



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Administration

DIVISION OF RETIREMENT AND BENEFITS

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March 26, 2025

To All Participating Employers in the State Retirement Plans

Dear employer,

As you know, the Division of Retirement and Benefits' eReporting system experienced an outage from November 2024 to late February 2025, during which payrolls could not be submitted through our reporting system. The eReporting system has been operational for the past few weeks, and all employers have been notified that they can submit payrolls.

The Internal Revenue Service (IRS) requires the Plan Sponsor to pay interest to affected defined contribution employees to make them whole for the investment gains they may have lost during the outage period. An IRS-approved correction method is being used to calculate this interest. Specifically, the Division is using the federal Department of Labor calculator as allowed by the IRS. The interest rate is controlled by the Department of Labor and is based on the net activity of the markets.

Using this calculator, we have estimated the cost to make participants whole to be \$2.7 million if we can process all late payrolls by the end of April. To accomplish this, employers must submit all outstanding payrolls to the Division **no later than April 30, 2025**. Payrolls submitted after that date will be considered delinquent by the Division and employers shall be subject to interest payments on employee contributions and, potentially, penalties outlined in the Alaska Statutes. The Division has posted instructions to our website for the most efficient method of submitting the backlog of payrolls due to the outage at drb.alaska.gov/news/2025/0103-eReportingNotice.html.

We are thankful for your patience during this time and thank you in advance for your cooperation in getting payrolls processed in a timely manner, so additional interest does not accrue. If your payroll staff needs assistance, or has questions about submittals, please have them contact their payroll contacts here at the Division.

Best Regards,

A handwritten signature in cursive script that reads "Kathleen S. Lea".

Kathy Lea
Director