

# Anchorage Police & Fire Retirement System



## BENEFIT NEWS

November 17, 2008

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### The Economic Crises: As it Relates to your Pension Plans

You all are aware that there is a significant economic crisis in not only the United States, but in the world markets, overall. Many of you have been calling your Board representatives and calling here at the Retirement System asking about the security of your Pension Plan.

Even though this is a severe downturn in the investment markets, please be assured that **your pension benefit is safe.** First and foremost, your monthly benefit is protected by the “full faith and credit” of the Anchorage taxpayers. By Municipal Code, the Municipality of Anchorage must contribute all monies necessary to insure the financial soundness of the Retirement Plans. Secondly, the Retirement

Board has faced downturns in the past and has weathered the “storms” well. Likewise, the trust is holding its own now. The fund was down -13.5% as of the end of September. The decline continued into October, but we do not have those reports yet. For comparison purposes, the broad market as illustrated by the S&P 500 was down -19.28% as of 9/30/08. Market reports show a loss of 31% at October’s end.

But, as for the main purpose of this article, you should not worry. This issue of the Newsletter is dedicated to financial and economic topics. We are attaching a number of documents that show you how the fund is doing on a relative basis and other charts for your information.

### BOARD OF TRUSTEES:

**Gereth Stillman, Chairman, Retired Police Officer**

**Jim Bauman, Retired Fireman/Paramedic**

**Andy Provencio, Retired Fire Captain**

**Paul Burns, Retired Fire Captain**

**John Gentile, Retired Police Officer**

**Joe Caswell, Retired Police Officer**

**Michael Abbott, Municipal Manager**

**Dan Moore, Municipal Treasurer**

**David Gottstein, Public Member (Investment Professional)**

### Investment and Economic Information

In this part of the Newsletter, we are listing various attachments that you can read to give you a better picture of where things stand with the APFRS investments and the Surplus Benefit Account Program, for those of you who still have accounts at Vanguard.

Please see the Following:

—Trust Performance:

—Surplus Funds Chart

—Historic Perspective Charts (Declines and Pace to Recovery)

We would also direct you to the Vanguard Website

where you can get excellent information about investing and the marketplace. If you still have money in the MOA 457 Plan, go to the Great West Website (<https://www.gwrs.com/>) for similar information and to find out how to get investment advisory assistance.

## More About Investment Advice

It is not a surprise that the current state of economic affairs is very depressing. We have all watched our investments decrease in value since the 4th quarter in 2007. Along with the greed and recklessness by the banks, mortgage lenders, credit market makers, insurance companies and a government that does not quite seem to be able to get control of the problem, our economy is in a recession but with more drastic impact on investments than in recessions that have come before.

Some of you will, no doubt, have transferred your savings out of the Equity Markets. Some of you will have continued your long-held belief in the "Buy and Hold" method of investing. Only you can determine

what is best for you.

But there are a wide-range of resources available to help you make critical decisions about your retirement savings. We have already mentioned the resources on the Vanguard and Great West Retirement Services Websites. But there is more out there than just reading material.

Vanguard recently offered a Program of Investment Assistance to Surplus Account participants who are age 55 and up. Only one of you subscribed. It's FREE. You are urged to contact Vanguard and find out if this program can help you determine if any changes in the way you invest your "nest egg" are warranted.

Secondly, the program at Great West for 457 Plan members is called "Reality Investing". It has three parts—two of which are at no cost and a third method where investment professionals will invest for you with a charge based on the size of your investments (6 10ths of 1 %).

You may have your retirement funds invested in the MOA 401(k) Plan administered by T. Rowe Price, or you may have investments with banks (IRA's) or credit unions. These institutions also have significant levels of personal investment assistance—most for low or no cost and some with an extra "Advisory Fee". Doing something may be better than doing nothing.

## A Word About Pension Plan Contributions

As mentioned in the first article on page one, the Municipality must contribute to the plans if the funded ratio of assets to liabilities falls below 100%. Generally, by law, the MOA must contribute two and one half times what the active members must contribute, or more if necessary to insure the soundness of the Plans. (Retired members are not required to make contributions).

Active members in all three plans contribute up to a maximum of 6% of "pension eligible" compensation. We will not know the extent of actuarial investment losses during 2008 or the funded ratio at 12/31/08 until March 2008 when the 2008 Plan Year Actuarial Valuation is performed. But it is highly likely that contributions will be required. If contributions are necessary, the

payments by member payroll deductions and by the MOA on a pay period basis would not begin until January 2010. Since we only have 86 active members (3 in Plan I, 5 in Plan II and 78 in Plan III), it is also very likely that the MOA will be required to contribute far more than the general 2 and 1/2 times factor. Whatever it is, it will be decided by the Retirement Board next year.

**Benefit Newsletter Disclaimer:** "The information and opinions appearing in this newsletter reflect the views of the writer(s) and do not constitute an official expression of policy of the Anchorage Police & Fire Retirement System or the Board of Trustees. While we do attempt to make statements of fact as accurately as possible, nothing in this newsletter may alter the provisions of the Retirement system or Plans nor constitute a contract for benefits."

### Contact Information:

Address: P.O. Box 196650  
Anchorage, AK 99519-6650

Phone #s: (907) 343-8400 (main)

Toll Free: 1-877-650-8400

Fax: (907) 343-8439

### Web Page Address:

<http://www.muni.org/apfrs>

(Note: on this web site, you will find information about your plan, the Board, and you can find various forms such as those required for address and bank changes.)

### Vanguard Contact Information:

Web Page: [www.Vanguard.com](http://www.Vanguard.com)

Vanguard's "VOICE" System (or to speak with a Participant Services Associate, 8:30 a.m. to 9:00 p.m., Eastern Time):

Phone Number: (800) 523-1188