

CS FOR SENATE BILL NO. 183(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 3/31/08

Referred: Finance

Sponsor(s): SENATORS ELTON, McGuire, Ellis, Wielechowski

A BILL

FOR AN ACT ENTITLED

1 **"An Act repealing the defined contribution retirement plans for teachers and for public**
2 **employees; providing a defined benefit retirement plan for teachers and public**
3 **employees; making conforming amendments; and providing for an effective date."**

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

5 *** Section 1.** AS 14.25.008 is repealed and reenacted to read:

6 **Sec. 14.25.008. Definitions.** In AS 14.25.001 - 14.25.008,

7 (1) "plan" means a retirement plan established under AS 14.25.009 -
8 14.25.220;

9 (2) "system" means the Teachers' Retirement System of Alaska.

10 *** Sec. 2.** AS 14.25.009 is repealed and reenacted to read:

11 **Sec. 14.25.009. Defined benefit retirement plan under AS 14.25.009 -**
12 **14.25.220.** AS 14.25.009 - 14.25.220 set out a defined benefit retirement plan as the
13 teachers' retirement plan.

14 *** Sec. 3.** AS 14.25.040(a) is amended to read:

1 (a) Unless a teacher or member participates in a university retirement program
 2 under AS 14.40.661 - 14.40.799, has filed an election under AS 14.25.043(b), or has
 3 elected under **former** AS 14.25.540 to participate in the plan established in **former**
 4 **provisions of** AS 14.25.310 - 14.25.590, a teacher or member contracting for service
 5 with a participating employer is subject to AS 14.25.009 - 14.25.220.

6 * **Sec. 4.** AS 14.25.143(a), as that subsection read following amendment by sec. 3, ch. 146,
 7 SLA 1980, until amended by sec. 12, ch. 106, SLA 1988, as amended by sec. 18, ch. 9,
 8 FSSLA 2005, is amended to read:

9 (a) When the **board** [ADMINISTRATOR] determines that the cost of living
 10 has increased and that the financial condition of the retirement fund permits, the
 11 administrator shall increase benefit payments to persons receiving benefits under this
 12 plan. [FOR PURPOSES OF THIS SUBSECTION, THE FINANCIAL CONDITION
 13 OF THE FUND WOULD ONLY PERMIT AN INCREASE IN BENEFITS WHEN
 14 THE RATIO OF TOTAL FUND ASSETS TO THE ACCRUED LIABILITY MEETS
 15 OR EXCEEDS 105 PERCENT. IN THIS SUBSECTION, "ACCRUED LIABILITY"
 16 MEANS THE PRESENT VALUE OF ALL MEMBER BENEFITS ACCRUED BY
 17 MEMBER SERVICE IN THIS PLAN.]

18 * **Sec. 5.** AS 14.25.143(a), as that subsection read following amendment by sec. 12, ch. 106,
 19 SLA 1988, until amended by sec. 12, ch. 97, SLA 1990, as amended by sec. 19, ch. 9, FSSLA
 20 2005, is amended to read:

21 (a) When the **board** [ADMINISTRATOR] determines that the cost of living
 22 has increased and that the financial condition of the retirement fund permits, the
 23 administrator shall increase benefit payments to persons receiving benefits under this
 24 plan. [FOR PURPOSES OF THIS SUBSECTION, THE FINANCIAL CONDITION
 25 OF THE FUND WOULD ONLY PERMIT AN INCREASE IN BENEFITS WHEN
 26 THE RATIO OF TOTAL FUND ASSETS TO THE ACCRUED LIABILITY MEETS
 27 OR EXCEEDS 105 PERCENT. IN THIS SUBSECTION, "ACCRUED LIABILITY"
 28 MEANS THE PRESENT VALUE OF ALL MEMBER BENEFITS ACCRUED BY
 29 MEMBER SERVICE IN THIS PLAN.]

30 * **Sec. 6.** AS 14.25.220(1) is amended to read:

31 (1) "active member" means a member who is employed by an

1 employer, is receiving compensation on a full-time or part-time basis and is making
 2 contributions to the plan, or a member making contributions under **former**
 3 AS 14.20.330 or 14.20.345;

4 * **Sec. 7.** AS 14.25.532 is amended to read:

5 **Sec. 14.25.532. Pension forfeiture.** The provisions of AS 37.10.310 apply to
 6 pension benefits under **former provisions of** AS 14.25.310 - 14.25.590.

7 * **Sec. 8.** AS 14.40.671(e) is amended to read:

8 (e) An employee whose rights to transfer assets out of a state retirement
 9 system are subject to a qualified domestic relations order is entitled to transfer assets
 10 from the state retirement system to a university retirement program only if the
 11 requirements for receiving a refund under AS 14.25.150(b), **former AS 14.25.360**
 12 [14.25.360], AS 39.35.200(c), or **former AS 39.35.760** [39.35.760], as appropriate,
 13 are met.

14 * **Sec. 9.** AS 14.40.799(3) is amended to read:

15 (3) "contribution account" means the member contribution account
 16 under AS 14.25.009 - 14.25.220, the individual account under **former provisions of**
 17 AS 14.25.310 - 14.25.590, the employee contribution account under AS 39.35.095 -
 18 39.35.680, or the individual account under **former provisions of** AS 39.35.700 -
 19 39.35.990, whichever is appropriate;

20 * **Sec. 10.** AS 37.10.220(a) is amended to read:

21 (a) The board shall

22 (1) hold regular and special meetings at the call of the chair or of at
 23 least five members; meetings are open to the public, and the board shall keep a full
 24 record of all its proceedings;

25 (2) after reviewing recommendations from the Department of
 26 Revenue, adopt investment policies for each of the funds entrusted to the board;

27 (3) determine the appropriate investment objectives for the defined
 28 benefit plans established under the teachers' retirement system under AS 14.25 and the
 29 public employees' retirement system under AS 39.35;

30 (4) assist in prescribing the policies for the proper operation of the
 31 systems and take other actions necessary to carry out the intent and purpose of the

1 systems in accordance with AS 37.10.210 - 37.10.390;

2 (5) provide a range of investment options and establish the rules by
3 which participants can direct their investments among those options with respect to
4 accounts established under

5 (A) **former** AS 14.25.340 - 14.25.350 (teachers' retirement
6 system defined contribution individual accounts);

7 (B) AS 39.30.150 - 39.30.180 (State of Alaska Supplementary
8 Annuity Plan);

9 (C) **former** AS 39.35.730 - 39.35.750 (public employees'
10 retirement system defined contribution individual accounts); and

11 (D) AS 39.45.010 - 39.45.060 (public employees' deferred
12 compensation program);

13 (6) establish the rate of interest that shall be annually credited to each
14 member's individual contribution account in accordance with AS 14.25.145 and
15 AS 39.35.100 and the rate of interest that shall be annually credited to each member's
16 account in the health reimbursement arrangement plan under AS 39.30.300 -
17 39.30.495; the rate of interest shall be adopted on the basis of the probable effective
18 rate of interest on a long-term basis, and the rate may be changed from time to time;

19 (7) adopt a contribution surcharge as necessary under AS 39.35.160(c);

20 (8) coordinate with the retirement system administrator to have an
21 annual actuarial valuation of each retirement system prepared to determine system
22 assets, accrued liabilities, and funding ratios and to certify to the appropriate
23 budgetary authority of each employer in the system

24 (A) an appropriate contribution rate for normal costs; and

25 (B) an appropriate contribution rate for liquidating any past
26 service liability;

27 (9) review actuarial assumptions prepared and certified by a member
28 of the American Academy of Actuaries and conduct experience analyses of the
29 retirement systems not less than once every four years, except for health cost
30 assumptions, which shall be reviewed annually; the results of all actuarial assumptions
31 prepared under this paragraph shall be reviewed and certified by a second member of

1 the American Academy of Actuaries before presentation to the board;

2 (10) contract for an independent audit of the state's actuary not less
3 than once every four years;

4 (11) contract for an independent audit of the state's performance
5 consultant not less than once every four years;

6 (12) obtain an external performance review to evaluate the investment
7 policies of each fund entrusted to the board and report the results of the review to the
8 appropriate fund fiduciary;

9 (13) by the first day of each regular legislative session, report to the
10 governor, the legislature, and the individual employers participating in the state's
11 retirement systems on the financial condition of the systems in regard to

12 (A) the valuation of trust fund assets and liabilities;

13 (B) current investment policies adopted by the board;

14 (C) a summary of assets held in trust listed by the categories of
15 investment;

16 (D) the income and expenditures for the previous fiscal year;

17 (E) the return projections for the next calendar year;

18 (F) one-year, three-year, five-year, and 10-year investment
19 performance for each of the funds entrusted to the board; and

20 (G) other statistical data necessary for a proper understanding
21 of the financial status of the systems;

22 (14) submit quarterly updates of the investment performance reports to
23 the Legislative Budget and Audit Committee; [AND]

24 (15) develop an annual operating budget; **and**

25 (16) administer pension forfeitures required under AS 37.10.310 using
26 the procedures of AS 44.62 (Administrative Procedure Act).

27 * **Sec. 11.** AS 37.10.310(c) is amended to read:

28 (c) A state pension benefit under (a) of this section does not include

29 (1) insurance, voluntary wage reductions, involuntary wage reductions,
30 or supplemental or health benefits under AS 39.30.090 - 39.30.495 or former
31 AS 39.37.145;

1 (2) member or employee contributions under AS 14.25.050, 14.25.055,
 2 14.25.075, **former AS 14.25.340** [14.25.340], **former AS 14.25.360(a)**
 3 [14.25.360(a)], AS 22.25.011, AS 39.35.160, 39.35.165(f), 39.35.180, **former**
 4 **AS 34.35.730** [39.35.730], **former AS 34.35.760(a)** [39.35.760(a)], or former
 5 AS 39.37.070.

6 * **Sec. 12.** AS 37.10.390(4) is amended to read:

7 (4) "retirement systems" or "systems" means the teachers' retirement
 8 system, the judicial retirement system, the Alaska National Guard and Alaska Naval
 9 Militia retirement system, the public employees' retirement system, the **former** State
 10 of Alaska Teachers' and Public Employees' Retiree Health Reimbursement
 11 Arrangement Plan, and the elected public officers' retirement system under former
 12 AS 39.37.

13 * **Sec. 13.** AS 39.30.090(a) is amended to read:

14 (a) The Department of Administration may obtain a policy or policies of group
 15 insurance covering state employees, persons entitled to coverage under AS 14.25.168,
 16 **former AS 14.25.480** [14.25.480], AS 22.25.090, AS 39.35.535, **former**
 17 **AS 39.35.880** [39.35.880], or former AS 39.37.145, employees of other participating
 18 governmental units, or persons entitled to coverage under AS 23.15.136, subject to the
 19 following conditions:

20 (1) A group insurance policy shall provide one or more of the
 21 following benefits: life insurance, accidental death and dismemberment insurance,
 22 weekly indemnity insurance, hospital expense insurance, surgical expense insurance,
 23 dental expense insurance, audiovisual insurance, or other medical care insurance.

24 (2) Each eligible employee of the state, the spouse and the unmarried
 25 children chiefly dependent on the eligible employee for support, and each eligible
 26 employee of another participating governmental unit shall be covered by the group
 27 policy, unless exempt under regulations adopted by the commissioner of
 28 administration.

29 (3) A governmental unit may participate under a group policy if

30 (A) its governing body adopts a resolution authorizing
 31 participation, and payment of required premiums;

1 (B) a certified copy of the resolution is filed with the
2 Department of Administration; and

3 (C) the commissioner of administration approves the
4 participation in writing.

5 (4) In procuring a policy of group health or group life insurance as
6 provided under this section or excess loss insurance as provided in AS 39.30.091, the
7 Department of Administration shall comply with the dual choice requirements of
8 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
9 transact business in the state under AS 21.09, a hospital or medical service corporation
10 authorized to transact business in this state under AS 21.87, or a health maintenance
11 organization authorized to operate in this state under AS 21.86. An excess loss
12 insurance policy may be obtained from a life or health insurer authorized to transact
13 business in this state under AS 21.09 or from a hospital or medical service corporation
14 authorized to transact business in this state under AS 21.87.

15 (5) The Department of Administration shall make available bid
16 specifications for desired insurance benefits or for administration of benefit claims and
17 payments to (A) all insurance carriers authorized to transact business in this state
18 under AS 21.09 and all hospital or medical service corporations authorized to transact
19 business under AS 21.87 who are qualified to provide the desired benefits; and (B) to
20 insurance carriers authorized to transact business in this state under AS 21.09, hospital
21 or medical service corporations authorized to transact business under AS 21.87, and
22 third-party administrators licensed to transact business in this state and qualified to
23 provide administrative services. The specifications shall be made available at least
24 once every five years. The lowest responsible bid submitted by an insurance carrier,
25 hospital or medical service corporation, or third-party administrator with adequate
26 servicing facilities shall govern selection of a carrier, hospital or medical service
27 corporation, or third-party administrator under this section or the selection of an
28 insurance carrier or a hospital or medical service corporation to provide excess loss
29 insurance as provided in AS 39.30.091.

30 (6) If the aggregate of dividends payable under the group insurance
31 policy exceeds the governmental unit's share of the premium, the excess shall be

1 applied by the governmental unit for the sole benefit of the employees.

2 (7) A person receiving benefits under AS 14.25.110, AS 22.25,
3 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in
4 effect under this section at the time of termination of employment with the state or
5 participating governmental unit.

6 (8) A person electing to have insurance under (7) of this subsection
7 shall pay the cost of this insurance.

8 (9) For each permanent part-time employee electing coverage under
9 this section, the state shall contribute one-half the state contribution rate for permanent
10 full-time state employees, and the permanent part-time employee shall contribute the
11 other one-half.

12 (10) A person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
13 or former AS 39.37 may obtain auditory, visual, and dental insurance for that person
14 and eligible dependents under this section. The level of coverage for persons over 65
15 shall be the same as that available before reaching age 65 except that the benefits
16 payable shall be supplemental to any benefits provided under the federal old age,
17 survivors, and disability insurance program. A person electing to have insurance under
18 this paragraph shall pay the cost of the insurance. The commissioner of administration
19 shall adopt regulations implementing this paragraph.

20 (11) A person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
21 or former AS 39.37 may obtain long-term care insurance for that person and eligible
22 dependents under this section. A person who elects insurance under this paragraph
23 shall pay the cost of the insurance premium. The commissioner of administration shall
24 adopt regulations to implement this paragraph.

25 (12) Each licensee holding a current operating agreement for a vending
26 facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that
27 applies to governmental units other than the state.

28 * **Sec. 14.** AS 39.30.097(b) is amended to read:

29 (b) The commissioner of administration is authorized to prefund medical
30 benefits provided by **former** AS 14.25.480, AS 39.30.300, and **former** AS 39.35.880
31 by establishing an irrevocable trust that is exempt from federal income tax under 26

1 U.S.C. 115 and subject to the applicable financial reporting, disclosure, and actuarial
2 requirements of the Governmental Accounting Standards Board.

3 * **Sec. 15.** AS 39.30.300 is amended to read:

4 **Sec. 39.30.300. State of Alaska Teachers' and Public Employees' Retiree**
5 **Health Reimbursement Arrangement Plan established.** The State of Alaska
6 Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is
7 established for teachers who first become members of the defined contribution plan of
8 the teachers' retirement system under **former provisions of** AS 14.25.310 - 14.25.590
9 on or after July 1, 2006, and employees of the state, political subdivisions of the state,
10 and public organizations of the state who first become members of the defined
11 contribution plan of the public employees' retirement system under **former provisions**
12 **of** AS 39.35.700 - 39.35.990 on or after July 1, 2006.

13 * **Sec. 16.** AS 39.30.380 is amended to read:

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

24 * **Sec. 17.** AS 39.30.390 is amended to read:

25 **Sec. 39.30.390. Eligibility and reimbursement.** Persons who meet the
26 eligibility requirements of **former** AS 14.25.470 and **former** AS 39.35.870 are
27 eligible for reimbursements from the individual account established for a member
28 under the plan, except members do not have to retire directly from the system. A
29 person who is the dependent child of an eligible member is eligible for
30 reimbursements if the eligible member and surviving spouse have both died so long as
31 the person meets the definition of dependent child.

1 * **Sec. 18.** AS 39.30.400 is amended to read:

2 **Sec. 39.30.400. Benefits payable from the individual account.** (a) The
3 administrator may deduct the cost of monthly premiums from the individual account
4 for retiree major medical insurance on behalf of an eligible person who elected retiree
5 major medical insurance under **former** AS 14.25.480 or **former** AS 39.35.880.

6 (b) Upon application of an eligible person, the administrator shall reimburse to
7 the eligible person the costs for medical care expenses as defined in 26 U.S.C. 213(d).
8 Reimbursement is limited to the medical expenses of

9 (1) an eligible member, the spouse of an eligible member, and the
10 dependent children of an eligible member; or

11 (2) a surviving spouse and the dependent children of an eligible
12 member dependent on the surviving spouse.

13 (c) When the member's individual account balance is exhausted, the insurance
14 premium deductions under (a) of this section and the reimbursement of medical care
15 expenses under (b) of this section end.

16 (d) If all eligible persons die before exhausting the member's individual
17 account, the account balance shall revert to the plan.

18 * **Sec. 19.** AS 39.30.495(3) is amended to read:

19 (3) "compensation" has the meaning given in **former** AS 14.25.590;

20 * **Sec. 20.** AS 39.30.495(5) is amended to read:

21 (5) "eligible person" means a person who meets the eligibility
22 requirements of **former** AS 14.25.470 or **former** AS 39.35.870;

23 * **Sec. 21.** AS 39.30.495(6) is amended to read:

24 (6) "employer" has the meaning given in **former** AS 14.25.590 for
25 employers of teachers in the defined contribution plan established in **former**
26 **provisions of** AS 14.25.310 - 14.25.590 and has the meaning given in **former**
27 AS 39.35.990 for employers of public employees in the defined contribution plan
28 established in **former provisions of** AS 39.35.700 - 39.35.990;

29 * **Sec. 22.** AS 39.30.495(9) is amended to read:

30 (9) "member" means a member of the defined contribution plan of the
31 teachers' retirement system in **former provisions of** AS 14.25.310 - 14.25.590 or a

1 member of the public employees' retirement system in **former provisions of**
2 AS 39.35.700 - 39.35.990;

3 * **Sec. 23.** AS 39.35.008(2) is repealed and reenacted to read:

4 (2) "plan" means a retirement plan established under AS 39.35.095 -
5 39.35.680;

6 * **Sec. 24.** AS 39.35.008(3) is repealed and reenacted to read:

7 (3) "system" means the Public Employees' Retirement System of
8 Alaska.

9 * **Sec. 25.** AS 39.35.095 is repealed and reenacted to read:

10 **Sec. 39.35.095. Defined benefit retirement plan under AS 39.35.095 -**
11 **39.35.680.** AS 39.35.095 - 39.35.680 set out a defined benefit retirement plan as the
12 public employees' retirement plan.

13 * **Sec. 26.** AS 39.35.615(g) is amended to read:

14 (g) An employer terminating participation in the plan shall pay termination
15 costs determined by the administrator, or enter into a payment plan acceptable to the
16 administrator, within 60 days after the employer receives notice of its termination
17 costs from the administrator. Termination costs not paid within the prescribed time
18 limit or in accordance with the approved payment plan shall be collected by the
19 administrator in accordance with AS 39.35.610(b). [TERMINATION OF
20 PARTICIPATION BY AN EMPLOYER IN THE PLAN DOES NOT BAR FUTURE
21 PARTICIPATION BY THE EMPLOYER UNDER AS 39.35.700 - 39.35.990 IF THE
22 EMPLOYER HAS PAID IN FULL ITS PRIOR TERMINATION COSTS.]

23 * **Sec. 27.** AS 39.35.620(i) is amended to read:

24 (i) An employer terminating participation in the plan shall pay termination
25 costs determined by the administrator, or enter into a payment plan acceptable to the
26 administrator, within 60 days after the employer receives notice of the cost.
27 Termination costs not paid within the prescribed time limit or in accordance with the
28 approved payment plan shall be collected by the administrator in accordance with
29 AS 39.35.610(b). [TERMINATION OF PARTICIPATION BY AN EMPLOYER IN
30 THE PLAN DOES NOT BAR FUTURE PARTICIPATION BY THE EMPLOYER
31 UNDER AS 39.35.700 - 39.35.990 IF THE EMPLOYER HAS PAID IN FULL ITS

1 PRIOR TERMINATION COSTS.]

2 * **Sec. 28.** AS 39.35.475(a), as that subsection read following amendment by sec. 34, ch.
3 146, SLA 1980, until amended by sec. 41, ch. 82, SLA 1986, as amended by sec. 112, ch. 9,
4 FSSLA 2005, is amended to read:

5 (a) When the **board** [ADMINISTRATOR] determines that the cost of living
6 has increased and that the financial condition of the retirement fund permits, the
7 administrator shall increase benefit payments to persons receiving benefits under this
8 plan. [FOR PURPOSES OF THIS SUBSECTION, THE FINANCIAL CONDITION
9 OF THE FUND WOULD ONLY PERMIT AN INCREASE IN BENEFITS WHEN
10 THE RATIO OF TOTAL FUND ASSETS TO THE ACCRUED LIABILITY MEETS
11 OR EXCEEDS 105 PERCENT. IN THIS SUBSECTION, "ACCRUED LIABILITY"
12 MEANS THE PRESENT VALUE OF ALL MEMBER BENEFITS ACCRUED BY
13 MEMBER SERVICE IN THIS PLAN.]

14 * **Sec. 29.** AS 39.35.932 is amended to read:

15 **Sec. 39.35.932. Pension forfeiture.** The provisions of AS 37.10.310 apply to
16 pension benefits under **former provisions of** AS 39.35.700 - 39.35.990.

17 * **Sec. 30.** AS 14.25.012(c), 14.25.310, 14.25.320, 14.25.330, 14.25.340, 14.25.345,
18 14.25.350, 14.25.360, 14.25.370, 14.25.380, 14.25.390, 14.25.400, 14.25.410, 14.25.420,
19 14.25.430, 14.25.440, 14.25.450, 14.25.460, 14.25.470, 14.25.480, 14.25.485, 14.25.486,
20 14.25.487, 14.25.488, 14.25.489, 14.25.490, 14.25.500, 14.25.510, 14.25.520, 14.25.530,
21 14.25.540, 14.25.550, 14.25.560, 14.25.580, 14.25.582, 14.25.590; AS 39.35.700, 39.35.710,
22 39.35.720, 39.35.725, 39.35.730, 39.35.740, 39.35.750, 39.35.760, 39.35.770, 39.35.780,
23 39.35.790, 39.35.800, 39.35.810, 39.35.820, 39.35.830, 39.35.840, 39.35.850, 39.35.860,
24 39.35.870, 39.35.880, 39.35.890, 39.35.891, 39.35.892, 39.35.893, 39.35.894, 39.35.895,
25 39.35.900, 39.35.910, 39.35.920, 39.35.930, 39.35.940, 39.35.950, 39.35.955, 39.35.957,
26 39.35.958, 39.35.960, 39.35.965, 39.35.970, 39.35.972, and 39.35.990 are repealed.

27 * **Sec. 31.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 RETIREMENT PLAN ELECTION OPTION. (a) A teacher who was hired on or after
30 July 1, 2006, and before the effective date of this section and who is a member of the defined
31 contribution plan of the teachers' retirement system under former provisions of AS 14.25.310

1 - 14.25.590 may make a one-time election before September 1, 2008, or within 90 days after
 2 the effective date of this section, whichever is later, to participate in the defined benefit
 3 retirement plan under AS 14.25.009 - 14.25.220 and to transfer any contributions, including
 4 employer contributions, made to the defined contribution plan before that date.

5 (b) A public employee who was hired on or after July 1, 2006, and before the
 6 effective date of this section and who is a member of the defined contribution plan of the
 7 public employees' retirement system under former provisions of AS 39.35.700 - 39.35.990
 8 may make a one time election before September 1, 2008, or within 90 days after the effective
 9 date of this section, whichever is later, to participate in the defined benefit retirement plan
 10 under AS 39.35.095 - 39.35.680 and to transfer any contributions, including employer
 11 contributions, made to the defined contribution plan before that date.

12 (c) In this section, "employer" has the meaning given in AS 14.25.590 or
 13 AS 39.35.990, as applicable, as those sections read the day before the effective date of sec. 30
 14 of this Act.

15 * **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to
 16 read:

17 **RETIREMENT PLAN ELECTION PROCEDURE; REGULATIONS REQUIRED.**

18 (a) The election to participate in the defined benefit retirement plan under sec. 31 of this Act
 19 must be made in writing on forms and in the manner prescribed by the administrator. Before
 20 accepting an election to participate in the defined benefit retirement plan, the administrator
 21 shall provide the employee planning on making an election to participate in the defined
 22 benefit retirement plan with information, including calculations to illustrate the effect of
 23 moving the employee's retirement plan from the defined contribution retirement plan to the
 24 defined benefit retirement plan as well as other information to clearly inform the employee of
 25 the potential consequences of the employee's election.

26 (b) An election made under sec. 31 of this Act to participate in the defined benefit
 27 retirement plan is irrevocable. On making the election, the participant shall be enrolled as a
 28 member of the defined benefit retirement plan, the member's participation in the plan shall be
 29 governed by the provisions for the defined benefit retirement plan, and the member's
 30 participation in the defined contribution retirement plan shall terminate. The participant's
 31 enrollment in the defined benefit retirement plan shall be effective the first day of the month

1 after the administrator receives the completed enrollment forms. An election made by an
 2 eligible member who is married is not effective unless the election is signed by the
 3 individual's spouse.

4 (c) As directed by the participant, the Alaska Retirement Management Board shall
 5 transfer or cause to be transferred the appropriate amounts to the designated account. The
 6 administrator shall credit the participant with a service credit that is equal to the participant's
 7 actual service or the actuarially calculated value of the employer and employee contribution
 8 transferred, whichever is less. The board shall establish transfer procedures by regulation, but
 9 the actual transfer may not be later than 30 days after the effective date of the member's
 10 participation in the defined benefit retirement plan unless the major financial markets for
 11 securities available for a transfer are seriously disrupted by an unforeseen event that also
 12 causes the suspension of trading on any national securities exchange in the country where the
 13 securities were issued. In that event, the 30-day period of time may be extended by a
 14 resolution of the board. Transfers are not commissionable or subject to other fees and may be
 15 in the form of securities or cash as determined by the board. Securities shall be valued on the
 16 date of receipt in the participant's account.

17 (d) In this section,

18 (1) "administrator" means the person appointed or designated by the
 19 commissioner of administration under AS 39.35.050 for a public employees' retirement plan
 20 and under AS 14.25.003 for a teachers' retirement plan;

21 (2) "board" means the Alaska Retirement Management Board established
 22 under AS 37.10.210;

23 (3) "defined benefit retirement plan" means the retirement plan established
 24 under

25 (A) AS 14.25.009 - 14.25.220 for a teacher; or

26 (B) AS 39.35.095 - 39.35.680 for a public employee;

27 (4) "defined contribution retirement plan" means the retirement plan
 28 established under

29 (A) former provisions of AS 14.25.310 - 14.25.590 for a teacher; or

30 (B) former provisions of AS 39.35.700 - 39.35.990 for a public

31 employee.

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

3 ADOPTION OF REGULATIONS. The commissioner of administration shall proceed
4 immediately to adopt regulations consistent with this Act, but in no event may the regulations
5 take effect before the effective date of sec. 31 of this Act.

6 * **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 INSTRUCTION TO REVISOR OF STATUTES. The revisor of statutes shall submit
9 to the Alaska Legislative Council a draft bill making conforming amendments to the statutes
10 of the State of Alaska consistent with this Act to clarify that the teachers' retirement system
11 and the public employees' retirement system consist only of defined benefit plans.

12 * **Sec. 35.** Sections 32 and 33 of this Act take effect immediately under AS 01.10.070(c).