

CS FOR SENATE BILL NO. 85(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 2/11/00

Referred: Rules

Sponsor(s): SENATOR MACKIE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to credited service in the public employees' retirement system**
2 **for temporary employment; and creating a public service benefit in the public**
3 **employees' retirement system."**

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

5 * **Section 1.** AS 39.35.345(d) is repealed and reenacted to read:

6 (d) An employee may choose whether the credited service granted under this
7 section is used to satisfy the credited service requirements for normal retirement under
8 AS 39.35.370(a)(2) or (3) or is only used for the calculation of benefits. An election
9 under this subsection is irrevocable and applies to all temporary credited service that
10 the employee has accrued when the employee retires. An election under this
11 subsection does not change the date that an employee is considered to have
12 commenced participation in the system under AS 39.35.120.

13 * **Sec. 2.** AS 39.35 is amended by adding a new section to read:

14 **Sec. 39.35.375. Public service benefit.** (a) An active or inactive member

1 who has never been vested in this system or in the teachers' retirement system under
2 AS 14.25, who has at least two years of credited service in this system, and who has
3 membership service in the teachers' retirement system may claim credited service in
4 this system in an amount equal to the membership service the member has in the
5 teachers' retirement system. The claimed credited service may be added to service
6 earned under this chapter to enable the member to qualify for a public service benefit
7 under this section. The member may not claim credited service for membership
8 service for which the member has received a refund under AS 14.25.150 unless the
9 member fully pays the indebtedness as established under AS 14.25.063. The member
10 may not claim credited service in this system based on unused sick leave under
11 AS 14.25.115.

12 (b) To claim credited service under this section, the member shall file a written
13 request with the administrator when the member applies to retire. The administrator
14 shall determine the full actuarial cost of benefits based on the member's total credited
15 service and shall transfer from the teachers' retirement system to this system an
16 amount equal to the sum of the member contributions and any indebtedness payments
17 to the teachers' retirement system and the employer contributions to the teachers'
18 retirement system made on behalf of the employee together with interest earned on
19 those contributions and indebtedness payments. If the amount to be transferred, when
20 combined with the amount of employee contributions and indebtedness payments to
21 this system and the amount of employer contributions on behalf of the employee in
22 this system, and interest earned on contributions and indebtedness payments for the
23 employee, is less than the full actuarial cost computed under this subsection, an
24 indebtedness to the system equal to the amount of the difference is established.
25 Interest as prescribed by regulation accrues on the indebtedness. The member must pay
26 any outstanding indebtedness existing at the time the member applies for retirement
27 in full before the member is appointed to retirement under this section.

28 (c) A member is entitled to receive a public service benefit under this section
29 if the member has at least a total of five years credited service under this chapter and
30 credited service from the teachers' retirement system claimed under this section. A
31 public service benefit shall be calculated using the higher of the average monthly

1 compensation for service in this system or the average base salary for service in the
2 teachers' retirement system. The amount of the benefit shall be calculated in
3 accordance with AS 39.35.370(c).

4 (d) Credited service earned under either this system or the teachers' retirement
5 system that has been claimed for a public service benefit under this section may not
6 be used for any other purpose. A member who claims credited service under this
7 section loses all rights to benefits under AS 14.25 based on the claimed credited
8 service. A member may not claim credited service under this section unless the
9 member claims all of the membership service the member has in the teachers'
10 retirement system. A public service benefit does not constitute a normal or early
11 retirement benefit for purposes of qualifying for a conditional service retirement benefit
12 under AS 14.25.125 or AS 39.35.385.

13 (e) A member whose rights to benefits under AS 14.25 are subject to a
14 qualified domestic relations order may claim credited service under this section.
15 However, the credited service claimed remains subject to the terms of the order.

16 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the
17 teachers' retirement system who is an active member or inactive member of this
18 system may reinstate, under this section, membership service earned under AS 14.25
19 for which the member received a refund of contributions.

20 (g) If a member retires under this section and subsequently returns to work for
21 an employer under this system or the teachers' retirement system, benefits under this
22 section shall cease during the period of reemployment and shall recommence when the
23 reemployment is ended. The credited service earned during the period of
24 reemployment may not be added to the credited service claimed for a public service
25 benefit under this section. If a member vests and meets the other eligibility
26 requirements under this system or the teachers' retirement system during the
27 reemployment, the member is entitled to a benefit under AS 14.25 or AS 39.35, as
28 appropriate.

29 * **Sec. 3.** A member of the public employees' retirement system who has claimed credited
30 service under AS 39.35.345 before the effective date of this Act may exercise the election
31 established under AS 39.35.345(d), as amended by sec. 1 of this Act, before the member is

1 appointed to retirement.