

Original sponsor: Rules Committee by
request of the Governor

Offered: 6/5/78
Referred: Rules

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 866 (State Affairs)

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 of
14 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 an
20 administrator in charge of detailed affairs of the system. The
21 commissioner may appoint the director of the division of retirement and
22 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 for
27 the retirement fund;

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

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 condition
4 of the retirement fund; and

5 (5) do whatever else may be necessary to carry out the pur-
6 poses 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 hear-
9 ings at the request of an employer, member [EMPLOYEE], annuitant, or any
10 beneficiary on [IN REGARD TO RULINGS OR] decisions made by the adminis-
11 trator [OF THE TEACHERS' RETIREMENT SYSTEM]. The board shall submit its
12 findings to the administrator. The board shall hold annually one or
13 more public hearings to discuss proposed changes in the [TEACHERS'
14 RETIREMENT] system and to consider and adopt resolutions which might
15 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 may be
19 made during the period of reemployment. The retirement benefit shall be
20 suspended for the entire school year if the teacher is reemployed as an
21 active teacher for a period equivalent to a year of service. During the
22 period of reemployment, deductions from the member's salary will be made
23 in accordance with sec. 50 of this chapter. Upon subsequent retirement,
24 the retired member is entitled to receive an additional pension based on
25 the credited service and the average monthly compensation earned during
26 the period of reemployment in accordance with sec. 110 of this chapter.

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

28 (a) If a member joined the system before July 1, 1978 [1977] and
29 has credited [CREDITABLE] outside service, or if a member has military

1 service or Alaska Bureau of Indian Affairs (BIA) service, the member is
2 indebted to the retirement fund as follows:

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

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

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

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

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

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

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

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

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

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

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

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

27 Sec. 14.25.063. PAYMENT OF INDEBTEDNESS. (a) A payment made on a
28 member's indebtedness shall be accepted if a balance remains in the
29 member's account. If the member has terminated and received or re-

1 requested a total refund of his contributions, the member must be re-
2 employed to repay the indebtedness. Payments shall apply first to
3 accrued interest, then to principal.

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

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

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

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

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

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

1 submitted within 15 days of the close of each payroll period, the amount
2 of the contributions may [SHALL] be deducted by the commissioner of
3 administration from any state funds due the University of Alaska and the
4 amount deducted [SHALL BE] transmitted to the administrator for deposit
5 in the retirement fund.

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

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

25 (b) Where a member [TEACHER] is unable to resume teaching in a
26 public school within one year following discharge because of hospitali-
27 zation, rehabilitation training, a disability derived while in the armed
28 forces, or other like circumstances, the administrator shall determine
29 the allowance or disallowance of any service in the armed forces.

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

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

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

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

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

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

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

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

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

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

21 (6) at least 20 years of combined membership service and
22 Alaska BIA service, the last five of which have been membership service.

23 (b) A member is eligible for an early retirement benefit upon
24 completing either of the service requirements in (a)(1), (2) or (3) of
25 this section and attaining the age of 50.

26 (c) The monthly amount of a retirement benefit for a member who
27 has paid the full amount of any indebtedness is two per cent of the
28 member's average base salary during any three years of membership ser-
29 vice times the years of credited service, including credited fractional

1 years. An actuarial adjustment shall be made for early retirement.

2 (d) The monthly amount of a retirement benefit shall be determined
3 in accordance with (c) of this chapter as it is in effect on the date of
4 the member's termination of employment.

5 (e) The annual amount of retirement benefits for a retiring member
6 who was a member of the retirement system established by the Retirement
7 Act of 1945 shall be no less than \$975 plus 10 per cent of the total
8 contribution made by the member to the retirement fund of 1945.

9 (f) The monthly retirement benefit for a member who retired before
10 July 1, 1972 shall be a minimum of \$20 per month for each year of
11 credited service, not including adjustments made under sec. 142 or sec.
12 143 of this chapter. If the member elected option two under sec.
13 63(b)(2) of this chapter for payment of any indebtedness when he
14 initially applied for a retirement benefit, or if he elected to receive
15 an early retirement benefit under (b) of this section, the resulting
16 benefit reduction shall continue in effect.

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

20 (h) Benefits payable under this section accrue from the first day
21 of the month after which all of the following requirements are met: (1)
22 the member meets the eligibility requirements of this section; (2) the
23 member terminates employment; and (3) the member applies for retirement.
24 Benefits are not payable under this section during a school year in
25 which credit for a full year of service is granted. The benefits are
26 payable the last day of the month. If payment is delayed, a retroactive
27 payment shall be made for the month in which a benefit is payable under
28 this section.

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

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

14 (b) [A TEACHER RETIRED BECAUSE OF DISABILITY UNDER THIS SECTION
15 WHO SUBSEQUENTLY RECOVERS FROM THE DISABILITY IS NOT ENTITLED TO ANY
16 DISABILITY RETIREMENT SALARY FROM THE FIRST DAY OF THE MONTH FOLLOWING
17 RECOVERY.]

18 (c) Once each year during the first five years following appoint-
19 ment to [RETIREMENT OF A TEACHER FOR] disability under this section, and
20 once every three-year period thereafter, the administrator may require a
21 disabled member [TEACHER] who has not attained eligibility for normal
22 retirement to undergo a medical or mental examination by a competent
23 physician. The administrator shall suspend any disability benefit
24 [RETIREMENT ALLOWANCE] for a disabled member [TEACHER] who refuses to
25 undergo a physical or mental examination when requested [BY THE ADMINIS-
26 TRATOR] under this section.

27 (d) The amount of the disability benefit is equal to 50 per cent
28 of the member's base salary immediately before becoming disabled. The
29 disability benefit shall be increased by 10 per cent of the member's

1 base salary at the date of disability for each dependent child, up to a
2 maximum of four dependent children.

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

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

14 (a) When the administrator determines that the cost of living has
15 increased and that the financial condition of the retirement fund per-
16 mits, the administrator [HE] may increase all annuitant's [SERVICE
17 RETIREMENT] and survivor's benefits [SALARIES] to reflect this cost of
18 living increase.

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

20 Sec. 14.25.160. DEATH BENEFITS. (a) Upon receipt of a valid
21 claim and proof of the death of a member who has not made supplemental
22 contributions or whose supplemental contributions under sec. 55 of this
23 chapter were made for less than one year of membership service, a death
24 benefit shall be paid to the beneficiary or beneficiaries the member has
25 designated in writing and filed with the administrator. If the member
26 failed to designate a beneficiary, or if no designated beneficiary
27 survives the member, the payments shall be made as follows:

28 (1) to the surviving spouse;

29 (2) if there is no surviving spouse, to the surviving children

1 in equal amounts;

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

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

6 (b) Upon the death of an active member who meets the conditions
7 specified in (a) of this section, the amount of the death benefit is the
8 sum of the following less any retirement benefit previously received by
9 the member:

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

11 (2) \$100 times the years of membership service;

12 (3) \$1,000; and

13 (4) \$500 if the deceased member is survived by one or more
14 dependent children at the time of death.

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

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

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

23 (f) Upon the death of a retired member who meets the conditions
24 specified in (a) of this section, payment is the amount determined in
25 (b)(1) of this section less all retirement benefits paid to the deceased
26 member.

27 (g) If supplemental contributions have been made under sec. 55 of
28 this chapter, benefits may be payable under secs. 162 or 164 of this
29 chapter if the deceased member meets the eligibility requirements of one

1 of those sections.

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

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

5 Sec. 14.25.162. SURVIVOR'S ALLOWANCE. (a) If an active or dis-
6 abled member dies and the member leaves a dependent child, and supple-
7 mental contributions have been made under sec. 55 of this chapter for at
8 least one year of credited service, a survivor's allowance is payable
9 under (b) of this section. If a retired member or a deferred vested
10 member dies and the member leaves a dependent child, and supplemental
11 contributions have been made under sec. 55 of this chapter for at least
12 five years of credited service, a survivor's allowance is payable under
13 (b) of this section. Application for the survivor's allowance shall be
14 made in writing to the administrator.

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

17 (1) an allowance of 10 per cent of the member's base salary
18 immediately before the member's death, retirement, or disability shall
19 be paid for each dependent child; if there are four or more dependent
20 children, the total amount paid to those children will be 40 per cent of
21 the member's base salary before his death, retirement, or disability,
22 paid in equal amounts to each child; the allowance shall be recomputed
23 for the month in which the number of dependent children is less than
24 four and the benefits shall be decreased accordingly; if a dependent
25 child who is at least 19 years old but less than 23 years old is out of
26 school for more than one semester, payments of the dependent child's
27 benefits terminate permanently; the adoption of a dependent child does
28 not terminate the survivor's allowance payable under this section;

29 (2) an allowance of 35 per cent of the member's base salary

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

5 (3) when no further benefits are payable under this section,
6 the difference between the amount that would have been paid under sec.
7 160 of this chapter and any payments made to the member, spouse, guard-
8 ian or dependent children under this section shall be paid to those
9 beneficiaries described in sec. 160(a) of this chapter;

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

12 (c) The survivor's allowance accrues from the first day of the
13 month following the death of a member and is payable on the last day of
14 the month. If payment is delayed, a retroactive payment shall be made
15 for the month in which a benefit is payable under this section. The
16 last payment shall be for the month in which a benefit is payable under
17 this section.

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

19 Sec. 14.25.164. SPOUSE'S PENSION. (a) If an active or disabled
20 member dies, a pension is payable to the member's spouse if the member
21 made supplemental contributions under sec. 55 of this chapter for at
22 least one year of credited service. If a retired member or deferred
23 vested member dies, a pension is payable to the member's spouse if the
24 member made supplemental contributions under sec. 55 of this chapter for
25 at least five years of credited service. Application for the spouse's
26 pension must be made in writing to the administrator.

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

28 (1) a spouse's pension is equal to 50 per cent of the retire-
29 ment benefit that the deceased member was receiving; if the member was

1 not receiving a retirement benefit, the spouse's pension is equal to 50
2 per cent of the amount the member would have received, based on the
3 member's average base salary and credited service to the date of the
4 member's death and assuming that the member would have been eligible for
5 a normal retirement benefit as of that date;

6 (2) in the event of the death of a member's spouse who is
7 receiving a spouse's pension, the difference between the amount that
8 would have been paid under sec. 160 of this chapter and any payments
9 made to the member, spouse, guardian or dependent children will be paid
10 to those beneficiaries described in sec. 160(a) of this chapter;

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

13 (c) The spouse's pension accrues from the first day of the month
14 following the death of a member and is payable on the last day of the
15 month. If payment is delayed, a retroactive payment shall be made for
16 the month in which a benefit is payable under this section. The last
17 payment shall be made for the month in which the spouse dies.

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

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

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

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

26 Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS. Retirement
27 benefits [TEACHERS' RETIREMENT SALARIES] and other amounts held in the
28 retirement fund on behalf of the members [TEACHERS] are exempt from
29 Alaska state and municipal taxes and are not subject to anticipation,

1 alienation, sale, transfer, assignment, pledge, encumbrance, charge,
2 garnishment, execution or levy of any kind, either voluntary or involun-
3 tary before they are received by the person entitled to the amount under
4 the terms of the system, and any attempt to anticipate, alienate, sell,
5 transfer, assign, pledge, encumber, charge, or otherwise dispose of any
6 right to amounts accrued in the retirement fund is [SHALL BE] void.

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

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

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

17 Sec. 14.25.220. DEFINITIONS. In this chapter, unless the context
18 requires otherwise,

19 (1) "active member" means a member who is employed by an
20 employer, is receiving compensation on a full or part-time basis and is
21 making contributions to the system, or a member making contributions
22 under AS 14.20.345;

23 (2) "actuarial adjustment" means equality in value of the
24 aggregate expected payments under two different forms of pension pay-
25 ments, considering expected mortality and interest earnings on the basis
26 of tables adopted from time to time by the board;

27 (3) "administrator" means the person appointed by the com-
28 missioner of administration under sec. 15 of this chapter;

29 (4) "annuitant" means a retired member or a disabled member

1 who is receiving a benefit under this system;

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

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

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

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

21 (9) "compensation" means the total remuneration paid under
22 contract to a member for services rendered during any school year; for
23 purposes of sec. 50 of this chapter, compensation paid includes any
24 payment made after June 30 of a school year for services rendered before
25 the end of the school year;

26 (10) "credited service" means all membership service as
27 provided in (20) of this section, plus outside, military and Bureau of
28 Indian Affairs service not exceeding 15 years, with outside and military
29 service limited to 10 years except under the conditions set out in sec.

1 100 of this chapter;

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

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

11 (13) "disabled member" means a member who is terminated, who
12 has not received a refund from the system, and who is receiving a dis-
13 ability benefit from the system;

14 (14) "early retirement" means retirement after

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

18 (B) completing at least eight years of membership ser-
19 vice and attaining the age of 50 years; or

20 (C) completing at least five years of membership service
21 and at least three years of Alaska BIA service and attaining the
22 age of 50 years;

23 (15) "employer" means a public school district, the Board of
24 Regents of the University of Alaska, the Department of Education, the
25 National Education Association of Alaska, or the Regional Resource
26 Centers;

27 (16) "former member" means a member who is terminated and who
28 received a total refund of the balance of the mandatory contribution
29 account, or who has requested in writing a refund of the balance of the

1 mandatory contribution account;

2 (17) "full-time teacher" means a person occupying a position
3 requiring teaching on a regular basis for the normal work period per day
4 or week at a teaching assignment, excluding teaching as an assistant or
5 graduate assistant or teaching on a substitute, temporary, or per diem
6 basis;

7 (18) "inactive teacher or member" means a member who is
8 terminated and who has not received a refund from the system or a member
9 who is on leave of absence and not making contributions under AS 14.20.-
10 345;

11 (19) "mandatory contribution account" means the account
12 maintained by the system to record the mandatory contributions of each
13 member, including interest and adjustments to the account in accordance
14 with sec. 170 of this chapter;

15 (20) "membership service" means

16 (A) full or part-time service as a teacher in a public
17 school in the Territory or State of Alaska, or both, under the
18 supervision and control of the Territorial Board of Education or
19 the Department of Education or the school board of any city,
20 regional educational attendance area, or borough school district;

21 (B) full-time or part-time teaching or full-time admin-
22 istrative position which requires academic standing at the Univer-
23 sity of Alaska; or

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

27 (21) "military service" means active duty in the armed forces
28 of the United States;

29 (22) "nonpublic school" means a school established by an

1 agency other than a state which is primarily supported by other than
2 public funds, and operation of whose program rests with other than
3 publicly elected or appointed officials, and is state approved or
4 accredited;

5 (23) "non-vested member" means an active or inactive member
6 who does not meet the requirements of a vested member under this sec-
7 tion;

8 (24) "normal retirement" means retirement after

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

12 (B) completing at least eight years of membership ser-
13 vice and attaining the age of 55 years;

14 (C) completing at least five years of membership service
15 and at least three years of Alaska BIA service and attaining the
16 age of 55 years;

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

19 (E) completing at least 20 years of membership service;

20 or

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

24 (25) "outside service" means service as

25 (A) a certificated full-time elementary or secondary
26 teacher or a certificated full-time person in a position requiring
27 a teaching certificate as a condition of employment in an out-of-
28 state public school in the United States, or in a school outside of
29 the United States supported by funds of the United States;

1 (B) a certificated full-time elementary or secondary
2 teacher or a full-time certificated person in a position requiring
3 a teaching certificate as a condition of employment in an approved
4 or accredited nonpublic school in the United States, or in a school
5 outside the United States supported by funds of the United States;

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

11 (D) a full-time teacher or a person occupying a full-
12 time position requiring academic standing in an approved or ac-
13 credited nonpublic institution of higher learning in Alaska;

14 (26) "part-time teacher" means a teacher occupying a position
15 requiring teaching on a regular basis for at least 50 per cent of the
16 normal work week at a teaching assignment, excluding teaching as an
17 assistant or graduate assistant, or teaching on a substitute, temporary
18 or per diem basis;

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

26 (28) "prescribed rate of interest" means the rate of interest
27 used for computing employer contributions, for preparing actuarial
28 tables used by the system, for crediting interest to members' contribu-
29 tions, and for charging interest on members' indebtedness accounts;

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

5 (30) "retired teacher or member" means a member who is ter-
6 minated, who has not received a refund from the system, and is receiving
7 a benefit other than disability, from the system;

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

10 (A) the date of termination; and

11 (B) application for retirement in which a person is
12 appointed to receive a retirement benefit, other than a disability
13 benefit;

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

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

21 (34) "Retirement System of 1945" and "Retirement Fund of
22 1945" or like terms means the system and fund established by sections
23 37-5-21 - 37-5-35, ACLA 1949, as amended;

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

26 (36) "supplemental contribution account" means the account
27 maintained by the system to record the supplemental contributions of
28 each member, including interest and adjustments to the account in accor-
29 dance with sec. 170 of this chapter;

1 (37) "system" means the Teachers' Retirement System of
2 Alaska;

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

5 (A) any certificated full-time or part-time elementary
6 or secondary teacher, a certificated school nurse, or a certifi-
7 cated person in a position requiring a teaching certificate as a
8 condition of employment in a public school of the State of Alaska;

9 (B) the commissioner of education, all supervisory
10 positions requiring certification for appointment in the Department
11 of Education;

12 (C) any full-time or part-time teacher under the
13 University of Alaska and those full-time administrative positions
14 which require academic standing; all administrative positions
15 placed under the system must be approved by the administrator;

16 (39) "vested member or teacher" means an active or inactive
17 member who has completed either

18 (A) 15 years of service, the last five of which have
19 been membership service, for a member first hired before July 1,
20 1975; or

21 (B) eight years of membership service; or

22 (C) five years of membership and three years of BIA
23 service;

24 (40) "year of service" means membership service during the
25 dates set for a school year; partial-year service credit shall be given
26 for membership service before July 1, 1969, during any school year as
27 follows: (A) less than 20 days, no credit; (B) 20 days or more but less
28 than 35 days, 0.2 years; (C) 35 days or more but less than 49 days, 0.3
29 years; (D) 49 days or more but less than 63 days, 0.4 years; (E) 63 days

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

17 * Sec. 23. AS 14.25.120, 14.25.135, 14.25.137, 14.25.138, and 14.25.140
18 are repealed.

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

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

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

26 (a) The commissioner shall appoint an administrator in charge of
27 the detailed affairs of the system. The commissioner may appoint the
28 director of the division of retirement and benefits [PERSONNEL DIRECTOR
29 OF THE PERSONNEL DIVISION OF THE DEPARTMENT OF ADMINISTRATION] as the

1 administrator.

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

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

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

6 (a) An active employee is entitled to credited service for periods
7 of employment with the state after January 1, 1961, regardless of the
8 office, department, division, or agency of the state in which he was
9 employed. No service credit may be granted under this chapter for
10 service for which credit was granted under the teachers' retirement
11 system (AS 14.25) regardless of whether the employee has withdrawn from
12 participation in that system.

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

14 (f) An employee cannot be credited with a period of active mili-
15 tary service in the armed forces of the United States under this section
16 if credit for that military service was granted under AS 14.25.

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

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

20 * Sec. 30. AS 39.35 is amended by adding a new section to read:

21 Sec. 39.35.345. OUTSIDE TEACHING SERVICE. (a) A vested employee
22 is entitled to credited service for outside teaching service. The
23 credited service allowed under this section may not exceed an aggregate
24 period of seven and one-half years.

25 (b) To obtain credited service under this section, an employee
26 must make an election to do so and must verify his period of outside
27 teaching service before July 1, 1979 or within one year following the
28 date he first becomes vested under this chapter, if later. When eligi-
29 bility for credited service under this section has been established, an

1 indebtedness of the employee to the system shall be determined. The
2 amount of this indebtedness is the full actuarial cost of providing
3 benefits for the service being claimed. Interest as prescribed by
4 regulation accrues on this indebtedness commencing on July 1, 1979 or
5 one year following the date the employee first becomes vested, if later.
6 Any outstanding indebtedness which exists at the time the employee is
7 appointed to retirement will necessitate an actuarial adjustment to the
8 benefits payable on credited service under this section.

9 (c) The credited service granted under this section may not be
10 used to satisfy the credited service requirements for normal or early
11 retirement.

12 (d) For purposes of this section, the amount of an employee's
13 outside teaching service shall be computed in the same manner as other
14 periods of employment under this chapter and not in accordance with
15 AS 14.25.220(40).

16 * Sec. 31. AS 39.35.410(h) is amended to read:

17 (h) A disabled [RETIRED] employee's occupational disability pen-
18 sion shall terminate when the disabled employee first attains eligibil-
19 ity for normal retirement. At that time, his retirement benefit will be
20 calculated under the provisions of sec. 370(c) of this chapter.

21 * Sec. 32. AS 39.35.430(c) is repealed and re-enacted to read:

22 (c) The first payment of the surviving spouse's pension or of a
23 dependent child's pension shall be made for the month following the
24 month in which the employee dies and the payment shall cease to be made
25 for the month in which there is no surviving spouse or dependent child.

26 * Sec. 33. AS 39.35 is amended by adding a new section to read:

27 Sec. 39.35.495. TIME LIMIT FOR APPLICATION. If no application for
28 benefits or for refund has been filed with the administrator by July 1
29 following the date on which an inactive member (except an employee on

1 leave-without-pay status or layoff status) would attain age 75, or if no
2 application for benefits or for refund has been filed with the admin-
3 istrator within the 50 years following the most recent date on which the
4 employee was an active member, no benefits or refunds may be paid under
5 this chapter and the member's records may be destroyed.

6 * Sec. 34. AS 39.35.547 is repealed and re-enacted to read:

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

10 (b) The monthly amount of any benefit payable under this chapter
11 shall be determined in accordance with the provisions of this chapter in
12 effect on the date of the member's termination of employment.

13 * Sec. 35. AS 39.35.680(4) is amended to read:

14 (4) "average monthly compensation" means the result obtained
15 by dividing the compensation earned by an employee during a considered
16 period by the number of months, including fractional months, for which
17 compensation was earned; the considered period consists of the three
18 consecutive calendar years during the period of credited service which
19 yields the highest average, or if the employee does not have three con-
20 secutive calendar years, his period of credited service; an employee
21 must have at least 115 [120] days of credited service in the last cal-
22 endar year in order to be used as part of the three consecutive calendar
23 years;

24 * Sec. 36. AS 39.35.680 is amended by adding a new paragraph to read:

25 (39) "outside teaching service" means service as

26 (A) a certificated full-time elementary or secondary
27 teacher or a certificated full-time person in a position requiring
28 a teaching certificate as a condition of employment in an out-of-
29 state public school in the United States, or in a school outside of

1 the United States supported by funds of the United States;

2 (B) a certificated full-time elementary or secondary
3 teacher or a full-time certificated person in a position requiring
4 a teaching certificate as a condition of employment in an approved
5 or accredited nonpublic school in the United States, or in a school
6 outside the United States supported by funds of the United States;

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

12 (D) a full-time teacher or a person occupying a full-
13 time position requiring academic standing in an approved or ac-
14 credited nonpublic institution of higher learning in Alaska.

15 * Sec. 37. AS 39.35.050(b) is repealed.

16 * Sec. 38. This Act takes effect July 1, 1978, except that the defini-
17 tions of "military service" and "outside service" contained in AS 14.25.220-
18 (21) and (25) and the definitions of "membership service" and "teacher or
19 member" contained in AS 14.25.220(20) and (38) to the extent they apply to
20 part-time teachers at the University of Alaska, as repealed and re-enacted in
21 sec. 22 of this Act, take effect immediately in accordance with AS 01.10.-
22 070(c) and are retroactive to July 1, 1955.