

ALASKA DEPARTMENT OF REVENUE
News Release

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**Murkowski: financial stability must
be top priority for retirement board**

ANCHORAGE – Governor Frank H. Murkowski is calling on members of the state’s new Alaska Retirement Management Board to focus on outstanding financial performance as it oversees public employee and teacher pensions.

“I expect the ARMB members to guide our new pension system toward a future of stability,” said Murkowski.

The board held its first organizational meeting October 11-12 at the downtown Marriott Hotel in Anchorage. The panel assumed formal responsibility for the Public Employees’ Retirement System and Teachers’ Retirement System including the defined benefit and defined contribution programs.

Current assets of the PERS and TRS programs exceed \$15 billion.

“Earlier this year we took the first critical step toward reforming PERS and TRS,” said Murkowski. “The legislature passed and I was proud to sign Senate Bill 141 reforming PERS and TRS.

“Now I look to the board to address contribution rates, asset allocation and liability assessments that will bring us back to a sustainable and secure retirement system.”

“The board can provide valuable research and recommendations as the legislature takes the next step and considers the best course of action to address critical under-funding in the pension systems,” the governor added.

Anchorage lawyer Gail Schubert, a public member of the board, was elected ARMB chair. Martin Pihl, of Ketchikan, holds a second public seat.

Schubert said the Anchorage meeting required decisions that will shape the retirement systems far into the future.

“In some cases board members were meeting each other for the first time and SB141 brought new responsibilities,” said Schubert. “The accumulated results of this first meeting constitute an especially promising beginning.”

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“Financial performance will be a key focus of the board now that many of the organization decisions have been made,” said Administration Commissioner Scott J. Nordstrand.

“Having the actuary contract decided and the defined contribution investment options selected goes a long way toward the goals of Senate Bill 141,” Nordstrand added.

The Division of General Services in the Department of Administration has issued a Notice of Intent to retain Buck Consultants, a New York firm, as the ARMB actuary.

The board approved an increase in employer contribution rates recommended by the Division of Retirement and Benefits for the defined benefit programs. For fiscal year 2007, the PERS employer contribution rate will be 21.77 percent while the employer contribution rate for TRS will be 26 percent.

The board selected participant-directed investment options for the defined contribution plans established by SB141, similar to those in the State of Alaska Supplemental Benefits System.

Pension reform legislation stipulates that the ARMB will have nine members with two public seats, four members selected from names submitted by employee bargaining units, and a member representing a political subdivision.

Two board seats are designated for the state commissioners of Administration and Revenue. Initial terms are staggered to accommodate board continuity.

ARMB members representing PERS bargaining units are Sam Trivette of Juneau and Michael R. Williams of Anchorage. Gayle Harbo of Fairbanks and John R. “Bob” Roses of Anchorage represent TRS bargaining units.

Lawrence A. Semmens, finance director for the City of Kenai, is the ARMB member representing a political subdivision. Nordstrand and Revenue Commissioner William A. Corbus complete the nine-person panel.

Under the reform legislation the Alaska Retirement Management Board replaces three boards. The Public Employees’ Retirement Board and Teachers’ Retirement Board were dissolved on June 30, 2005 and the Alaska State Pension Investment Board was dissolved on September 30, 2005.

The next ARMB meeting is scheduled for November 29-30 in Anchorage.

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