

Introduced: 2/23/73
Referred: Health, Education and
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 **CS** HOUSE BILL NO. 265
3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the teachers' retirement system."

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

8 * Section 1. AS 14.25.040 is amended to read:

9 Sec. 14.25.040. MEMBERSHIP. After June 30, 1955, a teacher
10 contracting for service with an employer [, EXCEPT ONE WHOSE ATTAINED
11 AGE IN COMPLETED YEARS ON THE JULY 1 FALLING ON OR AFTER THE DATE OF
12 COMMENCEMENT OF SERVICE, LESS THE NUMBER OF YEARS OF CREDITABLE
13 SERVICE BEFORE THAT JULY 1, EXCEEDS 50, AND] who can complete eight
14 years of membership service or 15 years total service, the last five
15 of which are membership service, by the first day of July following
16 his 65th birthday, is subject to this chapter.

17 * Sec. 2. AS 14.25.055 is amended to read:

18 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY A TEACHER. If a
19 teacher is married or has a minor child and wishes to make his spouse
20 or minor child eligible for a spouse's pension or a survivor's allow-
21 ance, he may elect to make a supplemental contribution of an
22 additional one per cent of his base salary within 90 days of his
23 entry into participation in the system, [BUT NOT LATER THAN NOVEMBER
24 1, 1970,] or within 90 [30] days following the first day [AFTER OCTOBER
25 1, 1970,] on which he is entitled to make the election, or within 90
26 days of his marriage, or within 90 days of the birth or adoption of
27 a child dependent upon him [WHICHEVER IS LATER].

28 * Sec. 3. AS 14.25.060(c) is amended to read:

29 (c) If a teacher has creditable outside or Bureau of Indian

1 Affairs (BIA) service he is indebted, in addition to the contributions
2 required by sec. 50 of this chapter, as follows:

3 (1) If, at the time of becoming a member of the retirement
4 system, a teacher has no membership service, his indebtedness is
5 seven per cent of the base salary paid at the time of first becoming
6 employed as a teacher under this chapter, multiplied by the total
7 number of years of his creditable outside and BIA service at the time
8 of becoming a member. The combined total of outside and BIA service
9 claimed may not exceed 15 years; however, no more than 10 years out-
10 side service may be claimed. Compound interest at the rate pre-
11 scribed by regulation shall be added to the indebtedness beginning
12 July 1, 1963, or at the time of first becoming employed as a teacher,
13 whichever is later, to the date of payment or date of retirement,
14 whichever occurs first.

15 (2) If a teacher, after becoming a member of this retire-
16 ment system, discontinues active membership and subsequently desires
17 to be reinstated and to receive credit for outside service accumulated
18 in the interim, his indebtedness to the retirement fund for the
19 additional credit shall be computed as seven per cent of the base
20 salary received upon reinstatement multiplied by the number of years
21 of interim outside and BIA service. Compound interest at the rate
22 prescribed by regulation shall be added to the indebtedness beginning
23 on July 1, 1963, or at the time of reinstatement, whichever is later,
24 to the date of payment or the date of retirement, whichever occurs
25 first.

26 * Sec. 4. AS 14.25.065 is amended to read:

27 Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contri-
28 butions deducted in accordance with secs. 50 and 55 of this chapter
29 shall be transmitted to the retirement fund no later than 15 days

1 [THE 15TH OF THE MONTH] following the close of the payroll period,
2 with the final contributions due for any school year transmitted no
3 later than July 15 [AUGUST 31].

4 (b) The contributions of employers under sec. 70 of this chapter
5 shall be transmitted by a school district to the administrator at the
6 close of each pay period. If the contributions are not submitted
7 within 15 days of the close of each payroll period, the amount of the
8 contributions shall be deducted by the Department of Education from
9 the state funds due the school district and the amount so deducted
10 shall be transmitted to the administrator for deposit in the retire-
11 ment fund. The University of Alaska shall forward its contribution
12 to the administrator within 15 days of the close of each payroll
13 period for deposit in the retirement fund. If the contributions are
14 not submitted within 15 days of the close of each payroll period, the
15 amount of the contributions shall be deducted by the commissioner of
16 administration from any state funds due the University of Alaska and
17 the amount deducted shall be transmitted to the administrator for
18 deposit in the retirement fund.

19 * Sec. 5. AS 14.25.070 is amended to read:

20 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
21 contribute to the retirement fund either (1) an amount equal to one-
22 half the percentage, as certified by the administrator, of the sum
23 total of the base salaries of all teachers that is required in addition
24 to teacher contributions to provide the benefits of this chapter times
25 the sum total of the base salaries paid to teachers by the employer,
26 or (2) an amount equal to five and one-half per cent of the sum total
27 of the base salaries paid to teachers by the employer, whichever is
28 less. [THE CONTRIBUTIONS SHALL BE TRANSMITTED TO THE ADMINISTRATOR AT
29 THE CLOSE OF EACH PAY PERIOD. IF THE CONTRIBUTIONS ARE NOT SUBMITTED,

1 THE CONTRIBUTIONS SHALL BE DEDUCTED BY THE DEPARTMENT OF EDUCATION
2 FROM STATE FUNDS DUE THE SCHOOL DISTRICTS AND TRANSMITTED TO THE
3 TEACHERS' RETIREMENT SYSTEM FOR DEPOSIT IN THE RETIREMENT FUND. THE
4 UNIVERSITY OF ALASKA SHALL FORWARD ITS CONTRIBUTION TO THE ADMINI-
5 STRATOR AT THE CLOSE OF EACH PAY PERIOD FOR DEPOSIT BY HIM IN THE
6 RETIREMENT FUND.]

7 * Sec. 6. 14.25.080 is amended to read:

8 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legis-
9 lature may appropriate to the retirement fund an amount equal to
10 either one-half the percentage, as certified by the administrator, of
11 the amount required in addition to teacher contributions to provide
12 the benefits of this chapter or an amount equal to five and one-half
13 per cent of the teachers' base salaries, whichever is less. It may be
14 appropriated annually and deposited in the retirement fund monthly.

15 * Sec. 7. AS 14.25.090 is repealed.

16 * Sec. 8. AS 14.25.110 is repealed and re-enacted to read:

17 Sec. 14.25.110. ELIGIBILITY FOR SERVICE RETIREMENT. (a) A
18 teacher is eligible for normal retirement if he has completed either
19 (1) at least 15 years of creditable service, the last five of which
20 have been membership service, and has attained the age of 55 years,
21 or (2) at least eight years of membership service and has attained the
22 age of 60 years, or (3) at least 30 years of creditable service, the
23 last five of which have been membership service.

24 (b) A teacher is eligible for early retirement if he has com-
25 pleted either of the service requirements in (a)(1) or (a)(2) of this
26 section and has attained the age of 55 years.

27 (c) A teacher who has completed either of the service require-
28 ments in (a)(1) or (a)(2) of this section and has attained the age of
29 65 years during the school year, shall be retired on the July 1

1 following his 65th birthday unless he is retained by request of his
2 employer. Provisions of this subsection regarding compulsory retire-
3 ment do not apply to personnel of the University of Alaska.

4 (d) A retired teacher who has been receiving a disability retire-
5 ment salary is eligible for a service retirement salary upon attaining
6 60 years of age.

7 (e) The burden is upon the applicant to prove eligibility for
8 retirement benefits to the full satisfaction of the administrator.

9 * Sec. 9. AS 14.25.120(a) is amended to read:

10 (a) Every teacher who has applied for retirement salary and who
11 has satisfactorily shown his eligibility as provided in sec. 110 of
12 this chapter, shall receive from the retirement fund, for each school
13 year subsequent to the date of application, a retirement salary pay-
14 able on the first day of each month, beginning the month following
15 retirement.

16 * Sec. 10. AS 14.25.120(c)(1) is amended to read:

17 (1) If the teacher is eligible for normal retirement as of
18 [EITHER 60 YEARS OF AGE OR OLDER OR HAS 30 YEARS OF CREDITABLE SERVICE
19 ON] the date on which the application for a retirement salary is filed
20 and has paid into the retirement fund the full amount of his indebt-
21 edness, his annual retirement salary is two per cent of his [HIGHEST]
22 average base salary during any three of the last 10 years of member-
23 ship service multiplied by the total number of years of creditable
24 service [, AS DEFINED IN (F) OF THIS SECTION, MULTIPLIED BY THE TOTAL
25 NUMBER OF YEARS OF CREDITABLE SERVICE], including credited fractional
26 years.

27 * Sec. 11. AS 14.25.120(c)(4) is amended to read:

28 (4) If the teacher is not eligible for normal retirement,
29 but is eligible for early retirement, as defined in sec. 110(a) and

1 (b) of this chapter, [HAS NOT ATTAINED THE AGE OF 60 OR COMPLETED
2 30 YEARS OF CREDITABLE SERVICE] on the date when application for
3 retirement salary is filed, his [THE] annual retirement salary is the
4 amount that would be due and owing to the teacher if he were at least
5 60, [SHALL BE] reduced [ANNUALLY] by the amount derived from the
6 following computations: multiply one-half of one per cent times the
7 number of months, to the nearest month, by which the applicant's
8 attained age on the date of filing application falls short of 60
9 years, times the amount of annual retirement salary that would be due
10 and owing the teacher if he were at least 60 years of age.

11 * Sec. 12. AS 14.25.120(c)(8) is amended to read:

12 (8) During a [THE] period of re-employment following retire-
13 ment, deductions from salary may be made at the option of the teacher
14 for contributions to the retirement fund as provided in sec. 50 of
15 this chapter. If deductions are made, the annual amount of retire-
16 ment salary shall be increased when the teacher again retires from
17 active membership service, by adding to the annual amount previously
18 payable, an amount equal to two per cent of the teacher's base salary
19 for the period of re-employment. However, if the teacher has not
20 attained the age of 60 on the date when payment of retirement salary
21 is resumed, the additional amount provided for in this paragraph shall
22 be reduced [ANNUALLY] by the amount derived from the following com-
23 putations: multiply one-half of one per cent times the number of
24 months, to the nearest month, by which the teacher's attained age on
25 the date of subsequent retirement falls short of 60 years, times the
26 additional amount provided in this paragraph.

27 * Sec. 13. AS 14.25.120(e) and (f) are repealed.

28 * Sec. 14. AS 14.25.120(g) is amended to read:

29 (g) A teacher who retired before July 1, 1971, with at least 25

1 years of creditable service, at least 15 of which were membership
2 service, and who is entitled to a retirement salary under either this
3 retirement fund or the retirement fund of 1945, shall receive a
4 service retirement salary of not less than \$375 a month, based on a
5 minumum sum of \$15 per [A] month for each year of creditable service
6 up to 25 years, not including adjustments made under sec. 142 or sec.
7 143 of this chapter. A teacher who retired before July 1, 1971, with
8 less than 25 years of creditable service, and who is entitled to a
9 retirement salary under either this retirement fund or the retirement
10 fund of 1945, shall receive a service retirement salary of at least
11 \$15 per [A] month for each year of credited service. If, on the date
12 the teacher originally applied for retirement salary, the teacher
13 elected option two as provided by (c)(2)(B) of this section as payment
14 of his indebtedness or a reduced benefit in accordance with (c)(4) of
15 this section, the amount of the dollar reduction shall remain in
16 effect.

17 * Sec. 15. AS 14.25.130(a) is amended to read:

18 (a) A teacher in membership service who has become permanently
19 disabled, as defined in sec. 220 of this chapter, before age 60 and
20 who has had five or more membership years may be retired by the
21 administrator as of the first day of the month following the perma-
22 nent disability. The administrator, after a report of medical
23 examination of the teacher and other information the administrator
24 may request has been submitted, shall certify that the teacher is
25 physically or mentally incapacitated for the further performance of
26 duty, and that the incapacity is likely to be permanent and that the
27 teacher should be retired.

28 * Sec. 16. AS 14.25.140(a) is amended to read:

29 (a) A teacher who becomes disabled on or after July 1, 1966 and

1 has applied for disability retirement salary shall receive from the
2 retirement fund, during [FOR] each [SCHOOL] year subsequent to the date
3 of application and certification by the administrator under sec. 130
4 of this chapter, a disability retirement salary payable on the first
5 day of each month, beginning the month following the disability.

6 * Sec. 17. AS 14.25.140(c) is amended to read:

7 (c) The amount of the disability retirement shall be equal to 50
8 per cent of the teacher's [HIS] base salary immediately before his
9 becoming disabled. The disability retirement salary shall be increased
10 by 10 per cent of the teacher's base salary at the date of disability
11 for each minor child, up to a maximum of four minor children, until the
12 first day of the month in which the child ceases to be a minor child or
13 the disability retirement salary terminates, whichever occurs first.

14 * Sec. 18. AS 14.25.142(b) is repealed.

15 * Sec. 19. AS 14.25.143(a) is amended to read:

16 (a) When the administrator determines that the cost of living has
17 increased and that the financial condition of the retirement fund per-
18 mits, he may increase all normal retirement and survivor's benefits
19 salaries [THE PENSION PAYMENTS] to reflect this cost of living increase.

20 * Sec. 20. AS 14.25.145 is amended to read:

21 Sec. 14.25.145. INTEREST ON INDIVIDUAL ACCOUNTS. [AS OF JULY 1,
22 1962, WHEN A TEACHER BEGINS AT LEAST HIS THIRD YEAR OF MEMBERSHIP
23 SERVICE, HIS ACCOUNT SHALL BE CREDITED WITH AN AMOUNT EQUAL TO THE
24 INTEREST WHICH HIS ACCOUNT WOULD HAVE EARNED AT THE INTEREST RATES PRE-
25 SCRIBED BY REGULATION DURING HIS FIRST TWO YEARS OF MEMBERSHIP SERVICE
26 AND, IF NONE WAS PRESCRIBED DURING ANY PART OF THE PERIOD, AT THE
27 INTEREST RATES SUBSEQUENTLY PRESCRIBED BY REGULATION FOR THAT PART.
28 THEREAFTER, INTEREST] Interest shall be credited to each [A] teacher's
29 account at the end of each school year at the rate prescribed by regu-

1 lation for that year.

2 * Sec. 21. AS 14.25.150(1) is amended to read:

3 (1) A teacher leaving membership service [IF A TEACHER HAS
4 NOT BEEN IN MEMBERSHIP SERVICE FOR MORE THAN TWO YEARS, HE] shall re-
5 ceive his total accumulated contributions plus interest credited to
6 his individual contribution account, less any amounts owing to the
7 retirement fund because of previous withdrawals.

8 * Sec. 22. AS 14.25.150(2) is repealed.

9 * Sec. 23. AS 14.25.150(3) is amended to read:

10 (3) If a teacher who has received a refund of contributions
11 is re-employed in membership service, he is, upon his re-employment,
12 [BECOMES] indebted to the retirement fund in the amount of the
13 refund, including interest paid him [, IF ANY, INCREASED BY THE AMOUNT,
14 IF ANY, DEDUCTED FOR ADMINISTRATIVE EXPENSES]. This indebtedness to the
15 retirement fund shall bear compound interest at the rate prescribed by
16 regulation beginning July 1 following the date of re-employment to the
17 date of repayment or the date of retirement of the teacher, whichever
18 occurs first.

19 * Sec. 24. AS 14.25.162(e) is amended to read:

20 (e) A person entitled to the survivor's allowance under this
21 section and who resides in the state after the death of the teacher
22 shall receive a cost of living allowance in addition to his survivor's
23 allowance. The amount of this allowance shall be the amount determined
24 by the administrator under sec. 142 of this chapter [IS DETERMINED BY
25 MULTIPLYING THE SURVIVOR'S ALLOWANCE BY A PERCENTAGE DETERMINED BY THE
26 ADMINISTRATOR NOT TO EXCEED 10 PER CENT OF THE SURVIVOR'S ALLOWANCE].
27 The administrator may implement this subsection by regulations. [THE
28 COST OF LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

29 * Sec. 25. AS 14.25.162(f) is amended to read:

1 (f) When the administrator determines that the cost of living
2 has increased and that the financial condition of the retirement fund
3 permits, he may increase the survivor's allowance to reflect this cost
4 of living increase. The amount of the increase shall be the amount
5 determined by the administrator under sec. 143 of this chapter [EQUAL
6 TO NOT MORE THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE
7 DEATH OF THE TEACHER]. Increases accrue from the first of July next
8 following the death of the teacher and shall be paid beginning the
9 first of July of each year. The administrator is authorized to imple-
10 ment this subsection by regulation.

11 * Sec. 26. AS 14.25.164(b) is amended to read:

12 (b) The spouse's pension is payable on the first day of each
13 month, commencing with the first day of the month coinciding with or
14 next following the month in which the spouse attains age 60, unless the
15 spouse is totally and permanently disabled, as defined in sec. 220
16 of this chapter, before age 60. If the spouse is totally and permanent-
17 ly disabled from engaging in a regular remunerative occupation or
18 employment, the spouse's pension shall commence on the first of the
19 month coinciding with or next following the teacher's death, or the
20 date of disability, whichever is later. In the event that the spouse
21 ceases to be totally and permanently disabled before age 60, the
22 pension shall be suspended until the spouse again becomes eligible for
23 the pension because of age. The payment on the first day of the month
24 in which the spouse dies or remarries constitutes the last payment.

25 * Sec. 27. AS 14.25.164(e) is amended to read:

26 (e) A person entitled to the spouse's pension under this section
27 and who resides in the state after the death of the teacher shall re-
28 ceive a cost of living allowance in addition to his spouse's pension.
29 The amount of this allowance shall be the amount determined by the

1 administrator under sec. 142 of this chapter [IS DETERMINED BY MULTI-
2 PLYING THE SPOUSE'S PENSION BY A PERCENTAGE DETERMINED BY THE ADMINI-
3 STRATOR NOT TO EXCEED 10 PER CENT OF THE SPOUSE'S PENSION]. The admini-
4 strator may implement this subsection by regulation. [THE COST OF
5 LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

6 * Sec. 28. AS 14.25.164(f) is amended to read:

7 (f) When the administrator determines that the cost of living has
8 increased and that the financial condition of the retirement fund per-
9 mits, he may increase the spouse's pension to reflect this cost of
10 living increase. The amount of the increase shall be determined by
11 the administrator under sec. 143 of this chapter [EQUAL TO NOT MORE
12 THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE DEATH OF THE
13 TEACHER]. Increases accrue from the first of July next following the
14 death of the teacher and shall be paid beginning the first of July of
15 each year. The administrator is authorized to implement this sub-
16 section by regulation.

17 * Sec. 29. AS 14.25.190 is amended to read:

18 Sec. 14.25.190. ACTUARIAL EVALUATIONS OF THE RETIREMENT FUND. Ac-
19 tual evaluations of the retirement fund shall be made at intervals
20 of not more than five years and on the basis of the re-evaluations the
21 administrator may recommend any necessary readjustment to the legis-
22 lature. Actuarial and financial experience analyses shall be prepared
23 and certified by a member of the American Academy of Actuaries.

24 * Sec. 30. AS 14.25.220(3) is amended to read:

25 (3) "creditable service" means outside and Bureau of Indian
26 Affairs (BIA) service not exceeding 15 [10] years, with outside service
27 limited to 10 years, [AND IN STATE BIA SERVICE WITH NO LIMITATION ON
28 YEARS,] plus all membership service as provided in (5) of this section;

29 * Sec. 31. AS 14.25.220(15) is amended to read:

1 (15) "teacher" or "member" means a certified teacher, certi-
2 fied school nurse, principal, supervisor, or superintendent employed on
3 a full-time or a part-time basis in a position having duties which nor-
4 mally require a year of service in the public schools of the state, the
5 commissioner of education, supervisors within the Department of Edu-
6 cation, and all full-time resident professional and administrative per-
7 sonnel of the University of Alaska [AS DESIGNATED BY THE BOARD OF
8 REGENTS]; in case of doubt, [EXCEPT AS TO PERSONNEL OF THE UNIVERSITY
9 OF ALASKA,] the administrator shall finally determine whether or not a
10 person is a teacher as defined in this chapter;

11 * Sec. 32. AS 14.25.220(16) is amended to read:

12 (16) "year of service" means membership service during the
13 dates set for a school term under AS 14.03.030; fractional credit shall
14 be given for membership service after July 1, 1967, during any school
15 year as follows:

- 16 (A) less than nine days, no credit;
17 (B) nine days or more but less than 27 days, 0.1 years;
18 (C) 27 days or more but less than 45 days, 0.2 years;
19 (D) 45 days or more but less than 63 days, 0.3 years;
20 (E) 63 days or more but less than 81 days, 0.4 years;
21 (F) 81 days or more but less than 100 days, 0.5 years;
22 (G) 100 days or more but less than 118 days, 0.6 years;
23 (H) 118 days or more but less than 136 days, 0.7 years;
24 (I) 136 days or more but less than 154 days, 0.8 years;
25 (J) 154 days or more but less than 172 days, 0.9 years;
26 (K) 172 days or more, 1.0 years; if service is per-

27 formed on a part-time basis, one-half credit shall be given for each day
28 of service [1969, ACCORDING TO THE RATIO THAT THE NUMBER OF DAYS OF
29 SERVICE BEARS TO 180 DAYS; IF SERVICE IS PERFORMED ON A PART-TIME BASIS,

1 FRACTIONAL CREDIT SHALL BE GIVEN ACCORDING TO THE RATIO THAT THE NUMBER
2 OF HOURS OF EMPLOYMENT BEARS TO THE NUMBER OF HOURS OF EMPLOYMENT HAD
3 THE SERVICE BEEN PERFORMED ON A FULL-TIME BASIS];

4 * Sec. 33. AS 14.25.220 is amended by adding new paragraphs to read:

5 (23) "normal retirement" means retirement after:

6 (A) completing at least 15 years of creditable service,
7 the last five of which have been membership service, and attaining
8 the age of 60 years; or

9 (B) completing at least eight years of membership
10 service and attaining the age of 60 years; or

11 (C) completing at least 30 years of creditable service,
12 the last five of which are membership service;

13 (24) "early retirement" means retirement after attaining the
14 age of 55 years and completing either:

15 (A) at least 15 years of creditable service, the last
16 five of which have been membership service, or

17 (B) at least eight years of membership service;

18 (25) "compulsory retirement" means involuntary retirement
19 after attaining the age of 65 and completing either 15 years of credit-
20 able service, the last five of which have been membership service, or
21 eight years of membership service, and failure of the teacher's employer
22 to request that the teacher be retained;

23 (26) "permanent disability" means a physical or mental con-
24 dition which, in the judgment of the administrator, based upon medical
25 reports and other evidence satisfactory to the administrator, presumably
26 prevents an employee from satisfactorily performing his usual duties
27 for his employer or the duties of another position or job which an
28 employer makes available and for which the employee is qualified by
29 training or education.