



SENATOR JESSE KIEHL

Sectional Analysis Senate Bill 46

"An Act relating to restoration of tenure for certain disabled individuals; relating to the Public Employee's Retirement System of Alaska and the Teachers' Retirement System; providing certain employees an opportunity to choose between the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska and the Teachers' Retirement System; and providing for an effective date."

Section 1 – Restoration of Tenure Rights. Teacher who retired due to a disability, has the opportunity to seek Vocational Rehabilitation for Administrative Approval.

Sections 2 & 3 – Clarify that the Teachers Retirement System (TRS) defined benefit (DB) statutes apply only to employees who participate in the DB plan and did not convert to defined contribution (DC). No employee can participate in both the DB and DC plans. Sec. 2 also puts all TRS employers on an equal footing by requiring them to offer new employees the choice between DB and DC systems.

Sections 4 and 5 – Set employee contributions for the new DB tier at eight percent of pay, while leaving prior tier employees' contributions unchanged.

Sections 6 and 7 – Require a person receiving disability benefits under the DB tiers to seek work and receive a medical examination. Sets limits on the frequency of the exams.

Section 8 – Closes the Tier II DB health plan to new hires and those DC members who choose to convert to the new TRS DB tier.

Section 9 – Spousal medical coverage for public employees outlines eligibility and benefits.

Section 10 & 11 – Puts all TRS employers on an equal footing by requiring them to offer new employees the choice between DB and DC.



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Section 12 – Gives a newly hired teacher the choice between DB and DC systems. This is a one-time irrevocable choice. Sets timeframes and rules for the process.

Section 13 – A person with disability benefits shall, seek vocational rehabilitation and outlines cause for termination.

Sections 14 & 15 – Not duplicated in TRS, this is unique to PERS. It matches the defined contribution system, by putting a minimum wage threshold for elected officials in the New DB tier.

Sections 16 & 17 – Clarifies previous public safety contribution and sets employee contribution rate at 8% of pay.

Section 18 & 19 - Require a person receiving disability benefits under the DB tiers to seek work and receive a medical examination. Sets limits on the frequency of the exams.

Section 20 – Spousal medical coverage for public employees outlines eligibility and benefits.

Section 21 – Termination of employer's participation, does not bar future participation in the system.

Section 22 – Defines "employer".

Sections 23 & 24 - Clarifies that the Public Employee Retirement System (PERS) DB statutes apply only to employees who participate in the DB plan and did not convert to DC. No employee can participate in both the DB and DC plans

Section 25 - Retirement plan one-time election, sets time frame, and recalculation of employer contributions.

Section 26 - A person with disability benefits shall, seek vocational rehabilitation and outlines cause for termination.



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Section 27 - Repeals sections that let non-vested employees convert from DB to DC and required employers to match the funds transferred dollar for dollar. Repeals sections related to political subdivisions that participate only in the DC plan. Repeals a requirement that DB employees who refunded contributions from the system and return to work after July 1, 2010 participate only in the DC plan. (Such employees will thus be treated as new hires.)

Section 28 & 29 – Clarifies that the Public Employees DB statutes apply only to employees who participate in the DB plan and did not convert to DC. No employee can participate in both the DB and DC plans. This section also puts all PERS employers on an equal footing by requiring them to offer new employees the choice between DB and DC systems. Also outlines process and clarifies definitions.

Section 30 – Allows the Commissioner of Administration to adopt regulation to implement and make specific the bills provisions.

Section 31 – Is an immediate effective date for sections 29 and 30 of the bill.

Section 32 – Makes the bill effective July 1, 2020 except as provided in Sec. 31.