

CS FOR SENATE BILL NO. 85(RLS)

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE

Offered: 3/30/00

Referred: Today's Calendar

Sponsor(s): SENATOR MACKIE

REPRESENTATIVE James

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credited service in the public employees' retirement system
2 for temporary employment; and creating a public service benefit in the public
3 employees' retirement system."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 39.35.345(d) is repealed and reenacted to read:

6 (d) An employee may choose whether the credited service granted under this
7 section is used to satisfy the credited service requirements for normal retirement under
8 AS 39.35.370(a)(2) or (3) or 39.35.385(f) or is only used for the calculation of
9 benefits. An election under this subsection is irrevocable and applies to all temporary
10 credited service that the employee has accrued when the employee retires. An election
11 under this subsection does not change the date that an employee is considered to have
12 commenced participation in the system under AS 39.35.120.

13 * **Sec. 2.** AS 39.35.345 is amended by adding a new subsection to read:

14 (e) Notwithstanding the requirement in (a) of this section that an employee be

1 vested to claim credited service under this section, for purposes of a conditional
 2 service retirement benefit under AS 39.35.385(f), an employee may claim credited
 3 service under this section for temporary legislative employment before July 1, 1979,
 4 for which the employee has not received credited service under AS 39.35.360(g).

5 * **Sec. 3.** AS 39.35 is amended by adding a new section to read:

6 **Sec. 39.35.375. Public service benefit.** (a) An active or inactive member
 7 who has never been vested in this system or in the teachers' retirement system under
 8 AS 14.25, who has at least two years of credited service in this system, and who has
 9 membership service in the teachers' retirement system may claim credited service in
 10 this system in an amount equal to the membership service the member has in the
 11 teachers' retirement system. The claimed credited service may be added to service
 12 earned under this chapter to enable the member to qualify for a public service benefit
 13 under this section. The member may not claim credited service for membership
 14 service for which the member has received a refund under AS 14.25.150 unless the
 15 member fully pays the indebtedness as established under AS 14.25.063. The member
 16 may not claim credited service in this system based on unused sick leave under
 17 AS 14.25.115.

18 (b) To claim credited service under this section, the member shall file a written
 19 request with the administrator when the member applies to retire. The administrator
 20 shall determine the full actuarial cost of benefits based on the member's total credited
 21 service and shall transfer from the teachers' retirement system to this system an
 22 amount equal to the sum of the member contributions and any indebtedness payments
 23 to the teachers' retirement system and the employer contributions to the teachers'
 24 retirement system made on behalf of the employee together with interest earned on
 25 those contributions and indebtedness payments. If the amount to be transferred, when
 26 combined with the amount of employee contributions and indebtedness payments to
 27 this system and the amount of employer contributions on behalf of the employee in
 28 this system, and interest earned on contributions and indebtedness payments for the
 29 employee, is less than the full actuarial cost computed under this subsection, an
 30 indebtedness to the system equal to the amount of the difference is established.
 31 Interest as prescribed by regulation accrues on the indebtedness. The member must pay

1 any outstanding indebtedness existing at the time the member applies for retirement
2 in full before the member is appointed to retirement under this section.

3 (c) A member is entitled to receive a public service benefit under this section
4 if the member has at least a total of five years credited service under this chapter and
5 credited service from the teachers' retirement system claimed under this section. A
6 public service benefit shall be calculated using the higher of the average monthly
7 compensation for service in this system or the average base salary for service in the
8 teachers' retirement system. The amount of the benefit shall be calculated in
9 accordance with AS 39.35.370(c).

10 (d) Credited service earned under either this system or the teachers' retirement
11 system that has been claimed for a public service benefit under this section may not
12 be used for any other purpose. A member who claims credited service under this
13 section loses all rights to benefits under AS 14.25 based on the claimed credited
14 service. A member may not claim credited service under this section unless the
15 member claims all of the membership service the member has in the teachers'
16 retirement system. A public service benefit does not constitute a normal or early
17 retirement benefit for purposes of qualifying for a conditional service retirement benefit
18 under AS 14.25.125 or AS 39.35.385.

19 (e) A member whose rights to benefits under AS 14.25 are subject to a
20 qualified domestic relations order may claim credited service under this section.
21 However, the credited service claimed remains subject to the terms of the order.

22 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the
23 teachers' retirement system who is an active member or inactive member of this
24 system may reinstate, under this section, membership service earned under AS 14.25
25 for which the member received a refund of contributions.

26 (g) If a member retires under this section and subsequently returns to work for
27 an employer under this system or the teachers' retirement system, benefits under this
28 section shall cease during the period of reemployment and shall recommence when the
29 reemployment is ended. The credited service earned during the period of
30 reemployment may not be added to the credited service claimed for a public service
31 benefit under this section. If a member vests and meets the other eligibility

1 requirements under this system or the teachers' retirement system during the
2 reemployment, the member is entitled to a benefit under AS 14.25 or AS 39.35, as
3 appropriate.

4 * **Sec. 4.** A member of the public employees' retirement system who has claimed credited
5 service under AS 39.35.345 before the effective date of this Act may exercise the election
6 established under AS 39.35.345(d), as amended by sec. 1 of this Act, before the member is
7 appointed to retirement.