

Introduced: 3/4/66
Referred: Health, Welfare
and Education and Finance

BY THE RULES COMMITTEE
AT REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 492

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending certain provisions of the
7 teachers' retirement system; and providing
8 for an effective date."

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

10 * Section 1. AS 14.25.040 is amended to read:

11 Sec. 14.25.040. MEMBERSHIP. After June 30, 1955, a
12 teacher contracting for service with an employer, except one
13 whose attained age in completed years on the July 1 falling
14 on or after the date of commencement of service, less the
15 number of years of creditable service prior to that July 1,
16 exceeds 50, and who can complete 10 years of membership
17 service by the first day of July following his 65th birthday,
18 is subject to this chapter.

19 * Sec. 2. AS 14.25 is amended by adding a new section to read:

20 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY A TEACHER.
21 If the teacher is married or has a minor child or minor chil-
22 dren and wishes to make his spouse or minor child or minor
23 children eligible for a spouse's pension or survivor's allow-
24 ance he may make a supplemental contribution of an additional
25 one per cent of his base salary commencing with the first of
26 the month following his first day of membership in this re-
27 tirement system, marriage, or July 1, 1966, whichever is
28 later. The contribution shall be deducted by the employer
29 on the basis of days taught at a daily rate determined by

1 dividing the annual contribution by 140.

2 * Sec. 3. AS 14.25.060(c) is amended to read:

3 (c) If a teacher has creditable outside service he is
4 indebted, in addition to the contributions required by sec.
5 50 of this chapter, as follows.

6 (1) If, at the time of becoming a member of the
7 retirement system, a teacher has no membership service, his
8 indebtedness is five per cent of the base salary paid at the
9 time of first becoming employed as a teacher, under this
10 chapter, multiplied by the total number of years of credita-
11 ble outside service at the time of becoming a member. The
12 total outside service claimed may not exceed 10 years and
13 BIA service not exceeding five years. Compound interest at
14 the rate prescribed by regulation [OF THREE PER CENT A YEAR]
15 shall be added to the indebtedness beginning July 1, 1963,
16 or at the time of first becoming employed as a teacher,
17 whichever is later, to the date of payment or the date of
18 retirement, whichever occurs first.

19 (2) If a teacher, after becoming a member of this
20 retirement system, discontinues active membership and sub-
21 sequently desires to be reinstated and to receive credit for
22 outside service accumulated in the interim, his indebtedness
23 to the retirement fund for the additional credit shall be
24 computed as five per cent of the base salary received upon
25 reinstatement multiplied by the number of years of interim
26 outside service. Compound interest at the rate prescribed
27 by regulation [OF THREE PER CENT A YEAR] shall be added to
28 the indebtedness beginning on July 1, 1963, or at the time
29 of reinstatement, whichever is later, to the date of payment

1 or the date of retirement, whichever occurs first.

2 * Sec. 4. AS 14.25.060 is amended by adding a new subsection
3 to read:

4 (e) If a teacher who was not subject to the provisions
5 of this chapter later became or becomes subject to the pro-
6 visions of this chapter because of a legislative change of
7 eligibility requirements, the teacher may at his option
8 receive credit for his creditable service by making the
9 following contributions:

10 (1) The teacher shall contribute to the retire-
11 ment fund an amount equal to the contributions he actually
12 would have made if he had been subject to the system for
13 those years of membership service claimed after June 30,
14 1955. Compound interest at the rate prescribed by regulation
15 shall be added to the amount from the effective date of
16 this Act or at the time of first becoming employed as a
17 teacher under this chapter, whichever occurs later, to the
18 date of payment or the date of retirement, whichever occurs
19 first.

20 (2) The teacher shall contribute to the retire-
21 ment fund an amount equal to five per cent of the base
22 salary paid at the time of first becoming employed as a
23 teacher under this chapter, multiplied by the total number
24 of years of creditable outside service and BIA service
25 claimed at the time of becoming a member. However, the
26 total outside and BIA service claimed may not exceed that
27 provided in AS 14.25.220(3). Compound interest at the rate
28 prescribed by regulation shall be added to the amount
29 beginning July 1, 1963 or at the time of first becoming

1 employed as a teacher under this chapter, whichever occurs
2 later, to the date of payment or the date of retirement,
3 whichever occurs first.

4 * Sec. 5. AS 14.25.070 is amended to read:

5 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An
6 employer shall contribute to the retirement fund an amount
7 equal to one-half the sum contributed each pay period by the
8 teacher under sec. 50 of this chapter. The contributions
9 shall be transmitted to the administrator at the close of
10 each pay period. If the contributions are not submitted,
11 the contributions shall be deducted by the Department of
12 Education from state funds due the school districts and
13 transmitted to the teachers' retirement system for deposit
14 in the retirement fund. [. THE DEPARTMENT OF EDUCATION SHALL
15 DEDUCT THE SUM DUE FROM EMPLOYERS SEMIANNUALLY FROM STATE
16 FUNDS DUE THE SCHOOLS AND SCHOOL DISTRICTS AND SHALL
17 TRANSMIT THESE SUMS TO THE SECRETARY OF THE TEACHERS'
18 RETIREMENT SYSTEM FOR DEPOSIT IN THE RETIREMENT FUND.]

19 The University of Alaska shall forward its contribution to
20 the administrator [SECRETARY] of the teachers' retirement
21 system at the close of each pay period [SEMIANNUALLY] for
22 deposit by him in the retirement fund.

23 * Sec. 6. AS 14.25.080 is amended to read:

24 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state
25 legislature shall appropriate to the retirement fund an
26 amount equal to one-half the sum contributed each pay period
27 by the teachers under sec. 50 of this chapter. It shall be
28 appropriated annually and deposited in the retirement fund
29 semiannually.

1 * Sec. 7. AS 14.25.110(a) is amended to read:

2 (a) A teacher who has completed 15 years of creditable
3 service, the last five years of which has been membership
4 service in the state, and has completed at least 10 years
5 of membership service, and who has attained the age of 55
6 years, may retire from service, and apply in writing to
7 the administrator for retirement salary. A retired teacher
8 who has been receiving a disability retirement salary shall
9 be eligible for a service retirement salary upon or after
10 attaining age 60.

* Sec. 8. AS 14.25.120(c)(1) is amended to read:

12 (1) If the teacher is at least 60 years of age
13 on the date which the application for a retirement salary
14 is filed, and has paid into the retirement fund the full
15 amount of his indebtedness, his annual retirement salary
16 is one and one-half per cent of his highest average base
17 salary during any three of the last 10 [FIVE CONSECUTIVE]
18 years of membership service multiplied by the total number
19 of years of creditable service, including credited frac-
20 tional years.

21 * Sec. 9. AS 14.25.130(a) is amended to read:

22 (a) A teacher in membership service who has become
23 permanently disabled prior to becoming age 60 and who has
24 had five or more membership years may be retired by the
25 administrator as of the first day of the month following
26 the permanent disability. The administrator, after a
27 report of medical examination of the teacher has been
28 submitted, shall certify that the teacher is physically
29 or mentally incapacitated for the further performance of

1 duty, and that the incapacity is likely to be permanent
2 and that the teacher should be retired. [HOWEVER, THE
3 NUMBER OF YEARS IN OUTSIDE SERVICE AND BIA SERVICE MAY NOT
4 EXCEED THE NUMBER OF YEARS IN MEMBERSHIP SERVICE.]

5 * Sec. 10. AS 14.25.140 is repealed and re-enacted to read:

6 Sec. 14.25.140. MANNER OF COMPUTING DISABILITY RETIRE-
7 MENT SALARY. (a) A teacher who becomes disabled on or after
8 July 1, 1966 and has applied for disability retirement salary
9 shall receive from the retirement fund, for each school year
10 subsequent to the date of application, a disability retire-
11 ment salary payable on the first day of each month, beginning
12 the month following the disability.

13 (b) The payment made on the first day of the month in
14 which the disabled teacher recovers from his disability,
15 dies or attains age 60 constitutes the last payment.

16 (c) The amount of the disability retirement shall be
17 equal to 50 per cent of his base salary immediately prior
18 to his becoming disabled. The disability retirement salary
19 shall be increased by 10 per cent for each minor child, up
20 to a maximum of four minor children, until the first day of
21 the month in which the child ceases to be a minor child or
22 the disability retirement salary terminates, whichever
23 occurs first.

24 * Sec. 11. AS 14.25 is amended by adding a new section to read:

25 Sec. 14.25.142. COST OF LIVING ALLOWANCE. (a) A
26 teacher who resides in the state after his retirement shall
27 receive a cost of living allowance in addition to his retire-
28 ment salary. The amount of this allowance is determined by
29 multiplying the teacher's retirement salary by a percentage

1 determined by the administrator not to exceed 10 per cent of
2 the retirement salary. The administrator shall implement
3 this section by regulations.

4 (b) The cost of living allowance shall be paid from the
5 state general fund.

6 * Sec. 12. AS 14.25 is amended by adding a new section to read:

7 Sec. 14.25.143. POST RETIREMENT PENSION ADJUSTMENT.

8 (a) When the administrator determines that the cost of
9 living has increased and that the financial condition of
10 the retirement fund permits, he may increase the pension
11 payments to reflect this cost of living increase.

12 (b) The administrator is authorized to implement this
13 section by regulation.

14 * Sec. 13. AS 14.25.150 is amended to read:

15 Sec. 14.25.150. PAYMENT ON WITHDRAWAL FROM SYSTEM.

16 A teacher leaving membership service shall be entitled to
17 a refund of his contributions exclusive of his supplemental
18 contributions to the retirement fund as follows.

19 (1) If a teacher has not been in membership ser-
20 vice for more than two years, he shall receive his total
21 accumulated contributions, [LESS A DEDUCTION OF \$12.50 A
22 YEAR OR A PROPORTIONATE AMOUNT FOR FRACTIONAL YEARS,] less
23 any amounts owing to the retirement fund because of previous
24 withdrawals.

25 (2) If a teacher has been in membership service
26 for any part of a third year or more, he shall receive his
27 accumulated contributions plus interest credited to his
28 individual contribution account, less any amounts owing to
29 the retirement fund because of previous withdrawals.

1 (3) If a teacher who has received a refund of
2 contributions is re-employed in membership service, he
3 becomes indebted to the retirement fund in the amount of
4 the refund, including interest paid him, if any, increased
5 by the amount, if any, deducted for administrative expenses.
6 This indebtedness to the retirement fund shall bear com-
7 pound interest at the rate prescribed by regulation [OF
8 THREE PER CENT A YEAR] beginning July 1 following the date
9 of re-employment to the date of repayment or the date of
10 retirement of the teacher, whichever occurs first.

11 (4) A teacher who has received a refund under
12 the Retirement Act of 1945 is not entitled to any further
13 refunds of the nonrevertible portion of his contribution.

14 (5) A teacher who has forfeited his claim to any
15 refund under the provisions of the Retirement Act of 1945
16 because of failure to file a timely application is not en-
17 titled to a refund of any portion of those contributions
18 made under that act.

19 (6) A teacher's nonrevertible contributions shall
20 apply and be credited to the teacher's account if the
21 teacher resumes membership service and becomes eligible for
22 a retirement salary.

23 (7) All claims for refund as provided by this
24 section must be by written application and filed with the
25 administrator within five years from the date of termination
26 of membership service. For the purpose of this chapter only,
27 a leave of absence does not toll the five-year period within
28 which the written application for refund must be filed.

29 * Sec. 14. AS 14.25.160(a) is amended to read:

1 (a) Upon receipt of a valid claim and proper proof of
2 the death of a member who has not ever made a supplemental
3 contribution or whose supplemental contributions were made
4 for less than one year and who is entitled to a refund of
5 contributions, a payment, in the amount specified hereafter,
6 shall be paid to his estate or to a person he has nominated
7 by written designation executed and filed with the
8 administrator. All claims and presentations of proof shall
9 be made within five years of termination of service or, if
10 in membership service at the time of death, within five years
11 after the date of death.

12 * Sec. 15. AS 14.25.160(b) is amended to read:

13 (b) If a teacher is in membership service at the time
14 of death and has not received any retirement salary, the
15 amount of the payment is the sum of (1) his accumulated
16 contributions as determined under secs. 145 and 150 of this
17 chapter, and (2) \$1,000, plus \$100 multiplied by the number
18 of completed school years of membership service, plus an
19 additional sum of \$500 if the deceased teacher is survived
20 by one or more minor children [UNDER THE AGE OF 18 YEARS]
21 at the time of his death. However, in no case may the amount
22 payable under (b)(2) of this section exceed \$3,000.

23 * Sec. 16. AS 14.25.160 is amended by adding a new subsection
24 to read:

25 (e) If a teacher receives a refund under this section
26 it is in lieu of any other benefit under this system.

27 * Sec. 17. AS 14.25 is amended by adding a new section to
28 read:

29 Sec. 14.25.162. SURVIVOR'S ALLOWANCE. (a) If a

1 teacher dies while in membership service or while receiving
2 a disability retirement salary, leaving a minor child or
3 children, his surviving spouse is entitled to a survivor's
4 allowance provided the teacher has made a supplemental
5 contribution for at least one year prior to his death. In
6 the absence of a surviving or legally competent spouse,
7 the guardian of the minor children shall be entitled to the
8 survivor's allowance. Application for the survivor's
9 allowance shall be made in writing to the administrator.

10 (b) The amount of the survivor's allowance shall be
11 equal to 10 per cent of the teacher's base salary immediately
12 prior to his death or becoming disabled, for each minor
13 child up to a maximum of four minor children. In addition,
14 a survivor's allowance of 35 per cent of the teacher's base
15 salary will be payable to his spouse or, if the spouse dies
16 or there is no spouse, an allowance of 10 per cent of the
17 base salary shall be paid to the guardian of one or more
18 of the minor children. In no event, however, shall a
19 survivor's allowance be payable to a spouse who has re-
20 married or more than one guardian.

21 (c) The survivor allowance is payable on the first day
22 of each month, beginning the month following the death of a
23 teacher. The survivor allowance shall be recomputed on the
24 first day of the month in which the number of minor children
25 is less than four and the pension shall be decreased
26 accordingly. The payment on the first day of the month in
27 which the last minor child ceases to be a minor or dies
28 constitutes the last payment.

29 (d) In the event of termination of the survivor's

1 allowance and in the absence of a spouse who has or will be
2 eligible for a spouse's pension, a payment of the amount of
3 the teacher's accumulated contributions, plus all interest
4 credited to his account to the date of death or retirement,
5 whichever occurs first, less all payments to the teacher,
6 spouse, guardian or minor children shall be made to the
7 teacher's estate or to a person he has nominated by written
8 designation executed and filed with the administrator. This
9 payment shall be on the same terms and conditions as a pay-
10 ment made on the death of a teacher.

11 * Sec. 18. AS 14.25 is amended by adding a new section to
12 read:

13 Sec. 14.25.164. SPOUSE'S PENSION. (a) If a teacher
14 dies while in membership service and while receiving a ser-
15 vice or disability retirement salary, or a deferred or a de-
16 ferred vested benefit, the surviving spouse is entitled to
17 a spouse's pension if he or she has not re-married and if
18 the teacher has made supplemental contribution for at least
19 one year prior to his death. Application for the spouse's
20 pension shall be made in writing to the administrator.

21 (b) The spouse's pension is payable on the first day
22 of each month, commencing with the first day of the month
23 coinciding with or next following the month in which the
24 spouse attains age 60. The payment on the first day of
25 the month in which the spouse dies or re-marries constitutes
26 the last payment.

27 (c) The amount of the spouse's pension shall be equal
28 to 50 per cent of the service retirement salary that the
29 deceased teacher was receiving, or would have received,

1 based on his base salary and creditable service to the
2 date of his death and assuming that he would have been
3 eligible for a service retirement salary as of that date.

4 (d) In the event of the death of a teacher's spouse
5 prior to the time that the total payments to the teacher,
6 spouse, guardian or minor children have not been at least
7 equal to the amount of his accumulated contributions, plus
8 all interest credited to his account to the date of death
9 or retirement, whichever occurs first, then a payment equal
10 to the difference shall be made to the spouse's estate or
11 to a person she has nominated by written designation
12 executed and filed with the administrator. This payment
13 shall be on the same terms and conditions as a payment upon
14 death of a teacher.

15 * Sec. 19. AS 14.25 is amended by adding a new section to
16 read:

17 Sec. 14.25.168. MEDICAL BENEFITS. Both a teacher who
18 is, or has been entitled to receive a service retirement
19 salary and who is not, or will not be, eligible for pro-
20 tection against medical expenses under the federal Old Age
21 Survivor's and Disability Insurance program, and his spouse,
22 shall be protected against medical expense during the period
23 after the teacher's service retirement by the provision,
24 through insurance or otherwise, of equivalent benefits by
25 the retirement system.

26 * Sec. 20. AS 14.25 is amended by adding a new section to
27 read:

28 Sec. 14.25.169. DUPLICATE BENEFITS. Notwithstanding
29 anything herein to the contrary, if payments from this

1 retirement system are due to a teacher or his spouse under
2 more than one provision of this plan, then the teacher or
3 spouse shall elect under which provision and which benefit
4 he wishes to receive and no payments shall be made under
5 any other provision.

6 * Sec. 21. AS 14.25.220(5) is amended to read:

7 (5) "membership service" means service as a
8 teacher in a public school within the Territory or State of
9 Alaska or both under the supervision and control of the
10 Territorial Board of Education or the Department of Education,
11 the school board of any borough school district, incorporated
12 city, incorporated school district, independent school
13 district, or the Board of Regents of the University of
14 Alaska, or any period during which the teacher is on an
15 approved sabbatical leave granted in accordance with
16 AS 14.20.310 or is receiving a disability retirement salary;

17 * Sec. 22. AS 14.25.220(14) is repealed and re-enacted to
18 read:

19 (14) "minor child" means child who has not yet
20 attained age 18, including a child legally adopted by the
21 teacher whose service and supplemental contributions gives
22 rise to a survivor allowance on behalf of the child.

23 * Sec. 23. This Act shall take effect on July 1, 1966.
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