

PUBLIC EMPLOYEES RETIREMENT ACT

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IN THE SENATE BY THE FINANCE COMMITTEE

SENATE BILL NO.178

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIRST LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing a Retirement System for the payment of pensions and other benefits to employees of the State of Alaska and to employees of political subdivisions which elect to participate in the system; providing for the accumulation of funds to pay for such benefits; providing for the administration of the Retirement System; and providing for an effective date."

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

Section 1. SHORT TITLE. This Act may be cited as the "Public Employees' Retirement System of Alaska."

Sec. 2. PURPOSE AND EFFECTIVE DATE. a. The purpose of this Act is to encourage qualified personnel to enter and remain in the service of the State of Alaska by establishing a system for the payment of retirement, disability, and death benefits to or on behalf of such employees.

b. The system created hereunder shall become effective as of January 1, 1961, at which time contributions by the state and its employees shall commence.

Sec. 3. DEFINITIONS. Where the following words and phrases appear in this Act, they shall have the respective meanings set forth below, unless their context clearly indicates to the contrary:

(1) "system" shall mean the Public Employees' Retire-

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ment System of Alaska.

(2) "state" shall mean the State of Alaska.

(3) "employers" shall mean the State of Alaska and any political subdivisions and public or quasi-public organizations thereof which are participating in the system.

(4) "board" shall mean the Personnel Board of the Personnel Division of the Department of Administration of the State of Alaska.

(5) "employee" shall mean a person who is receiving remuneration for full-time personal services regularly rendered to an employer or who would be receiving such remuneration except for an authorized leave of absence, excluding (a) persons compensated on a contractual or fee basis, (b) casual or part-time workers in a position having duties which will not permit at least six months of service during a calendar year, and (c) persons covered by the Alaska Teachers Retirement System.

(6) "policemen and firemen" shall mean employees who are police officers, firemen, guards at public institutions and firewardens, other than ex officio.

(7) "widow" shall mean the wife of an employee who has been married to the employee for at least one year and who, at the time of his death, was living with him or dependent for support upon him, or living apart for justifiable cause or by reason of desertion by the employee.

(8) "retirement" shall mean termination of employment after an employee has fulfilled all requirements for a pension. Retirement shall be considered as commencing on the day immediately following an employee's last day of employment (or authorized leave of absence, if later).

1 (9) "normal retirement date" shall mean the first day
2 of the month next following an employee's sixty-fifth birthday,
3 except that the normal retirement date of policemen and firemen
4 shall be the first day of the month next following their sixtieth
5 birthday.

6 (10) "compensation" shall mean the total remuneration
7 paid to an employee by the employers for personal services render-
8 ed during the period considered as credited service, including
9 any cost-of-living adjustments or differentials and including the
10 monetary value, as determined by the Board, of subsistence and
11 maintenance provided by the employers, if any, in partial payment
12 for services, but excluding retirement and other welfare benefits
13 financed by the employers.

14 (11) "average monthly compensation" shall mean the
15 result obtained by dividing the total compensation paid to an
16 employee during a considered period by the number of months
17 (including fractional months) for which such compensation was
18 received; the considered period shall consist of the five con-
19 secutive calendar years during the period of credited service
20 which yield the highest average.

21 (12) "pension fund" shall mean all money and other
22 investments held in the name of the system and attributable to
23 contributions by employers and employees.

24 (13) "actuarial equivalent" shall mean equality in
25 value of the aggregate expected payments under two different forms
26 of pension payments, considering expected mortality and interest
27 earnings on the basis of tables adopted from time to time by the
28 board.

29 (14) "non-occupational disability" shall mean a physical

1 or mental condition which, in the judgment of the board, based
2 upon medical reports and other evidence satisfactory to the board,
3 presumably permanently prevents an employee from satisfactorily
4 performing his usual duties for his employer or the duties of
5 another position or job which an employer makes available and for
6 which such employee is qualified by reason of his training or
7 education, not including any condition resulting from a cause
8 which the board, in its rules, has excluded.

9 (15) "occupational disability" shall mean a physical or
10 mental condition which presumably permanently prevents an employee
11 from satisfactorily performing his usual duties for his employer,
12 or the duties of another position or job which an employer makes
13 available and for which such employee is qualified by reason of
14 his training or education, provided that the proximate cause of
15 such condition is a bodily injury sustained, or a hazard undergone,
16 while in the performance and within the scope of the employee's
17 duties and provided that such condition is not the proximate
18 result of the wilful negligence of the employee. A determination
19 of whether occupational disability exists shall be made by the
20 board, based upon medical reports and other evidence satisfactory
21 to the board.

22 (16) "employee contribution account" shall mean the
23 account maintained to record the contributions of each employee and
24 adjustments made to such account in accordance with Section 36.

25 (17) "employee savings account" shall mean the account
26 maintained to record the voluntary contributions of each employee
27 and adjustments to such account in accordance with Section 36.

28 (18) "prescribed rate of interest" shall mean the rate
29 of interest to be used for computing employer contributions, for

1 preparing actuarial tables to be used by the system and for
2 crediting interest to employee contribution accounts and employee
3 savings accounts. Such rate of interest shall be adopted by the
4 board on the basis of the probable effective rate of interest on
5 a long term basis, and such rate may be changed from time to time
6 by the board.

7 (19) "fiscal year" shall mean the period beginning on
8 July 1 and ending on June 30 of the year next succeeding.

9 Sec. 4. COMMENCEMENT OF PARTICIPATION. An employee of the
10 state shall be included in this system upon commencement of his
11 employment with the state, or on January 1, 1961, whichever is
12 later. An employee of a political subdivision or public or quasi-
13 public organization which becomes an employer shall be included in
14 the system as of the effective date of such employer's participa-
15 tion or the date of the employee's commencement of employment
16 with such employer, whichever is later. Inclusion in the system
17 shall be considered a condition of employment.

18 Sec. 5. TERMINATION OF PARTICIPATION. An employee shall be
19 excluded from the system upon termination of his employment with
20 the employers, unless he is eligible for a retirement benefit at
21 such time.

22 Sec. 6. RE-EMPLOYMENT OF FORMER EMPLOYEES. If an employee's
23 employment is terminated prior to becoming eligible for a retire-
24 ment benefit and the employee is subsequently re-employed by an
25 employer, he shall be considered a new employee and shall not
26 receive credit for any prior periods of employment, except as
27 otherwise provided in Section 16.

28 Sec. 7. RE-EMPLOYMENT OF RETIRED EMPLOYEES. If a retired
29 employee is re-employed on a regular full-time basis by an

1 employer, no pension payments shall be made during the period of
2 re-employment. Upon the subsequent retirement of such an employ-
3 ee, he shall be entitled to receive a pension based on his
4 credited service and compensation prior to the date of his pre-
5 vious retirement, as well as his credited service and compensation
6 during the period of re-employment. In the case of re-employment
7 of an employee who retired under Section 19, the pension payable
8 upon the employee's subsequent retirement shall be reduced by the
9 actuarial equivalent of any early retirement benefits previously
10 received by the employee.

11 Sec. 8. CONTRIBUTIONS BY EMPLOYEES. a. Every employee
12 shall, throughout his participation in the system, contribute to
13 the system an amount equal to four and one-half per cent (4 1/2%)
14 of his compensation. Amounts paid by an employee under the
15 Federal Insurance Contributions Act (for the purpose of providing
16 old-age, survivors and disability insurance benefits) shall be
17 considered as a contribution to the System.

18 b. Contributions of employees shall be required as a con-
19 dition of employment and shall be made by payroll deductions;
20 every employee shall be deemed to consent to such deductions. It
21 shall be of no consequence that a payroll deduction may cause the
22 compensation paid in cash to an employee to be reduced below the
23 minimum required by law. Payment of an employee's compensation,
24 less such payroll deductions, shall constitute a full and complete
25 discharge and satisfaction of all claims and demands by the
26 employee relating to remuneration for his services rendered during
27 the period covered by the payment, except with respect to the
28 benefits provided under the system.

29 c. In addition to the mandatory contributions required of

1 each employee pursuant to the above paragraph, an employee may,
2 during each calendar year he is participating in the system,
3 voluntarily contribute to his employee savings account an amount
4 not to exceed five per cent (5%) of his compensation for said
5 year.

6 d. The contributions of employees shall be forwarded to the
7 Department of Administration, which shall maintain records to
8 indicate the contributions of each employee.

9 Sec. 9. REFUNDS UPON SEVERANCE OR DEATH. a. Upon termina-
10 tion of employment for a reason other than death, an employee who
11 is not eligible for a retirement benefit shall be entitled to
12 receive refund of the balance, determined as of the date of
13 termination of employment, of (1) his employee contribution
14 account and (2) his employee savings account.

15 b. Upon termination of employment by reason of an employee's
16 death, the employee's beneficiary shall be paid the balance, as
17 of the date of the employee's death, of (1) the employee contri-
18 bution account, provided a joint and survivor option under Section
19 26 is not operative and provided a widow's pension under Section
20 24 does not become payable, and (2) the employee savings account.

21 c. Upon the retirement of an employee, the balance of his
22 employee savings account shall be paid to the employee in which-
23 ever of the following forms the employee elects:

24 (1) a lump sum payment;

25 (2) a life annuity on a full cash refund or term
26 certain basis;

27 (3) installments over a designated period of time.

28 d. Upon the death of a retired employee, the employee's
29 beneficiary shall be paid (1) the excess, if any, of the balance

1 in the employee contribution account of the deceased employee as
2 of the date of the commencement of the employee's pension payments
3 over the sum of the pension payments previously received by the
4 employee, except that such amount shall not be paid if a joint and
5 survivor option under Section 26 is operative or if a widow's
6 pension under Section 25 is payable, and (2) the remaining pay-
7 ments, if any, purchased by the balance in the employee savings
8 account of the deceased employee as of the date he retired.

9 e. While an employee is employed by an employer, he will be
10 permitted to withdraw his voluntary contributions and interest
11 accrued thereon, or part of such amount, only if he receives the
12 consent of the board, and the board shall permit a withdrawal prior
13 to termination of employment only in cases of financial need.

14 Sec.. 10. CONTRIBUTIONS BY EMPLOYERS. a. Each employer
15 shall make contributions to the system in amounts determined in
16 accordance with this Section. A separate contribution rate shall
17 be determined for each employer, and such contribution rate shall
18 be the sum of the following percentages:

19 (1) The percentage of compensation of the participating
20 employees of the employer which, if paid over the entire period of
21 their credited service, and when combined with employee contribu-
22 tions available for the payment of benefits under the system, will
23 be sufficient to provide the benefits payable to such employees.
24 Such percentage shall be known as the normal cost rate applicable
25 to such employer;

26 (2) The percentage of compensation of the participating
27 employees of the employer necessary to provide the uniform annual
28 amount required, at the prescribed rate of interest, to amortize
29 the amount of the unfunded obligation of the employer over the

1 balance of a period of forty years; such period to begin as of the
2 effective date of the employer's participation in the system.
3 The unfunded obligation shall, as of the beginning of each fiscal
4 year, be determined as the present value of all benefits to be
5 provided for the participating employees of the employer less the
6 sum of (a) the balance of all employee contribution accounts of
7 the employees of the employer, (b) the present value of expected
8 future contributions from employees of the employer which are
9 available for the payment of benefits under the system, (c) the
10 balance of the asset share account of the employer, and (d) the
11 present value of expected future normal cost contributions of the
12 employer. This percentage shall be known as the prior service
13 rate;

14 (3) The percentage of compensation of the participating
15 employees of the employer necessary to provide the employer's
16 pro rata share of the administrative expenses of the system for
17 the current fiscal year. An appropriate adjustment shall be made
18 for any surplus or deficiency existing in the employer's expense
19 account at the end of the previous fiscal year. Administrative
20 expenses shall be shared by the employers in the ratio that the
21 number of participating employees of an employer bears to the
22 total number of employees participating in the system.

23 b. The contribution rate for each employer shall be calculat-
24 ed every fiscal year, using the information available at the time
25 the computation is made. The computation shall be completed in
26 time to be considered in the state budget. Each employer shall
27 make provision in its budget for the payment of contributions
28 according to its current contribution rate.

29 c. The amount of each employer's contributions shall be

1 determined by applying the employer's contribution rate to the
2 total of all compensation paid to participating employees of the
3 employer for each payroll period, and such amount shall be
4 remitted by the employer to the commissioner of administration.

5 d. The total amount of contributions required under Section
6 10 to be made by the state into the system shall be ascertained
7 by the department of administration as soon as practicable after
8 the end of each calendar month and shall be payable from the
9 general fund of the state, except as provided hereinafter. If an
10 employee was paid wages by the state during the month from a
11 special or administrative fund provided by law, the payment to the
12 system shall be made from such special or administrative fund. If
13 the wages of an employee include both wages for state employment
14 paid from the general fund of the state and wages for state
15 employment paid from special or administrative funds, the amount
16 to be paid into the system under Section 10 shall be prorated
17 among the state funds in proportion to the wages paid to such
18 individual from each such fund. Provided further, that this pro-
19 viso shall not be effective if it is in conflict with the statute
20 covering such special or administrative fund.

21 e. In order to ensure orderly and efficient transmittal of
22 employer contributions, the board shall adopt such rules as are
23 desirable to achieve this purpose, provided the rules are con-
24 sistent with the provisions of this Act.

25 Sec. 11. EMPLOYMENT WITH THE STATE. An employee shall be
26 entitled to service credit for the entire period of uninterrupted
27 employment with the State commencing with the effective date of
28 this Act or the latest date the employee entered employment, which-
29 ever is later, and ending with the termination of his employment,

1 regardless of the office, department, division, or agency of the
2 state for which such employment was rendered.

3 Sec. 12. EMPLOYMENT WITH OTHER EMPLOYERS. An employee shall
4 be entitled to service credit for the entire period of uninterupt-
5 ed employment with a participating political subdivision or a
6 public or quasi-public organization commencing with the effective
7 date of such employer's participation in the system or the latest
8 date the employee entered employment, whichever is later, and
9 ending with the termination of his employment. The employee shall
10 also receive service credit for continuous employment with such
11 employer prior to the effective date of the employer's participa-
12 tion in the system to the extent that it was determined by the
13 employer, at the time it adopted the system, that such prior
14 employment shall be credited.

15 Sec. 13. TRANSFERS BETWEEN EMPLOYERS. In the event an
16 employee transfers from one participating employer to another,
17 without withdrawing his contributions, his service credit at the
18 time of the transfer shall be preserved, i.e., he shall not for-
19 feit any service credit by reason of the transfer.

20 Sec. 14. AUTHORIZED ABSENCES. A leave of absence which is
21 authorized by an employer shall not be considered as interrupting
22 employment, provided that the employee returns to employment
23 after the expiration of the period of authorized absence. The
24 board shall adopt rules to govern the extent to which periods of
25 authorized absence shall be considered as credited service,
26 except as hereinafter provided.

27 Sec. 15. MILITARY SERVICE. a. An employee shall be
28 entitled to service credit for military service in the Armed
29 Forces of the United States, either by enlistment or induction,

1 provided that the employee was in the employ of an employer on
2 the date of entry into the Armed Forces and returned to the
3 employ of an employer within ninety days after the date of his
4 discharge from such service, and provided that the employee did
5 not receive a dishonorable discharge; such service credit shall
6 not exceed an aggregate period of five years and, provided
7 further, that the retirement benefits payable to the employee
8 under this Act which are attributable to such military service
9 shall be reduced by the amount, if any, of pension benefits pay-
10 able to him by the United States Government, which are attributable
11 to the period of military service for which the employee receives
12 service credit. If an employee objects in writing to this
13 reduction, the reduction shall not be made, and no service credit
14 for such military service shall be granted.

15 b. If the pension benefit payable to an employee by the
16 United States Government is dependent upon the employee's leaving
17 his accumulated contributions with the retirement program of such
18 employer, no service credit shall be granted under this system
19 for military service if the employee has impaired any of his rights
20 to those benefits by withdrawing all or any portion of his contri-
21 butions to that program.

22 Sec. 16. INTERRUPTED EMPLOYMENT. In the event an employee's
23 employment is terminated for any reason prior to becoming eligible
24 for a retirement benefit and the employee is subsequently re-
25 employed by an employer, the employee shall be entitled to the
26 credited service he had accumulated at the time of his prior
27 termination, provided that within one year after re-employment the
28 employee makes a contribution to the system equal to the amount
29 of any refund paid upon his prior termination, and attributable to

1 the balance in his employee contribution account at that time,
2 together with interest at the prescribed rate of interest to the
3 date on which such contribution is made.

4 Sec. 17. PRIOR SERVICE. a. An employee who is in the
5 employment of the state on the effective date of this Act shall
6 be entitled to service credit for employment rendered to the
7 state and former territory of Alaska prior to the effective date
8 of this Act regardless of the office, department, division or
9 agency of the state or territory to which such employment was
10 rendered; provided, that any employee who will not be eligible
11 for a retirement benefit within a period of five years from the
12 effective date of this Act shall have completed at least five
13 years of uninterrupted employment with the state after the
14 effective date of this Act.

15 b. An employee who is employed by the state after the
16 effective date of this Act, shall be entitled to service credit
17 for employment rendered to the state and former territory of
18 Alaska prior to the effective date of this Act regardless of the
19 office, department, division or agency of the state or territory
20 to which such employment was rendered, provided that such employ-
21 ee shall have completed at least five years of uninterrupted
22 employment with the state after the effective date of this Act.

23 c. An employee who is entitled to service credit for prior
24 service shall not be required to make retroactive contributions
25 under this system for such period of service credit.

26 Sec. 18. NORMAL RETIREMENT BENEFITS. a. An employee shall
27 be eligible for a normal retirement pension if his employment is
28 terminated on or after his normal retirement date and after he
29 completes ten or more years of credited service.

1 b. Payment of the normal retirement pension shall commence
2 upon the first day of the month coinciding with or next following
3 retirement. The last payment shall be made as of the first day
4 of the month in which the death of the retired employee occurs.

5 c. The monthly amount of the normal retirement pension shall
6 be the sum of: (1) 1/2% of the employee's average monthly com-
7 pensation multiplied by his years of credited service (including
8 fractional years); and (2) 3/4% of the employee's average monthly
9 compensation in excess of one-twelfth of the average annual tax-
10 able wage under the federal Social Security program during the
11 period of credited service, after the effective date, multiplied
12 by the number of years of credited service (including fractional
13 years); except that the pension payable to a supreme and superior
14 court judge of the state shall be further increased by an amount
15 equal to one-half per cent of his average monthly compensation
16 multiplied by his years of credited service (including fractional
17 years) as a judge, not to exceed twenty years of such service.

18 Sec. 19. EARLY RETIREMENT BENEFITS. a. An employee, other
19 than a policeman or fireman, shall be eligible for an early
20 retirement pension if his employment is terminated on or after his
21 sixtieth birthday and after he completes fifteen or more years of
22 credited service. A policeman or fireman shall be eligible for
23 an early retirement pension if his employment is terminated on or
24 after his fifty-fifth birthday and after he completes twenty or
25 more years of credited service as a policeman or fireman.

26 b. Payment of the early retirement pension shall commence
27 upon the normal retirement date of the employee, unless, at the
28 employee's request, the board authorizes payments to commence on
29 an actuarial equivalent basis as of the first day of any month

1 which is prior to the employee's normal retirement date. The
2 last payment shall be made as of the first day of the month in
3 which the death of the retired employee occurs.

4 c. The monthly amount of the early retirement pension shall
5 be determined in accordance with the provisions of Section 18. c.,
6 considering the employee's credited service and compensation
7 prior to his termination of employment, but reduced to the actu-
8 arial equivalent thereof in the event that payments commence
9 prior to the normal retirement date of the employee.

10 Sec. 20. DEFERRED RETIREMENT BENEFIT. a. An employee shall
11 be eligible for a deferred retirement benefit if his employment
12 is terminated on or after the date on which his attained age and
13 credited service total at least seventy-five (75) years, and he
14 does not withdraw the balance in his employee contribution
15 account.

16 b. Payment of the deferred pension shall commence upon the
17 first day of the month coinciding with or next following the
18 employee's normal retirement date and after he has made applica-
19 tion for such benefit. The last payment shall be made as of the
20 first day of the month in which the death of the retired employee
21 occurs.

22 c. The monthly amount of the normal retirement pension shall
23 be determined in accordance with the provisions of Section 18 (c)
24 as they existed on the date of his termination of employment,
25 considering the employee's credited service and compensation prior
26 to his termination of employment.

27 d. An employee shall not be entitled to a deferred pension
28 unless an application for such pension is filed on or after he
29 reaches his normal retirement date and before he attains age

1 seventy (70). All such applications shall be filed with the
2 board. In the event the employee fails to apply prior to age
3 seventy (70) for a deferred retirement benefit, he shall be
4 eligible for a refund as if his employment had terminated for a
5 reason other than death at age 70 under Section 9.

6 Sec. 21. NON-OCCUPATIONAL DISABILITY RETIREMENT BENEFITS.

7 a. An employee shall be eligible for a non-occupational disabili-
8 ty pension if his employment is terminated because of a non-
9 occupational disability prior to his normal retirement date and
10 after ten or more years of credited service.

11 b. Payment of the non-occupational disability pension shall
12 commence upon the first day of the month next following the
13 expiration of a period of three full months after the last day of
14 employment, except that the board may, in its discretion, author-
15 ize the pension to commence upon the first day of any earlier
16 month following termination of his employment. In the event that
17 payment does not commence upon the first day of the month coin-
18 cidental with or next following retirement, a retroactive payment
19 shall be made to cover the period of deferment. The last payment
20 shall be made as of the first day of the month in which the death
21 of the retired employee occurs or in which he recovers from dis-
22 ability. In the event of recovery from non-occupational disabili-
23 ty, the retired employee shall then be entitled to receive a
24 normal or early retirement pension, provided he would have been
25 eligible for such pension if his employment had continued during
26 the period of disability, but such period shall not constitute
27 credited service.

28 c. The monthly amount of the non-occupational disability
29 pension shall be determined in accordance with the provisions of

1 Section 18. c., considering the employee's credited service and
2 compensation prior to termination of employment, provided, how-
3 ever, that such amount shall be reduced by any workmen's com-
4 pensation benefits or wage continuation payments which are
5 available to the employee and which are attributable to the
6 employers. In no event shall a non-occupational disability
7 pension exceed the benefit determined in accordance with the pro-
8 visions of Section 22. c.

9 d. A retired employee receiving a non-occupational disa-
10 bility pension shall be required, as often as the Personnel
11 Director of the State deems advisable, but not more frequently
12 than once a year, to undergo a medical examination by a physician
13 or physicians engaged by the Director. If, in the judgment of
14 the board, the examination indicates that the employee is no
15 longer incapacitated for service in the position held at the time
16 his disability pension commenced, or in another comparable
17 position, payments of his disability pension shall cease. The
18 name of the employee shall then be placed on the appropriate list
19 of candidates maintained for appointment to a position for which
20 he is found to be qualified unless he elects to receive a normal
21 or early retirement pension in accordance with the provisions of
22 Section 21. b.

23 Sec. 22. OCCUPATIONAL DISABILITY RETIREMENT BENEFITS. a.
24 An employee shall be eligible for an occupational disability
25 pension if his employment is terminated because of an occupational
26 disability prior to his normal retirement date and after one or
27 more years of credited service.

28 b. Payment of the occupational disability pension shall
29 commence on the first day of the month next following a period of

1 three full months after the last day of employment, except that
2 the board may, in its discretion, authorize the pension to com-
3 mence upon the first day of any earlier month following termina-
4 tion of his employment. In the event that payment does not
5 commence upon the first day of the month coincidental with or
6 next following retirement, a retroactive payment shall be made to
7 cover the period of deferment. The last payment shall be made as
8 of the first day of the month in which the death of the retired
9 employee occurs or in which he recovers from occupational disa-
10 bility prior to his normal retirement date. In the event of
11 recovery from occupational disability prior to his normal retire-
12 ment date, the retired employee shall then be entitled to receive
13 an early retirement pension, provided he would have been eligible
14 for such pension if his employment had continued during the period
15 of disability, but such period shall not constitute credited
16 service.

17 c. The monthly amount of an occupational disability pension
18 shall be determined in accordance with the provisions of Section
19 18. c., considering (1) the employee's compensation prior to his
20 termination of employment, and (2) the credited service that
21 would have been accumulated if the employee's employment had con-
22 tinued until his sixtieth birthday, or his actual credited
23 service if greater; except that the amount so determined shall be
24 reduced by assuming that a joint and survivor option of seventy-
25 five per cent (75%) became immediately effective upon retirement,
26 with the employee's wife as contingent beneficiary. If no wife
27 exists at the time of actual retirement, the pension shall be
28 determined as if the wife were the same age as the employee.

29 d. An employee's occupational disability pension shall be

1 reduced by any workmen's compensation or wage continuation pay-
2 ments which are available to the employee and which are attribu-
3 table to the employers.

4 e. An employee shall not be entitled to an occupational
5 disability pension unless an application for such pension is
6 filed within six months after the date of the accident, in the
7 event the disability is attributable to an accident, or within
8 six months after the date his disability commenced in the event
9 the disability is caused by an occupational disease. Furthermore,
10 if the disability is attributable to an accident, the employee is
11 required to file a notice of the accident within thirty days next
12 following the date it occurred; this requirement shall be sus-
13 pended during the period in which the employee's condition
14 prevents him from so filing. All such applications and notices
15 shall be filed with the board.

16 f. A retired employee receiving an occupational disability
17 pension shall be required, as often as the Personnel Director of
18 the state deems advisable, but not more frequently than once a
19 year, to undergo a medical examination at a place determined by
20 the Personnel Director and by a physician or physicians engaged
21 by the Director. If, in the judgment of the board, the examina-
22 tion indicates that the retired employee is no longer incapacitat-
23 ed for service in the position held at the time his disability
24 pension commenced or in another comparable position, payments of
25 his disability pension shall cease. The name of the employee
26 shall then be placed on the appropriate list of candidates main-
27 tained for appointment to a position for which he is found to be
28 qualified, unless he elects to receive an early retirement
29 pension in accordance with the provisions of Section 22. b.

1 Sec. 23. NON-OCCUPATIONAL DEATH BENEFITS. In the event that
2 (1) the death of an employee occurs prior to his retirement, but
3 after he has completed one or more years of credited service, and
4 (2) the employee's widow is not entitled to a widow's pension
5 under the following paragraph of this Section, a lump sum death
6 benefit shall be paid to the beneficiary of the employee. The
7 amount of such benefit shall be one hundred dollars for each year
8 of credited service. The death benefit payable pursuant to this
9 Section shall be in addition to a refund of the balance of the
10 employee contribution account of the deceased employee, pursuant
11 to Section 9.

12 Sec. 24. OCCUPATIONAL DEATH BENEFITS. a. In the event that
13 (1) the death of an employee occurs prior to his retirement and
14 prior to his normal retirement date, and (2) the proximate cause
15 of death is a bodily injury sustained, or a hazard undergone,
16 while in the performance and within the scope of the employee's
17 duties, and (3) the injury or hazard is not the proximate result
18 of the wilful negligence of the employee, then the surviving
19 widow, if any, of the employee shall be eligible for a widow's
20 pension. The monthly amount of the widow's pension shall be
21 equal to the amount the widow would have received if the employee
22 had retired because of an occupational disability immediately
23 prior to his death.

24 b. A determination of whether the proximate cause of death
25 was a bodily injury sustained, or a hazard undergone, while in
26 the performance and within the scope of the employee's duties and
27 whether the injury or hazard was the proximate result of the wil-
28 ful negligence of the employee shall be made by the board, based
29 upon evidence satisfactory to the board. Payment of the widow's

1 pension shall commence on the first day of the month following
2 the employee's death, and the last payment shall be made as of the
3 first day of the month in which the death or re-marriage of the
4 widow occurs.

5 Sec. 25. DEATH AFTER OCCUPATIONAL DISABILITY. Upon the
6 death of a retired employee who is receiving or is entitled to
7 receive an occupational disability pension, a widow's pension
8 shall be paid to his surviving widow, if any. The monthly amount
9 of such pension shall be equal to seventy-five per cent (75%) of
10 the monthly amount of the occupational disability pension which
11 the retired employee was receiving or would have been entitled to
12 receive had he not been entitled to workmen's compensation and
13 wage continuation payments. Payment of the widow's pension shall
14 commence on the first day of the month following the retired
15 employee's death, and the last payment shall be made as of the
16 first day of the month in which the death or re-marriage of the
17 widow occurs.

18 Sec. 26. JOINT AND SURVIVOR OPTION. a. By filing an appli-
19 cation with the board, an employee may designate his wife, or a
20 dependent approved by the board, as his contingent beneficiary
21 and elect to receive a pension payable in accordance with one of
22 the following joint and survivor options, in lieu of the normal
23 retirement pension to which he may otherwise become entitled upon
24 retirement:

25 (1) The employee shall receive a reduced pension pay-
26 able for life, and payments in the amount of seventy-five per cent
27 (75%) of such reduced pension shall, after the employee's death,
28 be continued to his contingent beneficiary during her lifetime.

29 (2) The employee shall receive a reduced pension payable

1 for life, and payments in the amount of fifty per cent (50%) of
2 such reduced pension shall, after the employee's death, be con-
3 tinued to his contingent beneficiary during her lifetime.

4 (3) The employee shall receive a reduced pension pay-
5 able during the joint lifetime of the employee and his contingent
6 beneficiary, and payments in the amount of sixty-six and two-
7 thirds per cent (66-2/3%) of such reduced pension shall, after
8 the death of either the employee or his contingent beneficiary, be
9 continued to the survivor for life.

10 b. The aggregate of the pension payments expected to be paid
11 to an employee and his contingent beneficiary under any of the
12 above options shall be the actuarial equivalent of the pension
13 which the employee is otherwise entitled to receive upon retire-
14 ment.

15 c. An employee may elect, change or revoke an option with-
16 out the approval of the board if his election, change or revoca-
17 tion is filed in writing with the board at least thirty days
18 prior to his normal retirement date; an option may not be elected,
19 changed, or revoked after the thirty-day period has commenced.

20 d. Notwithstanding anything in this section to the contrary,
21 an employee may, regardless of his age, elect an option without
22 the approval of the board any time within six months after the
23 effective date of his employer's participation in the system,
24 provided the employee is in the active employ of the employer at
25 the time the election is made.

26 e. An election made pursuant to this section shall become
27 inoperative in the event the employee's retirement or death occurs
28 prior to his normal retirement date or the contingent beneficiary's
29 death occurs before the employee's normal retirement date.

1 f. If an employee who makes an election pursuant to the
2 requirements of this section continues in the employ of an em-
3 ployer after his normal retirement date, no pension payments
4 shall be made during the period of continued employment. In the
5 event of the death of either the employee or his contingent
6 beneficiary during such continued employment, the election shall
7 become operative, so that (1) if the contingent beneficiary
8 predeceases the employee, the latter shall, upon retirement,
9 receive the reduced pension which would have been payable had
10 the beneficiary then been surviving, or (2) if the employee
11 predeceases the contingent beneficiary, the latter shall receive,
12 commencing as of the first day of the month next following the
13 employee's death, the survivorship pension which would have been
14 payable had the employee retired immediately prior to his death.

15 Sec. 27. LEVEL INCOME OPTION. If the payment of an early
16 retirement pension commences prior to the earliest age as of
17 which the employee becomes eligible for a primary social security
18 benefit, the amount of pension payable before and after such age
19 may be adjusted so that an increased amount will be paid prior to
20 the time that social security benefits will be available and a
21 reduced amount thereafter, so that the employee will receive a
22 level retirement income. The aggregate value of all such adjusted
23 payments, however, shall not exceed the actuarial equivalent of
24 the value of the pension otherwise payable to such employee.

25 Sec. 28. OTHER FORMS OF PAYMENT. If a pension payable under
26 the system is less than \$25.00 per month, the board may direct
27 that, in lieu of such pension, the actuarial equivalent thereof
28 shall be paid in a lump sum, or in a series of uniform monthly,
29 quarterly, or annual amounts for life or for a designated period

1 of time.

2 Sec. 29. COST OF LIVING ALLOWANCE. a. In the event an
3 employee remains in Alaska after his retirement, and so long as
4 he continues to reside in Alaska, he shall receive a cost of
5 living allowance in addition to his pension. The amount of this
6 allowance shall be determined by the increase in benefit that
7 results when the employee's primary social security benefit
8 (whether or not the employee is in fact eligible for such benefit)
9 is multiplied by the ratio that the cost of living in Alaska
10 bears to the cost of living in one or more of the other states
11 of the United States.

12 b. A widow who is receiving a widow's pension shall, as
13 long as she resides in Alaska, receive a cost of living allowance
14 in addition to her widow's pension. The amount of this allowance
15 shall be equal to seventy-five per cent (75%) of the cost of liv-
16 ing allowance that was (or would have been) payable to the re-
17 tired employee under this section.

18 c. An appropriate measure of the difference in the cost of
19 living in Alaska as compared to other states shall be adopted by
20 the board. The appropriateness of the measure adopted, and the
21 amount of the cost of living allowance, shall be redetermined
22 on each July 1 and such redetermination shall be applicable for
23 the succeeding twelve months. The board shall adopt appropriate
24 rules to establish, by affidavit or otherwise, the continuing
25 right of a retired employee or widow who remains in the state
26 to receive the cost of living allowance.

27 Sec. 30. DESIGNATION OF BENEFICIARY. Each employee shall
28 designate the beneficiary or beneficiaries to whom any benefits
29 payable as a consequence of his death pursuant to Sections 9, 23,

1 24, or 25 shall be distributed. Such a designation may, at any
2 time and from time to time, be changed or revoked by the employee
3 without notice to the beneficiary or beneficiaries. If an em-
4 ployee designates more than one beneficiary, each shall share
5 equally unless the employee specifies a different allocation or
6 preference. The designation of a beneficiary, and any change or
7 revocation thereof, shall be made on forms provided by the board
8 and shall not be effective unless and until filed with the board.
9 If an employee fails to designate a beneficiary, or if no desig-
10 nated beneficiary survives the employee, the death benefit shall
11 be paid in accordance with the following: (1) to his surviving
12 spouse, or if there be none surviving, (2) to his surviving
13 children (in equal parts) or, if there be none surviving, (3) to
14 his surviving parents (in equal parts) or, if there be none sur-
15 viving, (4) to his estate.

16 Sec. 31. ADMINISTRATION. The Commissioner of Administration
17 is responsible for the administration of the system and for making
18 effective the provisions of this Act, and in addition he shall
19 have the following powers and duties:

- 20 (1) Maintain the accounts of the system;
- 21 (2) Make payments for the various purposes specified
22 in the Act;
- 23 (3) Submit such periodic reports or statements of
24 account as may be required;
- 25 (4) Issue a statement of account to any employee who
26 may request it showing the amount of his contributions to the
27 system;
- 28 (5) As soon as possible following the close of each
29 fiscal year, and in any event within a period of six months

1 following the close of any year, cause to be transmitted to the
2 governor, the legislature, and the board, an annual statement on
3 the operations of the system containing, among other things:
4 (a) a balance sheet; (b) a statement of income and expenditures
5 for the year; (c) a report on an actuarial valuation of its
6 assets and liabilities; (d) a detailed statement of the invest-
7 ments acquired and disposed of during the year; (e) a list of
8 investments owned; (f) any other statistical and financial data
9 which may be necessary for a proper understanding of the financial
10 condition of the system and the results of its operations. A
11 synopsis of such annual report shall be published for the infor-
12 mation of employees included in the system.

13 Sec. 32. PERSONNEL BOARD. The Personnel Board of the Per-
14 sonnel Division of the Department of Administration shall have
15 the following powers and duties:

16 (1) to hold such regular meetings and special meetings
17 as may be deemed necessary. All meetings shall be open to the
18 public. The board shall keep a full record of all its proceedings;

19 (2) to adopt, with such modifications as it deems
20 proper, rules and regulations recommended by the Personnel Direc-
21 tor for making the provisions of this Act effective;

22 (3) to consider and adopt resolutions on matters re-
23 ferred to it by the Personnel Director in connection with changes
24 in policy and revisions of the Act;

25 (4) to investigate and decide on appeal, at the re-
26 quest of any employee, widow or beneficiary, decisions of the
27 Personnel Director;

28 (5) to have an actuarial valuation of each employer's
29 obligations under the system prepared biennially and on the basis

1 of such valuation, to certify an appropriate contribution rate to
2 the employer's budgetary authority in time for the incorporation
3 of the resulting costs in the budget. The board shall also have
4 an actuarial and financial experience analysis of the system con-
5 ducted at appropriate intervals, but not less frequently than
6 once every six years. The annual valuations and the experience
7 analyses shall be prepared and certified by a Fellow of the
8 Society of Actuaries;

9 (6) to prescribe the policies for the proper operation
10 of the system and carry on any other reasonable activities which
11 are deemed necessary to effectuate the intent and purpose of the
12 system in accordance with the provisions of this Act.

13 Sec. 33. PERSONNEL DIRECTOR. a. The Personnel Director of
14 the Personnel Division of the Department of Administration shall
15 be in charge of the detailed affairs of the system. He also
16 shall serve as secretary of the board. He shall administer the
17 business of the system and be responsible for its proper opera-
18 tion. The Personnel Director shall have, in addition to the
19 foregoing authority, the following powers and duties:

20 (1) With the assistance of a technical actuarial ad-
21 visor, the Personnel Director shall submit to the board the re-
22 quired actuarial tables and the statistical data necessary for
23 periodic actuarial surveys of the operating experience of the
24 system, which shall be made at least once every six years;

25 (2) Maintain such records of the employees included
26 in the system as are necessary for the proper administration of
27 the system and furnish such information as is requested by the ac-
28 tuary for preparing valuations and periodic experience analyses;

29 (3) Attend all meetings of the board;

1 (4) Certify to the appropriate division of the Depart-
2 ment of Administration the payments to be made according to the
3 provisions of the Act;

4 (5) Remit to the appropriate division of the Department
5 of Revenue for deposit in the name of the system, all monies
6 received for the account of the system;

7 (6) Formulate and recommend to the board rules and
8 regulations to govern the operation of the system.

9 b. It shall be the duty of the employers to furnish the
10 Personnel Director with records concerning the periods of service,
11 dates of birth, compensation, new entrants into service, deaths,
12 withdrawals and such other employee data as is necessary for the
13 proper and effective operation of the system.

14 Sec. 34. COMMISSIONER OF REVENUE. The Commissioner of
15 Revenue shall be the treasurer of the system and shall perform
16 the following duties:

17 (1) Act as official custodian of the cash and securi-
18 ties belonging to the system and provide adequate safe deposit
19 facilities therefor;

20 (2) Receive all items of cash belonging to the system;

21 (3) Collect the interest and principal on securities
22 acquired by the system and deposit all such amounts in the pen-
23 sion fund maintained in the name of the system;

24 (4) Invest and reinvest the assets of the pension fund
25 in accordance with the provisions of Section 37.

26 Sec. 35. ATTORNEY GENERAL. The Attorney General of the
27 state shall be the attorney for the system and shall represent
28 it in any legal proceeding.

29 Sec. 36. ACCOUNTING. The Commissioner of Administration

1 shall establish and maintain an adequate system of accounts and
2 records for the system which shall be integrated with the accounts,
3 records, and procedures of the employers to the end that the
4 same shall operate most effectively and at minimum expense, and
5 that duplication of records and accounts may be avoided. All
6 income of the pension fund and all disbursements made by the fund
7 shall be credited or charged, whichever is appropriate, to the
8 following accounts:

9 (1) Employee Contribution Account -- An individual
10 account shall be maintained for each employee to which the amount
11 of his mandatory contributions shall be credited whenever such
12 contributions are made. The portion of an employee's contributions
13 which is used to pay the tax imposed on the employee under the
14 Federal Insurance Contributions Act shall be charged against such
15 account. As of the last day of each fiscal year, this account
16 will be credited with interest, by applying the prescribed rate
17 of interest to the balance in the account at the beginning of
18 the fiscal year less any amounts charged to the account during
19 the year. Upon granting a pension, or upon payment of a death or
20 refund benefit, the balance of the employee contribution account
21 shall be transferred to the asset share account of the employer
22 of such employee and the employee contribution account shall be
23 charged with the amount transferred.

24 (2) Employee Savings Account -- An individual account
25 shall be maintained for each employee to which the amount of his
26 voluntary contributions, if any, shall be credited whenever such
27 contributions are made. As of the last day of each fiscal year,
28 this account will be credited with interest, by applying the
29 prescribed rate of interest to the balance in the account at the

1 beginning of the fiscal year less any amounts charged to the
2 account during the year. Any amounts which, prior to termination
3 of employment, are withdrawn by an employee from his employee
4 savings account shall be charged to such account. Upon an em-
5 ployee's retirement or death, the balance of his employee savings
6 account shall be transferred to the asset share account of the
7 employer of such employee and the employee savings account shall
8 be charged with the amount transferred.

9 (3) Employer Asset Share Account -- There shall be
10 maintained a separate account for each employer which shall be
11 credited with contributions of the employer and amounts trans-
12 ferred from the employee contribution accounts for the employees
13 of such employer, except that contributions made by an employer
14 for the purpose of providing the employer's portion of the total
15 administrative expense of the system shall not be credited to
16 this account. This account shall be charged with all pensions,
17 death refund, and other benefits paid under this system to or
18 on behalf of the employees of such employer. After an allowance
19 for interest credited to employee contribution accounts and
20 employee savings accounts, the investment income of the pension
21 fund shall be allocated to each employer asset share account
22 according to the ratio that the average of the assets in an
23 employer's account as of the beginning and as of the end of the
24 fiscal year bears to the total of such average balance of all
25 employers.

26 (4) Expense Account -- An expense account shall be
27 maintained for the system. This account shall be credited with
28 all contributions of employers for the purposes of meeting their
29 respective proportion of the total administrative expenses of the

1 system during each fiscal year, and it shall be charged with all
2 disbursements representing administrative expenses incurred by
3 the system. The surplus or deficiency of this account at the
4 end of the year shall be used in determining the expense rate
5 applicable for the following fiscal year. Expenditures from
6 this account shall be included in the governor's budget for each
7 fiscal year and shall be subject to approval by the legislature.

8 Sec. 37. INVESTMENTS. a. Whenever, in the opinion of the
9 Commissioner of Administration, there is on hand in the pension
10 fund a surplus over and above a reasonably safe amount to take
11 care of current demands upon such fund, such surplus, or so much
12 thereof as in the judgment of the Commissioner of Administration
13 is deemed proper, may be invested by the Commissioner of Revenue
14 in (1) bonds or other interest bearing obligations and securi-
15 ties of the United States or any state thereof or of any poli-
16 tical subdivision of any state of the United States, provided
17 such political subdivision has a population as shown by the last
18 federal census preceding such investment of not less than 30,000
19 inhabitants, except with respect to political subdivisions lo-
20 cated in the State of Alaska no population limitation shall apply,
21 (2) first lien real estate mortgage securities insured by the
22 Federal Housing Administration under the National Housing Act of
23 the United States, as amended from time to time, and (3) in such
24 corporation bonds, preferred and common stocks as the Commis-
25 sioner of Revenue may deem to be proper investments for said fund.

26 b. In making each and all of such investments the Commis-
27 sioner of Revenue shall exercise the judgment and care under the
28 circumstances then prevailing which men of ordinary prudence,
29 discretion, and intelligence exercise in the management of their

1 own affairs not in regard to speculation but in regard to the
2 permanent disposition of their funds, considering the probable
3 income therefrom as well as the probable safety of their capital;
4 provided, however, that not more than fifty per cent (50%) of the
5 pension fund shall be invested at any given time in corporate
6 stocks and bonds, nor shall more than one per cent (1%) of the
7 pension fund be invested in securities issued by any one corpora-
8 tion, nor shall more than five per cent (5%) of the voting stock
9 of any one corporation be owned; and provided, further, that
10 stocks eligible for purchase shall be restricted to stocks which,
11 except for bank stocks and insurance stocks, are listed upon an
12 exchange registered with the Federal Securities and Exchange
13 Commission or its successors.

14 c. Except as hereinbefore provided, the Commissioner of
15 Revenue is authorized and empowered:

16 (1) to invest and reinvest the principal and income
17 of the pension fund without distinction between principal and
18 income;

19 (2) to sell, exchange, convey, transfer, or otherwise
20 dispose of any investments of the pension fund held in the name
21 of the system by private contract or at public auction;

22 (3) to vote upon any stocks, bonds, or other securities;
23 to give general or special proxies or powers of attorney with or
24 without power of substitution; to exercise any conversion
25 privileges, subscription rights or other options and to make
26 any payments incidental thereto; to consent to or otherwise par-
27 ticipate in corporate reorganizations or other changes affecting
28 corporate securities and to delegate discretionary powers and to
29 pay any assessments or charges in connection therewith; and

1 generally to exercise any of the powers of an owner with respect
2 to stocks, bonds, securities, or other investments held in the
3 pension fund;

4 (4) to make, execute, acknowledge, and deliver any
5 and all documents of transfer and conveyance and any and all
6 other instruments that may be necessary or appropriate to carry
7 out the powers herein granted;

8 (5) to register any investment held in the pension
9 fund in the name of the system;

10 (6) to do all acts whether or not expressly authorized
11 which may be deemed necessary or proper for the protection of
12 the investments held in the pension fund.

13 Sec. 38. NON-GUARANTEED EMPLOYMENT. Nothing contained
14 in this Act shall be construed as a contract of employment be-
15 tween an employer and any employee, or as a right of any em-
16 ployee to be continued in the employment of an employer, or as
17 a limitation of the right of an employer to discharge any of its
18 employees with or without cause.

19 Sec. 39. NON-ALIENATION OF BENEFITS. Except with respect
20 to indebtedness owing to the employers, benefits payable under
21 the system shall not be subject in any manner to anticipation,
22 alienation, sale, transfer, assignment, pledge, encumbrance,
23 charge, garnishment, execution, or levy of any kind, either
24 voluntary or involuntary, prior to actually being received by
25 the person entitled to the benefit under the terms of the system,
26 and any attempt to anticipate, alienate, sell, transfer, assign,
27 pledge, encumber, charge, or otherwise dispose of any right to
28 benefits payable hereunder shall be void.

29 Sec. 40. VOLUNTARY WAIVER OF BENEFITS. Any retired employee

1 may, in writing, request the board to suspend, for any period of
2 time, payment of all or part of the benefits which he is entitled
3 to receive. The board shall grant any such request and shall not
4 require the retired employee to disclose his reasons for desiring
5 the suspension. Any amounts which are suspended pursuant to
6 such a request shall be forever forfeited. The retired employee
7 may subsequently terminate such a suspension by filing a written
8 notice with the board which states his desire to revoke the
9 suspension. Upon receipt of such a notice, the board shall auth-
10 orize resumption of the retired employee's regular pension pay-
11 ments.

12 Sec. 41. FRAUD. Any person who shall knowingly make any
13 false statement, or shall falsify or permit to be falsified any
14 record or records of this system, in any attempt to defraud the
15 system, as a result of such act, shall be guilty of a misde-
16 meanor, and on conviction thereof by any court of competent
17 jurisdiction, shall be punished by a fine not exceeding \$500.00,
18 or imprisonment not exceeding twelve months, or both, such fine
19 and imprisonment to be at the discretion of the court.

20 Sec. 42. ADJUSTMENTS. In the event of any change or error
21 in the records maintained by the system, or if an error is made
22 in computing a benefit, and as a result thereof an employee or
23 beneficiary receives from the system more or less than he would
24 have been entitled to receive had the records been correct, or
25 if the error had not been made, the records or error shall be
26 corrected and, as far as practicable, future payments shall be
27 adjusted in such manner that the actuarial equivalent of the
28 pension or benefit to which the employee or beneficiary was
29 correctly entitled shall be paid. In no event shall an employee

1 be entitled to simultaneously receive a pension under more than
2 one of the sections of this Act.

3 Sec. 43. MINIMUM BENEFIT. The actuarial equivalent of
4 minimum aggregate benefits payable to or on behalf of an employee
5 shall not be less than the total of the balances of his em-
6 ployee contribution account and voluntary savings account as of
7 the date of the termination of his employment.

8 Sec. 44. PARTICIPATION BY POLITICAL SUBDIVISIONS AND PUBLIC
9 ORGANIZATIONS. a. Any municipality or other political subdivi-
10 sion of the state which provides coverage for its employees under
11 Title II of the Federal Social Security Act may request to become
12 a participating employer in this system. Such a request shall be
13 made after a proper resolution has been adopted by the local
14 legislative body of the political subdivision and after such
15 resolution has been approved by any other party or officer re-
16 quired by law to approve the resolution. A certified copy of
17 such resolution shall be filed with the Department of Administra-
18 tion and, if the Commissioner of Administration approves the re-
19 quest for participation, the political subdivision shall be
20 considered as a participating employer.

21 b. Any public or quasi-public organization created wholly
22 or partly by, or deriving its powers from, the legislature of the
23 state, which provides coverage for its employees under Title II
24 of the Federal Social Security Act may request to become a
25 participating employer in this system. Such a request shall be
26 made after a proper resolution has been adopted by the governing
27 body of the public organization. A certified copy of such
28 resolution shall be filed with the Department of Administration
29 and, if the Commissioner of Administration approves the request

1 for participation, the public organization shall be considered
2 as a participating employer.

3 c. Any political subdivision or public organization which
4 is contemplating participation in this system may request a
5 preliminary survey to determine the estimated cost of participa-
6 tion, the benefits to be derived, and such other information as
7 may be deemed appropriate. The cost of such a survey shall be
8 paid by the subdivision or public organization requesting it.

9 d. The effective date of participation in the system by
10 a political subdivision or public organization shall be the
11 January 1, next succeeding the approval of its participation.
12 The political subdivision or public organization shall designate
13 the departments, groups or other classifications of employees
14 which shall be eligible to participate in the system, and shall
15 agree to make contributions each year which shall be sufficient
16 to meet the normal cost attributable to inclusion of its em-
17 ployees and to amortize the past service cost for its employees
18 over a period not in excess of forty years.

19 e. The eligible employees of a participating political
20 subdivision or public organization shall be bound by the pro-
21 visions of this system and shall be entitled to the benefits
22 provided under it.

23 f. The contributions of the political subdivision or public
24 organization and the contributions of its employees, shall be
25 transmitted to the Commissioner of Administration as soon as
26 practicable after the close of the payroll period for which the
27 contributions were made. If an employer is delinquent in trans-
28 ferring the contributions required by this Act for more than
29 thirty days, interest shall be assessed on the outstanding

1 contributions at one and one-half times the prescribed rate
2 from the date that the contributions were originally due.

3 g. In the event the required contributions are not trans-
4 mitted to the Commissioner of Administration within the pres-
5 cribed time limit, the Commissioner may, in his discretion, grant
6 an extension. If the political subdivision or public organiza-
7 tion is in default at the end of the extension, participation
8 in the system shall be deemed terminated, and it shall be sent
9 notice thereof. Within six months after such termination, the
10 actuary of the system shall, by actuarial valuation (the cost
11 of which shall be paid by the terminated employer) determine the
12 amount in the pension fund attributable to the employer's parti-
13 cipation in the system. Such amount shall then be distributed
14 by the payment or provision for the payment of benefits to
15 employees and retired employees of the terminated employer and
16 to the beneficiaries of such employees in the following order of
17 precedence:

18 (1) To refund the balance in the employee contribution
19 and savings accounts as of the date of termination;

20 (2) To fund in advance the benefits of retired em-
21 ployees, widows and beneficiaries who are receiving or are
22 eligible to receive benefits on the date of termination appro-
23 priately adjusted for any payments made under subparagraph (1)
24 above;

25 (3) To all other employees in proportion to, but not
26 exceeding, the respective actuarial value of their accrued bene-
27 fits as of the date of termination, appropriately adjusted for
28 any payments made under subparagraph (1) above.

29 h. Any distribution made as a result of termination of

1 participation by an employer may, to the extent that no discrimina-
2 tion in value results, be paid in cash or in annuity contracts,
3 according to the discretion of the board.

4 i. In making such distributions, any and all determinations,
5 divisions, appraisals, apportionments, and allotments so made
6 shall be final and conclusive and not subject to question by any
7 person. In no event shall an employer receive, at any time,
8 any amounts from the pension fund, except that, upon termination
9 of its participation, the employer shall receive such amounts,
10 if any, as may remain after the satisfaction of all liabilities
11 of the system to the employees of such employer and arising out
12 of any variations between actual requirements and expected
13 actuarial requirements.

14 Sec. 45. CONSTRUCTION. The masculine gender, where appear-
15 ing in this Act shall be deemed to include the feminine gender,
16 unless the context clearly indicates to the contrary. The
17 words "hereof," "herein," and "hereunder" and other similar com-
18 pounds of the word "here" shall mean and refer to the entire
19 Act, not to any particular provision or section.

20 Sec. 46. SEPARABILITY. If, regardless of cause, any
21 section, subsection, paragraph, sentence, or clause of this Act
22 is held invalid or to be unconstitutional, the remaining sec-
23 tions, subsections, paragraphs, sentences, or clauses shall
24 continue in full force and effect, and shall be construed there-
25 after as being the entire provisions of this Act.

26 Sec. 47. EFFECTIVE DATE. This Act shall take effect on
27 January 1, 1961.

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