Major Changes in SB 121

Substantive changes in Sen. L&C “R” version:

* The changes in the bill take effect 7/1/2013
* Employees currently in the DC plan who convert are not automatically entitled to credit for all the time they’ve worked.
  + The actuarial ‘time value’ of the DC account will be credited automatically.
  + The employee may choose to create an indebtedness to make up any shortage, up to the actual years of service.
* Retirees in the new Defined Benefit tiers will pay a share of the premiums for medical insurance. These will be the same as DC retirees:
  + If the retiree is eligible for Medicare, the retiree pays:
    - 30 percent with 10-15 years of service
    - 25 percent with 15-20 years of service
    - 20 percent with 20-25 years of service
    - 15 percent with 25-30 years of service
    - 10 percent with 30 or more years of service
  + If a teacher, peace officer, or firefighter works 25 years or more, the retiree pays the percentages above, *even if not eligible for Medicare*.
  + If a PERS employee who is not a peace officer or firefighter works 30 years or more, the retiree pays 10 percent of the premium *even if not eligible for Medicare.*

The CS also makes some technical and mechanical changes:

* The title is more descriptive of the bill.
* When an employee converts from one plan to another, the change is retroactive to the date of hire. (This does not change the service credit provisions in the bill.)
* Language was clarified to ensure survivors of Defined Benefit members are eligible for survivor benefits.
* References to the Alaska Retirement Management Board transferring funds were changed to the administrator (Department of Administration) to reflect current practice.
* Language requiring individual accounts to be transferred with “interest” was changed to “with investment earnings and losses” to avoid confusion with statutory interest rates under other retirement statutes.