



TRS newsbreak

Alaska Teachers' Retirement System

June 2014

Number 111

A Pension is a Promise

A Special Message from Governor Sean Parnell



Alaska is home or has been home to more than 64,000 public employees, teacher retirees, and their dependents. We appreciate their service to our great state. From teachers to troopers, many retirees receive a state pension, one that was promised by the state in the past. We have taken a big step in securing those pension promises.

This session, my administration proposed, and the Legislature unanimously passed, the largest pay down of pension debt in Alaska history, fixing our unfunded liability that had threatened the state's retirement plans.

In paying down \$3 billion of Alaska's pension debt now, we are ensuring that future generations are not saddled with this debt, while giving retirees the confidence that their pensions from state and local governments remain a promise fulfilled.

By transferring \$1 billion into the Public Employees' Retirement System and \$2 billion into the Teachers' Retirement System from budget reserves, the state will be able to make lower annual payments to the pension plan and better control state spending.

We honor our commitments to public sector retirees, a commitment that other states and large cities in the Lower 48 have been unable to keep because they have failed to act. Paying down the state retirement system debt ensures that both your retirement and vital state services will continue to be delivered into the future. 

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Post Retirement Pension Adjustment

The 2014 automatic Post Retirement Pension Adjustment (PRPA) will be paid with the July 2014 check.

The automatic PRPA is payable to a Public Employees' Retirement System (PERS) retiree under age 60, if retired for five years or more on or before July 1, 2014, and a Teachers' Retirement System (TRS) retiree under age 60, if retired for eight years on or before July 1, 2014.

In addition to the above requirements, a retiree must have been receiving a benefit in the prior year (2013) to be eligible for the 2014 PRPA. Eligible recipients, who have not received pension benefits during the entire preceding calendar year, will receive a prorated PRPA.

If you meet these requirements or are age 60 to 64 on

July 1, 2014, you will receive 50% (1.646%) of the Consumer Price Index (CPI) change during 2013.

Retirees age 65 or older and all disability benefit recipients receive 75% (2.469%) of the CPI. The PRPA for survivor benefit recipients is calculated on the member's eligibility.

The CPI for the 2014 PRPA is 3.292%.

If you do not meet any of the above criteria, you are not eligible.

Due to fund conditions, the Division did not recommend an ad hoc PRPA for 2014. The ad hoc PRPA is defined in statute as, "...based on the financial condition of the retirement funds." 🐦

- This example shows a retiree who is receiving a benefit from TRS.
 - Your statement will show more than one benefit if you worked for both retirement systems or if you are also receiving a survivor's benefit.
- 1) **Prior PRPAs:** The *combined* monthly amount of all PRPAs paid from the date you retired through June 30, 2014.
 - 2) **2014 Automatic PRPA:** This is effective July 1, 2014, based on the change in consumer price index (CPI).

Example of monthly statement:

Monthly Benefit Summary			
Base Benefits		Deductions	
TRS ORIGINAL BASE	\$XX.XX	TRS FED INCOME WITHHOLD	\$XX.XX
TRS PRIOR PRPAS	\$XX.XX	TRS DENTAL, VISION, AUDIO	\$XX.XX
TRS 2014 AUTOMATIC PRPA	\$XX.XX	TRS OPTIONAL LIFE INSUR	\$XX.XX
		TRS LONG TERM CARE - RET	\$XX.XX

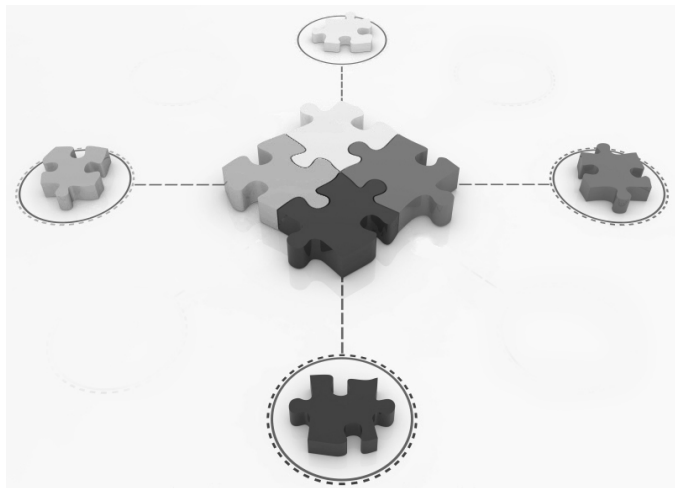
Alaska Retirement Management Board Meeting

June 26 through 27

Marriott Hotel, 820 West 7th Avenue, Anchorage

Alaska Retirement Management Board (ARMB) meetings are open to the public. Minutes of past meetings and meeting agendas can be found at Alaska.gov/drb/Boards. If you have questions, contact Judy Hall, ARMB liaison, at (907) 465-3749.

Division Management Restructuring



The Department of Administration has reorganized the management structure of the Division of Retirement and Benefits to better align our business processes with the needs and requirements of you—retired and active public servants—and your families. The Division of Retirement and Benefits administers 10 different pension plans with 42,000 retirees, 47,000 active employees, and 200+ employers; several health and optional benefit plans with a total of over 84,000 covered lives; and an annual pension and health benefit cashflow of \$1.6 billion. We expect 10,000 additional retirees to join our plans over the next 10 years. We anticipate that the recent reorganization of the Division will help us to meet this increase in demand. Four chief officers that are subject matter experts in the areas of operations, pension, finance, and health will report directly to Deputy Commissioner of Administration Mike Barnhill. This form of management structure recognizes the importance of having a subject matter expert “chief” who is principally responsible for the systems, plans and operations within their purview. The following have been appointed as chief officers:



Jim Puckett
Chief Operations Officer

Jim Puckett transitioned to Chief Operations Officer (COO) after serving as Director of the Division since April 2011. Puckett also formerly served as Deputy Director

of the Division. He is a business owner and a former school administrator. As COO, Puckett manages five sections of the Division: Administrative Services, Communications, Information Services, Internal Audit/FICA Compliance, and the Member Services Contact Center.

Kathy Lea

Chief Pension Officer



Kathy Lea becomes Chief Pension Officer (CPO) after working as Deputy Director of the Division for the last three years. Prior to that, Lea was the manager of the Division's Retirement Section. She has worked for the Division in various capacities for the past 25 years. As Chief Pension Officer, Lea manages the Member Benefits section, which includes Counseling/Benefit Education and Benefit Processing, as well as Appeals/Risk Mitigation and IT/Project Support.

Kevin Worley

Chief Financial Officer



Kevin Worley started working with the Division of Retirement and Benefits as Chief Financial Officer in October 2013, after transferring from the Department of Corrections where he worked as an Internal Auditor. Kevin has worked for the State of Alaska since 1990, serving in various accounting and leadership positions, including two terms with the Division from 2000 to 2004 and 2007 to 2009. Worley oversees all accounting functions within the Division, including payroll processing, refunds, payments to retirees, preparations for and audit of all retirement and health systems' financial statements, and working with the retirement systems' consulting actuary.

Michele Michaud

Chief Health Official



Michele Michaud became the Chief Health Official in April 2014. She has worked for the State of Alaska for over 23 years and started working with the Division in 2007. She has served various roles for the Division, starting as a Regional Counselor, after which she supervised the Operations team and then the Member Services Contact Center. She then directed the Member Services Section. As Chief Health Official, Michaud manages the Health Plan Administration Section, overseeing relationships with vendors and the administration of the AlaskaCare health plans.

You can reach the chief officers by calling the Division at (907) 465-4460. 🐦

TRSnewsbreak

for TRS Tiers I and II members

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The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act (ADA). The PERS Newsbreak is available in alternative communication formats upon request. DRB ADA Coordinator: (800) 821-2251; in Juneau: (907) 465-4460, or contact the TDD for the hearing impaired at (907) 465-2805.

Note: The Division of Retirement and Benefits is unable to unsubscribe members from our mailing list at this time. The Division has a fiduciary duty to provide both its active and retired members with information regarding their health and retirement benefits, including—but not limited to—benefit education, plan enrollment, and any changes in the plans. While we acknowledge that it can be frustrating to receive a high volume of communication from the Division, it is necessary to keep our members up to date on current information and educational opportunities concerning their health and retirement benefits. We apologize for any inconvenience this may cause you.

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Division of Retirement & Benefits Market Value: April 30, 2014



TEACHERS' RETIREMENT SYSTEM

\$6,131,556,742

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

\$14,903,385,199

JUDICIAL RETIREMENT SYSTEM

\$160,960,379

NATIONAL GUARD/NAVAL MILITIA RETIREMENT SYSTEM

\$36,881,759

ALASKA SUPPLEMENTAL ANNUITY PLAN

\$3,225,449,561

ALASKA DEFERRED COMPENSATION PLAN

\$762,800,882



Stay up to date on upcoming seminars, events, and tips for your retirement.

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