

Original sponsor: Miller

Offered: 3/20/72
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 264

Fin.

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

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

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

9 * Section 1. AS 39.30.090 is amended by adding new paragraphs to read:

10 (9) A person receiving benefits under AS 39.35 who is not
11 65 years of age may obtain major medical and life insurance under this
12 section for himself and any dependents who have not reached the age of
13 65 years.

14 (10) A person receiving benefits under AS 39.35 who is 65
15 years of age or older but who has dependents who are under 65 may
16 obtain major medical insurance for these dependents under this section.

17 (11) A person receiving benefits under AS 39.35 who is over
18 65 years of age and any dependents who are over 65 years of age may
19 obtain major medical and prescription drug insurance under this section
20 to cover costs which are not covered by the federal Old Age Survivor's
21 and Disability Insurance program.

22 (12) A person electing to have insurance under (9), (10) or
23 (11) of this section shall pay the cost of this insurance.

24 * Sec. 2. AS 39.35.160(a) is amended to read:

25 (a) While participating in the system each peace officer and each
26 fireman shall contribute five per cent and every other employee shall
27 contribute four and one-quarter [THREE AND ONE-HALF] per cent of his
28 compensation to the public employees' retirement system.

29 * Sec. 3. AS 39.35.370(a) is amended to read:

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1 (a) An employee is eligible for a normal retirement pension if
2 his employment is terminated on or after his normal retirement date
3 and after he completes five [EIGHT] or more years of credited service.

4 * Sec. 4. AS 39.35.370(c) is amended to read:

5 (c) The monthly amount of the normal retirement pension for a
6 peace officer or a fireman is two per cent of his average monthly
7 compensation times his years of credited service up through 10 years,
8 plus two and one-half per cent of his average monthly compensation
9 times his years of service over 10 years. For every other employee it
10 is one and one-half per cent of his average monthly compensation times
11 his years of service up through 10 years, plus one and three-quarters
12 [ONE-HALF] per cent of his average monthly compensation times his years
13 of service from 11 through 20, plus two per cent of his average monthly
14 compensation times his years of service over 20 years.

15 * Sec. 5. AS 39.35.380(a) is amended to read:

16 (a) An employee, other than a peace officer or fireman, is eligible
17 for an early retirement pension if his employment is terminated on or
18 after his 55th birthday and after he completes five [EIGHT] or more years
19 of credited service. A peace officer or fireman is eligible for an
20 early retirement pension if his employment is terminated on or after his
21 50th birthday and after he completes five [EIGHT] or more years of credited
22 service as a peace officer or fireman.

23 * Sec. 6. AS 39.35.400(a) is amended to read:

24 (a) An employee is eligible for a nonoccupational disability
25 pension if his employment is terminated because of a nonoccupational
26 disability before his normal retirement date and after five [EIGHT] or
27 more years of credited service.

28 * Sec. 7. AS 39.35.420 is amended to read:

29 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. If the death of

1 an employee occurs before his retirement, but after he has completed
2 at least one year of credited service, and the employee's survivor is
3 not entitled to a surviving spouse's pension under sec. 430 of this
4 chapter, a lump sum death benefit shall be paid to the beneficiary of
5 the employee. The amount of the lump sum death benefit shall be
6 \$1,000 plus \$100 for each year of credited service. The lump sum
7 death benefit is in addition to a refund of the balance of the employee
8 contribution account of the deceased employee under sec. 210 of this
9 chapter.

10 * Sec. 8. AS 39.35.450 is amended to read:

11 Sec. 39.35.450. JOINT AND SURVIVOR OPTION. (a) By filing an
12 application with the board, an employee may designate his spouse or a
13 dependent approved by the board as his contingent beneficiary and
14 may elect to receive a pension payable in accordance with one of the
15 following joint and survivor options, instead of the [NORMAL] retire-
16 ment pension to which he may otherwise become entitled upon retirement.

17 (1) The employee shall receive a reduced pension payable
18 for life, and payments in the amount of 75 per cent of the reduced
19 pension shall, after the employee's death, be continued to his contin-
20 gent beneficiary for life.

21 (2) The employee shall receive a reduced pension payable
22 for life, and payments in the amount of 50 per cent of the reduced
23 pension shall, after the employee's death, be continued to his con-
24 tingent beneficiary for life.

25 (3) The employee shall receive a reduced pension payable
26 during the joint lifetime of the employee and his contingent benefici-
27 ary, and payments in the amount of 66 2/3 per cent of the reduced
28 pension shall, after the death of either the employee or his contingent
29 beneficiary, be continued to the survivor for life.

1 (b) The aggregate of the pension payments expected to be paid
2 to an employee and his contingent beneficiary under the options set
3 out in (a) of this section shall be the actuarial equivalent of the
4 pension which the employee is otherwise entitled to receive upon re-
5 tirement.

6 (c) An employee may elect, change, or revoke an option without the
7 approval of the board if his election, change, or revocation is filed
8 in writing with the board at least 30 days before his [NORMAL] retire-
9 ment date. The option may not be elected, changed, or revoked after
10 the 30 day period begins.

11 (d) An employee may, regardless of his age, elect an option
12 without the approval of the board any time within six months after
13 the effective date of his employer's participation in the system, if
14 the employee is in the active employ of the employer at the time the
15 election is made.

16 (e) An election made under this section becomes inoperative if
17 the employee's pension payments commence or death occurs before his
18 [NORMAL] retirement date or the contingent beneficiary's death occurs
19 before the employee's [NORMAL] retirement date.

20 (f) If an employee who makes an election continues in the employ
21 of an employer after his [NORMAL] retirement date, no pension payments
22 may be made during the period of continued employment. If either the
23 employee or his contingent beneficiary dies during the continued em-
24 ployment, the election becomes operative, so that (1) if the contingent
25 beneficiary predeceases the employee, the employee, upon retirement,
26 receives the reduced pension which would have been payable had the
27 beneficiary then been surviving, or (2) if the employee predeceases
28 the contingent beneficiary, the contingent beneficiary receives,
29 beginning as of the first day of the month after the employee's death,

1 the survivorship pension which would have been payable had the employee
2 retired immediately before his death.

3 * Sec. 9. AS 39.35.470 is amended to read:

4 Sec. 39.35.470. OTHER FORMS OF PAYMENT. If a pension payable
5 under the system is less than \$25 a month, the board may direct that,
6 instead of the pension, the actuarial equivalent of it shall be paid
7 in a lump sum, or in a series of uniform monthly, quarterly, or annual
8 amounts for life or for a designated period of time or provide a
9 minimum monthly benefit calculated by multiplying \$10 times each year
10 of credited service, whichever provides the greater dollar benefit to
11 the retired employee.

12 * Sec. 10. AS 39.35.475 is amended to read:

13 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. When the
14 commissioner of administration determines that the cost of living has
15 increased and the financial condition of the retirement fund permits,
16 he will recommend to the retirement board increased pension payments to
17 retired employees, spouses or other beneficiaries to reflect this in-
18 crease in the cost of living and the board may adopt the increase by
19 regulation. The amount of the increase may not exceed four [ONE AND
20 ONE-HALF] per cent for each year of retirement. A retired employee
21 shall first be eligible for an increase at the end of the year follow-
22 ing the year of his retirement. Increases shall be effective on and
23 paid beginning the first day of January.

24 * Sec. 11. AS 39.35.040(5)(A) is amended to read:

25 (A) an appropriate contribution rate for the state
26 [NOT TO EXCEED EIGHT PER CENT OF THE COMPENSATION PAID TO PARTICI-
27 PATING STATE EMPLOYEES]; in addition the state shall pay the
28 appropriate social security contribution; and _

29 * Sec. 2. This Act takes effect on July 1, 1972.