



LAWS OF ALASKA

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92

AN ACT

Relating to federal tax requirements for and other provisions of the teachers' retirement system, the public employees' retirement system, and the judicial retirement system; removing village public safety officers from the public employees' retirement system; eliminating the public employees' retirement system conditional duty to refund contributions under \$1,000 to inactive employees; limiting service credit for village public safety officer service in the public employees' retirement system to five years; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

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2 system, the public employees' retirement system, and the judicial retirement system; removing
3 village public safety officers from the public employees' retirement system; eliminating the
4 public employees' retirement system conditional duty to refund contributions under \$1,000 to
5 inactive employees; limiting service credit for village public safety officer service in the
6 public employees' retirement system to five years; and providing for an effective date.

7

8 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
9 to read:

10 **PURPOSE.** The purpose of this Act is to

11 (1) ensure that the teachers' retirement system, the public employees'
12 retirement system, and the judicial retirement system continue to meet governmental plan

1 qualifications set by the Internal Revenue Service so that those plans may qualify for
2 favorable federal tax treatment; and

3 (2) implement changes in those retirement systems so that members can take
4 advantage of changes in federal tax laws and better plan their retirement.

5 * **Sec. 2.** AS 14.25.010 is amended by adding a new subsection to read:

6 (c) An amendment to this chapter does not provide a person with a vested
7 right to a benefit if the Internal Revenue Service determines that the amendment will
8 result in disqualification of the plan under the Internal Revenue Code.

9 * **Sec. 3.** AS 14.25.050(a) is amended to read:

10 (a) Except as provided in (c) of this section, beginning January 1, 1991, each
11 **member** [TEACHER] shall contribute to the system an amount equal to 8.65 percent
12 of the **member's** [TEACHER'S] base salary accrued from July 1 to the following
13 June 30. The employer shall deduct the contribution from the **member's**
14 [TEACHER'S] salary at the end of each payroll period, **and the contribution shall be**
15 **credited by the system to the member contribution account.** The contributions
16 shall be deducted from employee compensation before the computation of applicable
17 federal taxes and shall be treated as employer contributions under 26 U.S.C. 414(h)(2).
18 A member may not have the option of making the payroll deduction directly in cash
19 instead of having the contribution picked up by the employer.

20 * **Sec. 4.** AS 14.25.060(a) is amended to read:

21 (a) If a member first joined the **system** [SERVICE] before July 1, 1990, and
22 has military service or Alaska Bureau of Indian Affairs (BIA) service, or if a member
23 joined the system before July 1, 1978, and has creditable outside service, **the member**
24 **may claim this service. If the member claims the service,** the member is indebted
25 to the system as follows:

26 (1) **at** [AT] the time of first becoming a member of the system, the
27 arrearage indebtedness is seven percent of the base salary multiplied by the total
28 number of years of creditable outside, military, and Alaska BIA service; **the** [. THE]
29 administrator shall add compound interest at the rate prescribed by regulation to the
30 arrearage indebtedness beginning July 1, 1963, or at the time the member first
31 becomes eligible to claim the service, whichever is later, to the date of payment or the

1 date of retirement, whichever occurs first; [.]

2 (2) **if** [IF] a member terminates from the system and is subsequently
3 reemployed as a member, the arrearage indebtedness to the system for outside,
4 military, or Alaska BIA service accumulated in the interim is seven percent of the base
5 salary upon reentering membership service, multiplied by the number of years of
6 interim outside, military, and Alaska BIA service; **compound** [. COMPOUND]
7 interest at the rate prescribed by regulation shall be added to the arrearage
8 indebtedness beginning July 1, 1963, or the date of reemployment as a member,
9 whichever is later, to the date of payment or the date of retirement, whichever occurs
10 first.

11 * **Sec. 5.** AS 14.25.062 is amended to read:

12 **Sec. 14.25.062. Reinstatement indebtedness.** A **member** [TEACHER] who
13 has received a refund of contributions in accordance with AS 14.25.150 **forfeits**
14 **corresponding credited service under this chapter. A member may elect to**
15 **reinstate credited service associated with the refund by repaying the total amount**
16 **of the refund. If an election is made under this section, an indebtedness** [IS
17 INDEBTED] to the system in the amount of the total refund **shall be established.**
18 Compound interest at the rate prescribed by regulation shall be added to the
19 reinstatement indebtedness from the date of the refund to the date of repayment or the
20 date of retirement, whichever occurs first.

21 * **Sec. 6.** AS 14.25.070 is amended to read:

22 **Sec. 14.25.070. Contributions by employer.** An employer shall contribute to
23 the system an amount equal to the percentage, as certified by the administrator, of the
24 sum total of the base salaries of all **members** [TEACHERS] that is required in
25 addition to **member** [TEACHER] contributions to provide the benefits of this chapter
26 times the sum total of the base salaries paid to **members** [TEACHERS], including any
27 adjustments to contributions required by AS 14.25.173(a), by the employer.

28 * **Sec. 7.** AS 14.25.075(a) is amended to read:

29 (a) An employee who is eligible to purchase credited service under
30 AS 14.25.047 or 14.25.048, a member who is eligible to purchase credited service
31 under **AS 14.25.048, 14.25.050, 14.25.060** [AS 14.25.060], 14.25.061, **14.25.062,**

1 [OR] 14.25.100, or 14.25.107, or a teacher who is eligible to purchase credited service
2 under AS 14.20.345, AS 14.25.050, 14.25.062, or 14.25.105 [IS A MEMBER FOR
3 PURPOSES OF THIS SECTION. A MEMBER], in lieu of making payments directly
4 to the system, may elect to have the member's employer make payments as provided
5 in this section.

6 * **Sec. 8.** AS 14.25.075(b) is amended to read:

7 (b) A member may elect to have the employer make payments for all or any
8 portion of the amounts payable for the member's purchase of credited service through
9 a salary reduction program as follows:

10 (1) the amounts paid under a salary reduction program are in lieu of
11 contributions by the member making the election; the electing member's salary or
12 other compensation shall be reduced by the amount paid by the employer under this
13 subsection [SECTION];

14 (2) the member shall make an irrevocable election under this
15 subsection [SECTION] to purchase credited service as permitted in AS 14.20.345,
16 AS 14.25.047, 14.25.048, 14.25.050, 14.25.060, 14.25.061, 14.25.062, 14.25.100,
17 [OR] 14.25.105, or 14.25.107 before the member's termination of employment; the
18 irrevocable election must specify the number of payroll periods that deductions will
19 be made from the member's compensation and the dollar amount of deductions for
20 each payroll period during the specified number of payroll periods; the deductions
21 made under this paragraph cease upon the earlier of the member's termination
22 of employment with the employer or the member's death; amounts paid by an
23 employer under (f) of this section may not be applied toward the payment of the
24 dollar amount of the deductions representing the portion of the credited service
25 that is being purchased by the member through payroll deduction in accordance
26 with the member's irrevocable election under this paragraph;

27 (3) [A MEMBER WHO MAKES AN ELECTION UNDER THIS
28 SECTION TO HAVE THE EMPLOYER MAKE PAYMENTS FOR LESS THAN
29 ALL OF THE AMOUNTS PAYABLE FOR THE MEMBER'S PURCHASE OF
30 CREDITED SERVICE MAY SUBSEQUENTLY ELECT TO HAVE THE
31 EMPLOYER MAKE PAYMENTS FOR ALL OR ANY PORTION OF THE

1 REMAINING AMOUNTS PAYABLE FOR THE MEMBER'S PURCHASE OF
2 CREDITED SERVICE;

3 (4)] amounts paid by an employer under this **subsection** [SECTION]
4 shall be treated as employer contributions for the purpose of determining tax treatment
5 under 26 U.S.C. (Internal Revenue Code); the amounts paid by the employer under
6 this section may not be included in the member's gross income for income tax
7 purposes until those amounts are distributed by refund or retirement benefit payments.

8 * **Sec. 9.** AS 14.25.075(f) is amended to read:

9 (f) **The** [TO THE EXTENT THAT A PAYMENT UNDER THIS SECTION
10 DOES NOT ALTER, AMEND, OR REVOKE ANY ONE OR MORE CURRENTLY
11 EFFECTIVE ELECTIONS MADE BY THE EMPLOYEE, THE] board may accept
12 **rollover** [EMPLOYEE] contributions **from a member, and direct transfers as**
13 **described in this subsection, for the purchase, in whole or in part, of forfeited**
14 **credited service under this section for the reinstatement, in whole or in part, of**
15 **forfeited credited service under AS 14.25.062. Contributions made under this**
16 **subsection may not be applied to purchase service being paid under (b) of this**
17 **section. A rollover contribution or transfer as described in this subsection** [,
18 WHICH] shall [ALSO] be treated as employer contributions for the purpose of
19 determining tax treatment under the Internal Revenue Code **and may be made** [, FOR
20 THE PAYMENT FOR CREDITED SERVICE PURCHASES MADE UNDER THIS
21 SECTION IN WHOLE OR IN PART,] by any one or a combination of the following
22 methods:

23 (1) subject to the limitations prescribed in [26 U.S.C. 401(a)(3) AND]
24 26 U.S.C. 402(c), accepting eligible rollover distributions directly from one or more
25 retirement programs of another employer that are qualified under 26 U.S.C. 401(a) or
26 accepting rollovers directly from **a member** [AN EMPLOYEE];

27 (2) subject to the limitations prescribed in 26 U.S.C. 408(d)(3)(A)(ii),
28 accepting from **a member** [AN EMPLOYEE] conduit rollover contributions that are
29 received by the **member** [EMPLOYEE] from one or more conduit rollover individual
30 retirement accounts previously established by the **member** [EMPLOYEE];

31 (3) subject to the limitations prescribed in 26 U.S.C. 403(b)(13),

1 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the
2 **member** [EMPLOYEE], on **or** [AND] after January 1, 2002, from a tax sheltered
3 annuity described in 26 U.S.C. 403(b);

4 (4) subject to the limitations prescribed in 26 U.S.C. 457(e)(17),
5 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the
6 **member** [EMPLOYEE], on **or** [AND] after January 1, 2002, from an eligible deferred
7 compensation plan of a tax-exempt organization or a state or local government
8 described in 26 U.S.C. 457(b);

9 (5) accepting direct trustee-to-trustee transfer from an account
10 established for the benefit of the member in AS 39.30.150 - 39.30.180 (Alaska
11 Supplemental Annuity Plan).

12 * **Sec. 10.** AS 14.25.075(i) is amended to read:

13 (i) On satisfaction of the eligibility requirements of AS 14.20.345,
14 AS 14.25.047, 14.25.048, 14.25.050, 14.25.060, 14.25.061, **14.25.062**, 14.25.100,
15 [OR] 14.25.105, **or 14.25.107**, the requirements of this section, and the administrative
16 filing requirements specified by the board, the system shall adjust the member's
17 credited service history and add any additional service credits acquired.

18 * **Sec. 11.** AS 14.25.110(k) is amended to read:

19 (k) **For system fiscal years beginning after December 31, 1975, and**
20 **notwithstanding** [NOTWITHSTANDING] any other provision of this chapter, the
21 projected annual benefit provided by this chapter and the benefit from all other defined
22 benefit plans required to be aggregated with the benefits from this system under the
23 provisions of 26 U.S.C. 415 may not increase to an amount in excess of the amount
24 permitted under 26 U.S.C. 415 at any time. In the event that any projected annual
25 benefit of a member exceeds the limitation of 26 U.S.C. 415 for a limitation year, the
26 system shall take any necessary remedial action to correct an excess accrued **annual**
27 benefit. The provisions of 26 U.S.C. 415, and the regulations adopted under that
28 statute, as applied to qualified defined benefit plans of governmental employers are
29 incorporated as part of the terms and conditions of the system. This subsection applies
30 to any member of this system.

31 * **Sec. 12.** AS 14.25.165(h) is amended to read:

1 (h) Unless otherwise specified, the provisions of this section apply to calendar
2 years beginning on or after January 1, **1983** [1989].

3 * **Sec. 13.** AS 14.25.220(2) is amended to read:

4 (2) "actuarial adjustment" means the adjustment necessary to obtain
5 equality in value of the aggregate expected payments under two different forms of
6 pension payments, considering expected mortality and interest earnings on the basis of
7 **assumptions, factors, and methods specified in regulations issued under the**
8 **system that are formally adopted under AS 14.25.022 by the board and that**
9 **clearly preclude employer discretion in the determination of the amount of any**
10 **member's benefit** [TABLES REFERRED TO IN THE INFORMATION
11 HANDBOOK PUBLISHED UNDER AS 14.25.030(5)];

12 * **Sec. 14.** AS 14.25.220(42) is amended to read:

13 (42) "teacher" **and** [OR] "member" **are used interchangeably under**
14 **this chapter and mean** [MEANS] a person eligible to participate in the system and
15 who is covered by the system, limited to

16 (A) a certificated full-time or part-time elementary or
17 secondary teacher, a certificated school nurse, or a certificated person in a
18 position requiring a teaching certificate as a condition of employment in a
19 public school of the state, the Department of Education and Early
20 Development, or the Department of Labor and Workforce Development;

21 (B) a full-time or part-time teacher of the University of Alaska
22 or a person occupying a full-time administrative position at the University of
23 Alaska that requires academic standing; the approval of the administrator must
24 be obtained before an administrative position qualifies for membership in the
25 system; however, a teacher or administrative person at the university who is
26 participating in the optional university retirement program under AS 14.40.661
27 - 14.40.799 is not a member under this system;

28 (C) a state legislator who elects membership under
29 AS 14.25.040(b);

30 * **Sec. 15.** AS 22.25.011 is amended to read:

31 **Sec. 22.25.011. Contributions of judges and justices.** Each justice and

1 judge appointed after July 1, 1978, **is a member under the judicial retirement**
2 **system as of the date of the justice's or judge's appointment and** shall contribute
3 seven percent of the base annual salary received by the justice or judge to the judicial
4 retirement system. Contributions shall be made for all creditable service under this
5 chapter up to a maximum of 15 years. This contribution is made in the form of a
6 deduction from compensation, at the end of each payroll period, and is made even if
7 the compensation paid in cash to the justice or judge is reduced below the minimum
8 prescribed by law. The contributions shall be deducted from the justice's or judge's
9 compensation before the computation of applicable federal taxes and shall be treated
10 as employer contributions under 26 U.S.C. 414(h)(2). A member may not have the
11 option of making the payroll deduction directly in cash instead of having the
12 contribution picked up by the employer. Each justice and judge is considered to
13 consent to the deduction from compensation. Payment of compensation less the
14 deduction constitutes a full discharge of all claims and demands for the services
15 rendered by the justice or judge during the period covered by the payment, except as
16 to the benefits provided for under this chapter. The contributions shall be credited to
17 the judicial retirement fund established in accordance with AS 22.25.048.

18 * **Sec. 16.** AS 22.25.012(a) is amended to read:

19 (a) An administrative director of the Alaska court system appointed under art.
20 IV, sec. 16 of the state constitution is **a member under the judicial retirement**
21 **system as of the date of the administrative director's appointment and is** entitled
22 to retirement benefits under this chapter on the terms and conditions applicable to a
23 superior court judge appointed after July 1, 1978, except that an administrative
24 director may receive retirement benefits only with service as administrative director
25 for 10 or more years.

26 * **Sec. 17.** AS 22.25.025 is amended by adding a new subsection to read:

27 (b) An amendment to this chapter does not provide a person with a vested
28 right to a benefit if the Internal Revenue Service determines that the amendment will
29 result in disqualification of the plan under the Internal Revenue Code.

30 * **Sec. 18.** AS 22.25.048(i) is amended to read:

31 (i) **If the judicial retirement system is terminated,**

1 **(1) a member whose contributions have not been refunded,**
2 **regardless of the member's employment status at the date of the termination of**
3 **the system, shall be considered fully vested in the member's adjusted accrued**
4 **retirement benefits as of the date of the termination of the system; and**

5 **(2) if** [IF, UPON TERMINATION OF THE SYSTEM,] all liabilities
6 are satisfied, any excess assets arising from erroneous actuarial computation shall
7 revert to the employer.

8 * **Sec. 19.** AS 22.25.900(1) is amended to read:

9 (1) "actuarial equivalent" means **the adjustment necessary to obtain**
10 equality in value of the aggregate expected payments under two different forms of
11 pension payments, considering expected mortality and interest earnings on the basis of
12 **assumptions, factors, and methods specified in regulations issued under the**
13 **system that are formally adopted under AS 22.25.027 by the commissioner of**
14 **administration that clearly preclude employer discretion in the determination of**
15 **the amount of any justice's, judge's, or member's benefit** [TABLES REFERRED
16 TO IN THE INFORMATION HANDBOOK PUBLISHED UNDER AS 22.25.025];

17 * **Sec. 20.** AS 39.35.010 is amended by adding a new subsection to read:

18 (d) An amendment to this chapter does not provide a person with a vested
19 right to a benefit if the Internal Revenue Service determines that the amendment will
20 result in disqualification of the plan under the Internal Revenue Code.

21 * **Sec. 21.** AS 39.35.120 is amended to read:

22 **Sec. 39.35.120. Commencement of participation.** (a) An employee of the
23 state shall be included in this system upon commencement of employment with the
24 state, or on January 1, 1961, whichever is later. Unless an employee has elected to
25 participate in the optional university retirement program under AS 14.40.661 -
26 14.40.799, an employee of a political subdivision or public organization that becomes
27 an employer shall be included in the system on the effective date of the employer's
28 participation or the date of the employee's commencement of employment with the
29 employer, whichever is later. [UNLESS THE VILLAGE PUBLIC SAFETY
30 OFFICER WAIVES COVERAGE UNDER AS 39.35.127, A VILLAGE PUBLIC
31 SAFETY OFFICER EMPLOYED UNDER THE VILLAGE PUBLIC SAFETY

1 OFFICER PROGRAM ESTABLISHED IN AS 18.65.670 IS INCLUDED IN THIS
2 SYSTEM ON THE EFFECTIVE DATE OF THIS BILL SECTION OR UPON THE
3 OFFICER'S COMMENCEMENT OF EMPLOYMENT WITH THE EMPLOYER,
4 WHICHEVER IS LATER.]

5 (b) Inclusion in the system is a condition of employment for an employee
6 except as otherwise provided for

7 (1) an elected official;

8 (2) an employee making an election under AS 39.35.150(b); **and**

9 (3) an employee of the university who has elected to participate in the
10 optional university retirement program under AS 14.40.661 - 14.40.799 [; AND

11 (4) A VILLAGE PUBLIC SAFETY OFFICER EMPLOYED BY A
12 NONPROFIT REGIONAL CORPORATION AS SET OUT IN AS 39.35.127].

13 * **Sec. 22.** AS 39.35.165(b) is amended to read:

14 (b) An employee may elect to have the employer make payments for all or any
15 portion of the amounts payable for the employee's purchase of credited service
16 through a salary reduction program as follows:

17 (1) the amounts paid under a salary reduction program are in lieu of
18 contributions by the employee making the election; the electing employee's salary or
19 other compensation shall be reduced by the amount paid by the employer under this
20 subsection;

21 (2) the employee shall make an **irrevocable** election under this section
22 to purchase credited service as permitted in AS 39.35.310, 39.35.330, 39.35.340,
23 39.35.342, 39.35.345, 39.35.350, 39.35.360, 39.35.370, 39.35.375, or 39.35.381 and
24 before the employee's termination of employment; the **irrevocable** election must
25 specify the number of payroll periods that deductions will be made from the
26 employee's compensation and the dollar amount of deductions for each payroll period
27 during the specified number of payroll periods; **the deductions made under this**
28 **paragraph cease upon the earlier of the member's termination of employment**
29 **with the employer or the member's death; amounts paid by an employer under**
30 **(f) of this section may not be applied toward the payment of the dollar amount of**
31 **the deductions representing the portion of the credited service that is being**

1 purchased by the member through payroll deduction in accordance with the
2 member's irrevocable election under this subsection;

3 (3) [AN EMPLOYEE WHO MAKES AN ELECTION UNDER THIS
4 SECTION TO HAVE THE EMPLOYER MAKE PAYMENTS FOR LESS THAN
5 ALL OF THE AMOUNTS PAYABLE FOR THE EMPLOYEE'S PURCHASE OF
6 CREDITED SERVICE MAY SUBSEQUENTLY ELECT TO HAVE THE
7 EMPLOYER MAKE PAYMENTS FOR ALL OR ANY PORTION OF THE
8 REMAINING AMOUNTS PAYABLE FOR THE EMPLOYEE'S PURCHASE OF
9 CREDITED SERVICE;

10 (4) amounts paid by an employer under this subsection [SECTION]
11 shall be treated as employer contributions for the purpose of determining tax treatment
12 under the Internal Revenue Code; the amounts paid by the employer under this section
13 may not be included in the member's gross income for income tax purposes until those
14 amounts are distributed by refund or retirement benefit payments.

15 * **Sec. 23.** AS 39.35.165(f) is amended to read:

16 (f) **The** [TO THE EXTENT THAT A PAYMENT UNDER THIS SECTION
17 DOES NOT ALTER, AMEND, OR REVOKE ANY ONE OR MORE CURRENTLY
18 EFFECTIVE ELECTIONS MADE BY THE EMPLOYEE, THE] board may accept
19 rollover [EMPLOYEE] contributions from a member and direct transfers, as
20 described in this subsection, for the purchase, in whole or in part, of credited
21 service for the reinstatement, in whole or in part, of forfeited credited service
22 under AS 39.35.350. A rollover contribution or transfer as described in this
23 subsection [, WHICH] shall also be treated as employer contributions for the purpose
24 of determining tax treatment under the Internal Revenue Code and may be made [,
25 FOR THE PAYMENT FOR CREDITED SERVICE PURCHASES MADE UNDER
26 THIS SECTION IN WHOLE OR IN PART,] by any one or a combination of the
27 following methods:

28 (1) subject to the limitations prescribed in 26 U.S.C. 401(a)(3) and 26
29 U.S.C. 402(c), accepting eligible rollover distributions directly from one or more
30 retirement programs of another employer that are qualified under 26 U.S.C. 401(a) or
31 accepting rollovers directly from a member [AN EMPLOYEE];

1 (2) subject to the limitations prescribed in 26 U.S.C. 408(d)(3)(A)(ii),
2 accepting from a member [AN EMPLOYEE] conduit rollover contributions that are
3 received by the employee from one or more conduit rollover individual retirement
4 accounts previously established by the member [EMPLOYEE];

5 (3) subject to the limitations prescribed in 26 U.S.C. 403(b)(13),
6 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the
7 member [EMPLOYEE], on or [AND] after January 1, 2002, from a tax sheltered
8 annuity described in 26 U.S.C. 403(b);

9 (4) subject to the limitations prescribed in 26 U.S.C. 457(e)(17),
10 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the
11 member [EMPLOYEE], on or [AND] after January 1, 2002, from an eligible deferred
12 compensation plan of a tax-exempt organization or a state or local government
13 described in 26 U.S.C. 457(b);

14 (5) accepting direct trustee-to-trustee transfer from an account
15 established for the benefit of the member in AS 39.30.150 - 39.30.180 (Alaska
16 Supplemental Annuity Plan).

17 * **Sec. 24.** AS 39.35.200(b) is amended to read:

18 (b) [IF, UPON TERMINATION OF EMPLOYMENT, AN EMPLOYEE
19 HAS CREDITED SERVICE OF LESS THAN FIVE YEARS AND HAS LESS
20 THAN \$1,000 IN THE EMPLOYEE CONTRIBUTION ACCOUNT, A REFUND OF
21 THE EMPLOYEE CONTRIBUTION ACCOUNT MUST BE MADE UNLESS THE
22 EMPLOYEE INDICATES IN WRITING THAT FUTURE RETIREMENT IS
23 INTENDED AND CONTRIBUTIONS SHOULD NOT BE REFUNDED.] An
24 employee who is reemployed with an employer and whose contributions have not
25 been refunded before reemployment is not eligible for a refund.

26 * **Sec. 25.** AS 39.35.342(a) is amended to read:

27 (a) A [EXCEPT FOR EMPLOYMENT FOR WHICH THE EMPLOYEE
28 WAIVED COVERAGE UNDER AS 39.35.127, A] vested employee is entitled to
29 credited service for employment as a village public safety officer under the program
30 established under AS 18.65.670 for which the employee has not otherwise received
31 credited service under this system. An employee is not entitled to credited service for

1 employment as a village public safety officer unless the employee was employed as a
2 village public safety officer for at least one year. **The credited service claimed**
3 **under this section may not exceed five years.** Benefits are not payable on credited
4 service for village public safety officer service under this section unless the employee
5 makes retroactive contributions to the system for the period of time that service credit
6 is claimed.

7 * **Sec. 26.** AS 39.35.370(i) is amended to read:

8 (i) **For system fiscal years beginning after December 31, 1975, and**
9 **notwithstanding** [NOTWITHSTANDING] any other provision of this chapter, the
10 projected annual benefit provided by this chapter and the benefit from all other defined
11 benefit plans required to be aggregated with the benefits from this system under the
12 provisions of 26 U.S.C. 415 may not increase to an amount in excess of the amount
13 permitted under 26 U.S.C. 415 at any time. In the event that any projected annual
14 benefit of a member exceeds the limitation of 26 U.S.C. 415(g) for a limitation year,
15 the system shall take any necessary remedial action to correct an excess accrued
16 **annual** benefit. The provisions of 26 U.S.C. 415, and the regulations adopted under
17 that statute, as applied to qualified defined benefit plans of governmental employers
18 are incorporated as part of the terms and conditions of the system. This subsection
19 applies to any member of this system.

20 * **Sec. 27.** AS 39.35.371(h) is amended to read:

21 (h) Unless otherwise specified, the provisions of this section apply to calendar
22 years beginning on or after January 1, **1983** [1989].

23 * **Sec. 28.** AS 39.35.680(2) is amended to read:

24 (2) "actuarial adjustment" means the adjustment necessary to obtain
25 equality in value of the aggregate expected payments under two different forms of
26 pension payments, considering expected mortality and interest earnings on the basis of
27 **assumptions, factors, and methods specified in regulations issued under this**
28 **system that are formally adopted under AS 39.35.042 by the board that clearly**
29 **preclude employer discretion in the determination of the amount of any**
30 **member's benefit** [TABLES REFERRED TO IN THE INFORMATION
31 HANDBOOK PUBLISHED UNDER AS 39.35.060(8)];

1 * **Sec. 29.** AS 39.35.680(17) is amended to read:

2 (17) "employer" means

3 (A) the State of Alaska; **or**

4 (B) [A NONPROFIT REGIONAL CORPORATION, BUT
5 ONLY WITH RESPECT TO VILLAGE PUBLIC SAFETY OFFICERS
6 EMPLOYED BY THE CORPORATION UNDER AS 18.65.670 WHO HAVE
7 NOT TERMINATED PARTICIPATION IN THE SYSTEM UNDER
8 AS 39.35.127; OR

9 (C)] a political subdivision or public organization of the state
10 that participates in the system;

11 * **Sec. 30.** AS 18.65.670(d); AS 39.35.127, and 39.35.285 are repealed.

12 * **Sec. 31.** The uncodified law of the State of Alaska enacted in sec. 49, ch. 59, SLA 2002,
13 is amended by adding a new subsection to read:

14 (f) Notwithstanding AS 14.25.177 and AS 39.35.547, the following provisions
15 of this Act are retroactive to January 1, 1993:

16 (1) AS 14.25.163, enacted by sec. 9 of this Act;

17 (2) AS 22.25.022, enacted by sec. 19 of this Act;

18 (3) AS 39.35.195, enacted by sec. 32 of this Act.

19 * **Sec. 32.** Section 48, ch. 59, SLA 2002, is repealed.

20 * **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the
23 catchline for

24 (1) AS 14.25.050 from "Contributions by teachers" to "Contributions of
25 members";

26 (2) AS 39.35.546 from "Tax exemption" to "State and federal taxation of
27 benefits."

28 * **Sec. 34.** This Act takes effect immediately under AS 01.10.070(c).