

State of Alaska
Division of Retirement & Benefits

Defined Contribution Retirement Plan

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



Presented by Division of Retirement & Benefits

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Seminar Agenda

Comprehensive Benefit Plans

Investment Options - Defined Contribution Retirement
Account

Additional Benefits / Considerations

Retirement Education & Resources

Contacts

Next Steps



Alaska Division of Retirement and Benefits - Defined Contribution Retirement Plan

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PERS / TRS Defined Contribution Retirement Plan

Comprehensive Plans Offering:

- Defined Contribution Investment Account
- Health Reimbursement Arrangement (HRA) Account
- Medical
- Dental / Vision / Audio (DVA)
- Long Term Care (LTC)
- Occupational Disability/Death Benefits

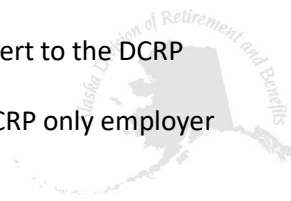


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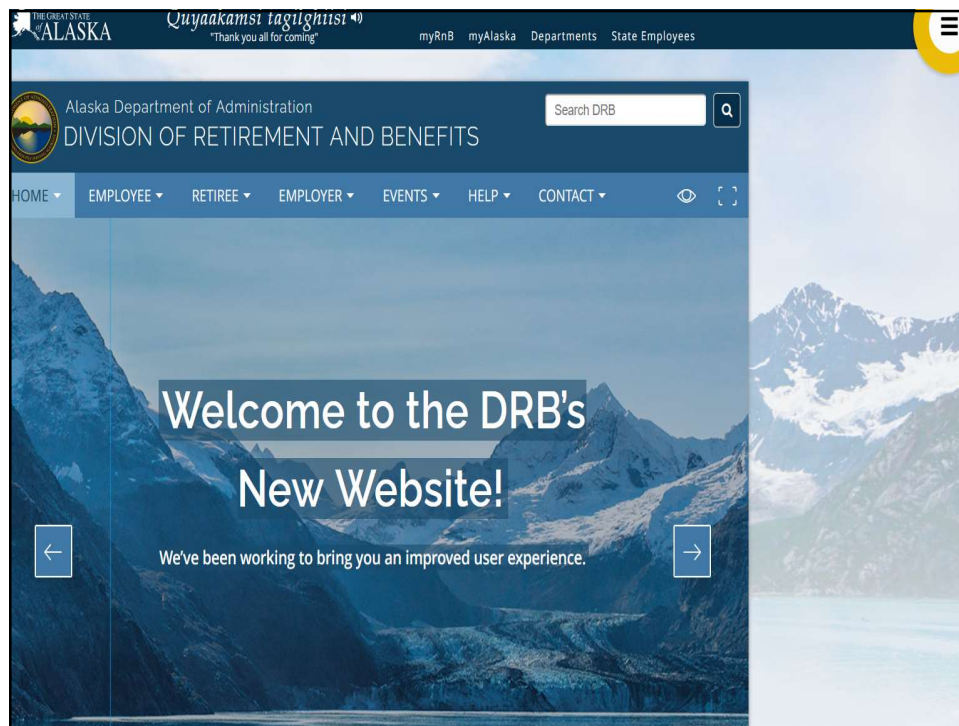
Defined Contribution Retirement Plan (DCRP)

Eligibility:

- Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS) – Members who entered service after July 1, 2006
- Non-vested members who elected to convert to the DCRP
- Defined Benefit members working for a DCRP only employer



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DCRP

The amount in each account is funded by three sources:

- Employee contributions
- Employer contributions
- Investment gains or losses



The participant is in the drivers seat regarding investments:

- Default into target fund or choose from numerous investment choices

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DCRP



Employee Contributions:

- Participants contribute 8% of compensation into individual account
- Funds from other qualified plans can be rolled into the account



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DCRP

Employer Contributions:



- PERS employers contribute 5% of compensation into each participant's account
- TRS employers contribute 7% of compensation into each participant's account
- Fund the Health Reimbursement Arrangement account
- Fund the retiree medical and occupational disability benefits



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Vesting



Employee Contributions:

- Participant contributions are immediately 100% vested

Employer Contributions:

- Participants vest in the employer contributions:
 - **25%** vested with **two years of service**
 - **50%** vested with **three years of service**
 - **75%** vested with **four years of service**
 - **100%** vested with **five years of service**



Eligibility & Distribution

Defined Contribution Account

- Participants may access their account sixty days post termination of employment
- Participants may elect from the following options:
 - **Leave the balance in the PERS/TRS DCR Plan**
 - Rollover the account into another employer sponsored retirement fund or individual retirement account
 - Annuity options
 - Periodic payments
 - Cash-in the account balance
- Must commence minimum distribution by age 73



DCRP Administrative Fees

Annual Fee

- \$35.00 for actively contributing participants
- \$25.00 for noncontributing participants

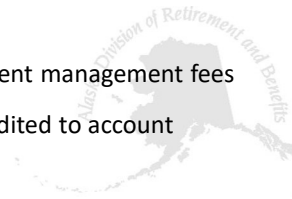


Monthly Fee

- Calculation for this fee is 0.11% annually of the invested balance
- Calculated each calendar month on prior month's ending balance ($0.0011/12 \times \text{month-end asset balance}$)

Funds Investment Management Fee

- Some investment funds may charge investment management fees
- Deducted before investment returns are credited to account
- Range from .01 % to .60%.



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Importance of Saving

Common rules of thumb:

- Minimum savings for retirement should be the percentage that represents one half your age:
 - ✓ At age 36, saving at least 18%
 - ✓ At age 52, saving at least 26%
- Some experts say you will need 85-100% (or more) of your present income to live comfortably in retirement



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Investments

Participant is in the Driver Seat

- Default into one of 11 Target Retirement Funds
- Can self direct to numerous other funds

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EMPOWER



STATE OF ALASKA DEFINED CONTRIBUTION PLANS

[About your plan](#) • [Investing](#) • [Learning center](#) • [Plan resources](#) • [Plan Sponsor Center](#)


Participant Login

Username

Password

[Login help?](#)

[SIGN IN](#)

[REGISTER](#)



Want to learn more about your retirement benefits?

Information for new and tenured employees, including how to enroll, plan costs, features and benefits, and DRB resources.



Are you retirement ready?

Schedule a meeting today with your local Alaska Retirement Plan Advisor.



Are you approaching retirement?

Learn how our RISE program can help you plan how to spend your money in retirement.

FOR PLAN SPONSOR OR FINANCIAL PROFESSIONAL USE ONLY.

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Multi-Factor Authentication

Enhanced security (2 of 3)

To confirm your identity, we will send a verification code to the phone number or email address listed for your account.

WHERE SHOULD WE SEND YOUR CODE?

Choose delivery method



[Already have a code?](#)

SEND ME A CODE

FOR ILLUSTRATIVE PURPOSES ONLY.

This is an additional layer of security

- Choose to receive the code via text message, phone call, or email
- Code is valid for 30 minutes
- Enter the code
- Hit the *Sign in* button

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DCRP Investment Recap

A defined contribution plan is an excellent retirement vehicle.

Important Information

Participants first hired before July 1, 2009 were automatically enrolled into managed accounts also known as My Total Retirement. Participants hired on or after July 1, 2009 were automatically enrolled in a Target Fund.

It is important to take an active role in the management of the account, to ensure funds are invested appropriately based on personal goals and financial situation.

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Retiree Medical Plan

- Medical benefits are available to participants and eligible dependents
- Optional plan – member's choice to participate
- Primary plan for members who are paying the full premium (25 or 30 years of service)
- Secondary plan for members who are Medicare age eligible

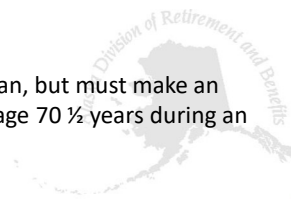


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Retiree Medical Plan Eligibility

Access to Medical coverage:

- Must be an active member for at least 12 months prior to application for retirement, and:
- 10 years of service and Medicare age eligible, or;
- Any age with 25 years of service for peace officers/firefighters or;
- 30 years of service for all others
- Member not required to enroll in medical plan, but must make an election to participate or not participate by age 70 ½ years during an annual open enrollment period



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Retiree Medical Plan Premiums

Participants who are eligible for Medicare may pay a percentage of the monthly premium based on years of service as follows:

- **10%** with 30 or more years of service
- **15%** with 25 to 29 years of service
- **20%** with 20 to 24 years of service
- **25%** with 15 to 19 years of service
- **30%** with 10 to 14 years of service

Premiums:
www.alaskacare.gov



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Retiree Medical Plan Summary

- **Annual deductible** - \$300 per person / \$600 deductible per family
- **Annual out-of-pocket limit** –
 - \$1,500 in covered claims for each person,
 - \$3,000 in covered claims per family
- **Pays 80%** of medical expenses up to the annual out-of-pocket limit, then 100% of all covered claims for rest of benefit year
- **Prescription Drug Coverage** –
 Pays % of cost with a minimum payment for:
 - Generic
 - Preferred brand-name
 - Non-preferred brand-name



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Health Reimbursement Arrangement (HRA)

PERS/TRS employers make all contributions to the HRA



- Flat dollar amount based 3% of the annual average salary across all PERS and TRS employers
- Can be used to pay for medical expenses for member and eligible dependents
- Can be reinstated if participant leaves employment before reaching eligibility and become re-employed

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HRA Eligibility

Access to Health Reimbursement Arrangement:

- 10 years of service and Medicare age eligible, or
- Any age with 25 years of service for peace officers/firefighters or;
- 30 years of service for all others
- No requirement to retire directly from the plan

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Dental/Vision/Audio (DVA)

- Dental/Vision/Audio benefits are available to participants and eligible dependents
- Optional plan – member's choice to participate

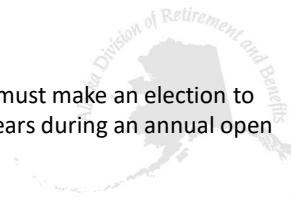


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DVA Plan Eligibility

Access to DVA coverage:

- Must be an active member for at least 12 months prior to application for retirement, and:
- 10 years of service and Medicare age eligible, or;
- Any age with 25 years of service for peace officers/firefighters or;
- 30 years of service for all others
- Member not required to enroll in DVA, but must make an election to participate or not participate by age 70 ½ years during an annual open enrollment period



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DVA Plan Summary

Dental

- 100% - preventative services
- 80% - restorative services
- 50% - prosthetic services
- \$50 annual deductible for restorative and prosthetic services
- Maximum \$2,000 benefit per year



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DVA Plan Summary

Vision

- No deductible
- 80% of covered services



Audio

- No deductible
- 80% of covered services
- Maximum benefit \$2,000 in 3-year period

Premiums: www.alaskacare.gov

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Long Term Care (LTC)



- Long Term Care benefits are available to participants and spouses
- Optional plan – member's choice to participate



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LTC Plan Eligibility

Access to LTC coverage:

- Must be an active member for at least 12 months prior to application for retirement, and:
- 10 years of service and Medicare age eligible, or
- Any age with 25 years of service for peace officers/firefighters or;
- 30 years of service for all others
- **One-time opportunity to elect at termination**



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LTC Plan Summary

- Three plans to choose from: Silver, Gold, Platinum
- Premium based on **plan and age** at retirement; separate premium for each person covered
- Covers assisted living, home health care, nursing care, hospice and respite care

Premiums: www.alaskacare.gov



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Occupational Disability



If a totally, and presumably permanent disability from an accident, injury or illness caused by the job occurs, the participant will:

- receive 40% of salary at the time of termination due to the disability
- convert to a normal retirement at eligibility for normal retirement

Tax free benefit



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Occupational Disability

In the event of an approved occupational disability, the employer pays:

- Employer AND Employee contributions to DCRP account
- HRA contributions
- Retiree medical account contributions



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Death Benefits

Occupational Death

If a participant dies from occupational causes before retirement, their spouse or eligible dependents may be entitled to survivor benefits paid monthly until the participant would have reached normal retirement eligibility:

- 50% of gross monthly compensation for peace officers or fire fighters; or
- 40% of gross monthly compensation for all others
- Converts to a normal retirement when participant would have reached normal retirement eligibility



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Death Benefits

In the event of an occupational death, the employer continues to pay the participant and employer contributions into a separate account for the survivor, the HRA account, and the retiree medical account ***until the participant would have reached normal retirement eligibility.***



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Death Benefits

Non-occupational Death

Balance of the participant's account, including all employee and vested employer contributions, as well as any net gains or losses



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DCRP Benefit Recap



Defined Contribution Investment Account

Health Reimbursement Arrangement (HRA) Account

Medical

Dental / Vision / Audio (DVA)

Long Term Care (LTC)

Occupational Disability/Death Benefits



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Additional Considerations

Social Security –

Windfall Elimination Provision

Contact Social Security for individualized information

1-800-772-1213 / www.ssa.gov

Divorce/Dissolution – DCR Account is a marital asset

Beneficiary Designation – Keep it updated

Address – Keep it updated



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Retirement Education



Retirement & Benefits online at: drb.alaska.gov

- Extensive retirement information
- Calculators

Retirement and Benefits Seminars: drb.alaska.gov

- Covering all of the retirement benefit plans
- Register for scheduled in-person sessions
- Virtual sessions available for groups upon request

Empower online at: akdrb.com

- E-Learning Seminars
- Virtual Classroom



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Resources

- Division of Retirement and Benefits Counselors & Staff
- Welcome Packets
- Statutes & Handbooks
- Anchorage Empower Office



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Contacts

DRB Customer Service Center
(800) 821-2251 or (907) 465-4460 –
 Monday - Thursday, 8:30am to 4pm
 Friday, 8:30 am to 3 pm



Empower Customer Service
(800) 232-0859 - 5:00am to 5:30pm
 Voice Response System (24 hours)



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Next Steps

- Register to access your account information at <https://akdrb.empower-retirement.com>
- Identify your investments and associated risk level
- Utilize tools and educational resources to help you understand how much you might want to consider saving
- Consider contributing to Deferred Compensation if offered by your employer
- Check your beneficiaries, update if needed



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