

Introduced: 4/4/77
Referred: State Affairs and
Finance

1 IN THE SENATE

BY HUBER

2 2d SPONSOR SUBSTITUTE FOR SENATE BILL NO. 215

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for state withdrawal from federal
7 old age and survivors insurance."

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

9 * Section 1. AS 39.35.370(c) is amended to read:

10 (c) The monthly amount of the normal retirement pension for a
11 peace officer or a fireman is two per cent of his average monthly compen-
12 sation times his years of credited service up through 10 years, plus two
13 and one-half per cent of his average monthly compensation times his
14 years of service over 10 years. For every other employee and retired
15 employee it is two per cent of his average monthly compensation times
16 his years of service. An employee eligible for retirement may elect to
17 have his normal retirement pension computed under this section by
18 utilizing, in place of the employee's actual average monthly compensa-
19 tion, the current rate of compensation for the grade and step he held on
20 the effective date of his retirement. Pension payments for an employee
21 so electing shall thereafter be based on the compensation rate authorized
22 for that grade and step for the month in which the payment is made.
23 This election shall be made by the employee at the time he applies for
24 retirement, and once made, is irrevocable.

25 * Sec. 2. If approved by employees of the State of Alaska as set out in
26 sec. 6 of this Act, the commissioner of administration shall take all neces-
27 sary steps to terminate the state's participation in federal old age and
28 survivors insurance entered into under AS 39.30.010.

29 * Sec. 3. The amounts which both the state and the employees of the state

1 would otherwise pay into the federal social security system shall be held in
2 a special employee benefit account in the Department of Administration to be
3 used to increase employee retirement and death and disability benefits in a
4 method to be determined by subsequent legislative action. These increased
5 employee benefits shall be made retroactive to January 1, 1978.

6 * Sec. 4. All employees of the state, except temporary employees and
7 members of the teachers' retirement system, who are not currently members of
8 the public employees' retirement system shall become participating members of
9 the system with full credit for past service to the state, and shall be
10 included in the increased employee retirement and death and disability
11 benefits accruing as a result of withdrawal from the social security system.

12 * Sec. 5. The State of Alaska shall provide a death benefit to benefi-
13 ciaries of temporary employees who die while employed by the state. The
14 death benefit shall be equal to one full year's salary and shall be paid to
15 the deceased employee's designated beneficiaries. The state shall also
16 provide a disability benefit to temporary employees who become disabled while
17 in the employ of the state and when the disability has resulted from occupa-
18 tional causes. The disability benefit shall be equal to 40 per cent of the
19 disabled employee's monthly salary at the time disability occurs. Disability
20 benefits begin the first month following the month disability occurs. The
21 last payment shall be for the month in which

- 22 (1) the death of the disabled employee occurs;
- 23 (2) the disabled employee recovers from disability;
- 24 (3) the disabled employee would cease to be eligible for disability
25 benefits under the criteria for disability benefits established by the Social
26 Security Act; or
- 27 (4) the disabled employee becomes eligible to receive a retirement
28 pension from the public employees' retirement system based on prior service
29 if the retirement pension is equal to or greater than the disability benefit

1 payable under this section.

2 * Sec. 6. If state employees approve withdrawal from the social security
3 system, affected employees shall form an Advisory Council on Retirement
4 Benefits to recommend suitable revisions to employee retirement benefits.
5 The advisory council shall consist of the director of the division of retire-
6 ment and one representative from each organization representing state em-
7 ployees.

8 * Sec. 7. The Department of Administration shall conduct an election by
9 secret ballot between 120 and 150 days after the effective date of this
10 section. The department shall, at least 90 days before the election, prepare
11 a list of all state employees eligible to vote, along with mailing addresses,
12 and make the list available to interested persons or employee representative
13 organizations. The question on the ballot shall read: "Do you favor with-
14 drawal from the Social Security System?" A simple majority of those em-
15 ployees voting shall determine the outcome of this issue. No information
16 concerning the election issue may be distributed with or attached to the
17 ballot.

18 * Sec. 8. Section 1 of this Act takes effect July 1, 1977. Sections 2 -
19 6 of this Act take effect January 1, 1978 if approved by a majority of the
20 votes cast by all state employees affected, including permanent, seasonal and
21 temporary. Section 7 of this Act takes effect immediately in accordance with
22 AS 01.10.070(c).

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