

SB 55

Supplemental Employee Benefits

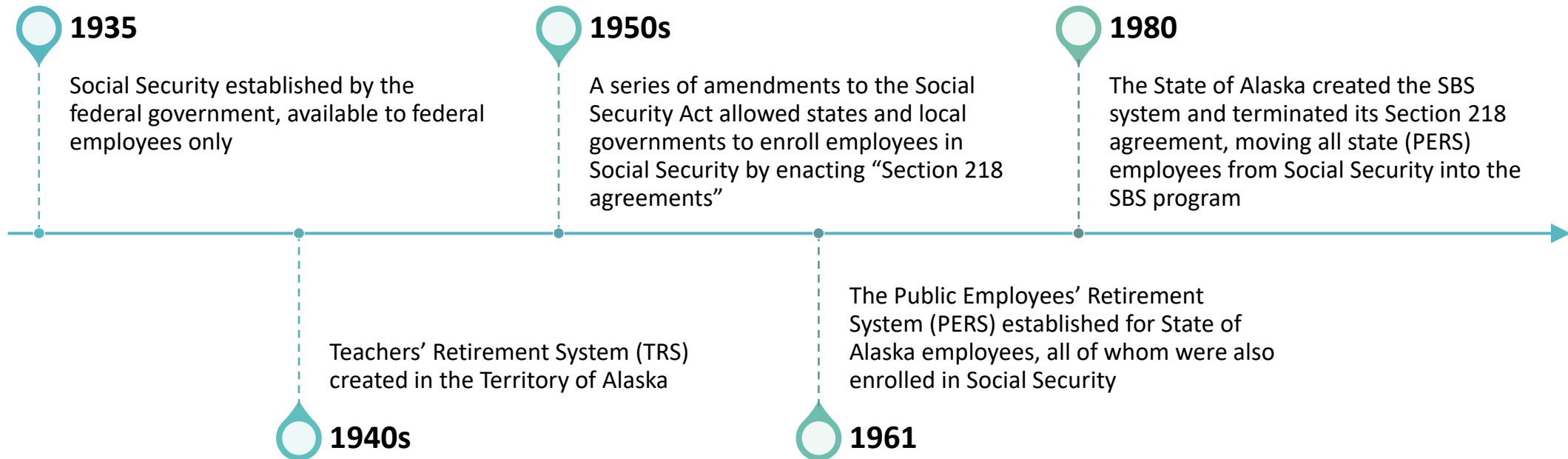
SENATE FINANCE COMMITTEE

APRIL 8, 2025

Teachers' Retirement System (TRS) Basics

- The Teachers' Retirement System (TRS) was the first Alaska retirement system, developed by the Territory of Alaska in the 1940s to encourage teachers to live and work in Alaska
- Tiers I and II are defined benefit plans that closed to new employees 6/30/2006
- Tier III is a defined contribution plan, and is the plan offered to employees hired after 6/30/2006
- TRS employees participate in neither SBS nor Social Security

History of Social Security in Alaska



Employee DC Retirement Savings Comparison: PERS v. TRS

PERS TIER IV (WITH SBS)

Employee Contribution:	8%
Employer Contribution:	5%
SBS Employee Contribution:	6.13%
SBS Employer Contribution:	6.13%
Total Retirement Savings:	25.26%

TRS TIER III

Employee Contribution:	8%
Employer Contribution:	7%
SBS Employee Contribution:	--
SBS Employer Contribution:	--
Total Retirement Savings:	15.0%

PERS employees who participate in the SBS system are automatically saving *over 10% more* of their salary than TRS and non-SBS PERS employees

How can we improve retirement for Alaska's teachers and other non-state PERS employees?

34-LS0301\N

CS FOR SENATE BILL NO. 55(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/26/25

Referred: Finance

Sponsor(s): SENATORS STEDMAN, Myers, Shower, Cronk

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to supplemental employee benefits; and providing for an effective
2 date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 39.30.150(a) is amended to read:

5 (a) In place of contributions to the federal social security system that would
6 have been required on behalf of an employee had the participating employer belonged
7 to the social security system, a [THE] participating employer in the public
8 employees' retirement system (AS 39.35) shall contribute an amount equal to 6.13
9 percent of the wages of the employee up to the taxable wage base then in effect in the
10 social security system, and a participating employer in the teachers' retirement
11 system (AS 14.25) shall contribute an amount required under (d) of this section.
12 For each employee, the contributions required under this subsection and (d) - (g)
13 of this section [. THIS CONTRIBUTION] shall be paid into an individual employee
14 annuity account in the Department of Administration under the terms of the State of

SB 55 Key Provisions

GOAL: *Equalize retirement savings between State employees and non-state PERS and TRS employees*

Require PERS and TRS Employers Provide a Supplemental Annuity Plan

- Requires participation in SBS if the employer is not currently a member of Social Security
- Opens the SBS statute to allow TRS employers to participate in the program alongside PERS employers

Amendment in Senate Labor & Commerce Committee

- Establishes a phased in approach to implementing SBS participation for members of TRS, with the Department of Administration providing employee and employer contributions as follows:

* FY27 – FY29: 100% * FY30 – FY33: 66.6% * FY34 – FY37: 33.3% *

SB 55 provides an option to improve retirement savings equity – without implementing an entirely new system

Participation in SBS

- Could provide additional retirement savings of 12.26%
- Contributions are made equally by employer and employee, following the phase in when the department covers a portion of the costs
- Does not expose the state to increases in unfunded liability