

Introduced: 3/2/78
Referred: Health, Education &
Social Services and State Affairs

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

CS HOUSE BILL NO. 866 (STATE AFF)

2
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 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 is amended by adding a new section to read:

10 Sec. 14.25.012. PURPOSE AND EFFECTIVE DATE. (a) The purpose of
11 this chapter is to encourage qualified teachers to enter and remain in
12 service with participating employers by establishing a system for the
13 payment of retirement, disability, and death benefits to or on behalf
14 of the members.

15 (b) The system created becomes effective as of July 1, 1955, at
16 which time contributions by the participating employers and members
17 begin.

18 * Sec. 2. AS 14.25 is amended by adding a new section to read:

19 Sec. 14.25.015. ADMINISTRATOR. The commissioner shall appoint
20 an administrator in charge of detailed affairs of the system. The
21 commissioner may appoint the director of the division of retirement
22 and benefits as the administrator.

23 * Sec. 3. AS 14.25.030 is amended to read:

24 Sec. 14.25.030. DUTIES OF THE ADMINISTRATOR. The administrator
25 shall

26 (1) establish and maintain an adequate system of accounts
27 for the retirement fund;

28 (2) approve or disapprove claims for retirement benefits
29 [SALARY];

CS HB 866 (STATE AFF)

1 (3) serve as secretary of the board and keep an official
2 record of all proceedings;

3 (4) publish annually a report showing the financial con-
4 dition of the retirement fund; and

5 (5) do whatever else may be necessary to carry out the
6 purposes of this chapter.

7 * Sec. 4. AS 14.25.035(e) is amended to read:

8 (e) The board shall serve as an appeal board and shall hold
9 hearings at the request of an employer, member [EMPLOYEE], annuitant,
10 or any beneficiary on [IN REGARD TO RULINGS OR] decisions made by the
11 administrator [OF THE TEACHERS' RETIREMENT SYSTEM]. The board shall
12 submit its findings to the administrator. The board shall hold
13 annually one or more public hearings to discuss proposed changes in
14 the [TEACHERS' RETIREMENT] system and to consider and adopt resolutions
15 which might apply to this system.

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

17 Sec. 14.25.043. REEMPLOYMENT OF RETIRED MEMBERS. If a retired
18 member subsequently becomes an active member, no benefit payments will
19 be made during the period of reemployment. The retirement benefit
20 shall be suspended for the entire school year if the teacher is
21 reemployed as a full-time or part-time active teacher for a period
22 equivalent to a year of service. During the period of reemployment,
23 deductions from the member's salary will be made in accordance with
24 sec. 50 of this chapter. Upon subsequent retirement, the retired
25 member is entitled to receive an additional pension based on the
26 credited service and the average monthly compensation earned during
27 the period of reemployment in accordance with sec. 110 of this chapter.

28 * Sec. 6. AS 14.25.060(a) is amended to read:

29 (a) If a member joined the system before July 1, 1978 [JULY 1,
HB 866

1 1977] and has credited [CREDITABLE] outside service, or if a member
2 has military service or Alaska Bureau of Indian Affairs (BIA) service,
3 the member is indebted to the retirement fund as follows:

4 (1) At the time of first becoming a member of the system,
5 the arrearage indebtedness is seven per cent of the base salary multi-
6 plied by the total number of years of credited [CREDITABLE] outside,
7 military and Alaska BIA service. Compound interest at the rate pre-
8 scribed by regulation shall be added to the arrearage indebtedness
9 beginning July 1, 1963, or at the time of first becoming employed as a
10 member, whichever is later, to the date of payment or the date of
11 retirement, whichever occurs first.

12 (2) If a member terminates from the system and is sub-
13 sequently reemployed as a member, the arrearage indebtedness to the
14 retirement fund for outside, military, or Alaska BIA service accumu-
15 lated in the interim is seven per cent of the base salary upon re-
16 entering membership service, multiplied by the number of years of
17 interim outside, military, and Alaska BIA service. Compound interest
18 at the rate prescribed by regulation shall be added to the arrearage
19 indebtedness beginning July 1, 1963, or the date of reemployment as a
20 member, whichever is later, to the date of payment or the date of
21 retirement, whichever occurs first.

22 * Sec. 7. AS 14.25.060(b) is amended to read:

23 (b) If a member joins the system on or after July 1, 1978 and
24 has credited [CREDITABLE] outside service, the member may claim this
25 service. If claimed, the member is indebted to the retirement fund as
26 follows:

27 (1) The arrearage indebtedness is the full actuarial cost
28 of providing benefits for the service being claimed. Compound interest
29 at the rate prescribed by regulation shall be added to the arrearage

1 indebtedness beginning the date the actuarial cost is established to
2 the date of payment or the date of retirement, whichever occurs first.

3 (2) If a member terminates from the system and is subse-
4 quently reemployed as a member, the arrearage indebtedness for outside
5 service during the interim is the full actuarial cost of providing
6 benefits for the interim service being claimed. Compound interest at
7 the rate prescribed by regulation shall be added to the arrearage
8 indebtedness beginning the date the actuarial cost is established to
9 the date of payment or the date of retirement, whichever occurs first.

10 * Sec. 8. AS 14.25.061(a) is amended to read:

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

24 * Sec. 9. AS 14.25.061(b) is amended to read:

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

28 * Sec. 10. AS 14.25 is amended by adding a new section to read:

29 Sec. 14.25.063. PAYMENT OF INDEBTEDNESS. (a) A payment made on

1 a member's indebtedness will be accepted if a balance remains in the
2 member's account. If the member has terminated and received or
3 requested a total refund of his contributions, the member must be
4 reemployed to repay the indebtedness. Payments will apply first to
5 accrued interest, then to principal.

6 (b) If the member has not paid the full amount of indebtedness
7 owing to the system by the date of application for retirement, he may
8 elect either:

9 (1) option one -- to have any retirement benefit which
10 becomes due the member withheld until the total amount withheld is
11 equal to the outstanding indebtedness due the system; or

12 (2) option two -- to cancel the outstanding indebtedness to
13 the system by accepting an actuarially reduced annuity for life.

14 (c) If option one under (b)(1) of this section is elected, the
15 member may pay all or any part of the outstanding indebtedness at a
16 later date. However, option two under (b)(2) of this section, if
17 elected, is irrevocable.

18 * Sec. 11. AS 14.25.065(b) is amended to read:

19 (b) The contributions of employers under sec. 70 of this chapter
20 will be transmitted by a school district to the administrator at the
21 close of each pay period. If the contributions are not submitted
22 within 15 days of the close of each payroll period, interest shall be
23 assessed on the outstanding contributions at one and one-half times
24 the most recent actuarially determined rate of earnings for the system
25 from the date that contributions were originally due. In addition,
26 the [THE] amount of the contribution may [SHALL] be deducted by the
27 Department of Education from the state funds due the school district
28 and the amount so deducted [SHALL BE] transmitted to the administrator
29 for deposit in the retirement fund. The University of Alaska shall

1 forward its contribution to the administrator within 15 days of the
2 close of each payroll period for deposit in the retirement fund. If
3 the contributions are not submitted within 15 days of the close of
4 each payroll period, the amount of the contributions may [SHALL] be
5 deducted by the commissioner of administration from any state funds
6 due the University of Alaska and the amount deducted [SHALL BE]
7 transmitted to the administrator for deposit in the retirement fund.

8 * Sec. 12. AS 14.25.100 is amended to read:

9 Sec. 14.25.100. CREDIT FOR SERVICE IN THE ARMED FORCES. (a) A
10 member [TEACHER] who served as an active member of the armed forces of
11 the United States [AFTER DECEMBER 31, 1939] may receive credited
12 [CREDITABLE] service under this [RETIREMENT] system up to a maximum of
13 five years. Each 12 months of military service equals one school
14 year, and lesser military periods will be determined for credit pur-
15 poses in a proportionate ratio to a year. To receive credited [CREDIT-
16 ABLE] service under this section, the member [TEACHER] must have
17 received a discharge other than dishonorable. Credit for service in
18 the armed forces shall be granted only if the member [TEACHER] makes
19 contributions for the service in the same manner as required for
20 outside service under sec. 60 of this chapter. The military service
21 credited under this section shall be included in the 10-year limita-
22 tion of outside service as specified in sec. 60 of this chapter,
23 except if entry into the armed forces is immediately preceded by
24 Alaska membership service and following discharge is continued by
25 Alaska membership service within one year thereafter, service may not
26 be counted for purposes of determining the applicability of the 10
27 year limitation on outside service.

28 (b) Where a member [TEACHER] is unable to resume teaching in a
29 public school within one year following discharge because of hospitali-

1 zation, rehabilitation training, a disability derived while in the
2 armed forces, or other like circumstances, the administrator shall
3 determine the allowance or disallowance of any service in the armed
4 forces.

5 (c) Repealed by sec. 7 ch. 155 SLA 1976.

6 (d) Repealed by sec. 7 ch. 155 SLA 1976.

7 (e) A member [TEACHER] may not be credited with the same period
8 of service in the armed forces under this section if credit for
9 military service was granted under the public employee's retirement
10 system (AS 39.35). The combined period of military service claimed
11 under this section and AS 39.35 may not exceed five years.

12 * Sec. 13. AS 14.25.110 is repealed and re-enacted to read:

13 Sec. 14.25.110. RETIREMENT BENEFITS. (a) A member is eligible
14 for a normal retirement benefit after meeting any one of the following:

15 (1) at least 15 years of credited service, the last five of
16 which have been membership service, for a member first hired before
17 July 1, 1975, and has attained the age of 55 years;

18 (2) at least eight years of membership service and has
19 attained the age of 55 years;

20 (3) at least five years of membership service and at least
21 three years of Alaska BIA service and has attained the age of 55;

22 (4) at least 25 years of credited service, the last five of
23 which have been membership service;

24 (5) at least 20 years of membership service; or

25 (6) at least 20 years of combined membership service and
26 Alaska BIA service, the last five of which have been membership ser-
27 vice.

28 (b) A member is eligible for an early retirement benefit upon
29 completing either of the service requirements in (a) of this section

1 and attaining the age of 50.

2 (c) The monthly amount of a retirement benefit for a member who
3 has paid the full amount of any indebtedness is two per cent of the
4 member's average base salary during any three years of membership
5 service times the years of credited service, including credited
6 fractional years. An actuarial adjustment will be made for early
7 retirement.

8 (d) The monthly amount of a retirement benefit will be determined
9 in accordance with (c) of this chapter as it is in effect on the date
10 of the member's termination of employment.

11 (e) The annual amount of retirement benefits for a retiring
12 member who was a member of the retirement system established by the
13 Retirement Act of 1945 will be no less than \$975 plus 10 per cent of
14 the total contribution made by the member to the retirement fund of
15 1945.

16 (f) The monthly retirement benefit for a member who retired
17 before July 1, 1972 will be a minimum of \$20 per month for each year
18 of credited service, not including adjustments made under sec. 142 or
19 sec. 143 of this chapter. If the member elected option two under sec.
20 63(b)(2) of this chapter for payment of any indebtedness when he
21 initially applied for a retirement benefit, or if he elected to
22 receive an early retirement benefit under (b) of this section, the
23 resulting benefit reduction will continue in effect.

24 (g) The monthly retirement benefit for a member who was receiving
25 a retirement benefit on July 1, 1955 is \$50 a month, if the member was
26 at least 55 years of age of July 1, 1955.

27 (h) Benefits payable under this section accrue from the first
28 day of the month after which all of the following requirements are
29 met: (1) the member meets the eligibility requirements of this

1 section; (2) the member terminates employment; and (3) the member
2 applies for retirement. Benefits are not payable under this section
3 during a school year in which credit for a full year of service is
4 granted. The benefits are payable the last day of the month. If
5 payment is delayed, a retroactive payment will be made for the month
6 in which a benefit is payable under this section.

7 * Sec. 14. AS 14.25.130 is amended to read:

8 Sec. 14.25.130. DISABILITY BENEFITS [ELIGIBILITY FOR DISABILITY
9 RETIREMENT]. (a) A member [TEACHER IN MEMBERSHIP SERVICE] who has
10 become permanently disabled, as defined in sec. 220 of this chapter,
11 after July 1, 1966, before age 55 and who has [HAD] five or more
12 membership years may be retired by the administrator as of the first
13 day of the month following the permanent disability. After [THE
14 ADMINISTRATOR, AFTER] a report of medical examination of the member
15 [TEACHER], an application and other requested information [THE ADMINI-
16 STRATOR MAY REQUEST] has been submitted, the administrator shall
17 determine if [CERTIFY THAT] the member [TEACHER] is physically or
18 mentally incapacitated for [THE] further performance of duty, and if
19 [THAT] the incapacity is likely to be permanent and whether [THAT] the
20 member [TEACHER] should be retired.

21 (b) A teacher appointed to [RETIRED BECAUSE OF] disability under
22 this section who subsequently recovers from the disability is not
23 entitled to any disability benefit [RETIREMENT SALARY] from the first
24 day of the month following recovery.

25 (c) Once each year during the first five years following appoint-
26 ment to [RETIREMENT OF A TEACHER FOR] disability under this section,
27 and once every three-year period thereafter, the administrator may
28 require a disabled member [TEACHER] who has not attained eligibility
29 for normal retirement to undergo a medical or mental examination by a

1 competent physician. The administrator shall suspend any disability
2 benefit [RETIREMENT ALLOWANCE] for a disabled member [TEACHER] who
3 refuses to undergo a physical or mental examination when requested [BY
4 THE ADMINISTRATOR] under this section.

5 (d) The amount of the disability benefit is equal to 50 per cent
6 of the member's base salary immediately before becoming disabled. The
7 disability benefit will be increased by 10 per cent of the member's
8 base salary at the date of disability for each dependent child, up to
9 a maximum of four dependent children.

10 (e) Benefits payable under this section accrue from the first
11 day of the month after which the following requirements are met: (1)
12 the member meets the eligibility requirements of this section; and (2)
13 the member terminates employment. The benefits are payable the last
14 day of the month. If payment is delayed, a retroactive payment will
15 be made to cover the period of deferment. The last payment for a
16 dependent child will be for the month in which the child ceases to be
17 a dependent child. The last payment for the disabled member will be
18 made for the month in which the disabled member recovers from his
19 disability, dies or is eligible for normal retirement.

20 * Sec. 15. AS 14.25.143(a) is amended to read:

21 (a) When the administrator determines that the cost of living
22 has increased and that the financial condition of the retirement fund
23 permits, the administrator [HE] may increase all annuitant's [SERVICE
24 RETIREMENT] and survivor's benefits [SALARIES] to reflect this cost of
25 living increase.

26 * Sec. 16. AS 14.25.160 is repealed and re-enacted to read:

27 Sec. 14.25.160. DEATH BENEFITS. (a) Upon receipt of a valid
28 claim and proof of the death of a member who has not made supplemental
29 contributions or whose supplemental contributions under sec. 55 of

1 this chapter were made for less than one year of membership service, a
2 death benefit will be paid to the beneficiary or beneficiaries the
3 member has designated in writing and filed with the administrator. If
4 the member failed to designate a beneficiary, or if no designated
5 beneficiary survives the member, the payments will be made as follows:

6 (1) to the surviving spouse;

7 (2) if there is no surviving spouse, to the surviving
8 children in equal amounts;

9 (3) if there are no surviving children, to the surviving
10 parents in equal amounts; or

11 (4) if there are no surviving parents, to the member's
12 estate.

13 (b) Upon the death of an active member who has not received a
14 retirement benefit and meets the conditions specified in (a) of this
15 section, the amount of the death benefit is the sum of

16 (1) the member's mandatory contribution account;

17 (2) \$100 times the years of membership service; and

18 (3) \$1,000, plus \$500 if the deceased member is survived by
19 one or more dependent children at the time of death.

20 (c) In no case may the sum of (b)(2) and (3) of this section
21 exceed \$3,000.

22 (d) Upon the death of an inactive member who meets the conditions
23 specified in (a) of this section, payment is the amount determined in
24 (b)(1) of this section.

25 (e) Upon the death of a disabled member who is not eligible for
26 normal retirement and who meets the conditions specified in (a) of
27 this section, payment is the amount determined in (b) of this section.

28 (f) Upon the death of a retired member who meets the conditions
29 specified in (a) of this section, payment is the amount determined in

1 (b)(1) of this section less all retirement benefits paid to the
2 deceased member.

3 (g) If supplemental contributions have been made under sec. 55
4 of this chapter, benefits may be payable under secs. 162 or 164 of
5 this chapter if the deceased member meets the eligibility requirements
6 of one of those sections.

7 (h) Payment made to a beneficiary under this section is in place
8 of any other benefit under this chapter.

9 * Sec. 17. AS 14.25.162 is repealed and re-enacted to read:

10 Sec. 14.25.162. SURVIVOR'S ALLOWANCE. (a) If an active or
11 disabled member dies and the member leaves a dependent child, and
12 supplemental contributions have been made under sec. 55 of this
13 chapter for at least one year of credited service, a survivor's allow-
14 ance is payable under (b) of this section. If a retired member or a
15 deferred vested member dies and the member leaves a dependent child,
16 and supplemental contributions have been made under sec. 55 of this
17 chapter for at least five years of credited service, a survivor's
18 allowance is payable under (b) of this section. Application for the
19 survivor's allowance shall be made in writing to the administrator.

20 (b) A survivor's allowance is payable under this section as
21 follows:

22 (1) an allowance of 10 per cent of the member's base salary
23 immediately before the member's death, retirement, or disability will
24 be paid for each dependent child; if there are four or more dependent
25 children, the total amount paid to those children will be 40 per cent
26 of the member's base salary before his death, retirement, or disability,
27 paid in equal amounts to each child; the allowance will be recomputed
28 for the month in which the number of dependent children is less than
29 four and the pension will be decreased accordingly; if a dependent

1 child who is at least 19 years old but less than 23 years old is out
2 of school for more than one semester, payments of the dependent child's
3 benefits terminate permanently; the adoption of a dependent child does
4 not terminate the survivor's allowance payable under this section;

5 (2) an allowance of 35 per cent of the member's base salary
6 will be paid to the member's surviving spouse as long as there is an
7 eligible dependent child as determined under (b)(1) of this section;
8 if there is no surviving spouse, an allowance of 10 per cent of the
9 member's base salary will be paid to each court-appointed guardian;

10 (3) when no further benefits are payable under this section,
11 the difference between the amount that would have been paid under sec.
12 160 of this chapter and any payments made to the member, spouse,
13 guardian or dependent children will be paid in accordance with sec.
14 160(a) of this chapter;

15 (4) benefits are not payable under this section if benefits
16 are being paid under sec. 164 of this chapter.

17 (c) The survivor's allowance accrues from the first day of the
18 month following the death of a member and is payable on the last day
19 of the month. If payment is delayed, a retroactive payment will be
20 made for the month in which a benefit is payable under this section.
21 The last payment will be for the month in which a benefit is payable
22 under this section.

23 * Sec. 18. AS 14.25.164 is repealed and re-enacted to read:

24 Sec. 14.25.164. SPOUSE'S PENSION. (a) If an active or disabled
25 member dies, a pension is payable to the member's spouse if the member
26 made supplemental contributions under sec. 55 of this chapter for at
27 least one year of credited service. If a retired member or deferred
28 vested member dies, a pension is payable to the member's spouse if the
29 member made supplemental contributions under sec. 55 of this chapter

1 for at least five years of credited service. Application for the
2 spouse's pension must be made in writing to the administrator.

3 (b) A spouse's pension is payable under this section as follows:

4 (1) a spouse's pension is equal to 50 per cent of the
5 retirement benefit that the deceased member was receiving; if the
6 member was not receiving a retirement benefit, the spouse's pension is
7 equal to the amount the member would have received, based on the
8 member's average base salary and credited service to the date of the
9 member's death and assuming that the member would have been eligible
10 for a normal retirement benefit as of that date;

11 (2) in the event of the death of a member's spouse who is
12 receiving a spouse's pension, the difference between the amount that
13 would have been paid under sec. 160 of this chapter and any payments
14 made to the member, spouse, guardian or dependent children will be
15 paid in accordance with sec. 160(a) of this chapter;

16 (3) benefits are not payable under this section if benefits
17 are being paid under sec. 162 of this chapter.

18 (c) The spouse's pension accrues from the first day of the month
19 following the death of a member and is payable on the last day of the
20 month. If payment is delayed, a retroactive payment will be made for
21 the month in which a benefit is payable under this section. The last
22 payment will be made for the month in which the spouse dies.

23 * Sec. 19. AS 14.25.177 is repealed and re-enacted to read:

24 Sec. 14.25.177. EFFECT OF AMENDMENTS. (a) An amendment to this
25 chapter is not retroactive unless its retroactivity is expressly
26 stated within the amendment.

27 (b) The monthly amount of any benefit payable under this chapter
28 will be determined in accordance with the provisions of this chapter
29 in effect on the date of the member's termination of employment.

1 * Sec. 20. AS 14.25.200 is amended to read:

2 Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS. Retirement
3 benefits [TEACHERS' RETIREMENT SALARIES] and other amounts held in the
4 retirement fund on behalf of the members [TEACHERS] are exempt from
5 Alaska state and municipal taxes and are not subject to anticipation,
6 alienation, sale, transfer, assignment, pledge, encumbrance, charge,
7 garnishment, execution or levy of any kind, either voluntary or involun-
8 tary before they are received by the person entitled to the amount
9 under the terms of the system, and any attempt to anticipate, alienate,
10 sell, transfer, assign, pledge, encumber, charge, or otherwise dispose
11 of any right to amounts accrued in the retirement fund is [SHALL BE]
12 void.

13 * Sec. 21. AS 14.25.205 is amended to read:

14 Sec. 14.25.205. TIME LIMIT FOR APPLICATION. If no application
15 for benefits or for refund has been filed with the administrator by
16 July 1 following the date on which an inactive [THE] member (except
17 a member on leave of absence without pay) would attain age 75, or if
18 no application for benefits or for refund has been filed with the
19 administrator within the 50 years following the most recent date on
20 which the person was an active member, no benefits or refunds may be
21 paid under this chapter and the member's records may be destroyed.

22 * Sec. 22. AS 14.25.220 is repealed and re-enacted to read:

23 Sec. 14.25.220. DEFINITIONS. In this chapter, unless the context
24 requires otherwise

25 (1) "active member" means a member who is employed by an
26 employer, is receiving compensation on a full or part-time basis and
27 is making contributions to the 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 com-
4 missioner of administration under sec. 15 of this chapter;

5 (4) "annuitant" means a retired member or a disabled member
6 who is receiving a benefit under this system;

7 (5) "average base salary" means the result obtained by
8 dividing the sum of the three highest years' base salary by three, or
9 if a member does not have three years base salary, then by dividing
10 the sum of all base salaries by the number of years of base salary;
11 the base salary for any year in which credit is granted for disability
12 totaling more than one-third of a year will not be used in the compu-
13 tation of the average base salary; the base salary in any school year
14 for which the member receives compensation for less than two-thirds of
15 a year will not be used in the computation of the average base salary;
16 if compensation is received for more than two-thirds of a year, the
17 full base salary for that school year will be used in the computation
18 of the average base salary;

19 (6) "base salary" means the total remuneration payable
20 under contract for a full year of membership service, including addenda;

21 (7) "beneficiary" means a person designated by a member to
22 receive benefits that may be due from the system upon the member's
23 death;

24 (8) "BIA service" means service as a teacher in a school
25 operated by the Bureau of Indian Affairs in Alaska;

26 (9) "compensation" means the total remuneration paid under
27 contract to a member for services rendered during any school year; for
28 purposes of sec. 50 of this chapter, compensation paid includes any
29 payment made after June 30 of a school year for services rendered

1 before the end of the school year;

2 (10) "credited service" means all membership service as
3 provided in (20) of this section, plus outside, military and Bureau of
4 Indian Affairs service not exceeding 15 years, with outside and mili-
5 tary service limited to 10 years except under the conditions set forth
6 in sec. 100 of this chapter;

7 (11) "deferred vested member" means an inactive member who
8 meets the requirements of a vested member of this section;

9 (12) "dependent child" means an unmarried child of a
10 member, including one adopted, who is dependent upon the member for
11 support and who is either (A) less than 19 years old, or (B) less than
12 23 years old and is registered at and attending on a full-time basis
13 an accredited educational or technical institution recognized by the
14 Department of Education; age restrictions set out in this paragraph do
15 not apply to a child who is totally and permanently disabled;

16 (13) "disabled member" means a member who is terminated,
17 who has not received a refund from the system, and who is receiving a
18 disability benefit from the system;

19 (14) "early retirement" means retirement after

20 (A) completing at least 15 years of credited service,
21 the last five of which have been membership service, for a member
22 first hired before July 1, 1975, and attaining the age of 50
23 years;

24 (B) completing at least eight years of membership
25 service and attaining the age of 50 years; or

26 (C) completing at least five years of membership
27 service and at least three years of Alaska BIA service and
28 attaining the age of 50 years;

29 (15) "employer" means a public school district, the Board

1 of Regents of the University of Alaska, the Department of Education,
2 the National Education Association, or the Regional Resource Centers;

3 (16) "former member" means a member who is terminated and
4 who received a total refund of the balance of the mandatory contribu-
5 tion account, or who has requested in writing a refund of the balance
6 of the mandatory contribution account;

7 (17) "full-time teacher" means a teacher occupying a posi-
8 tion requiring teaching on a regular basis for the normal work period
9 per day or week at a teaching assignment, excluding teaching as an
10 assistant or graduate assistant or teaching on a substitute, temporary,
11 or per diem basis;

12 (18) "inactive teacher or member" means a member who is
13 terminated and who has not received a refund from the system or a
14 member who is on leave of absence without pay;

15 (19) "mandatory contribution account" means the account
16 maintained by the system to record the mandatory contributions of each
17 member, including interest and adjustments to the account in accord-
18 ance with sec. 170 of this chapter;

19 (20) "membership service" means

20 (A) full or part-time service as a teacher in a
21 public school within the Territory or State of Alaska, or both,
22 under the supervision and control of the Territorial Board of
23 Education or the Department of Education or the school board of
24 any city or borough school district;

25 (B) full-time teaching at the University of Alaska; or

26 (C) any period during which the teacher is on an
27 approved sabbatical leave granted in accordance with AS 14.20.310
28 or is receiving a disability benefit;

29 (21) "military service" means active duty in the armed

1 forces of the United States;

2 (22) "nonpublic school" means a school established by an
3 agency other than a state which is primarily supported by other than
4 public funds, and operation of whose program rests with other than
5 publicly elected or appointed officials, and is state approved or
6 accredited;

7 (23) "non-vested member" means an active or inactive member
8 who does not meet the requirements of a vested member under this
9 section;

10 (24) "normal retirement" means retirement after

11 (A) completing at least 15 years of credited service,
12 the last five of which have been membership service, for a member
13 first hired before July 1, 1975, and attaining the age of 55
14 years;

15 (B) completing at least eight years of membership
16 service and attaining the age of 55 years;

17 (C) completing at least five years of membership
18 service and at least three years of Alaska BIA service and attain-
19 ing the age of 55 years;

20 (D) completing at least 25 years of credited service,
21 the last five of which are membership service;

22 (E) completing at least 20 years of membership service;
23 or

24 (F) completing at least 20 years of combined member-
25 ship service and Alaska BIA service, the last five of which are
26 membership service;

27 (25) "outside service" means service as

28 (A) a certificated full-time elementary or secondary
29 teacher or a certificated person in a position requiring a teach-

1 ing certificate as a condition of employment in an out-of-state
2 public school within the United States, or in a school outside of
3 the United States supported by U.S. federal funds;

4 (B) a certificated full-time elementary or secondary
5 teacher or a certificated person in a position requiring a teach-
6 ing certificate as a condition of employment in an approved or
7 accredited nonpublic school within the United States, or in a
8 school outside the United States supported by U.S. federal funds;

9 (C) a person occupying a full-time position requiring
10 academic standing in an out-of-state institution of higher learn-
11 ing accredited by a nationally recognized accrediting agency as
12 listed in the Education Directory -- Colleges and Universities by
13 the National Center for Education Statistics;

14 (D) a full-time teacher in an approved or accredited
15 nonpublic institution of higher learning in Alaska;

16 (26) "part-time teacher" means a teacher occupying a posi-
17 tion requiring teaching on a regular basis for at least 60 per cent of
18 the normal work week at a teaching assignment, excluding teaching as
19 an assistant or graduate assistant, or teaching on a substitute,
20 temporary or per diem basis;

21 (27) "permanent disability" means a physical or mental con-
22 dition which, in the judgment of the administrator, based upon medical
23 reports and other evidence satisfactory to the administrator, presum-
24 ably prevents a member from satisfactorily performing the member's
25 usual duties for the member's employer or the duties of another posi-
26 tion or job which an employer makes available for which the member is
27 qualified by training or education;

28 (28) "prescribed rate of interest" means the rate of
29 interest used for computing employer contributions, for preparing

1 actuarial tables used by the system, for crediting interest to members'
2 contributions and for charging interest on members' indebtedness
3 accounts;

4 (29) "public school" means a school operated by publicly
5 elected or appointed school officials in which the program and activi-
6 ties are under the control of these officials and which is supported
7 by public funds;

8 (30) "retired teacher or member" means a member who is
9 terminated, who has not received a refund from the system and is
10 receiving a benefit other than disability, from the system;

11 (31) "retirement" means that period of time from the first
12 day of the month following

13 (A) the date of termination; and

14 (B) application for retirement in which a person is
15 appointed to receive a retirement benefit, other than a disability
16 benefit;

17 (32) "retirement benefit" means the annuity received by a
18 retired member from the system;

19 (33) "retirement fund" means the fund consisting of all
20 matching contributions by city school districts, money made available
21 by appropriations of the state legislature, and from other appropriated
22 funds, all contributions from whatever source, and income and interest
23 derived from the investment of money;

24 (34) "Retirement System of 1945" and "Retirement Fund of
25 1945" or like terms means the system and fund established by sections
26 37-5-21 - 37-5-35, ACLA 1949, as amended;

27 (35) "school year" means the 12-month period beginning July
28 1 of each year and ending June 30 of the following year;

29 (36) "supplemental contribution account" means the account

1 maintained by the system to record the supplemental contributions of
2 each member, including interest and adjustments to the account in
3 accordance with sec. 170 of this chapter;

4 (37) "system" means the Teachers' Retirement System of
5 Alaska;

6 (38) "teacher or member" means a person eligible to parti-
7 cipate in the system and who is covered by the system, including:

8 (A) any certificated full-time or part-time elementary
9 or secondary teacher or a certificated person in a position
10 requiring a teaching certificate as a condition of employment in
11 a public school of the State of Alaska;

12 (B) the commissioner of education, all supervisory
13 positions requiring certification for appointment in the Depart-
14 ment of Education;

15 (C) resident personnel in full-time teaching positions
16 under the University of Alaska and those full-time administrative
17 positions which require academic standing; all administrative
18 positions placed under the system must be approved by the admini-
19 strator;

20 (39) "vested member or teacher" means an active or inactive
21 member who has completed either:

22 (A) 15 years of service, the last five of which have
23 been membership service, for a member first hired before July 1,
24 1975; or

25 (B) eight years of membership service; or

26 (C) five years of membership and three years of BIA
27 service;

28 (40) "year of service" means membership service during the
29 dates set for a school year; partial year service credit shall be

1 given for membership service before July 1, 1969, during any school
2 year as follows: (A) less than 20 days, no credit; (B) 20 days or
3 more but less than 35 days, 0.2 years; (C) 35 days or more but less
4 than 49 days, 0.3 years; (D) 49 days or more but less than 63 days,
5 0.4 years; (E) 63 days or more but less than 77 days, 0.5 years; (F)
6 77 days or more but less than 91 days, 0.6 years; (G) 91 days or more
7 but less than 105 days, 0.7 years; (H) 105 days or more but less than
8 119 days, 0.8 years; (I) 119 days or more but less than 133 days, 0.9
9 years; (J) 133 days or more, 1.0 years; partial year service credit
10 shall be given for membership service after July 1, 1969, during any
11 school year as follows: (A) less than nine days, no credit; (B) nine
12 days or more but less than 27 days, 0.1 years; (C) 27 days or more but
13 less than 45 days, 0.2 years; (D) 45 days or more but less than 63
14 days, 0.3 years; (E) 63 days or more but less than 81 days, 0.4 years;
15 (F) 81 days or more but less than 100 days, 0.5 years; (G) 100 days or
16 more but less than 118 days, 0.6 years; (H) 118 days or more but less
17 than 136 days, 0.7 years; (I) 136 days or more but less than 154 days,
18 0.8 years; (J) 154 days or more but less than 172 days, 0.9 years; (K)
19 172 days or more, 1.0 years; if service is performed on a part-time
20 basis, one-half credit shall be given for each day of service.

21 * Sec. 23. AS 14.25.120, 14.25.130(b), 14.25.135, 14.25.137, 14.25.138,
22 14.25.140, 14.25.169, and 14.25.205 are repealed.

23 * Sec. 24. AS 39.35.010(a) is amended to read:

24 (a) The purpose of this chapter is to encourage qualified per-
25 sonnel to enter and remain in the service of the state or a political
26 subdivision or public or quasi-public organization of the state by
27 establishing a system for the payment of retirement, disability, and
28 death benefits to or on behalf of the employees.

29 * Sec. 25. AS 39.35.050(a) is amended to read:

1 (a) The commissioner shall appoint an administrator in charge of
2 the detailed affairs of the system. The commissioner may appoint the
3 director of the division of retirement and benefits [PERSONNEL DIREC-
4 TOR OF THE DEPARTMENT OF ADMINISTRATION] as the administrator.

5 * Sec. 26. AS 39.35.060(3) is amended to read:

6 (3) attend meetings of the board and serve as secretary of
7 the board;

8 * Sec. 27. AS 39.35.300(a) is amended to read:

9 (a) An active employee is entitled to credited service for
10 periods of employment with the state after January 1, 1961, regardless
11 of the office, department, division, or agency of the state in which
12 he was employed. For purposes of this chapter, the University of
13 Alaska is not an office, department, division, or agency of the state.
14 No service credit will be granted under this chapter for service which
15 is creditable under the Teachers' Retirement System, AS 14.25.

16 * Sec. 28. AS 39.35.340(f) is amended to read:

17 (f) An employee cannot be credited with a period of active
18 military service in the armed forces of the United States under this
19 section if credit for that military service was granted under AS
20 14.25.

21 * Sec. 29. AS 39.35.340 is amended by adding a new subsection to read:

22 (g) The combined period of military service claimed under this
23 section and AS 14.25 may not exceed five years.

24 * Sec. 30. AS 39.35.410(h) is amended to read:

25 (h) A disabled [RETIRED] employee's occupational disability
26 pension shall terminate when the disabled employee first attains
27 eligibility for normal retirement. At that time, his retirement
28 benefit will be calculated under the provisions of sec. 370(c) of this
29 chapter.

1 * Sec. 31. AS 39.35.430(c) is repealed and re-enacted to read:

2 (c) The first payment of the surviving spouse's pension or of a
3 dependent child's pension will be made for the month following the
4 month in which the employee dies and the payment will cease to be made
5 for the month in which there is no surviving spouse or dependent
6 child.

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

8 Sec. 39.35.495. TIME LIMIT FOR APPLICATION. If no application
9 for benefits or for refund has been filed with the administrator by
10 July 1 following the date on which an inactive member (except an
11 employee on leave-without-pay status or layoff status) would attain
12 age 75, or if no application for benefits or for refund has been filed
13 with the administrator within the 50 years following the most recent
14 date on which the employee was an active member, no benefits or refunds
15 may be paid under this chapter and the member's records may be destroyed.

16 * Sec. 33. AS 39.35.547 is repealed and re-enacted to read:

17 Sec. 39.35.547. EFFECT OF AMENDMENTS. (a) An amendment of this
18 chapter is not retroactive unless its retroactivity is expressly
19 stated within the amendment.

20 (b) The monthly amount of any benefit payable under this chapter
21 will be determined in accordance with the provisions of this chapter
22 in effect on the date of the member's termination of employment.

23 * Sec. 34. AS 39.35.050(b) is repealed.

24 * Sec. 35. This Act takes effect July 1, 1978, except that the defini-
25 tions of "military service" and "outside service" contained in AS 14.25.220
26 as repealed and re-enacted in sec. 22 of this Act take effect immediately
27 in accordance with AS 01.10.070(c) and are retroactive to July 1, 1955.
28
29