

ALBANY, N.Y. 12202-2000
7/98

11704 STATE APTS

PERS

Possible Medical Scenarios for member before Medicare eligible (currently age 60 – 65) according to HB 238 – 2% HRA contribution

PERS "other" early hire, 30 years, retires at 60 – 90% subsidy	Amount in dollars
Cost of medical	304,491
Amount of subsidy	200,739
Amount paid by HRA	160,578
Net out of pocket expense to retiree 60 mo. Pre-Medicare medical coverage	-56,826

Page 2

PERS "other" late hire, 20 years, retires at 60 with spouse – 60% subsidy	Amount in dollars
Cost of medical	290,044
Amount of subsidy	128,745
Amount paid by HRA	54,563
Net out of pocket expense to retiree 60 mo. Pre-Medicare medical coverage	106,736

Page 5

PERS "other" late hire, 20 years, retires at 60 – 60% subsidy	Amount in dollars
Cost of medical	145,022
Amount of subsidy	64,373
Amount paid by HRA	59,536
Net out of pocket expense to retiree 60 mo. Pre-Medicare medical coverage	21,113

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TRS

Possible Medical Scenarios for member before Medicare eligible (currently age 60 – 65) according to AB 238 – 2% HRA contribution

TRS early hire, 30 years, retires at 60 – 90% subsidy	Amount in dollars
Cost of medical	301,491
Amount of subsidy	200,739
Amount paid by HRA	213,838
Net out of pocket expense to retiree 60 mo. Pre-Medicare medical coverage	-113,086

Page 12

TRS late hire, 20 years, retires at 60 – 60% subsidy	Amount in dollars
Cost of medical	145,022
Amount of subsidy	64,373
Amount paid by HRA	79,518
Net out of pocket expense to retiree 60 mo. Pre-Medicare medical coverage	1,131

Page 14

TRS late hire, 20 years, retires at 60 With spouse – 60% subsidy	Amount in dollars
Cost of medical	290,044
Amount of subsidy	128,745
Amount paid by HRA	72,101
Net out of pocket expense to retiree 60 mo. Pre-Medicare medical coverage	89,198

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State Affairs Special Committee – PERS/TRS open work session 2.19.05 10am

There are three ways people are approaching PERS/TRS

- I. Changing the administration of PERS / TRS (the board)
- II. Questioning the actuarial rates: weather the actuarial assumptions were good, the investment strategies, etc.

We wont be dealing with these aspects at this time.

- II. Finding a solution- a bill- that is attractive to both employers and employees

1. Defined contribution

In State Affairs we want to develop something to cure the BIG problem that we have in PERS and TRS now. We want to look at the elements involved in designing a system to solve the problem and move forward. We are trying to find a common ground between employer and employees so we can put together in a bill.

- a. Can we design a system that would be beneficial to employees? Take a look at the universities Optional Retirement Plan (ORP) model.
- b. Explain the graph on page 25 – How much money would we have to place in an account dedicated to paying off the past service rate of tier IV employees. This would give employers an incentive to undertake such drastic changes.
- c. Employee bears a portion of the risk – either an equal employee/ employer contribution or any such arrangement where the employee does not contribute at a fixed rate.

2. A new defined benefit tier

- a. Calculate using a three year average, five year average, career average
- b. Base pay only: don't base retirement benefits on geographic cost differential, overtime pay, or bonuses.
- c. Eliminate COLA. *Add PRPA*
- d. Raise retirement eligibility age
- e. Floating employee contribution *←*
- f. Establish a floor for employer contributions
- g. Change the health care component to reduce costs (ex. HRA) —

Brad Lawson

- 1 Employee more share
- 2
- 3 more for more years favor
- 4 predictable + stable
- 5 health care inflation risk should be shared.
- 6 New Tiers
- 7 annual cost of should not exceed

5% eliminates the health inflation risk

Why not apply to past medical liability

5964

Gatto
Greenberg

* Preferred provider Network
* Loyalty



287 to actives

TRS

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State of Alaska

PERS & TRS

Proposed Medical Program

House State Affairs

April 2, 2005



Proposed Medical Program

Key Features

Key features of post-retirement medical program

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



Proposed Medical Program

System Sponsored Health Care Plan

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

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



Proposed Medical Program

Eligibility

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



Proposed Medical Program

Early Retirement

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



Proposed Medical Program

Normal Retirement to Medicare Eligibility

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



Proposed Medical Program

Normal Retirement to Medicare Eligibility

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



Proposed Medical Program

Normal Retirement to Medicare Eligibility

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

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

Pre Medicare \$5,962*

⇒ Subsidy Percentage

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

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

⇒ *Equivalent to FY2004 pre-Medicare projected claim cost.

Mercer Human Resource Consulting

Slide 8



Proposed Medical Program

After Medicare Eligibility

- ⇒ Defined health benefit similar to current program
- ⇒ Retirees who were previously eligible for 100% subsidy of retiree health plan costs will now participate in the premium cost.
- ⇒ Contributions are per covered individual
- ⇒ Pre-Medicare dependent spouses are eligible to receive a defined dollar subsidy with percentage based on retiree length of service
- ⇒ Medicare eligible dependent spouses are eligible to receive the same defined health benefits as the retiree and pay the same contributions



Proposed Medical Program

After Medicare Eligibility

⇒ Contribution Base PMPY for fiscal year 2004:

Medicare Eligible \$2,667

⇒ Contribution Percentage

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

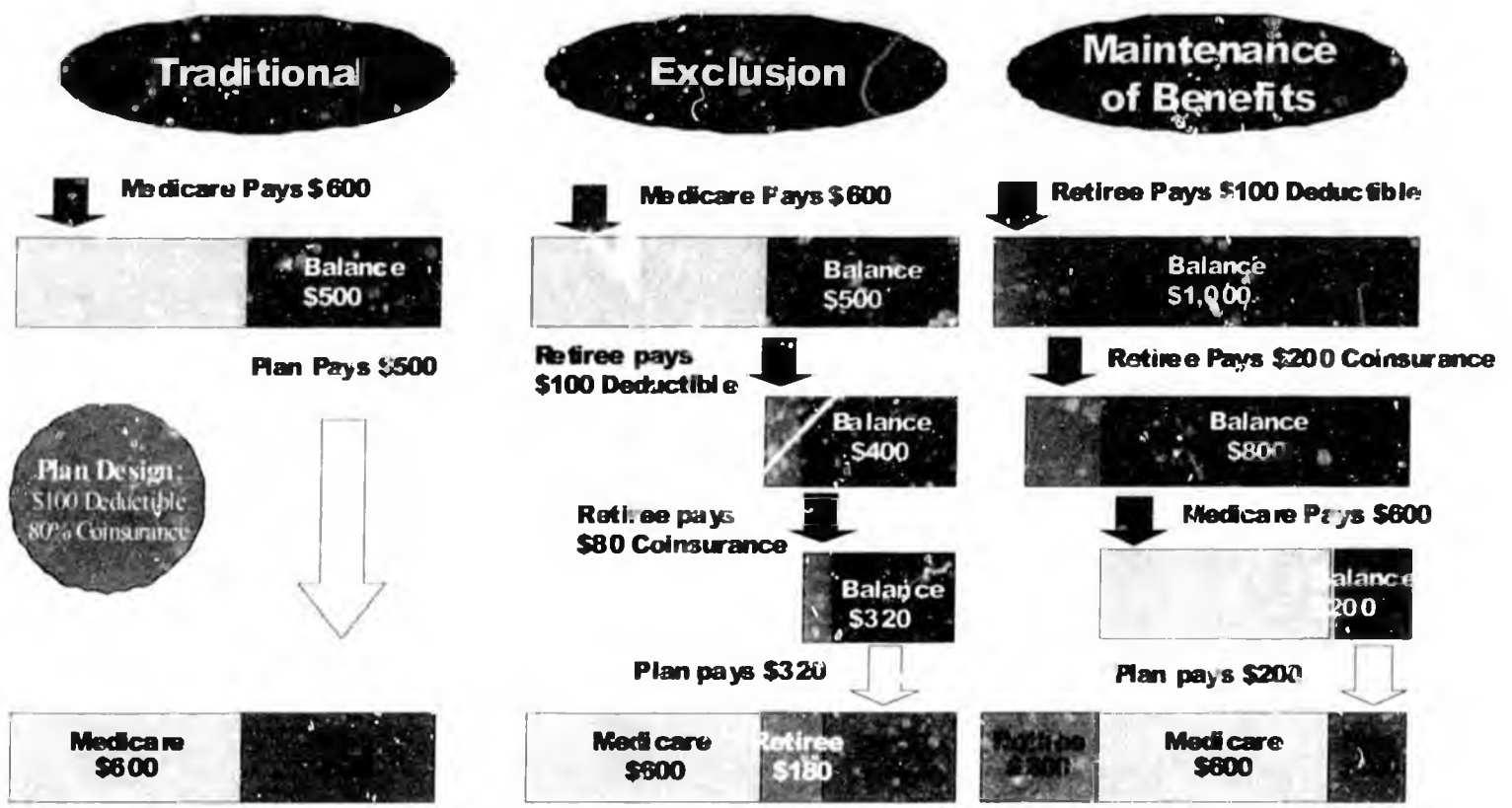
⇒ Apply percentages to the contribution base to arrive at the applicable contribution amount



Exhibit A

Types of Medicare Integration

Total Expense \$1,100



Traditional – Calculates what the plan would have paid as sole provider and adds what Medicare pays. If the total is more than 100% of the bill, the plan pays only enough to total 100%. The retiree often pays no deductible or coinsurance.

Exclusion – Determines the total expenses covered under the plan, reduces them by Medicare benefits and then applies the deductibles, coinsurance and other plan limits.

Maintenance of Benefits – Calculates the plan's payment as if there were no Medicare coverage, applies the deductibles, coinsurance and other plan limits and pays the remaining amount minus what Medicare pays. Also call Carve-Out.

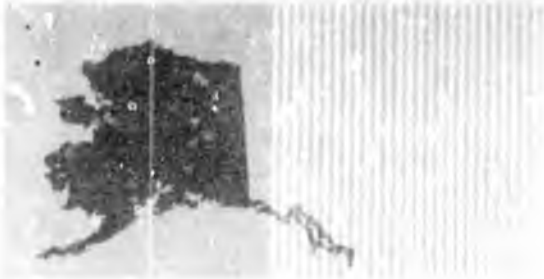


Proposed Alternatives

Alternative 2 – Normal Cost Rates

⇒ “Normal cost” rates for Alternative 2 are expected to be as follows:

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

A large, dark silhouette of the state of Alaska is centered on the left side of the slide, serving as a background for the title text.

Health Reimbursement Accounts (HRAs)



Health Reimbursement Accounts Overview

⇒ Arrangement that:

- Is solely employer paid
- Reimburses employees for medical expenses
- Provides reimbursements up to a maximum dollar amount for a defined coverage period

⇒ Unused funds are carried forward to the next coverage period

⇒ Usually, but not required to be, associated with high-deductible health plans or consumer directed health plans

⇒ Includes aspects of FSAs

⇒ Also known as

- Health Reimbursement Arrangements
- Defined contribution health care plans



Health Reimbursement Accounts Overview

Funding

- ⇒ Employer only
- ⇒ Employer sets own limits

Eligibility

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



Health Reimbursement Accounts Overview

Benefits

- ⇒ Reimbursements for medical expenses as defined in IRC section 213(d)
- ⇒ No IRS limit on reimbursements
- ⇒ Employee responsible for substantiating expenses
- ⇒ Cannot use for over-the-counter drugs
- ⇒ Cannot have any right to receive cash benefit



Health Reimbursement Accounts Overview

Plan design

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

Tax Treatment

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

AETNA

FY	ACTIVE (not including HCRA)	RETIREE	TOTALS
FY2004	49,090,468.49	226,327,566.63	275,418,035.12
FY2003	45,494,240.37	205,456,182.54	250,950,422.91
FY2002	44,000,570.07	148,253,457.29	187,349,226.04
FY2001	80,606,702.55	128,326,641.80	208,933,344.35
FY2000	64,695,827.71	106,312,621.78	171,008,449.49

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PUBLIC EMPLOYEES' / TEACHERS' RETIREMENT SYSTEM
HOUSE STATE AFFAIRS – MEDICAL INFORMATION

SUBJECT: PERS / TRS Tier Classification Medical Benefits

DATE: APRIL 2005

PERS	Tier 1	Tier 2	Tier 3	Total
Active	7,916	9,086	16,878	33,880
Deferred Vested	2,864	2,785	393	6,042
Deferred	1,871	3,079	7,188	12,138
Retired	17,352	2,041	101	19,494
Total	30,003	16,991	24,560	71,554
Medical Benefits	System paid medical benefits for all benefit recipients and their eligible dependents. Eligible after vesting and normal retirement age of 55 or early retirement at age 50.	System paid medical benefits for Police / Firefighters after 25 years or "all others" at 30 years of service. Eligible after vesting and age 60. Under 60 must pay premium. Disabilitants, regardless of age receive medical coverage.	System paid medical benefits for Police and Firefighters after 25 years or "all others" at 30 years of service. Eligible at age 60 after vesting; 10 years of credited service to qualify. Under age 50 must pay premium. Disabilitants, regardless of age receive medical coverage.	

TRS	Tier 1	Tier 2	Total
Active	3,204	7,037	10,241
Deferred Vested	404	259	663
Deferred	601	1,947	2,548
Retired	8,462	184	8,646
Total	12,671	9,427	22,098
Medical Benefits	System paid medical benefits for all benefit recipients and their eligible dependents. Eligible after vesting and normal retirement age of 55 or early retirement at age 50.	System paid medical benefits for teachers after 25 years of service. Eligible after vesting and age 60. Under 60 must pay premium. Disabilitants, regardless of age receive medical coverage.	

(Above member counts for both systems are as of October 11, 2004)

Note: Medical benefits account for a significant portion of the Systems liabilities.



Liabilities Due to Pension and Medical (000's)

	<u>PERS</u>		<u>TRS</u>	
Accrued Liability				
Non-medical	\$ 7,189,244	63%	\$ 4,216,480	69%
Medical	<u>4,254,672</u>	37%	<u>1,907,120</u>	31%
Total	11,443,916		6,123,600	

MEMORANDUM

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
Division of Retirement and Benefits

To: Representative Seaton
House State Affairs

Date: April 16, 2005

From: Melanie Millhorn *M.M.*
Director

Subject: Retiree Health Care Costs
Comparison w/Private Sector

This memo provides information at the request of Representative Ramras regarding health care costs involving the retiree health plan and includes information about retiree health care cost trends in the private sector.

- As of the June 30, 2004 (draft actuarial valuation report) the accrued liability for retiree medical costs is \$6.1 billion dollars for PERS and TRS (attached)
- From FY2000 - FY2005 the Retiree Health Plan paid over \$800 million in health care costs - over \$1 billion was paid during this five year period when you include active employees health care costs (attached)
- Retiree Health Plan currently covers approximately 27,000 members and approximately 25,000 dependents for a total of 52,000 covered lives
- There are approximately 90,000 members (all categories) for PERS and TRS who may be eligible for system paid medical coverage (attached)

Rising Health Care Costs and Impacts to Retirees Found in Private Sector

- On March 3, 2005, Wall Street Journal article titled "Retirees' Families Face Health Cuts - As Medical Costs Increase" a growing number of big employers are excluding dependents (spouses and children) from their retirees' health plans. Lucent Technologies, International Business Machines Corp, Boeing Co. (attached)
- On April 7, 2005, Wall Street Journal examined impact of rising health care cost on GM, which expects to spend \$5.6 billion to provide health care coverage to 1.1 million active and retired members. GM has posted \$73 billion in retiree health care liability at the end of last year with a ratio of 2.4 retirees for every active employee. The average U.S. Corporate employee pays 32% of the cost of health care.

Please let me know if you have any questions about this correspondence.

Attachments

cc: Members of House State Affairs
Kevin Brooks, Deputy Commissioner

10864

RECEIVED

FEB 15 2005

Examples of Eligibility Standards for DPA-Administered Programs

Office of the Commissioner
DHSS - Juneau

Program	Living Arrangement	Allowable Monthly Income (2003 Need Standard)	Maximum Benefit	Allowable Resources
Alaska Temporary Assistance	Parent and one child	\$1069	\$821	\$2000
	2 Parents able to work and one child	\$1069	\$821	
	2 Parents, one too ill to work and one child	\$1202	\$923	
	Child living with non-needy relative	\$587	\$452	
	Parent over 60 and one child	\$1069	\$821	\$3000
Adult Public Assistance	Individual living independently	\$1025	\$914	\$2000
	Couple, one eligible	\$1233	\$1073	\$3000
	Couple, both eligible	\$1519	\$1357	
General Relief Assistance	One person	\$300	\$120	\$500
	Two persons	\$400	\$240	
	Burial assistance	\$300	\$1250	
Food Stamps	One person - Urban	\$1201	\$169	\$2000
	One person - Rural I		\$215	
	One person - Rural II		\$262	
	Two persons - Urban	\$1618	\$309	
	Two persons - Rural I		\$395	
	Two persons - Rural II		\$481	
	Two persons, one disabled or 60+ - Urban		\$309	\$3000

Alaska Temporary Assistance Program (ATAP)

The ATAP program replaced the Aid to Families with Dependent Children program. This program helps families transition from welfare to work by paying for services such as tuition, transportation, and childcare. The program has a 60-month lifetime limit for most families.

Citizenship	Recipients must be U.S. citizens or qualified aliens. Aliens must have been in the U.S. for five years.
Alaska Residency	Must be resident of Alaska
Age	No age requirement for the caretaking relative. Dependent children must be under 18, except those attending school full time may continue to receive assistance until their 19th birthday.
Social Security Number	All recipients must have or apply for a social security number.
Work	Most adult participants must engage in approved work activities. Failure to do so results in reduced benefits.
Allowable Income	Allowable income varies according to the status and living arrangement of the recipients. The maximum income for a family consisting of one eligible child, adult not included is \$587 per month, and each additional child adds \$133 to the amount. The maximum income for a family consisting of one eligible child and one eligible adult is \$1,069 per month, and each additional eligible child adds \$133 per month to the amount. Deductions are allowed for some earnings and expenses.
Allowable Resources	The asset limit is \$2,000 for most households, and \$3,000 for households with a member over 60.
Effect of PFD	None
Cross-Program Effects	Participants are ineligible for Supplemental Security Income or Adult Public Assistance. Adult Temporary Assistance Program counts as income for Food Stamps, General Relief Assistance, and Alaska State Housing Authority programs.
Benefits	Benefit amounts vary according to the status and living arrangement of the recipients. The maximum benefit for a family consisting of one eligible child is \$452 per month, and each additional child raises that amount by \$102. The maximum benefit for a family consisting of one eligible child and one eligible adult is \$821 per month, and each additional eligible person raises that amount by \$102 per month.
Method of Payment	Payment is made to the recipient.
Administrator	Department of Health and Social Services, Division of Public Assistance
Funding Source	60% state and 40% federal
Caseload	Average 7,325 recipients during FY01 (includes Tribal TANF programs)

Notes:

ATAP is part of the federal Temporary Assistance to Needy Families (TANF) program.

Sources:

Angela Saierno, Legislative Liaison, Department of Health and Social Services, 907-465-3200.

Division of Public Assistance ATAP website, <http://health.hss.state.ak.us/dpa/programs/atap.html>.

Medicaid Standards

FAMILY MEDICAID GROSS AND NET INCOME ELIGIBILITY STANDARDS					
2004			2005		
HOUSEHOLD SIZE	GROSS (185%)	NET	HOUSEHOLD SIZE	GROSS (185%)	NET
Adult Included			Adult Included		
1	1263	683	1	1296	701
2	2018	1091	2	2072	1120
3	2269	1227	3	2331	1260
4	2521	1363	4	2590	1400
5	2773	1499	5	2849	1540
6	3024	1635	6	3108	1680
7	3276	1771	7	3367	1820
Each Additional	251	136	Each Additional	259	140
Adult Not Included			Adult Not Included		
1	1108	599	1	1137	615
2	1359	735	2	1396	755
3	1611	871	3	1655	895
4	1862	1007	4	1914	1035
5	2114	1143	5	2173	1175
6	2366	1279	6	2432	1315
7	2617	1415	7	2691	1455
Each Additional	251	136	Each Additional	259	140

SSI PAYMENT STANDARDS		
SSI COLA	2.1%	2.7%
HOUSEHOLD TYPE	1/1/2004	1/1/2005
A Individual	564	579
B Individual	376	386
A Couple, Both Eligible	846	869
B Couple, Both Eligible	564	579.34
NH Personal Needs Allowance	30	30

LONG TERM CARE STANDARDS		
	1/1/2004	1/1/2005
NH, HCB Waiver, TEFRA Income Standard	1656	1656
Alaska NH Personal Needs Allowance	75	75
Alaska HCB Personal Needs Allowance	1656	1656
Alaska ALH Personal Needs Allowance (Beginning 8/1/04)	664	679
Maximum Community Spouse Resource Allowance	92,760	95,100
Community Spouse Monthly Income Maintenance Standard	2,319	2,377.50
Monthly Income Standard for Additional Household Members	773	792

2004 Monthly Federal Poverty Guidelines for Alaska Effective 4/1/2004								
HOUSEHOLD SIZE	QMB Working Disabled (premium level)	SLMB Base	SLMB Plus	Denali KidCare (limit for insured children)	Denali KidCare (limit for uninsured children) and Pregnant Women	Transitional Medicaid	QDWI	Working Disabled
	100%	120%	135%	150%		185%	200%	250%
1	\$970	\$1,163	\$1,309	\$1,454	\$1,635	\$1,793	\$1,939	\$2,423
2	\$1,301	\$1,561	\$1,757	\$1,952	\$2,208	\$2,407	\$2,602	\$3,253
3	\$1,633			\$2,449	\$2,782	\$3,021	\$3,265	\$4,082
4	\$1,965			\$2,947	\$3,355	\$3,634	\$3,929	\$4,911
5	\$2,296			\$3,444	\$3,928	\$4,248	\$4,592	\$5,740
6	\$2,628			\$3,942	\$4,501	\$4,861	\$5,255	\$6,569
7	\$2,960			\$4,439	\$5,074	\$5,475	\$5,919	\$7,398
8	\$3,291			\$4,937	\$5,647	\$6,089	\$6,582	\$8,228
Ea Addl	\$332			\$498	\$574	\$614	\$664	\$830

Medicaid Standards

Self-Employment income Annualization Standards (185% FPG)			
Household Size	Income Standard Effective 4/1/2002	Income Standard Effective 4/1/2003	Income Standard Effective 4/1/2004
1	\$20,498	\$20,739	\$21,516
2	27,621	28,009	28,879
3	34,743	35,280	36,242
4	41,866	42,550	43,605
5	48,988	49,821	50,968
6	56,111	57,091	58,331
7	63,233	64,362	65,694
8	70,356	71,632	73,057
Addl.	7,123	7,271	7,363

2003 Monthly Federal Poverty Guidelines for Alaska								
Effective 9/1/2003								
HOUSEHOLD SIZE	QMB Working Disabled (premium level)	SLMB Base	SLMB Plus	Denall KidCare (limit for insured children)	Denall KidCare (limit for uninsured children) Pregnant Women	Transitional Medicaid	QDWI	Working Disabled (eligibility)
	100%	120%	135%	150%	175%	185%	200%	250%
1	\$935	\$1,121	\$1,262	\$1,402	\$1,635	\$1,729	\$1,869	\$2,336
2	\$1,262	\$1,514	\$1,704	\$1,893	\$2,208	\$2,335	\$2,524	\$3,155
3	\$1,590			\$2,384	\$2,782	\$2,940	\$3,179	\$3,973
4	\$1,917			\$2,875	\$3,355	\$3,546	\$3,834	\$4,792
5	\$2,245			\$3,367	\$3,928	\$4,152	\$4,489	\$5,611
6	\$2,572			\$3,858	\$4,501	\$4,758	\$5,144	\$6,430
7	\$2,900			\$4,349	\$5,074	\$5,364	\$5,799	\$7,248
8	\$3,227			\$4,840	\$5,647	\$5,970	\$6,454	\$8,086
Ea Addl	\$328			\$492	\$574	\$606	\$655	\$819

2003 Monthly Federal Poverty Guidelines for Alaska							
Effective 4/1/2003							
HOUSEHOLD SIZE	QMB Working Disabled (premium level)	SLMB Base	SLMB Plus	Denall KidCare (limit for insured children)	Transitional Medicaid	Denall KidCare (uninsured children) Pregnant Women	Working Disabled (eligibility)
	100%	120%	135%	150%	185%	QDWI 200%	250%
1	\$935	\$1,121	\$1,262	\$1,402	\$1,729	\$1,869	\$2,336
2	\$1,262	\$1,514	\$1,704	\$1,893	\$2,335	\$2,524	\$3,155
3	\$1,590			\$2,384	\$2,940	\$3,179	\$3,973
4	\$1,917			\$2,875	\$3,546	\$3,834	\$4,792
5	\$2,245			\$3,367	\$4,152	\$4,489	\$5,611
6	\$2,572			\$3,858	\$4,758	\$5,144	\$6,430
7	\$2,900			\$4,349	\$5,364	\$5,799	\$7,248
8	\$3,227			\$4,840	\$5,970	\$6,454	\$8,086
Ea Addl	\$328			\$492	\$606	\$655	\$819

State of Alaska Public Employees' Retirement System
Projections Based on July 1, 2003 Valuation
Population Growth: 1 Percent

Valuation Year	Fiscal Year	Annual Payment To Past Service Cost (000's)*					Present Value of Past Service Cost Payments (000's)**				
		Tier 1	Tier 2	Tier 3	Tier 4	Total	Tier 1	Tier 2	Tier 3	Tier 4	Total
						9,025,483	328,745	385,141	500,233	1,660,287	2,874,406
2003	2006	-	-	-	-	-	-	-	-	-	-
2004	2007	-	-	-	-	-	-	-	-	-	-
2005	2008	17,062	17,356	21,383	5,223	61,024	13,451	13,683	16,857	4,117	48,108
2006	2009	37,866	38,986	46,758	23,097	146,707	27,576	28,392	34,052	16,821	106,841
2007	2010	56,481	59,269	70,098	53,097	238,945	37,998	39,874	47,159	35,721	160,752
2008	2011	60,548	64,671	76,335	78,725	280,279	37,630	40,192	47,441	48,926	174,189
2009	2012	58,021	63,061	75,074	98,932	295,088	33,311	36,205	43,101	56,799	169,416
2010	2013	55,292	61,191	73,799	120,062	310,344	29,325	32,454	39,140	63,677	164,596
2011	2014	52,367	58,990	72,422	142,669	326,448	25,657	28,902	35,483	69,900	159,942
2012	2015	49,239	56,745	70,815	166,451	343,250	22,286	25,663	32,052	75,337	155,358
2013	2016	45,896	54,206	69,101	191,666	360,869	19,190	22,664	28,892	80,138	150,884
2014	2017	42,451	51,531	67,178	218,188	379,348	16,397	19,904	25,947	84,275	146,523
2015	2018	38,891	48,854	65,141	245,867	398,753	13,877	17,432	23,243	87,728	142,280
2016	2019	35,178	45,472	63,011	275,138	418,799	11,595	14,988	20,770	90,690	138,043
2017	2020	31,388	41,997	60,830	305,494	439,709	9,557	12,788	18,522	53,022	133,889
2018	2021	27,647	38,426	58,610	337,093	461,776	7,777	10,801	16,486	94,821	129,693
2019	2022	23,904	35,013	55,973	369,989	484,879	6,212	9,091	14,545	96,142	125,997
2020	2023	20,393	32,052	52,542	404,164	509,151	4,895	7,694	12,613	97,019	122,221
2021	2024	17,032	29,047	48,970	439,645	534,694	3,777	6,441	10,859	97,493	118,570
2022	2025	13,998	26,096	45,306	476,267	561,667	2,867	5,346	9,281	97,565	115,059
2023	2026	11,355	23,215	41,724	513,787	590,081	2,149	4,393	7,896	97,229	111,667
2024	2027	8,953	20,489	38,132	552,345	619,919	1,565	3,582	6,666	96,560	108,373
2025	2028	6,887	17,821	34,402	589,722	648,332	1,112	2,878	5,556	95,237	104,783
2026	2029	2,192	6,473	13,174	264,403	286,242	327	966	1,965	39,445	42,703
2027	2030	1,247	4,334	9,420	220,582	235,583	172	597	1,298	30,400	32,467
2028	2031	331	1,379	3,215	88,171	93,096	42	176	409	11,225	11,852
Total		714,619	896,674	1,233,413	6,180,777	9,025,483					

* Expected employer contributions paid during fiscal year

** Expected employer contributions during fiscal year, discounted to June 30, 2003 at 8.25%

State of Alaska Public Employees' Retirement System
 Projections Based on July 1, 2003 Valuation
 Population Growth 1 Percent

Valuation Year	Fiscal Year	Number of Active Members					Projected Salaries				
		Tier 1	Tier 2	Tier 3	Tier 4	Total	Tier 1	Tier 2	Tier 3	Tier 4	Total
2003	2006	8,814	9,747	15,503	-	34,064	445,612,413	444,684,916	570,485,671	-	1,460,783,000
2004	2007	8,047	8,982	13,585	3,790	34,404	467,087,982	466,115,785	597,979,304	-	1,531,183,071
2005	2008	7,405	8,317	12,108	6,919	34,749	443,170,178	450,811,828	555,400,922	135,653,981	1,585,036,909
2006	2009	6,774	7,707	10,932	9,683	35,096	424,502,518	437,058,318	524,190,528	258,937,144	1,644,688,508
2007	2010	6,186	7,130	9,982	12,150	35,448	403,437,555	423,347,289	500,700,859	379,263,597	1,706,749,300
2008	2011	5,629	6,580	9,189	14,404	35,802	382,811,771	408,881,345	482,626,935	497,736,648	1,772,056,699
2009	2012	5,102	6,053	8,483	16,522	36,160	361,864,984	393,298,549	468,217,939	617,020,112	1,840,401,584
2010	2013	4,596	5,541	7,828	18,556	36,521	340,672,881	377,023,399	454,701,421	739,749,209	1,912,146,910
2011	2014	4,116	5,060	7,221	20,490	36,887	318,726,365	359,035,502	440,790,891	868,339,057	1,986,891,815
2012	2015	3,657	4,598	6,662	22,338	37,255	296,324,286	341,498,361	426,172,270	1,001,713,372	2,065,708,289
2013	2016	3,227	4,163	6,142	24,096	37,628	273,207,199	322,670,777	411,338,155	1,140,931,235	2,148,147,366
2014	2017	2,823	3,759	5,662	25,760	38,004	250,100,955	303,593,105	395,776,219	1,285,453,959	2,234,924,238
2015	2018	2,442	3,351	5,209	27,382	38,384	227,013,934	285,172,271	380,239,911	1,435,170,115	2,327,596,231
2016	2019	2,088	2,970	4,785	28,925	38,768	203,568,141	263,142,249	364,638,155	1,592,183,766	2,423,532,311
2017	2020	1,765	2,612	4,387	30,392	39,156	180,221,422	241,135,972	349,270,550	1,754,077,565	2,524,705,509
2018	2021	1,466	2,286	3,998	31,797	39,547	157,594,474	219,036,817	334,095,610	1,921,527,873	2,632,256,774
2019	2022	1,204	2,003	3,604	33,132	39,943	135,374,479	198,287,761	316,989,771	2,095,331,248	2,745,983,259
2020	2023	971	1,739	3,229	34,403	40,342	114,803,685	180,436,391	295,789,651	2,275,266,070	2,866,295,797
2021	2024	769	1,499	2,876	35,601	40,745	95,361,469	162,631,692	274,183,515	2,461,558,447	2,993,735,123
2022	2025	602	1,281	2,551	36,719	41,153	77,984,925	145,383,837	252,406,495	2,653,379,532	3,129,154,789
2023	2026	457	1,087	2,248	37,773	41,565	62,993,027	128,788,268	231,466,581	2,850,292,445	3,273,540,321
2024	2027	342	914	1,965	38,759	41,980	49,492,319	113,259,938	210,793,089	3,053,333,799	3,426,879,145
2025	2028	251	761	1,726	39,662	42,400	38,098,152	98,589,336	190,319,061	3,262,437,964	3,589,444,513
2026	2029	176	629	1,516	40,503	42,824	28,813,450	85,087,382	173,172,799	3,475,706,069	3,762,779,700
2027	2030	121	513	1,324	41,294	43,252	20,882,176	72,578,868	157,741,958	3,693,564,973	3,944,767,975
2028	2031	82	413	1,147	42,043	43,685	14,715,638	61,276,477	142,887,499	3,918,714,657	4,137,594,271

State of Alaska Teachers' Retirement System
Projections Based on July 1, 2003 Valuation
Population Growth 1 Percent

Valuation Year	Fiscal Year	Annual Payment To Past Service Cost (000's)*				Present Value of Past Service Cost Payments (000's)**				Valuation Year	Fiscal Year
		Tier 1	Tier 2	Tier 3	Total	Tier 1	Tier 2	Tier 3	Total		
					6,641,180	234,981	556,468	1,292,193	2,083,642		
2003	2006	-	-	-	-	-	-	-	-	2003	2006
2004	2007	6,980	9,593	-	16,573	6,197	8,518	-	14,715	2004	2007
2005	2008	17,788	24,905	3,006	45,699	14,590	20,427	2,465	37,482	2005	2008
2006	2009	25,439	39,182	10,938	75,559	19,275	29,698	8,288	57,251	2006	2009
2007	2010	32,308	52,810	22,625	107,743	22,614	36,965	15,837	75,416	2007	2010
2008	2011	37,667	65,879	38,629	142,175	24,356	42,598	24,978	91,932	2008	2011
2009	2012	41,798	78,123	59,033	178,954	24,967	46,666	35,263	106,896	2009	2012
2010	2013	44,603	90,110	84,663	219,376	24,612	49,724	46,718	121,054	2010	2013
2011	2014	41,368	91,262	104,203	236,833	21,088	46,521	53,118	120,727	2011	2014
2012	2015	36,134	89,494	122,882	248,510	17,016	42,143	57,836	117,025	2012	2015
2013	2016	32,120	86,133	142,453	260,706	13,973	37,469	61,970	113,412	2013	2016
2014	2017	28,198	82,184	163,044	273,426	11,332	33,027	65,521	109,880	2014	2017
2015	2018	24,584	78,105	184,063	286,752	9,126	28,995	68,331	106,452	2015	2018
2016	2019	21,092	73,696	205,866	300,654	7,233	25,274	70,601	103,108	2016	2019
2017	2020	17,728	68,979	228,378	315,085	5,616	21,853	72,352	99,821	2017	2020
2018	2021	14,436	64,019	251,717	330,172	4,225	18,736	73,668	96,629	2018	2021
2019	2022	11,255	58,561	276,071	345,887	3,043	15,832	74,638	93,513	2019	2022
2020	2023	8,295	52,544	301,457	362,296	2,072	13,123	75,290	90,485	2020	2023
2021	2024	5,958	45,885	327,731	379,574	1,375	10,587	75,614	87,576	2021	2024
2022	2025	4,243	40,041	353,458	397,742	904	8,534	75,335	84,773	2022	2025
2023	2026	3,018	34,630	379,047	416,695	594	6,818	74,631	82,043	2023	2026
2024	2027	2,077	28,560	405,767	436,404	378	5,195	73,803	79,376	2024	2027
2025	2028	1,412	21,972	431,092	454,476	237	3,692	72,434	76,363	2025	2028
2026	2029	634	13,123	312,993	326,750	98	2,037	48,582	50,717	2026	2029
2027	2030	297	9,099	264,947	274,343	43	1,305	37,991	39,339	2027	2030
2028	2031	129	5,595	203,072	208,796	17	741	26,899	27,657	2028	2031
Total		459,561	1,304,484	4,877,135	6,641,180	234,981	556,468	1,292,193	2,083,642		

* Expected employer contributions paid during fiscal year

** Expected employer contributions during fiscal year, discounted to June 30, 2003 at 8.25%

State of Alaska Teachers' Retirement System
 Projections Based on July 1, 2003 Valuation
 Population Growth 1 Percent

Valuation Year	Fiscal Year	Number of Active Members				Projected Salaries				Valuation Year	Fiscal Year
		Tier 1	Tier 2	Tier 3	Total	Tier 1	Tier 2	Tier 3	Total		
2003	2006	3,533	6,342	-	9,875	224,321,356	308,308,644	-	532,630,000	2003	2006
2004	2007	3,250	5,878	846	9,974	234,219,606	321,912,859	-	556,132,465	2004	2007
2005	2008	2,778	5,474	1,821	10,073	223,184,546	312,480,238	37,711,792	573,376,576	2005	2008
2006	2009	2,461	5,113	2,600	10,174	197,505,616	304,204,838	84,924,658	586,635,112	2006	2009
2007	2010	2,165	4,794	3,317	10,276	181,302,565	296,350,944	126,966,178	604,619,687	2007	2010
2008	2011	1,903	4,499	3,977	10,379	165,270,628	289,067,834	169,500,401	623,846,863	2008	2011
2009	2012	1,655	4,224	4,604	10,483	150,568,581	281,424,078	212,655,302	644,647,961	2009	2012
2010	2013	1,421	3,960	5,206	10,587	135,653,981	274,058,655	257,489,490	667,202,126	2010	2013
2011	2014	1,180	3,701	5,812	10,693	120,738,837	266,359,405	304,130,800	691,229,042	2011	2014
2012	2015	1,002	3,408	6,390	10,800	104,129,396	257,896,541	354,113,311	716,139,248	2012	2015
2013	2016	842	3,115	6,951	10,908	91,516,579	245,407,254	405,873,541	742,797,374	2013	2016
2014	2017	703	2,841	7,473	11,017	79,515,576	231,752,432	459,769,165	771,037,173	2014	2017
2015	2018	579	2,575	7,973	11,127	68,718,148	218,322,646	514,504,374	801,545,168	2015	2018
2016	2019	468	2,320	8,451	11,239	58,527,452	204,500,661	571,260,238	834,288,351	2016	2019
2017	2020	368	2,075	8,908	11,351	48,901,037	190,275,091	629,969,112	869,145,240	2017	2020
2018	2021	278	1,831	9,356	11,465	39,625,543	175,721,394	690,920,442	906,267,379	2018	2021
2019	2022	201	1,586	9,792	11,579	30,763,576	160,070,010	754,611,837	945,445,423	2019	2022
2020	2023	142	1,336	10,217	11,695	22,597,174	143,143,575	821,249,702	986,990,451	2020	2023
2021	2024	99	1,125	10,588	11,812	16,196,454	124,733,989	890,898,931	1,031,829,374	2021	2024
2022	2025	70	940	10,920	11,930	11,524,721	108,766,612	960,136,374	1,080,427,707	2022	2025
2023	2026	47	745	11,257	12,049	8,200,329	94,088,348	1,029,847,409	1,132,136,086	2023	2026
2024	2027	32	548	11,590	12,170	5,650,344	77,695,776	1,103,866,284	1,187,212,404	2024	2027
2025	2028	21	462	11,809	12,292	3,869,034	60,221,757	1,181,532,316	1,245,623,107	2025	2028
2026	2029	12	389	12,013	12,414	2,535,473	52,493,844	1,251,970,579	1,306,999,896	2026	2029
2027	2030	7	321	12,211	12,539	1,484,959	45,493,666	1,324,737,179	1,371,715,804	2027	2030
2028	2031	4	260	12,400	12,664	887,477	38,582,813	1,400,496,073	1,439,966,363	2028	2031

Hire Date	7/1/2005
Age at hire	25
Age at retirement	55
Subsidy Start Age	60
Service	30
Salary	\$42,245
Wage inflation	3.6%
HRA contribution rate	1.0%
HRA accumulation rate	8.25%
Subsidy Base (7/1/2003)	\$5,882
Subsidy Index	5%
Subsidy percent	90%

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate

	Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
HRA Fund at retirement			
Total retiree contribution	\$537,717	\$200,739	\$74,019
Net retiree cost (w/HRA int)			

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	End of Year HRA Balance	HRA Spend
1	25	\$42,245	\$422	\$440	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	26	\$43,512	\$435	\$929	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	27	\$44,818	\$448	\$1,471	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	28	\$46,162	\$462	\$2,073	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	29	\$47,547	\$475	\$2,739	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	30	\$48,974	\$490	\$3,474	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	31	\$50,443	\$504	\$4,286	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	32	\$51,956	\$520	\$5,180	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	33	\$53,515	\$535	\$6,164	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	34	\$55,120	\$551	\$7,246	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	35	\$56,774	\$568	\$8,435	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	36	\$58,477	\$585	\$9,739	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	37	\$60,231	\$602	\$11,169	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	38	\$62,038	\$620	\$12,736	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	39	\$63,899	\$639	\$14,451	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	40	\$65,816	\$658	\$16,328	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	41	\$67,791	\$678	\$18,381	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	42	\$69,825	\$698	\$20,624	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	43	\$71,919	\$719	\$23,073	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	44	\$74,077	\$741	\$25,748	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	45	\$76,299	\$763	\$28,666	\$26,245	1.05	\$0	\$19,416	\$0	\$0	\$0	\$0
22	46	\$78,588	\$786	\$31,848	\$27,558	1.05	\$0	\$20,387	\$0	\$0	\$0	\$0
23	47	\$80,946	\$809	\$35,318	\$28,936	1.05	\$0	\$21,407	\$0	\$0	\$0	\$0
24	48	\$83,374	\$834	\$39,099	\$30,382	1.05	\$0	\$22,477	\$0	\$0	\$0	\$0
25	49	\$85,875	\$859	\$43,218	\$31,901	1.05	\$0	\$23,601	\$0	\$0	\$0	\$0
26	50	\$88,452	\$885	\$47,704	\$33,496	1.05	\$0	\$24,781	\$0	\$0	\$0	\$0
27	51	\$91,105	\$911	\$52,588	\$35,171	1.05	\$0	\$26,020	\$0	\$0	\$0	\$0
28	52	\$93,838	\$938	\$57,902	\$36,930	1.05	\$0	\$27,321	\$0	\$0	\$0	\$0
29	53	\$96,654	\$967	\$63,685	\$38,776	1.05	\$0	\$28,687	\$0	\$0	\$0	\$0
30	54	\$99,553	\$996	\$69,975	\$40,715	1.05	\$0	\$30,121	\$0	\$0	\$0	\$0
31	55	\$0	\$0	\$31,268	\$42,751	1.05	\$42,751	\$31,627	\$0	\$42,751	\$69,975	\$42,751
32	56	\$0	\$0	\$0	\$44,888	1.05	\$44,888	\$33,209	\$0	\$44,888	\$31,268	\$31,268
33	57	\$0	\$0	\$0	\$47,133	1.05	\$47,133	\$34,869	\$0	\$47,133	\$0	\$0
34	58	\$0	\$0	\$0	\$49,490	1.05	\$49,490	\$36,612	\$0	\$49,490	\$0	\$0
35	59	\$0	\$0	\$0	\$51,964	1.05	\$51,964	\$38,443	\$0	\$51,964	\$0	\$0
36	60	\$0	\$0	\$0	\$54,562	1.05	\$54,562	\$40,365	\$36,329	\$18,234	\$0	\$0
37	61	\$0	\$0	\$0	\$57,290	1.05	\$57,290	\$42,383	\$38,145	\$19,145	\$0	\$0
38	62	\$0	\$0	\$0	\$60,155	1.05	\$60,155	\$44,503	\$40,052	\$20,102	\$0	\$0
39	63	\$0	\$0	\$0	\$63,163	1.05	\$63,163	\$46,728	\$42,055	\$21,108	\$0	\$0
40	64	\$0	\$0	\$0	\$66,321	1.05	\$66,321	\$49,064	\$44,158	\$22,163	\$0	\$0

PERS "other" Early Hire - 1% HRA

Hire Date	7/1/2003
Age at hire	25
Age at retirement	55
Subsidy Start Age	60
Service	30
Salary	\$42,245
Wage inflation	3.0%
HRA contribution rate	2.0%
HRA accumulation rate	8.25%
Subsidy Base (7/1/2003)	\$5,962
Subsidy index	5%
Subsidy percent	90%

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projections must be interpreted as having a likely range of variability from the estimate.

HRA Fund at retirement	\$139,949		
Total retiree contribution	\$336,978	\$537,717	\$200,739
Net retiree cost (w/HRA int)	\$176,399		\$160,579

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	End of Year HRA Balance	HRA Spend
1	25	\$42,245	\$845	\$879	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	26	\$43,512	\$870	\$1,857	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	27	\$44,818	\$896	\$2,943	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	28	\$46,162	\$923	\$4,148	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	29	\$47,547	\$951	\$5,478	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	30	\$48,974	\$979	\$6,949	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	31	\$50,443	\$1,009	\$8,572	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	32	\$51,956	\$1,039	\$10,360	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	33	\$53,515	\$1,070	\$12,328	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	34	\$55,120	\$1,102	\$14,492	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	35	\$56,774	\$1,135	\$16,869	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	36	\$58,477	\$1,170	\$19,478	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	37	\$60,231	\$1,205	\$22,338	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	38	\$62,038	\$1,241	\$25,472	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	39	\$63,899	\$1,278	\$28,903	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	40	\$65,816	\$1,316	\$32,657	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	41	\$67,791	\$1,356	\$36,762	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	42	\$69,825	\$1,396	\$41,247	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	43	\$71,919	\$1,438	\$46,147	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	44	\$74,077	\$1,482	\$51,495	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	45	\$76,299	\$1,526	\$57,331	\$26,245	1.05	\$0	\$19,416	\$0	\$0	\$0	\$0
22	46	\$78,588	\$1,572	\$63,696	\$27,558	1.05	\$0	\$20,387	\$0	\$0	\$0	\$0
23	47	\$80,946	\$1,619	\$70,636	\$28,936	1.05	\$0	\$21,407	\$0	\$0	\$0	\$0
24	48	\$83,374	\$1,667	\$78,198	\$30,382	1.05	\$0	\$22,477	\$0	\$0	\$0	\$0
25	49	\$85,875	\$1,718	\$86,436	\$31,901	1.05	\$0	\$23,601	\$0	\$0	\$0	\$0
26	50	\$88,452	\$1,769	\$95,408	\$33,496	1.05	\$0	\$24,781	\$0	\$0	\$0	\$0
27	51	\$91,105	\$1,822	\$105,175	\$35,171	1.05	\$0	\$26,020	\$0	\$0	\$0	\$0
28	52	\$93,838	\$1,877	\$115,805	\$36,930	1.05	\$0	\$27,321	\$0	\$0	\$0	\$0
29	53	\$96,654	\$1,933	\$127,370	\$38,776	1.05	\$0	\$28,687	\$0	\$0	\$0	\$0
30	54	\$99,553	\$1,991	\$139,949	\$40,715	1.05	\$0	\$30,121	\$0	\$0	\$0	\$0
31	55	\$0	\$0	\$107,016	\$42,751	1.05	\$42,751	\$31,627	\$0	\$42,751	\$139,949	\$42,751
32	56	\$0	\$0	\$69,141	\$44,888	1.05	\$44,888	\$33,209	\$0	\$44,888	\$107,016	\$44,888
33	57	\$0	\$0	\$25,806	\$47,133	1.05	\$47,133	\$34,869	\$0	\$47,133	\$69,141	\$47,133
34	58	\$0	\$0	\$0	\$49,490	1.05	\$49,490	\$36,612	\$0	\$49,490	\$25,806	\$25,806
35	59	\$0	\$0	\$0	\$51,964	1.05	\$51,964	\$38,443	\$0	\$51,964	\$0	\$0
36	60	\$0	\$0	\$0	\$54,562	1.05	\$54,562	\$40,365	\$36,329	\$18,234	\$0	\$0
37	61	\$0	\$0	\$0	\$57,290	1.05	\$57,290	\$42,383	\$38,145	\$19,145	\$0	\$0
38	62	\$0	\$0	\$0	\$60,155	1.05	\$60,155	\$44,503	\$40,052	\$20,102	\$0	\$0
39	63	\$0	\$0	\$0	\$63,163	1.05	\$63,163	\$46,728	\$42,055	\$21,108	\$0	\$0
40	64	\$0	\$0	\$0	\$66,321	1.05	\$66,321	\$49,064	\$44,158	\$22,163	\$0	\$0

PERS "other" Early Hire - 2% HRA

Hire Date 7/1/2005
 Age at hire 40
 Age at retirement 60
 Subsidy Start Age 60
 Service 20

Salary \$42,245
 Wage inflation 3.0%

HRA contribution rate 1.0%
 HRA accumulation rate 8.25%

Subsidy Base (7/1/2003) \$5,962
 Subsidy index 5%
 Subsidy percent 60%

HRA Fund at retirement \$25,748
 Total retiree contribution \$80,650
 Net retiree cost (w/HRA int) \$53,368

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
\$145,022	\$64,373	\$27,282

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	40	\$42,245	\$422	\$440	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	41	\$43,512	\$435	\$929	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	42	\$44,818	\$448	\$1,471	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	43	\$46,162	\$462	\$2,073	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	44	\$47,547	\$475	\$2,739	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	45	\$48,974	\$490	\$3,474	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	46	\$50,443	\$504	\$4,286	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	47	\$51,956	\$520	\$5,180	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	48	\$53,515	\$535	\$6,164	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	49	\$55,120	\$551	\$7,246	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	50	\$56,774	\$568	\$8,435	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	51	\$58,477	\$585	\$9,739	\$16,916	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	52	\$60,231	\$602	\$11,169	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	53	\$62,038	\$620	\$12,736	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	54	\$63,899	\$639	\$14,451	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	55	\$65,816	\$658	\$16,328	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	56	\$67,791	\$678	\$18,381	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	57	\$69,825	\$698	\$20,624	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	58	\$71,919	\$719	\$23,073	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	59	\$74,077	\$741	\$25,748	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$12,686	\$26,245	1.05	\$26,245	\$19,416	\$11,650	\$14,596	\$25,748	\$14,596
22	61	\$0	\$0	\$0	\$27,558	1.05	\$27,558	\$20,387	\$12,232	\$15,325	\$12,686	\$12,686
23	62	\$0	\$0	\$0	\$28,936	1.05	\$28,936	\$21,407	\$12,844	\$16,092	\$0	\$0
24	63	\$0	\$0	\$0	\$30,382	1.05	\$30,382	\$22,477	\$13,486	\$16,896	\$0	\$0
25	64	\$0	\$0	\$0	\$31,901	1.05	\$31,901	\$23,601	\$14,160	\$17,741	\$0	\$0

PERS "other" Late Hire - 1% HRA

Hire Date	7/1/2005
Age at hire	40
Age at retirement	60
Subsidy Start Age	60
Service	20

Salary	\$42,245
Wage inflation	3.0%
HRA contribution rate	2.0%
HRA accumulation rate	8.25%

Subsidy Base (7/1/2003)	\$5,962
Subsidy index	5%
Subsidy percent	60%

HRA Fund at retirement	\$51,495
Total retiree contribution	\$80,650
Net retiree cost (w/HRA int)	\$21,114

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
\$145,022	\$64,373	\$59,536

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	40	\$42,245	\$845	\$879	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	41	\$43,512	\$870	\$1,857	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	42	\$44,818	\$896	\$2,943	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	43	\$46,162	\$923	\$4,146	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	44	\$47,547	\$951	\$5,478	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	45	\$48,974	\$979	\$6,949	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	46	\$50,443	\$1,009	\$8,572	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	47	\$51,956	\$1,035	\$10,360	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	48	\$53,515	\$1,070	\$12,328	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	49	\$55,120	\$1,102	\$14,492	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	50	\$56,774	\$1,135	\$16,869	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	51	\$58,477	\$1,170	\$19,478	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	52	\$60,231	\$1,205	\$22,338	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	53	\$62,038	\$1,241	\$25,472	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	54	\$63,899	\$1,278	\$28,903	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	55	\$65,816	\$1,316	\$32,657	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	56	\$67,791	\$1,356	\$36,762	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	57	\$69,825	\$1,396	\$41,247	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	58	\$71,919	\$1,438	\$46,147	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	59	\$74,077	\$1,482	\$51,495	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$40,558	\$26,245	1.05	\$26,245	\$19,416	\$11,650	\$14,596	\$51,495	\$14,596
22	61	\$0	\$0	\$27,959	\$27,558	1.05	\$27,558	\$20,387	\$12,232	\$15,325	\$40,558	\$15,325
23	62	\$0	\$0	\$13,523	\$28,936	1.05	\$28,936	\$21,407	\$12,844	\$16,092	\$27,959	\$16,092
24	63	\$0	\$0	\$0	\$30,382	1.05	\$30,382	\$22,477	\$13,486	\$16,896	\$13,523	\$13,523
25	64	\$0	\$0	\$0	\$31,901	1.05	\$31,901	\$23,601	\$14,160	\$17,741	\$0	\$0

PEPS "other" Late Hire - 2% HRA

Hire Date	7/1/2005
Age at hire	40
Age at retirement	60
Subsidy Eligibility Age	60
Service	20

Salary	\$42,245
Wage inflation	3.0%

HRA contribution rate	2.0%
HRA accumulation rate	8.25%

Subsidy Base	\$5,982
Subsidy index	5%
Subsidy percent	60%

HRA Fund at retirement	\$51,495
Total retiree contribution	\$161,299
Net retiree cost (w/HRA int)	\$106,736

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current
 Assumes spouse of equal age to retiree

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

Gross Retiree Premium Cost	\$290,044	Total State Subsidy	\$128,745	Total HRA Spend	\$54,563
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Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	40	\$42,245	\$845	\$879	\$14,636	1.23	\$0	\$14,636	\$0	\$0	\$0	\$0
2	41	\$43,512	\$870	\$1,857	\$16,215	1.11	\$0	\$15,367	\$0	\$0	\$0	\$0
3	42	\$44,818	\$896	\$2,943	\$17,874	1.10	\$0	\$16,136	\$0	\$0	\$0	\$0
4	43	\$46,162	\$923	\$4,146	\$19,604	1.10	\$0	\$16,943	\$0	\$0	\$0	\$0
5	44	\$47,547	\$951	\$5,478	\$21,390	1.09	\$0	\$17,790	\$0	\$0	\$0	\$0
6	45	\$48,974	\$979	\$6,949	\$23,216	1.09	\$0	\$18,669	\$0	\$0	\$0	\$0
7	46	\$50,443	\$1,009	\$8,572	\$25,064	1.08	\$0	\$19,613	\$0	\$0	\$0	\$0
8	47	\$51,956	\$1,039	\$10,360	\$26,912	1.07	\$0	\$20,594	\$0	\$0	\$0	\$0
9	48	\$53,515	\$1,070	\$12,328	\$28,738	1.07	\$0	\$21,624	\$0	\$0	\$0	\$0
10	49	\$55,120	\$1,102	\$14,492	\$30,517	1.06	\$0	\$22,705	\$0	\$0	\$0	\$0
11	50	\$56,774	\$1,135	\$16,869	\$32,225	1.06	\$0	\$23,840	\$0	\$0	\$0	\$0
12	51	\$58,477	\$1,170	\$19,478	\$33,836	1.05	\$0	\$25,032	\$0	\$0	\$0	\$0
13	52	\$60,231	\$1,205	\$22,338	\$35,528	1.05	\$0	\$26,284	\$0	\$0	\$0	\$0
14	53	\$62,036	\$1,241	\$25,472	\$37,304	1.05	\$0	\$27,598	\$0	\$0	\$0	\$0
15	54	\$63,899	\$1,278	\$28,903	\$39,169	1.05	\$0	\$28,978	\$0	\$0	\$0	\$0
16	55	\$65,816	\$1,316	\$32,657	\$41,128	1.05	\$0	\$30,426	\$0	\$0	\$0	\$0
17	56	\$67,791	\$1,356	\$36,762	\$43,184	1.05	\$0	\$31,948	\$0	\$0	\$0	\$0
18	57	\$69,825	\$1,396	\$41,247	\$45,343	1.05	\$0	\$33,545	\$0	\$0	\$0	\$0
19	58	\$71,919	\$1,438	\$46,147	\$47,611	1.05	\$0	\$35,222	\$0	\$0	\$0	\$0
20	59	\$74,077	\$1,482	\$51,495	\$49,991	1.05	\$0	\$36,984	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$25,372	\$52,491	1.05	\$52,491	\$38,833	\$23,300	\$29,191	\$51,495	\$29,191
22	61	\$0	\$0	\$0	\$55,115	1.05	\$55,115	\$40,774	\$24,465	\$30,651	\$25,372	\$25,372
23	62	\$0	\$0	\$0	\$57,871	1.05	\$57,871	\$42,813	\$25,688	\$32,183	\$0	\$0
24	63	\$0	\$0	\$0	\$60,765	1.05	\$60,765	\$44,954	\$26,972	\$33,792	\$0	\$0
25	64	\$0	\$0	\$0	\$63,803	1.05	\$63,803	\$47,201	\$28,321	\$35,482	\$0	\$0

PERS "other" w/ spouse
 Late Hire - 2% HRA

Hire Date	7/1/2005
Age at hire	25
Age at retirement	55
Subsidy Start Age	60
Service	30

Salary	\$61,855
Wage inflation	3.0%

HRA contribution rate	1.0%
HRA accumulation rate	8.25%

Subsidy Base (7/1/2003)	\$5,932
Subsidy index	5%
Subsidy percent	90%

HRA Fund at retirement	\$102,457
Total retiree contribution	\$336,978
Net retiree cost (w/HRA int)	\$224,131

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
\$537,717	\$200,739	\$112,846

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	25	\$61,855	\$619	\$644	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	26	\$63,711	\$637	\$1,360	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	27	\$65,622	\$656	\$2,154	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	28	\$67,591	\$676	\$3,035	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	29	\$69,618	\$696	\$4,010	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	30	\$71,707	\$717	\$5,087	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	31	\$73,858	\$739	\$6,275	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	32	\$76,074	\$761	\$7,584	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	33	\$78,356	\$784	\$9,025	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	34	\$80,707	\$807	\$10,610	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	35	\$83,128	\$831	\$12,350	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	36	\$85,622	\$856	\$14,260	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	37	\$88,190	\$882	\$16,353	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	38	\$90,836	\$908	\$18,648	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	39	\$93,561	\$936	\$21,160	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	40	\$96,368	\$964	\$23,908	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	41	\$99,259	\$993	\$26,913	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	42	\$102,237	\$1,022	\$30,197	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	43	\$105,304	\$1,053	\$33,784	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	44	\$108,463	\$1,085	\$37,700	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	45	\$111,717	\$1,117	\$41,972	\$26,245	1.05	\$0	\$19,416	\$0	\$0	\$0	\$0
22	46	\$115,069	\$1,151	\$46,632	\$27,558	1.05	\$0	\$20,387	\$0	\$0	\$0	\$0
23	47	\$118,521	\$1,185	\$51,712	\$28,936	1.05	\$0	\$21,407	\$0	\$0	\$0	\$0
24	48	\$122,076	\$1,221	\$57,249	\$30,382	1.05	\$0	\$22,477	\$0	\$0	\$0	\$0
25	49	\$125,738	\$1,257	\$63,280	\$31,901	1.05	\$0	\$23,601	\$0	\$0	\$0	\$0
26	50	\$129,511	\$1,295	\$69,848	\$33,496	1.05	\$0	\$24,781	\$0	\$0	\$0	\$0
27	51	\$133,396	\$1,334	\$76,998	\$35,171	1.05	\$0	\$26,020	\$0	\$0	\$0	\$0
28	52	\$137,398	\$1,374	\$84,780	\$36,930	1.05	\$0	\$27,321	\$0	\$0	\$0	\$0
29	53	\$141,520	\$1,415	\$93,247	\$38,776	1.05	\$0	\$28,687	\$0	\$0	\$0	\$0
30	54	\$145,765	\$1,458	\$102,457	\$40,715	1.05	\$0	\$30,121	\$0	\$0	\$0	\$0
31	55	\$0	\$0	\$66,430	\$42,751	1.05	\$42,751	\$31,627	\$0	\$42,751	\$102,457	\$42,751
32	56	\$0	\$0	\$25,207	\$44,888	1.05	\$44,888	\$33,209	\$0	\$44,888	\$66,430	\$44,888
33	57	\$0	\$0	\$0	\$47,133	1.05	\$47,133	\$34,869	\$0	\$47,133	\$25,207	\$25,207
34	58	\$0	\$0	\$0	\$49,490	1.05	\$49,490	\$36,612	\$0	\$49,490	\$0	\$0
35	59	\$0	\$0	\$0	\$51,964	1.05	\$51,964	\$38,443	\$0	\$51,964	\$0	\$0
36	60	\$0	\$0	\$0	\$54,562	1.05	\$54,562	\$40,365	\$36,329	\$18,234	\$0	\$0
37	61	\$0	\$0	\$0	\$57,290	1.05	\$57,290	\$42,383	\$38,145	\$19,145	\$0	\$0
38	62	\$0	\$0	\$0	\$60,155	1.05	\$60,155	\$44,503	\$40,052	\$20,102	\$0	\$0
39	63	\$0	\$0	\$0	\$63,163	1.05	\$63,163	\$46,728	\$42,055	\$21,108	\$0	\$0
40	64	\$0	\$0	\$0	\$66,321	1.05	\$66,321	\$49,064	\$44,158	\$22,163	\$0	\$0

Hire Date	7/1/2005
Age at hire	25
Age at retirement	55
Subsidy Start Age	60
Service	30
Salary	\$61,855
Wage inflation	3.0%
HRA contribution rate	2.0%
HRA accumulation rate	8.25%
Subsidy Base (7/1/2003)	\$5,982
Subsidy index	5%
Subsidy percent	90%

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate

HRA Fund at retirement	\$204,913
Total retiree contribution	\$336,978
Net retiree cost (w/HRA int)	\$83,752

Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
\$537,717	\$200,739	\$253,226

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	25	\$61,855	\$1,237	\$1,287	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	26	\$63,711	\$1,274	\$2,719	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	27	\$65,622	\$1,312	\$4,309	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	28	\$67,591	\$1,352	\$6,071	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	29	\$69,618	\$1,392	\$8,020	\$10,697	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	30	\$71,707	\$1,434	\$10,174	\$11,600	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	31	\$73,858	\$1,477	\$12,550	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	32	\$76,074	\$1,521	\$15,169	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	33	\$78,356	\$1,567	\$18,051	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	34	\$80,707	\$1,614	\$21,219	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	35	\$83,128	\$1,663	\$24,700	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	36	\$85,622	\$1,712	\$28,519	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	37	\$88,190	\$1,764	\$32,707	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	38	\$90,836	\$1,817	\$37,295	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	39	\$93,561	\$1,871	\$42,319	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	40	\$96,368	\$1,927	\$47,816	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	41	\$99,259	\$1,985	\$53,826	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	42	\$102,237	\$2,045	\$60,394	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	43	\$105,304	\$2,106	\$67,568	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	44	\$108,463	\$2,169	\$75,399	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	45	\$111,717	\$2,234	\$83,944	\$26,245	1.05	\$0	\$19,416	\$0	\$0	\$0	\$0
22	46	\$115,069	\$2,301	\$93,264	\$27,558	1.05	\$0	\$20,387	\$0	\$0	\$0	\$0
23	47	\$118,521	\$2,370	\$103,425	\$28,936	1.05	\$0	\$21,407	\$0	\$0	\$0	\$0
24	48	\$122,076	\$2,442	\$114,498	\$30,382	1.05	\$0	\$22,477	\$0	\$0	\$0	\$0
25	49	\$125,738	\$2,515	\$126,560	\$31,901	1.05	\$0	\$23,601	\$0	\$0	\$0	\$0
26	50	\$129,511	\$2,590	\$139,696	\$33,496	1.05	\$0	\$24,781	\$0	\$0	\$0	\$0
27	51	\$133,396	\$2,668	\$153,997	\$35,171	1.05	\$0	\$26,020	\$0	\$0	\$0	\$0
28	52	\$137,398	\$2,748	\$169,561	\$36,930	1.05	\$0	\$27,321	\$0	\$0	\$0	\$0
29	53	\$141,520	\$2,830	\$186,494	\$38,776	1.05	\$0	\$28,687	\$0	\$0	\$0	\$0
30	54	\$145,765	\$2,915	\$204,913	\$40,715	1.05	\$0	\$30,121	\$0	\$0	\$0	\$0
31	55	\$0	\$0	\$177,339	\$42,751	1.05	\$42,751	\$31,627	\$0	\$42,751	\$204,913	\$42,751
32	56	\$0	\$0	\$145,266	\$44,888	1.05	\$44,888	\$33,209	\$0	\$44,888	\$177,339	\$44,888
33	57	\$0	\$0	\$108,212	\$47,133	1.05	\$47,133	\$34,869	\$0	\$47,133	\$145,266	\$47,133
34	58	\$0	\$0	\$65,649	\$49,490	1.05	\$49,490	\$36,612	\$0	\$49,490	\$108,212	\$49,490
35	59	\$0	\$0	\$17,000	\$51,964	1.05	\$51,964	\$38,443	\$0	\$51,964	\$65,649	\$51,964
36	60	\$0	\$0	\$0	\$54,562	1.05	\$54,562	\$40,365	\$36,329	\$18,234	\$17,000	\$17,000
37	61	\$0	\$0	\$0	\$57,290	1.05	\$57,290	\$42,383	\$38,145	\$19,145	\$0	\$0
38	62	\$0	\$0	\$0	\$60,155	1.05	\$60,155	\$44,503	\$40,052	\$20,102	\$0	\$0
39	63	\$0	\$0	\$0	\$63,163	1.05	\$63,163	\$46,728	\$42,055	\$21,108	\$0	\$0
40	64	\$0	\$0	\$0	\$66,321	1.05	\$66,321	\$49,064	\$44,158	\$22,163	\$0	\$0



Hire Date	7/1/2005
Age at hire	40
Age at retirement	60
Subsidy Start Age	60
Service	20
Salary	\$61,855
Wage inflation	3.0%
HRA contribution rate	1.0%
HRA accumulation rate	8.25%
Subsidy Base (7/1/2003)	\$5,952
Subsidy index	5%
Subsidy percent	60%

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate

HRA Fund at retirement	\$37,700
Total retiree contribution	\$80,650
Net retiree cost (w/HRA int)	\$38,936

Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
\$145,022	\$64,373	\$41,714

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	40	\$61,855	\$619	\$644	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	41	\$63,711	\$637	\$1,360	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	42	\$65,622	\$656	\$2,154	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	43	\$67,591	\$676	\$3,035	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	44	\$69,618	\$696	\$4,010	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	45	\$71,707	\$717	\$5,087	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	46	\$73,858	\$739	\$6,275	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	47	\$76,074	\$761	\$7,584	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	48	\$78,356	\$784	\$9,025	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	49	\$80,707	\$807	\$10,510	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	50	\$83,128	\$831	\$12,550	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	51	\$85,622	\$856	\$14,260	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	52	\$88,190	\$882	\$16,353	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	53	\$90,836	\$908	\$18,648	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	54	\$93,561	\$936	\$21,160	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	55	\$96,368	\$964	\$23,908	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	56	\$99,259	\$993	\$26,913	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	57	\$102,237	\$1,022	\$30,197	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	58	\$105,304	\$1,053	\$33,784	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	59	\$108,463	\$1,085	\$37,700	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$25,624	\$26,245	1.05	\$26,245	\$19,416	\$11,650	\$14,596	\$27,700	\$14,596
22	61	\$0	\$0	\$11,793	\$27,558	1.05	\$27,558	\$20,387	\$12,232	\$15,325	\$25,624	\$15,325
23	62	\$0	\$0	\$0	\$28,936	1.05	\$28,936	\$21,407	\$12,844	\$16,092	\$11,793	\$11,793
24	63	\$0	\$0	\$0	\$30,382	1.05	\$30,382	\$22,477	\$13,486	\$16,896	\$0	\$0
25	64	\$0	\$0	\$0	\$31,901	1.05	\$31,901	\$23,601	\$14,160	\$17,741	\$0	\$0

Hire Date	7/1/2005
Age at hire	40
Age at retirement	60
Subsidy Start Age	60
Service	20

Salary	\$61,855
Wage inflation	3.0%
HRA contribution rate	2.0%
HRA accumulation rate	8.25%

Subsidy Base (7/1/2003)	\$5,962
Subsidy index	5%
Subsidy percent	60%

HRA Fund at retirement	\$75,399
Total retiree contribution	\$80,650
Net retiree cost (w/HRA int)	\$0

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
\$145,022	\$64,373	\$80,650

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Reg of Year HRA Balance	HRA Spend
1	40	\$61,855	\$1,237	\$1,287	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	41	\$63,711	\$1,274	\$2,719	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	42	\$65,622	\$1,312	\$4,309	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	43	\$67,591	\$1,352	\$6,071	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	44	\$69,618	\$1,392	\$8,020	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	45	\$71,707	\$1,434	\$10,174	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	46	\$73,858	\$1,477	\$12,550	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	47	\$76,074	\$1,521	\$15,169	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	48	\$78,356	\$1,567	\$18,051	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	49	\$80,707	\$1,614	\$21,219	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	50	\$83,128	\$1,663	\$24,700	\$16,112	1.06	\$0	\$11,900	\$0	\$0	\$0	\$0
12	51	\$85,622	\$1,712	\$28,519	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	52	\$88,190	\$1,764	\$32,707	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	53	\$90,836	\$1,817	\$37,295	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	54	\$93,561	\$1,871	\$42,319	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	55	\$96,368	\$1,927	\$47,816	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	56	\$99,259	\$1,985	\$53,826	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	57	\$102,237	\$2,045	\$60,394	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	58	\$105,304	\$2,106	\$67,568	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	59	\$108,463	\$2,169	\$75,399	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$66,434	\$26,245	1.05	\$26,245	\$19,416	\$11,650	\$14,596	\$75,399	\$14,596
22	61	\$0	\$0	\$55,970	\$27,558	1.05	\$27,558	\$20,387	\$12,232	\$15,325	\$66,434	\$15,325
23	62	\$0	\$0	\$43,845	\$28,936	1.05	\$28,936	\$21,407	\$12,844	\$16,092	\$55,970	\$16,092
24	63	\$0	\$0	\$29,883	\$30,382	1.05	\$30,382	\$22,477	\$13,486	\$16,896	\$43,845	\$16,896
25	64	\$0	\$0	\$13,890	\$31,901	1.05	\$31,901	\$23,601	\$14,160	\$17,741	\$29,883	\$17,741

Hire Date	7/1/2005
Age at hire	40
Age at retirement	60
Subsidy Eligibility Age	60
Service	20

Salary	\$61,855
Wage inflation	3.0%

HRA contribution rate	2.0%
HRA accumulation rate	8.25%

Subsidy Base	\$5,962
Subsidy index	5%
Subsidy percent	60%

HRA Fund at retirement	\$75,399
Total retiree contribution	\$161,299
Net retiree cost (w/HRA int)	\$77,871

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current
 Assumes spouse of equal age to retiree

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

Gross Retiree
Premium Cost

Total State
Subsidy

Total HRA
Spend

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	40	\$61,855	\$1,237	\$1,287	\$14,636	1.23	\$0	\$14,636	\$0	\$0	\$0	\$0
2	41	\$63,711	\$1,274	\$2,719	\$16,215	1.11	\$0	\$15,367	\$0	\$0	\$0	\$0
3	42	\$65,622	\$1,312	\$4,309	\$17,874	1.10	\$0	\$16,136	\$0	\$0	\$0	\$0
4	43	\$67,591	\$1,352	\$6,071	\$19,604	1.10	\$0	\$16,943	\$0	\$0	\$0	\$0
5	44	\$69,618	\$1,392	\$8,020	\$21,390	1.09	\$0	\$17,790	\$0	\$0	\$0	\$0
6	45	\$71,707	\$1,434	\$10,174	\$23,216	1.09	\$0	\$18,679	\$0	\$0	\$0	\$0
7	46	\$73,858	\$1,477	\$12,550	\$25,064	1.08	\$0	\$19,613	\$0	\$0	\$0	\$0
8	47	\$76,074	\$1,521	\$15,169	\$26,912	1.07	\$0	\$20,594	\$0	\$0	\$0	\$0
9	48	\$78,356	\$1,567	\$18,051	\$28,738	1.07	\$0	\$21,624	\$0	\$0	\$0	\$0
10	49	\$80,707	\$1,614	\$21,219	\$30,517	1.06	\$0	\$22,705	\$0	\$0	\$0	\$0
11	50	\$83,128	\$1,653	\$24,700	\$32,225	1.06	\$0	\$23,840	\$0	\$0	\$0	\$0
12	51	\$85,622	\$1,712	\$28,519	\$33,836	1.05	\$0	\$25,032	\$0	\$0	\$0	\$0
13	52	\$88,190	\$1,764	\$32,707	\$35,528	1.05	\$0	\$26,284	\$0	\$0	\$0	\$0
14	53	\$90,836	\$1,817	\$37,295	\$37,304	1.05	\$0	\$27,598	\$0	\$0	\$0	\$0
15	54	\$93,561	\$1,871	\$42,319	\$39,169	1.05	\$0	\$28,978	\$0	\$0	\$0	\$0
16	55	\$96,368	\$1,927	\$47,816	\$41,128	1.05	\$0	\$30,426	\$0	\$0	\$0	\$0
17	56	\$99,259	\$1,985	\$53,826	\$43,184	1.05	\$0	\$31,948	\$0	\$0	\$0	\$0
18	57	\$102,237	\$2,045	\$60,394	\$45,343	1.05	\$0	\$33,545	\$0	\$0	\$0	\$0
19	58	\$105,304	\$2,106	\$67,568	\$47,611	1.05	\$0	\$35,222	\$0	\$0	\$0	\$0
20	59	\$108,463	\$2,169	\$75,399	\$49,991	1.05	\$0	\$36,984	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$51,248	\$52,491	1.05	\$52,491	\$38,833	\$23,300	\$29,191	\$75,399	\$29,191
22	61	\$0	\$0	\$23,586	\$55,115	1.05	\$55,115	\$40,774	\$24,465	\$30,651	\$51,248	\$30,651
23	62	\$0	\$0	\$0	\$57,871	1.05	\$57,871	\$42,813	\$25,688	\$32,183	\$23,586	\$23,586
24	63	\$0	\$0	\$0	\$60,765	1.05	\$60,765	\$44,954	\$26,972	\$33,792	\$0	\$0
25	64	\$0	\$0	\$0	\$63,803	1.05	\$63,803	\$47,201	\$28,321	\$35,482	\$0	\$0

Run Date: 4/12/2005
State of Alaska

Hire Date	7/1/2005
Age at hire	25
Age at retirement	55
Subsidy Start Age	60
Service	30
Salary	\$53,925
Wage inflation	3.0%
HRA contribution rate	1.0%
HRA accumulation rate	3.25%
Subsidy Base (7/1/2003)	\$3,962
Subsidy index	5%
Subsidy percent	90%

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate

HRA Fund at retirement	\$89,321
Total retiree contribution	\$336,978
Net retiree cost (w/HRA int)	\$239,523

Gross Retiree Premium Cost	\$537,717	Total State Subsidy	\$200,739	Total HRA Spend	\$97,454
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Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contrib	Beg of Year HRA Balance	HRA Spend
1	25	\$53,925	\$539	\$561	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	26	\$55,543	\$555	\$1,185	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	27	\$57,209	\$572	\$1,878	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	28	\$58,925	\$589	\$2,646	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	29	\$60,693	\$607	\$3,496	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	30	\$62,514	\$625	\$4,435	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	31	\$64,389	\$644	\$5,471	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	32	\$66,321	\$663	\$6,612	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	33	\$68,311	\$683	\$7,868	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	34	\$70,360	\$704	\$9,249	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	35	\$72,471	\$725	\$10,767	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	36	\$74,645	\$746	\$12,431	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	37	\$76,884	\$769	\$14,257	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	38	\$79,191	\$792	\$16,257	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	39	\$81,566	\$816	\$18,447	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	40	\$84,013	\$840	\$20,843	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	41	\$86,534	\$865	\$25,463	\$21,592	1.05	\$0	\$15,971	\$0	\$0	\$0	\$0
18	42	\$89,130	\$891	\$26,326	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	43	\$91,804	\$918	\$29,453	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	44	\$94,558	\$946	\$32,866	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	45	\$97,395	\$974	\$36,591	\$26,245	1.05	\$0	\$19,416	\$0	\$0	\$0	\$0
22	46	\$100,316	\$1,003	\$40,654	\$27,558	1.05	\$0	\$20,387	\$0	\$0	\$0	\$0
23	47	\$103,326	\$1,033	\$45,083	\$28,936	1.05	\$0	\$21,407	\$0	\$0	\$0	\$0
24	48	\$106,426	\$1,064	\$49,909	\$30,382	1.05	\$0	\$22,477	\$0	\$0	\$0	\$0
25	49	\$109,618	\$1,096	\$55,167	\$31,901	1.05	\$0	\$23,601	\$0	\$0	\$0	\$0
26	50	\$112,907	\$1,129	\$60,893	\$33,496	1.05	\$0	\$24,781	\$0	\$0	\$0	\$0
27	51	\$116,294	\$1,163	\$67,127	\$35,171	1.05	\$0	\$26,020	\$0	\$0	\$0	\$0
28	52	\$119,783	\$1,198	\$73,911	\$36,930	1.05	\$0	\$27,321	\$0	\$0	\$0	\$0
29	53	\$123,376	\$1,234	\$81,293	\$38,776	1.05	\$0	\$28,687	\$0	\$0	\$0	\$0
30	54	\$127,078	\$1,271	\$89,321	\$40,715	1.05	\$0	\$30,121	\$0	\$0	\$0	\$0
31	55	\$0	\$0	\$52,211	\$42,751	1.05	\$42,751	\$31,627	\$0	\$42,751	\$89,321	\$42,751
32	56	\$0	\$0	\$9,815	\$44,888	1.05	\$44,888	\$33,209	\$0	\$44,888	\$52,211	\$44,888
33	57	\$0	\$0	\$0	\$47,133	1.05	\$47,133	\$34,869	\$0	\$47,133	\$9,815	\$9,815
34	58	\$0	\$0	\$0	\$49,490	1.05	\$49,490	\$36,612	\$0	\$49,490	\$0	\$0
35	59	\$0	\$0	\$0	\$51,964	1.05	\$51,964	\$38,443	\$0	\$51,964	\$0	\$0
36	60	\$0	\$0	\$0	\$54,562	1.05	\$54,562	\$40,365	\$38,329	\$18,234	\$0	\$0
37	61	\$0	\$0	\$0	\$57,290	1.05	\$57,290	\$42,383	\$38,145	\$19,145	\$0	\$0
38	62	\$0	\$0	\$0	\$60,155	1.05	\$60,155	\$44,503	\$40,052	\$20,102	\$0	\$0
39	63	\$0	\$0	\$0	\$63,163	1.05	\$63,163	\$46,728	\$42,055	\$21,108	\$0	\$0
40	64	\$0	\$0	\$0	\$66,321	1.05	\$66,321	\$49,064	\$44,158	\$22,163	\$0	\$0

TRS Early Hire - 1% HRA

Hire Date	7/1/2005
Age at hire	25
Age at retirement	55
Subsidy Start Age	60
Service	30
Salary	\$53,825
Wage inflation	3.0%
HRA contribution rate	2.0%
HRA accumulation rate	8.25%
Subsidy Base (7/1/2003)	\$5,932
Subsidy index	5%
Subsidy percent	90%

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

HRA Fund at retirement	\$178,643
Total retiree contribution	\$336,978
Net retiree cost (w/HRA int)	\$123,140

Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
\$537,717	\$200,739	\$213,838

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	End of Year HRA Balance	HRA Spend
1	25	\$53,825	\$1,079	\$1,122	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	26	\$55,543	\$1,111	\$2,370	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	27	\$57,209	\$1,144	\$3,756	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	28	\$58,925	\$1,179	\$5,293	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	29	\$60,693	\$1,214	\$6,992	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	30	\$62,514	\$1,250	\$8,870	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	31	\$64,389	\$1,288	\$10,941	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	32	\$66,321	\$1,326	\$13,224	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	33	\$68,311	\$1,366	\$15,737	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	34	\$70,360	\$1,407	\$18,499	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	35	\$72,471	\$1,449	\$21,533	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	36	\$74,645	\$1,493	\$24,863	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	37	\$76,884	\$1,538	\$28,514	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	38	\$79,191	\$1,584	\$32,514	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	39	\$81,566	\$1,631	\$36,894	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	40	\$84,013	\$1,680	\$41,686	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	41	\$86,534	\$1,731	\$46,925	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	42	\$89,130	\$1,783	\$52,651	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	43	\$91,804	\$1,836	\$58,906	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	44	\$94,558	\$1,891	\$65,733	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	45	\$97,395	\$1,948	\$73,182	\$26,245	1.05	\$0	\$19,416	\$0	\$0	\$0	\$0
22	46	\$100,316	\$2,006	\$81,307	\$27,558	1.05	\$0	\$20,387	\$0	\$0	\$0	\$0
23	47	\$103,326	\$2,067	\$90,165	\$28,936	1.05	\$0	\$21,407	\$0	\$0	\$0	\$0
24	48	\$106,426	\$2,129	\$99,819	\$30,382	1.05	\$0	\$22,477	\$0	\$0	\$0	\$0
25	49	\$109,618	\$2,192	\$110,335	\$31,901	1.05	\$0	\$23,601	\$0	\$0	\$0	\$0
26	50	\$112,907	\$2,258	\$121,787	\$33,496	1.05	\$0	\$24,781	\$0	\$0	\$0	\$0
27	51	\$116,294	\$2,326	\$134,254	\$35,171	1.05	\$0	\$26,020	\$0	\$0	\$0	\$0
28	52	\$119,783	\$2,396	\$147,823	\$36,930	1.05	\$0	\$27,321	\$0	\$0	\$0	\$0
29	53	\$123,376	\$2,468	\$162,585	\$38,776	1.05	\$0	\$28,687	\$0	\$0	\$0	\$0
30	54	\$127,078	\$2,542	\$178,643	\$40,715	1.05	\$0	\$30,121	\$0	\$0	\$0	\$0
31	55	\$0	\$0	\$148,901	\$42,751	1.05	\$42,751	\$31,627	\$0	\$42,751	\$178,643	\$42,751
32	56	\$0	\$0	\$114,482	\$44,888	1.05	\$44,888	\$33,209	\$0	\$44,888	\$148,901	\$44,888
33	57	\$0	\$0	\$74,888	\$47,133	1.05	\$47,133	\$34,869	\$0	\$47,133	\$114,482	\$47,133
34	58	\$0	\$0	\$29,576	\$49,490	1.05	\$49,490	\$36,612	\$0	\$49,490	\$74,888	\$49,490
35	59	\$0	\$0	\$0	\$51,964	1.05	\$51,964	\$38,443	\$0	\$51,964	\$29,576	\$29,576
36	60	\$0	\$0	\$0	\$54,562	1.05	\$54,562	\$40,365	\$36,329	\$18,234	\$0	\$0
37	61	\$0	\$0	\$0	\$57,290	1.05	\$57,290	\$42,383	\$38,145	\$19,145	\$0	\$0
38	62	\$0	\$0	\$0	\$60,155	1.05	\$60,155	\$44,503	\$40,052	\$20,102	\$0	\$0
39	63	\$0	\$0	\$0	\$63,163	1.05	\$63,163	\$46,728	\$42,055	\$21,108	\$0	\$0
40	64	\$0	\$0	\$0	\$66,321	1.05	\$66,321	\$49,064	\$44,158	\$22,163	\$0	\$0

Hire Date	7/1/2005
Age at hire	40
Age at retirement	60
Subsidy Start Age	60
Service	20

Salary	\$53,925
Wage inflation	3.0%

HRA contribution rate	1.0%
HRA accumulation rate	8.25%

Subsidy Base (7/1/2003)	\$5,962
Subsidy index	5%
Subsidy percent	60%

HRA Fund at retirement	\$32,866
Total retiree contribution	\$80,650
Net retiree cost (w/HRA int)	\$44,599

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

Gross Retiree Premium Cost	\$145,022	Total State Subsidy	\$64,373	Total HRA Spend	\$36,050
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Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	40	\$53,925	\$539	\$561	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	41	\$55,543	\$555	\$1,185	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	42	\$57,209	\$572	\$1,878	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	43	\$58,925	\$589	\$2,646	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	44	\$60,693	\$607	\$3,496	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	45	\$62,514	\$625	\$4,435	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	46	\$64,389	\$644	\$5,471	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	47	\$66,321	\$663	\$6,612	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	48	\$68,311	\$683	\$7,868	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	49	\$70,360	\$704	\$9,249	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	50	\$72,471	\$725	\$10,767	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	51	\$74,645	\$746	\$12,431	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	52	\$76,884	\$769	\$14,257	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	53	\$79,191	\$792	\$16,257	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	54	\$81,566	\$816	\$18,447	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	55	\$84,013	\$840	\$20,843	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	56	\$86,534	\$865	\$23,463	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	57	\$89,130	\$891	\$26,326	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	58	\$91,804	\$918	\$29,453	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	59	\$94,558	\$946	\$32,866	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$20,392	\$26,245	1.05	\$26,245	\$19,416	\$11,650	\$14,596	\$32,866	\$14,596
22	61	\$0	\$0	\$6,130	\$27,558	1.05	\$27,558	\$20,387	\$12,232	\$15,325	\$20,392	\$15,325
23	62	\$0	\$0	\$0	\$28,936	1.05	\$28,936	\$21,407	\$12,844	\$16,092	\$6,130	\$6,130
24	63	\$0	\$0	\$0	\$30,382	1.05	\$30,382	\$22,477	\$13,486	\$16,896	\$0	\$0
25	64	\$0	\$0	\$0	\$31,901	1.05	\$31,901	\$23,601	\$14,160	\$17,741	\$0	\$0

Hire Date 7/1/2005
 Age at hire 40
 Age at retirement 60
 Subsidy Start Age 60
 Service 20

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current

Salary \$53,925
 Wage inflation 3.0%

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

HRA contribution rate 2.0%
 HRA accumulation rate 8.25%

Subsidy Base (7/1/2003) \$5,962
 Subsidy Index 5%

Subsidy percent 60%

	Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
HRA Fund at retirement	\$65,733		
Total retiree contribution	\$80,650	\$145,022	\$64,373
Net retiree cost (w/HRA int)	\$1,131		\$79,518

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	40	\$53,925	\$1,079	\$1,112	\$7,318	1.23	\$0	\$7,318	\$0	\$0	\$0	\$0
2	41	\$55,543	\$1,111	\$2,370	\$8,107	1.11	\$0	\$7,684	\$0	\$0	\$0	\$0
3	42	\$57,209	\$1,144	\$3,756	\$8,937	1.10	\$0	\$8,068	\$0	\$0	\$0	\$0
4	43	\$58,925	\$1,179	\$5,293	\$9,802	1.10	\$0	\$8,471	\$0	\$0	\$0	\$0
5	44	\$60,693	\$1,214	\$6,992	\$10,695	1.09	\$0	\$8,895	\$0	\$0	\$0	\$0
6	45	\$62,514	\$1,250	\$8,870	\$11,608	1.09	\$0	\$9,340	\$0	\$0	\$0	\$0
7	46	\$64,389	\$1,288	\$10,941	\$12,532	1.08	\$0	\$9,807	\$0	\$0	\$0	\$0
8	47	\$66,321	\$1,326	\$13,224	\$13,456	1.07	\$0	\$10,297	\$0	\$0	\$0	\$0
9	48	\$68,311	\$1,366	\$15,737	\$14,369	1.07	\$0	\$10,812	\$0	\$0	\$0	\$0
10	49	\$70,360	\$1,407	\$18,499	\$15,258	1.06	\$0	\$11,352	\$0	\$0	\$0	\$0
11	50	\$72,471	\$1,449	\$21,533	\$16,112	1.06	\$0	\$11,920	\$0	\$0	\$0	\$0
12	51	\$74,645	\$1,493	\$24,863	\$16,918	1.05	\$0	\$12,516	\$0	\$0	\$0	\$0
13	52	\$76,884	\$1,538	\$28,514	\$17,764	1.05	\$0	\$13,142	\$0	\$0	\$0	\$0
14	53	\$79,191	\$1,584	\$32,514	\$18,652	1.05	\$0	\$13,799	\$0	\$0	\$0	\$0
15	54	\$81,566	\$1,631	\$36,894	\$19,585	1.05	\$0	\$14,489	\$0	\$0	\$0	\$0
16	55	\$84,013	\$1,680	\$41,686	\$20,564	1.05	\$0	\$15,213	\$0	\$0	\$0	\$0
17	56	\$86,534	\$1,731	\$46,925	\$21,592	1.05	\$0	\$15,974	\$0	\$0	\$0	\$0
18	57	\$89,130	\$1,783	\$52,651	\$22,672	1.05	\$0	\$16,773	\$0	\$0	\$0	\$0
19	58	\$91,804	\$1,836	\$58,906	\$23,805	1.05	\$0	\$17,611	\$0	\$0	\$0	\$0
20	59	\$94,558	\$1,891	\$65,733	\$24,996	1.05	\$0	\$18,492	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$55,970	\$26,245	1.05	\$26,245	\$19,416	\$11,650	\$14,596	\$65,733	\$14,596
22	61	\$0	\$0	\$44,643	\$27,558	1.05	\$27,558	\$20,387	\$12,232	\$15,325	\$55,970	\$15,325
23	62	\$0	\$0	\$31,583	\$28,936	1.05	\$28,936	\$21,407	\$12,844	\$16,092	\$44,643	\$16,092
24	63	\$0	\$0	\$16,610	\$30,382	1.05	\$30,382	\$22,477	\$13,486	\$16,896	\$31,583	\$16,896
25	64	\$0	\$0	\$0	\$31,901	1.05	\$31,901	\$23,601	\$14,160	\$17,741	\$16,610	\$16,610

Hire Date	7/1/2005
Age at hire	40
Age at retirement	60
Subsidy Eligibility Age	60
Service	20

Salary	\$53,925
Wage inflation	3.0%

HRA contribution rate	2.0%
HRA accumulation rate	8.25%

Subsidy Base	\$5,962
Subsidy Index	5%
Subsidy percent	60%

HRA Fund at retirement	\$65,733
Total retiree contribution	\$161,299
Net retiree cost (w/HRA int)	\$89,198

Assumes participant retires from system and is receiving system sponsored benefits
 Assumes only use of HRA funds is to pay for Net (after subsidy if applicable) retiree premium contributions
 Assumes 30 years to normal retirement
 Assumes demographic composition of pre-Medicare retiree group does not change from current
 Assumes spouse of equal age to retiree

All estimates, based upon the information available at a point in time, are subject to unforeseen and random events. Therefore any projection must be interpreted as having a likely range of variability from the estimate.

Gross Retiree Premium Cost	Total State Subsidy	Total HRA Spend
\$290,044	\$128,745	\$72,101

Duration	Age	Salary	Contribution	End of Year HRA Balance	Pre MC Composite Premium	Pre MC Composite Trend	Retiree Med/Rx Premium	Subsidy Base	Retiree Subsidy	Retiree Contribution	Beg of Year HRA Balance	HRA Spend
1	40	\$53,925	\$1,079	\$1,122	\$14,636	1.23	\$0	\$14,636	\$0	\$0	\$0	\$0
2	41	\$55,543	\$1,111	\$2,370	\$16,215	1.11	\$0	\$15,367	\$0	\$0	\$0	\$0
3	42	\$57,209	\$1,144	\$3,756	\$17,874	1.10	\$0	\$16,136	\$0	\$0	\$0	\$0
4	43	\$58,925	\$1,179	\$5,293	\$19,604	1.10	\$0	\$16,943	\$0	\$0	\$0	\$0
5	44	\$60,693	\$1,214	\$6,992	\$21,390	1.09	\$0	\$17,790	\$0	\$0	\$0	\$0
6	45	\$62,514	\$1,250	\$8,870	\$23,216	1.09	\$0	\$18,679	\$0	\$0	\$0	\$0
7	46	\$64,389	\$1,288	\$10,941	\$25,064	1.08	\$0	\$19,613	\$0	\$0	\$0	\$0
8	47	\$66,321	\$1,326	\$13,224	\$26,912	1.07	\$0	\$20,594	\$0	\$0	\$0	\$0
9	48	\$68,311	\$1,366	\$15,737	\$28,738	1.07	\$0	\$21,624	\$0	\$0	\$0	\$0
10	49	\$70,360	\$1,407	\$18,499	\$30,517	1.06	\$0	\$22,705	\$0	\$0	\$0	\$0
11	50	\$72,471	\$1,449	\$21,533	\$32,225	1.06	\$0	\$23,840	\$0	\$0	\$0	\$0
12	51	\$74,645	\$1,493	\$24,863	\$33,836	1.05	\$0	\$25,032	\$0	\$0	\$0	\$0
13	52	\$76,884	\$1,538	\$28,514	\$35,528	1.05	\$0	\$26,284	\$0	\$0	\$0	\$0
14	53	\$79,191	\$1,584	\$32,514	\$37,304	1.05	\$0	\$27,598	\$0	\$0	\$0	\$0
15	54	\$81,566	\$1,631	\$36,894	\$39,169	1.05	\$0	\$28,978	\$0	\$0	\$0	\$0
16	55	\$84,013	\$1,680	\$41,686	\$41,128	1.05	\$0	\$30,426	\$0	\$0	\$0	\$0
17	56	\$86,534	\$1,731	\$46,925	\$43,184	1.05	\$0	\$31,948	\$0	\$0	\$0	\$0
18	57	\$89,130	\$1,783	\$52,651	\$45,343	1.05	\$0	\$33,545	\$0	\$0	\$0	\$0
19	58	\$91,804	\$1,836	\$58,906	\$47,611	1.05	\$0	\$35,222	\$0	\$0	\$0	\$0
20	59	\$94,558	\$1,891	\$65,733	\$49,991	1.05	\$0	\$36,984	\$0	\$0	\$0	\$0
21	60	\$0	\$0	\$40,784	\$52,491	1.05	\$52,491	\$38,833	\$23,300	\$29,191	\$65,733	\$29,191
22	61	\$0	\$0	\$12,259	\$55,115	1.05	\$55,115	\$40,774	\$24,465	\$30,651	\$40,784	\$30,651
23	62	\$0	\$0	\$0	\$57,871	1.05	\$57,871	\$42,813	\$25,688	\$32,183	\$12,259	\$12,259
24	63	\$0	\$0	\$0	\$60,765	1.05	\$60,765	\$44,954	\$26,972	\$33,792	\$0	\$0
25	64	\$0	\$0	\$0	\$63,803	1.05	\$63,803	\$47,201	\$28,321	\$35,482	\$0	\$0

TRS w/ spouse Late Hire - 27. HRA

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

March 17, 2005

Representative Paul Seaton
Alaska State Legislature
State Capitol, Room 102
Juneau, AK 99802

Dear Representative Seaton:

This is in response to your list of questions concerning the information on pharmaceutical costs in the PERS and TRS systems. While we in DHSS have some experience managing a Preferred Drug List for Medicaid, we are unable to predict any estimate of additional cost savings for two main reasons: 1) we do not have access to detailed information from Aetna on the individual pharmaceutical claims; and 2) we lack the actuarial expertise to estimate cost savings. In addition there are other complicating factors, such as the Medicaid program serves a completely different population than Retirees and thus would have a very different use of pharmaceuticals. Trying to extrapolate any experience from our Medicaid program PDL would be difficult and we lack the expertise to do it.

While it is reasonable to explore how to achieve savings and incentives with our retirees and their use of pharmaceuticals, the PDL and use of generic drugs can be only one solution to a complicated issue. The following is a list of issues that should be developed and discussed for a comprehensive view of the pharmacy program and retirees:

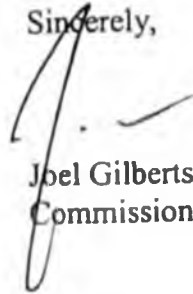
- 1) The use of Manufacturer's rebates;
- 2) Co-pay levels;
- 3) Consideration of a multi-tiered co-payment structure;
- 4) Mandating the use of generic drugs;
- 5) Develop a restrictive formulary;
- 6) Discussion of what type of drug classes is in a formulary;
- 7) Dispensing fees;
- 8) Mandating or providing incentives for mail order pharmaceuticals;
- 9) Using a reduction in the Average Wholesale price;
- 10) Providing Case Management services for certain users of pharmaceuticals;
- 11) Capping the number of prescriptions filled per month;
- 12) Restricting the number of refills that users can have at any one time.

Representative Paul Seaton
Alaska State Legislature

March 17, 2005
Page 2

We would certainly be interested in discussions of any and all of the factors outlined above with the Department of Administration, Aetna and the Legislature to achieve a better result for State retirees.

Sincerely,



Joel Gilbertson
Commissioner

JSG:lb

Cc: Janet Clarke, Assistant Commissioner
Sherry Hill, Special Assistant

	Senate Bill 141 DC Plan	Senate Bill 141 DC Plan Planned Changes	House Bill 191, 177, 170 (Kelly)	House State Affairs (Seaton)
Benefit Formula	11.5% per year to DC account + investment earnings.		16% after five years of service-- before 5 years a percentage of the employer contribution (see employer contribution rate below) is scaled at: 1st year 0%, 2nd yr 25%, 3rd yr 50%, 4th yr 75%, 5th yr 100%	15.5% PERS 16.75% TRS
Rollover	Rollover accepted from qualified programs and you can roll over into a qualified program		Does not accept rollover from qualified programs but you can rollover into a qualified program	Rollover accepted from qualified programs and you can roll over into a qualified program
CONTRIBUTION DETAILS				
Employee Contribution Rates	DC Plan: 8% all members (PERS & TRS) DB Plan: TRS 8.65% or 1/2 of the normal cost rate. PERS: 6.75% and 7.5% (Police/Fire) or 1/2 of the normal cost rate. Maximum increase of 5% per year.	Change: maximum increase to 50 basis points per year.	DC Plan: PERS 8.5% Police/Fire, 8% all others TRS 10% all members DB Plan: % of employee compensation needed to fund the system	DC Plan: PERS 10% all members TRS 11% all members. DB Plan: 1/2 of the amount needed to fund the system actuarially computed rate, capped at 13% for PERS and 14% for TRS. Maximum increase of 5% per year.
Employer Contribution Rates	DB Plan: 50% of normal cost plus past service cost. May not be less than total normal cost after subtracting employee contribution. DC Plan: 8.25% total (3.5% to DC account, 3.75% to Medical, 1% to Health Reimbursement Arrangement)		DB Plan: employer contributions will eventually reach 8% for TRS and 8.75% for PERS over the course of a 5 year period: Year 1-0%, Year 2-25%, Year 3-50%, Year 4-75%, Year 5-100% DC Plan: Equal contributions from employers and employees in the amount required to fund benefits. Maximum increase of 5% per year Note: medical not included in contribution total	DB Plan: Equal contributions from employee and employer: employer contributes 1/2 of the actuarially computed rate with a floor of 10% for PERS and 11% for TRS. DC Plan: PERS 10% total (5.5% to DC account, 3.5% for medical, 1% for HRA) TRS 11% total (5.75% to DC account, 3.75% for medical, 1.5% for HRA).
Base Salary				Employee option base salary or total salary.

	Senate Bill 141 DC Plan	Senate Bill 141 DC Plan Planned Changes	House Bill 191, 177, 170 (Kelly)	House State Affairs (Seaton)
Vesting	Immediate for employee contributions. Fully vested in employer contributions after 5 years (1st year 0%, 2nd yr 25%, 3rd yr 50%, 4th yr 75%, 5th yr 100%)		Employee is immediately vested in both employee and employer contribution	Employee is immediately vested in both employee and employer contribution
MEDICAL BENEFITS				
Medical Benefits	Must retire directly from system with minimum of 10 years of service for medical coverage and access to HRA.		Same as SB 141	Must retire directly from system with either: 60 years adjusted to the change in mortality rate when adopted w/10 years of service OR 30 years of service.
	Access to medical coverage at age 65 with 10 years of service, or at any age after (1) 25 years for peace officer/firefighter, or (2) 30 years for all others.		Same as SB 141	Early retirees: access to system, no subsidy until age 60 adjusted.
	Retiree and survivors pay full premium until Medicare eligible.		Same as SB 141	Retirees over 60 adjusted: access to defined dollar medical with subsidy depending on length of service.
	After Medicare age eligible, retiree shares cost based on years of service.		Same as SB 141	Retirees over Medicare eligible age: Access to medical with a reduced premium and percent subsidy based on years of service.
	Reimbursed for qualified medical expenses from HRA.		Same as SB 141	Same as SB 141
FINANCIAL ELEMENT				
State Financial Aid to System	\$69.5M from State to cover the 5% increase in employer costs for FY06 (an additional \$38M for school district PERS/TRS costs is incorporated in the BSA)		None	Establishes a new Past Service Offset Account: 2.681 billion dollar deposit required.

	Senate Bill 141 DC Plan	Senate Bill 141 DC Plan Planned Changes	House Bill 191, 177, 170 (Kelly)	House State Affairs (Sexton)
Board Structure	Consolidates 3 existing boards (PERS, TRS, ASPIB) into 1 board (Alaska Retirement Management Board).		None	None
Board Members	All trustees must have recognized competence in one or more fields of investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis. Includes non-beneficiaries and representatives from school districts and municipalities.		Changes the qualification requirements for existing board members to include non-beneficiaries	None
OTHER BILL COMPONENTS				
Transfer of Employee to DC Plan	None (as yet)	Allow the transfer of current non-vested (TRS Tier II and PERS Tier III) employees to a DC account. Unlimited enrollment period. Employer must make new contribution (cannot take from DB trust) and has first option to allow a transfer.	None	Allows the transfer of current, non-vested employees to a DC account within 90 days of the enactment of legislation.
Prescription Drug Changes	None		None	Requires retirees to purchase prescription drugs from a preferred drug list unless otherwise recommended
Ad hoc PRPAs	None (as yet)	Define "financial condition of the retirement fund" for ad hoc PRPAs	None	Places limiting conditions on ad hoc PRPAs
COLA	Repeals		None	None
Refunded Prior Members	Closes window for reinstating past service indebtedness.		None	None

SB 141 Bill Version Comparison

	Senate Bill 141 DC Plan	Changes contained in CS for Senate Bill 141(FIN)	Page, Line (or Sec.)
DC RETIREMENT ACCOUNT			
Benefit Formula	11.5% per year to DC account + investment earnings.	Increased employer contribution by 1% for a total (employee + employer) contribution of 12.5%	P 16, L 8 and P 82, L 6
Rollover	Rollover accepted from qualified programs and you can roll over into a qualified program		
CONTRIBUTION DETAILS			
Employee Contribution Rates	DC Plan: 8% all members (PERS & TRS) DB Plan: TRS 8.65% or 1/2 of the normal cost rate. PERS: 6.75% and 7.5% (Police/Fire) or 1/2 of the normal cost rate. Maximum increase of 5% per year.	DB Plan: Changed maximum increase to 50 basis points per year (.5%).	P 7, L 30 and P 69, L 13
Employer Contribution Rates	DB Plan: 50% of normal cost plus past service cost. May not be less than total normal cost after subtracting employee contribution. DC Plan: 8.25% total (3.5% to DC account, 3.75% to Medical, 1% to Health Reimbursement Arrangement)	DC Plan: Redistributed 8.25% employer contribution: + 4.25% to DC account + 1.75% to Medical + 2.00% to HRA <hr/> 8.25% Total	P 16, Ls 8&10 and P 82, Ls 6&8; P 58, L 10
VESTING DETAILS			
Vesting	Immediate for employee contributions. Fully vested in employer contributions after 5 years (1st year 0%, 2nd yr 25%, 3rd yr 50%, 4th yr 75%, 5th yr 100%)		

SB 141 Bill Version Comparison

	Senate Bill 141 DC Plan	Changes contained in CS for Senate Bill 141(FIN)	Page, Line (or Sec.)
MEDICAL PROGRAM			
Medical Benefits	Must retire directly from system with minimum of 10 years of service for medical coverage and access to HRA.	Removed requirement to "retire from system" and added option to defer participation to a date specified.	P 16, L 3 and P 92, L 1
	Access to medical coverage at age 65 with 10 years of service, or at any age after (1) 25 years for peace officer/firefighter, or (2) 30 years for all others.		
	Retiree and survivors pay full premium until Medicare eligible.		
	After Medicare age eligible, retiree shares cost based on years of service.		
Health Reimbursement Arrangement (HRA)	Retiree reimbursed for qualified medical expenses from HRA.	Clarified HRA can be used even if not participating in State's medical insurance plan.	P 26, Ls 13-14
	Employer contributes 1% of employer's average annual group compensation	Employer contributes 2% of annual average employer's group compensation	P 58, L 10
		Changed five-year return requirement from "same" employer to "a participating" employer.	P 58, L 19
RETIREMENT BOARDS			
Board Structure	Consolidates 3 existing boards (PERS, TRS, ASPIB) into 1 board (Alaska Retirement Management Board [ARMB]).	Added transition: ASPIB continues until 9/30/05; ARMB effective 10/1/2005	P 106, Sec. 134 and Sec. 135
Board Members	All trustees must have recognized competence in one or more fields of investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis. Includes non-beneficiaries and representatives from school districts and	Added definition of "recognized competence" as a person with at least 10 years working or teaching in the specified fields.	P 51, Ls 6-9

SB 141 Bill Version Comparison

	Senate Bill 141 DC Plan	Changes contained in CS for Senate Bill 141(FIN)	Page, Line (or Sec.)
Board Duties	ARMB assumes prior duties of ASPIB plus coordinates with retirement system administrator on annual actuarial valuations, sets employer contribution rates, and determines interest rates to be credited to members' individual accounts (DB plan and HRA).	Added a requirement for the Board to require a second actuarial opinion on the assumptions used in the valuation by the State's primary actuary.	P 107, Sec. 138
		Added direction to the new Board to prepare a report for the 2nd session of the 24th Alaska Legislature.	P 49, Ls 4-6
Office of Administrative Hearings (OAH)	Appeals of benefits decisions made by the retirement system administrator transferred to the OAH, an independent quasi-judicial agency.		
CHANGES TO EXISTING RETIREMENT PLANS			
AK Resident COLA	Repeals	Reinstated	
Ad hoc PRPAs		Defined "financial condition of the retirement fund" for ad hoc PRPAs as 110% ratio of assets to liabilities (see Editor's notes under AS 14.25.143 & AS 39.35.475)	P 11 Sec. 17, P 11 Sec. 18, and P 77 Sec. 113
Refunded Prior Members	Closes window for reinstating past service indebtedness.		
University of Alaska Optional Retirement Program		Changed AS 14.40.661-14 40.799 giving the Board of Regents flexibility to design both optional and mandatory retirement programs for future University employees. Specifies the University's retirement programs are not subject to collective bargaining. Also provides a one-time option for current employees who chose to participate in PERS or TRS to transfer into the existing optional retirement program.	P 38, Sec. 35 thru P 42, Sec. 51

SB 141 Bill Version Comparison

	Senate Bill 141 LC Plan	Changes contained in CS for Senate Bill 141(FIN)	Page, Line (or Sec.)
OTHER BILL COMPONENTS			
Transfer of Employee to DC Plan		Added option for the transfer of current non-vested (TRS Tier II and PERS Tier III) employees to the DC plan. Unlimited enrollment period. Employer must make new contribution (cannot take from DB trust) and has first option to allow a transfer.	P 30, L 2 and P 36, L 1
Participating Employers		Added an option for political subdivisions and public organizations who do not currently participate in PERS and TRS to join the DC plan in the future.	P 98, Ls 9-22
		Added specific employers already participating in PERS and TRS to allow their future employees to participate in the DC plan (defined benefit plans closed on July 1, 2005).	P 32, L 20 thru P 33, L 28 and P 93, Ls 2-17
Membership Service		Added language identical to current statutes that prevents members that participate in both PERS and TRS from claiming more than one year of service (ex., a full-time teacher in TRS that works part-time in a PERS position during summer).	P 32, L 10 and P 98, L 23

Defined Contribution (DC) Plan Elements

◆ **Required Contributions**

- Employee: 8.0% of compensation, deducted pre-tax by employer.
14.25.340(a) (pg 15), 39.35.730(a) (pg 81).
- Employer: 4.5% of employee compensation.
14.25.350(a) (pg 16), 39.35.750(a) (pg 82)
- Total individual account contributions: 12.5%.

◆ **Optional Contributions**

- A member may elect to contribute additional earnings not to exceed the limits established by the Internal Revenue Code.
14.25.340(b) (pg 15), 39.35.730(b) (pg 81)

◆ **Rollovers** 14.25.360 (pg 16), 39.35.760 (pg 82)

- Employees can take their individual account with them when they leave employment.
- Employees can "roll" in other qualified funds when they are hired.

◆ **Vesting** 14.25.390 (pg 18), 39.35.790 (pg 84)

- All members of the DC plan are immediately vested in their own contributions and related earnings.
- Members are gradually vested in the employer contributions and related earnings on the following schedule:
 - ⇒ 25% after two years;
 - ⇒ 50% after three years;
 - ⇒ 75% after four years;
 - ⇒ 100% after five years.

◆ **Investment of Accounts** 14.25.400 (pg 18), 39.35.800 (pg 84)

The Alaska Retirement Management Board will provide a range of investment options.

- Participants direct the investment of their funds.

◆ **Distribution of Accounts**

14.25.410(pg 19) -- 14.25.440 (pg 22), 39.35.810 (pg 85) -- 39.35.840 (pg 87)

- Employee may elect a distribution of funds upon termination of employment, after 60 days.
- Subject to IRC regulations.
- May receive funds prior to 60 days for financial hardship.

Medical Program Elements

- ◆ **Required Contribution by Employer** 14.25.350(b) (pg 16), 39.35.750(b) (pg 82)
 - 1.75% of employee compensation.
 - Contribution is made to group health and life insurance trust fund to be used for employer share of retiree's monthly medical premiums.

- ◆ **Eligibility** 14.25.470 (pg 26), 39.35.870 (pg 92)
 - A member is eligible to elect medical benefits if the member:
 - ⇒ is 65 years of age and has at least 10 years of service; or
 - ⇒ has 25 years of service as a peace officer/firefighter; or
 - ⇒ has 30 years of service for all others.
 - A member's surviving spouse is eligible for medical benefits if the member was eligible to elect medical benefits at the time of the member's death.

- ◆ **Benefits** 14.25.480 (pg 26), 39.35.880 (pg 92)
 - Medical benefits include *access* to major medical insurance and the health reimbursement arrangement (HRA).
 - *Access* means that an eligible person may not be denied insurance coverage except for failure to pay the required premium.
 - An eligible person may participate in the medical insurance, the HRA, or both.
 - An irrevocable decision to elect major medical insurance must be made by age 70 ½.

- ◆ **Major Medical Insurance** Sec. 14.25.480 (pg 26), Sec. 39.35.880 (pg 92)
 - Insurance coverage for an eligible member includes the member's spouse and the member's dependent children.
 - Insurance coverage for a surviving spouse includes the member's dependent children if they are dependent on the surviving spouse.
 - Retirees who meet the required years of service, but who are less than Medicare age eligible (presently age 65), must pay the full premium to receive coverage.
 - Retirees who are Medicare age eligible will pay only a portion of monthly medical premiums depending on years of service:
 - + 10-14 years = 30%
 - + 15-19 years = 25 %
 - + 20-24 years = 20%
 - + 25-29 years = 15%
 - + 30+ years = 10%
 - Only one premium per retiree and family.
 - Different premiums developed for single retirees and retirees with spouse and/or children.

- ◆ **Health Reimbursement Arrangement (HRA) 39.30.300 (pg 57)**
 - **Employer Fund**
 - ⇒ The HRA Trust is an employer owned fund. 39.30.350 (pg 58)
 - ⇒ Employee contributions are not permitted.
 - ⇒ Employers may use surplus funds held in the trust to credit individual employee records with the annual contributions owed by the employer.
 - **Required Contributions 39.30.370 (pg 58)**
 - ⇒ Employer contributes an annual (and equal) dollar amount per employee to the health insurance trust fund.
 - ⇒ Amount is 2% of employer's annual average group compensation.
 - ⇒ Contribution is recorded in both an individual employee account and an employer record.
 - ⇒ Interest is posted to individual accounts annually, the rate determined by the ARMB.
 - ⇒ Contributions and interest accumulate over working lifetime of employees.
 - **Termination of Employment 39.30.380 (pg 58)**
 - ⇒ Individual accounts of record are maintained for five years if an employee terminates without retiring.
 - ⇒ Terminated employee accounts revert to the employer unless the individual returns to work within the five-year period.
 - ⇒ A person who returns to work within the five-year period is attributed the account balance recorded in their name on the date of termination.
 - **Reimbursements**
 - ⇒ Who is eligible? 39.30.390 (pg 58)
 - + Persons who meet the eligibility requirements for medical benefits.
 - + Dependent children are eligible if both retiree and spouse die.
 - ⇒ Reimbursements made for qualified medical expenses under IRC 213(d), including medical premium payments. 39.30.400 (pg 58)
 - ⇒ Total reimbursements are limited to an individual's recorded account.
 - ⇒ No set limits other than exhaustion of account balance.

Other Plan Elements

- ◆ **Option to Convert from DB to DC Plan** 14.25.540 (pg 30), 39.35.940 (pg 96)
 - Unvested, active members of PERS and TRS are eligible to convert to DC plan.
 - Employer must first make choice to offer this option to all their employees.
 - Participation in DC plan is in lieu of the DB plan; all rights to DB plan are forfeit.
 - A member's individual account balance will be rolled into a new account under the DC plan.
 - A member's employer shall make a 100% matching contribution with new funds (i.e., cannot transfer employer portion from the DB trust fund).
 - A member's years of service under the DB plan will be counted toward the years of service required for medical benefits eligibility.

- ◆ **Participating Employers**
 - Mechanism is included for political subdivisions and public organizations that do not currently participate in PERS to join the DC plan in the future.
39.35.950-39.35.955 (pg 98)
 - Includes specific employers already participating in PERS and TRS to allow their future employees to participate in the DC Plan (DB plan closes on July 1, 2005).
14.25.560-14.25.580 (pg 32-33), 39.35.965-39.35.970 (pg 99)
 - ⇒ Legislators who have been teachers
 - ⇒ National Education Association employees
 - ⇒ Special Education Service Agency employees
 - ⇒ Army and Air National Guard employees
 - ⇒ North Pacific Fishery Management Council employees

Changes to Existing Retirement System

- ◆ **Employee and Employer Contributions to the Defined Benefit Plans**
Sec. 8 (pg 7), Sec. 88 (pg 68-69)
 - The employee contribution rate is changed to the greater of:
 - ⇒ the amount set in statute prior to enactment of this bill; or
 - ⇒ one-half of the normal cost rate as determined by the ARM Board.
 - The employer contribution rate is changed so that it may not be less than the difference between the employee contribution and the normal cost rate that is set by the ARM Board. Sec. 10 (pg 8), Sec. 96 (pg 72)

- ◆ **Ad-hoc Post Retirement Pension Adjustments** Sec. 17-18 (pg 11), Sec. 113 (pg 77)
 - Defines "financial condition of the retirement fund" for the ad-hoc post retirement pension adjustment as a 110% ratio of assets to liabilities (applicable only to Tier I retirees). (See editor's notes under AS 14.25.143 and AS 39.35.483)

- ◆ **University Optional Retirement Program (ORP)**
Sec. 35 (pg 38) through Sec. 51 (pg 42)
 - Changed AS 14.40.661-14.40.799 giving the Board of Regents flexibility to design both optional and mandatory retirement programs for future University employees.
 - Specifies the University's retirement programs are not subject to collective bargaining.
 - Provides one-time option for current employees who chose to participate in PERS and TRS to transfer into the existing ORP.

- ◆ **Consolidation of Boards**
 - Eliminates:
 - ⇒ Public Employees' Retirement System Board
 - ⇒ Teachers' Retirement System Board.
 - ⇒ Alaska State Pension Investment Board.
 - Creates new Alaska Retirement Management Board (ARM Board) Sec. 59 (pg 46)
 - ⇒ 9 trustees appointed by the Governor
 - + Commissioner of Administration
 - + Commissioner of Revenue
 - + 3 Alaska residents who do not participate in the retirement systems
 - + 1 finance officer of a political subdivision
 - + 1 finance officer of a school district
 - + 1 PERS member (active or retired)
 - + 1 TRS member (active or retired)
 - ⇒ All trustees must have recognized competence (working or teaching) in one or more of the fields of investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis.
 - ⇒ Terms
 - + Staggered three years
 - + Limited to three consecutive terms with a required one-year break.

- ◆ **Powers and Duties of ARM Board** Sec. 61 (pg 47-50)
 - Manage the assets and set the investment objectives of the defined benefit trust fund to meet pension liabilities.
 - Annual actuarial valuation of system plans, coordinating with the retirement system administrator.
 - Analysis of actuarial assumptions experience, including a second opinion:
 - ⇒ Health costs assumptions annually.
 - ⇒ All other assumptions not less than every four years.
 - Audit of actuary not less than every four years.

CSSB 141(FIN) Walkthrough

- **Rate setting:**
 - ⇒ Employer contribution rates, including "normal cost" and "past service cost".
 - ⇒ Employee contribution rates if one-half of the "normal cost" is higher than the current rates set in statute.
 - ⇒ Interest rates credited to individual employee accounts.
 - ⇒ Interest rates credited to employee HRA account records.
- Provide a range of investment options for all employee-directed accounts.

- ◆ **Other Duties of the former PERS and TRS Boards Transferred**
 - To the Commissioner of Administration:
 - ⇒ Adoption of regulations governing the retirement systems.
14.25.003 (pg 2), 14.25.005 (pg 4), 39.35.003 (pg 61), 39.35.005 (pg 63)
 - ⇒ Requests for a waiver of any adjustment made to the retirement system accounts due to a change or error in contributions or benefit computations.
Sec. 21-23 (pg 12)
 - To the Office of Administrative Hearings:
 - ⇒ Adjudication of appeals related to decisions of the retirement system administrator. 14.25.006 (pg 5), 39.35.006 (pg 64), Sec. 129 (pg 105)
 - ⇒ Adjudication of appeals related to the denial of a waiver for repayment of overpayments. Sec. 24-25 (pg 13)

- ◆ **Conditional Service Retirement Benefits** Sec. 111 (pg 76)
 - Changes the credited service requirement to 120 days for legislative employees under AS 39.35.385(f).

- ◆ **Repeal**
 - Refunded prior members Sec. 131 (pg 105) <AS 14.25.062 and AS 39.35.350>
 - ⇒ Repealed effective June 30, 2010.
 - ⇒ The intent of the repeal is to relieve the "off books" liability of hundreds of millions of dollars represented by more than 77,000 people who have refunded out of the State's retirement system but who could return to work and be restored to the tier status they held prior to termination by repaying the amount refunded plus interest.
 - ⇒ In medical premiums alone, this amount stands at greater than \$107 million for one year in today's dollars.

- ◆ **Fiscal Note**
 - Appropriates \$69.5 million directly to the retirement trust funds on behalf of all PERS participating employers (includes small amount of TRS). This amount represents the 5% increase in PERS employer costs from FY2005 to FY2006.
 - PERS and TRS for school districts (\$38.1 million) is rolled into the BSA at \$4,919.

Comparison of Other States Experience with Widespread Defined Contribution Plans

	Nebraska	West Virginia	Michigan
How long with a DC plan?	1961-2002	1991-2005	1997-current
What employees have a DC plan?	State and County (TRS is in DB plan)	Teachers and other school district employees hired between 1991 and 2005 (aprox. 22,000 members)	All public employees
Employee contribution rate	4.3%	4.5%	IRS Maximum, 0% minimum
Employer contribution rate	6.75% for 1 st 20,000, then 7.5%	7.5%	4% required, up to 3% employer match
Employee investment options	11 options	Many different conservative options	14 very broad options
Automatically vested in employee and employer contributions?	Vested after 2 years	Fully vested after 12 years (graduated scale)	Fully vested after 4 years, 25% increase per year
Medical	NONE- under COBRA retirees receive an extension of their active medical but have to pay the full premium amount till age 65 (Medicare eligible)	All public employees/retirees are covered by a separate health insurance (not a part of retirement system). Retirees have access to the same coverage as active employees but receive a subsidy based on years of service on a scale where after 25+ years of service retirees receive the full subsidy that is approximately 2/3 of their premium.	Retirees at age 60 pay a percentage of premium based on years of service. They must work 10 years to be medical eligible and their % subsidy increases by 3% for each additional year of service until 30 years or 90% subsidy. They do not have to retire directly from the system.
Social Security Employer?	Yes	Yes	Yes

State's experience with DB plans:

Nebraska allowed employees to transfer from the DC plan to a cash balance benefit. A cash balance plan is similar to a defined contribution account however it is considered a defined benefit plan. Each individual employee has an account composed of a percent of salary over the years, however the state guarantees a minimum rate of return on investments. Their pension is paid as an annuity, although in most cases retirees may chose to withdraw it as a lump sum. In the case of Nebraska, they set the rate of return floor at 5%. When given the option, only 30% of employees switched from a DC plan to a Cash Benefit plan.

Why the switch? Nebraska found that because employees could not manage their investments as efficiently as a large professionally managed fund, they did not draw large enough returns to adequately provide for retirement.

West Virginia will give employees the election this year to revert back to the DB plan teachers hired before 1991 currently participate in.

Why the switch? When I asked their Chief Legal Council she responded because the legislature wanted to and that she had no idea why they do the things they do. A union position paper concludes that the legislature offered the transfer because the individual lacks investment knowledge and wasn't getting sufficient returns. Also, it states that the state did not sufficiently educate and assist retirees with their investments. Noteworthy: DB teachers contribute 1.5% more of their salary to their retirement.

Michigan. Michigan has had a relatively positive experience so far with their plan, although they note that they have not had anyone retire from the system yet as it has only been in place for 8 years.

Other state' with DC components. Florida, Montana, New Jersey, North Dakota, Ohio, Louisiana and South Carolina give some of their public employees/ teachers the freedom to choose between DC and DB plans

In the private sector more than twice as many employees have DC plans than DB plans.

Defined Contribution (DC) Plan Elements

◆ **Required Contributions**

- Employee: 8.0% of compensation, deducted pre-tax by employer.
14.25.340(a) (pg 15), 39.35.730(a) (pg 81).
- Employer: 4.5% of employee compensation.
14.25.350(a) (pg 16), 39.35.750(a) (pg 82)
- Total individual account contributions: 12.5%.

◆ **Optional Contributions**

- A member may elect to contribute additional earnings not to exceed the limits established by the Internal Revenue Code.
14.25.340(b) (pg 15), 39.35.730(b) (pg 81)

◆ **Rollovers** 14.25.360 (pg 16), 39.35.760 (pg 82)

- Employees can take their individual account with them when they leave employment.
- Employees can "roll" in other qualified funds when they are hired.

◆ **Vesting** 14.25.390 (pg 18), 39.35.790 (pg 84)

- All members of the DC plan are immediately vested in their own contributions and related earnings.
- Members are gradually vested in the employer contributions and related earnings on the following schedule:
 - ⇒ 25% after two years;
 - ⇒ 50% after three years;
 - ⇒ 75% after four years;
 - ⇒ 100% after five years.

◆ **Investment of Accounts** 14.25.400 (pg 18), 39.35.800 (pg 84)

- The Alaska Retirement Management Board will provide a range of investment options.
- Participants direct the investment of their funds.

◆ **Distribution of Accounts**

14.25.410(pg 19) -- 14.25.440 (pg 22), 39.35.810 (pg 85) -- 39.35.840 (pg 87)

- Employee may elect a distribution of funds upon termination of employment, after 60 days.
- Subject to IRC regulations.
- May receive funds prior to 60 days for financial hardship