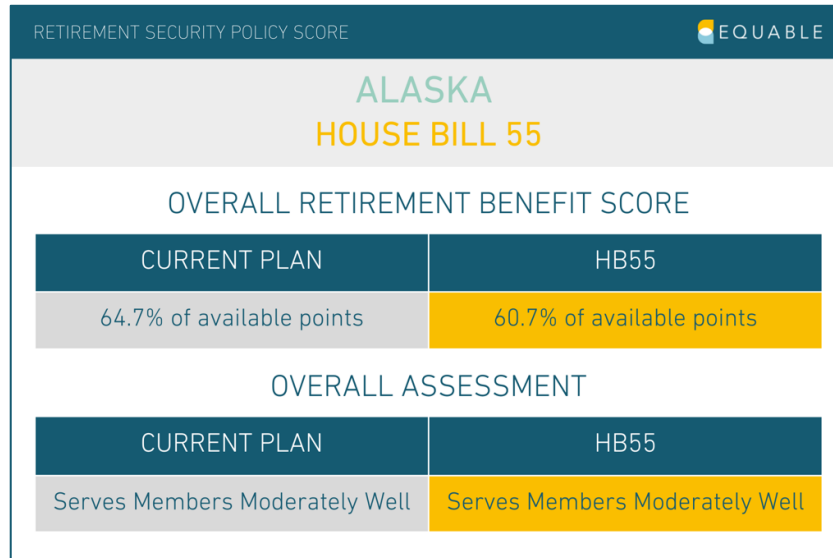




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Equable Institute Issues **Retirement Security Policy Score** for Alaska House Bill 55

Proposed changes to the retirement benefits for public safety members of Alaska PERS would not improve overall retirement security for members, neither the current plan nor proposed bill serve members well



NEW YORK, March 24th, 2022 – Equable Institute has issued a [Retirement Security Policy Score](#) for Alaska House Bill 55 (HB55). The bill proposes the replacement of the current defined contribution plan with a pension plan for public safety members of the Public Employees’ Retirement System of Alaska (PERS). When evaluated for key metrics of retirement security, **HB55 scores 60.7% of available benefit points** overall, leading to an overall assessment that it would only “**serve members moderately well.**” The current plan for PERS members also only serves members moderately well, scoring **64.7%** of available points.

Equable Institute has analyzed the proposed changes using its [open-source scoring methodology](#) from the [Retirement Security Report](#) to measure how changes to benefits would affect current and future retirement plan members. The score factors in whether benefits would reach an income adequacy target (70% replacement of pre-retirement earnings), the availability of inflation protection, and the flexibility and mobility of the proposed plan.

According to the analysis, workers enrolled in the plan proposed in HB55 would receive slightly lower annual retirement earnings (-\$9,499/year on average for full career workers) compared to the current plan. However, in exchange the proposed plan would provide inflation adjusted benefits. Medium Term workers (those with 10-20 years of service) are served best by the changes to the plan, while Full Career workers (those with more than 20 years of service) will see the largest overall decrease in benefits should this plan be enacted.

“It is reasonable that some public workers would like the ability to enroll in a guaranteed income plan, like a defined benefit pension. However, the proposed pension under HB55 would not provide sufficient income to ensure members have adequate retirement security, even with the inclusion of inflation protection,” noted Equable Institute’s Executive Director, Anthony Randazzo. “The current plan works better for most public safety employees than projected values for the proposed pension — but it is worth emphasizing that the current plan also does not provide an adequate retirement benefit to all members either. There is absolutely room to improve the PERS status quo in a way that could theoretically enhance retention of employees. But this proposal is unlikely to accomplish that goal.”

A full analysis and extended scorecard for HB55 by worker tenure and age of entry is available at <https://equable.org/alaska-house-bill-55-retirement-security-policy-score/>. The existing plan's Retirement Security Scorecard can be found in the Retirement Security Report's interactive database [here](#).

RATINGS KEY

Qualitative Rating	Score Range
Serves Members Well	75% to 100% of available benefits score points
Serves Members Moderately Well	50% to 74.99% of available benefits score points
Does Not Serve Members Well	0% to 49.99% of available benefits score points

ABOUT THESE SCORES

These scores are based on the averages for 25-year-old entrant and 40-year-old entrant with average starting salaries. This analysis is intended to measure the factors that are most important for measuring retirement income adequacy. It is reasonable to compare plan changes against the status quo, but the most fundamental question is whether any retirement plan (the existing benefits or proposed adjusted benefits) is providing retirement income security to all members of the plan. These scores are based on a comparison against a standard benchmark for retirement income adequacy, but there are other reasonable benchmarks too. We've made additional charts available at <https://equable.org/alaska-house-bill-55-retirement-security-policy-score/> that show how the proposed benefits meet different standards of adequacy.

While our scoring system is designed for maximum objectivity to highlight the material impact of policy changes, Equable does not issue Retirement Security Scorecards for any bills for which we have provided technical assistance to ensure the neutrality of our analysis and we do not endorse any specific retirement plan design.

ABOUT EQUABLE INSTITUTE

Equable Institute is a bipartisan non-profit that works with public retirement system stakeholders to solve complex pension funding challenges with data-driven solutions. We exist to support public sector workers in understanding how their retirement systems can be improved, and to help state and local governments find ways to both fix threats to municipal finance stability and ensure the retirement security of all public servants.

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