

**CS FOR HOUSE BILL NO. 475(FIN) am**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/25/06

Offered: 4/20/06

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 that apply to employees first hired  
4 after June 30, 2007; relating to the health reimbursement arrangement plan for certain  
5 teachers and public employees; clarifying eligibility for membership in the health  
6 reimbursement arrangement plan; relating to waiver of adjustments under the teachers'  
7 defined benefit retirement plan and the public employees' defined benefit retirement  
8 plan; relating to the administrator of the Public Employees' Retirement System of  
9 Alaska; relating to employer contributions for occupational disability and death  
10 benefits; repealing participation in the teachers' defined contribution and defined  
11 benefit retirement plans by certain employees of the National Education Association of  
12 Alaska; relating to requirements for employer minimum contributions to the teachers'

1 and the public employees' defined benefit retirement systems; relating to the public  
 2 employees' defined benefit deferred compensation program; providing for an effective  
 3 date by amending sec. 148, ch. 9, FSSLA 2005, which contains an effective date; and  
 4 providing for an effective date."

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

6 \* **Section 1.** AS 14.25.009 is amended to read:

7 **Sec. 14.25.009. Applicability of AS 14.25.009 - 14.25.220.** The provisions of  
 8 AS 14.25.009 - 14.25.220 apply only to members first hired before July 1, 2007  
 9 [2006].

10 \* **Sec. 2.** AS 14.25.012(c) is amended to read:

11 (c) Employees first hired after June 30, 2007 [2006], are not eligible to  
 12 participate in the plan established in AS 14.25.009 - 14.25.220.

13 \* **Sec. 3.** AS 14.25.070(a) is amended to read:

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

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

26 (d) In (a) of this section, "employer normal cost rate" means the percentage of  
 27 compensation of all active members in the plan that, when combined with the member  
 28 contribution rate of active members in the plan, is sufficient to provide the benefits  
 29 that are expected to be credited with respect to service during the year beginning after

1 the last valuation date. This percentage is uniformly determined for all employers and  
2 is applicable to each employer.

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

10 \* **Sec. 5.** AS 14.25.070 is amended by adding a new subsection to read:

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

14 \* **Sec. 6.** AS 14.25.125(c) is amended to read:

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

23 \* **Sec. 7.** AS 14.25.310, as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read;

24 **Sec. 14.25.310. Applicability of AS 14.25.310 - 14.25.590.** The provisions of  
25 AS 14.25.310 - 14.25.590 apply only to teachers who first become members on or  
26 after July 1, 2007 [2006], or to members who transfer into the defined contribution  
27 plan under AS 14.25.540.

28 \* **Sec. 8.** AS 14.25.320(b), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

29 (b) The defined contribution retirement plan includes a plan in which savings  
30 are accumulated in an individual account for the exclusive benefit of the member or  
31 beneficiaries, and certain fixed occupational death and disability benefits are

1        **paid.** The plan is established effective July 1, **2007** [2006], at which time  
 2        contributions by employers and members begin.

3        \* **Sec. 9.** AS 14.25.320(c), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

4                (c) The defined contribution retirement plan is intended to qualify under 26  
 5        U.S.C. 401(a), [AND] 414(d), **and 414(k)** (Internal Revenue Code) as a qualified  
 6        retirement plan established and maintained by the state for its employees and for the  
 7        employees of school districts and regional educational attendance areas in the state.

8        \* **Sec. 10.** AS 14.25.330(a), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

9                (a) A teacher who first becomes a member on or after July 1, **2007** [2006],  
 10       shall participate in the plan as a member of the defined contribution retirement plan.

11       \* **Sec. 11.** AS 14.25.340(c), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

12                (c) The employer shall deduct the contribution from the member's  
 13       compensation at the end of each payroll period, and the contribution shall be credited  
 14       by the administrator to the member's individual account. **To the extent permitted by**  
 15       **federal law, the** [THE] contributions shall be deducted from the member's  
 16       compensation before the computation of applicable federal taxes and shall be treated  
 17       as employer contributions under 26 U.S.C. 414(h)(2). A member may not have the  
 18       option of making the payroll deduction directly in cash instead of having the  
 19       contribution picked up by the employer.

20       \* **Sec. 12.** AS 14.25.350(c), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

21                (c) Notwithstanding (b) of this section, the employer contribution for retiree  
 22       major medical insurance for fiscal year **2008** [2007] shall be 1.75 percent of each  
 23       member's compensation from July 1 to the following June 30.

24       \* **Sec. 13.** AS 14.25.350(e), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended by  
 25       adding a new subsection to read:

26                (e) An employer shall make annual contributions to a trust account in the plan,  
 27       applied as a percentage of each member's compensation from July 1 to the following  
 28       June 30, in an amount determined by the board to be actuarially required to fully fund  
 29       the cost of providing occupational disability and occupational death benefits under  
 30       AS 14.25.310 - 14.25.590.

31       \* **Sec. 14.** AS 14.25.380, as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

1           **Sec. 14.25.380. Limitations on contributions and benefits.** Notwithstanding  
 2 any other provisions of this plan, the annual additions to each member's individual  
 3 account under this plan and under all defined contribution plans of the employer  
 4 required to be aggregated with the contributions from this plan under the provisions of  
 5 26 U.S.C. 415 may not exceed, for any limitation year, the amount permitted under 26  
 6 U.S.C. 415(c) at any time. If the amount of a member's **individual account**  
 7 **[DEFINED CONTRIBUTION PLAN]** contributions exceeds the limitation of 26  
 8 U.S.C. 415(c) for any limitation year, the administrator shall take any necessary  
 9 remedial action to correct an excess contribution. **A fixed benefit provided under**  
 10 **this plan may not exceed, for or during a limitation year, the amount permitted**  
 11 **under 26 U.S.C. 415(b). If a fixed benefit provided under this plan exceeds, for or**  
 12 **during a limitation year, the amount permitted under 26 U.S.C. 415(b), the**  
 13 **administrator shall take remedial action necessary to comply with the limits on**  
 14 **the benefit amount in 26 U.S.C. 415(b).** The provisions of 26 U.S.C. 415, and the  
 15 regulations adopted under that statute, as applied to qualified [DEFINED  
 16 CONTRIBUTION] plans of governmental employees are incorporated as part of the  
 17 terms and conditions of the plan.

18 \* **Sec. 15.** AS 14.25.400(b), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

19           (b) A participant may direct investment of plan funds held in an **individual**  
 20 account among available investment funds in accordance with rules established by the  
 21 board.

22 \* **Sec. 16.** AS 14.25.470(g), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

23           (g) An eligible person shall make the irrevocable election to participate or not  
 24 participate in the retiree major medical insurance plan by reaching 70 1/2 years of age,  
 25 or upon application for retirement and medical benefits, whichever is later. **The**  
 26 **administrator may require an eligible person who deferred participation in the**  
 27 **retiree major medical insurance plan at the time the person applied for**  
 28 **retirement to show evidence of insurability or provide a letter of coverage when**  
 29 **the person later applies to participate in the retiree major medical insurance**  
 30 **plan. If the person does not establish insurability or provide a letter of coverage,**  
 31 **the administrator may deny participation by the person in the retiree major**

1           **medical insurance plan.**

2           \* **Sec. 17.** AS 14.25.485(b), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

3                   (b) The occupational disability benefits accrue beginning the first day of the  
4                   month following termination of employment as a result of the disability and are  
5                   payable the last day of the month. If a final determination granting the benefit is not  
6                   made in time to pay the benefit when due, a retroactive payment shall be made to  
7                   cover the period of deferment. The last payment shall be for the first month in which  
8                   the disabled member

9                               (1) dies;

10                              (2) recovers from the disability;

11                              (3) fails to meet the requirements under (f), **(h)**, or **(j)** [(h)] of this  
12                   section; or

13                              (4) reaches normal retirement age.

14           \* **Sec. 18.** AS 14.25.485(c), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

15                   (c) If the disabled member becomes ineligible to receive occupational  
16                   disability benefits before the normal retirement date, the disabled member shall then  
17                   be entitled to receive retirement benefits if the member would have been eligible for  
18                   the benefit had employment continued during the period of disability. The period of  
19                   disability constitutes membership service **for the purposes of** [IN REGARD TO]  
20                   determining eligibility for retirement **and medical benefits under this chapter and**  
21                   **AS 39.30.300 - 39.30.495.**

22           \* **Sec. 19.** AS 14.25.485(d), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

23                   (d) The monthly amount of an occupational disability benefit is 40 percent of  
24                   the disabled member's gross monthly compensation at the time of termination due to  
25                   disability. **Notwithstanding AS 14.25.390(b), at the time a member is appointed to**  
26                   **disability, the member becomes fully vested in the employer contributions made**  
27                   **under AS 14.25.350(a). A disabled member is fully vested in the contributions to**  
28                   **the member's individual account made under this subsection. A member is not**  
29                   **entitled to elect distributions from the member's individual contribution account**  
30                   **under AS 14.25.410 while the member is receiving disability benefits under this**  
31                   **section.** While a member is receiving disability benefits, based on the disabled

1 member's gross monthly compensation at the time of termination due to disability, the  
2 employer shall make contributions to the

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

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

7 \* **Sec. 20.** AS 14.25.485(g), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

8 (g) A disabled member's occupational disability benefit terminates **the last**  
9 **day of the month following the date** [WHEN] the disabled member first **qualifies**  
10 [ATTAINS ELIGIBILITY] for normal retirement. At that time, the member's  
11 retirement benefit shall be determined under the provisions of AS 14.25.420 -  
12 14.25.440, 14.25.470, and 14.25.480. A member **whose occupational disability**  
13 **benefit terminates under this subsection** [RECEIVING DISABILITY BENEFITS  
14 UP UNTIL ELIGIBILITY FOR RETIREMENT] shall be considered to have retired  
15 directly from the plan.

16 \* **Sec. 21.** AS 14.25.485(i), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

17 (i) Upon the death of a disabled member who is receiving or is entitled to  
18 receive an occupational disability benefit, the administrator shall pay the surviving  
19 spouse a surviving spouse's pension, equal to 40 percent of the member's monthly  
20 compensation at the termination of employment because of occupational disability. If  
21 there is no surviving spouse, the administrator shall pay the survivor's pension in equal  
22 parts to the dependent children of the member. **While the monthly survivor's**  
23 **pension is being paid, the survivor is not entitled to elect distributions from the**  
24 **employee's individual contribution account under AS 14.25.410.** The first payment  
25 of the surviving spouse's pension or of a dependent child's pension shall accrue from  
26 the first day of the month following the member's death and is payable the last day of  
27 the month. The last payment shall be made **the last day of** [FOR] the last month in  
28 which there is an eligible surviving spouse or **dependent child, or the last day of the**  
29 **month following the earliest date the member would have first qualified for**  
30 **normal retirement if the member had survived, whichever day comes sooner. A**  
31 **retirement benefit shall be determined under the provisions of AS 14.25.420 -**

1 14.25.440, 14.25.470, and 14.25.480 based on [. ON] the date the member would  
 2 have first qualified for normal retirement [OF THE MEMBER WOULD HAVE  
 3 OCCURRED] if the member had survived. In addition to the payment of the  
 4 member's individual account, the surviving spouse or, if there is no surviving  
 5 spouse, the surviving dependent children of the member, shall receive an  
 6 additional benefit in an amount equal to the accumulated contributions that  
 7 would have been made to the deceased member's individual account under  
 8 AS 14.25.340(a) and 14.25.350(a), based on the deceased member's gross monthly  
 9 compensation at the time of occupational disability, from the time of the  
 10 member's death to the date the member would have first qualified for normal  
 11 retirement if the member had survived. Earnings shall be allocated to the  
 12 additional benefit calculated under this subsection based on the actual rate of  
 13 return, net of expenses, of the trust account established under AS 14.25.350(e)  
 14 over the period that the contributions would have been made. This additional  
 15 amount shall be paid in the same manner as determined for the member's  
 16 individual account under AS 14.25.420 – 14.25.460. For the purpose of  
 17 determining eligibility of a survivor who is receiving a benefit under this  
 18 subsection for medical benefits under AS 14.25.470 - 14.25.480, a [LIVED, THE  
 19 RETIREMENT BENEFIT SHALL BE DETERMINED UNDER THE PROVISIONS  
 20 OF AS 14.25.420 - 14.25.440, 14.25.470, AND 14.25.480. A] member who died  
 21 while receiving disability benefits shall be considered to have retired directly from the  
 22 plan on the date the member would have first qualified for normal retirement [OF  
 23 THE MEMBER WOULD HAVE OCCURRED] if the member had survived. The  
 24 period during which the member was eligible for a disability benefit and the  
 25 period during which a survivor's pension is paid to a survivor under this  
 26 subsection each constitute membership service for the purposes of determining  
 27 vesting in employer contributions under AS 14.25.390(b) and eligibility for  
 28 retirement and medical benefits under this chapter and AS 39.30.300 - 39.30.495  
 29 [LIVED].

30 \* **Sec. 22.** AS 14.25.485(j), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

31 (j) In this section, "occupational disability" means a physical or mental

1 condition that the administrator determines presumably permanently prevents  
 2 an employee from satisfactorily performing the employee's usual duties or the  
 3 duties of another comparable position or job available to the employee and for  
 4 which the employee is qualified by training or education; however, the proximate  
 5 cause of the condition must be a bodily injury sustained, or a hazard undergone,  
 6 while in the performance and within the scope of the employee's duties and not  
 7 the proximate result of the wilful negligence of the employee [HAS THE  
 8 MEANING GIVEN IN AS 39.35.680].

9 \* **Sec. 23.** AS 14.25 is amended by adding a new section to read:

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

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

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

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

27 \* **Sec. 24.** AS 14.25.487(b), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

28 (b) The first payment of the surviving spouse's pension or of a dependent  
 29 child's pension shall be made for the month following the month in which the member  
 30 dies, Payments [, AND PAYMENT] shall cease on the last day of the month in  
 31 which there is no longer an eligible spouse or eligible dependent child, or the last

1        **day of the month following the earliest date** [TO BE MADE BEGINNING WITH  
 2        THE MONTH IN WHICH] the member would have first qualified for **normal**  
 3        retirement **if the member had survived, whichever day is sooner.**

4        \* **Sec. 25.** AS 14.25.487(c), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

5                (c) The monthly survivor's pension in (b) of this section for survivors of  
 6        members is 40 percent of the member's monthly compensation in the month in which  
 7        the member dies. **While the monthly survivor's pension is being paid, the survivor**  
 8        **is not entitled to elect distributions from the member's individual contribution**  
 9        **account under AS 14.25.410, except as required by AS 14.25.440.** While the  
 10       monthly survivor's pension is being paid, the employer shall make contributions on  
 11       behalf of the member's **surviving spouse and member's surviving dependent**  
 12       **children** [BENEFICIARIES BASED ON THE DECEASED MEMBER'S GROSS  
 13       MONTHLY COMPENSATION AT THE TIME OF OCCUPATIONAL DEATH

14                        (1) TO THE MEMBER'S INDIVIDUAL ACCOUNT UNDER  
 15       AS 14.25.340, WITHOUT DEDUCTION FROM THE SURVIVOR'S PENSION;  
 16       AND

17                        (2) to the appropriate accounts and funds [ON BEHALF OF THE  
 18       MEMBER] under AS 14.25.350**(b) - (e).**

19        \* **Sec. 26.** AS 14.25.487(e), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

20                (e) On the date the **member would have first qualified for** normal retirement  
 21       [OF THE MEMBER WOULD HAVE OCCURRED] if the member had **survived**  
 22       [LIVED], the retirement benefit shall be determined under the provisions of  
 23       AS 14.25.420 - 14.25.440, 14.25.470, and 14.25.480. **In addition to payment of the**  
 24       **member's individual account, the surviving spouse or, if there is no surviving**  
 25       **spouse, the surviving dependent children of the member, shall receive an**  
 26       **additional benefit in an amount equal to the accumulated contributions that**  
 27       **would have been made to the deceased member's individual account under**  
 28       **AS 14.25.340(a) and 14.25.350(a), based on the deceased member's gross monthly**  
 29       **compensation at the time of the member's occupational death, from the time of**  
 30       **the member's death to the date the member would have first qualified for normal**  
 31       **retirement if the member had survived. Earnings shall be allocated to the**

1 additional benefit calculated under this subsection based on the actual rate of  
 2 return, net of expenses, of the trust account established under AS 14.25.350(e)  
 3 over the period that the contributions would have been made. This additional  
 4 amount shall be paid in the same manner as determined for the member's  
 5 individual account under AS 14.25.420 – 14.25.460. A member who died and whose  
 6 survivors receive occupational death benefits under this section shall be considered to  
 7 have retired directly from the plan on the date the [NORMAL RETIREMENT OF  
 8 THE] member would have first qualified for normal retirement [OCCURRED] if  
 9 the member had survived. The period of time during which a survivor's pension is  
 10 paid under this section constitutes membership service for the purposes of  
 11 determining vesting in employer contributions under AS 14.25.390(b) and  
 12 eligibility for retirement and medical benefits under this chapter and  
 13 AS 39.30.300 - 39.30.495 [LIVED].

14 \* **Sec. 27.** AS 14.25 is amended by adding new sections to read:

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

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

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

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

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

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

9 **Sec. 14.25.489. Premiums for retiree major medical insurance coverage**  
 10 **upon termination of disability benefits or survivor's pension.** The premium for  
 11 retiree major medical insurance coverage payable by a member whose disability  
 12 benefit is terminated under AS 14.25.485(g) or by an eligible survivor whose survivor  
 13 pension is terminated under AS 14.25.485(i) or 14.25.487(e) when the member would  
 14 have been eligible for normal retirement if the member had survived shall be  
 15 determined under AS 14.25.480(g)(2) as if the member or survivor were eligible for  
 16 Medicare.

17 \* **Sec. 28.** AS 14.25.510, as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

18 **Sec. 14.25.510. Nonguarantee of returns, rates, or benefit amounts.** The  
 19 plan created by AS 14.25.310 - 14.25.590 is, with respect to individual accounts,  
 20 treated as a defined contribution plan and [PLAN,] not a defined benefit plan. The  
 21 amount of money in the individual account of a participant depends on the amount of  
 22 contributions and the rate of return from investments of the account that varies over  
 23 time. If benefits are paid in the form of an annuity, the benefit amount payable is  
 24 dependent on the amount of money in the account and the interest rates applied and  
 25 service fees charged by the annuity payor at the time the annuity is purchased from  
 26 the carrier and benefits are first paid. Nothing in this plan guarantees a participant

27 (1) a rate of return or interest rate other than that actually earned by the  
 28 account of the participant, less applicable administrative expenses; or

29 (2) an annuity based on interest rates or service charges other than  
 30 interest rates available from and service charges by the annuity payor in effect at the  
 31 time the annuity is paid.

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

2 (c) Each eligible member who elects to participate in the defined contribution  
3 retirement plan shall have transferred to a new account the member contribution  
4 account balance held in trust for the member under the defined benefit retirement plan  
5 of the teachers' retirement system. A matching employer contribution shall be made on  
6 behalf of that employee to the new account. The employer shall make the matching  
7 contribution from funds other than the trust funds of the defined benefit retirement  
8 plan. **The amount of the matching employer contribution shall be subject to, and**  
9 **may not exceed, the limitation of 26 U.S.C. 415(c) during the applicable limitation**  
10 **year in which the contribution is made.**

11 \* **Sec. 30.** AS 14.25.540(d), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

12 (d) Upon a transfer, all membership service previously earned under the  
13 defined benefit retirement plan shall be nullified for purposes of entitlement to a future  
14 benefit under the defined benefit retirement plan but shall be credited for purposes of  
15 **determining vesting in employer contributions under AS 14.25.390(b) and**  
16 eligibility to elect medical benefits under AS 14.25.470. Membership service allowed  
17 for credit toward medical benefits does not include any service credit purchased under  
18 AS 14.25.075 for employment by an employer who is not a participating employer in  
19 this chapter.

20 \* **Sec. 31.** AS 14.25.540(h), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

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

1 employee of the potential consequences of the employee's election. An election made  
 2 under this subsection to participate in the defined contribution retirement plan is  
 3 irrevocable. Upon making the election, the participant shall be enrolled as a member  
 4 of the defined contribution retirement plan, the member's participation in the plan shall  
 5 be governed by the provisions of AS 14.25.310 - 14.25.590, and the member's  
 6 participation in the defined benefit retirement plan under AS 14.25.009 - 14.25.220  
 7 shall terminate. The participant's enrollment in the defined contribution retirement  
 8 plan shall be effective the first day of the month after the administrator receives the  
 9 completed enrollment forms. An election made by an eligible member who is married  
 10 is not effective unless the election is signed by the individual's spouse.

11 \* **Sec. 32.** AS 14.25.540(i), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended to read:

12 (i) A member may make an election under this section only if the member's  
 13 employer participates in both the defined benefit retirement plan and the defined  
 14 contribution retirement plan and consents to transfers under this section. The employer  
 15 shall notify the administrator if the employer consents to allowing the employer's  
 16 members to choose to transfer from the defined benefit retirement plan to the defined  
 17 contribution retirement plan under this section. **The initial period during which the**  
 18 **employer's members may choose to transfer commences on the first day of the**  
 19 **month following the administrator's receipt of notice under this subsection and**  
 20 **continues for 12 months. An employer may consent to a second period of 12**  
 21 **months during which the employer's members may choose to transfer from the**  
 22 **defined benefit retirement plan to the defined contribution retirement plan under**  
 23 **this section. The second period commences on the first day of the month**  
 24 **following the administrator's receipt of notice under this subsection and**  
 25 **continues for 12 months.** An employer's **initial** notice to allow transfers is  
 26 irrevocable and applicable to all eligible employees of the employer. **An employer's**  
 27 **second notice to allow transfers under this section is irrevocable and applicable**  
 28 **only to those eligible employees to whom the initial period of transfer was not**  
 29 **available.**

30 \* **Sec. 33.** AS 14.25.540(j), as enacted by sec. 35, ch. 9, FSSLA 2005, is amended by adding  
 31 a new paragraph to read:

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

4 \* **Sec. 34.** AS 39.30.160(a) is amended to read:

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

- 10 (1) supplemental health benefits;
- 11 (2) supplemental death benefits;
- 12 (3) supplemental disability benefits; and
- 13 (4) supplemental dependent care benefits.

14 \* **Sec. 35.** AS 39.30.160(e) is amended to read:

15 (e) Regulations adopted by the **commissioner** [BOARD] implementing  
 16 AS 39.30.150 and this section are not subject to AS 44.62 (Administrative Procedure  
 17 Act).

18 \* **Sec. 36.** AS 39.30 is amended by adding a new section to read:

19 **Sec. 39.30.165. Appeals.** A final decision made under AS 39.30.150 -  
 20 39.30.180 is subject to appeal under AS 44.64.

21 \* **Sec. 37.** AS 39.30.300, as enacted by sec. 80, ch. 9, FSSLA 2005, is amended to read:

22 **Sec. 39.30.300. State of Alaska Teachers' and Public Employees' Retiree**  
 23 **Health Reimbursement Arrangement Plan established.** The State of Alaska  
 24 Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is  
 25 established for teachers who first become members of the defined contribution plan of  
 26 the teachers' retirement system under AS 14.25.310 - 14.25.590 on or after July 1,  
 27 **2007** [2006], and employees of the state, political subdivisions of the state, and public  
 28 organizations of the state who first become members of the defined contribution plan  
 29 of the public employees' retirement system under AS 39.35.700 - 39.35.990 on or after  
 30 July 1, **2007** [2006].

31 \* **Sec. 38.** AS 39.30.310(b), as enacted by sec. 80, ch. 9, FSSLA 2005, is amended to read:

1 (b) The plan becomes effective July 1, 2007 [2006], at which time  
 2 contributions by employers begin.

3 \* **Sec. 39.** AS 39.30 is amended by adding a new section to read:

4 **Sec. 39.30.335. Appeals.** A final decision made under AS 39.30.300 -  
 5 39.30.495 is subject to appeal under AS 44.64.

6 \* **Sec. 40.** AS 39.30.370, as enacted by sec. 80, ch. 9, FSSLA 2005, is amended to read:

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

15 \* **Sec. 41.** AS 39.30.380, as enacted by sec. 80, ch. 9, FSSLA 2005, is amended to read:

16 **Sec. 39.30.380. Termination of employment.** A person who terminates  
 17 employment before meeting the eligibility requirements of AS 39.30.390  
 18 [AS 14.25.470 OR AS 39.35.870] loses any right to the contributions made on behalf  
 19 of the person to the teachers' and public employees' retiree health reimbursement  
 20 arrangement trust fund. If a person returns to employment with a participating  
 21 employer by December 31 of the year in which the person reaches 65 years of age, the  
 22 person's account balance shall be restored in the amount recorded on the date of  
 23 termination from the trust, adjusted for inflation at the rate of the Consumer Price  
 24 Index for Anchorage, Alaska. The earlier period of employment with a participating  
 25 employer shall be credited toward eligibility for medical benefits.

26 \* **Sec. 42.** AS 39.30.390, as enacted by sec. 80, ch. 9, FSSLA 2005, is amended to read:

27 **Sec. 39.30.390. Eligibility and reimbursement.** Persons who meet the  
 28 eligibility requirements of AS 14.25.470 or [AND] AS 39.35.870 are eligible for  
 29 reimbursements from the individual account established for a member under the plan,  
 30 except members do not have to retire directly from the system. A person who is the  
 31 dependent child of an eligible member is eligible for reimbursements if the eligible

1 member and surviving spouse have both died so long as the person meets the  
2 definition of dependent child.

3 \* **Sec. 43.** AS 39.35.095 is amended to read:

4 **Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680.** The following  
5 provisions of this chapter apply only to members first hired before July 1, 2007  
6 [2006]: AS 39.35.095 - 39.35.680.

7 \* **Sec. 44.** AS 39.35.250 is amended to read:

8 **Sec. 39.35.250. Calculation of employer's contribution rate.** (a) An  
9 employer shall make contributions to the plan in amounts determined in accordance  
10 with this section. For the purposes of this section and AS 39.35.270, the [PAST  
11 SERVICE DATE FOR EACH EMPLOYER IS THE ENTRY DATE OF THE  
12 EMPLOYER OR DECEMBER 31, 1972, WHICHEVER IS LATER. AFTER  
13 DECEMBER 31, 1972, IF AMENDMENTS TO AS 39.35.095 - 39.35.680 ARE  
14 ENACTED THAT SUBSTANTIALLY AFFECT BENEFITS ACCRUED BEFORE  
15 THE EFFECTIVE DATE OF THE AMENDMENT, THE PAST SERVICE DATE  
16 WILL BE CHANGED TO DECEMBER 31 OF THE YEAR IMMEDIATELY  
17 PRECEDING THAT IN WHICH THE AMENDMENT IS ENACTED. THE]  
18 contribution rate is the sum of the consolidated employer normal cost rate and the  
19 past service rate as certified by the board.

20 (b) In (a) of this section, "consolidated employer normal cost rate" means the  
21 percentage of compensation of all active employees in the plan which, [IF PAID  
22 OVER THE PERIOD OF THEIR CREDITED SERVICE AFTER THEIR PAST  
23 SERVICE DATE AND] when combined with all employee contributions to the plan,  
24 is sufficient to provide the benefits earned during the year beginning after the last  
25 valuation date [AFTER SUCH PAST SERVICE DATES]. This percentage is  
26 [UNIFORMLY] determined at the plan level for all employers and is applicable to  
27 each employer.

28 (c) In (a) of this section, "past service rate" means the percentage of  
29 compensation of all active employees in the system [PLAN] necessary to provide the  
30 annual amount required to amortize the unfunded obligations of the employer for  
31 benefits earned by the employer's members in the plan before the date of the last

1        **actuarial valuation** [EMPLOYER'S PAST SERVICE DATE] over a period not to  
 2        exceed **the maximum allowed by generally accepted accounting principles of the**  
 3        **Governmental Accounting Standards Board** [40 YEARS. THE PERIOD OF  
 4        AMORTIZATION BEGINS AT THE PAST SERVICE DATE OF EACH  
 5        EMPLOYER]. The percentage is separately determined for each employer.

6        \* **Sec. 45.** AS 39.35.270(a) is amended to read:

7                (a) The amount of each employer's contributions shall be determined by  
 8        applying the **consolidated employer normal cost** [EMPLOYER'S  
 9        CONTRIBUTION] rate [, AS CERTIFIED BY THE BOARD,] to the total  
 10        compensation paid to the **employer's** active employees of the **plan and by applying**  
 11        **the employer's past service rate to the total compensation paid to the employer's**  
 12        **active employees in the system** [EMPLOYER] for each payroll period, [AND BY]  
 13        including any adjustments to contributions required by AS 39.35.520(a). This amount  
 14        shall be remitted by the employer to the administrator in accordance with  
 15        AS 39.35.610.

16        \* **Sec. 46.** AS 39.35.270 is amended by adding a new subsection to read:

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

20        \* **Sec. 47.** AS 39.35.375(a) is amended to read:

21                (a) An active or inactive member who has never been vested in this plan or in  
 22        the teachers' retirement plan under AS 14.25.009 - 14.25.220, who has at least two  
 23        years of credited service in this plan, and who has membership service in the teachers'  
 24        retirement system may claim credited service in this plan in an amount equal to the  
 25        membership service the member has in the teachers' retirement system. The claimed  
 26        credited service may be added to service earned under AS 39.35.095 - 39.35.680 to  
 27        enable the member to qualify for a public service benefit under this section. The  
 28        member may not claim credited service for membership service for which the member  
 29        has received a refund under AS 14.25.150 [UNLESS THE MEMBER FULLY PAYS  
 30        THE INDEBTEDNESS AS ESTABLISHED UNDER AS 14.25.063]. The member  
 31        may not claim credited service in this plan based on unused sick leave under

1 AS 14.25.115.

2 \* **Sec. 48.** AS 39.35.385(c) is amended to read:

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

11 \* **Sec. 49.** AS 39.35.522(d) is amended to read:

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

18 \* **Sec. 50.** AS 39.35.680(3) is amended to read:

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

22 \* **Sec. 51.** AS 39.35.700, as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

23 **Sec. 39.35.700. Applicability of AS 39.35.700 - 39.35.990.** The provisions of  
24 AS 39.35.700 - 39.35.990 apply only to members first hired on or after July 1, **2007**  
25 [2006], or to members who transfer into the defined contribution plan under  
26 AS 39.35.940.

27 \* **Sec. 52.** AS 39.35.710(b), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

28 (b) The defined contribution retirement plan **includes** [IS] a plan in which  
29 savings are accumulated in an individual retirement account for the exclusive benefit  
30 of the member or beneficiaries, **certain fixed occupational death and disability**  
31 **benefits are paid, and certain fixed retirement and survivor benefits for peace**

1        **officers and fire fighters are paid.** The plan is established effective July 1, **2007**  
 2        [2006], at which time contributions by employers and members begin.

3        \* **Sec. 53.** AS 39.35.710(c), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

4                (c) The retirement plan established by AS 39.35.700 - 39.35.990 is intended to  
 5        qualify under 26 U.S.C. 401(a), [AND] 414(d), **and 414(k)** (Internal Revenue Code)  
 6        as a qualified retirement plan established and maintained by the state for its  
 7        employees, for the employees of political subdivisions, public corporations, and public  
 8        organizations of the state, and for the employees of other employers whose  
 9        participation is authorized by AS 39.35.700 - 39.35.990 and who participate in the  
 10       plan set out in AS 39.35.700 - 39.35.990.

11       \* **Sec. 54.** AS 39.35.720, as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

12                **Sec. 39.35.720. Membership.** An employee who becomes a member on or  
 13       after July 1, **2007** [2006], shall participate in the plan set out in AS 39.35.700 -  
 14       39.35.990.

15       \* **Sec. 55.** AS 39.35.730(c), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

16                (c) The employer shall deduct the contribution from the member's  
 17       compensation at the end of each payroll period, and the contribution shall be credited  
 18       by the plan to the member's individual account. **To the extent permitted by federal**  
 19       **law, the** [THE] contributions shall be deducted from the member's compensation  
 20       before the computation of applicable federal taxes and shall be treated as employer  
 21       contributions under 26 U.S.C. 414(h)(2). A member may not have the option of  
 22       making the payroll deduction directly in cash instead of having the contribution picked  
 23       up by the employer.

24       \* **Sec. 56.** AS 39.35.750(c), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

25                (c) Notwithstanding (b) of this section, the employer contribution for retiree  
 26       major medical insurance for fiscal year **2008** [2007] shall be 1.75 percent of each  
 27       member's compensation from July 1 to the following June 30.

28       \* **Sec. 57.** AS 39.35.750(e), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

29                (e) An employer shall make annual contributions to **a trust account in** the  
 30       plan, **applied as a percentage of each member's compensation from July 1 to the**  
 31       **following June 30,** in an amount determined by the board to be actuarially required to

1 fully fund the cost of providing occupational disability and occupational death benefits  
 2 under AS 39.35.700 - 39.35.990 and retirement benefits elected by disabled peace  
 3 officers and fire fighters under AS 39.35.890(h)(2) [AS 39.35.890 AND 39.35.892].

4 The contribution required under this subsection for peace officers and fire fighters and  
 5 the contribution required under this subsection for other employees shall be separately  
 6 calculated based on the actuarially calculated costs for each group of employees.

7 \* **Sec. 58.** AS 39.35.780, as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

8 **Sec. 39.35.780. Limitations on contributions and benefits.** Notwithstanding  
 9 any other provisions of this plan, the annual additions to each member's individual  
 10 account under this plan and under all defined contribution plans of the employer  
 11 required to be aggregated with the contributions from this plan under the provisions of  
 12 26 U.S.C. 415 may not exceed, for any limitation year, the amount permitted under 26  
 13 U.S.C. 415(c) at any time. If the amount of a member's **individual account**  
 14 **[DEFINED CONTRIBUTION PLAN]** contributions exceeds the limitation of 26  
 15 U.S.C. 415(c) for any limitation year, the administrator shall take any necessary  
 16 remedial action to correct an excess contribution. **A fixed benefit provided under**  
 17 **this plan may not exceed, for or during a limitation year, the amount permitted**  
 18 **under 26 U.S.C. 415(b). If a fixed benefit provided under this plan exceeds, for or**  
 19 **during a limitation year, the amount permitted under 26 U.S.C. 415(b), the**  
 20 **administrator shall take remedial action necessary to comply with the limits on**  
 21 **the benefit amount in 26 U.S.C. 415(b).** The provisions of 26 U.S.C. 415, and the  
 22 regulations adopted under that statute, as applied to qualified [DEFINED  
 23 CONTRIBUTION] plans of governmental employees are incorporated as part of the  
 24 terms and conditions of the plan.

25 \* **Sec. 59.** AS 39.35.800(b), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

26 (b) A participant may direct investment of plan funds held in an **individual**  
 27 account among available investment funds in accordance with rules established by the  
 28 board.

29 \* **Sec. 60.** AS 39.35.870(g), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

30 (g) An eligible person must make the irrevocable election to participate or not  
 31 participate in the retiree major medical insurance plan by reaching 70 1/2 years of age,

1 or upon application for retirement and medical benefits, whichever is later. **The**  
 2 **administrator may require an eligible person who deferred participation in the**  
 3 **retiree major medical insurance plan at the time the person applied for**  
 4 **retirement to show evidence of insurability or provide a letter of coverage when**  
 5 **the person later applies to participate in the retiree major medical insurance**  
 6 **plan. If the person does not establish insurability or provide a letter of coverage,**  
 7 **the administrator may prohibit participation by the person in the retiree major**  
 8 **medical insurance plan.**

9 \* **Sec. 61.** AS 39.35.890(b), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

10 (b) The occupational disability benefits accrue beginning the first day of the  
 11 month following termination of employment as a result of the disability and are  
 12 payable the last day of the month. If a final determination granting the benefit is not  
 13 made in time to pay the benefit when due, a retroactive payment shall be made to  
 14 cover the period of deferment. The last payment shall be for the first month in which  
 15 the disabled employee

16 (1) dies;

17 (2) recovers from the disability;

18 (3) fails to meet the requirements under (f), **(j)**, or **(L)** [(j)] of this  
 19 section; or

20 (4) reaches normal retirement age.

21 \* **Sec. 62.** 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 eligibility for retirement **and medical benefits under this chapter and**  
 28 **AS 39.30.300 - 39.30.495.**

29 \* **Sec. 63.** AS 39.35.890(d), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

30 (d) The monthly amount of an occupational disability benefit is 40 percent of  
 31 the disabled employee's gross monthly compensation at the time of termination due to

1 disability. Notwithstanding AS 39.35.790(b), at the time a member is appointed to  
 2 disability, the member becomes fully vested in the employer contributions made  
 3 under AS 39.35.750(a). A disabled member is fully vested in the contributions to  
 4 the member's individual account made under this subsection. An employee is not  
 5 entitled to elect distributions from the employee's individual contribution  
 6 account under AS 39.35.810 while the employee is receiving disability benefits  
 7 under this section. While an employee is receiving disability benefits, based on the  
 8 disabled employee's gross monthly compensation at the time of termination due to  
 9 disability, the employer shall make contributions

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

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

13 \* **Sec. 64.** AS 39.35.890(g), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

14 (g) A disabled employee's occupational disability benefit terminates **the last**  
 15 **day of the month** [WHEN] the disabled employee first **qualifies** [ATTAINS  
 16 ELIGIBILITY] for normal retirement. At that time, the employee's retirement benefit  
 17 shall be determined under the provisions of AS 39.35.820 - 39.35.840, 39.35.870, and  
 18 39.35.880. An employee **whose occupational disability benefit terminates under**  
 19 **this subsection** [RECEIVING DISABILITY BENEFITS UP UNTIL ELIGIBILITY  
 20 FOR RETIREMENT] shall be considered to have retired directly from the plan.

21 \* **Sec. 65.** AS 39.35.890(h), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

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

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

28 (2) employee's retirement benefit calculated as if the provisions of  
 29 AS 39.35.370(c) were to apply; however, retirement benefits paid under this paragraph  
 30 **must be paid first from the peace officer's or fire fighter's individual contribution**  
 31 **account, and the remaining benefits must be paid from the trust account**

1 established under AS 39.35.750(e); the peace officer or fire fighter may not elect  
 2 other distributions from the peace officer's or fire fighter's individual  
 3 contribution account under AS 39.35.810 while receiving retirement benefits  
 4 under this paragraph [MAY NOT BE MADE FROM THE TRUST FUND OF THE  
 5 PUBLIC EMPLOYEES' DEFINED BENEFIT RETIREMENT PLAN].

6 \* **Sec. 66.** AS 39.35.890(k), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

7 (k) Upon the death of a disabled employee 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 employee'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 employee. While the monthly survivor's  
 13 pension is being paid, the survivor is not entitled to elect distributions from the  
 14 employee's individual contribution account under AS 39.35.810. The first payment  
 15 of the surviving spouse's pension or of a dependent child's pension shall accrue from  
 16 the first day of the month following the employee's death and is payable the last day of  
 17 the month. The last payment shall be made the last day of [FOR] the last month in  
 18 which there is an eligible surviving spouse or dependent child, or the last day of the  
 19 month following the earliest date the employee would have first qualified for  
 20 normal retirement if the employee had survived, whichever day comes sooner. A  
 21 retirement benefit shall be determined under the provisions of AS 39.35.820 -  
 22 39.35.840, 39.35.870, and 39.35.880 based on [. ON] the date the employee would  
 23 have first qualified for normal retirement [OF THE EMPLOYEE WOULD HAVE  
 24 OCCURRED] if the employee had survived. In addition to payment of the  
 25 member's individual account, the surviving spouse or, if there is no surviving  
 26 spouse, the surviving dependent children of the member, shall receive an  
 27 additional benefit in an amount equal to the accumulated contributions that  
 28 would have been made to the deceased member's individual account under  
 29 AS 39.35.730(a) and 39.35.750(a), based on the deceased member's gross monthly  
 30 compensation at the time of occupational disability, from the time of the  
 31 member's death to the date the member would have first qualified for normal

1 retirement if the member had survived. Earnings shall be allocated to the  
 2 additional benefit calculated under this subsection based on the actual rate of  
 3 return, net of expenses, of the trust account established under AS 39.35.750(e)  
 4 over the period that the contributions would have been made. This additional  
 5 amount shall be paid in the same manner as determined for the member's  
 6 individual account under AS 39.35.820 – 39.35.860. For the purpose of  
 7 determining eligibility of an employee's survivor who is receiving a benefit under  
 8 this subsection for medical benefits under AS 39.35.870 - 39.35.880, an employee  
 9 [LIVED, THE RETIREMENT BENEFIT SHALL BE DETERMINED UNDER THE  
 10 PROVISIONS OF AS 39.35.820 - 39.35.840, 39.35.870, AND 39.35.880. AN  
 11 EMPLOYEE] who died while receiving disability benefits shall be considered to have  
 12 retired directly from the plan on the date the employee would have first qualified for  
 13 normal retirement if the employee had survived. The period during which the  
 14 employee was eligible for a disability benefit and the period during which a  
 15 survivor's pension is paid to a survivor under this subsection each constitute  
 16 membership service for the purposes of determining vesting in employer  
 17 contributions under AS 39.35.790(b) and eligibility for retirement and medical  
 18 benefits under this chapter and AS 39.30.300 - 39.30.495 [NORMAL  
 19 RETIREMENT OF THE EMPLOYEE WOULD HAVE OCCURRED IF THE  
 20 EMPLOYEE HAD LIVED].

21 \* **Sec. 67.** AS 39.35.890(l), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

22 (l) In this section, "occupational disability" means a physical or mental  
 23 condition that the administrator determines presumably permanently prevents  
 24 an employee from satisfactorily performing the employee's usual duties or the  
 25 duties of another comparable position or job available to the employee and for  
 26 which the employee is qualified by training or education; however, the proximate  
 27 cause of the condition must be a bodily injury sustained, or a hazard undergone,  
 28 while in the performance and within the scope of the employee's duties and not  
 29 the proximate result of the wilful negligence of the employee [HAS THE  
 30 MEANING GIVEN IN AS 39.35.680].

31 \* **Sec. 68.** AS 39.35 is amended by adding a new section to read:

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

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

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

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

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

27 \* **Sec. 69.** AS 39.35.892(b), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

28           (b) The first payment of the surviving spouse's pension or of a dependent  
 29 child's pension shall be made for the month following the month in which the  
 30 employee dies. **Payments** [, AND PAYMENT] shall cease **on the last day of the**  
 31 **month in which there is no longer an eligible spouse or eligible dependent child,**

1 **or the last day of the month following the earliest date** [TO BE MADE  
 2 BEGINNING WITH THE MONTH IN WHICH] the employee would have first  
 3 qualified for **normal** retirement **if the employee had survived, whichever day is**  
 4 **sooner.**

5 \* **Sec. 70.** AS 39.35.892(c), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

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

14 While the monthly survivor's pension is being paid, the employer shall make  
 15 contributions on behalf of the employee's **surviving spouse and employee's**  
 16 **surviving dependent children** [BENEFICIARIES BASED ON THE DECEASED  
 17 EMPLOYEE'S GROSS MONTHLY COMPENSATION AT THE TIME OF  
 18 OCCUPATIONAL DEATH

19 (1) TO THE EMPLOYEE'S INDIVIDUAL ACCOUNT UNDER  
 20 AS 39.35.730, WITHOUT DEDUCTION FROM THE SURVIVOR'S PENSION;  
 21 AND

22 (2)] to the appropriate accounts and funds under AS 39.35.750**(b) - (e).**

23 \* **Sec. 71.** AS 39.35.892(e), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

24 (e) On the date the **employee would have first qualified for** normal  
 25 retirement [OF THE EMPLOYEE WOULD HAVE OCCURRED] if the employee  
 26 had **survived** [LIVED], the retirement benefit shall be determined under the  
 27 provisions of AS 39.35.820 - 39.35.840, 39.35.870, and 39.35.880. **In addition to**  
 28 **payment of the member's individual account, the surviving spouse or, if there is**  
 29 **no surviving spouse, the surviving dependent children of the member, shall**  
 30 **receive an additional benefit in an amount equal to the accumulated**  
 31 **contributions that would have been made to the deceased member's individual**

1 account under AS 39.35.730(a) and 39.35.750(a), based on the deceased member's  
 2 gross monthly compensation at the time of occupational death, from the time of  
 3 the member's death to the date the member would have first qualified for normal  
 4 retirement if the member had survived. Earnings shall be allocated to the  
 5 additional benefit calculated under this subsection based on the actual rate of  
 6 return, net of expenses, of the trust account established under AS 39.35.750(e)  
 7 over the period that such contributions would have been made. This additional  
 8 amount shall be paid in the same manner as determined for the member's  
 9 individual account under AS 39.35.820 – 39.35.860. An employee who died and  
 10 whose survivors receive occupational death benefits under this section shall be  
 11 considered to have retired directly from the plan on the date the [NORMAL  
 12 RETIREMENT OF THE] employee would have first qualified for normal  
 13 retirement [OCCURRED] if the employee had survived. The period of time during  
 14 which a survivor's pension is paid under this section constitutes membership  
 15 service for the purposes of determining vesting in employer contributions under  
 16 AS 39.35.790(b) and eligibility for retirement and medical benefits under this  
 17 chapter and AS 39.30.300 - 39.30.495 [LIVED].

18 \* **Sec. 72.** AS 39.35 is amended by adding new sections to read:

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

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

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

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

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

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

13 **Sec. 39.35.894. Premiums for retiree major medical insurance coverage**  
 14 **upon termination of disability benefits or survivor's pension.** The premium for  
 15 retiree major medical insurance coverage payable by an employee whose disability  
 16 benefit is terminated under AS 39.35.890(g) or by an eligible survivor whose survivor  
 17 pension is terminated under AS 39.35.890(k) or 39.35.892(e) when the employee  
 18 would have been eligible for normal retirement if the employee had survived shall be  
 19 determined under AS 39.35.880(g)(2) as if the employee or survivor were eligible for  
 20 Medicare.

21 \* **Sec. 73.** AS 39.35.910, as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

22 **Sec. 39.35.910. Nonguarantee of returns, rates, or benefit amounts.** The  
 23 plan created by AS 39.35.700 - 39.35.990 is, with respect to individual accounts,  
 24 treated as a defined contribution plan and [PLAN,] not a defined benefit plan. The  
 25 amount of money in the individual account of a participant depends on the amount of  
 26 contributions and the rate of return from investments of the account that varies over  
 27 time. If benefits are paid in the form of an annuity, the benefit amount payable is  
 28 dependent on the amount of money in the account and the interest rates applied and  
 29 service fees charged by the annuity payor at the time the annuity is purchased from  
 30 the carrier and benefits are first paid. Nothing in this plan guarantees a participant

31 (1) a rate of return or interest rate other than that actually earned by the

1 account of the participant, less applicable administrative expenses; or

2 (2) an annuity based on interest rates or service charges other than  
3 interest rates available from and service charges by the annuity payor in effect at the  
4 time the annuity is paid.

5 \* **Sec. 74.** AS 39.35.940(c), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

6 (c) Each eligible member who elects to participate in the defined contribution  
7 retirement plan shall have transferred to a new account the employee contribution  
8 account balance held in trust for the member under the defined benefit retirement plan  
9 of the public employees' retirement system. A matching employer contribution shall  
10 be made on behalf of that employee to the new account. The employer shall make the  
11 matching contribution from funds other than the trust funds of the defined benefit  
12 retirement plan established under AS 39.35.095 - 39.35.680. **The amount of the**  
13 **matching employer contribution shall be subject to, and may not exceed, the**  
14 **limitation of 26 U.S.C. 415(c) during the applicable limitation year in which the**  
15 **contribution is made.**

16 \* **Sec. 75.** AS 39.35.940(d), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

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

24 \* **Sec. 76.** AS 39.35.940(h), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

25 (h) **An employee who is eligible to elect transfer to the defined**  
26 **contribution plan must make the election not later than 12 months after the**  
27 **employee's employer notifies the administrator that the employee's employer**  
28 **consents to transfers of its employees under (i) of this section.** The election to  
29 participate in the defined contribution retirement plan must be made in writing on  
30 forms and in the manner prescribed by the administrator. Before accepting an election  
31 to participate in the defined contribution retirement plan, the administrator must

1 provide the employee planning on making an election to participate in the defined  
 2 contribution retirement plan with information, including calculations to illustrate the  
 3 effect of moving the employee's retirement plan from the defined benefit retirement  
 4 plan to the defined contribution retirement plan as well as other information to clearly  
 5 inform the employee of the potential consequences of the employee's election. An  
 6 election made under this subsection to participate in the defined contribution  
 7 retirement plan is irrevocable. Upon making the election, the participant shall be  
 8 enrolled as a member of the defined contribution retirement plan, the member's  
 9 participation in the plan shall be governed by the provisions of AS 39.35.700 -  
 10 39.35.990, and the member's participation in the defined benefit retirement plan under  
 11 AS 39.35.115 shall terminate. The participant's enrollment in the defined contribution  
 12 retirement plan shall be effective the first day of the month after the administrator  
 13 receives the completed enrollment forms. An election made by an eligible member  
 14 who is married is not effective unless the election is signed by the individual's spouse.

15 \* **Sec. 77.** AS 39.35.940(i), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to read:

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

1        **only to those eligible employees to whom the initial period of transfer was not**  
 2        **available.**

3        \* **Sec. 78.** AS 39.35.940(j), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended by  
 4 adding a new paragraph to read:

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

8        \* **Sec. 79.** AS 39.35 is amended by adding new sections to read:

9                    **Sec. 39.35.957. Designation of eligible employees, agreement to contribute,**  
 10                    **and amendment of participation.** (a) A political subdivision or public organization  
 11                    participating in the defined contribution retirement plan under AS 39.35.700 -  
 12                    39.35.990 shall designate the departments, groups, or other classifications of  
 13                    employees eligible to participate in the plan and, by participating, shall legally be  
 14                    presumed to have agreed to make contributions each year in the amounts required for  
 15                    members of the plan under AS 39.35.750.

16                    (b) If the employer does not participate in the defined benefit retirement plan  
 17                    under AS 39.35.095 - 39.35.680, an employee who is eligible under (a) of this section  
 18                    and who is a member of the defined benefit retirement plan under AS 39.35.095 -  
 19                    39.35.680 does not accrue credited service or make contributions under that defined  
 20                    benefit retirement plan, but shall be a member of the defined contribution retirement  
 21                    plan under AS 39.35.700 - 39.35.990 and make contributions under that plan.

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

25                    **Sec. 39.35.958. Termination of participation in the plan.** (a) A political  
 26                    subdivision or public organization may request that its participation in the plan be  
 27                    terminated. The request may be made only after adoption of a resolution by the  
 28                    legislative body of the political subdivision and approval of the resolution by the  
 29                    person required by law to approve the resolution, or, in the case of a public  
 30                    organization, after adoption of a resolution by the governing body of that public  
 31                    organization. A certified copy of the resolution shall be filed with the administrator.

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

6 (c) When an employer's participation in the plan is terminated, or when an  
 7 employer terminates coverage of a department, group, or other classification of  
 8 employees under AS 39.35.957(c), the administrator shall assess the employer an  
 9 amount that the administrator determines is actuarially required to fully fund the costs  
 10 to the plan for employees whose coverage is terminated, including the cost of  
 11 providing the employer's share of retiree health benefits under AS 39.35.880,  
 12 occupational disability and occupational death benefits under AS 39.35.890 and  
 13 39.35.892, and retirement benefits elected under AS 39.35.890(h)(2).

14 (d) An employee whose coverage under the plan is terminated as a result of  
 15 termination of an employer's participation under this section or amendment of the  
 16 employer's agreement under AS 39.35.957(c) shall be considered fully vested in  
 17 employer contributions under AS 39.35.790(b) and in the individual account  
 18 established for the employee under AS 39.30.370. If the employee is later employed  
 19 with a participating employer, the employee's membership service earned under the  
 20 plan during employment with a terminated employer shall be credited for purposes of  
 21 determining vesting in employer contributions under AS 39.35.790(b) and eligibility  
 22 for retirement and medical benefits under this chapter and AS 39.30.300 - 39.30.495.

23 \* **Sec. 80.** AS 39.35.990(16), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to  
 24 read:

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

1 \* **Sec. 81.** AS 39.35.990(20), as enacted by sec. 122, ch. 9, FSSLA 2005, is amended to  
2 read:

3 (20) "peace officer" or "fire fighter" **means an employee occupying a**  
4 **position as a peace officer, chief of police, regional public safety officer,**  
5 **correctional officer, correctional superintendent, fire fighter, fire chief, or**  
6 **probation officer, but does not include a village public safety officer employed by**  
7 **a village public safety officer program established under AS 18.65.670** [HAS THE  
8 MEANING GIVEN IN AS 39.35.680];

9 \* **Sec. 82.** AS 39.45 is amended by adding a new section to read:

10 **Sec. 39.45.055. Appeals.** A final decision made under AS 39.45.010 -  
11 39.45.060 is subject to appeal under AS 44.64.

12 \* **Sec. 83.** AS 44.64.030(a) is amended by adding new paragraphs to read:

13 (36) AS 14.25.175 (waiver of adjustments under teachers' defined  
14 benefit plan);

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

16 (38) AS 39.30.335 (teachers' and public employees' health  
17 reimbursement arrangement plan);

18 (39) AS 39.35.522 (waiver of adjustments under public employees'  
19 defined benefit plan)

20 (40) AS 39.45.055 (public employees' deferred compensation  
21 program).

22 \* **Sec. 84.** The uncodified law of the State of Alaska enacted in sec. 134, ch. 9, FSSLA  
23 2005, is amended to read:

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

1 (1) **0.73** [0.4] percent of the compensation for peace officers and fire  
2 fighters **who are members in the plan**; and

3 (2) **0.37** [0.3] percent of the compensation for all other employees **who**  
4 **are members in the plan.**

5 \* **Sec. 85.** AS 14.25.045, and AS 39.35.050(a) are repealed.

6 \* **Sec. 86.** AS 14.25.570, as enacted by sec. 35, ch. 9, FSSLA 2005, is repealed.

7 \* **Sec. 87.** AS 14.25.070(b) and AS 39.35.270(b) are repealed.

8 \* **Sec. 88.** AS 39.35.375(f) is repealed July 1, 2011.

9 \* **Sec. 89.** The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 EMPLOYER CONTRIBUTIONS FOR OCCUPATIONAL DISABILITY AND  
12 OCCUPATIONAL DEATH BENEFITS IN THE TEACHERS' DEFINED CONTRIBUTION  
13 RETIREMENT PLAN FOR THE FIRST FISCAL YEAR THE PLAN IS IN EFFECT.  
14 Notwithstanding AS 14.25.350(e), added by sec. 13 of this Act, for the first fiscal year in  
15 which the teachers' defined contribution retirement plan is in effect, the employer contribution  
16 to fully fund the cost of providing occupational disability and occupational death benefits  
17 under AS 14.25.485 and 14.25.487 shall be equal to 0.26 percent of the amount of  
18 compensation paid to all teachers who work for the employer in that year and are members of  
19 the plan.

20 \* **Sec. 90.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22 RETROACTIVITY. Section 87 of this Act is retroactive to July 1, 2005.

23 \* **Sec. 91.** The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25 CONDITIONAL RETROACTIVITY. If, under sec. 95 of this Act, secs. 1, 2, 7, 8, 10,  
26 12, 37, 38, 43, 51, 52, 54, 56, and 91 of this Act take effect after June 30, 2006, secs. 1, 2, 7, 8,  
27 10, 12, 37, 38, 43, 51, 52, 54, 56, and 91 of this Act are retroactive to June 30, 2006.

28 \* **Sec. 92.** Section 148, ch. 9, FSSLA 2005, is amended to read:

29 **Sec. 148.** Sections 2, 8, 35, 40, 46, 61, 69, 80, 82, 122, and 134 of this Act take  
30 effect July 1, **2007** [2006].

31 \* **Sec. 93.** Sections 5 and 46 of this Act take effect July 1, 2009.

- 1     \* **Sec. 94.** Sections 6, 47, and 48 of this Act take effect July 1, 2011.
- 2     \* **Sec. 95.** Except as provided in secs. 93 and 94 of this Act, this Act takes effect
- 3     immediately under AS 01.10.070(c).