Defined Contribution Plans

Division of Retirement and Benefits and Empower Retirement Services

December 7, 2018
Myth: The DCR plan is an inferior plan to the DB Plan

Myth 2: I’ll never be retirement ready with this plan

Myth 3: Working in Alaska under this plan just wastes years I could be working under a DB plan somewhere else.
Investment Account

- Teachers contribution 8%, Employers 7% - a total of 15% to investment account.
- Teachers 100% vested in their own contributions, laddered vesting for Employer contributions (100% vested in 5 years).
- Teachers direct the investment of both contributions from the start. Financial advice available
Assuming

- wage increases of 3.62%
- 7% average rate of return

Replacement income at 25 years would be 43.36% of last salary.
State 457 Plan Companion

- Open to school districts and political subdivisions
- Low fees-more money toward the investment
- Easy reporting and administration
- State maintains the fiduciary responsibility
Retiree Medical Benefits

- Same coverage as DB retiree medical, Dental-Vision Audio and Long Term Care coverage optional. Supplemental to Medicare
- Eligible with 10 yrs service at Medicare Age; or with 25 years service
- Employer funded HRA to pay premiums or other recognized medical expenses.
Disability and Death

- Occupational Disability. 40% of salary, employer continues to make contributions to account.
- Occupational Death. Survivor receives 40% of salary, employer continues to make contributions to account.
- Both Disability and Death benefits cease at normal retirement age. Participant or survivor then draws account.
Employer Tools

- New Employee videos-5 minute introduction to Plan

Defined Contribution Retirement Plan

- DCR Plan
- Summary
- DCR Handbook
- DCR General
- Investment information
# The Alaska Teacher’s Defined Contribution Retirement Plan (TRS DCR)

Alaska’s Defined Contribution Retirement (DCR) Plan at a glance. The plan provides participants with both an investment plan and defined benefits such as occupational death, occupational disability, retiree medical coverage and a Health Reimbursement Arrangement (HRA).

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>TRS DCR PLAN</th>
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<tbody>
<tr>
<td>Your Contribution</td>
<td>8% of contract salary</td>
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<tr>
<td>Employer Contribution</td>
<td>7% of contract salary</td>
</tr>
<tr>
<td>Vesting in investment Account</td>
<td>100% vested in your contributions immediately, vested in employer contributions based on the following schedule: 25% after 2 years of service, 50% after 3 years, 75% after 4 years, 100% after 5 years</td>
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<tr>
<td>Occupational Disability Benefits</td>
<td>40% of salary, you earn service while on occupational disability. Employer continues to make all required contributions to your DCR account, including your 6% employee contribution. Disability benefits cease when you become eligible for normal retirement at Medicare-eligible age with 10 years of service, or any age with 30 years of service. When disability benefits cease, you may access your investment accounts.</td>
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Helping Put You on the Path to Financial Readiness:

The State of Alaska Defined Contribution Plans are designed to help you save for your financial future. The Division of Retirement and Benefits (DRB) and Empower work together to help you make the most out of the Plan. You have a variety of in-person, online and over-the-phone resources available to help you start and continue on your path to financial readiness. Use this handy “cheat sheet” to help you understand the role of the State and Empower, guide you to staying on track for your future and know who to call with questions or for information depending on your specific need.

The State of Alaska and Empower: Better Together

Empower Retirement and the Division of Retirement and Benefits (DRB) work together to give you a complete picture of your post-work life. Empower’s Retirement Plan Advisors want to help you reach financial readiness and are available to answer questions about your PERS and TRS Defined Contribution Retirement Plans, your DBS 403(b) Deferred Compensation Plan, such as:

- Am I on track to retire when I want?
- Are my assets allocated to match my goals?
- Are my beneficiaries in place and up to date?
- What is my distribution options from the plan?

The State’s DRB Retirement Counselors are also focused on getting you financially ready for your future, and can assist with questions about your other employee benefits, such as:

- What are my benefits?
- When will I be fully vested in the plan?
- What are my health care options in retirement?
- What other options are available to improve my financial wellness?

If you have a specific question, look on page two to see who can best assist you.

Contact an Empower Retirement Plan Advisor:

- 209-276-1100
- Visit www.empower.com

Contact DRB:

- 1-800-423-2551
- Visit www.dnr.state.ak.us/drbs

**TIMELINE FOR SUCCESS**

- **Start Employment**
  - Meet with Empower representatives
  - Open your retirement plan
  - Sign up for an employer-sponsored retirement plan

- **5 years prior to retirement**
  - Meet with Empower representatives
  - Re-evaluate your retirement benefits
  - Meet with your financial advisor

- **2-3 years prior to retirement**
  - Meet with Empower representatives
  - Sign up for an employer-sponsored retirement plan

- **1 year prior to retirement**
  - Meet with Empower representatives
  - Re-evaluate your retirement benefits
  - Meet with your financial advisor

- **Day of Retirement**
  - Meet with Empower representatives
  - Re-evaluate your retirement benefits
  - Meet with your financial advisor

- **6 months prior to retirement**
  - Meet with Empower representatives
  - Re-evaluate your retirement benefits
  - Meet with your financial advisor

- **Life Event Changes**
  - Meet with Empower representatives
  - Re-evaluate your retirement benefits
  - Meet with your financial advisor
Inspire...and be inspired!

Teach in Alaska and Start YOUR Adventure!
Working as a teacher in Alaska is **nothing** like teaching in the lower 48 states. Alaska has opportunities and challenges you won’t find elsewhere.

Alaska’s Defined Contribution Retirement (DCR) Plan is designed for teachers looking for either an adventure or a lasting career. Unlike other pension plans that prohibit teachers from taking contributions made to the plan by the employer, the Alaska DCR Plan has a laddered vesting schedule that allows participants to withdraw a percentage of the employer’s contributions in as little as 2 years. If you stay 5 years, you are entitled to 100% of the employer contribution! You get to choose how your contribution (8%) and the employer’s contribution (7%) are invested from the start. Plus, the plan is fully portable and can be rolled to other tax qualified retirement plans so you can take your nest egg with you.

If you decide to call Alaska home, the Alaska DCR Plan’s investment advisory services, investment education, financial wellness planning, and a state-of-the-art website are available to help plan for your future! Active teachers have occupational death and disability protection, and retirees from the plan have health coverage for themselves and their eligible dependents as well as a Health Reimbursement Arrangement (HRA) funded solely by the employer.

**Come to Alaska!** Whether you decide on just an adventure or to stay a lifetime, Alaska’s DCR Plan can fit your needs.
Empower Retirement Services

- Empower Representatives are licensed financial planners. They provide:
  - Seminars
  - One-on-one financial readiness reviews
  - Financial education
  - Information on other financial advice services