

Senate Bill 55

Sectional Analysis

Version 32-GS1684\A

- Sec. 1:** Amends AS 36.35.255(a), the statutory 22 percent cap on payroll for PERS employer payroll contributions, to specify an exception referenced in new subsection (i).
- Sec. 2:** Adds a new subsection (i) that specifies the state as an employer shall contribute to PERS each payroll period an amount sufficient to:
- Pay the actuarially determined normal cost;
 - Contributions required under AS 39.30.370 to the retiree health reimbursement arrangement plan trust fund;
 - Contributions required under AS 39.35.750 to individual retirement accounts, for retiree major medical insurance, and for occupational disability and death payments;
 - And past service cost for members at the actuarial contribution rate adopted by the Alaska Retirement Management Board under AS 37.10.220.
- Sec. 3:** Adds new section to uncodified law allowing the commissioner of the Department of Administration adopt regulations to implement secs. 1 and 2 and specifies regulations may not take effect until July 1, 2021.
- Sec. 4:** Immediate effective date for sec. 3.
- Sec. 5:** Effective date of July 1, 2021 for secs. 1 and 2.

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Reference Statutes
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Sec. 39.30.370. Contributions by employers.

For each member of the plan, an employer shall contribute to the teachers' and public employees' retiree health reimbursement arrangement plan trust fund an amount equal to three percent of the average annual compensation of all employees of all employers in the teachers' retirement system and public employees' retirement system. The administrator shall maintain a record for each member to account for employer contributions on behalf of that member. The board shall establish by regulation the rate of interest to be applied annually to the amount in a member's individual account.

Sec. 39.35.750. Contributions by employers.

(a) An employer shall contribute to each member's individual account an amount equal to five percent of the member's compensation from July 1 to the following June 30.

(b) An employer shall also contribute an amount equal to a percentage, as adopted by the board, of each member's compensation from July 1 to the following June 30 to pay for retiree major medical insurance. This contribution shall be paid into the Alaska retiree health care trust established by the commissioner of administration under AS 39.30.097(b) and shall be accounted for in accordance with regulations established by the commissioner.

(c) Notwithstanding (b) of this section, the employer contribution for retiree major medical insurance for fiscal year 2007 shall be 1.75 percent of each member's compensation from July 1 to the following June 30.

(d) An employer shall also make contributions to the health reimbursement arrangement plan under AS 39.30.370.

(e) An employer shall make annual contributions to a trust account in the plan, applied as a percentage of each member's compensation from July 1 to the following June 30, in an amount determined by the board to be actuarially required to fully fund the cost of providing occupational disability and occupational death benefits under AS 39.35.700 — 39.35.990 and retirement benefits elected by disabled peace officers and firefighters under AS 39.35.890(h)(2). The contribution required under this subsection for peace officers and firefighters and the contribution required under this subsection for other employees shall be separately calculated based on the actuarially calculated costs for each group of employees.