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Wayne
2/4/14

CS FOR HOUSE BILL NO. 247()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES HOLMES, MILLETT, AND LEDOUX, Muñoz, Costello, Lynn

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Protective Occupation Retirement Council; relating to**
2 **participation of certain employees in the defined benefit and defined contribution plans**
3 **of the public employees' retirement system; and providing for an effective date."**

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

5 *** Section 1.** AS 37.10 is amended by adding a new section to read:

6 **Sec. 37.10.222. Protective occupation employees cost-of-living allowance.**

7 (a) The board shall authorize a monthly cost-of-living allowance under
8 AS 39.35.480(a), for protective occupation employees who first participate in the
9 defined benefit retirement plan under AS 39.35.095 - 39.35.680 after June 30, 2006,
10 for each year in which the board determines that the trust fund of the defined benefit
11 retirement plan does not have an unfunded liability.

12 (b) The board may not establish a monthly cost-of-living allowance amount
13 that, for an individual, would exceed the greater of \$50 or the dollar amount equal to
14 10 percent of the individual's monthly benefit under AS 39.35.370.

1 * **Sec. 2.** AS 37.10.390 is amended by adding a new paragraph to read:

2 (5) "protective occupation employee" has the meaning given in
3 AS 37.10.490.

4 * **Sec. 3.** AS 37.10 is amended by adding new sections to read:

5 **Article 8. Protective Occupation Retirement Council.**

6 **Sec. 37.10.450. Protective Occupation Retirement Council.** (a) The
7 Protective Occupation Retirement Council is established in the Department of
8 Administration.

9 (b) The Protective Occupation Retirement Council consists of nine members.
10 The governor shall appoint

11 (1) six protective occupation employees who are members of the
12 defined benefit retirement plan under AS 39.35.095 - 39.35.680, including

13 (A) one member of the Public Safety Employees Association;

14 (B) one member of the Alaska Correctional Officers
15 Association;

16 (C) one member of the Alaska Professional Fire Fighters
17 Association;

18 (D) one member of the Anchorage Police Department
19 Employees Association;

20 (E) one employee who is employed as a firefighter by a
21 municipal fire department;

22 (F) one employee who is employed in a position other than a
23 peace officer or firefighter position;

24 (2) one member of the public at large;

25 (3) before July 1, 2033, two retirees who participate in the defined
26 benefit retirement plan under AS 39.35.095 - 39.35.680 for terms that end after three
27 years or on June 30, 2033, whichever occurs first; and

28 (4) after June 30, 2033, two retirees who were first hired after June 30,
29 2006, and who participate in the defined benefit retirement plan under AS 39.35.095 -
30 39.35.680.

31 (c) Subject to (b)(3) of this section, members of the Protective Occupation

1 Retirement Council shall serve for staggered terms of three years and may be
2 reappointed.

3 (d) The governor may remove a member for cause by providing written notice
4 to the member. After a member receives the notice, the member may not participate on
5 the Protective Occupation Retirement Council.

6 **Sec. 37.10.455. Per diem and travel expenses.** Members of the Protective
7 Occupation Retirement Council are entitled to per diem and travel expenses authorized
8 for boards and commissions under AS 39.20.180.

9 **Sec. 37.10.460. Powers and duties.** (a) The Protective Occupation Retirement
10 Council shall

11 (1) make recommendations to the Alaska Retirement Management
12 Board concerning the board's investment policies, strategies, and procedures that
13 affect the retirement benefits of protective occupation employees;

14 (2) determine the amount of a contribution under AS 39.35.160(h);

15 (3) determine an assumed variable benefit as required under
16 AS 39.35.370(m) and (n);

17 (4) adjust the amounts of annual stipends as required under
18 AS 39.35.535(g).

19 (b) The Protective Occupation Retirement Council may

20 (1) enter into contracts for actuarial services that are necessary to carry
21 out the powers and duties of the council under this section;

22 (2) establish employee contribution rates under AS 39.35.160(e) and
23 (f).

24 **Sec. 37.10.490. Definitions.** In AS 37.10.450 - 37.10.490, "protective
25 occupation employee" means

26 (1) a peace officer as defined in AS 39.35.680;

27 (2) a firefighter as defined in AS 39.35.680; or

28 (3) an administrative, professional, or clerical employee of

29 (A) a municipal police or fire department;

30 (B) a University of Alaska police or fire department; or

31 (C) the Department of Public Safety.

1 * **Sec. 4.** AS 39.35.095 is amended to read:

2 **Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680.** The following
3 provisions of this chapter apply [ONLY] to members first hired before July 1, 2006,
4 and, regardless of the date of hire, members who are protective occupation
5 employees: AS 39.35.095 - 39.35.680.

6 * **Sec. 5.** AS 39.35.160(a) is amended to read:

7 (a) Subject to (e) of this section, beginning [BEGINNING] January 1, 1987,
8 each peace officer or firefighter shall contribute to the plan an amount equal to seven
9 and one-half percent of the peace officer's or firefighter's compensation. Except as
10 provided in (d) and (e) of this section, beginning January 1, 1987, each other
11 employee shall contribute to the plan an amount equal to six and three-quarters percent
12 of the employee's compensation. [THE CONTRIBUTIONS SHALL BE DEDUCTED
13 BY THE EMPLOYER AT THE END OF EACH PAYROLL PERIOD. THE
14 CONTRIBUTIONS SHALL BE DEDUCTED FROM EMPLOYEE
15 COMPENSATION BEFORE COMPUTATION OF APPLICABLE FEDERAL
16 TAXES, AND THE CONTRIBUTIONS SHALL BE TREATED AS EMPLOYER
17 CONTRIBUTIONS UNDER 26 U.S.C. 414(h)(2). A MEMBER MAY NOT HAVE
18 THE OPTION OF MAKING THE PAYROLL DEDUCTION DIRECTLY INSTEAD
19 OF HAVING THE CONTRIBUTION PICKED UP BY THE EMPLOYER.]

20 * **Sec. 6.** AS 39.35.160 is amended by adding new subsections to read:

21 (e) Except as provided in (a) of this section, a protective occupation employee
22 who is employed as a peace officer or firefighter and who first participates in the plan
23 after June 30, 2006, shall contribute to the plan an amount equal to nine percent of the
24 employee's compensation, excluding overtime compensation. The Protective
25 Occupation Retirement Council may, from time to time, adjust the employee
26 contribution under this subsection to an amount that is

27 (1) not less than eight percent of the employee's compensation,
28 excluding overtime compensation; and

29 (2) not more than 12 percent of the employee's compensation,
30 excluding overtime compensation.

31 (f) Except as provided in (a) of this section, a protective occupation employee

1 who is not employed as a peace officer or firefighter and who first participates in the
 2 plan after June 30, 2006, shall contribute to the plan an amount equal to eight percent
 3 of the employee's compensation, excluding overtime compensation. The Protective
 4 Occupation Retirement Council may, from time to time, adjust the employee
 5 contribution under this subsection to an amount that is

6 (1) not less than seven percent of the employee's compensation,
 7 excluding overtime compensation; and

8 (2) not more than 11 percent of the employee's compensation,
 9 excluding overtime compensation.

10 (g) Contributions under (a), (e), and (f) of this section shall be deducted by the
 11 employer at the end of each payroll period. The contributions shall be deducted from
 12 employee compensation before computation of applicable federal taxes, and the
 13 contributions shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A
 14 member may not have the option of making the payroll deduction directly instead of
 15 having the contribution picked up by the employer.

16 (h) In addition to other employee contributions required under this section, a
 17 protective occupation employee who first participates in the plan after June 30, 2006,
 18 and who earns overtime compensation shall contribute to the member's individual
 19 account in the defined contribution retirement plan established under AS 39.35.700 -
 20 39.35.990 an amount, determined by the Protective Occupation Retirement Council
 21 under AS 37.10.460(a), that is

22 (1) not less than seven percent of the employee's overtime
 23 compensation; and

24 (2) not more than 12 percent of the employee's overtime compensation.

25 * **Sec. 7.** AS 39.35.255 is amended by adding a new subsection to read:

26 (i) The requirements of this section are in addition to the requirements under
 27 AS 39.35.257.

28 * **Sec. 8.** AS 39.35 is amended by adding a new section to read:

29 **Sec. 39.35.257. Employer contributions for protective occupation**
 30 **employees.** (a) An employer that employs a peace officer or firefighter who first
 31 participates in the plan after June 30, 2006, shall contribute monthly to the plan a per

1 capita amount that is equal to 14 percent of the total monthly compensation, excluding
2 overtime compensation, that the employer pays to all protective occupation employees
3 combined.

4 (b) An employer who employs a protective occupation employee who is not
5 employed as a peace officer or firefighter and who first participates in the plan after
6 June 30, 2006, shall contribute monthly to the plan a per capita amount that is equal to
7 12 percent of the total monthly compensation, excluding overtime compensation, that
8 the employer pays to all protective occupation employees combined.

9 (c) In addition to other employer contributions required under this section, an
10 employer of a protective occupation employee who first participates in the plan after
11 June 30, 2006, shall contribute an amount equal to 14 percent of the employee's
12 overtime compensation to the employee's individual account in the defined
13 contribution retirement plan established under AS 39.35.700 - 39.35.990.

14 * **Sec. 9.** AS 39.35.370(a) is amended to read:

15 (a) Subject to AS 39.35.450, a terminated employee who first became a
16 member before July 1, 2006, is eligible for a normal retirement benefit

17 (1) at age 60 with at least five years of credited service;

18 (2) with at least 20 years of credited service as a peace officer or
19 firefighter; or

20 (3) with at least 30 years of credited service for all other employees.

21 * **Sec. 10.** AS 39.35.370(c) is amended to read:

22 (c) Except as provided in (m) and (n) of this section, the [THE] monthly
23 amount of a retirement benefit for a peace officer or firefighter is two percent of the
24 average monthly compensation times the years of credited service through 10 years,
25 plus two and one-half percent of the average monthly compensation times the years of
26 service over 10 years. For all other employees, it is

27 (1) two percent of the average monthly compensation times all years of
28 service before July 1, 1986, and for years of service through a total of 10 years; plus

29 (2) two and one-quarter percent of the average monthly compensation
30 times all years of service after June 30, 1986, over 10 years of total service through 20
31 years; plus

1 (3) two and one-half percent of the average monthly compensation
2 times all years of service after June 30, 1986, over 20 years of total service.

3 * **Sec. 11.** AS 39.35.370 is amended by adding new subsections to read:

4 (l) Subject to AS 39.35.450, a terminated employee who first became a
5 member after June 30, 2006, is eligible for a normal retirement benefit

6 (1) at age 55 with at least 20 years of credited service as a peace
7 officer or firefighter; or

8 (2) at age 60 with at least 30 years of credited service as a protective
9 occupation employee who is not employed as a peace officer or firefighter.

10 (m) Subject to (o) of this section, the monthly amount of a retirement benefit
11 for a protective occupation employee who first participates in the plan after June 30,
12 2006, is two percent of the employee's average monthly compensation, excluding
13 overtime compensation, times the employee's years of credited service plus an
14 assumed variable benefit calculated under (n) of this section by the Protective
15 Occupation Retirement Council established under AS 37.10.450.

16 (n) The Protective Occupation Retirement Council established under
17 AS 37.10.450 shall actuarially calculate the assumed variable benefit under (m) of this
18 section for each eligible employee individually based on a percentage of the
19 employee's annual compensation rate in the year the employee is appointed to
20 retirement, the employee's age, and the employee's credited service on the date the
21 employee is appointed to retirement. The employee shall have a vested right to the
22 assumed variable benefit that is calculated in the year in which the employee is
23 appointed to retirement and may not receive an assumed variable benefit that is
24 calculated before then.

25 (o) A protective occupation employee's monthly retirement benefit under (m)
26 of this section may not exceed the monthly retirement benefit the employee would be
27 eligible to receive under AS 39.35.370(c) if the employee first participated in the plan
28 before July 1, 2006.

29 * **Sec. 12.** AS 39.35.375(c) is amended to read:

30 (c) A member is entitled to receive a public service benefit under this section
31 if the member has at least a total of five years credited service under AS 39.35.095 -

1 39.35.680 and credited service from the teachers' retirement plan under AS 14.25.009
2 - 14.25.220 claimed under this section. A public service benefit shall be calculated
3 using the higher of the average monthly compensation for service in this plan or the
4 average base salary for service in the teachers' retirement plan under AS 14.25.009 -
5 14.25.220. The amount of the benefit shall be calculated in accordance with
6 AS 39.35.370(c) or (m).

7 * **Sec. 13.** AS 39.35.385(d) is amended to read:

8 (d) The monthly amount of a conditional service retirement benefit shall be
9 calculated on the years of fully paid credited service in accordance with
10 AS 39.35.370(c) or (m), except that the member may irrevocably elect to substitute
11 one-twelfth of the "average base salary" as defined in AS 14.25.220(5) in place of
12 average monthly compensation.

13 * **Sec. 14.** AS 39.35.400(d) is repealed and reenacted to read:

14 (d) The monthly amount of the nonoccupational disability benefit

15 (1) for a disabled employee who first became a member before July 1,
16 2006, shall be determined in accordance with AS 39.35.370(c), based on the
17 employee's credited service and compensation before termination of employment;

18 (2) for a disabled employee who first became a member after June 30,
19 2006, shall be determined in accordance with AS 39.35.370(m) and (n).

20 * **Sec. 15.** AS 39.35.400(f) is amended to read:

21 (f) A disabled employee's nonoccupational disability benefit terminates when
22 the employee first attains eligibility for normal retirement. At that time, retirement
23 benefits will be calculated under AS 39.35.370(c) or (m).

24 * **Sec. 16.** AS 39.35.410(h) is amended to read:

25 (h) A disabled employee's occupational disability benefit terminates when the
26 disabled employee first attains eligibility for normal retirement. At that time, if the
27 employee first became a member before July 1, 2006, the employee's retirement
28 benefit shall be calculated under the provisions of AS 39.35.370(c).

29 * **Sec. 17.** AS 39.35.410(i) is repealed and reenacted to read:

30 (i) Notwithstanding (h) of this section, a peace officer or firefighter who first
31 became a member before July 1, 2006, and who is receiving occupational disability

1 benefits under this section at the time the peace officer or firefighter first attains
2 eligibility for normal retirement shall, within 30 days after attaining eligibility for
3 normal retirement, irrevocably elect to receive benefits in an amount calculated as

4 (1) the monthly occupational disability benefit calculated under (d) of
5 this section; or

6 (2) the employee's retirement benefit calculated under the provisions of
7 AS 39.35.370(c).

8 * **Sec. 18.** AS 39.35.410 is amended by adding a new subsection to read:

9 (k) Notwithstanding (h) of this section, a protective occupation employee who
10 first becomes a member after June 30, 2006, and who is receiving occupational
11 disability benefits under this section at the time the employee first attains eligibility for
12 normal retirement shall, within 30 days after attaining eligibility for normal retirement,
13 irrevocably elect to receive retirement benefits in the amount calculated as

14 (1) the monthly occupational disability benefit calculated under (d) of
15 this section; or

16 (2) the employee's retirement benefit calculated under
17 AS 39.35.370(m) and (n).

18 * **Sec. 19.** AS 39.35.430(g) is amended to read:

19 (g) The monthly survivor's pension in (b) of this section for survivors of
20 employees who were not peace officers or firefighters is 40 percent of the employee's
21 monthly compensation in the month in which the employee dies. The monthly
22 survivor's pension in (b) of this section for survivors of employees who were peace
23 officers or firefighters is the greater of

24 (1) 50 percent of the monthly compensation in the month in which the
25 employee dies; or

26 (2) 75 percent of the employee's retirement benefit calculated under
27 the provisions of AS 39.35.370(c) or (m) if the employee had survived to normal
28 retirement age.

29 * **Sec. 20.** AS 39.35.475(a) is amended to read:

30 (a) Subject to (g) of this section, once [ONCE] each year the administrator
31 shall increase benefit payments to eligible disabled members, to persons age 60 or

1 older receiving benefits under this plan in the preceding calendar year, and to persons
2 who have received benefits under this plan for at least five years who are not
3 otherwise eligible for an increase under this section.

4 * **Sec. 21.** AS 39.35.475 is amended by adding a new subsection to read:

5 (g) A person who receives a benefit under AS 39.35.370(I) is not eligible to
6 receive an increase in benefits under this section.

7 * **Sec. 22.** AS 39.35.480(a) is amended to read:

8 (a) While residing in the state, a person receiving a benefit under
9 AS 39.35.095 - 39.35.680 who is 65 years of age or older or who is receiving a
10 disability benefit, other than a protective occupation employee who first
11 participates in the plan after June 30, 2006, is entitled to receive a monthly cost-of-
12 living allowance in addition to the basic benefit. The amount of this allowance shall be
13 \$50 or 10 percent of the basic benefit, whichever is greater. A protective occupation
14 employee who first participates in the plan after June 30, 2006, is entitled to
15 receive a monthly cost-of-living allowance if authorized by the board under
16 AS 37.10.222, in an amount determined by the board.

17 * **Sec. 23.** AS 39.35.485(a) is amended to read:

18 (a) An employee who is eligible for a benefit calculated in accordance with
19 AS 39.35.370(c) or (m) is entitled to a benefit of at least \$25 a month for each year of
20 credited service, not including adjustments made under AS 39.35.340 for military
21 service, AS 39.35.360 for credit for earlier service, AS 39.35.370(c) or (m) for early
22 retirement, AS 39.35.420 for nonoccupational death benefits, AS 39.35.450 for the
23 survivor's option, former AS 39.35.460 for the level income option, AS 39.35.475 for
24 the post-retirement pension adjustment, and AS 39.35.480 for the cost of living.

25 * **Sec. 24.** AS 39.35.535(c) is amended to read:

26 (c) A benefit recipient may elect major medical insurance coverage in
27 accordance with regulations and under the following conditions:

28 (1) a person who becomes a member before July 1, 2006, or the
29 surviving spouse of the person, other than a disabled member or a disabled member
30 who is appointed to normal retirement, must pay an amount equal to the full monthly
31 group premium for retiree major medical insurance coverage if the person is

1 (A) younger than 60 years of age and has less than
2 (i) 25 years of credited service as a peace officer under
3 AS 39.35.360 and 39.35.370; or

4 (ii) 30 years of credited service under AS 39.35.360 and
5 39.35.370 that is not service as a peace officer; or

6 (B) of any age and has less than 10 years of credited service;

7 (2) a person who becomes a member before July 1, 2006, or the
8 surviving spouse of the person, is not required to make premium payments for retiree
9 major medical coverage if the person

10 (A) is a disabled member;

11 (B) is a disabled member who is appointed to normal
12 retirement;

13 (C) is 60 years of age or older and has at least 10 years of
14 credited service; or

15 (D) has at least

16 (i) 25 years of credited service as a peace officer under
17 AS 39.35.360 and 39.35.370; or

18 (ii) 30 years of credited service under AS 39.35.360 and
19 39.35.370 not as a peace officer;

20 (3) a benefit recipient who is a protective occupation employee and
21 who first becomes a member after June 30, 2006, or a benefit recipient who is the
22 surviving spouse of a person who is a protective occupation employee and who
23 first becomes a member after June 30, 2006, shall receive as an annual stipend
24 for the purpose of purchasing major medical insurance coverage an amount that

25 (A) if the employee has 10 years or more of service as a
26 peace officer or firefighter, is equal to four percent of the full annual
27 premium in 2013 for retiree major medical insurance, multiplied by the
28 employee's years of service as a peace officer or firefighter;

29 (B) if the employee is not a peace officer or firefighter, is
30 equal to three and three-tenths percent of the full annual premium in 2013
31 for retiree major medical insurance, multiplied by the employee's years of

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service;

(4) a benefit recipient who is a protective occupation employee and who first becomes a member after June 30, 2006, shall receive an annual stipend for an amount equal to the full annual group premium for retiree major medical coverage if the recipient

(A) is a disabled member; or

(B) is a disabled member who is appointed to normal retirement.

* **Sec. 25.** AS 39.35.535 is amended by adding a new subsection to read:

(g) The Protective Occupation Retirement Council established under AS 37.10.450 shall adjust the stipend payable to a benefit recipient under (c)(3) of this section by a percentage determined by the council under AS 37.10.460(a)(4).

* **Sec. 26.** AS 39.35.620 is amended by adding a new subsection to read:

(l) Notwithstanding the provision under (k) of this section that limits employer participation of a previously terminated employer that returns to the system, an employer who terminates participation for one or more protective occupation employees and later returns to the system may participate in the defined benefit retirement plan under AS 39.35.095 - 39.35.680 and defined contribution retirement plan under AS 39.35.700 - 39.35.990.

* **Sec. 27.** AS 39.35.680(18) is amended to read:

(18) "employer" means

(A) the State of Alaska;

(B) a political subdivision or public organization of the state that participates in the plan based on a resolution to participate in the plan that was approved by the administrator

(i) on or before July 1, 2006; or

(ii) for protective occupation employees; or

(C) a political subdivision or public organization of the state that assumes liability for participation in the plan by another political subdivision or public organization of the state [,] as a result of consolidation or reorganization that occurs

1 (i) at any time, with respect to protective occupation

2 employees;

3 (ii) on or after July 1, 2006, with respect to employees

4 who are not protective occupation employees [ASSUMES

5 LIABILITY UNDER THE PLAN OF A POLITICAL SUBDIVISION

6 OR PUBLIC ORGANIZATION DESCRIBED IN (B) OF THIS

7 PARAGRAPH];

8 * **Sec. 28.** AS 39.35.680(26) is amended to read:

9 (26) "normal retirement" means retirement for a member who is
10 eligible to receive benefits under AS 39.35.370(a) or (D) or under 39.35.385(a) or (f);

11 * **Sec. 29.** AS 39.35.680 is amended by adding a new paragraph to read:

12 (44) "protective occupation employee" has the meaning given in
13 AS 37.10.490.

14 * **Sec. 30.** AS 39.35.700 is amended to read:

15 **Sec. 39.35.700. Applicability of AS 39.35.700 - 39.35.990.** The provisions of
16 AS 39.35.700 - 39.35.990 apply only to members first hired on or after July 1, 2006,
17 to members who are employed by employers that do not participate in the defined
18 benefit retirement plan established under AS 39.35.095 - 39.35.680, to former
19 members as defined in AS 39.35.680, [OR] to members who transfer into the defined
20 contribution retirement plan under AS 39.35.940, or, subject to the limitations and
21 requirements of AS 39.35.705, to members of the defined benefit retirement plan
22 established under AS 39.35.095 - 39.35.680 who earn overtime compensation as
23 protective occupation employees.

24 * **Sec. 31.** AS 39.35 is amended by adding a new section to read:

25 **Sec. 39.35.705. Limitation on applicability of AS 39.35.700 - 39.35.990.**
26 Notwithstanding AS 39.35.700, the benefits and requirements under AS 39.35.890 -
27 39.35.894 and 39.35.960 - 39.35.970 do not apply to an employee who contributes to
28 an individual account under AS 39.35.700 - 39.35.990 solely as required by
29 AS 39.35.160(h).

30 * **Sec. 32.** AS 39.35.720 is amended to read:

31 **Sec. 39.35.720. Membership.** Except as provided in AS 39.35.095 and

1 **39.35.705, an** [AN] employee who becomes a member on or after July 1, 2006, shall
2 participate in the plan set out in AS 39.35.700 - 39.35.990.

3 * **Sec. 33.** AS 39.35.730(a) is amended to read:

4 (a) Each member shall contribute to the member's individual account

5 **(1)** an amount equal to eight percent of the member's compensation
6 from July 1 to the following June 30; **or**

7 **(2) the amount required under AS 39.35.160(h) if the member is a**
8 **protective occupation employee and a member of the defined benefit retirement**
9 **plan established under AS 39.35.095 - 39.35.680.**

10 * **Sec. 34.** AS 39.35.750 is amended by adding a new subsection to read:

11 (f) This section does not apply to contributions made under AS 39.35.257(c)
12 and does not require an employer who makes a contribution for an employee under
13 AS 39.35.257(c) to make another contribution for that employee.

14 * **Sec. 35.** AS 39.35.870 is amended by adding a new subsection to read:

15 (h) Except as provided in (c) of this section, a protective occupation employee
16 who makes contributions under AS 39.35.160(h) is not eligible for benefits under this
17 section.

18 * **Sec. 36.** AS 39.35.880 is amended by adding a new subsection to read:

19 (l) Except as provided in AS 39.35.870(c), a protective occupation employee
20 who makes contributions under AS 39.35.160(h) is not eligible for benefits under this
21 section.

22 * **Sec. 37.** AS 39.35.990 is amended by adding a new paragraph to read:

23 (28) "protective occupation employee" has the meaning given in
24 AS 37.10.490.

25 * **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 TRANSITION: APPOINTMENTS TO PROTECTIVE OCCUPATION
28 RETIREMENT COUNCIL. (a) The governor shall appoint as members of the first Protective
29 Occupation Retirement Council established under AS 37.10.450, as enacted in sec. 3 of this
30 Act, the following:

31 (1) six protective occupation employees who are members of either the

1 defined benefit retirement plan under AS 39.35.095 - 39.35.680 or the defined contribution
2 retirement plan under AS 39.35.700 - 39.35.990, including

3 (A) one member of the Public Safety Employees Association;

4 (B) one member of the Alaska Correctional Officers Association;

5 (C) one member of the Alaska Professional Fire Fighters Association;

6 (D) one member of the Anchorage Police Department Employees
7 Association;

8 (E) one employee who is employed as a firefighter by a municipal fire
9 department;

10 (F) one employee who is employed in a position other than a peace
11 officer or firefighter;

12 (2) one member of the public at large; and

13 (3) two retirees who participate in the defined benefit retirement plan under
14 AS 39.35.095 - 39.35.680.

15 (b) In this section,

16 (1) "peace officer" or "firefighter" has the meaning given in AS 39.35.680;

17 (2) "protective occupation employee" has the meaning given in AS 37.10.490,
18 as enacted in sec. 3 of this Act.

19 * **Sec. 39.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 RETIREMENT PLAN ELECTION. (a) A protective occupation employee who was
22 first hired after June 30, 2006, and before the effective date of this section and who is a
23 member of the defined contribution plan of the public employees' retirement system under
24 AS 39.35.700 - 39.35.990 may, within 90 days after the effective date of this section, make a
25 one-time election to participate in the defined benefit retirement plan under AS 39.35.095 -
26 39.35.680 and to transfer all contributions that have been made or should be made to the
27 defined contribution retirement plan for service the member completes before the effective
28 date of the member's participation in the defined benefit retirement plan. The transferred
29 contributions shall be used to purchase credited service in the defined benefit retirement plan
30 on an actuarial equivalent basis determined by the Protective Occupation Retirement Council
31 established under AS 37.10.450, as enacted in sec. 3 of this Act.

1 (b) In this section,

2 (1) "peace officer" or "firefighter" has the meaning given in AS 39.35.680;

3 (2) "protective occupation employee" has the meaning given in AS 37.10.490,
4 as enacted in sec. 4 of this Act.

5 * **Sec. 40.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 **RETIREMENT PLAN ELECTION PROCEDURE; REGULATIONS REQUIRED.**

8 (a) An election made under sec. 39 of this Act to participate in the defined benefit retirement
9 plan under AS 39.35.095 - 39.35.680 must be made in writing on forms and in the manner
10 prescribed by the administrator. Before accepting an election to participate in the defined
11 benefit retirement plan, the administrator shall provide the employee planning on making an
12 election to participate in the defined benefit retirement plan with information, including
13 calculations to illustrate the effect of moving the employee's retirement plan from the defined
14 contribution retirement plan to the defined benefit retirement plan as well as other information
15 clearly to inform the employee of potential consequences of the employee's election.

16 (b) An election made under sec. 39 of this Act to participate in the defined benefit
17 retirement plan is irrevocable. On the effective date of the election, an eligible employee who
18 makes the election shall be enrolled as a member of the defined benefit retirement plan, and
19 the employee's participation in the plan shall be governed by the applicable provisions of the
20 defined benefit retirement plan. The employee's enrollment in the defined benefit retirement
21 plan is retroactive to the date of hire. An election made by an eligible employee who is
22 married is not effective unless the election is signed by the employee's spouse.

23 (c) When an eligible employee makes a one-time election under sec. 39 of this Act,
24 the administrator shall cause the total amount of the employee's employee and employer
25 contributions, with investment earnings and losses through the day of the employee's election
26 to participate as a member in the defined benefit retirement plan, to be actuarially calculated
27 and, subject to (d) of this section, transferred to the pension fund in the defined benefit
28 retirement plan. On the effective date of the employee's participation in the defined benefit
29 retirement plan, the employee shall be credited with service in the defined benefit retirement
30 plan that can be purchased under an actuarial equivalent purchase formula as determined by
31 the board. The board shall establish transfer procedures by regulation, but the actual transfer

1 may not occur later than 30 days after the date the administrator receives the employee's
2 completed forms under (a) of this section, unless the major financial markets for securities
3 available for a transfer are seriously disrupted by an unforeseen event that also causes the
4 suspension of trading on any national securities exchange in the country where the securities
5 were issued. In that event, the 30-day period may be extended by a resolution of the board.
6 Transfers are not commissionable or subject to other fees and may be in the form of securities
7 or cash as determined by the board. Securities shall be valued on the date of receipt in the
8 employee's account.

9 (d) If the value actuarially calculated under (c) of this section is insufficient to pay for
10 service credit equal to the employee's actual service, the administrator shall allow the
11 employee the option of creating an indebtedness up to the amount needed to eliminate the
12 insufficiency; however, if that value exceeds the amount needed to pay for a service credit
13 equal to the employee's actual service, the administrator shall cause the excess to remain in
14 the employee's retirement plan established under AS 39.35.700 - 39.35.990. An excess under
15 this subsection may not be used to purchase service credit in a retirement plan administered
16 under AS 39.35.

17 (e) The provisions of this section are subject to the requirements of the Internal
18 Revenue Code and the limitations under AS 39.35.115, 39.35.678, 39.35.710(c) and (d), and
19 39.35.895.

20 (f) In this section,

21 (1) "administrator" means the commissioner of administration or the person
22 designated by the commissioner of administration under AS 39.35.003 for a public
23 employees' retirement plan;

24 (2) "board" means the Alaska Retirement Management Board established
25 under AS 37.10.210;

26 (3) "defined benefit retirement plan" means the retirement plan established
27 under AS 39.35.095 - 39.35.680 for a public employee;

28 (4) "defined contribution retirement plan" means the retirement plan
29 established under AS 39.35.700 - 39.35.990 for a public employee;

30 (5) "Internal Revenue Code" has the meaning given in AS 39.35.990.

31 * **Sec. 41.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 ADOPTION OF REGULATIONS. The commissioner of administration shall adopt
3 regulations necessary to implement the changes made by this Act. The regulations take effect
4 under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law
5 implemented by the regulation.

6 * **Sec. 42.** Sections 40 and 41 of this Act take effect immediately under AS 01.10.070(c).

7 * **Sec. 43.** Except as provided in sec. 42 of this Act, this Act takes effect July 1, 2014.