

Original sponsor: Rules/Governor

Offered: 2/21/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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SENATE CS FOR CS FOR HOUSE BILL NO. 243

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to teachers' and public employees'
retirement, and providing for an effective date."

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

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* Section 1. AS 14.25 is amended by adding new sections to read:

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

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(b) The system created became effective as of July 1, 1955, at
which time contributions by the participating employers and members
began.

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

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

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

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

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

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

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

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

14 Sec. 14.25.043. REEMPLOYMENT OF RETIRED MEMBERS. If a retired
15 member again becomes an active member, benefit payments may not be made
16 during the period of reemployment. The retirement benefit must be
17 suspended for the entire school year if the teacher is reemployed as an
18 active teacher for a period equivalent to a year of service. During the
19 period of reemployment, deductions from the member's salary will be made
20 in accordance with AS 14.25.050. Upon subsequent retirement, the re-
21 tired member is entitled to receive an additional benefit based on the
22 credited service and the average base salary during the period of re-
23 employment in accordance with AS 14.25.110.

24 * Sec. 5. AS 14.25.055 is amended to read:

25 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a
26 teacher is married or has a minor child and wishes to make his spouse or
27 minor child eligible for a spouse's pension or a survivor's allowance,
28 he may elect to make a supplemental contribution of an additional one
29 per cent of his base salary within 90 days of his entry into parti-

1 cipation in the system, or within 90 days of his marriage, or within 90
2 days of the birth or adoption of a child dependent upon him, or during
3 any open enrollment period authorized by the Teachers' Retirement System
4 Board. Once an election is made under this section, supplemental contri-
5 butions must be made whenever contributions are required under AS 14.25.
6 050 unless the teacher executes a written waiver with the administrator.
7 The execution of a waiver relinquishes all rights and benefits pre-
8 viously accrued under AS 14.25.162 and 14.25.164.

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

10 (a) If a member has military service or Alaska Bureau of Indian
11 Affairs (BIA) service, or if a member joined the system before July 1,
12 1978 [1977] and has creditable outside service, [OR IF A MEMBER HAS
13 MILITARY SERVICE OR ALASKA BUREAU OF INDIAN AFFAIRS (BIA) SERVICE,] the
14 member is indebted to the retirement fund as follows:

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

23 (2) If a member terminates from the system and is subse-
24 quently reemployed as a member, the arrearage indebtedness to the retire-
25 ment fund for outside, military, or Alaska BIA service accumulated in
26 the interim is seven per cent of the base salary upon reentering member-
27 ship service, multiplied by the number of years of interim outside,
28 military, and Alaska BIA service. Compound interest at the rate pre-
29 scribed by regulation shall be added to the arrearage indebtedness

1 beginning July 1, 1963, or the date of reemployment as a member, which-
2 ever is later, to the date of payment or the date of retirement, which-
3 ever occurs first.

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

5 (b) If a member joins the system on or after July 1, 1978 and has
6 creditable outside service, the member may claim this service. If
7 claimed, the member is indebted to the retirement fund as follows:

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

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

20 (3) A member who joins the system on or after July 1, 1978
21 [AND CLAIMS ALASKA BIA SERVICE IS EXEMPT FROM (1) AND (2) OF THIS SUB-
22 SECTION WITH RESPECT TO THAT SERVICE. HIS ARREARAGE INDEBTEDNESS FOR
23 THE ALASKA BIA SERVICE SHALL BE CALCULATED UNDER (a) OF THIS SECTION.
24 HOWEVER, SUCH A MEMBER] may claim no more than five years Alaska BIA
25 service. A [THIS PARAGRAPH DOES NOT APPLY TO A] member who has, at the
26 time he claims Alaska BIA service, a vested military or federal retire-
27 ment benefit, or a [. A] member who acquires a vested military or
28 federal retirement benefit after claiming Alaska BIA service [UNDER THIS
29 PARAGRAPH] shall have his arrearage indebtedness for that service recal-

1 culated under (1) or (2) of this subsection, as appropriate, retroactive
2 to the date he claimed the service.

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

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

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

18 (b) If retroactive indebtedness contributions have been made for
19 retroactive [CREDITABLE] service before July 1, 1955, the member is
20 entitled to a refund of those retroactive membership indebtedness contri-
21 butions.

22 * Sec. 10. AS 14.25.062 is amended to read:

23 Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. A [IF A] teacher who
24 has received a refund of contributions in accordance with AS 14.25.150
25 is [REEMPLOYED IN MEMBERSHIP SERVICE, HE IS] indebted to the retirement
26 fund in the amount of the total refund. Compound interest at the rate
27 prescribed by regulation shall be added to the reinstatement indebted-
28 ness from the date of the refund to the date of repayment or the date of
29 retirement, whichever occurs first.

1 * Sec. 11. AS 14.25 is amended by adding a new section to read:

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

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

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

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

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

19 * Sec. 12. AS 14.25.065(b) is amended to read:

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

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

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

11 Sec. 14.25.100. CREDIT FOR SERVICE IN THE ARMED FORCES. (a) A
12 member [TEACHER] who served as an active member of the armed forces of
13 the United States [AFTER DECEMBER 31, 1939] may receive creditable
14 service under this [RETIREMENT] system up to a maximum of five years.
15 Each 12 months of military service equals one school year, and lesser
16 military periods will be determined for credit purposes in a proportion-
17 ate ratio to a year. To receive creditable service under this section,
18 the member [TEACHER] must have received a discharge other than dishonor-
19 able. Credit for service in the armed forces shall be granted only if
20 the member [TEACHER] makes contributions for the service in the same
21 manner as required for outside service under AS 14.25.060. The military
22 service credited under this section shall be included in the 10-year
23 limitation of outside service as specified in AS 14.25.060, except if
24 entry into the armed forces is immediately preceded by Alaska membership
25 service and following discharge is continued by Alaska membership ser-
26 vice within one year thereafter, service may not be counted for purposes
27 of determining the applicability of the 10-year limitation on outside
28 service.

29 (b) Where a member [TEACHER] is unable to resume teaching in a

1 public school within one year following discharge because of hospitali-
2 zation, rehabilitation training, a disability derived while in the armed
3 forces, or other like circumstances, the administrator shall determine
4 the allowance or disallowance of any service in the armed forces.

5 (c) (repealed)

6 (d) (repealed)

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

12 * Sec. 14. AS 14.25.110 is repealed and re-enacted to read:

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

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

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

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

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

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

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

28 (b) A member is eligible for an early retirement benefit upon
29 completing any one of the service requirements in (a)(1), (2), or (3) of

1 this section and attaining the age of 50 years.

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

4 (d) The monthly amount of a retirement benefit for a member who
5 has paid the full amount of any indebtedness is two percent of the
6 member's average base salary during any three school years of membership
7 service times the years of credited service, including credited frac-
8 tional years, divided by 12. An actuarial adjustment must be made for
9 early retirement.

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

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

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

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

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

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

8 * Sec. 15. AS 14.25.125(c) is amended to read:

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

16 * Sec. 16. AS 14.25.130 is amended to read:

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

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

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

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

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

28 * Sec. 17. AS 14.25.143(a) is amended to read:

29 (a) When the administrator determines that the cost of living has

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

5 * Sec. 18. AS 14.25.160 is repealed and re-enacted to read:

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

14 (1) to the surviving spouse;

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

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

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

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

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

25 (2) \$100 times the years of membership service;

26 (3) \$1,000; and

27 (4) \$500 if the deceased member is survived by one or more
28 dependent children at the time of death.

29 (c) If the sum of (b)(2) and (3) of this section exceeds \$3,000,

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

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

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

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

14 (g) If supplemental contributions have been made under AS 14.25.-
15 055, benefits may be payable under AS 14.25.162 or 14.25.164 if the
16 deceased member meets the eligibility requirements of one of those
17 sections.

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

20 * Sec. 19. AS 14.25.162 is repealed and re-enacted to read:

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

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

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

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

20 (3) when no further benefits are payable under this section,
21 the difference between the amount that would have been paid under AS 14.-
22 25.160 and any payments made to the member, spouse, guardian, or depen-
23 dent children under this section shall be paid to those beneficiaries
24 described in AS 14.25.160(a);

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

27 (c) The survivor's allowance accrues from the first day of the
28 month following the death of a member and is payable on the last day of
29 the month. If payment is delayed, a retroactive payment must be made

1 for the month in which a benefit is payable under this section. The
2 last payment is for the month in which a benefit is payable under this
3 section.

4 * Sec. 20. AS 14.25.164 is repealed and re-enacted to read:

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

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

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

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

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

28 (c) The spouse's pension accrues from the first day of the month
29 following the death of a member and is payable on the last day of the

1 month. If payment is delayed, a retroactive payment must be made for
2 the month in which a benefit is payable under this section. The last
3 payment is for the month in which the spouse dies.

4 * Sec. 21. AS 14.25.177 is repealed and re-enacted to read:

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

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

12 * Sec. 22. AS 14.25.200 is amended to read:

13 Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS. Benefits
14 [TEACHERS' RETIREMENT SALARIES] and other amounts held in the retirement
15 fund on behalf of the members [TEACHERS] are exempt from Alaska state
16 and municipal taxes and are not subject to anticipation, alienation,
17 sale, transfer, assignment, pledge, encumbrance, charge, garnishment,
18 execution or levy of any kind, either voluntary or involuntary before
19 they are received by the person entitled to the amount under the terms
20 of the system, and any attempt to anticipate, alienate, sell, transfer,
21 assign, pledge, encumber, charge, or otherwise dispose of any right to
22 amounts accrued in the retirement fund is [SHALL BE] void.

23 * Sec. 23. AS 14.25.205 is amended to read:

24 Sec. 14.25.205. TIME LIMIT FOR APPLICATION. If no application for
25 benefits or for refund has been filed with the administrator by July 1
26 following the date on which an inactive [THE] member (except a member on
27 leave of absence without pay) would attain age 75, or if no application
28 for benefits or for refund has been filed with the administrator within
29 the 50 years following the most recent date on which the person was an

1 active member, no benefits or refunds may be paid under this chapter and
2 the member's records may be destroyed.

3 * Sec. 24. AS 14.25.220 is repealed and re-enacted to read:

4 Sec. 14.25.220. DEFINITIONS. In this chapter, unless the context
5 requires otherwise,

6 (1) "active member" means a member who is employed by an
7 employer, is receiving compensation on a full or part-time basis and is
8 making contributions to the system, or a member making contributions
9 under AS 14.20.330 or 14.20.345;

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

14 (3) "administrator" means the person appointed by the com-
15 missioner of administration under AS 14.25.015;

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

18 (5) "average base salary" means the result obtained by divid-
19 ing the sum of the member's three highest years' base salary by three,
20 or if a member does not have three years base salary, then by dividing
21 the sum of all base salaries by the number of years of base salary; the
22 base salary for a year in which credit is granted for disability total-
23 ing more than one-third of a year may not be used in the computation of
24 the average base salary; the base salary in a school year for which the
25 member receives compensation for less than two-thirds of a year may not
26 be used in the computation of the average base salary; if compensation
27 is received for more than two-thirds of a year, the full base salary for
28 that school year shall be used in the computation of the average base
29 salary;

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(6) "base salary"

(A) means the total remuneration payable under contract for a full year of membership service, including addenda to the contract;

(B) has the same meaning as "compensation" under AS 39.-35.680(8) when applied to a state legislator who elects membership under AS 14.25.040(b);

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

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

(9) "compensation" means the total remuneration paid under contract to a member for services rendered during a school year; for purposes of AS 14.25.050, compensation paid includes any payment made after June 30 of a school year for services rendered before the end of the school year;

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

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

(12) "dependent child" means an unmarried child of a member, including an adopted child, who is dependent upon the member for support and who is either (A) less than 19 years old, or (B) less than 23 years old and registered at and attending on a full-time basis an accredited educational or technical institution recognized by the Department of

1 Education; the age limits set out in this paragraph do not apply to a
2 child who is totally and permanently disabled;

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

6 (14) "early retirement" means retirement under AS 14.25.-
7 110(b);

8 (15) "employer" means a public school district, the Board of
9 Regents of the University of Alaska, the Department of Education, the
10 National Education Association of Alaska, the Regional Resource Centers
11 or the state legislature with respect to a state legislator who elects
12 membership under AS 14.25.040(b);

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

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

22 (18) "inactive teacher or member" means a member who is
23 terminated and who has not received a refund from the system or a member
24 who is on leave of absence and who is not making contributions under
25 AS 14.20.345;

26 (19) "mandatory contribution account" means the account
27 maintained by the system to record the mandatory contributions of each
28 member, including interest and adjustments to the account in accordance
29 with AS 14.25.170;

1 (20) "membership service" means

2 (A) full or part-time service as a teacher in a public
3 school in the Territory or State of Alaska, or both, under the
4 supervision and control of the Territorial Board of Education or
5 the Department of Education or the school board of a city, regional
6 educational attendance area, or borough school district;

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

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

14 (D) continuous service as a state legislator when per-
15 formed by a state legislator who elects membership under AS 14.25.-
16 040(b), subject to the requirements of AS 14.25.040(c);

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

19 (22) "nonpublic school" means a school established by an
20 agency other than a state which is primarily supported by other than
21 public funds, and operation of whose program rests with other than
22 publicly elected or appointed officials, and is state approved or accred-
23 ited;

24 (23) "non-vested member" means an active or inactive member
25 who does not meet the requirements of a vested member or deferred vested
26 member;

27 (24) "normal retirement" means retirement under AS 14.25.-
28 110(a);

29 (25) "outside service" means service

1 (A) as a certificated full-time elementary or secondary
2 teacher or a certificated person in a full-time position requiring
3 a teaching certificate as a condition of employment in an out-of-
4 state public school within the United States, or in a school out-
5 side the United States supported by funds of the United States;

6 (B) as a certificated full-time elementary or secondary
7 teacher or a certificated person in a full-time position requiring
8 a teaching certificate as a condition of employment in an approved
9 or accredited nonpublic school within the United States, or in a
10 school outside the United States supported by funds of the United
11 States;

12 (C) in a full-time position requiring academic standing
13 in an out-of-state institution of higher learning accredited by a
14 nationally recognized accrediting agency as listed in the Education
15 Directory -- Colleges and Universities by the National Center for
16 Education Statistics;

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

19 (26) "part-time teacher" means a teacher occupying a position
20 requiring teaching on a regular basis for at least 50 percent of the
21 normal work week at a teaching assignment, excluding teaching as an
22 assistant or graduate assistant, or teaching on a substitute, temporary,
23 or per diem basis;

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

1 by training or education;

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

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

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

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

15 (A) the date of termination; and

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

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

21 (33) "retirement fund" means the fund consisting of all
22 matching contributions by local school districts, money made available
23 by appropriations by the state legislature and from all contributions
24 from whatever source, and income and interest derived from the invest-
25 ment of money;

26 (34) "Retirement System of 1945" and "Retirement Fund of
27 1945" or like terms mean the system and fund established in sections
28 37-5-21 - 37-5-35, ACLA 1949;

29 (35) "school year" means the 12-month period beginning July 1

1 of each year and ending June 30 of the following year;

2 (36) "supplemental contribution account" means the account
3 maintained by the system to record the supplemental contributions of
4 each member, including interest and adjustments to the account in accor-
5 dance with AS 14.25.170;

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

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

9 (A) a certificated full-time or part-time elementary or
10 secondary teacher, a certificated school nurse, or a certificated
11 person in a position requiring a teaching certificate as a condi-
12 tion of employment in a public school of the state;

13 (B) the commissioner of education and all supervisory
14 positions in the Department of Education;

15 (C) a full-time or part-time teacher of the University
16 of Alaska or a person occupying a full-time administrative position
17 at the University of Alaska which requires academic standing; the
18 approval of the administrator must be obtained before an adminis-
19 trative position qualifies for membership in the system;

20 (D) a state legislator who elects membership under
21 AS 14.25.040(b);

22 (39) "vested member" or "vested teacher" means an active
23 member who has completed either

24 (A) 15 years of service, the last five of which have
25 been membership service, for a member first hired before July 1,
26 1975; or

27 (B) eight years of membership service; or

28 (C) five years of membership and three years of BIA
29 service;

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

23 * Sec. 25. AS 39.35.010(a) is amended to read:

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

29 * Sec. 26. AS 39.35.050(a) is amended to read:

1 (a) The commissioner shall appoint an administrator in charge of
2 [THE DETAILED AFFAIRS OF] the system. [THE COMMISSIONER MAY APPOINT THE
3 PERSONNEL DIRECTOR OF THE PERSONNEL DIVISION OF THE DEPARTMENT OF ADMIN-
4 ISTRATION AS THE ADMINISTRATOR.]

5 * Sec. 27. AS 39.35.060(3) is amended to read:

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

8 * Sec. 28. AS 39.35.120(a) is amended to read:

9 (a) An employee of the state shall be included in this system upon
10 commencement of his employment with the state, or on January 1, 1961,
11 whichever is later. An employee of a political subdivision or public
12 [OR QUASI-PUBLIC] organization which becomes an employer shall be in-
13 cluded in the system on the effective date of the employer's participa-
14 tion or the date of the employee's commencement of employment with the
15 employer, whichever is later.

16 * Sec. 29. AS 39.35.300(a) is amended to read:

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

24 * Sec. 30. AS 39.35.310 is amended to read:

25 Sec. 39.35.310. EMPLOYMENT WITH OTHER EMPLOYERS. (a) An active
26 employee is entitled to credited service for periods of employment with
27 a political subdivision or a public [OR QUASI-PUBLIC] organization
28 beginning with the effective date of the employer's participation in the
29 system. The employee is also entitled to credited service for periods

1 of employment as designated in the employer's participation agreement.

2 (b) A permanent part-time employee of a political subdivision or a
3 public [OR QUASI-PUBLIC] organization receives credited service on a
4 basis proportionate to that which would have been earned as a permanent
5 full-time employee.

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

7 (b) In order to obtain credited service under this section, an
8 employee shall make an election to do so and shall verify his period of
9 military service [BEFORE JULY 1, 1977 OR WITHIN ONE YEAR FOLLOWING THE
10 DATE WHEN THE EMPLOYEE FIRST BECOMES VESTED UNDER THIS CHAPTER, IF
11 LATER]. When eligibility for credited service for military service has
12 been established, an indebtedness shall be determined as follows: (1)
13 the employee's actual compensation, or the calculated annual compensa-
14 tion for those employees working less than 12 months, during the calen-
15 dar year 1976 or the year in which an employee first becomes vested
16 under this chapter, whichever is later, multiplied by (2) six percent,
17 this product multiplied by (3) the number of years of military service
18 credited under this section. Interest as prescribed by regulation
19 accrues on this indebtedness commencing on July 1, 1977 or one year
20 following the date a person first becomes vested, whichever is later.
21 Any outstanding indebtedness which exists at the time a person is ap-
22 pointed to retirement will necessitate an actuarial adjustment to the
23 benefits payable based upon that military service.

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

25 (c) A retired employee on July 1, 1976 is eligible to receive
26 increased benefits based upon military service as described in (a) of
27 this section. To receive credited service for military service, a
28 retired employee must verify his military service [BEFORE JULY 1, 1977].
29 When verified, a retired employee is entitled to receive an increased

1 benefit which shall be actuarially adjusted to reflect his indebtedness
2 for such credit. The indebtedness shall be calculated in the same manner
3 as described in (b) of this section except that it shall be based on the
4 average monthly compensation used in calculating the benefit. The effec-
5 tive date of this increased benefit is the beginning of the month follow-
6 ing that in which eligibility has been established.

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

8 (e) A deferred vested employee on July 1, 1976 is eligible to claim
9 credited service under (a) of this section. In order to obtain credited
10 service under this section, such an employee must make an election to do
11 so and must verify his period of military service [BEFORE JULY 1, 1978].
12 When eligibility for military service has been established, an indebted-
13 ness shall be determined as follows: the employee's actual compensation,
14 or the calculated annual compensation for those employees working less
15 than 12 months, during the calendar year the employee terminated, shall
16 be multiplied by six percent; this product shall then be multiplied by
17 the number of years of military service credit under this section. In-
18 terest as prescribed by regulation accrues on this indebtedness commenc-
19 ing July 1, 1978. Any outstanding indebtedness which exists at the time
20 a person is appointed to retirement will necessitate an actuarial adjust-
21 ment to the benefits payable based upon that military service.

22 * Sec. 34. AS 39.35.340(f) is amended to read:

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

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

27 (g) A surviving spouse receiving or entitled to receive a sur-
28 viving spouse's pension under AS 39.35.440 or benefits under a joint and
29 survivor option filed under AS 39.35.450 is eligible to receive in-

1 creased benefits based upon military service as described in (a) of this
2 section. To receive credited service for military service, the sur-
3 viving spouse must verify the employee's military service [WITHIN ONE
4 YEAR OF THE EFFECTIVE DATE OF THIS ACT]. When verified, the surviving
5 spouse is entitled to receive an increased benefit which shall be actu-
6 arially adjusted to reflect his or her indebtedness for that credit.
7 The indebtedness shall be calculated in the same manner as described in
8 (b) of this section except that it shall be based on the average monthly
9 compensation used in calculating the benefit. Benefits payable under
10 this subsection are effective the first day of the month following that
11 in which eligibility has been established [PAYABLE RETROACTIVELY TO
12 JULY 1, 1977].

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

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

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

17 (c) Credited service for which contributions were refunded is not
18 creditable under this section unless the refunded contributions have
19 been repaid. For purposes of this section, a member or former member
20 does not have to be reemployed under this system in order to pay re-
21 fund contributions. Compound interest at the rate prescribed by
22 regulation must be added to the reinstatement indebtedness from the date
23 of the refund to the date of repayment.

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

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

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

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

6 * Sec. 40. AS 39.35 is amended by adding a new section to read:

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

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

16 Sec. 39.35.522. WAIVER OF ADJUSTMENTS. (a) Upon appeal by an
17 affected member or beneficiary under (b) of this section, the board may
18 waive an adjustment or any portion of an adjustment made under AS 39.35.-
19 520 if

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

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

27 (3) the adjustment will result in a loss of eligibility for
28 benefits [RETIREMENT] for the member or beneficiary or result in a
29 reduction of benefits being [ALREADY] received by the member or bene-

1 ficiary of \$50 per month or more;

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

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

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

9 (b) In order to obtain consideration of a waiver under this sec-
10 tion, the affected member or beneficiary must appeal to the board in
11 writing within 30 days after receipt of notice that his records have
12 been adjusted. The board shall rule on his appeal in writing within 120
13 days after its receipt.

14 (c) The board may, at its discretion, conduct a hearing on an
15 appeal under this section. In reaching a decision on an appeal, the
16 board may issue subpoenas, administer oaths, compel the attendance and
17 testimony of witnesses, compel the taking of depositions and the sub-
18 mission of affidavits, and compel the production of documents and
19 records.

20 (d) The board may impose conditions on the granting of a waiver
21 which it considers equitable. These conditions may include requiring
22 the member or beneficiary to make additional contributions to the
23 system.

24 (e) The board may reconsider a ruling under this section upon
25 request of the member or beneficiary or the administrator if the request
26 is received within 30 days after the initial ruling. Any modification
27 of the initial ruling must be made within 30 days after receipt of a
28 request for reconsideration.

29 (f) Rulings and modifications of rulings under this section shall

1 be by a majority of a quorum of the board.

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

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

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

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

13 * Sec. 43. AS 39.35.560 is amended to read:

14 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND
15 ADOPTION OF RESOLUTION. A public [OR QUASI-PUBLIC] organization created
16 wholly or partly by, or deriving its powers from, the legislature of the
17 state may request to become an employer in this system. The request
18 shall be made after adoption of a resolution by the governing body of
19 the public organization. A certified copy of the resolution shall be
20 filed with the administrator. If the administrator approves the request
21 for participation, the public organization is an employer of the system.

22 * Sec. 44. AS 39.35 is amended by adding a new section to read:

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

1 (b) Each employee whose coverage is terminated must, within 60
2 days after the date of termination, inform the administrator, in writ-
3 ing, whether he wishes to obtain a refund or a vested benefit.

4 (c) Each employee who elects to obtain a refund shall receive a
5 refund of the balance of (1) his employee contribution account and (2)
6 his employee savings account. The vesting in accrued benefits for each
7 employee who elects to obtain a refund is voided upon his receipt of the
8 refund, and the corresponding credited service may not be reinstated
9 under this chapter. A partial refund may not be allowed under this
10 section.

11 (d) For each employee who elects to obtain a vested benefit, the
12 amount actuarially determined as necessary to fully fund the benefits to
13 be received shall be transferred first from the employee contribution
14 account and, after the employee contribution account has been exhausted,
15 then from the employer contribution account into the retirement reserve
16 account.

17 (e) After all of the employees whose coverage is terminated have
18 either received refunds or have been vested in their accrued benefits,
19 the remaining funds in the employer contribution account attributable to
20 those employees shall be refunded to the employer.

21 (f) Termination of coverage of a department, group, or other
22 classification of employees does not bar future coverage of that depart-
23 ment, group, or classification. If coverage of a department, group, or
24 classification is terminated under (a) of this section and the employer
25 later amends its participation agreement to provide renewed coverage of
26 that department, group, or classification, an affected employee may be
27 credited only with future service.

28 * Sec. 45. AS 39.35.620(e) is amended to read:

29 (e) Each employee who elects to obtain a refund shall receive a

1 refund of the balance, determined as of the date of his employer's
2 termination of participation, of (1) his employee contribution account
3 and (2) his employee savings account. The vesting in accrued benefits
4 for each employee who elects to receive a refund is voided upon his
5 receipt of his refund and corresponding credited service may not be
6 reinstated under this chapter. No partial refund may be allowed under
7 this section.

8 * Sec. 46. AS 39.35.650 is amended to read:

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

16 * Sec. 47. AS 39.35.680(4) is amended to read:

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

27 * Sec. 48. AS 39.35.680(17) is amended to read:

28 (17) "employer" means the State of Alaska or a political
29 subdivision or public [OR QUASI-PUBLIC] organization of the state which

1 participates in the system;

2 * Sec. 49. (a) This section applies to a unified municipality which is
3 an employer under AS 39.35 and which, in reliance on erroneous representa-
4 tions by a former administrator, provided by ordinance, before the effective
5 date of this Act, that a particular classification of credited service earned
6 in the Public Employees' Retirement System of Alaska for service with that
7 municipality or its predecessors be transferred to a public employees'
8 retirement system operated by the municipality.

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

19 (c) Each employee who is transferred to a municipal retirement system
20 must, before September 1, 1980, inform the administrator in writing whether
21 he wishes to transfer his credited service as provided in the municipal
22 ordinance, obtain a refund, or obtain a vested benefit in the Public
23 Employees' Retirement System of Alaska. The administrator shall transmit to
24 the municipal retirement system the balance of the employee contribution and
25 savings accounts associated with the transferred service, determined as of
26 the date the balance is transmitted, of each employee who elects to transfer
27 his credited service as provided in the municipal ordinance. Transferred
28 credited service may not be reinstated under AS 39.35. If an employee elects
29 to obtain a vested benefit, or if he fails to inform the administrator of his

1 election, he shall be considered fully vested in his actuarially adjusted
2 accrued retirement benefits under the Public Employees' Retirement System of
3 Alaska as of the date of his transfer to the municipal retirement system.

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

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

17 (f) The administrator shall transmit to the municipal retirement system
18 the balance of the unified municipality's employer contribution account
19 associated with the transferred service of those employees transferred to the
20 municipal retirement system, determined as of the date the balance is trans-
21 mitted, less any amount which has been transferred to the retirement reserve
22 account under (e) of this section or which has been retained under (d) of
23 this section.

24 (g) As used in this section,

25 (1) "administrator" means the administrator of the Public
26 Employees' Retirement System of Alaska;

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

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

3 * Sec. 50. AS 14.25.120, 14.25.135, 14.25.137, 14.25.138, 14.25.140;
4 AS 39.35.020(6), and 39.35.050(b) are repealed.

5 * Sec. 51. This Act takes effect July 1, 1980, except that

6 (1) the definitions of "military service" and "outside service"
7 contained in AS 14.25.220(21) and (25), and the definitions of "membership
8 service" and "teacher or member" contained in AS 14.25.220(20) and (38) to
9 the extent that they apply to part-time teachers at the University of Alaska,
10 as repealed and re-enacted in sec. 24 of this Act, take effect immediately in
11 accordance with AS 01.10.070(c) and are retroactive to July 1, 1955;

12 (2) the definition of "average monthly compensation" contained in
13 AS 39.35.680(4), as amended in sec. 47 of this Act, takes effect immediately
14 in accordance with AS 01.10.070(c) and is retroactive to July 1, 1977;

15 (3) section 49 of this Act takes effect immediately in accordance
16 with AS 01.10.070(c), is retroactive to September 15, 1975, and terminates on
17 December 31, 1980.

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