

Fiscal Year 2014 Employer Contribution Rates

FY14 Rates for the PERS/TRS Defined Benefit (DB) and Defined Contribution Retirement (DCR) Plans

The [Alaska Retirement Management Board \(ARMB\)](#) has established Fiscal Year 2014 (FY14) employer contribution rates for the PERS/TRS Defined Benefit (DB) and Defined Contribution Retirement (DCR) Plans. The rates are effective for pay period end dates between July 1, 2013 and June 30, 2014.

- DB Plan Rates
- DCR Plan Rates
- FY 2014 HRA Amount
- DBUL Calculation
- Pension & OPEB Rate Split
- PERS Past Service Cost Rate
- Employee Contribution Rates

Defined Benefit Plan Employer Contribution Rates

In setting the **DB** Plan rates, the ARMB addressed compliance with [Senate Bill \(SB\) 125 \[PDF\]](#), the PERS “cost-share” bill. In fiscal year 2008, the bill converted the PERS DB plan to a cost-share plan, like TRS, and provided for one integrated system of accounting for all employers. The bill established **one uniform rate of 22 percent** for PERS employers, rather than separate contribution rates for each employer. SB 125 amended AS 39.35.255 and repeals and reenacts AS 14.25.070:

- **AS 39.35.255** “Contributions by employers” establishes the uniform contribution rate for PERS employers at 22 percent, with the State contributing the difference between total PERS actuarially determined contributions and the amount employers contribute at 22 percent of payroll. (See AS 39.35.280 Additional State Contributions)
- **AS 14.25.070** “Contributions by employers” establishes the TRS employer contribution rate at 12.56 percent, with the State contributing the difference between total TRS actuarially determined contributions and the amount employers contribute at 12.56 percent of payroll. (See AS 14.25.085 Additional State Contributions)

The rate the employer **will actually pay** (*Employer Effective Rate*) is 22 percent for **PERS** DB and DCR Plans and 12.56 percent for **TRS** DB and DCR Plans.

The **DB** Plan employer rates for the PERS and TRS are outlined in the table below:

PERS/TRS DB Plan - FY 2014 Contribution Rates (PERS Tiers I/II/III and TRS Tiers I/II)		
	PERS (P)* and (A)*	TRS
ARMB Adopted Rate	35.68%	53.62%
Employer Effective Rate	22.00%	12.56%
*P = Peace Officers / Firefighters *A = All others		

Defined Contribution Retirement Plan Employer Contribution Rates

There is no change in the DCR Plan computation for this fiscal year. The computation is the same, only the rates have changed. [Senate Bill 123 \[PDF\]](#), the “technical clean-up” bill, requires that the PERS and TRS DB rate be applied to **both** DB and DCR salaries. However, in some cases, the DB **effective rate** is not sufficient to cover all required DCR contributions. **All DCR Plan employer contribution obligations are required.** Employers will pay either the effective rate **OR** the DCR required rate **plus** the Health Reimbursement Arrangement (HRA), **whichever amount is greater.**

The DCR Plan employer rates for the PERS and TRS are outlined in the tables below:

PERS/TRS DCR Plan - FY 2014 Contribution Rates (PERS Tier IV and TRS Tier III)			
	PERS (P)*	PERS (A)*	TRS
Employer Contribution	5.00%	5.00%	7.00%
Retiree Medical Plan	0.48%	0.48%	0.47%
Occupational Death & Disability	1.14%	0.20%	0.00%
DCR Required Rate + HRA (= DCR Plan TOTAL contribution obligation)	7.72% + HRA**	5.68% + HRA**	7.47% + HRA**
Defined Benefit Unfunded Liability (DBUL)	***	***	***
Employer Effective Contribution Rate TOTALS	22.00%	22.00%	12.56%
*P = Peace officers/firefighters *A = All others			

** Per AS 39.30.370, a rate of 3.00% is applied to the average annual compensation of **all employees of all employers** in the TRS and PERS. The contribution amount is then converted to a per pay period, per employee contribution amount. Contributions to the employee’s HRA account are required for every pay period in which the employee is enrolled in the DCR Plan, regardless of the compensation paid during the calendar year. By definition, the HRA cost is a dollar amount reflected in the table below:

FY 2014 HRA Amounts					
Annual	Quarterly	Monthly	Semi-monthly	Bi-weekly	Weekly
\$1,896.60	\$474.15	\$79.03	\$72.95	\$158.05	\$37.70

For **full-time TRS** members who are paid over a period of less than 12 months, the employer will calculate the amount due per pay period by dividing the **annual** amount by the number of scheduled payments. For example, for a full-time TRS member who receives nine monthly payments the employer contribution would be \$210.73 per pay period (\$1,896.60 annual cost divided by nine payments).

For **TRS part-time employees**, the HRA rate is based on the contract percentage worked multiplied by the rate provided in the table **above**. For example, a 70% employee paid monthly would have a contribution to the HRA of \$110.64 per pay period (monthly HRA amount \$158.05 x 70%).

Note: For all school districts the prorated calculation of annual HRA contributions **does not apply** to PERS DCR Plan Noncertificated (classified) School Employees. These employees are NOT eligible to elect the alternate option program (SB9). Once the DRB PERS system is provided the Leave Without Pay (LWP) date for the last day worked for the school year, service is then turned off and HRA contributions are suspended for the summer break.

For **part-time PERS members**, the employer contributes the PERS **hourly** amount for each hour the employee worked in each pay period until the employer has contributed the annual amount for the fiscal year, illustrated in the table below:

FY 2014 HRA Amount
(PERS part-time members)
Hourly
\$1.22

*** The Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll is equal to the employer effective rate **minus** the DCR Plan total employer contributions. See the following PERS example below using occupation code "A" of semi-monthly payroll, where the **gross payroll = \$1,000.00**:

DBUL Amount Example (Occupation Code A Semi-Monthly)		
	Rates	Employer amount
Employer contribution	5.00%	\$50.00
Retiree Medical Plan	0.48%	4.80
Occupational Death & Disability	0.20%	2.00
Health Reimbursement Arrangement (HRA)	**	79.03
Subtotal Employer contribution	n/a	\$135.83
Employer Effective Rate (as required by SB 125)	22.00%	220.00
Subtotal from above (subtract from Effective Rate)	n/a	-135.83
Total Amount posted to DBUL	n/a	\$84.17

Note: Testing showed that in some very rare cases, the amount calculated by eReporting for entry in DBUL may be less than zero (a negative number). In such cases, eReporting will post \$0.00 as a DBUL contribution. In no case can the employer contribution to the DBUL be less than zero (a credit).

Rate Split of Pension and Other Post Employment Benefits (OPEB) Employer Contributions

For purposes of reporting and posting, the rate split between Pension and Other Post Employment Healthcare Benefits is applied to each payroll upon processing by the Division. The tables below provide the rates used to post all employer contributions between Pension and Healthcare.

Below is the rate split for **DB PERS and TRS** Pension and Healthcare:

PERS DB - FY 2014 Pension and OPEB Rate Split Occupation Codes A, C, D, E, F, M & P			
	Pension	Healthcare	Total Rates
Employer Contribution and Defined Benefit Unfunded Liability (DBUL)	10.64%	11.36%	22.00%
Legislative On-Behalf (Employer on-behalf contribution)	7.74%	5.94%	13.68%

TRS DB - FY 2014 Pension and OPEB Rate Split Occupation Code T			
	Pension	Healthcare	Total Rates
Employer Contribution and Defined Benefit Unfunded Liability (DBUL)	6.66%	5.90%	12.56%
Legislative On-Behalf (Employer on-behalf contribution)	27.07%	13.99%	41.06%

For additional information regarding the actuarial determined rates, please refer to the PERS and TRS actuarial valuations:

- [PERS actuarial valuations](#)
- [TRS actuarial valuations](#)

PERS Past Service Cost Rate

PERS employers that have amended their participation agreement to terminate participation of a department, group or other classification of employee shall pay the past service cost associated with the terminated positions per AS 39.35.625(a). **The Fiscal Year 2014 Past Service Cost rate is 24.19%.**

For questions about employer contribution rates, please contact Christina Maiquis at (907) 465-1845 or via email at Christina.Maiquis@alaska.gov.

Employee Contribution Rates

The PERS and TRS DB and DCR Plan employee rates are outlined in the tables below:

PERS/TRS DB Employee Contribution Rates (PERS Tiers I, II, III, and TRS Tiers I, II)				
	PERS (P)*	PERS (A)*	PERS (D)*	TRS
DB Employee Contribution Rate	7.50%	6.75%	9.60%	8.65%
*P = Peace Officers/Firefighters *A = All Others *D = School Districts Alternate Option				

PERS/TRS DCR Employee Contribution Rates (PERS Tier IV and TRS Tier III)			
	PERS (P)*	PERS (A)*	TRS
DCR Employee Contribution Rate	8.00%	8.00%	8.00%
*P = Peace Officers/Firefighters *A = All Others			

