



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

**Department of Administration**

**DIVISION OF RETIREMENT AND BENEFITS**

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April 29, 2025

**EMPLOYERS: PLEASE ALSO FORWARD TO ALL STAFF**

Dear State of Alaska Retirement and Benefits participating employers and employees,

As you are aware, the Division of Retirement and Benefits (Division) experienced a system outage in early November 2024 that prevented retirement contributions from being deposited timely into accounts for employees participating in the State of Alaska Public Employees Retirement System (PERS), Teachers Retirement System (TRS), Supplemental Annuity Retirement System (SBS) or the Deferred Compensation Plan (DCP).

**While the system was fully restored to operation in February, employers needed to have a reasonable length of time by which to submit their backlogged information. Accordingly, the deadline for participating employers to submit all delinquent payroll contributions caused by the e-Reporting outage to the Division is April 30, 2025.**

**Here is what you need to know regarding the make-whole payment owed to each employee who was impacted by delayed contribution postings to their Empower Retirement accounts.**

- The Division, in consultation with the Department of Law, has determined that it would be appropriate to provide compensation to retirement system participants for potential lost interest and/or earnings due to the system outage for payrolls submitted to the Division as of the close of business April 30, 2025. This additional compensation will be referred to as a *make-whole payment* for employees.
- The Division is applying an IRS-approved correction method, which permits the use of the Department of Labor's correction calculator. This method calculates and restores "lost earnings" by applying an appropriate interest rate to the affected amount over the error period. The goal is to return plan participants to the financial position they would have been in had the error not occurred.
- The Division has requested the State of Alaska to appropriate the amount of \$2.7 million for the make-whole payments.
- To ensure all employees are eligible to receive their make-whole earnings payment to their Defined Contribution Retirement account from the appropriation, it is critical that the payroll deposits are received by April 30, 2025.

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DISCLAIMER: The information contained in this letter is based on the specific facts and circumstances presented and cannot be applied to other facts and circumstances. This letter may contain a summary description of benefits, costs, rates, valuations, other calculations, policies or procedures for one or more pension or benefit plans administered by the Division of Retirement and Benefits, including but not limited to, the Public Employees' Retirement System, the Teachers' Retirement System, the Judicial Retirement System, the Supplemental Annuity Plan, the Deferred Compensation Plan, the AlaskaCare Employee Health Plan, or the AlaskaCare Retiree Benefit Plan. The Division of Retirement and Benefits has made every effort to ensure, but does not guarantee, that the information provided is accurate and up to date. Where this letter conflicts with the relevant Plan Document, the Plan Document controls.

- We can only apply the make-whole payment to employee accounts whose employers have submitted deposits for all payrolls impacted by the system outage. For employers who have not submitted all outstanding payrolls, the make-whole payment will only be allocated to payrolls that the Division has received.
- Participants of employers who have been submitting payrolls in good faith, but are not finalized between April 30, 2025, and May 15, 2025, due to a pending deposit or errors in the payroll file will be eligible to receive the make-whole payment.
- Payrolls submitted after May 15, 2025, will only receive the make-whole payment based on the remaining available balance of the appropriated amount and will be allocated make-whole payments from the remaining balance based on the Division payroll processing date.
- Employers may be financially responsible for the make-whole payments owed to their employees for payroll submissions after May 15, 2025, which cannot be covered by the appropriation.
- Late fees will be assessed on employers for all delinquent payrolls after May 30, 2025, pursuant to AS 39.35.610 (PERS) or AS 14.25.065 (TRS).
- Defined Benefit PERS members and employees who contribute to the Voluntary Savings Plan will receive the mandatory 2.25% accrued interest for contributions that should have been posted to their accounts through December 31, 2024. The make-whole calculation to adjust the December 31, 2024, interest posting will be a separate correction process.

**For More information:**

- Visit the Division's website at [alaska.gov/drb](http://alaska.gov/drb). Status updates will also be posted on the Division's Facebook and Instagram pages.
- The Division's website has an **Employer Payroll Reporting Status** page to show the last pay period end date posted. Both employees and employers will be able to see if Employee contributions are up-to-date and if the Employer is reporting within normal payroll timeframes. The Employer Payroll Reporting status on the website will be updated each week through May 15, 2025.

Thank you for your continued efforts in submitting the back log of payrolls timely. Please reach out to your Division Payroll Contact if you need assistance in submitting payrolls.

Sincerely,



Christopher Novell  
Chief Financial Officer, Division of Retirement and Benefits