

Original sponsor: Miller and Duncan

Offered: 2/26/76

Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 198 (Finance) am S

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH 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 AS 39.35.340 is repealed and re-enacted to read:

10 Sec. 39.35.340. MILITARY SERVICE. (a) An employee is entitled to
11 service credit for active military service in the armed forces of the
12 United States, either by enlistment or induction, if the employee did
13 not receive a dishonorable discharge. The service credit allowed may
14 not exceed an aggregate period of five years. No service credit for
15 military service may be granted under this section if the employee is
16 entitled to a pension benefit for the same service from the federal or
17 state government. The service credit available to the employee under
18 this section may not be granted until the employee becomes vested in the
19 retirement system. Benefits are not payable on military service credit
20 unless the employee makes retroactive contributions for full cost to
21 the system for the period of time that service credit is claimed.
22 However, if the employee was in the employ of an employer on the date of
23 entry into the armed forces and returned to the employ of an employer
24 within 90 days after the date of his discharge from military service, he
25 is not required to make retroactive contributions under this system for
26 the period of service credit.

27 (b) In order to obtain service credit under this section, an
28 employee shall make an election to do so and shall verify his period of
29 military service before July 1, 1977 or within one year following the

1 date when the employee becomes vested under this chapter, if later. When
2 eligibility for military service credit has been established, an
3 indebtedness shall be determined as follows: (1) the employee's actual
4 compensation, or the calculated annual compensation for those employees
5 working less than 12 months, during the calendar year 1976 or the year
6 in which an employee first becomes vested under this chapter, whichever
7 is later, multiplied by (2) the rate of employee contributions under
8 sec. 160(a) of this chapter in effect at the date his military service
9 is verified, such product multiplied by (3) the number of years of
10 military service credited under this section. Interest as prescribed by
11 regulation accrues on such indebtedness commencing on July 1, 1977 or
12 one year following the date a person first becomes vested, whichever is
13 later. Any outstanding indebtedness which exists at the time a person
14 is appointed to retirement will necessitate an actuarial adjustment to
15 the benefits payable based upon such military service.

16 (c) A person receiving retirement benefits under this chapter on
17 the effective date of this Act is eligible to receive increased benefits
18 based upon military service as described in (a) of this section. To
19 receive military service credit, a retired person must verify his mili-
20 tary service before July 1, 1977. When such service has been verified
21 for a retired person to receive military service credit, he is entitled
22 to receive an increased benefit which shall be actuarially adjusted to
23 reflect his indebtedness for such credit. The indebtedness shall be
24 calculated in the same manner as described in (b) of this section except
25 that it shall be based on the average monthly compensation used in
26 calculating the retirement benefit. The effective date of this in-
27 creased benefit is the beginning of the month following that in which
28 eligibility has been established.

29 (d) The service credit granted under this section may not count

1 as years of service for the purpose of satisfying eligibility for
2 normal retirement or as eligibility for normal retirement before
3 reaching normal retirement age under this chapter.

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

5 (a) While participating in the system each peace officer and
6 each fireman shall contribute five per cent and every other employee
7 shall contribute five [FOUR] and one quarter per cent of his compensa-
8 tion to the public employees' retirement system.

9 * Sec. 3. AS 39.35.680(11) is amended to read:

10 (11) "normal retirement date" for a peace officer or a fireman
11 means the first day of the month following either his 55th birthday
12 and five years of credited service or his 20th year of credited service,
13 whichever is earlier. For any other employee it means the first day of
14 the month following either his 55th birthday and five years of credited
15 service or his 25th [30TH] year of credited service, whichever is
16 earlier.

17 * Sec. 4. Section 1 of this Act takes effect July 1, 1976.

18 * Sec. 5. Sections 2 and 3 of this Act become effective on July 1, 1976
19 if approved by a majority of the votes cast in a special election
20 conducted by the Public Employees Retirement Board to be held among
21 active members of the retirement system. During the conduct of this
22 election, the division shall remain impartial and take no position
23 on the question.
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