

SENATE BILL NO. 23

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY SENATORS ELTON, Ellis, French, Wielechowski, Menard, Paskvan, McGuire, Thomas, Davis

Introduced: 1/21/09

Referred: Labor and Commerce, State Affairs, Finance

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5 * **Section 1.** AS 14.25.008 is repealed and reenacted to read: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10 * **Sec. 2.** AS 14.25.009 is repealed and reenacted to read: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 14.25.070(b) is amended to read:

7 (b) The employer shall transmit the contributions calculated in (a) of this
 8 section to the administrator in accordance with AS 14.25.065. The administrator shall
 9 allocate contributions received for full payment of

10 (1) the actuarially determined employer normal cost for the plan; and

11 (2) all contributions required by **former** AS 14.25.350 and **by**
 12 AS 39.30.370 for the fiscal year.

13 * **Sec. 5.** AS 14.25.070(d) is amended to read:

14 (d) Notwithstanding (a) of this section, the annual employer contribution rate
 15 may not be less than the rate sufficient to allow payment of the employer normal cost
 16 and the employer contributions required under **former** AS 14.25.350 and **under**
 17 AS 39.30.370.

18 * **Sec. 6.** AS 14.25.143(a), as that subsection read following amendment by sec. 3, ch. 146,
 19 SLA 1980, until amended by sec. 12, ch. 106, SLA 1988, as amended by sec. 18, ch. 9,
 20 FSSLA 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. 7.** AS 14.25.143(a), as that subsection read following amendment by sec. 12, ch. 106,
 31 SLA 1988, until amended by sec. 12, ch. 97, SLA 1990, as amended by sec. 19, ch. 9, FSSLA

1 2005, is amended to read:

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

11 * **Sec. 8.** AS 14.25.220(1) is amended to read:

12 (1) "active member" means a member who is employed by an
13 employer, is receiving compensation on a full-time or part-time basis and is making
14 contributions to the plan, or a member making contributions under **former**
15 AS 14.20.330 or 14.20.345;

16 * **Sec. 9.** AS 14.25.532 is amended to read:

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

19 * **Sec. 10.** AS 14.40.671(e) is amended to read:

20 (e) An employee whose rights to transfer assets out of a state retirement
21 system are subject to a qualified domestic relations order is entitled to transfer assets
22 from the state retirement system to a university retirement program only if the
23 requirements for receiving a refund under AS 14.25.150(b), **former AS 14.25.360**
24 [14.25.360], AS 39.35.200(c), or **former AS 39.35.760** [39.35.760], as appropriate,
25 are met.

26 * **Sec. 11.** AS 14.40.799(3) is amended to read:

27 (3) "contribution account" means the member contribution account
28 under AS 14.25.009 - 14.25.220, the individual account under **former provisions of**
29 AS 14.25.310 - 14.25.590, the employee contribution account under AS 39.35.095 -
30 39.35.680, or the individual account under **former provisions of** AS 39.35.700 -
31 39.35.990, whichever is appropriate;

1 * **Sec. 12.** AS 37.10.220(a) is amended to read:

2 (a) The board shall

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

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

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

11 (4) assist in prescribing the policies for the proper operation of the
12 systems and take other actions necessary to carry out the intent and purpose of the
13 systems in accordance with AS 37.10.210 - 37.10.390;

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

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

19 (B) AS 39.30.150 - 39.30.180 (State of Alaska Supplementary
20 Annuity Plan);

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

23 (D) AS 39.45.010 - 39.45.060 (public employees' deferred
24 compensation program);

25 (6) establish the rate of interest that shall be annually credited to each
26 member's individual contribution account in accordance with AS 14.25.145 and
27 AS 39.35.100 and the rate of interest that shall be annually credited to each member's
28 account in the health reimbursement arrangement plan under AS 39.30.300 -
29 39.30.495; the rate of interest shall be adopted on the basis of the probable effective
30 rate of interest on a long-term basis, and the rate may be changed from time to time;

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

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

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

6 (B) an appropriate contribution rate for liquidating any past
7 service liability;

8 (9) review actuarial assumptions prepared and certified by a member
9 of the American Academy of Actuaries and conduct experience analyses of the
10 retirement systems not less than once every four years, except for health cost
11 assumptions, which shall be reviewed annually; the results of all actuarial assumptions
12 prepared under this paragraph shall be reviewed and certified by a second member of
13 the American Academy of Actuaries before presentation to the board;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 * **Sec. 13.** AS 37.10.310(c) is amended to read:

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

10 (1) insurance, voluntary wage reductions, involuntary wage reductions,
11 or supplemental or health benefits under AS 39.30.090 - 39.30.495 or former
12 AS 39.37.145;

13 (2) member or employee contributions under AS 14.25.050, 14.25.055,
14 14.25.075, **former AS 14.25.340** [14.25.340], **former AS 14.25.360(a)**
15 [14.25.360(a)], AS 22.25.011, AS 39.35.160, 39.35.165(f), 39.35.180, **former**
16 **AS 39.35.730** [39.35.730], **former AS 39.35.760(a)** [39.35.760(a)], or former
17 AS 39.37.070.

18 * **Sec. 14.** AS 37.10.390(4) is amended to read:

19 (4) "retirement systems" or "systems" means the teachers' retirement
20 system, the judicial retirement system, the Alaska National Guard and Alaska Naval
21 Militia retirement system, the public employees' retirement system, the **former** State
22 of Alaska Teachers' and Public Employees' Retiree Health Reimbursement
23 Arrangement Plan, and the elected public officers' retirement system under former
24 AS 39.37.

25 * **Sec. 15.** AS 39.30.090(a) is amended to read:

26 (a) The Department of Administration may obtain a policy or policies of group
27 insurance covering state employees, persons entitled to coverage under AS 14.25.168,
28 **former AS 14.25.480** [14.25.480], AS 22.25.090, AS 39.35.535, **former**
29 **AS 39.35.880** [39.35.880], or former AS 39.37.145, employees of other participating
30 governmental units, or persons entitled to coverage under AS 23.15.136, subject to the
31 following conditions:

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

5 (2) Each eligible employee of the state, the spouse and the unmarried
6 children chiefly dependent on the eligible employee for support, and each eligible
7 employee of another participating governmental unit shall be covered by the group
8 policy, unless exempt under regulations adopted by the commissioner of
9 administration.

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

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

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

15 (C) the commissioner of administration approves the
16 participation in writing.

17 (4) In procuring a policy of group health or group life insurance as
18 provided under this section or excess loss insurance as provided in AS 39.30.091, the
19 Department of Administration shall comply with the dual choice requirements of
20 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
21 transact business in the state under AS 21.09, a hospital or medical service corporation
22 authorized to transact business in this state under AS 21.87, or a health maintenance
23 organization authorized to operate in this state under AS 21.86. An excess loss
24 insurance policy may be obtained from a life or health insurer authorized to transact
25 business in this state under AS 21.09 or from a hospital or medical service corporation
26 authorized to transact business in this state under AS 21.87.

27 (5) The Department of Administration shall make available bid
28 specifications for desired insurance benefits or for administration of benefit claims and
29 payments to (A) all insurance carriers authorized to transact business in this state
30 under AS 21.09 and all hospital or medical service corporations authorized to transact
31 business under AS 21.87 who are qualified to provide the desired benefits; and (B) to

1 insurance carriers authorized to transact business in this state under AS 21.09, hospital
2 or medical service corporations authorized to transact business under AS 21.87, and
3 third-party administrators licensed to transact business in this state and qualified to
4 provide administrative services. The specifications shall be made available at least
5 once every five years. The lowest responsible bid submitted by an insurance carrier,
6 hospital or medical service corporation, or third-party administrator with adequate
7 servicing facilities shall govern selection of a carrier, hospital or medical service
8 corporation, or third-party administrator under this section or the selection of an
9 insurance carrier or a hospital or medical service corporation to provide excess loss
10 insurance as provided in AS 39.30.091.

11 (6) If the aggregate of dividends payable under the group insurance
12 policy exceeds the governmental unit's share of the premium, the excess shall be
13 applied by the governmental unit for the sole benefit of the employees.

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

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

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

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

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

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

9 * **Sec. 16.** AS 39.30.097(b) is amended to read:

10 (b) The commissioner of administration is authorized to prefund medical
 11 benefits provided by **former** AS 14.25.480, AS 39.30.300, and **former** AS 39.35.880
 12 by establishing an irrevocable trust that is exempt from federal income tax under 26
 13 U.S.C. 115 and subject to the applicable financial reporting, disclosure, and actuarial
 14 requirements of the Governmental Accounting Standards Board.

15 * **Sec. 17.** AS 39.30.300 is amended to read:

16 **Sec. 39.30.300. State of Alaska Teachers' and Public Employees' Retiree**
 17 **Health Reimbursement Arrangement Plan established.** The State of Alaska
 18 Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is
 19 established for teachers who first become members of the defined contribution plan of
 20 the teachers' retirement system under **former provisions of** AS 14.25.310 - 14.25.590
 21 on or after July 1, 2006, and employees of the state, political subdivisions of the state,
 22 and public organizations of the state who first become members of the defined
 23 contribution plan of the public employees' retirement system under **former provisions**
 24 **of** AS 39.35.700 - 39.35.990 on or after July 1, 2006.

25 * **Sec. 18.** AS 39.30.380 is amended to read:

26 **Sec. 39.30.380. Termination of employment.** A person who terminates
 27 employment before meeting the eligibility requirements of **former** AS 14.25.470 or
 28 **former** AS 39.35.870 loses any right to the contributions made on behalf of the person
 29 to the teachers' and public employees' retiree health reimbursement arrangement trust
 30 fund. If a person returns to employment with a participating employer by
 31 December 31 of the year in which the person reaches 65 years of age, the person's

1 account balance shall be restored in the amount recorded on the date of termination
2 from the trust, adjusted for inflation at the rate of the Consumer Price Index for
3 Anchorage, Alaska. The earlier period of employment with a participating employer
4 shall be credited toward eligibility for medical benefits.

5 * **Sec. 19.** AS 39.30.390 is amended to read:

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

13 * **Sec. 20.** AS 39.30.400 is amended to read:

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

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

21 (1) an eligible member, the spouse of an eligible member, and the
22 dependent children of an eligible member; or

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

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

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

30 * **Sec. 21.** AS 39.30.495(3) is amended to read:

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

1 * **Sec. 22.** AS 39.30.495(5) is amended to read:

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

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

5 (6) "employer" has the meaning given in **former** AS 14.25.590 for
6 employers of teachers in the defined contribution plan established in **former**
7 **provisions of** AS 14.25.310 - 14.25.590 and has the meaning given in **former**
8 AS 39.35.990 for employers of public employees in the defined contribution plan
9 established in **former provisions of** AS 39.35.700 - 39.35.990;

10 * **Sec. 24.** AS 39.30.495(9) is amended to read:

11 (9) "member" means a member of the defined contribution plan of the
12 teachers' retirement system in **former provisions of** AS 14.25.310 - 14.25.590 or a
13 member of the public employees' retirement system in **former provisions of**
14 AS 39.35.700 - 39.35.990;

15 * **Sec. 25.** AS 39.35.008(2) is repealed and reenacted to read:

16 (2) "plan" means a retirement plan established under AS 39.35.095 -
17 39.35.680;

18 * **Sec. 26.** AS 39.35.008(3) is repealed and reenacted to read:

19 (3) "system" means the Public Employees' Retirement System of
20 Alaska.

21 * **Sec. 27.** AS 39.35.095 is repealed and reenacted to read:

22 **Sec. 39.35.095. Defined benefit retirement plan under AS 39.35.095 -**
23 **39.35.680.** AS 39.35.095 - 39.35.680 set out a defined benefit retirement plan as the
24 public employees' retirement plan.

25 * **Sec. 28.** AS 39.35.255(b) is amended to read:

26 (b) The administrator shall allocate contributions received for full payment of
27 (1) the actuarially determined employer normal cost for the plan; and
28 (2) all contributions required by AS 39.30.370 and **former**
29 AS 39.35.750 for the fiscal year.

30 * **Sec. 29.** AS 39.35.255(d) is amended to read:

31 (d) Notwithstanding (a) of this section, the annual employer contribution rate

1 may not be less than the rate sufficient to allow payment of the employer normal cost
 2 and the employer contributions required under AS 39.30.370 and **former**
 3 AS 39.35.750.

4 * **Sec. 30.** AS 39.35.475(a), as that subsection read following amendment by sec. 34, ch.
 5 146, SLA 1980, until amended by sec. 41, ch. 82, SLA 1986, as amended by sec. 112, ch. 9,
 6 FSSLA 2005, is amended to read:

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

16 * **Sec. 31.** AS 39.35.620(k) is amended to read:

17 (k) Termination of an employer's participation in the plan does not bar future
 18 participation in the system by that employer if the employer is current with payments
 19 on amounts due under AS 39.35.625. [IF A PREVIOUSLY TERMINATED
 20 EMPLOYER RETURNS TO THE SYSTEM, THE EMPLOYER MAY ONLY
 21 PARTICIPATE IN THE PLAN ESTABLISHED UNDER AS 39.35.700 - 39.35.990.
 22 EMPLOYEES MAY BE CREDITED UNDER AS 39.35.700 - 39.35.990 ONLY
 23 WITH SERVICE SUBSEQUENT TO THE DATE OF RETURN.]

24 * **Sec. 32.** AS 39.35.932 is amended to read:

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

27 * **Sec. 33.** AS 14.25.012(c), 14.25.310, 14.25.320, 14.25.330, 14.25.340, 14.25.345,
 28 14.25.350, 14.25.360, 14.25.370, 14.25.380, 14.25.390, 14.25.400, 14.25.410, 14.25.420,
 29 14.25.430, 14.25.440, 14.25.450, 14.25.460, 14.25.470, 14.25.480, 14.25.485, 14.25.486,
 30 14.25.487, 14.25.488, 14.25.489, 14.25.490, 14.25.500, 14.25.510, 14.25.520, 14.25.530,
 31 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,

1 39.35.720, 39.35.725, 39.35.730, 39.35.740, 39.35.750, 39.35.760, 39.35.770, 39.35.780,
 2 39.35.790, 39.35.800, 39.35.810, 39.35.820, 39.35.830, 39.35.840, 39.35.850, 39.35.860,
 3 39.35.870, 39.35.880, 39.35.890, 39.35.891, 39.35.892, 39.35.893, 39.35.894, 39.35.895,
 4 39.35.900, 39.35.910, 39.35.920, 39.35.930, 39.35.940, 39.35.950, 39.35.955, 39.35.957,
 5 39.35.958, 39.35.960, 39.35.965, 39.35.970, 39.35.972, and 39.35.990 are repealed.

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

8 RETIREMENT PLAN ELECTION OPTION. (a) A teacher who was hired on or after
 9 July 1, 2006, and before the effective date of this section and who is a member of the defined
 10 contribution plan of the teachers' retirement system under former provisions of AS 14.25.310
 11 - 14.25.590 may make a one-time election before September 1, 2009, or within 90 days after
 12 the effective date of this section, whichever is later, to participate in the defined benefit
 13 retirement plan under AS 14.25.009 - 14.25.220 and to transfer any contributions, including
 14 employer contributions, made to the defined contribution plan before that date.

15 (b) A public employee who was hired on or after July 1, 2006, and before the
 16 effective date of this section and who is a member of the defined contribution plan of the
 17 public employees' retirement system under former provisions of AS 39.35.700 - 39.35.990
 18 may make a one time election before September 1, 2009, or within 90 days after the effective
 19 date of this section, whichever is later, to participate in the defined benefit retirement plan
 20 under AS 39.35.095 - 39.35.680 and to transfer any contributions, including employer
 21 contributions, made to the defined contribution plan before that date.

22 (c) In this section, "employer" has the meaning given in AS 14.25.590 or
 23 AS 39.35.990, as applicable, as those sections read the day before the effective date of sec. 33
 24 of this Act.

25 * **Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section to
 26 read:

27 RETIREMENT PLAN ELECTION PROCEDURE; REGULATIONS REQUIRED.

28 (a) The election to participate in the defined benefit retirement plan under sec. 34 of this Act
 29 must be made in writing on forms and in the manner prescribed by the administrator. Before
 30 accepting an election to participate in the defined benefit retirement plan, the administrator
 31 shall provide the employee planning on making an election to participate in the defined

1 benefit retirement plan with information, including calculations to illustrate the effect of
2 moving the employee's retirement plan from the defined contribution retirement plan to the
3 defined benefit retirement plan as well as other information to clearly inform the employee of
4 the potential consequences of the employee's election.

5 (b) An election made under sec. 34 of this Act to participate in the defined benefit
6 retirement plan is irrevocable. On making the election, the participant shall be enrolled as a
7 member of the defined benefit retirement plan, the member's participation in the plan shall be
8 governed by the provisions for the defined benefit retirement plan, and the member's
9 participation in the defined contribution retirement plan shall terminate. The participant's
10 enrollment in the defined benefit retirement plan shall be effective the first day of the month
11 after the administrator receives the completed enrollment forms. An election made by an
12 eligible member who is married is not effective unless the election is signed by the
13 individual's spouse.

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

27 (d) In this section,

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

31 (2) "board" means the Alaska Retirement Management Board established

1 under AS 37.10.210;

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

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

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

6 (4) "defined contribution retirement plan" means the retirement plan
7 established under

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

9 (B) former provisions of AS 39.35.700 - 39.35.990 for a public
10 employee.

11 * **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 ADOPTION OF REGULATIONS. The commissioner of administration shall proceed
14 immediately to adopt regulations consistent with this Act, but in no event may the regulations
15 take effect before the effective date of sec. 34 of this Act.

16 * **Sec. 37.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

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

22 * **Sec. 38.** Sections 35 and 36 of this Act take effect immediately under AS 01.10.070(c).