

**HB 79**  
**EXPLANATION OF CHANGES**  
**VERSION U TO VERSION O**

House Finance Committee

February 27-28, 2020

liquidating the past service liability of the defined benefit retirement plan under AS 14.25.009 - 14.25.220 or the past service liability of the defined benefit retirement plan under AS 39.35.095 - 39.35.680 must be determined by a level percent of pay method based on amortization of the past service liability for a closed term of 25 years;

(C) an appropriate monthly employer contribution under AS 39.35.255(i); and

(D) appropriate adjustments, if any, under (b)(5) and (b)(6) of this section;

(9) review actuarial assumptions prepared and certified by a member of the American Academy of Actuaries and conduct experience analyses of the retirement systems not less than once every four years, except for health cost assumptions, which shall be reviewed annually; the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the board;

(10) contract for an independent audit of the state's actuary not less than once every four years;

(11) contract for an independent audit of the state's performance consultant not less than once every four years;

(12) obtain an external performance review to evaluate the investment policies of each fund entrusted to the board and report the results of the review to the appropriate fund fiduciary;

(13) by the first day of each regular legislative session, report to the governor, the legislature, and the individual employers participating in the state's retirement systems on the financial condition of the systems in regard to

(A) the valuation of trust fund assets and liabilities;

(B) current investment policies adopted by the board;

(C) a summary of assets held in trust listed by the categories of investment;

(D) the income and expenditures for the previous fiscal year;

(E) the return projections for the next calendar year;

This section has been edited  
for brevity to better show  
context.

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\* **Section 1.** AS 37.10.220(a) is amended to read:

(a) The board shall

(8) coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios and to certify to the appropriate budgetary authority of each employer in the system

(C) an appropriate monthly employer contribution under AS 39.35.255(i); and

(D) appropriate adjustments, if any, under (b)(5) and (b)(6) of this section;

\* **Sec. 2.** AS 37.10.220(b) is amended to read:

(b) The board may

(5) adjust the amount of the increase in benefits payable to a peace officer or firefighter who first becomes a member after June 30, 2006, as provided under AS 39.35.475;

(6) adjust employee contribution rates under AS 39.35.160(e).

10 \* Sec. 15. AS 39.35.255(a) is amended to read:

11 (a) Except as required by (i) of this section, an [EACH] employer shall  
12 contribute to the system every payroll period an amount calculated by applying a rate  
13 of 22 percent of the greater of the total of all base salaries

5 \* Sec. 18. AS 39.35.255 is amended by adding new subsections to read:

6 (i) An employer that employs a peace officer or firefighter who first  
7 participates in the plan after June 30, 2006, shall contribute to the system every payroll  
8 period an amount equal to the sum of

9 (1) a per capita amount that is calculated by applying a rate,  
10 determined by the board, of not less than 12 percent of the total monthly compensation  
11 the employer pays to all peace officers and firefighters who first became members of  
12 the plan after June 30, 2006; and

13 (2) an amount, determined by the board, that is equal to the difference  
14 between the per capita amount determined under (1) of this subsection and the amount  
15 calculated under (a) of this section.

16 (j) The board may from time to time increase the percentage rate determined  
17 under (i)(1) of this section; however, that increase must be based on a concurrent  
18 increase, if any, in the employee contribution rate under AS 39.35.160(e).

3       \* Sec. 25. AS 39.35.475 is amended by adding new subsections to read:

4               (g) A person who receives a benefit under AS 39.35.370(l) is eligible to  
5       receive an increase in benefits under this section.

6               (h) If the board determines that the portion of the unfunded liability of the plan  
7       that is attributable to all peace officers and firefighters who first become members of  
8       the plan after June 30, 2006, is greater than 10 percent, the board may reduce the  
9       amount of the increase under (b) of this section that is payable to a peace officer or  
10      firefighter who first becomes a member after June 30, 2006. At any time, the board  
11      may terminate a reduction made under this subsection.

REMAINDER OF CHANGES RENUMBER  
THE BILL ACCORDINGLY

Questions?