

Original sponsor: Rules Committee by request of the Governor

Offered: 4/17/70
Referred: Rules

1 IN THE SENATE

BY THE FINANCE 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
7 system; and providing for an effective date."

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

9 * Section 1. AS 39.35.040(5)(A) is amended to read:

10 (A) an appropriate contribution rate for the state not
11 to exceed eight [SEVEN] per cent of the compensation paid to
12 participating state employees; in addition the state shall pay
13 the appropriate social security contribution; and

14 * Sec. 2. AS 39.35.100(b)(1) is amended to read:

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

27 * Sec. 3. AS 39.35.100(b)(2) is amended to read:

28 (2) An individual account shall be maintained for each
29 employee to which the amount of his voluntary contributions shall be

1 credited as of the date of deduction or payment, as the case may be
2 [WHEN MADE]. As of the last day of each calendar year and each fiscal
3 year beginning with June 30, 1969, this account shall be credited
4 with interest, by applying one-half of the prescribed rate of interest
5 to the balance in the account as of that date. Amounts which, be-
6 fore termination of employment, are withdrawn by an employee savings
7 account shall be charged to that account. Upon an employee's
8 retirement or death, the balance of his employee savings account shall
9 be transferred to the asset share account of the employer of the
10 employee and the employee savings account shall be charged with the
11 amount transferred.

12 * Sec. 4. AS 39.35.150 is amended to read:

13 Sec. 39.35.150. RE-EMPLOYMENT OF RETIRED EMPLOYEES. (a) If a
14 retired employee is re-employed on a regular full-time basis by an
15 employer, no pension payments may be made during the period of re-
16 employment. During the period of re-employment, deductions from salary
17 may be made at the option of the employee for contributions to the re-
18 retirement fund as provided in sec. 160 of this chapter. Upon the subse-
19 quent retirement of the employee, he is entitled to receive a pension
20 based on his credited service and compensation before the date of his
21 previous retirement and, if he elects to make contributions to the fund
22 during his re-employment, [AS WELL AS] his credited service and compen-
23 sation during the period of re-employment.

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

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

29 (a) While participating in the system each peace officer and

1 each fireman shall contribute five per cent and every other employee shall
2 contribute three and one-half per cent of his compensation to the public
3 employees' retirement system.

4 * Sec. 6. AS 39.35.360(a) is amended to read:

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

11 * Sec. 7. AS 39.35.370(c) is repealed and re-enacted to read:

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

21 * Sec. 8. 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
25 he completes eight [15] or more years of credited service. A peace
26 officer [POLICEMAN] or fireman is eligible for an early retirement
27 pension if his employment is terminated on or after his fiftieth [FIFTY-
28 FIFTH] birthday and after he completes eight [20] or more years of
29 credited service as a peace officer [POLICEMAN] or fireman.

1 * Sec. 9. 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
4 eight years of credited service [AGE 40 AND CREDITED SERVICE OF EIGHT
5 YEARS] and he does not withdraw the balance in his employee contribution
6 account.

7 * Sec. 10. AS 39.35.400(c) is amended to read:

8 (c) If the retired employee recovers from the nonoccupational
9 disability, he is entitled to receive a normal or early retirement
10 pension [,] if he would have been eligible for the pension had [IF] his
11 employment [HAD] continued during the period of disability. However,
12 the period of disability does not constitute credited service.

13 * Sec. 11. AS 39.35.400(d) is amended to read:

14 (d) The monthly amount of the nonoccupational disability pension
15 shall be determined in accordance with sec. 370(c) of this chapter,
16 considering the employee's credited service and compensation before
17 termination of employment. However, the amount shall be reduced by
18 [WORKMEN'S COMPENSATION BENEFITS OR] wage continuation payments which
19 are available to the employee and which are attributable to the
20 employers. The amount [A NONOCCUPATIONAL DISABILITY PENSION] may not
21 exceed the benefit determined in accordance with sec. 410(d) of this
22 chapter.

23 * Sec. 12. AS 39.35.410 is amended to read:

24 Sec. 39.35.410. OCCUPATIONAL DISABILITY PENSIONS. (a) An
25 employee is eligible for an occupational disability pension if his
26 employment is terminated because of an occupational disability before
27 his normal retirement date [AND AFTER AT LEAST ONE YEAR OF CREDITED
28 SERVICE].

29 (b) Payment of the occupational disability pension shall

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

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

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

1 retirement, the pension shall be determined as if the spouse were
2 the same age as the employee.

3 (e) An employee's occupational disability pension shall be
4 reduced by any workmen's compensation or wage continuation payments
5 which are available to the employee and which are attributable to the
6 employers.

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

16 (g) A retired employee receiving an occupational disability
17 pension shall be required, as often as the personnel director of the
18 state considers advisable, but not more frequently than once a year,
19 to undergo a medical examination at a place determined by the personnel
20 director and by a physician or physicians engaged by the director. If,
21 in the judgment of the board, the examination indicates that the re-
22 tired employee is no longer incapacitated for service in the position
23 held 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 re-appointed to a position of the same
26 classification in which he was employed at the time of his disability
27 provided he still meets all other necessary requirements for that
28 position [PLACED ON THE APPROPRIATE LIST OF CANDIDATES MAINTAINED FOR
29 APPOINTMENT TO A POSITION FOR WHICH HE IS FOUND TO BE QUALIFIED], unless

1 he elects to receive an early retirement pension in accordance with (c)
2 of this section. In any event, the disability pension shall not cease
3 until the employee is either re-appointed, retired or otherwise dis-
4 qualified from receiving a benefit by being disqualified for re-appoint-
5 ment.

6 (h) A retired employee's occupational disability pension shall
7 terminate when the employee first attains eligibility for normal retire-
8 ment. At that time, his retirement benefit will be calculated under
9 the provisions of sec. 370(c).

10 * Sec. 13. AS 39.35.420 is amended to read:

11 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If [(1)]
12 the death of an employee occurs before his retirement, but after he
13 has completed at least one year of credited service, and [(2)] the
14 employee's survivor [WIDOW] is not entitled to a surviving spouse's
15 [WIDOW'S] pension under sec. 430 of this chapter, a lump sum death
16 benefit shall be paid to the beneficiary of the employee. The amount
17 of the lump sum death benefit shall be \$100 for each year of credited
18 service. The lump sum death benefit is in addition to a refund of the
19 balance of the employee contribution account of the deceased employee
20 under sec. 210 of this chapter.

21 * Sec. 14. AS 39.35.430 is amended to read:

22 Sec. 39.35.430. OCCUPATIONAL DEATH BENEFITS. (a) If (1) the
23 death of an employee, other than a peace officer or a fireman, occurs
24 before his retirement and before his normal retirement date, and
25 (2) the proximate cause of death is a bodily injury sustained or a
26 hazard undergone while in the performance and within the scope of the
27 employee's duties, and (3) the injury or hazard is not the proximate
28 result of the wilful negligence of the employee, the surviving spouse
29 [WIDOW] of the employee is eligible for a surviving spouse's [WIDOW'S]

1 pension until remarriage. The monthly amount of the surviving spouse's
2 [WIDOW'S] pension shall be equal to the amount the surviving spouse
3 [WIDOW] would have received if the employee had retired because of
4 an occupational disability immediately before his death. If the surviv-
5 ing spouse remarries or if there is no surviving spouse, the survivor's
6 benefit shall be paid in equal parts to the children of the employee,
7 including those adopted, who are either under 18 years old or under 23
8 years old and registered at and attending on a full-time basis an
9 accredited educational or a technical institution recognized by the
10 Department of Education.

11 * Sec. 15. AS 39.35.430(b) is amended to read:

12 (d) [(B)] A determination of whether the proximate cause of
13 death was a bodily injury sustained, or a hazard undergone, while in
14 the performance and within the scope of the employee's duties and
15 whether the injury or hazard was the proximate result of the wilful
16 negligence of the employee shall be made by the board, based upon
17 evidence satisfactory to the board. Payment of the surviving spouse's
18 [WIDOW'S] pension shall begin on the first day of the month after the
19 employee's death, and the last payment shall be made as of the first
20 day of the month in which the death or remarriage of the surviving
21 spouse [WIDOW] occurs.

22 * Sec. 16. AS 39.35.430 is amended by adding new subsections to read:

23 (b) If (1) the death of a peace officer or a fireman occurs
24 before his retirement and before his normal retirement date, and
25 (2) the proximate cause of death is a bodily injury sustained or a
26 hazard undergone while in the performance and within the scope of his
27 duties, and (3) the injury or hazard is not the proximate result of
28 the wilful negligence of the employee, a monthly survivor's pension
29 equal to his monthly compensation in the month in which he died shall

1 be paid to his surviving spouse. If his surviving spouse remarries
2 or if there is no surviving spouse, the monthly survivor's pension
3 shall be paid in equal parts to the children of the employee, including
4 those adopted, who are either under 18 years old or under 23 years
5 old and registered at and attending on a full-time basis an accredited
6 educational or technical institution recognized by the Department of
7 Education. On the date the normal retirement of the employee would
8 have occurred if he had lived, monthly payments shall equal the monthly
9 amount of the normal retirement benefit to which the employee, had he
10 lived and continued his employment as a peace officer or a fireman
11 until his normal retirement date, would have been entitled with an
12 average monthly compensation as existed at his death and the credited
13 service which he would have had.

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

19 (e) Payment of benefits under this section shall be reduced by
20 any workmen's compensation or wage continuation payments which are
21 available to the survivors and which are attributable to the employers.

22 * Sec. 17. AS 39.35.440 is amended to read:

23 Sec. 39.35.440. DEATH AFTER OCCUPATIONAL DISABILITY. (a) Upon
24 the death of a retired employee, other than a peace officer or a fire-
25 man, who is receiving or is entitled to receive an occupational disabili-
26 ty pension, a surviving spouse's [WIDOW'S] pension shall be paid to
27 his surviving spouse [WIDOW]. The monthly amount of the pension shall
28 be equal to 75 per cent of the monthly amount of the occupational
29 disability pension which the retired employee was receiving or would

1 have been entitled to receive if he had not been entitled to workmen's
2 compensation and wage continuation payments. If the surviving spouse
3 remarries or if there is no surviving spouse, the survivor's benefit
4 shall be paid in equal parts to the children of the employee, including
5 those adopted, who are either under 18 years old or under 23 years old
6 and registered at and attending on a full-time basis an accredited
7 educational or a technical institution recognized by the Department of
8 Education. [PAYMENT OF THE WIDOW'S PENSION SHALL BEGIN ON THE FIRST
9 DAY OF THE MONTH AFTER THE RETIRED EMPLOYEE'S DEATH, AND THE LAST
10 PAYMENT SHALL BE MADE AS OF THE FIRST DAY OF THE MONTH IN WHICH THE
11 DEATH OR REMARRIAGE OF THE WIDOW OCCURS.]

12 * Sec. 18. AS 39.35.440 is amended by adding new subsections to read:

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

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

29 (d) Payment of benefits under this section shall be reduced by

1 any workmen's compensation or wage continuation payments which are
2 available to the survivors and which are attributable to the employers.

3 * Sec. 19. AS 39.35 is amended by adding a new section to read:

4 Sec. 39.35.525. LIMITATION ON USE OF CREDITED SERVICE AS PEACE
5 OFFICER OR FIREMAN. For the purpose of computing benefits for an
6 employee enrolled as a peace officer or fireman, no more than 30 years
7 of credited service may be considered, except for the purpose of com-
8 puting average monthly compensation and then the three consecutive years
9 during the entire period of credited service which produced the highest
10 total compensation shall be used.

11 * Sec. 20. AS 39.35 is amended by adding a new section to read:

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

14 * Sec. 21. AS 39.35.680(2) is amended to read:

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

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

24 (11) "normal retirement date" for a peace officer or a
25 fireman means the first day of the month following either his 55th
26 birthday and eight years of credited service or his 20th year of
27 credited service, whichever is earlier, and for any other employee it
28 means the first day of the month following either his 60th birthday
29 and eight years of credited service or his 30th year of credited

1 service, whichever is earlier;

2 * Sec. 23. AS 39.35.680(14) is repealed and re-enacted to read:

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

6 * Sec. 24. AS 39.35.680 is amended by adding a new paragraph to read:

7 (19) "surviving spouse" means the spouse of an employee who
8 has been married to the employee for at least one year and who, at the
9 time of his death, was living with him or dependent upon him for support
10 or living apart for justifiable cause or by reason of desertion by the
11 employee.

12 * Sec. 25. This Act takes effect on July 1, 1970.
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