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Sent: Monday, October 06, 2008 2:35 PM

To: tpalin@mccain08hq.com

Subject: PERS and SBS investment funds

Hello Mr. Palin,

The following is the information I was given by the Division of Retirement and Benefits relating to the investments of the PERS and SBS employee funds. The Governor's PERS account is one account for all PERS services (both state and Wasilla), and as you know there are two SBS accounts, one for Wasilla service and one for state service.

Info from Retirement & Benefits:

"The Alaska Retirement Management Board (ARMB) is the fiduciary for the retirement systems of the State of Alaska. The ARMB directs the investment of the defined benefit systems of the State of Alaska, including the Public Employees' Retirement System (PERS). The ARMB also selects the investment options available to the participants of the various participant-directed plans of the State of Alaska, including the Supplemental Annuity Plan (SBS). The ARMB is composed of nine trustees and utilizes independent consultants and other resources in making investment decisions.

PERS is one of the defined benefit systems of the State of Alaska. The ARMB directs the investment of the assets of the system with the goal of meeting the benefit obligations to the participants. Participants do not direct the investment of the assets and they do not have direct access to the assets. The system is invested in a diversified fashion across several asset classes.

The Supplemental Annuity Plan is a participant-directed supplemental retirement savings program for the State of Alaska. SBS participants have a range of investment options available to them across several asset classes. The ARMB selects the line-up of investment options and the default investment option. The current default investment option is the Alaska Long-Term Balanced Trust which was put in place in 2001. The prior default investment option was the Alaska Balanced Trust which started in 1996. Both of these balanced trusts are target-risk stock and bond balanced funds independently managed for the State of Alaska by T. Rowe Price. These trusts are low-cost, well-diversified, enhanced-index investment options which provide risk, return, and underlying investments that are similar to the segments of the market that they invest in. Participants in the SBS funds are informed of the top 10 holdings 15 days after the end of each quarter."

Please let me know if you need any further information.

Linda

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10/15/2009