

Introduced: 2/6/70
Referred: Health, Welfare
and Education

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 463

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND 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 39.35.100(b)(1) is amended to read:

10 (1) An individual account shall be maintained for each
11 employee to which the amount of his mandatory contributions collected
12 under sec. 160(a) of this chapter shall be created as of the date of
13 deduction or payment, as the case may be [WHEN MADE]. As of the last
14 day of each calendar year and each fiscal year beginning with June
15 30, 1969, this account shall be credited with interest, by applying
16 one-half of the prescribed rate of interest to the balance in the
17 account as of that date. Upon granting a pension, or upon payment of
18 a death or a refund benefit, the balance of the employee contribution
19 account shall be transferred to the asset share account of the
20 employer of the employee and the employee contribution account shall
21 be charged with the amount transferred.

22 * Sec. 2. AS 39.35.100(b)(2) is amended to read:

23 (2) An individual account shall be maintained for each
24 employee to which the amount of his voluntary contributions shall be
25 credited as of the date of deduction or payment, as the case may be
26 [WHEN MADE]. As of the last day of each calendar year and each fiscal
27 year beginning with June 30, 1969, this account shall be credited
28 with interest, by applying one-half of the prescribed rate of
29 interest to the balance in the account as of that date. Amounts

1 which, before termination of employment, are withdrawn by an
2 employee savings account shall be charged to the account. Upon an
3 employee's retirement or death, the balance of his employee savings
4 account shall be transferred to the asset share account of the
5 employer of the employee and the employee savings account shall be
6 charged with the amount transferred.

7 * Sec. 3. AS 39.35.160(a) is amended to read:

8 (a) While participating in the system each policeman and each
9 fireman shall contribute five per cent and every other employee shall
10 contribute three and one-half per cent of his compensation to the
11 public employees' retirement system.

12 * Sec. 4. AS 39.35.370(c) is repealed and re-enacted to read:

13 (c) The monthly amount of the normal retirement pension for a
14 policeman or a fireman is two per cent of his average monthly com-
15 pensation times his years of credited service. For every other
16 employee it is one per cent of his average monthly compensation times
17 his years of service up to 10 years, plus one and one-half per cent
18 of his average monthly compensation times his years of service from
19 11 through 20, plus two per cent of his average monthly compensation
20 times his years of service over 20 years.

21 * Sec. 5. AS 39.35.390(a) is amended to read:

22 (a) An employee is eligible for a deferred vested retirement
23 benefit if his employment is terminated on or after attainment of
24 eight years of credited service [AGE 40 AND CREDITED SERVICE OF EIGHT
25 YEARS] and he does not withdraw the balance in his employee contri-
26 bution account.

27 * Sec. 6. AS 39.35.400 is amended to read:

28 Sec. 39.35.400. NONOCCUPATIONAL DISABILITY PENSIONS. (a) A
29 policeman or a fireman is eligible for a nonoccupational disability

1 pension if his employment is terminated because of a nonoccupational
2 disability, and any other [AN] employee is eligible [FOR A NON-
3 OCCUPATIONAL DISABILITY PENSION] if his employment is terminated
4 because of a nonoccupational disability before his normal retirement
5 date and after eight or more years of credited service.

6 (b) Payment of the nonoccupational disability pension shall
7 begin upon the first day of the month after the expiration of a
8 period of three full months from the last day of employment. However,
9 the board may, in its discretion, authorize the pension to begin
10 upon the first day of an earlier month after termination of his
11 employment. If the payment does not begin upon the first day of the
12 month coincidental with or after retirement, a retroactive payment
13 shall be made to cover the period of deferment. The last payment
14 shall be made as of the first day of the month in which the death
15 of the retired employee occurs or in which he recovers from disab-
16 ility.

17 (c) If the retired employee recovers from the nonoccupational
18 disability, he is entitled to receive a normal or early retirement
19 pension [,] if he would have been eligible for the pension had [IF]
20 his employment [HAD] continued during the period of disability.
21 However, the period of disability does not constitute credited
22 service except for policemen and firemen.

23 (d) The monthly amount of the nonoccupational disability pension
24 for an employee other than a policeman or a fireman shall be deter-
25 mined in accordance with sec. 370(c) of this chapter, considering
26 the employee's credited service and compensation before termination
27 of employment. However, the amount shall be reduced by workmen's
28 compensation benefits or wage continuation payments which are avail-
29 able to the employee and which are attributable to the employers.

1 The amount [A NONOCCUPATIONAL DISABILITY PENSION] may not exceed the
2 benefit determined in accordance with sec. 410(d) of this chapter.
3 The monthly amount of the nonoccupational disability pension for a
4 policeman or a fireman shall be 50 per cent of his average monthly
5 compensation minus an amount equal to any other form of compensation
6 he receives which is paid for, either wholly or in part, by his
7 employer or the state.

8 (e) A retired employee receiving a nonoccupational disability
9 pension shall be required, as often as the personnel director con-
10 siders advisable but not more frequently than once a year, to under-
11 go a medical examination by a physician engaged by the director.
12 If, in the judgment of the board, the examination indicates that the
13 employee is no longer incapacitated for service in the position held
14 at the time his disability pension began, or in another comparable
15 position, payments of his disability pension shall cease. The name
16 of the employee shall then be placed on the appropriate list of
17 candidates maintained for appointment to a position for which he is
18 found to be qualified unless he elects to receive a normal or early
19 retirement pension in accordance with (c) of this section.

20 * Sec. 7. AS 39.35.410 is amended to read:

21 Sec. 39.35.410. OCCUPATIONAL DISABILITY PENSIONS. (a) A police-
22 man or a fireman is eligible for an occupational disability pension
23 if his employment is terminated because of an occupational disability
24 and any other [AN] employee is eligible [FOR AN OCCUPATIONAL DISABIL-
25 ITY PENSION] if his employment is terminated because of an occupa-
26 tional disability before his normal retirement date and after at
27 least one year of credited service.

28 (b) Payment of the occupational disability pension shall begin
29 on the first day of the month next following a period of three full

1 months after the last day of employment, except that the board may,
2 in its discretion authorize the pension to begin upon the first day
3 of an earlier month following termination of his employment. If
4 payment does not begin upon the first day of the month coincidental
5 with or after retirement, a retroactive payment shall be made to
6 cover the period of deferment. The last payment shall be made as
7 of the first day of the month in which the death of the retired
8 employee occurs or in which he recovers from occupational disability
9 before his normal retirement date.

10 (c) If the retired employee recovers from the occupational
11 disability before his normal retirement date, the retirement pension
12 [,] if he would have been eligible for the pension had [IF] his
13 employment [HAD] continued during the period of disability. How-
14 ever, except for a policeman or a fireman, the period of disability
15 does not constitute credited service.

16 (d) The monthly amount of an occupational disability pension
17 for a policeman or a fireman shall be two-thirds of his average
18 monthly compensation. [THE MONTHLY AMOUNT OF AN OCCUPATIONAL DISA-
19 BILITY PENSION] For any other employee it shall be as determined in
20 accordance with sec. 370(c) of this chapter, considering (1) the
21 employee's compensation before his termination of employment, and
22 (2) either the credited service that would have been accumulated if
23 the employee's employment had continued until his sixtieth birthday
24 [,] or his actual credited service, whichever is [IF] greater;
25 except that the amount so determined shall be reduced by assuming
26 that a joint and survivor option of 75 per cent became immediately
27 effective upon retirement, with the employee's spouse as contingent
28 beneficiary. If no spouse exists at the time of actual retirement,
29 the pension shall be determined as if the spouse were the same age

1 as the employee.

2 (e) A policeman's or a fireman's occupational disability pension
3 shall be reduced by any other form of compensation he receives which
4 is paid for, either wholly or in part, by his employer or the state.
5 Any other [AN] employee's occupational disability pension shall be
6 reduced by any workmen's compensation or wage continuation payments
7 which are available to the employee and which are attributable to
8 the employers.

9 (f) An employee is not entitled to an occupational disability
10 pension unless he files an application for it with the board within
11 six months after the date of the accident[,] if disability is
12 attributable to an accident, or within six months after the date his
13 disability begins if the disability is caused by an occupational
14 disease. If the disability is attributable to an accident, the
15 employee shall file a notice of the accident with the board within
16 30 days following the date it occurred. This 30 day filing period
17 is suspended for the time the employee's condition prevent him from
18 filing.

19 (g) A retired employee receiving an occupational disability
20 pension shall be required, as often as the personnel director of the
21 state considers advisable, but not more frequently than once a year,
22 to undergo a medical examination at a place determined by the
23 personnel director and by a physician or physicians engaged by the
24 director. If, in the judgment of the board, the examination indica-
25 tes that the retired employee is no longer incapacitated for service
26 in the position held at the time his disability pension began or in
27 another comparable position, payments of his disability pension shall
28 cease. The name of the employee shall then be placed on the approp-
29 riate list of candidates maintained for appointment to a position

1 for which he is found to be qualified, unless he elects to receive
2 an early retirement pension in accordance with (c) of this section.

3 * Sec. 8. AS 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If
4 [(1)] the death of an employee other than a policeman or a fireman
5 occurs before his retirement, but after [HE HAS COMPLETED] at least
6 one year of credited service, and [(2)] the employee's widow is not
7 entitled to a widow's pension under sec. 430 of this chapter, a
8 lump sum death benefit shall be paid to the beneficiary of the
9 employee. The amount of the lump sum death benefit shall be \$100
10 for each year of credited service. The lump sum death benefit is in
11 addition to a refund of the balance of the employee contribution
12 account of the deceased employee under sec. 210 of this chapter.

13 (b) If the death of a male policeman or a male fireman occurs
14 before his retirement, but after at least one year of credited
15 service, and he does not leave a widow who is entitled to a widow's
16 pension under sec. 430 of this chapter, or if the death of a female
17 policeman or a female fireman occurs before her retirement, but at
18 least one year of credited service, and she does not leave a husband
19 at the time of her death, a monthly survivors pension equal to 50
20 per cent of the employee's monthly compensation received during the
21 month in which death occurred shall be paid to the employee's
22 surviving widow, but if the surviving widow remarries or if the
23 employee does not leave a surviving spouse, then in equal parts to
24 the children of the employee, including those adopted, who are either
25 under 18 years old or under 23 years old and registered at and
26 attending on a full-time basis an educational or a technical instit-
27 ution accredited by the state Department of Education. On the date
28 when the normal retirement of the employee would have occurred had
29 he lived, the monthly payments shall be reduced to an amount equal

1 to 75 per cent of the monthly amount of the normal retirement
2 benefit of an employee with an average monthly compensation as
3 existed at the time of his death and 20 years of credited service.
4 The first payment shall be made on the first day of the month
5 following the month in which the employee dies and the payments
6 shall cease as of the first day of the month in which there is no
7 eligible beneficiary.

8 * Sec. 9. AS 39.35.430 is amended to read:

9 Sec. 39.35.430. OCCUPATIONAL DEATH BENEFITS. (a) If (1) the
10 death of an employee other than a policeman or a fireman occurs
11 before his retirement and before his normal retirement date, and
12 (2) the proximate cause of death is a bodily injury sustained or a
13 hazard undergone while in the performance and within the scope of
14 the employee's duties, and (3) the injury or hazard is not the
15 proximate result of the wilful negligence of the employee, the
16 surviving widow of the employee is eligible for a widow's pension
17 until she remarries. The monthly amount of the widow's pension
18 shall be equal to the amount the widow would have received if the
19 employee had retired because of an occupational disability immed-
20 ately before his death.

21 (b) If (1) the death of a policeman or a fireman occurs before
22 his retirement and before his normal retirement date, and (2) the
23 proximate cause of death is a bodily injury sustained or a hazard
24 undergone while in the performance and within the scope of his
25 duties, and (3) the injury or hazard is not the proximate result of
26 the wilful negligence of the employee, a monthly survivors pension
27 equal to his monthly compensation in the month in which he died
28 shall be paid to his surviving spouse, or if his surviving spouse
29 remarries or if there is no surviving spouse, in equal parts to the

1 children of the employee, including those adopted, who are either
2 under 18 years old or under 23 years old and registered at and
3 attending on a full-time basis an educational or technical insti-
4 tution accredited by the state Department of Education. On the
5 date when the normal retirement of the employee would have occurred
6 if he had lived, monthly payments shall equal the monthly amount of
7 the normal retirement benefit to which the employee, had he lived
8 and continued his employment as a policeman or a fireman until his
9 normal retirement date, would have been entitled with an average
10 monthly compensation as existed at his death and the credited
11 service which he would have had.

12 (c) The first payment of the widow's pension or of the
13 survivors pension shall be made on the first day of the month
14 following the month in which the employee dies and the payment shall
15 cease to be made as of the first day of the month in which there is
16 no eligible beneficiary.

17 (d) [(b)] A determination of whether the proximate cause of
18 death was a bodily injury sustained, or a hazard undergone, while
19 in the performance and within the scope of the employee's duties
20 and whether the injury or hazard was the proximate result of the
21 wilful negligence of the employee shall be made by the board, based
22 upon evidence satisfactory to the board. [PAYMENT OF THE WIDOW'S
23 PENSION SHALL BEGIN ON THE FIRST DAY OF THE MONTH AFTER THE
24 EMPLOYEE'S DEATH, AND THE LAST PAYMENT SHALL BE MADE AS OF THE FIRST
25 DAY OF THE MONTH IN WHICH THE DEATH OR REMARRIAGE OF THE WIDOW
26 OCCURS.]

27 * Sec. 10. AS 39.35.440 is amended to read:

28 Sec. 39.35.440. DEATH AFTER OCCUPATIONAL DISABILITY. (a)
29 Upon the death of a retired employee other than a policeman or a

1 fireman who is receiving or is entitled to receive an occupational
2 disability pension, a widow's pension shall be paid to his surviving
3 widow until she remarries. The monthly amount of the pension shall
4 be equal to 75 per cent of the monthly amount of the occupational
5 disability pension which the retired employee was receiving or would
6 have been entitled to receive if he had not been entitled to work-
7 men's compensation and wage continuation payments. [PAYMENT OF THE
8 WIDOW'S PENSION SHALL BEGIN ON THE FIRST DAY OF THE MONTH AFTER THE
9 RETIRED EMPLOYEE'S DEATH, AND THE LAST PAYMENT SHALL BE MADE AS OF
10 THE FIRST DAY OF THE MONTH IN WHICH THE DEATH OR REMARRIAGE OF THE
11 WIDOW OCCURS.]

12 (b) Upon the death of a retired employee who was a policeman or
13 a fireman on the date of his retirement and who is receiving or is
14 entitled to receive an occupational disability pension, a survivors
15 benefit equal to two-thirds of his average monthly compensation
16 shall be paid to his surviving spouse or if his surviving spouse
17 remarries or if there is no surviving spouse, in equal parts to the
18 children of the employee, including those adopted, who are either
19 under 18 years old or under 23 years old and registered at and
20 attending on a full-time basis an educational or a technical insti-
21 tution accredited by the state Department of Education.

22 (c) The first payment of the widow's pension or of the
23 survivors pension shall be made on the first day of the month in
24 which the employee dies and the payments shall cease to be made as
25 of the first day of the month in which there is no eligible bene-
26 ficiary.

27 * Sec. 11. AS 39.35 is amended by adding a new section to Article 6
28 to read:

29 Sec. 39.35.550. TAX EXEMPTION. Benefits of this system are

1 exempt from state and municipal income taxes.

2 * Sec. 12. AS 39.35.680(2) is amended to read:

3 (2) "average monthly compensation" means the result
4 obtained by dividing the total compensation paid to an employee
5 during a considered period by the number of months, including
6 fractional months, for which compensation was received; the con-
7 sidered period consists of the three [FIVE] consecutive calendar
8 years during the period of credited service which yields the high-
9 est average; or if the employee does not have three years of credit-
10 ed service, his period of credited service.

11 * Sec. 13. AS 39.35.680(11) is repealed and re-enacted to read:

12 (11) "normal retirement date" for a policeman or a fire-
13 man means the first day of the month following either his 55th
14 birthday and 15 years of credited service or his 25th year of
15 credited service, whichever is earlier, and for any other employee
16 means the first day of the month following either his 60th birthday
17 and 15 years of credited service or his 30th year of credited
18 service, whichever is earlier.

19 * Sec. 14. AS 39.35.680(14) is amended to read:

20 (14) "policemen and firemen" means employees who are
21 police officers, firemen, [GUARDS AT PUBLIC INSTITUTIONS] and fire-
22 wardens, other than ex officio;

23 * Sec. 15. This Act takes effect July 1, 1970.
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