

Introduced: 1/19/76  
Referred: State Affairs

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 **CS** HOUSE BILL NO. 627

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 public employees' retirement; and  
7 providing for an effective date."

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

9 \* Section 1. AS 39.35.200 is amended to read:

10 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON  
11 OTHER THAN DEATH. Upon termination of employment for a reason other  
12 than death, an employee is entitled to receive a refund of the balance,  
13 determined as of the date of termination of employment, of (1) his  
14 employee contribution account and (2) his employee savings account.  
15 If, upon termination of employment, the employee has credited service  
16 of less than five years and has less than \$1,000 in his employee con-  
17 tribution account, a refund of the employee contribution account and  
18 the employee savings account must be made. An employee who is re-  
19 employed with a participating employer of the system and whose contri-  
20 butions have not been refunded before reemployment is not eligible for  
21 a refund.

22 \* Sec. 2. AS 39.35.350 is amended to read:

23 Sec. 39.35.350. INTERRUPTED EMPLOYMENT. If an employee's em-  
24 ployment is terminated for any reason before he becomes eligible for  
25 a retirement benefit and the employee is subsequently reemployed, the  
26 employee is entitled to the credited service he had accumulated at the  
27 time of his last termination, if the employee makes a contribution to  
28 the system equal to the total amount of the refund previously paid  
29 and not reinstated upon his last termination, [AND ATTRIBUTABLE TO THE

1 BALANCE IN HIS EMPLOYEE CONTRIBUTION ACCOUNT AT THAT TIME,] together  
2 with interest at the prescribed rate to the date of repayment of the  
3 contribution. A repayment to establish credit for the previous [LAST  
4 PERIOD OF INTERRUPTED] service will [NOT] be permitted until the date  
5 of termination of the final period of employment [MORE THAN THREE  
6 YEARS AFTER THE DATE ON WHICH NOTICE OF THE AMOUNT OF CONTRIBUTION AND  
7 INTEREST DUE WAS MAILED TO THE EMPLOYEE AT HIS PLACE OF EMPLOYMENT].

8 \* Sec. 3. AS 39.35.400(b) is amended to read:

9 (b) Payment of the nonoccupational disability pension shall  
10 begin on the first day of the month following [AFTER THE EXPIRATION OF  
11 A PERIOD OF THREE FULL MONTHS FROM THE LAST DAY OF EMPLOYMENT.  
12 HOWEVER, THE ADMINISTRATOR MAY, IN HIS DISCRETION, AUTHORIZE THE  
13 PENSION TO BEGIN UPON THE FIRST DAY OF AN EARLIER MONTH AFTER] termi-  
14 nation of his employment. [IF THE PAYMENT DOES NOT BEGIN UPON THE  
15 FIRST DAY OF THE MONTH COINCIDENTAL WITH OR AFTER RETIREMENT, A RETRO-  
16 ACTIVE PAYMENT SHALL BE MADE TO COVER THE PERIOD OF DEFERMENT.] The  
17 last payment shall be made for [AS OF THE FIRST DAY OF] the month in  
18 which (1) the death of the disabled [RETIRED] employee occurs; or (2)  
19 [OR IN WHICH] he recovers from disability before his normal retirement  
20 date; or (3) the employee first attains eligibility for normal retire-  
21 ment. Upon attaining eligibility for normal retirement, the employee's  
22 benefit will be re-calculated in accordance with sec. 370(c) of this  
23 chapter.

24 \* Sec. 4. AS 39.35.400(c) is amended to read:

25 (c) If the disabled [RETIRED] employee recovers from the non-  
26 occupational disability, he is entitled to receive a normal or early  
27 retirement pension if he would have been eligible for the pension had  
28 his employment continued during the period of disability. However,  
29 the period of disability does not constitute credited service.

1 \* Sec. 5. AS 39.35.400(d) is amended to read:

2 (d) The monthly amount of the nonoccupational disability pension  
3 shall be determined in accordance with sec. 370(c) of this chapter,  
4 considering the employee's credited service and compensation before  
5 termination of employment. However, the amount shall be reduced by  
6 wage continuation payments which are available to the employee and  
7 which are attributable to the employers. [THE AMOUNT MAY NOT EXCEED  
8 THE BENEFIT DETERMINED IN ACCORDANCE WITH SEC. 410(d) OF THIS CHAPTER.]

9 \* Sec. 6. AS 39.35.400(e) is amended to read:

10 (e) A disabled [RETIRED] employee receiving a nonoccupational  
11 disability pension shall be required, as often as the administrator  
12 considers advisable, but not more frequently than once a year, to  
13 undergo a medical examination by a physician engaged by the administrator.  
14 If, in the judgment of the administrator, the examination indicates  
15 that the employee is no longer incapacitated for service in the position  
16 held at the time his disability pension began, or in another comparable  
17 position, payments of his disability pension shall cease. The name of  
18 the employee shall then be placed on the appropriate list of candidates  
19 maintained for appointment to a position for which he is found to be  
20 qualified unless he elects to receive a normal or early retirement  
21 pension in accordance with (c) of this section.

22 \* Sec. 7. AS 39.35.410(b) is amended to read:

23 (b) Payment of the occupational disability pension shall begin  
24 on the first day of the month [NEXT FOLLOWING A PERIOD OF THREE FULL  
25 MONTHS AFTER THE LAST DAY OF EMPLOYMENT, EXCEPT THAT THE ADMINISTRATOR  
26 MAY, IN HIS DISCRETION, AUTHORIZE THE PENSION TO BEGIN UPON THE FIRST  
27 DAY OF AN EARLIER MONTH] following termination of his employment. [IF  
28 PAYMENT DOES NOT BEGIN UPON THE FIRST DAY OF THE MONTH COINCIDENTAL  
29 WITH OR AFTER RETIREMENT, A RETROACTIVE PAYMENT SHALL BE MADE TO COVER

1 THE PERIOD OF DEFERMENT.] The last payment shall be made for [AS OF  
2 THE FIRST DAY OF] the month in which (1) the death of the disabled  
3 [RETIRED] employee occurs; or (2) [OR IN WHICH] he recovers from  
4 occupational disability before his normal retirement date; or (3) the  
5 employee first attains eligibility for normal retirement. Upon  
6 attaining eligibility for normal retirement, the employee's benefit  
7 will be re-calculated in accordance with sec. 370(c) of this chapter.

8 \* Sec. 8. AS 39.35.410(c) is amended to read:

9 (c) If the disabled [RETIRED] employee recovers from the occupa-  
10 tional disability before his normal retirement date, the disabled  
11 [RETIRED] employee shall then be entitled to receive an early retirement  
12 pension if he would have been eligible for the pension had his employ-  
13 ment continued during the period of disability. The period of dis-  
14 ability constitutes credited service for all employees.

15 \* Sec. 9. AS 39.35.410(g) is amended to read:

16 (g) A disabled [RETIRED] employee receiving an occupational dis-  
17 ability pension shall be required, as often as the administrator con-  
18 siders advisable, but not more frequently than once a year, to undergo  
19 a medical examination at a place determined by the administrator and  
20 by a physician or physicians engaged by the administrator. If, in the  
21 judgment of the administrator, the examination indicates that the  
22 disabled [RETIRED] employee is no longer incapacitated for service in  
23 the position held at the time his disability pension began, payments  
24 of his disability pension shall cease. The employee shall then be  
25 reappointed to a position of the same classification in which he was  
26 employed at the time of his disability if he still meets all other  
27 necessary requirements for that position, unless he elects to receive  
28 an early retirement pension in accordance with (c) of this section.  
29 In any event, the disability pension shall not cease until the employee

1 is either reappointed, retired or otherwise disqualified from receiving  
2 a benefit by being disqualified for reappointment.

3 \* Sec. 10. AS 39.35 is amended by adding a new section to read:

4 Sec. 39.35.435. DEATH AFTER RETIREMENT. When a joint and  
5 survivor option has not been elected and an employee is receiving a  
6 retirement salary at the time of death, any further payment to his  
7 beneficiary is limited to the amount of the employee's accumulated  
8 contributions, plus all interest credited to his account to the date  
9 of retirement, less all retirement benefits paid to the employee.

10 \* Sec. 11. AS 39.35.440(a) is amended to read:

11 (a) Upon the death of a disabled [RETIRED] employee, other than  
12 a peace officer or a fireman, who is receiving or is entitled to  
13 receive an occupational disability pension, a surviving spouse's  
14 pension shall be paid to his surviving spouse. The monthly amount of  
15 the pension shall be equal to 75 per cent of the monthly amount of the  
16 occupational disability pension which the disabled [RETIRED] employee  
17 was receiving or would have received with a 75 per cent joint and sur-  
18 vivor option in effect, or would have been entitled to receive if he  
19 had not been entitled to workmen's compensation and wage continuation  
20 payments. If the surviving spouse remarries or if there is no sur-  
21 viving spouse, the survivor's benefits shall be paid in equal parts to  
22 the children of the employee, including those adopted, who are either  
23 under 18 years old or under 23 years old and registered at and attending  
24 on a full-time basis an accredited educational or a technical institution  
25 recognized by the Department of Education.

26 \* Sec. 12. AS 39.35.440(b) is amended to read:

27 (b) Upon the death of a disabled [RETIRED] employee who was a  
28 peace officer or a fireman on the date of his retirement and who is  
29 receiving or is entitled to receive an occupational disability pension,

1 a surviving spouse's pension equal to two-thirds of his average monthly  
2 compensation shall be paid to his surviving spouse. If his surviving  
3 spouse remarries or if there is no surviving spouse, the survivor's  
4 pension shall be paid in equal parts to the children of the employee,  
5 including those adopted, who are either under 18 years old or under 23  
6 years old and registered at and attending on a full-time basis an  
7 accredited educational or a technical institution recognized by the  
8 Department of Education.

9 \* Sec. 13. AS 39.35.520 is amended to read:

10 Sec. 39.35.520. ADJUSTMENTS. When a change or error is made in  
11 the records maintained by the system, or an error is made in computing  
12 a benefit, and as a result an employee or beneficiary receives from  
13 the system more or less than he would have been entitled to receive  
14 had the records been correct or had the error not been made, (1) the  
15 records or error shall be corrected and (2) as far as practicable,  
16 future payments shall be adjusted so that the actuarial equivalent of  
17 the pension or benefit to which the employee or beneficiary was  
18 correctly entitled shall be paid. If no future payment is due, a  
19 person who was paid any amount to which he was not entitled is liable  
20 for repayment of that amount, and a person who was not paid the full  
21 amount to which he was entitled shall be paid the balance of that  
22 amount.

23 \* Sec. 14. AS 39.35 is amended by adding a new section to read:

24 Sec. 39.35.547. EFFECT OF AMENDMENTS. An amendment to this  
25 chapter which has the effect of directly or indirectly changing the  
26 benefit payments for which an employee is eligible applies only to  
27 employees who have not yet retired, unless the statute expressly  
28 provides for the inclusion of those already receiving retirement  
29 benefits.

1 \* Sec. 15. AS 39.35.230, 39.35.410(h), 39.35.450(c), and 39.35.515 are  
2 repealed.

3 \* Sec. 16. This Act takes effect July 1, 1976.  
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