



# LAWS OF ALASKA

**2004**

**Source**  
CSSB 232(FIN)

**Chapter No.**  
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## **AN ACT**

Relating to federal tax requirements for and other provisions of the teachers' retirement system, the public employees' retirement system, and the judicial retirement system; removing village public safety officers from the public employees' retirement system; eliminating the public employees' retirement system conditional duty to refund contributions under \$1,000 to inactive employees; limiting service credit for village public safety officer service in the public employees' retirement system to five years; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1



## AN ACT

1 Relating to federal tax requirements for and other provisions of the teachers' retirement  
2 system, the public employees' retirement system, and the judicial retirement system; removing  
3 village public safety officers from the public employees' retirement system; eliminating the  
4 public employees' retirement system conditional duty to refund contributions under \$1,000 to  
5 inactive employees; limiting service credit for village public safety officer service in the  
6 public employees' retirement system to five years; and providing for an effective date.

7  
8 \* **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section  
9 to read:

10 PURPOSE. The purpose of this Act is to

11 (1) ensure that the teachers' retirement system, the public employees'  
12 retirement system, and the judicial retirement system continue to meet governmental plan

1 qualifications set by the Internal Revenue Service so that those plans may qualify for  
2 favorable federal tax treatment; and

3 (2) implement changes in those retirement systems so that members can take  
4 advantage of changes in federal tax laws and better plan their retirement.

5 \* **Sec. 2.** AS 14.25.010 is amended by adding a new subsection to read:

6 (c) An amendment to this chapter does not provide a person with a vested  
7 right to a benefit if the Internal Revenue Service determines that the amendment will  
8 result in disqualification of the plan under the Internal Revenue Code.

9 \* **Sec. 3.** AS 14.25.050(a) is amended to read:

10 (a) Except as provided in (c) of this section, beginning January 1, 1991, each  
11 member [TEACHER] shall contribute to the system an amount equal to 8.65 percent  
12 of the member's [TEACHER'S] base salary accrued from July 1 to the following  
13 June 30. The employer shall deduct the contribution from the member's  
14 [TEACHER'S] salary at the end of each payroll period, and the contribution shall be  
15 credited by the system to the member contribution account. The contributions  
16 shall be deducted from employee compensation before the computation of applicable  
17 federal taxes and shall be treated as employer contributions under 26 U.S.C. 414(h)(2).  
18 A member may not have the option of making the payroll deduction directly in cash  
19 instead of having the contribution picked up by the employer.

20 \* **Sec. 4.** AS 14.25.060(a) is amended to read:

21 (a) If a member first joined the system [SERVICE] before July 1, 1990, and  
22 has military service or Alaska Bureau of Indian Affairs (BIA) service, or if a member  
23 joined the system before July 1, 1978, and has creditable outside service, the member  
24 may claim this service. If the member claims the service, the member is indebted  
25 to the system as follows:

26 (1) at [AT] the time of first becoming a member of the system, the  
27 arrearage indebtedness is seven percent of the base salary multiplied by the total  
28 number of years of creditable outside, military, and Alaska BIA service; the [ THE]  
29 administrator shall add compound interest at the rate prescribed by regulation to the  
30 arrearage indebtedness beginning July 1, 1963, or at the time the member first  
31 becomes eligible to claim the service, whichever is later, to the date of payment or the

1 date of retirement, whichever occurs first; [.]

2 (2) **if** [IF] a member terminates from the system and is subsequently  
3 reemployed as a member, the arrearage indebtedness to the system for outside,  
4 military, or Alaska BIA service accumulated in the interim is seven percent of the base  
5 salary upon reentering membership service, multiplied by the number of years of  
6 interim outside, military, and Alaska BIA service; **compound** [. COMPOUND]  
7 interest at the rate prescribed by regulation shall be added to the arrearage  
8 indebtedness beginning July 1, 1963, or the date of reemployment as a member,  
9 whichever is later, to the date of payment or the date of retirement, whichever occurs  
10 first.

11 \* **Sec. 5.** AS 14.25.062 is amended to read:

12 **Sec. 14.25.062. Reinstatement indebtedness.** A **member** [TEACHER] who  
13 has received a refund of contributions in accordance with AS 14.25.150 **forfeits**  
14 **corresponding credited service under this chapter. A member may elect to**  
15 **reinstate credited service associated with the refund by repaying the total amount**  
16 **of the refund. If an election is made under this section, an indebtedness** [IS  
17 INDEBTED] to the system in the amount of the total refund **shall be established.**  
18 Compound interest at the rate prescribed by regulation shall be added to the  
19 reinstatement indebtedness from the date of the refund to the date of repayment or the  
20 date of retirement, whichever occurs first.

21 \* **Sec. 6.** AS 14.25.070 is amended to read:

22 **Sec. 14.25.070. Contributions by employer.** An employer shall contribute to  
23 the system an amount equal to the percentage, as certified by the administrator, of the  
24 sum total of the base salaries of all **members** [TEACHERS] that is required in  
25 addition to **member** [TEACHER] contributions to provide the benefits of this chapter  
26 times the sum total of the base salaries paid to **members** [TEACHERS], including any  
27 adjustments to contributions required by AS 14.25.173(a), by the employer.

28 \* **Sec. 7.** AS 14.25.075(a) is amended to read:

29 (a) An employee who is eligible to purchase credited service under  
30 AS 14.25.047 or 14.25.048, a member who is eligible to purchase credited service  
31 under **AS 14.25.048, 14.25.050, 14.25.060** [AS 14.25.060], 14.25.061, **14.25.062,**

1 [OR] 14.25.100, or 14.25.107, or a teacher who is eligible to purchase credited service  
2 under AS 14.20.345, AS 14.25.050, 14.25.062, or 14.25.105 [IS A MEMBER FOR  
3 PURPOSES OF THIS SECTION. A MEMBER], in lieu of making payments directly  
4 to the system, may elect to have the member's employer make payments as provided  
5 in this section.

6 \* **Sec. 8.** AS 14.25.075(b) is amended to read:

7 (b) A member may elect to have the employer make payments for all or any  
8 portion of the amounts payable for the member's purchase of credited service through  
9 a salary reduction program as follows:

10 (1) the amounts paid under a salary reduction program are in lieu of  
11 contributions by the member making the election; the electing member's salary or  
12 other compensation shall be reduced by the amount paid by the employer under this  
13 subsection [SECTION];

14 (2) the member shall make an irrevocable election under this  
15 subsection [SECTION] to purchase credited service as permitted in AS 14.20.345,  
16 AS 14.25.047, 14.25.048, 14.25.050, 14.25.060, 14.25.061, 14.25.062, 14.25.100,  
17 [OR] 14.25.105, or 14.25.107 before the member's termination of employment; the  
18 irrevocable election must specify the number of payroll periods that deductions will  
19 be made from the member's compensation and the dollar amount of deductions for  
20 each payroll period during the specified number of payroll periods; the deductions  
21 made under this paragraph cease upon the earlier of the member's termination  
22 of employment with the employer or the member's death; amounts paid by an  
23 employer under (f) of this section may not be applied toward the payment of the  
24 dollar amount of the deductions representing the portion of the credited service  
25 that is being purchased by the member through payroll deduction in accordance  
26 with the member's irrevocable election under this paragraph;

27 (3) [A MEMBER WHO MAKES AN ELECTION UNDER THIS  
28 SECTION TO HAVE THE EMPLOYER MAKE PAYMENTS FOR LESS THAN  
29 ALL OF THE AMOUNTS PAYABLE FOR THE MEMBER'S PURCHASE OF  
30 CREDITED SERVICE MAY SUBSEQUENTLY ELECT TO HAVE THE  
31 EMPLOYER MAKE PAYMENTS FOR ALL OR ANY PORTION OF THE

1 REMAINING AMOUNTS PAYABLE FOR THE MEMBER'S PURCHASE OF  
2 CREDITED SERVICE;

3 (4)] amounts paid by an employer under this **subsection** [SECTION]  
4 shall be treated as employer contributions for the purpose of determining tax treatment  
5 under 26 U.S.C. (Internal Revenue Code); the amounts paid by the employer under  
6 this section may not be included in the member's gross income for income tax  
7 purposes until those amounts are distributed by refund or retirement benefit payments.

8 \* **Sec. 9.** AS 14.25.075(f) is amended to read:

9 (f) **The** [TO THE EXTENT THAT A PAYMENT UNDER THIS SECTION  
10 DOES NOT ALTER, AMEND, OR REVOKE ANY ONE OR MORE CURRENTLY  
11 EFFECTIVE ELECTIONS MADE BY THE EMPLOYEE, THE] board may accept  
12 **rollover** [EMPLOYEE] contributions **from a member, and direct transfers as**  
13 **described in this subsection, for the purchase, in whole or in part, of forfeited**  
14 **credited service under this section for the reinstatement, in whole or in part, of**  
15 **forfeited credited service under AS 14.25.062. Contributions made under this**  
16 **subsection may not be applied to purchase service being paid under (b) of this**  
17 **section. A rollover contribution or transfer as described in this subsection** [,  
18 WHICH] shall [ALSO] be treated as employer contributions for the purpose of  
19 determining tax treatment under the Internal Revenue Code **and may be made** [, FOR  
20 THE PAYMENT FOR CREDITED SERVICE PURCHASES MADE UNDER THIS  
21 SECTION IN WHOLE OR IN PART,] by any one or a combination of the following  
22 methods:

23 (1) subject to the limitations prescribed in [26 U.S.C. 401(a)(3) AND]  
24 26 U.S.C. 402(c), accepting eligible rollover distributions directly from one or more  
25 retirement programs of another employer that are qualified under 26 U.S.C. 401(a) or  
26 accepting rollovers directly from **a member** [AN EMPLOYEE];

27 (2) subject to the limitations prescribed in 26 U.S.C. 408(d)(3)(A)(ii),  
28 accepting from **a member** [AN EMPLOYEE] conduit rollover contributions that are  
29 received by the **member** [EMPLOYEE] from one or more conduit rollover individual  
30 retirement accounts previously established by the **member** [EMPLOYEE];

31 (3) subject to the limitations prescribed in 26 U.S.C. 403(b)(13),

1 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the  
2 member [EMPLOYEE], on or [AND] after January 1, 2002, from a tax sheltered  
3 annuity described in 26 U.S.C. 403(b);

4 (4) subject to the limitations prescribed in 26 U.S.C. 457(e)(17),  
5 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the  
6 member [EMPLOYEE], on or [AND] after January 1, 2002, from an eligible deferred  
7 compensation plan of a tax-exempt organization or a state or local government  
8 described in 26 U.S.C. 457(b);

9 (5) accepting direct trustee-to-trustee transfer from an account  
10 established for the benefit of the member in AS 39.30.150 - 39.30.180 (Alaska  
11 Supplemental Annuity Plan).

12 \* **Sec. 10.** AS 14.25.075(i) is amended to read:

13 (i) On satisfaction of the eligibility requirements of AS 14.20.345,  
14 AS 14.25.047, 14.25.048, 14.25.050, 14.25.060, 14.25.061, 14.25.062, 14.25.100,  
15 [OR] 14.25.105, or 14.25.107, the requirements of this section, and the administrative  
16 filing requirements specified by the board, the system shall adjust the member's  
17 credited service history and add any additional service credits acquired.

18 \* **Sec. 11.** AS 14.25.110(k) is amended to read:

19 (k) For system fiscal years beginning after December 31, 1975, and  
20 notwithstanding [NOTWITHSTANDING] any other provision of this chapter, the  
21 projected annual benefit provided by this chapter and the benefit from all other defined  
22 benefit plans required to be aggregated with the benefits from this system under the  
23 provisions of 26 U.S.C. 415 may not increase to an amount in excess of the amount  
24 permitted under 26 U.S.C. 415 at any time. In the event that any projected annual  
25 benefit of a member exceeds the limitation of 26 U.S.C. 415 for a limitation year, the  
26 system shall take any necessary remedial action to correct an excess accrued annual  
27 benefit. The provisions of 26 U.S.C. 415, and the regulations adopted under that  
28 statute, as applied to qualified defined benefit plans of governmental employers are  
29 incorporated as part of the terms and conditions of the system. This subsection applies  
30 to any member of this system.

31 \* **Sec. 12.** AS 14.25.165(h) is amended to read:



(h) Unless otherwise specified, the provisions of this section apply to calendar years beginning on or after January 1, **1983** [1989].

\* **Sec. 13.** AS 14.25.220(2) is amended to read:

(2) "actuarial adjustment" means the adjustment necessary to obtain equality in value of the aggregate expected payments under two different forms of pension payments, considering expected mortality and interest earnings on the basis of **assumptions, factors, and methods specified in regulations issued under the system that are formally adopted under AS 14.25.022 by the board and that clearly preclude employer discretion in the determination of the amount of any member's benefit** [TABLES REFERRED TO IN THE INFORMATION HANDBOOK PUBLISHED UNDER AS 14.25.030(5)];

\* **Sec. 14.** AS 14.25.220(42) is amended to read:

(42) "teacher" **and** [OR] "member" **are used interchangeably under this chapter and mean** [MEANS] a person eligible to participate in the system and who is covered by the system, limited to

(A) a certificated full-time or part-time elementary or secondary teacher, a certificated school nurse, or a certificated person in a position requiring a teaching certificate as a condition of employment in a public school of the state, the Department of Education and Early Development, or the Department of Labor and Workforce Development;

(B) a full-time or part-time teacher of the University of Alaska or a person occupying a full-time administrative position at the University of Alaska that requires academic standing; the approval of the administrator must be obtained before an administrative position qualifies for membership in the system; however, a teacher or administrative person at the university who is participating in the optional university retirement program under AS 14.40.661 - 14.40.799 is not a member under this system;

(C) a state legislator who elects membership under AS 14.25.040(b);

\* **Sec. 15.** AS 22.25.011 is amended to read:

**Sec. 22.25.011. Contributions of judges and justices.** Each justice and

1 judge appointed after July 1, 1978, **is a member under the judicial retirement**  
2 **system as of the date of the justice's or judge's appointment and** shall contribute  
3 seven percent of the base annual salary received by the justice or judge to the judicial  
4 retirement system. Contributions shall be made for all creditable service under this  
5 chapter up to a maximum of 15 years. This contribution is made in the form of a  
6 deduction from compensation, at the end of each payroll period, and is made even if  
7 the compensation paid in cash to the justice or judge is reduced below the minimum  
8 prescribed by law. The contributions shall be deducted from the justice's or judge's  
9 compensation before the computation of applicable federal taxes and shall be treated  
10 as employer contributions under 26 U.S.C. 414(h)(2). A member may not have the  
11 option of making the payroll deduction directly in cash instead of having the  
12 contribution picked up by the employer. Each justice and judge is considered to  
13 consent to the deduction from compensation. Payment of compensation less the  
14 deduction constitutes a full discharge of all claims and demands for the services  
15 rendered by the justice or judge during the period covered by the payment, except as  
16 to the benefits provided for under this chapter. The contributions shall be credited to  
17 the judicial retirement fund established in accordance with AS 22.25.048.

18 \* **Sec. 16.** AS 22.25.012(a) is amended to read:

19 (a) An administrative director of the Alaska court system appointed under art.  
20 IV, sec. 16 of the state constitution is **a member under the judicial retirement**  
21 **system as of the date of the administrative director's appointment and is** entitled  
22 to retirement benefits under this chapter on the terms and conditions applicable to a  
23 superior court judge appointed after July 1, 1978, except that an administrative  
24 director may receive retirement benefits only with service as administrative director  
25 for 10 or more years.

26 \* **Sec. 17.** AS 22.25.025 is amended by adding a new subsection to read:

27 (b) An amendment to this chapter does not provide a person with a vested  
28 right to a benefit if the Internal Revenue Service determines that the amendment will  
29 result in disqualification of the plan under the Internal Revenue Code.

30 \* **Sec. 18.** AS 22.25.048(i) is amended to read:

31 (i) **If the judicial retirement system is terminated,**

1                   **(1) a member whose contributions have not been refunded,**  
2                   **regardless of the member's employment status at the date of the termination of**  
3                   **the system, shall be considered fully vested in the member's adjusted accrued**  
4                   **retirement benefits as of the date of the termination of the system; and**

5                   **(2) if** [IF, UPON TERMINATION OF THE SYSTEM,] all liabilities  
6                   are satisfied, any excess assets arising from erroneous actuarial computation shall  
7                   revert to the employer.

8       \* **Sec. 19.** AS 22.25.900(1) is amended to read:

9                   (1) "actuarial equivalent" means **the adjustment necessary to obtain**  
10                  equality in value of the aggregate expected payments under two different forms of  
11                  pension payments, considering expected mortality and interest earnings on the basis of  
12                  **assumptions, factors, and methods specified in regulations issued under the**  
13                  **system that are formally adopted under AS 22.25.027 by the commissioner of**  
14                  **administration that clearly preclude employer discretion in the determination of**  
15                  **the amount of any justice's, judge's, or member's benefit** [TABLES REFERRED  
16                  TO IN THE INFORMATION HANDBOOK PUBLISHED UNDER AS 22.25.025];

17       \* **Sec. 20.** AS 39.35.010 is amended by adding a new subsection to read:

18                  (d) An amendment to this chapter does not provide a person with a vested  
19                  right to a benefit if the Internal Revenue Service determines that the amendment will  
20                  result in disqualification of the plan under the Internal Revenue Code.

21       \* **Sec. 21.** AS 39.35.120 is amended to read:

22                  **Sec. 39.35.120. Commencement of participation.** (a) An employee of the  
23                  state shall be included in this system upon commencement of employment with the  
24                  state, or on January 1, 1961, whichever is later. Unless an employee has elected to  
25                  participate in the optional university retirement program under AS 14.40.661 -  
26                  14.40.799, an employee of a political subdivision or public organization that becomes  
27                  an employer shall be included in the system on the effective date of the employer's  
28                  participation or the date of the employee's commencement of employment with the  
29                  employer, whichever is later. [UNLESS THE VILLAGE PUBLIC SAFETY  
30                  OFFICER WAIVES COVERAGE UNDER AS 39.35.127, A VILLAGE PUBLIC  
31                  SAFETY OFFICER EMPLOYED UNDER THE VILLAGE PUBLIC SAFETY

1 OFFICER PROGRAM ESTABLISHED IN AS 18.65.670 IS INCLUDED IN THIS  
2 SYSTEM ON THE EFFECTIVE DATE OF THIS BILL SECTION OR UPON THE  
3 OFFICER'S COMMENCEMENT OF EMPLOYMENT WITH THE EMPLOYER,  
4 WHICHEVER IS LATER.]

5 (b) Inclusion in the system is a condition of employment for an employee  
6 except as otherwise provided for

7 (1) an elected official;

8 (2) an employee making an election under AS 39.35.150(b); **and**

9 (3) an employee of the university who has elected to participate in the  
10 optional university retirement program under AS 14.40.661 - 14.40.799 [; AND

11 (4) A VILLAGE PUBLIC SAFETY OFFICER EMPLOYED BY A  
12 NONPROFIT REGIONAL CORPORATION AS SET OUT IN AS 39.35.127].

13 \* **Sec. 22.** AS 39.35.165(b) is amended to read:

14 (b) An employee may elect to have the employer make payments for all or any  
15 portion of the amounts payable for the employee's purchase of credited service  
16 through a salary reduction program as follows:

17 (1) the amounts paid under a salary reduction program are in lieu of  
18 contributions by the employee making the election; the electing employee's salary or  
19 other compensation shall be reduced by the amount paid by the employer under this  
20 subsection;

21 (2) the employee shall make an **irrevocable** election under this section  
22 to purchase credited service as permitted in AS 39.35.310, 39.35.330, 39.35.340,  
23 39.35.342, 39.35.345, 39.35.350, 39.35.360, 39.35.370, 39.35.375, or 39.35.381 and  
24 before the employee's termination of employment; the **irrevocable** election must  
25 specify the number of payroll periods that deductions will be made from the  
26 employee's compensation and the dollar amount of deductions for each payroll period  
27 during the specified number of payroll periods; **the deductions made under this**  
28 **paragraph cease upon the earlier of the member's termination of employment**  
29 **with the employer or the member's death; amounts paid by an employer under**  
30 **(f) of this section may not be applied toward the payment of the dollar amount of**  
31 **the deductions representing the portion of the credited service that is being**

1 **purchased by the member through payroll deduction in accordance with the**  
2 **member's irrevocable election under this subsection;**

3 (3) [AN EMPLOYEE WHO MAKES AN ELECTION UNDER THIS  
4 SECTION TO HAVE THE EMPLOYER MAKE PAYMENTS FOR LESS THAN  
5 ALL OF THE AMOUNTS PAYABLE FOR THE EMPLOYEE'S PURCHASE OF  
6 CREDITED SERVICE MAY SUBSEQUENTLY ELECT TO HAVE THE  
7 EMPLOYER MAKE PAYMENTS FOR ALL OR ANY PORTION OF THE  
8 REMAINING AMOUNTS PAYABLE FOR THE EMPLOYEE'S PURCHASE OF  
9 CREDITED SERVICE;

10 (4)] amounts paid by an employer under this **subsection** [SECTION]  
11 shall be treated as employer contributions for the purpose of determining tax treatment  
12 under the Internal Revenue Code; the amounts paid by the employer under this section  
13 may not be included in the member's gross income for income tax purposes until those  
14 amounts are distributed by refund or retirement benefit payments.

15 \* **Sec. 23.** AS 39.35.165(f) is amended to read:

16 (f) **The** [TO THE EXTENT THAT A PAYMENT UNDER THIS SECTION  
17 DOES NOT ALTER, AMEND, OR REVOKE ANY ONE OR MORE CURRENTLY  
18 EFFECTIVE ELECTIONS MADE BY THE EMPLOYEE, THE] board may accept  
19 **rollover** [EMPLOYEE] contributions **from a member and direct transfers, as**  
20 **described in this subsection, for the purchase, in whole or in part, of credited**  
21 **service for the reinstatement, in whole or in part, of forfeited credited service**  
22 **under AS 39.35.350. A rollover contribution or transfer as described in this**  
23 **subsection** [, WHICH] shall also be treated as employer contributions for the purpose  
24 of determining tax treatment under the Internal Revenue Code **and may be made** [,  
25 FOR THE PAYMENT FOR CREDITED SERVICE PURCHASES MADE UNDER  
26 THIS SECTION IN WHOLE OR IN PART,] by any one or a combination of the  
27 following methods:

28 (1) subject to the limitations prescribed in 26 U.S.C. 401(a)(3) and 26  
29 U.S.C. 402(c), accepting eligible rollover distributions directly from one or more  
30 retirement programs of another employer that are qualified under 26 U.S.C. 401(a) or  
31 accepting rollovers directly from **a member** [AN EMPLOYEE];

1 (2) subject to the limitations prescribed in 26 U.S.C. 408(d)(3)(A)(ii),  
2 accepting from a member [AN EMPLOYEE] conduit rollover contributions that are  
3 received by the employee from one or more conduit rollover individual retirement  
4 accounts previously established by the member [EMPLOYEE];

5 (3) subject to the limitations prescribed in 26 U.S.C. 403(b)(13),  
6 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the  
7 member [EMPLOYEE], on or [AND] after January 1, 2002, from a tax sheltered  
8 annuity described in 26 U.S.C. 403(b);

9 (4) subject to the limitations prescribed in 26 U.S.C. 457(e)(17),  
10 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the  
11 member [EMPLOYEE], on or [AND] after January 1, 2002, from an eligible deferred  
12 compensation plan of a tax-exempt organization or a state or local government  
13 described in 26 U.S.C. 457(b);

14 (5) accepting direct trustee-to-trustee transfer from an account  
15 established for the benefit of the member in AS 39.30.150 - 39.30.180 (Alaska  
16 Supplemental Annuity Plan).

17 \* **Sec. 24.** AS 39.35.200(b) is amended to read:

18 (b) [IF, UPON TERMINATION OF EMPLOYMENT, AN EMPLOYEE  
19 HAS CREDITED SERVICE OF LESS THAN FIVE YEARS AND HAS LESS  
20 THAN \$1,000 IN THE EMPLOYEE CONTRIBUTION ACCOUNT, A REFUND OF  
21 THE EMPLOYEE CONTRIBUTION ACCOUNT MUST BE MADE UNLESS THE  
22 EMPLOYEE INDICATES IN WRITING THAT FUTURE RETIREMENT IS  
23 INTENDED AND CONTRIBUTIONS SHOULD NOT BE REFUNDED.] An  
24 employee who is reemployed with an employer and whose contributions have not  
25 been refunded before reemployment is not eligible for a refund.

26 \* **Sec. 25.** AS 39.35.342(a) is amended to read:

27 (a) A [EXCEPT FOR EMPLOYMENT FOR WHICH THE EMPLOYEE  
28 WAIVED COVERAGE UNDER AS 39.35.127, A] vested employee is entitled to  
29 credited service for employment as a village public safety officer under the program  
30 established under AS 18.65.670 for which the employee has not otherwise received  
31 credited service under this system. An employee is not entitled to credited service for

1 employment as a village public safety officer unless the employee was employed as a  
2 village public safety officer for at least one year. **The credited service claimed**  
3 **under this section may not exceed five years.** Benefits are not payable on credited  
4 service for village public safety officer service under this section unless the employee  
5 makes retroactive contributions to the system for the period of time that service credit  
6 is claimed.

7 \* **Sec. 26.** AS 39.35.370(i) is amended to read:

8 (i) **For system fiscal years beginning after December 31, 1975, and**  
9 **notwithstanding** [NOTWITHSTANDING] any other provision of this chapter, the  
10 projected annual benefit provided by this chapter and the benefit from all other defined  
11 benefit plans required to be aggregated with the benefits from this system under the  
12 provisions of 26 U.S.C. 415 may not increase to an amount in excess of the amount  
13 permitted under 26 U.S.C. 415 at any time. In the event that any projected annual  
14 benefit of a member exceeds the limitation of 26 U.S.C. 415(g) for a limitation year,  
15 the system shall take any necessary remedial action to correct an excess accrued  
16 **annual** benefit. The provisions of 26 U.S.C. 415, and the regulations adopted under  
17 that statute, as applied to qualified defined benefit plans of governmental employers  
18 are incorporated as part of the terms and conditions of the system. This subsection  
19 applies to any member of this system.

20 \* **Sec. 27.** AS 39.35.371(h) is amended to read:

21 (h) Unless otherwise specified, the provisions of this section apply to calendar  
22 years beginning on or after January 1, **1983** [1989].

23 \* **Sec. 28.** AS 39.35.680(2) is amended to read:

24 (2) "actuarial adjustment" means the adjustment necessary to obtain  
25 equality in value of the aggregate expected payments under two different forms of  
26 pension payments, considering expected mortality and interest earnings on the basis of  
27 **assumptions, factors, and methods specified in regulations issued under this**  
28 **system that are formally adopted under AS 39.35.042 by the board that clearly**  
29 **preclude employer discretion in the determination of the amount of any**  
30 **member's benefit** [TABLES REFERRED TO IN THE INFORMATION  
31 HANDBOOK PUBLISHED UNDER AS 39.35.060(8)];

1     \* **Sec. 29.** AS 39.35.680(17) is amended to read:

2                     (17) "employer" means

3                             (A) the State of Alaska; **or**

4                             (B) [A NONPROFIT REGIONAL CORPORATION, BUT  
5                     ONLY WITH RESPECT TO VILLAGE PUBLIC SAFETY OFFICERS  
6                     EMPLOYED BY THE CORPORATION UNDER AS 18.65.670 WHO HAVE  
7                     NOT TERMINATED PARTICIPATION IN THE SYSTEM UNDER  
8                     AS 39.35.127; OR

9                             (C)] a political subdivision or public organization of the state  
10                     that participates in the system;

11     \* **Sec. 30.** AS 18.65.670(d); AS 39.35.127, and 39.35.285 are repealed.

12     \* **Sec. 31.** The uncoded law of the State of Alaska enacted in sec. 49, ch. 59, SLA 2002,  
13 is amended by adding a new subsection to read:

14                     (f) Notwithstanding AS 14.25.177 and AS 39.35.547, the following provisions  
15                     of this Act are retroactive to January 1, 1993:

16                             (1) AS 14.25.163, enacted by sec. 9 of this Act;

17                             (2) AS 22.25.022, enacted by sec. 19 of this Act;

18                             (3) AS 39.35.195, enacted by sec. 32 of this Act.

19     \* **Sec. 32.** Section 48, ch. 59, SLA 2002, is repealed.

20     \* **Sec. 33.** The uncoded law of the State of Alaska is amended by adding a new section to  
21 read:

22                     REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the  
23 catchline for

24                             (1) AS 14.25.050 from "Contributions by teachers" to "Contributions of  
25 members";

26                             (2) AS 39.35.546 from "Tax exemption" to "State and federal taxation of  
27 benefits."

28     \* **Sec. 34.** This Act takes effect immediately under AS 01.10.070(c).