

Voluntary Savings Plan

What is the Voluntary Savings Plan?

The Voluntary Savings Plan, also known as the Employee's Savings Account, is an account funded solely by post-tax, voluntary contributions from a Public Employees' Retirement System (PERS) employee. Contributions made to a Voluntary Savings Plan are separate and completely independent of the mandatory contributions that each PERS employee is required to make to the retirement system as an active employee.

Who is eligible to enroll in the Voluntary Savings Plan?

Any active employee under Tier I, II or III that is making contributions to the PERS is eligible to enroll in the Voluntary Savings Plan.

When can I enroll?

You can enroll at anytime. Enrollment will take effect the first of the month following receipt of the election.

Can I terminate or suspend my enrollment?

You can terminate your enrollment at anytime. Termination will take effect the first of the month following receipt of the form to discontinue.

How much can I contribute to a Voluntary Savings Plan?

You are eligible to contribute a minimum of \$5.00 and up to 5% of your gross salary to a Voluntary Savings Plan.

Can I change the amount I want to contribute to my plan?

You can change the amount you are contributing at anytime. The change will take effect the first of the month following receipt of the change form.

Why would I choose to enroll in the Voluntary Savings Plan?

The Voluntary Savings Plan provides an opportunity for employees of the PERS to invest their money in an account that will accrue 4.5% interest until the funds are disbursed to the employee in the form of a lump sum payment, life annuity, or installments over a designated period of time

Lump Sum Payment

A Lump Sum Payment is a full cash withdrawal of your contributions to the savings plan, plus interest.

Life Annuity

Life Annuity – A monthly benefit is calculated and disbursed to you during the course of your lifetime. Monthly benefits will cease in the event of your death.

Life Annuity With a Five-Year Certain Period – Monthly payments for your lifetime. If you die before 60 payments have been made, your beneficiary will receive the balance of the remaining payments.

Life Annuity With a Ten-Year Certain Period – Monthly payments for your lifetime. If you die before 120 payments have been made, your beneficiary will receive the balance of the remaining payments.

Installments Over a Designated Period of Time

This is the Full Balance of the Voluntary Savings plus accrued interest to the date of retirement divided by the designated period of time as elected by the member. Should the member die prior to the designated period of time, the remaining payments will be paid to the designated beneficiary(s) in a lump sum.

Taxes

Although the post-tax contributions that are made to a Voluntary Savings Plan would not be taxed when payment is made, the interest that accrues on Voluntary Contributions is considered income and is taxable upon payment of the account.

When can I start to receive payment from my Voluntary Savings Plan?

There is a 60-day waiting period after retirement or termination from employment before payment can be made from a Voluntary Savings Plan. However, an exception can be made for those who can provide proof of a hardship. If a payment request meets the criteria for a hardship, an active employee can potentially access funds from their account.

Sign up today by completing a *Voluntary Employee Savings Plan Enrollment, Change, Discontinuation or Withdrawal* form. Contact the plan administrator for information or to request a form, or download the form from our web site at drb.alaska.gov.

What Tier Am I?

Members who first entered a PERS position and were making contributions:

- **Tier I** – Before 7/1/86.
- **Tier II** – On or after 7/1/86, but before 7/1/96.
- **Tier III** – On or after 7/1/96, but before 7/1/06.

The information included here only applies to Tiers I, II, and III.