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Introduced: 4/15/69  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 331

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a retirement program; and  
7 providing for an effective date."

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

9 \* Section 1. AS 24 is amended by adding a new chapter to read:

10 CHAPTER 55. LEGISLATIVE RETIREMENT PROGRAM.

11 ARTICLE 1. ADMINISTRATION.

12 Sec. 24.55.010. LEGISLATIVE RETIREMENT PROGRAM ESTABLISHED. (a)

13 The legislative retirement program, a system for the payment of retire-  
14 ment and death benefits is established.

15 (b) The program becomes effective July 1, 1969 at which time  
16 contributions by the legislators begin.

17 Sec. 24.55.020. ADMINISTRATION. The commissioner of administra-  
18 tion is responsible for the administration of the program and for  
19 carrying out this chapter.

20 Sec. 24.55.030. DUTIES OF COMMISSIONER OF REVENUE. The commis-  
21 sioner of revenue is the treasurer of the program and shall

22 (1) act as official custodian of the cash and securities  
23 belonging to the system and provide adequate safe deposit facilities  
24 for them;

25 (2) receive cash belonging to the program;

26 (3) collect the interest and principal on securities  
27 acquired by the system and deposit it in the pension fund maintained  
28 in the name of the program;

29 (4) invest and reinvest the assets of the pension fund in

1 accordance with sec. 60 of this chapter.

2 Sec. 24.55.040. ATTORNEY GENERAL. The attorney general of the  
3 state is the attorney for the program and shall represent it in a legal  
4 proceeding.

5 Sec. 24.55.050. ACCOUNTING. (a) The commissioner of adminis-  
6 tration shall establish and maintain an adequate system of accounts  
7 and records for the program.

8 (b) All income of the pension fund and all disbursements made by  
9 the fund shall be credited or charged, whichever is appropriate, to  
10 the following accounts:

11 (1) An individual account shall be maintained for each  
12 legislator to which the amount of his mandatory contributions collected  
13 under sec. 80 of this chapter shall be credited when made. As of the  
14 last day of each calendar year and each fiscal year beginning with  
15 December 30, 1970, this account shall be credited with interest, by  
16 applying one-half of the prescribed rate of interest to the balance in  
17 the account as of that date. Upon granting a pension, or upon payment  
18 of a death or refund benefit, the balance of the legislator contribution  
19 account shall be transferred to the asset share account of the program  
20 and the legislator contribution account shall be charged with the  
21 amount transferred.

22 (2) An expense account shall be maintained for the program.  
23 The legislature shall appropriate annually an amount sufficient to  
24 cover administrative expenses of the program.

25 Sec. 24.55.060. INVESTMENTS. When, in the opinion of the com-  
26 missioner of administration, there is a sufficient surplus over and  
27 above a safe amount to take care of current demands upon the fund, the  
28 commissioner of revenue may invest the funds in any investment which he  
29 considers to be in the best interest of the program according to what

1 is commonly known as the prudent man rule.

2 ARTICLE 2. MEMBERSHIP AND CONTRIBUTIONS.

3 Sec. 24.55.070. MEMBERSHIP MANDATORY. Each legislator shall  
4 become a member of the program upon taking his oath of office.

5 Sec. 24.55.080. AMOUNT AND MANNER OF LEGISLATOR CONTRIBUTIONS.  
6 While participating in the system each legislator shall contribute  
7 five per cent of his salary to the program. In addition each legis-  
8 lator shall pay the appropriate social security contribution. The  
9 contributions shall be deducted monthly.

10 Sec. 24.55.090. REFUND AND REINSTATEMENT OF CONTRIBUTIONS. (a)  
11 A legislator who terminates with less than eight years of service or  
12 who does not wish to retire under this chapter, is entitled to a refund  
13 of his contributions plus the interest credited to his account upon  
14 filing a written application with the director of the public employees'  
15 retirement system. If a legislator withdraws his contributions and is  
16 later reactivated, he shall be indebted to the fund in the amount of  
17 his previous contributions plus interest. If a legislator has retired  
18 under this chapter and then re-enters active status, the benefit shall  
19 terminate and upon again retiring, benefits shall be adjusted in  
20 accordance with additional service and salary credit.

21 (b) No credit under the program may be transferred to any other  
22 retirement system of the state.

23 Sec. 24.55.100. AMOUNT AND MANNER OF STATE CONTRIBUTION. The  
24 state's contribution shall be appropriated annually in an amount equal  
25 to the legislator's contributions plus an amount determined by and  
26 certified by a fellow of the Society of Actuaries to be sufficient to  
27 fund the benefits provided by the program.

28 ARTICLE 5. SERVICE AND BENEFITS.

29 Sec. 24.55.110. NORMAL RETIREMENT OF BENEFITS. (a) A person is

1 eligible for a normal retirement pension under this chapter when  
2 he reaches 60 years of age and has completed at least four terms  
3 of office as a representative or two terms of office as a senator  
4 or any combination of these which is equivalent to eight years of  
5 service as a legislator; or when he has served for 20 years as a  
6 state legislator, regardless of his age.

7 (b) The amount of the benefits payable annually under (a) of  
8 this section is five per cent of the retiring person's final  
9 legislative salary times the number of years of service.

10 (c) The maximum amount of the annual benefits payable is 75  
11 per cent of a current incumbent's salary at the time the benefit  
12 begins, plus any cost of living allowances.

13 Sec. 24.55.120. EARLY RETIREMENT BENEFITS. If a legislator  
14 retires before reaching 60 years of age and has at least eight  
15 years but less than 20 years of service, the commissioner of  
16 administration shall authorize payments to begin on an actuarial  
17 equivalent basis on the first day of any month before the legislator  
18 reaches 60 years of age.

19 Sec. 24.55.120. NO COMPULSORY RETIREMENT. Nothing in this  
20 chapter may be construed to require compulsory retirement at any  
21 age.

22 Sec. 24.55.130. PAST SERVICE. A legislator may purchase past  
23 legislative service credit as a legislator of the state by paying  
24 five per cent of his salary received for each year of credited  
25 service. Interest shall be charged at the adopted interest rate for  
26 each year. If this indebtedness is not paid by the date of retirement,  
27 benefits shall be withheld until the indebtedness is paid. Interest  
28 shall begin on the first day of the second month following entry into  
29 the program.

1           Sec. 24.55.140. POST-RETIREMENT PENSION ADJUSTMENT. When there  
2 is an actuarial determination by the Department of Administration that  
3 the cost of living has increased and the financial condition of the  
4 retirement fund permits, the commissioner of administration shall  
5 increase the pension payments, according to the amount determined by  
6 the actuaries, to retired legislators, spouses or other beneficiaries  
7 to reflect this increase in the cost of living. The amount of the  
8 increase may not exceed one and one-half per cent for each year of  
9 retirement. A retired legislator shall first be eligible for an increase  
10 at the end of the year following the year of his retirement. Increases  
11 shall be effective on and paid beginning the first day of January.

12           Sec. 24.55.150. APPLICATION OF PROVISIONS IN AS 39.35. The  
13 following provisions of AS 39.35 are applicable to this chapter for the  
14 listed purposes:

- 15                   (1) AS 39.35.400 and 39.35.410 regarding disability pensions;  
16                   (2) AS 39.35.420 regarding death benefits;  
17                   (3) AS 39.35.430 - 39.35.450 regarding survivor's benefits;  
18                   (4) AS 39.35.480 regarding cost-of-living allowance;  
19                   (5) AS 39.35.500 regarding nonalienation of amounts held  
20 by the program;  
21                   (6) AS 39.35.490 regarding designation of beneficiaries;  
22                   (7) AS 39.35.510 regarding voluntary waiver of benefits;  
23                   (8) AS 39.35.520 regarding adjustments;

24           Sec. 24.55.160. BENEFITS NONTAXABLE. Benefits received under  
25 this chapter are exempt from state and municipal taxes.

26           Sec. 24.55.170. DEFINITIONS. (a) In this chapter

- 27                   (1) "fund" means the legislative retirement fund;  
28                   (2) "program" means the legislative retirement program.

29           (b) Redefinitions of AS 39.35.680 apply to this chapter insofar

1 as they are applicable to legislators.

2 \* Sec. 2. AS 39.35.030 is amended by adding a new subsection to read:

3 (e) When considering matters pertaining to the legislative  
4 retirement program (AS 24.55), the board membership shall be increased  
5 by two incumbent legislators chosen by the Legislative Council for  
6 two-year terms.

7 \* Sec. 3. AS 39.35.040 is amended by adding a new paragraph to read:

8 (8) to exercise the powers and duties of (1) - (7) of  
9 this section in relation to the legislative retirement program (AS 24.55)  
10 when the two legislative members are sitting as members of the board.

11 \* Sec. 4. Contributions previously credited to legislators under  
12 AS 39.35 shall be credited to the legislative retirement fund provided for  
13 in this Act.

14 \* Sec. 5. AS 39.35.125 is repealed.

15 \* Sec. 6. This Act takes effect July 1, 1969.