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IN THE SENATE

BY RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR

SENATE BILL NO. 227

IN THE LEGISLATURE OF THE STATE OF ALASKA

SECOND LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the Teachers' Retirement System; amending Ch. 145, SLA 1955 as amended by Ch. 142, SLA 1957, Ch. 89, SLA 1960, and Ch. 128, SLA 1961; and providing for an effective date."

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

Section 1. Subsecs. (1) of Sec. 2, Ch. 145, SLA 1955, as amended by Sec. 1, Ch. 142, SLA 1957 and Sec. 1, Ch. 89, SLA 1960, is amended to read:

(1) "Base salary" or "basic salary" means the annual salary authorized by law to be paid a teacher if employed in the same position in the Southeastern Senate District [FIRST JUDICIAL DIVISION] of the State [TERRITORY] of Alaska or the geographic area succeeding the Southeastern Senate District [FIRST JUDICIAL DIVISION] in law for the purpose of setting basic teachers' salaries for the State of Alaska [, BUT NOT TO EXCEED \$7,000.00]. "Salary authorized" means that salary fixed by the State [TERRITORIAL] Board of Education and the Department of Education pursuant to law; or if an employee of the Department of Education, University of Alaska or a Community College, that salary, in fact, paid such employee.

Sec. 2. Sec. 6, Ch. 145, SLA 1955 as amended by Sec. 4,

1 Ch. 89, SLA 1960, is amended to read:

2 Sec. 6. CONTRIBUTIONS BY TEACHERS. Commencing July 1,  
3 1955, each teacher shall contribute to the Retirement Fund  
4 an amount equal to five percent (5%) of his base salary.  
5 The contribution shall be deducted by the employer on  
6 the basis of days taught at a daily rate determined by  
7 dividing the annual contribution by 140 (;PROVIDED, NO  
8 CONTRIBUTION FOR ANY ONE SCHOOL YEAR SHALL EXCEED \$350.00  
9 NOR SHALL THE NUMBER OF DAYS FOR WHICH A CONTRIBUTION IS  
10 MADE EXCEED 140).

11 Sec. 3. Sec. 16, Ch. 145, SLA 1955 as amended by Sec.  
12 6, Ch. 142, SLA 1957 is repealed and re-enacted to read:

13 Sec. 16. INTEREST ON INDIVIDUAL ACCOUNTS: PAYMENT  
14 ON WITHDRAWAL FROM SYSTEM. At the time a teacher begins  
15 his third year of membership service, his account shall  
16 be credited with an amount equal to the interest which  
17 his account would have earned at the interest rates  
18 prevailing during his first two years of membership  
19 service. Thereafter such interest shall be credited to a  
20 teacher's account at the end of each school year at the  
21 rate prescribed by regulation for that year. Every  
22 teacher leaving membership service shall be entitled to  
23 a refund of his contributions to the Retirement Fund  
24 as follows:

25 (a) If a teacher has not been in membership service  
26 for more than two years, he shall receive his total  
27 accumulated contributions, less a deduction of \$12.50  
28 per year or a proportionate amount for fractional years,  
29 less any amounts owing to the Retirement Fund because

1 of previous withdrawals.

2 (b) If a teacher has been in the membership service  
3 for any part of a third year, or more, he shall receive  
4 his accumulated contributions plus interest credited to  
5 his individual contribution account, less any amounts owing  
6 to the Retirement Fund because of previous withdrawals.

7 (c) If a teacher, who has received a refund of con-  
8 tributions, shall be re-employed in membership service, he  
9 shall become indebted to the Retirement Fund in the amount  
10 of such refund, including interest paid him, if any,  
11 increased by the amount, if any, deducted for administrative  
12 expenses. Such indebtedness to the Retirement Fund shall  
13 bear compound interest at the rate of two percent per annum  
14 from July 1 following the date of re-employment to the date  
15 of repayment or the date of retirement of the teacher,  
16 whichever occurs first.

17 (d) A teacher who has received a refund under the  
18 Retirement Act of 1945, shall not be entitled to any further  
19 refunds of the non-revertible portion of his contribution.

20 (e) A teacher who has forfeited his claim to any  
21 refund under the provisions of the Retirement Act of 1945  
22 because of failure to file a timely application shall not  
23 be entitled to a refund of any portion of those contribu-  
24 tions made under said Act.

25 (f) A teacher's non-revertible contributions shall  
26 apply and be credited to the teacher's account, should the  
27 teacher resume membership service and become eligible for  
28 a retirement salary.

29 (g) All claims for refund as provided by this section

1 must be by written application and filed with the adminis-  
2 trator within five years from the date of termination of  
3 membership service. For the purpose of this Act only, a  
4 leave of absence shall not toll said five year period within  
5 which said written application for refund must be filed.  
6 Sec. 4. Sec. 17, Ch. 145, SLA 1955 as amended by Sec. 7,  
7 Ch. 142, SLA 1957 as amended by Sec. 13, Ch. 89, SLA 1960 is  
8 amended to read as follows:

9 Sec. 17. PAYMENT UPON DEATH OF TEACHER. Upon receipt  
10 of a valid claim and proper proof of the death of a  
11 member who is entitled to a refund of contributions, a  
12 payment, in the amount specified hereafter, shall be paid  
13 to his estate or to any person he has nominated by  
14 written designation, executed and filed with the administra-  
15 tor. All claims and presentations of proof shall be made  
16 within five (5) years of termination of service,  
17 or if in membership service at the time of death, within  
18 five (5) years after date of death.

19 In the case of a teacher in membership service  
20 at the time of death, who has not received any retirement  
21 salary, the amount of the payment shall be the sum of (a)  
22 his accumulated contributions, as determined under Sec. 16  
23 of this Act, and (b) One Thousand Dollars (\$1,000.00),  
24 plus One Hundred Dollars (\$100.00) multiplied by the  
25 number of completed school years of membership service,  
26 plus an additional sum of Five Hundred Dollars (\$500.00),  
27 if the deceased teacher is survived by one or more  
28 children under the age of eighteen (18) years at the time  
29 of his death; provided, however, that in no case shall

1 the amount payable under provision (b) exceed Three  
2 Thousand Dollars (\$3,000.00).

3 In the case of a teacher, who has received retire-  
4 ment salary at the time of death, the payment shall be  
5 limited to the amount of his accumulated contributions,  
6 plus all interest credited to his account [TOGETHER WITH  
7 TWO PERCENT (2%) SIMPLE INTEREST] to the date of retire-  
8 ment, less all retirement salary paid the deceased  
9 teacher; provided, however, that if a teacher dies  
10 within one (1) year after the effective date of disability  
11 retirement, as specified in Sec. 14 of this Act, the  
12 payment on death shall be the amount specified in the  
13 second paragraph of this section, less the amount of any  
14 retirement salary previously paid the deceased teacher.

15 Upon the death of a teacher who at the time of  
16 death is not in membership service, and who is entitled  
17 to a return of his contributions, the accumulated  
18 contributions as specified in Sec. 16 of this Act shall  
19 be paid to his designated beneficiary or estate. Further,  
20 if a teacher dies within one (1) year after leaving  
21 membership service, and is entitled to a return of his  
22 contributions and has not received such return on all  
23 service, and has not filed a claim for disability  
24 retirement but would have been eligible for such retirement  
25 if claim had been filed, the designated beneficiary or  
26 estate shall in addition be entitled to the payment  
27 specified in provision (b) of the second paragraph of  
28 this section.

29 Sec. 5. Sec. 18, SLA 1955 as added by Sec. 14, Ch. 89,

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SLA 1960 is amended to add a new subsection (4) to read:

(4) To prescribe by regulation the rate of interest that shall be credited to the individual contribution accounts of teachers each year. Such rate of interest shall be adopted on the basis of the probable effective rate of interest on a long term basis, and such rate may be changed from time to time by subsequent regulation.

Sec. 6. This Act takes effect July 1, 1962.