

Original Sponsors: Bradley  
and Huber

Offered: 2/6/76  
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 252

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 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 AS 39.35.340 is repealed and re-enacted to read: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, 1977 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 1976 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, 1977 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, 1977. 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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(d) The service credit granted under this section may not count as years of service for the purpose of satisfying eligibility for normal retirement or as eligibility for normal retirement before reaching normal retirement age under this chapter.

\* Sec. 2. This Act takes effect on July 1, 1976.