

## SB 141 Bill Version Comparison

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

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<b>MEDICAL PROGRAM</b>			
<b>Medical Benefits</b>	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.		
<b>Health Reimbursement Arrangement (HRA)</b>	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 <b>2%</b> 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
<b>RETIREMENT BOARDS</b>			
<b>Board Structure</b>	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
<b>Board Members</b>	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

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<b>Board Duties</b>	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
<b>Office of Administrative Hearings (OAH)</b>	Appeals of benefits decisions made by the retirement system administrator transferred to the OAH, an independent quasi-judicial agency.		
<b>CHANGES TO EXISTING RETIREMENT PLANS</b>			
<b>AK Resident COLA</b>	Repeals	<b>Reinstated</b>	
<b>Ad hoc PRPAs</b>		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 39.35.483)	P 11 Sec. 17, P 11 Sec. 18, and P 77 Sec. 113
<b>Refunded Prior Members</b>	Closes window for reinstating past service indebtedness.		
<b>University of Alaska Optional Retirement Program</b>		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

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<b>OTHER BILL COMPONENTS</b>			
<b>Transfer of Employee to DC Plan</b>		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 96, L 1
<b>Participating Employers</b>		Added an option for political subdivisions and public organizations who <b>do not currently</b> 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
<b>Membership Service</b>		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