

Original sponsor: Rules/Governor

Offered: 4/23/79
For Today's Calendar

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 243 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST 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 new sections 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 became effective as of July 1, 1955, at
16 which time contributions by the participating employers and members
17 began.

18 Sec. 14.25.015. ADMINISTRATOR. The commissioner shall appoint
19 an administrator of the system.

20 * Sec. 2. AS 14.25.030 is amended to read:

21 Sec. 14.25.030. DUTIES OF THE ADMINISTRATOR. The administrator
22 shall

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

25 (2) approve or disapprove claims for retirement benefits
26 [SALARY];

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

29 (4) publish annually a report showing the financial con-

1 dition of the retirement fund; and

2 (5) do whatever else may be necessary to carry out the pur-
3 poses of this chapter.

4 * Sec. 3. AS 14.25.035(e) is amended to read:

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

13 * Sec. 4. AS 14.25.035 is amended by adding a new subsection to read:

14 (h) The board may waive the requirements of AS 14.25.173 in accor-
15 dance with AS 14.25.175.

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 again becomes an active member, benefit payments may not be made
19 during the period of reemployment. The retirement benefit must 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 AS 14.25.050. Upon subsequent retirement, the
24 retired member is entitled to receive an additional benefit based on the
25 credited service and the average base salary during the period of re-
26 employment in accordance with AS 14.25.110.

27 * Sec. 6. AS 14.25.055 is amended to read:

28 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a
29 teacher is married or has a minor child and wishes to make his spouse

1 or minor child eligible for a spouse's pension or a survivor's allow-
2 ance, he may elect to make a supplemental contribution of an additional
3 one per cent of his base salary within 90 days of his entry into parti-
4 cipation in the system, or within 90 days of his marriage, or within 90
5 days of the birth or adoption of a child dependent upon him, or during
6 any open enrollment period authorized by the Teachers' Retirement System
7 Board. Once an election is made under this section, supplemental contri-
8 butions must be made whenever contributions are required under AS 14.25.
9 050 unless the teacher executes a written waiver with the administrator.
10 The execution of a waiver relinquishes all rights and benefits pre-
11 viously accrued under AS 14.25.162 and 14.25.164.

12 * Sec. 7. AS 14.25.060(a) is amended to read:

13 (a) If a member has military service or Alaska Bureau of Indian
14 Affairs (BIA) service, or if a member joined the system before July 1,
15 1978 [1977] and has creditable outside service, [OR IF A MEMBER HAS
16 MILITARY SERVICE OR ALASKA BUREAU OF INDIAN AFFAIRS (BIA) SERVICE,]
17 the member is indebted to the retirement fund as follows:

18 (1) At the time of first becoming a member of the system, the
19 arrearage indebtedness is seven per cent of the base salary multiplied
20 by the total number of years of creditable outside, military and
21 Alaska BIA service. Compound interest at the rate prescribed by
22 regulation shall be added to the arrearage indebtedness beginning July
23 1, 1963, or at the time of first becoming employed as a member, which-
24 ever is later, to the date of payment or the date of retirement, which-
25 ever occurs first.

26 (2) If a member terminates from the system and is subse-
27 quently reemployed as a member, the arrearage indebtedness to the retire-
28 ment fund for outside, military, or Alaska BIA service accumulated in
29 the interim is seven per cent of the base salary upon reentering member-

1 ship service, multiplied by the number of years of interim outside,
2 military, and Alaska BIA service. Compound interest at the rate pre-
3 scribed by regulation shall be added to the arrearage indebtedness
4 beginning July 1, 1963, or the date of reemployment as a member, which-
5 ever is later, to the date of payment or the date of retirement, which-
6 ever occurs first.

7 * Sec. 8. AS 14.25.060(b) is amended to read:

8 (b) If a member joins the system on or after July 1, 1978
9 and has creditable outside service, the member may claim this ser-
10 vice. If claimed, the member is indebted to the retirement fund as
11 follows:

12 (1) The arrearage indebtedness is the full actuarial cost of
13 providing benefits for the service being claimed. Compound interest at
14 the rate prescribed by regulation shall be added to the arrearage in-
15 debtedness beginning the date the actuarial cost is established to the
16 date of payment or the date of retirement, whichever occurs first.

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

24 (3) A member who joins the system on or after July 1, 1978
25 [AND CLAIMS ALASKA BIA SERVICE IS EXEMPT FROM (1) AND (2) OF THIS SUB-
26 SECTION WITH RESPECT TO THAT SERVICE. HIS ARREARAGE INDEBTEDNESS FOR
27 THE ALASKA BIA SERVICE SHALL BE CALCULATED UNDER (a) OF THIS SECTION.
28 HOWEVER, SUCH A MEMBER] may claim no more than five years Alaska BIA
29 service. A [THIS PARAGRAPH DOES NOT APPLY TO A] member who has, at the

1 time he claims Alaska BIA service, a vested military or federal retire-
2 ment benefit, or a [. A] member who acquires a vested military or
3 federal retirement benefit after claiming Alaska BIA service [UNDER THIS
4 PARAGRAPH] shall have his arrearage indebtedness for that service recal-
5 culated under (1) or (2) of this subsection, as appropriate, retroactive
6 to the date he claimed the service.

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

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

20 * Sec. 10. AS 14.25.061(b) is amended to read:

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

25 * Sec 11. AS 14.25.062 is amended to read:

26 Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. A [IF A] teacher who
27 has received a refund of contributions in accordance with AS 14.25.150
28 is [REEMPLOYED IN MEMBERSHIP SERVICE, HE IS] indebted to the retirement
29 fund in the amount of the total refund. Compound interest at the rate

1 prescribed by regulation shall be added to the reinstatement indebted-
2 ness from the date of the refund to the date of repayment or the date of
3 retirement, whichever occurs first.

4 * Sec. 12. AS 14.25 is amended by adding a new section to read:

5 Sec. 14.25.063. PAYMENT OF INDEBTEDNESS. (a) For purposes of
6 this chapter, a member does not have to be reemployed under this system
7 in order to make indebtedness payments. However, a former member must
8 be reemployed under this system in order to make indebtedness payments.
9 Payments apply first to accrued interest and then to principal.

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

13 (1) option one -- to have any retirement benefit which be-
14 comes due the member withheld until the total amount withheld is equal
15 to the outstanding indebtedness due the system; or

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

18 (c) If a member elects option one under (b)(1) of this section,
19 the member may pay all or any part of the outstanding indebtedness at a
20 later date. However, option two under (b)(2) of this section, if
21 elected by a member, is irrevocable.

22 * Sec. 13. AS 14.25.065(b) is amended to read:

23 (b) The contributions of employers under AS 14.25.070 must [SHALL]
24 be transmitted [BY A SCHOOL DISTRICT] to the administrator at the close
25 of each pay period. If the contributions are not submitted within 15
26 days of the close of each payroll period, interest must be assessed on
27 the outstanding contributions at one and one-half times the most recent
28 actuarially determined rate of earnings for the system from the date
29 that contributions were originally due. In addition, the amount of the

1 contributions and interest may [SHALL] be deducted by the Department of
2 Education from the state funds due the school district and the amount so
3 deducted [SHALL BE] transmitted to the administrator for deposit in the
4 retirement fund. Amounts due from the [THE] University of Alaska and
5 interest as prescribed in this section may [SHALL FORWARD ITS CONTRIBU-
6 TION TO THE ADMINISTRATOR WITHIN 15 DAYS OF THE CLOSE OF EACH PAYROLL
7 PERIOD FOR DEPOSIT IN THE RETIREMENT FUND. IF THE CONTRIBUTIONS ARE NOT
8 SUBMITTED WITHIN 15 DAYS OF THE CLOSE OF EACH PAYROLL PERIOD, THE AMOUNT
9 OF THE CONTRIBUTIONS SHALL] be deducted by the commissioner of adminis-
10 tration from any state funds due the University of Alaska and the amount
11 deducted [SHALL BE] transmitted to the administrator for deposit in the
12 retirement fund.

13 * Sec. 14. AS 14.25.100 is amended to read:

14 Sec. 14.25.100. CREDIT FOR SERVICE IN THE ARMED FORCES. (a) A
15 member [TEACHER] who served as an active member of the armed forces of
16 the United States [AFTER DECEMBER 31, 1939] may receive creditable
17 service under this [RETIREMENT] system up to a maximum of five
18 years. Each 12 months of military service equals one school year, and
19 lesser military periods will be determined for credit purposes in a
20 proportionate ratio to a year. To receive creditable service
21 under this section, the member [TEACHER] must have received a discharge
22 other than dishonorable. Credit for service in the armed forces shall
23 be granted only if the member [TEACHER] makes contributions for the
24 service in the same manner as required for outside service under
25 AS 14.25.060. The military service credited under this section shall be
26 included in the 10-year limitation of outside service as specified in
27 AS 14.25.060, except if entry into the armed forces is immediately
28 preceded by Alaska membership service and following discharge is con-
29 tinued by Alaska membership service within one year thereafter, service

1 may not be counted for purposes of determining the applicability of the
2 10-year limitation on outside service.

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

8 (c) (repealed)

9 (d) (repealed)

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

15 * Sec. 15. AS 14.25.110 is repealed and re-enacted to read:

16 Sec. 14.25.110. RETIREMENT BENEFITS. (a) A member is eligible
17 for a normal retirement benefit if he

18 (1) was first hired before July 1, 1975, has attained the age
19 of 55 years, and has at least 15 years of credited service, the last
20 five of which have been membership service;

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

23 (3) has attained the age of 55 years, has at least five years
24 of membership service, and has at least three years of Alaska BIA service

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

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

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

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

4 (c) The burden is on the applicant to prove eligibility for re-
5 tirement benefits to the full satisfaction of the administrator.

6 (d) The monthly amount of a retirement benefit for a member who
7 has paid the full amount of any indebtedness is two per cent of the
8 member's average base salary during any three school years of membership
9 service times the years of credited service, including credited frac-
10 tional years. An actuarial adjustment must be made for early retire-
11 ment.

12 (e) The monthly amount of a retirement benefit must be determined
13 in accordance with (d) of this section as it is in effect on the date of
14 termination of the retiring member's last segment of employment.

15 (f) The annual amount of retirement benefits for a retiring member
16 who was a member of the retirement system established by the Retirement
17 Act of 1945 may not be less than \$975 plus 10 per cent of the total
18 contribution made by the member to the retirement fund of 1945.

19 (g) A member who is eligible for a service retirement salary under
20 this chapter or under the Retirement Act of 1945 is entitled to a bene-
21 fit of at least \$20 per month for each year of credited service, ex-
22 cluding adjustments made under AS 14.25.142 or 14.25.143. If the member
23 elected option two under AS 14.25.063(b)(2) for payment of any indebted-
24 ness when he initially applied for a retirement benefit, or if he
25 elected to receive an early retirement benefit under (b) of this sec-
26 tion, the resulting benefit reduction continues in effect.

27 (h) The monthly retirement benefit for a member who was receiving
28 a retirement benefit on July 1, 1955 is \$50 a month if the member was at
29 least 55 years of age on July 1, 1955.

1 (i) Benefits payable under this section accrue from the first day
2 of the month after which all of the following requirements are met: (1)
3 the member meets the eligibility requirements of this section; (2) the
4 member terminates employment; and (3) the member applies for retirement.
5 Benefits are not payable under this section during a school year in
6 which credit for a full year of service is granted. The benefits are
7 payable the last day of the month. If payment is delayed, a retroactive
8 payment must be made for the month in which a benefit is payable under
9 this section.

10 * Sec. 16. AS 14.25.125(c) is amended to read:

11 (c) Membership service for which contributions were refunded is
12 not creditable under this section unless the refunded contributions have
13 been repaid. For purposes of this section, a member or former member
14 does not have to be reemployed under this system in order to repay
15 refunded contributions. Compound interest at the rate prescribed by
16 regulation must be added to the reinstatement indebtedness from the date
17 of the refund to the date of repayment.

18 * Sec. 17. AS 14.25.130 is amended to read:

19 Sec. 14.25.130. DISABILITY BENEFITS [ELIGIBILITY FOR DISABILITY
20 RETIREMENT]. (a) A member [TEACHER IN MEMBERSHIP SERVICE] who has
21 become permanently disabled, as defined in AS 14.25.220, after July 1,
22 1966, before age 55 and who has [HAD] five or more [MEMBERSHIP] years
23 of membership service may be retired by the administrator as of the
24 first day of the month following the permanent disability. After [THE
25 ADMINISTRATOR, AFTER] a report of medical examination of the member, an
26 application [TEACHER] and other requested information [THE ADMINISTRATOR
27 MAY REQUEST] has been submitted, the administrator shall determine if
28 [CERTIFY THAT] the member [TEACHER] is physically or mentally incapaciti-
29 tated for [THE] further performance of duty, and if [THAT] the incapacity

1 is likely to be permanent and whether [THAT] the member [TEACHER] should
2 receive disability benefits [BE RETIRED].

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

7 (c) Once each year during the first five years following appoint-
8 ment to [RETIREMENT OF A TEACHER FOR] disability under this section, and
9 once every three-year period thereafter, the administrator may require a
10 disabled member [TEACHER] who has not attained eligibility for normal
11 retirement to undergo a medical or mental examination by a competent
12 physician. The administrator shall suspend any disability benefit
13 [RETIREMENT ALLOWANCE] for a disabled member [TEACHER] who refuses to
14 undergo a physical or mental examination when requested [BY THE ADMINIS-
15 TRATOR] under this section.

16 (d) The amount of the disability benefit is equal to 50 per cent
17 of the member's base salary immediately before becoming disabled. The
18 disability benefit is increased by 10 per cent for each dependent child,
19 up to a maximum of four dependent children.

20 (e) Benefits payable under this section accrue from the first day
21 of the month after which the following requirements are met: (1) the
22 member meets the eligibility requirements of this section; and (2) the
23 member terminates employment. The benefits are payable the last day of
24 the month. If payment is delayed, a retroactive payment must be made to
25 cover the period of deferment. The last payment for a dependent child
26 shall be for the month in which the child ceases to be a dependent child.
27 The last payment for the disabled member shall be made for the month in
28 which the disabled member recovers from his disability, dies, or is
29 eligible for normal retirement.

1 * Sec. 18. AS 14.25.143(a) is amended to read:

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

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

8 Sec. 14.25.160. DEATH BENEFITS. (a) Upon receipt of a valid
9 claim and proof of the death of a member who has not made supplemental
10 contributions or whose supplemental contributions under AS 14.25.055
11 were made for less than one year of membership service, a death benefit
12 will be paid to the beneficiaries the member has designated in a written
13 designation filed with the administrator. If the member failed to
14 designate a beneficiary, or if no designated beneficiary survives the
15 member, the benefits will be paid as follows:

16 (1) to the surviving spouse;

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

19 (3) if there is no surviving child, to the surviving parents
20 in equal amounts; or

21 (4) if there is no surviving parent, to the member's estate.

22 (b) Upon the death of an active member who meets the conditions
23 specified in (a) of this section, the amount of the death benefit is the
24 sum of the following less any retirement benefit previously received by
25 the member:

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

27 (2) \$100 times the years of membership service;

28 (3) \$1,000; and

29 (4) \$500 if the deceased member is survived by one or more

1 dependent children at the time of death.

2 (c) If the sum of (b)(2) and (3) of this section exceeds \$3,000,
3 only \$3,000 may be added to amounts under (b)(1) and (4) in calculating
4 the death benefit under (b) of this section.

5 (d) Upon the death of an inactive member who meets the conditions
6 specified in (a) of this section, the death benefit is the amount deter-
7 mined in (b)(1) of this section.

8 (e) Upon the death of a disabled member who is not eligible for
9 normal retirement and who meets the conditions specified in (a) of this
10 section, the death benefit is the amount determined in (b) of this
11 section.

12 (f) Upon the death of a retired member who meets the conditions
13 specified in (a) of this section, the death benefit is the amount deter-
14 mined in (b)(1) of this section less all retirement benefits paid to the
15 deceased member.

16 (g) If supplemental contributions have been made under AS 14.25.-
17 055, benefits may be payable under AS 14.25.162 or 14.25.164 if the
18 deceased member meets the eligibility requirements of one of those
19 sections.

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

22 * Sec. 20. AS 14.25.162 is repealed and re-enacted to read:

23 Sec. 14.25.162. SURVIVOR'S ALLOWANCE. (a) If an active or dis-
24 abled member dies and leaves a dependent child, and supplemental contri-
25 butions have been made under AS 14.25.055 for at least one year of
26 credited service, a survivor's allowance is payable under (b) of this
27 section. If a retired member or a deferred vested member dies and
28 leaves a dependent child, and supplemental contributions have been made
29 under AS 14.25.055 for at least five years of credited service, a sur-

1 survivor's allowance is payable under (b) of this section. Application for
2 the survivor's allowance must be made in writing to the administrator.

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

5 (1) an allowance of 10 per cent of the member's base salary
6 immediately before the member's death, retirement, or disability shall
7 be paid for each dependent child; if there are four or more dependent
8 children, the total amount paid to those children is 40 per cent of the
9 member's base salary before his death, retirement, or disability, paid
10 in equal amounts to each child; the allowance shall be recomputed for
11 the month in which the number of dependent children is less than four
12 and the benefits shall be decreased accordingly; if a dependent child
13 who is at least 19 years old but less than 23 years old is out of school
14 for more than one semester, payments of the dependent child's benefits
15 terminate permanently; the adoption of a dependent child does not termi-
16 nate the survivor's allowance payable under this section;

17 (2) an allowance of 35 per cent of the member's base salary
18 shall be paid to the member's surviving spouse as long as there is an
19 eligible dependent child as determined under (b)(1) of this section; if
20 there is no surviving spouse, an allowance of 10 per cent of the
21 member's base salary shall be paid to each court-appointed guardian;

22 (3) when no further benefits are payable under this section,
23 the difference between the amount that would have been paid under AS
24 14.25.160 and any payments made to the member, spouse, guardian, or
25 dependent children under this section shall be paid to those benefici-
26 aries described in AS 14.25.160(a);

27 (4) benefits are not payable under this section if benefits
28 are being paid under AS 14.25.164.

29 (c) The survivor's allowance accrues from the first day of the

1 month following the death of a member and is payable on the last day of
2 the month. If payment is delayed, a retroactive payment must be made
3 for the month in which a benefit is payable under this section. The
4 last payment is for the month in which a benefit is payable under this
5 section.

6 * Sec. 21. AS 14.25.164 is repealed and re-enacted to read:

7 Sec. 14.25.164. SPOUSE'S PENSION. (a) If an active or disabled
8 member dies, a pension is payable to the member's spouse if the member
9 made supplemental contributions under AS 14.25.055 for at least one year
10 of credited service. If a retired member or deferred vested member
11 dies, a pension is payable to the member's spouse if the member made
12 supplemental contributions under AS 14.25.055 for at least five years of
13 credited service. Application for the spouse's pension must be made in
14 writing to the administrator.

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

16 (1) a spouse's pension is equal to 50 per cent of the retire-
17 ment benefit that the deceased member was receiving; if the member was
18 not receiving a retirement benefit, the spouse's pension is equal to 50
19 per cent of the amount the member would have received, based on the
20 member's average base salary and credited service to the date of the
21 member's death and assuming that the member would have been eligible for
22 a normal retirement benefit as of that date;

23 (2) in the event of the death of a member's spouse who is
24 receiving a spouse's pension, the difference between the amount that
25 would have been paid under AS 14.25.160 and any payments made to the
26 member, spouse, guardian, or dependent children, shall be paid to those
27 beneficiaries described in AS 14.25.160;

28 (3) benefits are not payable under this section if benefits
29 are being paid under AS 14.25.162.

1 (c) The spouse's pension accrues from the first day of the month
2 following the death of a member and is payable on the last day of the
3 month. If payment is delayed, a retroactive payment must be made for
4 the month in which a benefit is payable under this section. The last
5 payment is for the month in which the spouse dies.

6 * Sec. 22. AS 14.25 is amended by adding a new section to read:

7 Sec. 14.25.175. WAIVER OF ADJUSTMENTS. (a) Upon appeal by an
8 affected member or beneficiary under (b) of this section, the board may
9 waive an adjustment or a portion of an adjustment made under AS 14.25.-
10 173 if

11 (1) the adjustment or portion of the adjustment will, in the
12 opinion of the board, cause undue hardship to the member or beneficiary;

13 (2) the member is retired or has submitted notification of
14 impending retirement to his employer to be effective no later than 180
15 days after the adjustment was made; or the beneficiary was eligible to
16 receive or was receiving benefits under this chapter before the adjust-
17 ment;

18 (3) the adjustment will result in a loss of eligibility for
19 benefits for the member or beneficiary or result in a reduction of
20 benefits received by the member or beneficiary of \$50 per month or more;

21 (4) the adjustment was not the result of erroneous infor-
22 mation supplied by the member or beneficiary;

23 (5) before the adjustment was made, the member or beneficiary
24 received confirmation from the administrator that his records were
25 correct; and

26 (6) the member or beneficiary had no reasonable grounds to
27 believe his records were incorrect before the adjustment was made.

28 (b) In order to obtain consideration of a waiver under this sec-
29 tion, the affected member or beneficiary must appeal to the board in

1 writing within 30 days after receipt of notice that his records have
2 been adjusted. The board shall rule on an appeal within 120 days after
3 its receipt. The ruling of the board shall be in writing.

4 (c) The board may, at its discretion, conduct a hearing on an
5 appeal under this section. In reaching a decision on an appeal, the
6 board may issue subpoenas, administer oaths, and compel the attendance
7 and testimony of witnesses, the taking of depositions, the submission of
8 affidavits, and the production of documents and records.

9 (d) The board may impose conditions on granting a waiver which it
10 considers equitable. These conditions may include requiring the member
11 or beneficiary to make additional contributions to the system.

12 (e) The board may reconsider a ruling under this section upon
13 request of the member or beneficiary or the administrator if the request
14 is received within 30 days after the initial ruling. Any modification
15 of the initial ruling must be made within 30 days after receipt of a
16 request for reconsideration.

17 (f) Rulings and modifications of rulings under this section must
18 be by a majority of a quorum of the board.

19 (g) Rulings on appeals and requests for reconsideration under this
20 section may be appealed by an aggrieved member or beneficiary to the
21 superior court for abuse of discretion.

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

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

26 (b) The monthly amount of a benefit payable under this chapter
27 shall be determined in accordance with the provisions of this chapter in
28 effect on the date of termination of the member's last segment of em-
29 ployment.

1 * Sec. 24. AS 14.25.200 is amended to read:

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

12 * Sec. 25. AS 14.25.205 is amended to read:

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

21 * Sec. 26. AS 14.25.220 is repealed and re-enacted to read:

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

24 (1) "active member" means a member who is employed by an
25 employer, is receiving compensation on a full or part-time basis and is
26 making contributions to the system, or a member making contributions
27 under AS 14.20.330 OR 14.20.345;

28 (2) "actuarial adjustment" means equality in value of the
29 aggregate expected payments under two different forms of pension pay-

1 ments, considering expected mortality and interest earnings on the basis
2 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 AS 14.25.015;

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 member's three highest years' base salary by
9 three, or if a member does not have three years base salary, then by
10 dividing the sum of all base salaries by the number of years of base
11 salary; the base salary for a year in which credit is granted for disa-
12 bility totaling more than one-third of a year may not be used in the
13 computation of the average base salary; the base salary in a school year
14 for which the member receives compensation for less than two-thirds of a
15 year may not be used in the computation of the average base salary; if
16 compensation is received for more than two-thirds of a year, the full
17 base salary for that school year shall be used in the computation of the
18 average base salary;

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

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

25 (8) "BIA service" means service, including partial years, as
26 a teacher in a school operated by the Bureau of Indian Affairs in
27 Alaska;

28 (9) "compensation" means the total remuneration paid under
29 contract to a member for services rendered during a school year; for

1 purposes of AS 14.25.050, compensation paid includes any payment made
2 after June 30 of a school year for services rendered before the end of
3 the school year;

4 (10) "credited service" means all membership service as
5 provided in (20) of this section, plus outside, military, and BIA ser-
6 vice not exceeding 15 years, with outside and military service limited
7 to 10 years except under the conditions set out in AS 14.25.100;

8 (11) "deferred vested member" means an inactive member who
9 meets the service requirements of a vested member;

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

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

20 (14) "early retirement" means retirement under AS 14.25.-
21 110(b);

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

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

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

6 (18) "inactive teacher or member" means a member who is
7 terminated and who has not received a refund from the system or a member
8 who is on leave of absence and who is not making contributions under AS
9 14.20.345;

10 (19) "mandatory contribution account" means the account
11 maintained by the system to record the mandatory contributions of each
12 member, including interest and adjustments to the account in accordance
13 with AS 14.25.170;

14 (20) "membership service" means

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

20 (B) full-time or part-time teaching at the University of
21 Alaska or a full-time administrative position at the University of
22 Alaska which requires academic standing and which has been approved
23 for inclusion in the system by the administrator; or

24 (C) any period during which the teacher receives a
25 disability benefit under this system or is on an approved sabbati-
26 cal leave granted in accordance with AS 14.20.310;

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 or deferred vested
7 member;

8 (24) "normal retirement" means retirement under AS 14.25.-
9 110(a);

10 (25) "outside service" means service

11 (A) as a certificated full-time elementary or secondary
12 teacher or a certificated person in a full-time position requiring
13 a teaching certificate as a condition of employment in an out-of-
14 state public school within the United States, or in a school out-
15 side the United States supported by funds of the United States;

16 (B) as a certificated full-time elementary or secondary
17 teacher or a certificated person in a full-time position requiring
18 a teaching certificate as a condition of employment in an approved
19 or accredited nonpublic school within the United States, or in a
20 school outside the United States supported by funds of the United
21 States;

22 (C) in a full-time position requiring academic standing
23 in an out-of-state institution of higher learning accredited by a
24 nationally recognized accrediting agency as listed in the Education
25 Directory -- Colleges and Universities by the National Center for
26 Education Statistics;

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

29 (26) "part-time teacher" means a teacher occupying a position

1 requiring teaching on a regular basis for at least 50 per cent of the
2 normal work week at a teaching assignment, excluding teaching as an
3 assistant or graduate assistant, or teaching on a substitute, temporary,
4 or per diem basis;

5 (27) "permanent disability" means a physical or mental con-
6 dition which, in the judgment of the administrator, based upon medical
7 reports and other evidence satisfactory to the administrator, presumably
8 prevents a member from satisfactorily performing the member's usual
9 duties for the member's employer or the duties of another position or
10 job which an employer makes available for which the member is qualified
11 by training or education;

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

16 (29) "public school" means a school operated by publicly
17 elected or appointed school officials in which the program and activi-
18 ties are under the control of those officials and which is supported by
19 public funds;

20 (30) "retired teacher or member" means a member who is termi-
21 nated, who has not received a refund from the system, and who is re-
22 ceiving a benefit, other than disability, from the system;

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

25 (A) the date of termination; and

26 (B) application for retirement in which a person is
27 appointed to receive a retirement benefit, other than a disability
28 benefit;

29 (32) "retirement benefit" means the annuity received by a

1 retired member from the system;

2 (33) "retirement fund" means the fund consisting of all
3 matching contributions by local school districts, money made available
4 by appropriations by the state legislature and from all contributions
5 from whatever source, and income and interest derived from the invest-
6 ment of money;

7 (34) "Retirement System of 1945" and "Retirement Fund of
8 1945" or like terms mean the system and fund established in sections
9 37-5-21 - 37-5-35, ACLA 1949;

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

12 (36) "supplemental contribution account" means the account
13 maintained by the system to record the supplemental contributions of
14 each member, including interest and adjustments to the account in accor-
15 dance with AS 14.25.170;

16 (37) "system" means the Teachers' Retirement System of
17 Alaska;

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

20 (A) a certificated full-time or part-time elementary or
21 secondary teacher, a certificated school nurse, or a certificated
22 person in a position requiring a teaching certificate as a condi-
23 tion of employment in a public school of the state;

24 (B) the commissioner of education and all supervisory
25 positions in the Department of Education;

26 (C) a full-time or part-time teacher of the University
27 of Alaska or a person occupying a full-time administrative position
28 at the University of Alaska which requires academic standing; the
29 approval of the administrator must be obtained before an adminis-

1 trative position qualifies for membership in the system;

2 (39) "vested member" or "vested teacher" means an active
3 member who has completed either

4 (A) 15 years of service, the last five of which have
5 been membership service, for a member first hired before July 1,
6 1975; or

7 (B) eight years of membership service; or

8 (C) five years of membership and three years of BIA
9 service;

10 (40) "year of service" means membership service during the
11 dates set for a school year; partial year service credit is given for
12 membership service before July 1, 1969, during any school year as
13 follows: (A) less than 20 days, no credit; (B) 20 days or more but less
14 than 35 days, 0.2 years; (C) 35 days or more but less than 49 days, 0.3
15 years; (D) 49 days or more but less than 63 days, 0.4 years; (E) 63 days
16 or more but less than 77 days, 0.5 years; (F) 77 days or more but less
17 than 91 days, 0.6 years; (G) 91 days or more but less than 105 days, 0.7
18 years; (H) 105 days or more but less than 119 days, 0.8 years; (I) 119
19 days or more but less than 133 days, 0.9 years; (J) 133 days or more,
20 1.0 years; partial year service credit is given for membership service
21 after July 1, 1969, during any school year as follows: (A) less than
22 nine days, no credit; (B) nine days or more but less than 27 days, 0.1
23 years; (C) 27 days or more but less than 45 days, 0.2 years; (D) 45 days
24 or more but less than 63 days, 0.3 years; (E) 63 days or more but less
25 than 81 days, 0.4 years; (F) 81 days or more but less than 100 days, 0.5
26 years; (G) 100 days or more but less than 118 days, 0.6 years; (H) 118
27 days or more but less than 136 days, 0.7 years; (I) 136 days or more but
28 less than 154 days, 0.8 years; (J) 154 days or more but less than 172
29 days, 0.9 years; (K) 172 days or more, 1.0 years; if service is per-

1 formed on a part-time basis, one-half credit shall be given for each day
2 of service.

3 * Sec. 27. AS 39.35.010(a) is amended to read:

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

9 * Sec. 28. AS 39.35.050(a) is amended to read:

10 (a) The commissioner shall appoint an administrator in charge of
11 [THE DETAILED AFFAIRS OF] the system. [THE COMMISSIONER MAY APPOINT THE
12 PERSONNEL DIRECTOR OF THE PERSONNEL DIVISION OF THE DEPARTMENT OF ADMIN-
13 STRATION AS THE ADMINISTRATOR.]

14 * Sec. 29. AS 39.35.060(3) is amended to read:

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

17 * Sec. 30. AS 39.35.300(a) is amended to read:

18 (a) An active employee is entitled to credited service for periods
19 of employment with the state after January 1, 1961, regardless of the
20 office, department, division, or agency of the state in which he was
21 employed. For purposes of this chapter, the University of Alaska is not
22 an office, department, division, or agency of the state. Service credit
23 may not be granted under this chapter for service which is creditable
24 under the teachers' retirement system, AS 14.25.

25 * Sec. 31. AS 39.35.340(b) is amended to read:

26 (b) In order to obtain credited service under this section, an
27 employee shall make an election to do so and shall verify his period of
28 military service [BEFORE JULY 1, 1977 OR WITHIN ONE YEAR FOLLOWING THE
29 DATE WHEN THE EMPLOYEE FIRST BECOMES VESTED UNDER THIS CHAPTER, IF

1 LATER]. When eligibility for credited service for military service has
2 been established, an indebtedness shall be determined as follows: (1)
3 the employee's actual compensation, or the calculated annual compensa-
4 tion for those employees working less than 12 months, during the calen-
5 dar year 1976 or the year in which an employee first becomes vested
6 under this chapter, whichever is later, multiplied by (2) six per cent,
7 this product multiplied by (3) the number of years of military service
8 credited under this section. Interest as prescribed by regulation
9 accrues on this indebtedness commencing on July 1, 1977 or one year
10 following the date a person first becomes vested, whichever is later.
11 Any outstanding indebtedness which exists at the time a person is
12 appointed to retirement will necessitate an actuarial adjustment to the
13 benefits payable based upon that military service.

14 * Sec. 32. AS 39.35.340(c) is amended to read:

15 (c) A retired employee on July 1, 1976 is eligible to receive
16 increased benefits based upon military service as described in (a) of
17 this section. To receive credited service for military service, a
18 retired employee must verify his military service [BEFORE JULY 1, 1977].
19 When verified, a retired employee is entitled to receive an increased
20 benefit which shall be actuarially adjusted to reflect his indebtedness
21 for such credit. The indebtedness shall be calculated in the same
22 manner as described in (b) of this section except that it shall be based
23 on the average monthly compensation used in calculating the benefit.
24 The effective date of this increased benefit is the beginning of the
25 month following that in which eligibility has been established.

26 * Sec. 33. AS 39.35.340(e) is amended to read:

27 (e) A deferred vested employee on July 1, 1976 is eligible to
28 claim credited service under (a) of this section. In order to obtain
29 credited service under this section, such an employee must make an

1 election to do so and must verify his period of military service [BEFORE
2 JULY 1, 1978]. When eligibility for military service has been estab-
3 lished, an indebtedness shall be determined as follows: the employee's
4 actual compensation, or the calculated annual compensation for those
5 employees working less than 12 months, during the calendar year the
6 employee terminated, shall be multiplied by six per cent; this product
7 shall then be multiplied by the number of years of military service
8 credit under this section. Interest as prescribed by regulation accrues
9 on this indebtedness commencing July 1, 1978. Any outstanding indebted-
10 ness which exists at the time a person is appointed to retirement will
11 necessitate an actuarial adjustment to the benefits payable based upon
12 that military service.

13 * Sec. 34. 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. 35. AS 39.35.340(g) is amended to read:

18 (g) A surviving spouse receiving or entitled to receive a sur-
19 viving spouse's pension under AS 39.35.440 or benefits under a joint and
20 survivor option filed under AS 39.35.450 is eligible to receive in-
21 creased benefits based upon military service as described in (a) of this
22 section. To receive credited service for military service, the sur-
23 viving spouse must verify the employee's military service [WITHIN ONE
24 YEAR OF THE EFFECTIVE DATE OF THIS ACT]. When verified, the surviving
25 spouse is entitled to receive an increased benefit which shall be actu-
26 arially adjusted to reflect his or her indebtedness for that credit.
27 The indebtedness shall be calculated in the same manner as described in
28 (b) of this section except that it shall be based on the average monthly
29 compensation used in calculating the benefit. Benefits payable under

1 this subsection are effective the first day of the month following that
2 in which eligibility has been established [PAYABLE RETROACTIVELY TO JULY
3 1, 1977].

4 * Sec. 36. AS 39.35.340 is amended by adding a new subsection to read:

5 (h) The combined period of military service claimed under this
6 section and under AS 14.25 may not exceed five years.

7 * Sec. 37. AS 39.35.385(c) is amended to read:

8 (c) Credited service for which contributions were refunded is not
9 creditable under this section unless the refunded contributions have
10 been repaid. For purposes of this section, a member or former member
11 does not have to be reemployed under this system in order to pay re-
12 funded contributions. Compound interest at the rate prescribed by
13 regulation must be added to the reinstatement indebtedness from the date
14 of the refund to the date of repayment.

15 * Sec. 38. AS 39.35.410(h) is amended to read:

16 (h) A disabled [RETIRED] employee's occupational disability pen-
17 sion shall terminate when the disabled employee first attains eligi-
18 bility for normal retirement. At that time, his retirement benefit will
19 be calculated under the provisions of AS 39.35.370(c).

20 * Sec. 39. AS 39.35.430(c) is repealed and re-enacted to read:

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

26 * Sec. 40. 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 on layoff status) would attain age 75, or if
2 no application for benefits or for refund has been filed with the ad-
3 ministrator within the 50 years following the most recent date on which
4 the employee was an active member, no benefits or refunds may be paid
5 under this chapter and the member's records may be destroyed.

6 * Sec. 41. AS 39.35.522 is amended to read:

7 Sec. 39.35.522. WAIVER OF ADJUSTMENTS. (a) Upon appeal by an
8 affected member or beneficiary under (b) of this section, the board may
9 waive an adjustment or any portion of an adjustment made under AS 39.35.
10 520 if

11 (1) the adjustment or portion of the adjustment will, in the
12 opinion of the board, cause undue hardship to the member or beneficiary;

13 (2) the member is retired or has submitted notification of
14 impending retirement to his employer to be effective no later than 180
15 days after the adjustment was made, or the beneficiary was eligible to
16 receive or was receiving benefits under this chapter before the adjust-
17 ment;

18 (3) the adjustment will result in a loss of eligibility for
19 benefits [RETIREMENT] for the member or beneficiary or result in a
20 reduction of benefits being [ALREADY] received by the member or bene-
21 ficiary of \$50 per month or more;

22 (4) the adjustment was not the result of erroneous informa-
23 tion supplied by the member or beneficiary;

24 (5) before the adjustment was made, the member or beneficiary
25 received confirmation from the administrator that his records were
26 correct; and

27 (6) the member or beneficiary had no reasonable grounds to
28 believe his records were incorrect before the adjustment was made.

29 (b) In order to obtain consideration of a waiver under this sec-

1 tion, the affected member or beneficiary must appeal to the board in
2 writing within 30 days after receipt of notice that his records have
3 been adjusted. The board shall rule on his appeal in writing within 120
4 days after its receipt.

5 (c) The board may, at its discretion, conduct a hearing on an
6 appeal under this section. In reaching a decision on an appeal, the
7 board may issue subpoenas, administer oaths, compel the attendance and
8 testimony of witnesses, compel the taking of depositions and the sub-
9 mission of affidavits, and compel the production of documents and
10 records.

11 (d) The board may impose conditions on the granting of a waiver
12 which it considers equitable. These conditions may include requiring
13 the member or beneficiary to make additional contributions to the
14 system.

15 (e) The board may reconsider a ruling under this section upon
16 request of the member or beneficiary or the administrator if the request
17 is received within 30 days after the initial ruling. Any modification
18 of the initial ruling must be made within 30 days after receipt of a
19 request for reconsideration.

20 (f) Rulings and modifications of rulings under this section shall
21 be by a majority of a quorum of the board.

22 (g) Rulings on appeals and requests for reconsideration under this
23 section may be appealed by an aggrieved member or beneficiary to the
24 superior court for abuse of discretion.

25 * Sec. 42. AS 39.35.547 is repealed and re-enacted to read:

26 Sec. 39.35.547. EFFECT OF AMENDMENTS. (a) An amendment of this
27 chapter is not retroactive unless its retroactivity is expressly stated
28 in the amendment.

29 (b) The monthly amount of a benefit payable under this chapter

1 shall be determined in accordance with the provisions of this chapter in
2 effect on the date of termination of the member's last segment of em-
3 ployment.

4 * Sec. 43. AS 39.35 is amended by adding a new section to read:

5 Sec. 39.35.615. AMENDMENT OF AGREEMENT. (a) If a political sub-
6 division or public organization amends its participation agreement so as
7 to terminate coverage of a department, group, or other classification of
8 employees, each employee whose coverage is so terminated, regardless of
9 his employment status at the date of termination, shall be considered
10 fully vested in his actuarially adjusted accrued retirement benefits as
11 of the date of termination, unless his contributions have been refunded.

12 (b) Each employee whose coverage is terminated must, within 60
13 days after the date of termination, inform the administrator, in
14 writing, whether he wishes to obtain a refund or a vested benefit.

15 (c) Each employee who elects to obtain a refund shall receive a
16 refund of the balance of (1) his employee contribution account and (2)
17 his employee savings account. The vesting in accrued benefits for each
18 employee who elects to obtain a refund is voided upon his receipt of the
19 refund, and the corresponding credited service may not be reinstated
20 under this chapter. A partial refund may not be allowed under this
21 section.

22 (d) For each employee who elects to obtain a vested benefit, the
23 amount actuarially determined as necessary to fully fund the benefits to
24 be received shall be transferred first from the employee contribution
25 account and, after the employee contribution account has been exhausted,
26 then from the employer contribution account into the retirement reserve
27 account.

28 (e) After all of the employees whose coverage is terminated have
29 either received refunds or have been vested in their accrued benefits,

1 the remaining funds in the employer contribution account attributable to
2 those employees shall be refunded to the employer.

3 (f) Termination of coverage of a department, group, or other
4 classification of employees does not bar future coverage of that depart-
5 ment, group, or classification. If coverage of a department, group, or
6 classification is terminated under (a) of this section and the employer
7 later amends its participation agreement to provide renewed coverage of
8 that department, group, or classification, an affected employee may be
9 credited only with future service.

10 * Sec. 44. AS 39.35.620(e) is amended to read:

11 (e) Each employee who elects to obtain a refund shall receive a
12 refund of the balance, determined as of the date of his employer's
13 termination of participation, of (1) his employee contribution account
14 and (2) his employee savings account. The vesting in accrued benefits
15 for each employee who elects to receive a refund is voided upon his
16 receipt of his refund and corresponding credited service may not be
17 reinstated under this chapter. No partial refund may be allowed under
18 this section.

19 * Sec. 45. AS 39.35.650 is amended to read:

20 Sec. 39.35.650. REFUNDS TO EMPLOYERS. In no event may an employer
21 receive an amount from the pension fund, except as provided under
22 AS 39.35.615(e) and 39.35.620(g) [THAT, UPON TERMINATION OF PARTICIPA-
23 TION, THE EMPLOYER SHALL RECEIVE THE AMOUNT WHICH REMAINS AFTER THE
24 SATISFACTION OF ALL LIABILITIES OF THE SYSTEM TO THE EMPLOYEES OF THE
25 EMPLOYER AND ARISING OUT OF VARIATIONS BETWEEN ACTUAL REQUIREMENTS AND
26 EXPECTED ACTUARIAL REQUIREMENTS].

27 * Sec. 46. AS 39.35.680(4) is amended to read:

28 (4) "average monthly compensation" means the result obtained
29 by dividing the compensation earned by an employee during a considered

1 period by the number of months, including fractional months, for which
2 compensation was earned; the considered period consists of the three
3 consecutive calendar years during the period of credited service which
4 yields the highest average, or if the employee does not have three
5 consecutive calendar years, his period of credited service; an employee
6 must have at least 115 [120] days of credited service in the last calen-
7 dar year in order to be used as part of the three consecutive calendar
8 years;

9 * Sec. 47. (a) This section applies to a unified municipality which is
10 an employer under AS 39.35 and which, in reliance on erroneous representa-
11 tions by a former administrator, provided by ordinance, before the effective
12 date of this Act, that a particular classification of credited service earned
13 in the Public Employees' Retirement System of Alaska for service with that
14 municipality or its predecessors be transferred to a public employees'
15 retirement system operated by the municipality.

16 (b) A unified municipality to which this section applies may provide,
17 in a resolution adopted under AS 39.35.550, that a department, group, or
18 other classification of its employees under the Public Employees' Retirement
19 System of Alaska be transferred to a public employees' retirement system
20 operated by the municipality and may provide by ordinance that a particular
21 classification of credited service earned in the Public Employees' Retirement
22 System of Alaska for service with that municipality or its predecessors also
23 be transferred to the municipal retirement system, except that credited
24 service may not be transferred unless the affected employee has consented to
25 that transfer in writing.

26 (c) Each employee who is transferred to a municipal retirement system
27 must, before September 1, 1979, inform the administrator in writing whether
28 he wishes to transfer his credited service as provided in the municipal
29 ordinance, obtain a refund, or obtain a vested benefit in the Public

1 Employees' Retirement System of Alaska. The administrator shall transmit to
2 the municipal retirement system the balance of the employee contribution and
3 savings accounts associated with the transferred service, determined as of
4 the date the balance is transmitted, of each employee who elects to transfer
5 his credited service as provided in the municipal ordinance. Transferred
6 credited service may not be reinstated under AS 39.35. If an employee elects
7 to obtain a vested benefit, or if he fails to inform the administrator of his
8 election, he shall be considered fully vested in his actuarially adjusted
9 accrued retirement benefits under the Public Employees' Retirement System of
10 Alaska as of the date of his transfer to the municipal retirement system.

11 (d) Each employee who elects to obtain a refund shall receive a refund
12 of the balance of his employee contribution and employee savings accounts in
13 the Public Employees' Retirement System of Alaska. The amount actuarially
14 determined as necessary to fully fund the benefits to be received should the
15 employee return to the Public Employees' Retirement System of Alaska and
16 reinstate his credited service shall be retained in the employer contribution
17 account of the unified municipality. A partial refund may not be allowed
18 under this section.

19 (e) For each employee who elects to obtain a vested benefit, the amount
20 actuarially determined as necessary to fully fund the benefits to be received
21 shall be transferred first from the employee contribution account and, after
22 the employee contribution account has been exhausted, then from the employer
23 contribution account into the retirement reserve account.

24 (f) The administrator shall transmit to the municipal retirement system
25 the balance of the unified municipality's employer contribution account
26 associated with the transferred service of those employees transferred to the
27 municipal retirement system, determined as of the date the balance is trans-
28 mitted, less any amount which has been transferred to the retirement reserve
29 account under (e) of this section or which has been retained under (d) of

1 this section.

2 (g) As used in this section,

3 (1) "administrator" means the administrator of the Public
4 Employees' Retirement System of Alaska;

5 (2) "employee contribution account", "employee savings account",
6 "employer contribution account", and "retirement reserve account" refer to
7 accounts within the Public Employees' Retirement System of Alaska;

8 (3) "predecessors" means the political subdivisions which are
9 dissolved in the formation of a unified municipality.

10 * Sec. 48. AS 14.25.120, 14.25.135, 14.25.137, 14.25.138, 14.25.140;
11 AS 39.35.020(6) and 39.35.050(b) are repealed.

12 * Sec. 49. This Act takes effect July 1, 1979, except that

13 (1) the definitions of "military service" and "outside service"
14 contained in AS 14.25.220(21) and (25), and the definitions of "membership
15 service" and "teacher or member" contained in AS 14.25.220(20) and (38) to
16 the extent that they apply to part-time teachers at the University of Alaska,
17 as repealed and re-enacted in sec. 26 of this Act, take effect immediately in
18 accordance with AS 01.10.070(c) and are retroactive to July 1, 1955;

19 (2) the definition of "average monthly compensation" contained in
20 AS 39.35.680(4), as amended in sec. 46 of this Act, takes effect immediately
21 in accordance with AS 01.10.070(c) and is retroactive to July 1, 1977;

22 (3) sections 4 and 22 of this Act take effect immediately in
23 accordance with AS 01.10.070(c) and are retroactive to July 1, 1978;

24 (4) section 47 of this Act takes effect immediately in accordance
25 with AS 01.10.070(c), is retroactive to September 15, 1975, and terminates on
26 December 31, 1979.

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