2/5/09 OVERVIEWS: DEPARTMENT OF ADMINISTRATION - DIVISION OF RETIREMENT & BENEFITS

<target><bill></bill><subject>2-5-09 OVERVIEWS DEPARTMENT OF ADMINISTRATION - DIVISION OF RETIREMENT & BENEFITS</subject><comm>HFIN26</comm></target>

Alaska's Retirement Systems Glossary

Actuarial Accrued Liability (Past Service Cost)
The excess of the present value of a pension fund's total liability for future benefits and fund administrative expenses over the present value of the normal cost of those benefits as accrued for the current year.

Actuarial Assumptions
Factors which actuaries use in estimating the cost of funding a defined benefit pension plan. Examples include: the rate of return on plan investments; mortality rates; and the rates at which plan participants are expected to leave the system because of retirement, disability, termination, etc

Actuarial Cost Method
An actuarial method which defines the allocation of pension costs (and contributions) over a member's working career. All standard actuarial cost methods are comprised of two components: normal cost and the actuarial accrued liability (past service cost). An actuarial cost method determines the estimated pension costs, not the ultimate cost of a pension plan; that cost is determined by the actual benefits paid less the actual investment income.

Actuarial Valuation Report
Actuarial valuations are technical reports providing full disclosure of the financial and funding status of public retirement systems administered by the Department of Administration, Division of Retirement and Benefits.

Actuarially Required Contribution (ARC)
The ARC is equal to the sum of (1) the employer's "normal cost" of retirement benefits earned by employees in the current year, and (2) the amount needed to amortize any existing unfunded accrued liability over a period of 25 years.

Alaska Retirement Management Board (ARMB)
The Alaska Retirement Management Board serves as the trustee of the assets of the state's retirements systems, the State of Alaska Supplemental Annuity Plan and the deferred compensation program for state employees. The board manages and invests fund assets in a manner that is sufficient to meet the liabilities and the pension obligations of the system.

Funded Ratio
The ratio of a plan's current assets to the present value of earned pensions. There are several acceptable methods of measuring a plan's assets and liabilities. In financial reporting of public pension plans, funded status is reported using consistent measures by all governmental entities. According to the Government Accounting Standards Board (GASB), the funded ratio equals the actuarial value of assets divided by the actuarial accrued liability calculated under the Projected Unit Credit cost method.

Market Value of Assets
Market value is the amount for which fund assets would sell on the open market if put up for sale in the ordinary course of business.

Normal Cost
The normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year. The employer normal cost equals the total normal cost of the plan reduced by employee contributions

Past Service Cost
The present value of benefits earned to date not covered by current plan assets.

PERS
The Public Employees' Retirement System (PERS) includes a defined benefit plan that is for government employees first hired on or before June 30, 2006 and a hybrid defined contribution plan that has some defined benefit components for employees first hired on or after July 1, 2006.

Pension
A series of periodic payments, usually for life, payable monthly or at other specified intervals. The term is frequently used to describe the part of a retirement allowance financed by employer contributions.

Political Subdivision
Any political entity, such as a municipality, city, or borough, governed by its own legislative body.

Pre-Funding
To accumulate a reserve fund in advance of paying benefits. This is the opposite of "pay-as-you-go."

Present Value
The current worth of an amount or series of amounts payable in the future, after discounting each amount at an assumed rate of interest and adjusting for the probability of its payment or receipt.

Qualified Plan
An employee benefit plan approved by the Internal Revenue Service, meeting requirements set forth in IRS Code Section 401 or 457. Contributions to such plans are subject to favorable tax treatment.

SB 141
Closed the defined benefit plans and created a new retirement and retiree health plan. Signed into law July 27, 2005 Chapter 9 FSSLA 05.

SB 123
Technical correction bill. Allowed the Alaska Retirement Management Board to apply the percent of pay past service cost against both defined benefit and defined contribution salaries. Signed into law June 6, 2007 Chapter 20 SLA 07.

SB 125
Changed the PERS to a cost-share plan and set the employer rate at 22%. Established that the State will pay the difference between the 22% and the actuarially determined rate. Signed into law April 8, 2008 Chapter 13 SLA 08

TRS
The Teachers' Retirement System (TRS) includes a defined benefit plan that is for government employees first hired on or before June 30, 2006 and a hybrid defined contribution plan that has some defined benefit components for employees first hired on or after July 1, 2006.

Unfunded Actuarial Accrued Liability (UAAL)
The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets. In other words, the present value of benefits earned to date that are not covered by current plan assets.

Valuations
The process of determining the value of the funds. There are many assumptions used in the valuation, some are objective, such as the actual monetary assets some are subjective, such as member mortality or project cost of health insurance.

Name_____

Date_____

QUIZ 1

Retirement Systems 101 Instructor: Pat Shier

Multiple Choice: Place the letter of the answer you have chosen in the blank.

1. The Public Employees Retirement System (PERS) was established in _____.
   a. 1959 b. 1966
   b. 1961 c. 1972

2. SB 141 consolidated several retirement boards into the _____ .
   a. ROTC b. ARMB
   c. ASPIB d. AREA

3. "Accrued benefits of these [employee retirement] systems shall not be diminished or impaired" is found in _____ of the Alaska Constitution.
   a. Article 13, section 13 b. Article 7, section 12
   c. Article 9, section 2.5 d. Article 12, section 7

4. The Employer Contribution Rate of 22% into PERS and 12.56% into TRS is determined by _____.
   a. Alaska statute b. Alaska regulations
   c. the Governor d. the Commissioner of Administration

5. The difference between the Employer Contribution Rate of 22% into PERS, and the Alaska Retirement Management Board adopted rate of 35.22% into PERS is paid by _____.
   a. Federal funds b. taxpayers of local school districts
   b. state of Alaska d. individual TRS employees

6. That portion of the ARM Board adopted Employer Contribution Rates which only pays for the current year's benefit accrual is called the _____.
   a. Service Benefit Payment b. Normal Cost
   c. Regular Service Cost d. Accrued Service Payment

7. In *Actuarial Speak*, "Past Service Cost" means _____.
   a. costs of retired legislators b. last fiscal year budget shortfall
   c. paying for unfunded liability d. Actuarial assets/liabilities ratio

8. My first thought at the conclusion of this presentation is, _____.
   a. "Why am I here?" b. "Where are the doughnuts?"
   c. "This was very helpful!" d. 'Yawn, I could have had a nap instead!"

ANSWERS: 1. c, 2. b, 3. d, 4. a, 5. b, 6. b, 7. c, 8. c

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ALASKA RETIREMENT MANAGEMENT BOARD

FINANCIAL REPORT

As of December 31, 2008

ALASKA RETIREMENT MANAGEMENT BOARD

Schedule of Investment Income and Changes in Invested Assets by Fund

For the Six Months Ending December 31, 2008

Fund Type	Beginning Invested Assets	Investment Income (1)	Net Contributions (Withdrawals)	Ending Invested Assets
PERS System				
Defined Benefit Plan-Public Employees Retirement Trust Fund	$ 10,424,034,727	$ (1,999,590,854)	$ (64,680,160)	$ 8,359,763,713
Defined Contribution Retirement Plan-Defined Benefit-				
Occupational Death and Disability PERS	883,517	(239,275)	615,651	1,259,893
Occupational Death and Disability PERS P/F	210,747	(58,258)	168,268	320,757
Defined Contribution Retirement Plan-Participant Directed-				
Defined Contribution Retirement PERS	24,758,328	(7,640,435)	13,491,711	30,609,604
Defined Contribution Retirement-Retiree Medical Plan - PERS	2,310,329	(593,402)	1,176,164	2,893,091
Defined Contribution Retirement-Health Reimbursement Arrangement - PERS	7,509,385	(1,921,669)	4,328,819	9,916,535
Defined Benefit- PERS Retirement Health Trust	353,729,076	(92,744,923)	105,697,665	366,681,818
	10,813,436,109	(2,102,788,816)	60,798,118	8,771,445,411
TRS System				
Defined Benefit Plan-Teachers Retirement Trust Fund	4,624,179,432	(897,234,493)	(21,113,093)	3,705,831,846
Defined Contribution Retirement Plan-Defined Benefit-				
Occupational Death and Disability TRS	358,647	(86,785)	222,046	493,908
Defined Contribution Retirement Plan-Participant Directed-				
Defined Contribution Retirement TRS	12,992,811	(3,547,842)	4,759,786	14,204,755
Defined Contribution Retirement-Retiree Medical Plan -TRS	1,180,459	(275,219)	353,568	1,258,808
Defined Contribution Retirement-Health Reimbursement Arrangement - TRS	2,999,394	(698,248)	1,098,846	3,399,992
Defined Benefit- TRS Retirement Health Trust	94,262,257	(49,540,156)	139,656,833	184,378,934
	4,735,973,000	(951,382,743)	124,977,986	3,909,568,243
Judicial Retirement Plan				
Defined Benefit Plan-Judicial Retirement Trust Fund	119,733,204	(24,322,426)	(677,168)	94,733,610
Defined Benefit-Judicial Retirement Health Trust	13,454,217	(2,902,358)	441,031	10,992,890
	133,187,421	(27,224,784)	(236,137)	105,726,500
Military Retirement Plan				
Defined Benefit Plan-Military Retirement Trust Fund	27,261,582	(3,589,041)	1,648,132	25,320,673
SBS Plan				
Supplemental Annuity Plan	2,129,739,982	(261,329,119)	202,266	1,868,613,129
Deferred Compensation Plan				
Deferred Compensation Plan	502,613,852	(71,108,062)	4,523,734	436,029,524
Total All Funds	$ 18,342,211,946	$ (3,417,422,565)	$ 191,914,099	$ 15,116,703,480

Notes:

(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses

ALASKA RETIREMENT MANAGEMENT BOARD

Schedule of Investment Income and Changes in Invested Assets by Fund

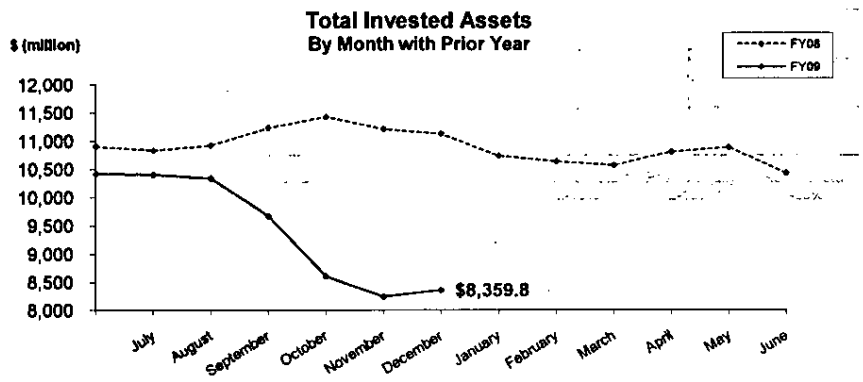
For the Month Ended December 31, 2008

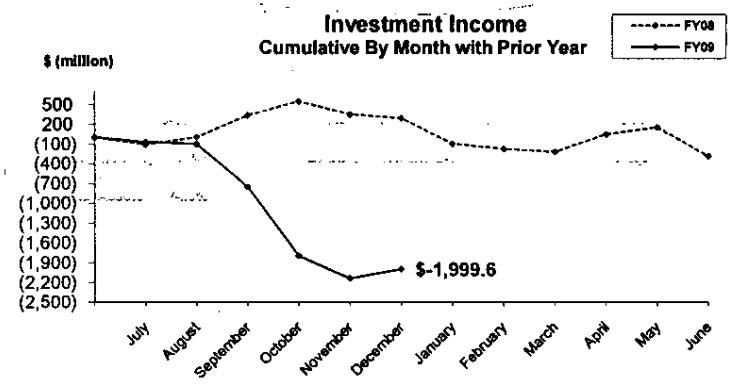
Fund Type	Beginning Invested Assets	Investment Income [1]	Net Contributions (Withdrawals)	Ending Invested Assets	% Increase (Decrease) in Invested Assets
PERS System					
Defined Benefit Plan-Public Employees Retirement Trust Fund	$ 8,240,443,046	$ 142,493,815	$ (23,173,148)	$ 8,359,763,713	1.45%
Defined Contribution Retirement Plan-Defined Benefit-					
Occupational Death and Disability PERS	1,083,233	60,890	115,770	1,259,893	
Occupational Death and Disability PERS P/F	273,756	15,550	31,451	320,757	
Defined Contribution Retirement Plan-Participant Directed-					
Defined Contribution Retirement PERS	26,519,218	1,440,448	2,649,938	30,609,604	
Defined Contribution Retirement-Retiree Medical Plan - PERS	2,534,985	137,132	220,974	2,893,091	
Defined Contribution Retirement-Health Reimbursement Arrangement - PERS	8,594,472	465,150	856,913	9,916,535	
Defined Benefit- PERS Retirement Health Trust	351,050,759	13,483,773	2,147,286	366,681,818	
	8,630,499,469	158,096,758	(17,150,816)	8,771,445,411	
TRS System					
Defined Benefit Plan-Teachers Retirement Trust Fund	3,663,242,122	63,218,517	(20,628,793)	3,705,831,846	1.16%
Defined Contribution Retirement Plan-Defined Benefit-					
Occupational Death and Disability TRS	416,739	23,570	53,599	493,908	
Defined Contribution Retirement Plan-Participant Directed-					
Defined Contribution Retirement TRS	12,368,457	664,544	1,171,754	14,204,755	
Defined Contribution Retirement-Retiree Medical Plan - TRS	1,113,681	59,541	85,586	1,258,808	
Defined Contribution Retirement-Health Reimbursement Arrangement - TRS	2,963,616	160,120	276,256	3,399,992	
Defined Benefit- TRS Retirement Health Trust	181,047,075	6,784,578	(3,452,719)	184,378,934	
	3,861,151,690	70,910,870	(22,494,317)	3,909,568,243	
Judicial Retirement Plan					
Defined Benefit Plan-Judicial Retirement Trust Fund	92,778,596	1,920,064	34,950	94,733,610	2.11%
Defined Benefit-Judicial Retirement Health Trust	10,461,742	408,078	123,070	10,992,890	
	103,240,338	2,328,142	158,020	105,726,500	
Military Retirement Plan					
Defined Benefit Plan-Military Retirement Trust Fund	24,662,828	790,362	(132,517)	25,320,673	2.67%
SBS Plan					
Supplemental Annuity Plan	1,816,597,250	49,347,859	2,668,020	1,868,613,129	2.86%
Deferred Compensation Plan					
Deferred Compensation Plan	422,688,686	11,036,455	2,304,383	436,029,524	3.16%
Total All Funds	$ 14,858,840,261	$ 292,510,446	$ (34,647,227)	$ 15,116,703,480	

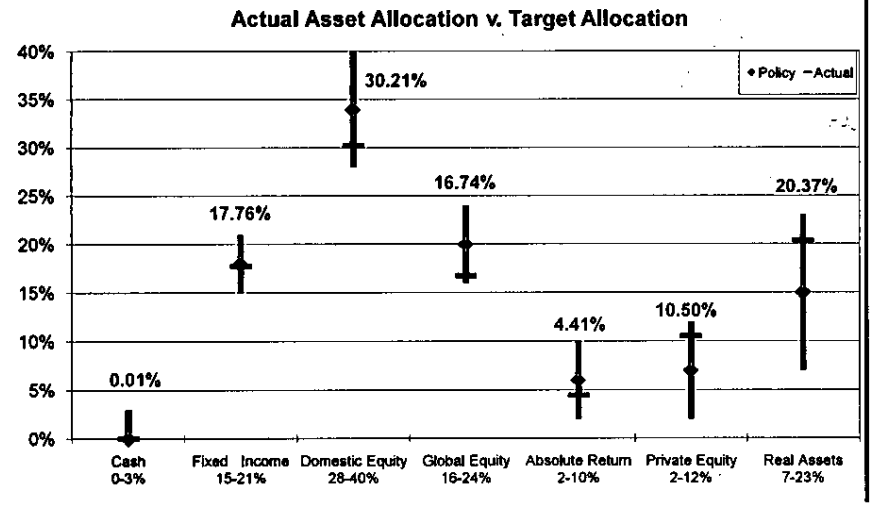
Notes:

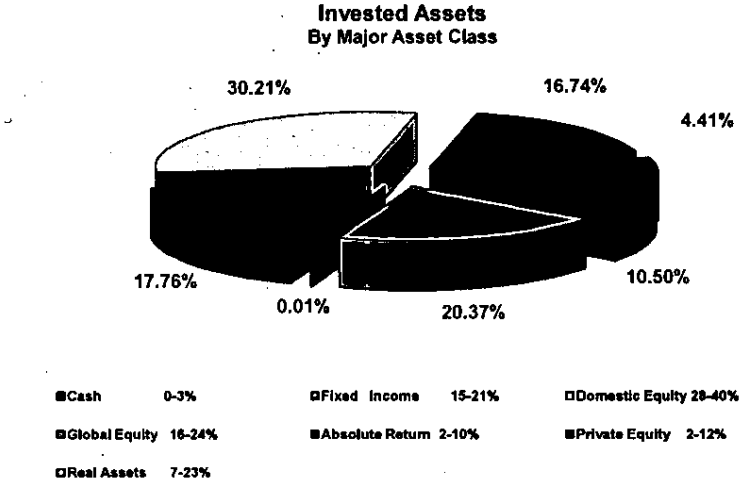
(1) Includes interest, dividends, securities lending, expenses, realized and unrealized gains/losses

PUBLIC EMPLOYEES' RETIREMENT TRUST FUND
As of December 31, 2008









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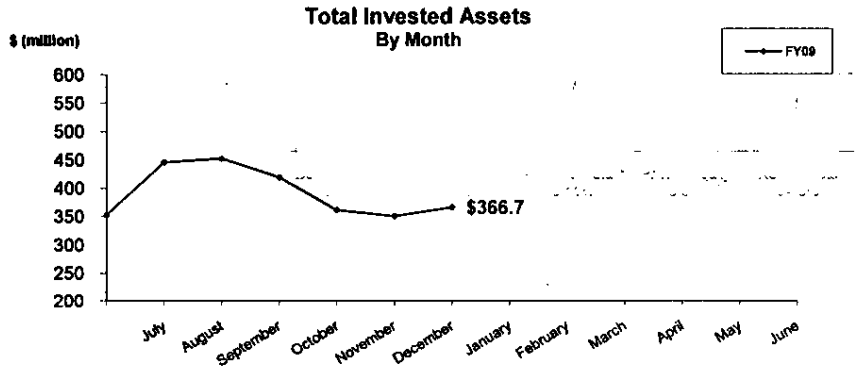
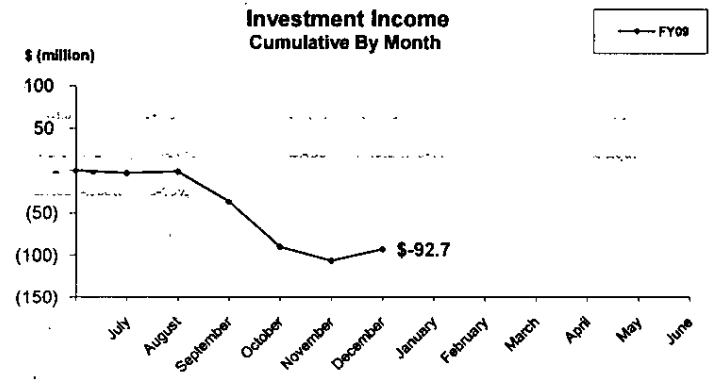
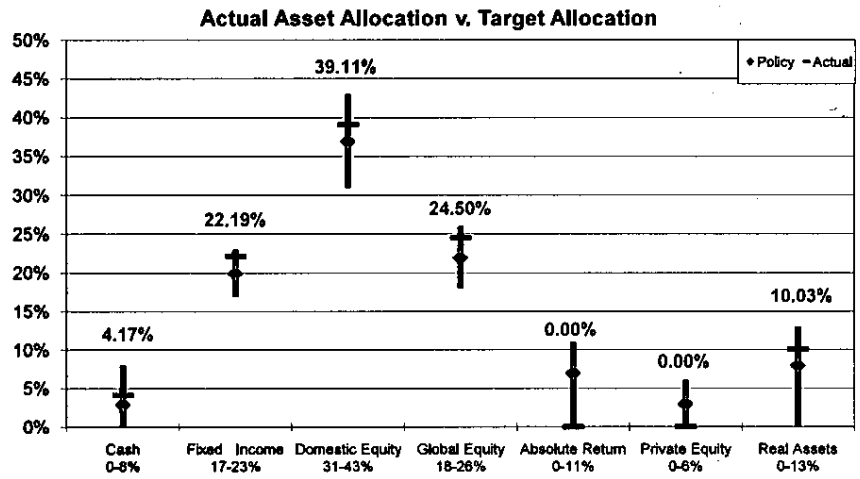
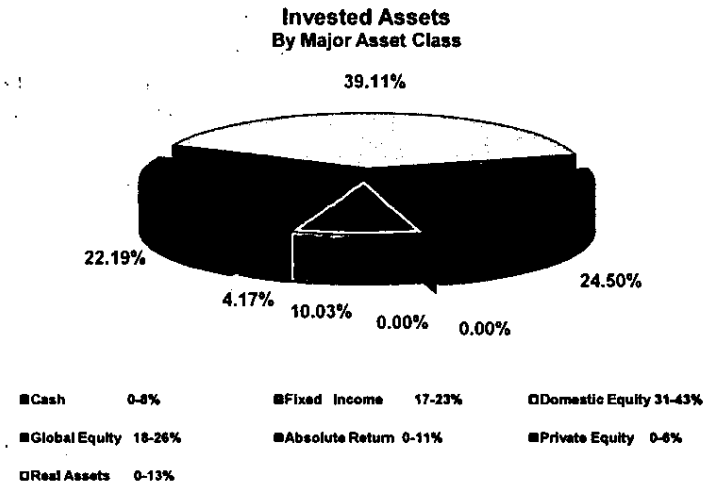
PUBLIC EMPLOYEES' RETIREE HEALTH CARE TRUST FUND
As of December 31, 2008

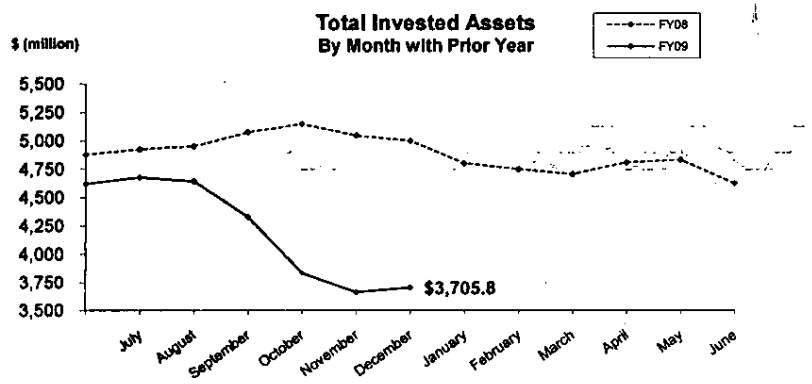


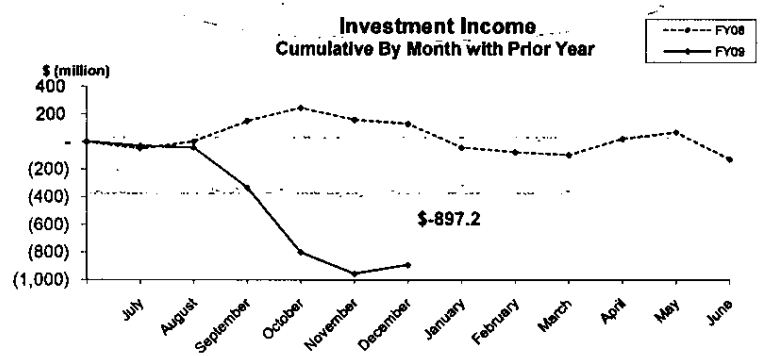


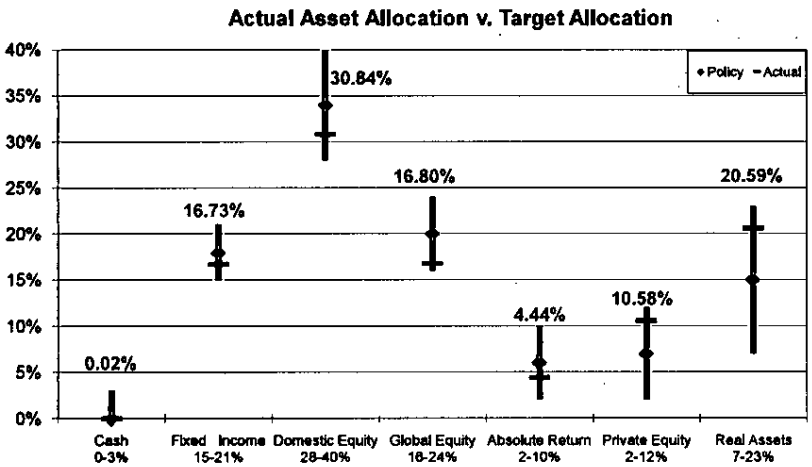


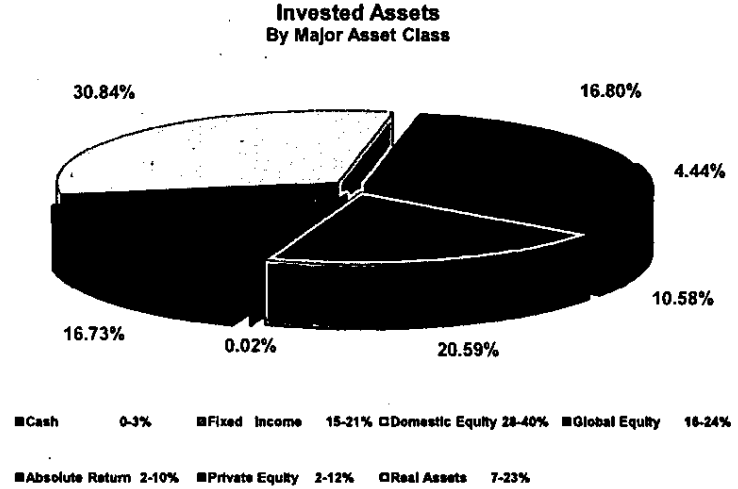


TEACHERS' RETIREMENT TRUST FUND
As of December 31, 2008

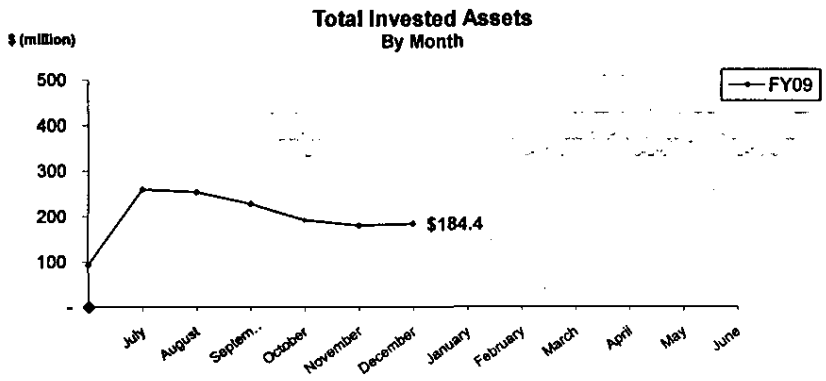


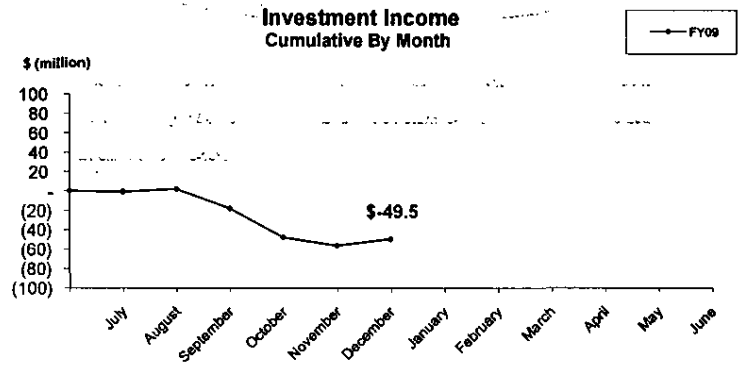


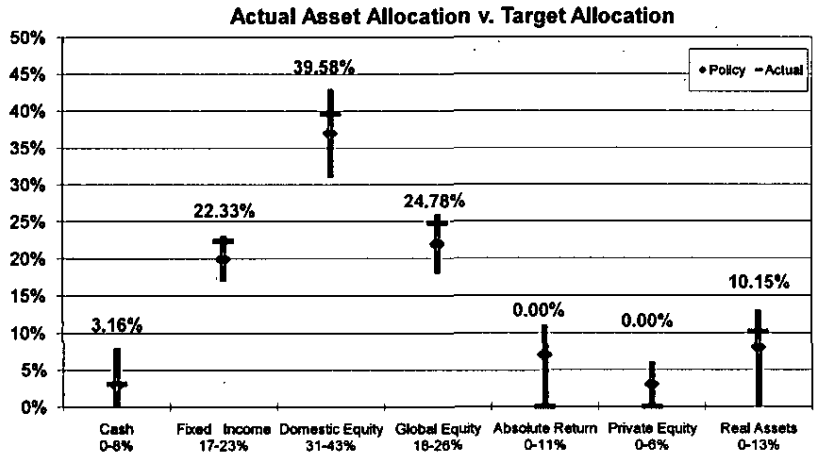


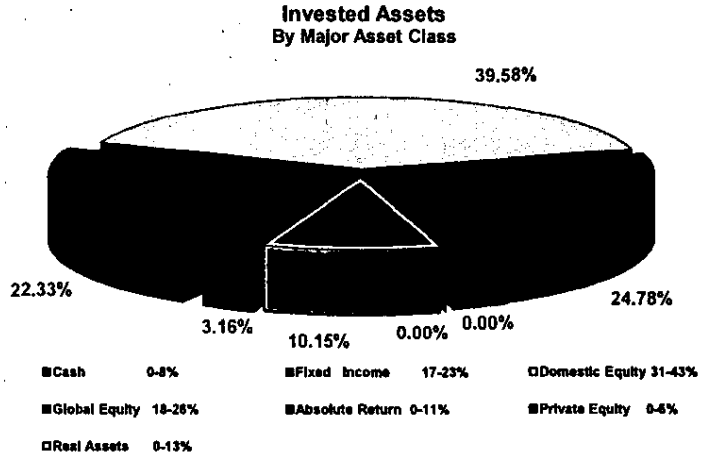


TEACHERS' RETIREE HEALTH CARE TRUST FUND
As of December 31, 2008

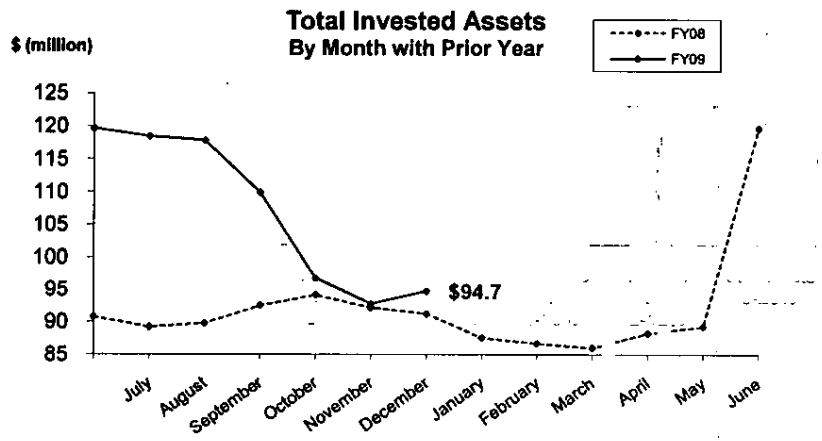


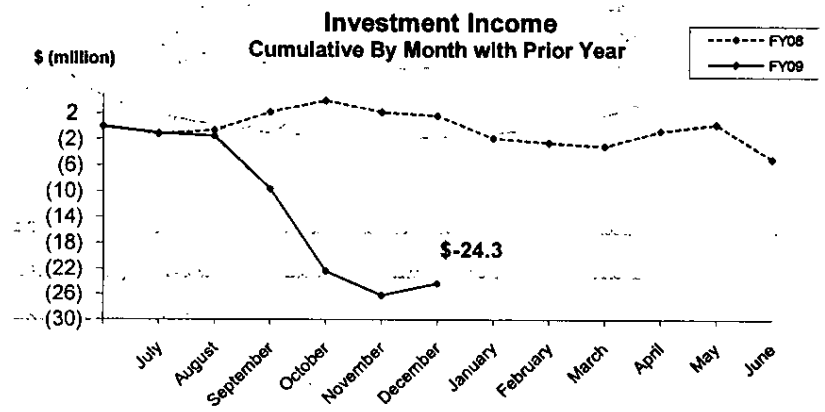


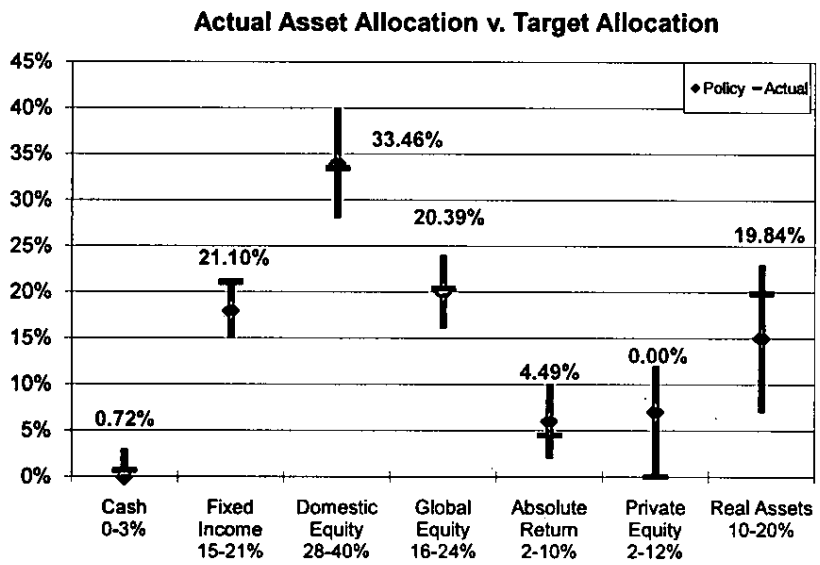


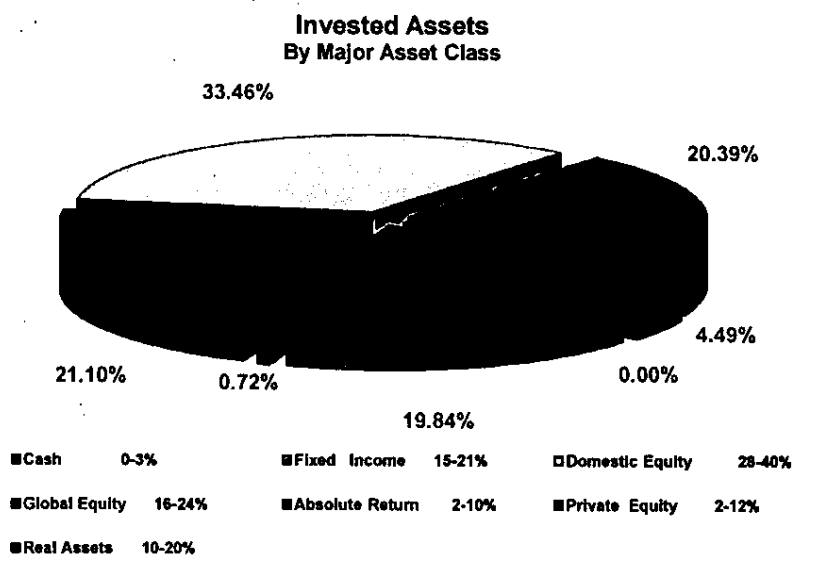


JUDICIAL RETIREMENT TRUST FUND
As of December 31, 2008









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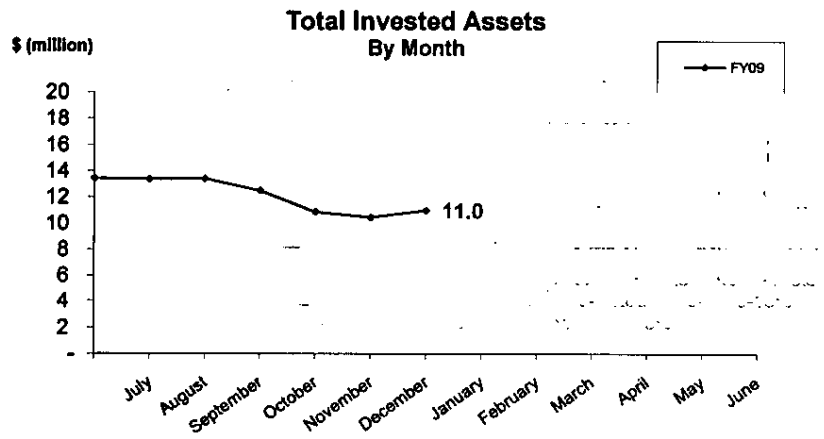
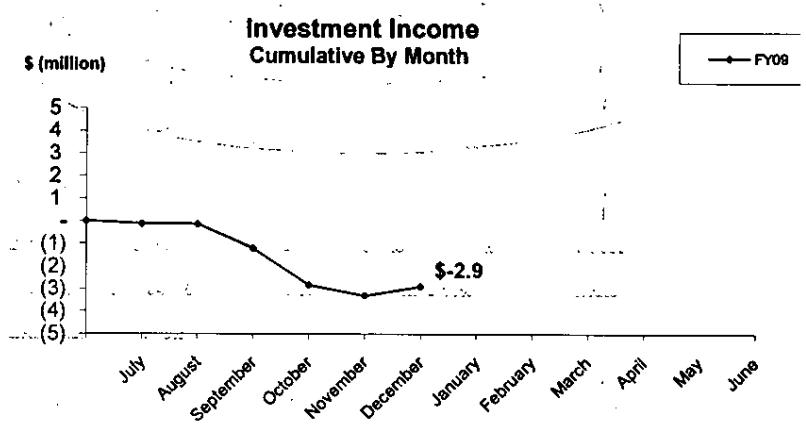
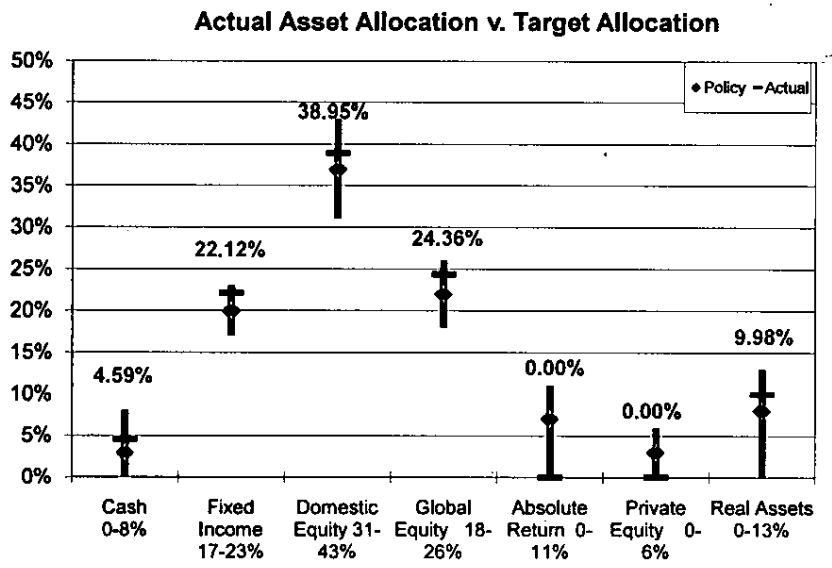
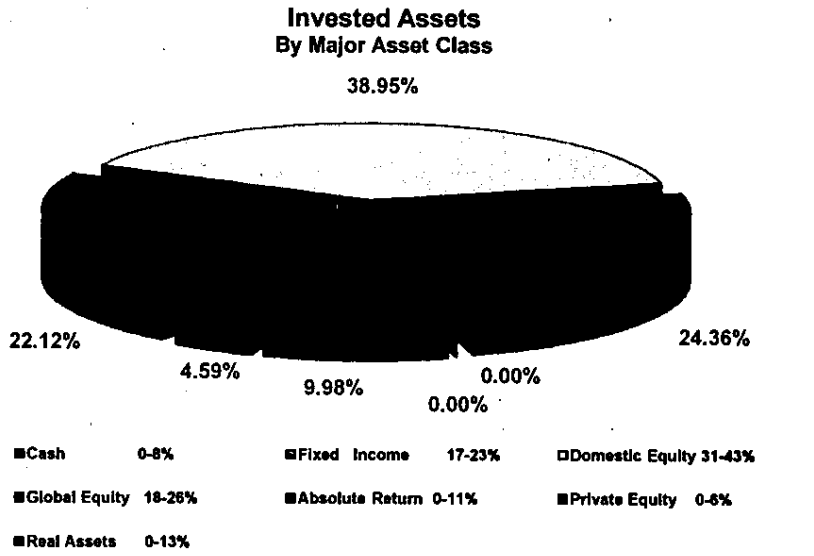
JUDICIAL RETIREE HEALTH CARE TRUST FUND
As of December 31, 2008

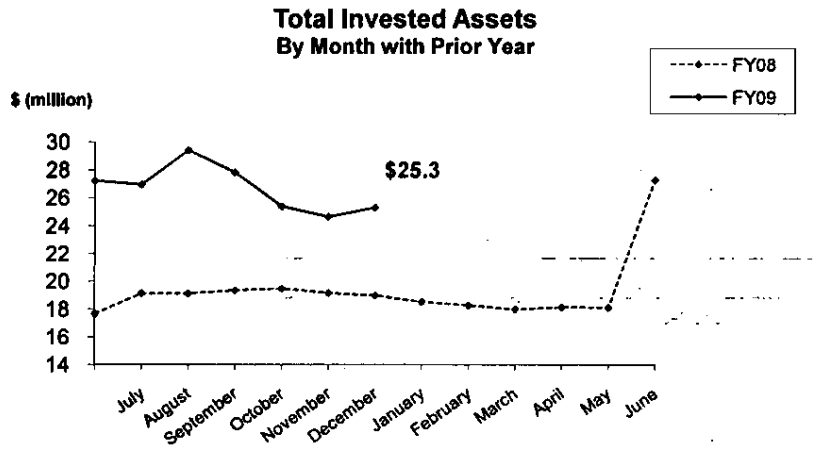


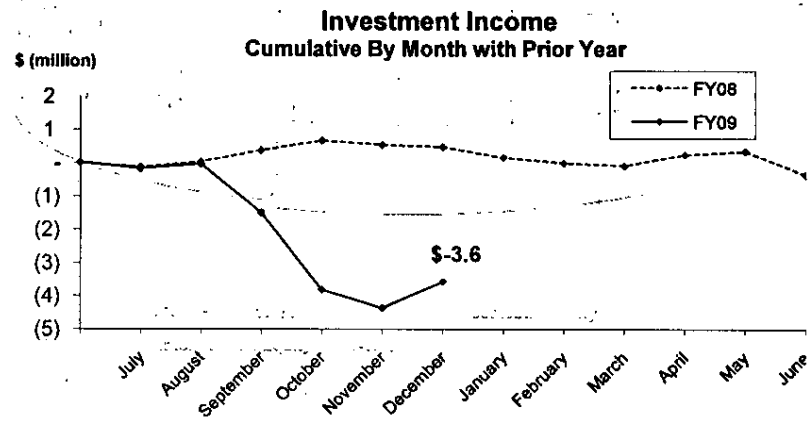


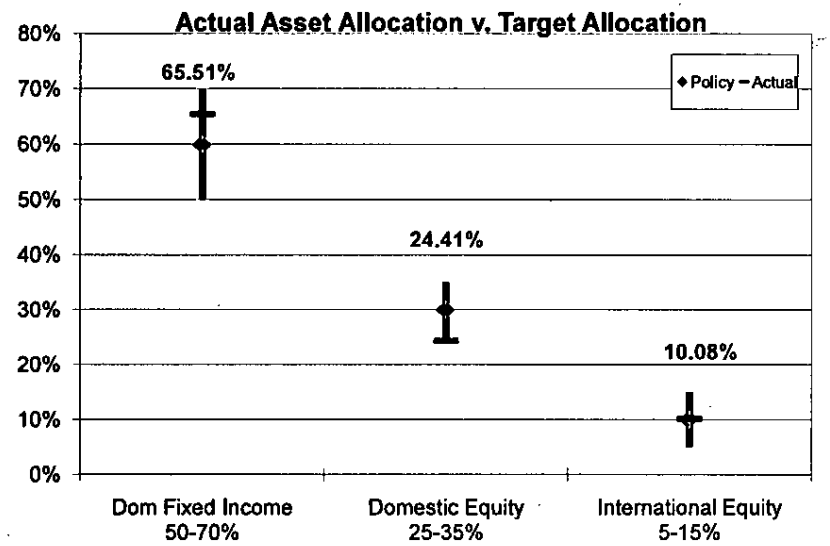


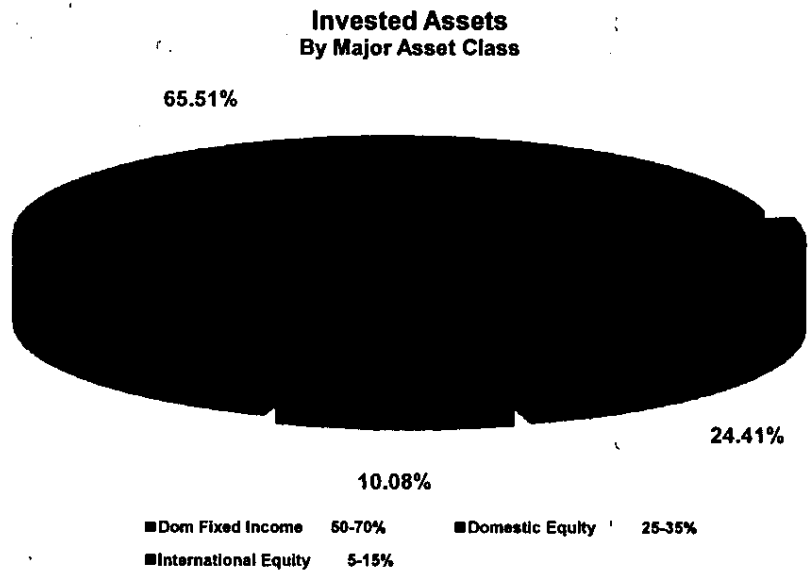


MILITARY RETIREMENT TRUST FUND
As of December 31, 2008









ALASKA RETIREMENT MANAGEMENT BOARD
Reporting of Funds by Manager

Defined Benefit Retirement Plans

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Alaska Retirement Management Board

Public Employees', Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended December 31, 2008

AY		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Cash						
70	**Short-Term Fixed Income Pool**	$ 15,444,520	$ (2,986)	$ (13,251,796)	$ 2,189,738	0.02%	0.02%
	Total Cash	15,444,520	(2,986)	(13,251,796)	2,189,738		
	Fixed Income						
77	**Internal Fixed Income Investment Pool**	1,595,389,555	47,723,890	(109,706,241)	1,533,407,204	12.58%	12.58%
	International Fixed Income Pool						
63	Mondrian Investment Partners	224,129,806	16,187,653	-	240,317,459	1.97%	1.97%
	High Yield Pool						
9N	ING Investment Management	129,471,069	7,671,198	-	137,142,267	1.13%	
9P	MacKay Shields, LLC	134,117,604	3,775,961	-	137,893,565	1.13%	
	Total High Yield	263,588,673	11,447,159	-	275,035,832		2.26%
	Emerging Debt Pool						
5M	Lazard Emerging Income	91,027,432	1,175,993	-	92,203,425	0.76%	0.76%
	Total Fixed Income (cont.)	2,174,135,466	76,534,695	(109,706,241)	2,140,963,920		17.57%

Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended December 31, 2008

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Domestic Equities						
	Small Cap Managers						
	Passively Managed						
4N	SSgA Russell 2000 Growth	41,942,135	2,280,082	-	44,222,217	0.36%	
4P	SSgA Russell 2000 Value	203,118,594	12,532,757	-	215,651,351	1.77%	
	Total Passive	245,060,729	14,812,839	-	259,873,568		
	Actively Managed						
4D	Turner Investment Partners	112,448,712	1,022,690	-	113,471,402	0.93%	
4F	Luther King Capital Management	90,907,385	5,126,919	-	96,034,304	0.79%	
4G	Jennison Associates, LLC	111,796,078	9,323,043	-	121,119,121	0.99%	
6A	SSgA Futures Small Cap	3,227,231	667,745	-	3,894,976	0.03%	
4H	Lord Abbett & Co.	124,477,307	4,995,203	-	129,472,510	1.06%	
	Total Active	442,856,713	21,135,600	-	463,992,313		
	Total Small Cap	687,917,442	35,948,439	-	723,865,881		5.94%
	Large Cap Managers						
	Passively Managed						
30	Transition Account	526,566	-	(526,566)		0.00%	
4L	SSgA Russell 1000 Growth	277,608,076	5,009,856	-	282,617,932	2.32%	
4M	SSgA Russell 1000 Value	416,752,560	5,506,167	(30,000,000)	392,258,727	3.22%	
4R	SSgA Russell 200	962,940,732	6,325,371	526,565	969,792,668	7.96%	
	Total Passive	1,657,827,934	16,841,394	(30,000,001)	1,644,669,327		
	Actively Managed						
39	Cap Guardian Trust Co	221,907,844	3,922,750	-	225,830,594	1.85%	
47	Lazard Freres	195,085,643	5,965,868	50,790,000	251,841,511	2.07%	
48	McKinley Capital Mgmt.	266,894,580	3,930,764	-	270,825,344	2.23%	
4U	Barrow, Haney, Mewhinney & Strauss	86,826,807	3,970,713	-	90,797,520	0.75%	
4V	Quantitative Management Assoc.	91,582,891	2,182,400	-	93,765,291	0.77%	
38	RCM	273,661,110	1,132,466	-	274,793,576	2.26%	
6B	SSgA Futures large cap	3,678,213	142,511	-	3,820,724	0.03%	
4J	Relational Investors, LLC	147,050,152	6,370,518	(26,747,963)	126,672,707	1.04%	
	Total Active	1,286,687,240	27,617,990	24,042,037	1,338,347,267		
	Total Large Cap	2,944,515,174	44,459,384	(5,957,964)	2,983,016,594		24.49%
	Total Domestic Equity	3,632,432,616	80,407,823	(5,957,964)	3,706,882,475		30.43%

(cont.)

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Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended December 31, 2008

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Global Equities Ex US						
	International Equity Pool						
65	Brandes Investment Partners	561,212,895	47,308,931	-	608,521,826	4.99%	
58	Lazard Freres	239,778,633	23,576,989	62,210,000	325,565,622	2.67%	
67	Cap Guardian Trust Co	312,005,226	23,121,222	-	335,126,448	2.75%	
68	State Street Global Advisors	204,245,646	10,850,514	-	215,096,160	1.77%	
6D	SSgA Futures International	114,839	(41)	-	114,798	0.00%	
69	McKinley Capital Management	252,187,706	17,157,724	-	269,345,430	2.21%	
	Total International Equity	1,569,544,945	122,015,339	62,210,000	1,753,770,284		14.39%
	Emerging Markets Equity Pool A (1)						
6P	Lazard Asset Management	47,497,493	3,415,266	-	50,912,759	0.42%	
6Q	Eaton Vance	49,331,696	4,085,362	-	53,417,058	0.44%	
	Total Emerging Markets Pool A	96,829,189	7,500,628	-	104,329,817		0.86%
	Emerging Markets Equity Pool B (1)						
6R	Lazard Freres Asset Mgmt.	-	-	-	-	0.00%	
6S	Eaton Vance	-	-	-	-	0.00%	
62	The Capital Group Inc.	148,861,693	11,786,155	25,000,000	185,647,848	1.52%	
	Total Emerging Markets Pool B	148,861,693	11,786,155	25,000,000	185,647,848		1.52%
	Total Global Equities	1,815,235,827	141,302,122	87,210,000	2,043,747,949		16.77%
	Private Equity Pool						
98	Pathway Capital Management LLC	538,890,483	5,142,368	(103,739)	543,929,112	4.46%	
85	Abbott Capital	658,677,088	(16,595,474)	(1,639,121)	640,442,493	5.26%	
8A	Blum Capital Partners-Strategic	31,717,448	-	-	31,717,448	0.26%	
8B	Blum Capital Partners-Public	27,969,515	28,278	-	27,997,793	0.23%	
8Q	Onex Partnership III	-	-	218,750	218,750		
8W	Warburg Pincus X	7,316,574	-	-	7,316,574	0.06%	
8X	Angelo, Gordon & Co.	18,193,432	-	-	18,193,432	0.15%	
	Total Private Equity	1,282,764,540	(11,424,828)	(1,524,110)	1,269,815,602		10.42%
	Absolute Return Pool (2)						
9D	Mariner Investment Group, Inc.	214,734,273	(974,001)	-	213,760,272	1.75%	
9E	Cadogan Management LLC	113,336,846	(666,365)	-	112,670,481	0.92%	
9F	Crestline Investors, Inc.	219,870,101	(9,078,161)	-	210,791,940	1.73%	
	Total Absolute Return Investments	547,941,220	(10,718,527)	-	537,222,693		4.41%

(cont.)

Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager
Schedule of Investment Income and Changes in Invested Assets
For the Month Ended December 31, 2008

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Real Assets						
	Farmland Pool A						
9B	UBS Agrivest, LLC	302,431,131	68	(2,739,734)	299,691,465	2.46%	
9G	Hancock Agricultural Investment Group	135,910,553	78	6,730,000	142,640,631	1.17%	
	Total Farmland Pool A	438,341,684	146	3,990,266	442,332,096		3.63%
	Farmland Water Pool						
8Y	Hancock Farmland and Water PPTY	7,166,457	-	-	7,166,457	0.06%	
8Z	UBS Argivest, LLC	15,098,499	(13)	(480,000)	14,618,486	0.12%	
	Total Farmland Water Pool	22,264,956	(13)	(480,000)	21,784,943		0.19%
	Timber Pool A						
9Q	Timberland INVT Resource LLC	41,900,000	-	-	41,900,000	0.34%	
9S	Hancock Natural Resourse Group	-	-	-	-		
	Total Timber Pool A	41,900,000		-	41,900,000		0.34%
	Energy Pool A						
9A	TCW Energy Fund XD	37,215,176	(14,549)	-	37,200,627	0.31%	
9Z	TCW Energy Fund XIV-A	47,608,565	549,149	-	48,157,714	0.40%	
	Total Energy Pool A	84,823,741	534,600	-	85,358,341		0.69%
	REIT Pool						
9H	REIT Holdings	35,147,739	5,367,668	-	40,515,407	0.33%	0.33%
	Treasury Inflation Proof Securities						
6N	TIPS Internally Managed Account	70,101,707	3,433,065	(8,000,000)	65,534,772	0.53%	0.53%
	(cont.)						

Alaska Retirement Management Board

Public Employees',Teachers', Judicial and Military Defined Benefit Retirement Funds by Manager

Schedule of Investment Income and Changes in Invested Assets

For the Month Ended December 31, 2008

		Beginning Invested Assets	Total Investment Income	Net Contributions (Withdrawals) & Transfers In (Out)	Ending Invested Assets	% of Total	% of Pool Total
	Real Estate						
	Core Commingled Accounts						
7A	JP Morgan	235,279,020	(13,943,299)	-	221,335,721	1.82%	
7B	UBS Realty	95,673,918	91,104	-	95,765,022	0.79%	
	Total Core Commingled	330,952,938	(13,852,195)	-	317,100,743		2.60%
	Core Separate Accounts						
7D	Cornerstone Real Estate Advisers Inc.	222,549,335	(2,080,618)	(1,218,487)	219,250,230	1.80%	
7E	LaSalle Investment Management	239,534,742	(1,076,533)	(770,525)	237,687,684	1.95%	
7F	Sentinel Separate Account	126,342,384	(3,783,251)	(588,106)	121,971,027	1.00%	
7G	UBS Realty, RESA	364,633,428	238,771	(1,417,932)	363,454,267	2.98%	
	Total Core Separate	953,059,889	(6,701,631)	(3,995,050)	942,363,208		7.73%
	Non-Core Commingled Accounts						
7H	Coventry	64,282,330	(4,356,266)	-	59,926,064	0.49%	
7J	Lowe Hospitality Partners	51,511,961	(668,117)	-	50,843,844	0.42%	
7M	Cornerstone Rotational Fund	6,773	12,810	(24,691)	(5,108)	0.00%	
7N	ING Clarion Development Ventures II	37,790,080	(1,625,663)	-	36,164,417	0.30%	
7P	Lehman Brothers Real Estate Partners II	131,926,419	(18,506,065)	919,343	114,339,697	0.94%	
7Q	Rothschild Five Arrows Realty Securities IV	32,185,803	400,594	1,923,545	34,509,942	0.28%	
7R	Tishman Speyer Real Estate Venture VI	89,853,375	(13,446,374)	2,788,750	79,195,751	0.65%	
7X	Tishman Speyer Real Estate Venture VII	11,341,595	(3,343,603)	318,698	8,316,690	0.07%	
7S	Rothschild Five Arrows Realty SecuritiesV	3,175,151	25,890	1,251,184	4,452,225	0.04%	
7V	ING Clarion Development Ventures III	(114,635)	(96,394)	-	(211,029)	0.00%	
7W	Lehman Brothers Real estate Partners III	13,400,000	(3,430,618)	639,368	10,608,750	0.09%	
8R	BlackRock Diamond Property Fund	78,124,246	(2,661,043)	-	75,463,203	0.62%	
8S	Colony Investors VIII, L.P.	35,631,433	(8,653,784)	-	26,977,649	0.22%	
8U	LaSalle Medical Office Fund II	12,200,629	(94,942)	-	12,105,687	0.10%	
8V	Cornerstone Apartment Venture III	15,250,634	(13,690)	-	15,236,944	0.13%	
	Total Non-Core Commingled	576,565,794	(56,457,265)	7,816,197	527,924,726		4.33%
	Total Real Estate	1,860,578,621	(77,011,091)	3,821,147	1,787,388,677		
83/84	Mortgage-related Assets (3)	13,955	84	(810)	13,229	0.00%	
	Total Real Assets	2,553,172,403	(67,675,541)	(669,397)	2,484,827,465		20.38%
	TOTALS	$ 12,021,126,592	$ 208,422,758	$ (43,899,508)	$ 12,185,649,842	100.00%	100.00%

Notes

(1) Investment is represented by shares in (or as a percentage of) commingled equity investments which, at any given time, may be a combination of securities and cash.
(2) Investment is represented by shares in various hedge funds.
(3) Mortgage-related assets are managed in-house. These assets are valued at their principal balance (cost) less an allowance for loan loss, the result of which approximates market value.

ALASKA RETIREMENT MANAGEMENT BOARD

Participant Directed Plans

ALASKA RETIREMENT MANAGEMENT BOARD

Supplemental Annuity Plan

Schedule of Investment Income and Changes in Invested Assets

for the Month Ended

December 31, 2008

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Interim Transit Account					
Treasury Division [1]					
Cash and Cash Equivalents	$ 5,802,577	$ (489)	$ (4,615,443)	$ -	$ 1,186,645
Participant Options [2]					
T. Rowe Price					
Target 2010 Fund	35,483,714	394,568	88,481	(709)	35,966,054
Target 2015 Fund	63,000,785	1,379,742	147,881	193,333	64,721,741
Target 2020 Fund	20,084,608	410,532	138,504	(83,713)	20,549,931
Target 2025 Fund	6,131,413	129,055	103,470	38,074	6,402,012
Alaska Balanced Fund	882,597,959	26,495,398	1,245,937	(2,976,864)	907,362,430
Long Term Balanced Fund	149,285,948	4,055,112	4,940,029	(1,741,358)	156,539,731
Small-Cap Stock Fund	31,506,406	1,885,424	235,556	(68,762)	33,558,624
Stable Value Fund	263,476,367	776,591	(2,023,442)	(4,490,648)	257,738,868
	1,451,567,200	35,526,422	4,876,416	(9,130,647)	1,482,839,391
State Street Global Advisors					
Long US Treasury Bond Index	7,946,956	782,805	20,360	5,519,206	14,269,327
Russell 3000 Index	1,217,055	38,757	14,486	135,071	1,405,369
S&P 500 Stock Index Fund Series A	153,396,651	1,959,136	1,013,081	(156,302)	156,212,566
State Street Treasury Money Market Fund - Inst.	5,772,700	-	51,367	96,731	5,920,798
US Real Estate Investment Trust Index	283,772	134,003	7,627	1,064,037	1,489,439
US Treasury Inflation Protected Securities Index	1,570,003	76,743	13,062	594,311	2,254,119
World Equity Ex-US Index	534,367	32,410	9,252	125,221	701,250
World Government Bond Ex-US Index	592,839	37,521	(7,812)	695,861	1,318,409
Barclays Global Advisors					
Government Bond Fund	49,335,653	2,252,228	197,510	(249,989)	51,535,402
Intermediate Bond Fund	18,507,636	462,183	(14,024)	1,726,656	20,682,451
Brandes Institutional					
International Equity Fund	61,274,627	6,637,982	663,502	(165,888)	68,410,223
Capital Guardian Trust Company					
Global Balanced Fund	43,786,019	1,478,344	270,157	187,093	45,721,613
RCM					
Sustainable Opportunities Fund	15,009,195	(70,186)	168,479	(441,361)	14,666,127
Total Externally Managed Funds	1,810,794,673	49,348,348	7,283,463	-	1,867,426,484
Total All Funds	$ 1,816,597,250	$ 49,347,859	$ 2,668,020	$ -	$ 1,868,613,129

Notes:

(1) Represents net contributions in transit to/from the record keeper.

(2) Source data provided by the record keeper, Great West Life.

ALASKA RETIREMENT MANAGEMENT BOARD
Supplemental Annuity Plan
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
December 31, 2008
$ (Thousands)

	July	August	September	October	November	December
Invested Assets (At Fair Value)						
Investments with Treasury Division						
Cash and cash equivalents	$ 1,979	$ 1,827	$ 1,560	$ 1,972	$ 5,803	$ 1,187
Investments with T. Rowe Price						
Target 2010 Fund	37,816	37,584	38,196	35,445	35,484	35,966
Target 2015 Fund	74,852	75,065	71,488	65,138	63,001	64,722
Target 2020 Fund	27,405	27,827	25,474	21,386	20,085	20,550
Target 2025 Fund	9,021	9,249	8,671	6,683	6,131	6,402
Alaska Balanced Fund	1,056,437	1,063,289	1,007,115	903,681	882,598	907,362
Long Term Balanced Fund	178,949	183,958	174,531	154,360	149,286	156,540
Small-Cap Stock Fund	45,350	50,783	46,176	34,944	31,506	33,559
Stable Value Fund	223,283	222,866	232,377	256,160	263,476	257,739
Investments with State Street Global Advisors						
Long US Treasury Bond Index	-	-	762	3,968	7,947	14,269
Russell 3000 Index	-	-	428	1,032	1,217	1,405
S&P 500 Stock Index Fund Series A	210,995	216,714	197,170	164,567	153,397	156,213
State Street Treasury Money Market Fund - Inst.	-	-	1,583	4,846	5,773	5,921
US Real Estate Investment Trust Index	-	-	233	289	284	1,489
US Treasury Inflation Protected Securities Index	-	-	1,089	1,512	1,570	2,254
World Equity Ex-US Index	-	-	705	495	534	701
World Govt Bond Ex	-	-	238	608	593	1,318
Investments with Barclays Global Investors						
Government Bond Fund	63,268	61,913	57,616	49,161	49,336	51,535
Intermediate Bond Fund	-	-	5,731	13,903	18,508	20,682
Investments with Brandes Investment Partners						
International Equity Fund	106,080	100,118	86,330	66,673	61,275	68,410
Investments with Capital Guardian						
Global Balanced Fund	61,316	60,505	54,737	46,235	43,786	45,722
Investments with RCM						
Sustainable Opportunities Fund	25,600	25,474	21,409	16,982	15,009	14,666
Total Invested Assets	$ 2,122,351	$ 2,137,172	$ 2,033,619	$ 1,850,040	$ 1,816,597	$ 1,868,613
Change in Invested Assets						
Beginning Assets	$ 2,129,740	$ 2,122,351	$ 2,137,172	$ 2,033,619	$ 1,850,040	$ 1,816,597
Investment Earnings	(7,293)	16,779	(102,134)	(182,815)	(35,213)	49,348
Net Contributions (Withdrawals)	(96)	(1,958)	(1,419)	(764)	(1,771)	2,668
Ending Invested Assets	$ 2,122,351	$ 2,137,172	$ 2,033,619	$ 1,850,040	$ 1,816,597	$ 1,868,613

ALASKA RETIREMENT MANAGEMENT BOARD

Deferred Compensation Plan

Schedule of Invested Assets and Changes in Invested Assets
for the Month Ended
December 31, 2008

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Participant Options					
T. Rowe Price					
Interest Income Fund	$ 157,552,244	$ 480,284	$ (117,464)	$ (824,561)	$ 157,090,503
Small Cap Stock Fund	33,196,388	1,950,124	313,186	(284,384)	35,175,314
Long Term Balanced Fund	20,620,728	543,818	251,944	(187,085)	21,229,405
Total Investments with T. Rowe Price	211,369,360	2,974,226	447,666	(1,296,030)	213,495,222
Barclays Global Investors					
Intermediate Bond Fund	20,492,851	481,675	57,531	(78,910)	20,953,147
Government/Credit Bond Fund	30,294,787	1,378,698	156,438	(307)	31,829,616
S&P 500 Index Fund	84,564,813	1,014,346	794,786	(1,153,115)	85,220,830
Total Investments with Barclays Global Investors	135,352,451	2,874,719	1,008,755	(1,232,332)	138,003,593
Capital Guardian Trust Company					
Global Balanced Fund	28,715,681	972,913	403,633	(177,545)	29,914,682
Brandes Institutional					
International Equity Fund	35,549,276	3,907,910	439,576	107,108	40,003,870
RCM					
Sustainable Core Opportunities Fund	5,282,131	(24,524)	123,525	(181,973)	5,199,159
State Street Global Advisors					
Long US Treasury Bond Index	1,925,111	202,825	19,042	1,981,444	4,128,422
Russell 3000 Index	535,309	17,694	14,918	73,786	641,707
State Street Treasury Money Market Fund - Inst.	2,900,103	-	(179,791)	143,696	2,864,008
US Real Estate Investment Trust Index	73,361	48,686	4,517	245,266	371,830
US Treasury Inflation Protected Securities Index	654,919	34,404	12,245	100,328	801,896
World Equity Ex-US Index	160,323	13,246	7,917	55,010	236,496
World Government Bond Ex-US Index	170,662	14,356	2,380	181,242	368,640
Total All Funds	$ 422,688,686	$ 11,036,455	$ 2,304,383	$ -	$ 436,029,524

Source data provided by the record keeper, Great West Life.

ALASKA RETIREMENT MANAGEMENT BOARD
Deferred Compensation Plan
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
December 31, 2008
$ (Thousands)

	July	August	September	October	November	December
Invested Assets (at fair value)						
Investments with T. Rowe Price						
Interest Income Fund						
Cash and cash equivalents	$ 6,741	$ 7,029	$ 6,596	$ 9,257	$ 8,287	$ 7,109
Synthetic Investment Contracts	144,752	145,545	146,466	147,609	149,265	149,981
Small Cap Stock Fund	48,785	51,719	47,615	36,710	33,196	35,175
Long Term Balanced Fund	27,578	27,845	26,239	21,806	20,621	21,229
Investments with Barclays Global Investors						
Intermediate Bond Fund	17,929	17,726	19,172	19,367	20,493	20,953
Government/Credit Bond Fund	31,947	32,276	31,766	29,584	30,295	31,830
S&P 500 Index Fund	118,034	120,591	110,014	90,892	84,565	85,221
Investments with Capital Guardian Trust Company						
Global Balanced Fund	38,581	38,447	35,445	30,354	28,716	29,915
Investments with Brandes Institutional						
International Equity Fund	58,164	55,575	49,015	38,162	35,549	40,004
Investments with RCM						
Sustainable Opportunities Fund	8,545	8,592	7,392	5,969	5,282	5,199
State Street Global Advisors						
Long US Treasury Bond Index	-	-	269	1,121	1,925	4,128
Russell 3000 Index	-	-	212	547	535	642
State Street Treasury Money Market Fund - Inst.	-	-	577	2,226	2,900	2,864
US Real Estate Investment Trust Index	-	-	48	107	73	372
US Treasury Inflation Protected Securities Index	-	-	307	795	655	802
World Equity Ex-US Index	-	-	260	151	160	236
World Government Bond Ex-US Index	-	-	58	172	171	369
Total Invested Assets	$ 501,056	$ 505,345	$ 481,451	$ 434,829	$ 422,689	$ 436,030
Change in Invested Assets						
Beginning Assets	$ 502,614	$ 501,056	$ 505,345	$ 481,451	$ 434,829	$ 422,689
Investment Earnings	(745)	3,053	(24,991)	(47,372)	(12,090)	11,036
Net Contributions (Withdrawals)	(813)	1,236	1,097	750	(50)	2,305
Ending Invested Assets	$ 501,056	$ 505,345	$ 481,451	$ 434,829	$ 422,689	$ 436,030

ALASKA RETIREMENT MANAGEMENT BOARD

Defined Contribution Retirement - Participant Directed PERS

Schedule of Investment Income and Changes in Invested Assets

for the Month Ended

December 31, 2008

Interim Transit Account	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Treasury Division [1]					
Cash and Cash Equivalents	$ 720,410	$ (520)	$ (121,640)	$ -	$ 598,250
Participant Options [2]					
T. Rowe Price					
Target 2025 Fund	22,574	509	2,071	-	25,154
Alaska Balanced Fund	174,038	6,058	15,400	28,782	224,278
Long Term Balanced Fund	233,832	3,213	15,130	(126,880)	125,295
Small-Cap Stock Fund	4,840,316	330,700	528,386	263,533	5,962,935
Alaska Money Market	382,168	723	87,140	(28,772)	441,259
	5,652,928	341,203	648,127	136,663	6,778,921
State Street Global Advisors					
S&P 500 Stock Index Fund Series A	6,200,994	156,445	754,539	1,798,313	8,910,291
Long US Treasury Bond Index	24,352	2,263	1,613	10,563	38,791
Russell 3000 Index	9,696	271	2,217	-	12,184
State Street Treasury Money Market Fund - Inst.	16,492	-	3,113	2,525	22,129
US Real Estate Investment Trust Index	1,808	394	581	1,036	3,818
US Treasury Inflation Proctected Sec Index	13,400	605	2,169	3,767	19,940
World Equity Ex-US Index	5,620	383	1,170	-	7,173
World Government Bond Ex-US Index	2,379	152	391	458	3,380
	6,274,739	160,512	765,792	1,816,662	9,017,706
Barclays					
Government Bond Fund	868,696	40,157	80,277	(53,413)	935,717
Intermediate Bond Fund	62,221	1,511	3,858	2,200	69,790
Brandes Institutional					
International Equity Fund	7,783,560	954,447	896,877	770,978	10,405,862
Capital Guardian Trust Company					
Global Balanced Fund	1,084,745	17,544	66,753	(655,510)	513,532
RCM					
Sustainable Opportunities Fund	4,071,918	(74,406)	309,894	(2,017,580)	2,289,826
Total Externally Managed Funds	25,798,808	1,440,968	2,771,578	-	30,011,354
Total All Funds	$ 26,519,218	$ 1,440,448	$ 2,649,938	$ -	$ 30,609,604

ALASKA RETIREMENT MANAGEMENT BOARD
Defined Contribution Retirement - Participant Directed PERS
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
December 31, 2008
$ (Thousands)

	July	August	September	October	November	December
Invested Assets (At Fair Value)						
Investments with Treasury Division[1]						
Cash and cash equivalents	$ 651	$ 659	$ 687	$ 631	$ 720	$ 598
Investments with T. Rowe Price						
Target 2025 Fund	21	21	20	21	23	25
Alaska Balanced Fund	140	152	157	133	174	224
Long Term Balanced Fund	361	384	381	344	234	125
Small-Cap Stock Fund	3,753	4,219	4,599	4,356	4,840	5,963
Alaska Money Market	261	271	300	356	382	441
Investments with State Street Global Advisors						
S&P 500 Stock Index Fund Series A	4,755	5,308	4,825	4,406	6,201	8,910
Long US Treasury Bond Index	-	-	0	10	24	39
Russell 3000 Index	-	-	1	5	10	12
State Street Treasury Money Market Fund - Inst.	-	-	3	20	16	22
US Real Estate Investment Trust Index	-	-	0	2	2	4
US Treasury Inflation Proctected Sec Index				3	13	20
World Equity Ex-US Index	-	-	3	4	6	7
World Government Bond Ex-US Index	-	-	1	2	2	3
Investments with Barclays						
Government Bond Fund	77	78	483	697	869	936
Intermediate Bond Fund	-	-	4	39	62	70
Investments with Brandes Investment Partners						
International Equity Fund	7,230	7,760	7,635	6,788	7,784	10,406
Investments with Capital Guardian						
Global Balanced Fund	2,587	2,837	2,489	1,857	1,085	515
Investments with RCM						
Sustainable Opportunities Fund	5,895	6,544	6,369	5,905	4,072	2,290
Total Invested Assets	**$ 25,731**	**$ 28,233**	**$ 27,957**	**$ 25,579**	**$ 26,519**	**$ 30,610**
Change In Invested Assets						
Beginning Assets	$ 24,758	$ 25,731	$ 28,233	$ 27,957	$ 25,579	$ 26,519
Investment Earnings	(194)	50	(2,465)	(4,861)	(1,611)	1,440
Net Contributions (Withdrawals)	1,167	2,452	2,189	2,483	2,551	2,651
Ending Invested Assets	**$ 25,731**	**$ 28,233**	**$ 27,957**	**$ 25,579**	**$ 26,519**	**$ 30,610**

ALASKA RETIREMENT MANAGEMENT BOARD

Defined Contribution Retirement - Participant Directed TRS

Schedule of Investment Income and Changes in Invested Assets

for the Month Ended

December 31, 2008

	Beginning Invested Assets	Investment Income	Net Contributions (Withdrawals)	Transfers in (out)	Ending Invested Assets
Interim Transit Account					
Treasury Division [1]					
Cash and Cash Equivalents	$ 267,570	$ (101)	$ (87,293)	$ -	$ 180,176
Participant Options [2]					
T. Rowe Price					
Target 2025 Fund	4,921	106	496	-	5,523
Alaska Balanced Fund	209,644	6,382	5,980	3,868	225,874
Long Term Balanced Fund	139,457	2,107	9,075	(66,815)	83,824
Small-Cap Stock Fund	2,251,369	150,267	237,420	124,215	2,763,271
Alaska Money Market	142,817	268	48,791	(27,120)	164,756
	2,748,208	159,130	301,762	34,148	3,243,248
State Street Global Advisors					
S&P 500 Stock Index Fund Series A	2,760,733	68,274	325,539	888,200	4,042,746
Long US Treasury Bond Index	5,741	472	617	745	7,575
Russell 3000 Index	1,391	46	532	-	1,969
US Real Estate Investment Trust Index	48	11	27	-	86
US Treasury Inflation Proctected Sec Index	7,670	350	735	745	9,500
World Government Bond Ex-US Index	1,368	87	107	-	1,562
	2,776,951	69,240	327,557	889,690	4,063,438
Barclays					
Intermediate Bond Fund	19,130	463	1,166	2,809	23,568
Government Bond Fund	384,936	17,779	37,013	(17,313)	422,415
	404,066	18,242	38,179	(14,504)	445,983
Brandes Institutional					
International Equity Fund	3,697,318	443,648	409,474	344,732	4,895,172
Capital Guardian Trust Company					
Global Balanced Fund	626,679	11,192	39,092	(331,119)	345,844
RCM					
Sustainable Opportunities Fund	1,847,665	(36,807)	142,983	(922,947)	1,030,894
Total Externally Managed Funds	12,100,888	664,645	1,259,047	-	14,024,579
Total All Funds	12,368,457	$ 664,544	$ 1,171,754	$ -	$ 14,204,755

Notes:

(1) Represents net contributions in transit to/from the record keeper.

(2) Source data provided by the record keeper, Great West Life.

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ALASKA RETIREMENT MANAGEMENT BOARD
Defined Contribution Retirement - Participant Directed TRS
Schedule of Invested Assets with
Schedule of Investment Income and Changes in Invested Assets
By Month Through the Month Ended
December 31, 2008
$ (Thousands)

	July	August	September	October	November	December
Invested Assets (At Fair Value)						
Investments with Treasury Division[1]						
Cash and cash equivalents	$ 168	$ 148	$ 262	$ 216	$ 268	$ 180
Investments with T. Rowe Price						
Target 2025 Fund	5	5	5	5	5	6
Alaska Balanced Fund	137	150	130	192	210	226
Long Term Balanced Fund	299	296	261	196	139	84
Small-Cap Stock Fund	2,025	2,066	2,123	2,046	2,251	2,763
Alaska Money Market	57	64	200	181	143	165
Investments with State Street Global Advisors						
S&P 500 Stock Index Fund Series A	2,556	2,579	2,172	1,935	2,761	4,043
Long US Treasury Bond Index	-	-	-	5	6	8
Russell 3000 Index	-	-	-	-	1	2
US Real Estate Investment Trust Index	-	-	-	-	-	-
US Treasury Inflation Proctected Sec Index	-	-	-	7	8	10
World Government Bond Ex-US Index	-	-	-	1	1	2
Investments with Barclays						
Intermediate Bond Fund	-	-	1	13	19	24
Government Bond Fund	14	14	190	304	385	422
Investments with Brandes Investment Partners						
International Equity Fund	3,894	3,785	3,550	3,253	3,697	4,895
Investments with Capital Guardian						
Global Balanced Fund	1,418	1,402	1,188	952	627	346
Investments with RCM						
Sustainable Opportunities Fund	3,174	3,188	2,937	2,706	1,848	1,031
Total Invested Assets	$ 13,747	$ 13,697	$ 13,019	$ 12,012	$ 12,368	$ 14,205
Change in Invested Assets						
Beginning Assets	$ 12,993	$ 13,747	$ 13,697	$ 13,019	$ 12,012	$ 12,368
Investment Earnings	(103)	30	(1,171)	(2,208)	(761)	665
Net Contributions (Withdrawals)	857	(80)	493	1,201	1,117	1,172
Ending Invested Assets	$ 13,747	$ 13,697	$ 13,019	$ 12,012	$ 12,368	$ 14,205

PERS and TRS Tier Comparison Chart

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
Employee Contribution Rates **(% of pay)**	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 6.75% begin 1/1/87—all others 7.5% begin 1/1/87—police and fire 9.6% begin 7/1/99—school district	Pre-tax employee contribution: 8% for all employees
Employer Contribution **(% of payroll)**	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is $241,600,000	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is $241,600,000	22% Cost Share PERS on-behalf payment paid by the State of Alaska is 10.51% State of Alaska FY 2010 Contribution is $241,600,000	5% - Retirement 0.99% - Health Plan – adjusted by annual actuarial valuation annually. **plus** Health Reimbursement Arrangement (HRA)- Flat dollar amount per employee based on 3% of the average annual compensation of all employees of all employers in the system. Occupational Death & Disability 1.33% – Police /Fire 0.58% – All others
Vesting	Employees vest with 5 years of service.	Employees vest with 5 years of service.	Employees vest with 5 years of service in the pension plan and with 10 years of service for the medical plan.	100% vested in employee contributions immediately. % vested in employer contributions: 25% after 2 years of service, 50% after 3 years, 75% after 4 years 100% after 5 years.

PERS and TRS Tier Comparison Chart

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
Qualifications for Retirement	Normal retirement age is 55, with early retirement at age 50; ▪ police/fire members can retire at any age after 20 years of police/fire service; ▪ all other members can retire at any age after 30 years of membership service. Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	Normal retirement age is 60, with early retirement at age 55; ▪ police/fire members can retire at any age after 20 years of police/fire service; ▪ all other members can retire at any age after 30 years of membership service. Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	Normal retirement age is 60, with early retirement at age 55; ▪ police/fire members can retire at any age after 20 years of police/fire service; ▪ all other members can retire at any age after 30 years of membership service. Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	None for investment account. Taxes and penalties may apply if withdrawn before age 59-1/2. See requirements for Retirement Medical Coverage.
Benefit Calculation Formula	Benefit formula: ▪ 2% for first 10 years and all years of service prior to July 1, 1986, ▪ 2.25% for the next 10 years, and ▪ 2.5% per year thereafter. Benefit calculation is determined on the average of the **high three** consecutive years' salary. Police/Fire - 2% X 10, 2.5% over 10.	Benefit formula: ▪ 2% for first 10 years, ▪ 2.25% for the next 10 years, and ▪ 2.5% per year thereafter. Benefit calculation is determined on the average of the **high three** consecutive years' salary. Police/Fire - 2% X 10, 2.5% over 10.	Benefit formulas did not change. However, the benefit calculation is determined on the average of the **high five** consecutive years' salary. The benefit calculation for police and fire members is the average of the **high three** consecutive years regardless of tier (effective 2002).	DC account balance plus investment earnings. May be received in several different payment options. Payout options include lump-sum payments, rollovers to another qualified plan, or annuities. Annuities may be taken as a lifetime annuity, joint and survivor annuity, or for a period certain.
Alaska Cost-of-living Increases (COLA)	An Alaska Cost-of-Living Allowance is payable to benefit recipients who remain domiciled in Alaska after retirement. The allowance is $50 or 10% of the base benefit, whichever is greater.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is $50 or 10% of the base benefit, whichever is greater.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is $50 or 10% of the base benefit, whichever is greater.	None provided.

PERS and TRS Tier Comparison Chart

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
Post Retirement Pension Adjustments (PRPA) (Inflation Protection)	PRPA increases granted on an ad hoc basis. If an ad hoc is not granted, Tier I employees must be age 60 or over or receiving benefits for 5 years to qualify for the automatic PRPA. The automatic PRPA passed in 1986 applied to all members regardless of hire date.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 5 years.	None provided.
Retirement Medical Coverage	Medical coverage is provided to all benefit recipients and their eligible dependents for life. The retiree medical plan premium is paid by the retirement system. 5 year vesting.	Medical coverage is provided to disabilitants, regardless of age and benefit recipients over age 60 or, ▪ Peace officer/fire members with 25 years of police/fire service, ▪ all other members with 30 years of membership service and their eligible dependents for life. The retirement system pays the retiree medical plan premium. Retirees and survivors under age 60 must pay the full premium cost if they want coverage. 5 year vesting.	Same as Tier II. However, employees must accrue a minimum of 10 years of **credited service*** to have system-paid coverage at age 60. Employees with less than 10 years must pay the full premiums as long as they wish to continue medical coverage. 100% vested with 10 years of credited service.	Access to medical coverage at Medicare eligible age with 10 years of service or at any age with 25 years of service for peace officers and firefighters or with 30 years of service for all others. Must retire directly from the system. If not eligible for Medicare, must pay full premium. May use health reimbursement arrangement (HRA) account to pay premiums. Once the HRA is exhausted, member self- pays premiums. When eligible for Medicare, the percentage of premium paid by the retiree or surviving spouse is: ▪ 10-14 years of service - 30% ▪ 15-19 years - 25% ▪ 20-24 years - 20% ▪ 25-29 years - 15% ▪ 30 years or more - 10%

PERS and TRS Tier Comparison Chart

PERS Tiers	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
Disability Benefits	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation. Different occupational disability formula available before 7/1/76.	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation.	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation.	Must be a total and presumably permanent disability whose cause is directly related to performance of duties of the job or an on the job injury. Benefit is 40% of salary, earns service while on occupational disability. Employer continues to make all required contributions as if the member were working, plus the member's required contributions to the DCR account, without deduction from the member's disability payment. Disability benefits cease when the member becomes eligible for normal retirement at Medicare eligible age and 10 years of service or at any age with 25 years of service for peace officers and firefighters or with 30 years of service for all others. Medical insurance is available to members receiving disability when member is eligible for a normal retirement.

PERS and TRS Tier Comparison Chart

TRS Tier	Tier I 7/1/1955 – 6/30/90	Tier II Entered after 6/30/90	Tier III Entered after 6/30/06
Employee Contribution	Pre-tax employee contribution: 8.65% beginning 1/1/91	Pre-tax employee contribution: 8.65% beginning 1/1/91	Pre-tax employee contribution: 8%
Employer Contribution	12.56% Cost Share TRS on-behalf 42.26% State of Alaska FY 2010 Contribution is $206,300,000	12.56% Cost Share TRS on-behalf 42.26% State of Alaska FY 2010 Contribution is $206,300,000	7% - DCR account 1.61% Health Plan - determined by annual actuarial valuation after FY07. **plus** Heath Reimbursement Arrangement (HRA) - Flat dollar amount per employee based on 3% of the average annual compensation of all employees of all employers in the system.
Vesting	Members vest with 8 years of service.	Members vest with 8 years of service.	100% vested in employee contributions from inception. Vested in employer contributions based on the following schedule: 25% after 2 years of service 50% after 3 years 75% after 4 years and 100% after five years.
Qualifications for Retirement	Normal retirement age is 55, with early retirement at age 50; teachers can retire at any age after 20 years of membership service.	Normal retirement age is 60, with early retirement at age 55; teachers can retire at any age after 20 years of membership service.	None for investment account. Taxes and penalties may apply if withdrawn before age 59 1/2. See requirements for Retirement Medical Coverage.
Benefit Calculation Formula	Benefit formula is 2% for the first 20 years and all years of service prior to July 1, 1990, 2.5% thereafter. Benefit calculation is determined on the average of the high three contract salaries.	Benefit formula is 2% for the first 20 years, 2.5% thereafter. Benefit calculation is determined on the average of the high three contract salaries.	DC account balance plus investment earnings. May be received in several different payment options. Payout options include lump sum payments, rollovers to another qualified plan, or annuities. Annuities may be taken as a lifetime annuity, joint and survivor annuity, or for a period certain.
Alaska Cost-of-living Increases (COLA)	An Alaska Cost-of-Living Allowance is payable to benefit recipients who remain domiciled in Alaska after retirement. The allowance is 10% of the base benefit.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is 10% of the base benefit.	None provided.

PERS and TRS Tier Comparison Chart

TRS Tier	Tier I 7/1/5555 – 6/30/90	Tier II Entered after 6/30/90	Tier III Entered after 6/30/06
Post Retirement Pension Adjustments (PRPA) *Inflation protection*	PRPA increases granted on an ad hoc basis. If an ad hoc is not granted, Tier I employees must be age 60 or over or receiving benefits for 8 years to qualify for the automatic PRPA. The automatic PRPA passed in 1990 applied to all members regardless of hire date.	Automatic PRPA adjustments to disabled members, retirees 60 and over, and those who have received benefits for 8 years.	None provided.
Retirement Medical Coverage	Medical coverage is provided to all benefit recipients and their eligible dependents. The retiree medical plan premium is paid by the retirement system.	The retirement system pays the retiree medical plan premium for all disabilitants regardless of age, for retirees and survivors over age 60 and for retirees with at least 25 years of membership service. This coverage includes eligible dependents. Retirees and survivors under age 60, with less than 25 years of membership service must pay the full premium cost if they want coverage.	Access to medical coverage at Medicare eligible age with 10 years of service or at any age with 30 years of service. Must retire directly from the system. If not eligible for Medicare, must pay full premium. May use health reimbursement arrangement (HRA) account to pay premiums. Once the HRA is exhausted, member self- pays premiums. When eligible for Medicare, the percentage of premium paid by the retiree or surviving spouse is: 10-14 years of service - 30% 15-19 years - 25% 20-24 years - 20% 25-29 years - 15% 30 years or more - 10%
Disability Benefits	Disability benefits are 50% of base salary, plus 10% for each eligible dependent child up to a maximum of 4 children.	Disability benefits are 50% of base salary, plus 10% for each eligible dependent child up to a maximum of 4 children.	Must be a total and presumably permanent disability whose cause is directly related to performance of duties of the job or an on the job injury. Benefit is 40% of salary, earns service while on occupational disability. Employer continues to make all required contributions as if the member were working, plus the member's required contributions to the DC account, without deduction from the member's disability payment. Disability benefits cease when the member becomes eligible for normal retirement at Medicare eligible age and 10 years of service or at any age with 30 years of service. No medical insurance until eligible for normal retirement.

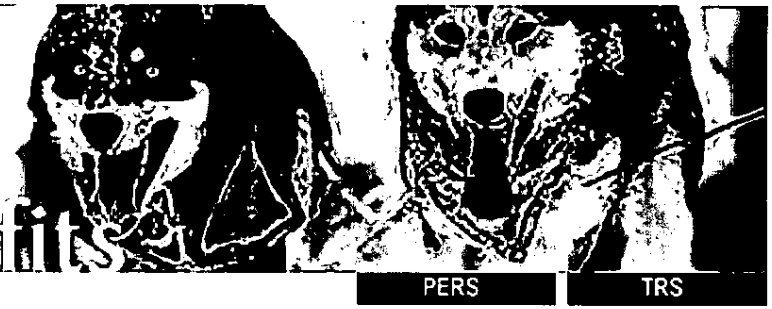
State of Alaska

Public Employees' Retirement System
Teachers' Retirement System

Presentation to the House Finance Committee on PERS/TRS 2009

History of PERS & TRS

- TRS established in 1955
- PERS established in 1961



Who is Covered in the System?

Public Employers/Employees & Teachers

- Cities, boroughs, some hospitals, school districts, State of Alaska
- Optional for political subdivisions

ARM Board & Consolidation of Governance

- Several separate boards before – ASPIB, PERB and TRB
- 2004 SB 141 consolidation in Alaska Retirement Management Board

PERS SYSTEM

Defined Benefit (DB)	Defined Contribution Retirement (DCR-Hybrid)
Retirement Income	Retirement Income
Health	Health + HRA
Disability (Occupational and Non-occupational)	Disability (Occupational)
Survivor	Survivor

Constitutional Prohibition Against Diminishment

Article 12, section 7 - Retirement Systems. Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired.

How Does the Retirement System Work?

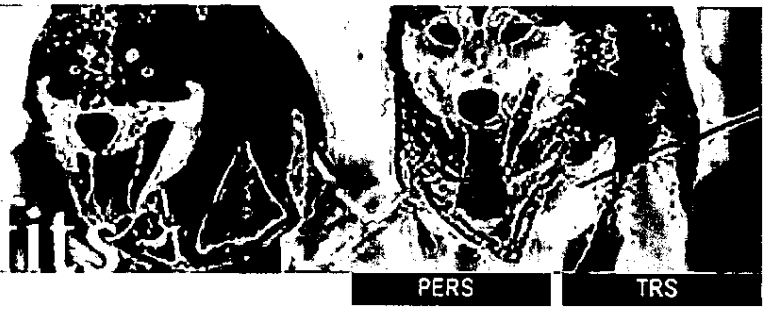
Contributions

↓

Investments

↓

Retirement Income

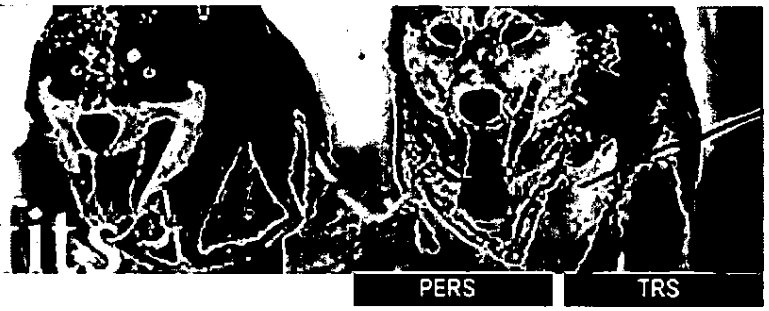


Contributions

- Employee & Employer
- SB 125, General Fund – to pay down unfunded liability

Alaska Department of Administration

Retirement and Benefits



PERS TRS

Contributions
Employee

Defined Benefit (DB)	Defined Contribution Retirement (DCR-Hybrid)
6.75% PERS and 7.5% PERS Peace Officer and Firefighter	8% PERS
8.65% TRS	8% TRS
Statutory	Statutory

Contributions

Employer - Rates

- ARMB Adopted Rates: 35.22% PERS, 44.17% TRS
- Statutory: 22.00% PERS, 12.56% TRS
- SB 125: Difference paid by state. (FY09 Budgeted & FY10 Governor's Request PERS $241,600,000, TRS $206,300,000)

ARMB Adopted Rate

- Valuations/Rate adopted by ARMB (based on over 25 variables set by ARM Board)
- Examples: Investments – rate of return and assets value, life expectancy, payroll growth, future healthcare costs

ARMB Adopted Rate

- Normal Cost pays for this year's benefit accrual only
- Past Service Cost pays for unfunded liability

ARMB Adopted Rate

		PERS	TRS
Normal Cost	→	13.72%	9.37%
Past Service	→	21.50%	34.80%
ARMB Adopted	→	35.22%	44.17%
Statutory Rate	→	22.00%	12.56%

Investments

- Assumptions and Asset Allocations (current rate of return assumption 8.25%; stocks, bonds, real estate)
- Long-term view – 5 yr. smoothing
- CY2008 PERS losses = DB (22.24%)
  DCR (35.46%)

Investments

- Needed for cash flow – contributions alone are not sufficient to make benefit payments as more people retire

Pay – Retirement Income

- Over 32,500 retirees
- 60% in state, 40% out of state
- $60 million per month retiree income
- $25 million per month in additional retiree & dependent health care

Unfunded Liability

- Funding ratio = assets ÷ liabilities
- 2001/2002 – investment losses from technology crash

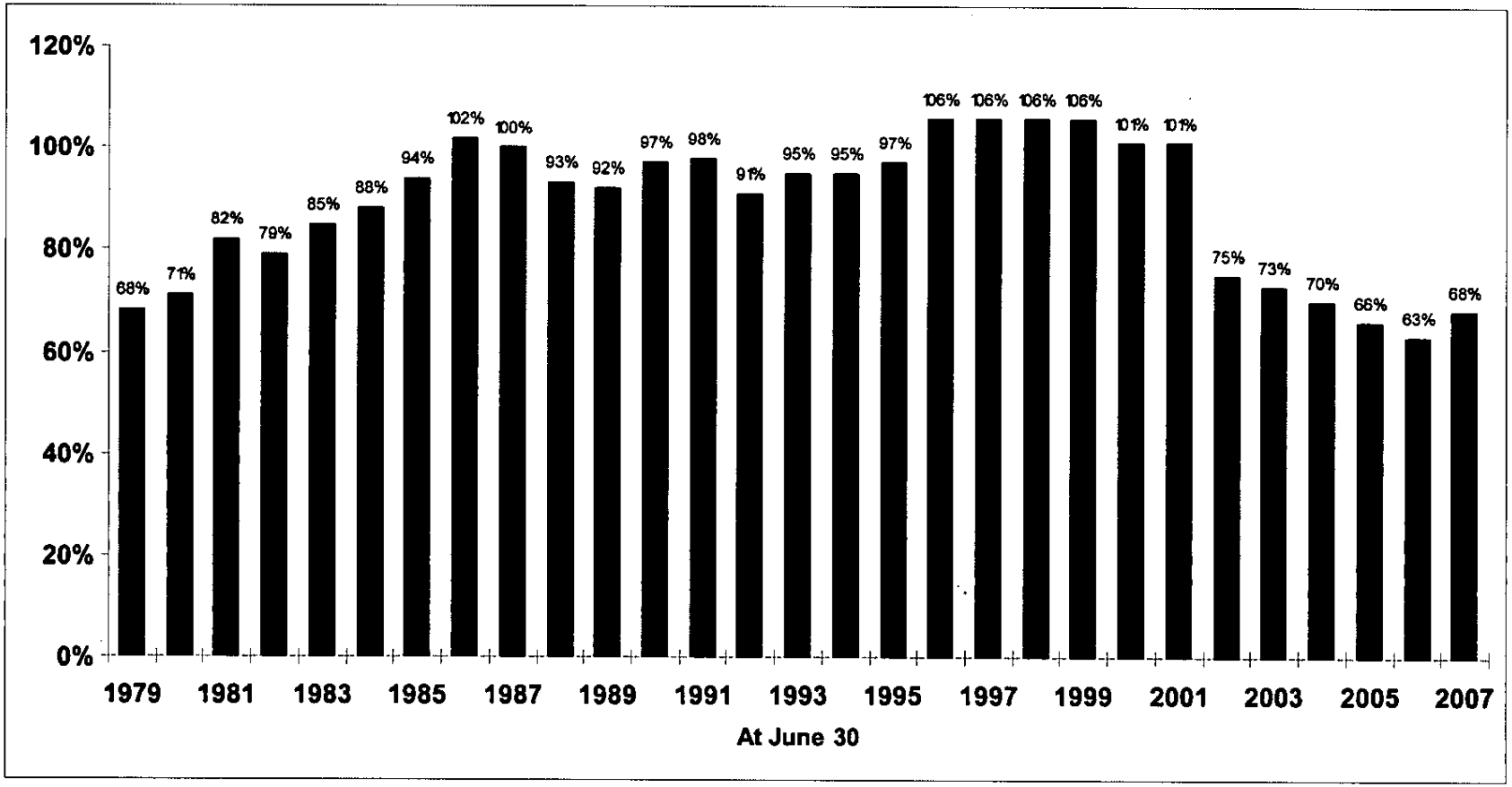
Unfunded Liability

- Both PERS and TRS enjoyed funding ratios over 100% through 2003
- Funding levels reflect combined pension and OPEB liabilities
- With the market downturn in the early 2000s, recognition of OPEB costs and other actuarial adjustments, ratios have fallen to the 60% range
- Contribution requirements that were steady or declining rose markedly in 2005 and after
- Alaska is not alone

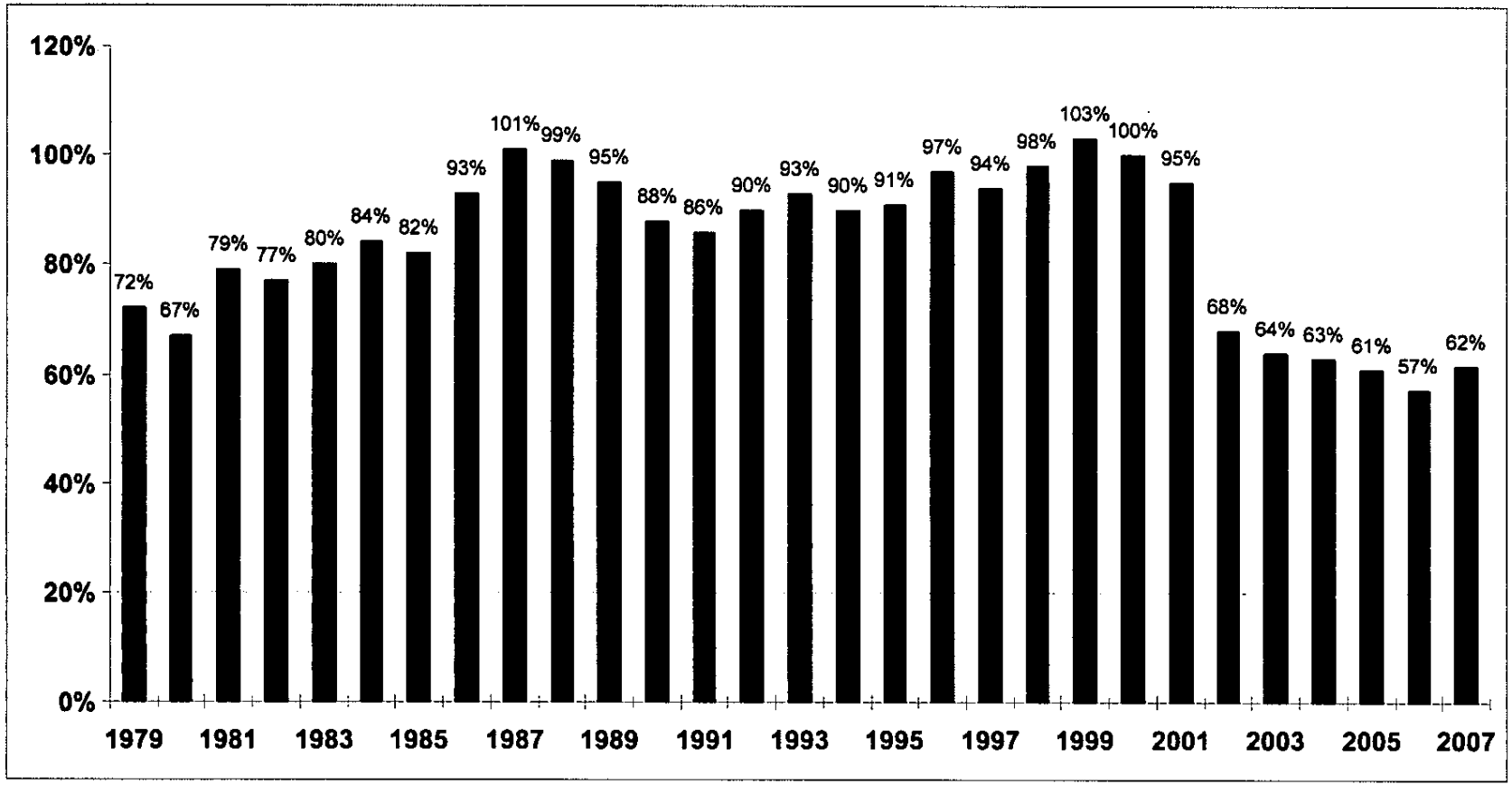
Alaska's Response

- DCR-Hybrid SB 141 – new retirement plan + new employer-funded health benefit plan
- SB 123 clean-up bill – assess all payroll at statutory rate
- SB 125 State pays difference between PERS 22%, TRS 12.56% statutory & ARMB adopted rate

PERS Funding Ratio History
(Based on Valuation Assets)



TRS Funding Ratio History
(Based on Valuation Assets)



2009 HOUSE FINANCE COMMITTEE ATTENDANCE

DATE: 02/05/09

Circle Meeting Chair: Hawker Stoltze

	MEMBER	PRESENT	ABSENT
RF	REP. FOSTER		
AA	REP. AUSTERMAN	✓	
MK	REP. KELLY	✓	
AF	REP. FAIRCLOUGH	✓	
MH	CO-CHAIR HAWKER		
BS	CO-CHAIR STOLTZE	✓	
BT	VICE-CHAIR THOMAS	✓	
LG	REP. GARA	✓	
HC	REP. CRAWFORD	✓	
WS	REP. SALMON	✓	
RJ	REP. JOULE	✓	

First Session, Twenty-Sixth Legislature
Staff Phone List, Feb. 1, 2009

Legislative Office	Office Address	Phone / Fax	Staff	
Austerman, Alan	Representative State Capitol, Rm 434 Juneau, AK 99801-1182	Phone # 465-2487 Fax # 465-4956	Verna Adams Erin Harrington Cliff Stone	Finance Committee
Buch, Bob	Representative State Capitol, Rm 430 Juneau, AK 99801-1182	Phone # 465-4968 Fax # 465-2040	Deborah Brevoort Madeline Lefton	
Bunde, Con	Senator State Capitol, Rm 504 Juneau, AK 99801-1182	Phone # 465-4843 Fax # 465-3871	Jane Alberts Constance Hartle	
Chenault, Mike Speaker of the House	Representative State Capitol, Rm 208 Juneau, AK 99801-1182	Phone # 465-3779 Fax # 465-2833	Sharon Kelly Tyra Smith Sue Wright	
Cissna, Sharon	Representative State Capitol, Rm 420 Juneau, AK 99801-1182	Phone # 465-3875 Fax # 465-4588	Stefan Ashe Brenda Moore	
Coghill, John Rules Chair	Representative State Capitol, Rm 214 Juneau, AK 99801-1182	Phone # 465-3719 Fax # 465-3258	Rachelle Fenderson Karen Lidster Rynnieva Moss	
Crawford, Harry	Representative State Capitol, Rm 400 Juneau, AK 99801-1182	Phone # 465-3438 Fax # 465-4565	Kenneth Alper Paul Grossi	
Dahlstrom, Nancy Jnt Armed Services Co-Chair	Representative State Capitol, Rm 411 Juneau, AK 99801-1182	Phone # 465-3783 Fax # 465-2293	Angela Blanchard Dara Glass Laura Pierre Susan Wallen	
Davis, Bettye H&SS Chair	Senator State Capitol, Rm 30 Juneau, AK 99801-1182	Phone # 465-3822 Fax # 465-3756	Richard Benavides Don Burrell Thomas Obermeyer Lynda Zaugg	Anch Office 269-0144
Doogan, Mike	Representative State Capitol, Rm 112 Juneau, AK 99801-1182	Phone # 465-4998 Fax # 465-4419	Priya Keane Matthew Moser	

Legislative Office	Office Address	Phone / Fax	Staff	
Dyson, Fred	Senator State Capitol, Rm 121 Juneau, AK 99801-1182	Phone # 465-2199 Fax # 465-4587	Gayle Keller Lucky Shultz	
Edgmon, Bryce Fisheries Chair, Energy Co-Chair	Representative State Capitol, Rm 416 Juneau, AK 99801-1182	Phone # 465-4451 Fax # 465-3445	Adam Berg Tim Clark Keri Smith	
Ellis, Johnny Majority Leader	Senator State Capitol, Rm 103 Juneau, AK 99801-1182	Phone # 465-3704 Fax # 465-2529	Jesse Cross-Call Max Hensley Amory Lelake Nick Moe	Finance Committee
Elton, Kim Education Chair	Senator State Capitol, Rm 506 Juneau, AK 99801-1182	Phone # 465-4947 Fax # 465-2108	Kristen Bressette Alida Bus Jesse Kiehl Dana Owen	Finance Committee
Fairclough, Anna	Representative State Capitol, Rm 421 Juneau, AK 99801-1182	Phone # 465-3777 Fax # 465-2819	Crystal Koeneman Karen Schuessler Kim Skipper	Eagle River 694-8944
Foster, Richard	Representative State Capitol, Rm 410 Juneau, AK 99801-1182	Phone # 465-3789 Fax # 465-3242	Larry Labolle Paul Labolle	Finance Committee
French, Hollis Judiciary Chair	Senator State Capitol, Rm 417 Juneau, AK 99801-1182	Phone # 465-3892 Fax # 465-6595	Kate Herring Andrew Moderow Cindy Smith	
Gara, Les	Representative State Capitol, Rm 500 Juneau, AK 99801-1182	Phone # 465-2647 Fax # 465-3518	Katie Conway David Theriault	
Gardner, Berta	Representative State Capitol, Rm 424 Juneau, AK 99801-1182	Phone # 465-4930 Fax # 465-3834	Virginia Allen Noah Hanson	
Gatto, Carl Military & Veterans Affairs Chair	Representative State Capitol, Rm 108 Juneau, AK 99801-1182	Phone # 465-3743 Fax # 465-2381	Dirk Craft Bonnie Gruening Sandra Wilson	
Gruenberg, Max	Representative State Capitol, Rm 110 Juneau, AK 99801-1182	Phone # 465-4940 Fax # 465-3766	Allison Laffen Deneen Tuck	

Legislative Office	Office Address	Phone / Fax	Staff	
Guttenberg, David	Representative State Capitol, Rm 418 Juneau, AK 99801-1182	Phone # 465-4457 Fax # 465-3519	Chris Birdsall Meredith Cameron	
Harris, John Legislative Council Chair	Representative State Capitol, Rm 403 Juneau, AK 99801-1182	Phone # 465-4859 Fax # 465-3799	John Bitney Christopher Clark Pete Fellman Chris Wyatt	Legislative Council
Hawker, Mike Finance Co-Chair	Representative State Capitol, Rm 505 Juneau, AK 99801-1182	Phone # 465-4949 Fax # 465-4979	Morgan Hopson Juli Lucky Larry Persily Paulyn Swanson	 Finance Committee Finance Committee Finance Committee
Herron, Bob H&SS Co-Chair, Com & Regional Affairs Co-Chair	Representative State Capitol, Rm 415 Juneau, AK 99801-1182	Phone # 465-4942 Fax # 465-4589	Marianna Carpeneti Rob Earl	
Hoffman, Lyman Finance Co-Chair	Senator State Capitol, Rm 518 Juneau, AK 99801-1182	Phone # 465-4453 Fax # 465-4523	Sandy Burd David Gray Pat Walker	 Finance Committee
Holmes, Lindsey	Representative State Capitol, Rm 405 Juneau, AK 99801-1182	Phone # 465-4919 Fax # 465-2137	Lisa Valenta James Waldo	
Huggins, Charlie Rules Chair	Senator State Capitol, Rm 119 Juneau, AK 99801-1182	Phone # 465-3878 Fax # 465-3265	Deborah Grundmann Sharon Long Karen Sawyer Jody Simpson	 Finance Committee
Johansen, Kyle Majority Leader	Representative State Capitol, Rm 204 Juneau, AK 99801-1182	Phone # 465-3424 Fax # 465-3793	Sonia Christensen Judy McDonnell David Scott	
Johnson, Craig Resources Co-Chair	Representative State Capitol, Rm 126 Juneau, AK 99801-1182	Phone # 465-4993 Fax # 465-3872	Jon Bittner Debra Higgins Jeanne Ostnes	
Joule, Reggie	Representative State Capitol, Rm 502 Juneau, AK 99801-1182	Phone # 465-4833 Fax # 465-4586	Christine Hess Virginia Smiley	Finance Committee
Kawasaki, Scott	Representative State Capitol, Rm 428 Juneau, AK 99801-1182	Phone # 465-3466 Fax # 465-2937	Brodie Anderson Mercedes Theuer	

Legislative Office	Office Address	Phone / Fax	Staff	
Keller, Wes Admin Reg Review, H&SS Co-Chair	Representative State Capitol, Rm 13 Juneau, AK 99801-1182	Phone # 465-2186 Fax # 465-3818	John Davies Matthew Johnson Janet Ogan Jim Pound	Admin Reg Review
Kelly, Mike	Representative State Capitol, Rm 513 Juneau, AK 99801-1182	Phone # 465-4976 Fax # 465-3883	Derek Miller Willow Olson Sheila Peterson	Finance Committee
Kerttula, Beth Minority Leader	Representative State Capitol, Rm 404 Juneau, AK 99801-1182	Phone # 465-4766 Fax # 465-4748	Lia Carpeneti Aurora Hauke Hannah McCarty	
Kookesh, Albert Transportation Chair	Senator State Capitol, Rm 11 Juneau, AK 99801-1182	Phone # 465-3473 Fax # 465-2827	Nancy Barnes Kimberly Clark Dorothy Shockley	
Lynn, Bob State Affairs Chair	Representative State Capitol, Rm 104 Juneau, AK 99801-1182	Phone # 465-4931 Fax # 465-4316	Nancy Manly Dirk Moffatt Mike Sica	
McGuire, Lesil Resource Co-Chair, World Trade Chair, Spec Com on Energy Chair	Senator State Capitol, Rm 125 Juneau, AK 99801-1182	Phone # 465-2995 Fax # 465-6592	Dani Carlson Trevor Fulton Josef Holbert Shalon Szymanski	
Menard, Linda State Affairs Chair	Senator State Capitol, Rm 9 Juneau, AK 99801-1182	Phone # 465-6600 Fax # 465-3805	Marilyn Lane Deborah Prator Michael Rovito	
Meyer, Kevin Budget & Audit Chair	Senator State Capitol, Rm 101 Juneau, AK 99801-1182	Phone # 465-4945 Fax # 465-3476	Josh Applebee Rick Clair Christine Marasigan	Leg Budget & Audit
Millett, Charisse Energy Co-Chair	Representative State Capitol, Rm 412 Juneau, AK 99801-1182	Phone # 465-3879 Fax # 465-2069	Ryan Makinster Pam Marquez Jeff Turner	
Muñoz, Cathy Com & Regional Affairs Co-Chair	Representative State Capitol, Rm 409 Juneau, AK 99801-1182	Phone # 465-3744 Fax # 465-2273	Shannon Fields Terry Harvey Kendra Kloster	
Neuman, Mark Resources Co-Chair	Representative State Capitol, Rm 432 Juneau, AK 99801-1182	Phone # 465-2679 Fax # 465-4822	James Ellis Beth Schneider Rex Shattuck	

Legislative Office	Office Address	Phone / Fax	Staff	
Olson, Donald C&RA Chair	Senator State Capitol, Rm 514 Juneau, AK 99801-1182	Phone # 465-3707 Fax # 465-4821	Tim Benintendi Kendri Cesar Patty Krueger Denise Liccioli	 Finance Committee
Olson, Kurt Labor & Commerce Chair	Representative State Capitol, Rm 24 Juneau, AK 99801-1182	Phone # 465-2693 Fax # 465-3835	Konrad Jackson Anna Marie Latham Jennifer Senette	
Paskvan, Joe Labor & Commerce Chair	Senator State Capitol, Rm 7 Juneau, AK 99801-1182	Phone # 465-3709 Fax # 465-4714	Jake Hamburg Anna Sorensen Jeff Stepp	
Petersen, Pete	Representative State Capitol, Rm 422 Juneau, AK 99801-1182	Phone # 465-4939 Fax # 465-2418	David Dunsmore Ashley Rousson	
Ramras, Jay Judiciary Chair, Econ Dev, Trade, & Tourism Chair	Representative State Capitol, Rm 118 Juneau, AK 99801-1182	Phone # 465-3004 Fax # 465-2070	Margaret Dowling Jane Pierson Dana Judith Strommen	
Salmon, Woodie	Representative State Capitol, Rm 114 Juneau, AK 99801-1182	Phone # 465-4527 Fax # 465-2197	Maridon Boario Carol Shewfelt	
Seaton, Paul Education Chair	Representative State Capitol, Rm 102 Juneau, AK 99801-1182	Phone # 465-2689 Fax # 465-3472	Louis Flora Katie Koester Mary Jane Shows	
Stedman, Bert Finance Co-Chair	Senator State Capitol, Rm 516 Juneau, AK 99801-1182	Phone # 465-3873 Fax # 465-3922	Weston Eiler Linda Hay Julie Isom	
Stevens, Gary Senate President	Senator State Capitol, Rm 111 Juneau, AK 99801-1182	Phone # 465-4925 Fax # 465-3517	Tim Lamkin Doug Letch Katrina Matheny Theresa Robl Cheryl Sutton	
Stoltze, Bill Finance Co-Chair	Representative State Capitol, Rm 515 Juneau, AK 99801-1182	Phone # 465-4958 Fax # 465-4928	James Armstrong John Coan Sandy Moore Ben Mulligan	Finance Committee Finance Committee Finance Committee
Therriault, Gene Minority Leader	Senator State Capitol, Rm 427 Juneau, AK 99801-1182	Phone # 465-4797 Fax # 465-3884	Heather Brakes Ernest Prax David Stancliff	

Legislative Office	Office Address	Phone / Fax	Staff	
Thomas, Bill	Representative State Capitol, Rm 501 Juneau, AK 99801-1182	Phone # 465-3732 Fax # 465-2652	Pete Ecklund	Finance Committee
			Cecile Elliott	
			Kaci Schroeder Hotch	Finance Committee
Thomas, Joe	Senator State Capitol, Rm 510 Juneau, AK 99801-1182	Phone # 465-2327 Fax # 465-5241	Joseph Hardenbrook	
			Grier Hopkins	
			Catherine Reardon	Finance Committee
Tuck, Chris	Representative State Capitol, Rm 426 Juneau, AK 99801-1182	Phone # 465-2095 Fax # 465-3810	Aurah Landau	
			Eugene White	
Wagoner, Tom	Senator State Capitol, Rm 423 Juneau, AK 99801-1182	Phone # 465-2828 Fax # 465-4779	Mary Jackson	
			Amy Seitz	
Wielechowski, Bill Resources Co-Chair, Jnt Armed Svcs Co-Chair	Senator State Capitol, Rm 115 Juneau, AK 99801-1182	Phone # 465-2435 Fax # 465-6615	George Ascott	
			Shelly Morgan	
			Michelle Sydeman	
Wilson, Peggy Transportation Chair	Representative State Capitol, Rm 406 Juneau, AK 99801-1182	Phone # 465-3824 Fax # 465-3175	Daniel Di Stefano	
			Kathleen Everest	
			Sherry Hill	
			Becky Rooney	
Finance Committee Secretary's Office	State Capitol, Rm 519 Juneau, AK 99801-1182	Phone # 465-6814 Fax # 465-6813	Christina Apathy	Senate 465-4935
			Louanne Christian	Staff Supervisor 465-6814
			Johanna Crossett	Senate 465-6367
			Doniece Gott	Relief 465-3753
			Nancy Jones	House 465-2156
			Marta Lastufka	House 465-2378
			Christine Marie	Senate 465-2618
			Helen Phillips	Web Poster 465-6258
House Chief Clerk's Office	State Capitol, Rm 216 Juneau, AK 99801-2197	Phone # 465-3725 Fax # 465-5334	Londi Ensor	
			Tisha Gieser	
			Stephanie Hall	
			Suzi Lowell	Chief Clerk
			Nancy McMullen	
			Jackie Schulz	

Legislative Office	Office Address	Phone / Fax	Staff	
House Floor Staff	State Capitol, House Chambers Juneau, AK 99801-2197	Phone # 465-3869 Fax #	Micaela Bradner	Asst. Sergeant-At-Arms
			Robert (Luke) Doran	
			Sam Erickson	
			Reid Harris	
			Jacob Kreuzenstein	
			Elli Lokken	
			Nels Tomlinson	Sergeant-At-Arms
House Majority Office	State Capitol, Rm 208 Juneau, AK 99801-1182	Phone # 465-4859 Fax # 465-3799	Joel Lounsbury	
			Tom Wright	
House Majority Press Office	State Capitol, Rm 116 Juneau, AK 99801-1182	Phone # 465-6791 Fax # 465-2698	Renee Limoge	
			William Vandergriff	465-5284
House Majority Web Office	State Capitol, Rm 116 Juneau, AK 99801	Phone # Fax #	Bud Curtis	465-6547
			Ken Erickson	269-0256
House Minority Press Office	State Capitol, Rm 404 Juneau, AK 99801-1182	Phone # 465-3842 Fax # 465-4748	Frank Ameduri	
House Records	Terry Miller LOB, Ste 229 Juneau, AK 99801	Phone # 465-2214 Fax # 465-2267	Kelly Burnett	
			Butch Carber	
			Nancy Hemenway	
			Crys Jones	Records Supervisor
			Julie Koehler	
			Susan Rael	
			Lori Roland	
			Deborah Tillinghast	
Joint Armed Services Committee	716 W. 4th Ave, Ste 380 Anchorage, AK 99501	Phone # 269-0220 Fax # 269-0221		
Legislative Council	State Capitol, Rm 403 Juneau, AK 99801-1182	Phone # 465-3721 Fax # 465-3799	John Bitney	
Outdoor Heritage Caucus	716 W. 4th Ave, Ste 600 Anchorage, AK 99501-213	Phone # 269-0155 Fax # 269-0128	Edward Grasser	

Legislative Office	Office Address	Phone / Fax	Staff	
Select Committee on Legislative Ethics	716 W. 4th Ave, Ste 230 Anchorage, AK 99510	Phone # 269-0150 Fax # 269-0152	Joyce Anderson	
Senate Finance Staff	State Capitol, Rm 516 Juneau, AK 99801-1182	Phone # Fax #	Miles Baker	465-3873
			Tim Grussendorf	465-4453
			Jay Livey	465-4453
			Darwin Peterson	465-3873
Senate Floor Staff	State Capitol, Senate Chambers Juneau, AK 99801-2197	Phone # 465-4987 Fax #	Amanda Behrends	
			Doug Eckland	Sergeant-At-Arms
			Dave Langlee	
			Edra Morledge	Asst Sergeant-At-Arms
			Amanda Neuman	
			Matthew Neuman	
			Ellen Peyton	
			Greta Thibodeau	
Senate Majority / House Minority Web Office	State Capitol, Rm 17A Juneau, AK 99801-1182	Phone # 465-2430 Fax #	Peter Stein	
Senate Majority Office	State Capitol, Rm 111 Juneau, AK 99801-1182	Phone # 465-5038 Fax # 465-3805	Katharine Moss	
Senate Majority Press Office	State Capitol, Rm 413 Juneau, AK 99801-1182	Phone # 465-3803 Fax # 465-4450	Tim Barry	
Senate Minority Press Office	State Capitol, Rm 429 Juneau, AK 99801-1182	Phone # 465-5369 Fax #	John Manly	
Senate Records	Terry Miller LOB, Ste 226 Juneau, AK 99801-2197	Phone # 465-2870 Fax # 465-2931	Karey Cooperrider	
			Ann Krekelberg	Records Supervisor
			Linda Randall	
			Susan Warner	
Senate Secretary's Office	State Capitol, Rm 213 Juneau, AK 99801-1182	Phone # 465-3701 Fax # 465-2832	Liz Clark	
			Martha Hopson	
			Nancy Schaufelberger	
			Julianna Singh	
			Gina Spartz	
			Kirsten Waid	Senate Secretary

COMMITTEE ACTION ON LEGISLATION

Fax to Chief Clerk's Office 5334

PAGE 1 **OF** 1

HOUSE FINANCE SECRETARY: m. DIZE

DATE: 02/05/09

SHORT TITLE HB 81 HB 83	**ACTION TAKEN ON LEGISLATION** ______Moved Out of Committee ______Moved CS (_______) Out of Committee ______Moved HCS (_______) Out of Committee __✓___Heard and Held ______Heard and Held Assigned to Subcommittee ______Bill Postponed to___________ ______Scheduled but not Heard ______Failed to Move Out of Committee
SHORT TITLE	**ACTION TAKEN ON LEGISLATION** ______Moved Out of Committee ______Moved CS (_______) Out of Committee ______Moved HCS (_______) Out of Committee ______Heard and Held ______Heard and Held Assigned to Subcommittee ______Bill Postponed to___________ ______Scheduled but not Heard ______Failed to Move Out of Committee
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ALASKA PERS TIMELINE

1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2006

TIER I — TIER II — TIER III

1959 Statehood

1961 PERS DB Plan Established

1975 Retirement age changes from 60 to 55

1975 Medical Insurance provided for all retirees

1976 Disability retirement calculation changes

1977 Calculation rules change for retirees returning to work

1986 Tier II established (6 significant changes)

1986 1st RIP

1989 2nd RIP

1992 Pension Investment Board established

1996 Tier III established

1996- 00 3rd RIP

1997 State Managed Health Plan & Long Term Care

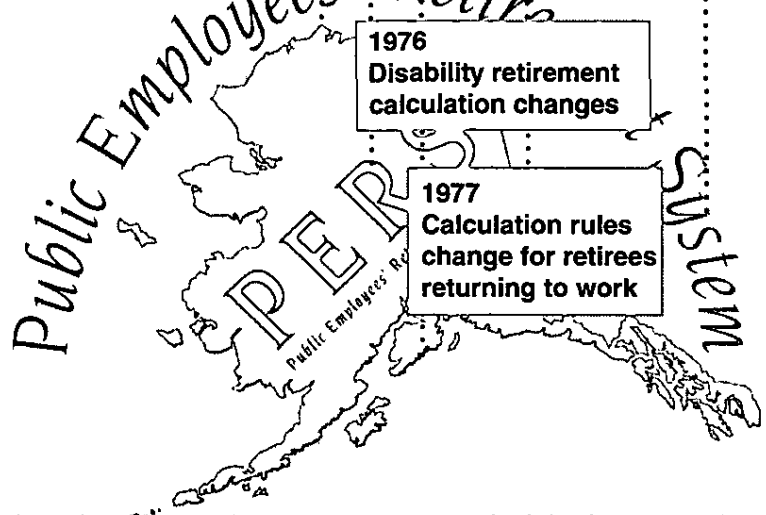
2001 Retirees' return to employment provision

2001 System paid medical coverage expanded

2002 Pre-tax payment of indebtedness

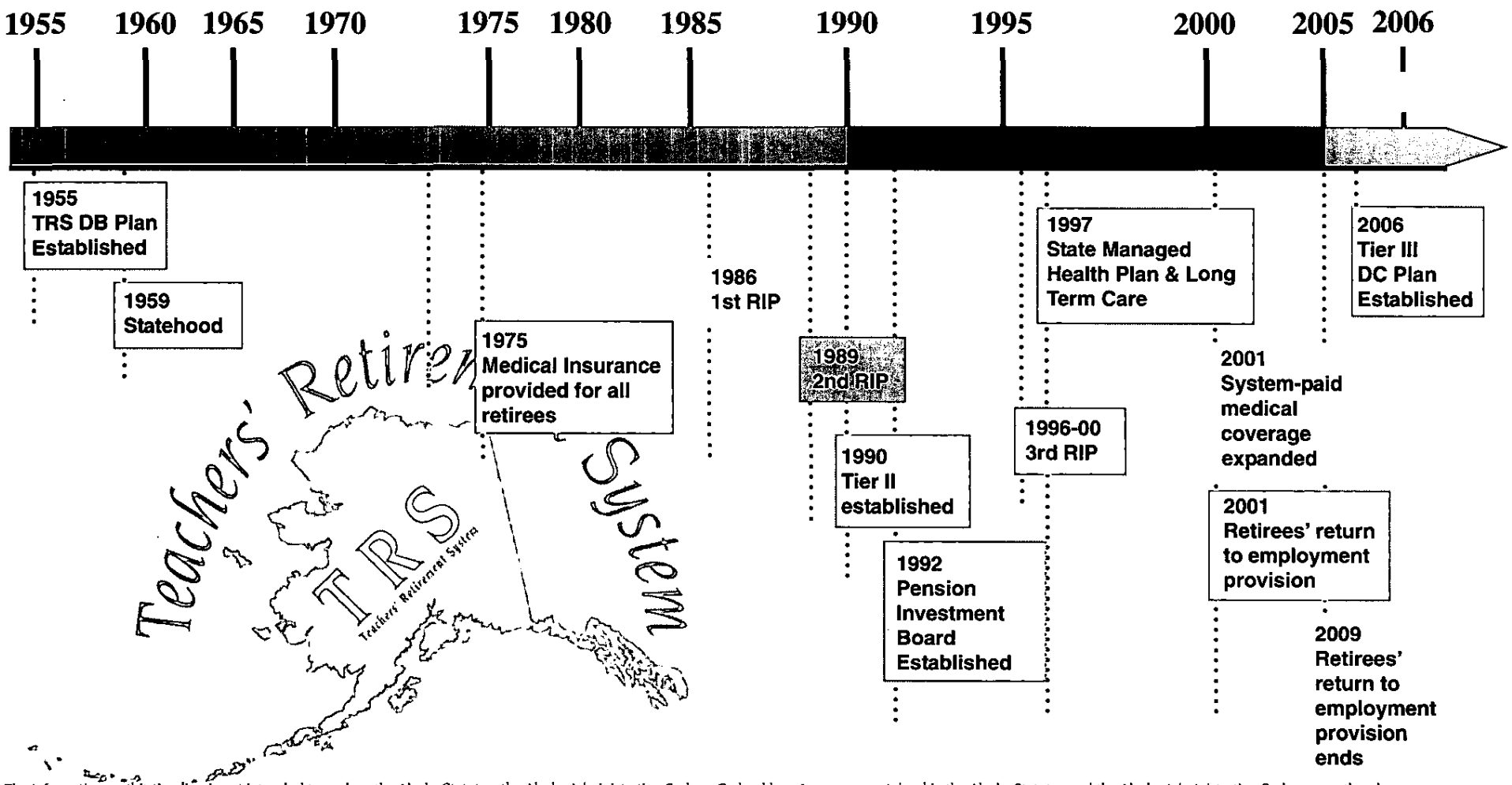
2006 Tier IV DC Plan Established

2009 Retirees' return to employment provision ends



The information on this timeline is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes and the Alaska Administrative Code govern the plans. G:/publications/timelines/perstimeline.pmd (Rev. 12/08). Prepared by the State of Alaska, Department of Administration, Division of Retirement & Benefits. Contact Jim Puckett at 907-465-4471 for more information.

ALASKA TRS TIMELINE



The information on this timeline is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes and the Alaska Administrative Code govern the plans. G:/publications/timelines/trstimeline.pmd (Rev. 12/07). Prepared by the State of Alaska, Department of Administration, Division of Retirement & Benefits. Contact Jim Puckett at 907-465-4471 for more information.

Actuarial Valuation 101

The ultimate cost of any retirement system can be represented by, the formula:

System Costs = Assets - Liabilities

Where assets = Investment Returns + Plan Contributions
and Liabilities = Benefits to be Paid + Administrative Expenses

Since none of these factors are known until the last benefit is paid, they must be measured and estimated by something called an **Actuarial Valuation**. The primary function of an **Actuarial Valuation** is to determine:

- The annual amount, the actuarially computed employer rate that must be paid into the plan in order to pay for current and all future benefit costs.
- This results in the computation of the plan's **Actuarial Funding Ratio**: the ratio of fund assets to liabilities for benefits accrued to date.

A pension plan whose assets equal its liabilities is funded at 100% and is considered *fully funded;* any shortfall of assets is an *unfunded liability,* and a plan with an unfunded liability is considered *underfunded.*

Underfunded does not mean that a plan is unable to pay the benefits for which it is presently obligated to pay or to meet its current cash flow requirements. It simply means that in the unlikely event that all the plan's liabilities had to be settled today, it would be unable to meet them. Fortunately, a retirement system's obligations extend many years into the future so the plan has time to accrue the assets needed to ultimately meet all its future obligations.

Calculating the employer rate and the Actuarial Funding Ratio involves many variable financial, economic, and demographic assumptions. Over the short-term, many of these assumptions will be incorrect to one degree or another. After all, the Actuarial Valuation is only a snapshot of an arrangement of complex, long-term financial and demographic projections, "based on the theoretical supposition that the plan's liabilities are subject to settlement on the date the valuation is done."

Because no one knows what the future holds, an actuary uses a mixture of professional judgment, past experience and future expectations to estimate possible future economic outcomes. Assumptions used in the **Actuarial Valuation** should be chosen in a way that ensures:

1) the plan is funded in an orderly and stable way and
2) that the plan's accumulated annual contributions and investment returns are adequate to provide participants with their promised benefit payouts by the end of the funding period - in the case of PERS and TRS, 25 years.

The Alaska Division of Retirement & Benefits contracts with an actuarial consultant to prepare annual Actuarial Valuations of the state's public retirement systems -PERS & TRS.

The actuarial consultant uses the following assumptions and actuarial methods in their annual valuation analysis:

Economic Assumptions

Relate to the expected long-term financial experience of *the plan*

- Annual Investment Return
- Post Retirement Health Premium Trend
- Total Inflation
- Annual Salary Increases

Demographic Assumptions

Relate to the plan's populations and how they are expected to change over time

- Mortality Rates
- Total Turnover Rate
- Disability Rate
- Retirement Rates
- Assumed Retirement Date if Before Age 50

Actuarial Assumptions

In addition to the Demographic and Economic Assumptions stated above, the following additional assumptions are inputs in the actuarial analysis

- Medical Benefit Valuation - A pre-65 and post-65 premium cost are computed, increased with a health inflation assumption and combined into a blended premium. This evaluation also is based on who is actually eligible for employer paid health care.
- Target Funding Ratio - *The ratio* of *Assets to Accrued Liabilities that the plan is targeting going forward - at 100% target ratio, the plan targets full funding after* 25 *years in the case* of *PERS and TRS.*
- COLA -% of retirees receiving
- Spouse's Age
- Dependent Children
- Contribution Refund Rates
- New Entrants
- Post-Pension Retirement Adjustments
- Expenses
- Marital Status

Actuarial Methods

The methods adopted by the actuarial consultant in determining the cost of a pension plan and for determining the annual contribution required to adequately provide for future benefits

- Asset Valuation Method -Actuarial currently uses an Asset Smoothing Method -*which recognizes 20%* of *assets gains* & *losses for the current and preceding four years*
- Actuarial Cost Method -Actuarial currently uses a Projected Unit Credit (PUC) -*which produces an Accrued Liability, Unfunded Liability,* a *Normal Cost Rate and* a *Past Service Cost* Accrued Liability -*the present value* of *benefits credited*
    - Unfunded Liability -*the* excess of *Accrued Liabilities over the Plan's total Assets*
    - Normal Cost -*is the present value* of *the benefits expected to be earned by active members during the current year*
    - Past Service Cost -*the annual payment required to payoff any Unfunded Liability over the stipulated amortization period*
- Amortization Schedule for Unfunded Liability and Future Gains & Losses – the actuarial uses a 25-year fixed period level percentage of pay.

Alaska State Legislature
HOUSE FINANCE COMMITTEE

Agenda

1:30 PM

Thursday, February 5, 2009

HB 81-APPROP: OPERATING BUDGET/LOANS/FUNDS
HB 83-APPROP: MENTAL HEALTH BUDGET

Budget Overviews:

PERS/TRS Update

Annette Kreitzer, Commissioner, Department of Administration
Pat Shier, Director, Division of Retirement and Benefits, Department of Administration

Available for Questions:
Kevin Brooks, Deputy Commissioner, Department of Administration
Kathy Lea, Retirement Manager, Division of Retirement and Benefits, DOA
Jerry Burnett, Deputy Commissioner, Division of Treasury, Department of Revenue
Gary Bader, Chief Investment Officer, Treasury Division, Department of Revenue
Pamela Green, Comptroller, Division of Treasury, Department of Revenue