

Introduced: 3/10/77  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 332

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH 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 14.25.050 is amended by adding a new subsection to read:

9 (b) Each teacher is entitled to receive credit for unrefunded  
10 contributions paid into the retirement fund of 1945.

11 \* Sec. 2. AS 14.25.055 is amended to read:

12 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY TEACHERS [A TEACHER].

13 If a teacher is married or has a minor child and wishes to make his  
14 spouse or minor child eligible for a spouse's pension or a survivor's  
15 allowance, he may elect to make a supplemental contribution of an  
16 additional one per cent of his base salary within 90 days of his entry  
17 into participation in the system, [OR WITHIN 90 DAYS FOLLOWING THE  
18 FIRST DAY ON WHICH HE IS ENTITLED TO MAKE THE ELECTION,] or within 90  
19 days of his marriage, or within 90 days of the birth or adoption of a  
20 child dependent upon him, or during any open enrollment period autho-  
21 riized by the Teachers' Retirement System Board.

22 \* Sec. 3. AS 14.25.060 is repealed and re-enacted to read:

23 Sec. 14.25.060. ARREARAGE INDEBTEDNESS. (a) If a member joined  
24 the system before July 1, 1977 and has creditable outside service, or  
25 if a member has military service or Alaska Bureau of Indian Affairs  
26 (BIA) service, the member is indebted to the retirement fund as follows:

27 (1) At the time of first becoming a member of the system,  
28 the arrearage indebtedness is seven per cent of the base salary mul-  
29 tiplied by the total number of years of creditable outside, military

1 and Alaska BIA service. Compound interest at the rate prescribed by  
2 regulation shall be added to the arrearage indebtedness beginning July  
3 1, 1963, or at the time of first becoming employed as a member,  
4 whichever is later, to the date of payment or the date of retirement,  
5 whichever occurs first.

6 (2) If a member terminates from the system and is subsequent-  
7 ly reemployed as a member, the arrearage indebtedness to the retirement  
8 fund for outside, military, or Alaska BIA service accumulated in the  
9 interim is seven per cent of the base salary upon reentering membership  
10 service, multiplied by the number of years of interim outside, military,  
11 and Alaska BIA service. Compound interest at the rate prescribed by  
12 regulation shall be added to the arrearage indebtedness beginning July  
13 1, 1963, or the date of reemployment as a member, whichever is later,  
14 to the date of payment or the date of retirement, whichever occurs  
15 first.

16 (b) If a member joined the system on or after July 1, 1977 and  
17 has creditable outside service, the member may claim this service. If  
18 claimed, the member is indebted to the retirement fund as follows:

19 (1) The arrearage indebtedness is the full actuarial cost  
20 of providing benefits for the service being claimed. Compound interest  
21 at the rate prescribed by regulation shall be added to the arrearage  
22 indebtedness beginning the date the actuarial cost is established to  
23 the date of payment or the date of retirement, whichever occurs first.

24 (2) If a member terminates from the system and is subse-  
25 quently reemployed as a member, the arrearage indebtedness for outside  
26 service during the interim is the full actuarial cost of providing  
27 benefits for the interim service being claimed. Compound interest at  
28 the rate prescribed by regulation shall be added to the arrearage  
29 indebtedness beginning the date the actuarial cost is established to

1 the date of payment or the date of retirement, whichever occurs first.

2 (c) The total military service claimed may not exceed five  
3 years. The combined total of outside and military service may not  
4 exceed 10 years, except that, if entry into the armed forces is imme-  
5 diately preceded by membership service and within one year after  
6 discharge is continued by membership service, that service will not be  
7 counted for purposes of determining the applicability of the 10 year  
8 limitation on the combined total of outside and military service. The  
9 combined total of outside, military, and Alaska BIA service may not  
10 exceed 15 years.

11 \* Sec. 4. AS 14.25 is amended by adding new sections to read:

12 Sec. 14.25.061. RETROACTIVE INDEBTEDNESS. (a) A member who was  
13 not subject to the provisions of this chapter, but who becomes subject  
14 to them because of a legislative change, may elect to receive credit  
15 for retroactive creditable service by contributing to the retirement  
16 fund an amount equal to the contributions he would have made had he  
17 been subject to the provisions of this chapter for those years of  
18 creditable service after June 30, 1955. Retroactive contributions are  
19 not required for creditable service before July 1, 1955. Compound  
20 interest at the rate prescribed by regulation shall be added to the  
21 retroactive indebtedness from July 1, 1966 or the time of first becoming  
22 eligible under this chapter, whichever is later, to the date of payment  
23 or the date of retirement, whichever occurs first.

24 (b) If retroactive indebtedness contributions have been made for  
25 creditable service before July 1, 1955, the member is entitled to a  
26 refund of those retroactive indebtedness contributions.

27 (c) A refund of retroactive indebtedness contributions for re-  
28 troactive service before July 1, 1955 is not subject to the repayment  
29 provision of sec. 62 of this chapter.

1           Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. If a teacher who  
2 has received a refund of contributions in accordance with sec. 150 of  
3 this chapter is reemployed in membership service, he is indebted to  
4 the retirement fund in the amount of the total refund. Compound  
5 interest at the rate prescribed by regulation shall be added to the  
6 reinstatement indebtedness from the date of the refund to the date of  
7 repayment or the date of retirement, whichever occurs first.

8 \* Sec. 5. AS 14.25.100 is amended by adding a new subsection to read:

9           (e) A teacher may not be credited with service in the armed  
10 forces under this section if credit for military service was granted  
11 under the Public Employees' Retirement System, AS 39.35.

12 \* Sec. 6. AS 14.25.142 is repealed and re-enacted to read:

13           Sec. 14.25.142. COST-OF-LIVING ALLOWANCE. (a) While residing  
14 in the state, a person receiving a benefit under this chapter is  
15 entitled to receive a monthly cost-of-living allowance in addition to  
16 his basic benefit. The amount of this allowance is 10 per cent of the  
17 basic benefit.

18           (b) A person receiving a cost-of-living allowance under this  
19 section shall notify the administrator when he expects to be absent  
20 from the state for a continuous period that exceeds 30 days. After  
21 that notification, the person is no longer entitled to receive the  
22 monthly cost-of-living allowance. Upon his return to the state, and  
23 upon notification to the administrator, the person is again entitled  
24 to receive the monthly cost-of-living allowance, commencing with the  
25 first monthly benefit payment made after notification of the person's  
26 return.

27           (c) For purposes of this section, "residing in the state" means  
28 domiciled and physically present in the State of Alaska. Being absent  
29 from the state for a continuous period of 30 days or less does not

1 change a person's status as "residing in the state."

2 \* Sec. 7. AS 14.25.150 is repealed and re-enacted to read:

3 Sec. 14.25.150. REFUND UPON TERMINATION. A terminated member is  
4 entitled to a refund of the balance of (1) his mandatory contributions  
5 and accrued interest, and (2) his indebtedness principal contributions.  
6 A member is not entitled to a refund of his supplemental contributions  
7 except as provided in sec. 160(a) of this chapter.

8 \* Sec. 8. AS 14.25.162(a) is amended to read:

9 (a) If a teacher dies while in membership service or while  
10 receiving a service or disability retirement salary [OR AFTER NORMAL  
11 RETIREMENT] and leaves a minor child, his surviving spouse is entitled  
12 to a survivor's allowance if the teacher has made a supplemental con-  
13 tribution for at least one year before his death, but if a guardian  
14 has been appointed for a minor child, the guardian is entitled to the  
15 allowance. A minor child who has neither a surviving parent nor a  
16 guardian is entitled to the allowance. If a minor child who is at  
17 least 19 years old but less than 23 years old is out of school for  
18 more than one semester, payments of his benefits terminate permanently.  
19 A teacher's child who is totally and permanently disabled before he is  
20 19 years old or, if he is attending school and becomes totally and  
21 permanently disabled before he is 23 years old, and who is financially  
22 dependent on the teacher at the time of the teacher's death is entitled  
23 to the benefits under this section until he dies or is no longer  
24 totally and permanently disabled. Application for the survivor's  
25 allowance shall be made in writing to the administrator.

26 \* Sec. 9. AS 14.25.162(b) is amended to read:

27 (b) The amount of the survivor's allowance for each minor child  
28 shall be equal to [EITHER (1)] 10 per cent of the teacher's base  
29 salary immediately before his death, [OR AFTER NORMAL] retirement,

1 or becoming disabled [FOR EACH MINOR CHILD, OR (2) 40 PER CENT OF THE  
2 BASE SALARY, WHICHEVER IS LESS]. However, if there are five or more  
3 minor children, the total amount paid to those children shall be 40  
4 per cent of the teacher's base salary before his death, retirement, or  
5 becoming disabled, paid in equal amounts to each child. In addition,  
6 an allowance of 35 per cent of the teacher's base salary shall be paid  
7 to his surviving spouse. If there is no surviving spouse, [IF THE  
8 SPOUSE IS ENTITLED TO THE SURVIVOR'S ALLOWANCE AND IS NOT REMARRIED,  
9 AND] an allowance of 10 per cent of the base salary shall be paid to a  
10 court appointed guardian [ENTITLED TO THE SURVIVOR'S ALLOWANCE]. The  
11 [NEITHER THE REMARRIAGE OF A SURVIVING SPOUSE NOR THE] adoption of a  
12 minor child by a new spouse of a surviving spouse will not bar the  
13 minor child from [RECEIVING OR] continuing to receive a [HIS] survivor's  
14 allowance. If more than one guardian is appointed, the allowance,  
15 including the 10 per cent additional allowance, shall be paid according  
16 to the number of minor children assigned to each guardian.

17 \* Sec. 10. AS 14.25.164(a) is repealed and re-enacted to read:

18 (a) If the death of a teacher occurs while in membership service  
19 or while receiving a disability retirement salary, a spouse's pension  
20 is payable under this section only if supplemental contributions under  
21 sec. 55 of this chapter have been made for at least one year before  
22 the teacher's death. If the death of a retired teacher or deferred  
23 vested member occurs, a spouse's pension is payable under this section  
24 only if supplemental contributions under sec. 55 of this chapter have  
25 been made for at least five years before the teacher's retirement or  
26 termination. Application for the spouse's pension shall be made in  
27 writing to the administrator. Benefits are not payable under this  
28 section if benefits are being paid under sec. 162 of this chapter.

29 \* Sec. 11. AS 14.25.120(i) and 14.25.162(e) are repealed.