

**State of Alaska
FY2004 Governor's Operating Budget**

**Department of Revenue
Alaska State Pension Investment Board
Component Budget Summary**

Component: Alaska State Pension Investment Board

Contact: Betty Martin, Comptroller

Tel: (907) 465-2352 **Fax:** (907) 465-2394 **E-mail:** Betty_Martin@revenue.state.ak.us

Component Mission

The mission of State Pension Investment Board is to manage state pension funds.

Component Services Provided

Invest the funds of the state defined-benefit pension plans:

- Public Employees Retirement System
- Teachers' Retirement System
- Judicial Retirement System
- Alaska National Guard and Alaska Naval Militia Retirement System

Select and monitor appropriate investment options for the Supplemental Benefits Annuity Plan and the Deferred Compensation Plan.

Component Goals and Strategies

- Maximize the rate of return on funds managed consistent with fiduciary standards.
- Manage the Trusts in accordance with the stated asset allocation objectives and constraints.
- Meet or exceed established investment benchmarks/targets over the appropriate time horizons.
- Achieve top quartile investment returns on a risk-adjusted basis while limiting total risk to that of an average public-sector plan over the long term.
- Provide balanced menu of options for supplemental benefit systems and deferred compensation participants.

Key Component Issues for FY2003 – 2004

- Key issues for the board include dealing with the financial and economic turmoil caused by the terrorists attacks of September 11. The board also is committed to continuing to improve the investment program for participants in the Supplemental Benefits System and Deferred Compensation Plans.

Major Component Accomplishments in 2002

- In 2002 the Public Employees and Teachers Retirement Systems both exceeded their benchmark returns.
- The board implemented a securities lending program.
- The board added several new options to the Deferred Compensation and the Supplemental Benefits System Plans to improve participants' investment choices.
- The board terminated several investment managers and reallocated those investments to improve returns going forward. Reallocating to existing managers also resulted in a reduction of over \$2 million in annual management fees.

Statutory and Regulatory Authority

AS 14.25.180
AS 22.25.048(c)

AS 26.05.228(c)
AS 37.10.071
AS 37.10.210-AS 37.10.390
AS 39.35.080

Alaska State Pension Investment Board
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	158.6	157.9	157.9
73000 Contractual	2,680.7	3,096.3	3,096.3
74000 Supplies	22.3	50.0	50.0
75000 Equipment	66.6	70.0	70.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,928.2	3,374.2	3,374.2
Funding Sources:			
1017 Benefits Systems Receipts	99.0	99.0	99.0
1029 Public Employees Retirement Fund	1,797.5	2,128.5	2,128.5
1034 Teachers Retirement System Fund	1,013.8	1,118.8	1,118.8
1042 Judicial Retirement System	15.0	22.0	22.0
1045 National Guard Retirement System	2.9	5.9	5.9
Funding Totals	2,928.2	3,374.2	3,374.2

Alaska State Pension Investment Board
Proposed Changes in Levels of Service for FY2004

No service changes.

Summary of Component Budget Changes
From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	3,374.2	3,374.2
FY2004 Governor	0.0	0.0	3,374.2	3,374.2