

HCS AM

Original sponsor: Rules Committee by request of the Governor

Offered: 3/30/70
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2

HOUSE CS FOR 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 system; and providing for an effective date."

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8

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

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* Section 1. AS 39.35.100(b)(1) is amended to read:

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(1) An individual account shall be maintained for each

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employee to which the amount of his mandatory contributions collected

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under sec. 160(a) of this chapter shall be credited as of the date of

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deduction or payment, as the case may be [WHEN MADE]. As of the last

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day of each calendar year and each fiscal year beginning with June 30,

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1969, this account shall be credited with interest, by applying one-

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half of the prescribed rate of interest to the balance in the account

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as of that date. Upon granting a pension, or upon payment of a death

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or a refund benefit, the balance of the employee contribution account

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shall be transferred to the asset share account of the employer of the

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employee and the employee contribution account shall be charged with

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the amount transferred.

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

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(2) An individual account shall be maintained for each

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employee to which the amount of his voluntary contributions shall be

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credited as of the date of deduction or payment, as the case may be

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[WHEN MADE]. As of the last day of each calendar year and each fiscal

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year beginning with June 30, 1969, this account shall be credited

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with interest, by applying one-half of the prescribed rate of

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interest to the balance in the account as of that date. Amounts

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

7 * Sec. 3. AS 39.35.150 is amended to read:

8 Sec. 39.35.150. RE-EMPLOYMENT OF RETIRED EMPLOYEES. (a) If a
9 retired employee is re-employed on a regular full-time basis by an
10 employer, no pension payments may be made during the period of re-
11 employment, except as provided in (c) of this section. Upon the subse-
12 quent retirement of the employee, he is entitled to receive a pension
13 based on his credited service and compensation before the date of his
14 previous retirement, as well as his credited service and compensation
15 during the period of re-employment.

16 (b) In the case of re-employment of an employee who retires under
17 secs. 370(c) or [SEC.] 380 of this chapter, the pension payable upon the
18 employee's subsequent retirement shall be reduced by the actuarial equiva-
19 lent of early retirement benefits previously received by the employee.

20 * Sec. 4. AS 39.35.150 is amended by adding a new subsection to read:

21 (c) A political subdivision of the state may re-employ, as a
22 chief of police or fire chief, a retired employee who is receiving a
23 normal retirement benefit under sec. 375 of this chapter and the pension
24 payments shall continue during the period of re-employment; however,
25 during the period of re-employment, the employee may not contribute nor
26 may contributions be made in his behalf to the system, and, upon subse-
27 quent termination, his pension payments shall continue based on his
28 credited service and compensation at the time of original retirement.

29 * Sec. 5. AS 39.35.160(a) is amended to read:

1 (a) While participating in the system each peace officer and each
2 fireman shall contribute five per cent and every other employee shall
3 contribute three and one-half per cent of his compensation to the public
4 employees' retirement system.

5 * Sec. 6. AS 39.35 is amended by adding a new section to read:

6 Sec. 39.35.315. CREDITABLE SERVICE AS A PEACE OFFICER OR FIREMAN.

7 (a) An employee enrolled as a peace officer or fireman is entitled to
8 service credit for the entire period of uninterrupted full-time employ-
9 ment as a peace officer or fireman in the state, including service as a
10 municipal police officer, highway patrolman, state policeman, state
11 trooper, territorial policeman, and as a member of the United States
12 Marshal's office, if he is employed as a peace officer or fireman by
13 the state or a participating political subdivision before July 1, 1971;
14 however, a person so employed must make the required employee contri-
15 butions to cover the period of prior service within two years after
16 becoming a member of the system. Contributions for service prior to
17 July 1, 1970, shall be at the rate of three and one-half per cent. Mem-
18 bers who are employed by the state or a participating political subdivi-
19 sion before July 1, 1971, shall make contributions for service as a peace
20 officer or fireman before being enrolled in the system, by July 1, 1972.

21 (b) Credited service as a peace officer or fireman is comprised
22 of credited past service plus credited future service. "Credited past
23 service" means the total period of full-time employment as a peace
24 officer or fireman performed in the state before July 1, 1971, or before
25 enrollment in the system as a peace officer or fireman, whichever is
26 later. "Credited future service" means the total period of full-time
27 employment as a peace officer or fireman in the state after enrollment
28 in the system as a peace officer or fireman.

29 * Sec. 7. AS 39.35.340 is amended by adding a new subsection to read:

1 (d) Service as a peace officer or fireman in the military service
2 may not be counted as credited past service regardless of whether or not
3 the service was performed in Alaska.

4 * Sec. 8. AS 39.35.360(a) is amended to read:

5 (a) An employee who completes three years of service with the
6 state or a participating political subdivision after January 1, 1961,
7 for which he makes contributions required by this chapter is entitled
8 to service credit for employment rendered to the state and former
9 territory of Alaska before January 1, 1961, regardless of the office,
10 department, division, or agency of the state or territory in which he
11 was employed.

12 * Sec. 9. 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 peace officer or a fireman is two and one-half per cent of his average
15 monthly compensation times his years of credited service. For every
16 other employee it is one per cent of his average monthly compensation
17 times his years of service up through 10 years, plus one and one-half
18 per cent of his average monthly compensation times his years of service
19 from 11 through 20, plus two per cent of his average monthly compensa-
20 tion times his years of service over 20 years.

21 * Sec. 10. AS 39.35.380(a) is amended to read:

22 (a) An employee, other than a peace officer [POLICEMAN] or fire-
23 man, is eligible for an early retirement pension if his employment is
24 terminated on or after his fifty-fifth [SIXTIETH] birthday and after he
25 completes 15 or more years of credited service. A peace officer [POLICE-
26 MAN] or fireman is eligible for an early retirement pension if his
27 employment is terminated on or after his fiftieth [FIFTY-FIFTH] birthday
28 and after he completes 10 [20] or more years of credited service as a
29 peace officer [POLICEMAN] or fireman.

1 * Sec. 11. AS 39.35.390(a) is amended to read:

2 (a) An employee is eligible for a deferred vested retirement
3 benefit if his employment is terminated on or after attainment of eight
4 years of credited service [AGE 40 AND CREDITED SERVICE OF EIGHT YEARS]
5 and he does not withdraw the balance in his employee contribution account.

6 * Sec. 12. AS 39.35.400 is amended to read:

7 Sec. 39.35.400. NONOCCUPATIONAL DISABILITY PENSIONS. (a) A
8 peace officer 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 NONOCCUPA-
11 TIONAL DISABILITY PENSION] if his employment is terminated because of
12 a nonoccupational disability before his normal retirement date and
13 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 PERIOD
16 OF THREE FULL MONTHS FROM THE] last day of employment. [HOWEVER, THE
17 BOARD MAY, IN ITS DISCRETION, AUTHORIZE THE PENSION TO BEGIN UPON THE
18 FIRST DAY OF AN EARLIER MONTH AFTER TERMINATION OF HIS EMPLOYMENT.] If
19 the payment does not begin upon the first day of the month coincidental
20 with or after retirement, a retroactive payment shall be made to cover
21 the period of deferment. The last payment shall be made as of the first
22 day of the month in which the death of the retired employee occurs or
23 in which he recovers from disability.

24 (c) If the retired employee recovers from the nonoccupational
25 disability, he is entitled to receive a normal or early retirement
26 pension[,] if he would have been eligible for the pension had [IF] his
27 employment [HAD] continued during the period of disability. However,
28 the period of disability does not constitute credited service except
29 for peace officers and firemen.

1 (d) The monthly amount of the nonoccupational disability pension
2 for an employee other than a peace officer or a fireman shall be deter-
3 mined in accordance with sec. 370(c) of this chapter, considering the
4 employee's credited service and compensation before termination of
5 employment. However, the amount shall be reduced by workmen's compensa-
6 tion benefits or wage continuation payments which are available to the
7 employee and which are attributable to the employers. The amount [A NON-
8 OCCUPATIONAL DISABILITY PENSION] may not exceed the benefit determined
9 in accordance with sec. 410(d) of this chapter. The monthly amount of
10 the nonoccupational disability pension for a peace officer or a fireman
11 shall be 50 per cent of his gross monthly compensation at the time of
12 his disability and the disability benefit is payable regardless of any
13 additional insurance or other compensation benefits.

14 (e) A retired employee receiving a nonoccupational disability
15 pension shall be required, as often as the personnel director considers
16 advisable, but not more frequently than once a year, to undergo a
17 medical examination by a physician engaged by the director. If, in the
18 judgment of the board, the examination indicates that the employee is
19 no longer incapacitated for service in the position held at the time
20 his disability pension began, [OR IN ANOTHER COMPARABLE POSITION]
21 payments of his disability pension shall cease. The [NAME OF THE] em-
22 ployee shall then be re-appointed to a position of the same classifica-
23 tion in which he was employed at the time of his disability, provided
24 he still meets all other necessary requirements for that position,
25 [PLACED ON THE APPROPRIATE LIST OF CANDIDATES MAINTAINED FOR APPOINTMENT
26 TO A POSITION FOR WHICH HE IS FOUND TO BE QUALIFIED] unless he elects
27 to receive a normal or early retirement pension in accordance with (c)
28 of this section. In any event, the disability pension shall not cease
29 until the employee is either re-appointed, retired or otherwise

1 disqualified from receiving a benefit by being disqualified for re-
2 appointment.

3 * Sec. 13. AS 39.35.410 is amended to read:

4 Sec. 39.35.410. OCCUPATIONAL DISABILITY PENSIONS. (a) A peace
5 officer or a fireman is eligible for an occupational disability pension
6 if his employment is terminated because of an occupational disability,
7 and any other [AN] employee is eligible [FOR AN OCCUPATIONAL DISABILITY
8 PENSION] if his employment is terminated because of an occupational
9 disability before his normal retirement date and after at least one year
10 of credited service.

11 (b) Payment of the occupational disability pension shall begin
12 on the first day of the month next following [A PERIOD OF THREE FULL
13 MONTHS AFTER] the last day of employment [, EXCEPT THAT THE BOARD MAY,
14 IN ITS DISCRETION, AUTHORIZE THE PENSION TO BEGIN UPON THE FIRST DAY
15 OF AN EARLIER MONTH FOLLOWING TERMINATION OF HIS EMPLOYMENT]. If pay-
16 ment does not begin upon the first day of the month coincidental with
17 or after retirement, a retroactive payment shall be made to cover the
18 period of deferment. The last payment shall be made as of the first
19 day of the month in which the death of the retired employee occurs or
20 in which he recovers from occupational disability before his normal
21 retirement date.

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

29 (d) The monthly amount of an occupational disability pension for

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

13 (e) A peace officer's or a fireman's occupational disability pension
14 may not be reduced by any other form of compensation he receives.

15 Any other [AN] employee's occupational disability pension shall be re-
16 duced by any workmen's compensation or wage continuation payments
17 which are available to the employee and which are attributable to the
18 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 attributable
22 to an accident, or within six months after the date his disability be-
23 gins if the disability is caused by an occupational disease. If the
24 disability is attributable to an accident, the employee shall file a
25 notice of the accident with the board within 30 days following the date
26 it occurred. This 30-day filing period is suspended for the time the
27 employee's condition prevents him from filing.

28 (g) A retired employee receiving an occupational disability
29 pension shall be required, as often as the personnel director of the

1 state considers advisable, but not more frequently than once a year,
2 to undergo a medical examination at a place determined by the personnel
3 director and by a physician or physicians engaged by the director. If,
4 in the judgment of the board, the examination indicates that the re-
5 tired employee is no longer incapacitated for service in the position
6 held at the time his disability pension began [OR IN ANOTHER COMPARABLE
7 POSITION], payments of his disability pension shall cease. The [NAME
8 OF THE] employee shall then be re-appointed to a position of the same
9 classification in which he was employed at the time of his disability
10 provided he still meets all other necessary requirements for that posi-
11 tion [PLACED ON THE APPROPRIATE LIST OF CANDIDATES MAINTAINED FOR
12 APPOINTMENT TO A POSITION FOR WHICH HE IS FOUND TO BE QUALIFIED], unless
13 he elects to receive an early retirement pension in accordance with (c)
14 of this section. In any event, the disability pension shall not cease
15 until the employee is either re-appointed, retired or otherwise dis-
16 qualified from receiving a benefit by being disqualified for re-appoint-
17 ment.

18 * Sec. 14. AS 39.35.420 is amended to read:

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

29 * Sec. 15. AS 39.35.420 is amended by adding new subsections to read:

1 (b) If the death of a male peace officer or a male fireman occurs
2 before his retirement, but after at least one year of credited service,
3 and he does not leave a widow who is entitled to a widow's pension
4 under sec. 430 of this chapter, or if the death of a female peace offi-
5 cer or a female fireman occurs before her retirement, but after at
6 least one year of credited service, and she does not leave a husband
7 at the time of her death, a monthly survivor's pension equal to 50
8 per cent of the employee's monthly compensation received during the
9 month in which death occurred shall be paid to the employee's surviving
10 widow. However, if the surviving widow remarries or if the employee
11 does not leave a surviving spouse, the monthly survivor's pension shall
12 be paid in equal parts to the children of the employee, including those
13 adopted, who are either under 18 years old or under 23 years old and
14 registered at and attending on a full-time basis an educational or a
15 technical institution accredited by the Department of Education. On
16 the date when the normal retirement of the employee would have occurred
17 had he lived, the monthly payments shall be reduced to an amount equal
18 to 75 per cent of the monthly amount of the normal retirement benefit
19 of an employee with an average monthly compensation as existed at the
20 time of his death and 20 years of credited service. The first payment
21 shall be made on the first day of the month following the month in
22 which the employee dies and the payments shall cease as of the first
23 day of the month in which there is no eligible beneficiary.

24 (c) No additional insurance annuity or other compensation may
25 have a bearing on the payment of benefits provided for in this section.

26 * Sec. 16. AS 39.35.430 is amended to read:

27 Sec. 39.35.430. OCCUPATIONAL DEATH BENEFITS. (a) If (1) the
28 death of an employee, other than a peace officer or a fireman, occurs
29 before his retirement and before his normal retirement date, and

1 (2) the proximate cause of death is a bodily injury sustained or a
2 hazard undergone while in the performance and within the scope of the
3 employee's duties, and (3) the injury or hazard is not the proximate
4 result of the wilful negligence of the employee, the surviving widow
5 of the employee is eligible for a widow's pension until she remarries.
6 The monthly amount of the widow's pension shall be equal to the amount
7 the widow would have received if the employee had retired because of
8 an occupational disability immediately before his death.

9 * Sec. 17. AS 39.35.430(b) is amended to read:

10 (d) [(B)] A determination of whether the proximate cause of
11 death was a bodily injury sustained, or a hazard undergone, while in
12 the performance and within the scope of the employee's duties and whether
13 the injury or hazard was the proximate result of the wilful negligence
14 of the employee shall be made by the board, based upon evidence satis-
15 factory to the board. [PAYMENT OF THE WIDOW'S PENSION SHALL BEGIN ON
16 THE FIRST DAY OF THE MONTH AFTER THE EMPLOYEE'S DEATH, AND THE LAST
17 PAYMENT SHALL BE MADE AS OF THE FIRST DAY OF THE MONTH IN WHICH THE
18 DEATH OR REMARRIAGE OF THE WIDOW OCCURS.]

19 * Sec. 18. AS 39.35.430 is amended by adding new subsections to read:

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

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

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

14 (e) No additional insurance, annuity or other compensation may
15 have a bearing on the payment of benefits under this section.

16 * Sec. 19. AS 39.35.440 is amended to read:

17 Sec. 39.35.440. DEATH AFTER OCCUPATIONAL DISABILITY. (a) Upon
18 the death of a retired employee, other than a peace officer or a fire-
19 man, who is receiving or is entitled to receive an occupational disabili-
20 ty pension, a widow's pension shall be paid to his surviving widow
21 until she remarries. The monthly amount of the pension shall be equal
22 to 75 per cent of the monthly amount of the occupational disability
23 pension which the retired employee was receiving or would have been
24 entitled to receive if he had not been entitled to workmen's compensation
25 and wage continuation payments. [PAYMENT OF THE WIDOW'S PENSION SHALL
26 BEGIN ON THE FIRST DAY OF THE MONTH AFTER THE RETIRED EMPLOYEE'S DEATH,
27 AND THE LAST PAYMENT SHALL BE MADE AS OF THE FIRST DAY OF THE MONTH IN
28 WHICH THE DEATH OR REMARRIAGE OF THE WIDOW OCCURS.]

29 * Sec. 20. AS 39.35.440 is amended by adding new subsections to read:

1 (b) Upon the death of a retired employee who was a peace officer
2 or a fireman on the date of his retirement and who is receiving or is
3 entitled to receive an occupational disability pension, a survivor's
4 benefit equal to two-thirds of his average monthly compensation shall
5 be paid to his surviving spouse. If his surviving spouse remarries
6 or if there is no surviving spouse, the survivor's benefit shall be
7 paid in equal parts to the children of the employee, including those
8 adopted, who are either under 18 years old or under 23 years old and
9 registered at and attending on a full-time basis an educational or a
10 technical institution accredited by the Department of Education.

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

15 (d) No additional insurance, annuity or other compensation may
16 have a bearing on the payment of benefits under this section.

17 * Sec. 21. AS 39.35 is amended by adding a new section to read:

18 Sec. 39.35.525. LIMITATION ON USE OF CREDITED SERVICE AS PEACE
19 OFFICER OR FIREMAN. For the purpose of computing benefits for an
20 employee enrolled as a peace officer or fireman, no more than 25 years
21 of credited service may be considered, except for the purpose of comput-
22 ing average monthly compensation and then the three consecutive years
23 during the entire period of credited service which produced the highest
24 total compensation shall be used.

25 * Sec. 22. AS 39.35 is amended by adding a new section to read:

26 Sec. 39.35.546. TAX EXEMPTION. Benefits of this chapter are
27 exempt from state and municipal income taxes.

28 * Sec. 23. AS 39.35.680(2) is amended to read:

29 (2) "average monthly compensation" means the result obtained

1 by dividing the total compensation paid to an employee during a con-
2 sidered period by the number of months, including fractional months,
3 for which compensation was received; the considered period consists
4 of the three [FIVE] consecutive calendar years during the period of
5 credited service which yields the highest average, or if the employee
6 does not have three years of credited service, his period of credited
7 service;

8 * Sec. 24. AS 39.35.680(11) is repealed and re-enacted to read:

9 (11) "normal retirement date" for a peace officer or a
10 fireman means the first day of the month following either his 55th
11 birthday and 10 years of credited service or his 20th year of credited
12 service, whichever is earlier, and for any other employee it means the
13 first day of the month following either his 60th birthday and eight
14 years of credited service or his 30th year of credited service, which-
15 ever is earlier;

16 * Sec. 25. AS 39.35.680(14) is repealed and re-enacted to read:

17 (14) "peace officer and fireman" means an employee who is
18 employed full time in the state as a peace officer, chief of police,
19 fireman or fire chief;

20 * Sec. 26. This Act takes effect on July 1, 1970.