

Introduced: 1/16/78
Referred: Health, Education & Social
Services, State Affairs and
Finance

BY THE RULES COMMITTEE BY REQUEST
OF THE LEGISLATIVE COUNCIL (for
the Interim Committee on Retirement)

1 IN THE HOUSE

2 HOUSE BILL NO. 634

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the transferability of credited
7 service between the teachers' retirement system and the
8 public employees' retirement system; and providing for
9 an effective date."

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

11 * Section 1. AS 14.25 is amended by adding a new section to read:

12 Sec. 14.25.105. PUBLIC EMPLOYMENT SERVICE. (a) A vested teacher
13 or member who was employed after January 1, 1961 as a seasonal, permanent
14 full-time, or permanent part-time employee of the State of Alaska or a
15 political subdivision or public or quasi-public organization of the state
16 which participates in the public employees' retirement system (AS 39.35)
17 may receive creditable service under this retirement system up to a
18 maximum of 10 years. Each 12 months of public employment service equals
19 one school year, and lesser periods of public employment will be deter-
20 mined for credit purposes in a proportionate ratio to a year. Credit
21 for public employment shall be granted only if the teacher or member
22 makes contributions for the employment in the same manner as required
23 for outside service under sec. 60 of this chapter.

24 (b) A retired teacher or member on July 1, 1978 is eligible to
25 receive increased benefits based upon public employment as described in
26 (a) of this section. To receive public employment creditable service,
27 a retired teacher or member must verify his public employment service
28 before July 1, 1979. When that service has been verified, a retired
29 teacher or member is entitled to receive an increased benefit which shall

1 be actuarially adjusted to reflect his indebtedness for the credit. The
2 indebtedness shall be calculated in the same manner as provided for out-
3 side service under sec. 60 of this chapter. The effective date of this
4 increased benefit is the beginning of the month following that in which
5 eligibility has been established.

6 (c) No public employment service credit may be granted to a
7 teacher or member under this section if credit for that public employ-
8 ment service was granted under the public employees' retirement system
9 (AS 39.35).

10 * Sec. 2. AS 39.35 is amended by adding a new section to read:

11 Sec. 39.35.345. TEACHING SERVICE. (a) A vested employee is en-
12 titled to service credit for employment which qualifies as creditable
13 service allowed under the teachers' retirement system (AS 14.25). The
14 credited service allowed under this section may not exceed an aggregate
15 period of 10 years. Benefits are not payable on teaching credited ser-
16 vice unless the employee makes retroactive contributions to the system
17 for the period of time that service credit is claimed.

18 (b) In order to obtain credited service under this section, an
19 employee shall make an election to do so and shall verify his period of
20 teaching service before July 1, 1979 or within one year following the
21 date when the employee first becomes vested under this chapter, if later.
22 When eligibility for teaching credited service has been established, an
23 indebtedness shall be determined as follows: (1) the employee's actual
24 compensation, or the calculated annual compensation for those employees
25 working less than 12 months, during the calendar year 1978 or the year
26 in which an employee first becomes vested under this chapter, whichever
27 is later, multiplied by (2) six per cent, this product multiplied by
28 (3) the number of years of teaching service credited under this section.
29 Interest as prescribed by regulation accrues on this indebtedness

1 commencing on July 1, 1979 or one year following the date a person first
2 becomes vested, whichever is later. Any outstanding indebtedness which
3 exists at the time a person is appointed to retirement will necessitate
4 an actuarial adjustment to the benefits payable based upon that teaching
5 service.

6 (c) A retired employee on July 1, 1978 is eligible to receive in-
7 creased benefits based upon teaching service as described in (a) of this
8 section. To receive teaching service credit, a retired employee must
9 verify his teaching service before July 1, 1979. When that service has
10 been verified, a retired employee is entitled to receive an increased
11 benefit which shall be actuarially adjusted to reflect his indebtedness
12 for the credit. The indebtedness shall be calculated in the same manner
13 as described in (b) of this section except that it shall be based on the
14 average monthly compensation used in calculating the benefit. The effec-
15 tive date of this increased benefit is the beginning of the month fol-
16 lowing that in which eligibility has been established.

17 (d) The credited service granted under this section may not be
18 used to satisfy the credited service requirement for normal retirement.

19 (e) A deferred vested employee on July 1, 1978 is eligible to
20 claim credited service under (a) of this section. In order to obtain
21 credited service under this section, that employee must make an election
22 to do so and must verify his period of teaching service before July 1,
23 1979. When eligibility for teaching service has been established, an
24 indebtedness shall be determined as follows: the employee's actual
25 compensation, or the calculated annual compensation for those employees
26 working less than 12 months, during the calendar year the employee
27 terminated, shall be multiplied by six per cent; this product shall then
28 be multiplied by the number of years of teaching service credit under
29 this section. Interest as prescribed by regulation accrues on this

1 indebtedness commencing July 1, 1979. Any outstanding indebtedness which
2 exists at the time a person is appointed to retirement will necessitate
3 an actuarial adjustment to the benefits payable based upon that teaching
4 service.

5 (f) No teaching service credit may be granted to an employee under
6 this section if credit for that teaching service was granted under the
7 teachers' retirement system (AS 14.25).

8 * Sec. 3. This Act takes effect July 1, 1978.