

**SB**

**293**

**SENATOR KIM ELTON**

**SB 293 – Delaying Implementation of Pension Changes**

**Sponsor Statement**

SB 293 acknowledges a simple fact. When the legislature passed SB 141 in 2005, its implications were not fully understood. It had numerous technical and policy difficulties, forged in the cramped confines of several conference committees during a lengthy special session.

The Departments of Revenue and Law, and the Alaska Retirement Management Board have identified several issues, ranging from unfunded benefits to opportunities for double-dipping, from closing the employee base against whose salaries the unfunded liability may be assessed to inappropriate eligibility rules and appeal procedures.

As importantly, there has never been an analysis of the impact of changing from a defined benefit to a defined contribution system on Alaska's ability to recruit and retain the public servants we need: teachers, troopers, biologists, engineers, corrections officers, child protection workers, and many others.

Before this change takes effect, Alaskans must have real data. The Alaska Retirement Management Board already estimates the SB 141 plan will cost more than the plans PERS and TRS members enter today. They cannot yet estimate how much larger it will make the unfunded liability. Until the board makes recommendations on addressing that liability, the State of Alaska would be irresponsible to step off the defined contribution precipice.


I respectfully ask for your support.

SENATOR KIM ELTON

MEMORANDUM

March 15, 2006

To: Senator Gene Therriault, Chair  
Senate Health Education & Social Services Committee

From: Kim Elton 

Re: SB 293

---

I respectfully request a hearing on Senate Bill 293, delaying the transfer from a defined benefit to a defined contribution retirement system until 2008.

There are significant problems, both technical and general, with the bill the legislature enacted last year. I hope the State Affairs Committee will take a role in preventing them from doing any harm to our state.

I look forward to discussing the bill with the committee.

# STATE OF ALASKA

DEPARTMENT OF LAW  
CIVIL DIVISION

FRANK H. MURKOWSKI  
GOVERNOR

P.O. Box 110300  
Juneau, Alaska 99811-0300  
Phone: (907) 465-3600  
Fax: (907) 465-2075

July 26, 2005

COPY

The Honorable Frank H. Murkowski  
Governor  
State of Alaska  
P.O. Box 110001  
Juneau, Alaska 99811-0001

Re: FCCS SB 141(2d FCC) -- relating to the teachers' and public employees' retirement systems and the university retirement program; creating new plans in the retirement systems that provide defined contribution and health reimbursement arrangement plans for teachers and public employees hired on or after July 1, 2006; and changing the board structure for the systems  
Our file: 883-05-0105

Dear Governor Murkowski:

At the request of your legislative office, we have reviewed FCCS SB 141(2d FCC). This bill makes amendments to the Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS), and university retirement programs; creates a new Alaska Retirement Management Board (ARMB) to replace and perform many of the functions of the current Teachers' Retirement Board (TRB), Public Employees' Retirement Board (PERB), and Alaska State Pension Investment Board (ASPIB); transfers most of the regulation adoption authority of the current TRB and PERB to the commissioner of the Department of Administration; and transfers most of the appeal functions currently performed by the TRB and PERB to the office of administrative hearings (OAH) under AS 44.64.

In addition to changes to current retirement statutes, the bill creates new retirement plans for members first employed under TRS and PERS on or after July 1, 2006. Those new members will be covered by new defined contribution plans with defined occupational disability, occupational death, and retiree medical benefits, and will also be

covered by a new retiree health reimbursement arrangement (HRA) plan, instead of the defined benefit plans covering members first employed under the systems before that date.<sup>1</sup> Nonvested members of the TRS and PERS defined benefits plans will be permitted to transfer to the new defined contribution plans if their employers agree to participate in such transfers.

Senate Bill 141 is a lengthy and complicated bill. In this bill review, we explain the major provisions for changes to the current retirement system statutes, the new plans, interpretation and implementation issues, and potential legal issues.

### Changes Applicable to Current Systems

The bill adds proposed new articles in the TRS and PERS statutes to govern administration of the systems. Section 1 of the bill adds a proposed new article 1 to AS 14.25, which includes general provisions for administration of TRS. This article provides for the administration of both the current TRS defined benefit plan and the proposed new TRS defined contribution plan established by the bill. Section 81 of the bill adds a proposed new article 1 to AS 39.35, which includes provisions for administration of PERS. This article provides for the administration of both the current PERS defined benefit plan and the proposed new PERS defined contribution plan established by the bill. A number of the general provisions set out in secs. 1 and 81 replace provisions repealed by sec. 132 of the bill.<sup>2</sup> Sections 1 and 81 set out the purpose

---

<sup>1</sup> In this bill review, the new plans created by sec. 35 for TRS and sec. 122 for PERS are generally referred to as "defined contribution" plans. A defined contribution plan is a type of retirement plan in which the employer or the employee, or both, pay (contribute) a specified amount of money into an individual account on behalf of the employee. The contributed money is invested either at the employer's or the employee's direction as specified by the terms of the plan. The accumulated value of the individual account at retirement or termination is the total value of all contributions made, including investment income earnings or losses experienced on those contributions. Investment results are not guaranteed, and unlike a defined benefit plan, a defined contribution plan does not provide a guaranteed benefit amount at retirement. The new plans created by sec. 35 for TRS and sec. 122 for PERS are not purely defined contribution plans, because they also include defined benefit components, including occupational disability benefits, occupational death benefits, and retiree health benefits. Financing of those benefits will require variable, actuarially-determined employer contributions.

<sup>2</sup> In secs. 1 and 81 of the bill, the proposed new AS 14.25.001 and AS 39.35.001 replace repealed provisions of AS 14.25.012(a) and AS 39.35.010(a) (purpose of chapters); proposed new AS 14.25.002 establishes the attorney general as legal counsel for the system, and proposed new AS 39.35.002 replaces repealed AS 39.35.090 regarding representation of PERS by the attorney general; proposed new AS 14.25.004 and AS 39.35.004 replace repealed provisions of AS 14.25.020, 14.25.030, 14.25.170, AS 39.35.020 and 39.35.060 (powers and duties of administrator); proposed new AS 14.25.005 and AS 39.35.005 replace repealed provisions of (footnote 2 continued at bottom of page 3)

of the chapters (AS 14.25 (TRS) and AS 39.35 (PERS)), the authority of the attorney general and TRS/PERS administrator, provisions for adoption of regulations by the commissioner of administration, assignment to the OAH of authority to hear appeals from decision of the administrator, and assignment of the ARMB as the fiduciary for the systems' funds.

The bill structures the TRS and PERS statutes to provide separately for the defined benefit "plans" and the defined contribution "plans" within the "systems."<sup>3</sup> Proposed new articles segregate current TRS and PERS defined benefit plan provisions from the proposed new defined contribution plan provisions. Section 3 adds a proposed new article 2 to AS 14.25 that contains the provisions of the current TRS defined benefit plan in AS 14.25.009 - 14.25.220. Sections 4 - 34 amend a number of the TRS defined benefit plan statutes. Section 83 adds a proposed new article 2 to AS 39.35 to designate current AS 39.35.095 - 39.35.680 as the PERS defined benefit plan.<sup>4</sup> Sections 84 - 121 amend a number of the PERS defined benefit plan statutes. The current TRS and PERS defined benefit plans will apply only to members first hired before July 1, 2006 (secs. 3, 6, and 83 of the bill).

Sections 10 and 11 amend AS 14.25.070 for TRS, and secs. 95 and 96 amend AS 39.35.270 for PERS, regarding the employer contribution rate to finance benefits under the defined benefit plan. Employer contribution rates are applied "against the sum total of the base salaries paid to members" for TRS (sec. 10) and "to the total

---

*(footnote 2 continued)*

AS 14.25.022 and AS 39.35.042 (regulations); proposed new AS 14.25.006 and AS 39.35.006 replace repealed provisions of AS 14.25.037 and AS 39.35.047 (hearings/appeals); proposed new AS 14.25.007 and AS 39.35.007 replace repealed provisions of AS 14.25.180 and AS 39.35.080 (investment management/fiduciary of funds).

In sec. 1 of the bill, proposed new AS 14.25.003 replaces repealed AS 14.25.015 (TRS administrator). Documents that we have reviewed regarding SB 141 do not reveal why the bill does not repeal AS 39.35.050, which provides for the commissioner to appoint an administrator of PERS and the supplemental benefits system (SBS). Because sec. 72, adds a proposed new AS 39.30.151 providing for the SBS administrator, and sec. 81 adds a proposed new AS 39.35.003 providing for the PERS administrator, AS 39.35.050 appears to be unnecessary.

<sup>3</sup> The differentiation between plans within the systems requires the change of over 120 references to "system" in the TRS and PERS statutes into references to "plan" (sec. 144(c)).

<sup>4</sup> Because the TRS statutes are not currently divided into articles, the bill's creation of the new article structure for TRS is not problematic. The bill's insertion of new articles into the PERS statutes, which are already divided among eight articles, results in some confusion, which presumably the revisor of statutes will deal with in instructions to the publisher.

compensation paid to the active employees of the employer" for PERS (sec. 95).<sup>5</sup> Under secs. 11 and 96, the employer contribution rates "may not be less than the rate required . . . to fully fund the actuarially calculated benefits expected to be earned by active members during a fiscal year." This is sometimes referred to as the "normal cost rate."<sup>6</sup>

A number of sections of the bill amend or repeal provisions of PERS and TRS statutes that allow former members to reinstate service credit upon reemployment by PERS/TRS employers (secs. 12, 13, 15, 16, 21, 89 - 94, 107, 113, and 133).<sup>7</sup> Former members are individuals who have terminated employment with PERS or TRS employers and have cashed out their contribution accounts. The amendments are effective June 30, 2010, thus giving former members five years to obtain reemployment with a TRS/PERS employer and reinstate past service under the current law (sec. 149).

The bill amends the provisions of TRS statute AS 14.25.143(a) in effect before July 1, 1990 (secs. 18 and 19 of the bill), and PERS statute AS 39.35.475(a) in effect before July 1, 1987 (sec. 112 of the bill), that provided for ad hoc post retirement pension adjustments (PRPA) if the financial condition of the funds permitted.<sup>8</sup> The amendments provide that the financial condition of the funds will only permit granting of a PRPA under former law if "the ratio of total fund assets to the accrued liability meets or exceeds 105 percent."

Section 22 and 116 of the bill repeal and reenact TRS statute AS 14.25.168(a) and PERS statute AS 39.35.535(a), to limit retiree major medical coverage for dependents of survivors of deceased retirees. As repealed and reenacted, the statutes provide that dependents of survivors of retirees will be covered only if the dependents were

---

<sup>5</sup> Based on the definitions of "member" in AS 14.25.220(42) for the TRS defined benefit plan, as amended in sec. 33 and as changed by sec. 144(c), and the definition of "employee" in AS 39.35.680(21) for the PERS defined benefit plan, as amended by sec. 119 and as changed by sec 144(c), the employer contribution rates will be applied only to the base salaries and total compensation paid to members of the TRS and PERS defined benefit plans under AS 14.25.070 and AS 39.35.270.

<sup>6</sup> We note that the new statutory requirement for PERS employer contributions supercedes 2 AAC 35.900, which caps changes in PERS employer contribution rates at five percentage points.

<sup>7</sup> AS 39.35.375 is a notable exception to the repeal of statutes that provide for reinstatement of service credit. That statute allows an active PERS member who has never vested in TRS or PERS and who has cashed out TRS service to reinstate the TRS service credit to establish entitlement to a "public service benefit."

<sup>8</sup> In a 1990 memorandum of advice, we explained that, under art. XII, sec. 7, of the Alaska Constitution the ad hoc PRPA remains viable for members hired before the effective date of the amendments that created the automatic PRPA. 1990 Inf. Op. Att'y Gen.; 663-90-0206 (Jan. 19).

dependents of the retiree. Spouses and dependents that survivors obtain after the death of the retiree, who had no dependent relationship with the deceased retiree, will not be entitled to retiree major medical coverage. These provisions take effect January 1, 2006, under sec. 147.

The bill changes the structure of the boards for TRS and PERS. Under current statutes, the PERB consists of three public board members appointed by the governor, two board members elected by members of the retirement system, and two physicians appointed by the governor. The physicians are members of the board only for the purpose of participating in the hearing of appeals to determine medical eligibility for disability benefits. AS 39.35.030, repealed by sec. 132. The TRB currently consists of five public board members appointed by the governor and two physician board members appointed by the governor. As with the PERB, the sole function of the physicians on the TRB is to participate in the hearing of appeals to determine medical eligibility for disability benefits. AS 14.25.035, repealed by sec. 132. ASPIB is the currently fiduciary of the PERS and TRS funds, responsible for managing the funds' investments. AS 14.25.180 and AS 39.35.080, repealed by sec. 132. Two of the eight ASPIB board members (trustees) are elected by the TRS membership and two are elected by the PERS membership. AS 37.10.210, repealed and reenacted by sec. 58.

The bill replaces ASPIB, the TRB, and the PERB with the newly established ARMB. Sections 58 - 64 of the bill amend, or repeal and reenact, statutes providing for the current ASPIB, establishing and setting out the powers, duties, and compensation of trustees of the ARMB.<sup>9</sup> AS 37.10.210 is repealed and reenacted by sec. 58 to establish the primary mission, composition, and terms of members of the new ARMB. The new board will consist of nine trustees, including the commissioners of administration and revenue. Seven trustees appointed by the governor must meet eligibility requirements for an Alaska permanent fund dividend, and have recognized competence in fields specified in the statute. "Recognized competence" is defined in AS 37.10.390, as amended by sec. 64 of the bill, to mean "a minimum of 10 years' professional experience working or teaching in the field of investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis." Two trustees appointed by the

---

<sup>9</sup> In addition, sec. 1 (proposed new AS 14.25.007), sec. 81 (proposed new AS 39.35.007), sec. 50 (amending AS 22.25.048(c)), sec. 53 (amending AS 26.05.228(c)), and sec. 78 (amending AS 39.30.175(a)) establish the ARMB as the fiduciary of the TRS, PERS, Judicial Retirement System, and military retirement trust funds and SBS receipts. Other statutes that are amended to substitute the ARMB for ASPIB include secs. 123-124 (Public Employees' Deferred Compensation Program); sec. 127 (public official financial disclosure); secs. 128 - 130 (Department of Revenue duties and financial disclosure). Section 145 directs the revisor of statutes and the regulations attorney to implement sec. 143, which provides that references to the TRB, PERB, and ASPIB in the Alaska Statutes and the Alaska Administrative Code "shall be read as 'Alaska Retirement Management Board' when to do so would be consistent with the changes made by this Act."

governor must be members of the general public, who may not hold any other state office, position or employment and may not be members or beneficiaries of a retirement system managed by the board. One trustee must be employed as a finance officer for a political subdivision that participates in PERS or TRS. Two trustees must be members of PERS, selected from a list of four nominees submitted by PERS bargaining units. Two trustees must be members of TRS, selected from a list of four nominees submitted by TRS bargaining units. The lists of nominees to be submitted by PERS and TRS bargaining units must be submitted within the time period set out in regulations to be adopted under AS 37.10.240(a).

The terms of TRB and PERB members will expire on July 1, 2005 (secs. 136, 146, and 151).<sup>10</sup> Under secs. 137 and 138, the terms of members of ASPIB will expire on September 30, 2005, and ASPIB may continue to exercise powers and duties assigned to ARMB under the bill until that date.<sup>11</sup> General transition provisions in sec. 139 include a provision that "[h]earings and other proceedings pending under a law amended or repealed by this Act or in connection with functions transferred by this Act continue in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided by this Act."<sup>12</sup>

---

<sup>10</sup> Sections 136 and 137 only specifically refer to expiration of the terms of appointed board members. Both the PERB and ASPIB include elected board members. The failure to mention terms of elected members is an oversight without legal significance. With the repeal of AS 39.35.030 (Public Employees Retirement Board) and 39.35.040 (powers and duties of the board) by sec. 134 of the bill and the reassignment of board functions to other officials and entities under other sections of the bill, it is clear that, effective July 1, 2005, there will be no PERB, and no PERB functions for members to perform. With the transfer of ASPIB functions to the new ARMB effective September 30, 2005, there will be no ASPIB or functions for ASPIB members to perform after that date.

<sup>11</sup> Language in the transition provision of sec. 138 that ASPIB may "continue" to exercise powers and duties results in an ambiguity as to whether the legislature intended ASPIB to pick up new duties or TRB and PERB duties assigned to ARMB by the bill in the interim period. We have not located legislative history that resolves this ambiguity. The delay in transition of duties to the ARMB was requested by the Department of Revenue. Staff members with whom we have consulted have stated that, in requesting the delay, it was the Department of Revenue's intent that ASPIB would be able to perform all necessary duties of the ARMB during the transition period.

<sup>12</sup> Regarding appeals pending before the TRB and PERB, since the boards will no longer exist and since authority over appeals transfers to the OAH as of July 1, 2005, we interpret this provision as preserving the rights of appellants by continuing the appeals for completion before the OAH.

The bill adds appeals of most decisions of the TRS and PERS administrator to the jurisdiction of the OAH,<sup>13</sup> and transfers most of the regulation adoption authority of the TRB and PERB to the commissioner of administration.<sup>14</sup>

Section 28 of the bill amends AS 14.25.210(a), which provides for penalties when a person knowingly makes a false statement or falsifies or permits to be falsified any record of the of the TRS defined benefit plan in an attempt to defraud the plan. The penalty of forfeiture of all rights under AS 14.25 is removed. The PERS statutes do not include the forfeiture penalty for fraudulent behavior. False statements remain a class A misdemeanor under AS 14.25.210(a).

Sections 36 - 49 amend statutes pertaining to the University of Alaska. Sections 36 and 37 replace references to SPIB with references to the ARMB in describing the power and obligations of the University of Alaska Board of Regents. Sections 38 - 49 amend statutes that provide for the optional university retirement program, allowing the University of Alaska to offer new optional retirement programs to new employees and to

---

<sup>13</sup> Sec. 1, proposed new AS 14.25.006; sec. 81, proposed new AS 39.35.006.

Under current AS 14.25.173 and AS 14.25.175, decisions of the administrator regarding adjustments of retired teachers' benefits may be appealed to the TRB. Rather than directly transfer the appeal authority to the OAH, secs. 23 - 25 of the bill establish a new procedure requiring the member to file a "request" with the commissioner of administration. Under secs. 26 and 27 of the bill a ruling by the commissioner of administration denying a requested waiver under AS 14.25.175 may be appealed to the OAH, and OAH also takes on the TRB's former authority to impose equitable conditions for a waiver under AS 14.25.175(d).

For appeals from denials of waivers of adjustment under PERS, secs. 114 and 115 amend AS 39.35.520(c) and AS 39.35.522(a) to establish a new procedure requiring the member to file a "request" with the commissioner of administration. Unlike the amendments to the TRS statutes, the amendments to the PERS statutes do not provide for appeal of the commissioner's decisions to the OAH. The bill uses the device of an amendment to the uncodified law in sec. 144(d) of the bill to instruct the revisor of statutes to change references to the "board" in AS 39.35.522(a), 39.35.522(b), and 39.35.522(d) into references to the "commissioner," thereby giving the commissioner of administration final administrative authority - including authority to impose equitable conditions for a waiver - regarding appeals from denials of waivers of adjustment.

<sup>14</sup> Section 1, proposed new AS 14.25.003(b); sec. 81, proposed new AS 39.35.003(b). Not all regulation adoption authority of the TRB and PERB is transferred to the commissioner of administration. Section 29 (amending AS 14.25.220(2)) gives ARMB authority previously given to the TRB, and sec. 117 (amending AS 39.35.680(2)) gives ARMB authority previously given to the PERB to adopt regulations specifying assumptions, factors, and methods for determining actuarial adjustments under TRS and PERS. Sections 78 (amending AS 39.30.160(a)) and 79 (amending AS 39.30.180 to define "board" as meaning the ARMB) give the ARMB authority previously given to the PERB to adopt regulations for SBS.

an employee who elected not to participate in a different optional university retirement program.

Sections 72 - 79 amend statutes that provide for the supplemental benefits system (SBS) to set out the authority of the administrator and to substitute the new ARMB for the PERB with respect to regulation adoption authority and for the ASPIB with respect to fiduciary and investment authority. We note, that in repealing and reenacting AS 39.30.155, the bill removes the only existing statutory provision for administrative appeals of decisions of the administrator regarding SBS. Those appeals are heard by the PERB under the current statute.

Sections 123 - 125 amend statutes that provide for the public employees' deferred compensation program (DCP) to substitute the new ARMB for the ASPIB, and sec. 132 repeals AS 39.45.025. With the repeal of AS 39.45.025, the bill removes the only statutory provision for administrative appeals of the administrator regarding the DCP. Those appeals are heard by the PERB under the current statute.

#### New Defined Contribution Retirement Plans

Section 35 adds a proposed new article 3 to the TRS statutes creating the defined contribution retirement plan for teachers who first become members of TRS on or after July 1, 2006, or who transfer to that plan (AS 14.25.310 - 14.25.590). Section 122 adds a proposed new article 9 to the PERS statutes creating the defined contribution retirement plan for employees who first become members of PERS or after July 1, 2006, or who transfer to that plan (AS 39.35.700 - 39.35.990).

Under both of the new defined contribution retirement plans, a member must contribute an amount equal to eight percent of the member's compensation to an individual account established for the member (AS 14.25.340; AS 39.35.730). Members may elect to make additional contributions to the individual contribution account, subject to limitations on contributions under AS 14.25.380 and AS 39.35.780.<sup>15</sup>

A TRS member's employer must contribute to the individual account an amount equal to seven percent of the member's compensation (AS 14.25.350). A PERS member's employer must contribute to the individual account an amount equal to five percent of the member's compensation (AS 39.35.750). Both TRS and PERS employers must make contributions to the group health and life benefits fund in the amount certified by the ARMB to fund retiree major medical insurance under the plan. For fiscal year 2007, the employer contribution for retiree major medical insurance is 1.75 percent of

---

<sup>15</sup> Because a voluntary contribution includes the option that the member may choose to take the money in cash, under Internal Revenue Service revenue rulings, the additional contributions may not be eligible for pre-tax deduction under AS 14.25.340(c) and AS 39.35.730(c).

each member's compensation. Employers must also contribute to the HRA plan established by sec. 80 of the bill.

PERS employers must make contributions to the plan in an amount determined by the ARMB to be actuarially required to fund occupational disability and occupational death benefits, with contributions for peace officers and fire fighters calculated separately from contributions for all other PERS employees. For fiscal year 2007, PERS employer contributions for disability and death benefits are set at 0.4 percent of compensation for peace officers and fire fighters, and 0.3 percent of compensation for all other employees (sec. 134 of the bill). The bill does not provide for financing of the occupational disability and death benefits provided under the TRS defined contribution retirement plan.

Members who have other eligible retirement plans will have the opportunity to rollover distributions from those plans paid into their individual accounts (AS 14.25.360; AS 39.35.760). Such rollover contributions will not count as purchase of membership service for purposes of determining years of service.

A member vests immediately and fully in the member's contributions and related earnings (AS 14.25.390; AS 39.35.790). The member will be 25 percent vested in employer contributions made for the member and related earnings after two years of service, 50 percent vested after three years of service, 75 percent vested after four years of service, and fully vested in employer contributions and related earnings after five years of service.

The plans provide for participant-controlled investment of the individual contribution accounts, based on investment options provided by the ARMB (AS 14.25.400; AS 39.35.800). Individual contribution accounts may be divided in accordance with a qualified domestic relations order, creating separate accounts for investment by the member and alternate payee. (See also AS 14.25.460; AS 39.35.860.)

A member may designate beneficiaries of the member's individual account but the member's spouse is automatically the beneficiary for 50 percent of the account unless, with limited exceptions, the spouse consents to a different designation (AS 14.25.450; AS 39.35.850). The bill provides for payment of the account if the member dies without designating beneficiaries.

A member may elect distribution of the individual account 60 days after termination of employment, or earlier in the case of demonstrated immediate and heavy hardship (AS 14.25.410; AS 39.35.810). The plans provide a number of different payment options (AS 14.25.420; AS 39.35.820). The legislature apparently intended that the joint and survivor option of payment may only be selected by a member, not by an alternate payee or beneficiary (AS 14.25.420(a)(6); AS 39.35.820(a)(6)). The bill also

provides for distribution requirements, to prevent the indefinite deferral of federal taxation of amounts in the individual accounts (AS 14.25.440; AS 39.35.840).

Medical benefits are available to an eligible member who retires directly from the TRS or PERS defined contribution retirement plan (AS 14.25.470 - 14.25.480; AS 39.35.870 - 39.35.880). To retire from the plan, the member must have been an active member for at least 12 months before application for retirement and (1) have at least 25 years of service as a peace officer or fire fighter or 30 years of service as a teacher/other employee, or (2) reach the age set for Medicare eligibility and have at least 10 years of membership service. Major medical insurance elected by a retiree will cover the retiree and the retiree's spouse and dependent children (AS 14.25.480; AS 39.35.880). Major medical insurance elected by a surviving spouse of an eligible member will cover the surviving spouse and dependent children of the eligible member who are dependent on the surviving spouse. An eligible retiree or surviving spouse who is not covered by Medicare must pay the full monthly group premium for coverage. An eligible retiree or surviving spouse who is covered by Medicare must pay a percentage of the full monthly group premium for coverage that declines as the number of years of service increases, ranging from 30 percent of the premium if the member had 10 or more but less than 15 years of service, to 10 percent if the member had 30 or more years of service. AS 14.25.70(g) and AS 39.35.870(g) provide that "[a]n eligible person must make the irrevocable election to participate or not participate in the retiree major medical insurance plan by reaching 70 1/2 years of age, or upon application for retirement benefits, whichever is later." These are the only provisions establishing an application deadline for medical benefits, which indicates that a person who meets the requirements for election of medical benefits upon retirement does not have to elect immediate coverage (and payment of premiums) but may defer the election.

The plans provide for defined occupational disability benefits for teachers and public employees (AS 14.25.485; AS 39.35.890). A member will be entitled to an occupational disability benefit if the member terminates employment because of a total and apparently permanent occupational disability before the member's normal retirement date. Both the TRS and PERS plans incorporate the PERS defined benefit plan definition of "occupational disability" (AS 39.35.680).<sup>16</sup> The monthly amount of the occupational disability benefit will be 40 percent of the disabled member's gross monthly compensation at the time of termination. The plans do not provide medical benefits for occupationally disabled members and their dependents.

---

<sup>16</sup> The current provisions of TRS do not differentiate between occupational and non-occupational disability, but provide a teacher who has five or more years of service with a disability benefit if the teacher's service is terminated before the teacher's normal retirement date because of a permanent disability (AS 14.25.130).

While a member is receiving the occupational disability benefit, the employer must continue making employer contributions to the TRS or PERS defined contribution account, health reimbursement account, and group health and life benefits fund for retiree medical benefits. The employer must also make the member's contributions to the defined contribution account. The employer's contributions for a disabled member are based on the member's gross monthly compensation at the time of termination due to disability. While receiving disability benefits, the member will continue to accrue membership service for purposes of eligibility for retirement. These provisions will provide implementation challenges for the administrator. Because a disabled member must terminate employment, the disabled member will arguably become eligible for distributions from the contribution account under AS 14.25.410 or AS 39.35.810. It is not clear how ongoing contributions by the employer required by AS 14.25.485(d) and AS 39.35.890(d) will be administered.<sup>17</sup>

Disability benefits will end when the member dies, recovers from the disability, fails to meet medical examination or vocational rehabilitation/employment requirements, reaches normal retirement age, or first attains eligibility for normal retirement.

AS 14.25.485(c) and AS 39.35.890(c) will provide the administrator with interpretive challenges if they are not clarified by legislation. Those subsections provide that, if a disabled member becomes ineligible for disability benefits before the normal retirement date, the member is then entitled to receive "retirement benefits" if the member would have been eligible for the benefit had employment continued during the period of disability, and that for purposes of determining eligibility for retirement, the period of disability constitutes membership service. The references to "retirement benefits" and "eligibility for retirement" may be intended to refer to eligibility for retiree medical benefits, since a member may already elect payment options regarding his or her contribution account upon termination of employment. "Normal retirement date" may be intended to refer to "normal retirement age," or it may be intended to refer to the date on which the formerly-disabled member would have been entitled to elect medical coverage based on 30 years (or 25 years for peace officers and fire fighters) of service. These subsections, and other provision of the bill, do not specifically provide that periods of disability are considered membership service for purposes of vesting in employer contributions to the contribution account and related earnings.

When a disabled member's disability benefits end because the member becomes eligible for normal retirement, the member is entitled to elect annuity or other pay-out

---

<sup>17</sup> We are researching the issue of whether the requirements of these statutes that an employer continue to make contributions to an account of a former employee comply with federal law governing qualified plans.

options from the member's defined contribution account, and may elect retiree medical benefits.<sup>18</sup>

A peace officer or fire fighter receiving disability benefits who becomes eligible for normal retirement has an additional option, to "irrevocably elect to receive retirement benefits calculated . . . as if the provisions of AS 39.35.370(c) were to apply; however, retirement benefits paid under this paragraph may not be made from the trust fund of the public employees' defined benefit retirement plan." AS 39.35.370(c) provides a defined benefit for peace officers and fire fighters calculated as "two percent of average monthly compensation times the years of credited service through 10 years, plus two and one-half percent of the average monthly compensation times the years of service over 10 years."

These provisions raise a number of implementation issues for the administrator. Since the statute does not specifically require the member to forfeit the individual contribution account upon making the irrevocable election, the legislature may have intended that the benefit calculated "as if" AS 39.35.370(c) applied will be paid from the defined contribution account until that account is exhausted.<sup>19</sup> Because the legislature specified that the benefit would not be paid out of the PERS defined benefit plan, the legislature may have anticipated that the defined contribution account would not be sufficient to pay the elected benefit, and that the employer would have to provide financing through contributions determined by the ARMB to be actuarially required under AS 39.35.750(e). There is no provision for a peace officer or fire fighter who chooses this option select an option that will provide benefits to a surviving spouse or dependents if the individual contribution account is exhausted when the member dies.

Upon the death of a member who is receiving or entitled to receive an occupational disability benefit, a surviving spouse pension in the amount of 40 percent of the member's compensation at the time of termination because of occupational disability will be paid to the surviving spouse of the deceased member or, if there is no surviving spouse or the surviving spouse later dies, to the dependent children of the member in equal parts. There is no provision for the employer to continue contributions to the individual defined contribution account, health reimbursement arrangement plan, or group health and life benefits fund for retiree medical benefits while the survivor benefit is paid. The statute provides that "[t]he last payment shall be made for the last month in which there is an eligible surviving spouse or child." Apparently, the survivor benefit will also end on the date the normal retirement of the member would have occurred if the

---

<sup>18</sup> A disabled member who loses eligibility for disability benefits for any reason may elect an annuity or other pay-out option from the member's defined contribution account.

<sup>19</sup> If the disabled peace officer or fireman is eligible for a distributions from the contribution account upon termination for disability under AS 14.25.410 or AS 39.35.810, the account (at least accruals before termination for disability) may be exhausted before the member is eligible for retirement.

member had lived, at which time the retirement benefit will be determined based on the defined benefit plan options and the surviving spouse may elect medical benefits.

The plans also provide for defined occupational death benefits for survivors of teachers and public employees (AS 14.25.487; AS 39.35.892). The occupational death benefit will be paid to the surviving spouse of the deceased member or, if there is no surviving spouse or the surviving spouse later dies, to the dependent children of the member in equal parts. The amount of the benefit is 40 percent of the member's monthly compensation in the month in which the member dies for survivors of teachers and public employees other than peace officers and fire fighters. The occupational death benefit for the survivors of peace officers and fire fighters is 50 percent of the member's monthly compensation in the month in which the member dies. The plans do not provide medical benefits for survivors receiving occupational death benefits.

While a survivor's pension is being paid, the employer must continue making employer contributions to the TRS or PERS defined contribution account, health reimbursement account, and group health and life benefits fund for retiree medical benefits. As with the continuing employer contributions for disability recipients, this provision will provide the administrator with implementation challenges, since the survivor may become eligible for distributions from the contribution account under AS 14.25.410(c) or AS 39.35.810(c). It is not clear how ongoing contributions by the employer required by AS 14.25.487(c) and AS 39.35.892(c) will be administered.<sup>20</sup>

The payment of a survivor's benefit ends in the month in which the member would have first qualified for retirement, at which time the retirement benefit will be determined based on the defined benefit plan options and the surviving spouse may elect medical benefits. We note that, unlike provisions for payment of survivor benefits after the death of a member who was receiving or entitled to receive occupational disability benefits, the occupational death benefit statutes do not provide for benefits paid to a person who is a dependent child to end when the person no longer is eligible as a child. A dependent child receiving occupational death benefits under AS 14.25.487 or AS 39.35.892 might argue that death benefits must be paid until the date the deceased member would have retired, without regard to age of the benefit recipient. This may affect plan qualification, since the Internal Revenue Code definition of "dependent" includes age requirements for distributions to a dependent child under a qualified plan.

PERS employers will finance the occupational disability and death benefits by making contributions to the plan in an amount determined by the ARMB under

---

<sup>20</sup> As mentioned in note 17, we are researching the issue of whether the requirements of these statutes that an employer continue to make contributions to an account of a former employee comply with federal law governing qualified plans.

AS 39.35.750(e). There is no provision in the proposed new TRS defined contribution plan for funding of the occupational disability and death benefits.

The state reserves the right to amend the plans (AS 14.25; AS 39.35.895) and the defined contribution plan makes no guarantee of the rates of returns on or amounts that will be payable from the individual contribution accounts (AS 14.25; AS 39.35.910).

An active, nonvested member of the TRS or PERS defined benefit plan may make an irrevocable election to participate in the applicable new defined contribution plan in lieu of participation in the defined benefit plan. AS 14.25; AS 39.35.940. A member may make the election only if the member's employer consents to participation in transfers. The statutes require transfer of a member's TRS or PERS contribution account to a new account in the defined contribution plan, and a matching contribution from the employer. The employer may not make the matching contribution from the TRS or PERS defined benefit trust funds. Membership service earned by a transferring member is nullified for purposes of the defined benefit plan, and is credited for purposes of determining eligibility to elect medical benefits. The statutes do not specifically provide that the transferred membership service will be applied to vesting under AS 14.25.390 or AS 39.35.790 of the transferring member's interest in the employer's matching contributions, or in subsequent employer contributions to the defined contribution account.

#### New Health Reimbursement Arrangement Plan

Section 80 adds a proposed new article 5 to AS 39.30, adding the health reimbursement arrangement plan for teachers and public employees who first become members of TRS or PERS on or after July 1, 2006. AS 39.30.300 - 39.30.495. The HRA may be used to pay the cost of monthly premiums for retiree major medical insurance for eligible members, and to reimburse eligible members' costs for medical care expenses. A member who is eligible for reimbursements under the HRA is not required to participate in retiree major medical insurance coverage.

The HRA plan will be financed solely by employer contributions (AS 39.30.370). The amount of contributions an employer will make on behalf of an employee will not be based on that specific employee's compensation, but will be three percent of that employer's "average annual employee compensation." The administrator is required to maintain a record for each member accounting for employer contributions for that member. Interest will be applied to members' accounts annually at the rate established by the ARMB.

A member who terminates employment before meeting the eligibility requirements for retirement and medical benefits under AS 14.25.470 or AS 39.35.870 loses any right to the contributions. Upon reemployment with a participating employer before the

member reaches age 65, the account balance will be restored, with an adjustment for inflation.

The eligibility and reimbursement provisions of AS 39.30.390 present interpretation problems. The language of the section states that persons who meet the eligibility requirements of AS 14.25.470 and AS 39.35.870 for retirement and medical benefits are eligible for reimbursements under the plan. It is unlikely that the legislature intended that a member be eligible for retirement and medical benefits under both TRS and PERS in order to be eligible for HRA benefits. Second, the language of the section provides that a member does not have to retire directly from the system to be eligible for reimbursements. While the years-of-service and age requirements set out in paragraphs (1) and (2) of AS 14.25.470(a) and AS 39.35.870(a) apparently apply to eligibility for HRA reimbursements, it is not clear whether language in AS 14.25.470 and AS 39.35.870 requiring a member to have been an active member for 12 months before application for retirement is only associated with the "retire directly from the system" requirement or whether it is one of the eligibility requirements the legislature intended to apply for purposes of eligibility for HRA reimbursements.

### Potential Legal Issues

Several provisions of the bill that make changes that affect current members of TRS and PERS may raise legal issues. Such changes may implicate art. XII, sec. 7 of the Alaska Constitution, which provides:

**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.

Interpreting this provision, the Alaska Supreme Court has held that rights under the state's retirement systems vest on employment and enrollment in the system, reasoning that retirement benefits are an element of the bargained-for consideration given to an employee in exchange for the employee's assumption and performance of employment.<sup>21</sup> In general, a change that diminishes a member's benefits must be offset by comparable new advantages to the member.<sup>22</sup>

Changes to existing statutes that may implicate art. XII, sec. 7, of the Alaska Constitution include amendments that set a deadline for former members to reinstate

<sup>21</sup> *Hammond v. Hoffbeck*, 627 P.2d 1052 (Alaska 1981).

<sup>22</sup> We set out the Alaska Supreme Court case law interpreting this provision in a memorandum of advice to commissioner of administration, dated April 20, 2005. 2005 Inf. Op. Att'y Gen.; 663-05-0192 (Apr. 20), pp. 2-12.

service credit; amendments to former law governing award of "ad hoc" PRPAs; changes in retiree medical coverage affecting spouses and certain dependents of people receiving survivor benefits; and amendments to the board structure for governance of the systems.

We have found no case law that specifically addresses application to former members of changes in public retirement system statutes that provide for reinstatement of service credit. However, it is arguable that a former member who cashed out the TRS or PERS contribution account after severing the employment relationship that gave rise to rights under the retirement system has no remaining rights that could be impaired by any subsequent change to the retirement system statutes. Furthermore, the reinstatement statutes do not explicitly provide that reinstatement of cashed-out service credit upon reemployment also reinstates a former member to the former member's original "tier" status.<sup>23</sup> While a definitive answer to this issue will only be provided by the Alaska Supreme Court, we believe the amendments are defensible.

We addressed the issue of changes to the former law regarding award of ad hoc PRPAs in the memorandum of advice dated April 20, 2005, advising that legislation that limits the administrator's discretion to award an ad hoc PRPA might be subject to challenge.<sup>24</sup> However, in enacting the 105 percent standard, the legislature had evidence that ad hoc PRPAs previously granted by the administrator exercising unlimited discretion had contributed substantially to the unfunded liabilities of the TRS and PERS funds. If the legislation establishing a standard for the administrator's exercise of discretion is challenged, this evidence may support the standard.

Regarding amendments to retiree medical coverage provisions made by sec. 22 to AS 14.25.168(a) and sec. 116 to AS 39.35.535(a), although we have found no case law directly on point, we note that a person who becomes the spouse or a dependent of a retiree's survivor after the retiree's death has no connection with the employment relationship between the retiree and the retiree's TRS or PERS employer that gives rise to any vested right under art. XII, sec. 7, of the Alaska Constitution.<sup>25</sup> Therefore, we believe that application of these statutory changes to spouses and dependents of current survivors of deceased members and to new spouses and dependents of eventual survivors

---

<sup>23</sup> A member's tier status in the current TRS and PERS defined benefit plans determines the age of retirement eligibility and level of medical benefits available upon retirement, based on the law in effect when the member became a member of the pertinent system. TRS currently has two recognized tiers, and PERS has three.

<sup>24</sup> 2005 Inf. Op. Att'y Gen.; 663-05-0192 (Apr. 20).

<sup>25</sup> New spouses and dependents of survivors who were not dependents of the deceased retiree do not meet the definition of "dependent" of the retiree set out in 26 U.S.C. 152, as required by 26 U.S.C. 401(h). These amendments are made in order for the state's retirement plans to comply with federal plan qualification requirements, and for payment of medical expenses out of the state's trust funds to comply with federal requirements for qualified trusts.

of current members does not diminish or impair any vested right under that constitutional provision. Whether a new spouse of a retiree's survivor or a survivor's dependent who was not dependent on the retiree has any right to retiree major medical coverage based on any other theory is, again, an issue that must be determined by the court.

Issues have also been raised as to whether statutory changes to the boards that govern the systems violate any accrued benefit under art. XII, sec. 7, of the Alaska Constitution, or any common law or statutory trust principle. The Alaska Supreme Court has not addressed the issue of whether the composition of the retirement boards would be considered an accrued benefit protected by art. XII, sec. 7, of the Alaska Constitution. There are no decisions to date that indicate that the restructuring would be considered unconstitutional. Furthermore, there are very few decisions in other states that provide any guidance on this issue. The most instructive case is a 1966 decision from New York, in which the court interpreted a constitutional provision similar to Alaska's and found that the benefits protected by the constitution did not extend to maintaining a proportionate number of teachers on a retirement board. *Brown v. N.Y. State Teachers Ret. Sys.*, 25 A.D.2d 344 (N.Y.A.D. 1966), *aff'd*, 226 N.E.2d 319 (N.Y. 1967). In that case, the New York legislature had passed a law that changed the composition of the board for the teachers' retirement system from seven to nine members, but did not increase the number of teachers on the board, which remained at three. *Id.* The plaintiffs in *Brown* argued that a decrease in the relative representation of teachers on the board was unconstitutional diminishment of benefits for members of the system. The court disagreed, holding that the constitutional provision created a contractual right to protect the members of the retirement system in pecuniary matters, but the term "benefits" did not extend to representation on the retirement board.<sup>26</sup> *Id.* The court also rejected the plaintiffs' argument that a decrease in voting strength on the board could make it easier for the board to reduce or impair their pecuniary benefits, finding that the board's power, no matter what its makeup, was restricted by the constitutional provision itself, which

---

<sup>26</sup> Similarly, in a more recent case, the West Virginia Supreme Court reasoned that "technical or housekeeping alterations in the PERS funds, such as changes in the manager of the funds or an expansion in permissible investments, do not implicate the constitutional provision prohibiting the impairment of contracts." *State v. West Virginia Inv. Mgmt. Bd.*, 508 S.E.2d 130, 136 (W.Va. 1998). The West Virginia Constitution, however, did not contain a prohibition against the impairment of accrued benefits, but only a general provision prohibiting impairment of contracts

prohibited the board from taking actions that would diminish or impair pecuniary benefits.<sup>27</sup> *Id.* at 345-46.

Regarding the application of trust principles, we believe that because this is a statutorily created trust, the legislature can modify the administrative structure of the trust as long as the modification does not violate the constitutional provision governing the retirement plans. Again, Alaska case law does not address this situation, and we have found little case law from other states that is instructive. In the California case of *Valdes v. Cory*, 139 Cal. App. 3d 773, 189 Cal. Rptr. 212 (1983), the court explained a legislature's ability to modify employee trusts without regard to common law trust principles.<sup>28</sup> The court declined to address an argument that a modification of the California Public Employees' Retirement System violated the general principles of trust law, explaining that:

We address only the claim of unconstitutional impairment of contract for it is elementary that the Legislature has power, absent constitutional restrictions, expressly to amend or repeal both the common law and existing statutes.

*Valdes*, 189 Cal. Rptr. at 218.<sup>29</sup> We believe that the restructuring of the systems' board authority by the bill is defensible.

Because provisions of the new TRS and PERS defined contribution retirement plans and the new health reimbursement arrangement plan do not take effect until July 1, 2006, they do not present immediate legal problems. However, in our summary

---

<sup>27</sup> A subsequent New York decision cited *Brown* for the proposition that there is flexibility regarding management of retirement funds that is reserved for the legislature, but it is not unlimited. *Sgaglione v. Levitt*, 337 N.E.2d 592, 595 (N.Y. 1975). Even though the court in *Sgaglione* gave an expansive interpretation of benefits protected under the New York Constitution, to include protection of the sources of funds for those benefits, it did not overturn *Brown*.

<sup>28</sup> Although not citing the case on this point, the Alaska Supreme Court found the rationale of the California court in *Valdes* to be persuasive in *Municipality of Anchorage v. Gallion*, 944 P.2d 436, 445 (Alaska 1997).

<sup>29</sup> The court in *Valdes* cited California Civil Code sec. 22.2 in support of this conclusion, which is a statute analogous to the Alaska statute addressing the applicability of common law. The Alaska statute provides that: "So much of the common law not inconsistent with the Constitution of the State of Alaska or the Constitution of the United States or with any law passed by the legislature of the State of Alaska is the rule of decision in this state." AS 01.10.010. The California court's observation that the power of the legislature to amend or repeal the common law and existing statutes is "elementary" may account for the dearth of case law on this issue.

of provisions for those plans above, we have identified a number of provisions that present the administrator with interpretation and implementation challenges. Furthermore, the failure of the legislature to provide for financing of TRS occupational disability and death benefits cannot be cured by regulations adopted by the commissioner. Although sec. 141 sets out the legislature's intent that there be a moratorium on legislation affecting the retirement systems until after the ARMB has made the report required by that section regarding the systems' funds, we recommend that the administrator and this office continue to work together to analyze the provisions of these plans to identify changes that could be considered for action during next year's legislative session.

### Legislative Procedure Issue

An issue has been raised concerning a statutory requirement for bills affecting the state's retirement systems. After HB 141 had gone through the House and Senate and free conference committee processes, an issue was raised as to whether the requirement of AS 24.08.036 had been met. That statute provides:

**Fiscal notes on bills affecting state retirement systems.** Before a bill which would have an effect on the retirement systems of the state is reported to the rules committee, there shall be attached to the bill an analysis of the long-term and short-term costs to the state if the bill is adopted, as well as the impact of the bill on the actuarial soundness of the fund. The analysis is in addition to the fiscal note requirement of AS 24.08.035.

Although a substantial amount of information regarding the fiscal impact of the bill was provided as the bill proceeded through committees of the legislature, the special fiscal note required by AS 24.08.036 was not prepared before the bill was reported to the rules committee of either house. The Department of Administration's actuarial consultant, Mercer Human Resource Consulting, prepared a letter dated May 23, 2005, providing a comparison of the major employer cost components of the bill with the normal cost of the most recent TRS and PERS defined benefit plan tiers, and commenting on the issue of actuarial soundness of the fund under the bill. The legislature did have access to the information before the final vote was taken to accept the second free conference committee report.

The legislature's failure to adhere strictly to the timing set out in AS 24.08.036 for provision of the special fiscal analysis concerns a procedural rule that the legislature has made regarding legislation affecting the state's retirement systems, and does not implicate

any constitutional restraint or violate any fundamental right.<sup>30</sup> We believe that any legal challenge to the bill based on the legislature's failure to comply with AS 24.08.036 would present a nonjusticiable issue, and that a court would not invalidate enactment of the bill on that basis.<sup>31</sup>

### Effective Dates

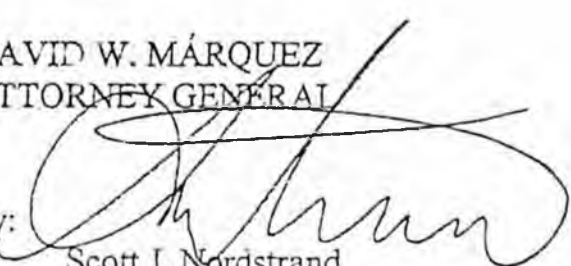
The bill includes several effective date clauses. Section 147 provides that secs. 22 and 116, which limit retiree major medical coverage for dependents of survivors of deceased retirees, take effect January 1, 2006. Under sec. 148, provisions for the new defined contribution retirement plans and the health reimbursement arrangement plan take effect July 1, 2006. Section 149 establishes a June 30, 2010, effective date for provisions of the bill that repeal provisions allowing former members of TRS and PERS to reinstate service credit. Section 145 of the bill, which directs the revisor of statutes and regulations attorney to implement instructions in secs. 143 and 144, is effective immediately under sec. 150. Except as provided by secs. 147 - 150, the bill, if enacted into law, would be effective July 1, 2005, under secs. 146 and 151.

We are available to work with the affected agencies during the implementation of the bill, once it becomes law.

Sincerely,

DAVID W. MÁRQUEZ  
ATTORNEY GENERAL

By:



Scott J. Nordstrand  
Deputy Attorney General  
Civil Division

SJN:VBR:rca

<sup>30</sup> See *Aboud v. League of Women Voters of Alaska*, 743 P.2d 333, 338 (Alaska 1987), citing *United States v. Smith*, 286 U.S. 6, 33, 52 S.Ct. 475, 478, 76 L.Ed. 954, 958-59 (1932).

<sup>31</sup> *Id.* at 338 ("it is the legislature's prerogative to make, interpret and enforce its own procedural rules and the judiciary cannot compel the legislature to exercise a purely legislative prerogative") and 339-40 (holding that "the Open Meetings Act, as it applies to the legislature . . . merely establishes a rule of procedure concerning how the legislature has decided to conduct its business. Of course, having made the rule, it should be followed, but a failure to follow it is not the subject matter of judicial inquiry.")



April 17, 20 6

WRITER'S DIRECT NUMBER: (317) 236-2411  
DIRECT FAX: (317) 592-4616  
INTERNET: BRATMAN@ICEMILLER.COM

WRITER'S DIRECT NUMBER: (317) 236-2210  
DIRECT FAX: (317) 592-4713  
INTERNET: TERRY.MUMFORD@ICEMILLER.COM

WRITER'S DIRECT NUMBER: (317) 236-2468  
DIRECT FAX: (317) 592-4702  
INTERNET: KATHINA.CLINGERMAN@ICEMILLER.COM

VIA E-MAIL

Melanie A. Millhorn, Director  
Traci Carpenter, Project Manager  
Alaska Administration Retirement & Benefits  
6<sup>th</sup> Floor State Office Building  
P.O. Box 110203  
Juneau, AK 99811-0203

*Re: CSHB 475*

Dear Melanie and Traci:

You have asked us to prepare for you an overview of the following topics:

1. Mechanics of the plan determination process and filings with Internal Revenue Service ("IRS") when a state implements a new retirement plan;
2. Benefits of passing CSHB 475 from the perspective of compliance with the Internal Revenue Code ("Code") and IRS process; and
3. Consequences of not passing CSHB 475 from the perspective of Code compliance and IRS process.

**BACKGROUND**

**PERS Tier 4 and TRS Tier 3**

The new PERS Tier 4 and TRS Tier 3 plans (the "New Plans") are intended to be qualified governmental plans under Code Section 401(a). Code Section 401(a) covers defined benefit plans, defined contribution plans, and plans that contain elements of both. Establishing and maintaining qualified status of the New Plans is critical for the employees who participate in the plans and their beneficiaries. In order to know that the New Plans are qualified, Alaska is seeking IRS "determination letters" for them. This is the procedure that has been followed in the past for the existing PERS and TRS plans and is certainly a "best practice" in the pension world.

Melanie A. Millhorn  
Traci Carpenter  
April 17, 2006  
Page 2

## **HRAs**

SB 141 also established health reimbursement accounts ("HRAs"). The IRS has recently issued guidance on the structure of HRAs. These rules must be followed in order to have non-taxable benefits for employees, spouses, and their dependents. The IRS has been very strict in their interpretation of these new rules. The only mechanism for seeking IRS approval of the HRA structure is a private letter ruling.

### **IMPORTANCE OF QUALIFIED STATUS – FOR NEW PLANS**

It is very important to establish and maintain the New Plans as qualified governmental plans for the following reasons:

1. Employer contributions are not taxable to members as they are made (or even when vested); taxation only occurs when plan distributions are made.
2. Earnings and income are not taxed to the trust or the members (until distribution).
3. Favorable tax treatments may be available to members when they receive plan distributions; for example, the ability to rollover eligible distributions.
4. Employers and members do not pay employment taxes (even if the positions are Social Security covered) when contributions are made or when benefits are paid.
5. Members have protection of their benefits in a bankruptcy situation.
6. Qualified plans have an approved status with respect to international investments and foreign tax recaptures.
7. Qualified plans may use IRS correction mechanisms in the case of operational failures.

State and local governments are generally exempt from taxation, so the benefits of qualified status flow to the members.

### **MECHANICS OF THE PLAN DETERMINATION PROCESS – FOR NEW PLANS**

#### **What is filed with the IRS?**

Requests for favorable determination letters have been filed with the IRS for each of the New Plans, but those requests need to be revised. The primary focus of the determination letter is compliance with "form requirements" — those plan provisions that are required as a condition

Melanie A. Millhorn  
Traci Carpenter  
April 17, 2006  
Page 3

of qualification under Code Section 401(a). In the case of the New Plans, the plan document would be SB 141, CSHB 475 (if passed), and administrative rules.

**What do states do while the determination letter application is pending?**

You have asked whether, in the normal course of events, states that are implementing a new retirement plan proceed with implementation while a determination letter is pending or delay implementation of a plan pending favorable rulings from the IRS. It has been our experience that states take a variety of approaches, depending on the legislation or process that leads to the adoption of the plan. Where a statute does not require delay until a determination letter is issued, it has been our experience that states move ahead with implementation while the determination letter is pending.

**What is the timetable for receiving an IRS determination?**

The IRS often takes more than one year to issue a final determination letter. During that time period an IRS agent may ask for clarification of provisions and may request amendments of the plan document. If an amendment is requested, the IRS may issue a determination letter contingent on the adoption of the amendment. The amendment would have to be adopted with 90 days of the issuance of the determination letter.

**What happens if the IRS decides that New Plans have disqualifying provisions?**

Code Section 401(b) governs the ability of a qualified plan to make retroactive remedial amendments in order to maintain qualified status. The period in which retroactive corrections are allowed is known as the "remedial amendment period."

If corrections are made by the end of the remedial amendment period, the amendments are treated as retroactively effective throughout the entire remedial amendment period and the plan is deemed to have satisfied the qualification requirements of Code Section 401(a) during that time.

The remedial amendment period begins for a new plan, such as PERS Tier 4 and TRS Tier 3, on the effective date of the plan. For a governmental plan, Notice 89-8, 1989-1 C.B. 628, sets the end of the remedial amendment period at the last day of the seventh month after the end of the plan year in which the remedial amendment period begins. By filing a request for a determination letter, Alaska has preserved its right to retroactively amend the New Plans back to the effective date.

Based upon this IRS guidance, we believe that Alaska has been proactive in filing its determination letters so promptly and in the proposed update of those letters. The determination

Melanie A. Millhorn  
Traci Carpenter  
April 17, 2006  
Page 4

letter is based upon the "administrative record" that is presented to the IRS, so it is important for Alaska to continue to update the IRS with any changes to the plan document.

### BENEFITS OF PASSING CSHB 475

#### PERS Tier 4 and TRS Tier 3

Passing CSHB 475 would have the following benefits for members in the New Plans:

1. Clarify nature of New Plans to make sure DB-type benefits for those with occupational disability and their survivors are paid from New Plans.
2. Clarify nature of New Plan as to public safety officer retirement benefit options to make sure those benefits are paid from New Plans.
3. Restructure line of duty death benefit so that it would comply with IRC. Failure to adopt will deny tax-favored benefit to survivor.
4. Shorten the IRS review time because the "plan document" for the new tiers would be established in a way that would match up with IRS guidance.

#### HRAs

Passing CSHB 475 would have the following benefit with respect to the new HRA structure:

R-structure HRA contributions to clarify that contribution is uniformly calculated, thereby strengthening position that all benefits will be non-taxable.

### CONSEQUENCES OF NOT PASSING CSHB 475

#### PERS Tier 4 and TRS Tier 3

Failure to pass CSHB 475 would have the following consequences for members of the New Plans:

1. Failure to adopt CSHB 475 will restrict the ability to offer occupational death and disability benefits for members.
2. Failure to adopt CSHB 475 will restrict the ability to offer optional PERS retirement to police/fire injured in line of duty.

Melanie A. Millhorn  
Traci Carpenter  
April 17, 2006  
Page 5

3. Failure to adopt will complicate IRS filings and prolong review process.

Failure to meet qualification requirements means that both retroactive and prospective corrections are required. Qualification status goes to the plan as a whole. If under state law, an administrative agency is not authorized to disregard or sever a provision that causes a qualification failure, the plan as a whole would be jeopardized.

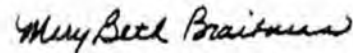
**HRA's**

Failure to adopt could result in taxable benefits to some groups.

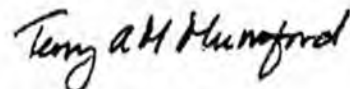
Please let us know if this letter responds to your questions.

Very truly yours,

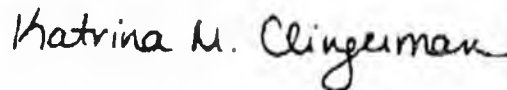
ICE MILLER LLP



Mary Beth Braitman



Terry A.M. Mumford



Katrina M. Clingerman

cc: Virginia Ragle



## Alaska Retirement Management Board

P.O. Box 110405  
Juneau, Alaska 999811-0405  
(907) 465-3749

January 27, 2006

The Honorable Kim Elton  
Alaska State Senate  
Alaska State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Elton:

The Alaska Retirement Management Board (ARMB) received your January 9, 2006 letter at its meeting in Juneau January 12<sup>th</sup> and 13<sup>th</sup>. Your interest in addressing the unfunded liabilities of the retirement systems is appreciated by the board as we begin our work on this issue.

You requested comparative data of the cost to PERS and TRS employers of retirement benefits for the new Defined Contribution Plan (referenced as Tier IV in your letter) created by SB141 with costs for Tier III members. The tables below provide an analysis of the FY 2006 normal cost, expressed as a percentage of payroll, required to fund the pension, health and other benefits for Tier III employees and Tier IV employees:

Defined Benefit Plans	Employer Normal Cost		Employee Normal Cost		Total Normal Cost	
	PERS Tier III	TRS Tier II	PERS Tier III	TRS Tier II	PERS Tier III	TRS Tier II
Retirement Benefits	3.51	3.78	6.81	8.65	10.32	12.43
Medical Benefits	7.23	7.93	0.00	0.00	7.23	7.93
<b>Total</b>	<b>10.74</b>	<b>11.71</b>	<b>6.81</b>	<b>8.65</b>	<b>17.55</b>	<b>20.36</b>

The Honorable Kim Elton  
January 27, 2006  
Page Two

---

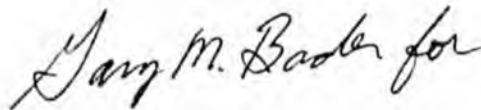
Defined Contribution Plans	Employer Normal Cost		Employee Normal Cost		Total Normal Cost	
	PERS Tier IV	TRS Tier III	PERS Tier IV	TRS Tier III	PERS Tier IV	TRS Tier III
Individual Account	5.00	7.00	8.00	8.00	13.00	15.00
Medical Benefits	4.75	4.75	0.00	0.00	4.75	4.75
Other	0.31	0.22*	0.00	0.00	0.31	0.22*
<b>Total</b>	<b>10.06</b>	<b>11.97</b>	<b>8.00</b>	<b>8.00</b>	<b>18.06</b>	<b>19.97</b>

\*Disability and death benefits cost estimate; however, these were not included in the employer contribution statutes for the new TRS DCR plan.

Because the Legislature is seeking to address the unfunded liability of the Public Employees' and Teachers' Retirement Systems, it is important to understand the cost to employers of that liability. To that end, additional comparison information is enclosed for the retirement systems that includes all costs for all tiers.

If there is any additional information we can provide, please don't hesitate to contact the trustees either directly or through our staff.

Sincerely,



Gail R. Schubert, Chair

Enclosure

## Changes Required before July 1, 2006

- 1 The occupational death benefit statutes do not provide for benefits paid to a person who is a dependent child to end when the person is no longer eligible as a child (AS 14.25.487 and AS 39.35.892).

Explanation: Without express language in statute, a dependent child receiving occupational death benefits might argue that death benefits must be paid until the date the deceased member would have retired, without regard to the age of the benefit recipient. The issue is specifically dealt with in the disability statutes [AS 14.25.485(i) and AS 39.890(k)], which include language terminating the death benefit the last month in which there is an eligible child. The death benefit statutes – AS 14.25.487 and AS 39.35.892 – unambiguously state when the benefits will begin and when they will end. Failure to include language that would terminate death benefits the last month in which there is an eligible child indicates a different result was intended.

Consequence: If this provision were changed *after* June 30, 2006, it may bestow constitutional rights on employees who become members during the period that the law is in effect. May jeopardize plan qualification because the IRC definition of "dependent" includes age requirements for distribution to a dependent child under a qualified plan.

Change required: Qualify that death benefits shall cease if a dependent child no longer meets the definition of dependent.

Who benefits from change: Employers and the Plans.

- 2 A disabled peace officer or fire fighter will have access to two types of retirement benefits, an individual account balance and a monthly pension. (AS 39.35.890(h)).

Explanation: Under AS 39.35.810, a member is eligible to elect distribution of the member's contribution account after termination of employment. Disability and death benefits are only payable upon termination from employment, which means the member and/or beneficiaries could access the individual account. Under AS 39.35.890(h), once a disabled peace officer or fire fighter becomes eligible for "normal retirement," s/he must make an irrevocable choice of the individual account as their retirement benefit or a monthly pension benefit as if AS 39.35.370(c) [PERS Tier III] were to apply. This essentially leads to a dual retirement benefit.

Consequence: If this provision were changed *after* June 30, 2006, it may bestow constitutional rights on employees who become members during the period that the law is in effect.

Change required: Require a peace officer or fire fighter to make a choice of retirement benefits upon appointment to disability.

Who benefits from change: Employers and members.

Additional comment: This item also lacks a funding mechanism which is identified as item 2 on the list for future action.

- 3 There is no date certain for conversion of non-vested members from the DB plans to the DCR plans (AS 14.25.540 and AS 39.35.940).

Explanation: An employer's decision to allow its employees to convert is irrevocable and employees have up until the day before they become vested in the PERS or TRS DB plans to convert. This pushes the last potential conversion date out conceivably to 5 to 8 years (or longer, if terminated non-vested members return to work for a participating employer) depending on the plan and the employee's initial hire date.

Consequence: This leaves annual budgeting uncertainty for the employers. Additionally, an employer who allows conversion may wind up matching employee account balances that were earned largely while an employee was working for another employer. If changed *after* June 30, 2006, it may bestow constitutional rights on employees who become members during the period that the law is in effect.

Change required: Set a date certain for conversion. Research indicates a typical time period is 6 to 12 months from the effective date of legislation.

Who benefits from change: Employers.

- 4 The section on eligibility for medical benefits states that "an eligible person shall make the irrevocable election to participate or not participate in the retiree major medical insurance plan" by the time they turn 70 ½ years old (AS 14.25.470(g) and AS 39.35.870(g)).

Explanation: The Division anticipated the provisions for application for retirement and medical benefits would be handled by regulation. Such regulations would include a requirement that an eligible person who did not initially participate in the medical plan could later be covered only if they had continuous coverage in the intervening time or they must show evidence of insurability. The wording of the statute, however, seems to leave the choice to the eligible person regardless of their health status.

Consequence: This leaves the retiree major medical insurance plan open to adverse selection and unpredictable costs. If changed *after* June 30, 2006, it may bestow constitutional rights on employees who become members during the period that the law is in effect.

Change required: Clarify that an eligible person who does not initially elect participation in the retiree major medical insurance plan, but who later chooses to participate, must show evidence of insurability or provide a letter of coverage.

Who benefits from change: The Plans and Employers.

- 5 AS 14.25.580 allows a SESA employee to participate in the TRS DCR Plan if they possess or are eligible to possess a teacher certificate regardless if employed in a position requiring a teacher certificate.

Explanation: About double the people in Alaska have teaching certificates as there are positions requiring certificates. The definition of "teacher" contained in AS 14.25.590(27) is not the possession of a teaching certificate. The criteria is that they be employed in a position requiring possession of a State of Alaska teaching certificate. AS 14.25.580 contradicts this criteria and possibly opens TRS to SESA, PERS members holding teaching certificates but who are not employed in positions requiring a certificate.

Consequence: Employers would have to pay more for employees than they would if they were PERS members. If changed *after* June 30, 2006, it may bestow constitutional rights on employees who become members during the period that the law is in effect.

Change required: Repeal AS 14.25.580.

Who benefits from change: Employers.

**Necessary -- But May Be Delayed for Future Action (after July 1, 2006)**

- 1 There is no contribution required by TRS employers to fund TRS occupational disability and death benefits (AS 14.25.350).

Explanation: This was an inadvertent omission in drafting the bill in conference committee. TRS employers were fully expected to pay the costs of disability and death benefits.

Consequence: The Division would request a legislative general fund appropriation to pay benefits.

Change required: Require TRS employers to pay occupational disability and death benefits through contributions actuarially calculated.

Who benefits from change: State general fund.

Additional Comments: DRB's legal counsel suggests this is a mandatory item because it is a flaw in the system to leave benefits unfunded, which will compound the longer it is not addressed.

- 2 There is no fund source specified in statute to pay for the monthly pension that may be elected by a disabled police officer or fire fighter upon eligibility for normal retirement.

Explanation: The legislature specified that a monthly pension benefit elected by a disabled peace officer or fire fighter would *not* be paid out of the PERS defined benefit trust (AS 39.35.890(h)(2)). AS 39.35.750(e) requires employers to pay actuarially determined contributions for occupational disability and death benefits, but does not require contributions for monthly pension benefits elected by a peace officer/fire fighter upon eligibility for normal retirement. Also, the statute does not specifically require the member to forfeit the individual contribution account upon making the irrevocable election.

Consequence: If no other funding source is specified, the Division would request a legislative appropriation to pay benefits for disabled peace officers and fire fighters who were employed both by the state and by political subdivisions.

Change required: Provide for forfeiture of individual contribution account upon election of benefit calculated under AS 39.35.370 by peace officer or fire fighter; require employers to pay benefits through contributions actuarially calculated. Should the amount -- all or part -- in the forfeited individual contribution account be transferred to some pension account and credited to cover part of the employer's liability?

Who benefits from change: State general fund.

Additional Comments: The Division's legal counsel suggests this is a mandatory item because it is a flaw in the system to leave benefits unfunded, which will compound the longer it is not addressed.

- 3 The DB plans are closed to new entrants after June 30, 2006, and so are the payroll bases upon which the employer contribution for past service costs (unfunded liability) is applied (AS 14.25.070 and AS 39.35.250).

Explanation: The statutes defining "contributions by employers" reference contributions to the "plan," specifies the plan by statutory cite (in TRS), sets the formula for employer contributions as applying the board certified rate "against the sum total of the base salaries paid to members" of the plan (in TRS), and defines (in PERS) the consolidated employer rate and past service rate as "the percentage of compensation of all active employees in the plan."

Consequence: Employer rates for past service costs will continue to rise as the amortized liability is applied to a shrinking payroll paid to members of the DB plan.

Change required: Change method of determining employer contributions for past service costs or specify that the payroll base of both DB and DCR plan employees will be used to calculate employer contribution rates for past service costs.

Who benefits from change: Employers.

Critical timeline: The impact on employer contribution rates for past service costs of DB plan members will first be seen in the valuation ending 6/30/2007 which will set the rates for FY 2010.

- 4 The employer contribution rate sections of the DB plans do not allow individual employers to have a contribution rate lower than the normal cost rate even if their assets exceed their liabilities (AS 14.25.070 and AS 39.35.270).

Explanation: PERS employers have individual contribution rates and some employers fall below the "normal cost rate" because they have assets greater than liabilities. Was it really the intent of the legislature to penalize these employers?

Consequence: Employers would be forced to contribute more than needed to their assets. Once the money goes into the Trust it cannot come out except to pay benefits.

Change required: Change floor on normal cost rate to the DB *plan* level rather than individual employer level. Specify that an individual employer's contribution may be less than the normal cost rate if assets are greater than liabilities to the extent the actuary determines them sufficient to cover all employee benefits being earned during the current year. Make change retroactive to July 1, 2005.

Who benefits from change: PERS Employers.

- 5 The legislation does not provide that a period of death benefits constitutes membership service in regard to determining eligibility for retirement benefits (AS 14.25.487 and AS 39.35.892).

Explanation: This appears to have been an omission in drafting because the disability benefits have the provision that a period of disability counts toward eligibility for retirement. It is also implied by the requirement for continuing employer contributions as well as the provisions of subsection (e) which reference the normal retirement date if the member had lived.

Consequence: Would potentially leave survivors without access to medical benefits once death benefits cease.

Change required: Add "The period of death benefits constitutes membership service in regard to determining eligibility for retirement benefits."

Who benefits from change: Members' eligible survivors.

- 6 It is not clear that a period of disability benefits constitutes membership service in regard to determining vesting in employer contributions and related earnings (AS 14.25.485 and AS 39.35.890).

Explanation: Although the statutes expressly state that a period of disability benefits constitutes membership service for purposes of determining eligibility for retirement and medical benefits, the statutes do not mention vesting in employer contributions and related earnings. The requirement for continuing employer contributions implies this intent.

Consequence: Administrator to interpret. Lawsuit by employer or employee?

Change required: Add "The period of disability constitutes membership service in regard to vesting in employer contributions under AS 14.25.390(b) [AS 39.35.790(b)]."

Who benefits from change: Members.

- 7 It is not clear that a period of death benefits constitutes membership service in regard to determining vesting in employer contributions and related earnings (AS 14.25.487 and AS 39.35.892).

Explanation: Although the statutes do not expressly state that a period of death benefits constitutes membership service for determining vesting, the requirement for continuing employer contributions implies this intent.

Consequence: Administrator to interpret. Lawsuit by employer or employee?

Change required: Add "The period of death benefits constitutes membership service in regard to vesting in employer contributions under AS 14.25.390(b) [AS 39.35.790(b)]."

Who benefits from change: Members.

- 8 It is not clear that transferred membership from the DB plans to the DCR plans will be applied to vesting in both the employer's matching contribution and subsequent contributions (AS 14.25.540 and AS 39.35.940).

Explanation: The bill is silent on this. Because it is express that service in the DB plans counts toward eligibility for medical benefits, it is implied that it would count toward vesting.

Consequence: Administrator to interpret. Lawsuit by employer or employee?

Change required: Specify that years of service converted from the DB plans to the DCR plans will apply to vesting in employer contributions.

Who benefits from change: Members.

- 9 The statutes that define eligibility for retirement and medical benefits seemingly conflict with the statutes that define eligibility for the Health Reimbursement Arrangement (HRA).

Explanation: The HRA is part of the medical benefits provided by the DCR plans. Under the DCR plan specific provisions (AS 14.25.470 and AS 39.35.870), a person must retire directly from the plan to be eligible for medical benefits. However, the HRA eligibility statute (AS 39.30.390) specifically precludes a person from having to retire from the plan.

Consequence: Administrator to interpret that the more specific language prevails.

Change required: Remove conflict from the eligibility for retirement and medical benefits language under AS 14.25.470 and AS 39.35.980.

Who benefits from change: Members.

- 10 Establish regulatory authority for the ARM Board (AS 37.10.220).

Explanation: Specific regulatory authority for the ARM Board was not added when the PERB, TRB, and ASPIB were replaced. AS 37.10.071(a)(7) may be sufficient: "(7) perform all acts, not prohibited by this section, whether or not expressly authorized, that the fiduciary considers necessary or proper in administering the assets;"

Consequence: Revenue to interpret.

Change required: Add specific regulatory authority.

Who benefits from change: The Plans.

11 AS 14.25.045 and 14.25.570 allow for participation by National Education Association Employees (NEA).

Explanation: Although NEA had been included by the legislature in the TRS DB plan in statute, NEA is a non-profit organization and they do not qualify for inclusion in the system. This error was acknowledged by the Division, the Dept of Law & NEA in the early 1990's/late 1980's. In discussion with participating NEA management it was decided by the TRS Board that members participating at the time would be grandfathered and inclusion of new members would be discontinued (since then the last member has retired.) Inclusion in the new plan resulted from duplication of existing statutes that was not caught in editing.

Consequence: Disallow NEA employees entrance into the DCR plans.

Change required: Repeal AS 14.25.045 and AS 14.25.570.

Who benefits from change: The members, the employers, and the Plans.

12 Regulatory authority for the Supplemental Benefits now rests with the ARM Board (AS 39.30.160).

Explanation: Part of the reform to the retirement systems was a regulatory authority change from the prior Public Employees Retirement Board to the Department of Administration. The SBS system reference was changed from the PERB to the ARMB; however, the ARMB does not prescribe policies for the retirement systems so this change makes little sense.

Consequence: In practice, the Division will have to draft regulations for the ARMB for their review and approval.

Change required: Remove the reference to regulations of the ARMB from AS 39.30.160.

Who benefits from change: Members

13 The statutory deadline for decisions on appeals to the Office of Administrative Hearings (OAH) is too short (AS 44.64.060(d)).

Explanation: The statutory deadline for the OAH to render decisions on cases before it is 120 days. The number of appeals at this point is too great and resources are too few for the Division and Law to meet this deadline.

Consequence: The consequence of not meeting the deadline is a decision in favor of the appellant because the Division is non-responsive.

Change required: Change the statutory deadline to 180 days -- specifically for DRB (AS 14.25.006 and AS 39.35.006) if Chief ALJ not amenable to general change.

Who benefits from change: The Plans.

- 14 The PERS statutes lack a provision for appeal to the Office of Administrative Hearings (OAH) of the Commissioner's decisions on waiver requests (AS 39.35.522).

Explanation: SB 141 established a new procedure for persons seeking a waiver of adjustment made by the administrator to benefits paid. The new procedure requires filing a request with the commissioner of administration for the waiver. While the TRS statutes allow an appeal of the commissioner's decision to the OAH, the PERS statutes do not. This was a drafting error.

Consequence: An alternative would be for the Commissioner to delegate authority to the OAH to make the PERS waiver decisions [AS 44.64.030(b)]. Under this scenario, the OAH could bill the Division for these services. Otherwise, PERS appeals from the Commissioner's waiver decisions will have to be sent to the superior court, which is also costly.

Change required: Match PERS statutes to TRS statutes.

Who benefits from change: Members, the Plans, and the Court system.

- 15 There are no provisions for appeal to the Office of Administrative Hearings (OAH) on decisions of the administrator for the Health Reimbursement Arrangement Plan, the Supplemental Benefits System Plan, and the Deferred Compensation Plan (AS 39.30.300-495; AS 39.30.150-180; and AS 39.45.010-060).

Explanation: This was an inadvertent omission in transferring all appeals functions to the OAH.

Consequence: Appeals will have to be sent to the superior court.

Change required: Add the statutory references to OAH authority under AS 44.64 and make any necessary changes to specific plan statutes.

Who benefits from change: Members, the Plans, and the Court system.

- 16 The new DCR statutes do not contain provisions for employer termination of participation in the plans.

Explanation: The PERS DB plans have specific statutory guidelines (AS 39.35.615-620) on the process for terminating participation in the PERS. Although a provision for participation was added to the DCR plan, termination was not.

Consequence: The Division has no basis for making decisions regarding members' rights to medical benefits, including the HRA, if an employer terminates from participation.

Change required: Add termination provisions to AS 39.35.700-990.

Who benefits from change: Members.

17 AS 39.35.375(a), AS 39.35.385(c), and AS 14.25.125(c) are all exceptions to the repeal of statutes that provide for reinstatement of refunded service credit.

Explanation: AS 39.35.375(a) allows an active PERS member who has never vested in TRS or PERS and who has cashed out TRS service to reinstate the TRS service credit to establish a "public service benefit." AS 39.35.385 allows persons who are eligible for a normal or early retirement salary under TRS to qualify for a normal or early "conditional service" retirement benefit under PERS if he or she has at least two years of credited service in PERS. AS 14.25.125 allows the same in reverse. Members are allowed to reinstate refunded service credit in order to qualify for the conditional service benefits under AS 14.25.125(c) and AS 39.35.385(c). The conditional service benefit is very expensive because it results in payment of medical premiums and other medical charges from both the PERS and TRS for a single retiree. This is an "off-books" liability similar to the one addressed by the repeal of the reinstatement of service provisions, although the magnitude is considerably less.

Consequence: Results in disparate treatment for refunded PERS/TRS members. If repealed after July 1, 2006, may result in a separate lawsuit.

Change required: Repeal all the language from the above statutes that allow for reinstatement of service by payment of refunded contributions, effective 6/30/2010.

Who benefits from change: The Plans and employers.

Required only if Disallowed by IRS – Determination after July 1, 2006

- 1 Change or delete continuing employer contribution requirements to the individual accounts of disabilitants and survivors. (AS 14.25.485, 14.25.487 and AS 39.35.890, 39.35.892).

Explanation: From Law's bill analysis. They are researching whether an employer making contributions to the accounts of a former employee complies with federal law governing qualified plans.

- 2 Change basis of HRA contribution from individual employer "average employee compensation" to the average compensation for all plan participants if determination is made this disqualifies plan (AS 39.30.370).

Explanation: The HRA is actually a plan by itself. The IRS rules indicate that wages are not actually supposed to be a base for the benefits and that all plan participants must receive the same benefit. It would be more beneficial to the Division and probably to employees if the average were supposed to be a system-wide average rather than an individual employer average.

## Cosmetic Changes

- 1 Repeal duplicative AS 39.35.050 which provides for the Commissioner to appoint an administrator. This is addressed in new AS 39.35.003.

Explanation: This was a drafting error.

- 2 Change eligibility for reimbursement from the HRA to "Persons who meet the eligibility requirements of AS 14.25.470 or [AND] AS 39.35.870...".

Explanation: From Law's analysis "it is unlikely that the legislature intended that a member be eligible for retirement and medical benefits under both TRS and PERS in order to be eligible for HRA benefits."

- 3 Delete requirement to distribute individual account balances of less than \$1,000 (AS 14.25.440(a)(5) and AS 39.35.840(a)(5)).

Explanation: The Division's CFO would prefer this language be removed to conform with changes made in 2004 that eliminated a requirement to refund minimum balances under the DB plans.

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB293(FIN)-DOA-RB-04-24-06  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title An Act relating to PERS and TRS and creating RDU Centralized Administrative Services  
defined contribution and health reimbursement plans ... Component Retirement and Benefits  
 Sponsor Senator Kim Elton  
 Requester Senate State Affairs Committee Component No. 64

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The Division of Retirement and Benefits does not anticipate a fiscal impact caused by delaying the implementation of the new retirement system plans enacted in ch. 9, FSSLA 2005.

Prepared by: Melanie Millhorn, Director Phone 465-4408  
 Division: Retirement and Benefits Date/Time 4/24/06 4:54 PM  
 Approved by: Mike Tibbles, Deputy Commissioner Date 4/24/2006  
 Agency: Department of Administration



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated April 24, 2024

I would like to support SB 293.  
I believe that more time + research is needed to come up with a better plan for the future for both the state and its workers. This bill will provide that needed time but still keep a timetable on the subject.

Signed:

William E.

Testifier

Representing (Optional)

Box 874314 Wasilla Ak 99687

Address

907-376-6920

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293, dated 4-24-06  
Bill/Subject

Please support SB 293 which would delay the implementation of SB 141 by two years. This will afford the opportunity to give input on the devastating effects of SB 141. During that delay period we can <sup>get</sup> actual inflation rates, costs of health care of Tier I vs Tier II employees, and have a chance to testify about negative effects upon the (teaching) career. This rushed agenda benefits no one! Mr. Huggins, you asked for my support, now I'm asking for yours!

Signed: Cynthia J. Knutson  
Testifier

Representing (Optional)

3397 N. Meadow Lakes Dr., Wasilla 99654

Address

376-2883

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA

Committee name

Committee on SB 293, dated 4-24-06

Bill/Subject

I support SB 293 which would delay the implementation of SB 141 by two years. More time is needed to research the long term effects of SB 141. Careful consideration needs to be taken when peoples retirements are involved.

Signed:

Ainda Beger  
Testifier

Representing (Optional)

P.O. Box 871278 Wasilla, AK 99687

Address

357-9493

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name  
Committee on SB 293, dated 4/24/06  
Bill/Subject

Please Support SB293 which would delay the implementation of SB141 by two years. It is important to learn from other states that returned to a DB plan after having DC plan which turned out to be more expensive. Please take time to do it right!

Signed: Katheryne Jay Anderson  
Testified

Teacher  
Representing (Optional)

P.O. box 872124 Wasilla, AK 99687  
Address

907 373 5323  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293, dated April 24, 2006  
Bill/Subject

Please support SB293, postponing SB141 for 2 years, to evaluate the changes proposed to the retirement system. Please give the time needed to learn from other states.

Signed: Katie Conover Katie Conover  
Testifier

Teacher

Representing (Optional)  
4017 Inspiration Lp.  
Wasilla, Alaska  
Address

316-7635  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the \_\_\_\_\_

SSTA

Committee name

Committee on \_\_\_\_\_

SB 293

, dated \_\_\_\_\_

April 24, 2006

Bill/Subject

Please support SB 293 ~~for a delay~~  
which will delay the  
implementation of SB 141 for  
two years.

Signed: \_\_\_\_\_

Barber K. Smith

Testifier

Representing (Optional) \_\_\_\_\_

P.O. Meadow Lakes - Alaska

Address

Phone number \_\_\_\_\_



# Alaska State Legislature

Please enter into the record my testimony to the SSTA

Committee name

Committee on SB 293, dated 4/24/06

Bill/Subject

Please support SB293 to delay SB141 for two years. SB141 was rushed through the legislature during a special session not giving the huge amount of people affected by it a chance to respond. Please support SB293 so that time is available, also, to look at all options and make a decision that will benefit the employees.

Signed: Holly D. Walker Holly D. Walker

Testifier

Teacher

Representing (Optional)

P.O. Box 874958 Wasilla, AK 99687

Address

907 (376-7268)

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293, dated 4/24/06  
Bill/Subject

Please support SB293 which would delay the implementation of SB141 by two years.

Signed: Vanessa Chadwell Vanessa Chadwell  
Testifier

teacher  
Representing (Optional)

2900 Snowshoe Ln #1 Wasilla, AK 99654  
Address

(907) 373-6820  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name  
Committee on SB 293, dated 4/21/06  
Bill/Subject

Please take time to consider the data and evaluate what has happened to other states who have tried to privatize public retirement systems, postpone SB141 for the next two years by supporting SB293.

Signed: Theodore R. Van Dussen  
Testifier  
Teacher  
Representing (Optional)  
P.O. Box 872124 Wasilla, AK 99687  
Address  
373-5323  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA

Committee name

Committee on SB 293, dated April 24, 2006

Bill/Subject

Please support Bill SB293 to  
delay Bill SB141.

Signed: Mary McCain  
Testifier

Representing (Optional)

P.O. Box 312 Willow, AK 99688  
Address

907-495-6249  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293, dated April 24, 2006  
Bill/Subject

Please support SB 293 to delay the implementation of SB 141 for 2 years. More time is needed for solutions to be made to the bill that will help everyone.

Signed: Alice Henderson Alice Henderson  
Testifier

HC  
Representing (Optional)

HC 33 Box 3186 Wasilla, AK 99654  
Address

907 357-9840 X215  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name  
Committee on SB 293, dated 4-24-06  
Bill/Subject

Please support SB293 which would delay implementation of SB141. We need more time to come up with a system that will work for all public employees.

Signed: Barrie A. Blackman-Green Barrie A. Blackman-Green  
Testifier

Representing (Optional)

701 W. Winter Ave, Wasilla AK 99654  
Address

(907) 373-4058  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA

Committee name

Committee on SB 293, dated 4-24-06

Bill/Subject

Please support SB293 to delay the implementation of SB 141. We need more time to come up with a system that will work for all public service employees.

Signed: Jeannette Newcomb Jeannette Newcomb  
Testifier

Representing (Optional)

Box 872186 Wasilla, AK 99687  
Address

(907) 373-6379  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293, dated 4-24-06  
Bill/Subject

Support SB 293, please research  
SB 141 and it's actual benefits. Check  
other states to see if it really will work.  
Give people time to see who really  
benefits and who will suffer - students,  
families

Signed: Kathleen Godswie Kathleen Godswie  
Testifier

Representing (Optional)

770 Sarah's Way Wasilla, AK 99654  
Address

907-373-6249  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the \_\_\_\_\_

SSTA

Committee name

Committee on \_\_\_\_\_

SB 293

Bill/Subject

, dated \_\_\_\_\_

4/24/06

Please support SB 293 to delay the implementation of SB 141 - we need more time do do research so that we can make informed decisions - pushing this through with out public testimony is not right. We need a system that will work for all public employees.

Signed: \_\_\_\_\_

*Celena Brunet*

Testifier

Celena Brunet

Representing (Optional)

PO Box 870516 Wasilla AK 99687

Address

373-8909

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293, dated April 24, 2006  
Bill/Subject

*Please support senate bill 293.  
Delay bill 141 until all the facts  
are discussed and impacts on peoples  
lives are least affected.*

Signed: Kathie Smith  
Testifier

Representing (Optional)

1482 N. Pittman Rd. Unalaska Ak 99654  
Address

376 5273  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293, dated April 24, 2006  
Bill/Subject

Please support Bill SB293 to delay implementation of SB141. We need more time to collect data.

Signed: Jan C. May Jan C. May  
Testifier

Representing (Optional)

PO Box 875272 Wasilla, AK 99687  
Address

907-373-1799  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name  
Committee on SB 293, dated 4-24-06  
Bill/Subject

Please support the delay of  
SB 141 for 2 years so that  
adequate data can be collected. Please  
consider what has happened in other  
States regarding defined contribution plans.

Signed: Marian Charles  
Testifier

Representing (Optional)

PO Box 76 Willow, AK 99688  
Address

907-495-6368  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated

4-24-06

Please delay SB-141 by passing SB 293. There are many problems with SB 141 that will be bad for public employees.

Signed:

Charles J. [Signature]

Testifier

4-24-06

Representing (Optional)

Address

Phone number





# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

PLEASE DELAY IMPLEMENTATION OF SB141  
AS STATED IN SB 293.

AS SOMEONE WHO IS LOOKING AT RETIREMENT  
IN LESS THAN 5 YEARS I THINK IT IS  
INCUMBENT UPON THE SENATE TO COMPLETELY  
EXAMINE ALL THE IMPLICATIONS AND IMPACTS  
OF SB 141 ON FUTURE PERSONS RECIPIENTS

Signed:  CHUCK BRAUN  
Testifier  
 MAT-SU BOROUGH EXEMPT EMPLOYEE  
Representing (Optional)  
P.O. BOX 877696 WASILLA, AK 99687  
Address  
745-9831 WK 357-4352 Hm  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

I am writing in support of SB 293. As a public employee I should not be held responsible for a deficit caused by mismanagement beyond my control. Accurate data is needed in order to make sound financial decisions. That data has not been presented. I will be closely watching the roll call vote on SB 141. The results of that vote will determine how I vote during the next election. I am embarrassed by how my legislators voted to change the public employee retirement plan. Mat-lu legislators have shown little support for their public employees.

Signed:

DOUG WRIGHT

Testifier

Representing (Optional)

5105 DANE CT WASILLA ALASKA 99654

Address

376-4185

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

Bill/Subject

I support SB293 to allow for more time to examine what needs to be done to correct the unfunded deficit created by political mis-management of the PERKS & PERKS systems.

The present motions by the Legislature HB475 only prove that we do not know enough about the problems to begin attempting a fix for them.

Pass SB293 and let us take time to do this right. I ~~will~~ do vote and I do have a big mouth and a long memory

Signed:

Testifier

All concerned homeowners citizens

Representing (Optional)

480 BAKKA LOOP WASILLA AK 99107-154

Address

907 357-7275 \*unlisted

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name  
 Committee on SB 293, dated 4/24/06  
 Bill/Subject

I am Favou of SB 293. The Delay of SB141 is paramount for the Following Reasons:

- ① The Fact that H.B 475 is trying to Address problems w/ S.B 141 undoes the Fact that S.B 141 should be delayed Because of Numerous issues.
- ② Little is known About How SB141 Will impact Current And Future Retirees, And Any Cost of Living Allowances.

SB 141 Needs to be delayed. There are too many unanswered questions. The Future of many Peoples Retirement is at stake. Please Support SB 293  
 Thankyou

Signed: M. Gunn  
 Testifier

Representing (Optional)

P.O. Box 873305, Wasilla, AK 99687  
 Address

907-376-7339  
 Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4/24/06

Bill/Subject

I am in favor of SB 293

Signed:

Kurt Beutt

Testifier

Representing (Optional)

PO Box 1865 Palmer, AK 99645

Address

907-745-5665

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4/24/06

Bill/Subject

Please support senate Bill 293, so that a better look can be taken at Bill 141.

Signed:

Brad Puttall

Testifier

Representing (Optional)

1150 S Colony Way, Suite 3, PMB 343, Palmer, AK 99645

Address

907-745-6945

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated

4/24/06

I am not in favor of SB141

I am however, in favor of SB293

I am a Public Employee & have been for over 19 years. There are many PE's who put their lives on the line everyday & are available to do the jobs that many can not. Please do not take our existing retirement system. <sup>change</sup>

Signed:

Chris Dameron

Testifier

MSB

Representing (Optional)

Address

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4/24/06

Bill/Subject

Please Pass HB 475 this session to allow time to correct "unforeseen" problems with SB141.

Please Support your PUBLIC Employees. This is an important issue with long standing ramifications

Thank you.

Signed:

[Signature]

Testifier

Representing (Optional)

1525 Golden Hills Circle

Address

Palmer, AK  
99645

745-2483

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4-24-06

Bill/Subject

I HAVE BEEN IN THE PERS SYSTEM FOR ABOUT 17 YEARS. I FIND THAT THE STATE OF ALASKA HAS FAILED IN THEIR FIDUCIARY RESPONSIBILITY BY ALLOWING THE DEFICIT TO GROW TO OVER \$5.7 BILLION. I DO NOT SUPPORT

SB 141 AS A SOLUTION TO THIS PROBLEM OR THE BILL WHICH IS INTENDED TO FIX THE PROBLEMS OF SB 141. I BELIEVE YOU HAVE AWOKED A LARGE GROUP OF PEOPLE IN THE PERS & TRS SYSTEM THAT ARE BECOMING VERY INTERESTED AND ACTIVE IN THEIR FUTURE BENEFITS. I SUPPORT SB 293 WHICH WILL GIVE US THE OPPORTUNITY TO SOLVE THE PROBLEM.

Signed:

WADE WILSON

Testifier

Representing (Optional)

4346 MCKECHNIE ROAD, PALMER, AK

Address

907-745-4416

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

dated

4/24/06

Bill/Subject

I support the passage of SB 293  
to be heard in Senate Affairs.  
Stop / delay SB 141.

Signed:

Beatrice Allen

Beatrice Allen

Testifier

Representing (Optional)

P.O. Box 545 Palmer AK 99645

Address

373-3910

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

dated

4/24/06

Bill/Subject

PLEASE ALLOW SENATE BILL 293  
TO BE HEARD IN STATE

AFFAIRS TOMORROW 4-25-06

WE NEED TO DELAY AND ANALYZE

SB 141 CAREFULLY AS NOT TO

HARM HIRING OF QUALITY EMPLOYEES

Signed:

MICHAEL GIBSON

Testifier

DEPT OF CORRECT SERVICES

Representing (Optional)

PO Box 872552 WABILLAK

Address

907-376-1176

99687

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name  
Committee on SB 293 dated 4/24/2006  
Bill/Subject

I support Senate Bill 293 to be  
heard in State Affairs 4-25-06.

Stop / delay SB 141

Signed: Rena Dadsen  
Testifier  
Dept of Emergency services  
Representing (Optional)  
5910 N. Bunny Dr Wasilla AK 99654  
Address  
907-376-7443  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

dated

4/24/06

I support SB293 to be  
heard in State Affairs  
April 25, 2006. To stop  
Bill-141.

Signed:

Decci Longe

Testifier

Emergency Service Mat-Su Borough

Representing (Optional)

680 N. Seward Meridian

Address

373-8820

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293 dated 4/24/06  
Bill/Subject

I support SB 293 to be heard in State Affairs on April 25, 2006 to delay Senate bill 141

Signed: Sally Helmer  
Testifier

Matanuska-Susitna Borough  
Representing (Optional)

680 N Seward Meridian Pkwy, Wasilla  
Address

(907) 373-8813  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name  
Committee on SB 293, dated 4/24/06  
Bill/Subject

I SUPPORT THE PASSAGE  
OF SENATE BILL 293 TO BE  
HEARD IN SENATE AFFAIRS  
STOP / DELAY SB 141

Signed:

DAWN VOGT  
Testifier

Representing (Optional)

1351 N. CACHE DR WASILLA, AK 99654

Address

(907) 373-8808  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated April 24, 2006  
Bill/Subject

PLEASE VOTE TO PASS SB293. AS A PUBLIC EMPLOYEE, I AM HERE TO SERVE THE MEMBERS OF OUR GREAT STATE. I HAVE BEEN AN ALASKAN FOR 25 OF MY 30 YEARS OF LIFE AND FEEL THAT SERVING THE PUBLIC IS A NOBLE PROFESSION. PLEASE SHOW US THAT OUR EFFORTS ARE APPRECIATED BY PASSING SB293. THERE ARE NO GUARANTEES IN LIFE, THIS IS TRUE, BUT TO TAKE AWAY OR AFFECT THE FUTURE OF A PERSON'S RETIREMENT HAS BECOME FAR TOO EASY FOR EMPLOYERS AND LEGISLATORS. DO THE RIGHT THING AND SHOW US THAT YOU CARE FOR US, OUR DEDICATION, AND SERVICE TO THE PUBLIC.

RETIREMENT

THIS MAY STILL EXCOM THE PUBLIC EMPLOYEES<sup>A</sup> DUE TO DWINDLING CONTRIBUTIONS AND NUMBERS - BUT IT'S A START.

ELENA C. MANE

*Elena C. Mane*

DISTRICT 13

Signed:

Testifier

MSBEA - PUBLIC EMPLOYEES

Representing (Optional)

PO BOX 193

Address

FAIRMER, AK 99645

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated

4/24/06

Please Support Senator Kim Elton's Senate  
Bill 293 To delay the implementation of Senate  
Bill 141.

Signed:

Chad D. Eubank

Testifier

Representing (Optional)

21005 W Birch Ave Dr Willow AK 99688

Address

(907) 495 6558

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name  
Committee on SB 293 , dated 4/24/06  
Bill/Subject

Support SB 293!!! which would delay  
the implementation of SB 141  
by two years

Signed: Debra Hunt  
Testifier  
MSBEA  
Representing (Optional)  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
Phone number:



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4/24/06

Bill/Subject

I support the delay of SB 141 —  
with the Budget surplus the STATE  
NOW HAS/PROTECTORS TO HAVE A  
BETTER PLAN THAN SB 141 CAN BE  
NEGOTIATED which will be more  
FAIR TO PRESENT & FUTURE EMPLOYEES  
PASS SB 293 —

Signed:

Testifier

MSBETA

Representing (Optional)

Address

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name  
Committee on SB 293, dated 4-24-06  
Bill/Subject

I feel SB 141 should be repealed.  
Please ~~support~~ <sup>support</sup> SB 293.

Signed: Wick White  
Testifier  
MSBEA  
Representing (Optional)  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated

4/24/06

PLEASE SUPPORT SB 293  
WHICH WOULD DELAY  
IMPLEMENTATION OF SB 141  
BY TWO YEARS!

Signed:

[Signature]

Testifier

MICHAEL E. GARBER

Representing (Optional)

P.O. BOX 873305 WASILLA AK 99687

Address

(907) 376-7339

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name  
Committee on SB 293, dated 4/24/00  
Bill/Subject

Please support SB 293  
which would delay  
implementation of SB 141  
by two years.

We need factual data.

Signed: Diana Gurner  
Testifier

Representing (Optional)

P.O. BOX 873305 Wasilla, AK 99687  
Address

(907) 376-7339  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

To whom it may concern:

We would appreciate more information regarding the impact 141 will have on future and present retirees.

Public testimony showed 141 was not supported by the majority which causes concern.

We are aware that the Valley Representatives voted for 141. Thank you

Signed:

Testifier

John Sando

Representing (Optional)

MSBEA

Address

4001 Discovery Bay, Wasilla 99654

Phone number

907 2571925



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

Please support SB 293. If our retirement system is under funded and we stop the funding that we have now ie the current employees paying into the fund, even with first grade math the program would become more and more under funded until all Tier I, Tier II and Tier III employees die off.

In 1998 it was 100% funded and you allowed employers to pay less in contributions. That was a bad decision, lets not make another one.

All valley representation in Juneau voted for 141, a fact which we will all remember at the polls.

Signed: Karen Steward  
Testifier

MSBEA  
Representing (Optional)

6540 W Fuller Lake Cr Wasilla AK 99654  
Address

357-0144      745-9618 WK  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated

4/24/06

I am requesting that you support SB293. Please stop and think at the impact this will make on our state if SB 141 goes into effect. You will not be able to attract qualified personnel to fill jobs - Our childrens and future generations future depends on our representatives making wise - practical decisions. Put yourself in our shoes - how would you feel if your retirement is in question -  
Thank you

Signed:

Linda S. Conniff

Testifier

Matanuska Susitna Borough MSBEA

Representing (Optional)

Box 2275 Palmer, AK 99645

Address

907-745-2970

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

Please Support SB293 for the Retirement of employees this will affect. I've been under the plan for over 5 years and would like to keep it going for all employees old and new. Thankyou -

Signed:

Dianne K. Taylor

Testifier

MSBEA

Representing (Optional)

5535 E Edgerton Parks Road Palmer AK 99645

Address

907-745-6637

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name

Committee on SB 293 Bill/Subject, dated April 24, 2006

Delay SB 141! Support SB 293  
We do not have good data. We need time to review the costs, impact on recruitments, and the effect it will have on the local, and even state economy.

Please reconsider your position (as defined by your vote last year) and Support SB 293!

Signed: Jennifer Balling  
Testifier

MSBEA  
Representing (Optional)

900 W. Snake Way, Dillingham AK 99651  
Address

(907) 357 8108  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/24/2006  
Bill/Subject

I have worked under the pers  
pension plan since 1986. Before  
you blow my retirement, wouldn't  
it be wise to have more knowledge  
on what you are doing? I urge  
you to take this one step at  
a time, know what you are doing  
and vote with people like me in  
mind. Vote FOR SB 293!  
Remember, I vote too ☺ Thank you!

Signed:

Candie Graham

Testifier

MSBEA

Representing (Optional)

1401 S Pioneer Dr Palmer AK 99645

Address

745-3817

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

dated \_\_\_\_\_

Bill/Subject

I VIRGINIA H LACHELT Support SB 293. There IS NOT ENOUGH INFO. ON SB 141. WE NEED MORE DATA ON HOW THIS WILL EFFECT FUTURE RETIREES. WE NEED MORE INFORMATION ON THE COST OF LIVING OR THE RISING HEALTH COST. I AM UPSET THAT ALL OF THE MATSU VALLEY REPRESENTATIVES SUPPORTED SB 141 AND WILL NOT FORGET

Signed

it.

Testifier

VIRGINIA H. LACHELT

MSBEA

Representing (Optional)

Address

3300 ESCONDIDO

WASILLA, AK 99654

Phone number

907 373 3785.



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/24/00  
Bill/Subject

I am in support of SB 293 to delay implementation  
by 2 years  
- there is no good data regarding cost  
- the impact is less than 141 impacts currently  
- the implementation is 141 and impact is less  
- 141 impacts

Signed: Christina Walker  
Testifier

Representing (Optional) \_\_\_\_\_  
12445 Superior Drive AK 99545  
Address

907 745-6555  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

I support SB 293 to delay the implementation of SB 141 by 2 years.

We have no estimate as to how much SB 141 will lessen the pension deficit.

Health care costs have contributed more to the pension deficit than the pension plan.

I am a single person family & I depend on my retirement to be funded for my future retirement.

Signed:

Debbie Dietrich (MANLOR)

Testifier

Representing (Optional)

PO Box 1142

Address

PALMER, AK 99645

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

It is my request that the implementation of Senate Bill 141 be delayed. At this time, the impact of this bill is not known. It seems quite possible that the long term impact of this bill would be negative both in terms of the state's ability to recruit quality employees and the reduction or elimination of the COLA.

Please pass Senate Bill 293 to allow enough time to fully evaluate the ramifications.

Signed: \_\_\_\_\_

Testifier

Representing (Optional)

PO 18752

Palme AK 99145

Address

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

I am a 21 yr employee of the Mat-Su Borough and have seen steady decline of benefits over the last few years. I strongly support passage of SB 293 to delay the implementation of the hastily passed SB 141.

Signed: Karen Rogers  
Testifier

MSBEA  
Representing (Optional)

PO Box 756 Palmer AK 99645  
Address

745-4567  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

I support SB 293 which delays implementation of SB 141. Please allow time to find a proper solution.

Signed:

Rodney Hoskinson

Testifier

Representing (Optional)

980 Wickersham Circle Palmer AK 99645

Address

907-745-2867

Phone number

April 24, 2006

The Honorable Lyda Green  
State Capitol  
Juneau, AK 99801

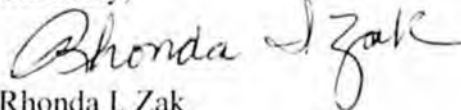
Dear Senator Green:

I write today in support of SB 293. I am a member of Local 6136 and our organization supports this bill.

I am nearing retirement age and would very much like to see my employment with the State be of some value to me when I do retire. If SB 141 goes into affect, there is no guarantee that my retirement will be there for me. More importantly, there is more of a guarantee that it won't be, because the legislation was not prepared in a manner that would failure proof the current system. I am a vested Tier 2 employee, so the loss of *any* retirement benefits could be a significant impact on myself and my family.

I would like to thank you in advance for your support of SB 293.

Sincerely,



Rhonda I. Zak  
PO Box 4102  
Palmer AK 99645-4102  
907-746-7925  
lureofak@mtaonline.net



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated Apr 24, 2006  
Bill/Subject

*Please support SB 293.*

Signed: Shonda Izak  
Testifier

Representing (Optional)  
PO Box 4102, Palmer AK 99645-4102  
Address

Palmer AK 907-746-7925  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated April 24, 2006  
Bill/Subject

I support the passage of this bill because it will allow time for solutions to the retirement shortfall to be carefully crafted.

If this bill does not pass I could see larger and larger portions of my paycheck being used to fund the retirement system as current employees retire. No new employees would be taking their place in the system. As I have only been a government employee in Alaska for 4 1/2 years I could wind up with an exceptionally large out-of-pocket burden in a few years.

I cannot afford this!!!

Signed:  Erik Johnson  
Testifier

Representing (Optional)

416 N Chugach St. Palmer, Ak 99645  
Address

907-746-1872  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated April 24, 2006  
Bill/Subject

I support Senate Bill 293 which would delay the implementation of Senate Bill 141 by two (2) years.

Signed: [Signature]  
Testifier

Representing (Optional)  
2125 Delaware Circle, Wasilla, AK 99644  
Address

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

20 August

Bill Subject

*Please support SB 293*

*If not approved this will affect my*

*retirement and my family's livelihood.*

Signed:

Testifier

*[Signature]*  
*Arthur J. Peltola*

Representing (Optional)

Address

*PO Box 11,25, 121100 AK 99645*

Phone number

*907-746-3379*



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

This message is in opposition to HB 141  
and in support of SB 293.

I am a member of local 6136 and we  
support this Bill

This Bill will affect the retirement  
of myself and my spouse. It will also  
affect the future money I can spend  
in our community.

We need your support on SB 293  
I'll be reviewing the roll call on  
HB 141 come election time.

Signed:

Dr Harry L. Banks

Testifier

Representing (Optional)

9582 Rappe Circle, Willow, AK, 99688

Address

907 495-8544

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name

Committee on SB 293 Bill/Subject, dated 4/24/00

I support Bill 293

There is not enough information regarding bill 141 on the impact of future & present retirees. It has been said that the people testifying were not in support of bill 141. We need more information before bill 141 is put into effect. We are also aware that all Valley representation in Juneau voted for 141.

Signed: Lore Robinson Testifier

MSBEA Representing (Optional)

PO Box 2441 Palmer AK 99645 Address

907-746-2427 Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293 dated \_\_\_\_\_  
Bill/Subject

I support SB 293.

We need more information on SB 141.  
Public testimony did NOT have a majority  
for passage. How will 141 effect newer  
members?

Let's move slower, review the information  
and answer our questions.

Signed: Barbara Ramondi  
Testifier

MSBEA  
Representing (Optional)

PO Box 3408 Palmer, AK 99645  
Address

\_\_\_\_\_  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated

4/24/06

Please support Senator Kim Eiton's  
SB 293, delaying the implementation  
of SB 141 by two years

Signed:

Krista Brauner

Testifier

Representing (Optional)

P.O. Box 383 Palmer, AK 99645

Address

357-8183

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

dated

4/24/06

Slow down and wait until we have good data.  
Please support Senator Kim Elton's (Juneau) Senate  
Bill 293 which would delay the implementation  
of Senate Bill 141 by two years.

Signed:

Janise Hansen

Testifier

Representing (Optional)

HC 34 Box 2567

Warilla AK 99654

Address

892-2210

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated

24 Apr 06

Slow down and wait until we have good data.  
Please support Senator Kim Elton's Senate  
Bill 293 which would delay the implementation  
of Senate Bill 141 by two years.

Signed:

Jeff Walden  
Testifier

Melvin Borough  
Representing (Optional)

4562 N. Arbor Way Wasilla AK  
Address

907 373-7062  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

dated

4/24/06

I support implementing Bill 293 to delay the onset of Bill 141 until more data can be analysed

Signed:

Robert Stahl

Testifier

Representing (Optional)

450 Ivory Dr, Wasilla, Alaska 99654

Address

(907) 373-0616

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/24/06  
Bill/Subject

Dear Sir,

Please support Senate Bill 293 ~~anti~~ <sup>(L)</sup>

so we may have more time to become informed to make better decisions about this subject. This is a subject that affects way more people than ourselves and needs to be considered very carefully. Thank you.

Signed: Alvin J. Smith  
Testifier

Representing (Optional)  
P.O. Box 3577, Palmer, AK 99645  
Address

(907) 745-4356  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4-24-16

Bill/Subject

5121 SR 141

Signed:

A handwritten signature in dark ink, appearing to be "J. P. ...".

Testifier

Representing (Optional)

Address

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name  
Committee on SB 293, dated 4/24/06  
Bill/Subject

Please support Senator Kim Elton's Senate Bill 293 which would delay the implementation of Senate Bill 141 by two years.

Signed: Jaquelyn L. Adams Jaquelyn L. Adams  
Testifier  
MSBEA  
Representing (Optional)  
PO Box 3981 Palmer AK 99645  
Address  
715-4700  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/24/06  
Bill/Subject

Stop SB 141 or at least delay it.

Slow down and wait until we have good data.  
Please support Senator Kim Elton's (Juneau)  
Senate Bill 293 which would delay the  
implementation of Senate Bill 141 by two  
years.

Signed: Caryl Peiss  
Testifier

Representing (Optional)

Address

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4-24-04  
Bill/Subject

"Slow down and wait until we have good data. Please support Senator Kim Elton's (Juneau) Senate Bill 293 which would delay the implementation of Senate Bill 141 by two years"

Signed: Alchme Beck  
Testifier

Representing (Optional)  
733 N Fulkara Ct Palmer, AK 99645  
Address

907-746-7333  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 04/24/06  
Bill/Subject

I WOULD LIKE TO VOICE MY SUPPORT FOR  
HAVING THE IMPLEMENTATION OF SENATE BILL  
141 DELAYED UNTILL A BETTER UNDERSTANDING  
OF THE CONSEQUENCES IS REACHED.

WE NEED TO KNOW HOW MUCH LARGER OR SMALLER  
SB 141 WILL MAKE THE PLUSTON DEFICIT.

THERE IS LITTLE DATA TO SHOW HOW SB141  
WILL IMPACT NEW EMPLOYEE'S, IMPACT RECRUITMENT  
OF NEW EMPLOYEE'S, OR HOW IT WOULD IMPACT  
THE LOCAL AND STATE ECONOMIES.

I URGE THE STATE TO SLOW DOWN AND WAIT FOR  
GOOD DATA BY SUPPORTING SENATOR KIM ELTON'S  
SENATE BILL 293.

Signed: DANIEL L. CARPER Daniel L. Carper  
Testifier

MYSELF  
Representing (Optional)

P. O. Box 212 PALMER, AK 99645  
Address

(907) 745-6593  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

I am writing in support of Senate Bill 293.  
I feel there is a need to slow down, take  
a good look at data to determine the  
impact this will have, not only to the  
retirees, but the local and state economy.  
Let's don't rush into something that will  
not only not address the issue, but  
make matters worse!  
Thank you

Signed:

Kayla D. Edick  
Testifier

Representing (Optional)

PO Box 293, Millers Ak 99638

Address

(907) 495-6017 HM (907) 745-9804 WK.

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4-24-06  
Bill/Subject

I write today in support of SB 293. I AM A member of MSBEA and our Association supports this bill. Public employees should not be held responsible for the mismanagement of the States Actuary. this unfunded deficit can be brought back through careful funding.

Surely you can understand we all we be watching the roll call vote from SB 141 & will be voting accordingly.

Signed: Joe Butler  
Testifier

MSBEA  
Representing (Optional)

3170 N. Arctic Fox Drive, Wasilla AK  
Address

907-357-3165  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/24/06  
Bill/Subject

I am in support of SB 293. We need to rethink SB 141. SB 141 will only compound the pension deficit problems. We have worked hard for many years and don't want to see our futures in jeopardy. We also need to be able to recruit the highest quality people to run our borough and our community. Senate Bill 141 is not in our best interest!

Signed: Alma L. Veitch  
Testifier

Representing (Optional)  
4894 Pinnacle Ridge Cir, Wasilla AK 99654  
Address  
907 745-9828  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

7/24/06

Bill/Subject

PLEASE PASS SB 293

AND RECONSIDER SB 141

Signed:

Representing (Optional)

USBA Employee

Address

PO Box 4001 Palmer AK

99646

Phone number

907-746 0123



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/24/06

Not in favor of Bill 141

In favor of Bill 293

We ARE Public Employees

Signed: Jana Mellon  
Testifier

MSB  
Representing (Optional)

Address

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

April 4, 2006

Bill/Subject

Please Delay SB 141 by passing SB 293!!

- we need some good data regarding cost.
- we need to appreciate future retirees' and not take away their COLA.

Please SLOW DOWN and wait until we have good data.

Signed:

Randy Jones  
Testifier

RANDY JONES

Representing (Optional)

POB 4584 Palmer, AK 99645

Address

907-745-6065

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

dated

24 APR '06

Bill/Subject

DEAR SENATORS -

THO' WELL INTENTIONED, EVERYONE KNOWS THAT SB 141 WAS A BIG MISTAKE. IT DOES NOTHING TO ADDRESS THE UNFUNDED LIABILITY, HURTS RETIRED, CURRENT & FUTURE EMPLOYEES & WILL CRIPPLE PERS/TRS. 141 HAS NEGATIVE CONSEQUENCES FOR ALL ALASKANS WHO RECEIVE PUBLIC SERVICES, HAVE CHILDREN IN PUBLIC SCHOOLS OR ARE WHO RECEIVE A PERMANENT FUND CHECK. RECRUITMENT UNDER SB 141 SUFFER AS IT WILL BE DIFFICULT TO FIND & RETAIN QUALIFIED PROFESSIONALS UNDER THE TIER 4 SYSTEM. PUBLIC EMPLOYEES ARE PREPARED TO WORK WITH THE LEGISLATURE & ITS REPRESENTATIVES TO CRAFT A SOLUTION. BUT WE NEED TIME. TIME PROVIDED BY SB 293. UNFORTUNATELY, LAST YEAR'S VOTE ON SB 141 IS THE LAST WORD ON OUR PENSIONS. THAT'S A LIST I'LL TAKE TO THE POLLS W/ME IN NOVEMBER.

Signed:

Testifier

JOHN F. HARRIS JR

REPRESENTED BY SENATOR HUGGINS  
& REP. STOLTZE

Representing (Optional)

HC 31 BOX 5203C WASILLA 99654 (3705 JACKSON CT.)

Address

357-1398

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated APRIL 24, 2006

Bill/Subject

The legislature's decision to change the public employee pension plan (PERS/TRS) from a guaranteed defined benefit to a risky defined-contribution plan, through passage of Senate Bill 141 last year, was made without having key questions answered and without accurate data.

It is time to slow down, take a good look at the data and then make an informed decision.

Signed:

Traci K. Jones

Testifier

TRACI K. JONES

Representing (Optional)

P.O. BOX 520174 BIG LAKE, ALASKA 99652

Address

907.892.7796

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4-24-06

Bill/Subject

Please support SB 293. We require further research into the effects of SB 141. Support of SB 293 will allow the State of Alaska and PERS/TERS participants to write better legislation for PERS/TERS issues.

Thank you.

Signed:

[Signature]  
Testifier

Representing (Optional)

17750 E Tula Dr PALMER AK 99645

Address

(907) 745-9131

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated

April 24, 2006

PLEASE support SB 293 to delay the implementation of SB 141.

Signed:

Misty M. Dennis  
Testifier

Misty M. DENNIS

Representing (Optional)

3207 N. Edgewater Drive Wasilla, AK 99654

Address

(907) 376-8131

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

dated

4/24/06

I urge you to support Bill 293.

Thank-you

LITTLE IS KNOWN ABOUT HOW SB 141 IMPACTS  
CURRENT AND FUTURE RETIREES COST OF  
LIVING ALLOWANCES.

Signed:

Debra Wetherhorn

Testifier

Debra Wetherhorn

Representing (Optional)

692 E Aukle Ave Palmer AK 99645

Address

907-746-5465

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/24/06  
Bill/Subject

Please support SB 293 <sup>which would</sup> delay implementation of SB 141 by 2 years.

Little is known about how SB 141 impacts current + future retirees' cost-of-living allowances.

The legislature's decision to change the PERS/TRS from guaranteed defined-benefit to a risky defined-contribution plan (SB 141) was made without having key questions answered + without accurate data.

We have no estimate as to how much larger or smaller SB 141 will make the pension deficit (unfunded liability)

Signed: Yolai Beves  
Testifier

Mat-Su Borough  
Representing (Optional)

PO Box 4337, Palmer AK 99645  
Address

907-246-0909  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

Bill/Subject

, dated April, 24 2006

I would like to urge my support to SB 293 to delay SB 141. We moved in haste & too fast. We need to slow down & re-think our options.

- It is a bad idea to get rid of the COLA for future retirees'
- SB 141 will have ~~major~~ major recruitment impact and cause hardship to the current employees.

Please support SB 293

Signed:

Leah Jones  
Testifier

MSBEA

Representing (Optional)

1054 Holiday Dr. Wasilla, AK 99654

Address

907-357-4128

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/27/06  
Bill/Subject

Alaska in years past had a competitive salary schedule for attracting professionals to fill positions at all levels of government. Today this is no longer true. The attracting force has become the retirement system. Elimination of this system places Alaska at a serious disadvantage for attracting qualified individuals.

Additionally, there is no plan for funding the plan for existing and soon to be retired employees. This will be a drain on state funds as the constitution defers state responsibility to retirees.

House Bill 475 has approximately 50 fixes for Senate bill 141. This is indicative of a very poorly written piece of legislation. Postponement of the initiation of Senate bill 141 by passing Senate bill 293 will allow time for re-evaluation of and re-writing of the legislation.

Signed: Ann J. Jankin  
Testifier

Representing (Optional)  
50 Box 873014, Wasilla, AK 99687  
Address  
(10200 W LAKE SHORE DR - MEADOW LAKES  
845-7266  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4/24/06

Bill/Subject

Please Delay SB141 AND support Senator  
Kim Ston's - Jurean - SB 293 - Please slow  
this process down and investigate the  
impact on all. We need to really  
look at our local & state economies and  
what impact this will have on our  
households & our ability to recruit employees.

Signed:

Kerry M. Shorrock  
Testifier

Representing (Optional)

PO Box 1444 Palmer AK 99645

Address

907-746-0295

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name

Committee on SB 293 dated \_\_\_\_\_, Bill/Subject

PLEASE SUPPORT SB 293 IT WILL STOP THE PROCESS

IN ORDER TO GATHER & REVIEW REAL DATA TO MAKE

A THOROUGH DECISION. THIS SITUATION WAS REMOVED IN 1979

IT CAN BE FIXED AGAIN

THANK YOU

Signed: CHUCK KAUCIC Chuck Kaucic 4-24-06  
Testifier

Representing (Optional)  
1930 LAUREL DRIVE PALMERA 99645  
Address  
745-9867 (W) 745-2554 (H)  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated 4/20/06  
Bill/Subject

I support SB 293.  
Oppose SB 141

Signed: [Signature]  
Testifier

Mat - Su Polough MSBEA  
Representing (Optional)

PO Box 32, Palmer, AK 99645  
Address

745-8877  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

We are having difficulty recruiting and retaining qualified employees due to low salaries, and the probability of SB141 will only make it worse. Please support SB293 which would delay the implementation of SB141 by two years. We want high quality workers to well stay in our communities and not just take their retirement money and move to the lower 48 after being vested in our system. The decision to change the public employee pension plan was made without having questions answered and without accurate data. Support SB293 and delay implementation of SB141.

Signed:

Swain Lee

Testifier

Matanuska-Susitna Borough Employees

Representing (Optional)

2050 Hygrade Circle, Wasilla, AK 99654

Address

376-9309

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name

Committee on SB 293, dated \_\_\_\_\_, Bill/Subject

We are having a difficult time recruiting and retaining new public employees. SB 141 will make it nearly impossible as it was passed. It was rushed, perhaps with a lot of political pressure to pass it without your careful consideration of the facts.

This is an opportunity to take a breath, look at the cost, impacts on recruitment, moral and local and state economies.

Please help us hire & retain public employees. Support Senator Clinton's SB 293 which would delay the implementation by two years.

Signed: Nancy Hereford  
Testifier Nancy Hereford

Motomoka Sustina Borough employee + MSBEA President  
Representing (Optional)

3401 N Banner Way Wasilla AK 99654  
Address

907-373-7336  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name  
Committee on SB 293, dated April 24, 2006  
Bill/Subject

Please support SB 293 to delay SB 141.

The estimate for how much larger or smaller Senate Bill 141 will make the pension deficit.

Please slow down and wait until we have good data. Please support Senator Kim Elton's (Juneau) Senate Bill 293 which would delay the implementation of Senate Bill 141 by two years.

Signed: Jahiri Khan  
Testifier  
Representing (Optional)  
1201 Injun Joe Cir #B; Wasilla AK 99654  
Address  
373-5105  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

Please delay SB 141 by passing SB 293. The apparent ~~most~~ result of SB 141 is poorly thought out and would have negative affects to the present PERS/TRS system. The 2 year delay would give a chance to work out the numerous problems associated with SB 141. The retention of present, qualified employees and the continued hiring of qualified employees is very important to help, in the future, the success of public employees to deliver the kind of services that the people of the state of Alaska are entitled to as residents of this state. Please don't make a short-sited decision. Pass SB 293!!

Signed: \_\_\_\_\_

Testifier

Douglas A. Lange

APEA & Matanuska-Susitna Borough Employees Assoc.

Representing (Optional)

PO Box 1974 Palmer AK 99645

Address

(907) 745-6752

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

*I would like to see the implementation of SB 141 delayed by passing SB 293.*

*The 2 year delay would give additional time to more fully evaluate the ramifications and possible alternatives.*

*I fully support Senate Bill 293.*

*Jim Rowland*

Signed:

*Jim Rowland*

Testifier

Representing (Optional)

*9130 Brooklyn Cir. Palmer, AK 99645*

Address

*(907) 745-2035*

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated \_\_\_\_\_

Bill/Subject

I would like to see the implementation  
of SB 141 Delayed by Passing SB 293

I fully support SB 293

Michael M. Lachelt.

Signed:

Michael M. Lachelt

Testifier

Representing (Optional)

3300 ESCONDIDO Wasilla AK 99654

Address

373-3785

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name  
Committee on SB 293, dated 4/24/06  
Bill/Subject

I would like to encourage the passing of SB 293 to delay the enactment of SB 141, in order to sufficiently investigate the impact of the bill on future retirees

Signed: [Signature]  
Testifier

MATILDEA SERRA BOROUGH EMPLOYEES ASSOCIATION  
Representing (Optional)

PO Box 876731 WASILLA, AK 99687  
Address

(907)-376-3743  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the

Senate State Affairs

Committee name

Committee on

SB 293

, dated

4-24-06

Bill/Subject

I support SB 293 to delay SB 141.  
I feel I would like more time and also  
the legislature to research and get correct  
information. I plan to retire in 35 years  
and want to learn more + hope voting  
will be delayed on a permanent fixture

Thank You

Signed:

Chris Pance-Drashner

Chris Pance-Drashner

Testifier

Representing (Optional)

P.O. Box 68 Palmer AK 99645

Address

745-9632

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

I urge you to support Senate Bill 293, delaying senate Bill 141. Not only will SB 141 adversely affect our pension but will also further the pension deficit

Signed: [Signature]  
Testifier  
Med. San Borough Animal Care and Regulation Shelter  
Representing (Optional)  
HC 30 Box 3553-R Wasilla, AK 99654  
Address  
(907) 946-5787  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs  
Committee name

Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

I urge you to support  
this bill.

A handwritten signature in cursive script, appearing to read "J. A. Milward".

Signed:

A handwritten signature in cursive script, appearing to read "J. A. Milward".

Testifier

J. A. MILWARD

Representing (Optional)

Address

HCOY Box 7025A, PALMER, AK

Phone number

99645.

745-1221.



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name

Committee on SB 293, dated \_\_\_\_\_, Bill/Subject

I want to be on Record as supporting SB 293.

Please slow down + wait until we have good data regarding cost as to how much larger or smaller SB 141 will make the pension deficit.

or How the SB 141 will impact new Recruitment

or How the SB 141 will impact new, Tier I/II public employees.

or How the SB 141 impacts current and future retirees' cost of living.

I am eligible for retirement now but won't because of this uncertainty.

Signed: Tommy J. Briggs  
Testifier

Representing (Optional)

4371 H. Werner Rd Palmer AK 99645  
Address

907-355-9837

Phone number



# Alaska State Legislature

Please enter into the record my testimony on the Senate State Affairs Committee name

Committee on SB 293 Bill/Subject, dated \_\_\_\_\_

We need to have more data. I'm retiring in less than five years, what's going to happen with Pers for me. Where is the incentive for teachers, troopers, ect. You need to slow down And look at this.

THANKS

Signed: Kenneth Luckett Kenneth Luckett  
Testifier

Representing (Optional)

Address

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the Senate State Affairs Committee name  
Committee on SB 293 Bill/Subject, dated 4-25-06

PLEASE support Bill 293 so there is  
more information for the future of ALASKAN'S  
and the next generation's of future state of  
ALASKA EMPLOYEES

Signed: Troy Davidson J. Davidson  
Testifier  
Matsu Borough  
Representing (Optional)  
Po Box 513 Palmer AK 99645  
Address  
907 355 9829  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293 dated 4-24-06  
Bill/Subject

I strongly encourage you to postpone implementation of SB 141. Support SB 293. Educators of Alaskan children deserve a carefully thought out retirement plan.

Signed: Jennie Berres Jeannie Berres  
Testifier

Representing (Optional) \_\_\_\_\_  
Address P.O. Box 874893 Wasilla 99687  
Phone number 907-373-6353



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name  
Committee on SB 293, dated 4-24-06  
Bill/Subject

*I urge you to:*

- 1) Support SB 293*
- 2) Allow enough time to research & work through this new situation as <sup>so</sup> many people will be affected.*

Signed: *Marilyn A. Heston*  
Testifier

Representing (Optional)  
*HC 31 Box 52490, Wasilla, AK 99654*  
Address  
*376-3381*  
Phone number



# Alaska State Legislature

reach a compromise

Support

delays SB 141 for 2 yrs  
need time to study + educate public

Please enter into the record my testimony to the \_\_\_\_\_

SSTA

Committee name

Committee on \_\_\_\_\_

SB 293

, dated \_\_\_\_\_

Bill/Subject

Please pass this bill to save our Public Retirement System including TRS. We need to delay SB 141 implementation for 2 years in order for the public to study it, suggest changes + reach a compromise. If SB 141 is implemented, we will be facing serious shortfalls as more Tier II teachers reach retirement age. We are already facing a serious teacher shortage in Alaska. Something has to be done, and SB 293 will give us time to do that.

Signed:

Valerie Rottmann

Valerie Rottmann

Testifier

Representing (Optional)

8990 W Wayne Lane Wasilla, AK 99654

Address

907-897-9422

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name  
Committee on SB 293, dated \_\_\_\_\_  
Bill/Subject

Please support SB 293. Do not rush into a plan prior to having time to research all possibilities. The new system may not be the best possibility. Do not rush into SB 141.

Signed:

Marcella Marshall  
Testifier

Representing (Optional)

1130 Teoquois Drive Wasilla AK 99615  
Address

907-373-4003  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name

Committee on SB 293 dated 4-24-06  
Bill/Subject

I, Mary C Lovelace, support Senate Bill 293.  
There are many aspects of the  
retirement bill (SB141) that really need  
to be adjusted for many different  
reasons. Please support the educators  
of our children by taking a second  
look. All we ask is that you please support  
SB 293 and give <sup>hard</sup> working Alaskans a fair shake.

Signed: Mary C Lovelace Mary C Lovelace  
Testifier

Representing (Optional)  
P O Box 876587 Wasilla, AK 99687  
Address  
(907) 357-8714  
Phone number



# Alaska State Legislature

Please enter into the record my testimony to the \_\_\_\_\_

SSTA

Committee name

Committee on \_\_\_\_\_

SB 293

, dated \_\_\_\_\_

Bill/Subject

I, Mary Jorgenson, support delaying the implementation of House Bill 241. More work needs to be done on this bill. It is moving much too fast ~~and~~

I also do support Senate Bill 293.

Signed: \_\_\_\_\_

*Mary Jorgenson*  
Testifier

Representing (Optional)

2753

2 Knollwood Way, Anchorage, AK 99654

Address

~~826~~ 892-6512

Phone number



# Alaska State Legislature

Please enter into the record my testimony to the SSTA  
Committee name  
Committee on SB 293, dated 4/20/06  
Bill/Subject

Please support SB 293 to  
delay SB 141 by two years.

Signed: Teri Haddeland  
Testifier  
Big Lake School  
Representing (Optional)  
P.O. Box 527 Big Lake, AK 99652  
Address  
557-51379  
Phone number