

Original sponsor: Cotten

Offered: 4/19/79  
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

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CS FOR HOUSE BILL NO. 369

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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ELEVENTH LEGISLATURE - FIRST SESSION

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A BILL

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For an Act entitled: "An Act relating to participation in the Public

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Employees' Retirement System; and providing for an

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effective date."

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

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

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Sec. 39.35.615. AMENDMENT OF AGREEMENT. (a) If a political sub-

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division or public organization amends its participation agreement so as

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to terminate coverage of a department, group, or other classification of

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employees, each employee whose coverage is so terminated, regardless of

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his employment status at the date of termination, shall be considered

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fully vested in his actuarially adjusted accrued retirement benefits as

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of the date of termination, unless his contributions have been refunded.

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(b) Each employee whose coverage is terminated must, within 60

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days after the date of termination, inform the administrator, in

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writing, whether he wishes to obtain a refund or a vested benefit.

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

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refund of the balance of (1) his employee contribution account and (2)

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his employee savings account. The vesting in accrued benefits for each

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employee who elects to obtain a refund is voided upon his receipt of the

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refund, and the corresponding credited service may not be reinstated

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under this chapter. A partial refund may not be allowed under this

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section.

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

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amount actuarially determined as necessary to fully fund the benefits to

1 be received shall be transferred first from the employee contribution  
2 account and, after the employee contribution account has been exhausted,  
3 then from the employer contribution account into the retirement reserve  
4 account.

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

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

16 \* Sec. 2. AS 39.35.650 is amended to read:

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

24 \* Sec. 3. (a) This section applies to a unified municipality which is an  
25 employer under AS 39.35 and which, in reliance on erroneous representations  
26 by a former administrator, provided by ordinance, before the effective date  
27 of this Act, that a particular classification of credited service earned in  
28 the Public Employees' Retirement System of Alaska for service with that  
29 municipality or its predecessors be transferred to a public employees'

1 retirement system operated by the municipality.

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

12 (c) Each employee who is transferred to a municipal retirement system  
13 must, before September 1, 1979, inform the administrator in writing whether  
14 he wishes to transfer his credited service as provided in the municipal  
15 ordinance, obtain a refund, or obtain a vested benefit in the Public  
16 Employees' Retirement System of Alaska. The administrator shall transmit to  
17 the municipal retirement system the balance of the employee contribution and  
18 savings accounts associated with the transferred service, determined as of  
19 the date the balance is transmitted, of each employee who elects to transfer  
20 his credited service as provided in the municipal ordinance. Transferred  
21 credited service may not be reinstated under AS 39.35. If an employee elects  
22 to obtain a vested benefit, or if he fails to inform the administrator of his  
23 election, he shall be considered fully vested in his actuarially adjusted  
24 accrued retirement benefits under the Public Employees' Retirement System of  
25 Alaska as of the date of his transfer to the municipal retirement system.

26 (d) Each employee who elects to obtain a refund shall receive a refund  
27 of the balance of his employee contribution and employee savings accounts in  
28 the Public Employees' Retirement System of Alaska. The amount actuarially  
29 determined as necessary to fully fund the benefits to be received should the

1 employee return to the Public Employees' Retirement System of Alaska and  
2 reinstate his credited service shall be retained in the employer contribution  
3 account of the unified municipality. A partial refund may not be allowed  
4 under this section.

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

10 (f) The administrator shall transmit to the municipal retirement system  
11 the balance of the unified municipality's employer contribution account  
12 associated with the transferred service of those employees transferred to the  
13 municipal retirement system, determined as of the date the balance is trans-  
14 mitted, less any amount which has been transferred to the retirement reserve  
15 account under (e) of this section or which has been retained under (d) of  
16 this section.

17 (g) As used in this section,

18 (1) "administrator" means the administrator of the Public  
19 Employees' Retirement System of Alaska;

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

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

25 \* Sec. 4. Section 3 of this Act is retroactive to September 15, 1975 and  
26 terminates on December 31, 1979.

27 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
28 070(c).

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