Yes	5	2	5	2	5	2	5	n/r	2	7	2	3	1	3	1	3	1
PERS	219	BARTLETT REGIONAL HOSPITAL	Yes	9	2	9	2	7	2	3	n/r	1	5	2	9	1	2	1	9	1
PERS	104	BERING STRAIT SD																		
PERS	232	BERING STRAITS CRSA																		
PERS	270	BERING STRAITS RHA	Yes	7	2	5	2	3	2	4	n/r	2	3	2	5	2	3	2	2	1
PERS	136	BETHEL, CITY OF																		
PERS	144	BRISTOL BAY BOROUGH	Yes	4	2	4	2	6	2	6	No	2	9	1	3	1	1	1	3	2
PERS	184	BRISTOL BAY BOROUGH SD	Yes	2	2	5	2	8	1	4	n/r	2	4	2	8	1	1	1	3	1
PERS	223	BRISTOL BAY RHA	WP																	
PERS	105	CHATHAM SD																		
PERS	121	CHUGACH SD	Yes	3	2	5	3	5	2	5	n/r	2	7	2	1	2	1	1	2	2
PERS	282	COOK INLET HOUSING AUTHORITY																		
PERS	224	COPPER RIVER BASIN RHA	Yes	7	2	3	2	4	2	4	n/r	2	8	2	6	2	n/r	n/r	7	2
PERS	112	COPPER RIVER SD	Yes	7	2	7	2	7	2	7	No	2	9	2	9	2	1	1	2	2
PERS	185	CORDOVA CITY SD	Yes	1	1	3	1	9	1	5	No	2	9	1	1	1	1	1	1	1
PERS	163	CORDOVA COMMUNITY MEDICAL CENTER																		
PERS	148	CORDOVA, CITY OF	WP																	
PERS	204	CRAIG CITY SD	Yes	9	1	7	2	9	1	7	n/r	3	5	2	7	2	1	1	9	1
PERS	186	CRAIG, CITY OF	Yes	7	2	n/r	n/r	7	2	8	Yes	2	8	2	5	2	4	2	2	2
PERS	282	DELTA JUNCTION, CITY OF	Yes	9	2	9	1	5	2	5	n/r	2	9	1	n/r	n/r	5	1	1	1
PERS	246	DELTA/C. REELY SD	Yes	9	1	9	1	7	2	6	n/r	2	9	1	5	2	1	1	6	2
PERS	258	DENALI B. ROUGH	Yes	4	2	4	2	5	2	5	n/r	2	5	2	7	2	3	2	6	2
PERS	118	DENALI B. ROUGH SD	Yes	7	2	7	2	3	2	2	n/r	1	9	1	2	1	1	1	1	1
PERS	205	DILLINGHAM CITY SD																		
PERS	178	DILLINGHAM, CITY OF	Yes	3	2	4	2	8	1	7	n/r	3	1	3	2	2	1	1	1	2
PERS	292	EEK, CITY OF	WP																	
PERS	271	EGEGIK, CITY OF	WP																	
PERS	242	ELIM, CITY OF																		
PERS	116	FAIRBANKS NORTH STAR BOROUGH																		
PERS	117	FAIRBANKS NORTH STAR BOROUGH SD	Yes	2	2	9	2	8	2	9	No	2	5	2	9	2	5	2	2	2
PERS	129	FAIRBANKS, CITY OF																		
PERS	183	FORT YUKON, CITY OF	Yes	5	2	9	3	7	2	7	No	2	1	3	9	3	3	2	1	1
PERS	141	GALENA CITY SD	WP																	
PERS	152	GALENA, CITY OF																		
PERS	189	HAINES BOROUGH																		
PERS	240	HAINES BOROUGH SD																		
PERS	215	HOMER, CITY OF	Yes	4	1	9	3	7	2	7	Yes	2	4	2	2	1	1	1	1	1
PERS	138	HOONAH CITY SD																		
PERS	199	HOONAH, CITY OF																		
PERS	285	HOOPER BAY, CITY OF	Yes	9	1	9	1	7	2	8	n/r	2	7	3	8	1	7	2	8	2

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

Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June 7, 2004

Division of Retirement & Benefits

Fund	Num	Employer	RPY	1	IMP	2	IMP	3	IMP	4	Reciprocal rights	IMP	5	IMP	6	IMP	7	IMP	8	IMP
			Yes		1=VI						Yes									
			NR		2=SWI						No									
			WP		3=NI						n/r=no resp									
			INC																	
		2/7/2005 14:11																		
		Yellow = Employer Responded																		
		NR = Employer Did Not Respond to Specific Question																		
		Green = Employer Would Not Participate in Survey																		
		Incomplete =																		
PERS	235	HUSLIA, CITY OF	Yes	1	1	5	2	7	1	5	No	2	1	1	9	1	8	1	8	1
PERS	168	HYDABURG CITY SD	Yes	5	2	1	2	6	2	7	n/r	2	5	2	2	2	1	1	1	1
PERS	124	IDITAROD AREA SD	Yes	2	2	5	3	5	3	8	No	3	5	3	7	3	2	1	8	2
PERS	275	ILISAGVIK COLLEGE																		
PERS	263	INTERIOR RHA																		
PERS	284	INTER-ISLAND FERRY AUTHORITY	Yes	3	1	7	2	7	2	4	n/r	3	7	2	7	1	1	1	3	1
PERS	108	JUNEAU BOROUGH SD	Yes	7	2	8	2	2	2	4	n/r	3	2	2	9	2	1	1	2	1
PERS	126	JUNEAU, CITY AND BOROUGH OF	WP																	
PERS	260	KACHEMAK, CITY OF	WP																	
PERS	285	KAKE CITY SD	Yes	n/r	n/r	n/r	n/r	n/r	n/r	1	n/r	1	1	1	3	1	3	1	7	2
PERS	277	KAKE, CITY OF																		
PERS	237	KALTAG, CITY OF																		
PERS	211	KASHUNAMIUT SD	Yes	4	1	4	1	4	2	1	n/r	1	1	1	1	1	1	1	9	1
PERS	180	KENAI PENINSULA BOROUGH	Yes	4	3	5	3	5	3	8	n/r	1	8	1	4	2	7	2	7	2
PERS	190	KENAI PENINSULA BOROUGH SD	Yes	2	1	9	1	8	1	7	No	2	8	1	9	1	7	1	2	1
PERS	115	KENAI, CITY OF	Yes	4	2	7	2	7	2	8	n/r	2	8	1	8	1	8	1	8	1
PERS	122	KETCHIKAN GATEWAY BOROUGH	WP																	
PERS	177	KETCHIKAN GATEWAY BOROUGH SD	Yes	3	2	4	2	7	2	8	n/r	3	8	2	9	1	2	1	8	2
PERS	181	KETCHIKAN, CITY OF																		
PERS	151	KING COVE, CITY OF	Yes	7	2	3	1	4	2	3	Yes	1	7	2	7	2	1	1	7	2
PERS	231	KIVALINA, CITY OF	WP																	
PERS	251	KLAWOCK CITY SD	Yes	1	1	2	1	5	1	2	n/r	2	9	1	9	1	1	1	8	2
PERS	227	KLAWOCK, CITY OF	WP																	
PERS	174	KODIAK ISLAND BOROUGH																		
PERS	158	KODIAK ISLAND BOROUGH SD	Yes	4	2	5	2	5	n/r	4	yes	2	8	2	6	2	3	1	4	2
PERS	128	KODIAK, CITY OF	Will respond next week - 5/10																	
PERS	140	KOTZEBUE, CITY OF	Yes	3	1	7	1	5	2	5	n/r	1	8	1	3	1	1	1	9	1
PERS	287	KOYUK, CITY OF																		
PERS	125	KUSPUK SD																		
PERS	247	LAKE AND PENINSULA BOROUGH	Yes	1	1	9	1	7	2	5	No	1	9	1	1	1	1	1	5	1
PERS	164	LAKE AND PENINSULA BOROUGH SD	Yes	8	2	1	1	8	2	3	No	1	5	3	2	1	1	1	2	1
PERS	157	LOWER KUSKOKWIM SD																		
PERS	153	LOWER YUKON SD																		
PERS	268	MARSHALL, CITY OF (AKA FORTUNA LEDGE)	WP																	
PERS	108	MATANUSKA-SUSITNA BOROUGH																		
PERS	110	MATANUSKA-SUSITNA BOROUGH SD	Yes	1	1	1	2	7	2	7	n/r	2	6	2	9	1	8	2	3	2
PERS	254	MEKORYUK, CITY OF	Yes	5	2	5	2	5	2	4	n/r	2	6	2	5	2	5	2	6	2
PERS	198	NENANA CITY SD																		
PERS	193	NENANA, CITY OF	Yes	4	1	9	2	5	2	7	No	2	9	1	8	2	4	1	2	1
PERS	149	NOME CITY SD	Yes	3	2	5	2	6	2	4	n/r	2	2	3	5	2	2	1	3	1
PERS	175	NOME JOINT UTILITY SYSTEM	Yes	3	2	7	2	7	2	5	n/r	2	9	2	5	2	1	1	1	1
PERS	139	NOME, CITY OF	Yes	3	2	8	2	7	2	3	Yes	2	9	2	1	2	1	2	2	2
PERS	241	NOORVIK, CITY OF																		
PERS	170	NORTH PACIFIC FISHERY MGMT COUNCIL	Yes	1	2	9	2	5	2	5	n/r	2	2	3	3	2	2	1	2	2
PERS	276	NORTH PACIFIC RIM HA	Yes	1	1	9	3	6	2	9	No	3	5	3	1	1	1	1	3	1
PERS	191	NORTH POLE, CITY OF																		
PERS	145	NORTH SLOPE BOROUGH	Yes	2	3	6	2	4	2	5	n/r	2	2	3	1	1	3	1	5	2
PERS	161	NORTH SLOPE BOROUGH SD	Yes	2	1	9	3	8	1	7	No	1	9	1	9	1	5	2	1	1
PERS	220	NORTHWEST ARCTIC BOROUGH	Yes	5	2	5	2	5	2	5	n/r	2	8	2	5	2	5	2	5	2
PERS	154	NORTHWEST ARCTIC BOROUGH SD	Yes	2	2	5	3	8	2	5	n/r	3	5	3	3	3	3	2	1	2
PERS	288	NORTHWEST INUPIAT HOUSING AUTH																		
PERS	134	PALMER, CITY OF																		
PERS	257	PELICAN CITY SD																		
PERS	201	PELICAN, CITY OF	Yes	5	3	7	3	6	3	5	n/r	3	8	3	8	2	3	2	2	2
PERS	228	PETERSBURG CITY SD	Yes	3	2	5	2	7	2	7	n/r	1	9	1	1	1	1	1	7	1
PERS	187	PETERSBURG MEDICAL CENTER	Yes	2	2	9	3	7	2	7	n/r	3	3	3	9	3	9	3	9	3
PERS	143	PETERSBURG, CITY OF	Yes	4	2	9	3	9	2	8	No	3	7	2	5	2	5	1	1	1
PERS	156	PRIBILOF SD	Yes	3	2	3	2	7	1	3	n/r	2	2	2	2	1	1	1	8	1
PERS	266	QUINHAGAK, CITY OF																		

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

Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June 7, 2004

Division of Retirement & Benefits

Fund	Num	Employer	RPV	1	IMP	2	IMP	3	IMP	4	Recprol rights	IMP	5	IMP	6	IMP	7	IMP	8	IMP
		2/7/2005 14:11	Yes								Yes									
		Yellow = Employer Responded	Yes								Yes									
		NR = Employer Did Not Response to Specific Question	NR								No									
		Green = Employer Would Not Participate in Survey	WP								n/r=no rsp									
		Incomplete =	INC																	
PERS	216	RUBY, CITY OF	WP																	
PERS	256	SAINT GEORGE, CITY OF																		
PERS	221	SAINT MARY'S SD																		
PERS	214	SAINT MARY'S, CITY OF	WP																	
PERS	172	SAINT PAUL, CITY OF	Yes	8	3	8	3	9	3	5	n/r	3	5	3	8	3	3	3	1	3
PERS	178	SAND POINT, CITY OF	Yes	3	2	7	2	7	2	6	n/r	2	8	1	7	2	2	1	2	1
PERS	278	SAXMAN SEA PORT																		
PERS	198	SAXMAN, CITY OF																		
PERS	222	SELAWICK, CITY OF	Yes	9	1	9	2	5	2	7	n/r	2	5	2	5	2	5	2	5	2
PERS	286	SELDOVIA, CITY OF	WP																	
PERS	182	SEWARD, CITY OF	Yes	2	2	9	3	7	2	7	n/r	3	7	2	8	1	1	1	3	1
PERS	133	SITKA BOROUGH SD	Yes	1	1	3	2	7	2	3	n/r	1	8	1	5	2	1	1	1	1
PERS	165	SITKA COMMUNITY HOSPITAL	Yes	4	2	4	2	7	2	4	n/r	2	6	3	9	1	9	1	3	1
PERS	120	SITKA, CITY AND BOROUGH OF	Yes	2	2	5	2	8	2	3	n/r	2	9	2	5	3	1	2	5	3
PERS	225	SKAGWAY CITY SD																		
PERS	132	SKAGWAY, CITY OF	Yes	1	1	8	2	8	1	8	n/r	2	5	3	4	2	2	1	3	1
PERS	123	SOLDOTNA, CITY OF	Yes	2	n/r	8	n/r	8	n/r	8	Yes	n/r	9	n/r	9	n/r	1	1	1	n/r
PERS	155	SOUTHEAST ISLAND SD	Yes	1	1	9	1	5	2	1	Yes	2	1	1	1	1	1	1	9	1
PERS	167	SOUTHEAST REGIONAL RESOURCE CTR																		
PERS	102	SOUTHWEST REGION SCHOOL DIST (SD)																		
PERS	218	SPECIAL EDUCATION SERVICE AGENCY	Yes	1	1	8	3	7	2	8	n/r	2	3	2	1	1	1	1	1	1
PERS	166	TANANA SD																		
PERS	169	TANANA, CITY OF	Yes	4	2	9	1	7	1	5	n/r	2	7	2	9	1	1	1	3	2
PERS	206	THORNE BAY, CITY OF	Yes	1	2	9	2	8	1	1	n/r	1	1	1	1	2	1	1	9	1
PERS	279	TILINGIT-HAIDA RHA																		
PERS	280	TOKSOOK BAY, CITY OF																		
PERS	249	UNALAKLEET, CITY OF	Yes	n/r	n/r	n/r	n/r	8	n/r	9	Yes	n/r	9	n/r	2	n/r	1	n	7	n/r
PERS	209	UNALASKA CITY SD	Yes	2	2	5	2	9	1	3	n/r	2	7	2	5	2	2	1	5	2
PERS	179	UNALASKA, CITY OF	Yes	2	1	9	1	6	2	6	n/r	2	6	2	2	1	2	1	2	1
PERS	113	UNIVERSITY OF ALASKA																		
PERS	137	VALDEZ CITY SD	Yes	2	1	4	1	8	1	7	n/r	2	1	1	8	1	1	1	1	1
PERS	107	VALDEZ, CITY OF	Yes	3	2	5	3	7	2	5	Yes	2	7	2	1	2	1	2	5	2
PERS	131	WASILLA, CITY OF																		
PERS	202	WHITTIER, CITY OF																		
PERS	146	WRANGELL PUBLIC SD																		
PERS	135	WRANGELL, CITY OF	Yes	9	2	9	2	6	1	7	No	1	9	1	5	1	7	1	1	1
PERS	264	YAKUTAT SD	Yes	5	2	5	n/r	5	2	2	No	n/r	7	n/r	7	n/r	1	1	3	1
PERS	248	YAKUTAT, CITY AND BOROUGH OF	Yes	1	2	7	2	9	2	8	No	3	7	2	1	2	1	1	2	2
PERS	195	YUPIII SD	Yes	1	1	4	2	7	2	3	n/r	1	3	2	3	2	2	1	2	2
PERS	160	YUKON / KOYUKUK SD																		
PERS	159	YUKON FLATS SD	Yes	1	3	1	3	1	3	1	n/r	1	9	3	1	3	1	1	1	1
		PERS AVERAGE RESPONSE																		
IRS	737	ALASKA DEPARTMENT OF EDUCATION	Yes	3	2	5	2	7	2	3	n/r	2	5	2	5	2	4	2	2	2
IRS	766	ALASKA GATEWAY SD	Yes	9	1	9	1	5	2	5	No	3	7	2	1	1	1	1	9	1
IRS	758	ALEUTIAN REGION SD																		
IRS	780	ALEUTIANS EAST PROC JGM SD	Yes	8	2	8	2	6	2	8	n/r	2	8	2	7	2	2	1	3	2
IRS	701	ANCHORAGE SD	Yes	2	1	7	2	5	2	5	n/r	2	8	2	5	1	7	1	3	2
IRS	770	ANNETTE ISLAND SD	Yes	9	1	9	1	7	1	7	n/r	2	1	1	1	1	1	1	9	1
IRS	752	BERING STRAIT SD																		
IRS	742	BRISTOL BAY BOROUGH SD	Yes	2	2	5	2	8	1	4	n/r	2	4	2	8	1	1	1	3	1
IRS	768	CHATHAM SD																		
IRS	771	CHUGACH SD	Yes	3	2	5	3	5	2	5	n/r	2	7	2	1	2	1	1	2	2
IRS	767	COPPER RIVER SD	Yes	7	2	7	2	7	2	7	No	2	9	2	9	2	1	1	2	2
IRS	704	CORDOVA CITY SD	Yes	1	1	3	1	9	1	5	No	2	9	1	1	1	7	1	1	1
IRS	705	CRAIG CITY SD	Yes	9	1	7	2	9	1	7	n/r	3	5	2	7	2	1	1	9	1
IRS	785	DELTA/GREELY SD	Yes	9	1	9	1	7	2	6	n/r	2	9	1	5	2	1	1	6	2

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

Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June 7, 2004

Division of Retirement & Benefits

		2/7/2005 14:11		RPY	1	IMP	2	IMP	3	IMP	4	Reciprocal rights	IMP	5	IMP	6	IMP	7	IMP	8	IMP
		Yellow = Employer Responded		Yes		1=VI						Yes									
		NR = Employer Did Not Respond to Specific Question		NR		2=SWI						No									
		Green = Employer Would Not Participate in Survey		WP		3=NI						n/r=no rsp									
Fund	Num	Employer	Incomplete =																		
TRS	764	DENALI BOROUGH SD		Yes	7	2	7	2	3	2	2	n/r	1	9	1	2	1	1	1	1	1
TRS	744	DILLINGHAM CITY SD																			
TRS	706	FAIRBANKS NORTH STAR BOROUGH SD		Yes	2	2	9	2	8	2	9	No	2	5	2	9	2	5	2	2	2
TRS	735	GALENA CITY SD		WP																	
TRS	707	HAINES BOROUGH SD																			
TRS	708	HOONAH CITY SD																			
TRS	709	HYDABURG CITY SD		Yes	5	2	1	2	6	2	7	n/r	2	5	2	2	2	1	1	1	1
TRS	761	IDITAROD AREA SD		Yes	2	2	5	3	5	3	8	No	3	5	3	7	3	2	1	8	2
TRS	710	JUNEAU BOROUGH SD		Yes	3	2	8	2	5	2	9	n/r	3	5	3	9	3	1	1	2	1
TRS	712	KAKE CITY SD		Yes	n/r	n/r	n/r	n/r	n/r	n/r	1	n/r	1	1	1	3	1	3	1	7	2
TRS	777	KASHUNAMIUT SD		Yes	4	1	4	1	4	2	1	n/r	1	1	1	1	1	1	1	9	1
TRS	746	KENAI PENINSULA BOROUGH SD		Yes	2	1	9	1	8	1	7	No	2	8	1	9	1	7	1	2	1
TRS	714	KETCHIKAN GATEWAY BOROUGH SD		Yes	3	2	4	2	7	2	8	n/r	3	8	2	9	1	2	1	8	2
TRS	717	KLAWOCK CITY SD		Yes	1	1	2	1	5	1	2	n/r	2	9	1	9	1	1	1	8	2
TRS	718	KODIAK ISLAND BOROUGH SD		Yes	4	2	5	2	5	n/r	4	yes	2	8	2	6	2	3	1	4	2
TRS	755	KUSPUK SD		Yes	5	n/r	4	n/r	7	n/r	5	No	n/r	1	n/r	5	n/r	1		4	n/r
TRS	757	LAKE AND PENINSULA BOROUGH SD		Yes	8	2	1	1	8	2	3	No	1	5	3	2	1	1		2	1
TRS	754	LOWER KUSKOKWIM SD																			
TRS	753	LOWER YUKON SD																			
TRS	722	MATANUSKA-SUSITNA BOROUGH SD		Yes	1	1	1	2	7	2	7	n/r	2	6	2	9	1	8	2	3	2
TRS	719	NENANA CITY SD																			
TRS	720	NOME CITY SD		Yes	3	2	5	2	6	2	4	n/r	2	2	3	5	2	2	1	3	1
TRS	736	NORTH SLOPE BOROUGH SD		Yes	2	1	9	3	8	1	7	No	1	9	1	9	1	5	2	1	1
TRS	751	NORTHWEST ARCTIC BOROUGH SD		Yes	8	3	8	3	9	3	9	n/r	3	9	3	8	3	8	3	3	3
TRS	723	PELICAN CITY SD																			
TRS	724	PETERSBURG CITY SD		Yes	3	2	5	2	7	2	7	n/r	1	9	1	1	1	1	1	7	1
TRS	759	PRIIBILOF SD		Yes	3	2	3	2	7	1	3	n/r	2	2	2	2	1	1	1	8	1
TRS	748	SAINT MARY'S SD																			
TRS	727	SITKA BOROUGH SD		Yes	1	1	3	2	7	2	3	n/r	1	8	1	5	2	1	1	1	1
TRS	728	SKAGWAY CITY SD																			
TRS	789	SOUTHEAST ISLAND SD		Yes	1	1	9	1	5	2	1	yes	2	1	1	1	1	1	1	9	1
TRS	743	SOUTHEAST REGIONAL RESOURCE CTR																			
TRS	758	SOUTHWEST REGION SD																			
TRS	779	SPECIAL EDUCATION SERVICE AGENCY		Yes	3	2	3	2	3	1	2	n/r	1	2	2	1	1	1	1	3	2
TRS	775	TANANA SD																			
TRS	729	UNALASKA CITY SD		Yes	2	2	5	2	9	1	3	n/r	2	7	2	5	2	2	1	5	2
TRS	733	UNIVERSITY OF ALASKA																			
TRS	730	VALDEZ CITY SD		Yes	2	1	4	1	8	1	7	n/r	2	1	1	8	1	1	1	1	1
TRS	731	WRANGELL PUBLIC SD																			
TRS	732	YAKUTAT SD		Yes	5	2	5	n/r	5	2	2	No	n/r	7	n/r	7	n/r	1	1	3	1
TRS	782	YUKON / KOYUKUK SD																			
TRS	783	YUKON FLATS SD		Yes	1	3	1	3	1	3	1	n/r	1	9	3	1	3	1	1	1	1
TRS	778	YUPIIT SD		Yes	1	1	4	2	7	2	3	n/r	1	3	2	3	2	2	1	2	2
		TRS AVERAGE RESPONSE																			
		COMBINED PERS - TRS AVERAGE																			
UNIONS																					
		ASEA (GGU)																			
		APEA (SU)																			
		LTC (Local 71)																			
		PSEA (AA & CO)		WP																	
		IBU (MM)																			
		MM&P (CC)																			
		MEBA (BB)																			
		AVTECTA (TA)																			

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Public Employees' Retirement System (PERB) & Teachers' Retirement System (TRB)																				
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June 7, 2004																				
Division of Retirement & Benefits																				
	2/7/2005 14:11		RPY	1	IMP	2	IMP	3	IMP	4	Percent rights	IMP	5	IMP	6	IMP	7	IMP	8	IMP
	Yellow = Employer Responded	Yes			1=VI						Yes									
	NR = Employer Did Not Respond to Specific Question	NR			2-SWI						No									
	Green = Employer Would Not Participate in Survey	WP			3=NI						no resp									
Fund	Num	Employer	Incomplete =	INC																
		TEAME (TM)																		
		NEA (Alaska)	Yes	1	1	9	2	7	2	9	nt	3	9	1	3	1	2	1	9	3
		CEA (KK)																		
		UNION'S AVERAGE RESPONSE																		
		Responded to survey																		
		Want Participate - received response																		

Public Employees' Retirement System (PERS) & Teachers' Rel																				
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June																				
Division of Retirement & Benefits																				
										AGE	AGE			YEARS	YEARS					
		2/7/2005 14:11	9	IMP	10	IMP	11	IMP	12	RANGE	RANGE			RANGE	RANGE					
										BOT	TOP	IMP	13	BOT	TOP	IMP	14	IMP	15	
										n/r=no resp				n/r=no resp						
ER																				
Fund	Num	Employer																		
PERS	208	AKUTAN, CITY OF	7	2	5	3	7	3	8	n/r	n/r	3	5	n/r	65	2	6	3	6	2
PERS	255	ALASKA GATEWAY SD	1	1	1	1	1	1	8	n/r	n/r	2	8	n/r	n/r	2	2	2	1	1
PERS	152	ALASKA HOUSING FINANCE CORP	1	1	1	1	8	1	7	n/r	n/r	2	7	n/r	n/r	2	3	2	2	1
PERS	108	ALASKA MUNICIPAL LEAGUE	5	1	5	2	9	1	9	65	70	3	9	n/r	70	3	9	3	5	1
PERS	101	ALASKA STATE HF	5	2	5	2	5	2	3	n/r	n/r	2	3	n/r	n/r	2	9	1	9	1
PERS	267	ALEUTIAN HOUSING AUTHORITY																		
PERS	162	ALEUTIAN REGION SD																		
PERS	230	ALEUTIANS EAST BOROUGH																		
PERS	244	ALEUTIANS EAST BOROUGH SD	2	1	2	1	8	2	8	n/r	n/r	2	8	n/r	n/r	2	8	2	2	1
PERS	245	ALEUTIANS WEST CRSA																		
PERS	259	ALLAKAKET, CITY OF																		
PERS	203	ANCHORAGE PARKING AUTHORITY	3	1	1	1	7	2	8	n/r	n/r	1	8	n/r	n/r	n/r	9	2	3	1
PERS	111	ANCHORAGE SD	2	1	3	1	3	2	8	n/r	n/r	2	8	n/r	n/r	2	8	1	7	1
PERS	173	ANCHORAGE MUNICIPALITY OF	8	1	2	1	5	2	8	n/r	n/r	1	5	n/r	n/r	2	5	2	3	2
PERS	283	ANDERSON, CITY OF	1	1	1	1	2	1	6	n/r	n/r	1	5	n/r	n/r	1	6	2	5	1
PERS	289	ANGOON, CITY OF																		
PERS	103	ANNETTE ISLAND SD	1	1	1	1	1	1	1	n/r	60	1	2	n/r	40	2	1	1	1	2
PERS	243	ATKA, CITY OF	5	2	5	2	1	2	9	n/r	n/r	3	9	n/r	n/r	3	1	3	5	2
PERS	281	BARANOF ISLAND HA	3	2	5	2	7	1	4	n/r	60	2	3	n/r	n/r	2	4	2	3	2
PERS	171	BARROW, CITY OF	4	2	4	2	4	2	5	n/r	n/r	2	3	n/r	n/r	1	4	2	3	1
PERS	219	BARTLETT REGIONAL HOSPITAL	2	1	2	1	7	2	7	n/r	n/r	2	7	n/r	n/r	2	3	2	2	1
PERS	104	BERING STRAIT SD																		
PERS	232	BERING STRAITS CRSA																		
PERS	270	BERING STRAITS RHA	4	2	3	1	8	2	2	n/r	n/r	2	3	n/r	n/r	2	4	2	4	2
PERS	136	BETHEL, CITY OF																		
PERS	144	BRISTOL BAY BOROUGH	3	2	5	2	7	2	8	n/r	n/r	2	8	n/r	n/r	2	5	2	9	1
PERS	184	BRISTOL BAY BOROUGH SD	1	1	1	1	1	1	3	n/r	n/r	2	3	n/r	n/r	2	3	2	8	1
PERS	223	BRISTOL BAY RHA																		
PERS	105	CHATHAM SD																		
PERS	121	CHUGACH SD	3	2	3	2	1	1	9	n/r	n/r	3	9	n/r	n/r	3	9	3	9	3
PERS	262	COOK INLET HOUSING AUTHORITY																		
PERS	224	COPPER RIVER BASIN RHA	3	2	3	2	6	2	4	n/r	n/r	2	6	2	5	2	5	2	3	1
PERS	112	COPPER RIVER SD	1	1	3	2	8	1	9	n/r	n/r	2	1	n/r	20+	1	9	1	8	2
PERS	185	CORDOVA CITY SD	2	1	2	1	4	2	7	n/r	n/r	2	2	n/r	20	2	2	1	1	1
PERS	163	CORDOVA COMMUNITY MEDICAL CENTER																		
PERS	148	CORDOVA, CITY OF																		
PERS	204	CRAIG CITY SD	1	1	1	1	1	1	3	55	60	2	3	n/r	55	2	4	2	4	2
PERS	186	CRAIG, CITY OF	3	n/r	n/r	n/r	8	n/r	7	n/r	n/r	n/r	8	n/r	n/r	3	3	2	8	2
PERS	282	DELTA JUNCTION, CITY OF	n/r	n/r	n/r	n/r	9	1	9	n/r	n/r	1	9	n/r	n/r	1	9	n/r	5	2
PERS	246	DELTA/GREELY SD	1	1	1	1	9	1	7	n/r	n/r	2	7	n/r	n/r	2	9	1	9	1
PERS	258	DENALI BOROUGH	4	2	3	2	4	2	8	n/r	n/r	2	8	n/r	n/r	2	4	2	7	2
PERS	118	DENALI BOROUGH SD	1	1	1	1	1	1	9	n/r	n/r	1	9	n/r	n/r	1	2	1	4	1
PERS	205	DILLINGHAM CITY SD																		
PERS	178	DILLINGHAM, CITY OF	5	1	9	1	9	2	9	n/r	n/r	3	9	n/r	n/r	3	9	3	8	2
PERS	292	EEK, CITY OF																		
PERS	271	EGEGIK, CITY OF																		
PERS	242	ELIM, CITY OF																		
PERS	116	FAIRBANKS NORTH STAR BOROUGH																		
PERS	117	FAIRBANKS NORTH STAR BOROUGH SD	5	2	1	2	8	2	1	n/r	60	2	1	n/r	30	1	8	2	5	2
PERS	129	FAIRBANKS, CITY OF																		
PERS	183	FORT YUKON, CITY OF	9	3	1	2	5	2	5	n/r	n/r	3	5	n/r	n/r	2	7	2	5	3
PERS	141	GALENA CITY SD																		
PERS	192	GALENA, CITY OF																		
PERS	189	HAINES BOROUGH																		
PERS	240	HAINES BOROUGH SD																		
PERS	215	HOMER, CITY OF	1	1	1	1	4	1	3	55	60	1	5	n/r	30	2	6	2	1	1
PERS	138	HOONAH CITY SD																		
PERS	199	HOONAH, CITY OF																		
PERS	285	HOOPER BAY, CITY OF	8	2	9	1	8	2	7	n/r	n/r	3	9	n/r	n/r	1	8	2	8	2

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Public Employees' Retirement System (PERS) & Teachers' Retirement System - EMPLOYER SURVEY RESULTS - June																				
Division of Retirement & Benefits																				
2/1/2005 14 11		9	IMP	10	IMP	11	IMP	12	AGE RANGE BOT	AGE RANGE TOP	IMP	13	YEARS RANGE BOT	YEARS RANGE TOP	IMP	14	IMP	15	IMP	
		Yellow = Employer Responded																		
		NR = Employer Did Not Respond to Specific Question																		
		Green = Employer Would Not Participate in Survey																		
Fund	ER Num	Employer	Incomplete -																	
PERS	235	HUSLIA, CITY OF	7	2	6	2	8	1	9	n/r	65	1	9	n/r	n/r	1	8	2	8	2
PERS	168	HYDABURG CITY SD	1	1	1	1	6	2	9	n/r	n/r	1	9	n/r	n/r	2	3	2	5	2
PERS	124	IDITAROD AREA SD	1	1	1	2	2	1	4	n/r	n/r	3	5	n/r	n/r	2	8	3	2	2
PERS	275	ILISAGVIK COLLEGE																		
PERS	203	INTERIOR RHA																		
PERS	284	INTER-ISLAND FERRY AUTHORITY	7	2	4	1	7	1	8	n/r	n/r	2	8	n/r	n/r	2	5	2	6	1
PERS	108	JUNEAU BOROUGH SD	1	1	1	1	1	n/r	9	n/r	n/r	1	2	n/r	n/r	1	7	2	1	1
PERS	126	JUNEAU, CITY AND BOROUGH OF																		
PERS	260	KACHEMAK, CITY OF																		
PERS	265	KAKE CITY SD	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	2
PERS	277	KAKE, CITY OF																		
PERS	237	KALTAG, CITY OF																		
PERS	211	KASHUNAMIUT SD	9	1	1	1	1	1	9	n/r	n/r	1	9	n/r	n/r	1	1	1	1	1
PERS	180	KENAI PENINSULA BOROUGH	4	2	4	2	3	1	8	2	n/r	2	5	n/r	n/r	1	8	1	7	2
PERS	190	KENAI PENINSULA BOROUGH SD	8		5	1	8	1	1	n/r	60	1	1	n/r	30	1	8	1	8	1
PERS	115	KENAI, CITY OF	5	1	5	1	9	1	7	n/r	n/r	2	7	n/r	n/r	2	7	2	9	1
PERS	122	KETCHIKAN GATEWAY BOROUGH																		
PERS	177	KETCHIKAN GATEWAY BOROUGH SD	1	1	1	1	9	3	8	60	65	2	8	n/r	30	2	6	2	3	2
PERS	181	KETCHIKAN, CITY OF																		
PERS	151	KING COVE, CITY OF	1	1	2	1	4	2	8	n/r	n/r	2	8	n/r	n/r	2	3	2	3	2
PERS	231	KIVALINA, CITY OF																		
PERS	251	KLAWOCK CITY SD	1	1	1	1	5	n/r	8	n/r	n/r	2	8	n/r	n/r	2	3	1	9	2
PERS	227	KLAWOCK, CITY OF																		
PERS	174	KODIAK ISLAND BOROUGH																		
PERS	158	KODIAK ISLAND BOROUGH SD	7	1	4	2	7	1	3	55	65	1	3	25	30	1	5	2	4	2
PERS	128	KODIAK, CITY OF																		
PERS	140	KOTZEBUE, CITY OF	1	1	1	1	4	1	1	55	60	1	3	20	30	1	1	1	1	1
PERS	287	KCYUK, CITY OF																		
PERS	125	KUSPUK SD																		
PERS	247	LAKE AND PENINSULA BOROUGH	1	1	1	1	1	1	9	n/r	n/r	1	9	n/r	n/r	1	9	1	5	1
PERS	164	LAKE AND PENINSULA BOROUGH SD	1	1	1	1	1	1	3	n/r	n/r	2	3	2	n/r	2	2	1	1	1
PERS	157	LOWER KUSKOKWIM SD																		
PERS	153	LOWER YUKON SD																		
PERS	268	MARSHALL, CITY OF (AKA FORTUNA LEDGE)																		
PERS	109	MATANUSKA-SUSITNA BOROUGH																		
PERS	110	MATANUSKA-SUSITNA BOROUGH SD	7	2	5	2	1	1	9	n/r	60	1	9	n/r	30	1	1	1	9	1
PERS	254	MEKORYUK, CITY OF	5	2	5	2	6	2	6	n/r	n/r	2	4	n/r	n/r	2	6	2	3	2
PERS	196	NENANA CITY SD																		
PERS	193	NENANA, CITY OF	1	2	1	2	9	2	2	62	65	1	3	n/r	20	1	3	2	9	1
PERS	149	NOME CITY SD	7	2	4	2	8	3	2	55	60	2	8	n/r	n/r	3	7	3	8	3
PERS	175	NOME JOINT UTILITY SYSTEM	1	1	1	1	1	1	3	58	62	2	6	n/r	25	2	5	3	1	1
PERS	139	NOME, CITY OF	2	2	1	2	1	2	7	n/r	n/r	2	4	10	15	2	7	n/r	7	2
PERS	241	NOORVIK, CITY OF																		
PERS	170	NORTH PACIFIC FISHERY MGMT COUNCIL	3	2	3	2	7	2	7	n/r	n/r	2	7	n/r	n/r	2	3	2	7	2
PERS	276	NORTH PACIFIC RIM HA	1	1	1	1	1	1	9	n/r	n/r	1	9	n/a	n/a	1	1	1	3	1
PERS	191	NORTH POLE, CITY OF																		
PERS	145	NORTH SLOPE BOROUGH	4	2	3	1	3	2	8	n/r	n/r	3	7	n/r	n/r	2	1	1	3	2
PERS	161	NORTH SLOPE BOROUGH SD	9	1	1	1	n/r	n/r	1	n/r	n/r	1	1	n/r	30	1	9	1	4	2
PERS	220	NORTHWEST ARCTIC BOROUGH	5	2	5	2	5	2	5	n/r	n/r	2	5	n/r	20	2	5	2	5	2
PERS	154	NORTHWEST ARCTIC BOROUGH SD	5	3	3	2	7	2	7	n/r	n/r	2	7	n/r	n/r	2	8	2	4	3
PERS	288	NORTHWEST INUPIAT HOUSING AUTH																		
PERS	134	PALMER, CITY OF																		
PERS	257	PELICAN CITY SD																		
PERS	200	PELICAN, CITY OF	3	2	4	2	5	2	8	n/r	n/r	2	8	n/r	n/r	2	7	2	5	2
PERS	228	PETERSBURG CITY SD	1	1	1	1	6	2	7	n/r	n/r	2	7	n/r	n/r	2	8	2	1	1
PERS	187	PETERSBURG MEDICAL CENTER	9	3	9	3	9	3	1	n/r	65	1	5	n/r	n/r	3	7	2	2	2
PERS	143	PETERSBURG, CITY OF	1	1	9	1	9	1	3	65	70	2	8	n/r	n/r	2	9	1	9	1
PERS	156	PRIBILOF SD	1	1	1	1	1	1	9	n/r	n/r	3	9	n/r	20	3	1	1	2	1
PERS	266	QUINHAGAK, CITY OF																		

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Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS) - EMPLOYER SURVEY RESULTS - June 2005																					
Division of Retirement & Benefits																					
Fund	Nim	Employer	9		10		11		12		AGE RANGE BOT	AGE RANGE TOP	13		YEARS RANGE BOT	YEARS RANGE TOP	14		15		
			IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	IMP	
		2/7/2005 14:11																			
		Yellow = Employer Responded									n/r=no resp										
		NR = Employer Did Not Respond to Specific Question																			
		Green = Employer Would Not Participate In Survey																			
		Incomplete =																			
PERS	216	RUBY, CITY OF																			
PERS	258	SAINT GEORGE, CITY OF																			
PERS	221	SAINT MARYS SD																			
PERS	214	SAINT MARYS, CITY OF																			
PERS	172	SAINT PAUL, CITY OF	9	3	1	3	5	3	5	n/r	n/r	3	9	n/r	n/r	3	9	3	1	3	
PERS	178	SAND POINT, CITY OF	2	1	2	1	2	1	8	n/r	n/r	3	7	n/r	n/r	3	7	3	2	1	
PERS	278	SAXMAN SFAPORT																			
PERS	198	SAXMAN, CITY OF																			
PERS	222	SELAWICK, CITY OF	7	2	6	2	7	2	8	n/r	n/r	1	7	n/r	n/r	1	6	2	7	1	
PERS	288	SELDOVIA, CITY OF																			
PERS	182	SEWARD, CITY OF	7	n/r	3	n/r	8	3	8	n/r	n/r	3	8	n/r	n/r	3	9	2	1	1	
PERS	133	SITKA BOROUGH SD	3	2	4	2	7	1	9	60	65	9	9	n/r	n/r	25	3	1	1	3	1
PERS	165	SITKA COMMUNITY HOSPITAL	1	1	1	1	3	2	9	n/r	n/r	2	9	n/r	n/r	2	9	2	9	2	
PERS	120	SITKA, CITY AND BOROUGH OF	1	2	1	2	5	2	5	n/r	n/r	2	5	n/r	n/r	2	2	1	5	2	
PERS	225	SKAGWAY CITY SD																			
PERS	132	SKAGWAY, CITY OF	3	2	3	2	4	2	5	n/r	n/r	3	3	n/r	n/r	2	3	2	5	2	
PERS	123	SOLDOTNA, CITY OF	9	n/r	n/r	n/r	9	n/r	n/r	n/r	n/r	9	9	n/r	n/r	n/r	3	n/r	1	n/r	
PERS	155	SOUTHEAST ISLAND SD	1	1	1	1	1	2	9	n/r	n/r	1	9	n/r	n/r	1	9	1	4	2	
PERS	187	SOUTHEAST REGIONAL RESOURCE CTR																			
PERS	102	SOUTHWEST REGION SCHOOL DIST (SD)																			
PERS	218	SPECIAL EDUCATION SERVICE AGENCY	1	1	1	1	2	1	6	n/r	n/r	2	9	n/r	n/r	2	3	2	2	1	
PERS	186	TANANA SD																			
PERS	169	TANANA, CITY OF	1	1	1	1	2	2	8	n/r	n/r	3	8	n/r	n/r	2	8	2	8	2	
PERS	206	THORNE BAY, CITY OF	1	1	1	2	1	1	9	n/r	n/r	2	9	n/r	n/r	2	9	2	1	1	
PERS	279	TUNGIT-HAIDA RHA																			
PERS	280	TOKSOOK BAY, CITY OF																			
PERS	243	UNALAKLEET, CITY OF	1	n/r	1	n/r	1	n/r	9	n/r	n/r	n/r	9	n/r	n/r	n/r	8	n/r	5	n/r	
PERS	209	UNALASKA CITY SD	2	2	3	2	5	2	5	n/r	n/r	2	5	n/r	n/r	2	1	1	5	2	
PERS	179	UNALASKA, CITY OF	2	2	2	2	5	2	9	n/r	n/r	3	9	n/r	n/r	3	8	2	3	2	
PERS	113	UNIVERSITY OF ALASKA																			
PERS	137	VALDEZ CITY SD	3	1	1	1	1	1	1	25	30	1	2	n/r	30	1	6	2	9	2	
PERS	107	VALDEZ, CITY OF	1	2	1	2	n/r	n/r	4	n/r	n/r	2	8	n/r	n/r	2	2	1	8	2	
PERS	131	WASILLA, CITY OF																			
PERS	202	WHITTIER, CITY OF																			
PERS	146	WRANGELL PUBLIC SD																			
PERS	135	WRANGELL, CITY OF	1	1	1	2	5	2	9	n/r	n/r	1	3	n/r	n/r	2	1	1	1	1	
PERS	264	YAKUTAT SD	1	1	1	1	1	1	4	45	55	2	3	n/r	20	1	9	n/r	1	1	
PERS	248	YAKUTAT, CITY AND BOROUGH OF	1	1	1	1	4	2	6	n/r	n/r	2	2	n/r	25	2	2	2	1	1	
PERS	195	YUPIIT SD	2	1	3	2	3	2	3	n/r	50+	2	3	n/r	n/r	2	2	1	8	1	
PERS	160	YUKON / KOYUKUK SD																			
PERS	159	YUKON FLATS SD	1	1	1	1	1	1	9	n/r	n/r	1	9	n/r	n/r	1	9	3	1	1	
PERS AVERAGE RESPONSE																					
TRS	737	ALASKA DEPARTMENT OF EDUCATION	5	2	5	2	5	2	3	n/r	n/r	2	3	n/r	n/r	2	9	1	9	1	
TRS	766	ALASKA GATEWAY SD	1	1	1	1	1	1	8	n/r	n/r	2	8	n/r	n/r	2	2	2	1	1	
TRS	758	ALEUTIAN REGION SD																			
TRS	780	ALEUTIANS EAST BOROUGH SD	2	1	2	1	8	2	8	n/r	n/r	2	8	n/r	n/r	2	8	2	2	1	
TRS	701	ANCHORAGE SD	2	1	3	1	3	2	8	n/r	n/r	2	8	n/r	n/r	2	8	1	7	1	
TRS	770	ANNETTE ISLAND SD	1	1	1	1	1	1	1	n/r	60	1	2	n/r	40	2	1	1	1	2	
TRS	752	BERING STRAIT SD																			
TRS	742	BRISTOL BAY BOROUGH SD	1	1	1	1	1	1	3	n/r	n/r	2	3	n/r	n/r	2	3	2	8	1	
TRS	768	CHATHAM SD																			
TRS	771	CHUGACH SD	3	2	3	2	1	1	9	n/r	n/r	3	9	n/r	n/r	3	9	3	9	3	
TRS	767	COPPER RIVER SD	1	1	3	2	8	1	9	n/r	n/r	2	1	n/r	20+	1	9	1	8	2	
TRS	704	GORDOVA CITY SD	2	1	2	1	4	2	7	n/r	n/r	2	2	n/r	20	2	2	1	1	1	
TRS	705	CRAIG CITY SD	1	1	1	1	1	1	3	5b	60	2	3	n/r	55	2	4	2	4	2	
TRS	765	DELTA/GREELY SD	1	1	1	1	9	1	7	n/r	n/r	2	7	n/r	n/r	2	9	1	9	1	

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Public Employees' Retirement System (PERS) & Teachers' Ret																					
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June																					
Division of Retirement & Benefits																					
2/7/2005 14:11		9	IMP	10	IMP	11	IMP	12	AGE RANGE BOT	AGE RANGE TOP	IMP	13	YEARS RANGE BOT	YEARS RANGE TOP	IMP	14	IMP	15	IMP		
Yellow = Employer Responded									n/r=no rsp		n/r=no rsp										
NR = Employer Did Not Respond to Specific Question																					
Green = Employer Would Not Participate in Survey																					
Fund	Num	Employer	Incomplete =																		
TRS	764	DENALI BOROUGH SD		1	1	1	1	1	9	n/r	n/r	1	9	n/r	n/r	1	2	1	4	1	
TRS	744	DILLINGHAM CITY SD																			
TRS	706	FAIRBANKS NORTH STAR BOROUGH		5	2	1	2	8	2	1	n/r	60	2	1	n/r	30	1	8	2	5	2
TRS	735	GALENA CITY SD																			
TRS	707	HAINES BOROUGH SD																			
TRS	708	HOONAH CITY SD																			
TRS	709	HYDABURG CITY SD		1	1	1	1	6	2	9	n/r	n/r	1	9	n/r	n/r	2	3	2	5	2
TRS	761	IDITAROD AREA SD		1	1	1	2	2	1	4	n/r	n/r	3	5	n/r	n/r	2	8	3	2	2
TRS	719	JUNEAU BOROUGH SD		1	1	1	1	n/r	n/r	9	n/r	n/r	2	2	n/r	n/r	1	7	2	1	1
TRS	712	KAKE CITY SD		n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	n/r	7	2
TRS	777	KASHUNAMIUT SD		9	1	1	1	1	1	9	n/r	n/r	1	9	n/r	n/r	1	1	1	1	1
TRS	746	KENAI PENINSULA BOROUGH SD		8	1	5	1	8	1	1	n/r	60	1	1	n/r	30	1	8	1	8	1
TRS	714	KETCHIKAN GATEWAY BOROUGH SD		1	1	1	1	9	3	8	50	65	2	8	n/r	30	2	8	2	3	2
TRS	717	KLAWOCK CITY SD		1	1	1	1	5	n/r	8	n/r	n/r	2	8	n/r	n/r	2	3	1	9	2
TRS	718	KODIAK ISLAND BOROUGH SD		7	1	4	2	7	1	3	55	65	1	3	25	30	1	5	2	4	2
TRS	755	KUSPUK SD		4	n/r	5	n/r	6	n/r	9	n/r	n/r	n/r	7	n/r	n/r	n/r	7	n/r	4	n/r
TRS	757	LAKE AND PENINSULA BOROUGH SD		1	1	1	1	1	1	3	n/r	n/r	2	3	2	n/r	2	2	1	1	1
TRS	754	LOWER KUSKOKWIM SD																			
TRS	753	LOWER YUKON SD																			
TRS	722	MATANUSKA-SUSITNA BOROUGH SD		7	2	5	2	1	1	9	n/r	60	1	9	n/r	30	1	1	1	9	1
TRS	719	NENANA CITY SD																			
TRS	720	NOME CITY SD		7	2	4	2	8	3	2	55	60	2	8	n/r	n/r	3	7	3	8	3
TRS	736	NORTH SLOPE BOROUGH SD		9	1	1		n/r	n/r	1	n/r	n/r	1	1	n/r	30	1	9	1	4	2
TRS	751	NORTHWEST ARCTIC BOROUGH SD		2	3	5	3	6	3	8	n/r	n/r	3	5	n/r	n/r	3	6	3	2	3
TRS	723	PELICAN CITY SD																			
TRS	724	PETERSBURG CITY SD		1	1	1	1	6	2	7	n/r	n/r	2	7	n/r	n/r	2	8	2	1	1
TRS	759	PRIBILOF SD		1	1	1	1	1	1	9	n/r	n/r	3	9	n/r	20	3	1	1	2	1
TRS	748	SAINT MARY'S SD																			
TRS	727	SITKA BOROUGH SD		3	2	4	2	7	1	9	60	65	1	5	n/r	25	3	1	1	3	1
TRS	728	SKAGWAY CITY SD																			
TRS	769	SOUTHEAST ISLAND SD		1	1	1	1	1	2	9	n/r	n/r	1	9	n/r	n/r	1	9	1	4	2
TRS	743	SOUTHEAST REGIONAL RESOURCE CTR																			
TRS	756	SOUTHWEST REGION SD																			
TRS	779	SPECIAL EDUCATION SERVICE AGENCY		1	1	2	1	1	1	3	n/r	n/r	2	8	n/r	n/r	1	5	2	2	1
TRS	775	TANANA SD																			
TRS	729	UNALASKA CITY SD		2	2	3	2	5	2	5	n/r	n/r	2	5	n/r	n/r	2	1	1	5	2
TRS	733	UNIVERSITY OF ALASKA																			
TRS	730	VALDEZ CITY SD		3	1	1	1	1	1	1	25	30	1	2	n/r	30	1	6	2	9	2
TRS	731	WRANGELL PUBLIC SD																			
TRS	732	YAKUTAT SD		1		1	1	1	1	4	45	55	2	3	n/r	20	1	9	n/r	1	
TRS	762	YUKON / KOYUKUK SD																			
TRS	763	YUKON FLATS SD		1	1	1	1	1	1	9	n/r	n/r	1	9	n/r	n/r	1	9	3	1	1
TRS	778	YUPIIT SD		2	1	3	2	3	2	3	n/r	50+	2	3	n/r	n/r	2	2	1	8	1
TRS AVERAGE RESPONSE																					
COMBINED PERS - TRS AVERAGE																					
UNIONS																					
ASEA (GGU)																					
APEA (SU)																					
LTC (Local 71)																					
PSEA (AA & CO)																					
IBU (MM)																					
MM&P (CC)																					
MEBA (RB)																					
AVTECTA (TA)																					

Public Employees' Retirement System (PERS) & Teachers' Ret																				
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June																				
Division of Retirement & Benefits																				
		2/7/2005 14:11	16	IMP	17	18	IMP	19	IMP	20	IMP	21	IMP	22	IMP	23	IMP	24	IMP	25
		Yellow = Employer Responded																		
		NR = Employer Did Not Respond to Specific Question																		
		Green = Employer Would Not Participate in Survey																		
Fund	ER Num.	Employer	Incomplete =																	
PERS	208	AKUTAN, CI. OF	3	3	5	5	2	3	2	7	3	5	3	7	2	8	2	3	2	6
PERS	255	ALASKA GATEWAY SD	5	2	5	9	1	5	1	5	1	5	1	5	1	7	2	3	2	7
PERS	152	ALASKA HOUSING FINANCE CORP	8	1	7	3	2	8	1	2	1	3	1	7	2	8	2	7	2	5
PERS	106	ALASKA MUNICIPAL LEAGUE	5	1	5	5	1	5	1	n/r	n/r	3	1	5	1	9	1	4	2	5
PERS	101	ALASKA, STATE OF	1	1	1	1	1	1	1	8	2	1	1	1	1	7	2	6	2	3
PERS	267	ALEUTIAN HOUSING AUTHORITY																		
PERS	162	ALEUTIAN REGION SD																		
PERS	230	ALEUTIANS EAST BOROUGH																		
PERS	244	ALEUTIANS EAST BOROUGH SD	8	1	8	8	1	8	1	3	1	1	1	6	2	2	2	3	2	3
PERS	245	ALEUTIANS WEST CRSA																		
PERS	259	ALLAKAKET, CITY OF																		
PERS	203	ANCHORAGE PARKING AUTHORITY	5	2	3	7	2	8	2	9	2	7	1	8	1	9	1	5	3	9
PERS	111	ANCHORAGE SD	3	1	7	3	1	5	1	2	1	3	1	5	1	4	2	3	1	2
PERS	173	ANCHORAGE, MUNICIPALITY OF	7	2	3	3	2	7	2	2	1	2	1	3	2	8	1	2	1	5
PERS	283	ANDERSON, CITY OF	8	1	8	7	1	6	1	1	1	3	1	5	1	6	1	3	1	4
PERS	289	ANGOON, CITY OF																		
PERS	103	ANNETTE ISLAND SD	Inc	1	2	2	1	1	1	2	1	8	1	9	2	7	n/r	1	1	3
PERS	243	ATKA, CITY OF	6	2	6	6	2	6	2	4	2	6	2	6	2	3	2	2	2	2
PERS	281	BARANOF ISLAND HA	3	2	4	5	2	4	2	1	1	2	2	4	2	6	2	7	2	2
PERS	171	BARROW, CITY OF	3	2	5	5	2	5	2	5	2	4	2	5	2	6	2	4	2	4
PERS	219	BARTLETT REGIONAL HOSPITAL	5	2	3	7	1	3	2	3	1	1	1	5	1	2	2	3	2	3
PERS	104	BERING STRAIT SD																		
PERS	232	BERING STRAITS CRSA																		
PERS	270	BERING STRAITS RHA	6	2	n/r	6	1	2	1	4	2	4	2	4	2	2	1	4	2	5
PERS	136	BETHEL, CITY OF																		
PERS	144	BRISTOL BAY BOROUGH	1	1	9	9	1	1	1	1	2	5	2	6	1	5	2	5	2	5
PERS	184	BRISTOL BAY BOROUGH SD	5	2	3	3	1	5	2	4	2	2	1	2	1	3	2	5	2	5
PERS	223	BRISTOL BAY RHA																		
PERS	105	CHATHAM SD																		
PERS	121	CHUGACH SD	5	2	9	9	2	5	2	5	2	2	2	5	2	1	2	5	2	1
PERS	262	COOK INLET HOUSING AUTHORITY																		
PERS	224	COPPER RIVER BASIN RHA	7	2	8	3	2	6	2	4	2	4	2	5	2	2	2	2	2	3
PERS	112	COPPER RIVER SD	2	2	5	5	2	5	2	6	2	8	1	9	2	8	1	6	2	1
PERS	185	CORDOVA CITY SD	5	1	5	5	2	5	2	4	2	3	1	5	1	5	2	3	1	5
PERS	163	CORDOVA COMMUNITY MEDICAL CENTER																		
PERS	148	CORDOVA CITY OF																		
PERS	204	CRAIG CITY SD	5	1	5	5	1	5	2	7	3	5	1	3	1	5	2	6	2	3
PERS	186	CRAIG, CITY OF	5	2	5	5	n/r	3	2	3	n/r	1	n/r	5	n/r	6	n/r	5	n/r	3
PERS	282	DELTA JUNCTION, CITY OF	1	1	1	1	1	1	1	n/r	1	1	1	1	1	7	1	8	1	9
PERS	246	DELTA/GREELY SD	3	2	9	9	1	9	1	7	2	1	1	5	1	8	1	9	1	9
PERS	258	DENALI BOROUGH	4	2	4	4	2	4	2	5	2	8	2	6	2	6	2	3	2	8
PERS	118	DENALI BOROUGH SD	6	2	7	7	1	6	2	4	1	8	1	7	1	1	1	5	9	2
PERS	205	DILLINGHAM CITY SD																		
PERS	178	DILLINGHAM, CITY OF	8	2	8	5	1	7	2	8	3	2	1	2	1	5	1	8	1	7
PERS	292	EEK, CITY OF																		
PERS	274	EGEGIK, CITY OF																		
PERS	242	ELIM, CITY OF																		
PERS	116	FAIRBANKS NORTH STAR BOROUGH																		
PERS	117	FAIRBANKS NORTH STAR BOROUGH SD	5	1	5	5	2	7	2	8	2	1	1	3	2	2	2	7	2	4
PERS	179	FAIRBANKS, CITY OF																		
PERS	183	FORT YUKON, CITY OF	4	3	9	9	1	4	2	5	2	3	2	4	2	2	2	1	1	5
PERS	141	GALENA CITY SD																		
PERS	192	GALENA, CITY OF																		
PERS	189	HAINES BOROUGH																		
PERS	240	HAINES BOROUGH SD																		
PERS	215	HOMER, CITY OF	6	1	7	7	1	7	1	5	1	4	n/r	7	1	7	1	3	1	3
PERS	138	HOONAH CITY SD																		
PERS	199	HOONAH, CITY OF																		
PERS	285	HOOPER BAY, CITY OF	8	2	8	n/r	2	8	2	7	3	9	1	9	1	8	2	9	1	8

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Public Employees' Retirement System (PERS) & Teachers' Ret																				
Tier IV / III Commitee - EMPLOYER SURVEY RESULTS - June																				
Division of Retirement & Benefits																				
2/7/2005 14:11																				
Yellow = Employer Responded																				
NR = Employer Did Not Response to Specific Question																				
Green = Employer Would Not Participate in Survey																				
Fund	Num	Employer	Incomple =																	
PERS	235	HUSLIA, CITY OF	5	1	5	5	2	5	2	8	2	1	1	1	1	7	2	3	2	7
PERS	188	HYDABURG CITY SD	5	2	5	5	2	5	2	5	2	5	2	5	2	1	1	5	2	3
PERS	124	IDITAROD AREA SD	5	3	5	8	2	8	2	3	2	8	1	n/r	1	2	3	1	2	3
PERS	275	ILISAGVIK COLLEGE																		
PERS	263	INTERIOR RHA																		
PERS	284	INTER-ISLAND FERRY AUTHORITY	4	1	5	5	1	5	1	3	1	4	1	5	1	8	1	5	2	7
PERS	108	JUNEAU BOROUGH SD	8	2	2	9	1	2	2	3	2	2	1	5	2	8	2	6	2	5
PERS	126	JUNEAU, CITY AND BOROUGH OF																		
PERS	260	KACHEMAK, CITY OF																		
PERS	265	KAKE CITY SD	3	2	n/r	n/r	n/r	n/r	n/r	3	1	2	1	n/r	n/r	7	2	2	1	n/r
PERS	277	KAKE, CITY OF																		
PERS	237	KALTAG, CITY OF																		
PERS	211	KASHUNAMIUT SD	9	1	1	1	1	1	1	1	1	9	1	9	1	1	1	4	2	1
PERS	180	KENAI PENINSULA BOROUGH	5	2	3	7	2	5	2	3	2	3	1	3	1	6	2	4	3	7
PERS	190	KENAI PENINSULA BOROUGH SD	1	1	1	1	1	1	1	4	1	1	1	2	1	3	2	8	1	3
PERS	115	KENAI, CITY OF	1	1	1	1	1	1	1	4	1	1	1	1	1	1	1	4	2	2
PERS	122	KETCHIKAN GATEWAY BOROUGH																		
PERS	177	KETCHIKAN GATEWAY BOROUGH SD	9	2	1	7	2	7	2	2	2	4	3	7	2	9	2	3	3	3
PERS	181	KETCHIKAN, CITY OF																		
PERS	151	KING COVE, CITY OF	7	2	8	7	2	9	1	8	2	7	1	7	2	8	2	7	2	5
PERS	231	KIVALINA, CITY OF																		
PERS	251	KLAWOCK CITY SD	1	1	2	9	1	8	1	2	1	9	1	8	1	1	1	6	2	5
PERS	227	KLAWOCK, CITY OF																		
PERS	174	KODIAK ISLAND BOROUGH																		
PERS	158	KODIAK ISLAND BOROUGH SD	6	2	6	6	2	4	2	4	2	4	2	5	2	4	2	6	2	4
PERS	128	KODIAK, CITY OF																		
PERS	140	KOTZEBUE, CITY OF	9	1	3	5	1	4	2	3	2	3	1	1	1	9	1	5	3	5
PERS	287	KOYUK, CITY OF																		
PERS	125	KUSPUK SD																		
PERS	247	LAKE AND PENINSULA BOROUGH	7	2	1	9	18-1, 17-2	9	1	9	2	9	1	9	1	8	1	5	2	5
PERS	164	LAKE AND PENINSULA BOROUGH SD	6	2	6	6	2	3	1	3	1	6	1	9	1	1	2	8	1	7
PERS	157	LOWER KUSKOKWIM SD																		
PERS	153	LOWER YUKON SD																		
PERS	268	MARSHALL, CITY OF (AKA FORTUNA LEDGE)																		
PERS	109	MATANUSKA-SUSITNA BOROUGH																		
PERS	110	MATANUSKA-SUSITNA BOROUGH SD	1	1	1	1	1	5	2	2	1	1	1	5	2	1	1	3	2	4
PERS	254	MEKORYUK, CITY OF	5	2	8	6	2	6	2	5	2	4	2	6	2	6	2	5	2	5
PERS	196	NENANA CITY SD																		
PERS	193	NENANA, CITY OF	9	1	5	5	1	1	2	2	2	3	1	2	1	1	1	7	2	1
PERS	149	NOME CITY SD	7	1	2	8	3	8	3	8	3	3	2	2	2	4	3	8	3	6
PERS	175	NOME JOINT UTILITY SYSTEM	5	2	7	5	2	6	2	6	2	1	1	5	2	7	2	9	2	4
PERS	139	NOME, CITY OF	5	n/r	5	5	2	3	2	3	n/r	5	2	5	n/r	2	3	7	n/r	7
PERS	241	NOORVIK, CITY OF																		
PERS	170	NORTH PACIFIC FISHERY MGMT COUNCIL	3	2	4	4	2	4	2	7	2	4	2	6	2	3	2	3	2	7
PERS	278	NORTH PACIFIC RIM HA	1	1	6	8	1	2	2	1	1	5	2	4	2	7	2	1	1	1
PERS	191	NORTH POLE, CITY OF																		
PERS	145	NORTH SLOPE BOROUGH	5	2	8	7	2	6	2	1	1	5	1	4	2	9	1	1	1	6
PERS	161	NORTH SLOPE BOROUGH SD	5	2	5	8	2	6	2	8	2	1	2	2	1	2	2	8	1	2
PERS	220	NORTHWEST ARCTIC BOROUGH	5	2	5	5	2	5	2	5	2	5	2	5	2	8	2	5	2	5
PERS	154	NORTHWEST ARCTIC BOROUGH SD	5	3	5	5	3	5	3	4	3	3	2	5	2	9	3	3	3	7
PERS	288	NORTHWEST INUPIAT HOUSING AUTH																		
PERS	134	PALMER, CITY OF																		
PERS	257	PELICAN CITY SD																		
PERS	200	PELICAN, CITY OF	5	2	5	n/r	2	4	2	5	2	4	2	3	2	1	2	3	2	5
PERS	228	PETERSBURG CITY SD	8	1	1	1	1	9	1	7	3	9	1	9	1	4	3	3	2	5
PERS	187	PETERSBURG MEDICAL CENTER	7	1	7	7	2	2	2	2	2	1	1	2	1	9	2	3	2	5
PERS	143	PETERSBURG, CITY OF	1	1	1	1	1	1	1	1	1	1	1	1	1	9	1	1	3	9
PERS	156	PRIBILOF SD	5	1	8	2	1	8	2	2	1	8	1	7	1	8	1	8	1	3
PERS	266	QUINIGAK, CITY OF																		

Public Employees' Retirement System (PERS) & Teachers' Rel																					
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June																					
Division of Retirement & Benefits																					
2/7/2005 14:11																					
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Fund	ER	Num	Employer	Incomplete =																	
PERS	216		RUBY, CITY OF																		
PERS	256		SAINT GEORGE, CITY OF																		
PERS	221		SAINT MARY'S SD																		
PERS	214		SAINT MARY'S, CITY OF																		
PERS	172		SAINT PAUL, CITY OF	1	3	1	9	3	5	n/r	1	9	3	3	6	n/r	2	n/r	5	3	5
PERS	176		SAND POINT, CITY OF	1	1	1	9	2	1	1	3	2	3	1	5	1	8	1	7	2	3
PERS	278		SAXMAN SEAPORT																		
PERS	196		SAXMAN, CITY OF																		
PERS	222		SELAWICK, CITY OF	6	2	6	n/r	2	7	2	8	1	7	2	6	2	7	2	6	2	4
PERS	266		SELDOVIA, CITY OF																		
PERS	182		SEWARD, CITY OF	5	1	n/r	n/r	1	2	2	2	2	1	1	5	1	9	1	5	3	2
PERS	133		SITKA BOROUGH SD	5	1	1	9	1	9	1	1	1	2	1	9	1	9	1	9	1	8
PERS	185		SITKA COMMUNITY HOSPITAL	1	2	4	6	2	1	2	4	2	4	1	3	2	3	2	6	4	4
PERS	120		SITKA, CITY AND BOROUGH OF		1	5	5	2	5	2	2	1	5	1	5	2	2	1	1	1	2
PERS	225		SKAGWAY CITY SD																		
PERS	132		SKAGWAY, CITY OF	2	2		3	2	5	2	7	2	4	2	7	2	3	2	7	2	4
PERS	123		SOLDOTNA, CITY OF	9	n/r	9	1	n/r	9	n/r	1	n/r	1	n/r	5	n/r	1	n/r	1	n/r	1
PERS	155		SOUTHEAST ISLAND SD	4		1	1	1	1	1	1	2	1	1	1	1	9	2	5	3	3
PERS	167		SOUTHEAST REGIONAL RESOURCE CTR																		
PERS	102		SOUTHWEST REGION SCHOOL DIST (SD)																		
PERS	218		SPECIAL EDUCATION SERVICE AGENCY	8	1	9		1	3	2	1	1	8	1	6	1	5	1	5	1	8
PERS	166		TANANA SD																		
PERS	169		TANANA, CITY OF	5	2	5	5	2	2	2	8	2	4	2	5	2	1	1	5	3	7
PERS	206		THORNE BAY, CITY OF	9	1	9	1	2	9	1	1	1	1	1	1	1	1	1	5	2	5
PERS	279		TLINGIT-HAIDA RHA																		
PERS	280		TOKSOOK BAY, CITY OF																		
PERS	249		UNALAKLEET, CITY OF	3	n/r	4	n/r	n/r	6	n/r	7	n/r	3	n/r	9	n/r	8	n/r	5	n/r	5
PERS	209		UNALASKA CITY SD	7	2	7	3	2	7	2	2	1	1	1	3	2	3	2	8	1	7
PERS	179		UNALASKA, CITY OF	6	2	3	3	2	7	2	2	2	7	2	4	2	8	2	6	2	7
PERS	113		UNIVERSITY OF ALASKA																		
PERS	137		VALDEZ CITY SD	3	1	7	7	1	4	1	3	1	2	1	4	1	1	1	9	1	9
PERS	107		VALDEZ, CITY OF	2	2	5	1	2	1	1	9	1	5	1	5	1	5	n/r	3	1	7
PERS	131		WASILLA, CITY OF																		
PERS	202		WHITTIER, CITY OF																		
PERS	148		WRANGELL PUBLIC SD																		
PERS	135		WRANGELL, CITY OF	9	1	5	7	1	9	1	5	2	5	1	5	2	9	1	5	2	9
PERS	264		YAKUTAT SD	9	1	9	9	1	9	1	7	2	2	1	9	1	9	1	2	2	8
PERS	248		YAKUTAT, CITY AND BOROUGH OF	9	1	9	9	1	9	1	1	1	9	1	8	2	3	2	8	2	4
PERS	195		YUPIIT SD	2	1	2	2	2	2	1	2	1	4	2	2	2	2	1	3	2	3
PERS	180		YUKON / KOYUKUK SD																		
PERS	159		YUKON FLATS SD	9	1	9	9	1	9	1	9	1	9	1	9	1	9	1	1	1	1
PERS AVERAGE RESPONSE																					
TRS	737		ALASKA DEPARTMENT OF EDUCATION	1	1	1	1	1	1	1	8	2	1	1	1	1	7	2	6	2	3
TRS	766		ALASKA GATEWAY SD	5	2	5	9	1	5	1	5	1	5	1	5	1	7	2	3	2	7
TRS	758		ALEUTIAN REGION SD																		
TRS	780		ALEUTIANS EAST BOROUGH SD	8	1	8	8	1	8	1	3	1	1	1	6	2	2	2	3	2	3
TRS	701		ANCHORAGE SD	3	1	7	3	1	5	1	2	1	3	1	5	1	4	2	3	1	2
TRS	770		ANNETTE ISLAND SD	Inc	1	2	2	1	1	1	2	1	9	1	9	2	7	n/r	1	1	3
TRS	752		BERING STRAIT SD																		
TRS	742		BRISTOL BAY BOROUGH SD	5	2	3	3	1	5	2	4	2	2	1	2	1	3	2	5	2	5
TRS	768		CHATHAM SD																		
TRS	771		CHUGACH SD	5	2	9	9	2	5	2	5	2	2	2	5	2	1	2	5	2	1
TRS	767		COPPER RIVER SD	2	2	5	5	2	5	2	6	2	6	1	9	2	8	1	6	2	1
TRS	704		CORDOVA CITY SD	5	1	5	5	2	5	2	4	2	3	1	5	1	5	2	3	1	5
TRS	705		CRAIG CITY SD	5	1	5	5	1	5	2	7	3	5	1	3	1	5	2	6	2	3
TRS	765		DELTA/GREELY SD	3	2	9	9	1	9	1	7	2	1	1	5	1	8	1	9	1	9

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Public Employees' Retirement System (PERB) & Teachers' Ret																				
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June																				
Division of Retirement & Benefits																				
	2/7/2005 14:11	16	IMP	17	18	IMP	19	IMP	20	IMP	21	IMP	22	IMP	23	IMP	24	IMP	25	
	Yellow = Employer Responded																			
	NR = Employer Did Not Respond to Specific Question																			
	Green = Employer Won't Not Participate in Survey																			
ER																				
Fund	Num	Employer	incomplete =																	
		TEAME (TM)																		
		NEA (Alaska)	9	1	6	5	1	7	1	8	1	8	1	7	1	8	1	2	1	8
		CEA (KK)																		
		UNION'S AVERAGE RESPONSE																		
		Responded to survey																		
		Won't Participate - received response																		

Public Employees' Retirement System (PERS) & Teachers' Ret														
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June														
Division of Retirement & Benefits														
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IMP 26 IMP 27 IMP 28 IMP 29 29 29														
Yellow = Employer Responded														
NR = Employer Did Not Respond to Specific Question														
Green = Employer Would Not Participate in Survey														
Fund	Num	Employer	Incomplete =											
PERS	208	AKUTAN, CITY OF		2	2	1	5	2	5	3	26	n/r	n/r	Enka Trimmell, City Administrator
PERS	255	ALASKA GATEWAY SD		2	3	1	5	1	5	1	7	8	11	Carol Doyle, Superintendent
PERS	152	ALASKA HOUSING FINANCE CORP		3	5	2	7	2	7	2	1	7	16	Michael Butler, Chief Administrative Officer
PERS	106	ALASKA MUNICIPAL LEAGUE		2	3	1	n/r	1	6	1	n/r	n/r	n/r	Kevin Ritchie, Executive Director
PERS	101	ALASKA, STATE OF		2	1	1	2	1	6	2	27	26	16	
PERS	267	ALEUTIAN HOUSING AUTHORITY					WP							
PERS	182	ALEUTIAN REGION SD												
PERS	230	ALEUTIANS EAST BOROUGH												
PERS	244	ALEUTIANS EAST BOROUGH SD		2	2	1	8	1	7	2	7	15	21	Gary Jacobsen, Superintendent
PERS	245	ALEUTIANS WEST CRSA												
PERS	259	ALLAKAKET, CITY OF												
PERS	203	ANCHORAGE PARKING AUTHORITY		3	6	2	6	2	7	1	15	21	8	Mane Trueblood, Finance Director
PERS	111	ANCHORAGE SD		1	2	1	3	1	7	1	7	9	26	Eric Tollefsen, Ex. Director, HR
PERS	173	ANCHORAGE, MUNICIPALITY OF		2	2	1	2	1	7	1	4	10	20	Karen Moore, Dep. Director Employee Relations
PERS	283	ANDERSON, CITY OF		1	3	1	6	1	3	2	7	2	20	Nancy Hollis, City Clerk/Treasurer
PERS	289	ANGOON, CITY OF												
PERS	103	ANNETTE ISLAND SD		2	7	1	7	2	9	1	7	14	1	Robert Lang, Superintendent
PERS	243	ATKA, CITY OF		2	3	2	3	2	5	2	6	11	24	Julie Dirks, City Administrator
PERS	281	BARANOF ISLAND HA		1	7	2	6	2	7	3	25	7	15	Barl Meyer, Fiscal Officer
PERS	171	BARROW, CITY OF		2	3	1	4	2	4	2	6	10	23	Edith Vorderstrasse, Mayor
PERS	219	BARTLETT REGIONAL HOSPITAL		2	2	2	8	2	6	1	21	22	8	Kenneth Beattie, HR System Admin
PERS	104	BERING STRAIT SD												
PERS	232	BERING STRAITS CRSA												
PERS	270	BERING STRAITS RHA		2	7	2	7	2	7	2	9	19	23	Frank Barnus, Finance Director
PERS	136	BETHEL, CITY OF												
PERS	144	BRISTOL BAY BOROUGH		2	2	1	3	1	4	2	16	26	5	Ellen Skiles, Finance Director
PERS	184	BRISTOL BAY BOROUGH SD		2	1	1	7	2	6	2	6	1	10	Richard Hebbardt, Superintendent
PERS	223	BRISTOL BAY RHA												
PERS	105	CHATHAM SD												
PERS	121	CHUGACH SD		2	1	1	5	1	6	2	7	26	11	Adrienne Fleming, Business Manager
PERS	262	COOK INLET HOUSING AUTHORITY												
PERS	224	COPPER RIVER BASIN RHA		2	5	2	8	2	7	2	n/r	n/r	n/r	Kris Winter, Account Tech III
PERS	112	COPPER RIVER SD		2	1	1	7	2	6	2	25	13	22	Dr. James Elliot, Superintendent
PERS	185	CORDOVA CITY SD		3	5	1	5	1	5	2	21	6	8	Rebecca Dodge, Business Manager
PERS	163	CORDOVA COMMUNITY MEDICAL CENTER												
PERS	148	CORDOVA, CITY OF												
PERS	204	CRAIG CITY SD		2	1	1	7	2	5	2	7	8	26	Ronald Erickson, Superintendent
PERS	186	CRAIG, CITY OF		n/r	2	1	3	1	5	2	26	27	16	Jon Bolting, City Administrator
PERS	282	DELTA JUNCTION, CITY OF		1	3	1	1	1	5	n/r	n/r	n/r	n/r	Thomas Oibertson, Mayor
PERS	246	DELTA/GPEELY SD		1	9	1	9	1	8	1	1	26	16	Daniel Beck, Superintendent
PERS	258	DENALI BOROUGH		2	4	2	4	2	4	2	n/r	n/r	n/r	Amanda Nyberg, Admin Clerk/Treasurer
PERS	118	DENALI BOROUGH SD		1	3	1	5	2	7	2	n/r	n/r	n/r	Robert Whicker, Superintendent
PERS	205	DILLINGHAM CITY SD												
PERS	178	DILLINGHAM, CITY OF		2	2	1	3	1	6	1	5	3	24	Katy Bagerek, Finance Director
PERS	292	EEK, CITY OF												
PERS	271	EGEGIK, CITY OF												
PERS	242	ELIM, CITY OF												
PERS	116	FAIRBANKS NORTH STAR BOROUGH												
PERS	117	FAIRBANKS NORTH STAR BOROUGH SD		2	2	2	3	2	5	2	21	16	13	Dr. Ann Shortl, Superintendent
PERS	129	FAIRBANKS, CITY OF												
PERS	183	FORT YUKON, CITY OF		3	3	2	6	2	7	1	5	16	17	Tina Herbert, Accounting Clerk
PERS	141	GALENA CITY SD												
PERS	192	GALENA, CITY OF												
PERS	189	HAINES BOROUGH												
PERS	240	HAINES BOROUGH SD												
PERS	215	HOOPER, CITY OF		1	3	1	1	1	7	1	8	15	19	Dean Baugh, Finance Director
PERS	138	HOONAH CITY SD												
PERS	199	HOONAH, CITY OF												
PERS	285	HOOPER BAY, CITY OF		2	7	2	7	3	7	3	1	22	2	R. J. Murrin, City Administrator

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PuL: Employees' Retirement System (PERS) & Teachers' Ret													
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Fund	Num	Employer	IMP	26	IMP	27	IMP	28	IMP	29	29	29	
PERS	235	HUSLIA, CITY OF	2	2	1	7	1	5	3	1	26	24	Elaine Vent, City Administrator
PERS	168	HYDABURG CITY SD	2	3	2	5	2	5	1	1	6	7	Doreen Whitner
PERS	124	IDITAROD AREA SD	2	2	2	n/r	n/r	5	3	8	7	1	Sarah Hanuske-Hamilton, Superintendent
PERS	275	ILISAGVIK COLLEGE											
PERS	263	INTERIOR RHA											
PERS	284	INTER-ISLAND FERRY AUTHORITY	2	3	1	5	2	5	2	21	8	26	Dolores Owan, Manager of Accounting
PERS	108	JUNEAU BOROUGH SD	2	2	1	5	2	7	2	7	9	15	Gary Epperson, Business Manager
PERS	126	JUNEAU, CITY AND BOROUGH OF											
PERS	260	KACHEMAK, CITY OF											
PERS	265	KAKE CITY SD	n/r	2	1	8	1	5	1	26	4	5	Eric Gabhart, Superintendent
PERS	277	KAKE, CITY OF											
PERS	237	KALTAG, CITY OF											
PERS	211	KASHUNAMIUT SD	1	1	1	9	1	9	1	n/r	n/r	n/r	Jack Foster, Superintendent
PERS	180	KENAI PENINSULA BOROUGH	3	2	1	6	2	7	2	20	22	21	Scott Holt, Finance Director
PERS	19	KENAI PENINSULA BOROUGH SD	1	2	1	3	1	6	2	21	16	13	Melody Douglas, CFO
PERS	115	KENAI, CITY OF	2	1	1	1	1	5	2	6	15	26	Larry Semmens, Finance Director
PERS	122	KETCHIKAN GATEWAY BOROUGH											
PERS	177	KETCHIKAN GATEWAY BOROUGH SD	2	2	1	8	3	8	1	26	6	7	David Moens, Business Manager
PERS	181	KETCHIKAN, CITY OF											
PERS	151	KING COVE, CITY OF	2	4	2	8	2	7	2	4	2	9	Clark Corbridge, City Manager
PERS	231	KIVALINA, CITY OF											
PERS	251	KLAWOCK CITY SD	2	1	1	8	1	5	2	1	7	6	Richard Carlson, Superintendent
PERS	227	KLAWOCK, CITY OF											
PERS	174	KODIAK ISLAND BOROUGH											
PERS	158	KODIAK ISLAND BOROUGH SD	2	3	1	6	2	6	2	7	5	12	Jack Walsh, Director of Personnel & Student Services
PERS	128	KODIAK, CITY OF											
PERS	140	KOTZEBUE, CITY OF	3	5	2	7	2	5	2	7	12	18	Esther Greene, Finance Director
PERS	287	KOYUK, CITY OF											
PERS	125	KUSIYUK SD											Kim Langton, Superintendent
PERS	247	LAKE AND PENINSULA BOROUGH	3	5	2	5	2	7	2	5	11	18	Don Strand, Finance Officer
PERS	164	LAKE AND PENINSULA BOROUGH SD	2	6	1	6	2	6	2	2	7	9	Steve Atwater, Superintendent
PERS	157	LOWER KUSKOKWIM SD											
PERS	153	LOWER YUKON SD											
PERS	268	MARSHALL, CITY OF (AKA FORTUNA LEDGE)											
PERS	109	MATANUSKA-SUSITNA BOROUGH											
PERS	110	MATANUSKA-SUSITNA BOROUGH SD	2	1	1	3	2	6	2	12	13	11	Jack Sherman, Asst. Supt. Of Business
PERS	254	MEKORYUK, CITY OF	2	4	2	4	2	4	2	n/r	n/r	n/r	Edith Olan, City Clerk
PERS	196	NENANA CITY SD											
PERS	193	NENANA, CITY OF	1	1	1	3	2	5	2	13	12	5	Jason Mayrand, Mayor/Administrator
PERS	149	NOME CITY SD	3	5	1	5	1	8	1	28	25	7	Amy Lujan, Business Manager
PERS	175	NOME JOINT UTILITY SYSTEM	2	5	1	3	1	5	2	21	15	8	John Handeland, Gen. Mgr./Chief Operating Officer
PERS	139	NOME, CITY OF	n/r	2	n/r	8	n/r	7	n/r	4	6	7	Randolph Romonesko, City Manager
PERS	241	NOORVIK, CITY OF											
PERS	170	NORTH PACIFIC FISHERY MGMT COUNCIL	2	3	2	3	2	n/r	n/r	n/r	n/r	n/r	Gail Bendixen, Finance Officer/Executive Asst.
PERS	278	NORTH PACIFIC RIM HA	1	2	1	5	1	5	1	1	7	20	Barry Moring, Chief Financial Officer
PERS	191	NORTH POLE, CITY OF											
PERS	145	NORTH SLOPE BOROUGH	2	4	2	7	2	5	2	7	23	5	Denise Packer, Chief Administrative Officer
PERS	161	NORTH SLOPE BOROUGH SD	1	2	1	2	1	6	2	5	21	13	Lucienne Smith, Director of Business Affairs
PERS	270	NORTHWEST ARCTIC BOROUGH	2	5	2	5	2	5	2	12	25	6	Sharon Lie, Controller
PERS	154	NORTHWEST ARCTIC BOROUGH SD	3	4	2	7	2	6	3	20	21	26	John Baria, Site/Departmental Supervisor
PERS	288	NORTHWEST INUPIAT HOUSING AUTH											
PERS	134	PALMER, CITY OF											
PERS	257	PELICAN CITY SD											
PERS	200	PELICAN, CITY OF	2	5	2	2	2	4	2	27	6	1	Kathie Wasserman, Mayor
PERS	228	PETERSBURG CITY SD	3	1	1	8	1	7	1	6	26	7	Jenny Martens, Business Manager
PERS	187	PETERSBURG MEDICAL CENTER	3	3	2	5	2	9	1	21	28	12	John Bringham, CEO
PERS	143	PETERSBURG, CITY OF	2	9	1	9	3	5	1	6	10	19	Jean Mack, Finance Director
PERS	156	PRIIBILOF SD	1	3	1	7	1	8	1	26	27	6	Malcolm Fleming, Superintendent
PERS	266	QUINHAGAK, CITY OF											

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Public Employees' Retirement System (PERS) & Teachers' Ret													
Tier IV / III Committee - EMPLOYER SURVEY RESULTS - June													
Division of Retirement & Benefits													
2/7/2005 14:11													
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Fund	ER Num	Employer	Incomplete =										
PERS	216	RUBY, CITY OF											
PERS	256	SAINT GEORGE, CITY OF											
PERS	221	SAINT MARY'S SD											
PERS	214	SAINT MARY'S, CITY OF											
PERS	172	SAINT PAUL, CITY OF	3	5	3	7	3	5	3	27	15	n/r	Phyllis Swetzel, City Clerk
PERS	176	SAND POINT, CITY OF	2	2	1	7	1	5	2	26	23	19	Paul Day, City Administrator
PERS	278	SAXMAN SEAPORT											
PERS	198	SAXMAN, CITY OF											
PERS	222	SELAWICK, CITY OF	3	7	2	8	1	6	2	13	27	12	Roger Clark, Administrator
PERS	286	SELDOVIA, CITY OF											
PERS	182	SEWARD, CITY OF	1	1	1	9	1	9	1	n/r	n/r	n/r	Knabn, Erchinger, Finance Director
PERS	133	SITKA BOUROUGH SD	2	3	1	8	1	7	1	7	9	15	Steve Bradshaw, Superintendent
PERS	165	SITKA COMMUNITY HOSPITAL	2	5	2	6	2	6	2	7	8	6	Bill Patten, Jr., Administrator
PERS	120	SITKA, CITY AND BOROUGH OF	1	2	2	7	1	7	2	7	14	16	Mark Danielson, HR Director
PERS	225	SKAGWAY CITY SD											
PERS	132	SKAGWAY, CITY OF	2	3	2	6	2	5	2	1	6	26	Bob Ward, City Manager
PERS	123	SOLDOTNA, CITY OF	n/r	1	n/r	4	n/r	5	n/r	26	20	15	Marti Wilton, Finance Officer
PERS	155	SOUTHEAST ISLAND SD	2	1	1	8	2	9	1	26	1	7	Janet Strub, Asst. Superintendent
PERS	167	SOUTHEAST REGIONAL RESOURCE CTR											
PERS	102	SOUTHWEST REGION SCHOOL DIST (SD)											
PERS	218	SPECIAL EDUCATION SERVICE AGENCY	2	2	1	7	1	7	1	7	1	20	Duane Guley, Finance Officer
PERS	166	TANANA SD											
PERS	169	TANANA, CITY OF	2	4	1	3	2	5	2	7	9	10	Peter Patten, City Manager
PERS	206	THOPHE BAY, CITY OF	2	1	1	1	1	9	2	1	18	26	Stan Osborne, Mayor
PERS	279	TLINGIT-HAIDA RHA											
PERS	280	TOKSOOK BAY, CITY OF											
PERS	249	UNALAKLEET, CITY OF	n/r	1	n/r	5	n/r	5	n/r	n/r	n/r	n/r	David Sovlak, City Administrator
PERS	209	UNALASKA CITY SD	2	1	1	1	1	9	1	n/r	n/r	n/r	Holly Holman, Business Manager
PERS	179	UNALASKA, CITY OF	2	2	1	3	1	7	1	1	7	27	John Voss, Finance Director
PERS	113	UNIVERSITY OF ALASKA											
PERS	137	VALDEZ CITY SD	1	3	1	3	1	5	1	12	8	2	Ernie Marie, Superintendent
PERS	107	VALDEZ, CITY OF	1	3	1	n/r	n/r	6	1	14	26	28	David Dengel, City Manager
PERS	131	WASILLA, CITY OF											
PERS	202	WHITTIER, CITY OF											
PERS	146	WRANGELL PUBLIC SD											
PERS	135	WRANGELL, CITY OF	1	3	1	3	1	5	2	25	23	12	Jeff Jabusch, Finance Director
PERS	264	YAKUTAT SD	2	9	2	9	1	8	1	15	18	14	John Novak, Superintendent
PERS	248	YAKUTAT, CITY AND BOROUGH OF	2	5	2	7	2	5	2	17	16	6	Connie Klushkan, Finance Director
PERS	195	YUPIIT SD	2	2	1	2	2	8	1	7	10	15	Joe Slats, Superintendent
PERS	16C	YUKON / KOYUKUK SD											
PERS	159	YUKON FLATS SD	1	1	1	9	1	1	3	3	7	15	Dr. Darrell Hargraves, Superintendent
PERS AVERAGE RESPONSE													
IRS	737	ALASKA DEPARTMENT OF EDUCATION	2	1	1	2	1	6	2	27	26	16	
IRS	766	ALASKA GATEWAY SD	2	3	1	5	1	5	1	7	8	11	Carol Doyle, Superintendent
IRS	758	ALEUTIAN REGION SD											
IRS	780	ALEUTIANS EAST BOROUGH SD	2	2	1	8	1	7	2	7	15	21	Gary Jacobsen, Superintendent
IRS	701	ANCHORAGE SD	1	2	1	3	1	7	1	7	9	26	Eric Tollefsen, Ex Director, HR
IRS	770	ANNETTE ISLAND SD	2	7	1	7	2	9	1	7	14	1	Robert Lang, Superintendent
IRS	752	BERING STRAIT SD											
IRS	742	BRISTOL BAY BOROUGH SD	2	1	1	7	2	6	2	6	1	10	Richard Hebardt, Superintendent
IRS	768	CHATHAM SD											
IRS	771	CHUGACH SD	2	1	1	5	1	6	2	7	26	11	Adnanne Fleming, Business Manager
IRS	767	COPPER RIVER SD	2	1	1	7	2	6	2	25	13	22	Dr. James Elliot, Superintendent
IRS	704	CORDOVA CITY SD	3	5	1	5	1	5	2	21	6	8	Rebecca Dodge, Business Manager
IRS	705	CRAIG CITY SD	2	1	1	7	2	5	2	7	8	26	Ronald Erickson, Superintendent
IRS	765	DELTA/GREELY SD	1	9	1	9	1	8	1	1	26	16	Daniel Beck, Superintendent

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**DIVISION OF RETIREMENT AND BENEFITS
NUMBER OF RETIREMENTS BY FUND**

2004

Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	Non RIP
PERS	113	88	64	70	154	150	231	142	132	120	95	75	1434	
TRS	12	15	13	7	4	10	315	32	20	4	9	14	455	
NGNMRS	11	9	14	15	3	11	9	16	15	11	4	12	130	
JRS	0	0	0	0	0	0	0	0	3	2	0	0	5	
EPORS	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTALS	136	112	91	92	161	171	555	190	170	137	103	101	2024	

2003

Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	Non RIP
PERS	94	95	80	74	159	147	195	110	110	110	89	72	1335	
TRS	17	10	8	4	5	7	282	24	22	22	4	9	414	
NGNMRS	20	12	16	4	14	9	7	13	9	10	14	9	147	
JRS	0	0	0	0	0	0	0	0	0	0	0	2	2	
EPORS	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTALS	131	117	104	92	178	163	484	147	141	142	107	92	1898	

2002

Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	Non RIP
PERS	113	112	66	71	133	107	154	99	108	89	86	69	1207	
TRS	12	9	9	7	4	7	442	33	17	10	11	2	563	
NGNMRS	4	5	3	1	0	0	2	9	8	18	6	8	64	
JRS	0	0	0	1	0	0	0	1	0	0	0	0	2	
EPORS	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTALS	129	126	78	80	137	114	598	142	153	117	103	79	1836	

2001

Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	Non RIP
PERS	68	81	47	48	135	96	84	99	66	85	88		897	
TRS	11	8	2	3	1	8	256	35	10	12	10		556	
NGNMRS	0	1	0	1	0	0	1	0	0	1	6		10	
JRS													0	
EPORS													0	
TOTALS	79	90	49	52	136	104	341	134	76	98	104	60	1263	

MONTHLY RETIREMENT APPOINTMENTS BY FUND

2000														
Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	Jan was last RIP month.
PERS	223	52	34	49	82	99	77	105	86	84	65	50	1006	
TRS	12	10	7	8	15	11	218	27	13	4	10	4	339	
NGNMRS	4	3	8	17	4	0	1	1	1	2	0		41	
JRS		1							1	0	0		2	
EPORS									0	0	0		0	
TOTALS	239	66	49	74	101	110	296	133	101	90	75	54	1388	
1999														
Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	RIP Year
PERS	102	84	43	80	142	208	292	95	98	77	73	70	1364	
TRS	9	7	6	6	4	7	453	22	22	9	5	8	558	
NGNMRS	11	13	11	7	14	8	9	2	0	6	1	13	95	
JRS			1										1	
EPORS	1		0									1	2	
TOTALS	123	104	61	93	160	223	754	119	120	92	80	91	2020	
1998														
Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	RIP Year
PERS	118	124	77	77	91	154	141	80	71	104	70	37	1144	
TRS	7	8	10	11	4	10	453	12	12	5	3	8	543	
NGNMRS	4	4	12	6	10	8	2	31	8	3	10	8	106	
JRS	0											1	1	
EPORS	0							1					1	
TOTALS	129	136	99	94	105	172	596	124	91	112	83	54	1795	
1997														
Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	Begin 1/1/1997 RIP Year
PERS	103	87	77	73	127	142	369	116	84	65	75	46	1364	
TRS	19	17	12	8	6	8	574	24	7	5	7	21	708	
NGNMRS	10	13	6	8	1	23	1	8	9	8	0	7	94	
JRS													0	
EPORS													0	
TOTALS	132	117	95	89	134	173	944	148	100	78	82	74	2166	
1996														
Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	
PERS	57	52	30	30	55	85	125	67	56	68	52	61	738	
TRS	7	13	3	3	3	7	411	23	8	10	7	9	504	
NGNMRS	0	1	0	24	5	1	0	45	1	5	7	13	102	
JRS	0	0	0	0	0	1	0	1	0	1	0	1	4	
EPORS	1	0	0	0	0	0	0	1	0	1	0	1	4	
TOTALS	65	66	33	57	63	94	536	137	65	85	66	85	1352	

1995														
Month	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS	Non-RIP
PERS	54	51	30	39	27	90	112	73	64	51	55	34	690	
TRS	5	5	3	8	4	0	226	13	12	12	1	4	293	
NGNMRS	3	8	13	6	9	6	8	11	11	10	10	11	106	
JRS	0	0	0	0	0	1	0	0	0	0	0	0	1	
EPORS	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTALS	62	64	46	53	40	97	346	97	87	83	66	49	1090	

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Human Resource Consulting

One Union Square
600 University Street, Suite 3200
Seattle, WA 98101-3137
206 808 8800 Fax 206 382 0627
www.mercerHR.com

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SEP 07 2004

September 2, 2004

Div. of Ret. & Benefits

Ms. Melanie Millhorn
Director of Retirement and Benefits
State of Alaska
Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Subject:

Retiree Return under HB 242/SB 149

Dear Melanie:

As you described in your August 10 email, the legislation enacted in July of 2001 allows PERS and TRS retirees who retired under the normal retirement provisions to return to covered employment. Such retirees can sign an irrevocable waiver allowing the member to continue to receive his or her retirement benefit. Neither the employer nor the employee makes further contributions to the Retirement System. In your email you asked for an indication of the effect of this election on System funding. The chart that follows might help to illustrate this issue:

Number of Members Electing the Waiver	Increase in Average PERS Employer Contribution Rate	Increase in Average TRS Employer Contribution Rate
100	negligible	0.02%
500	0.01%	0.10%
1,000	0.02%	0.20%

A member who elects the waiver earns no additional benefits from the Retirement System. Therefore, such a member has no "normal cost" and there is no normal cost rate. However, a portion of the employer contribution for each member is needed to amortize the Systems' unfunded past service liability. This portion is referred to as the "past service rate." When a member elects the waiver, the payroll base that can be used to amortize the unfunded liability is reduced. A higher past service rate must be applied to the remaining payroll to arrive at the same payment towards the unfunded liability.

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SEP 07 2004

Div. of Ret. & Benefits

Page 2

September 2, 2004

Ms. Melanie Millhorn

State of Alaska

The waivers have a greater impact on employer rates for TRS than PERS. This is because (1) the total payroll for PERS is higher so the loss of one member's contribution to the unfunded has a smaller impact and (2) the current past service rate for TRS is almost twice as high as PERS. Our analysis is extremely dependent on the current funded status of the Systems. For example, if the Systems were 100 percent funded and remained so, the waiver would have virtually no impact on employer rates.

We based our analysis on actuarial valuation information as of June 30, 2003. We assumed annual earnings for returning retirees of \$46,000 for PERS and \$64,000 for TRS. This is based on the average annual earning of current active PERS and TRS members of ages 55 to 59.

We hope you find this information helpful. Please call if you have any questions.

Sincerely,



Robert M. Reynolds ASA, MAAA

RMR/CMB/kmp

Copy: Chris Byrnes

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RETIREE RETURN UNDER HB 242/ SB 149

Public Employees' Retirement System

Number of Members Electing the Waiver	Increase in Average PERS Employer Contribution Rate	Total PERS Salaries as of June 30, 2003	Liability to the PERS Fund
100	negligible	\$ 1,460,783,000.00	\$ -
500	0.01%	\$ 1,460,783,000.00	\$ 146,078.30
1,000	0.02%	\$ 1,460,783,000.00	\$ 292,156.60

Teachers' Retirement System

Number of Members Electing the Waiver	Increase in Average TRS Employer Contribution Rate	Total TRS Salaries as of June 30, 2003	Liability to the TRS Fund
100	0.02%	\$ 532,630,000.00	\$ 106,526.00
500	0.10%	\$ 532,630,000.00	\$ 532,630.00
1,000	0.20%	\$ 532,630,000.00	\$ 1,065,260.00

February 7, 2005

The Honorable Representative Robert Lynn
Alaska State House of Representatives
Capitol Building, Room 415
Juneau, AK 99811

Dear Representative Lynn:

In a House State Affairs meeting on January 31, 2005 you requested information regarding the Public Employees' and Teachers' Retirement System provisions and restrictions for members claiming additional service credit for their military service.

The Division of Retirement and Benefits has been researching this issue since we became aware in 2003 of the effect of a change in federal law contained in USC 10 E 12736. The federal law requires pension systems to allow national guard and reservists to claim past military service regardless of any state laws or pension plan provisions to the contrary. The following information represents the results of our research into this issue.

CLAIMED MILITARY SERVICE PROVISIONS

The Public Employees' (PERS) and Teachers' Retirement (TRS) Systems both allow members to claim military service performed prior to PERS or TRS employment for additional service credit. This should not be confused with a voluntary or involuntary call to active military duty while a member is actively employed and participating in the retirement plans.

USC 10 also requires employers to grant National Guard and Reserve members a leave of absence without loss of pay, time or performance rating while ordered to training duty or active duty while they are actively employed. Members of the retirement systems continue to earn service and salary credit during their covered active duty time.

Claimed military service credit cannot be used to meet vesting requirements or service requirements for retirement. It may increase the amount of pension a member receives. Members do not pay the full liability cost for this service. PERS members pay 8.5% of their vesting year salary and TRS 8.65 % of their entry year salary for each year and partial year claimed. The remainder of the cost for the additional benefits based on the claimed service is the responsibility of the employer.

Prior to July 1, 1986 for PERS and July 1, 1990 for TRS, all members could claim up to 5 years of military service. With the creation of a second tier of benefits for both systems, new members who were receiving or would receive federal benefits based on the same service were not allowed to claim their military time. This is commonly known as a "no double-dipping" provision.

The second tier of benefits for both PERS and TRS included several cost containment measures of which the military service provisions were one part. The measures included changes to the age at

which members could qualify for retirement, when system paid health premiums began, and a change to the provisions for payment of after retirement increases for cost of living and additional allowances for Alaska residents. Restricting members who were already receiving benefits for military service from the federal government from claiming the same service in the PERS or TRS acted to reduce the employer liability for future benefits.

In recent years changes in federal law have modified the procedures for military service claims under the State law. Title 10 Subtitle E Part II Chapter 12736 (USC 10 E 12736), which governs National Guard and Reserve members, requires that members be allowed to claim their active duty military service in the PERS or TRS regardless of whether they are receiving or will receive a federal retirement benefit based on the same service.

The division has addressed this issue in the recent past with both the Army National Guard and the Division of Military and Veteran's Affairs. In 2003 Lt. Commander Mamrol of the Alaska Army National Guard contacted the division and stated that recruitment efforts were impaired because members were willing to forgo their federal benefit in favor of claiming their military service time in PERS. The perception was members would receive greater monetary value from claiming the service rather than accepting the modest federal pension based on their military service. Lt. Commander Mamrol indicated the average federal pension for a National Guard or Reserve member was between \$200 and \$500 per month depending on year of active duty military service.

The division obtained information for one of the individuals and calculated the effect on the retirement benefit if the member was credited with five years of military service in order to do a comparison. The addition of the military service increased the member's retirement benefit by approximately \$247.00 per month. The comparison indicated there was no clear advantage to claiming the military service in PERS versus re-enlisting and qualifying for a federal benefit.

Since that time, the division has become aware of the provisions of USC 10 E 12736 in working with Department of Military and Veteran's Affairs employees. Because the provisions of USC 10 E 12736 require retirement plans who have anti double-dipping laws to allow National Guard and Reserve members to claim their prior active military service, members may claim their service and retain their federal benefit rights.

ALASKA STATUTES AND FEDERAL CODE

PERS

The statute regarding the claiming of military service performed prior to entry in the Public Employees' Retirement System (PERS) is:

AS 39.35.340 Military Service

(a) A vested employee is entitled to credited service for active military service in the armed forces of the United States, either by enlistment or induction, if the employee received a discharge under honorable conditions and is not entitled to receive retirement benefits from the United States government for the same service. The credited service allowed may not exceed an aggregate period of five years. Benefits are not payable on credited service for military service unless the employee makes retroactive contributions to the system for the period of time that service credit is claimed.

However, if the employee was in the employ of an employer on the date of entry into the armed forces and returned to the employ of an employer within 90 days after the date of discharge from military service, the employee is not required to make retroactive contributions under this system for the period of credited service.

(b) In order to obtain credited service under this section, an employee shall make an election to do so and shall verify the period of military service. When eligibility for credited service for military service has been established, an indebtedness shall be determined as follows: (1) the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year 1976 or the year in which an employee first becomes vested under this chapter, whichever is later, multiplied by (2) the number of years of military service credited under this section, and this product multiplied by (3) six percent for members who are first eligible to claim this military service before January 1, 1987, or eight and one-half percent for members who are first eligible to claim this military service on or after January 1, 1987. Interest as prescribed by regulation accrues on this indebtedness beginning on July 1, 1977, or one year following the date a person first becomes vested, whichever is later. Any outstanding indebtedness that exists at the time a person is appointed to retirement necessitates an actuarial adjustment to the benefits payable based upon that military service.

(c) A retired employee on July 1, 1976, is eligible to receive increased benefits based upon military service as described in (a) of this section. To receive credited service for military service, a retired employee shall verify the military service. When verified, a retired employee is entitled to receive an increased benefit that shall be actuarially adjusted to reflect the employee's indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. The effective date of this increased benefit is the beginning of the month following that in which eligibility has been established.

(d) The credited service granted under this section may not be used to satisfy the credited service requirements for normal retirement.

(e) A deferred vested employee on July 1, 1976, is eligible to claim credited service under (a) of this section. In order to obtain credited service under this section, such an employee shall make an election to do so and shall verify the period of military service. When eligibility for military service has been established, an indebtedness shall be determined as follows: the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year the employee terminated, shall be multiplied by six percent; this product shall then be multiplied by the number of years of military service credit under this section. Interest as prescribed by regulation accrues on this indebtedness commencing July 1, 1978. Any outstanding indebtedness that exists at the time a person is appointed to retirement necessitates an actuarial adjustment to the benefits payable based upon that military service.

(f) An employee cannot be credited with a period of active military service in the armed forces of the United States under this section if credit for that military service was granted under AS 14.25.

(g) A surviving spouse receiving or entitled to receive benefits under AS 39.35.420 (b), 39.35.430, or 39.35.440 or benefits under a joint and survivor option filed under AS 39.35.450 is eligible to receive increased benefits based on military service as described in (a) of this section. To receive credited

service for military service, the surviving spouse shall verify the employee's military service. When verified, the surviving spouse is entitled to receive an increased benefit which shall be actuarially adjusted to reflect the indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. Benefits payable under this subsection are effective the first day of the month following that in which eligibility has been established.

(h) The combined period of military service claimed under this section and under AS 14.25 may not exceed five years.

(i) Credited service under (a) of this section includes service as a

(1) foreign service officer, a foreign service reserve officer, or a limited foreign service reserve officer with the United States Department of State in Vietnam, Cambodia, or Laos from August 4, 1964, through November 7, 1975; and

(2) member of the United States Merchant Marine Service from December 7, 1941, through September 30, 1945.

TRS

The statute regarding the claiming of military service performed prior to entry into TRS is

AS 14.25.100. Credit for service in the armed forces.

(a) A member who served as an active member of the armed forces of the United States may receive credited service under this system up to a maximum of five years if the member received a discharge under other than dishonorable conditions and is not entitled to receive retirement benefits from the United States government for the same service. Each 12 months of military service equals one school year, and lesser military periods will be determined for credit purposes in a proportionate ratio to a year. Credit for service in the armed forces shall be granted only if the member makes contributions for the service in the same manner as required for outside service under AS 14.25.060. The military service credited under this section shall be included in the 10-year limitation of outside service as specified in AS 14.25.060, except if entry into the armed forces is immediately preceded by Alaska membership service and following discharge is continued by Alaska membership service within one year thereafter, service may not be counted for purposes of determining the applicability of the 10-year limitation on outside service.

(b) Where a member is unable to resume teaching in a public school within one year following discharge because of hospitalization, rehabilitation training, a disability derived while in the armed forces, or other like circumstances, the administrator shall determine the allowance or disallowance of any service in the armed forces.

(c) A member may not be credited with the same period of service in the armed forces under this section if credit for that military service was granted under the public employees' retirement system (AS 39.35). The combined period of military service claimed under this section and AS 39.35 may not exceed five years.

Federal Law

The federal code governing how military service is to be treated for National Guard and Reserve members is contained in US Code Title 10 subtitle E Part II Chapter 1223 Section 12736 which states:

Sec. 12736 – Service credited for retired pay benefits not excluded for other benefits.

No period of service included wholly or partly in determining a person's right to, or the amount of, retired pay under this chapter may be excluded in determining his eligibility for any annuity, pension, or old-age benefit, under any other law, on account of civilian employment by the United States or otherwise, or in determining the amount payable under that law, if that service is otherwise properly credited under it.

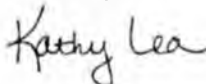
Applying this section, the United States Court of Appeals for the Ninth Circuit struck down California's "no double-dipping" law. [Cantwell v County of San Mateo, 631 F.2d 631 (9th cir.), cert. Denied, 450 U.S. 998 (1990).]

FINANCIAL IMPACT OF REPEALING THE MILITARY CLAIM RESTRICTION

The division has been in contact with Mercer Human Resources Consulting regarding the financial impact to the funds associated with administering the PERS and TRS in compliance with USC 10 E 12736. We have received a request from member Steven Gebert on your behalf to determine the financial impact of allowing all members with military service the ability to claim service. We have also received a request to determine the financial impact of allowing National Guard and Reservists to claim service with the employer paying the interest accrual. We have included information showing the cost of allowing all members and just career military members to claim their military service with the employer paying the interest accrual as well. The costs are outlined in the attachments to this letter.

I am please to be able to provide you with this information. If you have further questions regarding military service claims, please let me know.

Sincerely,



Kathy Lea
Retirement Manager

Attachments

cc: House State Affairs Committee
The Honorable Representative Seaton, Chair
The Honorable Representative Gatto, Vice Chair
The Honorable Representative Elkins
The Honorable Representative Gardner
The Honorable Representative Ramras
The Honorable Representative Gruenberg

Melanie Millhorn, Director
Division of Retirement and Benefits

**Claimed Military Service Proposal One
EMPLOYEE Pays Indebtedness Interest accrued**

All Military Service Allowed					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$1,402,686	0.04%	\$ 561.07	\$532,630	0.03%	\$160

National Guard and Reservists Only					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$1,402,686	0.01%	\$ 140.27	\$ 532,630	0.00%	\$ -

Career Military Service					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$ 1,402,686	0.03%	\$ 421	\$ 532,630	0.03%	\$ 160

**Claimed Military Service Proposal One
EMPLOYER Pays Indebtedness Interest Accrued**

All Military Service Allowed					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$1,402,686	0.12%	\$ 1,683.22	\$532,630	0.10%	\$533

National Guard and Reservists Only					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$1,402,686	0.02%	\$ 280.54	\$ 532,630	0.01%	\$ 53.26

Career Military Service					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$ 1,402,686	0.10%	\$ 1,403	\$ 532,630	0.09%	\$ 479

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Projected 2005	Projected 2006	Projected 2007	Projected 2008
Additions:										
Contributions	200,573	200,366	191,467	195,408	211,310	224,139	284,494	372,745	470,052	573,130
Investment Income	764,622	790,336	(478,249)	(448,279)	237,205	1,064,605	672,367	706,051	746,010	792,972
Other	4	0	7	10	27	13,876	0	0	0	0
Total Additions	965,199	990,702	(286,775)	(252,861)	448,542	1,302,620	956,861	1,079,796	1,216,062	1,336,102
Deductions										
Benefits Paid	279,656	323,235	363,617	404,536	451,015	496,750	569,007	617,365	669,830	721,921
Refunds	14,435	11,998	13,134	12,869	13,025	14,723	14,723	14,723	14,723	4,723
Expenses	4,148	4,247	4,672	5,283	5,880	5,296	5,296	5,296	5,296	5,296
Total Deductions	298,239	339,480	381,423	422,688	469,920	516,769	589,026	637,384	689,849	746,940
Net Increase (Decrease)	666,960	651,222	(668,198)	(675,549)	(21,378)	785,851	367,835	442,412	526,213	619,162
Net Assets: Beginning of year	7,438,398	8,105,358	8,756,580	8,088,382	7,412,833	7,391,455	8,177,306	8,545,141	8,987,553	9,513,766
Net Assets: End of Year	8,105,358	8,756,580	8,088,382	7,412,833	7,391,455	8,177,306	8,545,141	8,987,553	9,513,766	10,132,928

TEACHERS' RETIREMENT SYSTEM

Additions:										
Contributions	114,568	123,219	112,866	112,476	118,645	126,057	137,309	147,350	186,321	227,383
Investment Income	397,499	406,609	(245,363)	(225,234)	111,575	513,964	316,252	327,115	342,912	359,138
Other	1	0	(4)	4	14	6,277	0	0	0	0
Total Additions	512,068	529,828	(132,501)	(112,754)	230,234	646,298	453,561	474,465	529,233	586,521
Deductions										
Benefits Paid	218,072	243,110	259,873	279,843	310,416	331,010	378,310	400,744	424,193	448,231
Refunds	3,490	4,118	3,742	3,120	3,840	4,189	4,189	4,189	4,189	4,189
Expenses	1,722	1,717	1,938	2,095	2,395	2,203	2,203	2,203	2,203	2,203
Total Deductions	223,284	248,945	265,553	285,058	316,651	337,402	384,702	407,136	430,585	454,623
Net Increase (Decrease)	288,784	280,883	(398,054)	(397,612)	(86,417)	308,896	68,859	67,329	98,648	131,898
Net Assets: Beginning of year	3,915,235	4,204,019	4,484,902	4,086,848	3,689,036	3,602,619	3,911,515	3,980,374	4,047,703	4,146,351
Net Assets: End of Year	4,204,019	4,484,902	4,086,848	3,689,036	3,602,619	3,911,515	3,980,374	4,047,703	4,146,351	4,278,249

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 328

MEMORANDUM

January 29, 2005

SUBJECT: Accrued benefits of public employment retirements systems and legislative changes to the employee contribution rate (Work Order No. 24-LS0429)

TO: Representative Mike Kelly
Attn: Heath Hilyard

FROM: [REDACTED]
Legislative Counsel [REDACTED]

You have asked questions regard the scope of Article XII, sec. 7 of the Alaska constitution¹ and how it affects the legislature's ability to amend the employee contribution rates of the teacher's retirement system (TRS) and the public employee's retirement system (PERS)². In our conversations about this request you asked about changing the contribution rates of vested employees.³

¹ Alaska Constitution Article XII, Sec. 7:

SECTION 7. Retirement Systems. Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired.

This provision protects the "accrued benefits" of the systems. The question considered here is whether the employee contribution rate is part of the "accrued benefits."

² AS 14.25.050 and AS 39.35.160 respectively.

³ PERS has three tiers at this time, the contribution rates are the same for employees in all tiers, but the benefits are decreased in Tier II and Tier III:

police and fire employees - 7.5% (last increased in 1987)
"other" employees - 6.75% (last increased in 1987)
school district employees - 6.6% (last increased in 1999)

Tier I is for employees first employed between January 1, 1961 and June 30, 1986,
Tier II is for employees entering service between July 1, 1986 through June 30, 1996,
and Tier III applies to employees entering service July 1, 1996 and later.

TRS has two tiers, the employee contribution is 8.65%, last increased in 1991.
Tier I is for teachers first employed between July 1, 1955 and June 30, 1990,

Employee contribution rates have been raised on several occasions in the past without creating a new tier of employees. In 1986 the PERS employee contribution rates were changed from 5% to 7.5% for firefighters and police officers, and the contribution rates for all others were raised from 4.25% percent to the current 6.75%.⁴ In 1990 the TRS employee contribution rates were raised from 7% to 8.65%.⁵ Both of these changes in compensation rates were made after the Hammond v. Hoffbeck decision in 1981. Hammond v. Hoffbeck, 627 P.2d 1052 (Alaska 1981).⁶ These increases in contribution rates apparently did not result in legal challenges. This memorandum, thus, considers whether a new law which raises the employee contribution rates in TRS and PERS while maintaining the accrued benefits in each Tier would be subject to constitutional challenge.

While such a challenge may certainly be brought, it is not a foregone conclusion that the argument would prevail. A strong counter argument can be made that the employee contribution rates are not part of the "accrued benefit" to which members are entitled. The accrued benefits are the rights to receive the retirement and medical plan offered upon employment; the rights accrue as they are earned. A person's contribution rate cannot be changed retroactively for benefits that have already accrued, however, it can be argued that the employee contribution rate can change prospectively to pay for vested benefits.

An employee facing an increased contribution rate for vested benefits can reject the increase by terminating employment while still preserving the employee's vested right to "accrued benefits."⁷ An accrued benefit is one that has already been earned, it is not one

Tier II is for teachers first employed on July 1, 1990 and later.

⁴ sec. 15, ch. 82 SLA 1986.

⁵ sec. 1, ch. 97 SLA 1990. There was at least one other change in PERS for noncertificated employees of school districts to 9.6% in 1999.

⁶ The reductions in benefits in the Hammond v. Hoffbeck case involved a reduction in occupational disability benefits for public safety employees, a requirement that an employee be totally unemployable in order to be eligible for an occupational disability pension rather than "incapacitated for service in the position held" and reducing occupational death benefits from one hundred per cent to forty per cent of monthly salary at the time of death.

⁷ A New York case (New York has constitutional protection of pension benefits like Alaska) involving diminution of disability benefits to employees in the public service makes this point, that employees do not have a constitutional right to stay in public employment:

Representative Mike Kelly

January 29, 2005

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that has not yet been earned. The constitutional promise is that earned benefits cannot be diminished, and the future right to a specified benefit is vested, however Hoffbeck recognized that "rigid adherence to labels like "gratuity," "compensation," "contract," and "vested rights" has not allowed courts the flexibility necessary to deal properly with legitimate legislative response to changing economic and social conditions."⁸ The Hoffbeck court found the following language in a California case to be "instructive."

An employee's vested contractual pension rights may be modified prior to retirement for the purpose of keeping a pension system flexible to permit adjustments in accord with changing conditions and at the same time maintain the integrity of the system. Such modifications must be reasonable, and it is for the courts to determine upon the facts of each case what constitutes a permissible change. To be sustained as reasonable, alterations of employees' pension rights must bear some material relation to the theory of a pension system and its successful operation, and changes in a pension plan which result in disadvantage to employees should be accompanied by comparable new advantages.⁹

Following that discussion the decision found:

We agree with this analysis and hold that the fact that rights in PERS vest on employment does not preclude modifications of the system; that fact does, however, require that any changes in the system that operate to a given employee's disadvantage must be offset by comparable new advantages to that employee.

An important qualification is found in note 11 of Hoffbeck. It may apply to the situation at hand where the system finds that failing to increase employee contributions, and thus increasing the projected unsupportable burden on employers, will threaten the fiscal future of the system as a whole:

It is long settled, however, that the fact that there can be no constitutional impairment of pension system benefits does not create a constitutional right to stay in public employment. To do this would place the regulation of public employment beyond the control of any authority, which certainly was not intended by our Constitution (Gorman v. City of New York, 280 App Div 39, 45, aff'd 304 NY 865).

Cook v. Binghamton, 48 N.Y.2d 323, 332 (N.Y., 1979)

⁸ Hammond v. Hoffbeck, 627 P.2d at 1057

We are not called upon to consider the problem, which has frequently arisen in other jurisdictions, presented by a pension fund that is insufficient to satisfy all employee claims brought under its provisions. We intimate no view as to the appropriate legal analysis of any legislative alteration in employee benefits systems made in response to such circumstances.

In this case, it may not be that the system is currently insufficient to handle current claims, and no alteration in the benefits to be received is contemplated. However, the continued fiscal health of the plan for future claims by current beneficiaries may reasonably require a prospective increased contribution rate. Such an argument is not precluded by Hammond v. Hoffbeck.

Four other states have constitutional protection for public employee retirement benefits very similar to Alaska: Hawaii,¹⁰ Michigan,¹¹ New York and Illinois¹². There is a case from Michigan which is squarely on point. The Michigan Supreme Court was asked to determine whether a statute increasing the employee contribution rate for certain employees was constitutional. Advisory Opinion re Constitutionality of 1972 PA 258, 389 Mich. 659, (Mich. 1973). The court found that "the Legislature cannot diminish or impair accrued financial benefits, but we think it may properly attach new conditions for earning financial benefits which have not yet accrued."¹³ The Michigan court found that raising the employee contribution rate was a "new condition" which was not "a diminishment or impairment of such accrued benefits unless the new conditions were unreasonable and hence subversive of the constitutional protection."

¹⁰ Art. XVI, Section 2 of the Hawaii Constitution, provides:

Membership in any employees' retirement system of the State or any political subdivision thereof shall be a contractual relationship, the accrued benefits of which shall not be diminished or impaired.

¹¹ Michigan's constitution, art 9, sec. 24 reads:

The accrued financial benefits of each pension plan and retirement system of the state and its political subdivisions shall be a contractual obligation thereof which shall not be diminished or impaired thereby. Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing unfunded accrued liabilities.

¹² While the constitutional provisions are similar in Illinois and New York the cases have focused on the time of vesting, not relevant to this discussion.

¹³ Advisory Opinion re 1972 PA 258, 389 Mich. 659, emphasis added.

Representative Mike Kelly
January 29, 2005
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A case in Hawaii involved determining the date a firefighter was considered to have begun his retirement. Chun v. Employee's Retirement Sys., 607 P.2d 415, 421 (Hawaii 1980). The court discussed its constitutional protection of public employee retirement systems and found that although benefits attributable to past services could not be reduced, the legislature could make general changes in the retirement system. While not discussed in that case, it could be argued that the employee compensation rate for continued benefits may be a condition that can be changed without violating the constitutional protection of accrued benefits.¹⁴

After Hoffbeck the next discussion of Article XII, sec. 7 by the Alaska Supreme Court occurred in 2003 where the court considered how to evaluate changes to public employee benefits, specifically health plans. Duncan v. Retired Public Employees of Alaska, Inc. (Duncan) 71 P.3d 882, (Alaska 2003) The state argued that health insurance benefits were not covered by Article XII, sec. 7, and if they were, the dollar amount of the

¹⁴ Id. at 421, citations omitted.

This court has never been called upon to examine or construe this particular provision of the Hawaii Constitution. It was proposed from the floor of the 1950 Constitutional Convention and adopted by the Committee of the Whole. The Committee of the Whole Report states:

It should be noted that the above provision would not limit the legislature in effecting a reduction in the benefits of a retirement system provided the reduction did not apply to benefits already accrued. In other words, the legislature could reduce benefits as to (1) new entrants into a retirement system, or (2) as to persons already in the system in so far as their future services were concerned. It could not, however, reduce the benefits attributable to past services. Further, the section would not limit the legislature in making general changes in a system, applicable to past members, so long as the changes did not necessarily reduce the benefits attributable to past services.

The Committee of the Whole's interpretation of the provision, which we accept, indicates that a member of the retirement system is entitled to the benefits available under the system that have been accrued by the member. From the Committee of the Whole Report, we conclude that the provision was meant to protect an employee from a reduction in accrued benefits. However, the extent of such benefits as well as the conditions under which an employee should receive benefits, are governed by applicable statutory provisions. . . .

Representative Mike Kelly

January 29, 2005

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premium was all that was protected, not the type of coverage, and third if the first two arguments failed, that changes could be made to vested health benefits so long as any disadvantages from changes were outweighed by advantages, as considered from a group perspective. The court agreed with the third argument only, and found that health benefits could be changed without violating the constitution. Duncan states that "[t]he natural and ordinary meaning of "benefits" in a health insurance context refers to the coverage provided rather than the cost of the insurance."¹⁵

The language in Duncan does not preclude an argument that the employee contribution rate, applied prospectively, does not diminish accrued benefits. The Michigan case illustrates the argument that employee contribution rates are a condition of current and prospective employment and do not diminish accrued rights. Because the Alaska court has not spoken in regard to the rate of employee contributions in public retirement systems, there can be no certainty. However, there have been changes in employee contribution rates since Hoffbeck, none of them generating a constitutional challenge. Increasing the contribution rates of employees prospectively is not explicitly barred by Hoffbeck, or Duncan. Other states with similar constitutional protections have either allowed increases in contribution rates or have acknowledged the need for some flexibility in administering the retirement programs while protecting accrued benefits of public employees.

If I may be of further assistance, please advise.

BRC:med
05-066.med

¹⁵ Duncan, 71 P.3d 882 at 888 - 889. One of the issues in Duncan was whether health benefits consisted of a certain level of coverage, or only a certain dollar amount applied towards health insurance premiums.

From: melanie Millhorn [mailto:melanie_millhorn@admin.state.ak.us]
Sent: Thursday, February 03, 2005 7:14 PM
To: Rep. Paul Seaton
Cc: Louie Flora
Subject: [Fwd: NASRA News Clips]

Dear Representative Seaton:
South Carolina is pursuing a DC plan (see below).

----- Original Message -----

Subject: NASRA News Clips
Date: Thu, 03 Feb 2005 11:06:58 -0600
From: Keith Brainard <keithb@NASRA.ORG>
Reply-To: Keith Brainard <keithb@NASRA.ORG>
To: NASRA_NEWSCLIPS@LISTSERV.AMRINC.NET

National Association of State Retirement Administrators
February 3, 2005
NASRA News Clips

South Carolina governor seeks mandatory DC plan

Charleston Post & Courier February 2, 2005

Associated Press

COLUMBIA--Gov. Mark Sanford wants to scuttle the state's traditional pension plan for a new program as a way of curing problems in the South Carolina Retirement System.

Sanford is applying what he learned from years as one of the U.S. House's leading advocates for privatizing Social Security and studying pension systems in 50 countries.

A theme emerged as he studied those systems. Traditional retirement, or defined-benefit, plans are a "great system for the first generation," Sanford said. "But the history of every defined benefit plan, not just in this country but frankly around the world, has been that they've run into problems down the line -- not because there's a fault with the system, but because of the nature of politics," he said. "People want to add bells and whistles."

South Carolina's plan has that and more. It requires cost-of-living adjustments; allows retirees to return to jobs and draw pay and retirement checks; and lets people retire with full benefits after 28 years.

On top of that, a program intended to retain the state's best teachers has grown out of control, becoming a benefit for all workers.

In his State of the State speech last week, Sanford said legislators recklessly added benefits without enough regard for the financial impact.

Now the system is "a ticking time bomb for state retirees and if we stay on the present course, the cost-of-living adjustments that they've been counting on won't be there."

Part of Sanford's prescription "lies in moving new employees from a defined benefit plan to a defined contribution plan," he said.

Defined contribution plans, including the 401(k), don't offer retirees guaranteed payouts. Employers and workers put money into investments and retirees get what's there at retirement or when they move to other jobs.

The programs have not been used much in government. Traditional plans cover about 90 percent of the nation's public employees, according to the National Association of State Retirement Administrators.

So far, Sanford's proposal has had a lukewarm reception among legislators.

"I'd be real hesitant," said House Ways and Means Committee Chairman Bobby Harrell, R-Charleston, one of the retirement system's five trustees.

ABOUT THE PLAN

South Carolina's primary retirement plan faces challenges this year.

WHOM IT COVERS: -- 185,538 active state and local government and educational workers -- 142,245 former state workers -- 84,420 retirees and their beneficiaries Three other plans cover police, judges and legislators, but they are not facing the same problems

FINANCES AS OF JUNE 30: -- \$25 billion in assets -- \$4 billion in liabilities

PAYMENT GAP: The system now has a 28-year gap between money it has on hand and what would ultimately have to be paid to retirees. It started in 2000 with a two-year gap. Changes that increased that:

- 2000: Teacher Employee Retirement Incentive program and reducing years to full retirement by two to 28. Long-term cost: \$1.8 billion.
- 2001: Cost-of-living adjustment of 3.4 percent. Long-term cost: \$353 million.
- 2002: Cost-of-living adjustment 1.3 percent. Long-term cost: \$149 million.
- 2003: Cost-of-living adjustment 2.4 percent. Long-term cost: \$278 million.
- 2004: Adjusted forecast of plan's needs. Long-term cost: \$399 million.

- 2004: Cost-of-living adjustment 1.6 percent. Long-term cost. \$212 million.
- 2005: A \$420 million estimation error is expected to widen the gap to 28 years.

SOURCE: South Carolina Retirement Systems

California Pension Fight Goes National

San Jose Mercury News February 3, 2005

SACRAMENTO, Calif. - Democratic officials from five states launched a nationwide campaign Wednesday to fight Gov. Arnold Schwarzenegger's plan to privatize California's public pension systems.

California Treasurer Phil Angelides, who is leading the effort, called the Republican governor's proposal a major assault on the movement to reform corporate America following a wave of scandals.

Angelides said Schwarzenegger's plan "is part of a concerted effort to break apart the powerful voices of public pension funds that have stood up for ordinary investors in corporate boardrooms."

The attack came hours before President Bush was to make Social Security privatization a key theme of his State of the Union Address. It also signaled a major new partisan fight nationally over the future of public pension funds.

Schwarzenegger wants to make California's new public employees use 401(k)-style contribution plans after 2007.

Calling the state's pension system "another financial train on another track to disaster," Schwarzenegger said the state's obligation to its retirees had risen from \$160 million in 2000 to \$2.6 billion this year. The funds attribute the state's higher costs to market losses suffered from corporate collapses such as Enron Corp. and WorldCom.

The plan, if adopted, would greatly dilute the financial and political power of California's pension funds. The \$182 billion California Public Employees Retirement System is the nation's largest.

Schwarzenegger spokesman H.D. Palmer accused Angelides of "giving hysteria and hyperbole a bad name," saying the governor's plan differs little from those used by many California businesses.

"We are trying to take the long view here, and trying to make sure California has a pension system that is sustainable for the long haul," he said.

**Material for House State Affairs PERS/TRS
tier initiative oversight hearing**

**UNIVERSITY OF ALASKA
Statewide Office of Human Resources**

Summary of the
Optional Retirement Program

The university's Optional Retirement Program (ORP) is a defined contribution alternative to the state sponsored defined benefit plans for faculty and executive staff, the Teachers' Retirement System and the Public Employees' Retirement System respectively.

The university's obligation under ORP is to make a contribution that is tied to a rolling three year average of the TRS rate. In FY05, the employer contribution is 13%, the employee contribution is 8.65%, for a total of 21.65%. By comparison, the TRS rates this year are 16.00% from the employer, 8.65% from the employee, for a total of 24.65%. There is no health benefit provided by ORP. Vesting is immediate. The employee's plan choice --- whether to participate in ORP, or TRS or PERS --- is irrevocable.

ORP's advantages to the university include an enhanced ability to compete in the national market for top faculty and administrators with other universities and corporations offering primarily defined contribution plans like ORP. In addition, the university has the advantage of relieving its liability under the retirement plan from the obligation to provide a costly health benefit upon retirement. ORP participants generally prefer the plan because it provides full portability, although some are concerned about the absence of a health benefit in the plan and the inherent uncertainties of the market.

Approximately 750 faculty and staff participate in ORP. Faculty comprise 90% of plan participants and executives 10%. At present, ORP's assets are \$315 million.

January 25, 2005

RETIREMENT PROGRAM COMPARISON CHART

	Teachers Retirement System (TRS)	Public Employees Retirement System (PERS)	UA Optional Retirement Program (ORP)
Plan Type	Defined Benefit	Defined Benefit	Defined Contribution
Internal Revenue Service Governing Code	401(a)	401(a)	Employer contribution 401(a) Employee contribution 403(b)
Social Security Replacement Plan	Yes	Yes	Yes
State Of Alaska Governing Code	AS 14.24	AS 39.35	AS 14.40.661
Eligibility	Faculty	Administrative and Executive Staff	Faculty and Executive Staff
Vesting	8 years of service	5 years of service	Immediate
Health Coverage After Retirement	Yes Tier I — Medical at no cost Tier II — Medical at age 60 at no cost	Yes Tier I — Medical at no cost Tier II — Medical at age 60 at no cost Tier III — Must have 10 years of service and be 60 for no cost medical	No
Contribution Rate Setting Authority	State of Alaska Division of Retirement	State of Alaska Division of Retirement	University of Alaska
Methodology For Setting Rates	Actuarial Model	Actuarial Model	3 year rolling average of the TRS contribution rate
Rates For FY04	Employer 12% Employee 8.65% Total 20.65%	Employer 5.58% Employee 6.75% Total 12.33%	Employer 11.66% Employee 8.65% Total 20.31%
Projected Rates FY05	Employer 16.00% Employee 8.65% Total 24.65%	Employer 10.58% Employee 6.75% Total 17.33%	Employer 13.00% Employee 8.65% Total 21.65%
Subject Of Bargaining	No	No	Possible
Participation Rate	ACCFT — 174 (56%) UNAC — 328 (39%) Executive — 23 (24%) Total — 525 (95% faculty)	Faculty do not participate in PERS	ACCFT — 139 (44%) UNAC — 511 (61%) Executive — 73 (76%) Total — 725 (90% faculty)
Average Age			ACCFT — 53 UNAC — 50 Executive — 55

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

February 7, 2005

file ✓
FRANK H. MURKOWSKI, GOVERNOR

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The Honorable Representative Robert Lynn
Alaska State House of Representatives
Capitol Building, Room 415
Juneau, AK 99811

*Metic
Louise
Paul*

Dear Representative Lynn:

In a House State Affairs meeting on January 31, 2005 you requested information regarding the Public Employees' and Teachers' Retirement System provisions and restrictions for members claiming additional service credit for their military service.

The Division of Retirement and Benefits has been researching this issue since we became aware in 2003 of the effect of a change in federal law contained in USC 10 E 12736. The federal law requires pension systems to allow national guard and reservists to claim past military service regardless of any state laws or pension plan provisions to the contrary. The following information represents the results of our research into this issue.

CLAIMED MILITARY SERVICE PROVISIONS

The Public Employees' (PERS) and Teachers' Retirement (TRS) Systems both allow members to claim military service performed prior to PERS or TRS employment for additional service credit. This should not be confused with a voluntary or involuntary call to active military duty while a member is actively employed and participating in the retirement plans.

USC 10 also requires employers to grant National Guard and Reserve members a leave of absence without loss of pay, time or performance rating while ordered to training duty or active duty while they are actively employed. Members of the retirement systems continue to earn service and salary credit during their covered active duty time.

Claimed military service credit cannot be used to meet vesting requirements or service requirements for retirement. It may increase the amount of pension a member receives. Members do not pay the full liability cost for this service. PERS members pay 8.5% of their vesting year salary and TRS 8.65 % of their entry year salary for each year and partial year claimed. The remainder of the cost for the additional benefits based on the claimed service is the responsibility of the employer.

Prior to July 1, 1986 for PERS and July 1, 1990 for TRS, all members could claim up to 5 years of military service. With the creation of a second tier of benefits for both systems, new members who were receiving or would receive federal benefits based on the same service were not allowed to claim their military time. This is commonly known as a "no double-dipping" provision.

The second tier of benefits for both PERS and TRS included several cost containment measures of which the military service provisions were one part. The measures included changes to the age at

which members could qualify for retirement, when system paid health premiums began, and a change to the provisions for payment of after retirement increases for cost of living and additional allowances for Alaska residents. Restricting members who were already receiving benefits for military service from the federal government from claiming the same service in the PERS or TRS acted to reduce the employer liability for future benefits.

In recent years changes in federal law have modified the procedures for military service claims under the State law. Title 10 Subtitle E Part II Chapter 12736 (USC 10 E 12736), which governs National Guard and Reserve members, requires that members be allowed to claim their active duty military service in the PERS or TRS regardless of whether they are receiving or will receive a federal retirement benefit based on the same service.

The division has addressed this issue in the recent past with both the Army National Guard and the Division of Military and Veteran's Affairs. In 2003 Lt. Commander Mamrol of the Alaska Army National Guard contacted the division and stated that recruitment efforts were impaired because members were willing to forgo their federal benefit in favor of claiming their military service time in PERS. The perception was members would receive greater monetary value from claiming the service rather than accepting the modest federal pension based on their military service. Lt. Commander Mamrol indicated the average federal pension for a National Guard or Reserve member was between \$200 and \$500 per month depending on year of active duty military service.

The division obtained information for one of the individuals and calculated the effect on the retirement benefit if the member was credited with five years of military service in order to do a comparison. The addition of the military service increased the member's retirement benefit by approximately \$247.00 per month. The comparison indicated there was no clear advantage to claiming the military service in PERS versus re-enlisting and qualifying for a federal benefit.

Since that time, the division has become aware of the provisions of USC 10 E 12736 in working with Department of Military and Veteran's Affairs employees. Because the provisions of USC 10 E 12736 require retirement plans who have anti double-dipping laws to allow National Guard and Reserve members to claim their prior active military service, members may claim their service and retain their federal benefit rights

ALASKA STATUTES AND FEDERAL CODE

PERS

The statute regarding the claiming of military service performed prior to entry in the Public Employees' Retirement System (PERS) is:

AS 39.35 340 Military Service

(a) A vested employee is entitled to credited service for active military service in the armed forces of the United States, either by enlistment or induction, if the employee received a discharge under honorable conditions and is not entitled to receive retirement benefits from the United States government for the same service. The credited service allowed may not exceed an aggregate period of five years. Benefits are not payable on credited service for military service unless the employee makes retroactive contributions to the system for the period of time that service credit is claimed.

However, if the employee was in the employ of an employer on the date of entry into the armed forces and returned to the employ of an employer within 90 days after the date of discharge from military service, the employee is not required to make retroactive contributions under this system for the period of credited service.

(b) In order to obtain credited service under this section, an employee shall make an election to do so and shall verify the period of military service. When eligibility for credited service for military service has been established, an indebtedness shall be determined as follows: (1) the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year 1976 or the year in which an employee first becomes vested under this chapter, whichever is later, multiplied by (2) the number of years of military service credited under this section, and this product multiplied by (3) six percent for members who are first eligible to claim this military service before January 1, 1987, or eight and one-half percent for members who are first eligible to claim this military service on or after January 1, 1987. Interest as prescribed by regulation accrues on this indebtedness beginning on July 1, 1977, or one year following the date a person first becomes vested, whichever is later. Any outstanding indebtedness that exists at the time a person is appointed to retirement necessitates an actuarial adjustment to the benefits payable based upon that military service.

(c) A retired employee on July 1, 1976, is eligible to receive increased benefits based upon military service as described in (a) of this section. To receive credited service for military service, a retired employee shall verify the military service. When verified, a retired employee is entitled to receive an increased benefit that shall be actuarially adjusted to reflect the employee's indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. The effective date of this increased benefit is the beginning of the month following that in which eligibility has been established.

(d) The credited service granted under this section may not be used to satisfy the credited service requirements for normal retirement.

(e) A deferred vested employee on July 1, 1976, is eligible to claim credited service under (a) of this section. In order to obtain credited service under this section, such an employee shall make an election to do so and shall verify the period of military service. When eligibility for military service has been established, an indebtedness shall be determined as follows: the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year the employee terminated, shall be multiplied by six percent; this product shall then be multiplied by the number of years of military service credit under this section. Interest as prescribed by regulation accrues on this indebtedness commencing July 1, 1978. Any outstanding indebtedness that exists at the time a person is appointed to retirement necessitates an actuarial adjustment to the benefits payable based upon that military service.

(f) An employee cannot be credited with a period of active military service in the armed forces of the United States under this section if credit for that military service was granted under AS 14.25.

(g) A surviving spouse receiving or entitled to receive benefits under AS 39.35.420 (b), 39.35.430, or 39.35.440 or benefits under a joint and survivor option filed under AS 39.35.450 is eligible to receive increased benefits based on military service as described in (a) of this section. To receive credited

service for military service, the surviving spouse shall verify the employee's military service. When verified, the surviving spouse is entitled to receive an increased benefit which shall be actuarially adjusted to reflect the indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. Benefits payable under this subsection are effective the first day of the month following that in which eligibility has been established.

(h) The combined period of military service claimed under this section and under AS 14.25 may not exceed five years.

(i) Credited service under (a) of this section includes service as a

(1) foreign service officer, a foreign service reserve officer, or a limited foreign service reserve officer with the United States Department of State in Vietnam, Cambodia, or Laos from August 4, 1964, through November 7, 1975; and

(2) member of the United States Merchant Marine Service from December 7, 1941, through September 30, 1945.

TRS

The statute regarding the claiming of military service performed prior to entry into TRS is

AS 14.25.100. Credit for service in the armed forces.

(a) A member who served as an active member of the armed forces of the United States may receive credited service under this system up to a maximum of five years if the member received a discharge under other than dishonorable conditions and is not entitled to receive retirement benefits from the United States government for the same service. Each 12 months of military service equals one school year, and lesser military periods will be determined for credit purposes in a proportionate ratio to a year. Credit for service in the armed forces shall be granted only if the member makes contributions for the service in the same manner as required for outside service under AS 14.25.060. The military service credited under this section shall be included in the 10-year limitation of outside service as specified in AS 14.25.060, except if entry into the armed forces is immediately preceded by Alaska membership service and following discharge is continued by Alaska membership service within one year thereafter, service may not be counted for purposes of determining the applicability of the 10-year limitation on outside service.

(b) Where a member is unable to resume teaching in a public school within one year following discharge because of hospitalization, rehabilitation training, a disability derived while in the armed forces, or other like circumstances, the administrator shall determine the allowance or disallowance of any service in the armed forces.

(c) A member may not be credited with the same period of service in the armed forces under this section if credit for that military service was granted under the public employees' retirement system (AS 39.35). The combined period of military service claimed under this section and AS 39.35 may not exceed five years.

Federal Law

The federal code governing how military service is to be treated for National Guard and Reserve members is contained in US Code Title 10 subtitle E Part II Chapter 1223 Section 12736 which states:

Sec. 12736 – Service credited for retired pay benefits not excluded for other benefits.

No period of service included wholly or partly in determining a person's right to, or the amount of, retired pay under this chapter may be excluded in determining his eligibility for any annuity, pension, or old-age benefit, under any other law, on account of civilian employment by the United States or otherwise, or in determining the amount payable under that law, if that service is otherwise properly credited under it.

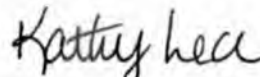
Applying this section, the United States Court of Appeals for the Ninth Circuit struck down California's "no double-dipping" law. [Cantwell v County of San Mateo, 631 F.2d 631 (9th cir.), cert. Denied, 450 U.S. 998 (1990).]

FINANCIAL IMPACT OF REPEALING THE MILITARY CLAIM RESTRICTION

The division has been in contact with Mercer Human Resources Consulting regarding the financial impact to the funds associated with administering the PERS and TRS in compliance with USC 10 E 12736. We have received a request from member Steven Gebert on your behalf to determine the financial impact of allowing all members with military service the ability to claim service. We have also received a request to determine the financial impact of allowing National Guard and Reservists to claim service with the employer paying the interest accrual. We have included information showing the cost of allowing all members and just career military members to claim their military service with the employer paying the interest accrual as well. The costs are outlined in the attachments to this letter.

I am please to be able to provide you with this information. If you have further questions regarding military service claims, please let me know.

Sincerely,



Kathy Lea
Retirement Manager

Attachments

cc: House State Affairs Committee
✓ The Honorable Representative Seaton, Chair
The Honorable Representative Gatto, Vice Chair
The Honorable Representative Elkins
The Honorable Representative Gardner
The Honorable Representative Ramras
The Honorable Representative Gruenberg

Melanie Millhorn, Director
Division of Retirement and Benefits

**Claimed Military Service Proposal One
EMPLOYEE Pays Indebtedness Interest accrued**

All Military Service Allowed					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$1,402,686	0.04%	\$ 561.07	\$532,630	0.03%	\$160

National Guard and Reservists Only					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$1,402,686	0.01%	\$ 140.27	\$ 532,630	0.00%	\$ -

Career Military Service					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$ 1,402,686	0.03%	\$ 421	\$ 532,630	0.03%	\$ 160

**Claimed Military Service Proposal One
EMPLOYER Pays Indebtedness Interest Accrued**

All Military Service Allowed					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$1,402,686	0.12%	\$ 1,683.22	\$532,630	0.10%	\$533

National Guard and Reservists Only					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$1,402,686	0.02%	\$ 280.54	\$ 532,630	0.01%	\$ 53.26

Career Military Service					
PERS			TRS		
Salaries	Past Service Rate	Additional Past Service Liability	Salaries	Past Service Rate	Additional Past Service Liability
(In Thousands)					
\$ 1,402,686	0.10%	\$ 1,403	\$ 532,630	0.09%	\$ 479

Louie Flora

From: Will Files [will@wfiles.us]
Sent: Monday, February 07, 2005 1:15 PM
To: Louie Flora
Subject: TRS tiers

Hi Louie,

I went to the web site about tiers, and found the whole subject somewhat confusing. But I am opposed to the idea of "tiers". This creates different classes of people, which is not constitutionally viable. With high teacher turnover, particularly in the bush (I heard it has been averaging 60% in the Kotzebue area), and the need for quality instruction, we need to strengthen our retirement system, not water it down. It's time whoever is supposed to pay, pays up.

Will

Will Files
Homer, AK

✓

DRAFT Recommendations of the:
AML Revenue and Finance Subcommittee of the Legislative Committee and
Special Municipal/School District/UA Committee on PERS/TRS

The committees have been meeting for the past six months to propose solutions to control PERS/TRS costs and define a reasonable program for the future. Municipalities, school districts, and the U of A comprise 63% of the PERS/TRS system. The State and all other PERS/TRS employers have exactly the same interests in stabilizing the PERS/TRS programs.

Summary of recommendations:

1. **Hold all bills that could increase costs to the PERS/TRS System until:**
 - a. An adequate PERS/TRS benefit change review process has been adopted, and
 - b. New retirement program benefit "tiers" have been considered.Holding bills that could increase costs will stabilize the program immediately to avoid new irrevocable permanent costs to the State, municipalities, schools, and the University.
2. **Adopt a bill that creates an appropriate review and analysis of the impact of changes to PERS/TRS benefits.** Unlike any other legislative decision, under Alaska's Constitution a PERS/TRS benefit can never be "diminished or impaired" (Article XII, Section 7). The current "fiscal note" process for bills is not sufficient to accurately determine the long-term impacts of changes. Over a long time period the lack of an adequate analysis process has been the cause of a significant portion of the current cost crisis. Implement:
 - a. A statutory 90 day review process prior to legislative committee review that includes,
 - i. A comprehensive long-term actuarial analysis by the PERS/TRS Boards, and
 - ii. PERS/TRS hearings with all affected employers, and
 - iii. A full report and recommendation of the PERS/TRS Boards to the legislature.
3. **Introduce bills to consider the PERS/TRS "Tiers" developed by the PERS/TRS Boards:** After a close vote by the joint PERS and TRS Boards these comprehensive alternatives were not adopted for action, however, there are simply no other long term options on the table to reduce long-term costs of the program. The alternatives include a thoughtful analysis of the major provisions of the PERS/TRS retirement benefit programs and some or all of the recommendations should be implemented.
4. **Look for short-term and long-term financial solutions to meet crushing cost increases for past liability:**
 - a. Support State appropriations to offset the 5% PERS/TRS cost increase for FY 06 and the cumulative 10% cost increase for FY 07.
 - b. Consider the long-term cost impacts a direct pay down of the approximately \$5 Billion past liability. For example, a \$2 Billion pay down could lower long-term PERS/TRS rate increases significantly.
 - c. Consider the creation of a State and Local Retirement Pension Bond Corporation to finance the PERS/TRS \$5 Billion past liability with low interest bonds.
 - d. Set minimum contributions and do more work to forecast future trends.
5. **Representation:** Municipalities, Schools, and the University represent 63% of the PERS/TRS programs but do not have direct representation on the PERS/TRS Boards. Consider adding employer representatives to the PERS/TRS Boards and/or creating a separate Public Retirement System Corporation (somewhat similar to AHFC or AIDEA) to manage all aspects of the retirement systems.

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
FY2006 RETIREMENT SYSTEMS COST INCREASE**

Component	71000	1002	1003	1004	1005	1007	1052	1061	1075	1079	1093	1100	1108	1156	1166	Total
		Fed	GFM	GF	GFPR	IA	RF	CIP	ACWF	Tanks	CAPF	ADWF	SDPR	RSS	CPVF	
Office of the Commissioner	20.9	9.8		11.1												20.9
Information and Administrative Services	95.5	26.8	3.5	14.9		2.0	41.7	4.1			2.5					95.5
Environmental Health Director	9.7			9.7												9.7
Food Safety & Sanitation	92.1	8.1		32.5		0.1								51.4		92.1
Laboratory Services	51.9	10.2	2.1	31.8	3.5	3.9	0.4									51.9
Drinking Water	98.9	75.3	20.8		2.8											98.9
Solid Waste Management	44.2	8.0	2.0	29.5	4.7											44.2
Air Quality Director	5.6			5.6												5.6
Air Quality	168.0	28.2	23.8	1.2	2.5			4.5			75.5			32.3		168.0
Spill Prevention and Response Director	6.2							6.2								6.2
Contaminated Sites Program	166.1	75.8				0.8	89.5									166.1
Industry Preparedness and Pipeline Operations	92.6	3.7				2.8	86.1									92.6
Prevention and Emergency Response	96.5						96.5									96.5
Response Fund Administration	12.7	1.3					11.4									12.7
Water Quality	182.0	69.0	9.9	90.5		6.6									0.0	182.0
Facility Construction	102.9	2.0	0.5	8.8				65.9	12.0			13.7				102.9
	1,245.8	318.2	62.6	235.5	13.5	16.2	331.8	74.5	12.0	0.0	78.0	13.7	0.0	83.7	6.0	1,245.8

TOTAL FEDERAL 318.2
TOTAL GF 311.7
TOTAL OTHER 615.9
1,245.8

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
FY2005 BARGAINING UNIT CONTRACT TERMS: GGU**

Component	71000	1002	1003	1004	1005	1007	1052	1061	1075	1079	1093	1100	1108	1156	1166	Total
		Fed	GFM	GF	CP	IA	RF	CIP	ACWF	Tanks	CAPF	ADWF	SDPR	RSS	CPVF	
Office of the Commissioner	1.3	0.6		0.7												1.3
Information and Administrative Services	15.9	4.6	0.6	2.8		0.4	6.9	0.2			0.4					15.9
Environmental Health Director	1.2			1.2												1.2
Food Safety & Sanitation	22.1	1.8		7.8										12.5		22.1
Laboratory Services	10.6	2.2	0.2	6.9	0.7	0.5	0.1									10.6
Drinking Water	22.2	17.0	4.9	0.3												22.2
Solid Waste Management	9.7	1.8	0.5	6.3	1.1											9.7
Air Quality Director	0.4			0.4												0.4
Air Quality	31.6	3.9	4.5	0.3	0.6			0.9			21.4					31.6
Spill Prevention and Response Director	0.7						0.7									0.7
Contaminated Sites Program	32.0	15.2				0.1	16.7									32.0
Industry Preparedness and Pipeline Operations	18.2	1.0					17.2									18.2
Prevention and Emergency Response	18.2						18.2									18.2
Response Fund Administration	2.1	0.4					1.7									2.1
Water Quality	30.6	10.0	1.4	14.0	3.6	0.9									0.7	30.6
Facility Construction	14.6			0.5				10.1	2.0			2.0				14.6
	231.4	58.5	12.1	41.2	6.0	1.9	61.5	11.2	2.0	0.0	21.8	2.0	0.0	12.5	0.7	231.4

TOTAL FEDERAL 58.5
TOTAL GF 59.3
TOTAL OTHER 113.6
231.4

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
FY2006 HEALTH INSURANCE AND WAGE INCREASES
OTHER BARGAINING UNITS & NON-COVERED EMPLOYEES**

Component	71000	1002 Fed	1003 GFM	1004 GF	1005 GFPR	1007 IA	1052 RF	1061 CIP	1075 ACWF	1079 Tanks	1093 CAPF	1100 ADWF	1108 SDPR	1156 RSS	1166 CPVF	Total
Office of the Commissioner Information and Administrative Services	8.3	3.9		4.4												8.3
Environmental Health Director	71.1	19.9	2.6	11.0		1.5	31.3	2.9			1.9					71.1
Food Safety & Sanitation Laboratory Services	5.5			5.5												5.5
Drinking Water	73.6	6.0		26.4		0.1								41.1		73.6
Solid Waste Management	39.5	7.6	1.7	24.8	2.5	2.6	0.3									39.5
Air Quality Director	74.5	56.7	15.8		2.0											74.5
Air Quality Spill Prevention and Response Director	32.5	5.9	1.5	21.8	3.3											32.5
Contaminated Sites Program	1.8			1.8												1.8
Industry Preparedness and Pipeline Operations	126.2	23.7	18.8	0.8	1.7			3.4			54.5			23.3		126.2
Prevention and Emergency Response	2.5						2.5									2.5
Response Fund Administration	125.8	56.0				0.6	69.2									125.8
Water Quality	67.6	2.8				2.0	62.8									67.6
Facility Construction	72.6						72.6									72.6
	10.3	1.0					9.3									10.3
	140.0	54.8	8.0	68.8		4.3									4.1	140.0
	74.2	1.5	0.4	6.4				47.8	8.5			9.6				74.2
	926.0	239.8	48.8	171.7	9.5	11.1	248.0	54.1	8.5	0.0	56.4	9.6	0.0	64.4	4.1	926.0

TOTAL FEDERAL 239.8
TOTAL GF 230.0
TOTAL OTHER 456.2
926.0

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
FY2006 WORKING RESERVE RATE AND SBS CHANGES**

Component	71000	1002	1003	1004	1005	1007	1052	1061	1075	1079	1093	1100	1108	1156	1166	Total
	Fed	GF	GF	GFPR	IA	RF	CIP	ACWF	Tanks	CAPF	ADWF	SDPF	RSS	CPVF		
Office of the Commissioner	1.9	0.9		1.0												1.9
Information and Administrative Services	7.4	2.0	0.3	1.2		0.2	3.2	0.3			0.2					7.4
Environmental Health Director	0.7			0.7												0.7
Food Safety & Sanitation	7.0	0.6		2.5										3.9		7.0
Laboratory Services	4.0	0.8	0.2	2.4	0.3	0.3										4.0
Drinking Water	7.5	5.7	1.6		0.2											7.5
Solid Waste Management	3.4	0.6	0.2	2.2	0.4											3.4
Air Quality Director	0.5			0.5												0.5
Air Quality	12.8	2.1	1.8	0.1	0.2			0.3			6.5			1.8		12.8
Spill Prevention and Response Director	0.6						0.6									0.6
Contaminated Sites Program	12.7	5.8				0.1	6.8									12.7
Industry Preparedness and Pipeline Operations	7.0	0.3				0.2	6.5									7.0
Prevention and Emergency Response	7.3						7.3									7.3
Response Fund Administration	1.0	0.1					0.9									1.0
Water Quality	14.2	5.4	0.8	7.0		0.5									0.5	14.2
Facility Construction	8.0	0.2		0.7				5.1	0.9			1.1				8.0
	96.0	24.5	4.9	18.3	1.1	1.3	25.3	5.7	0.9	0.0	6.7	1.1	0.0	5.7	0.5	96.0

TOTAL FEDERAL	24.5
TOTAL GF	24.3
TOTAL OTHER	47.2
	96.0

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110203
JUNEAU, AK 99811-0203
TDD (907) 465-2805
FAX: (907) 465-3086
PHONE: (907) 465-4460
TOLL-FREE 1-800-821-2251

February 18, 2005

The Honorable Representative Seaton
Members of House State Affairs
Alaska State Legislature
State Capitol
Juneau, Alaska 99801

Dear Representative Seaton:

Re: Employer Contribution Rates - Valuation 2002

Enclosed per your request, is a summary of the assumptions and experience changes that resulted in increases in the employer contribution rates for PERS and TRS as of the Actuarial Valuation Report dated June 30, 2002. Please let me know if you have any questions about this correspondence.

Sincerely,



Melanie Millhorn
Director

Attachments

MM/mm

Analysis of the Valuation (continued)

Summary

The following table summarizes the sources of change in the average employer contribution rate:


1. Last year's average employer contribution rate	6.77%
2. Change due to:	
a. Resetting FY03 assumed total blended medical premium	3.68%
b. Health Cost trend assumption change	6.98%
c. Asset methodology change - immediate recognition of deferred losses	7.24%
d. Asset methodology change - elimination of corridor adjustments	4.11%
e. System benefit changes	0.04%
f. Ad hoc PRPA	0.14%
g. Salary increases	(0.20%)
h. Demographic experience	1.21%
i. Past service amortization change	(5.06%)
3. Average employer contribution rate this year	24.91%

Analysis of the Valuation (continued)

Summary

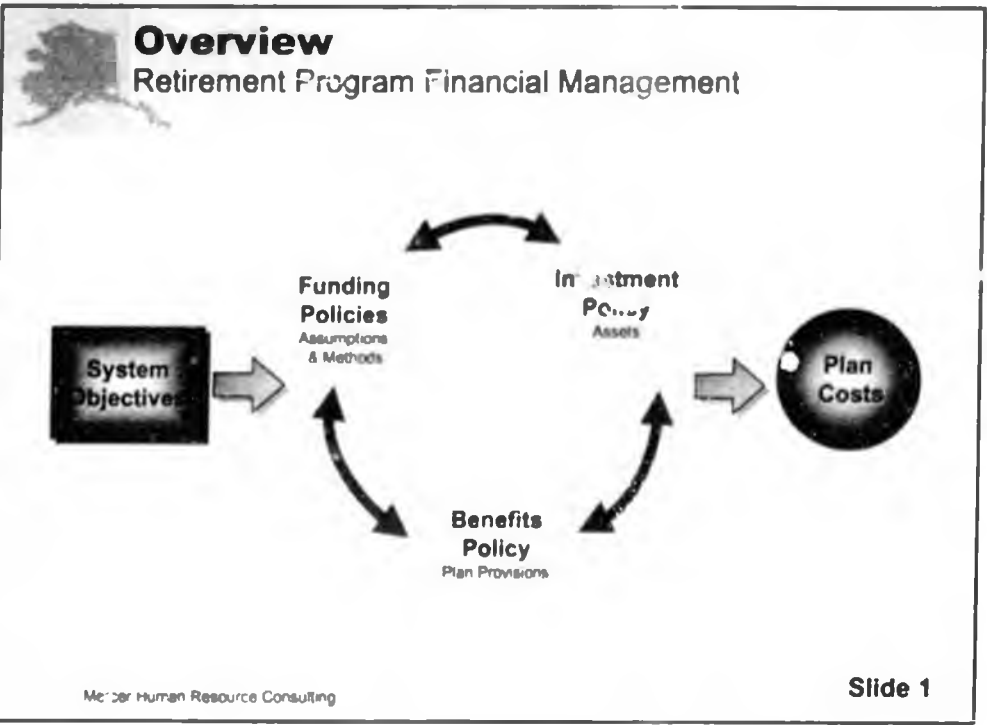
The following table summarizes the sources of change in the total employer contribution rate:

1. Last year's total employer contribution rate	14.44%
2. Change due to:	
a. Resetting FY03 assumed total blended medical premium	3.85%
b. Health cost trend assumption change	6.84%
c. Asset methodology change – immediate recognition of deferred losses	15.03%
d. Asset methodology change – elimination of corridor adjustment	0.03%
e. Salary increases	(0.11%)
f. Demographic experience	4.21%
g. Ad hoc PRPA	0.36%
h. Past service amortization change	(9.08%)
3. Total employer contribution rate this year	35.57%



State of Alaska
PERS & TRS Tier Proposals
House State Affairs

February 19, 2005



Financial Summary

Employer Contribution Rates - PERS

	FY05	FY06
Normal Cost Rate:	13.31%	13.24%
Average Past Service Rate:	11.60%	12.39%
Average Contribution Rate:	24.91%	25.63%
Board Adopted Rate:	11.77%	16.77%

- The normal cost rate provides for benefits expected to be earned by active members during the fiscal year
- The past service rate is the part of the contribution that is intended to pay off the unfunded liability (over 25 years)

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Slide 2



Financial Summary

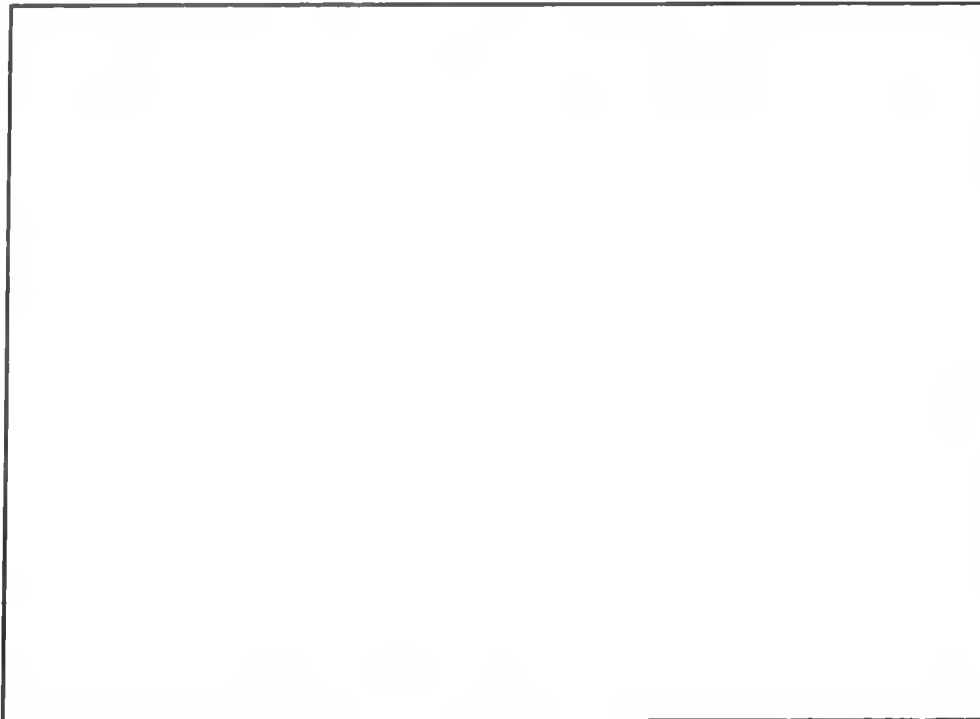
Employer Contribution Rates - TRS

	<u>FY05</u>	<u>FY06</u>
Normal Cost Rate:	14.76%	14.28%
Past Service Rate:	<u>20.81%</u>	<u>24.57%</u>
Total Contribution Rate:	35.57%	38.85%
Board Adopted Rate:	16.00%	21.00%

- The normal cost rate provides for benefits expected to be earned by active members during the fiscal year
- The past service rate is the part of the contribution that is intended to pay off the unfunded liability (over 25 years)

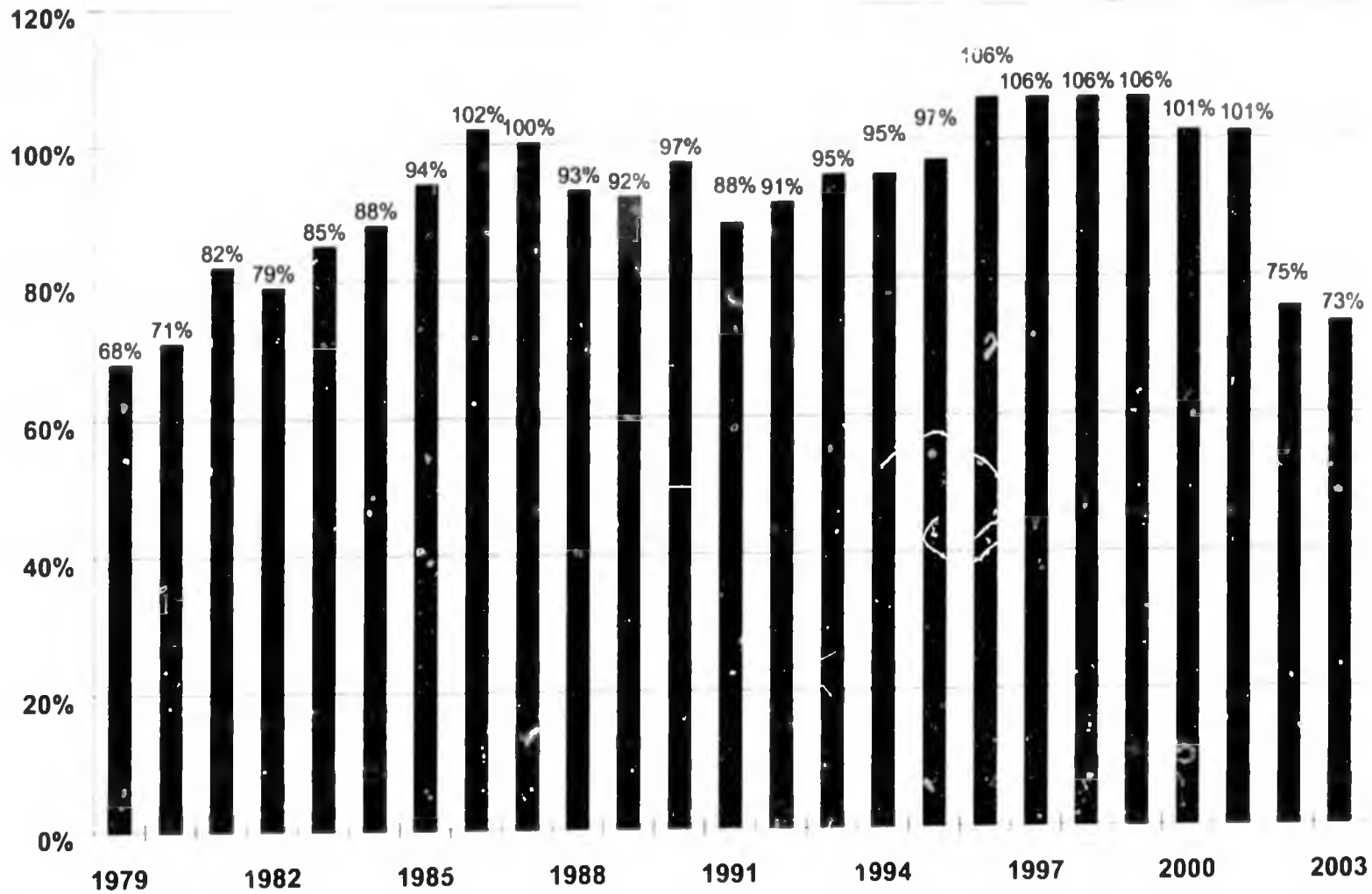
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Slide 3



Report Highlights (continued)

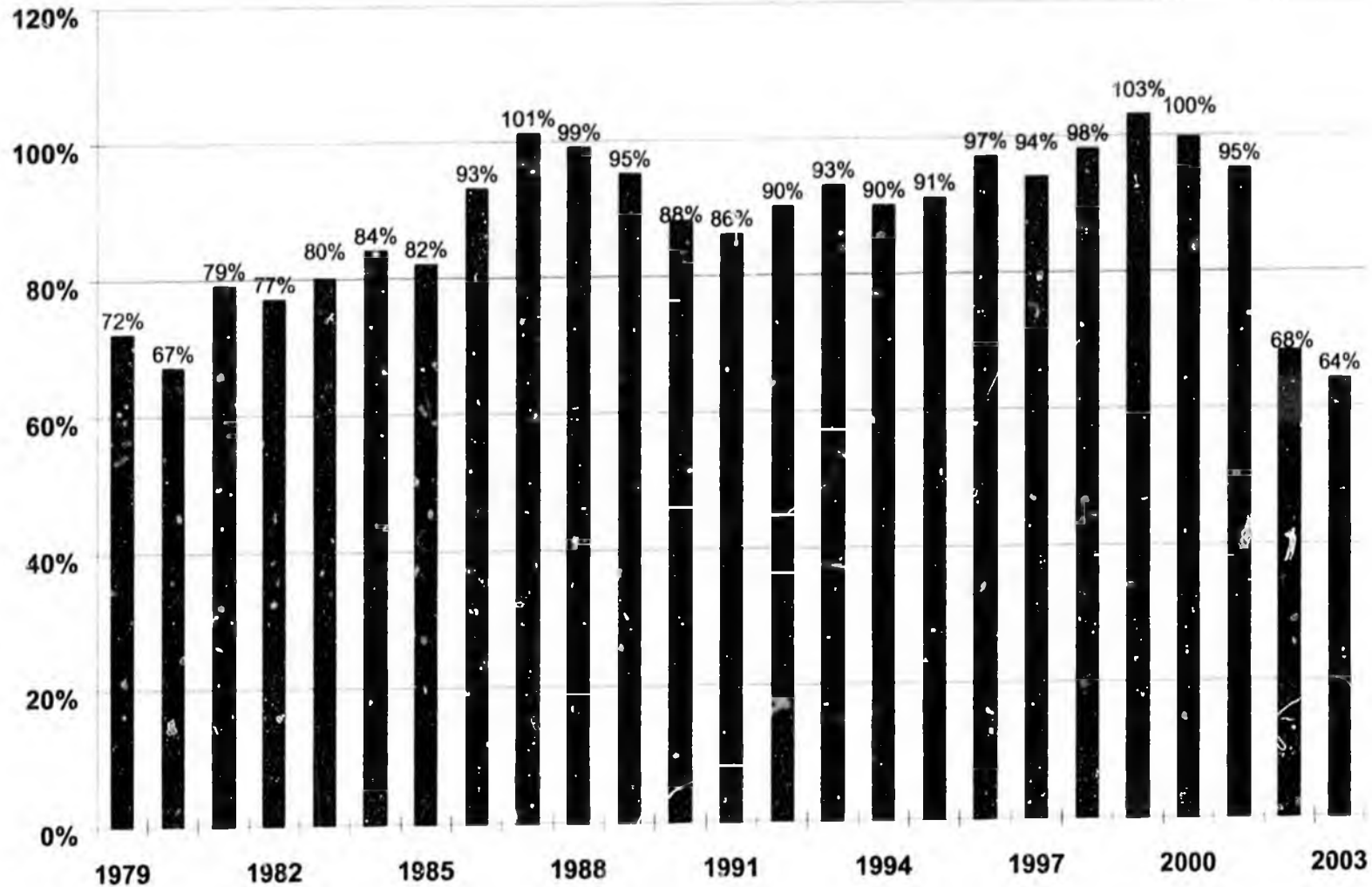
PERS Funding Ratio History



Page 3

Report Highlights (continued)

TRS Funding Ratio History



Page 4



Overview

Financial Context

- ⇒ Rising contribution levels
- ⇒ Volatile investment returns
 - Investment uncertainty
- ⇒ Rising medical costs

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Slide 5



Overview

Key Information

Key information gathered and analyzed

- ⇒ Employer survey
- ⇒ Member focus groups
- ⇒ Benchmarking
- ⇒ Benefit levels
- ⇒ Demographic projections
- ⇒ Implications of Medicare changes
- ⇒ Trends, issues and alternatives
- ⇒ Cost analysis and projections

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Slide 6



Employer Survey - PERS

Important Conclusions

- ⇒ Employers want the retirement program to continue to provide medical coverage
- ⇒ Many employers open to the possibility of providing differing levels of medical coverage based on service or having members share in the cost of coverage
- ⇒ Other potential cost savings areas that some employers seem open to:
 - Lowering the post-retirement cost-of-living adjustment
 - Not providing medical coverage to vested terminated members
- ⇒ Some responses seem to favor continuing a defined benefit approach
 - Reward long service
- ⇒ However, responses leaned towards shifting investment risk to members

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Slide 7



Employer Survey - TRS

Important Conclusions

- ⇒ Employers want the retirement program to continue to provide medical coverage
- ⇒ Many employers, particularly the largest employers, open to the possibility of providing differing levels of medical coverage based on service or having members share in the cost of coverage
- ⇒ Other potential cost savings areas that some employers seem open to:
 - Lowering the post-retirement cost-of-living adjustment
 - Not providing medical coverage to vested terminated members
- ⇒ Some responses seem to favor continuing a defined benefit approach
 - Reward long service
- ⇒ However, responses leaned towards shifting investment risk to members

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Overview

System Objectives and Constraints

Based on information gathered and stakeholder feedback, the Tier Committee drafted the following objectives:

- ⇒ The System should provide medical benefits to retirees
 - Members should bear a greater share of the cost
 - Members should have to retire from the System to be eligible
- ⇒ Benefits should favor longer-service members
- ⇒ Employer contributions should be more predictable and stable
- ⇒ Investment risk should be shared by employers and members
- ⇒ Healthcare inflation risk should be shared by employers and members

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Overview

System Objectives and Constraints

Based on information gathered and stakeholder feedback, the Tier Committee drafted the following constraints:

- ⇒ Non-medical benefits must be sufficient to satisfy minimum requirements for employers who do not participate in Social Security
- ⇒ Benefit changes must take the form of new "tiers"
- ⇒ Annual cost of benefits should be less than the current Systems' normal cost rates

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Trends and Alternatives

Defined Benefit Observations

- ⇒ Plans have experienced higher cost levels and greater cost volatility
- ⇒ Funded status has declined in last 3 years
- ⇒ Advantages (to employer) of defined benefit plans
 - Retention incentives, lower turnover cost
 - Workforce management
 - Cost allocated to longer-service employees

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Trends and Alternatives

Defined Benefit Observations (*continued*)

- ⇒ Advantages (to employee) of defined benefit plans
 - Pooling of longevity risk
 - In most cases, employer bears investment risk
 - Predictable, stable retirement income
- ⇒ Challenges (for employer) of defined benefit plans
 - Investment risk
 - Cost volatility

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Trends and Alternatives

Defined Contribution Observations

- ⇒ Advantages (to employer) of defined contribution plans
 - Predictable cost
 - Stable cost
 - Employee assumes investment risk
 - No long-term administrative commitment
 - Contribution equity among employees
- ⇒ Advantages (to employee) of defined contribution plans
 - Portability
 - Ability to direct investments
 - Contribution equity among employees

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Trends and Alternatives

Defined Contribution Observations (*continued*)

- ⇒ Challenges for defined contribution plans
 - More difficult to manage workforce
 - Employee directed money often earns less
 - Amount needed at retirement is often underestimated
 - Employees need to contribute in excess of 10 percent, but most do not
 - Retirees generally not equipped to transform lump sum into monthly payments that last for a lifetime (difficult to manage longevity risk)

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Proposed Alternatives
Overview

- ⇒ Two alternatives are being presented to the PERS and TRS Boards, with the Tier Committee recommending Alternative 1
- ⇒ Components of Alternative 1
 - defined benefit
 - defined contribution
 - medical
 - health reimbursement account (HRA)
- ⇒ Components of Alternative 2
 - defined contribution
 - medical
 - health reimbursement account (HRA)
- ⇒ Member contributions under both alternatives are higher than the current tiers
- ⇒ Contribution rates for the defined contribution component are higher for Alternative 2
- ⇒ Post-retirement medical program is the same for both alternatives

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Proposed Alternatives

Defined Benefit Alternative

Key features of Alternative 1 defined benefit program

- ⇒ 1 percent of career average pay
- ⇒ Pay is indexed from year received to year preceding retirement (or termination) based on the Anchorage CPI
 - for example, 1997 pay for a member retiring on December 31, 2009 would be increased at Anchorage CPI for 12 years
- ⇒ Base pay only
- ⇒ Normal retirement at the earlier of
 - (1) age 60 with 5 years of service (8 years for TRS) or
 - (2) 25 years of service (30 years for PERS "others")
- ⇒ Post-retirement pension adjustments similar to current tiers
- ⇒ No 10 percent Alaska cost-of-living adjustment (COLA)

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Proposed Alternatives

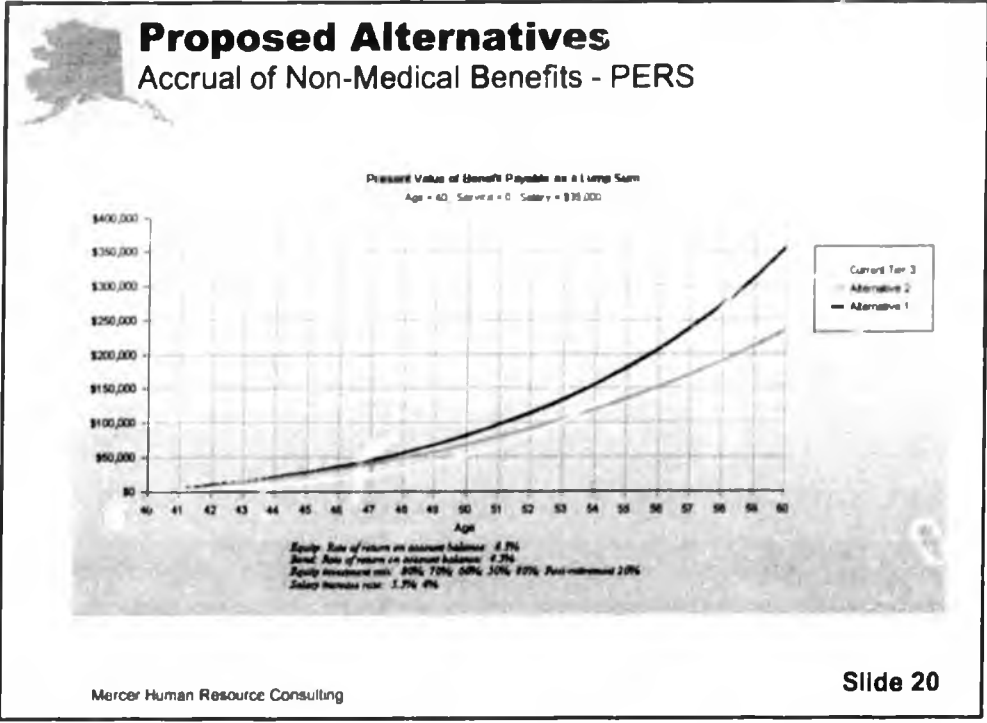
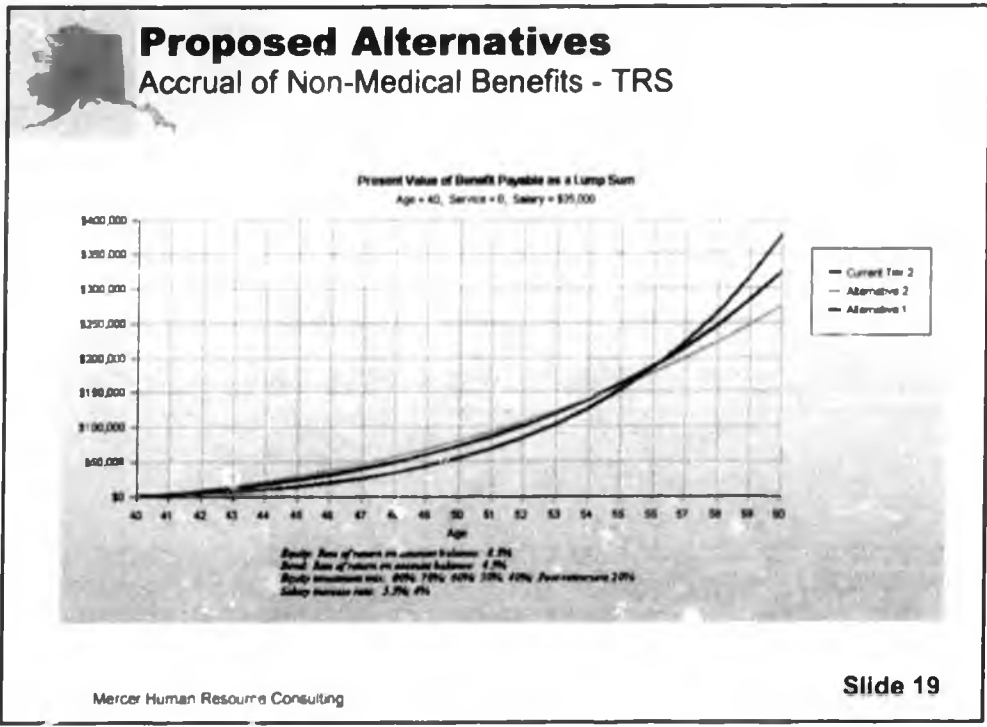
Defined Contribution Alternatives

Key features of defined contribution components

- ⇒ Individual accounts are maintained for each member
- ⇒ Contributions are a percentage of base pay
- ⇒ Various investment options (member-directed)
- ⇒ 100% vested
- ⇒ Terminating or retiring member takes account (eligible for rollover)

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Proposed Medical Program

Key Features

Key features of post-retirement medical program

- ⇒ Members must retire directly from the System to be eligible
- ⇒ System sponsored health plan with varying levels of subsidy or cost to members
- ⇒ Early retirees get "access only" prior to normal retirement eligibility
- ⇒ Defined dollar benefit from normal retirement to Medicare eligibility (currently age 65)
- ⇒ Defined health benefit after Medicare eligibility, similar to the current program with the following key exceptions:
 - Method of coordination with Medicare
 - Retired members will share in the cost through premium contributions

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Proposed Medical Program

System Sponsored Health Care Plan

- ⇒ System sponsored health plan available to all eligible retirees, but with varying levels of subsidy
- ⇒ Basic plan design elements

	Current Plan	Alternative Plan
Medical		
• Coordination with Medicare	Total Allowable	Maintenance of Benefits
• Deductible	\$150/person, \$450/family	\$250/person, \$750/family
• Out of Pocket	\$800	\$2,500
• Outpatient Surgery Coverage	100%	80%
Prescription Drug		
• Retail	90 day supply	30 day supply
- Generic	\$4	\$5
- Brand Formulary	\$8	\$15
- Brand Non-Formulary	\$8	\$30
• Mail Order	90 day supply	90 day supply
- Generic	\$0	\$5
- Brand Formulary	\$0	\$15
- Brand Non-Formulary	\$0	\$30
Dental, Vision, Audio	No Change	

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Proposed Medical Program

Eligibility

- ⇒ Normal retirement eligibility for medical benefits will be defined as the earlier of
 - (1) age 60 with 10 years of service
 - (2) 25 years of service (30 years for PERS "others" retirees).
- ⇒ Disabled participants will be eligible
- ⇒ Terminated vested participants are not eligible. A member must retire directly from active service in order to receive coverage

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Proposed Medical Program

Early Retirement

- ⇒ Early retirees who have not reached normal retirement eligibility
 - Receive "access only" plan
 - Will not be eligible for subsidized retiree health plan costs
 - Pay 100% of the pre-Medicare eligible (currently pre-age 65) per member per year (PMPY) claim costs
- ⇒ Dependent spouses of early retirees will pay 100% of the appropriate pre-Medicare or Medicare eligible PMPY claim cost

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Proposed Medical Program

Normal Retirement to Medicare Eligibility

- ⇒ Members who retire directly from the Systems will be eligible for a "defined dollar" benefit upon reaching eligibility for normal retirement
- ⇒ Fixed dollar subsidy toward system sponsored health coverage
- ⇒ Access to system sponsored retiree medical plan as outlined above
- ⇒ Subsidy amount is based on length of service
- ⇒ Subsidy amount indexed each year by healthcare inflation up to a maximum of 5 percent (with a "catch-up" provision based on years when healthcare inflation is less than 5%)

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Proposed Medical Program

Normal Retirement to Medicare Eligibility

- ⇒ Upon becoming eligible for Medicare, such members will become eligible for the "defined health" benefit
- ⇒ Pre-Medicare dependent spouse is eligible for the same subsidy as retiree
- ⇒ Medicare eligible dependent spouse is eligible for the Medicare eligible benefit level, with contribution percentage based on retiree length of service

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Proposed Medical Program

Normal Retirement to Medicare Eligibility

⇒ Apply percentages to the applicable subsidy base to arrive at the appropriate subsidy amount.

⇒ Defined Dollar Subsidy Base Annual PMPY for fiscal year 2004:

Pre Medicare \$5,962*

⇒ Subsidy Percentage

Service (yrs)	Subsidy %
10-14	30%
15-19	45%
20-24	60%
25-29	75%
30+	90%

⇒ Member contributions are determined by subtracting the annual subsidy amount from the annual claims cost for a given year.

*Equivalon: to FY2004 pre Medicare projected claim cost.
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Proposed Medical Program

After Medicare Eligibility

⇒ Defined health benefit similar to current program

⇒ Retirees who were previously eligible for 100% subsidy of retiree health plan costs will now participate in the premium cost.

⇒ Contributions are per covered individual

⇒ Pre-Medicare dependent spouses are eligible to receive a defined dollar subsidy with percentage based on retiree length of service

⇒ Medicare eligible dependent spouses are eligible to receive the same defined health benefits as the retiree and pay the same contributions

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Proposed Medical Program After Medicare Eligibility

⇒ Contribution Base PMPY for fiscal year 2004:

Medicare Eligible \$2,667

⇒ Contribution Percentage

<u>Service (yrs)</u>	<u>Contribution %</u>
10-14	30%
15-19	25%
20-24	20%
25-29	15%
30+	10%

⇒ Apply percentages to the contribution base to arrive at the applicable contribution amount

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Health Reimbursement Accounts (HRAs)

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Health Reimbursement Accounts Overview

- ⇒ Arrangement that:
 - Is solely employer paid
 - Reimburses employees for medical expenses
 - Provides reimbursements up to a maximum dollar amount for a defined coverage period
- ⇒ Unused funds are carried forward to the next coverage period
- ⇒ Usually, but not required to be, associated with high-deductible health plans or consumer directed health plans
- ⇒ Includes aspects of FSAs
- ⇒ Also known as
 - Health Reimbursement Arrangements
 - Defined contribution health care plans

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Health Reimbursement Accounts Overview

Funding

- ⇒ Employer only
- ⇒ Employer sets own limits
- ⇒ Notional or funded accounts
 - general assets
 - VEBA
 - other trusts

Eligibility

- ⇒ Current and former employees (including retired employees), spouses and dependents
- ⇒ COBRA participants
- ⇒ Dependent medical expenses on death of employee

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Health Reimbursement Accounts Overview

Benefits

- ⇒ Reimbursements for medical expenses as defined in IRC section 213(d)
- ⇒ No IRS limit on reimbursements
- ⇒ Employee responsible for substantiating expenses
- ⇒ Cannot use for over-the-counter drugs
- ⇒ Can be used for after tax insurance premium payments (LTC is gray area)
- ⇒ Cannot have any right to receive cash benefit
- ⇒ Can be used with FSA, but special rules apply

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Health Reimbursement Accounts Overview

Plan design

- ⇒ Plan sponsor dictates plan design
 - Contribution amount
 - Covered expenses
 - Termination provisions

Tax Treatment

- ⇒ Requirements for exclusion from employee/retiree income:
 - Employer funding only – no employee contributions
 - Only reimbursed for qualified medical expenses
- ⇒ Subject to non-discrimination rules under IRS code section 105(h)

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Health Reimbursement Accounts

Comparison of tax advantaged health care accounts

	HSA	HRA	FSA
Account requirements	Funds must be held in trust or custodial account	No requirement, often unfunded	No requirement, often unfunded
Qualifying expenses	Miscellaneous IRC 213(d) expenses, limited health premium reimbursements*	Miscellaneous IRC 213(d) expenses, unlimited premium reimbursements, subject to p/n design	Miscellaneous IRC 213(d) expenses, no health premium reimbursements
Non-qualified withdrawals	Yes, but taxable, plus 10% penalty. No penalty after age 65, disability, or death (no penalty or tax after death if HSA goes to spouse)	Not allowed	Not allowed
Roll-over of unused funds	Unused funds roll over indefinitely	Allowed, although employer can establish limits	Not allowed
Nonforfeitable	Yes and fully portable, can take to new employer	No, but COBRA rights apply	No, but limited COBRA rights apply

*COBRA long-term care insurance and premiums for account holders at least 65 or receiving unemployment compensation

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Health Reimbursement Accounts

Comparison of tax advantaged health care accounts

	HSA	HRA	FSA
Eligibility	Individuals (employees) with high deductible plan (HDHP)	Employees whose employers make available	Employees whose employers make available
Health insurance requirement	Qualified high deductible health plan required	None, although employer typically requires high deductible coverage	None
Contributions - Source	Employer, employee, or both	Employer only	Employer, employee or both
Taxability of employee contributions	Tax-free	Employee contribution not allowed	Tax-free
Taxability of employer contributions	Tax-free to employee, tax deductible to employer	Tax-free to employee, tax deductible to employer	Tax-free to employee, tax deductible to employer
Annual contribution limits (employee+employer)	Lesser of 100% of deductible or fixed amount (established by law)	None legally required, employer sets its contribution amounts	None legally required, employer sets employee contribution limits

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Health Reimbursement Accounts Projection scenarios

- ⇒ Illustrate the HRA fund value at retirement, the total costs expected to be borne by the retiree during the pre-Medicare period of retirement and the retiree's expected net cost after HRA reimbursements
- ⇒ Four scenarios
 - Early hire, 1.0% funding - hire at 25, retire at 55
 - Early hire, 1.5% funding - hire at 25, retire at 55
 - Late hire, 1.0% funding - hire at 40, retire at 60
 - Late hire, 1.5% funding - hire at 40, retire at 60
- ⇒ Key assumptions
 - Hire date of 7/1/2004
 - Normal retirement at 25 years or age 60
 - Funded as percent of average salary for group
 - Average salary for group of \$35,000
 - Wage inflation 4.0%

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Health Reimbursement Accounts Projection scenarios

- ⇒ Key assumptions (continued)
 - HRA accumulation rate 8.25%
 - Early retirement access-only plan as described in the proposed medical program
 - Normal retirement to Medicare eligibility defined dollar subsidy as described in the proposed medical program
 - Benefit costs increase at proposed valuation trend
 - Retirees transition to defined health benefit plan at Medicare eligibility
- ⇒ Other assumptions
 - Participant retires from system and is receiving system-sponsored benefits
 - Demographic composition of future pre-Medicare retiree group remains constant
 - No spend down of HRA during active benefit period

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Health Reimbursement Accounts Projection scenarios

	Gross Retiree Cost	HRA at Retirement	Net Retiree Cost
Early Hire, 1.0%	\$153,721	\$64,622	\$72,348
Early Hire, 1.5%	\$153,721	\$96,933	\$12,714
Late Hire, 1.0%	\$ 68,993	\$23,052	\$44,543
Late Hire, 1.5%	\$ 68,993	\$34,579	\$30,580

- ⇒ Gross retiree cost is the total medical premium cost expected to be paid by the retiree less any System-sponsored subsidy. Does not include retiree cost sharing via plan design elements such as deductibles and coinsurance.
- ⇒ HRA at retirement is the beginning fund balance at the year of retirement.
- ⇒ Net retiree cost is the gross retiree cost less expected reimbursements from the HRA. HRA balance continues to earn interest after medical expenses are reimbursed each year.

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Proposed Alternatives

Alternative 1 – Normal Cost Rates

- ⇒ "Normal cost" rates for Alternative 1 are expected to be as follows:

	Normal Cost Rates	
	TRS	PERS
Medical normal cost rate	3.75% (9.07%)	3.5% (8.68%)
Defined benefit normal cost rate	5.0% (13.90%)	4.5% (11.37%)
Defined contribution rate	8.5% (N/A)	7.0% (N/A)
HRA contribution rate	1.5% (N/A)	1.0% (N/A)
Gross normal cost rate	18.75% (22.97%)	16.0% (20.05%)
Member contribution rate	(10.0%) (8.69%)	(8.0%) (6.81%)
Employer normal cost rate	8.75% (14.28%)	8.0% (13.24%)

- [Normal cost rates for the current program (all tiers) are shown in parentheses for comparative purposes.

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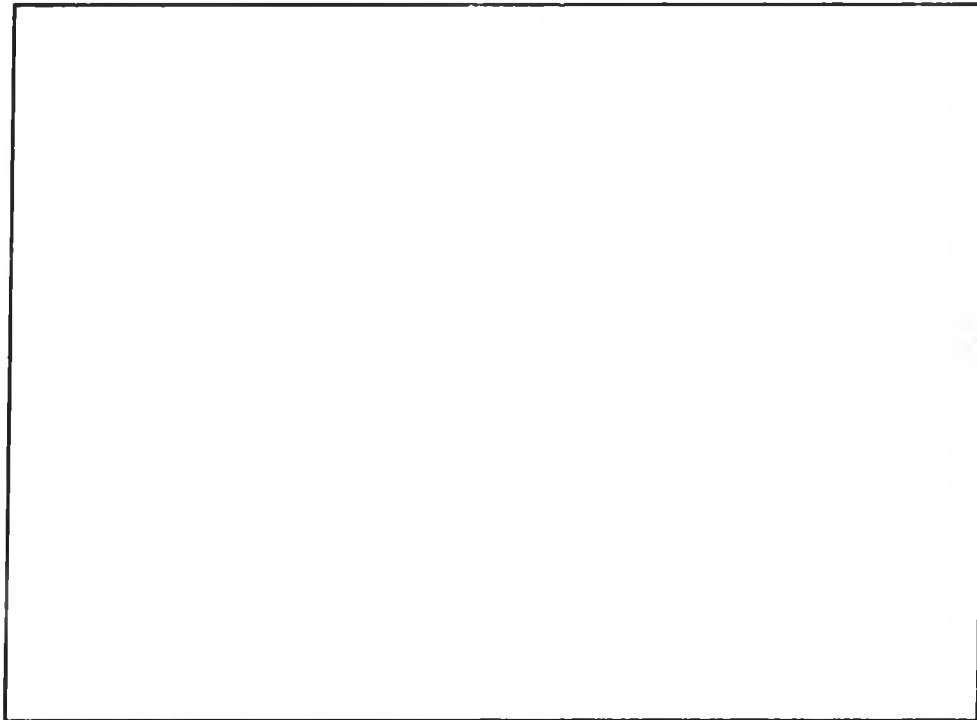


Proposed Alternatives

Alternative 2 – Normal Cost Rates

→ "Normal cost" rates for Alternative 2 are expected to be as follows:

	<u>Normal Cost Rates</u>	
	<u>TRS</u>	<u>PERS</u>
Medical normal cost rate	3.75%	3.5%
Defined contribution rate	13.5%	11.5%
HRA contribution rate	1.5%	1.0%
Gross normal cost rate	18.75%	16.0%
Member contribution rate	(10.0)%	(8.0)%
Employer normal cost rate	8.75%	8.0%



State of Alaska

Division of Retirement & Benefits

Normal Cost Rate and Actuarial Computed Rate from FY 1983 through FY 2006

<u>Valuation report date June 30</u>	<u>Fiscal year of rate</u>	<u>Normal Cost rate PERS</u>	<u>Actuarial Computed Rate PERS</u>	<u>Normal Cost rate TRS</u>	<u>Actuarial Computed Rate TRS</u>
1980	1983	11.46%	13.78%	11.95%	16.84%
1981	1984	12.03%	13.68%	13.51%	17.42%
1982	1985	11.36%	13.62%	13.64%	17.95%
1983	1986	11.82%	13.59%	13.13%	17.36%
1984	1987	12.31%	13.84%	13.91%	13.28%
1985	1988	11.13%	9.55%	11.62%	13.28%
1986	1989	10.20%	9.38%	9.36%	11.16%
1987	1990	9.23%	9.30%	9.14%	8.19%
1988	1991	10.37%	12.00%	11.86%	12.27%
1989	1992	12.00%	14.20%	13.26%	15.16%
1990	1993	12.83%	13.58%	14.07%	19.65%
1991	1994	10.18%	13.72%	9.05%	15.59%
1992	1995	10.90%	13.70%	8.57%	13.36%
1993	1996	11.29%	12.82%	9.06%	12.48%
1994	1997	10.36%	12.14%	9.70%	14.96%
1995	1998	10.61%	11.90%	10.10%	14.94%
1996	1999	9.85%	7.74%	8.97%	10.52%
1997	2000	9.89%	7.36%	9.21%	13.00%
1998	2001	8.67%	7.03%	8.99%	10.55%
1999	2002	8.07%	6.56%	8.89%	7.09%
2000	2003	10.07%	6.12%	9.40%	8.29%
2001	2004	9.53%	6.77%	10.36%	14.44%
2002	2005	13.31%	24.91%	14.76%	35.57%
2003	2006	13.24%	25.63%	14.28%	38.85%

$270.71 \div 24$

$266.78 \div 24 =$

11.16%

Normal Cost Rate: present value of benefits, which are expected to be credited with respect to service during the year beginning on the valuation date.

10.86%

Actuarial Computed Rate: after comparing plan assets and liabilities, an actuarial rate is computed that would fully fund the retirement systems over 25 years. There are two components: the normal cost rate and the past service rate necessary to pay any unfunded liability. Both rates account for differences between actual experience versus anticipated results, changes in actuarial assumptions and / or methods, changes in statutory provisions, and the difference between the rate actually adopted by the Boards for a particular year versus the computed rate.

1.5(c) Actuarial Projections – Effect of Economic Scenarios

Key Assumptions

- All assumptions and methods are the same as Section 1.5(a) except

Results are shown only under the 1% population growth scenario

The actuarially calculated contribution rate is adopted in each year beginning in FY06, but rate cannot increase by more than 5% per year.

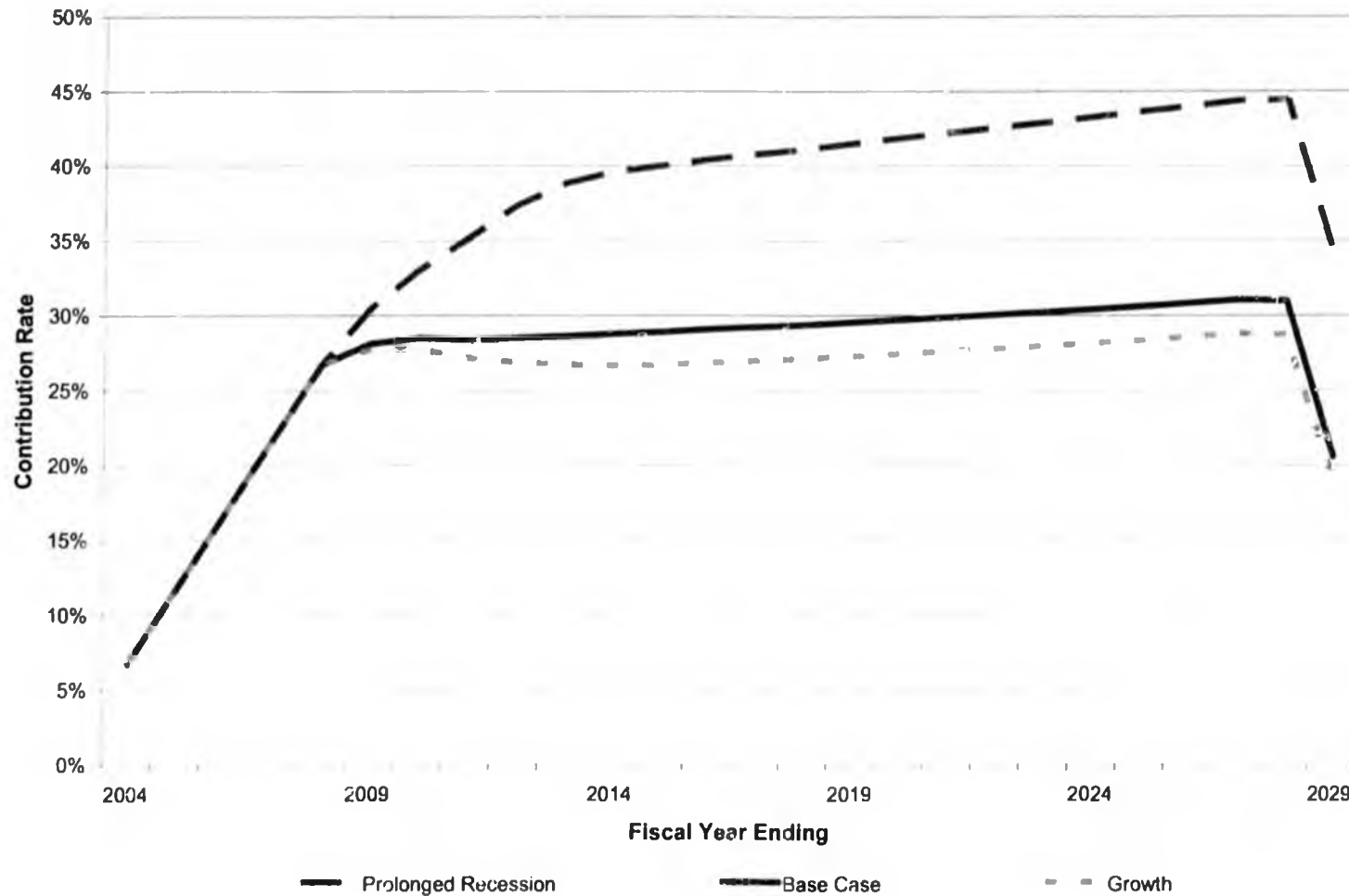
Investment returns are assumed as follows:

Total Portfolio Investment Return Under Each Scenario

Year Ending June 30	Base Case	Growth	Prolonged Recession
2004	15.08%	15.08%	15.08%
2005	8.25%	10.00%	-3.50%
2006	8.25%	10.00%	-3.50%
2007	8.25%	9.50%	2.10%
2008	8.25%	9.00%	7.75%
2009	8.25%	8.25%	7.75%
2010	8.25%	8.25%	7.75%
2011	8.25%	8.25%	7.75%
2012	8.25%	8.25%	7.75%
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2024	8.25%	8.25%	7.75%
2025	8.25%	8.25%	7.75%
2026	8.25%	8.25%	7.75%
2027	8.25%	8.25%	7.75%
2028	8.25%	8.25%	7.75%
2029	8.25%	8.25%	7.75%

1.5(c) Actuarial Projections – Effect of Economic Scenarios (continued)

Contribution Rate



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1.5(c) Actuarial Projections – Effect of Economic Scenarios

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2016	8.25%	8.25%	7.75%
2017	8.25%	8.25%	7.75%
2018	8.25%	8.25%	7.75%
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2021	8.25%	8.25%	7.75%
2022	8.25%	8.25%	7.75%
2023	8.25%	8.25%	7.75%
2024	8.25%	8.25%	7.75%
2025	8.25%	8.25%	7.75%
2026	8.25%	8.25%	7.75%
2027	8.25%	8.25%	7.75%
2028	8.25%	8.25%	7.75%
2029	8.25%	8.25%	7.75%

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Central Microfilm Services
Department of Education & Early Development
State of Alaska

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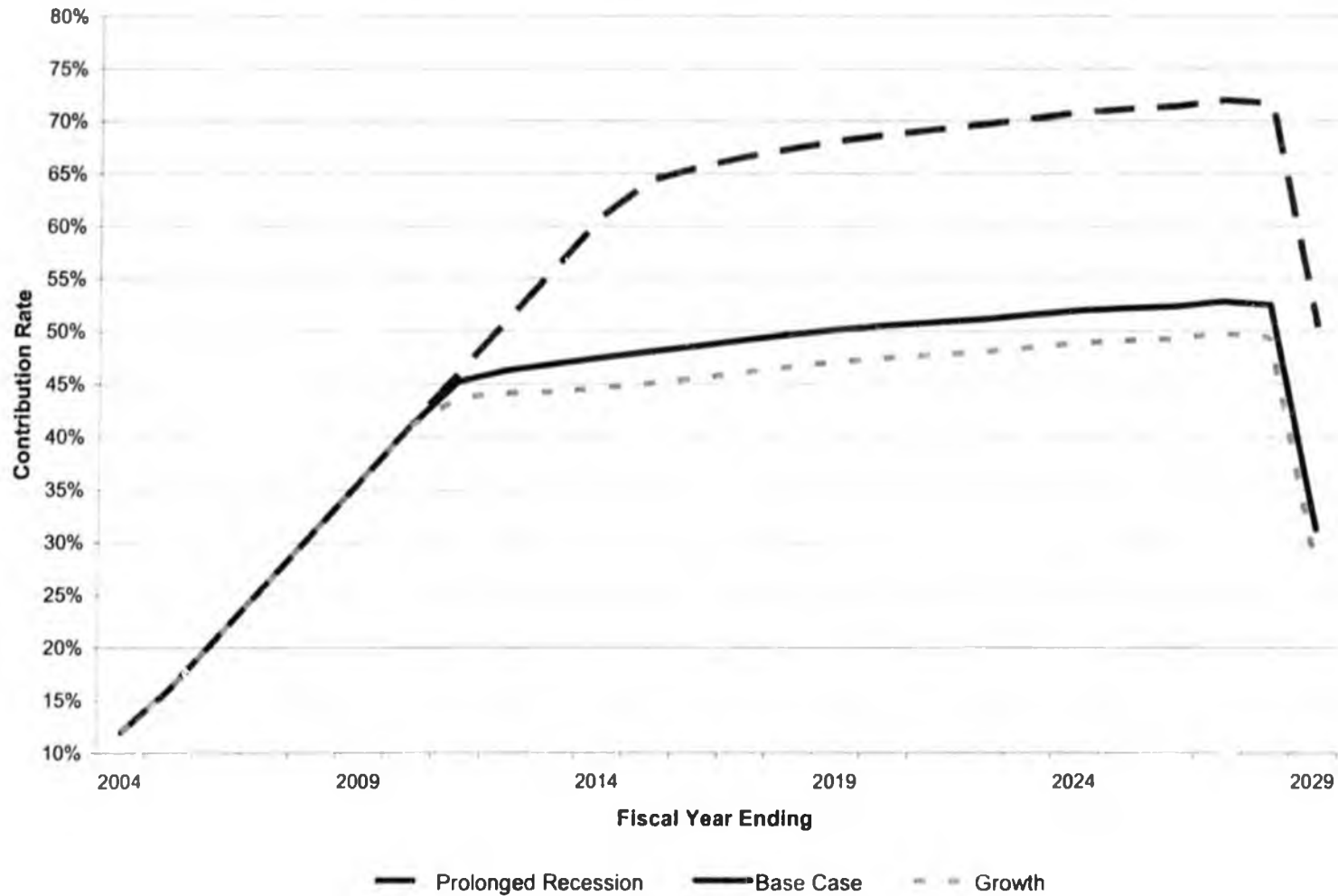
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2013	8.25%	8.25%	7.75%
2014	8.25%	8.25%	7.75%
2015	8.25%	8.25%	7.75%
2016	8.25%	8.25%	7.75%
2017	8.25%	8.25%	7.75%
2018	8.25%	8.25%	7.75%
2019	8.25%	8.25%	7.75%
2020	8.25%	8.25%	7.75%
2021	8.25%	8.25%	7.75%
2022	8.25%	8.25%	7.75%
2023	8.25%	8.25%	7.75%
2024	8.25%	8.25%	7.75%
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1.5(c) Actuarial Projections – Effect of Economic Scenarios (continued)

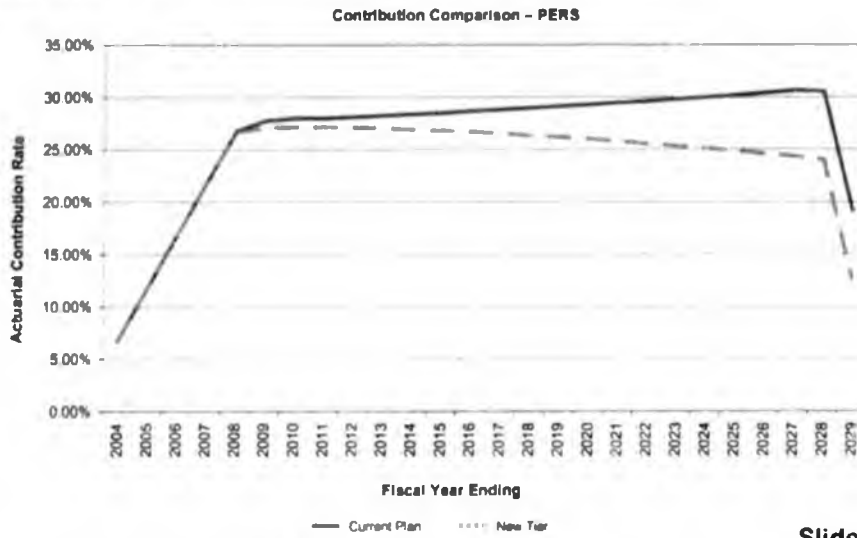
Contribution Rate



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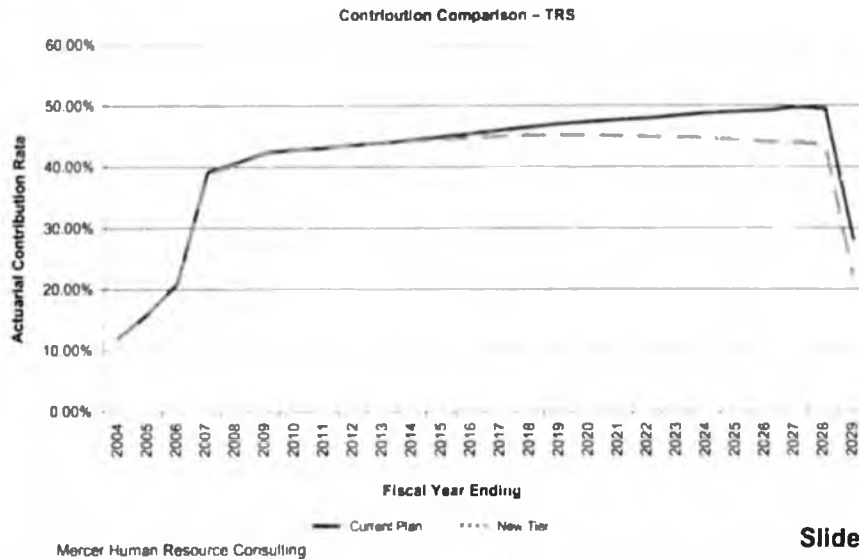
Proposed Alternatives Cost Projections - PERS



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Proposed Alternatives Cost Projections - TRS



Slide 44

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
TEACHERS' RETIREMENT SYSTEM
SENATE FINANCE BRIEFING ON PROPOSALS FOR NEW TIERS**

Attached are two spreadsheets comparing the specific benefit differences in the existing and proposed Tiers for PERS and TRS. Outlined below is a summary of the major benefit changes and a cost comparison.

PERS / TRS

	Current PERS Tier III / TRS Tier II DB Plan	Alternative 1 DB/DC Plan	Alternative 2 DC Plan
PERS Employee Contribution Rate	6.75% or 7.5 Police/Fire	8% all members 8.5% Police/Fire 11.0% School District	8% all members 8.5% Police/Fire 11.0% School District
TRS Employee Contribution Rate	8.65%	10%	10%
Retirement Age	60 normal - 55 early 30 years "all others" 20 Police/Fire 20 Teachers	Same Same 25 Police/Fire members 25 Teachers	Any age
PERS Benefit Formula/Contribution Rate	2% up to 2.5% DB	1% DB; 8% DC (8% includes HRA)	12.5% DC (12.5% includes HRA)
TRS Benefit Formula/Contribution Rate	2% up to 2.5% DB	1% DB; 10% DC (10% includes HRA)	15% DC (15% includes HRA)
Medical	<ul style="list-style-type: none"> Do not have to retire directly from system to be service or age eligible for medical coverage. Must have 10 years of service. Minimal cost share. 	<ul style="list-style-type: none"> Must retire directly from system to be eligible. Must have 10 years of service. Member pays more through "cost share" design elements. 	Same as Alternative 1
Normal Cost Rate – PERS (does not include unfunded liability portion)	13.24% - Current Normal Cost Rate	8% reduces normal cost rate by 40%	8% reduces normal cost rate by 40%
Normal Cost Rate – TRS (does not include unfunded liability portion)	14.28% - Current Normal Cost Rate	8.75% - this reduces normal cost rate by 39%	8.75% this reduces normal cost rate by 39%
Future exposure and volatility to loss in investment earnings and increasing medical costs.	Employer bears all the risk.	Employer continues to have risk in two areas: (1) 1% DB component and (2) medical inflation component.	Minimal Exposure to employer in one area only: (1) medical inflation w/capped %.

Alaska Division of Retirement and Benefits
Public Employees' Retirement System (PERS) Plan Comparison Chart
 Rev. January 15, 2005

Tier I Entered on or after 1/1/81	Tier II Entered on or after 7/1/86	Tier III Entered on or after 7/1/86	Tier IV Proposed - Alternative 1 DBDC Plan Entered on or after 7/1/2006	Tier IV - Alternative 2 Prop DB Plan Entered on or after 7/1/2006
Employee Pre-tax Contribution: 6.75% beginning 1/1/87—all others 7.5% beginning 1/1/87—police and fire 9.6% beginning 7/1/89—school district	Employee Pre-tax Contribution: 6.75% beginning 1/1/87—all others 7.5% beginning 1/1/87—police and fire 9.6% beginning 7/1/89—school district	Employee Pre-tax Contribution: 6.75% beginning 1/1/87—all others 7.5% beginning 1/1/87—police and fire 9.6% beginning 7/1/89—school district	Employee Pre-tax Contribution: 8% all members beginning 7/1/2006 8.5% beginning 7/1/2006 – police and fire 11.0% beginning 7/1/2006 School District	Employee Pre-tax Contribution: 8% all members beginning 7/1/2006 8.5% beginning 7/1/2006 – police and fire 11.0% beginning 7/1/2006 School District
Members vest with 5 years of service.	Members vest with 5 years of service.	Members vest with 5 years of service.	Members vest with 5 years of service.	100% Vested upon enrollment
<ul style="list-style-type: none"> Normal retirement age is 55 Early retirement age is 50 Police/fire members can retire at any age after 20 years of police/fire service All other members can retire at any age after 30 years of membership service 	<ul style="list-style-type: none"> Normal retirement age is 60 Early retirement at age 55 Police/fire members can retire at any age after 20 years of police/fire service "All other" members can retire at any age after 30 years of membership service 	<ul style="list-style-type: none"> Normal retirement age is 60 Early retirement at age 55 Police/fire members can retire at any age after 20 years of police/fire service "All other" members can retire at any age after 30 years of membership service 	<ul style="list-style-type: none"> Normal retirement age is 60 Early retirement at age 55 Police/fire members can retire at any age after 25 years of police/fire service "All other" members can retire at any age after 30 years of membership service 	<ul style="list-style-type: none"> Can leave employment at any age and take account balance with them, leave account balance in plan or rollover to another qualified plan.
<ul style="list-style-type: none"> 2% defined benefit formula for first 10 years and all years of service prior to July 1, 1986 2.25% for the next 10 years, 2.5% per year thereafter (average of the high three consecutive years' salary) Police/Fire - 2% benefits formula for first 10 years and 2.5% for all years after 10. 	<ul style="list-style-type: none"> 2% defined benefit formula for first 10 years 2.25% for the next 10 years, and 2.5% per year thereafter. Benefit calculation is determined on the average of the high three consecutive years' salary Police/Fire - 2% benefit formula for first 10 years and 2.5% for all years after 10. 	<ul style="list-style-type: none"> 2% defined benefit formula for first 10 years 2.25% for the next 10 years, and 2.5% per year thereafter (benefit calculation is average of the high five consecutive years' salary) Police/Fire - 2% benefit formula for first 10 years and 2.5% for all years after 10 (benefit calculation is three consecutive years regardless of tier (effective 2002). 	<ul style="list-style-type: none"> 1% defined benefit formula 8.0% defined contribution rate A portion of the defined contribution rate may be allocated to an account to provide for medical expenditures (HRA) Benefit calculation is computed on indexed career average 	<ul style="list-style-type: none"> 12.5% defined contribution rate A portion of the defined contribution rate may be allocated to an account to provide for medical expenditures (HRA)
<ul style="list-style-type: none"> Medical coverage is provided to all benefit recipients and their eligible dependents. The retiree medical plan premium is paid by the retirement system. 	<ul style="list-style-type: none"> Medical coverage is provided to disabled, regardless of age and benefit recipients over age 60 or <ul style="list-style-type: none"> police/fire members with 25 years of police/fire service all other members with 30 years of membership service and their eligible dependents. The retirement system pays the retiree medical plan premium. Retirees and survivors under age 60 must pay the full premium cost if they want coverage. 	<ul style="list-style-type: none"> Medical same as Tier II. Except, employees must accrue a minimum of 10 years of credited service* to have system-paid coverage at age 60. Employees with less than 10 years must pay the full premiums as long as they wish to continue medical coverage 	<ul style="list-style-type: none"> Medical <ul style="list-style-type: none"> Employees must retire directly from the system to be eligible and Accrue a minimum of 10 years of credited service* Early retirees get "access only" prior to normal retirement age - must pay premium HRA contribution Defined dollar benefit from normal retirement to age 65 Defined health benefit after age 65 (cost share based on length of service) 	<ul style="list-style-type: none"> Medical <ul style="list-style-type: none"> Employees must retire directly from the system to be eligible and Accrue a minimum of 10 years of credited service* Early retirees get "access only" prior to normal retirement age - must pay premium HRA contribution Defined dollar benefit from normal retirement to age 65 Defined health benefit after age 65 (cost share based on length of service)
<ul style="list-style-type: none"> The automatic PRPA legislated in 1986 applied to all members regardless of hire date. 	<ul style="list-style-type: none"> Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years 	<ul style="list-style-type: none"> Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years. 	<ul style="list-style-type: none"> Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years 	<ul style="list-style-type: none"> None
<ul style="list-style-type: none"> Alaska Cost-of-Living Allowance of 10% of base benefit is payable to benefit recipients who remain domiciled in Alaska after retirement. 	<ul style="list-style-type: none"> Alaska Cost-of-Living Allowance of 10% of base benefit is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement 	<ul style="list-style-type: none"> Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is \$50 or 10% of the base benefit, whichever is greater. 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None

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Alaska Division of Retirement and Benefits
Teachers' Retirement System (TRS) Plan Comparison Chart
 Rev. January 15, 2005

Tier I 7/1/55 - 6/30/90	Tier II Entered on or after 7/1/90	Tier III Proposed Alternative 1 - DB/DC Plan Entered on or after 7/1/2005	Tier III Proposed Alternative 2 - DC Plan Entered on or after 7/1/2005
Employee Pre-tax Contribution: 8.65% beginning 1/1/91	Employee Pre-tax Contribution: 8.65% beginning 1/1/91	Employee Pre-tax Contribution: 10% beginning 7/1/2005	Employee Pre-tax Contribution: 10% beginning 7/1/2005
Members vest with 8 years of service.	Members vest with 8 years of service.	Members vest with 8 years of service.	100% Vested at time of enrollment
<ul style="list-style-type: none"> • Normal retirement age is 55 • Early retirement at age 50 • Teachers can retire at any age after 20 years of membership service. 	<ul style="list-style-type: none"> • Normal retirement age is 60 • Early retirement at age 55 • Teachers can retire at any age after 20 years 	<ul style="list-style-type: none"> • Normal retirement age is 60 • Early retirement at age 55 • Teachers can retire at any age after 25 years 	<ul style="list-style-type: none"> • Can leave employment at any age and take account balance with them, leave account balance in plan or rollover to another qualified plan.
<ul style="list-style-type: none"> • 2% defined benefit formula for the first 20 years and all years of service prior to July 1, 1990 • 2.5% thereafter. Benefit calculation is determined on the average of the high three contract salaries. 	<ul style="list-style-type: none"> • 2% defined benefit formula for the first 20 years • 2.5% thereafter. Benefit calculation is determined on the average of the high three contract salaries. 	<ul style="list-style-type: none"> • 1% defined benefit formula all years of service • 10% defined contribution rate • A portion of the defined contribution rate may be allocated to an account to provide for medical expenditures (HRA). • Benefit calculation is computed on indexed career average 	<ul style="list-style-type: none"> • 15.0% defined contribution rate • A portion of the defined contribution rate may be allocated to an account to provide for medical expenditures (HRA)
<ul style="list-style-type: none"> • Medical coverage is provided to all benefit recipients and their eligible dependents. 	<ul style="list-style-type: none"> • Medical premiums are paid for all disability recipients regardless of age and • Retirees and survivors over age 60 and for retirees with at least 25 years of service including eligible dependents. • Retirees and survivors under age 60, with less than 25 years of membership service must pay the full premium cost if they want coverage. 	<p>Medical</p> <ul style="list-style-type: none"> • Employees must retire directly from the system to be eligible and • Accrue a minimum of 10 years of credited service* • Early retirees get "access only" prior to normal retirement age -- must pay premium • HRA contribution • Defined dollar benefit from normal retirement to age 65 • Defined health benefit after age 65 (cost share based on length of service) 	<p>Medical</p> <ul style="list-style-type: none"> • Employees must retire directly from the system to be eligible and • Accrue a minimum of 10 years of credited service* • Early retirees get "access only" prior to normal retirement age -- must pay premium • HRA contribution • Defined dollar benefit from normal retirement to age 65 • Defined health benefit after age 65 (cost share based on length of service)
<ul style="list-style-type: none"> • Automatic PRPA legislated in 1990 applied to all members regardless of hire date. 	<ul style="list-style-type: none"> • Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 8 years. 	<ul style="list-style-type: none"> • Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 8 years. 	None
<ul style="list-style-type: none"> • Alaska Cost-of-Living Allowance is payable to benefit recipients who remain domiciled in Alaska after retirement. The allowance is 10% of the base benefit. 	<ul style="list-style-type: none"> • Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is 10% of the base benefit. 	None	None



Employer Survey – PERS

Key

The following pages illustrate the responses to the employer survey sent to all PERS employers. In total, 89 employers responded. PERS represents employers of various sizes. As a way to show the five largest employers' responses (of those who responded), we have included the letters A – E on the charts to represent how they answered. The employers have been assigned the following letters:

<u>Employer</u>	<u># Active Employees</u>	<u>Code Letter</u>
State of Alaska	15,259	A
Anchorage SD	2,496	B
Anchorage, Municipality of	2,351	C
Fairbanks North Star Borough SD	790	D
North Slope Borough	788	E

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Employer Survey – PERS

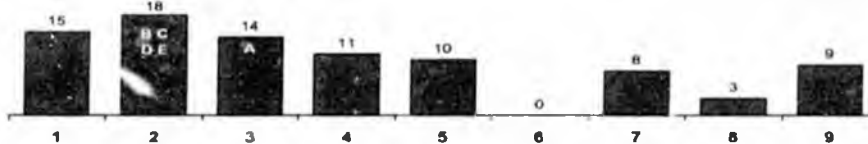
1. Long-Service Employees

Importance



Plan should favor long-service employees

Plan should not distinguish on account of length of service



Key Comments

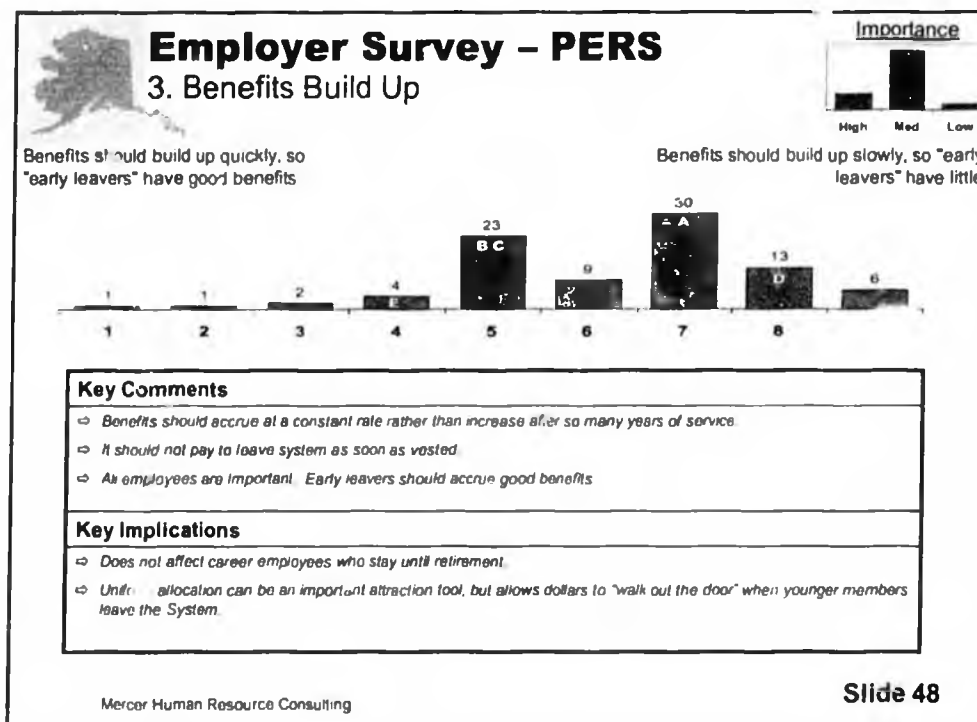
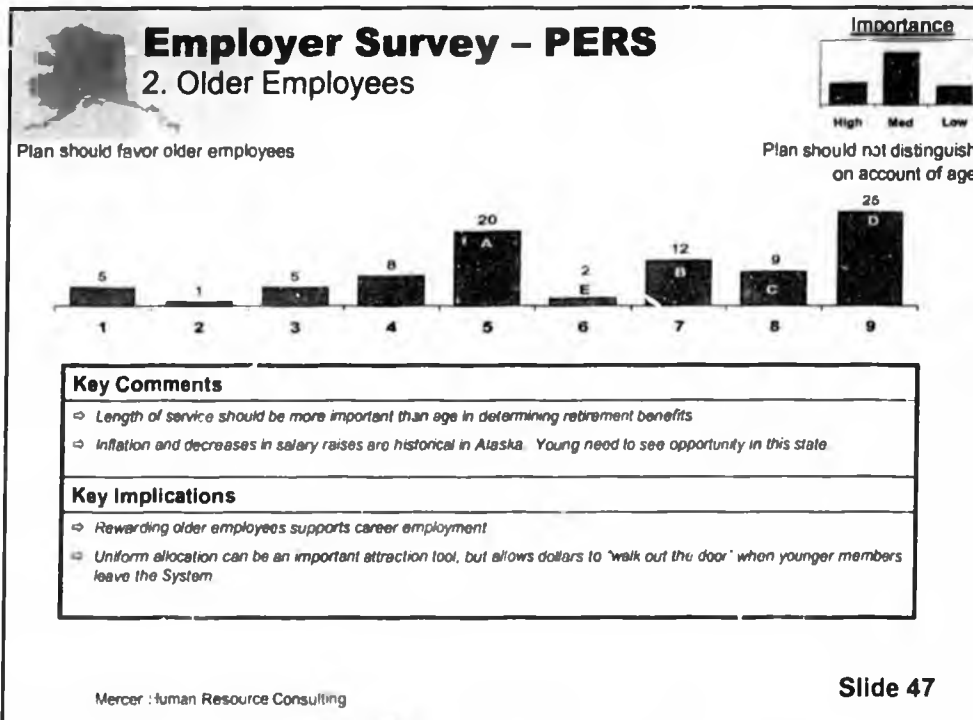
- ⇒ Retirement plans should favor long-service employees
- ⇒ With over 150 employers in PERS, portability between employers is a re. factor. If that can be achieved without penalizing long time PERS covered employees, there is not problem.
- ⇒ One of our problems is that baby-boomer "glut" of long service employees. While they should be compensated for their time, there seems to be a shortage of professional people entering state/municipal public service.

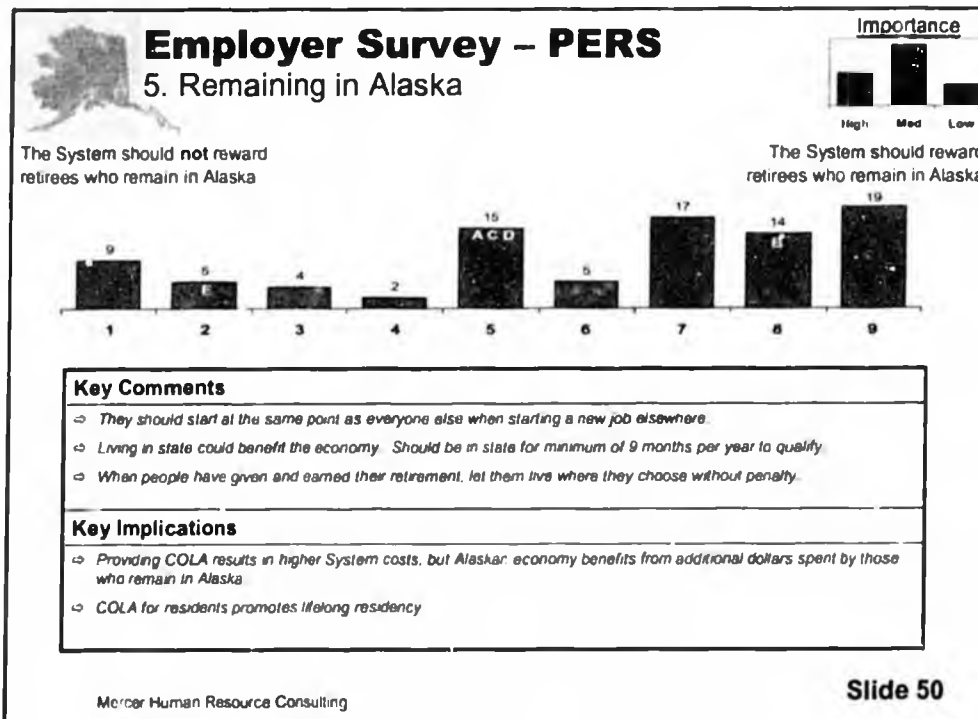
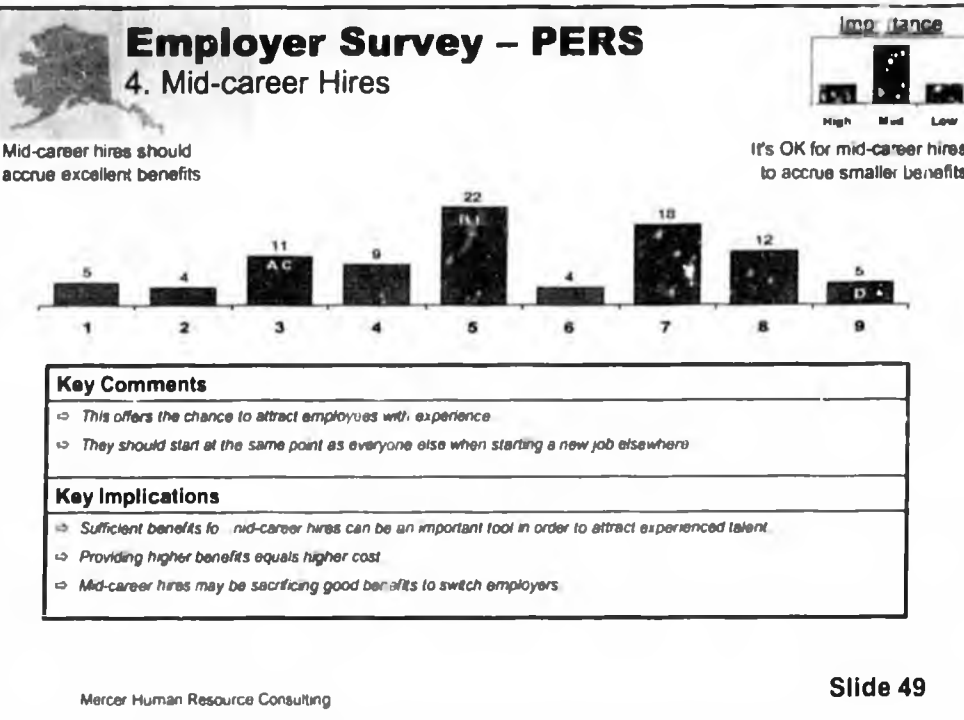
Key Implications

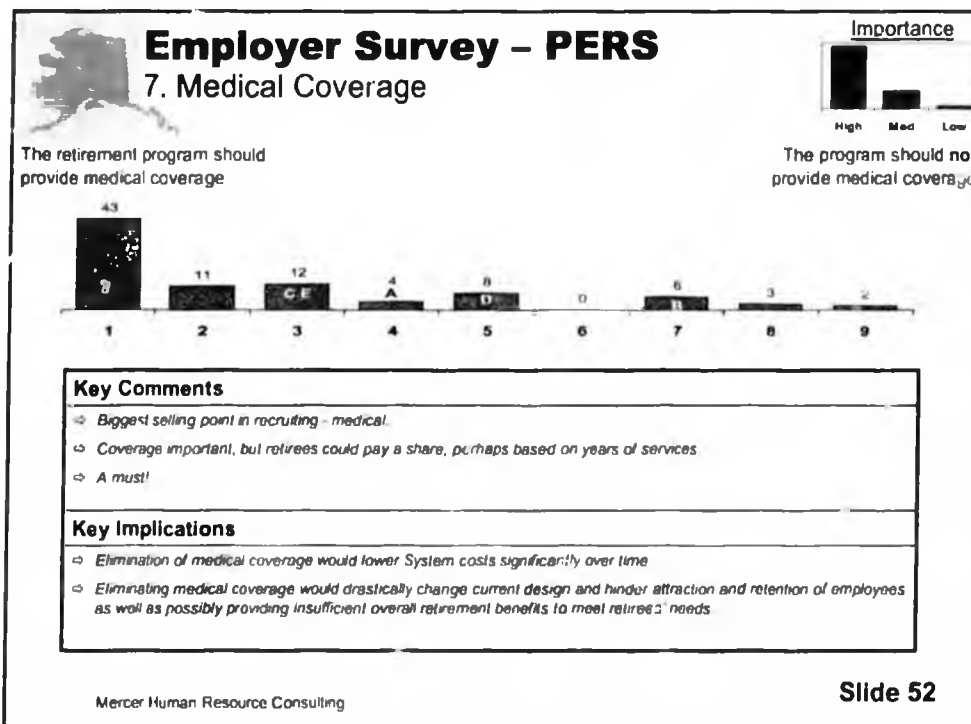
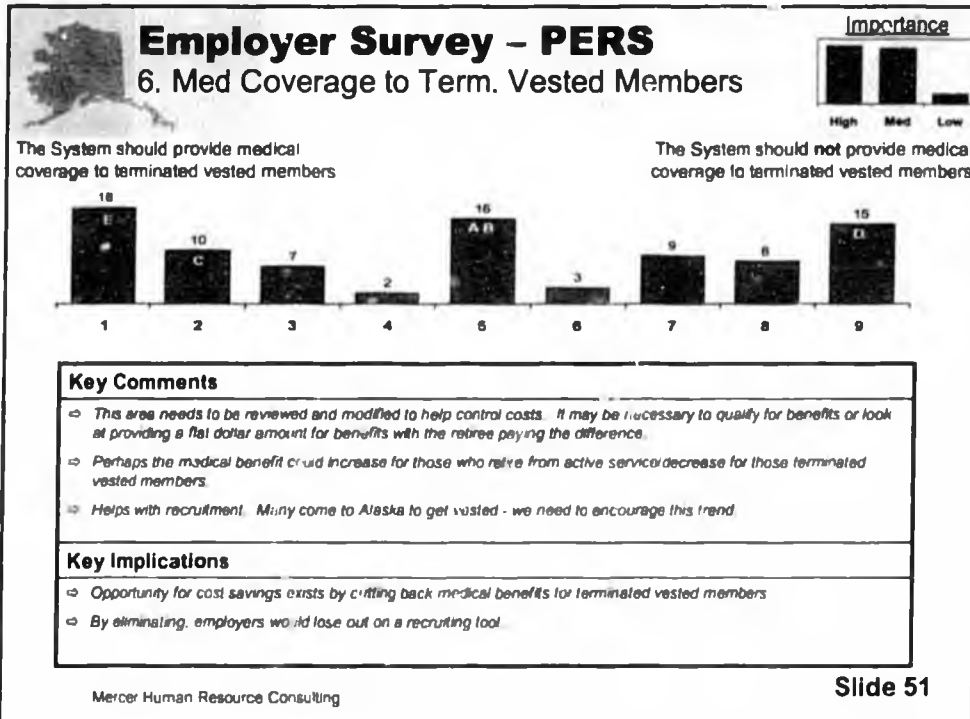
- ⇒ Rewarding long-service employees supports career employment.
- ⇒ Uniform allocation can be an important attraction tool, but allows dollars to "walk out the door" when short-service employees leave the System.

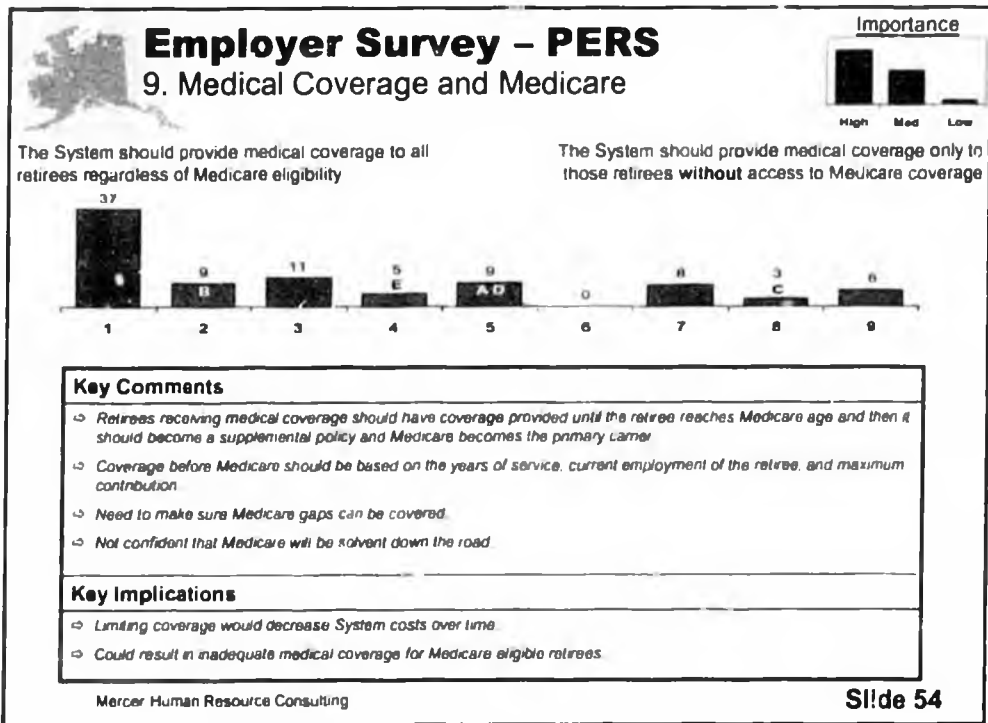
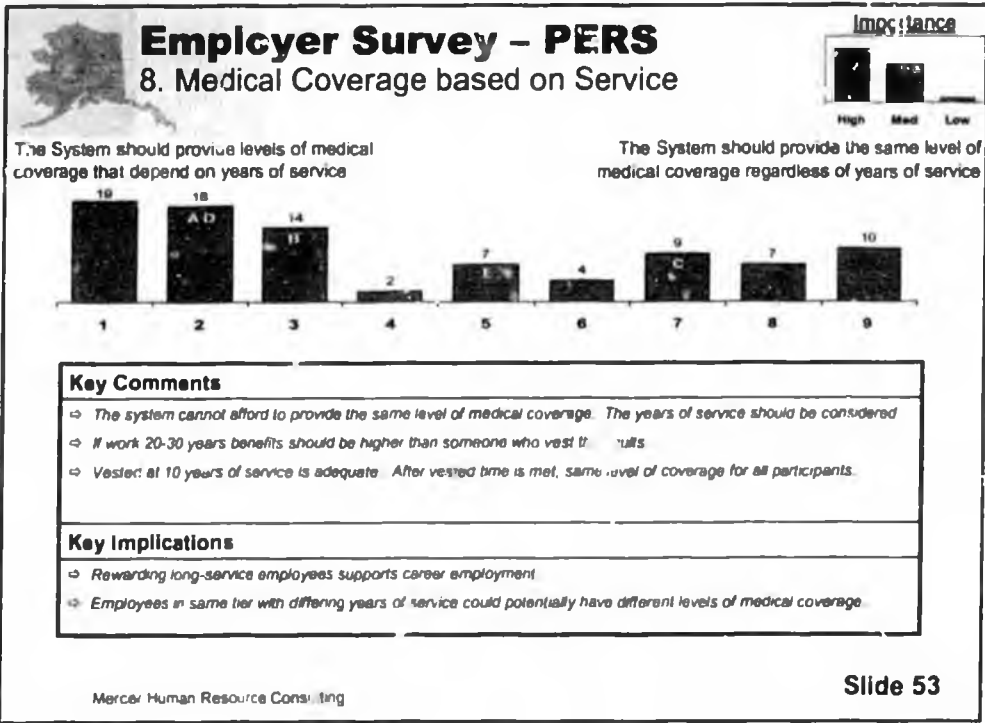
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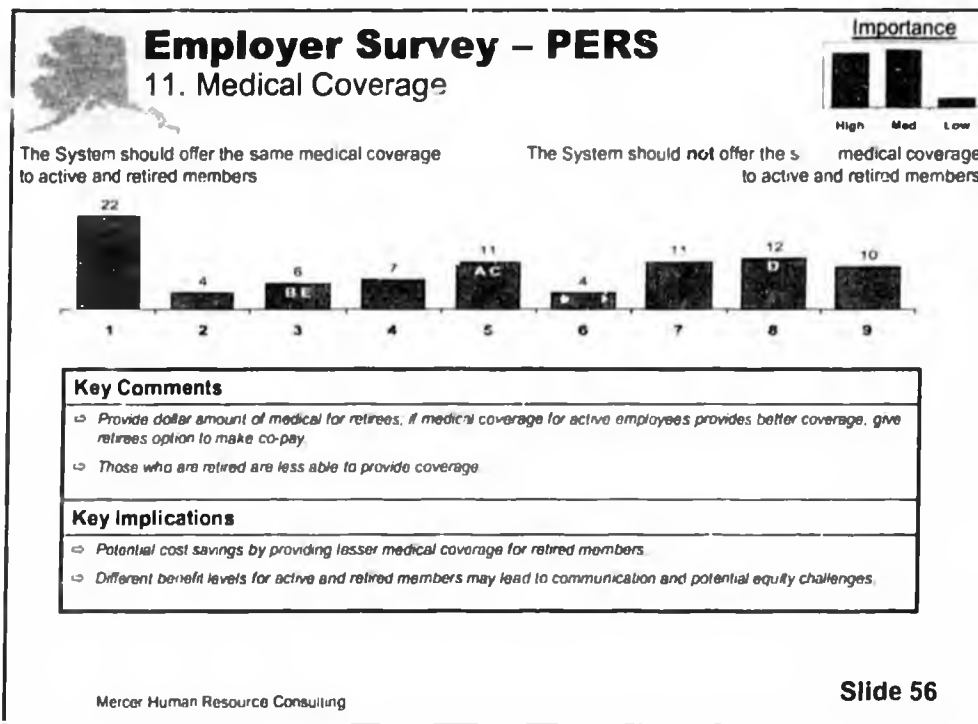
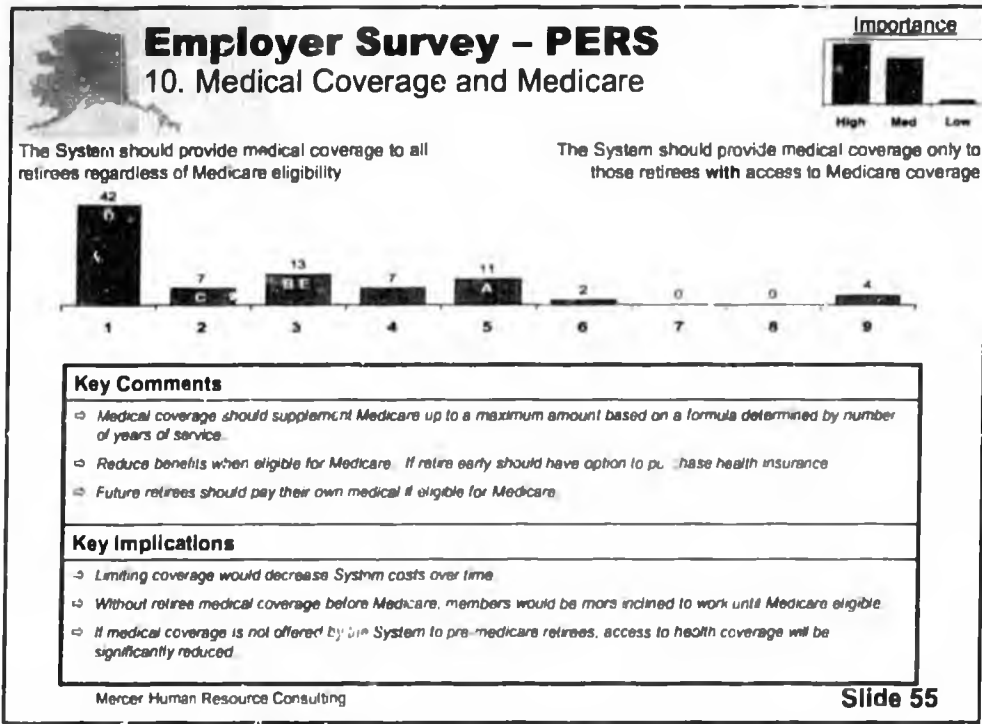
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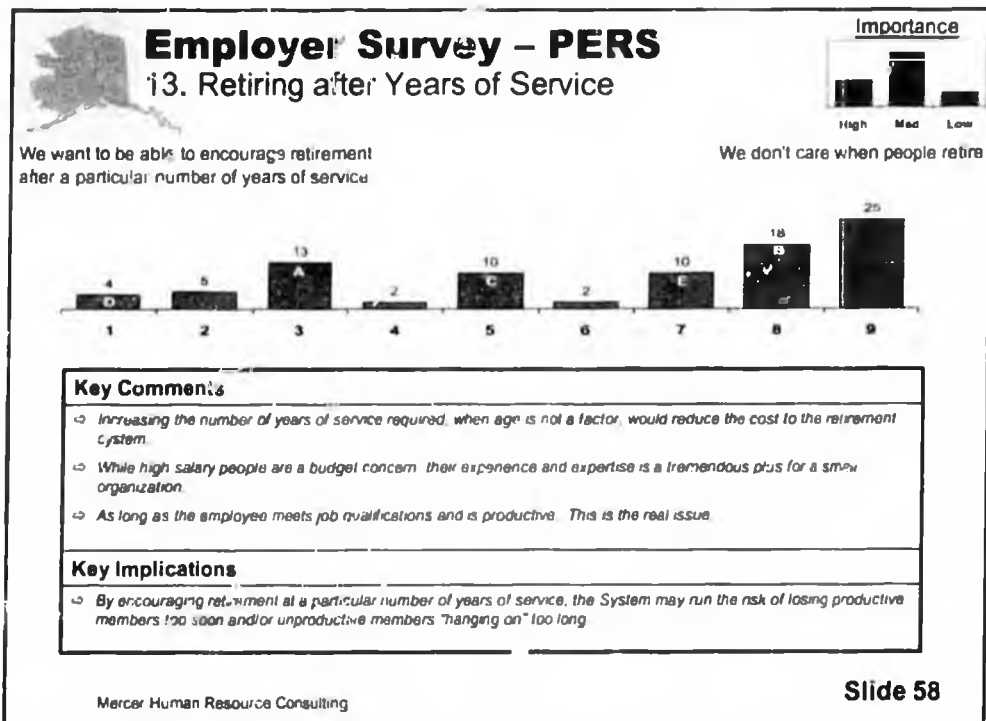
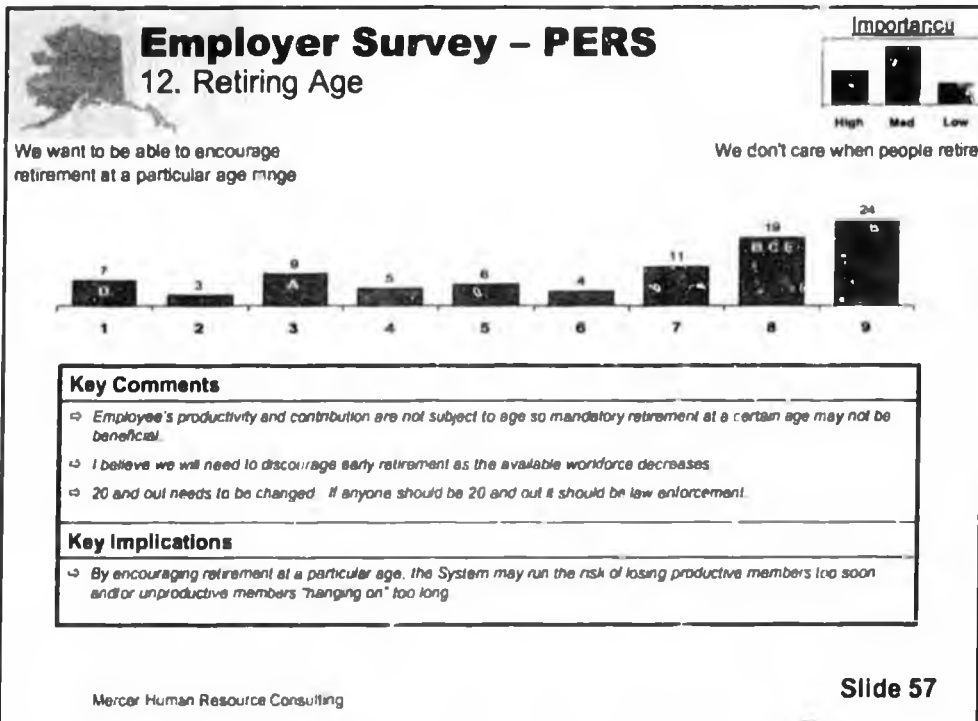


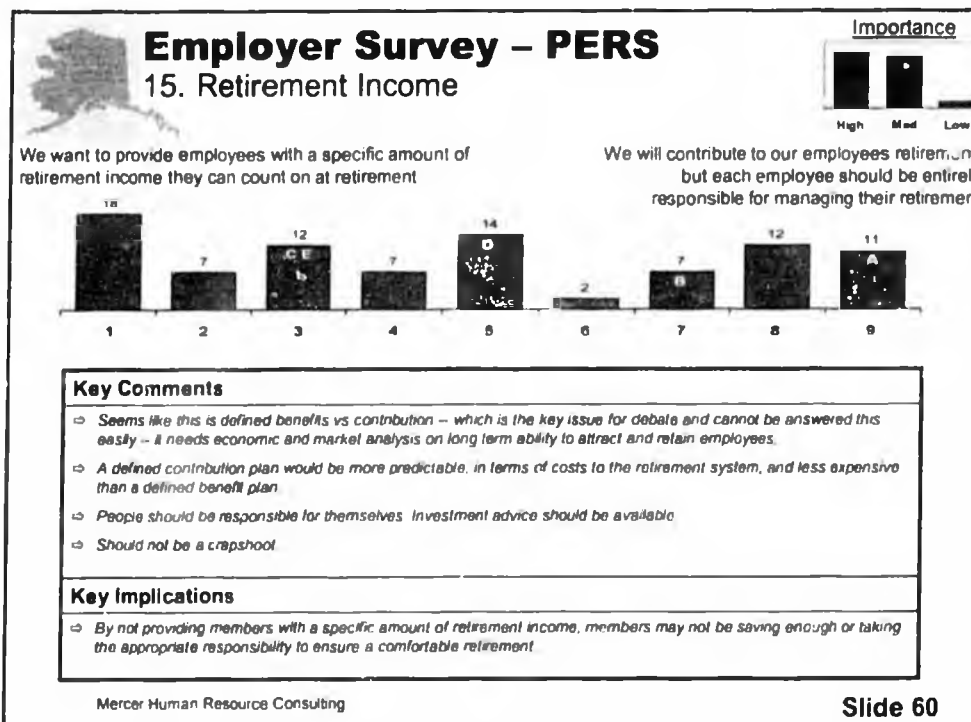
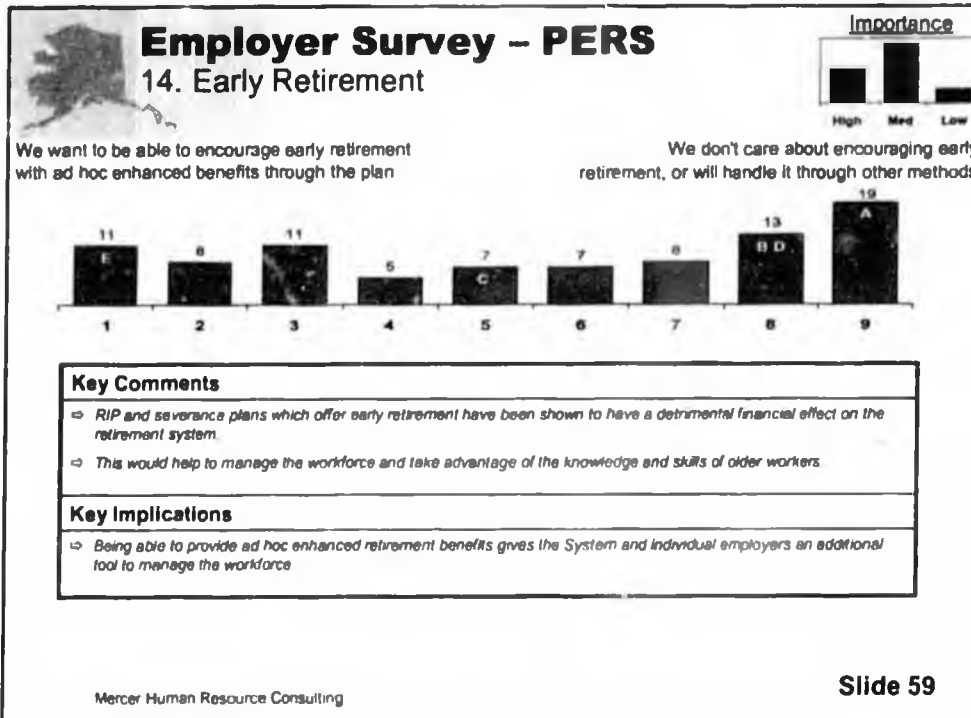


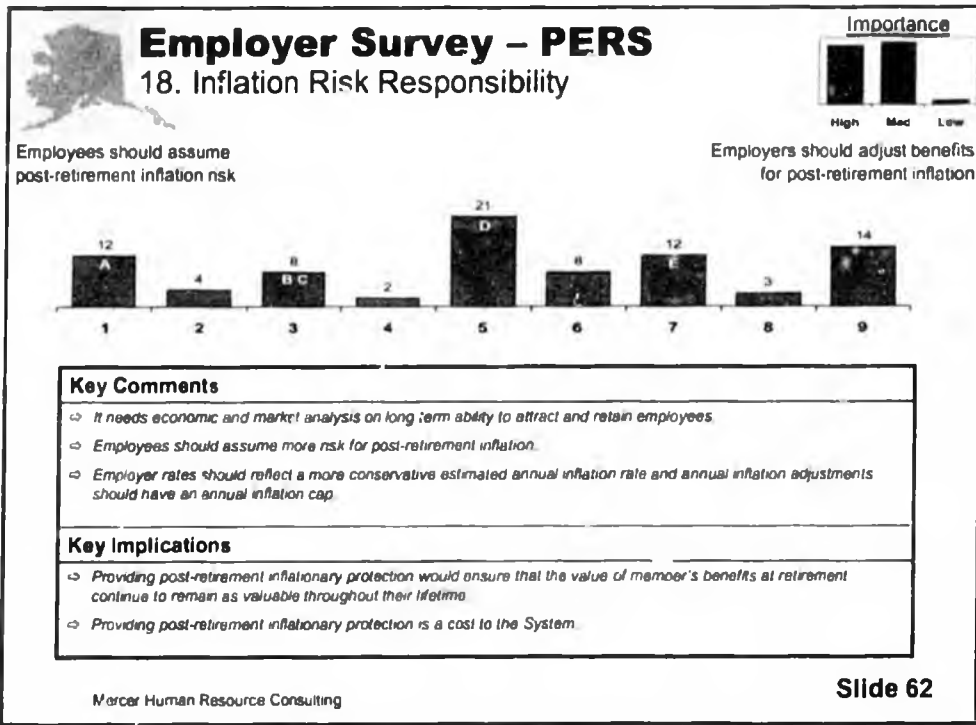
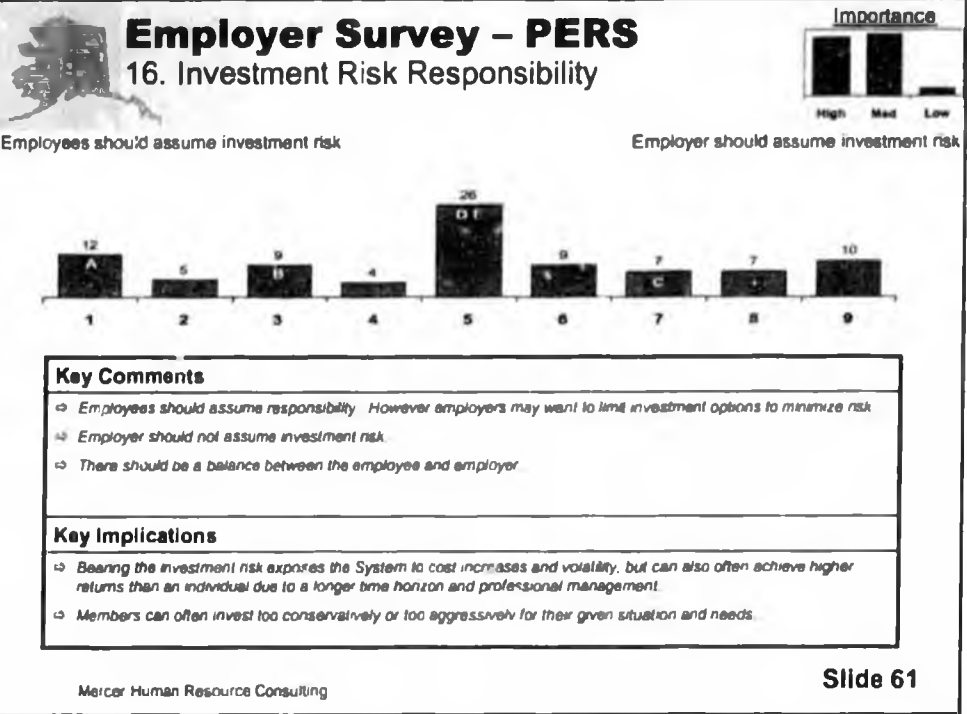


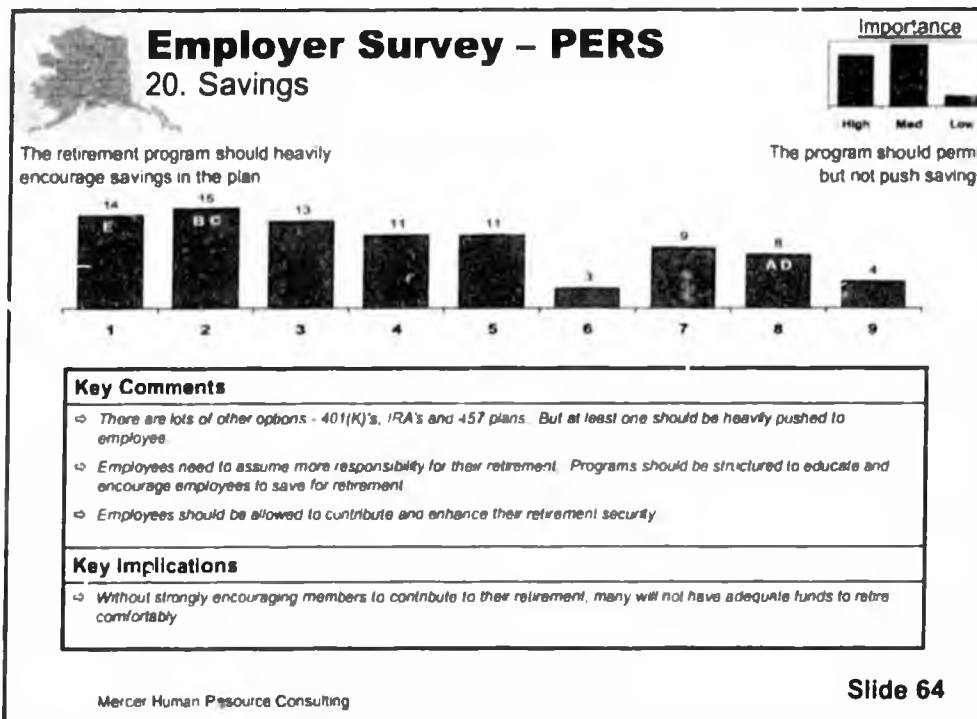
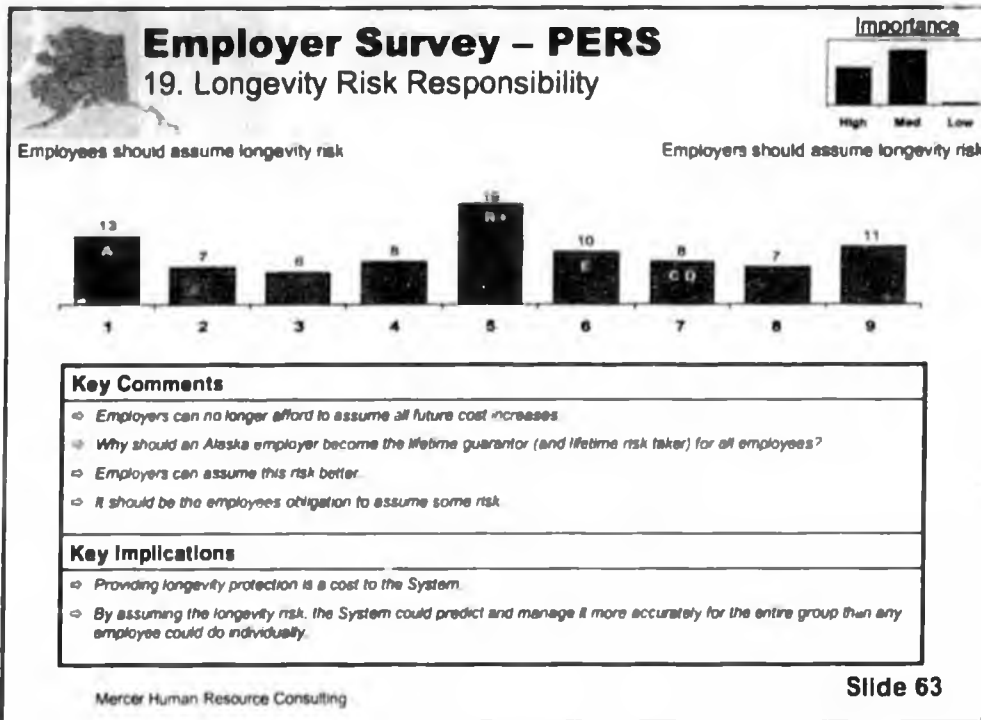


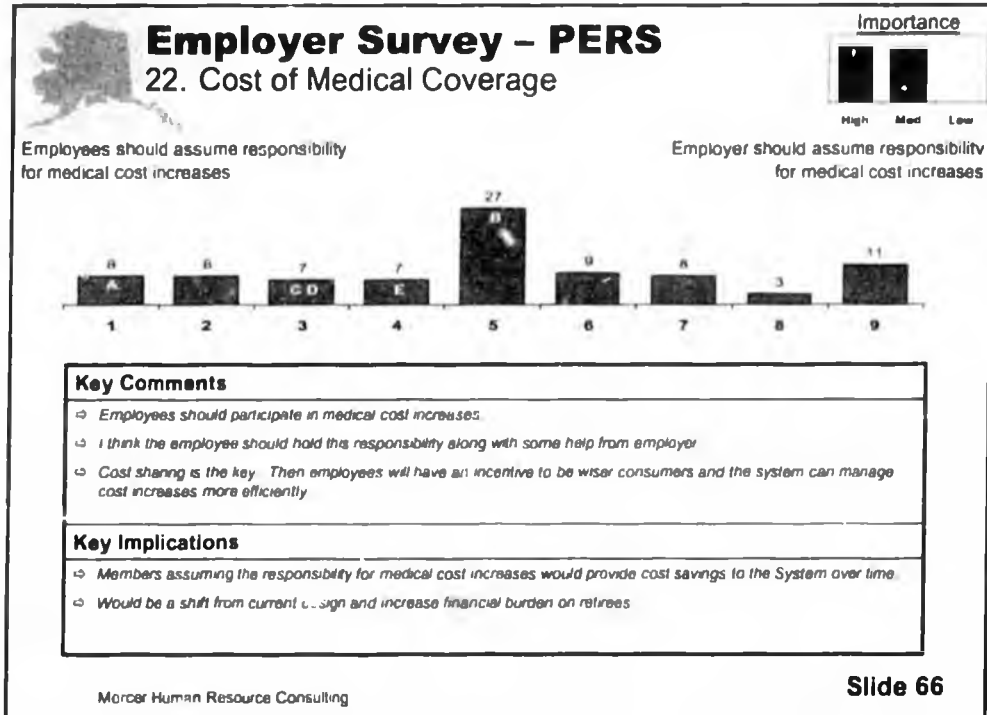
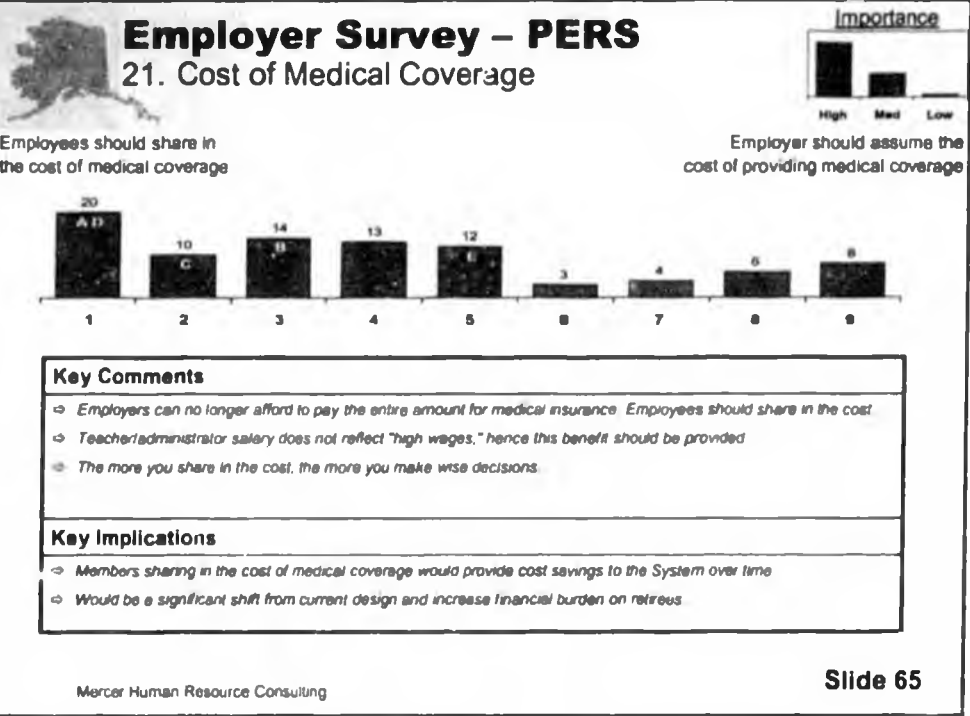


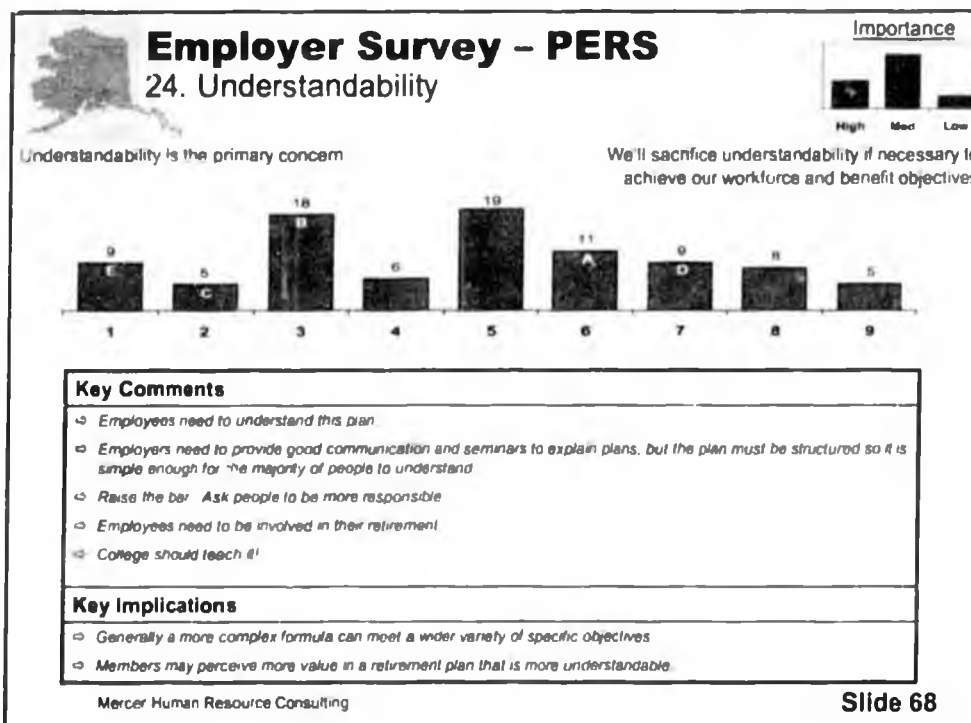
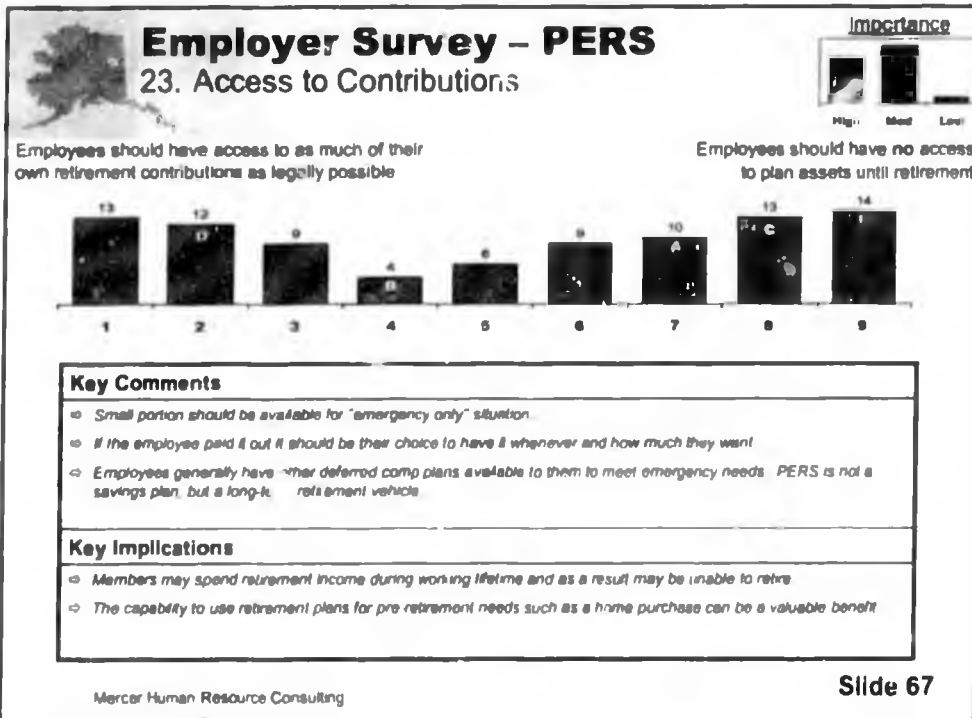


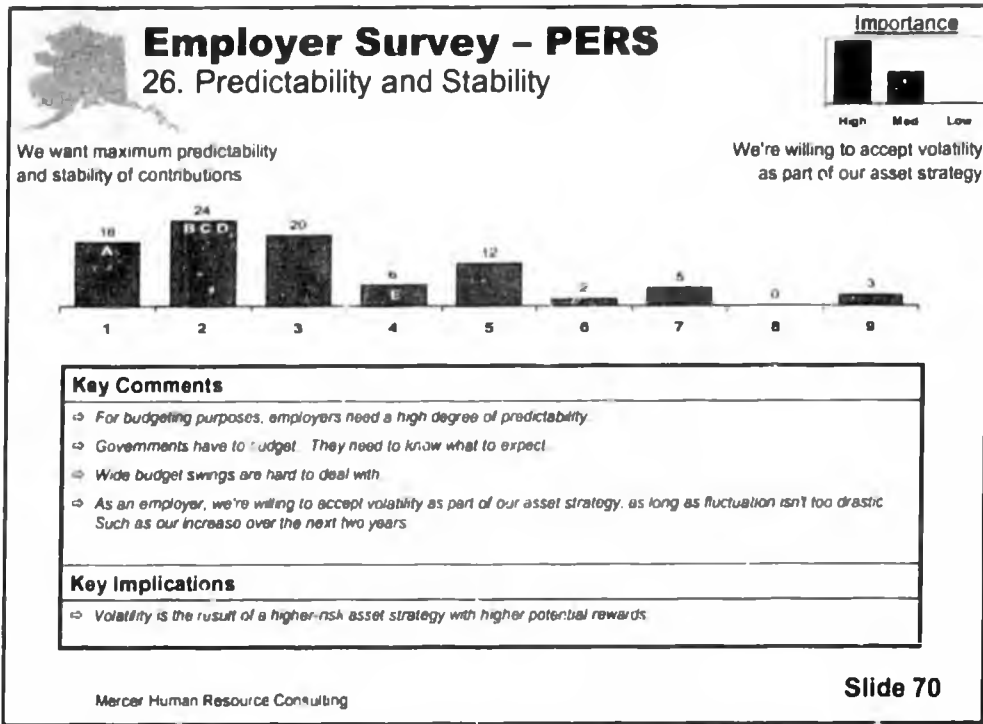
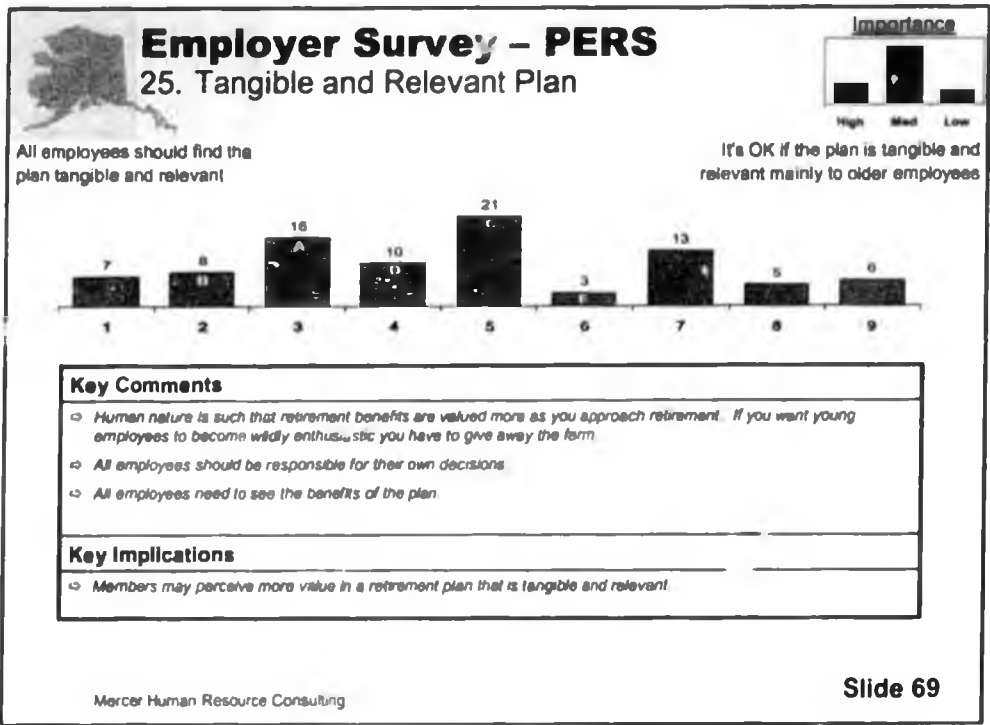














Employer Survey – PERS

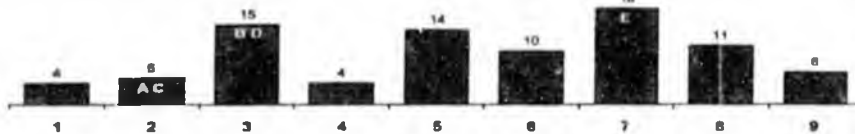
27. Change in Cost

Importance



Aggregate retirement contributions should be less than they are now

Marginal cost increases are appropriate to meet other design goals



Key Comments

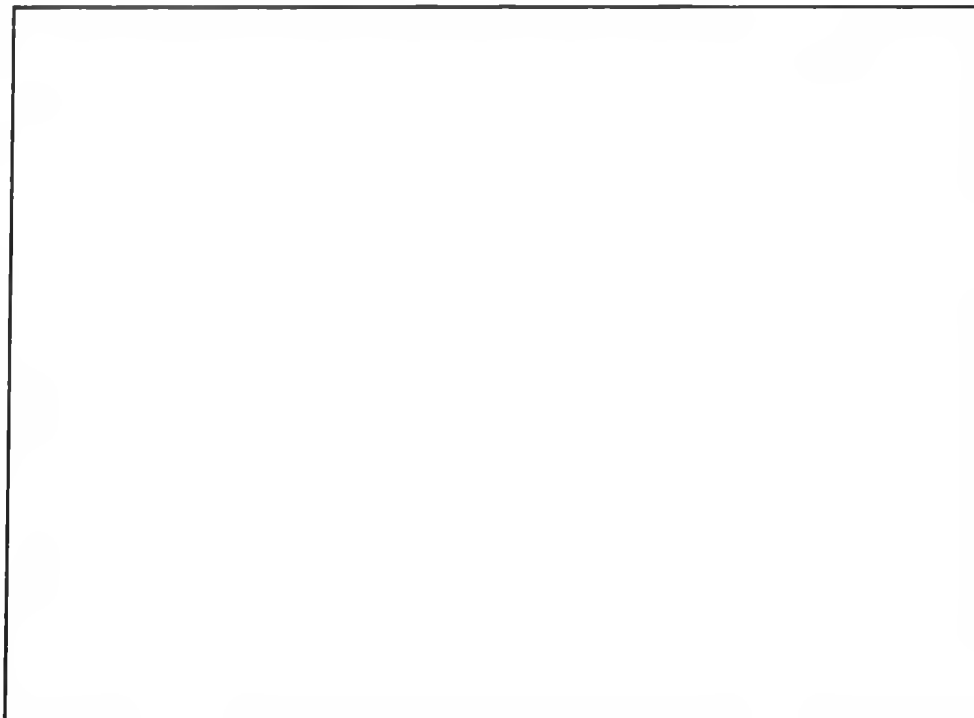
- ⇒ Employees contribution rates may need to increase!!
- ⇒ We understand that costs are increasing. Want to keep plans competitive while keeping plan costs reasonable.
- ⇒ It would be a fairly tale to want aggregate retirement contributions to be less than they are now.

Key Implications

- ⇒ Lowering contributions will result in generally lower level of benefits for retirees
- ⇒ System benefits may or may not be competitive against peer group if benefits are decreased

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Employer Survey – TRS

Key

The following pages illustrate the responses to the employer survey sent to all TRS employers. In total, 36 employers responded. TRS represents employers of various sizes. As a way to show the five largest employers' responses (of those who responded), we have included the letters A – E on the charts to represent how they answered. The employers have been assigned the following letters:

Employer	# Active Employees	Code Letter
Anchorage SD	3,464	A
Fairbanks North Star Borough SD	988	B
Matanuska-Susitna Borough SD	936	C
Kenai Peninsula Borough SD	723	D
Juneau Bureau SD	372	E

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Employer Survey – TRS

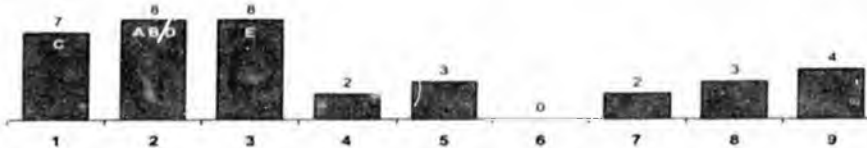
1. Long-Service Employees

Importance



Plan should favor long-service employees

Plan should not distinguish on account of length of service



Key Comments

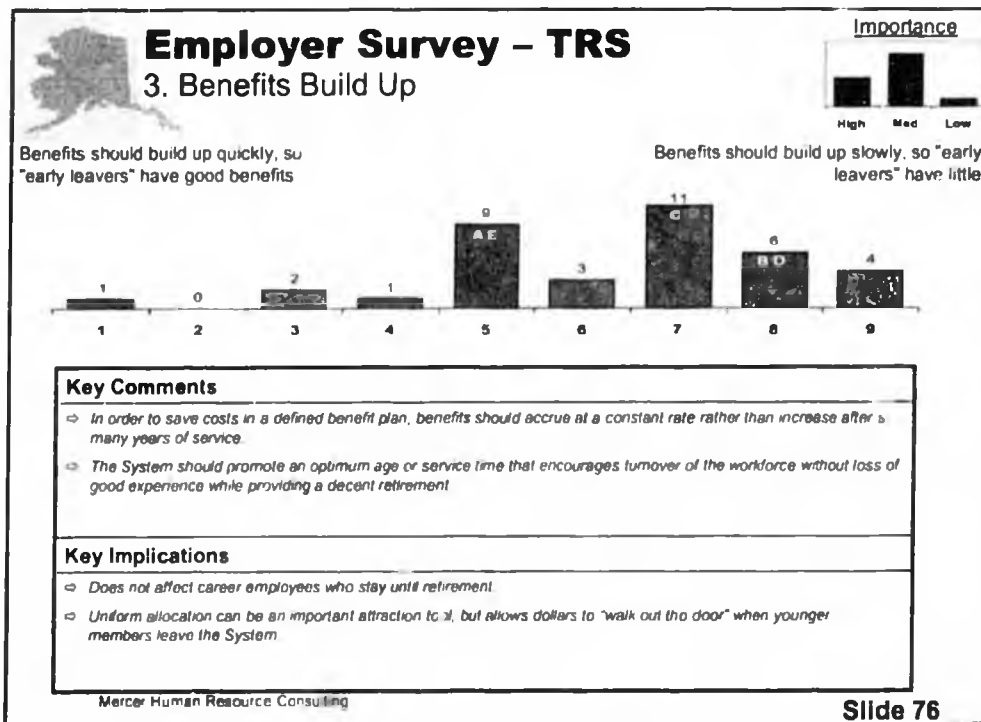
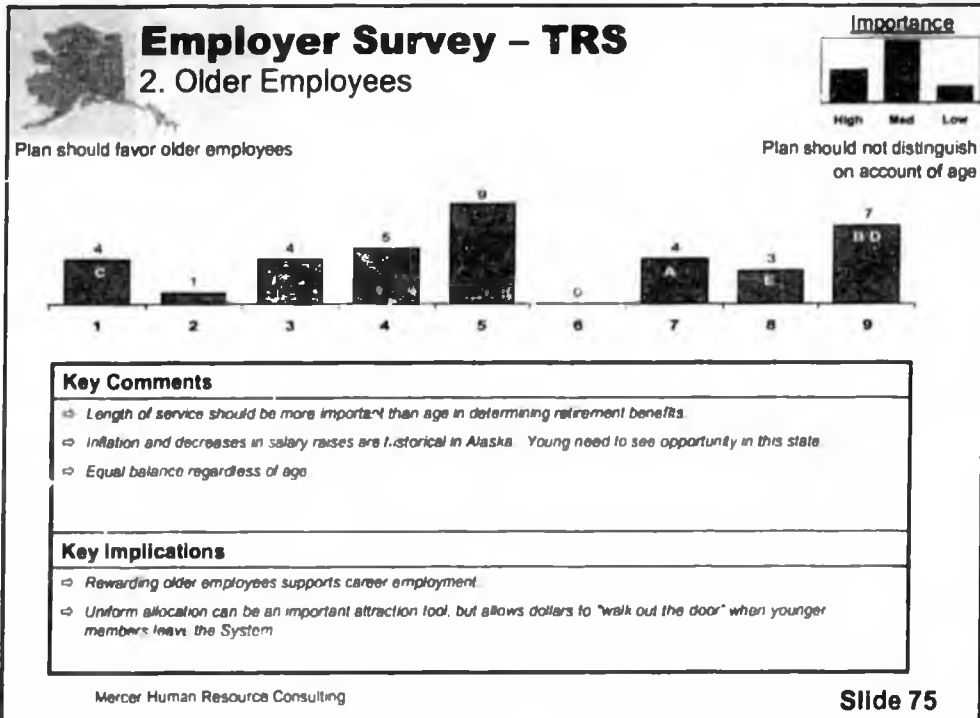
- ⇒ Incentives to reduce teacher turnover always help
- ⇒ Anything that keeps employees, saves time in recruitment, hiring, and training
- ⇒ Retaining quality employees is far more important. Employees for hire consider immediate compensation, not retirement. Veteran employees deserve rewards.

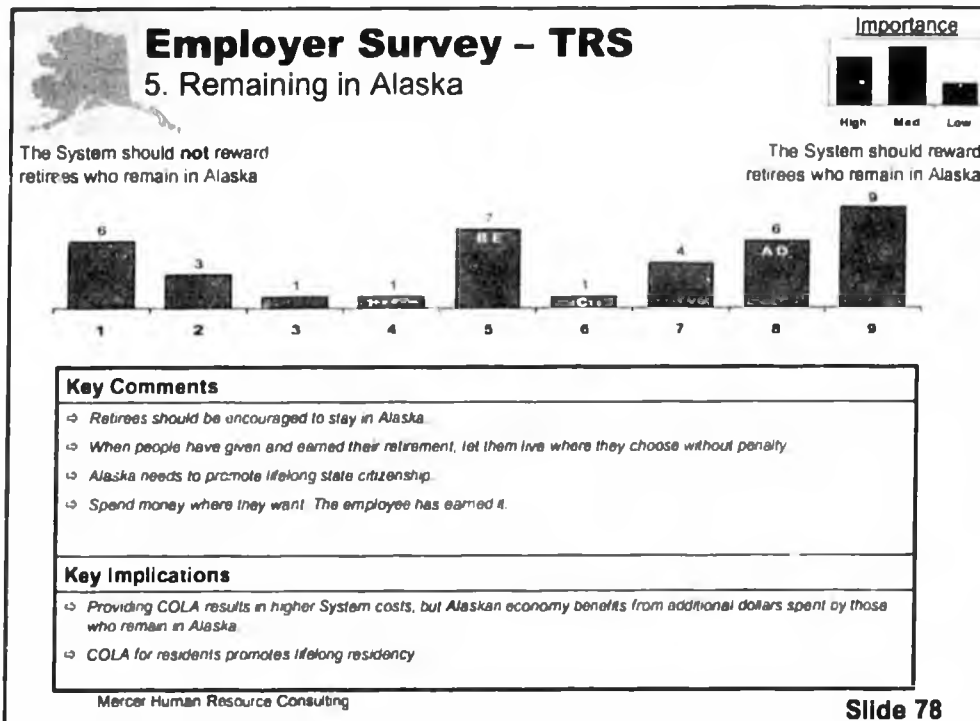
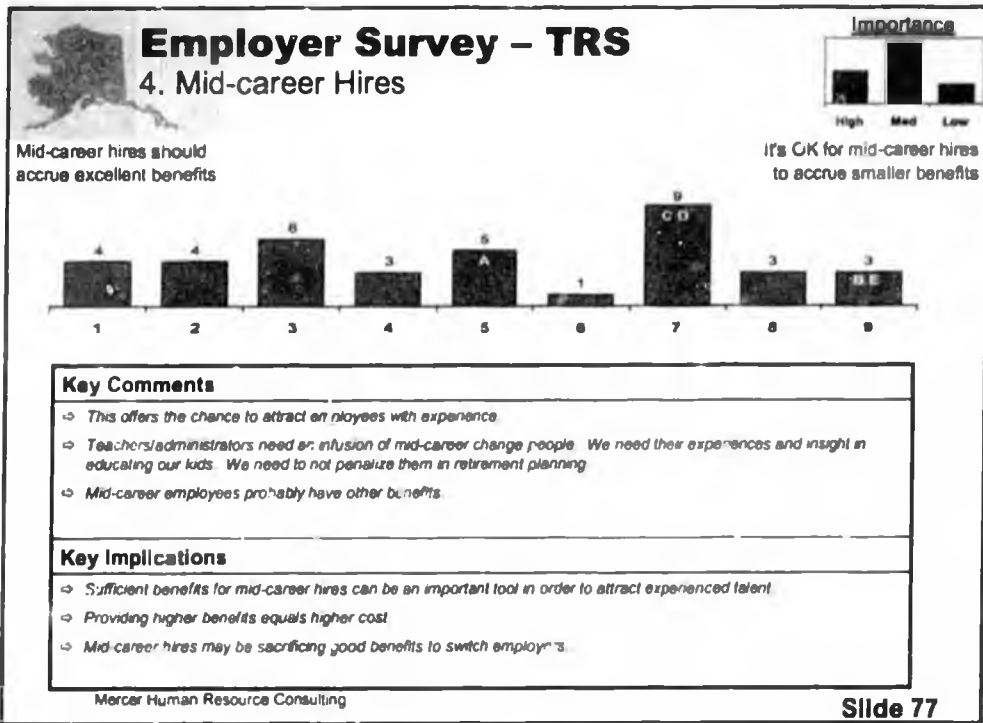
Key Implications

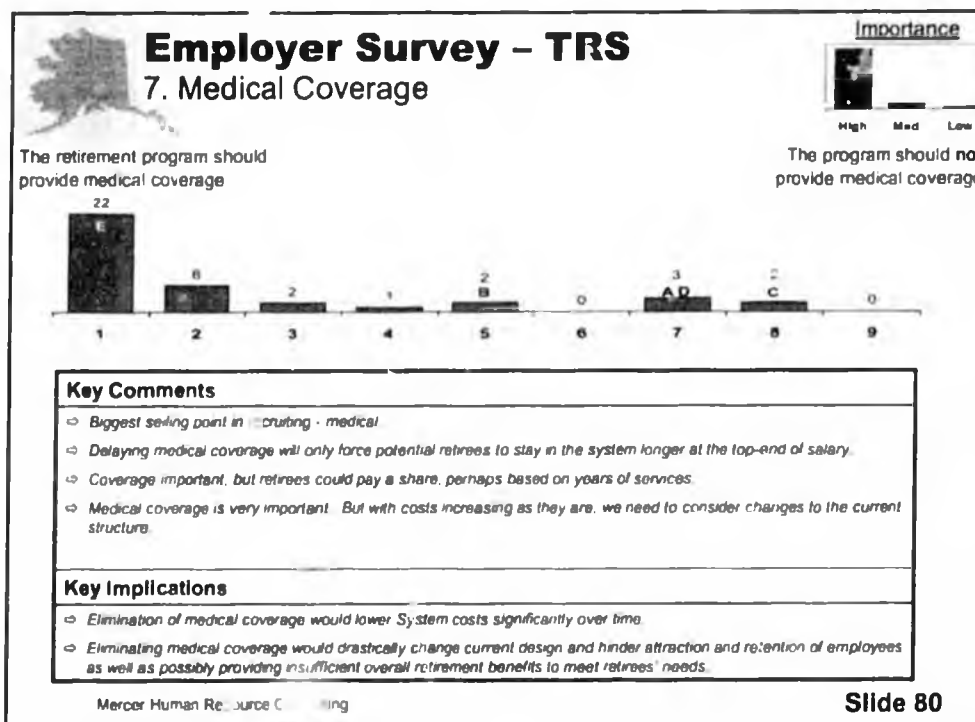
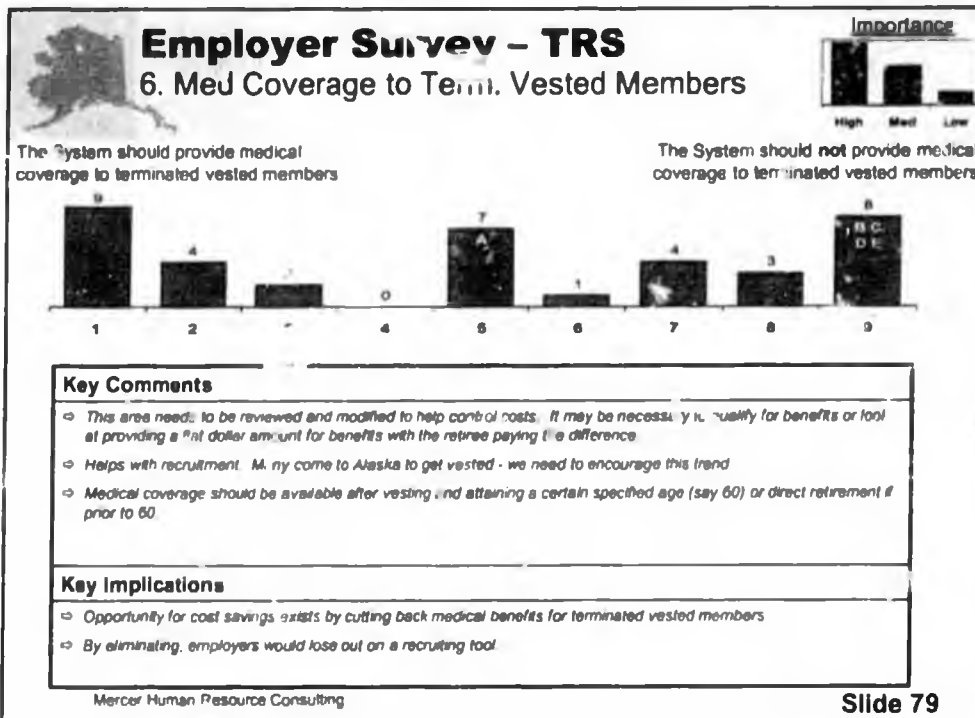
- ⇒ Rewarding long-service employees supports career employment.
- ⇒ Uniform allocation can be an important attraction tool, but allows dollars to "walk out the door" when short-service employees leave the System.

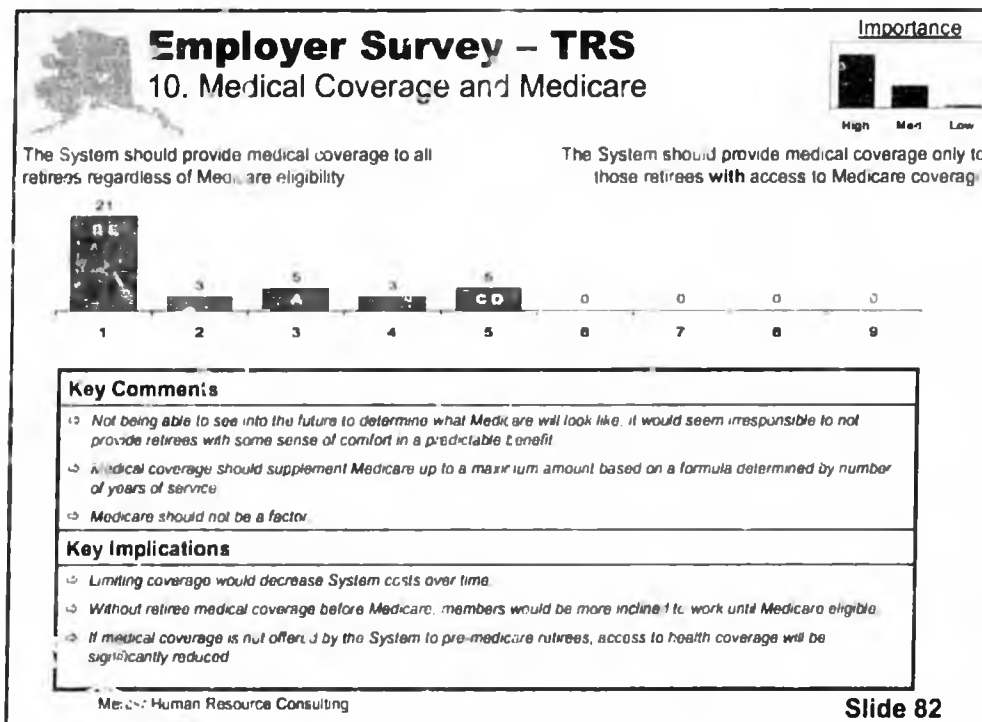
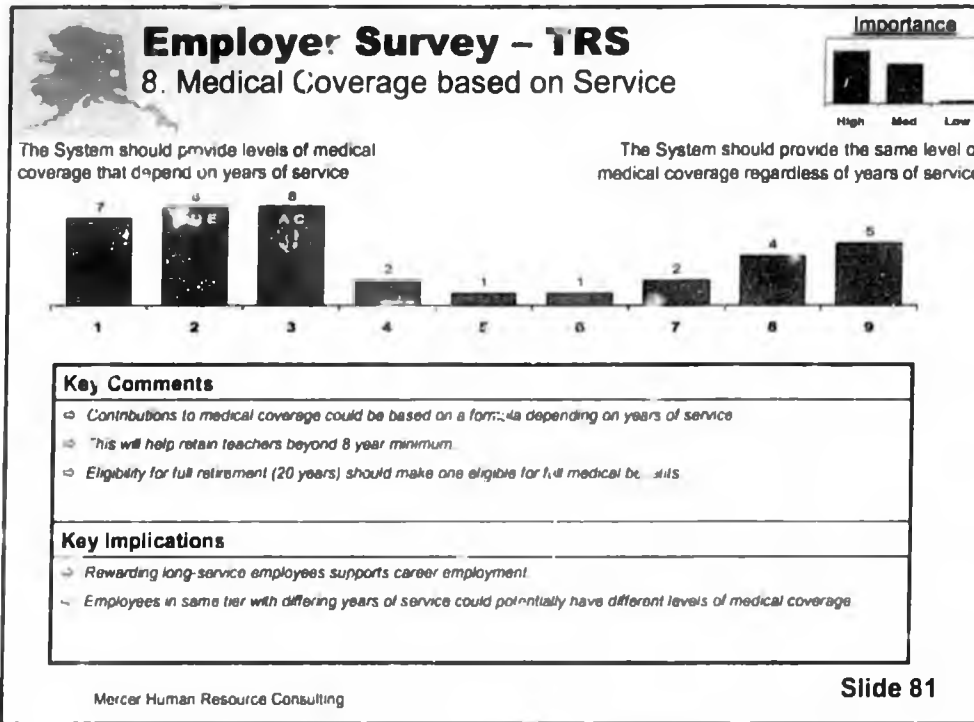
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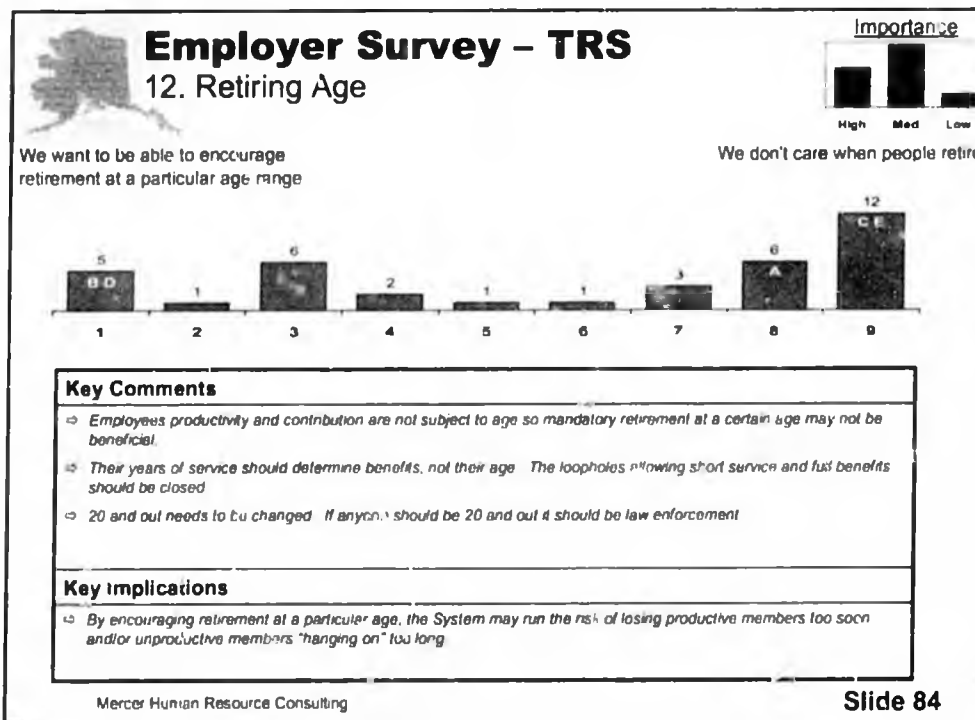
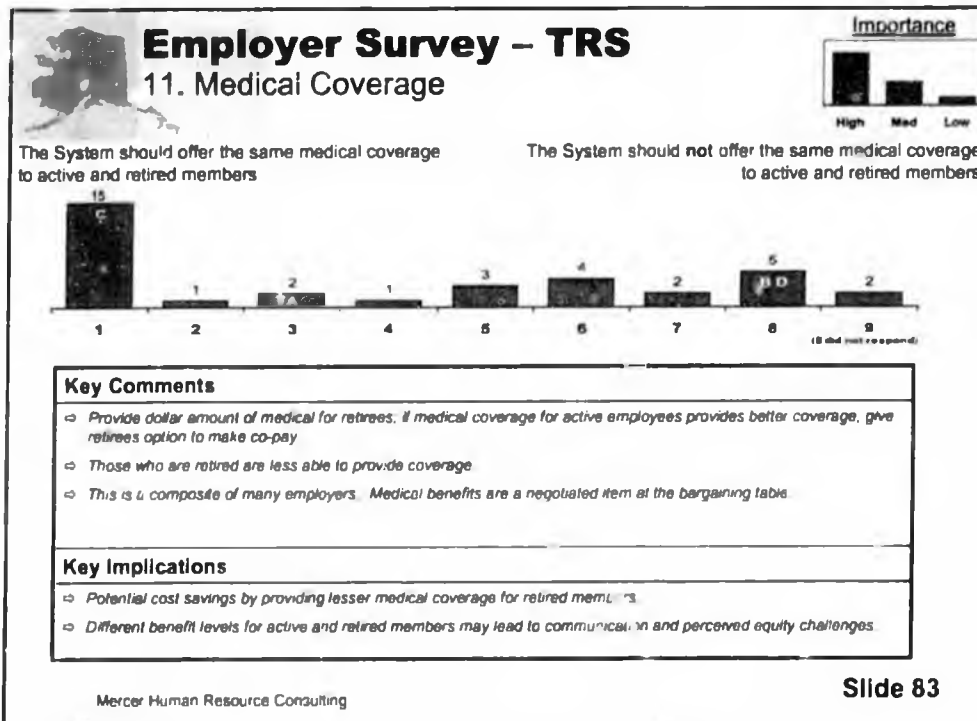
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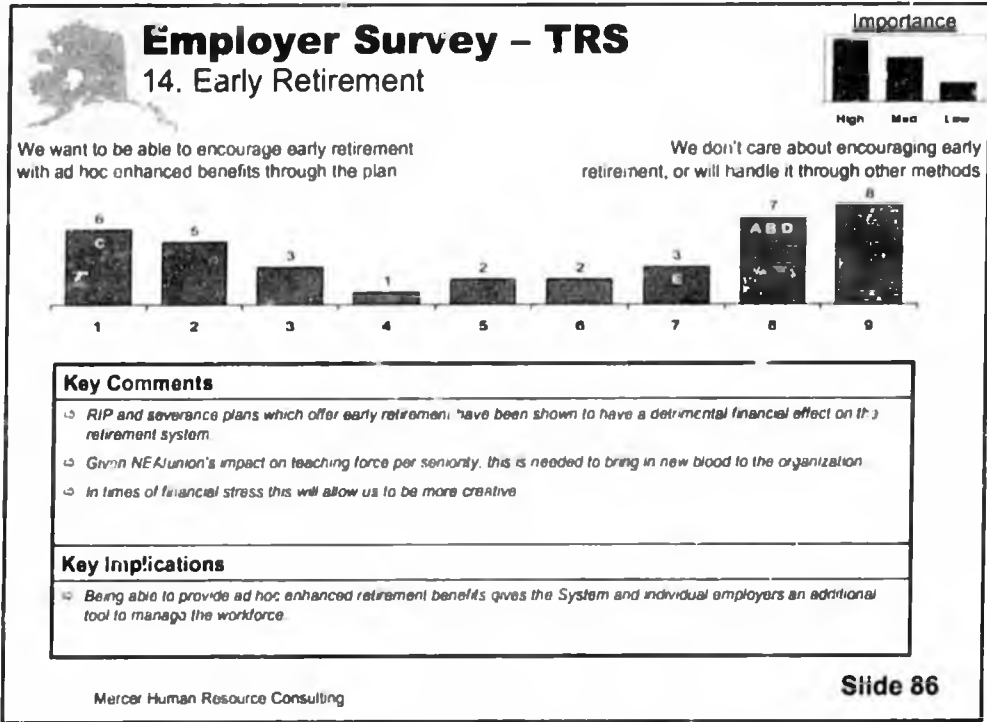
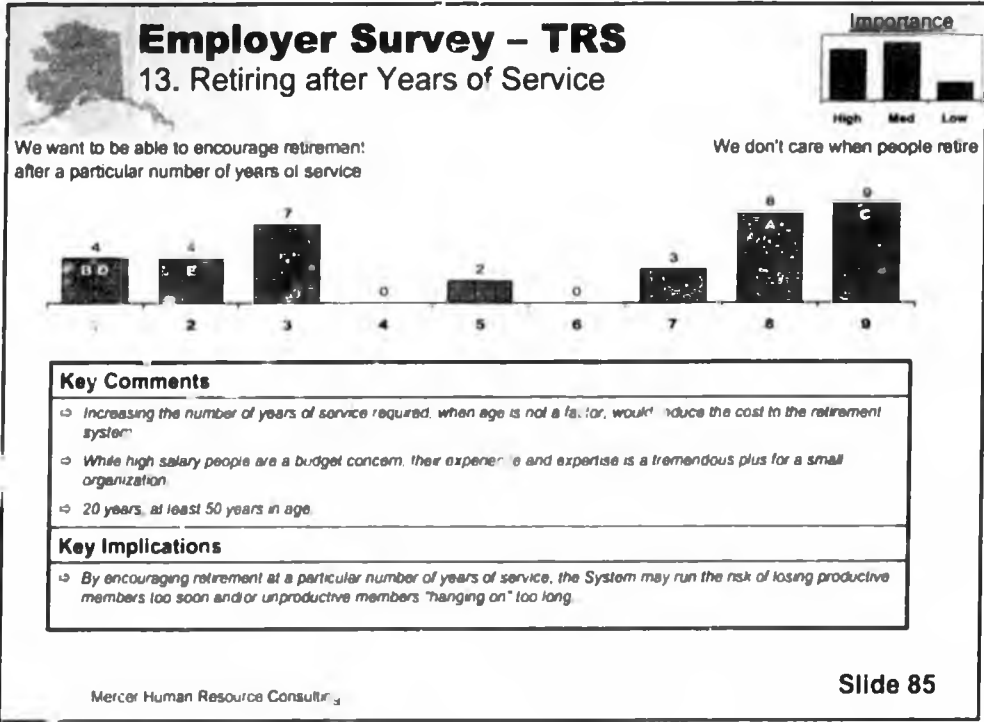


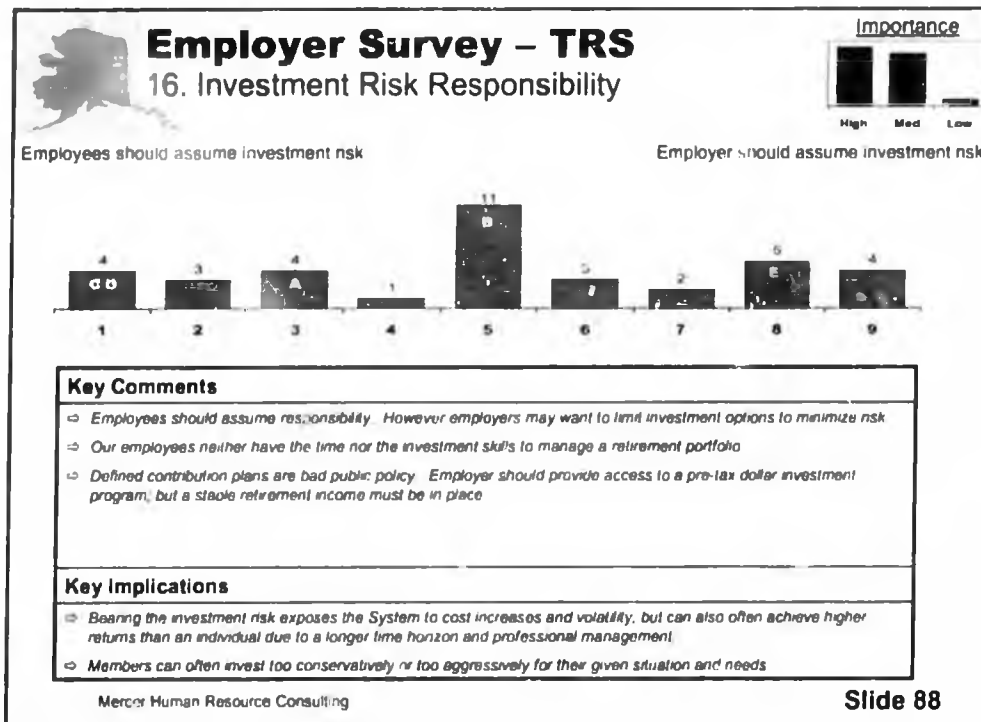
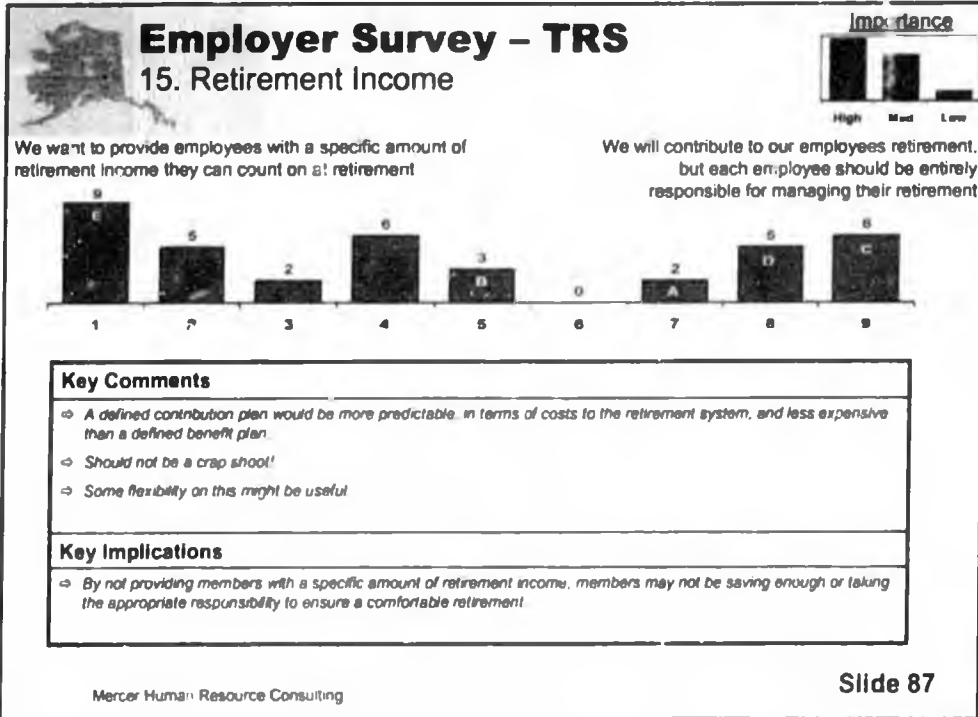


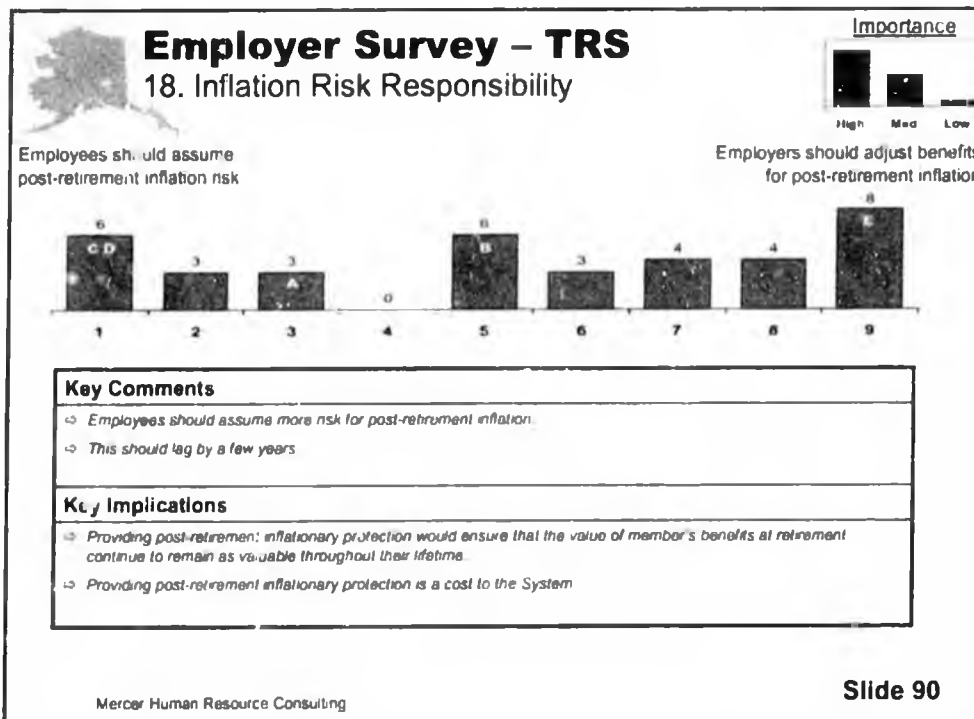
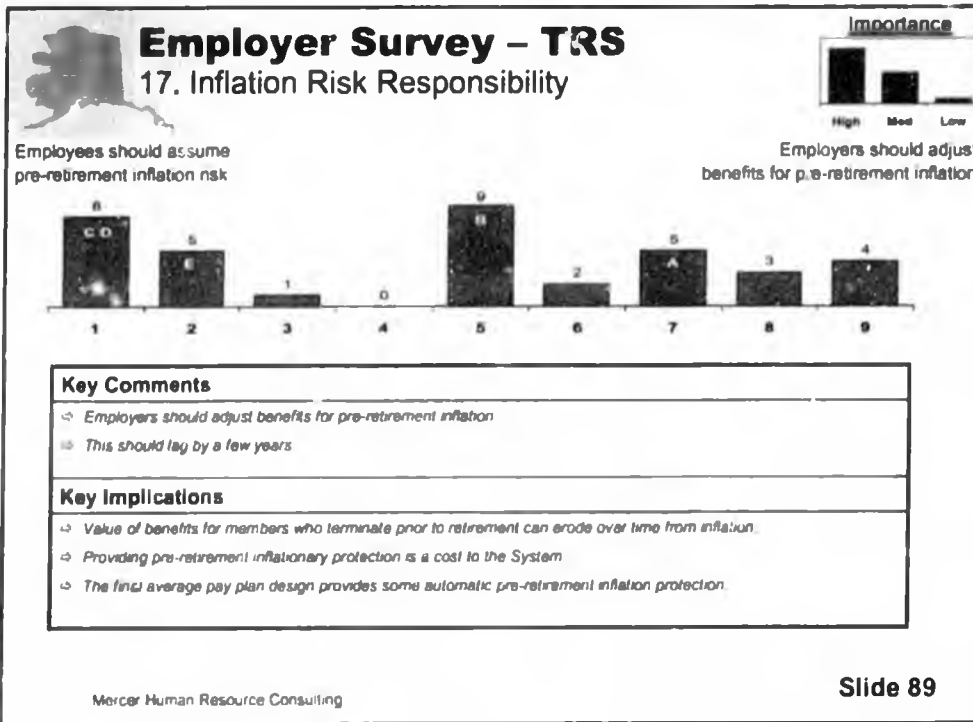


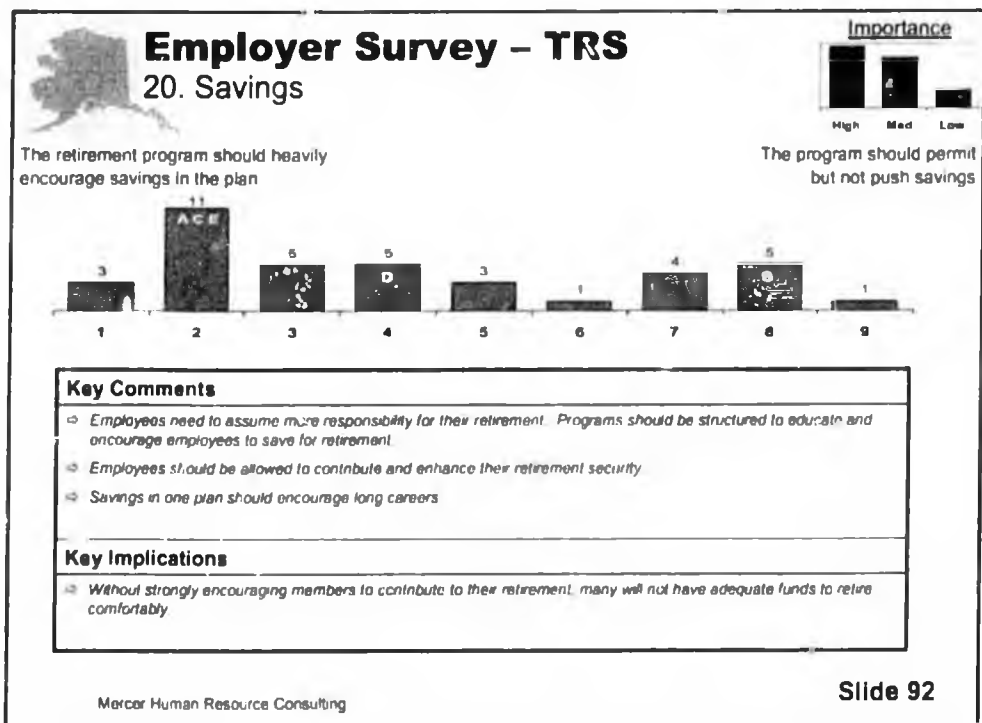
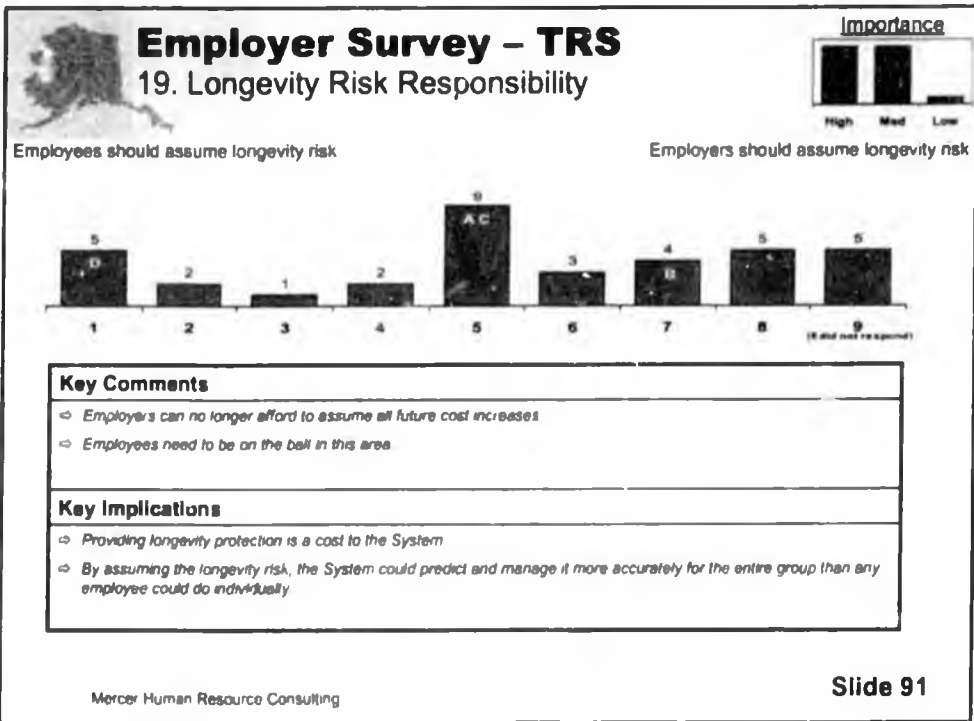


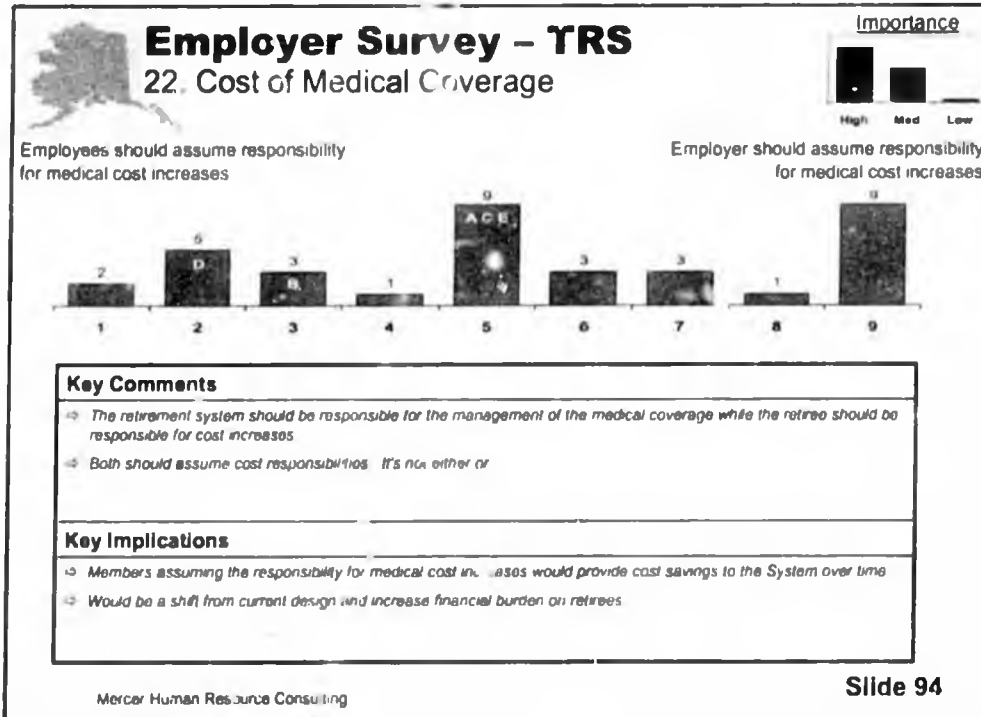
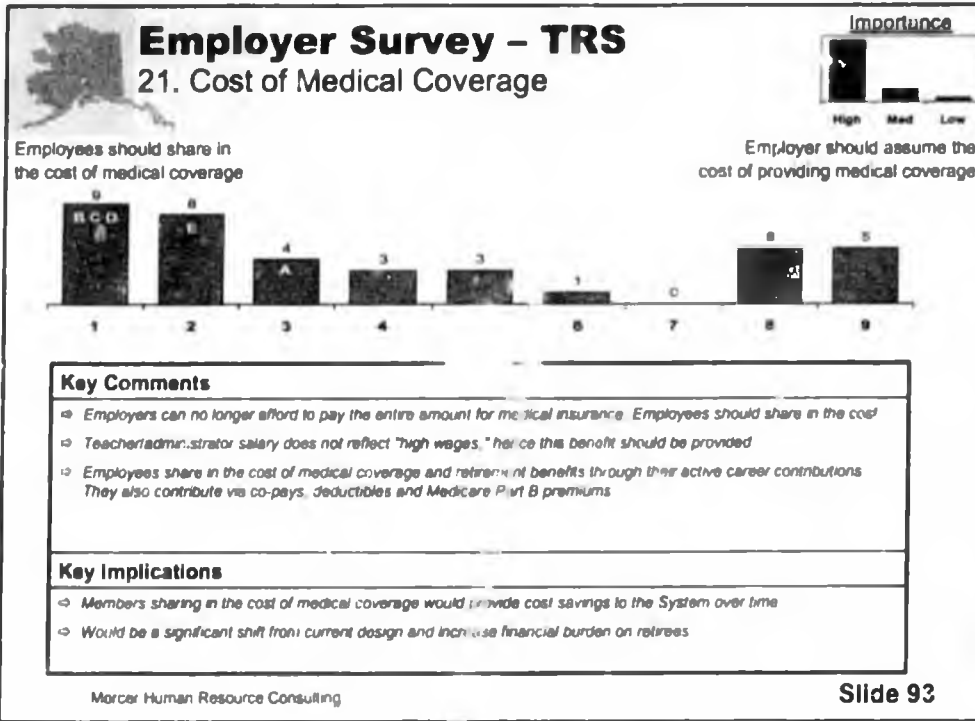














Employer Survey - TRS

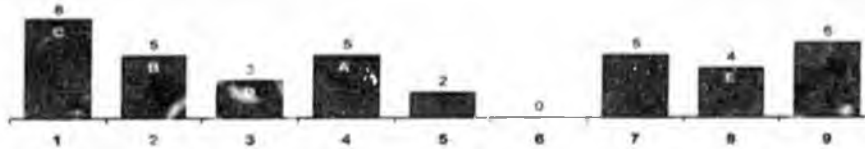
23. Access to Contributions

Importance



Employees should have access to as much of their own retirement contributions as legally possible

Employees should have no access to plan assets until retirement



Key Comments

- ⇒ Small portion should be available for "emergency only" situation
- ⇒ Access should certainly be very limited
- ⇒ Only with benefit of understanding the consequences

Key Implications

- ⇒ Members may spend retirement income during working lifetime and as a result may be unable to retire
- ⇒ The capability to use retirement plans for pre-retirement needs such as a home purchase can be a valuable benefit

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Employer Survey - TRS

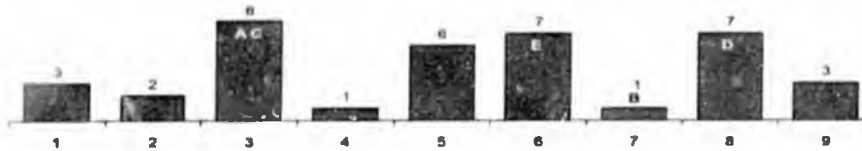
24. Understandability

Importance



Understandability is the primary concern

We'll sacrifice understandability if necessary to achieve our workforce and benefit objectives



Key Comments

- ⇒ Employers need to provide good communication and seminars to explain plans, but the plan must be structured so it is simple enough for the majority of people to understand
- ⇒ Let individuals who want complexity and flexibility do so on their own apart from this
- ⇒ It is their responsibility to understand it
- ⇒ College should teach it!

Key Implications

- ⇒ Generally a more complex formula can meet a wider variety of specific objectives
- ⇒ Members may perceive more value in a retirement plan that is more understandable

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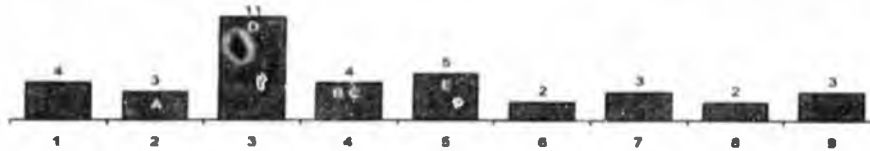
Employer Survey – TRS

25. Tangible and Relevant Plan



All employees should find the plan tangible and relevant

It's OK if the plan is tangible and relevant mainly to older employees



Key Comments

- ⇒ All employees should understand and value their retirement plan
- ⇒ Recruiting tool

Key Implications

- ⇒ Members may perceive more value in a retirement plan that is tangible and relevant.

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Employer Survey – TRS

26. Predictability and Stability



We want maximum predictability and stability of contributions

We're willing to accept volatility as part of our asset strategy



Key Comments

- ⇒ For budgeting purposes, employers need a high degree of predictability
- ⇒ Until schools are adequately funded, predictability and stability are very important. If adequate funding is ever established, volatility can be more easily handled
- ⇒ Can't swing in a major way in a short period. 5% is too much of a swing. 1-2% is doable

Key Implications

- ⇒ Volatility is the result of a higher-risk asset strategy with higher potential rewards

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Employer Survey - TRS

27. Change in Cost



Aggregate retirement contributions should be less than they are now

Marginal cost increases are appropriate to meet other design goals



Key Comments

- ⇒ Employees contribution rates may need to increase!!
- ⇒ We understand that costs are increasing. Want to keep plans competitive while keeping plan costs reasonable
- ⇒ We have to contain costs or everyone loses.
- ⇒ Costs need to be sufficient to do the job.

Key Implications

- ⇒ Lowering contributions will result in generally lower level of benefits for retirees.
- ⇒ System benefits may or may not be competitive against peer group if benefits are decreased

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Employer Survey - TRS

29. Most Important Questions



The four most important questions with preferred spectrum comment

- **Question # 7:** "The retirement program should provide medical coverage"
- **Question #26:** "We want maximum predictability and stability of contributions"
- **Question #1:** "Plan should favor long-service employees"
- **Question #6:** (The responses did not indicate a significant difference between the two)
 - "The System should provide medical coverage to terminated vested members"
 - "The System should **not** provide medical coverage to terminated vested members"

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Alaska Division of Retirement and Benefits 2002 Actuarial Audit of TRS & PERS

These capital market assumptions were combined with the asset allocation policy shown in the 2000 Study to generate expected returns over a thirty-year period. The model assumes that investment returns are normally distributed and are based on mathematical formulas from *The Long-Term Expected Rate of Return: Setting it Right* by Olivier de la Grandville as published in the *Financial Analysts Journal*, Nov/Dec 1998.

The expected real rate of return of a portfolio allocated in this way is 5.94% for one year, which is slightly higher than the Mercer results shown in the 2000 Study. However, the return is subject to significant volatility. The model provides a guide to see if it is reasonable to expect this return to compound over longer periods of time. The results are summarized in the following table.

Table 7

Horizon in Years	Mean	Std Dev	Percentile Results				
			5th	25th	50th	95th	
1	5.94%	10.5%	(10.5)%	(1.4)%	5.4%	7.7%	24.1%
10	5.47	3.3	0.1	3.2	5.4	7.7	11.0
20	5.44	2.3	1.6	3.8	5.4	7.0	9.3
30	5.43	1.9	2.3	4.1	5.4	6.7	8.6

In the first year, the mean real return is 5.94%, but due to the volatility associated with the asset allocation, the range of probable outcomes is quite large. For example, for a single year there is a 5% chance the return will be less than -10.5% and a 5% chance it will be greater than 24.1% based on these capital market assumptions. As the time horizon lengthens, the range of cumulative average results narrows.

Over a thirty-year time horizon, there is a 25% chance the real return will be less than 4.1% and a 25% chance the return will be greater than 6.7% (bold numbers on the bottom line in the table above). Therefore, we can say the real return is just as likely to be within the range from 4.1% to 6.7% as not. The median return over thirty years is expected to be 5.4%.

The investment return is assumed to be net of all investment-related and administrative expenses. The investment and administrative expenses, taken from the System's financial statements, are very modest. The expense ratio is calculated as the total expenses divided by the average asset balance during the year. Based on this data, it appears the annual investment and administrative expenses represent are about 0.3% of the Systems' assets.

Based on the ASOP No. 27 guidelines, we conclude that a reasonable range for the net investment return is from 7.3% to 9.9%.

How many PERS have taken 242 waiver?
" " TRS: " " " " ?

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SEP 07 2004

Div. of Ret. & Benefits

September 2, 2004

Ms. Melanie Millhorn
Director of Retirement and Benefits
State of Alaska
Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Subject:

Retiree Return under HB 242/SB 149

Dear Melanie:

As you described in your August 10 email, the legislation enacted in July of 2001 allows PERS and TRS retirees who retired under the normal retirement provisions to return to covered employment. Such retirees can sign an irrevocable waiver allowing the member to continue to receive his or her retirement benefit. Neither the employer nor the employee makes further contributions to the Retirement System. In your email you asked for an indication of the effect of this election on System funding. The chart that follows might help to illustrate this issue:

Number of Members Electing the Waiver	Increase in Average PERS Employer Contribution Rate	Increase in Average TRS Employer Contribution Rate
100	negligible	0.02%
500	0.01%	0.10%
1,000	0.02%	0.20%

A member who elects the waiver earns no additional benefits from the Retirement System. Therefore, such a member has no "normal cost" and there is no normal cost rate. However, a portion of the employer contribution for each member is needed to amortize the Systems' unfunded past service liability. This portion is referred to as the "past service rate." When a member elects the waiver, the payroll base that can be used to amortize the unfunded liability is reduced. A higher past service rate must be applied to the remaining payroll to arrive at the same payment towards the unfunded liability.



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September 2, 2004
Ms. Melanie Millhorn
State of Alaska

The waivers have a greater impact on employer rates for TRS than PERS. This is because (1) the total payroll for PERS is higher so the loss of one member's contribution to the unfunded has a smaller impact and (2) the current past service rate for TRS is almost twice as high as PERS. Our analysis is extremely dependent on the current funded status of the Systems. For example, if the Systems were 100 percent funded and remained so, the waiver would have virtually no impact on employer rates.

We based our analysis on actuarial valuation information as of June 30, 2003. We assumed annual earnings for returning retirees of \$46,000 for PERS and \$64,000 for TRS. This is based on the average annual earning of current active PERS and TRS members of ages 55 to 59.

We hope you find this information helpful. Please call if you have any questions.

Sincerely,



Robert M. Reynolds, ASA, MAAA

RMR/CMB/lmp

Copy: Chris Byrnes

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