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Referred: State Affairs and
Finance

1 IN THE SENATE

BY BRADLEY AND HUBER

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 252

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to credit for military service in
7 computing retirement benefits for state employees; and
8 providing for an effective date."

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

10 * Section 1. AS 39.35.340 is repealed and re-enacted to read:

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

28 (b) In order to obtain service credit under this section, an
29 employee shall make an election to do so and shall verify his period of

1 military service before July 1, 1976 or within one year following the
2 date when the employee becomes vested under this chapter, if later.
3 When eligibility for military service credit has been established, an
4 indebtedness shall be determined as follows: (1) the employee's actual
5 compensation, or the calculated annual compensation for those employees
6 working less than 12 months, during the calendar year 1975 or the year
7 in which an employee first becomes vested under this chapter, whichever
8 is later, multiplied by (2) the rate of employee contributions under
9 sec. 160(a) of this chapter in effect at the date his military service
10 is verified, such product multiplied by (3) the number of years of
11 military service credited under this section. Interest as prescribed by
12 regulation accrues on such indebtedness commencing on July 1, 1976 or
13 one year following the date a person first becomes vested, whichever is
14 later. Any outstanding indebtedness which exists at the time a person
15 is appointed to retirement will necessitate an actuarial adjustment to
16 the benefits payable based upon such military service.

17 (c) A person receiving retirement benefits under this chapter on
18 the effective date of this Act is eligible to receive increased benefits
19 based upon military service as described in (a) of this section. To
20 receive military service credit, a retired person must verify his mili-
21 tary service before July 1, 1976. When such service has been verified
22 for a retired person to receive military service credit, he is entitled
23 to receive an increased benefit which shall be actuarially adjusted to
24 reflect his indebtedness for such credit. The indebtedness shall be
25 calculated in the same manner as described in (b) of this section except
26 that it shall be based on the average monthly compensation used in
27 calculating the retirement benefit. The effective date of this in-
28 creased benefit is the beginning of the month following that in which
29 eligibility has been established.

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* Sec. 2. This Act takes effect July 1, 1975.

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