

Original sponsor: Rules Committee  
by request of the Governor

Offered: 3/25/68  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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SENATE CS FOR CS FOR HOUSE BILL NO. 272

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FIFTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to the Public Employees' Retirement

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System; and providing 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 AS 39.35.040(5) is repealed and re-enacted to read:

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(5) to have prepared, at least biennially, an actuarial

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valuation of the total obligations under the system of the state and

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each participating political subdivision and public organization and,

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on the basis of the valuation and in time for incorporation of the

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results in the state budget, to certify to the appropriate budgetary

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authorities of the state and each participating political subdivision

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and public organization:

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(A) an appropriate contribution rate for the state not

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to exceed seven per cent of the compensation paid to participating

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state employees; in addition the state shall pay the appropriate

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social security contribution; and

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(B) an appropriate total contribution rate for each

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participating political subdivision and public organization; in

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addition the board shall have an actuarial and financial experience

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analysis of the system conducted at appropriate intervals, but not

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less frequently than once every six years; the biennial valuations

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and the actuarial and financial experience analyses shall be pre-

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pared and certified by a fellow of the Society of Actuaries;

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

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Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. While

1 participating in the system each employee shall contribute three and  
2 one-half per cent of his compensation. In addition each employee shall  
3 pay the appropriate social security contribution.

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

5 Sec. 39.35.350. INTERRUPTED EMPLOYMENT. If an employee's employ-  
6 ment is terminated for any reason before he becomes eligible for a  
7 retirement benefit and the employee is subsequently re-employed [BY AN  
8 EMPLOYER], the employee is entitled to the credited service he had  
9 accumulated at the time of his last [EARLIER] termination, if, [WITHIN  
10 ONE YEAR AFTER RE-EMPLOYMENT,] the employee makes a contribution to the  
11 system equal to the amount of the refund paid upon his last [EARLIER]  
12 termination, and attributable to the balance in his employee contribu-  
13 tion account at that time, together with interest at the prescribed  
14 rate [OF INTEREST] to the date of repayment of the contribution [ON WHICH  
15 THE CONTRIBUTION IS MADE]. A repayment to establish credit for the last  
16 period of interrupted service will not be permitted more than three years  
17 after the date on which notice of the amount of contribution and interest  
18 due was mailed to the employee at his place of employment.

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

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

23 \* Sec. 5. AS 39.35.370(c) is repealed and re-enacted to read:

24 (c) The monthly amount of the normal retirement pension is one  
25 per cent of the employee's average monthly compensation for each year  
26 of credited service, plus one-fourth of one per cent for each year of  
27 credited service in excess of 10 years, plus an additional one-fourth  
28 of one per cent for each year of credited service in excess of 20 years

29 \* Sec. 6. AS 39.35.390(a) is amended to read:

1 (a) An employee is eligible for a deferred vested retirement  
2 benefit if his employment is terminated on or after attainment of  
3 age 40 [50] and credited service of eight years and he does not with-  
4 draw the balance in his employee contribution account.

5 \* Sec. 7. AS 39.35.390 is amended by adding a new subsection to read:

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

9 \* Sec. 8. AS 39.35.450(e) is amended to read:

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

14 \* Sec. 9. AS 39.35 is amended by adding a new section to read:

15 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. When the  
16 commissioner of administration determines the cost-of-living has  
17 increased and the financial condition of the retirement fund permits,  
18 he will recommend to the retirement board increased pension payments  
19 to retired employees, spouses or other beneficiaries to reflect this  
20 increase in the cost-of-living and the board may adopt the increase by  
21 regulation. The amount of the increase may not exceed one and one-half  
22 per cent for each year of retirement. A retired employee shall first  
23 be eligible for an increase at the end of the year following the year  
24 of his retirement. Increases shall be effective on and paid beginning  
25 the first day of January.

26 \* Sec. 10. AS 39.35.500 is amended to read:

27 Sec. 39.35.500. NONALIENTATION OF AMOUNTS HELD BY THE SYSTEM  
28 [BENEFITS]. Employee contributions and other amounts held in the  
29 pension fund are exempt from state and local taxes. Except with

1 respect to indebtedness owing to the employers, amounts held on behalf  
2 of, or payable to, any employee or other person who is or may become  
3 eligible for benefits [PAYABLE] under the system are not subject to  
4 anticipation, alienation, sale, transfer, assignment, pledge, encum-  
5 brance, charge, garnishment, execution, or levy of any kind, either  
6 voluntary or involuntary, before being received by the person entitled  
7 to the amount [BENEFITS] under the terms of the system. An attempt to  
8 anticipate, alienate, sell, transfer, assign, pledge, encumber, charge  
9 or otherwise dispose of a right to amounts held under the system [BENE-  
10 FITS] is void.

11 \* Sec. 11. AS 39.35 is amended by adding a new section to read:

12 Sec. 39.35.545. DUPLICATE BENEFITS. If payments from the system  
13 are due to an employee, his spouse or a beneficiary under more than one  
14 provision of this chapter, the employee, spouse or beneficiary shall  
15 elect under which provision he wishes to receive benefits, and no  
16 payments may be made under any other provision.

17 \* Sec. 12. AS 39.35.580 is amended to read:

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

24 \* Sec. 13. This Act takes effect July 1, 1968.  
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