

SB 88 – Public Employee Defined Benefits Plan Reinstatement
Proposal Summary & Bill Section References
Version A – 3/1/23

Benefit Category	Proposed New PERS PS (Public Safety)	Proposed New PERS (Non-PS public employees)	Proposed New TRS (Teachers)	Rationale for Policy Choice	Bill Section & Page Version A
Employee Contribution	8-10% (adjustable by ARM Board)	8-10% (adjustable by ARM Board)	8-10% (adjustable by ARM Board)	Employees share the risk, contributing more during poor market returns.	PERS: Sec. 64, p.36 TRS: Sec. 6, p.3
Employer Contribution	Existing limit of 22% for most employers, existing variable rate for the State and the stipulation that the employer rate be no less than 12% to ensure the long-term sustainability of the plan.	Existing limit of 22% for most employers, existing variable rate for the State and the stipulation that the employer rate be no less than 12% to ensure the long-term sustainability of the plan.	Existing limit of 12.56% for school districts, existing variable rate for the State and the stipulation that the employer rate be no less than 12% to ensure the long-term sustainability of the plan.	Remains the same for PERS from past tiers, aligns TERS with PERS. Sets hard floor for long term success of plan.	PERS: Current Law (DB) & Sec. 68, p.37 TRS: Sec. 7, p.3 & Sec. 9, p.4
Vesting	5 years	5 years	5 years	Keeps plan consistent with DB plans and now same for all employees. (Teacher previously vested at 8 years).	PERS: Current Law (DB) & Sec. 71, p.38 TRS: Sec. 16, p.7 & Sec. 38, p.24-25
Qualification for retirement	50 w/ 25 years of service Or 55 w/20 years of service	60 years of age or 30 years of service	60 years of age or 30 years of service	Allows PS employees to reach retirement eligibility prior to 60 years of age.	PERS: Sec. 71, p.38 TRS: Sec. 16, p.7
Benefit Calculation Formula	2.0% First 10 years 2.5% thereafter	2.0% first 10 years 2.25% next 10 years 2.5% thereafter	2.0% first 10 years 2.25% next 10 years 2.5% thereafter	Consistent with PERS Tier III.	PERS-PS: Current Law (DB) PERS-NPS: Current Law (DB) TRS: Sec. 16, p.7

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Final Average Salary	Highest 5 consecutive years	Highest 5 consecutive years	Highest 5 consecutive years	Consistent with PERS Tier III.	PERS: Current Law (DB) TRS: Sec. 37, p.24
Alaska Cost of Living	None provided	None provided	None provided	None provided keeps plan solvent.	PERS: Sec. 75, p.39 TRS: Sec. 19, p.12
Post Retirement Pension Adjustments (PRPA) (Inflation Protection)	ARM Board May provide PRPA to employees if DB trust fund values are equal or greater than 90% funded. The ARM Board will have the ability to withhold PRPA if the DB trust fund values fall below 90% funded.	ARM Board May provide PRPA to employees if DB trust fund values are equal or greater than 90% funded. The ARM Board will have the ability to withhold PRPA if the DB trust fund values fall below 90% funded.	ARM Board May provide PRPA to employees if DB trust fund values are equal or greater than 90% funded. The ARM Board will have the ability to withhold PRPA if the DB trust fund values fall below 90% funded.	To keep the plan solvent regardless of funding level.	PERS: Sec. 73-74, p.39 TRS: Sec. 20-23, p.12-13
Retirement Medical Coverage	Coverage consistent with PERS Tier IV (Current DC plan) Employer makes contribution of 3% to employee Health Reimbursement Account (HRA) which can be used for any qualifying medical need.	Coverage consistent with PERS Tier IV (Current DC plan) Employer makes contribution of 3% to employee Health Reimbursement Account (HRA) which can be used for any qualifying medical need.	Coverage consistent with PERS Tier IV (Current DC plan) Employer makes contribution of 3% to employee Health Reimbursement Account (HRA) which can be used for any qualifying medical need.	Medical plan is consistent with PERS Tier IV, keeps the plan solvent.	PERS & TRS: Current Law (DC) is established in new DB Tiers PERS: Sec. 79, p.41-44 & Sec. 53, p.33 TRS: Sec. 36, p.21-23 & Sec. 53, p.33
Disability Benefits	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability	Adding non-occupational benefits to provide minimal protection to employees and their families when	PERS: Current Law (DB) TRS: Sec. 18-22, p. 8-13

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	provides 40% of the gross monthly compensation.	provides 40% of the gross monthly compensation.	provides 40% of the base salary.	they have career ending injuries or disabilities occur off the job.	
What would happen to current employees (hired after 2006) if this became law?	Current PERS IV/TRS III members would have the option to convert from their DC plan to the DB system plan within a time window.	Current PERS IV/TRS III members would have the option to convert from their DC plan to the DB system plan within a time window.	Current PERS IV/TRS III members would have the option to convert from their DC plan to the DB system plan within a time window.	Giving current employees an “opt-in” ensures that current employees can retain their DC plans or choose to opt into a DB plan.	PERS & TRS: Sec. 91-92, p.46-49 (Uncodified Law)
What would happen to new employees if this became law? (Hired after bill goes into effect)	New employees would automatically be enrolled in the DB system.	New employees would automatically be enrolled in the DB system.	New employees would automatically be enrolled in the DB system.	Alaska’s workforce challenges recruiting and retaining public workers are the primary motivation driving this legislation. Pensions remain the best fiscal choice for the state to meet these goals.	PERS: Sec. 62, p.35 TRS: Sec. 1-2, p.1-2