



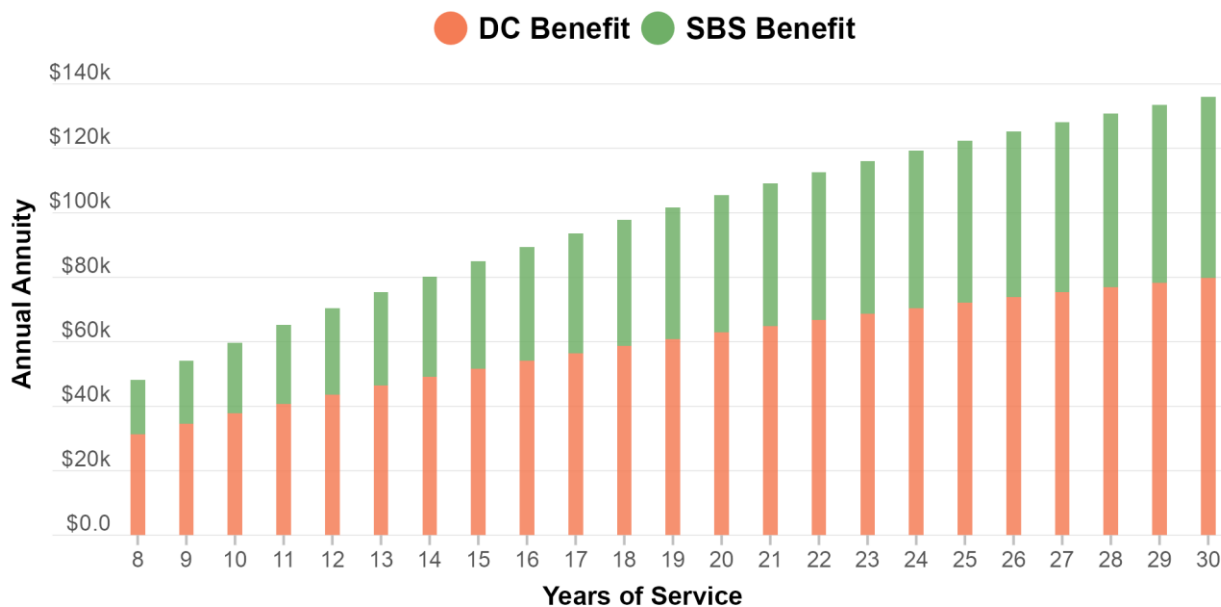
Alaska Teachers' Retirement System

Senate Bill 55 Would Complete Retirement Benefits for Alaska Teachers

Alaska's government employees do not participate in Social Security, which leaves a significant gap in retirement benefits. Most of the state's government workers participate in the Alaska Supplemental Annuity Plan (SBS-AP), which more than replaces the benefits they would have received under Social Security. School employers, however, do not offer this benefit, leaving teachers at significant risk of inadequate savings for retirement. Senate Bill 55 (SB 55) aims to address this gap by making the same SBS plan available to teachers through school employers.

SB 55 fills a hole in teacher retirement security. SB 55 would require all school employers to enroll in the existing SBS-AP program or to offer an adequate replacement for teachers. Teachers would see contributions withheld from their paycheck starting at 1% and gradually growing to 6.13% over 6 years. Their employers would be required to match these contributions.

Potential Annual Benefit Earned by a Teacher Starting at Age 30



Source: Pension Integrity Project at Reason Foundation benefit accrual analysis. Assumes 7% return on investments, 5.89% annuity payout rate, and 2.75% annual wage increase.

Reason Foundation analysis shows the impact this additional savings would have on teachers' retirement benefits. A teacher who starts at age 30 already earns an estimated \$79,750 in annual benefits after 30 years of service under the existing defined contribution (DC) plan. Giving teachers the SBS-AP would add another estimated \$56,280 in annual retirement benefits.

Bottom Line: Alaska teachers need a program to make up for the lack of Social Security. The state's existing SBS-AP has served other government employees for years and has delivered benefits that more than cover the retirement savings gap. SB 55 would bring teachers up to the same level of benefits as the rest of the state and ensure they are building a secure retirement.

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