

Introduced: 3/9/79
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY COTTEN

2 HOUSE BILL NO. 369

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 participation in the public
7 employees' retirement system; and providing for an
8 effective date."

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

10 * Section 1. AS 39.35 is amended by adding a new section to read:

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

18 (b) Each employee whose coverage is terminated must, within 60
19 days after the effective date of this Act or the date of termination, if
20 later, inform the administrator, in writing, whether he wishes to obtain
21 a refund or a vested benefit.

22 (c) Each employee who elects to obtain a refund shall receive a
23 refund of the balance of (1) his employee contribution account and (2)
24 his employee savings account. The vesting in accrued benefits for each
25 employee who elects to obtain a refund is voided upon his receipt of the
26 refund, and the corresponding credited service may not be reinstated
27 under this chapter. A partial refund may not be allowed under this
28 section.

29 (d) For each employee who elects to obtain a vested benefit, the

1 amount actuarially determined as necessary to fully fund the benefits to
2 be received shall be transferred first from the employee contribution
3 account and, after the employee contribution account has been exhausted,
4 then from the employer contribution account into the retirement reserve
5 account.

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

10 (f) Termination of coverage of a department, group, or other
11 classification of employees does not bar future coverage of that depart-
12 ment, group, or classification. If coverage of a department, group, or
13 classification is terminated under (a) of this section and the employer
14 later amends its participation agreement to provide renewed coverage of
15 that department, group, or classification, an affected employee may be
16 credited only with future service.

17 * Sec. 2. AS 39.35.650 is amended to read:

18 Sec. 39.35.650. REFUNDS TO EMPLOYERS. In no event may an employer
19 receive an amount from the pension fund, except as provided under AS 39.
20 35.615(e) and 39.35.620(g) [THAT, UPON TERMINATION OF PARTICIPATION, THE
21 EMPLOYER SHALL RECEIVE THE AMOUNT WHICH REMAINS AFTER THE SATISFACTION
22 OF ALL LIABILITIES OF THE SYSTEM TO THE EMPLOYEES OF THE EMPLOYER AND
23 ARISING OUT OF VARIATIONS BETWEEN ACTUAL REQUIREMENTS AND EXPECTED
24 ACTUARIAL REQUIREMENTS].

25 * Sec. 3. AS 39.35.615, enacted in sec. 1 of this Act, applies to amended
26 participation agreements executed after June 30, 1977.

27 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
28 070(c).

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