

ALASKA RETIREMENT MANAGEMENT BOARD
Relating to Common Group Trusts

Resolution 2006-18

WHEREAS, the Alaska Retirement Management Board (Board) was established by law to serve as trustee to the assets of the State's retirement systems and the State's Supplemental Annuity Plan ("SBP-AP"); and

WHEREAS, under AS 37.10.210-220, the Board is to establish and determine the investment objectives and policy for the funds of the Public Employees' Retirement System ("PERS"), Teachers' Retirement System ("TRS"), and SBP-AP; and

WHEREAS, AS 37.10.071 and AS 37.10.210-220 require the Board to apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds entrusted to it and treat beneficiaries thereof with impartiality; and

WHEREAS, Ch 9 FSSLA (SB 141) established effective July 1, 2006, defined contribution ("DC") accounts for the PERS and TRS; and

WHEREAS, the Board has considered it prudent and advantageous to establish mechanisms to permit participants in the SBP-AP and DC accounts for PERS and TRS to invest in similar options; and

WHEREAS, to accomplish the foregoing objectives, it is advisable for the Board to adopt a group trust and to authorize and to transfer assets in the SBP-AP and the DC accounts for PERS and TRS to a collective or common group trust comprising those assets;

NOW THEREFORE BE IT RESOLVED THAT THE ALASKA RETIREMENT MANAGEMENT BOARD adopts the following as an administrative rule.

1. Upon completion of all necessary steps and unless otherwise restricted by law, assets of the DC plans of PERS and TRS may be transferred to a collective or common group trust ("group trust") that is operated or maintained exclusively for the commingling and collective investment of monies, provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under IRC Section 401(a), individual retirement accounts that are exempt under IRC Section 408(e), and eligible governmental plans that meet the requirements of IRC Section 457(b). For this purpose, a group trust may include a custodial account that is treated as a trust under IRC Section 401(f) or under Code Section 457(g)(3). "IRC" as used herein means the Internal Revenue Code of 1986, as applicable to governmental plans.

2. For purposes of valuation, the value of the interest maintained by the DC accounts of PERS and TRS in such group trust shall be the fair market value of the units of the group trust held for said accounts determined in accordance with generally recognized valuation procedures.

3. The Board will assist as necessary the Administrator in incorporating one or more group trust(s) as part of the plan documents for the SBP-AP and the DC accounts of PERS and TRS, and will further assist in or execute appropriate participation and/or adoption agreements with the group trust's trustee.

DATED at Juneau, Alaska this _____ day of April, 2006.

Chair

[SEAL]

ATTEST:

Secretary