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Letters to the Editor
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To the Editor:

The Editorial Board's pessimistic view ("Alaskans Flirt With Pension Peril", Review & Outlook, February 28) of Alaska's proposed plan to create a defined-benefit (DB) retirement system for state employees and teachers ignores the success other states have had managing pensions and the benefits that accrue to their citizens. The proposal in Alaska follows the lead of states such as West Virginia that choose practicality over ideology. Pension plan costs have stabilized and the funded status continues to climb since West Virginia's teachers' pension plan was reopened, while Michigan, which closed its state employees' plan 27 years ago, has seen retirement costs increase eightfold. Of the states that have closed their plans, there's no evidence of good outcomes relative to workforce management, benefit adequacy, or cost.

The National Institute on Retirement Security published a report last year illustrating the poor retention rates of workers in Alaska's defined-contribution plans, which will only worsen as the share of workers in the pension plans continue to decline. The Alaska legislature's decision to close its two statewide DB pension plans for teachers and public employees was a misguided effort to manage the unfunded liability. Not only did the retirement plan change not address the funding shortfall, it created workforce recruitment and retention challenges for public employers.

The DB proposal exemplifies the idea that states are laboratories, as it is informed by the benefit structures used in Wisconsin and South Dakota, which proved incredibly successful at maintaining stable costs throughout the Global Financial Crisis. Returning to a redesigned DB plan would be a step in the right direction and would serve Alaska's communities well.

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