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Offered: 5/18/77
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 343

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

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

9 * Section 1. AS 14.25.050 is amended by adding a new subsection to read:

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

12 * Sec. 2. AS 14.25.055 is amended to read:

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

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

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 AS 14.25.060 is repealed and re-enacted to read:

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

28 (1) At the time of first becoming a member of the system, the
29 arrearage indebtedness is seven per cent of the base salary multiplied

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

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

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

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

29 (b) If retroactive indebtedness contributions have been made for

1 creditable service before July 1, 1955, the member is entitled to a
2 refund of those retroactive indebtedness contributions.

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

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

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

14 (e) A teacher may not be credited with service in the armed
15 forces under this section if credit for military service was granted
16 under the public employees' retirement system (AS 39.35).

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

18 Sec. 14.25.142. COST-OF-LIVING ALLOWANCE. (a) While residing in
19 the state, a person receiving a benefit under this chapter is entitled to
20 receive a monthly cost-of-living allowance in addition to his basic bene-
21 fit. The amount of this allowance is 10 per cent of the basic benefit.

22 (b) A person receiving a cost-of-living allowance under this
23 section shall notify the administrator when he expects to be absent from
24 the state for a continuous period that exceeds 60 days. After that
25 notification, the person is no longer entitled to receive the monthly
26 cost-of-living allowance. Upon his return to the state, and upon noti-
27 fication to the administrator, the person is again entitled to receive
28 the monthly cost-of-living allowance, commencing with the first monthly
29 benefit payment made after notification of the person's return.

1 (c) For purposes of this section, "residing in the state" means
2 domiciled and physically present in the State of Alaska. Being absent
3 from the state for a continuous period of 60 days or less does not
4 change a person's status as "residing in the state."

5 * Sec. 7. AS 14.25.143 is amended by adding a new subsection to read:

6 (d) A person receiving benefits under this chapter shall be
7 granted a 10 per cent increase in his current base benefit if he was
8 receiving benefits on July 1, 1976. The increase shall be effective
9 July 1, 1977.

10 * Sec. 8. AS 14.25.150 is repealed and re-enacted to read:

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

16 * Sec. 9. AS 14.25.162(a) is amended to read:

17 (a) If a teacher dies while in membership service or while re-
18 ceiving a service or disability retirement salary [OR AFTER NORMAL RETIRE-
19 MENT] and leaves a minor child, his surviving spouse is entitled to a
20 survivor's allowance if the teacher has made a supplemental contribution
21 for at least one year before his death, but if a guardian has been
22 appointed for a minor child, the guardian is entitled to the allowance.
23 A minor child who has neither a surviving parent nor a guardian is
24 entitled to the allowance. If a minor child who is at least 19 years old
25 but less than 23 years old is out of school for more than one semester,
26 payments of his benefits terminate permanently. A teacher's child who is
27 totally and permanently disabled before he is 19 years old or, if he is
28 attending school and becomes totally and permanently disabled before he
29 is 23 years old, and who is financially dependent on the teacher at the

1 time of the teacher's death is entitled to the benefits under this sec-
2 tion until he dies or is no longer totally and permanently disabled.
3 Application for the survivor's allowance shall be made in writing to the
4 administrator.

5 * Sec. 10. AS 14.25.162(b) is amended to read:

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

25 * Sec. 11. AS 14.25.164(a) is repealed and re-enacted to read:

26 (a) If the death of a teacher occurs while in membership service
27 or while receiving a disability retirement salary, a spouse's pension is
28 payable under this section only if supplemental contributions under sec.
29 55 of this chapter have been made for at least one year before the

1 teacher's death. If the death of a retired teacher or deferred vested
2 member occurs, a spouse's pension is payable under this section only if
3 supplemental contributions under sec. 55 of this chapter have been made
4 for at least five years before the teacher's retirement or termination.
5 Application for the spouse's pension shall be made in writing to the
6 administrator. Benefits are not payable under this section if benefits
7 are being paid under sec. 162 of this chapter.

8 * Sec. 12. AS 39.35.030(b) is amended to read:

9 (b) Three board members [OF THE BOARD] shall be members of the
10 personnel board of the Department of Administration. The remaining two
11 board members [OF THE BOARD] shall be members of the system and elected
12 by the members of the [RETIREMENT] system [FROM AMONG MEMBERS OF THE
13 RETIREMENT SYSTEM].

14 * Sec. 13. AS 39.35.030(c) is repealed and re-enacted to read:

15 (c) The elected board members shall be determined by a majority of
16 votes cast by members of the system. Elections shall be conducted by
17 the board. The term of office of an elected member is six years. A
18 vacancy in an unexpired elective term shall be filled by election for a
19 new six year term.

20 * Sec. 14. AS 39.35.040(4) is amended to read:

21 (4) to act as an appeals board, hold hearings at the request
22 of an employer, employee, surviving spouse [WIDOW] or a beneficiary on
23 decisions made by the administrator, and submit its findings to the
24 administrator;

25 * Sec. 15. AS 39.35.040(5) is amended to read:

26 (5) to have prepared, at least biennially, an actuarial
27 valuation of the total obligations under the system of each employer
28 [THE STATE AND EACH PARTICIPATING POLITICAL SUBDIVISION AND PUBLIC
29 ORGANIZATION] and, on the basis of the valuation and in time for

1 incorporation of the results in the state budget, to certify to the
2 appropriate budgetary authorities of each employer [THE STATE AND EACH
3 PARTICIPATING POLITICAL SUBDIVISION AND PUBLIC ORGANIZATION]:

4 (A) an appropriate contribution rate for all [PARTI-
5 CIPATING] employers, in addition to which the state shall pay the
6 appropriate social security contribution; and

7 (B) an amount appropriate for each [PARTICIPATING]
8 employer to liquidate his past service liability; the board shall
9 have an actuarial and financial experience analysis of the system
10 conducted at appropriate intervals, but no less frequently than
11 once every six years; the actuarial [BIENNIAL] valuations and the
12 actuarial and financial experience analysis shall be prepared and
13 certified by a member of the American Academy of Actuaries;

14 * Sec. 16. AS 39.35.100(b) is amended to read:

15 (b) All income of the pension fund and all disbursements made by
16 the fund shall be credited or charged, whichever is appropriate, to the
17 following accounts:

18 (1) an individual account shall be maintained for each
19 employee to record [WHICH] the amount of his mandatory contributions
20 collected under sec. 160(a) of this chapter [SHALL BE CREDITED AS OF THE
21 DATE OF DEDUCTION OR PAYMENT, AS THE CASE MAY BE]. As of the last day
22 of each calendar year and each fiscal year beginning with June 30, 1969,
23 this account shall be credited with interest, by applying one-half of
24 the prescribed rate of interest to the balance in the account as of that
25 date. Upon retirement [GRANTING A PENSION], the amount actuarially
26 determined as necessary to fully fund the benefits to be received shall
27 be transferred first from the employee contribution account and, after
28 the employee contribution account has been exhausted, then from the
29 employer contribution account into the retirement reserve account.

1 (2) An individual account shall be maintained for each
2 employee to record [WHICH] the amount of his voluntary contributions
3 [SHALL BE CREDITED AS OF THE DATE OF DEDUCTION OR PAYMENT, AS THE CASE
4 MAY BE]. As of the last day of each calendar year and each fiscal year
5 beginning with June 30, 1969, this account shall be credited with
6 interest, by applying one-half of the prescribed rate of interest to the
7 balance in the account as of that date. Amounts which, before termi-
8 nation of employment, are withdrawn by an employee from his savings
9 account shall be charged to that account. Upon [AN EMPLOYEE'S] retire-
10 ment, the amount actuarially determined as necessary to fully fund the
11 benefits to be received shall be transferred first from the employee
12 savings [CONTRIBUTION] account and, after the employee savings [CONTRI-
13 BUTION] account has been exhausted, then from the employer contribution
14 account into the retirement reserve account.

15 (3) A separate account for each employer shall be maintained.
16 The account shall be credited with contributions of the employer [EXCEPT
17 THAT CONTRIBUTIONS MADE BY AN EMPLOYER FOR THE PURPOSE OF PROVIDING THE
18 EMPLOYER'S PORTION OF THE TOTAL ADMINISTRATIVE EXPENSE OF THE SYSTEM MAY
19 NOT BE CREDITED TO THIS ACCOUNT]. This account shall be charged with
20 the employer's actuarial charge for pension, death benefits, and other
21 benefits paid under this system to or on behalf of the employee of the
22 employer. After an allowance for interest credited to employee contri-
23 bution accounts and employee savings accounts, the investment income of
24 the pension fund shall be allocated to each employer asset share account
25 according to the ratio that the average of the assets in an employer's
26 account as of the beginning and as of the end of the fiscal year bears
27 to the total of the average balance of all employers.

28 (4) An expense account shall be maintained for the system.
29 This account shall be [CREDITED WITH ALL CONTRIBUTIONS OF EMPLOYERS FOR

1 THE PURPOSES OF MEETING THEIR RESPECTIVE PROPORTION OF THE TOTAL ADMIN-
2 ISTRATIVE EXPENSES OF THE SYSTEM DURING EACH FISCAL YEAR, AND IT SHALL
3 BE] charged with all disbursements representing administrative expenses
4 incurred by the system. At [THE SURPLUS OR DEFICIENCY OF THIS ACCOUNT
5 AT] the end of the year the expense account shall be allocated to each
6 employer in accordance with (b)(3) of this section [SHALL BE USED IN
7 DETERMINING THE EXPENSE RATE APPLICABLE FOR THE FOLLOWING FISCAL YEAR].
8 Expenditures from this account shall be included in the governor's budget
9 for each fiscal year and are subject to approval by the legislature.

10 * Sec. 17. AS 39.35.125(b) is amended to read:

11 (b) After an elected official has elected to be included in the
12 system he and his employer are liable for contributions whenever he is
13 a qualified elected official of an [A PARTICIPATING] employer.

14 * Sec. 18. AS 39.35.150 is repealed and re-enacted to read:

15 Sec. 39.35.150. REEMPLOYMENT OF FORMER EMPLOYEES. If a retired
16 employee subsequently becomes an active member, no benefit payments will
17 be made during the period of reemployment. During the period of reem-
18 ployment, deductions from the employee's salary will be made in accor-
19 dance with sec. 160 of this chapter. Upon subsequent retirement, the re-
20 tired employee is entitled to receive an additional pension based on
21 the credited service and the average monthly compensation earned during
22 the period of reemployment in accordance with sec. 370 of this chapter.

23 * Sec. 19. AS 39.35.200 is amended to read:

24 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON
25 OTHER THAN DEATH. (a) An inactive employee, not on leave-without-pay
26 status or layoff status, [UPON TERMINATION OF EMPLOYMENT FOR A REASON
27 OTHER THAN DEATH, AN EMPLOYEE] is entitled to receive a refund of the
28 balance [, DETERMINED AS OF THE DATE OF TERMINATION OF EMPLOYMENT,] of
29 (1) his employee contribution account and (2) his employee savings

1 account.

2 (b) If, upon termination of employment, an [THE] employee has
3 credited service of less than five years and has less than \$1,000 in his
4 employee contribution account, a refund of the employee contribution
5 account and the employee savings account must be made. An employee who
6 is reemployed with an [A PARTICIPATING] employer [OF THE SYSTEM] and
7 whose contributions have not been refunded before reemployment is not
8 eligible for a refund.

9 * Sec. 20. AS 39.35.240 is amended to read:

10 Sec. 39.35.240. WITHDRAWAL OF VOLUNTARY CONTRIBUTIONS. An active
11 employee [WHILE AN EMPLOYEE IS EMPLOYED BY AN EMPLOYER, HE] may withdraw
12 his savings account [VOLUNTARY CONTRIBUTIONS AND INTEREST ACCRUED ON
13 THEM, OR PART OF THIS AMOUNT,] only if he receives the consent of the
14 administrator [BOARD]. The administrator [BOARD] may permit a with-
15 drawal before termination of employment only in cases of financial need.

16 * Sec. 21. AS 39.35.250 is repealed and re-enacted to read:

17 Sec. 39.35.250. CALCULATION OF EMPLOYER'S CONTRIBUTION RATE. (a)
18 An employer shall make contributions to the system in amounts determined
19 in accordance with this section. For the purposes of this section, the
20 past service date for each employer is the entry date of the employer or
21 December 31, 1972, whichever is later. After December 31, 1972, if
22 amendments to this chapter are enacted which substantially affect
23 benefits accrued before the effective date of the amendment, the past
24 service date will be changed to December 31 of the year immediately
25 preceding that in which the amendment is enacted. The contribution rate
26 is the sum of the consolidated employer rate and the past service rate.

27 (b) As used in (a) of this section, "consolidated employer rate"
28 means the percentage of compensation of all active employees in the
29 system which, if paid over the period of their credited service after

1 their past service date and when combined with all employee contribu-
2 tions, is sufficient to provide the benefits earned after such past
3 service dates. This percentage is uniformly determined for all em-
4 ployers and is applicable to each employer.

5 (c) As used in (a) of this section, "past service rate" means the
6 percentage of compensation of all active employees in the system neces-
7 sary to provide the annual amount required to amortize the unfunded
8 obligations of the employer for benefits earned before the employer's
9 past service date over a period not to exceed 40 years. The period of
10 amortization begins at the past service date of each employer. The
11 percentage is separately determined for each employer.

12 * Sec. 22. AS 39.35.270 is amended to read:

13 Sec. 39.35.270. AMOUNT OF EMPLOYER'S CONTRIBUTIONS. The amount of
14 each employer's contributions shall be determined by applying the
15 employer's contribution rate to the total [OF ALL] compensation paid to
16 the active [PARTICIPATING] employees of the employer for each payroll
17 period. This [, AND THIS] amount [, PLUS A PERCENTAGE OF THE ANNUAL
18 PAYMENT FOR PAST SERVICE LIABILITY,] shall be remitted by the employer
19 to the administrator in accordance with sec. 610 of this chapter [COM-
20 MISSIONER OF ADMINISTRATION. THE PERCENTAGE OF THE ANNUAL PAYMENT FOR
21 PAST SERVICE LIABILITY PAYABLE SHALL BE DETERMINED BY A FRACTION, THE
22 NUMERATOR OF WHICH IS ONE AND THE DENOMINATOR OF WHICH IS THE NUMBER OF
23 PAYROLL PERIODS OF THE EMPLOYER IN ONE YEAR].

24 * Sec. 23. AS 39.35.300 is amended to read:

25 Sec. 39.35.300. EMPLOYMENT WITH THE STATE. (a) An active
26 employee is entitled to credited service [SERVICE CREDIT] for periods
27 [THE ENTIRE PERIOD] of [UNINTERRUPTED] employment with the state after
28 [FOR WHICH HE MAKES CONTRIBUTIONS REQUIRED BY THIS CHAPTER BEGINNING]
29 January 1, 1961, [OR THE LATEST DATE THE EMPLOYEE ENTERED EMPLOYMENT,

1 WHICHEVER IS LATER, AND ENDING WITH THE TERMINATION OF HIS EMPLOYMENT,]
2 regardless of the office, department, division, or agency of the state
3 in which he was employed.

4 (b) A permanent part-time employee of the state receives credited
5 service [SERVICE CREDIT] on a pro rata basis to that which would have
6 been earned as a permanent full-time employee.

7 * Sec. 24. AS 39.35.310 is repealed and re-enacted to read:

8 Sec. 39.35.310. EMPLOYMENT WITH OTHER EMPLOYERS. (a) An active
9 employee is entitled to credited service for periods of employment with
10 a political subdivision or a public or quasi-public organization begin-
11 ning with the effective date of the employer's participation in the
12 system. The employee is also entitled to credited service for periods
13 of employment as designated in the employer's participation agreement.

14 (b) A permanent part-time employee of a political subdivision or
15 a public or quasi-public organization receives credited service on a
16 basis proportionate to that which would have been earned as a permanent
17 full-time employee.

18 * Sec. 25. AS 39.35.330 is amended to read:

19 Sec. 39.35.330. LEAVE OF ABSENCE [AUTHORIZED ABSENCES]. (a) A
20 leave of absence with pay authorized by an employer will [MAY] not be
21 considered as interrupting employment [, IF THE EMPLOYEE RETURNS TO
22 EMPLOYMENT AFTER THE EXPIRATION OF THE PERIOD OF AUTHORIZED ABSENCE].
23 If the employee is a permanent part-time employee, credited service will
24 be granted on a basis proportionate to that which would have been
25 earned as a permanent full-time employee [THE BOARD SHALL ADOPT RULES TO
26 GOVERN THE EXTENT TO WHICH PERIODS OF AUTHORIZED ABSENCE SHALL BE
27 CONSIDERED AS CREDITED SERVICE, EXCEPT AS PROVIDED IN THIS CHAPTER].

28 (b) A leave of absence without pay which exceeds 10 working days
29 in any calendar year or layoff status authorized by an employer will be

1 considered as an interruption of employment and no credited service
2 will be granted.

3 * Sec. 26. AS 39.35.340 is amended to read:

4 Sec. 39.35.340. MILITARY SERVICE. (a) A vested [AN] employee is
5 entitled to credited service [SERVICE CREDIT] for active military service
6 in the armed forces of the United States, either by enlistment or induc-
7 tion, if the employee did not receive a dishonorable discharge. The
8 credited service [SERVICE CREDIT] allowed may not exceed an aggregate
9 period of five years. [THE SERVICE CREDIT AVAILABLE TO THE EMPLOYEE
10 UNDER THIS SECTION MAY NOT BE GRANTED UNTIL THE EMPLOYEE BECOMES VESTED
11 IN THE RETIREMENT SYSTEM.] Benefits are not payable on credited service
12 for military service [CREDIT] unless the employee makes retroactive con-
13 tributions to the system for the period of time that service credit is
14 claimed. However, if the employee was in the employ of an employer on
15 the date of entry into the armed forces and returned to the employ of an
16 employer within 90 days after the date of his discharge from military
17 service, he is not required to make retroactive contributions under this
18 system for the period of credited service [SERVICE CREDIT].

19 (b) In order to obtain credited service [SERVICE CREDIT] under
20 this section, an employee shall make an election to do so and shall
21 verify his period of military service before July 1, 1977 or within one
22 year following the date when the employee first becomes vested under
23 this chapter, if later. When eligibility for credited service for
24 military service [CREDIT] has been established, an indebtedness shall be
25 determined as follows: (1) the employee's actual compensation, or the
26 calculated annual compensation for those employees working less than 12
27 months, during the calendar year 1976 or the year in which an employee
28 first becomes vested under this chapter, whichever is later, multiplied
29 by (2) six per cent, this product multiplied by (3) the number of years

1 of military service credited under this section. Interest as prescribed
2 by regulation accrues on this indebtedness commencing on July 1, 1977 or
3 one year following the date a person first becomes vested, whichever is
4 later. Any outstanding indebtedness which exists at the time a person
5 is appointed to retirement will necessitate an actuarial adjustment to
6 the benefits payable based upon that military service.

7 (c) A retired employee [PERSON RECEIVING RETIREMENT BENEFITS UNDER
8 THIS CHAPTER] on July 1, 1976 is eligible to receive increased benefits
9 based upon military service as described in (a) of this section. To
10 receive credited service for military service [CREDIT], a retired
11 employee [PERSON] must verify his military service before July 1, 1977.
12 When [SUCH SERVICE HAS BEEN] verified, [FOR] a retired employee [PERSON
13 TO RECEIVE MILITARY SERVICE CREDIT, HE] is entitled to receive an in-
14 creased benefit which shall be actuarially adjusted to reflect his indebt-
15 edness for such credit. The indebtedness shall be calculated in the same
16 manner as described in (b) of this section except that it shall be based
17 on the average monthly compensation used in calculating the [RETIREMENT]
18 benefit. The effective date of this increased benefit is the beginning
19 of the month following that in which eligibility has been established.

20 (d) The credited service [SERVICE CREDIT] granted under this
21 section may not be used to satisfy the credited service requirements
22 [COUNT YEARS OF SERVICE FOR THE PURPOSE OF SATISFYING ELIGIBILITY FOR
23 NORMAL RETIREMENT OR AS ELIGIBILITY] for normal retirement [BEFORE
24 REACHING NORMAL RETIREMENT AGE UNDER THIS CHAPTER].

25 (e) A deferred vested employee on July 1, 1976 is eligible to
26 claim credited service under (a) of this section. In order to obtain
27 credited service under this section, such an employee must make an
28 election to do so and must verify his period of military service before
29 July 1, 1978. When eligibility for military service has been

1 established, an indebtedness shall be determined as follows: the em-
2 ployee's actual compensation, or the calculated annual compensation for
3 those employees working less than 12 months, during the calendar year
4 the employee terminated, shall be multiplied by six per cent; this
5 product shall then be multiplied by the number of years of military
6 service credit under this section. Interest as prescribed by regulation
7 accrues on this indebtedness commencing July 1, 1978. Any outstanding
8 indebtedness which exists at the time a person is appointed to retire-
9 ment will necessitate an actuarial adjustment to the benefits payable
10 based upon that military service.

11 (f) An employee cannot be credited with active military service in
12 the armed forces of the United States under this section if credit for
13 military service was granted under AS 14.25.

14 * Sec. 27. AS 39.35.350 is repealed and re-enacted to read:

15 Sec. 39.35.350. REINSTATEMENT OF CREDITED SERVICE. (a) An
16 employee who receives a refund of contributions in accordance with sec.
17 200 of this chapter forfeits corresponding service under this chapter.

18 (b) An employee may reinstate credited service associated with a
19 refund by repaying the total amount of the refund. Interest will
20 accrue from the date of the refund until repayment of the refund or
21 retirement, whichever occurs first. Payments will apply first to
22 accrued interest and then to principal.

23 (c) If, on the date of retirement, an employee has not paid in
24 full the amount of his reinstatement indebtedness, he may irrevocably
25 elect either (1) option one - to receive a refund of the principal paid
26 on the reinstatement indebtedness and forfeit the corresponding credited
27 service, or (2) option two - to cancel the outstanding indebtedness due
28 by accepting an actuarial reduction to the retirement benefit for life.

29 * Sec. 28. AS 39.35.360(a) is amended to read:

1 (a) An employee who completes three years of service with the
2 state after January 1, 1961, for which he makes contributions required
3 by this chapter is entitled to credited service [SERVICE CREDIT] for em-
4 ployment rendered to the State and former Territory of Alaska before
5 January 1, 1961, regardless of the office, department, division, or
6 agency of the state or territory in which he was employed, including (1)
7 service as a commissioned officer of the United States Public Health
8 Service, (2) service with the United States District court and the United
9 States Commissioner's court serving the Territory and State of Alaska
10 succeeded to by the Alaska court system, (3) persons employed as United
11 States marshals, United States deputy marshals, Civil Aeronautics Adminis-
12 tration security guards and [HEAVY EQUIPMENT OPERATORS,] United States
13 Corps of Engineers security guards, (4) Civil Aeronautics Administration
14 heavy equipment operators, (5) [AND] employees of the United States Fish
15 and Wildlife Service, and (6) employees of the Alaska Road Commission
16 and Bureau of Public Roads. The retirement benefits payable to an
17 employee under this section which are attributable to employment rendered
18 to the State and former Territory of Alaska before January 1, 1961,
19 shall be reduced by the amount of the retirement pension benefits paid
20 to him by the United States government for the same period of service.

21 * Sec. 29. AS 39.35.360(b) is amended to read:

22 (b) An employee who is entitled to credited service [SERVICE
23 CREDIT] for employment before January 1, 1961, [PRIOR SERVICE] is not
24 required to make retroactive contributions under this chapter [SYSTEM
25 FOR THE PERIOD OF PRIOR SERVICE CREDIT].

26 * Sec. 30. AS 39.35.360(e) is amended to read:

27 (e) An employee of a detention facility provided by a local
28 government unit to the territorial or state government under AS 33.30.-
29 060, who continues in state employment upon transfer of the facility to

1 the state, is entitled to credited service [SERVICE CREDIT] for his
2 prior service with the facility if the employee remains in continuous
3 employment with the state until July 1, 1976. To obtain credited ser-
4 vice [SERVICE CREDIT] the employee is required to make retroactive
5 contributions for the period of service between January 1, 1961 and the
6 effective date of the transfer of the facility to the state.

7 * Sec. 31. AS 39.35.370 is repealed and re-enacted to read:

8 Sec. 39.35.370. RETIREMENT BENEFITS. (a) A terminated employee
9 is eligible for a normal retirement benefit (1) at age 55 with at least
10 five years credited service, or (2) with at least 20 years of credited
11 service as a peace officer or fireman, or (3) with at least 30 years of
12 credited service for all other employees.

13 (b) A terminated employee is eligible for an early retirement
14 benefit at age 50 with at least five years credited service.

15 (c) The monthly amount of a retirement benefit for a peace officer
16 or fireman is two per cent of the average monthly compensation times the
17 years of credited service up through 10 years, plus two and one-half per
18 cent of the average monthly compensation times the years of service over
19 10 years. For all other employees it is two per cent of the average
20 monthly compensation times the years of service. An actuarial adjust-
21 ment must be made for an early retirement benefit.

22 (d) The monthly amount of a retirement benefit for a deferred
23 vested member shall be determined in accordance with (c) of this section
24 as it was in effect on the date of the employee's termination of employ-
25 ment.

26 (e) Benefits payable under this section accrue from the first day
27 of the month after which all of the following requirements are met: (1)
28 the member meets the eligibility requirements of this section; (2) he
29 terminates his employment; and (3) he applies for retirement. The

1 benefits are payable the last day of the month. If payment is delayed,
2 a retroactive payment shall be made to cover the period of deferment.
3 The last payment shall be made for the month in which a benefit is
4 payable under this section.

5 * Sec. 32. AS 39.35 is amended by adding a new section to read:

6 Sec. 39.35.395. VOLUNTARY CONTRIBUTION BENEFIT. The balance of
7 the employee's savings account will be paid in one of the following
8 options as elected by the employee: (1) a lump sum payment; or (2) a
9 life annuity on a full cash refund or term-certain basis; or (3)
10 installments over a designated period of time.

11 * Sec. 33. AS 39.35.400(b) is amended to read:

12 (b) The nonoccupational disability [PENSION] benefits accrue
13 beginning the first day of the month following termination of employment
14 as a result of the disability and are payable the last day of the month.
15 If a final determination granting the benefit [PENSION] is not made in
16 time to pay the benefit [FIRST MONTH'S PENSION] when due, a retroactive
17 payment shall be made to cover the period of deferment. Benefits shall
18 be continued after one year from the date of appointment to nonoccupa-
19 tional disability only if the disabled employee [PERSON] fulfills the
20 requirements set out in (e) of this section. The last payment shall be
21 for (1) the month in which [(1)] the death of the disabled employee
22 occurs, or (2) the month in which the disabled employee recovers from
23 disability, or (3) the month in which the disabled employee ceases to be
24 eligible for disability benefits under the Social Security Act, or (4)
25 the month in which the disabled employee reaches normal retirement age,
26 whichever occurs first.

27 * Sec. 34. AS 39.35.400(e) is amended to read:

28 (e) A disabled employee receiving a nonoccupational disability
29 benefit [PENSION] shall provide the administrator, one year after

1 appointment to disability benefits [RETIREMENT] and once each year
2 thereafter until disability benefits cease, proof of continuing eligi-
3 bility to receive disability payments under the Social Security Act. If
4 the disabled employee is otherwise ineligible for a social security
5 payment, he shall provide the administrator with sufficient medical
6 evidence once each year to demonstrate that disability payments [BENE-
7 FITS] under the Social Security Act would be payable had the employee
8 been otherwise eligible. If the disabled employee fails to provide the
9 administrator with evidence of continuing eligibility for disability
10 payments under the Social Security Act or other medical evidence re-
11 quired by the administrator within 30 days following each anniversary
12 date, the disability benefits [PAYMENTS] from the system shall cease.
13 If that information is subsequently provided to the administrator,
14 benefit payments will resume beginning for the month following that in
15 which the information is provided. When disability payments under the
16 Social Security Act cease, it is the responsibility of the disabled
17 employee to notify the administrator immediately. [UPON NOTIFICATION,
18 THE ADMINISTRATOR SHALL CEASE MAKING DISABILITY PAYMENTS.]

19 * Sec. 35. AS 39.35.410(b) is amended to read:

20 (b) The occupational disability [PENSION] benefits accrue beginning
21 the first day of the month following termination of employment as a
22 result of the disability and are payable the last day of the month.
23 If a final determination granting the benefit [PENSION] is not made in
24 time to pay the benefit [FIRST MONTH'S PENSION] when due, a retroactive
25 payment shall be made to cover the period of deferment. Benefits shall
26 be continued after one year from date of appointment to occupational
27 disability only if the disabled employee [PERSON] fulfills the require-
28 ments set out in (g) of this section. The last payment shall be for the
29 month in which (1) the death of the disabled employee occurs, or (2) the

1 month in which the disabled employee recovers from disability, or (3)
2 the month in which the disabled employee ceases to be eligible for
3 disability payments [BENEFITS] under the Social Security Act, or (4) the
4 month the disabled employee reaches normal retirement age, whichever
5 occurs first.

6 * Sec. 36. AS 39.35.410(g) is amended to read:

7 (g) A disabled employee receiving an occupational disability
8 benefit [PENSION] shall provide the administrator, one year after
9 appointment to disability benefits [RETIREMENT] and once each year
10 thereafter until disability benefits cease, proof of continuing eligi-
11 bility to receive disability payments under the Social Security Act. If
12 a disabled employee is otherwise ineligible for a social security pay-
13 ment, he shall provide the administrator with sufficient medical evidence
14 once each year to demonstrate that disability payments [BENEFITS] under
15 the Social Security Act would be payable had the employee been otherwise
16 eligible. If the disabled employee fails to provide the administrator
17 with evidence of continuing eligibility for disability payments under
18 the Social Security Act or other medical evidence required by the ad-
19 ministrator within 30 days following each anniversary date, the dis-
20 ability benefit [PAYMENTS] from the system shall cease. If that infor-
21 mation is subsequently provided to the administrator, benefit payments
22 will resume beginning for the month following that in which the infor-
23 mation is provided. When disability payments under the Social Security
24 Act cease, it is the responsibility of the disabled employee to notify
25 the administrator immediately. [UPON NOTIFICATION, THE ADMINISTRATOR
26 SHALL CEASE MAKING DISABILITY PAYMENTS.]

27 * Sec. 37. AS 39.35.420 is amended to read:

28 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If the death
29 of an employee occurs from nonoccupational causes after completing less

1 than one year of credited service, the employee's beneficiary shall be
2 paid the balance of: (1) the employee's contribution account; and (2)
3 the employee's savings account. If the death of an employee occurs from
4 nonoccupational causes [BEFORE APPOINTMENT TO RETIREMENT, AND] after
5 completing at least one year but less than five years of credited ser-
6 vice, a lump sum death benefit shall be paid to the beneficiary of the
7 employee. The amount of the lump sum death benefit shall be [\$1,000
8 PLUS] \$100 times years [FOR EACH YEAR] of credited service plus \$1,000.
9 The lump sum death benefit is in addition to [A REFUND OF] the balance
10 of the employee's [EMPLOYEE] contribution account and savings account
11 [OF THE DECEASED EMPLOYEE UNDER SEC. 210 OF THIS CHAPTER].

12 (b) If the death of a vested member [AN EMPLOYEE] or deferred
13 vested member occurs from nonoccupational causes [BEFORE APPOINTMENT TO
14 RETIREMENT AND AFTER COMPLETING AT LEAST FIVE YEARS OF CREDITED SERVICE],
15 the surviving spouse may at his or her discretion receive either the
16 benefits described in (a) of this section or a 50 per cent joint and
17 survivor option based upon credited service to the date of the employee's
18 death or termination [AND PAYABLE TO THE SURVIVING SPOUSE COMMENCING FOR
19 THE MONTH FOLLOWING THE DEATH OF THE EMPLOYEE]. Benefits accrue from
20 the first day of the month following the employee's death and are pay-
21 able the last day of the month.

22 * Sec. 38. AS 39.35.430(b) is amended to read:

23 (b) If (1) the death of an employee occurs before his retirement
24 and before his normal retirement date, and (2) the proximate cause of
25 death is a bodily injury sustained or a hazard undergone while in the
26 performance and within the scope of his duties, and (3) the injury or
27 hazard is not the proximate result of wilful negligence of the employee,
28 a monthly survivor's pension equal to 40 per cent of his monthly
29 compensation in the month in which he dies shall be paid to his surviv-

1 ing spouse. If there is no surviving spouse the monthly survivor's
2 pension shall be paid in equal parts to the dependent children of the
3 employee [, INCLUDING THOSE ADOPTED, WHO ARE EITHER UNDER 19 YEARS OLD
4 OR UNDER 23 YEARS OLD AND REGISTERED AT AND ATTENDING ON A FULL-TIME
5 BASIS AN ACCREDITED EDUCATIONAL OR TECHNICAL INSTITUTION RECOGNIZED BY
6 THE DEPARTMENT OF EDUCATION]. On the date the normal retirement of
7 the employee would have occurred if he had lived, monthly payments
8 shall equal the monthly amount of the normal retirement benefit to
9 which the employee, had he lived and continued his employment until
10 his normal retirement date, would have been entitled with an average
11 monthly compensation as existed at his death and the credited service
12 to which he would have been entitled.

13 * Sec. 39. AS 39.35.430(c) is amended to read:

14 (c) The first payment of the surviving spouse's pension or of
15 a dependent [THE SURVIVING] child's pension shall accrue from the
16 first day of [BE MADE FOR] the month following the employee's death
17 and is payable the last day of the month. The last [MONTH IN WHICH
18 THE EMPLOYEE DIES AND THE] payment shall [CEASE TO] be made for the
19 last month in which there is an [NO] eligible surviving spouse or
20 child.

21 * Sec. 40. AS 39.35.440(b) is amended to read:

22 (b) Upon the death of a disabled [RETIRED] employee who is
23 receiving or is entitled to receive an occupational disability benefit
24 [PENSION], a surviving spouse's pension equal to 40 per cent of his
25 average monthly compensation shall be paid to his surviving spouse.
26 If there is no surviving spouse, the survivor's pension shall be paid
27 in equal parts to the dependent children of the employee [, INCLUDING
28 THOSE ADOPTED, WHO ARE EITHER UNDER 19 YEARS OLD OR UNDER 23 YEARS OLD
29 AND REGISTERED AT AND ATTENDING ON A FULL-TIME BASIS AN ACCREDITED

1 EDUCATIONAL OR A TECHNICAL INSTITUTION RECOGNIZED BY THE DEPARTMENT OF
2 EDUCATION]. On the date the normal retirement of the employee would
3 have occurred if he had lived, monthly payments shall equal the monthly
4 amount of the normal retirement benefit to which the employee, had he
5 lived and continued his employment until his normal retirement date,
6 would have been entitled with an average monthly compensation as
7 existed at his death and the credited service to which he would have
8 been entitled.

9 * Sec. 41. AS 39.35.440(c) is amended to read:

10 (c) The first payment of the surviving spouse's pension or of
11 a dependent [THE SURVIVING] child's pension shall accrue from the first
12 day of [BE MADE FOR] the month following the [MONTH IN WHICH THE
13 EMPLOYEE DIES AND THE] employee's death and is payable the last day of
14 the month. The last payment [PAYMENTS] shall [CEASE TO] be made for
15 the last month in which there is an [NO] eligible surviving spouse or
16 child.

17 * Sec. 42. AS 39.35.450 is repealed and re-enacted to read:

18 Sec. 39.35.450. JOINT AND SURVIVOR OPTION. (a) Benefits
19 payable under this section are in place of benefits payable under sec.
20 370 of this chapter. Upon filing an application with the admini-
21 strator, an employee may designate his or her spouse or a dependent
22 approved by the administrator as the contingent beneficiary. The
23 benefit shall be determined in accordance with one of the following
24 options elected:

25 (1) the employee is entitled to receive a reduced benefit
26 payable for life, and payments in the amount of 75 per cent of the
27 reduced benefit shall, after the employee's death, be continued to the
28 contingent beneficiary for life;

29 (2) the employee is entitled to receive a reduced benefit

1 payable for life, and payments in the amount of 50 per cent of the
2 reduced benefit shall, after the employee's death, be continued to the
3 contingent beneficiary for life;

4 (3) the employee is entitled to receive a reduced benefit
5 payable during the joint lifetime of the employee and the contingent
6 beneficiary, and payments in the amount of 66 2/3 per cent of the
7 reduced benefit shall, after the death of either the employee or the
8 contingent beneficiary, be continued to the survivor for life.

9 (b) The aggregate of the pension payments expected to be paid to
10 an employee and his contingent beneficiary under the options set out
11 in (a) of this section shall be the actuarial equivalent of the pension
12 which the employee is otherwise entitled to receive upon retirement.

13 (c) An employee may elect, change, or revoke an option without
14 the approval of the administrator if his election, change, or revocation
15 is filed in writing with the administrator before the effective date
16 of his retirement.

17 (d) A member, including a deferred vested member, may, regardless
18 of his age, elect a joint and survivor option any time before appoint-
19 ment to receive a retirement benefit.

20 (e) If either the employee or contingent beneficiary dies before
21 the employee is appointed to retirement, the election becomes inopera-
22 tive. Once the employee is appointed to retirement, the election is
23 irrevocable. If a retired employee is reemployed and is subsequently
24 reappointed to retirement, those benefits earned during the period of
25 reemployment are subject to the initial election made under this
26 section, unless the contingent beneficiary is deceased. If the contin-
27 gent beneficiary is deceased, the benefits earned during the period of
28 reemployment are subject to sec. 370 of this chapter or this section
29 if another contingent beneficiary was elected during the period of

1 reemployment. All other benefits earned during prior periods of
2 employment are subject to the election at the time the employee was
3 appointed to retirement. If death occurs from nonoccupational causes
4 during the period of reemployment, those benefits earned while reem-
5 ployed are subject to sec. 420(b) of this chapter. All other benefits
6 earned during prior periods of employment are subject to the election
7 at the time the employee was appointed to retirement. If death occurs
8 from occupational causes during the period of reemployment, all benefits
9 earned during all periods of employment are subject to sec. 430(b) and
10 (c) of this chapter.

11 * Sec. 43. AS 39.35.480 is repealed and re-enacted to read:

12 Sec. 39.35.480. COST-OF-LIVING ALLOWANCE. (a) While residing
13 in the state, a person receiving a benefit under this chapter is
14 entitled to receive a monthly cost-of-living allowance in addition to
15 his basic benefit. The amount of this allowance shall be \$50 or 10
16 per cent of the basic benefit, whichever is greater.

17 (b) A person receiving a cost-of-living allowance under this
18 section shall notify the administrator when he expects to be absent
19 from the state for a continuous period that exceeds 60 days. After
20 that notification, the person is no longer entitled to receive the
21 monthly cost-of-living allowance. Upon his return to the state, and
22 upon notification to the administrator, the person is again entitled
23 to receive the monthly cost-of-living allowance, commencing with the
24 first monthly benefit payment made after notification of the person's
25 return.

26 (c) While residing in the state, a public employee of the Terri-
27 tory of Alaska who participated in the Public Employees' Retirement
28 Act established by ch. 41 SLA 1949, and who retired before the effective
29 date of ch. 102 SLA 1951, is entitled to the cost-of-living allowance

1 equal to 25 per cent of the amount received under ch. 41 SLA 1949.

2 (d) For purposes of this section, "residing in the state" means
3 domiciled and physically present in the State of Alaska. Being absent
4 from the state for a continuous period of 60 days or less does not
5 change a person's status as "residing in the state."

6 * Sec. 44. AS 39.35.490(b) is amended to read:

7 (b) The designation may be changed or revoked by the employee
8 without notice to the beneficiary or beneficiaries at any time. If an
9 employee designates more than one beneficiary, each shall share
10 equally unless the employee specifies a different allocation or
11 preference. The designation of a beneficiary and a change or revoca-
12 tion of a beneficiary shall be made on a form provided by the admini-
13 strator [BOARD] and is not effective until filed with the administrator
14 [BOARD].

15 * Sec. 45. AS 39.35.500 is amended to read:

16 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS [NONALIENATION OF
17 AMOUNTS] HELD BY THE SYSTEM. Employee contributions and other amounts
18 held in the pension fund are exempt from Alaska state and local taxes.
19 Amounts [EXCEPT WITH RESPECT TO INDEBTEDNESS OWING TO THE EMPLOYERS,
20 AMOUNTS] held on behalf of, or payable to, any employee or other
21 person who is or may become eligible for benefits under the system are
22 not subject to anticipation, alienation, sale, transfer, assignment,
23 pledge, encumbrance, charge, garnishment, execution, or levy of any
24 kind, either voluntary or involuntary, before being received by the
25 person entitled to the amount under the terms of the system. An
26 attempt to anticipate, alienate, sell, transfer, assign, pledge,
27 encumber, charge, or otherwise dispose of a right to amounts held
28 under the system is void.

29 * Sec. 46. AS 39.35.510 is amended to read:

1 Sec. 39.35.510. VOLUNTARY WAIVER OF BENEFITS. A retired employee
2 may, in writing, request the administrator [BOARD] to suspend, for any
3 period of time, payment of all or part of the benefits to which he is
4 entitled. The administrator [BOARD] shall grant the request and may
5 not require the retired employee to disclose his reason for desiring the
6 suspension. Amounts which are suspended pursuant to the request are
7 forfeited. The retired employee may subsequently terminate the suspen-
8 sion by filing a written notice with the administrator [BOARD] which
9 states his desire to revoke the suspension. Upon receipt of the
10 notice, the administrator [BOARD] shall authorize resumption of the
11 retired employee's regular pension payments.

12 * Sec. 47. AS 39.35.546 is amended to read:

13 Sec. 39.35.546. TAX EXEMPTION. Benefits of this chapter are
14 exempt from Alaska state and municipal income taxes.

15 * Sec. 48. AS 39.35.550 is amended to read:

16 Sec. 39.35.550. REQUEST BY POLITICAL SUBDIVISION TO PARTICIPATE
17 AND ADOPTION OF RESOLUTION. A municipality or other political subdivi-
18 sion of the state may request to become an [A PARTICIPATING] employer
19 in this system. The request shall be made after adoption of a resolu-
20 tion by the legislative body of the political subdivision and after
21 approval of the resolution by the person required by law to approve
22 the resolution. A certified copy of the resolution shall be filed
23 with the administrator [DEPARTMENT OF ADMINISTRATION]. If the admini-
24 strator [COMMISSIONER OF ADMINISTRATION] approves the request for
25 participation, the political subdivision is an [A PARTICIPATING]
26 employer of the system.

27 * Sec. 49. AS 39.35.560 is amended to read:

28 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE
29 AND ADOPTION OF RESOLUTION. A public or quasi-public organization

1 created wholly or partly by, or deriving its powers from, the legis-
2 lature of the state may request to become an [A PARTICIPATING] employer
3 in this system. The request shall be made after adoption of a resolu-
4 tion by the governing body of the public organization. A certified
5 copy of the resolution shall be filed with the administrator [DEPART-
6 MENT OF ADMINISTRATION]. If the administrator [COMMISSIONER OF ADMINI-
7 STRATION] approves the request for participation, the public organiza-
8 tion is an [A PARTICIPATING] employer of the system.

9 * Sec. 50. AS 39.35.610 is amended to read:

10 Sec. 39.35.610. TRANSMITTAL OF CONTRIBUTIONS TO ADMINISTRATOR
11 [COMMISSIONER OF ADMINISTRATION]. The contributions of an employer
12 [THE POLITICAL SUBDIVISION OR PUBLIC ORGANIZATION] and the contributions
13 of its employees shall be transmitted to the administrator [COMMISSIONER
14 OF ADMINISTRATION] as soon as practicable after the close of the
15 payroll period for which the contributions are made. If an employer
16 is delinquent in transferring the contributions for more than 15 days,
17 interest shall be assessed on the outstanding contributions at one and
18 one-half times the most recent actuarially determined rate of earnings
19 for the retirement system from the date that the contributions were
20 originally due.

21 * Sec. 51. AS 39.35.680 is repealed and re-enacted to read:

22 Sec. 39.35.680. DEFINITIONS. In this chapter, unless the
23 context otherwise requires,

24 (1) "active member" means an employee who is employed by an
25 employer, is receiving compensation for seasonal, permanent full-time,
26 or permanent part-time services, and is making contributions to the
27 system;

28 (2) "actuarial adjustment" means equality in value of the
29 aggregate expected payments under two different forms of pension

1 payments, considering expected mortality and interest earnings on the
2 basis of tables adopted from time to time by the board;

3 (3) "administrator" means the person appointed by the
4 commissioner of administration under sec. 50 of this chapter;

5 (4) "average monthly compensation" means the result obtained
6 by dividing the compensation earned by an employee during a considered
7 period by the number of months, including fractional months, for which
8 compensation was earned; the considered period consists of the three
9 consecutive calendar years during the period of credited service which
10 yields the highest average, or if the employee does not have three
11 consecutive calendar years, his period of credited service; an employee
12 must have at least 120 days of credited service in the last calendar
13 year in order to be used as part of the three consecutive calendar
14 years;

15 (5) "beneficiary" means a person designated by an employee
16 to receive benefits that may be due from the system upon the employee's
17 death;

18 (6) "board" means the Public Employees Retirement Board;

19 (7) "calendar year" means the period beginning on January 1
20 and ending on December 31;

21 (8) "compensation" means the total remuneration earned by
22 an employee for personal services rendered, including cost-of-living
23 differentials, but does not include retirement benefits, welfare
24 benefits, per diem, expense allowances, or medical leave or annual leave
25 not used by the employee;

26 (9) "credited service" means the number of years, including
27 fractional years, recognized for computing benefits that may be due
28 from the system;

29 (10) "deferred vested member" means an inactive member who

1 meets the five-year credited service requirement to qualify for a
2 retirement benefit;

3 (11) "dependent child" means an unmarried child of an
4 employee, including one adopted, who is dependent upon the employee
5 for support and who is either (A) under 19 years old or (B) under 23
6 years old and registered at and attending on a full-time basis an
7 accredited educational or technical institution recognized by the
8 Department of Education; age restrictions set out in this paragraph
9 do not apply to a child who is totally and permanently disabled;

10 (12) "disabled member" means an employee who is terminated,
11 who has not received a refund from the system and is receiving a
12 disability benefit from the system;

13 (13) "early retirement" means retirement for a member who
14 is at least 50 years old and has a minimum of five years credited
15 service;

16 (14) "elected official" means a member whose compensation
17 results from personal services rendered as an elected representative
18 and who elects coverage under sec. 125 of this chapter;

19 (15) "employee contribution account" means the account
20 maintained by the system to record the mandatory contributions of each
21 employee, including interest and adjustments to the account in accor-
22 dance with sec. 100 of this chapter;

23 (16) "employee savings account" means the account maintained
24 by the system to record the voluntary contributions of each employee,
25 including interest and adjustments to the account in accordance with
26 sec. 100 of this chapter;

27 (17) "employer" means the State of Alaska or a political
28 subdivision or public or quasi-public organization of the state which
29 participates in the system;

1 (18) "fiscal year" means the period beginning on July 1 and
2 ending on June 30 of the following calendar year;

3 (19) "former member" means an employee who is terminated
4 and who has received a total refund of the balance of his employee
5 contribution account, or who has requested in writing a refund of the
6 balance in his employee contribution account, or who is eligible for
7 a refund under sec. 200(b) of this chapter;

8 (20) "inactive member" means an employee who is terminated
9 and who has not received a refund from the system or an employee on
10 leave-without-pay status or layoff status;

11 (21) "member" or "employee"

12 (A) means a person eligible to participate in the
13 system and who is covered by the system;

14 (B) includes

15 (i) active member;

16 (ii) inactive member;

17 (iii) vested member;

18 (iv) deferred vested member;

19 (v) non-vested member;

20 (vi) disabled member;

21 (vii) retired member;

22 (C) does not include

23 (i) former members;

24 (ii) persons compensated on a contractual or fee
25 basis;

26 (iii) casual, emergency or temporary workers;

27 (iv) persons covered by the Alaska Teachers'
28 Retirement System;

29 (v) employees of the division of marine trans-

1 portation engaged in operating the state ferry system who
2 are covered by a union or group retirement system to which
3 the state makes contributions; and

4 (vi) justices of the supreme court or judges of
5 the superior or district courts of Alaska;

6 (22) "military service" means active duty service in the
7 armed forces of the United States;

8 (23) "nonoccupational disability" means a physical or
9 mental condition which, in the judgment of the administrator, presum-
10 ably permanently prevents an employee from satisfactorily performing
11 his usual duties for his employer or the duties of another position or
12 job which his employer makes available and for which the employee is
13 qualified by training or education, not including a condition resulting
14 from a cause which the board, in its regulations has excluded;

15 (24) "non-vested member" means an active or inactive member
16 who does not meet the five-year credited service requirement to qualify
17 for a retirement benefit;

18 (25) "normal retirement" means retirement for a member who
19 is at least 55 years old and has a minimum of five years credited
20 service, or who is any age and has 30 years or more of credited service,
21 or a peace officer or fireman who is any age and has 20 years or more
22 of credited service;

23 (26) "occupational disability" means a physical or mental
24 condition which, in the judgment of the administrator, presumably
25 permanently prevents an employee from satisfactorily performing his
26 usual duties for his employer; however, the proximate cause of the
27 condition must be a bodily injury sustained, or a hazard undergone,
28 while in the performance and within the scope of the employee's
29 duties and not the proximate result of the wilful negligence of the

1 employee;

2 (27) "peace officer" or "fireman" means an employee occupy-
3 ing a position as a peace officer, chief of police, correctional
4 officer, correctional superintendent, qualified employee of the Depart-
5 ment of Fish and Game, fireman, or fire chief;

6 (28) "pension fund" means all assets held in the name of
7 the system;

8 (29) "permanent full-time" means an employee who is occupy-
9 ing a permanent position which regularly requires working 30 or more
10 hours a week;

11 (30) "permanent part-time" means an employee who is occupy-
12 ing a permanent position which regularly requires working at least 15
13 hours but less than 30 hours a week;

14 (31) "prescribed rate of interest" means the rate of
15 interest used for computing employer contributions, for preparing
16 actuarial tables used by the system and for crediting interest to
17 employee contributions and savings accounts, and for charging interest
18 on employee indebtedness accounts;

19 (32) "qualified employee of the Department of Fish and
20 Game" means a full-time employee of that department whose duties
21 necessitate a significant amount of field work, travel, or exposure to
22 hazardous working conditions, and who holds a position which is desig-
23 nated as complying with the requirements of this section by regulations
24 adopted by the commissioner of administration after consultation with
25 the commissioner of fish and game, except that other personnel of that
26 department are not excluded by this paragraph from status as an
27 "employee" under (5) of this section;

28 (33) "retired member" means an employee who is terminated,
29 who has not received a refund from the system and is receiving a

1 benefit other than disability, from the system;

2 (34) "retirement" means that period of time from the first
3 day of the month following (A) the date of termination and (B) applica-
4 tion for retirement, in which a person is appointed to receive a
5 retirement benefit, other than occupational or nonoccupational disability
6 benefit;

7 (35) "seasonal" refers to an employee who is occupying a
8 position for less than 12 months each year where it is anticipated
9 that the same employee will return to the position when needed;

10 (36) "surviving spouse" means the spouse of an employee who
11 has been married to the employee for at least one year at the time of
12 the employee's death; the one-year marriage requirement does not apply
13 when the employee's death was an occupational or accidental death;

14 (37) "system" means the Public Employees' Retirement
15 System of Alaska;

16 (38) "vested member" is an active member who meets the five-
17 year credited service requirement to qualify for a retirement benefit.

18 * Sec. 52. The following laws are repealed: AS 14.25.120(i); 14.25.-
19 162(e); AS 39.35.130 - 39.35.140; 39.35.190; 39.35.210 - 39.35.220; 39.35.-
20 320; 39.35.380 - 39.35.390; 39.35.440(d); and 39.35.485(b).

21 * Sec. 53. The definition of "normal retirement" contained in sec. 51 of
22 this Act (AS 39.35.680(25)) is retroactive to October 14, 1976.

23 * Sec. 54. This Act takes effect July 1, 1977, except that the definition
24 of "normal retirement" contained in sec. 51 of this Act (AS 39.35.680(25))
25 takes effect immediately in accordance with AS 01.10.070(c).