

Original Sponsor:  
By the Rules Committee by  
request of the Governor

Offered: 3/24/67  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR 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 AS 39.35.040(5) is repealed and re-enacted to read: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  
21 addition the board shall have an actuarial and financial ex-  
22 perience analysis of the system conducted at appropriate intervals,  
23 but not less frequently than once every six years; the biennial  
24 valuations and the actuarial and financial experience analyses  
25 shall be prepared and certified by a fellow of the Society of  
26 Actuaries;

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 AS 39.35.160 is repealed and re-enacted to read:

28 Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. While partici-  
29 pating in the system every state employee shall contribute an amount

1 sufficient, when combined with the contributions of all other employees  
2 and accumulated with interest, to provide 35 per cent of the aggregate  
3 cost of the benefits under and administration of the system. The  
4 board shall determine the necessary percentage of compensation to be  
5 contributed by state employees, which contribution shall be payable in  
6 addition to the contribution paid by state employees under the federal  
7 Social Security Act. Every employee of each participating political  
8 subdivision or public organization, while participating in the system,  
9 shall contribute to the system an amount, expressed as a percentage of  
10 his compensation, to be determined by the governing body of the  
11 political subdivision or head of the public organization. This amount  
12 may include the contribution required under the federal Social Security  
13 Act. Each participating political subdivision and public organization  
14 shall promptly notify the board of the amount, expressed as a per-  
15 centage of compensation, of the contribution established for its  
16 employees.

17 \* Sec. 3. AS 39.35.350 is amended to read:

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

1 than three years after the date on which notice of the amount of con-  
2 tribution and interest due was mailed to the employee at his place of  
3 employment.

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

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

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

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

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

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

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

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

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

29 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. When the

1 commissioner of administration determines the cost-of-living has in-  
2 creased and the financial condition of the retirement fund permits, he  
3 will recommend to the retirement board increased pension payments to  
4 retired employees, spouses or other beneficiaries to reflect this  
5 increase in the cost-of-living and the board may adopt the increase by  
6 regulation. The amount of the increase may not exceed one and one-half  
7 per cent for each year of retirement. A retired employee shall first  
8 be eligible for an increase at the end of the year following the year  
9 of his retirement. Increases shall be effective on and paid beginning  
10 the first day of January.

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

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

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

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

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\* Sec. 11/ AS 39.35.580 is amended to read:

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

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