



# ALASKA STATE LEGISLATURE

## HOUSE FINANCE COMMITTEE



**Rep. Andy Josephson**  
State Capitol, Room 505  
(907) 465-4939

*Rep.Andy.Josephson@akleg.gov*

**Rep. Calvin Schrage**  
State Capitol, Room 410  
(907) 465-4931

*Rep.Calvin.Schrage@akleg.gov*

**Rep. Neal Foster**  
State Capitol, Room 511  
(907) 465-3789

*Rep.Neal.Foster@akleg.gov*

---

## HOUSE BILL 78

*Retirement Systems; Defined Benefit Opt.*

### SECTIONAL ANALYSIS

(Version G)

**Section 1:** AS 14.25.009. Establishes applicability of the state's TRS Defined Benefit (DB) plans to teachers who are not members of the TRS Defined Contribution (DC) plan.

**Section 2:** AS 14.25.040(a). Provides that new teachers are subject to the new TRS DB plan and that a teacher who was a member of the TRS DC plan will not be subject to the new TRS DB plan unless the teacher elects to participate in the new plan.

**Section 3:** AS 14.25.040 (new (f), (g), and (h)). Provides that teachers who are also members of the PERS DB system may elect to have their compensation under PERS service counted toward their TRS base salary and establishes the procedure for that election and establishes that reemployed former members of the TRS DC plan who cannot or have not rolled their DC accounts back for transfer purposes become members of the new TRS DB plan.

**Section 4:** AS 14.25.044 (new). Provides that teachers who left service as members of the TRS DC plan and who are reemployed may elect the new TRS DB plan within 180 days of reemployment and establishes the procedure for that election.

**Section 5:** AS 14.25.048(b). Conforming to address that only members of previous TRS DB tiers could receive credit for retroactive membership as a teacher of Alaska Native language and culture.

**Section 6:** AS 14.25.048(c). Conforming to address that only members of previous TRS DB tiers could receive credit for retroactive membership as a teacher of Alaska Native language and culture and could count that time as membership service.

**Section 7:** AS 14.25.050(a). Creates an exception to the 8.65% contribution rate for the new TRS DB plan under later subsection (e) and deletes the employer's required process for obtaining the employee's contribution through payroll deduction, which is re-established under later subsection (g).

**Section 8:** AS 14.25.050 (new (e), (f), and (g)). Adds a new subsection (e) establishing the employee contribution rate under the new TRS DB plan as 8.0% of the employee's base salary for the first year. Also establishes new subsection (f) providing the employer's required process for obtaining employee contributions through payroll deduction. After the first year, under new subsection (g), the rate shall be variable 8%-12% as adjusted by the ARM Board if the new DB plan is funded at less than 90%. Further provides that, when employee contribution rate is increased or decreased, employer contribution rate is adjusted by an equivalent total sum. Lastly, adds a new subsection (h) that directs the ARM Board that they cannot increase the employer contribution without increasing the employee contribution by a comparable amount.

**Section 9:** AS 14.25.065(b). Reduces the amount that TRS employers are charged for late payments of contributions to the State from 1.5 times the interest rate to merely the interest rate.

**Section 10:** AS 14.25.070(a). Provides that the employer contribution rate of 12.56% of the total of all base salaries of teachers applies to the new TRS DB plan, except that the rate shall be decreased by the ARM Board to the full actuarially determined cost if that cost is below 12.56%, but may not be decreased below a 12% “floor.”

**Section 11:** AS 14.25.070 (new (i)). Provides that if the legislature appropriates funds to reduce the employer’s contribution in any given fiscal year, the employer’s contribution rate must be reduced to account for that sum.

**Section 12:** AS 14.25.075(a). Conforming to list retroactive indebtedness credit under AS 14.25.061, repealed by this Act, as one of the credited service types for which the employer may make payments through payroll deduction.

**Section 13:** AS 14.25.075(b). Conforming to list retroactive indebtedness credit under AS 14.25.061, repealed by this Act, as one of the credited service types eligible for irrevocable election for payroll deduction.

**Section 14:** AS 14.25.075(i). Conforming to list retroactive indebtedness credit under AS 14.25.061, repealed by this Act, as one of the credited service types that, upon satisfaction of the indebtedness, the member’s service history will be credited and adjusted.

**Section 15:** AS 14.25.086 (new). Requires employer and member contributions for the new TRS DB plan, except for contributions for retiree major medical benefits, shall be separately computed and placed in a sub-trust established by the ARM Board.

**Section 16:** AS 14.25.087. Requires that employer contributions for retiree major medical insurance must be accounted for separately for the prior TRS DB tiers and the new TRS DB plan and must be deposited into the major medical trust account for the DB system.

**Section 17:** AS 14.25.110(a). Conforming to address qualifications for retirement benefits under the prior TRS DB tiers and to provide the calculation for retirement benefits under the prior TRS DB tiers.

**Section 18:** AS 14.25.110(b). Conforming to address eligibility for an early retirement benefit which was provided to the prior TRS DB tiers.

**Section 19:** AS 14.25.110(d). Adds new subsections establishing the new TRS DB plan qualifications for retirement benefits is age 60, with at least five years of membership service, or 30 total years of membership service. Also provides that the benefit calculation will be: 2% of the average base salary for the first 10 years of service, 2.25% of the average base salary for years 10 through 20 years of service, and 2.5% of the average base salary beyond 20 years of service.

**Section 20:** AS 14.25.142(a). Excludes the cost-of-living adjustment for the new TRS DB plan.

**Section 21:** AS 14.25.143(a). Modifies the post-retirement pension adjustment (PRPA) to apply in the circumstance when a TRS DB retiree is below the age of 60 but has been receiving benefits for five years instead of eight years.

**Section 22:** AS 14.25.143(b). Conforming to provide an exception to the PRPA calculation under later subsection (g).

**Section 23:** AS 14.25.143 (new (g) and (h)). Establishes that retirees receiving the PRPA who are not residents of the state meeting eligibility for the PFD is 50% of the PRPA calculation for residents, and authorizes the ARM Board to decrease or eliminate the PRPA for the member of the new TRS DB plan if the funding of the new plan attributable to the members of the new plan is less than 90%.

**Section 24:** AS 14.25.168(a). Conforming to make clear that the members of the new TRS DB plan are not covered by AS 14.25.171 which provides the major medical benefits for the prior TRS DB tiers.

**Section 25:** AS 14.25.171 (new). Establishes the medical benefit for members of the new TRS DB plan that, if elected and applied for, provides access to retiree major medical insurance which supplements Medicare at the age of 65, and provides access to the retiree's monetary account under the Health Reimbursement Arrangement Plan of AS 39.30.300. This section also establishes that a retiree may use the Health Reimbursement Arrangement Plan funds to pay the cost of premiums to continue medical insurance coverage. The cost of the premiums before age 65 are the full monthly cost for group premiums; the cost of the premium for retirees at the age of 65 who are eligible for Medicare is scaled depending on number of service years.

**Section 26:** AS 14.25.220(5). Conforming to provide the definition for "average base salary" under prior TRS DB tiers and defines the "average base salary" for teachers in the new TRS DB plan. The average base salary as used in the new TRS DB plan is based on the average of the member's highest five base salaries; the definition also restricts the applicability of the average base salary to service years for which compensation was received for at least 2/3 of the year.

**Section 27:** AS 14.25.220(6). Conforming to provide that the definition for "base salary" includes compensation for amounts a teacher earned under PERS service if the member elected to do so under AS 14.25.040(f).

**Section 28:** AS 14.25.220(46). Conforming to provide the definition for "vested member" or "vested teacher" under prior TRS DB tiers and defines "vested member" or "vested teacher" under the new TRS DB plan. A vested member under the new TRS DB plan is a teacher who has completed five years of membership service.

**Section 29:** AS 14.25.220(48). Provides a definition for the phrase "first became a member after June 30, 2006" and "first became a member of the plan after June 30, 2006" to include the formerly unvested members of the prior TRS DB tier who elected to become members of the TRS DC plan but who elect to participate in the new DB plan.

**Section 30:** AS 14.25.310. Conforming applicability provision to ensure the provisions of the TRS DC plan applies only to DC plan members who do not elect membership in the new TRS DB plan and those who previously transferred into the DC plan and do not elect to participate in the new DB plan.

**Section 31:** AS 14.25.310 (new (b)). Ensures that an employer whose employees currently belong to the TRS DC plan is required to participate in the new TRS DB plan.

**Section 32:** AS 14.25.330(a). Conforming membership provision to ensure the TRS DC plan members include those who do not elect membership in the new TRS DB plan.

**Section 33:** AS 14.25.490(a). Modifies current law to update the Define Contribution healthcare plan so current TRS members who are eligible for healthcare do not have to retire directly from the plan and to lower years of service.

**Section 34:** AS 14.25.470(a). Modifies current law to ensure that the State may not amend the TRS DC plan in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, or federal law.

**Section 35:** AS 14.25.490(b). Modifies current law to ensure that the State may not retroactively reduce accrued benefits of the TRS DC plan except as permitted by Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.

**Section 36:** AS 14.25.490(c). Modifies current law to ensure that, while the state may terminate the TRS DC plan, it may not do so in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, or federal law.

**Section 37:** AS 14.25.490(d) (repealed/reenacted). Rephrases current law to assign the plan administrator the directive to return a mistaken employer contribution under the TRS DC plan to the employer within a year of its discovery.

**Section 38:** AS 14.25.540(a). Amends current law by clarifying a non-vested member of the teachers' retirement system, first hired before July 1, 2026, may elect to participate in the defined contribution retirement plan.

**Section 39:** AS 37.10.220(a). Requires the ARM Board to make policies to keep the plan above 90% funded. Subsections (8) require the ARM Board to work with the plan administrator to obtain an actuarial valuation to determine the appropriate monthly contribution rates under AS 14.25.070 and AS 39.35.255, addressing the employer contribution rate under the new TRS DB plan and new PERS DB plan, respectively, as well as appropriate adjustments under AS 14.25.050(e) and AS 39.35.160(e), addressing the 8-12% variable employee contribution rate for the new TRS DB plan and the new PERS DB plan, respectively. This section also empowers the ARM Board to assign the employer contribution rates under AS 14.25.070(i) and AS 39.35.255(j). Subsection (17) directs the ARM Board to establish sub-trusts as necessary to hold the employer and employee contributions, assets, and earnings for the members of the new TRS DB plan and the new PERS DB plan. Subsection (18) establishes a duty of the ARM Board to separately account for and track the funds attributable to the new DB plans.

**Section 40:** AS 37.10.220(b). Gives discretion to the ARM Board to adjust the amount of the PRPA under AS 14.25.143 and AS 39.35.475, for the new TRS DB plan and new PERS DB plan, respectively. This section also allows the ARM Board to adjust the amount of the variable 8%-12% employee contribution rate under AS 14.25.050(e) and AS 39.35.160(e) for the new TRS DB plan and new PERS DB plan, respectively, and to adjust the employer's equivalent total sum under AS 14.25.050(g) and AS 39.35.160(e), respectively.

**Section 41:** AS 39.30.090(a). Conforming to ensure that, in addition to the other existing state retirement plans, the Department of Administration is empowered to obtain group insurance policies for retirees entitled to medical coverage for the new TRS DB plan and new PERS DB plan.

**Section 42:** AS 39.30.097(a). Conforming to authorize the commissioner of the Department of Administration to prefund retiree major medical benefits by establishing an irrevocable trust for the state DB retirement plans, including for the new TRS DB plan and new PERS DB plan.

**Section 43:** AS 39.30.097(b). Conforming to delete a reference to a provision regarding prefunding of medical benefits for the Health Reimbursement Arrangement Plan for which prefunding medical benefit authority is later established under new subsection (f).

**Section 44:** AS 39.30.097(f). Amends current law to ensure that the commissioner of the Department of Administration is authorized to prefund Health Reimbursement Arrangement Plan medical benefits by establishing an irrevocable trust for state retirement plans assigned with that benefit, including for the new TRS DB plan and new PERS DB plan.

**Section 45:** AS 39.30.300. Amends current law to ensure that the current State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is available to the members of the new TRS DB plan and new PERS DB plan.

**Section 46:** AS 39.30.340. Amends current law to mandate the plan administrator to establish the trust fund referenced under AS 39.30.097(f) to hold the assets of the Health Reimbursement Arrangement Plan

for the beneficiaries of that benefit, including for the members of the new TRS DB plan and new PERS DB plan.

**Section 47:** AS 39.30.370. Conforming amendment that ensures the administrator to account employers' contribution and for the ARM board to adjust the interest rate of member's individual accounts. This is established under a new subsection (c).

**Section 48:** AS 39.30.370 (new (b), (c), and (d)). Amends current law to increase peace officers and firefighters' employers' contribution from 3% to 4% into the members Health Reimbursement Account.

**Section 49:** AS 39.30.380. Conforming to provide that, in addition to existing members of the TRS and PERS DC tiers, that members of the new TRS DB plan and new PERS DB plan who terminate employment before meeting retirement eligibility requirements loses rights to the contributions made by the employer to the Health Reimbursement Arrangement trust fund, excepting that, if the person returns to service by December 31 of the year the person reaches 65 years of age, then the person's account balance will be restored.

**Section 50:** AS 39.30.390. Conforming to provide that, in addition to existing members of the TRS and PERS DC tiers, that members of the new TRS DB plan and new PERS DB plan are eligible for reimbursements from their Health Reimbursement Arrangement individual accounts without retiring directly from the plan.

**Section 51:** AS 39.30.400(a). Conforming to provide that, in addition to existing members of the TRS and PERS DC tiers, that members of the new TRS DB plan and new PERS DB plan who elected retiree major medical insurance coverage may have deductions made from their Health Reimbursement Arrangement individual accounts to pay for their monthly premiums.

**Section 52:** AS 39.30.420(a). Modifies current law to ensure that the State may not amend the Health Reimbursement Arrangement coverage in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.

**Section 53:** AS 39.30.420(b). Modifies current law to ensure that the State may not retroactively reduce accrued benefits of the Health Reimbursement Arrangement coverage except as permitted by Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.

**Section 54:** AS 39.30.420(c). Modifies current law to ensure that, while the state may terminate the Health Reimbursement Arrangement coverage, it may not do so in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.

**Section 55:** AS 39.30.420(d) (repealed/reenacted). Rephrases current law to assign the plan administrator the directive to return a mistaken employer contribution under the TRS and PERS DC tiers, the new TRS DB plan, and new PERS DB plan Health Reimbursement Arrangement Plan to the employer within a year of its discovery.

**Section 56:** AS 39.30.495(5). Conforming to ensure the definition of "eligible person" for the Health Reimbursement Arrangement Plan includes members of the new TRS DB plan and new PERS DB plan who elect the coverage.

**Section 57:** AS 39.30.495(6). Adds to the definition of "employer" under the provisions of the Health Reimbursement Arrangement Plan those employers who employ members of the new TRS DB plan and new PERS DB plan.

**Section 58:** AS 39.30.495(9). Adds to the definition of "member" under the plan.

**Section 59:** AS 39.35.095. Establishes applicability of the state's PERS Defined Benefit (DB) plans to employees who are not members of the PERS Defined Contribution (DC) plan, including those who elected out of the PERS DC plan into the new PERS DB plan, as well as new employees hired after July 1, 2024.

**Section 60:** AS 39.35.095 (new (b)). Establishes that reemployed former members of the PERS DC plan who cannot or have not rolled their DC accounts back for transfer purposes become members of the new PERS DB plan.

**Section 61:** AS 39.35.100(b). Conforming to establish requirement to maintain individual accounting for employee contributions for the new DB plan.

**Section 62:** AS 39.35.159 (new). Provides that employees who left service as members of the PERS DC plan and who are reemployed may elect the new PERS DB plan within 180 days of reemployment and establishes the procedure for that election.

**Section 63:** AS 39.35.160(a). Creates exceptions to the current DB contribution rates of 7.5% for police and firefighters and 6.75% for other employees for the new PERS DB plan, under later subsection (e) and deletes the employer's required process for obtaining the employee's contribution through payroll deduction, which is re-established under later subsection (f).

**Section 64:** AS 39.35.160 (new (e), (f), and (g)). Adds new subsection (e) establishing the employee contribution rate under the new PERS DB plan is 8.0% of the employee's base salary for the first year. Also establishes new subsection (f) providing the employer's required process for obtaining employee contributions through payroll deduction. After the first year, under new subsection (g), the rate shall be variable 8%-12% as adjusted by the ARM Board if the new DB plan is funded at less than 90%. Further provides that, when employee contribution rate is increased or decreased, employer contribution rate is adjusted by an equivalent total sum. Lastly, adds a new subsection (h) that directs the ARM Board that they cannot increase the employer contribution without increasing the employee contribution by a comparable amount.

**Section 65:** AS 39.35.165(a). Conforming to allow that reemployed PERS DC tier members who have elected to transfer into the new PERS DB plan who are purchasing credited service may opt payroll deductions by the employer in lieu of direct payments.

**Section 66:** AS 39.35.165(b). Establishes the election of and procedures for payroll deductions for members of the new PERS DB plan who have transferred in with service time indebtedness.

**Section 67:** AS 39.35.165(g). Conforming to establish that members paying outstanding service time indebtedness are credited with service time as the contributions are made.

**Section 68:** AS 39.35.165(i). Conforming to provide that once an employee's outstanding service time indebtedness is paid off the commissioner shall adjust the member's credited service history.

**Section 69:** AS 39.35.255(a). Provides that the employer contribution rate of 22% of the total of all base salaries of members applies to the new PERS DB plan, except that the rate shall be decreased by the ARM Board to the full actuarially determined cost if that cost is below 22% but may not be decreased below a 12% "floor."

**Section 70:** AS 39.35.255 (new (j)). Provides that if the legislature appropriates funds to reduce the employer's contribution in any given fiscal year, the employer's contribution rate must be reduced to account by that sum.

**Section 71:** AS 39.35.281 (new). Requires employer and member contributions for the new PERS DB plan, except for contributions for retiree major medical benefits, shall be separately computed and placed in a sub-trust established by the ARM Board.

**Section 72:** AS 39.35.282. Requires that employer contributions for retiree major medical insurance must be accounted for separately for the prior PERS DB tiers and the new PERS DB plan and must be deposited into the major medical trust account for the DB system.

**Section 73:** AS 39.35.340(i). Conforming to allow members of the new PERS DB plan who had service in the military to use up to five years of that service toward service time eligibility for retiree major medical benefits.

**Section 74:** AS 39.35.345(d). Conforming to allow vested members of the new PERS DB plan to elect to add temporary PERS service time to credited service toward normal retirement or for the calculation of benefits.

**Section 75:** AS 39.35.370(a). Conforming to provide the calculation for retirement benefits under the prior PERS DB tiers and adds a new subsection establishing the new PERS DB plan qualifications for retirement benefits are: Age 60, with at least five years of credited service; age 55 for a peace officer or firefighter, with at least 20 of credited service; age 50 for a peace officer or firefighter, with at least 25 years of credited service; or at least 30 years of credited service.

**Section 76:** AS 39.35.381(e). Conforming to disallow benefits under the Health Reimbursement Arrangement Plan to an elected public officer who retired as a teacher under a TRS DB plan who opts the alternate benefit for elected public officers under AS 39.35.381.

**Section 77:** AS 39.35.475(b). Conforming to provide an exception to the post retirement pension adjustment (PRPA) calculation under later subsections (g).

**Section 78:** AS 39.35.475 (new (g) and (h)). Establishes that retirees receiving the PRPA who are not residents of the state meeting eligibility for the PFD is 50% of the PRPA calculation for residents, and authorizes the ARM Board to decrease or eliminate the PRPA for the member of the new PERS DB plan if the funding of the new plan attributable to the members of the new plan is less than 90%.

**Section 79:** AS 39.35.480(a). Excludes the 10% cost-of-living adjustment for the new PERS DB plan.

**Section 80:** AS 39.35.535(a). Conforming to establish an exception under later subsection (g) to the major medical coverage provided under prior PERS DB tiers.

**Section 81:** AS 39.35.535(c). Conforming to exclude members of the new PERS DB plan the election of major medical coverage provided under prior PERS DB tiers.

**Section 82:** AS 39.35.535 (new (g)). Establishes that members of the new PERS DB plan are not eligible for major medical coverage provided under prior PERS DB tiers but may elect medical benefits under AS 39.35.537, addressing the medical benefits of the new PERS DB plan.

**Section 83:** AS 39.35.537 (new). Establishes the medical benefit for members of the new PERS DB plan that, if elected and applied for, provides access to retiree major medical insurance which supplements Medicare at the age of 65, and provides access to the retiree's monetary account under the Health Reimbursement Arrangement Plan of AS 39.30.300. This section also establishes that, a retiree may use the Health Reimbursement Arrangement Plan funds to pay the cost of premiums to continue medical insurance coverage. The cost of the premiums before age 65 are the full monthly cost for group premiums; the cost of the premium for retirees at the age of 65 who are eligible for Medicare is scaled depending on number of service years.

**Section 84:** AS 39.35.610(a). Reduces the amount that PERS employers are charged for late payments of contributions to the State from 1.5 times the interest rate to merely the interest rate.

**Section 85:** AS 39.35.680(4). Conforming to align the prior PERS Tier III DB plan definition of “average monthly compensation,” which is based on the employee’s highest five consecutive years of pay, to apply to the new PERS DB plan, including for police and firefighters whose benefits under the prior DB tier were based on highest three consecutive years of pay.

**Section 86:** AS 39.35.680(18). Adds to the definition of “employer” under the provisions of the DB system those who employ members of the new PERS DB plan.

**Section 87:** AS 39.35.680 (new (44)). Provides a definition for the phrase “first became a member after June 30, 2006” and “first became a member of the plan after June 30, 2006” to include the formerly unvested members of the prior PERS DB tier who elected to become members of the PERS DC plan but who elect to participate in the new DB plan.

**Section 88:** AS 39.35.700. Conforming applicability provision to ensure the provisions of the PERS DC plan applies only to DC plan members who do not elect membership in the new PERS DB plan and those who previously transferred into the DC plan who do not transfer into the new DB plan.

**Section 89:** AS 39.35.700 (new (b)). Ensures that an employer whose employees currently belong to the PERS DC plan is required to participate in the new PERS DB plan.

**Section 90:** AS 39.35.720. Conforming membership provision to ensure the PERS DC plan members include those who do not elect membership in the new PERS DB plan; employees first hired after the effective date of the Act are not able to elect membership in the PERS DC plan.

**Section 91:** AS 39.35.870(a). Modifies current law to update the Define Contribution healthcare plan so current TRS members who are eligible for healthcare do not have to retire directly from the plan and reduced the years of service needed to qualify for retiree healthcare.

**Section 92:** AS 39.35.895(a). Modifies current law to ensure that the State may not amend the PERS DC plan in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, or federal law.

**Section 93:** AS 39.35.895(b). Modifies current law to ensure that the State may not retroactively reduce accrued benefits of the PERS DC plan except as permitted by Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, and federal law.

**Section 94:** AS 39.35.895(c). Modifies current law to ensure that, while the state may terminate the PERS DC plan, it may not do so in a way that would violate Article XII, Section 7 of the Alaska Constitution, which prevents diminishment or impairment of accrued retirement benefits, or federal law.

**Section 95:** AS 39.35.895(d). Rephrases current law to assign the plan administrator the directive to return a mistaken employer contribution under the PERS DC plan to the employer within a year of its discovery.

**Section 96:** AS 39.35.940(a). Amends current law by clarifying a non-vested member of the public employees’ retirement system, first hired before July 1, 2026, may elect to participate in the defined contribution retirement plan.

**Section 97:** Repeals AS 14.25.012(c), regarding effective dates of prior TRS DB tiers; and AS 14.25.061, regarding retroactive indebtedness for prior TRS DB tiers.

**Section 98:** Provides uncodified transitional law allowing currently employed members of the TRS and PERS DC tiers to transfer in to the new TRS and PERS DB plans. The employees must elect the transfer by January 1, 2027 and must transfer all of the employee and employer contributions of the DC account into the new DB plan, which is used to purchase credited service in the new DB plan.

The election procedures and transition process are referenced as provided under the earlier reemployment sections, Section 4 for TRS and Section 55 for PERS, where they also apply.

They are as follows: The election must be in writing and the plan administrator must provide the member with information on the new DB plan, including calculations that illustrate the effect of transferring membership on the employee's retirement benefits.

The election is irrevocable and the membership in the new DB plan is retroactive to the date of hire. The member's credited service in the new DB plan will be the actuarial equivalent of the value of the member's former DC contributions, and the plan administrator must complete the transfer within 60 days that the employee submits the employee's election forms.

The plan administrator must transfer an amount equal to the decrease in the accrued actuarial liability of the death and disability trust of the DC plan to the pension fund of the new DB plan.

If the value of the employee's DC contributions is insufficient to fund service credit equal the employee's actual service time, the employee may purchase indebtedness to eliminate the insufficiency. If the value of the employee's DC contributions exceeds the amount needed to equal the employee's actual service time, the excess value must be transferred to the employee's SBS account, or if the employer does not participate in SBS, then to a private IRA. The amount of service that may be purchased is determined on the employee's accrued actuarial liability of pension benefits.

Actuarial assumptions must be based on the most recent actuarial valuation of the corresponding DB plan, except that rates of retirement must be computed at 25% of the retirement rates of the most recent actuarial valuation for that pension trust, plus 75% of the rates of retirement used in the most recent actuarial valuation for the corresponding DC retirement plan.

**Section 99:** Provides uncodified transitional law authorizing the ARM Board and the commissioner of the Department of Administration to adopt regulations necessary to implement the Act.

**Section 100:** Provides section 99, uncodified transitional law, an immediate effective date.

**Section 101:** Provides for an effective date of July 1, 2026, for remaining sections.

## REPEALED SECTIONS

### AS 14 25.012 (c). Purpose and effective date.

Employees first hired after June 30, 2006, are not eligible to participate in the plan established in AS 14.25.009 — 14.25.220.

### AS 14.25.061. Retroactive indebtedness.

(a) A member who was not subject to the provisions of AS 14.25.009 — 14.25.220, but who becomes subject to them because of a legislative change, may elect to receive credit for retroactive membership service by contributing to the plan an amount equal to the contributions the member

would have made had the member been subject to the provisions of AS 14.25.009 — 14.25.220 for those years of retroactive service after June 30, 1955. Retroactive contributions are not required for retroactive membership service before July 1, 1955. Compound interest at the rate prescribed by regulation shall be added to the retroactive indebtedness from July 1, 1966, or the time of first becoming eligible under AS 14.25.009 — 14.25.220, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

(b) If retroactive indebtedness contributions have been made for retroactive service before July 1, 1955, the member is entitled to a refund of those retroactive membership indebtedness contributions.

(c) [Repealed, § 133 ch 9 FSSLA 2005.]