

Fiscal Year 2024 Employer Contribution Rates

FY24 Rates for the PERS/TRS Defined Benefit (DB) and Defined Contribution Retirement (DCR) Plans

**** Please note, the Alaska Retirement Management Board has adopted the Fiscal Year 2024 actuarially determined contribution rates. The Division must review all legislation that impacts the retirement systems, and rates will be confirmed after the finalization of the legislative session, and the review of the retirement system legislation is completed. The rates reflected are anticipated to be final by the end of June 2023, or as soon as the legislative session and the Division review is completed. If there are changes to the rates a notification will be sent to employers.**

The [Alaska Retirement Management Board \(ARMB\)](#) has established Fiscal Year 2024 (FY24) employer contribution rates for the PERS/TRS Defined Benefit (DB) and Defined Contribution Retirement (DCR) Plans. The rates are effective for pay period end dates between July 1, 2023 and June 30, 2024.

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Defined Benefit Plan Employer Contribution Rates

In setting the DB Plan rates, the Alaska Retirement Management Board (ARMB) addressed compliance with [Senate Bill \(SB\) 125 \[PDF\]](#), the PERS “cost-share” bill. In fiscal year 2008, the bill converted the PERS DB plan to a cost-share plan, like TRS, and provided for one integrated system of accounting for all employers. The bill established **one uniform rate of 22%** for PERS employers, rather than separate contribution rates for each employer. SB 125 amended AS 39.35.255 and repeals and reenacts AS 14.25.070:

- **AS 39.35.255** “Contributions by employers” establishes the uniform contribution rate for PERS employers at 22 percent, with the State contributing the difference between total PERS actuarially determined contributions and the amount employers contribute at 22 percent of payroll. (See AS 39.35.280 Additional State Contributions)
- **AS 14.25.070** “Contributions by employers” establishes the TRS employer contribution rate at 12.56 percent, with the State contributing the difference between total TRS actuarially determined contributions and the amount employers contribute at 12.56 percent of payroll. (See AS 14.25.085 Additional State Contributions)

The rate the employer **will pay** (*Employer Effective Rate*) is **22%** for PERS DB and DCR Plans and **12.56%** for TRS DB and DCR Plans.

The **DB Plan** employer rates for the PERS and TRS are outlined in the table below:

PERS/TRS DB Plan - FY 2024 Contribution Rates (PERS Tiers I/II/III and TRS Tiers I/II)		
	PERS (P)* and (A)*	TRS
ARMB Adopted Rate	25.10%	25.52%
Employer Effective Rate	22.00%	12.56%
*P = Peace Officers / Firefighters *A = All others		

Defined Contribution Retirement Plan Employer Contribution Rates

[Senate Bill 123 \[PDF\]](#), the “technical clean-up” bill, requires that the PERS and TRS DB rate be applied to **both** DB and DCR salaries. However, in some cases, the **DB effective rate** is not sufficient to cover all required DCR contributions. **All DCR Plan employer contribution obligations are required.** Employers will pay either the effective rate OR the DCR required rate plus the Health Reimbursement Arrangement (HRA), **whichever amount is greater.**

The **DCR Plan** employer rates for the PERS and TRS are outlined in the tables below:

PERS/TRS DCR Plan - FY 2024 Contribution Rates (PERS Tier IV and TRS Tier III)			
	PERS (P)*	PERS (A)*	TRS
Employer Contribution	5.00%	5.00%	7.00%
Retiree Medical Plan	1.01%	1.01%	0.82%
Occupational Death & Disability	0.68%	0.30%	0.08%
DCR Required Rate + HRA (= DCR Plan TOTAL contribution obligation)	6.69% + HRA	6.31% + HRA	7.90% + HRA
Employer Effective Contribution Rate TOTALS	22.00%	22.00%	12.56%
*P = Peace officers/firefighters *A = All others			

** [AS 39.30.370](#) states a rate of 3.00% is applied to the average annual compensation of **all employees of all employers** in the TRS and PERS. The contribution amount is then converted to a per pay period, per employee contribution amount. Contributions to the employee’s **Health Reimbursement Arrangement (HRA)** account are required for every pay period in which the employee is enrolled in the DCR Plan, regardless of the compensation paid during the calendar year.

FY 2024 HRA Amounts					
Annual	Quarterly	Monthly	Semi-monthly	Bi-weekly	Weekly
\$2,302.56	\$575.64	\$191.88	\$95.94	\$88.56	\$44.28

For **full-time TRS members** who are paid over a period of less than 12 months, the employer will calculate the amount due per pay period by dividing the **annual** amount by the number of scheduled payments. For example, for a full-time TRS member who receives:

- 9 monthly payments the employer HRA monthly contribution would be \$255.84 per pay period (\$2,302.56 annual cost divided by nine payments).
- 10 monthly payments the employer HRA monthly contribution would be \$230.26 per pay period (\$2,302.56 annual cost divided by ten payments).

For **TRS part-time employees**, the HRA rate is based on the contract percentage worked multiplied by the rate provided in the table above. For example, if the member worked 70% of their contract the monthly contribution to the HRA would be of \$134.32 per monthly pay period (monthly HRA amount \$191.88 x 70%).

Note: For all school districts the prorated calculation of annual HRA contributions **does not apply** to PERS DCR Plan Noncertificated (classified) School Employees. These employees are NOT eligible to elect the alternate option program (SB9). Once the DRB PERS system is provided the Leave Without Pay (LWP) date for the last day worked for the school year, service is then turned off and HRA contributions are suspended for the summer break.

For **part-time PERS members**, the employer contributes the PERS **hourly** amount for each hour the employee worked in each pay period until the employer has contributed the annual amount for the fiscal year, illustrated in the table below:

FY 2024 HRA Amount
(PERS part-time members)
Hourly
\$1.48

*** The **Defined Benefit Unfunded Liability (DBUL)** amount levied against the DCR Plan payroll is equal to the employer effective rate **minus** the DCR Plan total employer contributions. See the following PERS example below using occupation code "A" of semi-monthly payroll, where the **gross payroll = \$1,000.00**:

DBUL Amount Example (Occupation Code A Semi-Monthly)		
	Rates	Employer amount
Employer contribution	5.00%	\$50.00
Retiree Medical Plan	1.01%	10.10
Occupational Death & Disability	0.30%	3.00
Health Reimbursement Arrangement (HRA)	Semi-Monthly	95.94
Subtotal Employer contribution	-	\$159.04
Employer Effective Rate (as required by SB 125)	22.00%	220.00
Subtotal from above (subtract from Effective Rate)	-	-159.04
Total Amount posted to DBUL	-	\$60.96

Note: Testing showed that in some very rare cases, the amount calculated by eReporting for entry in DBUL may be less than zero (a negative number). In such cases, eReporting will post \$0.00 as a DBUL contribution. In no case can the employer contribution to the DBUL be less than zero (a credit).

Employer On-Behalf

Legislative on-behalf, also referred to as employer on-behalf, is the difference between the employer statutory effective rate, 22.00% for PERS and 12.56% for TRS, and the ARMB adopted rate for each system. The on-behalf funding is approved annually during the legislative approval process and, if approved, the on-behalf funding is applied with the processing of each eligible employer payroll.

The on-behalf funding is paid directly to the Division of Retirement and Benefits as a lump sum amount from the State of Alaska. This funding isn't allocated up front to employers via the employer over/short account but is allocated and applied as each employer payroll is posted by the Division of Retirement and Benefits.

Employer on-behalf fiscal year funding statements are sent via email to the employer payroll and finance contacts. These statements also provide additional details related to the on-behalf usage and the usage cutoff. The on-behalf usage and usage cutoff details are also provided in the Employer News newsletter found on the [Latest News page](#). Employer News is sent via email by the Division of Retirement and Benefits.

The on-behalf rate and rate split is provided in the Rate Split of Pension and Other Post Employment Benefits Employer Contributions section below.

For PERS and TRS on-behalf funding questions or statement copies, please email the DRB Finance Section Accounting Unit at doa.drb.accountants@alaska.gov.

Rate Split of Pension and Other Post Employment Benefits (OPEB) Employer Contributions

For purposes of reporting and posting, the rate split between Pension and Other Post Employment Healthcare Benefits is applied to each payroll upon processing by the Division. The provided tables show the rates used to post all employer contributions between **Pension** and **Healthcare**.

PERS DB - FY 2024 Pension and OPEB Rate Split Occupation Codes A, C, D, E, F, M & P			
	Pension	Healthcare	Total Rates
Employer Contribution	22.00%	0.00%	22.00%
Legislative On-Behalf (Employer on-behalf contribution)	3.10%	0.00%	3.10%

TRS DB - FY 2024 Pension and OPEB Rate Split Occupation Code T			
	Pension	Healthcare	Total Rates
Employer Contribution	12.56%	0.00%	12.56%
Legislative On-Behalf (Employer on-behalf contribution)	12.96%	0.00%	12.96%

For additional information regarding the actuarial determined rates, please refer to the PERS and TRS actuarial valuations:

- [PERS actuarial valuations](#)
- [TRS actuarial valuations](#)

PERS Past Service Cost Rate

PERS employers that have amended their participation agreement to terminate participation of a department, group or other classification of employee shall pay the past service cost associated with the terminated positions per [AS 39.35.625\(a\)](#).

The Fiscal Year 2024 Past Service Cost rate is 16.33%.

Employee Contribution Rates

The PERS and TRS DB and DCR Plan employee rates are outlined in the tables below:

PERS/TRS DB Employee Contribution Rates (PERS Tiers I, II, III, and TRS Tiers I, II)				
	PERS (P)*	PERS (A)*	PERS (D)*	TRS
DB Employee Contribution Rate	7.50%	6.75%	9.60%	8.65%
*P = Peace Officers/Firefighters *A = All Others *D = School Districts Alternate Option				

PERS/TRS DCR Employee Contribution Rates (PERS Tier IV and TRS Tier III)			
	PERS (P)*	PERS (A)*	TRS
DCR Employee Contribution Rate	8.00%	8.00%	8.00%
*P = Peace Officers/Firefighters *A = All Others			

