

Introduced: 3/7/67
Referred: State Affairs
and Finance

BY THE RULES COMMITTEE IN
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 272

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Public Employees' Retirement
7 System; and providing for an effective date."

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

9 * Section 1. AS 39.35.040(5) is repealed and re-enacted to read:

10 (5) to have prepared, at least biennially, an actuarial
11 valuation of the total obligations under the system of the state and
12 each participating political subdivision and public organization and,
13 on the basis of the valuation and in time for incorporation of the
14 results in the state budget, to certify to the appropriate budgetary
15 authorities of the state and each participating political subdivision
16 and public organization:

17 (A) an appropriate contribution rate for the state
18 and state employees; and

19 (B) an appropriate total contribution rate for each
20 participating political subdivision and public organization; in addition
21 the board shall have an actuarial and financial experience analysis of
22 the system conducted at appropriate intervals, but not less frequently
23 than once every six years; the biennial valuations and the actuarial
24 and financial experience analyses shall be prepared and certified by a
25 fellow of the Society of Actuaries;

26 * Sec. 2. AS 39.35.160 is repealed and re-enacted to read:

27 Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. While
28 participating in the system every state employee shall contribute an
29 amount sufficient, when combined with the contributions of all other

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1 employees and accumulated with interest, to provide 40% of the
2 aggregate cost of the benefits under and administration of the system.
3 The board shall determine the necessary percentage of compensation to
4 be contributed by state employees, which contribution shall be payable
5 in addition to the contribution paid by state employees under the
6 federal Social Security Act. Every employee of each participating
7 political subdivision or public organization, while participating in
8 the system, shall contribute to the system an amount, expressed as a
9 percentage of his compensation, to be determined by the governing body
10 of the political subdivision or head of the public organization. This
11 amount may include the contribution required under the federal Social
12 Security Act. Each participating political subdivision and public
13 organization shall promptly notify the board of the amount, expressed
14 as a percentage of compensation, of the contribution established for
15 its employees.

16 * Sec. 3. AS 39.35.350 is amended to read:

17 Sec. 39.35.350. INTERRUPTED EMPLOYMENT. If an employee's
18 employment is terminated for any reason before he becomes eligible for
19 a retirement benefit and the employee is subsequently re-employed
20 [BY AN EMPLOYER], the employee is entitled to the credited service he
21 had accumulated at the time of his last [EARLIER] termination, if
22 [WITHIN ONE YEAR AFTER RE-EMPLOYMENT,] the employee makes a contribu-
23 tion to the system equal to the amount of the refund paid upon his
24 last [EARLIER] termination, and attributable to the balance in his
25 employee contribution account at that time, together with interest
26 at the prescribed rate [OF INTEREST] to the date of repayment of the
27 contribution [ON WHICH THE CONTRIBUTION IS MADE]. A repayment to
28 establish credit for the last period of interrupted service will not
29 be permitted more than one year after the date on which notice of the

1 amount of contribution and interest due was mailed to the employee at
2 his place of employment.

3 * Sec. 4. AS 39.35.360 is amended by adding a subsection to read:

4 (d) No service credit shall be granted for employment which
5 resulted in pension benefits being payable to the employee from any
6 other state or territorial retirement system.

7 * Sec. 5. AS 39.35.370(c) is amended to read:

8 (c) The monthly amount of the normal retirement pension is one
9 per cent of the employee's average monthly compensation multiplied by
10 his years of credited service [(1) ONE-HALF OF ONE PER CENT OF THE
11 EMPLOYEE'S AVERAGE MONTHLY COMPENSATION MULTIPLIED BY HIS YEARS OF
12 CREDITED SERVICE, INCLUDING FRACTIONAL YEARS; AND (2) THREE-FOURTHS
13 OF ONE PER CENT OF THE EMPLOYEE'S AVERAGE MONTHLY COMPENSATION IN
14 EXCESS OF ONE-TWELFTH OF THE AVERAGE ANNUAL TAXABLE WAGE UNDER THE
15 FEDERAL SOCIAL SECURITY PROGRAM DURING THE PERIOD OF CREDITED SERVICE,
16 AFTER THE EFFECTIVE DATE, MULTIPLIED BY THE NUMBER OF YEARS OF
17 CREDITED SERVICE, INCLUDING FRACTIONAL YEARS].

18 * Sec. 6. AS 39.35.390 is amended by adding a new subsection to read:

19 (e) an employee who is eligible for a deferred retirement benefit
20 may elect a joint and survivor option under the same terms and condi-
21 tions as set forth in sec. 450 of this chapter.

22 * Sec. 7. AS 39.35.450(e) is amended to read:

23 (e) An election made under this section becomes inoperative if
24 the employee's pension payments commence [RETIREMENT] or death occurs
25 before his normal retirement date or the contingent beneficiary's
26 death occurs before the employee's normal retirement date.

27 * Sec. 8. AS 39.35 is amended by adding a new section to read:

28 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. When the
29 administrator determines that the cost of living has increased, and

1 the financial condition of the retirement fund permits, he may increase
2 the pension payments to retired employees, spouses or other benefi-
3 ciaries to reflect this increase in the cost of living. The amount of
4 the increase may not exceed one and one-half per cent for each year of
5 retirement. A retired employee shall first be eligible for an increase
6 at the end of the year following the year of his retirement. Increases
7 shall be effective on and paid beginning the first day of January. The
8 administrator may by regulations implement this section.

9 * Sec. 9. AS 39.35.500 is amended to read:

10 Sec. 39.35.500. NONALIENATION OF AMOUNTS HELD BY THE SYSTEM
11 [BENEFITS]. Employee pensions and other amounts held in the pension
12 fund are exempt from state and local taxes. Except with respect to
13 indebtedness owing to the employers, amounts held on behalf of, or
14 payable to, any employee or other person who is or may become eligible
15 for benefits [PAYABLE] under the system are not subject to anticipation,
16 alienation, sale, transfer, assignment, pledge, encumbrance, charge,
17 garnishment, execution, or levy of any kind, either voluntary or
18 involuntary, before being received by the person entitled to the
19 amount [BENEFIT] under the terms of the system. An attempt to
20 anticipate, alienate, sell, transfer, assign, pledge, encumber, charge,
21 or otherwise dispose of a right to amounts held under the system
22 [BENEFITS] is void.

23 * Sec. 10. AS 39.35 is amended by adding a new section to read:

24 Sec. 39.35.545. DUPLICATE BENEFITS. If payments from the system
25 are due to an employee, his spouse or a beneficiary under more than one
26 provision of this chapter, the employee, spouse or beneficiary shall
27 elect under which provision he wishes to receive benefits, and no
28 payments shall be made under any other provision.

29 * Sec. 11. AS 39.35.580 is amended to read:

1 Sec. 39.35.580. EFFECTIVE DATE OF PARTICIPATION. The effective
2 date of participation in the system by a political subdivision or
3 public organization is the first day of any month acceptable to the
4 governing body of the political subdivision or public organization
5 and to the Commissioner of Administration [JANUARY 1 AFTER THE
6 APPROVAL OF ITS PARTICIPATION].

7 * Sec. 12. This Act takes effect July 1, 1967.
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