

1 IN THE SENATE

BY RULES COMMITTEE
BY REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 227

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SECOND LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Teachers' Retirement
7 System; amending Ch. 145, SLA 1955 as
8 amended by Ch. 142, SLA 1957, Ch. 89, SLA
9 1960, and Ch. 128, SLA 1961; and providing
10 for an effective date."

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

12 Section 1. Subsec. (c) of Sec. 2, Ch. 145, SLA 1955, as
13 amended by Ch. 142, SLA 1957 and Ch. 89, SLA 1960 is amended to
14 read as follows:

15 (c) "Teacher" means any certified teacher, principal,
16 supervisor or superintendent employed on a full-time basis in
17 the public schools of Alaska, the Commissioner of Education,
18 supervisors within the Department of Education, and all full-
19 time resident professional and administrative personnel
20 [DEPARTMENT HEADS, INSTRUCTORS, PROFESSORS, ASSISTANT
21 PROFESSORS, ASSOCIATE PROFESSORS, DEANS, AGRICULTURAL
22 EXTENSION AGENTS AND SUPERVISORS, LIBRARIAN AND REGISTRAR]
23 of the University of Alaska as designated by the Board of
24 Regents. In [ALL] case[S] of doubt, except as to personnel
25 of the University of Alaska, the administrator shall finally
26 determine whether any person is a teacher as defined in this
27 Act.

28 Sec. 2. Subsec. (1) of Sec. 2, Ch. 145, SLA 1955, as
29 amended by Sec. 1, Ch. 142, SLA 1957 and Sec. 1, Ch. 89, SLA 1960,
SB #227 as amended by the House -1-

1 is amended to read:

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

15 Sec. 3. Sec. 6, Ch. 145, SLA 1955 as amended by Sec. 4, Ch.
16 89, SLA 1960, is amended to read:

17 Sec. 6. CONTRIBUTIONS BY TEACHERS. Commencing July 1,
18 1955, each teacher shall contribute to the Retirement Fund
19 an amount equal to five percent (5%) of his base salary.
20 The contribution shall be deducted by the employer on the
21 basis of days taught at a daily rate determined by dividing
22 the annual contribution by 140 [; PROVIDED, NO CONTRIBUTION
23 FOR ANY ONE SCHOOL YEAR SHALL EXCEED \$350.00 NOR SHALL THE
24 NUMBER OF DAYS FOR WHICH A CONTRIBUTION IS MADE EXCEED 140].

25 Sec. 4. Sec. 16, Ch. 145, SLA 1955 as amended by Sec. 6,
26 Ch. 142, SLA 1957 is repealed and re-enacted to read:

27 Sec. 16. INTEREST ON INDIVIDUAL ACCOUNTS: PAYMENT ON
28 WITHDRAWAL FROM SYSTEM. At the time a teacher begins his
29 third year of membership service, his account shall be

SB #227 as amended by the House -2-

1 credited with an amount equal to the interest which his
2 account would have earned at the interest rates prevailing
3 during his first two years of membership service. Thereafter
4 such interest shall be credited to a teacher's account at
5 the end of each school year at the rate prescribed by regula-
6 tion for that year. Every teacher leaving membership service
7 shall be entitled to a refund of his contributions to the
8 Retirement Fund as follows:

9 (a) If a teacher has not been in membership service for
10 more than two years, he shall receive his total accumulated
11 contributions, less a deduction of \$12.50 per year or a
12 proportionate amount for fractional years, less any amounts
13 owing to the Retirement Fund because of previous withdrawals.

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

19 (c) If a teacher, who has received a refund of contribu-
20 tions, shall be re-employed in membership service, he shall
21 become indebted to the Retirement Fund in the amount of such
22 refund, including interest paid him, if any, increased by the
23 amount, if any, deducted for administrative expenses. Such
24 indebtedness to the Retirement Fund shall bear compound
25 interest at the rate of two percent per annum from July 1
26 following the date of re-employment to the date of repayment
27 or the date of retirement of the teacher, whichever occurs
28 first.

29 (d) A teacher who has received a refund under the

1 Retirement Act of 1945, shall not be entitled to any further
2 refunds of the non-revertible portion of his contribution.

3 (e) A teacher who has forfeited his claim to any
4 refund under the provisions of the Retirement Act of 1945
5 because of failure to file a timely application shall not be
6 entitled to a refund of any portion of those contributions
7 made under said Act.

8 (f) A teacher's non-revertible contributions shall
9 apply and be credited to the teacher's account, should the
10 teacher resume membership service and become eligible for
11 a retirement salary.

12 (g) All claims for refund as provided by this section
13 must be by written application and filed with the adminis-
14 trator within five years from the date of termination of
15 membership service. For the purpose of this Act only, a
16 leave of absence shall not toll said five year period within
17 which said written application for refund must be filed.

18 Sec. 5. Sec. 17, Ch. 145, SLA 1955 as amended by Sec. 7,
19 Ch. 142, SLA 1957 as amended by Sec. 13, Ch. 89, SLA 1960 is
20 amended to read as follows:

21 Sec. 17. PAYMENT UPON DEATH OF TEACHER. Upon receipt
22 of a valid claim and proper proof of the death of a member
23 who is entitled to a refund of contributions, a payment, in
24 the amount specified hereafter, shall be paid to his estate
25 or to any person he has nominated by written designation,
26 executed and filed with the administrator. All claims and
27 presentations of proof shall be made within five (5) years of
28 termination of service, or if in membership service at the
29 time of death, within five (5) years after date of death.

1 In the case of a teacher in membership service at the
2 time of death, who has not received any retirement salary,
3 the amount of the payment shall be the sum of (a) his
4 accumulated contributions, as determined under Sec. 16 of
5 this Act, and (b) One Thousand Dollars (\$1,000.00), plus One
6 Hundred Dollars (\$100.00) multiplied by the number of
7 completed school years of membership service, plus an addi-
8 tional sum of Five Hundred Dollars (\$500.00), if the deceased
9 teacher is survived by one or more children under the age of
10 eighteen (18) years at the time of his death; provided,
11 however, that in no case shall the amount payable under
12 provision (b) exceed Three Thousand Dollars (\$3,000.00).

13 In the case of a teacher, who has received retirement
14 salary at the time of death, the payment shall be limited to
15 the amount of his accumulated contributions, plus all interest
16 credited to his account [TOGETHER WITH TWO PERCENT (2%) SIMPLI
17 INTEREST] to the date of retirement, less all retirement
18 salary paid the deceased teacher; provided, however, that if
19 a teacher dies within one (1) year after the effective date
20 of disability retirement, as specified in Sec. 14 of this
21 Act, the payment on death shall be the amount specified in
22 the second paragraph of this section, less the amount of any
23 retirement salary previously paid the deceased teacher.

24 Upon the death of a teacher who at the time of death is
25 not in membership service, and who is entitled to a return
26 of his contributions, the accumulated contributions as
27 specified in Sec. 16 of this Act shall be paid to his desig-
28 nated beneficiary or estate. Further, if a teacher dies
29 within one (1) year after leaving membership service, and

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is entitled to a return of his contributions and has not received such return on all service, and has not filed a claim for disability retirement but would have been eligible for such retirement if claim had been filed, the designated beneficiary or estate shall in addition be entitled to the payment specified in provision (b) of the second paragraph of this section.

Sec. 6. Sec. 18, SLA 1955 as added by Sec. 14, Ch. 89, 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. 7. This Act takes effect July 1, 1962.