

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

1 IN THE HOUSE

BY THE RULES COMMITTEE  
AT REQUEST OF THE GOVERNOR

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."

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

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

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Sec. 14.25.040. MEMBERSHIP. After June 30, 1955, a

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teacher contracting for service with an employer, except one

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whose attained age in completed years on the July 1 falling

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on or after the date of commencement of service, less the

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number of years of creditable service prior to that July 1,

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exceeds 50, and who can complete 10 years of membership

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service by the first day of July following his 65th birthday,

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is subject to this chapter.

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

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Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY A TEACHER.

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If the teacher is married or has a minor child or minor chil-

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dren and wishes to make his spouse or minor child or minor

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children eligible for a spouse's pension or survivor's allow-

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ance he may make a supplemental contribution of an additional

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one per cent of his base salary commencing with the first of

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the month following his first day of membership in this re-

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tirement system, marriage, or July 1, 1966, whichever is

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later. The contribution shall be deducted by the employer

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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. The contributions shall be transmitted to the  
9 administrator at the close of each pay period. If the  
10 contributions are not submitted, the contributions shall  
11 be deducted by the Department of Education from state funds  
12 due the school districts and transmitted to the teachers'  
13 retirement system for deposit in the retirement fund.

14 [THE DEPARTMENT OF EDUCATION SHALL DEDUCT THE SUM DUE FROM  
15 EMPLOYERS SEMIANNUALLY FROM STATE FUNDS DUE THE SCHOOLS AND  
16 SCHOOL DISTRICTS AND SHALL TRANSMIT THESE SUMS TO THE  
17 SECRETARY OF THE TEACHERS' RETIREMENT SYSTEM FOR DEPOSIT IN  
18 THE RETIREMENT FUND.] The University of Alaska shall  
19 forward its contribution to the administrator [SECRETARY]  
20 of the teachers' retirement system at the close of each  
21 pay period [SEMIANNUALLY] for deposit by him in the  
22 retirement fund.

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

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

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 ~~mem~~bership 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.

11 \* 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 amount of the increase shall be equal to not  
13 more than one and one-half per cent for each year of retire-  
14 ment. Increases accrue from the first of July next following  
15 the effective date of retirement and shall be paid beginning  
16 the first of July of each year.

17 (c) The administrator is authorized to implement this  
18 section by regulation.

19 \* Sec. 13. AS 14.25.150 is amended to read:

20 Sec. 14.25.150. PAYMENT ON WITHDRAWAL FROM SYSTEM.

21 A teacher leaving membership service shall be entitled to  
22 a refund of his contributions exclusive of his supplemental  
23 contributions to the retirement fund as follows.

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

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

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

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

19           (5) A teacher who has forfeited his claim to any  
20 refund under the provisions of the Retirement Act of 1945  
21 because of failure to file a timely application is not en-  
22 titled to a refund of any portion of those contributions  
23 made under this act.

24           (6) A teacher's nonrevertible contributions shall  
25 apply and be credited to the teacher's account if the  
26 teacher resumes membership service and becomes eligible for  
27 a retirement salary.

28           (7) All claims for refund as provided by this  
29 section must be by written application and filed with the

1 administrator within five years from the date of termination  
2 of membership service. For the purpose of this chapter only,  
3 a leave of absence does not toll the five-year period within  
4 which the written application for refund must be filed.

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

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

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

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

28 \* Sec. 16. AS 14.25.160 is amended by adding a new subsection  
29 to read:

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

3 \* Sec. 17. AS 14.25 is amended by adding a new section to  
4 read:

5           Sec. 14.25.162. SURVIVOR'S ALLOWANCE. (a) If a  
6 teacher dies while in membership service or while receiving  
7 a disability retirement salary, leaving a minor child or  
8 children, his surviving spouse is entitled to a survivor's  
9 allowance provided the teacher has made a supplemental  
10 contribution for at least one year prior to his death. In  
11 the absence of a surviving or legally competent spouse,  
12 the guardian of the minor children shall be entitled to the  
13 survivor's allowance. Application for the survivor's  
14 allowance shall be made in writing to the administrator.

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

26           (c) The survivor allowance is payable on the first day  
27 of each month, beginning the month following the death of a  
28 teacher. The survivor allowance shall be recomputed on the  
29 first day of the month in which the number of minor children

1 is less than four and the pension shall be decreased  
2 accordingly. The payment on the first day of the month in  
3 which the last minor child ceases to be a minor or dies  
4 constitutes the last payment.

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

16 \* Sec. 18. AS 14.25 is amended by adding a new section to  
17 read:

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

26 (b) The spouse's pension is payable on the first day  
27 of each month, commencing with the first day of the month  
28 coinciding with or next following the month in which the  
29 spouse attains age 60. The payment on the first day of

1 the month in which the spouse dies or re-marries constitutes  
2 the last payment.

3 (c) The amount of the spouse's pension shall be equal  
4 to 50 per cent of the service retirement salary that the  
5 deceased teacher was receiving, or would have received,  
6 based on his base salary and creditable service to the  
7 date of his death and assuming that he would have been  
8 eligible for a service retirement salary as of that date.

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

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

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

1 the retirement system.

2 \* Sec. 20. AS 14.25 is amended by adding a new section to  
3 read:

4 Sec. 14.25.169. DUPLICATE BENEFITS. Notwithstanding  
5 anything herein to the contrary, if payments from this  
6 retirement system are due to a teacher or his spouse under  
7 more than one provision of this plan, then the teacher or  
8 spouse shall elect under which provision and which benefit  
9 he wishes to receive and no payments shall be made under  
10 any other provision.

11 \* Sec. 21. AS 14.25.220(2) is amended to read:

12 (2) "base salary" or "basic salary" means the  
13 actual [ANNUAL] salary received [AUTHORIZED] by [LAW TO BE  
14 PAID] a teacher [IF EMPLOYED IN THE SAME POSITION IN THE  
15 SOUTHEASTERN SENATE DISTRICT] , not to exceed two and one-  
16 half times the amount authorized by law to be paid a teacher  
17 with no experience if employed in the same position in the  
18 Southeastern Senate District;

19 \* Sec. 22. AS 14.25.220(5) is amended to read:

20 (5) "membership service" means service as a  
21 teacher in a public school within the Territory or State of  
22 Alaska or both under the supervision and control of the  
23 Territorial Board of Education or the Department of Education,  
24 the school board of any borough school district, incorporated  
25 city, incorporated school district, independent school  
26 district, or the Board of Regents of the University of  
27 Alaska, or any period during which the teacher is on an  
28 approved sabbatical leave granted in accordance with  
29 AS 14.20.310 or is receiving a disability retirement salary;

1       \* Sec. 23. AS 14.25.220(14) is repealed and re-enacted to  
2 read:

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

7       \* Sec. 24. This Act shall take effect on July 1, 1966.

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