

SENATE BILL NO. 148

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 4/5/95

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a defined contribution retirement plan for state employees."

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

3 * Section 1. AS 39 is amended by adding a new chapter to read:

4 CHAPTER 38. DEFINED CONTRIBUTION RETIREMENT PLAN.

5 ARTICLE 1. PLAN ESTABLISHED.

6 Sec. 39.38.010. PLAN ESTABLISHED. The Alaska State Pension
7 Investment Board shall establish a defined contribution retirement plan for state
8 employees first hired on or after January 1, 1996, in which retirement and death
9 benefits are provided through the purchase of annuity contracts or other benefit
10 contracts, either fixed, variable, or a combination of fixed and variable.

11 Sec. 39.38.020. DUTIES OF THE BOARD. The board shall

12 (1) provide for the administration of the plan, including procedures for
13 resolving complaints from participating employees;

14 (2) establish policies for the proper operation of the plan and carry on
15 other activities necessary to implement this chapter;

1 (3) designate at least four investment options for employees; the board
2 shall select the companies or other entities to which payment of the contributions
3 required by this chapter may be made, after considering the

4 (A) nature and extent of the rights and benefits that the
5 contracts will provide to employees who participate and to their beneficiaries;

6 (B) relation of the contractual rights and benefits to the
7 contributions to be made under this chapter;

8 (C) suitability of the contractual rights and benefits to the needs
9 and interests of participating employees and to the interest of the employer in
10 the employment and retention of employees; and

11 (D) ability of the designated company or other entity to provide
12 rights and benefits under the contracts;

13 (4) take other actions required to ensure that the plan qualifies under
14 the Internal Revenue Code as a qualified plan or nonqualified plan or both.

15 Sec. 39.38.030. DIRECTOR AND STAFF. (a) The board may appoint a
16 director of the plan or may request that the administrator of the public employees'
17 retirement system serve as director. A director appointed by the board is a member
18 of the partially exempt service and serves at the pleasure of the board.

19 (b) If the board appoints a director, the director may employ additional staff
20 as necessary. The staff, other than the director, are members of the classified service.

21 Sec. 39.38.040. REGULATIONS. The board may adopt regulations to
22 implement this chapter under the procedures set out in AS 37.10.240.

23 ARTICLE 2. PARTICIPATION.

24 Sec. 39.38.100. PARTICIPATION. (a) An employee of the state first hired
25 on or after January 1, 1996, shall be included in the plan upon commencement of
26 employment with the state. Unless the employee has elected to participate in the
27 optional university retirement program, or was first hired before January 1, 1996, an
28 employee of a political subdivision, including a school district, regional educational
29 attendance area, and the University of Alaska, or a public organization that becomes
30 an employer shall be included in the plan on the effective date of the employer's
31 participation or the date of the employee's commencement of employment with the

1 employer, whichever is later.

2 (b) Inclusion in the plan is a condition of employment for an employee first
3 hired on or after January 1, 1996, except as otherwise provided for an elected official
4 and for an employee of the university who has elected to participate in the optional
5 university retirement program.

6 Sec. 39.38.110. ADMINISTRATIVE DIRECTOR OF COURTS. (a) An
7 administrative director of the Alaska Court System first hired on or after January 1,
8 1996, is a member of the plan.

9 (b) An administrative director who was hired before January 1, 1996, and who
10 withdraws from the judicial retirement system under AS 22.25.012 on or after
11 January 1, 1996, may participate in the plan.

12 Sec. 39.38.120. PARTICIPATION OF ELECTED OFFICIALS. (a) Service
13 as an elected official with an employer constitutes employment as a member in the
14 plan as long as the elected official has not filed a written waiver of coverage with the
15 director. Unless revoked, a waiver under this subsection waives coverage of future
16 employment as an elected official, regardless of any change of employer. An elected
17 official may file a waiver under this subsection at any time after election to office,
18 including the period before taking the oath of office. An elected official may revoke
19 a waiver under this subsection by filing a written revocation with the director. A
20 revocation under this subsection operates prospectively only, and the elected official
21 may not participate in the plan for service as an elected official while the waiver was
22 in effect. There is no limit on the number of times an elected official may file a
23 waiver or revocation under this subsection.

24 (b) An elected official included in the plan and that person's employer are
25 liable for contributions whenever that person is an elected official unless a waiver of
26 coverage under (a) of this section is in effect.

27 ARTICLE 3. CONTRIBUTIONS, RIGHTS, AND BENEFITS.

28 Sec. 39.38.200. EMPLOYMENT CONTRIBUTIONS MANDATORY.
29 Contributions of employees shall be made by payroll deductions. Every included
30 employee is considered to consent to payroll deductions. It is of no consequence that
31 a payroll deduction may cause the compensation paid in cash to an employee to be

1 reduced below the minimum required by law. Payment of an employee's
2 compensation, less payroll deductions, is a full and complete discharge and satisfaction
3 of all claims and demands by the employee relating to remuneration of services during
4 the period covered by the payment.

5 Sec. 39.38.210. CONTRIBUTIONS. (a) The state shall contribute on behalf
6 of each employee participating in the plan an amount equal to 7.5 percent of the
7 employee's compensation payable at the end of each payroll period.

8 (b) An employee participating in the plan shall contribute to the plan an
9 amount equal to 7.5 percent of the employee's compensation. The contributions shall
10 be deducted by the employer at the end of each payroll period. The contributions shall
11 be deducted from employee compensation before computation of applicable federal
12 taxes, and the contributions shall be treated as employer contributions under 26 U.S.C.
13 414(h)(2) (Internal Revenue Code).

14 (c) The director of the plan shall pay the contributions required by this section
15 to the company or companies selected by the employee for the benefit of the
16 employee.

17 Sec. 39.38.220. BENEFITS. Payment of benefits to participants of the plan
18 is the responsibility of the company or companies designated by the board and is not
19 the responsibility of the board or the state. The benefits are payable to participants or
20 beneficiaries of participants in accordance with the terms of the annuity contract or
21 contracts and benefit contractor contracts.

22 Sec. 39.38.230. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS
23 ORDER. A former spouse shall be treated as a spouse or surviving spouse to the
24 extent required by a qualified domestic relations order. Rights under the order do not
25 take effect until the order is filed with the director.

26 Sec. 39.38.240. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE
27 PLAN. Employee contributions and other amounts held in the plan are exempt from
28 Alaska state and local taxes. Amounts held on behalf of, or payable to, any employee
29 or other person who is or may become eligible for benefits under the plan are not
30 subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or
31 charge of any kind, either voluntary or involuntary, before being received by the

1 person entitled to the amount under the terms of the plan. An attempt to anticipate,
2 alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of a right
3 to amounts held under the plan is void. However, an employee's right to receive
4 benefits may be assigned under a qualified domestic relations order.

5 Sec. 39.38.250. EXEMPTION OF EMPLOYEE FUNDS AND BENEFITS.

6 Employee contributions and other amounts held in the plan and retirement benefits
7 payable under the plan are exempt from levy to enforce the collection of a debt as
8 provided in AS 09.38 (exemptions).

9 ARTICLE 4. POLITICAL SUBDIVISIONS AND PUBLIC ORGANIZATIONS.

10 Sec. 39.38.300. REQUEST TO PARTICIPATE. (a) A municipality or other
11 political subdivision of the state may request to become an employer in the plan. The
12 request shall be made after adoption of a resolution by the legislative body of the
13 political subdivision and after approval of the resolution by the person required by law
14 to approve it. A certified copy of the resolution shall be filed with the director. If the
15 director approves the request for participation, the political subdivision is an employer
16 of the plan.

17 (b) A public organization may request to become an employer in the plan.
18 The request shall be made after adoption of a resolution by the governing body of the
19 public organization. A certified copy of the resolution shall be filed with the director.
20 If the director approves the request for participation, the public organization is an
21 employer of the plan.

22 Sec. 39.38.310. PARTICIPATION. (a) The effective date of participation in
23 the plan by a political subdivision or public organization is the first day of any month
24 acceptable to the governing body of the political subdivision or public organization and
25 to the board.

26 (b) The political subdivision or public organization shall designate the
27 departments, groups, or other classifications of employees eligible to participate in the
28 plan, and shall agree to make the contributions that are required by this chapter.

29 (c) The eligible employees of a participating political subdivision or public
30 organization are bound by the provisions of this plan and are entitled to the benefits
31 provided under it.

1 Sec. 39.38.320. CONTRIBUTIONS AND TERMINATION OF
2 PARTICIPATION FOR NONPAYMENT. (a) The contributions of an employer that
3 is a participating political subdivision or public organization and the contributions of
4 its employees shall be transmitted to the director as soon as practicable after the close
5 of the payroll period for which the contributions are made. If the employer is
6 delinquent in transferring the contributions for more than 15 days, interest and other
7 penalties shall be assessed on the outstanding contributions at the rate and in the
8 amount established by the board.

9 (b) If the contributions are not transmitted to the director within the 15 days,
10 the director may grant an extension. If the political subdivision or public organization
11 is in default at the end of the extension, participation in the plan is terminated, and the
12 employer shall be sent notice of termination.

13 (c) Termination of an employer's participation in the plan does not bar future
14 participation in the plan by that employer.

15 Sec. 39.38.330. EFFECT OF AMENDMENT OF AGREEMENT. (a) A
16 political subdivision or public organization may request that its participation agreement
17 be amended. The request may be made only after adoption of a resolution by the
18 legislative body of the political subdivision and approval of the resolution by the
19 person required by law to approve the resolution, or, in the case of a public organi-
20 zation, after adoption of a resolution by the governing body of that public organization.
21 A certified copy of the resolution shall be filed with the director.

22 (b) Termination of coverage of a department, group, or other classification of
23 employees does not bar future coverage of that department, group, or classification.

24 ARTICLE 5. GENERAL PROVISIONS.

25 Sec. 39.38.450. NONGUARANTEE OF EMPLOYMENT. This chapter is not
26 a contract of employment between an employer and an employee, nor does it confer
27 a right of an employee to be continued in the employment of an employer, nor is it a
28 limitation of the right of an employer to discharge an employee with or without cause.

29 Sec. 39.38.460. FRAUD. A person who knowingly makes a false statement,
30 or knowingly falsifies or permits to be falsified a record of the plan, in an attempt to
31 defraud the plan, is guilty of a Class A misdemeanor.

1 Sec. 39.38.990. DEFINITIONS. In this chapter,

2 (1) "board" means the Alaska State Pension Investment Board
3 established under AS 37.10.210;

4 (2) "compensation" means the total remuneration earned by an
5 employee for personal services rendered to an employer, and

6 (A) includes employee contributions under AS 39.38.210,
7 payments for leave that is actually used by the employee, the amount by which
8 the employee's wages are reduced under AS 39.30.150(c), and any amount
9 deferred under an employer-sponsored deferred compensation plan; but

10 (B) does not include cost-of-living differentials, retirement
11 benefits, severance pay or other separation bonuses, welfare benefits, per diem,
12 expense allowances, workers' compensation payments, incentive cash awards,
13 or payments for leave not used by the employee whether those leave payments
14 are scheduled payments, lump-sum payments, donations, or cash-ins;

15 (3) "director" means the director of the defined contribution retirement
16 plan under AS 39.38.030;

17 (4) "elected official" means a person whose compensation results from
18 personal services rendered to an employer as an elected representative;

19 (5) "employer" means the State of Alaska or a political subdivision or
20 public organization of the state that participates in the plan;

21 (6) "member" or "employee" means a person who is eligible to
22 participate in the plan and who is covered by the plan; and

23 (A) includes an

24 (i) employee who is employed by an employer, is
25 receiving compensation for services, is making contributions to the plan,
26 and is not excluded under (B) of this paragraph; and

27 (ii) elected official, if the elected official has chosen to
28 participate under AS 39.38.120; but

29 (B) does not include

30 (i) former members;

31 (ii) persons compensated on a contractual or fee basis;

1 (iii) casual or emergency workers or nonpermanent
2 employees as defined in AS 39.25.200;

3 (iv) members of the Alaska teachers' retirement system
4 under AS 14.25, the judicial retirement system under AS 22.25, the
5 public employees' retirement system under AS 39.35, the elected public
6 officers' retirement system under former AS 39.37, or the optional
7 university retirement program;

8 (v) employees of the division of marine transportation
9 engaged in operating the state ferry system who are covered by a union
10 or group retirement system to which the state makes contributions; and

11 (vi) the administrative director of courts appointed under
12 art. IV, sec. 16 of the state constitution first hired before January 1,
13 1996, unless the director becomes a member under AS 39.38.110(b);

14 (C) may include employees of the division of marine
15 transportation excluded under (B)(v) of this paragraph if

16 (i) the State of Alaska formally agrees to their inclusion
17 through the process of collective bargaining; and

18 (ii) no collective bargaining agreement has the effect of
19 obligating contributions made by the state under AS 39.30.150 in the
20 event the state resumes participation in the federal social security
21 system;

22 (7) "plan" means the defined contribution retirement plan established
23 under this chapter;

24 (8) "public organization" means an organization or entity

25 (A) created by the constitution or laws of the state for the
26 purpose of administering state programs;

27 (B) whose officers and employees are paid by a method other
28 than by the state payroll prepared by the Department of Administration; and

29 (C) whose employees are not required by law to participate in
30 the plan;

31 (9) "qualified domestic relations order" has the meaning given in

1 AS 39.35.680.

2 * **Sec. 2.** AS 14.25.040(a) is amended to read:

3 (a) A [UNLESS A TEACHER OR MEMBER HAS ELECTED TO
4 PARTICIPATE IN THE OPTIONAL UNIVERSITY RETIREMENT PROGRAM
5 UNDER AS 14.40.661 - 14.40.799, A] teacher or member contracting for service with
6 a participating employer is subject to this chapter **unless the**

7 **(1) employer has elected to participate in the defined contribution**
8 **retirement plan as provided in (e) of this section; or**

9 **(2) teacher or member has elected to participate in the optional**
10 **university retirement program under AS 14.40.661 - 14.40.799.**

11 * **Sec. 3.** AS 14.25.040(c) is amended to read:

12 (c) A state legislator is not entitled to elect membership under (b) of this
13 section if the state legislator is covered for the same period of service under the public
14 employees' retirement system (AS 39.35) **or the defined contribution retirement**
15 **system (AS 39.38).** An election of membership under (b) of this section is retroactive
16 to the date the state legislator took the oath of office. A state legislator may not
17 receive membership credit under (b) of this section for legislative service performed
18 before the legislative session during which the state legislator elected membership
19 under (b) of this section. In order to continue in membership service under (b) of this
20 section, the state legislator must earn at least 0.3 years of membership service under
21 other sections of this chapter during each five-year period.

22 * **Sec. 4.** AS 14.25.040 is amended by adding a new subsection to read:

23 (e) A public school district may elect to participate in the defined contribution
24 retirement system under AS 39.38 for teachers first hired on or after January 1, 1996.
25 Employment that is covered by AS 39.38 may not be considered to be credited service
26 under this chapter. A public school district that elects to be covered by AS 39.38 for
27 teachers who are not members of this system may not later elect to return to coverage
28 under this system.

29 * **Sec. 5.** AS 14.25.220(16) is amended to read:

30 (16) "employer" means a public school district, the Board of Regents
31 of the University of Alaska, the Department of Education, the National Education

1 Association of Alaska, the Regional Resource Centers, or the state legislature with
2 respect to a state legislator who elects membership under AS 14.25.040(b) **that has**
3 **not elected to participate in the defined contribution retirement system under**
4 **AS 39.38;**

5 * Sec. 6. AS 14.25.220(21) is amended to read:

6 (21) "membership service" means

7 (A) full or part-time service as a teacher in a public school in
8 the Territory or State of Alaska, or both, under the supervision and control of
9 the Territorial Board of Education or the Department of Education or the
10 school board of a city, regional educational attendance area, or borough school
11 district **so long as the person is not participating in the defined contribution**
12 **retirement system under AS 39.38 for that service;**

13 (B) full-time or part-time teaching at the University of Alaska
14 or a full-time administrative position at the University of Alaska that requires
15 academic standing and that has been approved for inclusion in the system by
16 the director **so long as the person is not participating in the defined**
17 **contribution retirement system under AS 39.38 for that service;**

18 (C) any period during which the teacher receives a disability
19 benefit under this system or is on an approved sabbatical leave granted in
20 accordance with AS 14.20.310;

21 (D) continuous service as a state legislator when performed by
22 a state legislator who elects membership under AS 14.25.040(b), subject to the
23 requirements of AS 14.25.040(c);

24 (E) full-time or part-time service as an employee of the Special
25 Education Service Agency, subject to the requirements of AS 14.25.047 **so long**
26 **as the person is not participating in the defined contribution retirement**
27 **system under AS 39.38 for that service;** or

28 (F) full-time or part-time service as an Alaska Native language
29 or culture expert, subject to the requirements of AS 14.25.048 **so long as the**
30 **person is not participating in the defined contribution retirement system**
31 **under AS 39.38 for that service;**

1 * **Sec. 7.** AS 22.25.012(a) is amended to read:

2 (a) An administrative director of the Alaska Court System appointed under
3 art. IV, sec. 16 of the state constitution is entitled to retirement benefits under

4 (1) this chapter, if the administrative director was first appointed
5 before January 1, 1996, on the terms and conditions applicable to a superior court
6 judge appointed after July 1, 1978, except that an administrative director may receive
7 retirement benefits only with service as administrative director for 10 or more years;
8 or

9 (2) AS 39.38 if the administrative director was first appointed on
10 or after January 1, 1996.

11 * **Sec. 8.** AS 22.25.012(c) is amended to read:

12 (c) An administrative director first hired before January 1, 1996, who
13 withdraws from the judicial retirement system under (b) of this section is eligible for
14 membership in the public employees' retirement system (AS 39.35) and shall receive
15 credited service in that system for service rendered as administrative director. To be
16 eligible for membership in the public employees' retirement system under this
17 subsection, the administrative director must contribute to the public employees'
18 retirement system

19 (1) the amount that would have been contributed if the administrative
20 director had been a member during the period of the membership in the judicial
21 retirement system; and

22 (2) any contributions for service as administrative director refunded
23 from the public employees' retirement system at the time the administrative director
24 became a member of the judicial retirement system.

25 * **Sec. 9.** AS 37.10.390(2) is amended to read:

26 (2) "retirement systems" means the teachers' retirement system, the
27 judicial retirement system, the Alaska National Guard and Alaska Naval Militia
28 retirement system, the defined contribution retirement plan, and the public
29 employees' retirement system.

30 * **Sec. 10.** AS 39.25.120(c) is amended by adding a new paragraph to read:

31 (24) director of the defined contribution retirement plan.

1 * **Sec. 11.** AS 39.35.120 is amended to read:

2 Sec. 39.35.120. COMMENCEMENT OF PARTICIPATION. (a) An
3 employee of the state who was first hired before January 1, 1996, shall be included
4 in this system upon commencement of employment with the state, or on January 1,
5 1961, whichever is later. Unless an employee has elected to participate in the optional
6 university retirement program under AS 14.40.661 - 14.40.799, an employee of a
7 political subdivision or public organization that becomes an employer who was first
8 hired before January 1, 1996, shall be included in the system on the effective date
9 of the employer's participation or the date of the employee's commencement of
10 employment with the employer, whichever is later.

11 (b) Inclusion in the system is a condition of employment for an employee who
12 was first hired before January 1, 1996, except as otherwise provided for an elected
13 official and for an employee of the university who has elected to participate in the
14 optional university retirement program under AS 14.40.661 - 14.40.799.

15 * **Sec. 12.** AS 39.35.158 is amended to read:

16 Sec. 39.35.158. ADMINISTRATIVE DIRECTOR OF COURTS. An
17 administrative director of the Alaska court system first hired before January 1, 1996,
18 who withdraws from the judicial retirement system under AS 22.25.012 is eligible for
19 membership in the system and shall receive credited service in the system for service
20 rendered as administrative director. To be eligible for membership in the system under
21 this subsection, the administrative director must contribute to the system

22 (1) the amount the director would have contributed if the director had
23 been a member during the director's period of membership in the judicial retirement
24 system; and

25 (2) any contributions for services as administrative director refunded
26 by the system at the time the director became a member of the judicial retirement
27 system.

28 * **Sec. 13.** AS 39.35.550 is amended to read:

29 Sec. 39.35.550. REQUEST BY POLITICAL SUBDIVISION TO
30 PARTICIPATE AND ADOPTION OF RESOLUTION. A municipality or other
31 political subdivision of the state may, before January 1, 1996, request to become an

1 employer in this system. The request shall be made after adoption of a resolution by
2 the legislative body of the political subdivision and after approval of the resolution by
3 the person required by law to approve the resolution. A certified copy of the
4 resolution shall be filed with the administrator. If the administrator approves the
5 request for participation, the political subdivision is an employer of the system.

6 * **Sec. 14.** AS 39.35.560 is amended to read:

7 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO
8 PARTICIPATE AND ADOPTION OF RESOLUTION. A public organization may,
9 before January 1, 1996, request to become an employer in this system. The request
10 shall be made after adoption of a resolution by the governing body of the public
11 organization. A certified copy of the resolution shall be filed with the administrator.
12 If the administrator approves the request for participation, the public organization is
13 an employer of the system.

14 * **Sec. 15.** AS 39.35.680(21) is amended to read:

15 (21) "member" or "employee"

16 (A) means a person eligible to participate in the system who
17 was first hired before January 1, 1996, and who is covered by the system;

18 (B) includes

- 19 (i) active member;
- 20 (ii) inactive member;
- 21 (iii) vested member;
- 22 (iv) deferred vested member;
- 23 (v) non-vested member;
- 24 (vi) disabled member;
- 25 (vii) retired member;
- 26 (viii) an elected public officer under AS 39.35.381;

27 (C) does not include

- 28 (i) former members;
- 29 (ii) persons compensated on a contractual or fee basis;
- 30 (iii) casual or emergency workers or nonpermanent
31 employees as defined in AS 39.25.200;

1 (iv) persons covered by the Alaska Teachers' Retirement
2 System except as provided under AS 39.35.131 and 39.35.381, **persons**
3 **covered by the defined contribution retirement plan**, or persons
4 covered by the optional university retirement program;

5 (v) employees of the division of marine transportation
6 engaged in operating the state ferry system who are covered by a union
7 or group retirement system to which the state makes contributions;

8 (vi) justices of the supreme court or judges of the court
9 of appeals or of the superior or district courts of Alaska;

10 (vii) the administrative director of courts appointed
11 under art. IV, sec. 16 of the state constitution unless the director
12 becomes a member under AS 39.35.158; and

13 (viii) members of the elected public officers' retirement
14 system (former AS 39.37);

15 (D) may include employees of the division of marine
16 transportation excluded under (C)(v) of this paragraph provided that

17 (i) the State of Alaska formally agrees to their inclusion
18 through the process of collective bargaining; and

19 (ii) no collective bargaining agreement has the effect of
20 obligating contributions made by the state under AS 39.30.150 in the
21 event the state resumes participation in the federal social security
22 system;

23 * **Sec. 16.** Section 7, ch. 26, SLA 1986, as amended by sec. 7, ch. 104, SLA 1989, is
24 further amended to read:

25 Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. If a participant in the
26 retirement incentive program is reemployed as a member of the Public Employees'
27 Retirement System under AS 39.35, the optional university retirement program under
28 AS 14.40.661 - 14.40.799, **the defined contribution retirement plan under**
29 **AS 39.38**, or the Teachers' Retirement System under AS 14.25 after appointment to
30 retirement under the program, the participant loses the incentive credit received under
31 sec. 5 (c) of this Act and is indebted to the system. The amount of the indebtedness

1 is equal to 110 percent of the amount the participant received as a result of
2 participation in the program for which the participant was not otherwise entitled, in-
3 cluding the cost of health insurance. The participant is entitled to a credit to be
4 applied against the reemployment indebtedness in the amount the participant has paid
5 under sec. 5 (d) of this Act. Interest accrues on the indebtedness at the rate established
6 by regulation from the date of reemployment until the member is appointed to
7 retirement and accepts an actuarial adjustment to the member's future benefits or until
8 the amount is paid in full.

9 * **Sec. 17.** Section 9(a), ch. 89, SLA 1989, as amended by sec. 6, ch. 18, SLA 1990, is
10 amended to read:

11 (a) If a participant in the retirement incentive program is reemployed as a
12 member of the public employees' retirement system under AS 39.35, [OR] the teachers'
13 retirement system under AS 14.25, **or the defined contribution retirement plan**
14 **under AS 39.38**, after appointment to retirement under the **retirement incentive**
15 program, the participant loses the incentive credit received under sec. 2(g) of this Act
16 and is indebted to the system. The amount of the indebtedness is equal to 110 percent
17 of the amount the participant received as a result of participation in the program to
18 which the participant was not otherwise entitled, including the cost of health insurance.
19 The participant is entitled to a credit to be applied against the reemployment
20 indebtedness in the amount the participant has paid under sec. 2(e), (f), and (i) of this
21 Act. Interest accrues on the indebtedness at the rate established by regulation from the
22 date of reemployment until the member is appointed to retirement and accepts an
23 actuarial adjustment to the member's future benefits or until the amount is paid in full.

24 * **Sec. 18.** Notwithstanding AS 39.38.020(3), enacted by sec. 1 of this Act, until January 1,
25 1997, the Alaska State Pension Investment Board may provide fewer than four investment
26 options for employees. The board shall use its best efforts to provide investment options to
27 employees in a timely manner.