

**State of Alaska
FY2014 Governor's Operating Budget**

**Department of Revenue
Alaska Retirement Management Board Custody and
Management Fees
Component Budget Summary**

Component: Alaska Retirement Management Board Custody and Management Fees

Contribution to Department's Mission

Please see Alaska Retirement Management Board component.

Core Services

- Please see Alaska Retirement Management Board component

Major Component Accomplishments in 2012

Please see Alaska Retirement Management Board component.

Key Component Challenges

Please see Alaska Retirement Management Board component.

Significant Changes in Results to be Delivered in FY2014

Please see Alaska Retirement Management Board component.

Statutory and Regulatory Authority

AS 37.10.210-390 Alaska Retirement Management Board

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**Alaska Retirement Management Board Custody and Management Fees
Component Financial Summary**

All dollars shown in thousands

	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	28,840.5	34,022.9	43,906.7
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	28,840.5	34,022.9	43,906.7
Funding Sources:			
1029 Public Employees Retirement System Fund	20,053.5	22,046.8	30,800.0
1034 Teachers Retirement System Fund	8,507.4	11,488.9	12,600.0
1042 Judicial Retirement System	235.4	330.5	350.0
1045 National Guard & Naval Militia Retirement System	44.2	156.7	156.7
Funding Totals	28,840.5	34,022.9	43,906.7

**Summary of Component Budget Changes
From FY2013 Management Plan to FY2014 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2013 Management Plan	0.0	0.0	34,022.9	0.0	34,022.9
Proposed budget increases:					
-Increased Investment and Custody Fees	0.0	0.0	9,883.8	0.0	9,883.8
FY2014 Governor	0.0	0.0	43,906.7	0.0	43,906.7

Component Detail All Funds
Department of Revenue

Component: Alaska Retirement Management Board Custody and Management Fees (AR15175) (2812)
RDU: Taxation and Treasury (510)

	FY2012 Actuals	FY2013 Conference Committee	FY2013 Authorized	FY2013 Management Plan	FY2014 Governor	FY2013 Management Plan vs FY2014 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	28,840.5	34,022.9	34,022.9	34,022.9	43,906.7	9,883.8	29.1%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	28,840.5	34,022.9	34,022.9	34,022.9	43,906.7	9,883.8	29.1%
Fund Sources:							
1029 P/E Retire (Other)	20,053.5	22,046.8	22,046.8	22,046.8	30,800.0	8,753.2	39.7%
1034 Teach Ret (Other)	8,507.4	11,488.9	11,488.9	11,488.9	12,600.0	1,111.1	9.7%
1042 Jud Retire (Other)	235.4	330.5	330.5	330.5	350.0	19.5	5.9%
1045 Nat Guard (Other)	44.2	156.7	156.7	156.7	156.7	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	28,840.5	34,022.9	34,022.9	34,022.9	43,906.7	9,883.8	29.1%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Revenue

Component: Alaska Retirement Management Board Custody and Management Fees (2812)

RDU: Taxation and Treasury (510)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2013 Conference Committee To FY2013 Authorized *****												
FY2013 Conference Committee												
	ConfCom	34,022.9	0.0	0.0	34,022.9	0.0	0.0	0.0	0.0	0	0	0
1029 P/E Retire		22,046.8										
1034 Teach Ret		11,488.9										
1042 Jud Retire		330.5										
1045 Nat Guard		156.7										
Subtotal		34,022.9	0.0	0.0	34,022.9	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2013 Authorized To FY2013 Management Plan *****												
Subtotal		34,022.9	0.0	0.0	34,022.9	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2013 Management Plan To FY2014 Governor *****												
Increased Investment and Custody Fees												
	Inc	9,883.8	0.0	0.0	9,883.8	0.0	0.0	0.0	0.0	0	0	0
1029 P/E Retire		8,753.2										
1034 Teach Ret		1,111.1										
1042 Jud Retire		19.5										
Totals		43,906.7	0.0	0.0	43,906.7	0.0	0.0	0.0	0.0	0	0	0

This increment funds the increase in the cost of investment and custody fees for assets under management. Investment assets under management have experienced a continued growth.

Investment management fees are charged as a percent of the market value of invested assets under management. Fluctuations in the market affect the value of the assets, which in turn affects the amount of management fees. Treasury relies on the 5-year expected median return provided by an external investment consultant to project asset values. Projected investment management fees are calculated using projected asset values plus a 5% contingency which is added to allow for unanticipated upswings in market performance and asset values.

Treasury will continually monitor financial market activity for any significant changes affecting these estimates. In the event of changes in financial markets/net asset values that result in lower investment management fees than those currently projected, any available expenditure authorization that exceeds the amount required to pay investment management and custody fees would lapse back to the pension fund from which the expenditure authorization was appropriated.

Line Item Detail
Department of Revenue
Services

Component: Alaska Retirement Management Board Custody and Management Fees (2812)
RDU: Taxation and Treasury (510)

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000	Services		28,840.5	34,022.9	43,906.7
			FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
Expenditure Account	Servicing Agency	Explanation			
73000 Services Detail Totals			28,840.5	34,022.9	43,877.3
73050	Financial Services	Custodian and Manager Fees	28,840.5	34,022.9	43,877.3