

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 credited 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1 which, before termination of employment, are withdrawn by an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 through 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 39.35.380(a) is amended to read:

22 (a) An employee, other than a policeman or fireman, is eligible
23 for an early retirement pension if his employment is terminated on or
24 after his fifty-fifth [SIXTIETH] birthday and after he completes 15 or
25 more years of credited service. A policeman or fireman is eligible
26 for an early retirement pension if his employment is terminated on or
27 after his fiftieth [FIFTY-FIFTH] birthday and after he completes 20 or
28 more years of credited service as a policeman or fireman.

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 eight years of credited service [AGE 40 AND CREDITED SERVICE OF EIGHT
4 YEARS] and he does not withdraw the balance in his employee contri-
5 bution account.

6 * Sec. 7. AS 39.35.400 is amended to read:

7 Sec. 39.35.400. NONOCCUPATIONAL DISABILITY PENSIONS. (a) A
8 policeman or a fireman is eligible for a nonoccupational disability
9 pension if his employment is terminated because of a nonoccupational
10 disability, and any other [AN] employee is eligible [FOR A NON-
11 OCCUPATIONAL DISABILITY PENSION] if his employment is terminated
12 because of a nonoccupational disability before his normal retirement
13 date and after eight or more years of credited service.

14 (b) Payment of the nonoccupational disability pension shall
15 begin upon the first day of the month after the expiration of a
16 period of three full months from the last day of employment. However,
17 the board may, in its discretion, authorize the pension to begin
18 upon the first day of an earlier month after termination of his
19 employment. If the payment does not begin upon the first day of the
20 month coincidental with or after retirement, a retroactive payment
21 shall be made to cover the period of deferment. The last payment
22 shall be made as of the first day of the month in which
23 the death of the retired employee occurs or in which he
24 recovers from disability.

25
26 (c) If the retired employee recovers from the nonoccupational
27 disability, he is entitled to receive a normal or early retirement
28 pension [,] if he would have been eligible for the pension had [IF]
29 his employment [HAD] continued during the period of disability.

1 However, the period of disability does not constitute credited
2 service except for policemen and firemen.

3 (d) The monthly amount of the nonoccupational disability pension
4 for an employee other than a policeman or a fireman shall be deter-
5 mined in accordance with sec. 370(c) of this chapter, considering
6 the employee's credited service and compensation before termination
7 of employment. However, the amount shall be reduced by workmen's
8 compensation benefits or wage continuation payments which are avail-
9 able to the employee and which are attributable to the employers.
10 The amount [A NONOCCUPATIONAL DISABILITY PENSION] may not exceed the
11 benefit determined in accordance with sec. 410(d) of this chapter.
12 The monthly amount of the nonoccupational disability pension for a
13 policeman or a fireman shall be 50 per cent of his average monthly
14 compensation minus an amount equal to any other form of compensation
15 he receives which is paid for, either wholly or in part, by his
16 employer or the state.

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

29 * Sec. 8. AS 39.35.410 is amended to read:

1 Sec. 39.35.410. OCCUPATIONAL DISABILITY PENSIONS. (a) A police-
2 man or a fireman is eligible for an occupational disability pension
3 if his employment is terminated because of an occupational disability,
4 and any other [AN] employee is eligible [FOR AN OCCUPATIONAL DISABIL-
5 ITY PENSION] if his employment is terminated because of an occupa-
6 tional disability before his normal retirement date and after at
7 least one year of credited service.

8 (b) Payment of the occupational disability pension shall begin
9 on the first day of the month next following a period of three full
10 months after the last day of employment, except that the board may
11 in its discretion authorize the pension to begin upon the first day
12 of an earlier month following termination of his employment. If
13 payment does not begin upon the first day of the month coincidental
14 with or after retirement, a retroactive payment shall be made to
15 cover the period of deferment. The last payment shall be made as
16 of the first day of the month in which the death of the retired
17 employee occurs or in which he recovers from occupational disability
18 before his normal retirement date.

19 (c) If the retired employee recovers from the occupational dis-
20 ability before his normal retirement date, the retired employee shall
21 then be entitled to receive an early retirement pension [,] if he would
22 have been eligible for the pension had [IF] his employment [HAD] con-
23 tinued during the period of disability. [HOWEVER, THE] The period
24 of disability constitutes [DOES NOT CONSTITUTE] credited service for
25 all employees.

26 (d) The monthly amount of an occupational disability pension
27 for a policeman or a fireman shall be two-thirds of his average
28 monthly compensation. [THE MONTHLY AMOUNT OF AN OCCUPATIONAL DISA-
29 BILITY PENSION] For any other employee it shall be as determined in

1 accordance with sec. 370(c) of this chapter, considering (1) the
2 employee's compensation before his termination of employment, and
3 (2) either the credited service that would have been accumulated if
4 the employee's employment had continued until his sixtieth birthday
5 [,] or his actual credited service, whichever is [IF] greater;
6 except that the amount so determined shall be reduced by assuming
7 that a joint and survivor option of 75 per cent became immediately
8 effective upon retirement, with the employee's spouse as contingent
9 beneficiary. If no spouse exists at the time of actual retirement,
10 the pension shall be determined as if the spouse were the same age
11 as the employee.

12 (e) A policeman's or a fireman's occupational disability pension
13 shall be reduced by any other form of compensation he receives which
14 is paid for, either wholly or in part, by his employer or the state.
15 Any other [AN] employee's occupational disability pension shall be
16 reduced by any workmen's compensation or wage continuation payments
17 which are available to the employee and which are attributable to
18 the employers.

19 (f) An employee is not entitled to an occupational disability
20 pension unless he files an application for it with the board within
21 six months after the date of the accident [,] if disability is
22 attributable to an accident, or within six months after the date his
23 disability begins if the disability is caused by an occupational
24 disease. If the disability is attributable to an accident, the
25 employee shall file a notice of the accident with the board within
26 30 days following the date it occurred. This 30 day filing period
27 is suspended for the time the employee's condition prevent him from
28 filing.

29 (g) A retired employee receiving an occupational disability

1 pension shall be required, as often as the personnel director of the
2 state considers advisable, but not more frequently than once a year,
3 to undergo a medical examination at a place determined by the
4 personnel director and by a physician or physicians engaged by the
5 director. If, in the judgment of the board, the examination indica-
6 tes that the retired employee is no longer incapacitated for service
7 in the position held at the time his disability pension began or in
8 another comparable position, payments of his disability pension shall
9 cease. The name of the employee shall then be placed on the approp-
10 riate list of candidates maintained for appointment to a position
11 for which he is found to be qualified, unless he elects to receive
12 an early retirement pension in accordance with (c) of this section.
13 * Sec. 9. AS 39.35.420 is amended to read:

14 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If
15 [(1)] the death of an employee other than a policeman or a fireman
16 occurs before his retirement, but after [HE HAS COMPETED] at least
17 one year of credited service, and [(2)] the employee's widow is not
18 entitled to a widow's pension under sec. 430 of this chapter, a
19 lump sum death benefit shall be paid to the beneficiary of the
20 employee. The amount of the lump sum death denefit shall be \$100
21 for each year of credited service. The lump sum death benefit is in
22 addition to a refund of the balance of the employee contribution
23 account of the deceased employee under sec. 210 of this chapter.

24 (b) If the death of a male policeman or a male fireman occurs
25 before his retirement, but after at least one year of credited
26 service, and he does not leave a widow who is entitled to a widow's
27 pension under sec. 430 of this chapter, or if the death of a female
28 policeman or a female fireman occurs before her retirement, but at
29 least one year of credited service, and she does not leave a husband

1 at the time of her death, a monthly survivors pension equal to 50
2 per cent of the employee's monthly compensation received during the
3 month in which death occurred shall be paid to the employee's
4 surviving widow, but if the surviving widow remarries or if the
5 employee does not leave a surviving spouse, then in equal parts to
6 the children of the employee, including those adopted, who are either
7 under 18 years old or under 23 years old and registered at and
8 attending on a full-time basis an educational or a technical instit-
9 ution accredited by the state Department of Education. On the date
10 when the normal retirement of the employee would have occurred had
11 he lived, the monthly payments shall be reduced to an amount equal
12 to 75 per cent of the monthly amount of the normal retirement
13 benefit of an employee with an average monthly compensation as
14 existed at the time of his death and 20 years of credited service.
15 The first payment shall be made on the first day of the month
16 following the month in which the employee dies and the payments
17 shall cease as of the first day of the month in which there is no
18 eligible beneficiary.

19 * Sec. 10. AS 39.35.430 is amended to read:

20 Sec. 39.35.430. OCCUPATIONAL DEATH BENEFITS. (a) If (1) the
21 death of an employee other than a policeman or a fireman occurs
22 before his retirement and before his normal retirement date, and
23 (2) the proximate cause of death is a bodily injury sustained or a
24 hazard undergone while in the performance and within the scope of
25 the employee's duties, and (3) the injury or hazard is not the
26 proximate result of the wilful negligence of the employee, the
27 surviving widow of the employee is eligible for a widow's pension
28 until she remarries. The monthly amount of the widow's pension
29 shall be equal to the amount the widow would have received if the

1 employee had retired because of an occupational disability immed-
2 lately before his death.

3 (b) If (1) the death of a policeman or a fireman occurs before
4 his retirement and before his normal retirement date, and (2) the
5 proximate cause of death is a bodily injury sustained or a hazard
6 undergone while in the performance and within the scope of his
7 duties, and (3) the injury or hazard is not the proximate result of
8 the wilful negligence of the employee, a monthly survivors pension
9 equal to his monthly compensation in the month in which he died
10 shall be paid to his surviving spouse, or if his surviving spouse
11 remarries or if there is no surviving spouse, in equal parts to the
12 children of the employee, including those adopted, who are either
13 under 18 years old or under 23 years old and registered at and
14 attending on a full-time basis an educational or technical insti-
15 tution accredited by the state Department of Education. On the
16 date when the normal retirement of the employee would have occurred
17 if he had lived, monthly payments shall equal the monthly amount of
18 the normal retirement benefit to which the employee, had he lived
19 and continued his employment as a policeman or a fireman until his
20 normal retirement date, would have been entitled with an average
21 monthly compensation as existed at his death and the credited
22 service which he would have had.

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

28 (d) A determination of whether the proximate cause of
29 death was a bodily injury sustained, or a hazard undergone, while

1 in the performance and within the scope of the employee's duties
2 and whether the injury or hazard was the proximate result of the
3 wilful negligence of the employee shall be made by the board, based
4 upon evidence satisfactory to the board. [PAYMENT OF THE WIDOW'S
5 PENSION SHALL BEGIN ON THE FIRST DAY OF THE MONTH AFTER THE
6 EMPLOYEE'S DEATH, AND THE LAST PAYMENT SHALL BE MADE AS OF THE FIRST
7 DAY OF THE MONTH IN WHICH THE DEATH OR REMARRIAGE OF THE WIDOW
8 OCCURS.]

9 * Sec. 11. AS 39.35.440 is amended to read:

10 Sec. 39.35.440. DEATH AFTER OCCUPATIONAL DISABILITY. (a)
11 Upon the death of a retired employee other than a policeman or a
12 fireman who is receiving or is entitled to receive an occupational
13 disability pension, a widow's pension shall be paid to his surviving
14 widow until she remarries. The monthly amount of the pension shall
15 be equal to 75 per cent of the monthly amount of the occupational
16 disability pension which the retired employee was receiving or would
17 have been entitled to receive if he had not been entitled to work-
18 men's compensation and wage continuation payments. [PAYMENT OF THE
19 WIDOW'S PENSION SHALL BEGIN ON THE FIRST DAY OF THE MONTH AFTER THE
20 RETIRED EMPLOYEE'S DEATH, AND THE LAST PAYMENT SHALL BE MADE AS OF
21 THE FIRST DAY OF THE MONTH IN WHICH THE DEATH OR REMARRIAGE OF THE
22 WIDOW OCCURS.]

23 (b) Upon the death of a retired employee who was a policeman or
24 a fireman on the date of his retirement and who is receiving or is
25 entitled to receive an occupational disability pension, a survivors
26 benefit equal to two-thirds of his average monthly compensation
27 shall be paid to his surviving spouse or if his surviving spouse
28 remarries or if there is no surviving spouse, in equal parts to the
29 children of the employee, including those adopted, who are either

1 under 18 years old or under 23 years old and registered at and
2 attending on a full-time basis an educational or a technical insti-
3 tution accredited by the state Department of Education.

4 (c) The first payment of the widow's pension or of the
5 survivors pension shall be made on the first day of the month in
6 which the employee dies and the payments shall cease to be made as
7 of the first day of the month in which there is no eligible bene-
8 ficiary.

9 * Sec. 12. AS 39.35 is amended by adding a new section to Article 6
10 to read:

11 Sec. 39.35.550. TAX EXEMPTION. Benefits of this system are
12 exempt from state and municipal income taxes.

13 * Sec. 13 AS 39.35.680(2) is amended to read:

14 (2) "average monthly compensation" means the result
15 obtained by dividing the total compensation paid to an employee
16 during a considered period by the number of months, including
17 fractional months, for which compensation was received; the con-
18 sidered period consists of the three [FIVE] consecutive calendar
19 years during the period of credited service which yields the high-
20 est average; or if the employee does not have three years of credit-
21 ed service, his period of credited service.

22 * Sec. 14. AS 39.35.680(11) is repealed and re-enacted to read:

23 (11) "normal retirement date" for a policeman or a fire-
24 man means the first day of the month following either his 55th
25 birthday and 15 years of credited service or his 25th year of
26 credited service, whichever is earlier, and for any other employee
27 means the first day of the month following either his 60th birthday
28 and eight years of credited service or his 30th year of credited
29 service, whichever is earlier.

1 * Sec. 15. AS 39.35.680(14) is repealed and re-enacted to read:

2 (14) "policemen and firemen" means any officer, other
3 than ex officio, of the state police, members of the police force
4 of any incorporated city or borough, firemen, firewardens and employees
5 who are deemed by the Commissioner of Administration and the Public
6 Employees' Retirement Board to be guards in state, borough or city
7 penal and correctional institutions.

8 * Sec. 16. This Act takes effect July 1, 1970.
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