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Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY COWPER, BRADLEY, DUNCAN,
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2 HOUSE BILL NO. 820 am

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

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

9 * Section 1. AS 14.25.035 is amended by adding a new subsection to read:

10 (h) The teachers' retirement board may authorize the payment of a
11 post-retirement bonus under sec. 144 of this chapter.

12 * Sec. 2. AS 14.25.070 is repealed and re-enacted to read:

13 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
14 contribute an amount equal to the greater of

15 (1) one-half the percentage of the sum total of the base
16 salaries of all teachers that is required in addition to teacher contri-
17 butions to provide the benefits of this chapter, excluding a bonus which
18 may be paid under sec. 144 of this chapter, times the sum total of the
19 base salaries paid to teachers by the employer; or

20 (2) the amount of teacher contributions required under sec.
21 50 of this chapter.

22 * Sec. 3. AS 14.25.080 is repealed and re-enacted to read:

23 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legislature
24 may appropriate annually and deposit in the retirement fund monthly an
25 amount equal to the greater of

26 (1) one-half the percentage of the sum total of the base
27 salaries of all teachers that is required in addition to teacher contri-
28 butions to provide the benefits of this chapter, excluding a bonus which
29 may be paid under sec. 144 of this chapter, times the sum total of the

1 base salaries paid to teachers by the employer; or

2 (2) the amount of teacher contributions required under sec.
3 50 of this chapter.

4 * Sec. 4. AS 14.25 is amended by adding a new section to read:

5 Sec. 14.25.144. POST-RETIREMENT BONUS. (a) When the teachers'
6 retirement board determines that the cost of living has increased and
7 there are sufficient funds credited to the post-retirement bonus account
8 created under sec. 146 of this chapter, the administrator shall pay a
9 bonus for that year to those persons receiving disability or survivor
10 benefits and to any other member age 60 or older currently receiving
11 retirement benefits to reflect this cost-of-living increase.

12 (b) The amount of a bonus granted in a year under this section may
13 not be more than four per cent of the sum of a retired teacher's retire-
14 ment salary and the amount of all previous bonuses granted under this
15 section, and shall be paid annually if there are sufficient funds in the
16 post-retirement bonus account. A bonus accrues from the July 1 next
17 following the effective date of retirement and shall be paid beginning
18 July 1 of each year.

19 (c) If there are insufficient funds in the post-retirement bonus
20 account to pay all bonuses granted under (b) of this section, the admin-
21 istrator shall pay bonuses according to the year in which they were
22 granted, paying the earliest year's bonuses first. When there are in-
23 sufficient funds to pay in full the bonuses granted in a given year, the
24 administrator shall prorate the payment of bonuses granted in that
25 year. Nothing in this section may be interpreted to create a vested
26 right to receive a post-retirement bonus.

27 * Sec. 5. AS 14.25 is amended by adding a new section to read:

28 Sec. 14.25.146. POST-RETIREMENT BONUS ACCOUNT. The administrator
29 shall establish within the teachers' retirement fund the post-retirement

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bonus account. The account shall be credited with the amount, if any, by which the sum of contributions by the teachers, employer and state under secs. 50, 70 and 80 of this chapter exceeds the amount required to provide the benefits of this chapter, excluding benefits payable under sec. 144 of this chapter. Funds credited to the account shall be reserved in a reasonably safe amount to pay the current demands upon the account resulting from a determination by the teachers' retirement board that a post-retirement bonus is payable under sec. 144 of this chapter.

* Sec. 6. An increase in retirement benefits which may result from operation of AS 14.25.144, enacted in sec. 4 of this Act, is applicable to teachers retired before July 1, 1978.

* Sec. 7. This Act takes effect July 1, 1978.

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