

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; providing penalties for fraud; 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 (1) "system" shall mean the Public Employees' Retirement
2 System of Alaska.
- 3 (2) "state" shall mean the State of Alaska.
- 4 (3) "employers" shall mean the State of Alaska and any
5 political subdivisions and public or quasi-public organizations
6 thereof which are participating in the system.
- 7 (4) "board" shall mean the public employees' retirement
8 board as created by this Act.
- 9 (5) "employee" shall mean a person who is receiving re-
10 muneration for full-time personal services regularly rendered to
11 an employer or who would be receiving such remuneration except for
12 an authorized leave of absence, excluding (a) persons compensated
13 on a contractual or fee basis, (b) casual or part-time workers
14 in a position having duties which will not permit at least six
15 months of service during a calendar year, and (c) persons covered
16 by the Alaska Teachers Retirement System.
- 17 (6) "policemen and firemen" shall mean employees who
18 are police officers, firemen, guards at public institutions and
19 firewardens, other than ex officio.
- 20 (7) "widow" shall mean the wife of an employee who has
21 been married to the employee for at least one year and who, at the
22 time of his death, was living with him or dependent for support
23 upon him, or living apart for justifiable cause or by reason of
24 desertion by the employee.
- 25 (8) "retirement" shall mean termination of employment
26 after an employee has fulfilled all requirements for a pension.
27 Retirement shall be considered as commencing on the day immedi-
28 ately following an employee's last day of employment (or author-
29 ized 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 with at least fifteen years credited service as policemen or firemen
5 shall be the first day of the month next following their sixtieth
6 birthday.

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

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

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

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

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

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

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

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

29 (18) "prescribed rate of interest" shall mean the rate
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1 of interest to be used for computing employer contributions, for
2 preparing actuarial tables to be used by the system and for
3 crediting interest to employee contribution accounts and employee
4 savings accounts. Such rate of interest shall be adopted by the
5 board on the basis of the probable effective rate of interest on
6 a long term basis, and such rate may be changed from time to time
7 by the board.

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

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

19 Sec. 5. TERMINATION OF PARTICIPATION. An employee shall be
20 excluded from the system upon termination of his employment with
21 the employers, unless he is eligible for a retirement benefit at
22 such time. If such employee does not receive a refund of his con-
23 tributions at the time of his termination, his contribution
24 accounts, including voluntary contributions if any, shall continue
25 to be held in the system, earn interest at the prescribed rate
26 and according to the prescribed method of allocation under Sec. 36,
27 and shall be available to the employee, his beneficiary, or his
28 estate in one of the alternative settlement options under Sec. 9(c)
29 within 60 days of an application for their withdrawal.

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

7 Sec. 7. RE-EMPLOYMENT OF RETIRED EMPLOYEES. If a retired
8 employee is re-employed on a regular full-time basis by an
9 employer, no pension payments shall be made during the period of
10 re-employment. Upon the subsequent retirement of such an employ-
11 ee, he shall be entitled to receive a pension based on his
12 credited service and compensation prior to the date of his pre-
13 vious retirement, as well as his credited service and compensation
14 during the period of re-employment. In the case of re-employment
15 of an employee who retired under Section 19, the pension payable
16 upon the employee's subsequent retirement shall be reduced by the
17 actuarial equivalent of any early retirement benefits previously
18 received by the employee.

19 Sec. 8. CONTRIBUTIONS BY EMPLOYEES. a. Every employee
20 shall, throughout his participation in the system, contribute to
21 the system an amount equal to four and one-half per cent ($4\frac{1}{2}\%$)
22 of his compensation. Amounts paid by an employee under the
23 Federal Insurance Contributions Act (for the purpose of providing
24 old-age, survivors and disability insurance benefits) shall be
25 considered as a contribution to the System.

26 b. Contributions of employees shall be required as a con-
27 dition of employment and shall be made by payroll deductions;
28 every employee shall be deemed to consent to such deductions. It
29 shall be of no consequence that a payroll deduction may cause the

1 compensation paid in cash to an employee to be reduced below the
2 minimum required by law. Payment of an employee's compensation,
3 less such payroll deductions, shall constitute a full and complete
4 discharge and satisfaction of all claims and demands by the
5 employee relating to remuneration for his services rendered during
6 the period covered by the payment, except with respect to the
7 benefits provided under the system.

8 c. In addition to the mandatory contributions required of
9 each employee pursuant to the above paragraph, an employee may,
10 during each calendar year he is participating in the system,
11 voluntarily contribute to his employee savings account an amount
12 not to exceed five per cent (5%) of his compensation for said
13 year.

14 d. The contributions of employees shall be forwarded to the
15 Department of Administration, which shall maintain records to
16 indicate the contributions of each employee.

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

23 b. Upon termination of employment by reason of an employee's
24 death, the employee's beneficiary shall be paid the balance, as
25 of the date of the employee's death, of (1) the employee contri-
26 bution account, provided a joint and survivor option under Section
27 26 is not operative and provided a widow's pension under Section
28 24 does not become payable, and (2) the employee savings account.

29 c. Upon the retirement of an employee, the balance of his

1 employee savings account shall be paid to the employee in which-
2 ever of the following forms the employee elects:

3 (1) a lump sum payment;

4 (2) a life annuity on a full cash refund or term
5 certain basis;

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

7 d. Upon the death of a retired employee, the employee's
8 beneficiary shall be paid (1) the excess, if any, of the balance
9 in the employee contribution account of the deceased employee as
10 of the date of the commencement of the employee's pension payments
11 over the sum of the pension payments previously received by the
12 employee, except that such amount shall not be paid if a joint and
13 survivor option under Section 26 is operative or if a widow's
14 pension under Section 25 is payable, and (2) the remaining pay-
15 ments, if any, purchased by the balance in the employee savings
16 account of the deceased employee as of the date he retired.

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

22 Sec. 10. CONTRIBUTIONS BY EMPLOYERS. a. Each employer
23 shall make contributions to the system in amounts determined in
24 accordance with this Section. A separate contribution rate shall
25 be determined for each employer, and such contribution rate shall
26 be the sum of the following percentages:

27 (1) The percentage of compensation of the participating
28 employees of the employer which, if paid over the entire period of
29 their credited service, and when combined with employee contribu-

1 tions available for the payment of benefits under the system, will
2 be sufficient to provide the benefits payable to such employees.
3 Such percentage shall be known as the normal cost rate applicable
4 to such employer;

5 (2) The percentage of compensation of the participating
6 employees of the employer necessary to provide the uniform annual
7 amount required, at the prescribed rate of interest, to amortize
8 the amount of the unfunded obligation of the employer over the
9 balance of a period of forty years; such period to begin as of the
10 effective date of the employer's participation in the system.
11 The unfunded obligation shall, as of the beginning of each fiscal
12 year, be determined as the present value of all benefits to be
13 provided for the participating employees of the employer less the
14 sum of (a) the balance of all employee contribution accounts of
15 the employees of the employer, (b) the present value of expected
16 future contributions from employees of the employer which are
17 available for the payment of benefits under the system, (c) the
18 balance of the asset share account of the employer, and (d) the
19 present value of expected future normal cost contributions of the
20 employer. This percentage shall be known as the prior service
21 rate;

22 (3) The percentage of compensation of the participating
23 employees of the employer necessary to provide the employer's
24 pro rata share of the administrative expenses of the system for
25 the current fiscal year. An appropriate adjustment shall be made
26 for any surplus or deficiency existing in the employer's expense
27 account at the end of the previous fiscal year. Administrative
28 expenses shall be shared by the employers in the ratio that the
29 number of participating employees of an employer bears to the

1 total number of employees participating in the system.

2 b. The contribution rate for each employer shall be calculat-
3 ed every fiscal year, using the information available at the time
4 the computation is made. The computation shall be completed in
5 time to be considered in the state budget. Each employer shall
6 make provision in its budget for the payment of contributions
7 according to its current contribution rate.

8 c. The amount of each employer's contributions shall be
9 determined by applying the employer's contribution rate to the
10 total of all compensation paid to participating employees of the
11 employer for each payroll period, and such amount shall be
12 remitted by the employer to the commissioner of administration.

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

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

4 Sec. 11. EMPLOYMENT WITH THE STATE. An employee shall be
5 entitled to service credit for the entire period of uninterrupted
6 employment with the State commencing with the effective date of
7 this Act or the latest date the employee entered employment, which-
8 ever is later, and ending with the termination of his employment,
9 regardless of the office, department, division, or agency of the
10 state for which such employment was rendered.

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

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

28 Sec. 14. AUTHORIZED ABSENCES. A leave of absence which is
29 authorized by an employer shall not be considered as interrupting

1 employment, provided that the employee returns to employment
2 after the expiration of the period of authorized absence. The
3 board shall adopt rules to govern the extent to which periods of
4 authorized absence shall be considered as credited service, except
5 as hereinafter provided.

6 Sec. 15. MILITARY SERVICE. a. An employee shall be entitled
7 to service credit for military service in the Armed Forces of the
8 United States during war, either by enlistment or induction,
9 provided that the employee was in the employ of an employer on the
10 date of entry into the Armed Forces and returned to the employ of
11 an employer within ninety days after the date of his discharge
12 from such service, and provided that the employee did not receive
13 a dishonorable discharge; such service credit shall not exceed an
14 aggregate period of five years and, provided further, that the
15 retirement benefits payable to the employee under this Act which
16 are attributable to such military service shall be reduced by the
17 amount, if any, of pension benefits payable to him by the United
18 States Government, which are attributable to the period of military
19 service for which the employee receives service credit. If an
20 employee objects in writing to this reduction, the reduction shall
21 not be made, and no service credit for such military service shall
22 be granted.

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

1 c. An employee who is entitled to service credit for military
2 service shall not be required to make retroactive contributions
3 under this system for such period of service credit.

4 Sec. 16. INTERRUPTED EMPLOYMENT. In the event an employee's
5 employment is terminated for any reason prior to becoming eligible
6 for a retirement benefit and the employee is subsequently re-
7 employed by an employer, the employee shall be entitled to the
8 credited service he had accumulated at the time of his prior
9 termination, provided that within one year after re-employment the
10 employee makes a contribution to the system equal to the amount
11 of any refund paid upon his prior termination, and attributable to
12 the balance in his employee contribution account at that time,
13 together with interest at the prescribed rate of interest to the
14 date on which such contribution is made.

15 Sec. 17. PRIOR SERVICE. a. An employee who is in the
16 employment of the state on the effective date of this Act shall
17 be entitled to service credit for employment rendered to the state
18 and former territory of Alaska prior to the effective date of this
19 Act regardless of the office, department, division or agency of
20 the state or territory to which such employment was rendered;
21 provided, that any employee who will not be eligible for a retire-
22 ment benefit within a period of five years from the effective date
23 of this Act shall have completed at least five years of employment
24 with the state after the effective date of this Act before such
25 service credit may be used in computing a retirement benefit.

26 b. An employee who is employed by the state after the
27 effective date of this Act, shall be entitled to service credit
28 for employment rendered to the state and former territory of
29 Alaska prior to the effective date of this Act regardless of the

1 to which such employment was rendered, provided that such employ-
2 ee shall have completed at least five years of employment with
3 the state after the effective date of this Act.

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

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

11 b. Payment of the normal retirement pension shall commence
12 upon the first day of the month coinciding with or next following
13 retirement. The last payment shall be made as of the first day
14 of the month in which the death of the retired employee occurs.

15 c. The monthly amount of the normal retirement pension shall
16 be the sum of: (1) $1\frac{1}{2}\%$ of the employee's average monthly com-
17 pensation multiplied by his years of credited service (including
18 fractional years); and (2) $3\frac{3}{4}\%$ of the employee's average monthly
19 compensation in excess of one-twelfth of the average annual tax-
20 able wage under the federal Social Security program during the
21 period of credited service, after the effective date, multiplied
22 by the number of years of credited service (including fractional
23 years); except that the pension payable to a supreme and superior
24 court judge of the state shall be further increased by an amount
25 equal to one-half per cent of his average monthly compensation
26 multiplied by his years of credited service (including fractional
27 years) as a judge, not to exceed twenty years of such service.

28 Sec. 19. EARLY RETIREMENT BENEFITS. a. An employee, other
29 than a policeman or fireman, shall be eligible for an early

1 retirement pension if his employment is terminated on or after his
2 sixtieth birthday and after he completes fifteen or more years of
3 credited service. A policeman or fireman shall be eligible for
4 an early retirement pension if his employment is terminated on or
5 after his fifty-fifth birthday and after he completes twenty or
6 more years of credited service as a policeman or fireman.

7 b. Payment of the early retirement pension shall commence
8 upon the normal retirement date of the employee, unless, at the
9 employee's request, the board authorizes payments to commence on
10 an actuarial equivalent basis as of the first day of any month
11 which is prior to the employee's normal retirement date. The
12 last payment shall be made as of the first day of the month in
13 which the death of the retired employee occurs.

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

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

26 b. Payment of the deferred pension shall commence upon the
27 first day of the month coinciding with or next following the
28 employee's normal retirement date and after he has made applica-
29 tion for such benefit. The last payment shall be made as of the

1 first day of the month in which the death of the retired employee
2 occurs.

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

8 d. An employee shall not be entitled to a deferred pension
9 unless an application for such pension is filed on or after he
10 reaches his normal retirement date and before he attains age
11 seventy (70). All such applications shall be filed with the
12 board. In the event the employee fails to apply prior to age
13 seventy (70) for a deferred retirement benefit, he shall be
14 eligible for a refund as if his employment had terminated for a
15 reason other than death at age 70 under Section 9.

16 Sec. 21. NON-OCCUPATIONAL DISABILITY PENSIONS. a. An
17 employee shall be eligible for a non-occupational disability
18 pension if his employment is terminated because of a non-
19 occupational disability prior to his normal retirement date and
20 after ten or more years of credited service.

21 b. Payment of the non-occupational disability pension shall
22 commence upon the first day of the month next following the
23 expiration of a period of three full months after the last day of
24 employment, except that the board may, in its discretion, author-
25 ize the pension to commence upon the first day of any earlier
26 month following termination of his employment. In the event that
27 payment does not commence upon the first day of the month coin-
28 cidental with or next following retirement, a retroactive payment
29 shall be made to cover the period of deferment. The last payment

1 shall be made as of the first day of the month in which the death
2 of the retired employee occurs or in which he recovers from dis-
3 ability. In the event of recovery from non-occupational disabili-
4 ty, the retired employee shall then be entitled to receive a
5 normal or early retirement pension, provided he would have been
6 eligible for such pension if his employment had continued during
7 the period of disability, but such period shall not constitute
8 credited service.

9 c. The monthly amount of the non-occupational disability
10 pension shall be determined in accordance with the provisions of
11 Section 18. c., considering the employee's credited service and
12 compensation prior to termination of employment, provided, how-
13 ever, that such amount shall be reduced by any workmen's com-
14 pensation benefits or wage continuation payments which are
15 available to the employee and which are attributable to the
16 employers. In no event shall a non-occupational disability
17 pension exceed the benefit determined in accordance with the pro-
18 visions of Section 22. c.

19 d. A retired employee receiving a non-occupational disa-
20 bility pension shall be required, as often as the Personnel
21 Director of the State deems advisable, but not more frequently
22 than once a year, to undergo a medical examination by a physician
23 or physicians engaged by the Director. If, in the judgment of
24 the board, the examination indicates that the employee is no
25 longer incapacitated for service in the position held at the time
26 his disability pension commenced, or in another comparable
27 position, payments of his disability pension shall cease. The
28 name of the employee shall then be placed on the appropriate list
29 of candidates maintained for appointment to a position for which

1 he is found to be qualified unless he elects to receive a normal
2 or early retirement pension in accordance with the provisions of
3 Section 21. b.

4 Sec. 22. OCCUPATIONAL DISABILITY PENSIONS. a. An employee
5 shall be eligible for an occupational disability pension if his
6 employment is terminated because of an occupational disability
7 prior to his normal retirement date and after one or more
8 years of credited service.

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

27 c. The monthly amount of an occupational disability pension
28 shall be determined in accordance with the provisions of Section
29 18. c., considering (1) the employee's compensation prior to his
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1 termination of employment, and (2) the credited service that would
2 have been accumulated if the employee's employment had continued
3 until his sixtieth birthday, or his actual credited service if
4 greater; except that the amount so determined shall be reduced by
5 assuming that a joint and survivor option of seventy-five per cent
6 (75%) became immediately effective upon retirement, with the
7 employee's spouse as contingent beneficiary. If no spouse exists
8 at the time of actual retirement, the pension shall be determined
9 as if the spouse were the same age as the employee.

10 d. An employee's occupational disability pension shall be
11 reduced by any workmen's compensation or wage continuation payments
12 which are available to the employee and which are attributable to
13 the employers.

14 e. An employee shall not be entitled to an occupational
15 disability pension unless an application for such pension is filed
16 within six months after the date of the accident, in the event the
17 disability is attributable to an accident, or within six months
18 after the date his disability commenced in the event the disability
19 is caused by an occupational disease. Furthermore, if the dis-
20 ability is attributable to an accident, the employee is required
21 to file a notice of the accident within thirty days next following
22 the date it occurred; this requirement shall be suspended during
23 the period in which the employee's condition prevents him from so
24 filing. All such applications and notices shall be filed with the
25 board.

26 f. A retired employee receiving an occupational disability
27 pension shall be required, as often as the Personnel Director of
28 the state deems advisable, but not more frequently than once a
29 year, to undergo a medical examination at a place determined by

1 the Personnel Director and by a physician or physicians engaged
2 by the Director. If, in the judgment of the board, the examination
3 indicates that the retired employee is no longer incapacitated
4 for service in the position held at the time his disability pension
5 commenced or in another comparable position, payments of his
6 disability pension shall cease. The name of the employee shall
7 then be placed on the appropriate list of candidates maintained
8 for appointment to a position for which he is found to be qualified,
9 unless he elects to receive an early retirement pension in accord-
10 ance with the provisions of Section 22. b.

11 Sec. 23. NON-OCCUPATIONAL DEATH BENEFITS. In the event that
12 (1) the death of an employee occurs prior to his retirement, but
13 after he has completed one or more years of credited service, and
14 (2) the employee's widow is not entitled to a widow's pension
15 under Section 24, a lump sum death benefit shall be paid to the
16 beneficiary of the employee. The amount of such benefit shall be
17 one hundred dollars for each year of credited service. The death
18 benefit payable pursuant to this Section shall be in addition to
19 a refund of the balance of the employee contribution account of
20 the deceased employee, pursuant to Section 9.

21 Sec. 24. OCCUPATIONAL DEATH BENEFITS. a. In the event that
22 (1) the death of an employee occurs prior to his retirement and
23 prior to his normal retirement date, and (2) the proximate cause
24 of death is a bodily injury sustained, or a hazard undergone, while
25 in the performance and within the scope of the employee's duties,
26 and (3) the injury or hazard is not the proximate result of the
27 wilful negligence of the employee, then the surviving widow, if
28 any, of the employee shall be eligible for a widow's pension. The
29 monthly amount of the widow's pension shall be equal to the amount

1 the widow would have received if the employee had retired because
2 of an occupational disability immediately prior to his death.

3 b. A determination of whether the proximate cause of death
4 was a bodily injury sustained, or a hazard undergone, while in
5 the performance and within the scope of the employee's duties and
6 whether the injury or hazard was the proximate result of the wilful
7 negligence of the employee shall be made by the board, based upon
8 evidence satisfactory to the board. Payment of the widow's pension
9 shall commence on the first day of the month following the
10 employee's death, and the last payment shall be made as of the
11 first day of the month in which the death or re-marriage of the
12 widow occurs.

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

26 Sec. 26. JOINT AND SURVIVOR OPTION. a. By filing an appli-
27 cation with the board, an employee may designate his spouse, or a
28 dependent approved by the board, as his contingent beneficiary
29 and elect to receive a pension payable in accordance with one of
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1 the following joint and survivor options, in lieu of the normal
2 retirement pension to which he may otherwise become entitled upon
3 retirement:

4 (1) The employee shall receive a reduced pension pay-
5 able for life, and payments in the amount of seventy-five per cent
6 (75%) of such reduced pension shall, after the employee's death,
7 be continued to his contingent beneficiary for life.

8 (2) The employee shall receive a reduced pension payable
9 for life, and payments in the amount of fifty per cent (50%) of
10 such reduced pension shall, after the employee's death, be con-
11 tinued to his contingent beneficiary for life.

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

18 b. The aggregate of the pension payments expected to be paid
19 to an employee and his contingent beneficiary under any of the
20 above options shall be the actuarial equivalent of the pension
21 which the employee is otherwise entitled to receive upon retire-
22 ment.

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

28 d. Notwithstanding anything in this section to the contrary,
29 an employee may, regardless of his age, elect an option without

1 the approval of the board any time within six months after the
2 effective date of his employer's participation in the system,
3 provided the employee is in the active employ of the employer at
4 the time the election is made.

5 e. An election made pursuant to this section shall become
6 inoperative in the event the employee's retirement or death occurs
7 prior to his normal retirement date or the contingent beneficiary's
8 death occurs before the employee's normal retirement date.

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

23 Sec. 27. LEVEL INCOME OPTION. If the payment of an early
24 retirement pension commences prior to the earliest age as of
25 which the employee becomes eligible for a primary social security
26 benefit, the amount of pension payable before and after such age
27 may be adjusted so that an increased amount will be paid prior to
28 the time that social security benefits will be available and a
29 reduced amount thereafter, so that the employee will receive a

1 level retirement income. The aggregate value of all such adjusted
2 payments, however, shall not exceed the actuarial equivalent of
3 the value of the pension otherwise payable to such employee.

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

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

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

26 c. An appropriate measure of the difference in the cost of
27 living in Alaska as compared to other states shall be adopted by
28 the board. The appropriateness of the measure adopted, and the
29 amount of the cost of living allowance, shall be redetermined

1 on each July 1 and such redetermination shall be applicable for
2 the succeeding twelve months. The board shall adopt appropriate
3 rules to establish, by affidavit or otherwise, the continuing
4 right of a retired employee or widow who remains in the state
5 to receive the cost of living allowance.

6 Sec. 30. DESIGNATION OF BENEFICIARY. Each employee shall
7 designate the beneficiary or beneficiaries to whom any benefits
8 payable as a consequence of his death pursuant to Sections 9, 23,
9 24, or 25 shall be distributed. Such a designation may, at any
10 time and from time to time, be changed or revoked by the employee
11 without notice to the beneficiary or beneficiaries. If an em-
12 ployee designates more than one beneficiary, each shall share
13 equally unless the employee specifies a different allocation or
14 preference. The designation of a beneficiary, and any change or
15 revocation thereof, shall be made on forms provided by the board
16 and shall not be effective unless and until filed with the board.
17 If an employee fails to designate a beneficiary, or if no desig-
18 nated beneficiary survives the employee, the death benefit shall
19 be paid in accordance with the following: (1) to his surviving
20 spouse, or if there be none surviving, (2) to his surviving
21 children (in equal parts) or, if there be none surviving, (3) to
22 his surviving parents (in equal parts) or, if there be none sur-
23 viving, (4) to his estate.

24 Sec. 31. ADMINISTRATION. The Commissioner of Administration
25 is responsible for the administration of the system and for making
26 effective the provisions of this Act, and in addition he shall
27 have the following powers and duties:

28 (1) Maintain the accounts of the system;

29 (2) Make payments for the various purposes specified

1 in the Act;

2 (3) Submit such periodic reports or statements of
3 account as may be required;

4 (4) Issue a statement of account to any employee who
5 may request it showing the amount of his contributions to the
6 system;

7 (5) As soon as possible following the close of each
8 fiscal year, and in any event within a period of six months
9 following the close of any year, cause to be transmitted to the
10 governor, the legislature, and the board, an annual statement on
11 the operations of the system containing, among other things:
12 (a) a balance sheet; (b) a statement of income and expenditures
13 for the year; (c) a report on an actuarial valuation of its assets
14 and liabilities; (d) a detailed statement of the investments
15 acquired and disposed of during the year; (e) a list of investments
16 owned; (f) any other statistical and financial data which may be
17 necessary for a proper understanding of the financial condition of
18 the system and the results of its operations. A synopsis of such
19 annual report shall be published for the information of employees
20 included in the system.

21 Sec. 32. PUBLIC EMPLOYEES RETIREMENT BOARD. A Public
22 Employees Retirement Board composed of five members is established.
23 Three members of the board shall be members of the Personnel Board
24 of the Department of Administration. The remaining two members
25 of the board shall be elected by the members of the retirement
26 system from among members of the retirement system. The initial
27 election of the two elected representatives shall be conducted
28 within one month of the effective date of this Act by the Personnel
29 Board which shall by rule and regulation establish the method of
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1 nomination and election. Subsequent elections shall be conducted
2 by the Public Employees Retirement Board. Initial terms of the
3 elected members shall be for four and six years respectively.
4 Subsequent terms shall be for six years. Vacancies in the unexpired
5 elective terms shall be filled in the same manner as full terms.
6 Members of the board may receive a per diem allowance and be paid
7 transportation expenses in carrying out the duties set out in this
8 Act. The Public Employees Retirement Board shall have the follow-
9 ing powers and duties:

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

13 (2) to adopt, with such modifications as it deems proper,
14 rules and regulations recommended by the Personnel Director for
15 making the provisions of this Act effective;

16 (3) to consider and adopt resolutions on matters referred
17 to it by the Personnel Director in connection with changes in
18 policy and revisions of the Act;

19 (4) to investigate and decide on appeal, at the request
20 of any employee, widow or beneficiary, decisions of the Personnel
21 Director;

22 (5) to have an actuarial valuation of each employer's
23 obligations under the system prepared biennially and on the basis
24 of such valuation, to certify an appropriate contribution rate to
25 the employer's budgetary authority in time for the incorporation
26 of the resulting costs in the budget. The board shall also have
27 an actuarial and financial experience analysis of the system con-
28 ducted at appropriate intervals, but not less frequently than
29 once every six years. The annual valuations and the experience

1 analyses shall be prepared and certified by a Fellow of the Society
2 of Actuaries;

3 (6) to prescribe the policies for the proper operation
4 of the system and carry on any other reasonable activities which
5 are deemed necessary to effectuate the intent and purpose of the
6 system in accordance with the provisions of this Act;

7 (7) to prescribe the rate of interest that shall be
8 credited to the employee accounts each year

9 Sec. 33. PERSONNEL DIRECTOR. a. A Director, appointed by
10 the Commissioner, who may be the Personnel Director of the
11 Personnel Division of the Department of Administration shall be
12 in charge of the detailed affairs of the system. He also shall
13 serve as secretary of the board. He shall administer the business
14 of the system and be responsible for its proper operation. The
15 Director shall have, in addition to the foregoing authority, the
16 following powers and duties:

17 (1) With the assistance of a technical actuarial advisor,
18 the Director shall submit to the board the required actuarial
19 tables and the statistical data necessary for periodic actuarial
20 surveys of the operating experience of the system, which shall be
21 made at least once every six years;

22 (2) Maintain such records of the employees included
23 in the system as are necessary for the proper administration of
24 the system and furnish such information as is requested by the
25 actuary for preparing valuations and periodic experience analyses;

26 (3) Attend all meetings of the board;

27 (4) Certify to the appropriate division of the Depart-
28 ment of Administration the payments to be made according to the
29 provisions of the Act;

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

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

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

11 Sec. 34. COMMISSIONER OF REVENUE. The Commissioner of
12 Revenue shall be the treasurer of the system and shall perform
13 the following duties:

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

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

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

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

23 Sec. 35. ATTORNEY GENERAL. The Attorney General of the
24 state shall be the attorney for the system and shall represent
25 it in any legal proceeding.

26 Sec. 36. ACCOUNTING. The Commissioner of Administration
27 shall establish and maintain an adequate system of accounts and
28 records for the system which shall be integrated with the accounts,
29 records, and procedures of the employers to the end that the

1 same shall operate most effectively and at minimum expense, and
2 that duplication of records and accounts may be avoided. All
3 income of the pension fund and all disbursements made by the fund
4 shall be credited or charged, whichever is appropriate, to the
5 following accounts:

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

21 (2) Employee Savings Account -- An individual account
22 shall be maintained for each employee to which the amount of his
23 voluntary contributions, if any, shall be credited whenever such
24 contributions are made. As of the last day of each fiscal year,
25 this account will be credited with interest, by applying the
26 prescribed rate of interest to the balance in the account at the
27 beginning of the fiscal year less any amounts charged to the
28 account during the year. Any amounts which, prior to termination
29 of employment, are withdrawn by an employee from his employee

1 savings account shall be charged to such account. Upon an em-
2 ployee's retirement or death, the balance of his employee savings
3 account shall be transferred to the asset share account of the
4 employer of such employee and the employee savings account shall
5 be charged with the amount transferred.

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

23 (4) Expense Account -- An expense account shall be
24 maintained for the system. This account shall be credited with
25 all contributions of employers for the purposes of meeting their
26 respective proportion of the total administrative expenses of the
27 system during each fiscal year, and it shall be charged with all
28 disbursements representing administrative expenses incurred by
29 the system. The surplus or deficiency of this account at the

1 end of the year shall be used in determining the expense rate
2 applicable for the following fiscal year. Expenditures from
3 this account shall be included in the governor's budget for each
4 fiscal year and shall be subject to approval by the legislature.

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

23 b. In making each and all of such investments the Commis-
24 sioner of Revenue shall exercise the judgment and care under the
25 circumstances then prevailing which men of ordinary prudence,
26 discretion, and intelligence exercise in the management of their
27 own affairs not in regard to speculation but in regard to the
28 permanent disposition of their funds, considering the probable
29 income therefrom as well as the probable safety of their capital;

1 provided, however, that not more than fifty per cent (50%) of the
2 pension fund shall be invested at any given time in corporate
3 stocks and bonds, nor shall more than one per cent (1%) of the
4 pension fund be invested in securities issued by any one corpora-
5 tion, nor shall more than five per cent (5%) of the voting stock
6 of any one corporation be owned; and provided, further, that
7 stocks eligible for purchase shall be restricted to stocks which,
8 except for bank stocks and insurance stocks, are listed upon an
9 exchange registered with the Federal Securities and Exchange
10 Commission or its successors.

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

13 (1) to invest and reinvest the principal and income
14 of the pension fund without distinction between principal and
15 income;

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

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

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

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

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

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

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

26 Sec. 40. VOLUNTARY WAIVER OF BENEFITS. Any retired employee
27 may, in writing, request the board to suspend, for any period of
28 time, payment of all or part of the benefits which he is entitled
29 to receive. The board shall grant any such request and shall not

1 require the retired employee to disclose his reasons for desiring
2 the suspension. Any amounts which are suspended pursuant to
3 such a request shall be forever forfeited. The retired employee
4 may subsequently terminate such a suspension by filing a written
5 notice with the board which states his desire to revoke the
6 suspension. Upon receipt of such a notice, the board shall auth-
7 orize resumption of the retired employee's regular pension pay-
8 ments.

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

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

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

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

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

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

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

16 e. The eligible employees of a participating political sub-
17 division or public organization shall be bound by the provisions
18 of this system and shall be entitled to the benefits provided
19 under it.

20 f. The contributions of the political subdivision or public
21 organization and the contributions of its employees, shall be
22 transmitted to the Commissioner of Administration as soon as
23 practicable after the close of the payroll period for which the
24 contributions were made. If an employer is delinquent in trans-
25 ferring the contributions required by this Act for more than thirty
26 days, interest shall be assessed on the outstanding contributions
27 at one and one-half times the prescribed rate from the date that
28 the contributions were originally due.

29 g. In the event the required contributions are not transmitted

1 to the Commissioner of Administration within the prescribed time
2 limit, the Commissioner may, in his discretion, grant an extension.
3 If the political subdivision or public organization is in default
4 at the end of the extension, participation in the system shall be
5 deemed terminated, and it shall be sent notice thereof. Within
6 six months after such termination, the actuary of the system shall,
7 by actuarial valuation (the cost of which shall be paid by the
8 terminated employer) determine the amount in the pension fund
9 attributable to the employer's participation in the system. Such
10 amount shall then be distributed by the payment or provision for
11 the payment of benefits to employees and retired employees of the
12 terminated employer and to the beneficiaries of such employees
13 in the following order of precedence:

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

16 (2) To fund in advance the benefits of retired employees,
17 widows and beneficiaries who are receiving or are eligible to
18 receive benefits on the date of termination appropriately adjusted
19 for any payments made under subparagraph (1) above;

20 (3) To all other employees in proportion to, but not
21 exceeding, the respective actuarial value of their accrued benefits
22 as of the date of termination, appropriately adjusted for any
23 payments made under subparagraph (1) above.

24 h. Any distribution made as a result of termination of par-
25 ticipation by an employer may, to the extent that no discrimination
26 in value results, be paid in cash or in annuity contracts, accord-
27 ing to the discretion of the board.

28 i. In making such distributions, any and all determinations,
29 divisions, appraisals, apportionments, and allotments so made

1 shall be final and conclusive and not subject to question by any
2 person. In no event shall an employer receive, at any time, any
3 amounts from the pension fund, except that, upon termination of
4 its participation, the employer shall receive such amounts, if
5 any, as may remain after the satisfaction of all liabilities of the
6 system to the employees of such employer and arising out of any
7 variations between actual requirements and expected actuarial
8 requirements.

9 Sec. 45. CONSTRUCTION. The masculine gender, where appearing
10 in this Act shall be deemed to include the feminine gender, unless
11 the context clearly indicates to the contrary. The words "hereof,"
12 "herein," and "hereunder" and other similar compounds of the word
13 "here" shall mean and refer to the entire Act, not to any particu-
14 lar provision or section.

15 Sec. 46. SEPARABILITY. If, regardless of cause, any section,
16 subsection, paragraph, sentence, or clause of this Act is held
17 invalid or to be unconstitutional, the remaining sections, sub-
18 sections, paragraphs, sentences, or clauses shall continue in full
19 force and effect, and shall be construed thereafter as being the
20 entire provisions of this Act.

21 Sec. 47. EFFECTIVE DATE. This Act shall take effect on
22 January 1, 1961.

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