

CS FOR HOUSE BILL NO. 475(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 3/17/06

Referred: Finance

Sponsor(s): REPRESENTATIVES SEATON, Kelly

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the supplemental employee benefit program; relating to teachers'
2 and public employees' defined benefit retirement plans; relating to teachers' and public
3 employees' defined contribution retirement plans; relating to the health reimbursement
4 arrangement plan for certain teachers and public employees; clarifying eligibility for
5 membership in the health reimbursement arrangement plan; relating to waiver of
6 adjustments under the teachers' defined benefit retirement plan and the public
7 employees' defined benefit retirement plan; relating to the administrator of the Public
8 Employees' Retirement System of Alaska; relating to employer contributions for
9 occupational disability and death benefits; repealing participation in the teachers'
10 defined contribution and defined benefit retirement plans by certain employees of the
11 National Education Association of Alaska; relating to requirements for employer
12 minimum contributions to the teachers' and the public employees' defined benefit

1 retirement systems; relating to the public employees' defined benefit deferred
2 compensation program; and providing for an effective date."

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

4 * **Section 1.** AS 14.25.006 is amended to read:

5 **Sec. 14.25.006. Appeals.** An employer, member, annuitant, or beneficiary may
6 appeal a decision made by the administrator to the office of administrative hearings
7 established under AS 44.64. **The final decision under AS 44.64 is delegated to the**
8 **administrative law judge and shall issue within 180 days after the date the**
9 **administrator receives the appeal, unless the administrative law judge and all**
10 **parties agree to another time.** An aggrieved party may appeal a final decision to the
11 superior court.

12 * **Sec. 2.** AS 14.25.070(a) is amended to read:

13 (a) An employer shall make contributions to the plan **in accordance with this**
14 **section and as certified by the board** in an amount sufficient, after subtracting
15 member contributions, to provide the benefits of AS 14.25.009 - 14.25.220. The
16 amount shall be calculated by applying **the normal cost rate to the sum total of the**
17 **base salaries paid to members in the plan and by applying the past service rate to**
18 **the sum total of the base salaries paid to members in the system** [AN EMPLOYER
19 CONTRIBUTION RATE, CERTIFIED BY THE BOARD, AGAINST THE SUM
20 TOTAL OF THE BASE SALARIES PAID TO MEMBERS], including any
21 adjustments to contributions required by AS 14.25.173(a). **The employer shall remit**
22 **this amount to the administrator in accordance with AS 14.25.065.**

23 * **Sec. 3.** AS 14.25.070 is amended by adding a new subsection to read:

24 (d) The employer contribution rate may not be less than the rate required, after
25 subtracting the member contribution rate, to fully fund the actuarially calculated
26 benefits expected to be earned by active members during the fiscal year.

27 * **Sec. 4.** AS 14.25.070 is amended by adding new subsections to read:

28 (e) In (a) of this section, "normal cost rate" means the percentage of
29 compensation of all active members in the plan that, when combined with the member
30 contribution rate of active members in the plan, is sufficient to provide the benefits

1 that are expected to be credited with respect to service during the year beginning after
 2 the last valuation date. This percentage is uniformly determined for all employers and
 3 is applicable to each employer.

4 (f) In (a) of this section, "past service rate" means the percentage of
 5 compensation of all active members in the system necessary to provide the annual
 6 amount required to amortize the unfunded obligations of the employers for benefits
 7 earned by members in the plan before the date of the last actuarial valuation over a
 8 period not to exceed the maximum period allowed by generally accepted accounting
 9 principles of the Governmental Accounting Standards Board. This percentage is
 10 uniformly determined for all employers and is applicable to each employer.

11 * **Sec. 5.** AS 14.25.125(c) is amended to read:

12 (c) Membership service for which contributions were refunded is not
 13 creditable under this section [UNLESS THE REFUNDED CONTRIBUTIONS HAVE
 14 BEEN REPAID. FOR PURPOSES OF THIS SECTION, A MEMBER OR FORMER
 15 MEMBER DOES NOT HAVE TO BE REEMPLOYED UNDER THIS PLAN IN
 16 ORDER TO REPAY REFUNDED CONTRIBUTIONS. COMPOUND INTEREST
 17 AT THE RATE PRESCRIBED BY REGULATION MUST BE ADDED TO THE
 18 REINSTATEMENT INDEBTEDNESS FROM THE DATE OF THE REFUND TO
 19 THE DATE OF REPAYMENT].

20 * **Sec. 6.** AS 14.25.350, as enacted by sec. 35, ch. 9, FSSLA 2005, is amended by adding a
 21 new subsection to read:

22 (e) An employer shall make annual contributions to a trust account in the plan,
 23 applied as a percentage of each member's compensation from July 1 to the following
 24 June 30, in an amount determined by the board to be actuarially required to fully fund
 25 the cost of providing occupational disability and occupational death benefits under
 26 AS 14.25.485 and 14.25.487.

27 * **Sec. 7.** AS 14.25.470(g), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

28 (g) An eligible person shall make the irrevocable election to participate or not
 29 participate in the retiree major medical insurance plan by reaching 70 1/2 years of age,
 30 or upon application for retirement and medical benefits, whichever is later. **The**
 31 **administrator may require an eligible person who deferred participation in the**

1 retiree major medical insurance plan at the time the person applied for
 2 retirement to show evidence of insurability or provide a letter of coverage when
 3 the person later applies to participate in the retiree major medical insurance
 4 plan. If the person does not establish insurability or provide a letter of coverage,
 5 the administrator may deny participation by the person in the retiree major
 6 medical insurance plan.

7 * **Sec. 8.** AS 14.25.485(c), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

8 (c) If the disabled member becomes ineligible to receive occupational
 9 disability benefits before the normal retirement date, the disabled member shall then
 10 be entitled to receive retirement benefits if the member would have been eligible for
 11 the benefit had employment continued during the period of disability. The period of
 12 disability constitutes membership service for the purposes of [IN REGARD TO]
 13 determining vesting in employer contributions under AS 14.25.390(b) and
 14 eligibility for retirement and medical benefits under this chapter and AS 39.30.300
 15 - 39.30.495.

16 * **Sec. 9.** AS 14.25.485(d), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

17 (d) The monthly amount of an occupational disability benefit is 40 percent of
 18 the disabled member's gross monthly compensation at the time of termination due to
 19 disability. A member is not entitled to elect distributions from the member's
 20 individual contribution account under AS 14.25.410 while the member is
 21 receiving disability benefits under this section. While a member is receiving
 22 disability benefits, based on the disabled member's gross monthly compensation at the
 23 time of termination due to disability, the employer shall make contributions to the

24 (1) member's individual account under AS 14.25.340 on behalf of the
 25 member, without deduction from the member's disability payments; and

26 (2) appropriate accounts and funds on behalf of the member under
 27 AS 14.25.350.

28 * **Sec. 10.** AS 14.25.485(g), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

29 (g) A disabled member's occupational disability benefit terminates the last
 30 day of the month following the date [WHEN] the disabled member first qualifies
 31 [ATTAINS ELIGIBILITY] for normal retirement. At that time, the member's

1 retirement benefit shall be determined under the provisions of AS 14.25.420 -
 2 14.25.440, 14.25.470, and 14.25.480. A member **whose occupational disability**
 3 **benefit terminates under this subsection** [RECEIVING DISABILITY BENEFITS
 4 UP UNTIL ELIGIBILITY FOR RETIREMENT] shall be considered to have retired
 5 directly from the plan.

6 * **Sec. 11.** AS 14.25.485(i), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

7 (i) Upon the death of a disabled member who is receiving or is entitled to
 8 receive an occupational disability benefit, the administrator shall pay the surviving
 9 spouse a surviving spouse's pension, equal to 40 percent of the member's monthly
 10 compensation at the termination of employment because of occupational disability. If
 11 there is no surviving spouse, the administrator shall pay the survivor's pension in equal
 12 parts to the dependent children of the member. The first payment of the surviving
 13 spouse's pension or of a dependent child's pension shall accrue from the first day of
 14 the month following the member's death and is payable the last day of the month. The
 15 last payment shall be made **the last day of** [FOR] the last month in which there is an
 16 eligible surviving spouse or **dependent child, or the last day of the month following**
 17 **the earliest date the member would have first qualified for normal retirement if**
 18 **the member had survived, whichever day comes sooner. A retirement benefit**
 19 **shall be determined under the provisions of AS 14.25.420 - 14.25.440, 14.25.470,**
 20 **and 14.25.480 based on** [. ON] the date the **member would have first qualified for**
 21 normal retirement [OF THE MEMBER WOULD HAVE OCCURRED] if the member
 22 had **survived. For the purpose of determining eligibility of a survivor who is**
 23 **receiving a benefit under this subsection for medical benefits under AS 14.25.470**
 24 **- 14.25.480, a** [LIVED, THE RETIREMENT BENEFIT SHALL BE DETERMINED
 25 UNDER THE PROVISIONS OF AS 14.25.420 - 14.25.440, 14.25.470, AND
 26 14.25.480. A] member who died while receiving disability benefits shall be considered
 27 to have retired directly from the plan on the date the **member would have first**
 28 **qualified for** normal retirement [OF THE MEMBER WOULD HAVE OCCURRED]
 29 if the member had **survived. The period during which the member was eligible for**
 30 **a disability benefit and the period during which a survivor's pension is paid to a**
 31 **survivor under this subsection each constitute membership service for the**

1 **purposes of determining vesting in employer contributions under AS 14.25.390(b)**
 2 **and eligibility for retirement and medical benefits under this chapter and**
 3 **AS 39.30.300 - 39.30.495 [LIVED].**

4 * **Sec. 12.** AS 14.25 is amended by adding a new section to read:

5 **Sec. 14.25.486. Disability benefit adjustment.** (a) Once each year, the
 6 administrator shall increase disability benefits. The amount of the increase is a
 7 percentage of the current disability benefit equal to the lesser of 75 percent of the
 8 increase in the cost of living in the preceding calendar year or nine percent.

9 (b) If a disabled member was not receiving a benefit during the entire
 10 preceding calendar year, the increase in the benefit under this section shall be adjusted
 11 by multiplying it by a fraction, the numerator of which is the number of months for
 12 which the benefit was received in the preceding calendar year and the denominator of
 13 which is 12.

14 (c) An increase in benefit payments under this section is effective July 1 of
 15 each year and is based on the percentage increase in the Consumer Price Index for
 16 urban wage earners and clerical workers for Anchorage, Alaska, during the previous
 17 calendar year, as determined by the United States Department of Labor, Bureau of
 18 Labor Statistics.

19 (d) Benefit adjustments under this section shall terminate the last day of the
 20 month following the date on which a disabled member is no longer receiving a
 21 disability benefit under AS 14.25.485.

22 * **Sec. 13.** AS 14.25.487(b), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

23 (b) The first payment of the surviving spouse's pension or of a dependent
 24 child's pension shall be made for the month following the month in which the member
 25 dies. **Payments** [, AND PAYMENT] shall cease **on the last day of the month in**
 26 **which there is no longer an eligible spouse or eligible dependent child, or the last**
 27 **day of the month following the earliest date** [TO BE MADE BEGINNING WITH
 28 THE MONTH IN WHICH] the member would have first qualified for **normal**
 29 retirement **if the member had survived, whichever day is sooner.**

30 * **Sec. 14.** AS 14.25.487(c), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

31 (c) The monthly survivor's pension in (b) of this section for survivors of

1 members is 40 percent of the member's monthly compensation in the month in which
 2 the member dies. **While the monthly survivor's pension is being paid, the survivor**
 3 **is not entitled to elect distributions from the member's individual contribution**
 4 **account under AS 14.25.410, except as required by AS 14.25.440.** While the
 5 monthly survivor's pension is being paid, the employer shall make contributions on
 6 behalf of the member's **surviving spouse and member's surviving dependent**
 7 **children** [BENEFICIARIES] based on the deceased member's gross monthly
 8 compensation at the time of occupational death

9 (1) to the member's individual account under AS 14.25.340, without
 10 deduction from the survivor's pension; and

11 (2) to the appropriate accounts and funds on behalf of the member
 12 under AS 14.25.350.

13 * **Sec. 15.** AS 14.25.487(e), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

14 (e) On the date the **member would have first qualified for** normal retirement
 15 [OF THE MEMBER WOULD HAVE OCCURRED] if the member had **survived**
 16 [LIVED], the retirement benefit shall be determined under the provisions of
 17 AS 14.25.420 - 14.25.440, 14.25.470, and 14.25.480. A member who died and whose
 18 survivors receive occupational death benefits under this section shall be considered to
 19 have retired directly from the plan on the date the [NORMAL RETIREMENT OF
 20 THE] member would have **first qualified for normal retirement** [OCCURRED] if
 21 the member had **survived. The period of time during which a survivor's pension is**
 22 **paid under this section constitutes membership service for the purposes of**
 23 **determining vesting in employer contributions under AS 14.25.390(b) and**
 24 **eligibility for retirement and medical benefits under this chapter and**
 25 **AS 39.30.300 - 39.30.495** [LIVED].

26 * **Sec. 16.** AS 14.25 is amended by adding new sections to read:

27 **Sec. 14.25.488. Survivor's pension adjustment.** (a) Once each year, the
 28 administrator shall increase payments to a person 60 years of age or older receiving a
 29 survivor's pension under AS 14.25.485(i) or 14.25.487(c) and to a person who has
 30 received a survivor's pension under AS 14.25.485(i) or 14.25.487(c) for at least eight
 31 years, who is not otherwise eligible for an increase under this section.

1 (b) The amount of the increase is a percentage of the current survivor's
2 pension equal to the lesser of 50 percent of the increase in the cost of living in the
3 preceding calendar year or six percent.

4 (c) If a survivor was not receiving a pension during the entire preceding
5 calendar year, the increase in the survivor's pension under this section shall be
6 adjusted by multiplying it by a fraction, the numerator of which is the number of
7 months for which the pension was received in the preceding calendar year and the
8 denominator of which is 12.

9 (d) The administrator shall increase the initial survivor's pension paid to a
10 survivor of a member who died while receiving disability benefits by a percentage
11 equal to the total cumulative percentage that has been applied to the member's
12 disability benefit under AS 14.25.486.

13 (e) An increase in benefit payments under this section is effective July 1 of
14 each year and is based on the percentage increase in the Consumer Price Index for
15 urban wage earners and clerical workers for Anchorage, Alaska, during the previous
16 calendar year, as determined by the United States Department of Labor, Bureau of
17 Labor Statistics.

18 (f) Pension adjustments under this section shall terminate the last day of the
19 month following the date on which a survivor is no longer receiving a survivor's
20 pension under AS 14.25.485(i) or 14.25.487(e).

21 **Sec. 14.25.489. Premiums for retiree major medical insurance coverage**
22 **upon termination of disability benefits or survivor's pension.** The premium for
23 retiree major medical insurance coverage payable by a member whose disability
24 benefit is terminated under AS 14.25.485(g) or by an eligible survivor whose survivor
25 pension is terminated under AS 14.25.485(i) or 14.25.487(e) when the member would
26 have been eligible for normal retirement if the member had survived shall be
27 determined under AS 14.25.480(g)(2) as if the member or survivor were eligible for
28 Medicare.

29 * **Sec. 17.** AS 14.25.540(d), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

30 (d) Upon a transfer, all membership service previously earned under the
31 defined benefit retirement plan shall be nullified for purposes of entitlement to a future

1 benefit under the defined benefit retirement plan but shall be credited for purposes of
 2 **determining vesting in employer contributions under AS 14.25.390(b) and**
 3 eligibility to elect medical benefits under AS 14.25.470. Membership service allowed
 4 for credit toward medical benefits does not include any service credit purchased under
 5 AS 14.25.075 for employment by an employer who is not a participating employer in
 6 this chapter.

7 * **Sec. 18.** AS 14.25.540(h), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

8 (h) **A member who is eligible to elect transfer to the defined contribution**
 9 **plan must make the election not later than 12 months after the member's**
 10 **employer notifies the administrator that the member's employer consents to**
 11 **transfers of its members under (i) of this section.** The election to participate in the
 12 defined contribution retirement plan must be made in writing on forms and in the
 13 manner prescribed by the administrator. Before accepting an election to participate in
 14 the defined contribution retirement plan, the administrator must provide the employee
 15 planning on making an election to participate in the defined contribution retirement
 16 plan with information, including calculations to illustrate the effect of moving the
 17 employee's retirement plan from the defined benefit retirement plan to the defined
 18 contribution retirement plan as well as other information to clearly inform the
 19 employee of the potential consequences of the employee's election. An election made
 20 under this subsection to participate in the defined contribution retirement plan is
 21 irrevocable. Upon making the election, the participant shall be enrolled as a member
 22 of the defined contribution retirement plan, the member's participation in the plan shall
 23 be governed by the provisions of AS 14.25.310 - 14.25.590, and the member's
 24 participation in the defined benefit retirement plan under AS 14.25.009 - 14.25.220
 25 shall terminate. The participant's enrollment in the defined contribution retirement
 26 plan shall be effective the first day of the month after the administrator receives the
 27 completed enrollment forms. An election made by an eligible member who is married
 28 is not effective unless the election is signed by the individual's spouse.

29 * **Sec. 19.** AS 14.25.540(i), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

30 (i) A member may make an election under this section only if the member's
 31 employer participates in both the defined benefit retirement plan and the defined

1 contribution retirement plan and consents to transfers under this section. The employer
 2 shall notify the administrator if the employer consents to allowing the employer's
 3 members to choose to transfer from the defined benefit retirement plan to the defined
 4 contribution retirement plan under this section. **The initial period during which the**
 5 **employer's members may choose to transfer commences on the first day of the**
 6 **month following the administrator's receipt of notice under this subsection and**
 7 **continues for 12 months. An employer may consent to a second period of 12**
 8 **months during which the employer's members may choose to transfer from the**
 9 **defined benefit retirement plan to the defined contribution retirement plan under**
 10 **this section. The second period commences on the first day of the month**
 11 **following the administrator's receipt of notice under this subsection and**
 12 **continues for 12 months.** An employer's notice to allow transfers is irrevocable and
 13 applicable to all eligible employees of the employer.

14 * **Sec. 20.** AS 14.25.540(j), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended by adding
 15 a new paragraph to read:

16 (3) "membership service" has the meaning given in AS 14.25.220 and
 17 does not include any service for which reinstatement indebtedness has not been fully
 18 paid.

19 * **Sec. 21.** AS 39.30.160(a) is amended to read:

20 (a) The Department of Administration shall, in accordance with policies
 21 prescribed by regulations **adopted by the commissioner** [OF THE ALASKA
 22 RETIREMENT MANAGEMENT BOARD], provide to employees for whom special
 23 individual employee benefit accounts are established under AS 39.30.150(c) the
 24 following benefit options:

- 25 (1) supplemental health benefits;
- 26 (2) supplemental death benefits;
- 27 (3) supplemental disability benefits; and
- 28 (4) supplemental dependent care benefits.

29 * **Sec. 22.** AS 39.30.160(e) is amended to read:

30 (e) Regulations adopted by the **commissioner** [BOARD] implementing
 31 AS 39.30.150 and this section are not subject to AS 44.62 (Administrative Procedure

1 Act).

2 * **Sec. 23.** AS 39.30 is amended by adding a new section to read:

3 **Sec. 39.30.165. Appeals.** A final decision made under AS 39.30.150 -
4 39.30.180 is subject to appeal under AS 44.64. The final decision under AS 44.64 is
5 delegated to the administrative law judge and shall issue within 180 days after the date
6 the administrator receives the appeal, unless the administrative law judge and all
7 parties agree to another time.

8 * **Sec. 24.** AS 39.30 is amended by adding a new section to read:

9 **Sec. 39.30.335. Appeals.** A final decision made under AS 39.30.300 -
10 39.30.495 is subject to appeal under AS 44.64. The final decision under AS 44.64 is
11 delegated to the administrative law judge and shall issue within 180 days after the date
12 the administrator receives the appeal, unless the administrative law judge and all
13 parties agree to another time.

14 * **Sec. 25.** AS 39.30.370, as enacted by sec. 80, ch. 9, FSSLA 2005, is amended to read:

15 **Sec. 39.30.370. Contributions by employers.** For each member of the plan,
16 an employer shall contribute to the teachers' and public employees' retiree health
17 reimbursement arrangement plan trust fund an amount equal to three percent of the
18 average annual compensation of all employees of employers in the plan
19 [EMPLOYER'S AVERAGE ANNUAL EMPLOYEE COMPENSATION]. The
20 administrator shall maintain a record for each member to account for employer
21 contributions on behalf of that member. The board shall establish by regulation the
22 rate of interest to be applied annually to the amount in a member's individual account.

23 * **Sec. 26.** AS 39.30.380, as enacted by sec. 80, ch. 9, FSSLA 2005, is amended to read:

24 **Sec. 39.30.380. Termination of employment.** A person who terminates
25 employment before meeting the eligibility requirements of AS 39.30.390
26 [AS 14.25.470 OR AS 39.35.870] loses any right to the contributions made on behalf
27 of the person to the teachers' and public employees' retiree health reimbursement
28 arrangement trust fund. If a person returns to employment with a participating
29 employer by December 31 of the year in which the person reaches 65 years of age, the
30 person's account balance shall be restored in the amount recorded on the date of
31 termination from the trust, adjusted for inflation at the rate of the Consumer Price

1 Index for Anchorage, Alaska. The earlier period of employment with a participating
2 employer shall be credited toward eligibility for medical benefits.

3 * **Sec. 27.** AS 39.30.390, as enacted by sec. 80, ch. 9, FSSLA 2005, is amended to read:

4 **Sec. 39.30.390. Eligibility and reimbursement.** Persons who meet the
5 eligibility requirements of AS 14.25.470 or [AND] AS 39.35.870 are eligible for
6 reimbursements from the individual account established for a member under the plan,
7 except members do not have to retire directly from the system. A person who is the
8 dependent child of an eligible member is eligible for reimbursements if the eligible
9 member and surviving spouse have both died so long as the person meets the
10 definition of dependent child.

11 * **Sec. 28.** AS 39.35.006 is amended to read:

12 **Sec. 39.35.006. Appeals.** An employer, member, annuitant, or beneficiary may
13 appeal a decision made by the administrator to the office of administrative hearings
14 established under AS 44.64. **The final decision under AS 44.64 is delegated to the**
15 **administrative law judge and shall issue within 180 days after the date the**
16 **administrator receives the appeal, unless the administrative law judge and all**
17 **parties agree to another time.** An aggrieved party may appeal a final decision to the
18 superior court.

19 * **Sec. 29.** AS 39.35.250 is amended to read:

20 **Sec. 39.35.250. Calculation of employer's contribution rate.** (a) An
21 employer shall make contributions to the plan in amounts determined in accordance
22 with this section. For the purposes of this section, the past service date for each
23 employer is the entry date of the employer or December 31, 1972, whichever is later.
24 After December 31, 1972, if amendments to AS 39.35.095 - 39.35.680 are enacted that
25 substantially affect benefits accrued before the effective date of the amendment, the
26 past service date will be changed to December 31 of the year immediately preceding
27 that in which the amendment is enacted. The contribution rate is the sum of the
28 consolidated employer **normal cost** rate and the past service rate **as certified by the**
29 **board.**

30 (b) In (a) of this section, "consolidated employer **normal cost** rate" means the
31 percentage of compensation of all active employees in the plan which, if paid over the

1 period of [THEIR] credited service of active employees in the plan after the
 2 [THEIR] past service date and when combined with all employee contributions to the
 3 plan, is sufficient to provide the benefits earned after such past service dates. This
 4 percentage is [UNIFORMLY] determined at the plan level for all employers and is
 5 applicable to each employer.

6 (c) In (a) of this section, "past service rate" means the percentage of
 7 compensation of all active employees in the system [PLAN] necessary to provide the
 8 annual amount required to amortize the unfunded obligations of the employer for
 9 benefits earned by the employer's members in the plan before the date of the last
 10 actuarial valuation [EMPLOYER'S PAST SERVICE DATE] over a period not to
 11 exceed the maximum allowed by generally accepted accounting principles of the
 12 Governmental Accounting Standards Board [40 YEARS. THE PERIOD OF
 13 AMORTIZATION BEGINS AT THE PAST SERVICE DATE OF EACH
 14 EMPLOYER]. The percentage is separately determined for each employer.

15 * **Sec. 30.** AS 39.35.270(a) is amended to read:

16 (a) The amount of each employer's contributions shall be determined by
 17 applying the consolidated employer normal cost [EMPLOYER'S
 18 CONTRIBUTION] rate [, AS CERTIFIED BY THE BOARD,] to the total
 19 compensation paid to the employer's active employees of the plan and by applying
 20 the employer's past service rate to the total compensation paid to the employer's
 21 active employees in the system [EMPLOYER] for each payroll period, [AND BY]
 22 including any adjustments to contributions required by AS 39.35.520(a). This amount
 23 shall be remitted by the employer to the administrator in accordance with
 24 AS 39.35.610.

25 * **Sec. 31.** AS 39.35.270 is amended by adding a new subsection to read:

26 (d) The employer contribution rate may not be less than the rate required, after
 27 subtracting the member contribution rate, to fully fund the actuarially calculated
 28 benefits expected to be earned by active members during a fiscal year.

29 * **Sec. 32.** AS 39.35.375(a) is amended to read:

30 (a) An active or inactive member who has never been vested in this plan or in
 31 the teachers' retirement plan under AS 14.25.009 - 14.25.220, who has at least two

1 years of credited service in this plan, and who has membership service in the teachers'
 2 retirement system may claim credited service in this plan in an amount equal to the
 3 membership service the member has in the teachers' retirement system. The claimed
 4 credited service may be added to service earned under AS 39.35.095 - 39.35.680 to
 5 enable the member to qualify for a public service benefit under this section. The
 6 member may not claim credited service for membership service for which the member
 7 has received a refund under AS 14.25.150 [UNLESS THE MEMBER FULLY PAYS
 8 THE INDEBTEDNESS AS ESTABLISHED UNDER AS 14.25.063]. The member
 9 may not claim credited service in this plan based on unused sick leave under
 10 AS 14.25.115.

11 * **Sec. 33.** AS 39.35.385(c) is amended to read:

12 (c) Credited service for which contributions were refunded is not creditable
 13 under this section [UNLESS THE REFUNDED CONTRIBUTIONS HAVE BEEN
 14 REPAID. FOR PURPOSES OF (a) AND (b) OF THIS SECTION, A MEMBER OR
 15 FORMER MEMBER DOES NOT HAVE TO BE REEMPLOYED UNDER THIS
 16 PLAN IN ORDER TO PAY REFUNDED CONTRIBUTIONS. COMPOUND
 17 INTEREST AT THE RATE PRESCRIBED BY REGULATION SHALL BE ADDED
 18 TO THE REINSTATEMENT INDEBTEDNESS FROM THE DATE OF THE
 19 REFUND TO THE DATE OF REPAYMENT].

20 * **Sec. 34.** AS 39.35.522(d) is amended to read:

21 (d) **A ruling of the** [THE] commissioner of administration **denying a waiver**
 22 **under this section may be appealed under AS 44.64. The administrative law**
 23 **judge may reverse the ruling of the commissioner and** may impose **equitable**
 24 conditions on the granting of a waiver [WHICH IT CONSIDERS EQUITABLE].
 25 These conditions may include requiring the member or beneficiary to make additional
 26 contributions to the plan.

27 * **Sec. 35.** AS 39.35.680(3) is amended to read:

28 (3) "administrator" means [THE PERSON APPOINTED BY] the
 29 commissioner of administration **or the commissioner's designee appointed** under
 30 **AS 39.35.003** [AS 39.35.050];

31 * **Sec. 36.** AS 39.35.750(e), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

1 (e) An employer shall make annual contributions to **a trust account in** the
 2 plan, **applied as a percentage of each member's compensation from July 1 to the**
 3 **following June 30,** in an amount determined by the board to be actuarially required to
 4 fully fund the cost of providing occupational disability and occupational death benefits
 5 under AS 39.35.890 and 39.35.892 **and retirement benefits elected by disabled**
 6 **peace officers and fire fighters under AS 39.35.890(h)(2).** The contribution required
 7 under this subsection for peace officers and fire fighters and the contribution required
 8 under this subsection for other employees shall be separately calculated based on the
 9 actuarially calculated costs for each group of employees.

10 * **Sec. 37.** AS 39.35.870(g), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

11 (g) An eligible person must make the irrevocable election to participate or not
 12 participate in the retiree major medical insurance plan by reaching 70 1/2 years of age,
 13 or upon application for retirement and medical benefits, whichever is later. **The**
 14 **administrator may require an eligible person who deferred participation in the**
 15 **retiree major medical insurance plan at the time the person applied for**
 16 **retirement to show evidence of insurability or provide a letter of coverage when**
 17 **the person later applies to participate in the retiree major medical insurance**
 18 **plan. If the person does not establish insurability or provide a letter of coverage,**
 19 **the administrator may prohibit participation by the person in the retiree major**
 20 **medical insurance plan.**

21 * **Sec. 38.** AS 39.35.890(c), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

22 (c) If the disabled employee becomes ineligible to receive occupational
 23 disability benefits before the normal retirement date, the disabled employee shall then
 24 be entitled to receive retirement benefits if the employee would have been eligible for
 25 the benefit had employment continued during the period of disability. The period of
 26 disability constitutes membership service **for the purposes of** [IN REGARD TO]
 27 determining **vesting in employer contributions under AS 39.35.790(b) and**
 28 eligibility for retirement **and medical benefits under this chapter and AS 39.30.300**
 29 **- 39.30.495.**

30 * **Sec. 39.** AS 39.35.890(d), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

31 (d) The monthly amount of an occupational disability benefit is 40 percent of

1 the disabled employee's gross monthly compensation at the time of termination due to
 2 disability. **An employee is not entitled to elect distributions from the employee's**
 3 **individual contribution account under AS 39.35.810 while the employee is**
 4 **receiving disability benefits under this section.** While an employee is receiving
 5 disability benefits, based on the disabled employee's gross monthly compensation at
 6 the time of termination due to disability, the employer shall make contributions

7 (1) to the employee's individual account under AS 39.35.730 on behalf
 8 of the employee, without deduction from the employee's disability payments; and

9 (2) on behalf of the employee under AS 39.35.750.

10 * **Sec. 40.** AS 39.35.890(g), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

11 (g) A disabled employee's occupational disability benefit terminates **the last**
 12 **day of the month** [WHEN] the disabled employee first **qualifies** [ATTAINS
 13 ELIGIBILITY] for normal retirement. At that time, the employee's retirement benefit
 14 shall be determined under the provisions of AS 39.35.820 - 39.35.840, 39.35.870, and
 15 39.35.880. An employee **whose occupational disability benefit terminates under**
 16 **this subsection** [RECEIVING DISABILITY BENEFITS UP UNTIL ELIGIBILITY
 17 FOR RETIREMENT] shall be considered to have retired directly from the plan.

18 * **Sec. 41.** AS 39.35.890(h), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

19 (h) Notwithstanding (g) of this section, at the time a peace officer or fire
 20 fighter receiving occupational disability benefits under this section first attains
 21 eligibility for normal retirement, the employee shall irrevocably elect to receive
 22 retirement benefits in the amount calculated as the

23 (1) employee's retirement benefit calculated under the provisions of
 24 AS 39.35.820 - 39.35.840; or

25 (2) employee's retirement benefit calculated as if the provisions of
 26 AS 39.35.370(c) were to apply; however, retirement benefits paid under this paragraph
 27 **must be paid first from the peace officer's or fire fighter's individual contribution**
 28 **account, and the remaining benefits must be paid from the trust account**
 29 **established under AS 39.35.750(e); the peace officer or fire fighter may not elect**
 30 **other distributions from the peace officer's or fire fighter's individual**
 31 **contribution account under AS 39.35.810 while receiving retirement benefits**

1 **under this paragraph** [MAY NOT BE MADE FROM THE TRUST FUND OF THE
2 PUBLIC EMPLOYEES' DEFINED BENEFIT RETIREMENT PLAN].

3 * **Sec. 42.** AS 39.35.890(k), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

4 (k) Upon the death of a disabled employee who is receiving or is entitled to
5 receive an occupational disability benefit, the administrator shall pay the surviving
6 spouse a surviving spouse's pension, equal to 40 percent of the employee's monthly
7 compensation at the termination of employment because of occupational disability. If
8 there is no surviving spouse, the administrator shall pay the survivor's pension in equal
9 parts to the dependent children of the employee. The first payment of the surviving
10 spouse's pension or of a dependent child's pension shall accrue from the first day of
11 the month following the employee's death and is payable the last day of the month.
12 The last payment shall be made **the last day of** [FOR] the last month in which there is
13 an eligible surviving spouse or **dependent** child, **or the last day of the month**
14 **following the earliest date the employee would have first qualified for normal**
15 **retirement if the employee had survived, whichever day comes sooner. A**
16 **retirement benefit shall be determined under the provisions of AS 39.35.820 -**
17 **39.35.840, 39.35.870, and 39.35.880 based on** [. ON] the date the **employee would**
18 **have first qualified for** normal retirement [OF THE EMPLOYEE WOULD HAVE
19 OCCURRED] if the employee had **survived. For the purpose of determining**
20 **eligibility of an employee's survivor who is receiving a benefit under this**
21 **subsection for medical benefits under AS 39.35.870 - 39.35.880, an employee**
22 [LIVED, THE RETIREMENT BENEFIT SHALL BE DETERMINED UNDER THE
23 PROVISIONS OF AS 39.35.820 - 39.35.840, 39.35.870, AND 39.35.880. AN
24 EMPLOYEE] who died while receiving disability benefits shall be considered to have
25 retired directly from the plan on the date the **employee would have first qualified for**
26 **normal retirement if the employee had survived. The period during which the**
27 **employee was eligible for a disability benefit and the period during which a**
28 **survivor's pension is paid to a survivor under this subsection each constitute**
29 **membership service for the purposes of determining vesting in employer**
30 **contributions under AS 39.35.790(b) and eligibility for retirement and medical**
31 **benefits under this chapter and AS 39.30.300 - 39.30.495** [NORMAL

1 RETIREMENT OF THE EMPLOYEE WOULD HAVE OCCURRED IF THE
2 EMPLOYEE HAD LIVED].

3 * **Sec. 43.** AS 39.35 is amended by adding a new section to read:

4 **Sec. 39.35.891. Disability benefit and disabled peace officer or fire fighter**
5 **retirement benefit adjustment.** (a) Once each year, the administrator shall increase
6 disability benefits and retirement benefits elected by disabled peace officers or fire
7 fighters under AS 39.35.890(h)(2). The amount of the increase is a percentage of the
8 current disability benefit or retirement benefit equal to the lesser of 75 percent of the
9 increase in the cost of living in the preceding calendar year or nine percent.

10 (b) If a disabled member was not receiving a benefit during the entire
11 preceding calendar year, the increase in the benefit under this section shall be adjusted
12 by multiplying it by a fraction, the numerator of which is the number of months for
13 which the benefit was received in the preceding calendar year and the denominator of
14 which is 12.

15 (c) If a disabled peace officer or fire fighter elects to receive a retirement
16 benefit in the amount calculated under AS 39.35.890(h)(2), the administrator shall, at
17 the time the disabled peace officer or fire fighter is appointed to retirement, increase
18 the retirement benefit by a percentage equal to the total cumulative percentage that has
19 been applied to the disabled peace officer's or fire fighter's disability benefit under this
20 section.

21 (d) An increase in benefit payments under this section is effective July 1 of
22 each year and is based on the percentage increase in the Consumer Price Index for
23 urban wage earners and clerical workers for Anchorage, Alaska, during the previous
24 calendar year, as determined by the United States Department of Labor, Bureau of
25 Labor Statistics.

26 (e) Benefit adjustments under this section shall terminate the last day of the
27 month following the date on which a disabled member is no longer receiving a
28 disability benefit under AS 39.35.890, unless the member is a disabled peace officer or
29 fire fighter and has chosen a retirement benefit under AS 39.35.890(h)(2).

30 * **Sec. 44.** AS 39.35.892(b), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

31 (b) The first payment of the surviving spouse's pension or of a dependent

1 child's pension shall be made for the month following the month in which the
 2 employee dies. Payments [, AND PAYMENT] shall cease on the last day of the
 3 month in which there is no longer an eligible spouse or eligible dependent child,
 4 or the last day of the month following the earliest date [TO BE MADE
 5 BEGINNING WITH THE MONTH IN WHICH] the employee would have first
 6 qualified for normal retirement if the employee had survived, whichever day is
 7 sooner.

8 * **Sec. 45.** AS 39.35.892(c), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

9 (c) The monthly survivor's pension in (b) of this section for survivors of
 10 employees who were not peace officers or fire fighters is 40 percent of the employee's
 11 monthly compensation in the month in which the employee dies. The monthly
 12 survivor's pension in (b) of this section for survivors of employees who were peace
 13 officers or fire fighters is 50 percent of the monthly compensation in the month in
 14 which the employee dies. While the monthly survivor's pension is being paid, the
 15 survivor is not entitled to elect distributions from the employee's individual
 16 contribution account under AS 39.35.810, except as required by AS 39.35.840.

17 While the monthly survivor's pension is being paid, the employer shall make
 18 contributions on behalf of the employee's surviving spouse and employee's
 19 surviving dependent children [BENEFICIARIES] based on the deceased employee's
 20 gross monthly compensation at the time of occupational death

21 (1) to the employee's individual account under AS 39.35.730, without
 22 deduction from the survivor's pension; and

23 (2) to the appropriate accounts and funds under AS 39.35.750.

24 * **Sec. 46.** AS 39.35.892(e), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

25 (e) On the date the employee would have first qualified for normal
 26 retirement [OF THE EMPLOYEE WOULD HAVE OCCURRED] if the employee
 27 had survived [LIVED], the retirement benefit shall be determined under the
 28 provisions of AS 39.35.820 - 39.35.840, 39.35.870, and 39.35.880. An employee who
 29 died and whose survivors receive occupational death benefits under this section shall
 30 be considered to have retired directly from the plan on the date the [NORMAL
 31 RETIREMENT OF THE] employee would have first qualified for normal

1 **retirement** [OCCURRED] if the employee had **survived. The period of time during**
 2 **which a survivor's pension is paid under this section constitutes membership**
 3 **service for the purposes of determining vesting in employer contributions under**
 4 **AS 39.35.790(b) and eligibility for retirement and medical benefits under this**
 5 **chapter and AS 39.30.300 - 39.30.495** [LIVED].

6 * **Sec. 47.** AS 39.35 is amended by adding new sections to read:

7 **Sec. 39.35.893. Survivor's pension adjustment.** (a) Once each year, the
 8 administrator shall increase payments to a person 60 of age or older receiving a
 9 survivor's pension under AS 39.35.890(k) or 39.35.892(c) and to a person who has
 10 received a survivor's pension under AS 39.35.890(k) or 39.35.892(c) for at least five
 11 years, who is not otherwise eligible for an increase under this section.

12 (b) The amount of the increase is a percentage of the current survivor's
 13 pension equal to the lesser of 50 percent of the increase in the cost of living in the
 14 preceding calendar year or six percent.

15 (c) If a survivor was not receiving a pension during the entire preceding
 16 calendar year, the increase in the survivor's pension under this section shall be
 17 adjusted by multiplying it by a fraction, the numerator of which is the number of
 18 months for which the pension was received in the preceding calendar year and the
 19 denominator of which is 12.

20 (d) The administrator shall increase the initial survivor's pension paid to a
 21 survivor of a member who died while receiving disability benefits by a percentage
 22 equal to the total cumulative percentage that has been applied to the member's
 23 disability benefit under AS 39.35.891.

24 (e) An increase in benefit payments under this section is effective July 1 of
 25 each year and is based on the percentage increase in the Consumer Price Index for
 26 urban wage earners and clerical workers for Anchorage, Alaska, during the previous
 27 calendar year, as determined by the United States Department of Labor, Bureau of
 28 Labor Statistics.

29 (f) Pension adjustments under this section shall terminate the last day of the
 30 month following the date on which a survivor is no longer receiving a survivor's
 31 pension under AS 39.35.890(k) or 39.35.892(e).

1 **Sec. 39.35.894. Premiums for retiree major medical insurance coverage**
 2 **upon termination of disability benefits or survivor's pension.** The premium for
 3 retiree major medical insurance coverage payable by an employee whose disability
 4 benefit is terminated under AS 39.35.890(g) or by an eligible survivor whose survivor
 5 pension is terminated under AS 39.35.890(k) or 39.35.892(e) when the employee
 6 would have been eligible for normal retirement if the employee had survived shall be
 7 determined under AS 39.35.880(g)(2) as if the employee or survivor were eligible for
 8 Medicare.

9 * **Sec. 48.** AS 39.35.940(d), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

10 (d) Upon a transfer, all membership service previously earned under the
 11 defined benefit retirement plan shall be nullified for purposes of entitlement to a future
 12 benefit under the defined benefit retirement plan but shall be credited for purposes of
 13 **determining vesting in employer contributions under AS 39.35.790(b) and**
 14 **eligibility to elect medical benefits under AS 39.35.870.** Membership service allowed
 15 for credit toward medical benefits does not include any service credit purchased for
 16 employment by an employer who is not a participating employer in this chapter.

17 * **Sec. 49.** AS 39.35.940(h), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

18 (h) **An employee who is eligible to elect transfer to the defined**
 19 **contribution plan must make the election not later than 12 months after the**
 20 **employee's employer notifies the administrator that the employee's employer**
 21 **consents to transfers of its employees under (i) of this section.** The election to
 22 participate in the defined contribution retirement plan must be made in writing on
 23 forms and in the manner prescribed by the administrator. Before accepting an election
 24 to participate in the defined contribution retirement plan, the administrator must
 25 provide the employee planning on making an election to participate in the defined
 26 contribution retirement plan with information, including calculations to illustrate the
 27 effect of moving the employee's retirement plan from the defined benefit retirement
 28 plan to the defined contribution retirement plan as well as other information to clearly
 29 inform the employee of the potential consequences of the employee's election. An
 30 election made under this subsection to participate in the defined contribution
 31 retirement plan is irrevocable. Upon making the election, the participant shall be

1 enrolled as a member of the defined contribution retirement plan, the member's
 2 participation in the plan shall be governed by the provisions of AS 39.35.700 -
 3 39.35.990, and the member's participation in the defined benefit retirement plan under
 4 AS 39.35.115 shall terminate. The participant's enrollment in the defined contribution
 5 retirement plan shall be effective the first day of the month after the administrator
 6 receives the completed enrollment forms. An election made by an eligible member
 7 who is married is not effective unless the election is signed by the individual's spouse.

8 * **Sec. 50.** AS 39.35.940(i), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

9 (i) A member may make an election under this section only if the member's
 10 employer participates in both the defined benefit retirement plan and the defined
 11 contribution retirement plan and consents to transfers under this section. The employer
 12 shall notify the administrator if the employer consents to allowing the employer's
 13 members to choose to transfer from the defined benefit retirement plan to the defined
 14 contribution retirement plan under this section. **The initial period during which the**
 15 **employer's members may choose to transfer commences on the first day of the**
 16 **month following the administrator's receipt of notice under this subsection and**
 17 **continues for 12 months. An employer may consent to a second period of 12**
 18 **months during which the employer's members may choose to transfer from the**
 19 **defined benefit retirement plan to the defined contribution retirement plan under**
 20 **this section. The second period commences on the first day of the month**
 21 **following the administrator's receipt of notice under this subsection and**
 22 **continues for 12 months.** An employer's notice to allow transfers is irrevocable and
 23 applicable to all eligible employees of the employer.

24 * **Sec. 51.** AS 39.35.940(j), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended by
 25 adding a new paragraph to read:

26 (3) "membership service" means service with a participating employer
 27 under AS 39.35.095 - 39.35.680 for which contributions have been paid and does not
 28 include any service for which reinstatement indebtedness has not been fully paid.

29 * **Sec. 52.** AS 39.35 is amended by adding new sections to read:

30 **Sec. 39.35.957. Designation of eligible employees, agreement to contribute,**
 31 **and amendment of participation.** (a) A political subdivision or public organization

1 participating in the defined contribution retirement plan under AS 39.35.700 -
2 39.35.990 shall designate the departments, groups, or other classifications of
3 employees eligible to participate in the plan and, by participating, shall legally be
4 presumed to have agreed to make contributions each year in the amounts required for
5 members of the plan under AS 39.35.750.

6 (b) If the employer does not participate in the defined benefit retirement plan
7 under AS 39.35.095 - 39.35.680, an employee who is eligible under (a) of this section
8 and who is a member of the defined benefit retirement plan under AS 39.35.095 -
9 39.35.680 does not accrue credited service or make contributions under that defined
10 benefit retirement plan, but shall be a member of the defined contribution retirement
11 plan under AS 39.35.700 - 39.35.990 and make contributions under that plan.

12 (c) An employer may request to amend its participation in the plan to add or
13 exclude departments, groups, or other classifications of employees by filing a
14 resolution as provided by AS 39.35.950 or 39.35.955 with the administrator.

15 **Sec. 39.35.958. Termination of participation in the plan.** (a) A political
16 subdivision or public organization may request that its participation in the plan be
17 terminated. 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
20 organization, after adoption of a resolution by the governing body of that public
21 organization. A certified copy of the resolution shall be filed with the administrator.

22 (b) If contributions are not transmitted to the plan within the prescribed time
23 limit, the commissioner of administration may grant an extension and shall assess
24 interest on the outstanding contributions at the rate established under AS 39.35.610. If
25 the political subdivision or public organization is in default at the end of the extension,
26 participation in the plan is terminated, and it shall be sent notice of termination.

27 (c) When an employer's participation in the plan is terminated, or when an
28 employer terminates coverage of a department, group, or other classification of
29 employees under AS 39.35.957(c), the administrator shall assess the employer an
30 amount that the administrator determines is actuarially required to fully fund the costs
31 to the plan for employees whose coverage is terminated, including the cost of

1 providing the employer's share of retiree health benefits under AS 39.35.880,
 2 occupational disability and occupational death benefits under AS 39.35.890 and
 3 39.35.892, and retirement benefits elected under AS 39.35.890(h)(2).

4 (d) An employee whose coverage under the plan is terminated as a result of
 5 termination of an employer's participation under this section or amendment of the
 6 employer's agreement under AS 39.35.957(c) shall be considered fully vested in
 7 employer contributions under AS 39.35.790(b) and in the individual account
 8 established for the employee under AS 39.30.370. If the employee is later employed
 9 with a participating employer, the employee's membership service earned under the
 10 plan during employment with a terminated employer shall be credited for purposes of
 11 determining vesting in employer contributions under AS 39.35.790(b) and eligibility
 12 for retirement and medical benefits under this chapter and AS 39.30.300 - 39.30.495.

13 * **Sec. 53.** AS 39.35.990(16), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to
 14 read:

15 (16) "member" or "employee" means a person who is eligible to
 16 participate in the plan and who is covered by [AN EMPLOYEE OF AN
 17 EMPLOYER OR FORMER EMPLOYEE OF AN EMPLOYER WHO RETAINS A
 18 RIGHT TO BENEFITS UNDER] the plan, but does not include full-time or part-time
 19 instructors of the Department of Labor and Workforce Development and the
 20 Department of Education and Early Development in positions that require a
 21 teaching certificate;

22 * **Sec. 54.** AS 39.35.990(20), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to
 23 read:

24 (20) "peace officer" or "fire fighter" means an employee occupying a
 25 position as a peace officer, chief of police, regional public safety officer,
 26 correctional officer, correctional superintendent, fire fighter, fire chief, or
 27 probation officer, but does not include a village public safety officer employed by
 28 a village public safety officer program established under AS 18.65.670 [HAS THE
 29 MEANING GIVEN IN AS 39.35.680];

30 * **Sec. 55.** AS 39.45 is amended by adding a new section to read:

31 **Sec. 39.45.055. Appeals.** A final decision made under AS 39.45.010 -

1 39.45.060 is subject to appeal under AS 44.64. The final decision under AS 44.64 is
 2 delegated to the administrative law judge and shall issue within 180 days after the date
 3 the administrator receives the appeal, unless the administrative law judge and all
 4 parties agree to another time.

5 * **Sec. 56.** AS 44.64.030(a) is amended by adding new paragraphs to read:

6 (36) AS 14.25.175 (waiver of adjustments under teachers' defined
 7 benefit plan);

8 (37) AS 39.30.165 (supplemental benefits system);

9 (38) AS 39.30.335 (teachers' and public employees' health
 10 reimbursement arrangement plan);

11 (39) AS 39.35.522 (waiver of adjustments under public employees'
 12 defined benefit plan)

13 (40) AS 39.45.055 (public employees' deferred compensation
 14 program).

15 * **Sec. 57.** The uncodified law of the State of Alaska enacted in sec. 134, ch. 9, FSSLA
 16 2005, is amended to read:

17 Sec. 134. EMPLOYER CONTRIBUTIONS FOR OCCUPATIONAL
 18 DISABILITY AND DEATH BENEFITS IN THE PUBLIC EMPLOYEES' DEFINED
 19 CONTRIBUTION RETIREMENT PLAN FOR THE FIRST FISCAL YEAR THE
 20 PLAN IS IN EFFECT. Notwithstanding AS 39.35.750(e), added by sec. 122, **ch. 9,**
 21 **FSSLA 2005** [OF THIS ACT], for the first fiscal year in which the public employees'
 22 defined contribution retirement plan is in effect, the employer contribution to fully
 23 fund the cost of providing occupational disability and occupational death benefits
 24 under AS 39.35.890 and 39.35.892 shall be equal to

25 (1) 0.4 percent of the compensation for peace officers and fire fighters
 26 **who are members in the plan;** and

27 (2) 0.3 percent of the compensation for all other employees **who are**
 28 **members in the plan.**

29 * **Sec. 58.** AS 14.25.045, 14.25.070(b), 14.25.570; AS 39.35.050(a), and 39.35.270(b) are
 30 repealed.

31 * **Sec. 59.** AS 39.35.375(f) is repealed July 1, 2010.

1 * **Sec. 60.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 EMPLOYER CONTRIBUTIONS FOR OCCUPATIONAL DISABILITY AND
4 OCCUPATIONAL DEATH BENEFITS IN THE TEACHERS' DEFINED CONTRIBUTION
5 RETIREMENT PLAN FOR THE FIRST FISCAL YEAR THE PLAN IS IN EFFECT.
6 Notwithstanding AS 14.25.350(e), added by sec. 6 of this Act, for the first fiscal year in which
7 the teachers' defined contribution retirement plan is in effect, the employer contribution to
8 fully fund the cost of providing occupational disability and occupational death benefits under
9 AS 14.25.485 and 14.25.487 shall be equal to 0.22 percent of the amount of compensation
10 paid to all teachers who work for the employer in that year and are members of the plan.

11 * **Sec. 61.** Sections 3 and 31 of this Act take effect July 1, 2008.

12 * **Sec. 62.** Sections 5, 32, and 33 of this Act take effect on July 1, 2010.

13 * **Sec. 63.** Except as provided in secs. 61 and 62 of this Act, this Act takes effect July 1,
14 2006.