

# THE FINANCIAL REALITIES OF WORKING AS AN EDUCATOR IN ALASKA

Becoming an educator in Alaska is an incredible opportunity. The rich cultures, expansive wilderness, and vibrant communities make living and working in the 49th state the experience of a lifetime. Alaska is also unique in its retirement system, and understanding it, and making it work for you is critical to ensuring you have the savings you need after your career as an educator is over.

## THREE THINGS YOU NEED TO KNOW BEFORE STARTING YOUR CAREER AS AN EDUCATOR IN ALASKA:

1

### Alaska public school employees do not earn a pension.

All teachers and public school employees hired after 2006 are enrolled in either the Teachers Retirement System (TRS) Tier III, or the Public Employees Retirement System (PERS) Tier IV System. Both TRS III and PERS IV are defined contribution plans, meaning you and your employer both make contributions to a 401 (a) which is subject to market volatility and provides no guaranteed income in retirement.

2

### Alaska public school employees do not participate in Social Security.

All certificated teachers and most public school employees in Alaska do not contribute to Social Security. Check with your district human resources office to learn the specifics of your Social Security eligibility. You should be aware that your earned Social Security benefits from previous/alternative employment could be subject to federal penalties (GPO-WEP).

3

### Alaska public school employees may outlive their retirement savings.

According to an analysis done by the State of Alaska's Chief Investment Officer, up to 70% of Alaska TRS 3 members (teachers hired after July 1, 2006) who work for a 30 year career could outlive their retirement savings after 20 years of retirement\*. Adding savings of 6.13% improves the odds of a secure retirement for most, but the bottom 25% of retirees will still run out of savings after about 20 years. With no Social Security, or reduced Social Security due to GPO-WEP penalties, running out of retirement savings is a very scary prospect.

\*Nearly all TRS III employees should be saving an additional portion of their income for retirement. Ask your financial advisor what amount is right for you.



NEA-Alaska and the Saving Our Alaska Retirement (SOAR) Committee are here to help you make sound financial decisions and get the most out of your retirement. By following these three steps you can place yourself on a path for success.



1

Set up a meeting with the Alaska Division of Retirement and Benefits to fully understand the TRS III/PERS IV System.

- Visit [doa.alaska.gov/drbb/](http://doa.alaska.gov/drbb/) and find the "Make an Appointment" button
- Log into your Empower retirement management account

2

Speak with a human resources officer in your district to determine if they offer a 457 or other supplemental retirement savings account.

- Your district will be able to tell you what supplemental retirement plans are available in your district.
- All supplemental plans require you to opt-in to participate.

3

Meet with a financial advisor who can help you establish your individual goals, diversify your retirement portfolio, and create a plan for success.

- Visit NEA Member Benefits for recommended financial advisors in your area at [neamb.com](http://neamb.com)
- Make sure you pick an advisor that understands the TRS III/PERS IV system and who you feel comfortable discussing your financial goals with.



NEA-Alaska is committed to securing a legislative change to the Alaska retirement system that will provide all public employees access to predictable income in retirement. If you would like to learn more about our ongoing political efforts, policy changes, and find out more information about retirement issues please visit the NEA-Alaska SOAR website:

**[www.neaalaska.org/soar/](http://www.neaalaska.org/soar/)**