

ALASKA LEGISLATURE

2475

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

Examples of Budget Balancing: Arizona

Shifted K-12 school construction funding from the general fund to lease-purchase financing

Delayed a K-12 education payment by one month (from the FY 2003 budget to the FY 2004 budget) temporarily saving \$191 million



Examples of Budget Balancing: Connecticut

The Legislature gave the governor an extra \$35 million of extraordinary budget cutting authority to help balance the budget

Transferred resources from quasi-public agencies (\$100 million)

Implemented a tax amnesty program (\$100 million)



Examples of Budget Balancing: Iowa

Reduced Medicaid reimbursement rates by approximately 3%

Tapped \$97.1 million in revenues from non-general fund sources

Shifted \$304.3 million in expenditures traditionally funded from the general fund to non-general fund sources, including \$93.5 million in tobacco receipts to fund programs (Medicaid)



Examples of Budget Balancing: Iowa

Realized \$33.5 million in savings from employee furloughs (departments were allowed discretion on how to implement)

Saved \$6.5 million from implementing a 5-month delay in the state employee cost of living increase negotiated by the unions; Governor requested and unions acceded to avoid layoffs.

Implemented administrative rules to control pharmaceutical costs



Examples of Budget Balancing: Louisiana

Implemented tax amnesty program that earmarked revenues for capital outlay

- Appropriated current year excess revenue into dedicated funds and will appropriate out of the special funds in the next fiscal year (averts a requirement that surplus revenues be limited to debt service, capital outlay and extra retirement payments)



Examples of Budget Balancing: Michigan

Shifted collection date of the 6-mill state education tax (all of which goes to the School Aid Fund) resulting in one-time \$460 million gain for FY 2003



Examples of Budget Balancing: New Jersey

Adopted business tax reform that: closed loopholes, created new alternative minimum assessment, suspended NOL carryforward for two years, accelerated quarterly payments, increased taxable income of investment companies, subjected savings institutions to corporate income tax, raised minimum tax under corporate income tax and reduced the tax rate on small businesses. (\$836 million)



Examples of Budget Balancing: New Jersey

Raised fees, including \$2/day on vehicle rentals

Offered a two-month tax amnesty program

Flat-funded formula school program in FY 2003

Postponed a scheduled increase in the property tax rebate program

Cancelled some inflation adjustments in formula aid distributions

Offered early retirement program for 5,000 employees



Examples of Budget Balancing: Pennsylvania

Transferred \$100 million to the general fund from Underground Storage Tank Indemnification Fund to be repaid over 10 years beginning in FY 2005

Reduced the dormancy period for most unclaimed property from seven to five years (\$197.6 million)

Decreased the reserve for tax refunds (\$32.4 million)



Examples of Budget Balancing: Rhode Island

Gave each department a single line item in the budget (rather than budgeting by division or major programs) after reducing requested amounts for personnel expenditures, and granted flexibility to departments to operate within appropriated levels. Intent is to eliminate the need for supplemental funding.



Examples of Budget Balancing: Utah

Changed disbursements to higher education institutions to six month period resulting in net interest earnings gain of \$500,000

Changed statute that requires a level of funding for capital improvements equal to 1.1% of the insured value of state buildings; was modified to 0.9% in cases of financial need

Sold Utah Technology Finance Corporation to the private sector for \$4 million



**PERS/TRS
PRESENT.,**

2/19/04

SFIN

FILE



State of Alaska

Public Employees' Retirement System Teachers' Retirement System

Presentation to the Alaska State Legislature

2004

Outline PERS / TRS Funding

White Paper - Retirement System Funding

Funding Status

FY04 - FY06 Executive Summary

Primary Factors Contributing to Funding Status

increase in Health Care Cost

Loss of Investment Earnings

Employer Rates FY01 through FY05

Employer Contribution Rate Savings FY98 - FY04

FY05 Change by Employer

PERS Tier IV - TRS Tier III Subcommittee

Comparison with other retirement systems funding of healthcare

White

Paper

EMPLOYEE BENEFITS AND RETIREMENT SYSTEM FUNDING WHITE PAPER

Public Employees' Retirement System Teachers' Retirement System

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

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

By: Anselm Staack
Alaska Division of Retirement & Benefits
PO Box 110203
Juneau, AK 99811-0203

Phone: 907-465-4460
Fax: 907-465-3086
TDD: 907-465-2805

October 2003

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

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

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

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

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

Defined Benefit

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

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

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

Defined Contribution

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

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

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

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

All retirement plans usually have three basic funding sources:

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

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

Expenses – “Deductions” From Plan Assets - Defined Benefits

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

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

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

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

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

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

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

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

Total system costs / funding can be defined by:

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

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

Actuarial Valuation

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

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

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

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

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

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

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

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

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

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

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

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

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

Individual Employer Rates v. Cost Sharing

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

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

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

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

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

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

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

Who Adopts The Rates – How High Can They Go?

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

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

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

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

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

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

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

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

(Represents the AVERAGE rates, individual employer rates vary)

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

Why the Big Difference Between FY 04 and FY 05?

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

Investment Earnings

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

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

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

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

Health Care Costs

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

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

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

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

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

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

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

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

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

Who Takes The Risk? – The “Bottom Line”

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

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

Background

Total system costs can be defined by the following equation:

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

Background

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

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

System Funding Goals

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

- Relatively stable contribution rates over time
- Actuarial funding of retiree medical benefits
- 100% (102% for PERS) funded ratio of assets to accrued liabilities (including retiree medical)
- Pay for benefits during working lifetime (25 year period)

Data, Assumptions & Methods

The results in this presentation are based on the following:

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

Current Issues and Challenges

Rising employer contribution levels and deteriorating funded status

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

Funding Status

FY04 - FY06

Alaska Public Employees' and Teachers' Retirement System
Earnings – Actuarial Rate – Health Cost – Employer Rates – Funding Ratios

Public Employees' Retirement System

| Measurement Year | FY 01 | FY 02 | FY 03 |
|--|--------------|--------------|-----------------------------|
| Employer Rate Year | <u>FY 04</u> | <u>FY 05</u> | <u>FY 06</u> |
| Actual Investment Return | (5.25%) | (5.48%) | 3.67% |
| <u>Actuarial</u> Investment Return | 8.25% | 8.25% | 8.25% |
| Cumulative Return Shortfall, rounded | (14 %) | (28 %) | (34 %) |
| Cumulative Dollar Shortfall, <u>in billions</u> (in billions, market value) | \$1.2 | \$2.4 | \$2.9 |
| Health Care Cost Inc. Rate Used | 7.5 % | 12.0 % | 12.0 % |
| Average Calculated Rate | 6.77% | 24.91% | TBD |
| Board Adopted Rate | 6.77% | 11.77% | TBD (Max. 16.77% by Reg.) |
| Contribution Increase (All ER) | n/a | \$ 76 mil. | TBD (\$78 mil. if max used) |
| Funding Ratio – Assets \ Liabilities | | | |
| Non-Medical Benefits only | 143.7% | 120.9% | TBD |
| Total Benefits | 100.9% | 75.2% | TBD |

Teachers' Retirement System

| Measurement Year | FY 01 | FY 02 | FY 03 |
|--|--------------|--------------|--------------------------|
| Employer Rate Year | <u>FY 04</u> | <u>FY 05</u> | <u>FY 06</u> |
| Actual Investment Return | (5.35%) | (5.49%) | 3.68% |
| <u>Actuarial</u> Investment Return | 8.25% | 8.25% | 8.25% |
| Cumulative Return Shortfall | (14 %) | (28 %) | (34 %) |
| Cumulative Dollar Shortfall, <u>in billions</u> (in billions, market value) | \$0.6 | \$1.2 | \$1.4 |
| Health Care Cost Inc. Rate Used | 7.5 % | 12.0 % | 12.0 % |
| Average Calculated Rate | 14.44% | 35.57% | TBD |
| Board Adopted Rate | 12.00 % | 16.00% | TBD (Not Limited) |
| Contribution Increase (All ER) | \$ 5 Mil. | \$ 24 mil | TBD (Each 1% = \$6 mil.) |
| Funding Ratio – Assets \ Liabilities | | | |
| Non-Medical Benefits only | 119.7% | 93.2% | TBD |
| Total Benefits | 95.0% | 68.2% | TBD |

Employer

Savings

FY98 - FY04

Alaska Public Employees' and Teachers' Retirement System
Earnings – Actuarial Rate – Health Cost – Employer Rates – Funding Ratios

Public Employees' Retirement System

| Measurement Year | FY 01 | FY 02 | FY 03 |
|--|--------------|--------------|-----------------------------|
| Employer Rate Year | <u>FY 04</u> | <u>FY 05</u> | <u>FY 06</u> |
| Actual Investment Return | (5.25%) | (5.48%) | 3.67% |
| <u>Actuarial</u> Investment Return | 8.25% | 8.25% | 8.25% |
| Cumulative Return Shortfall, rounded | (14 %) | (28 %) | (34 %) |
| Cumulative Dollar Shortfall, <u>in billions</u> (in billions, market value) | \$1.2 | \$2.4 | \$2.9 |
| Health Care Cost Inc. Rate Used | 7.5 % | 12.0 % | 12.0 % |
| Average Calculated Rate | 6.77% | 24.91% | TBD |
| Board Adopted Rate | 6.77% | 11.77% | TBD (Max. 16.77% by Reg.) |
| Contribution Increase (All ER) | n/a | \$ 76 mil. | TBD (\$78 mil. if max used) |
| Funding Ratio – Assets \ Liabilities | | | |
| Non-Medical Benefits only | 143.7% | 120.9% | TBD |
| Total Benefits | 100.9% | 75.2% | TBD |

Teachers' Retirement System

| Measurement Year | FY 01 | FY 02 | FY 03 |
|--|--------------|--------------|--------------------------|
| Employer Rate Year | <u>FY 04</u> | <u>FY 05</u> | <u>FY 06</u> |
| Actual Investment Return | (5.35%) | (5.49%) | 3.68% |
| <u>Actuarial</u> Investment Return | 8.25% | 8.25% | 8.25% |
| Cumulative Return Shortfall | (14 %) | (28 %) | (34 %) |
| Cumulative Dollar Shortfall, <u>in billions</u> (in billions, market value) | \$0.6 | \$1.2 | \$1.4 |
| Health Care Cost Inc. Rate Used | 7.5 % | 12.0 % | 12.0 % |
| Average Calculated Rate | 14.44% | 35.57% | TBD |
| Board Adopted Rate | 12.00% | 16.00% | TBD (Not Limited) |
| Contribution Increase (All ER) | \$ 5 Mil. | \$ 24 mil | TBD (Each 1% = \$6 mil.) |
| Funding Ratio – Assets \ Liabilities | | | |
| Non-Medical Benefits only | 119.7% | 93.2% | TBD |
| Total Benefits | 95.0% | 68.2% | TBD |

SAVINGS DUE TO LOWER EMPLOYER CONTRIBUTIONS FY 98 – FY 04

PERS

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

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

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

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

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

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

TRS

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

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

January 2004

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

| Fiscal Year | Payroll State AK Only (actual data) | Percent Change From PY | Payroll All Others (actual data) | Percent Change From PY | Payroll Total | PERS Board Adopt Ave ER Cont. Rate | Chg From FY 97 Base | Calculated State of Alaska Change | Calculated All Other PERS Employer Change | Calculated Total Employer Contrib. Less Due To Base Change | Actual Total Employer Contrib | Actual Change In Total Net ER Contrib (includes all changes) |
|-------------|-------------------------------------|------------------------|----------------------------------|------------------------|-----------------|------------------------------------|---------------------|-----------------------------------|---|--|-------------------------------|--|
| 1996 | 619,492,911 | | 602,373,652 | | 1,221,866,563 | 12.82% | | | | | | |
| 1997 | 617,556,456 | -0.31% | 611,578,056 | 1.53% | 1,229,134,512 | 12.14% | | | | | 154,599,000 | |
| 1998 | 622,044,248 | 0.73% | 613,394,989 | 0.30% | 1,235,439,237 | 8.00% A | -4.14% | (25,752,632) | (25,394,553) | (51,147,184) | 112,384,000 | (42,215,000) |
| 1999 | 640,906,256 | 3.03% | 642,642,366 | 4.77% | 1,283,548,622 | 7.74% | -4.40% | (28,199,875) | (28,276,264) | (56,476,139) | 109,938,000 | (44,661,000) |
| 2000 | 651,362,372 | 3.19% | 660,548,849 | 2.79% | 1,321,911,221 B | 7.74% | -4.40% | (29,099,944) | (29,064,149) | (58,164,094) | 107,596,000 | (47,003,000) |
| 2001 | 681,818,488 | 3.09% | 678,455,331 | 2.71% | 1,360,273,819 | 7.40% | -4.74% | (32,318,196) | (32,158,783) | (64,476,979) | 96,484,000 | (58,115,000) |
| 2002 | 701,531,848 | 2.89% | 700,820,331 | 3.30% | 1,402,352,179 | 6.75% | -5.39% | (37,812,567) | (37,774,216) | (75,586,782) | 94,769,000 | (59,830,000) |
| 2003 | 722,577,803 | 3.00% C | 721,844,941 | 3.00% C | 1,444,422,744 | 6.75% | -5.39% | (38,946,944) | (38,907,442) | (77,854,386) | 99,198,000 | (55,401,000) |
| 2004 | 744,255,138 | 3.00% C | 743,500,289 | 3.00% C | 1,487,755,427 | 6.77% | -5.37% | (39,966,501) | (39,925,966) | (79,892,466) | 102,173,940 C est. | (52,425,060) C est. |
| 2005 | 766,582,792 | 3.00% C | 765,805,298 | 3.00% C | 1,532,388,090 | 11.77% | -0.37% | | | | | |
| | | | | | | | | (232,096,659) | (231,501,372) | (463,598,031) | | (359,650,060) |

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

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

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

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

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

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

| Fiscal Year | Payroll State AK Only (actual data) | Percent Change From PY | Payroll All Others (actual data) | Percent Change From PY | Payroll Total | PERS Board Adopt ER Cont. Rate | Chg From FY 97 Base | Calculated State of Alaska Change | Calculated All Other PERS Employer Change | Calculated Total Employer Contrib. Less Due To Base Change | Actual Total Employer Contrib | Actual Change In Total Net ER Contrib (includes all changes) |
|-------------|-------------------------------------|------------------------|----------------------------------|------------------------|-----------------|--------------------------------|---------------------|-----------------------------------|---|--|-------------------------------|--|
| 1996 | 610,492,911 | | 602,373,652 | | 1,221,866,563 | 12.82% | | | | | | |
| 1997 | 617,556,456 | -0.31% | 611,578,056 | 1.53% | 1,229,134,512 | 12.14% | | | | | 154,599,000 | |
| 1998 | 622,044,248 | 0.73% | 613,394,989 | 0.30% | 1,235,439,237 | 8.00% A | -4.14% | (25,752,632) | (25,394,553) | (51,147,184) | 112,384,000 | (42,215,000) |
| 1999 | 640,906,256 | 3.03% | 642,642,366 | 4.77% | 1,283,548,622 | 7.74% | -4.40% | (28,199,875) | (28,276,264) | (56,476,139) | 109,938,000 | (44,661,000) |
| 2000 | 661,362,372 | 3.19% | 660,548,849 | 2.79% | 1,321,911,221 B | 7.74% | -4.40% | (29,099,944) | (29,064,149) | (58,164,094) | 107,596,000 | (47,003,000) |
| 2001 | 681,818,488 | 3.09% | 678,455,331 | 2.71% | 1,360,273,819 | 7.40% | -4.74% | (32,318,196) | (32,158,783) | (64,476,979) | 96,404,000 | (50,115,000) |
| 2002 | 701,531,848 | 2.89% | 700,820,331 | 3.30% | 1,402,352,179 | 6.75% | -5.39% | (37,812,567) | (37,774,216) | (75,586,782) | 94,769,000 | (59,830,000) |
| 2003 | 722,577,803 | 3.00% C | 721,844,941 | 3.00% C | 1,444,422,744 | 6.75% | -5.39% | (38,946,944) | (38,907,442) | (77,854,386) | 99,198,000 | (55,401,000) |
| 2004 | 744,255,138 | 3.00% C | 743,500,289 | 3.00% C | 1,487,755,427 | 6.77% | -5.37% | (39,966,501) | (39,925,966) | (79,892,466) | 102,173,940 C est. | (52,425,060) C est. |
| 2005 | 766,582,792 | 3.00% C | 765,805,298 | 3.00% C | 1,532,388,090 | 11.77% | -0.37% | | | | | |
| | | | | | | | | (232,096,659) | (231,501,372) | (463,598,031) | | (359,650,060) |

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

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

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

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

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

Public Employees' Retirement System (PERS)
Average Employer Contribution Rate & Payroll
Active Employers as of FY 02
Savings Due To Lower Average Employer Rate
FY 98 - FY 04

Division of Retirement & Benefits
2/13/2004 11:55

| Fund | ER Num | Employer | Rate drop from 97 Base 4.14% | | Rate drop from 97 Base 4.40% | | Rate drop from 97 Base 4.40% | | Rate drop from 97 Base 4.74% | | Rate drop from 97 Base 5.39% | | 3.00% |
|------|--------|------------------------------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|-------------|
| | | | FY 98 Total Earnings | FY 98 SAVINGS | FY 99 Total Earnings | FY 99 SAVINGS | FY 00 Total Earnings | FY 00 SAVINGS | FY 01 Total Earnings | FY 01 SAVINGS | FY 02 Total Earnings | FY 02 SAVINGS | |
| PERS | 208 | AKUTAN, CITY OF | 233,982 | 9,687 | 187,904 | 8,268 | 224,785 | 9,891 | 261,666 | 12,403 | 264,162 | 14,238 | 272,087 |
| PERS | 255 | ALASKA GATEWAY SD | 950,149 | 39,336 | 1,038,094 | 45,676 | 1,039,395 | 45,733 | 1,040,695 | 49,329 | 1,310,423 | 70,632 | 1,349,736 |
| PERS | 152 | ALASKA HOUSING FINANCE CORPORATION | 12,329,208 | 510,429 | 12,821,180 | 564,132 | 13,302,955 | 585,330 | 13,784,729 | 653,396 | 14,119,271 | 761,029 | 14,542,849 |
| PERS | 106 | ALASKA MUNICIPAL LEAGUE | 232,892 | 9,642 | 249,760 | 10,989 | 250,672 | 11,030 | 251,583 | 11,925 | 283,665 | 15,290 | 292,175 |
| PERS | 101 | ALASKA, STATE OF | 622,044,248 | 25,752,632 | 640,906,256 | 28,199,875 | 661,362,372 | 29,099,944 | 681,818,488 | 32,318,196 | 701,531,848 | 37,812,567 | 722,577,803 |
| PERS | 267 | ALEUTIAN HOUSING AUTHORITY | 225,549 | 9,338 | 320,108 | 14,085 | 445,115 | 19,585 | 570,122 | 27,024 | 463,009 | 24,956 | 476,899 |
| PERS | 102 | ALEUTIAN REGION SD | 88,314 | 3,856 | 157,419 | 6,926 | 168,641 | 7,420 | 179,862 | 8,525 | 134,678 | 7,259 | 138,718 |
| PERS | 230 | ALEUTIANS EAST BOROUGH | 358,259 | 14,832 | 488,737 | 21,504 | 557,212 | 24,517 | 625,686 | 29,658 | 894,043 | 48,189 | 920,864 |
| PERS | 244 | ALEUTIANS EAST BOROUGH SD | 686,239 | 28,410 | 858,095 | 37,756 | 871,255 | 38,335 | 884,414 | 41,921 | 1,070,290 | 57,089 | 1,102,399 |
| PERS | 245 | ALEUTIANS WEST CRSA | 32,247 | 1,335 | 40,296 | 1,773 | 44,680 | 1,955 | 49,073 | 2,324 | 49,841 | 2,686 | 51,336 |
| PERS | 259 | ALLAKAKET, CITY OF | 27,209 | 1,126 | 6,205 | 273 | 31,417 | 1,382 | 56,628 | 2,684 | 45,352 | 2,444 | 46,713 |
| PERS | 203 | ANCHORAGE PARKING AUTHORITY | 734,187 | 30,395 | 743,954 | 32,734 | 834,864 | 36,734 | 925,774 | 43,882 | 935,838 | 50,442 | 963,913 |
| PERS | 111 | ANCHORAGE SD | 57,001,272 | 2,359,853 | 64,341,972 | 2,831,047 | 68,382,086 | 3,008,812 | 72,422,200 | 3,432,812 | 64,634,105 | 3,483,778 | 66,573,128 |
| PERS | 173 | ANCHORAGE, MUNICIPALITY OF | 95,344,897 | 3,947,279 | 102,107,266 | 4,492,720 | 101,529,989 | 4,467,320 | 100,952,712 | 4,785,159 | 117,039,389 | 6,308,423 | 120,550,571 |
| PERS | 269 | ANCHORAGE TELEPHONE UTILITIES | 12,161,837 | 503,500 | - | 0 | 0 | 0 | - | 0 | - | 0 | - |
| PERS | 283 | ANDERSON, CITY OF | - | 0 | - | 0 | 0 | 0 | 72,196 | 3,422 | 35,532 | 1,915 | 36,598 |
| PERS | 289 | ANGOON, CITY OF | - | 0 | - | 0 | 0 | 0 | - | 0 | 282,259 | 15,214 | 290,727 |
| PERS | 103 | ANNETTE ISLAND SD | 983,343 | 40,710 | 793,825 | 34,928 | 725,806 | 31,935 | 657,786 | 31,179 | 1,117,072 | 60,210 | 1,150,584 |
| PERS | 243 | ATKA, CITY OF | 18,034 | 747 | 49,696 | 2,187 | 49,035 | 2,158 | 48,373 | 2,293 | 65,598 | 3,536 | 67,566 |
| PERS | 281 | BARANOF ISLAND HA | - | 0 | 72,629 | 3,196 | 111,739 | 4,916 | 150,848 | 7,150 | 418,305 | 22,547 | 430,854 |
| PERS | 171 | BARROW, CITY OF | 704,048 | 29,148 | 819,489 | 36,058 | 836,619 | 36,811 | 853,748 | 40,468 | 951,260 | 51,273 | 979,798 |
| PERS | 219 | BARTLETT REGIONAL HOSPITAL | 10,395,715 | 430,383 | 11,224,724 | 493,888 | 13,368,481 | 588,213 | 15,512,237 | 735,280 | 15,749,772 | 848,913 | 16,222,265 |
| PERS | 104 | BERING STRAIT SD | 5,573,090 | 230,726 | 5,718,351 | 251,607 | 6,061,986 | 266,727 | 6,405,620 | 303,626 | 6,487,845 | 349,695 | 6,682,480 |
| PERS | 232 | BERING STRAITS CRSA | 64,643 | 2,676 | 57,102 | 2,512 | 58,015 | 2,553 | 58,928 | 2,793 | 62,733 | 3,381 | 64,615 |
| PERS | 270 | BERING STRAITS RHA | 627,782 | 25,090 | 699,032 | 30,757 | 761,790 | 33,519 | 824,547 | 39,084 | 987,804 | 53,243 | 1,017,438 |
| PERS | 136 | BETHEL, CITY OF | 3,179,318 | 131,624 | 3,527,367 | 155,204 | 3,973,401 | 174,830 | 4,419,434 | 209,481 | 4,163,059 | 224,389 | 4,287,951 |
| PERS | 144 | BRISTOL BAY BOROUGH | 1,487,119 | 61,567 | 1,436,328 | 63,198 | 1,503,317 | 66,146 | 1,570,306 | 74,433 | 1,255,061 | 67,648 | 1,292,713 |
| PERS | 184 | BRISTOL BAY BOROUGH SD | 601,403 | 24,898 | 768,375 | 33,809 | 725,036 | 31,902 | 681,697 | 32,312 | 641,364 | 34,570 | 660,605 |
| PERS | 223 | BRISTOL BAY RHA | 716,576 | 29,666 | 859,562 | 37,821 | 960,314 | 42,618 | 1,073,065 | 50,863 | 1,018,325 | 54,888 | 1,048,875 |
| PERS | 105 | CHATHAM SD | 681,633 | 28,220 | 751,535 | 33,068 | 637,899 | 28,068 | 524,262 | 24,850 | 631,934 | 34,081 | 650,892 |
| PERS | 121 | CHUGACH SD | 261,448 | 10,824 | 400,191 | 17,608 | 393,632 | 17,320 | 387,072 | 18,347 | 213,355 | 11,500 | 219,756 |
| PERS | 262 | COOK INLET HOUSING AUTHORITY | 748,858 | 31,003 | 1,098,060 | 48,315 | 1,369,453 | 60,256 | 1,640,845 | 77,776 | 2,371,737 | 127,837 | 2,442,889 |
| PERS | 224 | COPPER RIVER BASIN RHA | 240,999 | 9,977 | 280,594 | 12,346 | 496,867 | 21,862 | 713,139 | 33,803 | 491,773 | 26,507 | 506,526 |
| PERS | 112 | COPPER RIVER SD | 983,961 | 40,736 | 988,034 | 43,473 | 1,102,477 | 48,509 | 1,216,919 | 57,682 | 1,127,384 | 60,765 | 1,161,185 |
| PERS | 185 | CORDOVA CITY SD | 570,659 | 23,625 | 654,970 | 28,819 | 615,376 | 27,077 | 575,782 | 27,292 | 575,642 | 31,027 | 592,911 |
| PERS | 163 | CORDOVA COMMUNITY MEDICAL CENTER | 1,489,543 | 61,667 | 1,559,738 | 68,628 | 1,902,994 | 83,732 | 2,246,250 | 106,472 | 2,320,138 | 125,055 | 2,389,742 |
| PERS | 148 | CORDOVA, CITY OF | 1,665,790 | 68,964 | 1,705,901 | 75,060 | 1,868,645 | 82,220 | 2,031,388 | 96,288 | 1,742,230 | 93,906 | 1,794,497 |
| PERS | 204 | CRAIG CITY SD | 467,997 | 19,375 | 466,980 | 20,547 | 685,216 | 30,150 | 903,452 | 42,824 | 997,311 | 53,755 | 1,027,230 |
| PERS | 186 | CRAIG, CITY OF | 990,657 | 41,013 | 1,095,067 | 48,183 | 1,120,950 | 49,322 | 1,146,833 | 54,360 | 1,670,674 | 90,049 | 1,720,794 |
| PERS | 282 | DELTA JUNCTION, CITY OF | - | 0 | - | 0 | 0 | 0 | 28,980 | 1,374 | 60,476 | 3,260 | 62,290 |
| PERS | 240 | DELTA/GREELY SD | 1,045,317 | 43,276 | 1,256,070 | 55,267 | 1,107,147 | 48,714 | 958,223 | 45,420 | 841,659 | 45,365 | 866,909 |
| PERS | 258 | DENALI BOROUGH | 76,470 | 3,166 | 92,262 | 4,060 | 116,853 | 5,142 | 141,444 | 6,704 | 521,599 | 28,114 | 537,247 |
| PERS | 118 | DENALI BOROUGH SD | 590,767 | 24,458 | 633,222 | 27,862 | 684,920 | 30,138 | 736,618 | 34,916 | 773,815 | 41,698 | 796,823 |
| PERS | 205 | DILLINGHAM CITY SD | 1,073,249 | 44,433 | 1,207,533 | 53,131 | 1,121,775 | 49,358 | 1,036,017 | 49,107 | 1,118,566 | 60,291 | 1,152,123 |

Public Employees' Retirement System (PERS)
Average Employer Contribution Rate & Payroll
Active Employers as of FY 02
Savings Due To Lower Average Employer Rate
FY 98 - FY 04

Division of Retirement & Benefits
2/13/2004 11:55

| Fund | ER Num | Employer | Rate drop from 97 Base 4.14% | | Rate drop from 97 Base 4.40% | | Rate drop from 97 Base 4.40% | | Rate drop from 97 Base 4.74% | | Rate drop from 97 Base 5.39% | | 3.00% |
|------|--------|--------------------------------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|----------------------|
| | | | FY 98 Total Earnings | FY 98 SAVINGS | FY 99 Total Earnings | FY 99 SAVINGS | FY 00 Total Earnings | FY 00 SAVINGS | FY 01 Total Earnings | FY 01 SAVINGS | FY 02 Total Earnings | FY 02 SAVINGS | FY 03 Total Earnings |
| PERS | 178 | DILLINGHAM, CITY OF | 1,646,077 | 68,148 | 1,845,799 | 81,215 | 1,977,101 | 86,992 | 2,108,403 | 99,938 | 2,160,968 | 116,476 | 2,225,797 |
| PERS | 271 | EGEGIK, CITY OF | 110,013 | 4,555 | 25,565 | 1,125 | 62,478 | 2,749 | 99,391 | 4,711 | 89,702 | 4,839 | 92,475 |
| PERS | 242 | ELIM, CITY OF | 48,029 | 1,988 | 67,990 | 2,992 | 90,587 | 3,986 | 113,184 | 5,365 | 160,588 | 8,656 | 165,406 |
| PERS | 130 | FAIRBANKS MUNICIPAL UTILITIES SYSTEM | 174,811 | 7,237 | - | 0 | 0 | 0 | - | 0 | - | 0 | - |
| PERS | 116 | FAIRBANKS NORTH STAR BOROUGH | 13,118,568 | 543,109 | 14,024,941 | 617,097 | 14,543,811 | 639,928 | 15,002,681 | 713,971 | 15,353,714 | 827,565 | 15,814,325 |
| PERS | 117 | FAIRBANKS NORTH STAR BOROUGH SD | 20,309,814 | 840,826 | 20,877,408 | 918,606 | 21,592,000 | 950,048 | 22,306,592 | 1,057,332 | 21,839,911 | 1,177,171 | 22,495,108 |
| PERS | 129 | FAIRBANKS, CITY OF | 7,187,573 | 297,566 | 7,195,170 | 316,587 | 6,845,898 | 301,220 | 6,496,626 | 307,940 | 5,409,556 | 281,575 | 5,571,843 |
| PERS | 183 | FORT YUKON, CITY OF | 142,420 | 5,896 | 154,438 | 6,795 | 206,394 | 9,081 | 258,349 | 12,246 | 271,347 | 14,626 | 279,487 |
| PERS | 141 | GALENA CITY SD | 651,046 | 26,953 | 1,193,552 | 52,516 | 1,836,009 | 80,784 | 2,478,466 | 117,479 | 2,888,249 | 155,677 | 2,974,896 |
| PERS | 192 | GALENA, CITY OF | 1,128,248 | 46,709 | 973,734 | 42,844 | 1,053,588 | 46,358 | 1,133,441 | 53,725 | 1,211,569 | 65,304 | 1,247,916 |
| PERS | 189 | HAINES BOROUGH | 1,517,125 | 62,809 | 1,338,685 | 58,902 | 1,395,489 | 61,401 | 1,452,292 | 68,839 | 1,869,294 | 100,755 | 1,925,373 |
| PERS | 240 | HAINES BOROUGH SD | 496,883 | 20,571 | 546,991 | 24,068 | 589,584 | 25,942 | 632,176 | 29,965 | 910,974 | 49,101 | 938,303 |
| PERS | 215 | HOMER, CITY OF | 3,339,106 | 138,239 | 3,225,336 | 141,915 | 3,293,123 | 144,897 | 3,360,909 | 159,307 | 4,347,392 | 234,324 | 4,477,814 |
| PERS | 138 | HOONAH CITY SD | 462,854 | 19,162 | 545,657 | 24,009 | 652,411 | 28,700 | 759,161 | 35,984 | 473,035 | 25,497 | 487,226 |
| PERS | 199 | HOONAH, CITY OF | 390,716 | 16,176 | 467,776 | 20,582 | 518,048 | 22,829 | 569,919 | 27,014 | 585,470 | 31,557 | 603,034 |
| PERS | 285 | HOOPER BAY, CITY OF | - | 0 | - | 0 | 0 | 0 | - | 0 | 543,733 | 29,307 | 560,045 |
| PERS | 235 | HUSLIA, CITY OF | 80,669 | 3,340 | 78,573 | 3,457 | 79,896 | 3,515 | 81,219 | 3,850 | 84,657 | 4,563 | 87,197 |
| PERS | 168 | HYDABURG CITY SD | 189,907 | 7,862 | 160,871 | 7,078 | 152,346 | 6,703 | 143,820 | 6,817 | 238,167 | 12,837 | 245,312 |
| PERS | 124 | IDITAROD AREA SD | 1,380,063 | 57,383 | 1,666,965 | 73,346 | 1,671,908 | 73,564 | 1,676,850 | 79,483 | 1,450,563 | 78,509 | 1,500,200 |
| PERS | 275 | ILISAGVIK COLLEGE | 5,228,466 | 216,458 | 5,728,137 | 252,038 | 5,372,468 | 236,389 | 5,016,799 | 237,796 | 3,647,081 | 198,578 | 3,756,493 |
| PERS | 263 | INTERIOR RHA | 522,429 | 21,629 | 735,472 | 32,361 | 949,203 | 41,765 | 1,162,933 | 55,123 | 927,652 | 50,000 | 955,482 |
| PERS | 284 | INTER-ISLAND FERRY AUTHORITY | - | 0 | - | 0 | 0 | 0 | - | 0 | 116,851 | 6,298 | 120,357 |
| PERS | 108 | JUNEAU BOROUGH SD | 7,813,314 | 323,471 | 8,783,545 | 386,476 | 8,279,180 | 364,284 | 7,774,815 | 368,528 | 8,242,706 | 444,282 | 8,489,987 |
| PERS | 126 | JUNEAU, CITY AND BOROUGH OF | 21,729,913 | 899,618 | 22,617,640 | 995,176 | 22,101,661 | 972,473 | 21,585,682 | 1,023,161 | 23,913,382 | 1,288,931 | 24,630,783 |
| PERS | 260 | KACHEMAK, CITY OF | 18,387 | 761 | 19,476 | 857 | 22,218 | 978 | 24,960 | 1,183 | 54,282 | 2,926 | 55,910 |
| PERS | 265 | KAKE CITY SD | 279,582 | 11,575 | 334,495 | 14,718 | 305,959 | 13,462 | 277,422 | 13,150 | 443,280 | 23,893 | 456,578 |
| PERS | 277 | KAKE, CITY OF | - | 0 | 630,515 | 27,743 | 447,245 | 19,679 | 263,975 | 12,512 | 267,796 | 14,434 | 275,830 |
| PERS | 237 | KALTAG, CITY OF | 25,117 | 1,040 | 13,182 | 580 | 19,450 | 856 | 25,718 | 1,219 | 26,173 | 1,411 | 26,958 |
| PERS | 211 | KASHUNAMIUT SD | 815,858 | 33,777 | 786,888 | 34,623 | 881,577 | 38,789 | 976,266 | 46,275 | 1,092,439 | 58,888 | 1,125,274 |
| PERS | 180 | KENAI PENINSULA BOROUGH | 9,199,972 | 380,879 | 9,873,578 | 434,437 | 9,831,237 | 432,574 | 9,788,895 | 463,994 | 11,066,805 | 596,501 | 11,398,809 |
| PERS | 190 | KENAI PENINSULA BOROUGH SD | 11,960,464 | 495,163 | 12,698,272 | 558,724 | 13,257,227 | 583,318 | 13,816,181 | 654,887 | 11,394,928 | 614,187 | 11,736,776 |
| PERS | 115 | KENAI, CITY OF | 4,073,455 | 168,641 | 4,351,433 | 191,463 | 4,395,614 | 193,407 | 4,439,795 | 210,446 | 4,926,214 | 265,523 | 5,074,000 |
| PERS | 122 | KETCHIKAN GATEWAY BOROUGH | 2,534,147 | 104,914 | 2,922,773 | 128,602 | 3,025,137 | 133,106 | 3,127,500 | 148,244 | 3,649,736 | 196,721 | 3,759,228 |
| PERS | 177 | KETCHIKAN GATEWAY BOROUGH SD | 2,539,600 | 105,139 | 2,659,764 | 117,030 | 2,827,010 | 124,388 | 2,994,255 | 141,928 | 3,323,252 | 179,123 | 3,422,950 |
| PERS | 181 | KETCHIKAN, CITY OF | 6,743,972 | 279,200 | 6,342,897 | 279,087 | 6,785,501 | 298,562 | 7,228,105 | 342,612 | 7,358,245 | 396,609 | 7,578,992 |
| PERS | 151 | KING COVE, CITY OF | 923,224 | 38,221 | 851,065 | 37,447 | 859,422 | 37,815 | 867,779 | 41,133 | 949,662 | 51,187 | 978,152 |
| PERS | 251 | KLAWOCK CITY SD | 263,139 | 10,894 | 271,907 | 11,964 | 335,859 | 14,778 | 399,810 | 18,951 | 524,844 | 28,289 | 540,589 |
| PERS | 227 | KLAWOCK, CITY OF | 377,041 | 15,609 | 524,083 | 23,060 | 502,423 | 22,107 | 480,763 | 22,788 | 752,008 | 40,566 | 775,186 |
| PERS | 174 | KODIAK ISLAND BOROUGH | 2,053,729 | 85,024 | 1,863,679 | 82,011 | 1,777,711 | 78,219 | 1,691,543 | 80,179 | 2,010,855 | 108,385 | 2,071,181 |
| PERS | 158 | KODIAK ISLAND BOROUGH SD | 3,766,606 | 155,937 | 4,453,315 | 195,946 | 4,326,376 | 190,361 | 4,199,436 | 199,053 | 4,169,251 | 224,723 | 4,294,329 |
| PERS | 128 | KODIAK, CITY OF | 4,440,580 | 183,840 | 4,723,608 | 207,839 | 5,050,021 | 222,201 | 5,376,435 | 254,843 | 5,195,780 | 280,053 | 5,351,653 |
| PERS | 140 | KOTZEBUE, CITY OF | 2,464,501 | 102,030 | 2,561,083 | 112,688 | 2,617,605 | 115,175 | 2,674,126 | 126,754 | 2,879,470 | 155,203 | 2,965,854 |
| PERS | 287 | KOYUK, CITY OF | - | 0 | - | 0 | 0 | 0 | - | 0 | 19,691 | 1,061 | 20,282 |
| PERS | 125 | KUSPUK SD | 1,709,288 | 70,765 | 1,949,228 | 85,766 | 1,973,304 | 86,825 | 1,997,380 | 94,670 | 2,025,438 | 109,171 | 2,086,199 |
| PERS | 247 | LAKE AND PENINSULA BOROUGH | 249,535 | 10,331 | 242,070 | 10,651 | 291,763 | 12,838 | 341,455 | 16,185 | 580,459 | 31,287 | 597,873 |

Public Employees' Retirement System (PERS)
Average Employer Contribution Rate & Payroll
Active Employers as of FY 02
Savings Due To Lower Average Employer Rate
FY 98 - FY 04

Division of Retirement & Benefits
2/13/2004 11:55

| Fund | ER Num | Employer | Rate drop from 97 Base 4.14% | | Rate drop from 97 Base 4.40% | | Rate drop from 97 Base 4.40% | | Rate drop from 97 Base 4.74% | | Rate drop from 97 Base 5.39% | | 3.00% |
|----------|-------------------------------------|------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|------------------------------|---------------|----------------------|
| | | | FY 98 Total Earnings | FY 98 SAVINGS | FY 99 Total Earnings | FY 99 SAVINGS | FY 00 Total Earnings | FY 00 SAVINGS | FY 01 Total Earnings | FY 01 SAVINGS | FY 02 Total Earnings | FY 02 SAVINGS | FY 03 Total Earnings |
| PERS 164 | LAKE AND PENINSULA BOROUGH SD | 1,883,711 | 77,986 | 2,418,430 | 108,411 | 2,240,925 | 98,601 | 2,063,419 | 97,806 | 2,325,155 | 125,326 | 2,394,910 | |
| PERS 157 | LOWER KUSKOKWIM SD | 12,834,940 | 531,367 | 18,282,325 | 716,422 | 16,377,844 | 720,616 | 16,472,962 | 780,818 | 15,200,587 | 819,312 | 15,656,605 | |
| PERS 153 | LOWER YUKON SD | 4,235,020 | 175,330 | 4,587,297 | 201,841 | 4,596,781 | 202,258 | 4,608,264 | 218,337 | 4,182,229 | 225,422 | 4,307,696 | |
| PERS 109 | MATANUSKA-SUSITNA BOROUGH | 6,826,530 | 282,618 | 7,306,047 | 321,466 | 7,684,331 | 338,111 | 8,062,614 | 382,168 | 8,776,404 | 473,048 | 9,039,696 | |
| PERS 110 | MATANUSKA-SUSITNA BOROUGH SD | 15,642,946 | 647,618 | 16,782,744 | 738,441 | 16,684,568 | 734,121 | 16,588,387 | 786,195 | 17,631,217 | 950,323 | 18,160,154 | |
| PERS 196 | NENANA CITY SD | 315,507 | 13,062 | 375,997 | 16,544 | 557,289 | 24,521 | 738,561 | 35,009 | 858,676 | 40,293 | 884,642 | |
| PERS 193 | NENANA, CITY OF | 211,734 | 8,766 | 309,871 | 13,634 | 326,370 | 14,360 | 342,869 | 18,252 | 342,988 | 18,487 | 353,278 | |
| PERS 149 | NOME CITY SD | 1,080,394 | 44,728 | 1,274,415 | 56,074 | 1,335,719 | 58,772 | 1,397,022 | 66,219 | 1,299,621 | 70,050 | 1,338,610 | |
| PERS 175 | NOME JOINT UTILITY SYSTEM | 651,879 | 26,988 | 831,507 | 36,506 | 849,118 | 37,361 | 866,720 | 41,083 | 898,551 | 48,432 | 925,508 | |
| PERS 139 | NOME, CITY OF | 1,896,374 | 78,510 | 1,978,580 | 87,053 | 2,022,521 | 88,991 | 2,066,461 | 97,950 | 2,290,282 | 123,446 | 2,358,990 | |
| PERS 241 | NOORVIK, CITY OF | 247,660 | 10,253 | 172,966 | 7,611 | 230,917 | 10,160 | 288,867 | 13,692 | 322,853 | 17,402 | 332,539 | |
| PERS 170 | NORTH PACIFIC FISHERY MGMT COUNCIL | 494,441 | 20,470 | 801,323 | 26,458 | 808,244 | 35,563 | 1,015,165 | 48,119 | 1,021,196 | 55,042 | 1,051,832 | |
| PERS 276 | NORTH PACIFIC RIM HA | - | 0 | 756,173 | 33,272 | 776,373 | 34,160 | 796,572 | 37,751 | 866,445 | 46,701 | 892,438 | |
| PERS 191 | NORTH POLE, CITY OF | 1,237,785 | 51,244 | 1,308,203 | 57,561 | 1,489,057 | 65,519 | 1,669,911 | 79,154 | 1,902,373 | 102,538 | 1,959,444 | |
| PERS 145 | NORTH SLOPE BOROUGH | 47,614,321 | 1,971,233 | 8,807,805 | 2,147,543 | 47,379,580 | 2,084,702 | 45,951,355 | 2,178,094 | 43,491,164 | 2,344,174 | 44,795,899 | |
| PERS 161 | NORTH SLOPE BOROUGH SD | 10,803,382 | 447,260 | 11,801,826 | 519,280 | 12,470,168 | 548,687 | 13,138,509 | 622,765 | 11,544,616 | 622,255 | 11,890,951 | |
| PERS 220 | NORTHWEST ARCTIC BOROUGH | 695,671 | 28,801 | 830,160 | 36,527 | 744,497 | 32,758 | 658,833 | 31,229 | 642,887 | 34,652 | 662,174 | |
| PERS 154 | NORTHWEST ARCTIC BOROUGH SD | 5,541,495 | 229,418 | 6,166,880 | 271,343 | 6,487,703 | 285,459 | 6,808,526 | 322,724 | 6,381,393 | 343,957 | 6,572,835 | |
| PERS 288 | NORTHWEST INUPIAT HOUSING AUTHORITY | - | 0 | - | 0 | 0 | 0 | - | 0 | 497,665 | 26,824 | 512,595 | |
| PERS 134 | PALMER, CITY OF | 1,808,042 | 74,770 | 1,841,648 | 81,033 | 1,959,812 | 86,232 | 2,077,975 | 98,496 | 2,352,286 | 126,788 | 2,422,855 | |
| PERS 257 | PELICAN CITY SD | 117,646 | 4,871 | 124,716 | 5,488 | 101,501 | 4,466 | 78,285 | 3,711 | 71,599 | 3,859 | 73,747 | |
| PERS 200 | PELICAN, CITY OF | 84,076 | 3,481 | 105,873 | 4,658 | 126,428 | 5,563 | 146,983 | 6,967 | 116,031 | 6,254 | 119,512 | |
| PERS 228 | PETERSBURG CITY SD | 764,353 | 31,644 | 774,134 | 34,061 | 811,533 | 35,707 | 848,962 | 40,241 | 954,205 | 51,432 | 982,831 | |
| PERS 187 | PETERSBURG MEDICAL CENTER | 1,510,228 | 62,523 | 1,669,591 | 73,462 | 2,097,164 | 92,275 | 2,524,737 | 119,673 | 2,637,752 | 142,175 | 2,716,885 | |
| PERS 143 | PETERSBURG, CITY OF | 3,094,429 | 128,109 | 3,428,512 | 150,855 | 3,319,338 | 146,051 | 3,210,163 | 152,162 | 3,511,447 | 189,267 | 3,616,790 | |
| PERS 156 | PRIBILOF SD | 509,457 | 21,092 | 587,905 | 25,868 | 545,325 | 23,994 | 502,744 | 23,830 | 585,402 | 31,553 | 602,964 | |
| PERS 266 | QUINHAGAK, CITY OF | 27,539 | 1,140 | 30,742 | 1,353 | 40,585 | 1,786 | 50,427 | 2,390 | 27,461 | 1,480 | 28,285 | |
| PERS 216 | RUBY, CITY OF | 89,974 | 3,725 | 111,488 | 4,905 | 102,897 | 4,527 | 94,305 | 4,470 | 108,860 | 5,868 | 112,126 | |
| PERS 256 | SAINT GEORGE, CITY OF | 480,654 | 19,899 | 366,766 | 17,018 | 376,410 | 16,562 | 360,053 | 17,351 | 335,905 | 18,105 | 345,982 | |
| PERS 221 | SAINT MARY'S SD | 371,684 | 15,388 | 439,620 | 19,343 | 357,696 | 15,739 | 275,772 | 13,072 | 375,758 | 20,253 | 387,031 | |
| PERS 214 | SAINT MARY'S, CITY OF | 322,695 | 13,360 | 380,469 | 16,741 | 384,305 | 16,909 | 388,141 | 18,398 | 281,188 | 15,156 | 289,624 | |
| PERS 172 | SAINT PAUL, CITY OF | 1,578,604 | 65,354 | 1,494,732 | 65,768 | 1,300,510 | 57,222 | 1,106,288 | 52,438 | 1,253,946 | 67,588 | 1,231,564 | |
| PERS 176 | SAND POINT, CITY OF | 531,576 | 22,007 | 735,070 | 32,343 | 777,640 | 34,216 | 820,209 | 38,878 | 695,464 | 37,486 | 718,328 | |
| PERS 278 | SAXMAN SEAPORT | - | 0 | 59,689 | 2,626 | 84,066 | 3,693 | 108,442 | 5,140 | 35,302 | 1,903 | 36,361 | |
| PERS 198 | SAXMAN, CITY OF | 57,175 | 2,367 | 94,383 | 4,153 | 74,732 | 3,288 | 55,080 | 2,611 | 380,961 | 20,534 | 392,390 | |
| PERS 222 | SELAWICK, CITY OF | 24,437 | 1,012 | 75,473 | 3,321 | 143,707 | 6,323 | 211,940 | 10,046 | 71,048 | 3,829 | 73,179 | |
| PERS 286 | SELDOVIA, CITY OF | - | 0 | - | 0 | 0 | 0 | - | 0 | 88,403 | 4,765 | 91,055 | |
| PERS 182 | SEWARD, CITY OF | 2,929,249 | 121,271 | 2,870,668 | 126,309 | 3,067,627 | 134,976 | 3,264,586 | 154,741 | 3,413,307 | 183,977 | 3,515,706 | |
| PERS 133 | SITKA BOROUGH SD | 1,439,836 | 59,609 | 1,435,721 | 63,172 | 1,514,803 | 66,651 | 1,593,884 | 75,550 | 1,669,532 | 89,988 | 1,719,618 | |
| PERS 165 | SITKA COMMUNITY HOSPITAL | 2,958,811 | 122,495 | 3,108,170 | 136,759 | 3,562,710 | 156,759 | 4,017,261 | 190,418 | 3,983,358 | 214,703 | 4,102,859 | |
| PERS 120 | SITKA, CITY AND BOROUGH OF | 5,670,229 | 234,747 | 5,917,364 | 260,364 | 6,276,170 | 276,151 | 6,634,975 | 314,498 | 6,574,007 | 354,339 | 6,771,227 | |
| PERS 225 | SKAGWAY CITY SD | 177,313 | 7,341 | 225,330 | 9,915 | 238,275 | 10,484 | 251,220 | 11,908 | 326,640 | 17,606 | 336,439 | |
| PERS 132 | SKAGWAY, CITY OF | 762,243 | 31,557 | 834,402 | 30,714 | 985,420 | 43,358 | 1,136,437 | 53,867 | 1,283,006 | 69,154 | 1,321,496 | |
| PERS 123 | SOLDOTNA, CITY OF | 2,025,051 | 83,837 | 2,246,716 | 98,856 | 2,239,270 | 98,528 | 2,231,824 | 105,788 | 2,467,394 | 132,993 | 2,541,416 | |
| PERS 155 | SOUTHEAST ISLAND SD | 704,397 | 29,162 | 738,839 | 32,509 | 662,551 | 29,152 | 586,262 | 27,789 | 892,269 | 48,093 | 919,037 | |

**Public Employees' Retirement System (PERS)
Average Employer Contribution Rate & Payroll
Active Employers as of FY 02
Savings Due To Lower Average Employer Rate
FY 98 - FY 04**

Division of Retirement & Benefits
2/13/2004 11:55

| Fund | ER Num | Employer | Rate drop from 97 Base 4.14% | | Rate drop from 97 Base 4.40% | | Rate drop from 97 Base 4.40% | | Rate drop from 97 Base 4.74% | | Rate drop from 97 Base 5.39% | | 3.00% |
|------|-----------|---------------------------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|----------------------------|
| | | | FY 98 Total Earnings | FY 98 SAVINGS | FY 99 Total Earnings | FY 99 SAVINGS | FY 00 Total Earnings | FY 00 SAVINGS | FY 01 Total Earnings | FY 01 SAVINGS | FY 02 Total Earnings | FY 02 SAVINGS | FY 03 Total Earnings |
| PERS | 167 | SOUTHEAST REGIONAL RESOURCE CENTER | 1,088,290 | 45,055 | 1,180,108 | 51,925 | 1,331,802 | 58,599 | 1,483,496 | 70,318 | 1,535,777 | 82,778 | 1,581,850 |
| PERS | 102 | SOUTHWEST REGION SCHOOL DISTRICT (SD) | 2,389,842 | 98,931 | 2,804,212 | 123,385 | 3,024,047 | 133,058 | 3,243,882 | 153,760 | 2,540,714 | 136,944 | 2,616,935 |
| PERS | 218 | SPECIAL EDUCATION SERVICE AGENCY | 371,530 | 15,381 | 378,781 | 16,665 | 423,734 | 18,614 | 468,706 | 22,217 | 449,505 | 24,228 | 462,990 |
| PERS | 166 | TANANA SD | 244,035 | 10,103 | 215,497 | 9,482 | 167,024 | 7,375 | 119,750 | 5,676 | 143,139 | 7,715 | 147,433 |
| PERS | 169 | TANANA, CITY OF | 295,760 | 12,244 | 301,533 | 13,267 | 254,111 | 11,181 | 206,689 | 9,797 | 199,643 | 10,761 | 205,632 |
| PERS | 206 | THORNE BAY, CITY OF | 293,439 | 12,148 | 270,931 | 11,921 | 227,406 | 10,006 | 183,880 | 8,716 | 256,748 | 13,839 | 264,450 |
| PERS | 279 | TLINGIT-HAIDA RHA | - | 0 | 805,960 | 35,462 | 1,235,670 | 54,369 | 1,665,380 | 78,939 | 1,783,104 | 96,109 | 1,836,597 |
| PERS | 280 | TOKSOOK BAY, CITY OF | - | 0 | - | 0 | 0 | 0 | 367,738 | 17,431 | 15,591 | 840 | 16,059 |
| PERS | 249 | UNALASKLEET, CITY OF | 297,253 | 12,306 | 321,251 | 14,135 | 268,780 | 11,826 | 216,308 | 10,253 | 242,330 | 13,062 | 249,600 |
| PERS | 209 | UNALASKA CITY SD | 538,339 | 22,287 | 607,589 | 26,734 | 640,786 | 28,195 | 673,983 | 31,947 | 848,924 | 45,757 | 874,392 |
| PERS | 179 | UNALASKA, CITY OF | 7,427,164 | 307,485 | 7,465,764 | 328,494 | 7,830,304 | 344,533 | 8,194,844 | 388,436 | 8,723,847 | 470,215 | 8,985,562 |
| PERS | 113 | UNIVERSITY OF ALASKA | 72,337,665 | 2,994,779 | 74,258,270 | 3,267,364 | 84,265,569 | 3,707,685 | 94,272,867 | 4,468,534 | 102,892,246 | 5,545,892 | 105,979,013 |
| PERS | 137 | VALDEZ CITY SD | 1,615,654 | 66,888 | 1,681,890 | 74,003 | 1,637,096 | 72,032 | 1,592,302 | 75,475 | 1,528,185 | 82,385 | 1,574,340 |
| PERS | 107 | VALDEZ, CITY OF | 4,322,606 | 178,956 | 4,359,137 | 191,802 | 4,558,514 | 200,575 | 4,757,891 | 225,524 | 4,522,102 | 243,741 | 4,657,765 |
| PERS | 131 | WASILLA, CITY OF | 2,179,368 | 90,226 | 2,224,601 | 97,882 | 2,464,787 | 108,451 | 2,704,972 | 128,216 | 3,070,992 | 165,526 | 3,163,122 |
| PERS | 202 | WHITTIER, CITY OF | 670,226 | 27,996 | 658,792 | 28,987 | 759,639 | 33,424 | 860,486 | 40,787 | 806,442 | 46,701 | 892,435 |
| PERS | 146 | WRANGELL PUBLIC SD | 718,302 | 29,738 | 677,672 | 29,818 | 765,024 | 33,661 | 852,375 | 40,403 | 753,953 | 40,638 | 776,572 |
| PERS | 135 | WRANGELL, CITY OF | 2,317,065 | 95,926 | 2,189,796 | 96,351 | 2,214,108 | 97,421 | 2,238,419 | 100,101 | 2,226,452 | 120,006 | 2,293,246 |
| PERS | 264 | YAKUTAT SD | 315,948 | 13,080 | 294,700 | 12,967 | 355,044 | 15,622 | 415,387 | 19,689 | 344,955 | 18,593 | 355,304 |
| PERS | 248 | YAKUTAT, CITY AND BOROUGH OF | 473,588 | 19,607 | 450,891 | 19,839 | 398,130 | 17,518 | 345,369 | 16,370 | 402,871 | 21,715 | 414,957 |
| PERS | 160 | YUKON / KOYUKUK SD | 1,362,002 | 58,387 | 1,722,671 | 75,798 | 1,847,717 | 81,300 | 1,972,762 | 93,509 | 1,945,403 | 104,860 | 2,003,827 |
| PERS | 159 | YUKON FLATS SD | 1,855,805 | 76,830 | 1,652,957 | 72,730 | 1,635,095 | 71,944 | 1,617,232 | 76,657 | 1,165,980 | 62,846 | 1,200,959 |
| | | TERMINATED EMPLOYERS & OTHER | 14,266,913 | | 13,903,462 | | 7,186,188 | | N/A | | N/A | | N/A |
| | | TOTAL PERS | 1,235,439,237 | 50,556,534 | 1,283,548,622 | 55,864,387 | 1,321,911,221 | 57,847,901 | 1,360,273,819 | 64,476,979 | 1,402,352,179 | 75,586,782 | 1,444,422,744 |

Note A - Represents annual earnings from PERS Actuarial Valuation supplement

Because of numerous changes in a year since base established, some employers have shifted around.

Note B - To update FY 02 base to FY 04 and 05

Rounded Ave. of FY 99-02 increase, 3.0%; accounts for salary and growth.

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

Individual employer rate may have gone up because of past service cost related to specific employer added on.

Note D - Adjusted for Terminated employers, FY 98, 99, 00.

Public Employees' Retirement System (PERS)
Average Employer Contribution Rate & Payroll
Active Employers as of FY 02
Savings Due To Lower Average Employer Rate
FY 98 - FY 04

Division of Retirement & Benefits
2/13/2004 11:55

| Fund | ER Num | Employer | Ratio drop from 97 Base | | Ratio drop from 97 Base | | CALCULATED EMPLOYER REDUCED CONTRIB. DUE TO BASE CHANGE |
|------|-----------|------------------------------------|----------------------------|----------------------------|----------------------------|------------------|---|
| | | | FY 03 SAVINGS | FY 04 Total Earnings | FY 04 SAVINGS | FY 04 SAVINGS | |
| PERS | 208 | AKUTAN, CITY OF | 14,665 | 280,249 | 15,049 | 84,201 | |
| PERS | 255 | ALASKA GATEWAY SD | 72,751 | 1,390,228 | 74,655 | 398,112 | |
| PERS | 152 | ALASKA HOUSING FINANCE CORPORATION | 783,860 | 14,979,135 | 804,380 | 4,662,555 | |
| PERS | 106 | ALASKA MUNICIPAL LEAGUE | 15,748 | 300,940 | 16,160 | 90,784 | |
| PERS | 101 | ALASKA, STATE OF | 38,946,944 | 744,255,138 | 39,966,501 | 232,096,659 | |
| PERS | 267 | ALEUTIAN HOUSING AUTHORITY | 25,705 | 491,206 | 26,378 | 147,070 | |
| PERS | 162 | ALEUTIAN REGION SD | 7,477 | 142,880 | 7,673 | 48,937 | |
| PERS | 230 | ALEUTIANS EAST BOROUGH | 49,635 | 948,490 | 50,934 | 239,269 | |
| PERS | 244 | ALEUTIANS EAST BOROUGH SD | 59,419 | 1,135,471 | 60,975 | 324,775 | |
| PERS | 245 | ALEUTIANS WEST CRSA | 2,767 | 52,876 | 2,839 | 15,770 | |
| PERS | 259 | ALLAKAKET, CITY OF | 2,518 | 48,114 | 2,584 | 13,012 | |
| PERS | 203 | ANCHORAGE PARKING AUTHORITY | 51,955 | 992,831 | 53,315 | 299,457 | |
| PERS | 111 | ANCHORAGE SD | 3,588,292 | 68,570,322 | 3,682,226 | 22,386,820 | |
| PERS | 173 | ANCHORAGE, MUNICIPALITY OF | 6,497,676 | 124,167,038 | 6,667,773 | 37,166,348 | |
| PERS | 269 | ANCHORAGE TELEPHONE UTILITIES | | | | 503,500 | |
| PERS | 283 | ANDERSON, CITY OF | 1,973 | 37,656 | 2,024 | 9,334 | |
| PERS | 289 | ANGOON, CITY OF | 15,670 | 299,449 | 16,080 | 46,864 | |
| PERS | 103 | ANNETTE ISLAND SD | 62,016 | 1,185,102 | 63,640 | 324,620 | |
| PERS | 243 | ATKA, CITY OF | 3,642 | 69,593 | 3,737 | 18,296 | |
| PERS | 281 | BARANOF ISLAND HA | 23,223 | 443,780 | 23,831 | 84,863 | |
| PERS | 171 | BARROW, CITY OF | 52,811 | 1,009,192 | 54,194 | 300,762 | |
| PERS | 219 | BARTLETT REGIONAL HOSPITAL | 874,380 | 16,708,933 | 897,270 | 4,868,326 | |
| PERS | 104 | BERING STRAIT SD | 360,186 | 6,882,955 | 369,615 | 2,132,182 | |
| PERS | 232 | BERING STRAITS CRSA | 3,483 | 66,553 | 3,574 | 20,973 | |
| PERS | 270 | BERING STRAITS RHA | 54,840 | 1,047,961 | 56,276 | 293,708 | |
| PERS | 136 | BETHEL, CITY OF | 231,121 | 4,416,589 | 237,171 | 1,363,819 | |
| PERS | 144 | BRISTOL BAY BOROUGH | 69,677 | 1,331,494 | 71,501 | 474,170 | |
| PERS | 184 | BRISTOL BAY BOROUGH SD | 35,607 | 680,423 | 36,539 | 229,635 | |
| PERS | 223 | BRISTOL BAY RHA | 56,534 | 1,080,341 | 58,014 | 330,304 | |
| PERS | 105 | CHATHAM SD | 35,083 | 670,419 | 38,001 | 219,351 | |
| PERS | 121 | CHUGACH SD | 11,845 | 226,348 | 12,155 | 99,599 | |
| PERS | 262 | COOK INLET HOUSING AUTHORITY | 131,672 | 2,516,176 | 135,119 | 611,976 | |
| PERS | 224 | COPPER RIVER BASIN RHA | 27,302 | 521,722 | 28,016 | 159,813 | |
| PERS | 112 | COPPER RIVER SD | 62,588 | 1,196,020 | 64,226 | 377,979 | |
| PERS | 185 | CORDOVA CITY SD | 31,958 | 610,699 | 32,795 | 202,532 | |
| PERS | 163 | CORDOVA COMMUNITY MEDICAL CENTER | 128,807 | 2,461,434 | 132,179 | 706,541 | |
| PERS | 148 | CORDOVA, CITY OF | 96,723 | 1,848,332 | 99,255 | 612,416 | |
| PERS | 204 | CRAIG CITY SD | 55,368 | 1,058,047 | 56,817 | 278,835 | |
| PERS | 186 | CRAIG, CITY OF | 92,751 | 1,772,418 | 95,179 | 470,857 | |
| PERS | 282 | DELTA JUNCTION, CITY OF | 3,357 | 64,159 | 3,445 | 11,436 | |
| PERS | 246 | DELTA/GREELY SD | 46,726 | 892,916 | 47,950 | 332,719 | |
| PERS | 258 | DENALI BOROUGH | 28,958 | 553,364 | 29,716 | 105,859 | |
| PERS | 118 | DENALI BOROUGH SD | 42,949 | 820,728 | 44,073 | 246,091 | |
| PERS | 205 | DILLINGHAM CITY SD | 62,099 | 1,186,687 | 63,725 | 382,144 | |

Public Employees' Retirement System (PERS)
Average Employer Contribution Rate & Payroll
Active Employers as of FY 02

Savings Due To Lower Average Employer Rate
FY 98 - FY 04

Division of Retirement & Benefits
2/13/2004 11:55

| Fund | ER Num | Employer | Rate drop from 97 Base 5.39% | | Rate drop from 97 Base 5.37% | | CALCULATED EMPLOYER REDUCED CONTRIB. DUE TO BASE CHANGE |
|------|--------|--------------------------------------|------------------------------------|----------------------------|------------------------------------|----------------------------|---|
| | | | FY 03 SAVINGS | FY 04 Total Earnings | FY 04 SAVINGS | FY 04 Total Earnings | |
| PERS | 178 | DILLINGHAM CITY OF | 119,970 | 2,292,571 | 123,111 | 695,851 | |
| PERS | 271 | EGEGIK, CITY OF | 4,984 | 95,250 | 5,115 | 28,078 | |
| PERS | 242 | ELIM, CITY OF | 8,915 | 170,368 | 9,149 | 41,051 | |
| PERS | 130 | FAIRBANKS MUNICIPAL UTILITIES SYSTEM | | | | 7,237 | |
| PERS | 116 | FAIRBANKS NORTH STAR BOROUGH | 852,392 | 16,288,755 | 874,706 | 5,088,768 | |
| PERS | 117 | FAIRBANKS NORTH STAR BOROUGH SD | 1,212,486 | 23,169,132 | 1,244,227 | 7,400,697 | |
| PERS | 129 | FAIRBANKS, CITY OF | 300,322 | 5,738,998 | 308,184 | 2,123,394 | |
| PERS | 183 | FORT YUKON, CITY OF | 15,064 | 287,872 | 15,459 | 79,167 | |
| PERS | 141 | GALENA CITY SD | 160,347 | 3,064,143 | 164,544 | 758,301 | |
| PERS | 192 | GALENA, CITY OF | 67,263 | 1,285,354 | 69,023 | 391,228 | |
| PERS | 189 | HAINES BOROUGH | 103,778 | 1,983,134 | 106,494 | 562,978 | |
| PERS | 240 | HAINES BOROUGH SD | 50,575 | 966,452 | 51,898 | 252,120 | |
| PERS | 215 | HOMER, CITY OF | 241,354 | 4,612,148 | 247,672 | 1,307,709 | |
| PERS | 138 | HOONAH CITY SD | 26,281 | 501,843 | 26,949 | 186,569 | |
| PERS | 199 | HOONAH, CITY OF | 32,504 | 621,125 | 33,354 | 184,016 | |
| PERS | 285 | HOOPER BAY, CITY OF | 30,188 | 576,848 | 30,977 | 90,470 | |
| PERS | 235 | HUSLIA, CITY OF | 4,700 | 89,813 | 4,823 | 28,248 | |
| PERS | 168 | HYDABURG CITY SD | 13,222 | 252,671 | 13,568 | 68,089 | |
| PERS | 124 | IDITAROD AREA SD | 80,864 | 1,545,268 | 82,981 | 526,130 | |
| PERS | 275 | ILISAGVIK COLLEGE | 202,475 | 3,869,188 | 207,775 | 1,549,509 | |
| PERS | 263 | INTERIOR RHA | 51,500 | 981,146 | 52,849 | 305,227 | |
| PERS | 284 | INTER-ISLAND FERRY AUTHORITY | 6,487 | 123,967 | 6,657 | 19,443 | |
| PERS | 108 | JUNEAU BOROUGH SD | 457,610 | 8,744,687 | 469,590 | 2,814,239 | |
| PERS | 126 | JUNEAU, CITY AND BOROUGH OF | 1,327,599 | 25,369,707 | 1,362,353 | 7,869,313 | |
| PERS | 260 | KACHEMAK, CITY OF | 3,014 | 57,588 | 3,092 | 12,811 | |
| PERS | 265 | KAKE CITY SD | 24,610 | 470,276 | 25,254 | 126,681 | |
| PERS | 277 | KAKE, CITY OF | 14,867 | 284,105 | 15,256 | 104,492 | |
| PERS | 237 | KALTAG, CITY OF | 1,453 | 27,767 | 1,491 | 8,050 | |
| PERS | 211 | KASHUNAMIUT SD | 60,652 | 1,159,032 | 62,240 | 335,242 | |
| PERS | 180 | KENAI PENINSULA BOROUGH | 614,396 | 11,740,773 | 630,480 | 3,553,260 | |
| PERS | 190 | KENAI PENINSULA BOROUGH SD | 632,612 | 12,088,879 | 649,173 | 4,188,064 | |
| PERS | 115 | KENAI, CITY OF | 273,489 | 5,226,220 | 280,648 | 1,583,617 | |
| PERS | 122 | KETCHIKAN GATEWAY BOROUGH | 202,622 | 3,872,005 | 207,927 | 1,122,135 | |
| PERS | 177 | KETCHIKAN GATEWAY BOROUGH SD | 184,497 | 3,525,638 | 189,327 | 1,041,432 | |
| PERS | 181 | KETCHIKAN, CITY OF | 408,508 | 7,806,362 | 419,202 | 2,423,781 | |
| PERS | 151 | KING COVE, CITY OF | 52,722 | 1,007,496 | 54,103 | 312,627 | |
| PERS | 251 | KLAWOCK CITY SD | 29,138 | 556,807 | 29,901 | 143,914 | |
| PERS | 227 | KLAWOCK, CITY OF | 41,783 | 798,442 | 42,876 | 208,788 | |
| PERS | 174 | KODIAK ISLAND BOROUGH | 111,837 | 2,133,313 | 114,559 | 660,014 | |
| PERS | 158 | KODIAK ISLAND BOROUGH SD | 231,464 | 4,423,158 | 237,524 | 1,435,008 | |
| PERS | 128 | KODIAK, CITY OF | 288,454 | 5,512,203 | 296,005 | 1,733,235 | |
| PERS | 140 | KOTZEBUE, CITY OF | 159,860 | 3,054,830 | 164,044 | 935,753 | |
| PERS | 287 | KOYUK, CITY OF | 1,093 | 20,890 | 1,122 | 3,276 | |
| PERS | 125 | KUSPUK SD | 112,446 | 2,148,785 | 115,390 | 675,039 | |
| PERS | 247 | LAKE AND PENINSULA BOROUGH | 32,225 | 615,809 | 33,069 | 146,585 | |

Public Employees' Retirement System (PERS)
Average Employer Contribution Rate & Payroll
Active Employers as of FY 02
Savings Due To Lower Average Employer Rate
FY 98 - FY 04

Division of Retirement & Benefits
2/13/2004 11:55

| Fund | ER Num | Employer | Rate drop from 97 Base | | Rate drop from 97 Base | | CALCULATED EMPLOYER REDUCED CONTRIB. DUE TO BASE CHANGE |
|------|-----------|-------------------------------------|---------------------------|----------------------------|---------------------------|------------------|---|
| | | | FY 03 SAVINGS | FY 04 Total Earnings | FY 04 SAVINGS | FY 04 SAVINGS | |
| PERS | 164 | LAKE AND PENINSULA BOROUGH SD | 129,086 | 2,466,757 | 132,465 | 767,680 | |
| PERS | 157 | LOWER KUSKOKWIM SD | 813,891 | 16,126,303 | 865,982 | 5,278,409 | |
| PERS | 153 | LOWER YUKON SD | 232,185 | 4,436,927 | 238,263 | 1,493,630 | |
| PERS | 109 | MATANUSKA-SUSITNA BOROUGH | 487,240 | 9,310,887 | 499,995 | 2,784,645 | |
| PERS | 110 | MATANUSKA-SUSITNA BOROUGH SD | 978,832 | 18,704,958 | 1,004,456 | 5,839,985 | |
| PERS | 196 | NENANA CITY SD | 47,682 | 911,182 | 48,930 | 232,041 | |
| PERS | 193 | NENANA, CITY OF | 19,042 | 363,876 | 19,540 | 110,081 | |
| PERS | 149 | NOME CITY SD | 72,151 | 1,378,768 | 74,040 | 442,033 | |
| PERS | 175 | NOME JOINT UTILITY SYSTEM | 49,885 | 953,273 | 51,191 | 291,526 | |
| PERS | 139 | NOME, CITY OF | 127,150 | 2,429,760 | 130,478 | 733,582 | |
| PERS | 241 | NOORVIK, CITY OF | 17,924 | 342,515 | 18,393 | 95,435 | |
| PERS | 170 | NORTH PACIFIC FISHERY MGMT COUNCIL | 56,694 | 1,083,387 | 58,178 | 300,524 | |
| PERS | 276 | NORTH PACIFIC RIM HA | 48,102 | 919,212 | 49,362 | 249,355 | |
| PERS | 191 | NORTH POLE, CITY OF | 105,614 | 2,018,228 | 108,379 | 570,008 | |
| PERS | 145 | NORTH SLOPE BOROUGH | 2,414,499 | 46,139,776 | 2,477,706 | 15,617,951 | |
| PERS | 161 | NORTH SLOPE BOROUGH SD | 640,922 | 12,247,683 | 657,701 | 4,058,871 | |
| PERS | 224 | NORTHWEST ARCTIC BOROUGH | 35,691 | 682,039 | 36,625 | 236,283 | |
| PERS | 154 | NORTHWEST ARCTIC BOROUGH SD | 354,276 | 6,770,020 | 363,550 | 2,170,727 | |
| PERS | 288 | NORTHWEST INUPIAT HOUSING AUTHORITY | 27,629 | 527,973 | 28,352 | 82,805 | |
| PERS | 134 | PALMER, CITY OF | 130,592 | 2,495,540 | 134,011 | 731,921 | |
| PERS | 257 | PELICAN CITY SD | 3,975 | 75,959 | 4,079 | 30,448 | |
| PERS | 200 | PELICAN, CITY OF | 6,442 | 123,097 | 6,610 | 39,975 | |
| PERS | 228 | PETERSBURG CITY SD | 52,975 | 1,012,316 | 54,361 | 300,421 | |
| PERS | 187 | PETERSBURG MEDICAL CENTER | 146,440 | 2,798,391 | 150,274 | 786,822 | |
| PERS | 143 | PETERSBURG, CITY OF | 194,945 | 3,725,294 | 200,048 | 1,161,437 | |
| PERS | 156 | PRIBILOF SD | 32,500 | 621,053 | 33,351 | 192,187 | |
| PERS | 266 | QUINHAGAK, CITY OF | 1,525 | 29,133 | 1,564 | 11,238 | |
| PERS | 216 | RUBY, CITY OF | 6,044 | 115,490 | 6,202 | 35,741 | |
| PERS | 250 | SAINT GEORGE, CITY OF | 18,648 | 356,362 | 19,137 | 126,720 | |
| PERS | 221 | SAINT MARY'S SD | 20,861 | 398,642 | 21,407 | 126,063 | |
| PERS | 214 | SAINT MARY'S, CITY OF | 15,611 | 298,312 | 16,019 | 112,194 | |
| PERS | 172 | SAINT PAUL, CITY OF | 69,615 | 1,330,311 | 71,438 | 449,424 | |
| PERS | 176 | SAND POINT, CITY OF | 38,610 | 737,818 | 39,621 | 243,161 | |
| PERS | 278 | SAXMAN SEAPORT | 1,960 | 37,452 | 2,011 | 17,339 | |
| PERS | 198 | SAXMAN, CITY OF | 21,150 | 404,162 | 21,703 | 75,806 | |
| PERS | 222 | SELAWICK, CITY OF | 3,944 | 75,375 | 4,048 | 32,523 | |
| PERS | 286 | SELDOVIA, CITY OF | 4,908 | 93,787 | 5,038 | 14,709 | |
| PERS | 182 | SEWARD, CITY OF | 189,497 | 3,621,177 | 194,457 | 1,105,228 | |
| PERS | 133 | SITKA BOROUGH SD | 92,687 | 1,771,206 | 95,114 | 542,771 | |
| PERS | 165 | SITKA COMMUNITY HOSPITAL | 221,144 | 4,225,945 | 228,933 | 1,269,212 | |
| PERS | 120 | SITKA, CITY AND BOROUGH OF | 364,969 | 6,974,364 | 374,523 | 2,179,592 | |
| PERS | 225 | SKAGWAY CITY SD | 18,134 | 346,532 | 18,609 | 93,996 | |
| PERS | 132 | SKAGWAY, CITY OF | 71,229 | 1,361,141 | 73,093 | 378,972 | |
| PERS | 123 | SOLDOTNA, CITY OF | 136,982 | 2,617,658 | 140,568 | 797,552 | |
| PERS | 155 | SOUTHEAST ISLAND SD | 49,536 | 946,608 | 50,833 | 267,074 | |

Public Employees' Retirement System (PERS)
Average Employer Contribution Rate & Payroll
Active Employers as of FY 02
Savings Due To Lower Average Employer Rate
FY 98 - FY 04

| Division of Retirement & Benefits 2/13/2004 11:55 | | Rate drop from 97 Base 5.39% | 3.00% | Rate drop from 97 Base 5.37% | CALCULATED EMPLOYER REDUCED CONTRIB. DUE TO BASE CHANGE | |
|--|--------------------|---------------------------------------|----------------------------|------------------------------------|---|-------------|
| Fund | ER Num Employer | FY 03 SAVINGS | FY 04 Total Earnings | FY 04 SAVINGS | | |
| PERS | 167 | SOUTHEAST REGIONAL RESOURCE CENTER | 85,262 | 1,629,306 | 87,494 | 481,431 |
| PERS | 102 | SOUTHWEST REGION SCHOOL DISTRICT (SD) | 141,053 | 2,695,443 | 144,745 | 931,877 |
| PERS | 218 | SPECIAL EDUCATION SERVICE AGENCY | 24,955 | 476,880 | 25,608 | 147,700 |
| PERS | 166 | TANANA SD | 7,947 | 151,856 | 8,155 | 56,453 |
| PERS | 169 | TANANA, CITY OF | 11,094 | 211,801 | 11,374 | 79,708 |
| PERS | 206 | THORNE BAY, CITY OF | 14,254 | 272,384 | 14,027 | 85,511 |
| PERS | 279 | TLINGIT-HAIDA RHA | 98,993 | 1,891,695 | 101,584 | 465,457 |
| PERS | 280 | TOKSOOK BAY, CITY OF | 866 | 16,540 | 888 | 20,025 |
| PERS | 249 | UNALAKLEET, CITY OF | 13,453 | 257,088 | 13,806 | 88,841 |
| PERS | 209 | UNALASKA CITY SD | 47,130 | 900,623 | 48,363 | 250,413 |
| PERS | 179 | UNALASKA, CITY OF | 484,322 | 9,255,129 | 497,000 | 2,820,485 |
| PERS | 113 | UNIVERSITY OF ALASKA | 5,712,269 | 109,158,384 | 5,861,805 | 31,558,328 |
| PERS | 137 | VALDEZ CITY SD | 84,857 | 1,621,570 | 87,078 | 542,719 |
| PERS | 107 | VALDEZ, CITY OF | 251,054 | 4,797,498 | 257,626 | 1,549,277 |
| PERS | 131 | WASILLA, CITY OF | 170,492 | 3,258,015 | 174,955 | 935,749 |
| PERS | 202 | WHITTIER, CITY OF | 48,102 | 919,208 | 49,361 | 275,359 |
| PERS | 146 | WRANGELL PUBLIC SD | 41,857 | 799,969 | 42,953 | 259,067 |
| PERS | 135 | WRANGELL, CITY OF | 123,606 | 2,302,043 | 126,842 | 766,253 |
| PERS | 264 | YAKUTAT SD | 19,151 | 365,963 | 19,652 | 118,754 |
| PERS | 248 | YAKUTAT, CITY AND BOROUGH OF | 22,366 | 427,406 | 22,952 | 140,367 |
| PERS | 160 | YUKON / KOYUKUK SD | 108,006 | 2,063,942 | 110,834 | 630,693 |
| PERS | 159 | YUKON FLATS SD | 64,732 | 1,236,988 | 66,426 | 492,166 |
| | | TERMINATED EMPLOYERS & OTHER | | N/A | | |
| | | TOTAL PERS | 77,854,386 | 1,487,755,427 | 79,892,466 | 462,079,436 |

Note A - Represents annual earnings from PERS Actuarial Valuation
Because of numerous changes in a year since base

Note B - To update FY 02 base to FY 04 and 05

Rounded Ave. of FY 99-02 increase, 3.0%; account

Note C - The AVERAGE employer rate increase applied to all employees
Individual employer rate may have gone up because

Note D - Adjusted for Terminated employees, FY 98, 99, 00.

FY 05

5% Increase - PERS

4% Increase - TRS

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

01/30/04 11:04 AM

Average Employer Contribution Rate & Payroll - Active Employers

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

Division of Retirement & Benefits

| | | | (B) Ave. inc. \ yr.>>: | 3.00% | <<<PERS>>> | 5.0% (D) |
|------|--------|------------------------------------|------------------------|------------------------------|--------------------------|------------------------------|
| | | | (B) Ave. inc. \ yr.>>: | 3.00% | <<<TRS >>> | 4.0% (D) |
| | | | (A) | (Chg\Yr x 3 Yrs) | (C) | (E) |
| Fund | ER Num | Employer | FY 02 Total Earnings | FY02-FY05 Increase Earn Est. | FY 05 Estimated Earnings | Ave ER Rate Increase Dollars |
| PERS | 208 | AKUTAN, CITY OF | 264,162 | 109.00% | 287,937 | 5.0% 14,397 |
| PERS | 255 | ALASKA GATEWAY SD | 1,310,423 | 109.00% | 1,428,361 | 5.0% 71,418 |
| PERS | 152 | ALASKA HOUSING FINANCE CORPORATION | 14,119,271 | 109.00% | 15,390,005 | 5.0% 769,500 |
| PERS | 106 | ALASKA MUNICIPAL LEAGUE | 283,665 | 109.00% | 309,195 | 5.0% 15,460 |
| PERS | 101 | ALASKA, STATE OF | 701,531,848 | 109.00% | 764,669,714 | 5.0% 38,233,486 |
| PERS | 267 | ALEUTIAN HOUSING AUTHORITY | 463,009 | 109.00% | 504,680 | 5.0% 25,234 |
| PERS | 162 | ALEUTIAN REGION SD | 134,678 | 109.00% | 146,799 | 5.0% 7,340 |
| PERS | 230 | ALEUTIANS EAST BOROUGH | 894,043 | 109.00% | 974,507 | 5.0% 48,725 |
| PERS | 244 | ALEUTIANS EAST BOROUGH SD | 1,070,290 | 109.00% | 1,165,616 | 5.0% 58,331 |
| PERS | 245 | ALEUTIANS WEST CRSA | 43,841 | 109.00% | 54,327 | 5.0% 2,716 |
| PERS | 259 | ALLAKAKET, CITY OF | 45,352 | 109.00% | 49,434 | 5.0% 2,472 |
| PERS | 203 | ANCHORAGE PARKING AUTHORITY | 935,838 | 109.00% | 1,020,063 | 5.0% 51,003 |
| PEHS | 111 | ANCHORAGE SD | 64,634,105 | 109.00% | 70,451,174 | 5.0% 3,522,559 |
| PERS | 173 | ANCHORAGE, MUNICIPALITY OF | 117,039,389 | 109.00% | 127,572,934 | 5.0% 6,378,647 |
| PERS | 283 | ANDERSON, CITY OF | 35,532 | 109.00% | 38,720 | 5.0% 1,936 |
| PERS | 289 | ANGOON, CITY OF | 282,259 | 109.00% | 307,662 | 5.0% 15,383 |
| PERS | 103 | ANNETTE ISLAND SD | 1,117,072 | 109.00% | 1,217,608 | 5.0% 60,880 |
| PERS | 243 | ATKA, CITY OF | 65,598 | 109.00% | 71,502 | 5.0% 3,575 |
| PERS | 281 | BARANOF ISLAND HA | 418,305 | 109.00% | 455,952 | 5.0% 22,798 |
| PERS | 171 | BARROW, CITY OF | 951,260 | 109.00% | 1,036,873 | 5.0% 51,844 |
| PERS | 219 | BARTLETT REGIONAL HOSPITAL | 15,749,772 | 109.00% | 17,167,251 | 5.0% 858,363 |
| PERS | 104 | BERING STRAIT SD | 6,487,845 | 109.00% | 7,071,751 | 5.0% 353,588 |
| PERS | 232 | BERING STRAITS CRSA | 62,733 | 109.00% | 68,379 | 5.0% 3,419 |
| PERS | 270 | BERING STRAITS RHA | 987,804 | 109.00% | 1,076,706 | 5.0% 53,835 |
| PERS | 136 | BETHEL, CITY OF | 4,163,059 | 109.00% | 4,537,734 | 5.0% 226,887 |
| PERS | 144 | BRISTOL BAY BOROUGH | 1,255,061 | 109.00% | 1,368,016 | 5.0% 68,401 |
| PERS | 184 | BRISTOL BAY BOROUGH SD | 641,364 | 109.00% | 699,087 | 5.0% 34,954 |
| PERS | 223 | BRISTOL BAY RHA | 1,018,325 | 109.00% | 1,109,974 | 5.0% 55,499 |
| PERS | 105 | CHATHAM SD | 631,934 | 109.00% | 688,808 | 5.0% 34,440 |
| PERS | 121 | CHUGACH SD | 213,355 | 109.00% | 232,557 | 5.0% 11,028 |
| PERS | 262 | COOK INLET HOUSING AUTHORITY | 2,371,737 | 109.00% | 2,585,193 | 5.0% 129,260 |
| PERS | 224 | COPPER RIVER BASIN RHA | 491,773 | 109.00% | 536,033 | 5.0% 26,802 |
| PERS | 112 | COPPER RIVER SD | 1,127,364 | 109.00% | 1,228,827 | 5.0% 61,441 |
| PERS | 185 | CORDOVA CITY SD | 575,642 | 109.00% | 627,450 | 5.0% 31,372 |
| PERS | 163 | CORDOVA COMMUNITY MEDICAL CENTER | 2,320,138 | 109.00% | 2,528,750 | 5.0% 126,448 |
| PERS | 148 | CORDOVA, CITY OF | 1,742,230 | 109.00% | 1,899,031 | 5.0% 94,952 |
| PERS | 204 | CRAIG CITY SD | 997,311 | 109.00% | 1,087,069 | 5.0% 54,353 |
| PERS | 186 | CRAIG, CITY OF | 1,670,674 | 109.00% | 1,821,035 | 5.0% 91,052 |
| PERS | 282 | DELTA JUNCTION, CITY OF | 60,476 | 109.00% | 65,919 | 5.0% 3,296 |
| PERS | 246 | DELTA/GREELY SD | 841,659 | 109.00% | 917,408 | 5.0% 45,870 |
| PERS | 258 | DENALI BOROUGH | 521,599 | 109.00% | 568,543 | 5.0% 28,427 |
| PERS | 118 | DENALI BOROUGH SD | 773,615 | 109.00% | 843,240 | 5.0% 42,162 |
| PERS | 205 | DILLINGHAM CITY SD | 1,118,566 | 109.00% | 1,219,237 | 5.0% 60,962 |
| PERS | 178 | DILLINGHAM, CITY OF | 2,160,968 | 109.00% | 2,355,455 | 5.0% 117,773 |
| PERS | 271 | EGEGIK, CITY OF | 89,782 | 109.00% | 97,862 | 5.0% 4,893 |
| PERS | 242 | ELIM, CITY OF | 160,588 | 109.00% | 175,041 | 5.0% 8,752 |
| PERS | 116 | FAIRBANKS NORTH STAR BOROUGH | 15,353,714 | 109.00% | 16,735,548 | 5.0% 836,777 |
| PERS | 117 | FAIRBANKS NORTH STAR BOROUGH SD | 21,639,911 | 109.00% | 23,805,503 | 5.0% 1,190,275 |
| PERS | 129 | FAIRBANKS, CITY OF | 5,409,556 | 109.00% | 5,893,416 | 5.0% 294,821 |
| PERS | 183 | FORT YUKON, CITY OF | 271,347 | 109.00% | 295,768 | 5.0% 14,789 |
| PERS | 141 | GALENA CITY SD | 2,888,249 | 109.00% | 3,146,191 | 5.0% 157,410 |
| PERS | 192 | GALENA, CITY OF | 1,211,569 | 109.00% | 1,320,610 | 5.0% 66,031 |
| PERS | 189 | HAINES BOROUGH | 1,869,294 | 109.00% | 2,037,530 | 5.0% 101,877 |
| PERS | 240 | HAINES BOROUGH SD | 910,974 | 109.00% | 992,962 | 5.0% 49,648 |
| PERS | 215 | HOMER, CITY OF | 4,347,392 | 109.00% | 4,738,657 | 5.0% 236,933 |
| PERS | 138 | HOONAH CITY SD | 473,035 | 109.00% | 515,608 | 5.0% 25,780 |

Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS)
 Average Employer Contribution Rate & Payroll - Active Employers
 ESTIMATED FY 05 Change in Employer Contribution - Sort By System \ Employer
 Division of Retirement & Benefits

01/30/04 11:04 AM

| | | | (B) Ave. inc. \ yr.>> | 3.00% | <<<PERS>>> | 5.0% (D) | |
|------|--------|-------------------------------------|-----------------------|------------------------------|--------------------------|----------------------|-------------|
| | | | (B) Ave. inc. \ yr.>> | 3.00% | <<<TRS >>> | 4.0% (D) | |
| | | | (A) | (Chg\Yr x 3 Yrs) | (C) | (E) | |
| Fund | ER Num | Employer | FY 02 Total Earnings | FY02-FY05 Increase Earn Est. | FY 05 Estimated Earnings | Ave ER Rate Increase | AVE Dollars |
| PERS | 199 | HOONAH, CITY OF | 585,470 | 109.00% | 638,162 | 5.0% | 31,908 |
| PERS | 285 | HOOPER BAY, CITY OF | 543,733 | 109.00% | 592,669 | 5.0% | 29,633 |
| PERS | 235 | HUSLIA, CITY OF | 84,657 | 109.00% | 92,276 | 5.0% | 4,614 |
| PERS | 168 | HYDABURG CITY SD | 238,167 | 109.00% | 259,602 | 5.0% | 12,980 |
| PERS | 124 | IDITAROD AREA SD | 1,456,563 | 109.00% | 1,587,654 | 5.0% | 79,383 |
| PERS | 275 | ILISAGVIK COLLEGE | 3,647,081 | 109.00% | 3,975,318 | 5.0% | 198,766 |
| PERS | 263 | INTERIOR RHA | 927,652 | 109.00% | 1,011,141 | 5.0% | 50,557 |
| PERS | 284 | INTER-ISLAND FERRY AUTHORITY | 116,851 | 109.00% | 127,368 | 5.0% | 6,368 |
| PERS | 108 | JUNEAU BOROUGH SD | 2,242,706 | 109.00% | 8,984,550 | 5.0% | 449,227 |
| PERS | 126 | JUNEAU, CITY AND BOROUGH OF | 23,913,382 | 109.00% | 26,065,586 | 5.0% | 1,303,279 |
| PERS | 260 | KACHEMAK, CITY OF | 54,282 | 109.00% | 59,167 | 5.0% | 2,958 |
| PERS | 265 | KAKE CITY SD | 443,280 | 109.00% | 483,175 | 5.0% | 24,159 |
| PERS | 277 | KAKE, CITY OF | 267,796 | 109.00% | 291,898 | 5.0% | 14,595 |
| PERS | 237 | KALTAG, CITY OF | 26,173 | 109.00% | 28,529 | 5.0% | 1,426 |
| PERS | 211 | KASHUNAMIUT SD | 1,092,499 | 109.00% | 1,190,824 | 5.0% | 59,541 |
| PERS | 180 | KENAI PENINSULA BOROUGH | 11,066,805 | 109.00% | 12,062,817 | 5.0% | 603,141 |
| PERS | 190 | KENAI PENINSULA BOROUGH SD | 11,394,928 | 109.00% | 12,420,472 | 5.0% | 621,024 |
| PERS | 115 | KENAI, CITY OF | 4,926,214 | 109.00% | 5,369,573 | 5.0% | 268,479 |
| PERS | 122 | KETCHIKAN GATEWAY BOROUGH | 3,649,736 | 109.00% | 3,978,212 | 5.0% | 198,911 |
| PERS | 177 | KETCHIKAN GATEWAY BOROUGH SD | 3,323,252 | 109.00% | 3,622,345 | 5.0% | 181,117 |
| PERS | 181 | KETCHIKAN, CITY OF | 7,358,245 | 109.00% | 8,020,487 | 5.0% | 401,024 |
| PERS | 151 | KING COVE, CITY OF | 949,662 | 109.00% | 1,035,132 | 5.0% | 51,757 |
| PERS | 251 | KLAWOCK CITY SD | 524,844 | 109.00% | 572,080 | 5.0% | 28,604 |
| PERS | 227 | KLAWOCK, CITY OF | 752,608 | 109.00% | 820,343 | 5.0% | 41,017 |
| PERS | 174 | KODIAK ISLAND BOROUGH | 2,010,855 | 109.00% | 2,191,832 | 5.0% | 109,592 |
| PERS | 158 | KODIAK ISLAND BOROUGH SD | 4,169,251 | 109.00% | 4,544,484 | 5.0% | 227,224 |
| PERS | 128 | KODIAK, CITY OF | 5,195,780 | 109.00% | 5,663,400 | 5.0% | 283,170 |
| PERS | 140 | KOTZEBUE, CITY OF | 2,879,470 | 109.00% | 3,138,622 | 5.0% | 156,931 |
| PERS | 287 | KOYUK, CITY OF | 19,691 | 109.00% | 21,463 | 5.0% | 1,073 |
| PERS | 125 | KUSPUK SD | 2,025,436 | 109.00% | 2,207,725 | 5.0% | 110,586 |
| PERS | 247 | LAKE AND PENINSULA BOROUGH | 580,459 | 109.00% | 632,700 | 5.0% | 31,635 |
| PERS | 164 | LAKE AND PENINSULA BOROUGH SD | 2,325,155 | 109.00% | 2,534,419 | 5.0% | 126,721 |
| PERS | 157 | LOWER KUSKOKWIM SD | 15,200,587 | 109.00% | 16,568,640 | 5.0% | 828,432 |
| PERS | 153 | LOWER YUKON SD | 4,182,229 | 109.00% | 4,558,630 | 5.0% | 227,931 |
| PERS | 109 | MATANUSKA-SUSITNA BOROUGH | 8,776,404 | 109.00% | 9,566,280 | 5.0% | 478,314 |
| PERS | 110 | MATANUSKA-SUSITNA BOROUGH SD | 17,631,217 | 109.00% | 19,218,027 | 5.0% | 960,901 |
| PERS | 196 | NENANA CITY SD | 858,876 | 109.00% | 936,175 | 5.0% | 46,809 |
| PERS | 193 | NENANA, CITY OF | 342,988 | 109.00% | 373,857 | 5.0% | 18,693 |
| PERS | 149 | NOME CITY SD | 1,299,621 | 109.00% | 1,416,587 | 5.0% | 70,829 |
| PERS | 175 | NOME JOINT UTILITY SYSTEM | 898,551 | 109.00% | 979,421 | 5.0% | 48,971 |
| PERS | 139 | NOME, CITY OF | 2,290,282 | 109.00% | 2,496,407 | 5.0% | 124,820 |
| PERS | 241 | NOORVIK, CITY OF | 322,853 | 109.00% | 351,910 | 5.0% | 17,595 |
| PERS | 170 | NORTH PACIFIC FISHERY MGMT COUNCIL | 1,021,196 | 109.00% | 1,113,104 | 5.0% | 55,655 |
| PERS | 276 | NORTH PACIFIC RIM HA | 866,445 | 109.00% | 944,425 | 5.0% | 47,221 |
| PERS | 191 | NORTH POLE, CITY OF | 1,902,373 | 109.00% | 2,073,587 | 5.0% | 103,679 |
| PERS | 145 | NORTH SLOPE BOROUGH | 43,491,164 | 109.00% | 47,405,359 | 5.0% | 2,370,268 |
| PERS | 161 | NORTH SLOPE BOROUGH SD | 11,544,616 | 109.00% | 12,583,631 | 5.0% | 629,182 |
| PERS | 220 | NORTHWEST ARCTIC BOROUGH | 642,887 | 109.00% | 700,747 | 5.0% | 35,037 |
| PERS | 154 | NORTHWEST ARCTIC BOROUGH SD | 6,381,393 | 109.00% | 6,955,718 | 5.0% | 347,786 |
| PERS | 288 | NORTHWEST INUPIAT HOUSING AUTHORITY | 497,665 | 109.00% | 542,455 | 5.0% | 27,123 |
| PERS | 134 | PALMER, CITY OF | 2,352,286 | 109.00% | 2,583,992 | 5.0% | 128,200 |
| PERS | 257 | PELICAN CITY SD | 71,599 | 109.00% | 78,043 | 5.0% | 3,902 |
| PERS | 200 | PELICAN, CITY OF | 116,031 | 109.00% | 126,474 | 5.0% | 6,324 |
| PERS | 228 | PETERSBURG CITY SD | 954,205 | 109.00% | 1,040,083 | 5.0% | 52,004 |
| PERS | 187 | PETERSBURG MEDICAL CENTER | 2,637,752 | 109.00% | 2,875,150 | 5.0% | 143,757 |
| PERS | 143 | PETERSBURG, CITY OF | 3,511,417 | 109.00% | 3,827,477 | 5.0% | 191,374 |

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

01/30/04 11:04 AM

Average Employer Contribution Rate & Payroll - Active Employers

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

Division of Retirement & Benefits

| | | | (B) Ave. inc. \ yr.>> | 3.00% | <<<PERS>> | 5.0% (D) | |
|------|--------|---------------------------------------|-----------------------|------------------------------|--------------------------|----------------------|----------------------|
| | | | (B) Ave. inc. \ yr.>> | 3.00% | <<<TRS >> | 4.0% (D) | |
| | | | (A) | (Chg\Yr x 3 Yrs) (C) | | (E) | |
| Fund | ER Num | Employer | FY 02 Total Earnings | FY02-FY05 Increase Earn Est. | FY 05 Estimated Earnings | Ave ER Rate Increase | AVE Increase Dollars |
| PERS | 156 | PRIBILOF SD | 585,402 | 109.00% | 638,088 | 5.0% | 31,904 |
| PERS | 266 | QUINHAGAK, CITY OF | 27,461 | 109.00% | 29,932 | 5.0% | 1,497 |
| PERS | 216 | RUBY, CITY OF | 108,860 | 109.00% | 118,657 | 5.0% | 5,933 |
| PERS | 256 | SAINT GEORGE, CITY OF | 335,905 | 109.00% | 366,136 | 5.0% | 18,307 |
| PERS | 221 | SAINT MARY'S SD | 375,758 | 109.00% | 409,576 | 5.0% | 20,479 |
| PERS | 214 | SAINT MARY'S, CITY OF | 281,188 | 109.00% | 306,495 | 5.0% | 15,325 |
| PERS | 172 | SAINT PAUL, CITY OF | 1,253,946 | 109.00% | 1,366,801 | 5.0% | 68,340 |
| PERS | 176 | SAND POINT, CITY OF | 695,464 | 109.00% | 758,056 | 5.0% | 37,903 |
| PERS | 278 | SAXMAN SEAPORT | 35,302 | 109.00% | 38,479 | 5.0% | 1,924 |
| PERS | 198 | SAXMAN, CITY OF | 380,961 | 109.00% | 415,247 | 5.0% | 20,762 |
| PERS | 222 | SELAWICK, CITY OF | 71,048 | 109.00% | 77,442 | 5.0% | 3,872 |
| PERS | 286 | SELDOVIA, CITY OF | 88,403 | 109.00% | 96,359 | 5.0% | 4,818 |
| PERS | 182 | SEWARD, CITY OF | 3,413,307 | 109.00% | 3,720,505 | 5.0% | 186,025 |
| PERS | 133 | SITKA BOROUGH SD | 1,669,532 | 109.00% | 1,819,790 | 5.0% | 90,989 |
| PERS | 165 | SITKA COMMUNITY HOSPITAL | 3,983,358 | 109.00% | 4,341,860 | 5.0% | 217,093 |
| PERS | 120 | SITKA, CITY AND BOROUGH OF | 6,574,007 | 109.00% | 7,165,668 | 5.0% | 358,283 |
| PERS | 225 | SKAGWAY CITY SD | 326,640 | 109.00% | 356,038 | 5.0% | 17,802 |
| PERS | 132 | SKAGWAY, CITY OF | 1,283,006 | 109.00% | 1,398,477 | 5.0% | 69,924 |
| PERS | 123 | SOLDOTNA, CITY OF | 2,467,294 | 109.00% | 2,689,459 | 5.0% | 134,473 |
| PERS | 155 | SOUTHEAST ISLAND SD | 892,269 | 109.00% | 972,573 | 5.0% | 48,629 |
| PERS | 167 | SOUTHEAST REGIONAL RESOURCE CENTER | 1,535,777 | 109.00% | 1,673,997 | 5.0% | 83,700 |
| PERS | 102 | SOUTHWEST REGION SCHOOL DISTRICT (SD) | 2,540,714 | 109.00% | 2,769,378 | 5.0% | 138,469 |
| PERS | 218 | SPECIAL EDUCATION SERVICE AGENCY | 449,505 | 109.00% | 489,960 | 5.0% | 24,498 |
| PERS | 166 | TANANA SD | 143,139 | 109.00% | 156,022 | 5.0% | 7,801 |
| PERS | 169 | TANANA, CITY OF | 199,643 | 109.00% | 217,611 | 5.0% | 10,881 |
| PERS | 206 | THORNE BAY, CITY OF | 256,748 | 109.00% | 279,855 | 5.0% | 13,993 |
| PERS | 279 | TLINGIT-HAIDA RHA | 1,783,104 | 109.00% | 1,943,583 | 5.0% | 97,179 |
| PERS | 280 | TOKSOOK BAY, CITY OF | 15,591 | 109.00% | 16,994 | 5.0% | 850 |
| PERS | 249 | UNALAKLEET, CITY OF | 242,330 | 109.00% | 264,140 | 5.0% | 13,207 |
| PERS | 209 | UNALASKA CITY SD | 848,924 | 109.00% | 925,327 | 5.0% | 46,266 |
| PERS | 179 | UNALASKA, CITY OF | 8,723,847 | 109.00% | 9,508,993 | 5.0% | 475,450 |
| PERS | 113 | UNIVERSITY OF ALASKA | 102,892,246 | 109.00% | 112,152,548 | 5.0% | 5,607,627 |
| PERS | 137 | VALDEZ CITY SD | 1,528,485 | 109.00% | 1,666,049 | 5.0% | 83,302 |
| PERS | 107 | VALDEZ, CITY OF | 4,522,102 | 109.00% | 4,929,091 | 5.0% | 246,455 |
| PERS | 131 | WASILLA, CITY OF | 3,070,992 | 109.00% | 3,347,381 | 5.0% | 167,369 |
| PERS | 202 | WHITTIER, CITY OF | 866,442 | 109.00% | 944,422 | 5.0% | 47,221 |
| PERS | 146 | WRANGELL PUBLIC SD | 753,953 | 109.00% | 821,809 | 5.0% | 41,090 |
| PERS | 135 | WRANGELL, CITY OF | 2,226,452 | 109.00% | 2,426,833 | 5.0% | 121,342 |
| PERS | 264 | YAKUTAT SD | 344,955 | 109.00% | 376,001 | 5.0% | 18,800 |
| PERS | 248 | YAKUTAT, CITY AND BOROUGH OF | 402,871 | 109.00% | 439,129 | 5.0% | 21,956 |
| PERS | 160 | YUKON / KOYUKUK SD | 1,945,463 | 109.00% | 2,120,555 | 5.0% | 106,028 |
| PERS | 159 | YUKON FLATS SD | 1,165,980 | 109.00% | 1,270,918 | 5.0% | 63,546 |
| | | TOTAL PERS | 1,402,352,179 | | 1,528,563,875 | | 76,428,194 |
| TRS | 737 | ALASKA DEPARTMENT OF EDUCATION | 6,056,769 | 109.00% | 6,601,878 | 4.0% | 264,075 |
| TRS | 766 | ALASKA GATEWAY SD | 2,374,512 | 109.00% | 2,588,218 | 4.0% | 103,529 |
| TRS | 758 | ALEUTIAN REGION SD | 352,472 | 109.00% | 384,194 | 4.0% | 15,368 |
| TRS | 780 | ALEUTIANS EAST BOROUGH SD | 2,333,776 | 109.00% | 2,543,816 | 4.0% | 101,753 |
| TRS | 701 | ANCHORAGE SD | 174,033,538 | 109.00% | 189,696,556 | 4.0% | 7,587,862 |
| TRS | 770 | ANNETTE ISLAND SD | 1,582,724 | 109.00% | 1,725,169 | 4.0% | 69,007 |
| TRS | 752 | BERING STRAIT SD | 10,819,453 | 109.00% | 11,793,204 | 4.0% | 471,728 |
| TRS | 742 | BRISTOL BAY BOROUGH SD | 1,288,848 | 109.00% | 1,404,842 | 4.0% | 56,194 |
| TRS | 768 | CHATHAM SD | 1,277,824 | 109.00% | 1,392,828 | 4.0% | 55,713 |
| TRS | 771 | CHUGACH SD | 920,673 | 109.00% | 1,003,534 | 4.0% | 40,141 |

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

01/30/04 11:04 AM

Average Employer Contribution Rate & Payroll - Active Employers

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

Division of Retirement & Benefits

| | | | (B) Ave. inc. \ yr.>>: | 3.00% | <<<PERS>>> | 5.0% | (D) |
|-------------------------|--------|------------------------------------|--------------------------|---|------------------------------|----------------------|--------------------------|
| | | | (B) Ave. inc. \ yr.>>: | 3.00% | <<<TRS >>> | 4.0% | (D) |
| Fund | ER Num | Employer | (A) FY 02 Total Earnings | (Chg\Yr x 3 Yrs) FY02-FY05 Increase Earn Est. | (C) FY 05 Estimated Earnings | Ave ER Rate Increase | (E) AVE Increase Dollars |
| TRS | 767 | COPPER RIVER SD | 2,812,815 | 109.00% | 3,065,969 | 4.0% | 122,639 |
| TRS | 704 | CORDOVA CITY SD | 2,040,792 | 109.00% | 2,224,463 | 4.0% | 88,979 |
| TRS | 705 | CRAIG CITY SD | 2,283,193 | 109.00% | 2,488,681 | 4.0% | 99,547 |
| TRS | 765 | DELTA/GREELY SD | 2,953,816 | 109.00% | 3,219,659 | 4.0% | 128,786 |
| TRS | 764 | DENALI BOROUGH SD | 1,645,783 | 109.00% | 1,793,904 | 4.0% | 71,756 |
| TRS | 744 | DILLINGHAM CITY SD | 2,826,074 | 109.00% | 3,080,420 | 4.0% | 123,217 |
| TRS | 706 | FAIRBANKS NORTH STAR BOROUGH SD | 57,301,300 | 109.00% | 62,458,417 | 4.0% | 2,498,337 |
| TRS | 735 | GALENA CITY SD | 4,434,405 | 109.00% | 4,833,501 | 4.0% | 193,340 |
| TRS | 707 | HAINES BOROUGH SD | 1,825,381 | 109.00% | 1,989,665 | 4.0% | 79,587 |
| TRS | 708 | HOONAH CITY SD | 1,549,901 | 109.00% | 1,689,392 | 4.0% | 67,576 |
| TRS | 709 | HYDABURG CITY SD | 693,110 | 109.00% | 755,490 | 4.0% | 30,220 |
| TRS | 761 | IDITAROD AREA SD | 2,526,120 | 109.00% | 2,753,471 | 4.0% | 110,139 |
| TRS | 710 | JUNEAU BOROUGH SD | 19,867,625 | 109.00% | 21,655,711 | 4.0% | 866,228 |
| TRS | 712 | KAKE CITY SD | 776,899 | 109.00% | 846,820 | 4.0% | 33,873 |
| TRS | 777 | KASHUNAMIUT SD | 1,434,079 | 109.00% | 1,563,146 | 4.0% | 62,526 |
| TRS | 746 | KENAI PENINSULA BOROUGH SD | 37,313,529 | 109.00% | 40,671,746 | 4.0% | 1,626,870 |
| TRS | 714 | KETCHIKAN GATEWAY BOROUGH SD | 9,067,218 | 109.00% | 9,882,767 | 4.0% | 395,331 |
| TRS | 717 | KLAWOCK CITY SD | 1,140,371 | 109.00% | 1,243,004 | 4.0% | 49,720 |
| TRS | 718 | KODIAK ISLAND BOROUGH SD | 12,306,959 | 109.00% | 13,414,585 | 4.0% | 536,583 |
| TRS | 755 | KUSPUK SD | 2,730,248 | 109.00% | 2,975,971 | 4.0% | 119,039 |
| TRS | 757 | LAKE AND PENINSULA BOROUGH SD | 3,174,455 | 109.00% | 3,460,156 | 4.0% | 138,406 |
| TRS | 754 | LOWER KUSKOKWIM SD | 18,407,816 | 109.00% | 20,064,520 | 4.7% | 802,581 |
| TRS | 753 | LOWER YUKON SD | 8,902,385 | 109.00% | 9,703,599 | 4.0% | 388,144 |
| TRS | 722 | MATANUSKA-SUSITNA BOROUGH SD | 50,380,854 | 109.00% | 54,915,131 | 4.0% | 2,196,605 |
| TRS | 719 | NENANA CITY SD | 2,091,464 | 109.00% | 2,279,695 | 4.0% | 91,188 |
| TRS | 720 | NOME CITY SD | 3,080,546 | 109.00% | 3,357,796 | 4.0% | 134,312 |
| TRS | 736 | NORTH SLOPE BOROUGH SD | 14,173,506 | 109.00% | 15,440,122 | 4.0% | 617,965 |
| TRS | 751 | NORTHWEST ARCTIC BOROUGH SD | 12,278,335 | 109.00% | 13,383,385 | 4.0% | 535,335 |
| TRS | 723 | PELICAN CITY SD | 144,390 | 109.00% | 157,385 | 4.0% | 6,295 |
| TRS | 724 | PETERSBURG CITY SD | 2,362,977 | 109.00% | 3,120,645 | 4.0% | 124,826 |
| TRS | 759 | PRIBILOF SD | 676,442 | 109.00% | 737,321 | 4.0% | 29,493 |
| TRS | 748 | SAINT MARY'S SD | 854,777 | 109.00% | 931,707 | 4.0% | 37,268 |
| TRS | 727 | SITKA BOROUGH SD | 6,727,047 | 109.00% | 7,332,481 | 4.0% | 293,299 |
| TRS | 728 | SKAGWAY CITY SD | 695,485 | 109.00% | 758,078 | 4.0% | 30,323 |
| TRS | 769 | SOUTHEAST ISLAND SD | 1,330,619 | 109.00% | 1,450,375 | 4.0% | 58,015 |
| TRS | 743 | SOUTHEAST REGIONAL RESOURCE CENTER | 973,810 | 109.00% | 1,061,453 | 4.0% | 42,458 |
| TRS | 756 | SOUTHWEST REGION SD | 4,994,756 | 109.00% | 5,444,284 | 4.0% | 217,771 |
| TRS | 779 | SPECIAL EDUCATION SERVICE AGENCY | 1,145,329 | 109.00% | 1,248,408 | 4.0% | 49,936 |
| TRS | 775 | TANANA SD | 280,879 | 109.00% | 306,158 | 4.0% | 12,246 |
| TRS | 729 | UNALASKA CITY SD | 2,116,028 | 109.00% | 2,306,471 | 4.0% | 92,259 |
| TRS | 733 | UNIVERSITY OF ALASKA | 37,998,992 | 109.00% | 41,418,901 | 4.0% | 1,656,756 |
| TRS | 730 | VALDEZ CITY SD | 4,609,664 | 109.00% | 5,024,534 | 4.0% | 200,981 |
| TRS | 731 | WRANGELL PUBLIC SD | 2,062,636 | 109.00% | 2,248,273 | 4.0% | 89,931 |
| TRS | 732 | YAKUTAT SD | 912,808 | 109.00% | 994,961 | 4.0% | 39,798 |
| TRS | 762 | YUKON / KOYUKUK SD | 3,767,177 | 109.00% | 4,106,223 | 4.0% | 164,249 |
| TRS | 763 | YUKON FLATS SD | 2,353,329 | 109.00% | 2,565,129 | 4.0% | 102,605 |
| TRS | 778 | YUPIIT SD | 2,188,565 | 109.00% | 2,385,536 | 4.0% | 95,421 |
| TOTAL TRS | | | 557,755,273 | | 607,953,247 | | 24,318,130 |
| TOTAL BOTH PERS AND TRS | | | 1,960,107,452 | | 2,136,517,122 | | 100,746,324 |

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

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

01/30/04 11:04 AM

Average Employer Contribution Rate & Payroll - Active Employers

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

Division of Retirement & Benefits

| Fund | ER Num | Employer | (A) FY 02 Total Earnings | (Chg)\Yr x 3 Yrs FY02-FY05 Increase Eam Est. | (C) FY 05 Estimated Earnings | Ave ER Rate Increase | (E) AVE Increase Dollars |
|------|--------|----------|-----------------------------------|---|---------------------------------------|----------------------------|-----------------------------------|
| | | | (B) Ave. inc. \ yr.>>: | 3.00% | <<<PERS>>> | 5.0% | (D) |
| | | | (B) Ave. inc. \ yr.>>: | 3.00% | <<<TRS >>> | 4.0% | (D) |

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

Note B - To update FY 02 base to FY 05

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

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

Accounts for both salary increase and growth.

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

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

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

Medical

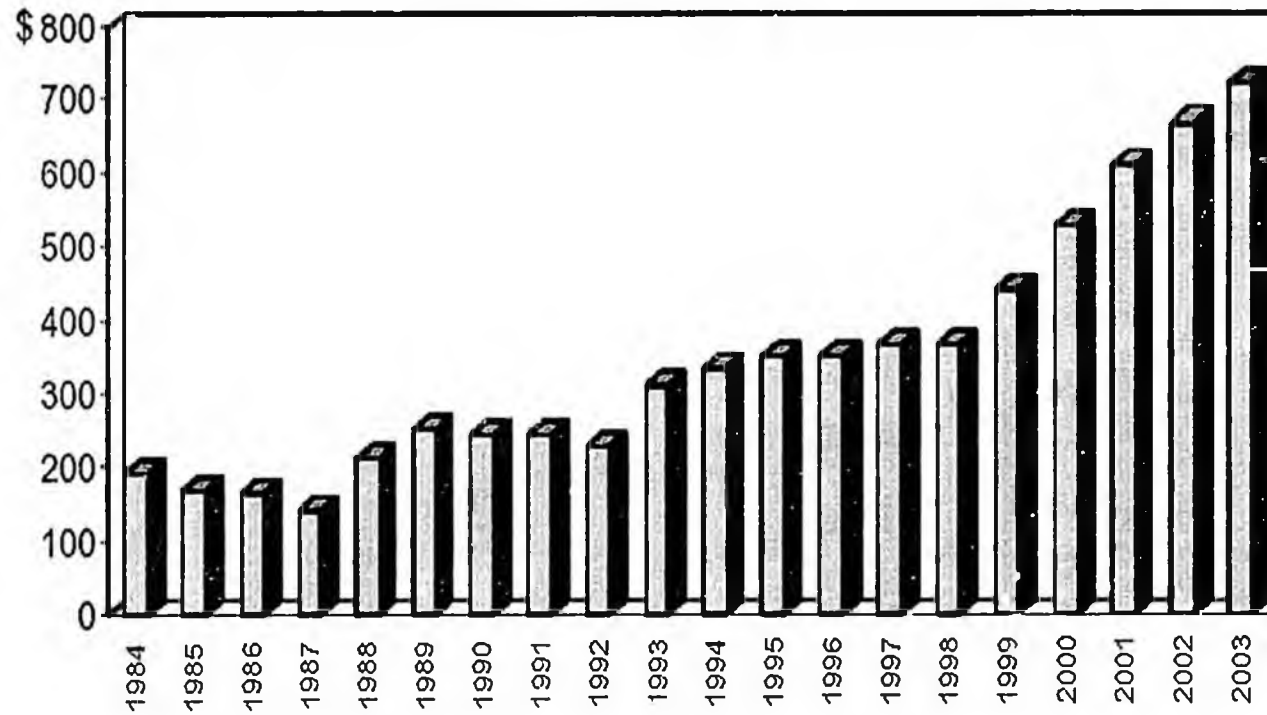
Costs

Retiree Medical Insurance

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

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

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



PERS

Employer

Rates

FY01 - FY05

PERS Employer Rate Change

Employer Rate Change Last 5 Years

| Public Employees' Retirement System Analysis of Financial Experience | | | | | |
|--|---|--------------|----------------|----------------|----------------|
| Change in Average Employer Contribution Rate Due to Gains and Losses in Accrued Liabilities During the Last Five Fiscal Years Resulting From Differences Between Assumed Experience and Actual Experience | | | | | |
| Type of Gain or Loss | Change in Average Contribution Rate During Fiscal Year | | | | |
| | 2002 | 2001 | 2000 | 1999 | 1998 |
| Health Experience | 3.68% | - | - | - | - |
| Salary Experience | (0.20)% | (1.03)% | - | (0.23)% | (0.46)% |
| Investment Experience | 7.24% | 0.11% | (0.12)% | (0.49)% | (3.26)% |
| Demographic Experience | <u>1.21%</u> | <u>0.77%</u> | <u>(0.81)%</u> | <u>0.21%</u> | <u>1.12%</u> |
| (Gain) or Loss During Year From Experience | 11.93% | (0.15)% | (0.93)% | (0.51)% | (2.60)% |
| Non-recurring changes | | | | | |
| Asset Valuation Method | 4.11% | - | (2.67)% | - | - |
| Past Service Amortization Change | (5.06)% | - | - | - | - |
| Assumption Changes | 6.98% | - | 3.09% | - | 1.08% |
| System Benefit Changes | 0.04% | 0.17% | - | - | - |
| Liability Loading Adjustment | - | 0.57% | - | - | 0.99% |
| Ad hoc PRPA | <u>0.14%</u> | <u>0.06%</u> | <u>0.07%</u> | <u>0.04%</u> | <u>0.20%</u> |
| Composite (Gain) or Loss During Year | <u>18.14%</u> | <u>0.65%</u> | <u>(0.44)%</u> | <u>(0.47)%</u> | <u>(0.33)%</u> |
| Beginning Average Employer Contribution Rate | <u>6.77%</u> | <u>6.12%</u> | <u>6.56%</u> | <u>7.03%</u> | <u>7.36%</u> |
| Ending Average Employer Contribution Rate | <u>24.91%</u> | <u>6.77%</u> | <u>6.12%</u> | <u>6.56%</u> | <u>7.03%</u> |
| Board Adopted Employer Contribution Rate | <u>11.77%</u> | <u>6.77%</u> | <u>6.75%</u> | <u>6.75%</u> | <u>7.40%</u> |
| Fiscal Year above rate is applied | FY05 | FY04 | FY03 | FY02 | FY01 |

PERS Summary of Benefits

**Public Employees' Retirement System
Schedule of Benefit Expenses by Type
(000's Omitted)**

| Year Ended June 30 | Service | Disability | Survivor | Dependent⁽¹⁾ | COLA⁽²⁾ | PRPA⁽³⁾ | Medical | Total |
|---------------------------|----------------|-------------------|-----------------|--------------------------------|---------------------------|---------------------------|----------------|--------------|
| 1994 | \$90,388 | \$3,895 | \$ 4,668 | \$ - | \$7,099 | \$15,817 | \$36,046 | \$157,913 |
| 1995 | 97,730 | 4,076 | 5,431 | - | 7,597 | 16,800 | 40,687 | 172,321 |
| 1996 | 107,082 | 4,608 | 5,546 | - | 8,244 | 17,559 | 47,964 | 191,003 |
| 1997 ⁽¹⁾ | 160,103 | 6,228 | 10,314 | 683 | - | - | 48,361 | 225,689 |
| 1998 | 177,556 | 6,593 | 10,823 | 567 | - | - | 55,165 | 250,709 |
| 1999 | 195,605 | 7,195 | 12,141 | 229 | - | - | 64,486 | 279,656 |
| 2000 | 216,118 | 9,669 | 13,650 | 4 | - | - | 83,794 | 323,235 |
| 2001 | 239,814 | 8,185 | 11,772 | - | - | - | 103,846 | 363,617 |
| 2002 | 258,189 | 8,379 | 13,163 | - | - | - | 124,805 | 404,536 |
| 2003 | 283,927 | 8,827 | 14,930 | - | - | - | 143,331 | 451,015 |

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

⁽²⁾ Cost-of-Living in Alaska (COLA)

⁽³⁾ Post-Retirement Pension Adjustment (PRPA)

TRS

Employer

Rates

FY01 - FY05

TRS Employer Rate Change

Employer Rate Change Last 5 Years

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

TRS Summary of Benefits

| Teachers' Retirement System Schedule of Benefit Expenses by Type (000's omitted) | | | | | | | | |
|--|-----------|------------|----------|--------------------------|---------------------|---------------------|------------|-----------|
| Year Ended June 30 | Service | Disability | Survivor | Dependent ⁽¹⁾ | COLA ⁽²⁾ | PRPA ⁽³⁾ | Healthcare | Total |
| 1994 | \$ 76,735 | \$2,579 | \$2,260 | \$ - | \$4,991 | \$14,202 | \$15,725 | \$116,492 |
| 1995 | 85,933 | 2,546 | 2,513 | - | 5,642 | 14,864 | 18,264 | 129,762 |
| 1996 | 93,089 | 2,798 | 2,618 | - | 6,082 | 15,362 | 21,655 | 141,604 |
| 1997 ⁽¹⁾ | 147,259 | 3,943 | 6,322 | 43 | - | - | 22,653 | 180,220 |
| 1998 | 160,409 | 3,693 | 5,691 | 38 | - | - | 26,123 | 195,954 |
| 1999 | 176,830 | 3,775 | 6,384 | 96 | - | - | 30,987 | 218,072 |
| 2000 | 191,138 | 4,601 | 7,059 | 129 | - | - | 40,183 | 243,110 |
| 2001 | 201,338 | 3,410 | 5,784 | 413 | - | - | 48,928 | 259,873 |
| 2002 | 213,106 | 2,979 | 6,320 | 492 | - | - | 56,946 | 279,843 |
| 2003 | 234,253 | 2,872 | 6,901 | 492 | - | - | 65,898 | 310,416 |

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

⁽²⁾ Cost-of-Living in Alaska (COLA)

⁽³⁾ Post-Retirement Pension Adjustment (PRPA)

PERS/TRS

TIER IV -

TIER III

Subcommittee



State of Alaska—DRAFT Employer Newsletter

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

Message from Commissioner Miller

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

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

—PERB/TRB Meeting, September 23, 2003

—DRAFT—



Mike Miller, Commissioner
Dept. of Administration

As most of you are aware, the employer rates for FY05 were adopted by the PERB and TRB on _____. The PERB adopted an 11.77% average employer rate for PERS employers, which represents a 5% increase from the FY04 6.77% rate. The TRB adopted an employer rate of 16% for FY05, which represents a 4% increase from the FY04 12% rate.

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

—Mike Miller

In Search of Your Ideas

PERS/TRS Tier Subcommittee
(from left to right)
Bob Boko—Chair, Alyce Hanley,
Richard Solie, and Frank Narusch.



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

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

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

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

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

ALLOCATION OF DOLLARS

The pattern of allocating retirement dollars among different kinds of employees can vary widely. Some employers want to allocate more dollars to long-service or older employees, to support career employment and to prevent dollars from "walking out the door" when short-service employees leave the company. Others want to allocate dollars uniformly to employees no matter what their service or age, to make the retirement plan more attractive to younger people and to be more competitive in hiring.

1

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

Plan should favor long-service employees

Plan should not distinguish on account of length of service

2

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

Plan should favor older employees

Plan should not distinguish on account of age

How important is this issue in your planning?

| | | |
|--|--|--|
| | | |
|--|--|--|

Very important

Somewhat important

Not at all important

Any comments on this issue:

Handwritten notes and scribbles on a grid of horizontal lines.

ALLOCATION OF DOLLARS

Within a retirement plan, benefits can build up or accrue at different rates. This makes no difference to employees who stay until retirement, but makes a big difference in the accrued benefit for any vested employee who leaves before retirement.

3

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

Benefits should build up quickly, so "early leavers" have good benefits

Benefits should build up slowly, so "early leavers" have little

How important is this issue in your planning?

| | | |
|----------------|--------------------|----------------------|
| | | |
| Very important | Somewhat important | Not at all important |

Any comments on this issue:

C. R. Smith - 11-11-81

ALLOCATION OF DOLLARS

Employees who change jobs in mid-career often lose out because they have fewer years in which to earn a retirement benefit with their new employer. Some employers, who need to make such hires, want to be sure their plan provides sufficient benefits for mid-career hires. Others place relatively little importance on the issue, believing that benefits from previous employers should make up the difference.

4

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

Mid-career hires should
accrue excellent benefits

It's OK for mid-career
hires to accrue smaller
benefits

How important is this issue in your planning?

| | | |
|----------------|-----------------------|-------------------------|
| | | |
| Very important | Somewhat important | Not at all important |

Any comments on this issue:

0 1 2 3 4 5 6 7 8 9

MANAGING RETIREMENT

Retirement age has become a major lifestyle decision for most employees, with some wanting to retire as early as they can afford to and others wanting to stay on the job as long as they can. Some employers are content to let employees stay or leave at their own pace, but others want to be able to encourage retirement at a target age.

5

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

We want to be able to encourage retirement at a particular age range

We don't care when people retire

How important is this issue in your planning?

| | | |
|--|--|--|
| | | |
|--|--|--|

Very important

Somewhat important

Not at all important

Any comments on this issue:

Very important

MANAGING RETIREMENT

Many employers want the flexibility to encourage retirements at a specific time to support business needs. It's possible to accomplish this through the retirement program, by offering enhanced benefits during early retirement windows. If such enhancements aren't done through the retirement plan, employers can encourage targeted retirement through a separate severance plan.

6

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

We want to be able to encourage early retirement with ad hoc enhanced benefits through the plan

We don't care about encouraging early retirement, or will handle it through other methods

How important is this issue in your planning?

| | | |
|----------------|--------------------|----------------------|
| | | |
| Very important | Somewhat important | Not at all important |

Any comments on this issue:

Comments on this issue:

RISK AND RESPONSIBILITY

Today, people are living longer and working longer, often in multiple careers. Savings rates are low and when an employee does save their savings are often used for major expenses prior to retirement such as purchasing a home, paying for college, medical expenses, or parental care. In addition, retirement income often depends on their knowledge of investments and their investment decisions. In the foreseeable future, Social Security benefits are likely to be reduced and social security retirement age increased to prevent insolvency of the Social Security System. Given the uncertainty in employee careers and retirement income, some employers want to provide some retirement income that employees can count on. Other employers feel it is entirely the employees responsibility to manage their retirement, regardless of their knowledge, personal circumstance, or external factors that might affect retirement.

7

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

We want to provide employees with a specific amount of retirement income they can count on at retirement

We will contribute to our employees retirement, but each employee should be entirely responsible for managing their retirement

How important is this issue in your planning?

| | | |
|----------------|--------------------|----------------------|
| | | |
| Very important | Somewhat important | Not at all important |

Any comments on this issue:

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

RISK AND RESPONSIBILITY

Assuming higher investment risk brings the potential of higher rewards. If employees bear investment risk, they can choose the level of risk and reward most appropriate to their individual circumstances; however, if employees invest too conservatively they may never amass enough resources for adequate retirement security. If the employer bears investment risk within the retirement plan, it can often deliver higher returns because of a longer time horizon and the ability to use professional management. This results in higher benefits to participants or lower cost of benefits for the employer.

8

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

Employees should
assume investment risk

Employer should assume
investment risk

How important is this issue in your planning?

| | | |
|----------------|--------------------|----------------------|
| | | |
| Very Important | Somewhat important | Not at all important |

Any comments on this issue:

Comments on this issue:

RISK AND RESPONSIBILITY

Inflation can erode the value of a benefit before retirement, if the value of the benefit was determined several years earlier. Some kinds of retirement plans tend to improve benefits in step with inflation, either directly with an inflation adjustment or indirectly by pegging benefits to final pay.

9

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

Employees should assume pre-retirement inflation risk

Employers should adjust benefits for pre-retirement inflation

10

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

Employees should assume post-retirement inflation risk

Employers should adjust benefits for post-retirement inflation

How important is this issue in your planning?

| | | |
|--|--|--|
| | | |
|--|--|--|

Very important

Somewhat important

Not at all important

Any comments on this issue:

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
| | | | | | | |
| | | | | | | |

RISK AND RESPONSIBILITY

Historically, some employers have encouraged or allowed employees to use retirement plans as a tax-advantaged vehicle to save for pre-retirement needs such as college tuition or a home purchase. But employees who tap into their retirement plans for such purposes or for emergencies often fail to replenish those assets, which severely reduces retirement income.

12

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

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

Employees should have no access to plan assets until retirement

How important is this issue in your planning?

| | | |
|--|--|--|
| | | |
|--|--|--|

Very important

Somewhat important

Not at all important

Any comments on this issue:

Very important - Somewhat important - Not at all important

EMPLOYEE UNDERSTANDING AND APPRECIATION

It's possible to tailor a retirement plan to accomplish a wide variety of specific objectives -- but that increases its complexity, and makes it more difficult for employees to understand. Some employers place great value on understandability; others are willing to take on a much harder communication challenge in return for the greater flexibility of design.

13

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

Understandability is the primary concern

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

How important is this issue in your planning?

| | | |
|----------------|--------------------|----------------------|
| | | |
| Very important | Somewhat important | Not at all important |

Any comments on this issue:

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

EMPLOYEE UNDERSTANDING AND APPRECIATION

Some employers don't mind if younger employees aren't wildly enthusiastic about a retirement plan; after all, they'll appreciate it more as they get closer to retirement and the benefits seem more tangible. Other employers think their dollars are poorly spent if all employees don't appreciate the plan.

14

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

All employees should find the plan tangible and relevant

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

How important is this issue in your planning?

| | | |
|--|--|--|
| | | |
|--|--|--|

Very important

Somewhat important

Not at all important

Any comments on this issue:

Very important

EMPLOYER BUSINESS ISSUES

Some employers are content with the structure and discipline of having to make a regular retirement contribution every year. Others place a high value on funding flexibility, so they have maximum discretion in any given year over whether to put corporate assets into the retirement plan or into some other investment.

15

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|

We want maximum flexibility in funding

We want no flexibility at all

How important is this issue in your planning?

| | | |
|--|--|--|
| | | |
|--|--|--|

Very important

Somewhat important

Not at all important

Any comments on this issue:

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|