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1 IN THE HOUSE

2 HOUSE BILL NO. 698

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' retirement benefits; and  
7 providing for an effective date."

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

9 \* Section 1. AS 14.20.345(d) is amended to read:

10 (d) The governing body of the district may agree to continue the  
11 teacher's retirement contributions if the teacher agrees to pay the  
12 percentage required under AS 14.25.050 [REQUIRED SEVEN PERCENT] of the  
13 salary the teacher [HE] would have received during the [HIS] leave of  
14 absence and reimburse the district for the district's required retire-  
15 ment contribution. Each year of leave of absence then would count as a  
16 year of retirement service.

17 \* Sec. 2. AS 14.25.020(a)(1) is repealed and reenacted to read:

18 (1) formulate and recommend to the Alaska Teachers' Retire-  
19 ment Board regulations to govern the operation of the system;

20 \* Sec. 3. AS 14.25.022 is amended to read:

21 Sec. 14.25.022. REGULATIONS. Regulations adopted by the Alaska  
22 Teachers' Retirement Board [PROMULGATED BY THE ADMINISTRATOR] under  
23 AS 14.25.010 - 14.25.220 relate to the internal management of a state  
24 agency and their adoption is not subject to the Administrative Procedure  
25 Act (AS 44.62).

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

27 (i) The board may adopt regulations recommended by the adminis-  
28 trator to carry out this chapter with modifications it considers proper.

29 \* Sec. 5. AS 14.25.050(a) is amended to read:

1 (a) Each [BEGINNING JULY 1, 1970, EACH] teacher shall contribute  
2 to the retirement fund an amount equal to nine [SEVEN] percent of his  
3 base salary accrued from July 1 to the following June 30. The contri-  
4 bution shall be deducted by the employer at the end of each payroll  
5 period.

6 \* Sec. 6. AS 14.25.060(a) is repealed and reenacted to read:

7 (a) If a member has military service or Alaska Bureau of Indian  
8 Affairs (BIA) service, or if a member joined the system before July 1,  
9 1978, and has creditable outside service, the member is indebted to the  
10 retirement fund as follows:

11 (1) For a member first hired before July 1, 1978, the arrear-  
12 age indebtedness for creditable outside service is seven percent of the  
13 base salary multiplied by the total number of years of creditable out-  
14 side service. Compound interest at the rate prescribed by regulation  
15 shall be added to the arrearage indebtedness beginning July 1, 1963, or  
16 at the time of first becoming employed as a member, whichever is later,  
17 to the date of payment or the date of retirement, whichever occurs  
18 first.

19 (2) For a member first hired before July 1, 1982, the arrear-  
20 age indebtedness for creditable military and Alaska BIA service is seven  
21 percent of the base salary multiplied by the total number of years of  
22 military and Alaska BIA service. For a member first hired on or after  
23 July 1, 1982, the arrearage indebtedness for military and Alaska BIA  
24 service is nine percent of the base salary multiplied by the total  
25 number of years of creditable military and Alaska BIA service. Compound  
26 interest at the rate prescribed by regulation shall be added to the  
27 arrearage indebtedness beginning July 1, 1963, or at the time of first  
28 becoming employed as a member, whichever is later, to the date of  
29 payment or the date of retirement, whichever occurs first.

1 (3) If a member terminates from the system and is subsequently  
2 reemployed as a member before July 1, 1982, the arrearage indebtedness  
3 to the retirement fund for outside, military, or Alaska BIA service  
4 accumulated in the interim is seven percent of the base salary upon  
5 reentering membership service, multiplied by the number of years of  
6 interim outside, military, and Alaska BIA service. If a member termi-  
7 nates from the system and is subsequently reemployed as a member on or  
8 after July 1, 1982, the arrearage indebtedness to the retirement fund  
9 for outside, military, or Alaska BIA service accumulated in the interim  
10 is nine percent of the base salary upon reentering membership service,  
11 multiplied by the number of years of interim outside, military, and  
12 Alaska BIA service. Compound interest at the rate prescribed by regula-  
13 tion shall be added to the arrearage indebtedness beginning July 1,  
14 1963, or the date of reemployment as a member, whichever is later, to  
15 the date of payment or the date of retirement, whichever occurs first.

16 \* Sec. 7. AS 14.25.110(d) is repealed and reenacted to read:

17 (d) The monthly amount of the retirement benefit for a member with  
18 less than 10 years credited service is two percent of the member's  
19 average base salary divided by 12 times the years of credited service,  
20 including credited fractional years. The monthly amount of the retire-  
21 ment benefit for a member with at least 10 years but less than 20 years  
22 credited service is two and one-quarter percent of the member's average  
23 base salary divided by 12 times the years of credited service. The  
24 monthly amount of the retirement benefit for a member with at least 20  
25 years of credited service is two and one-half percent of the member's  
26 average base salary divided by 12 times the years of credited service.  
27 An actuarial adjustment must be made for early retirement. An indebted-  
28 ness that exists at the time of retirement must be discharged under  
29 AS 14.25.063(b).

1 \* Sec. 8. AS 14.25.115(a) is amended to read:

2 (a) A teacher in membership service on or after July 1, 1977 who  
3 is appointed to retirement on or after July 1, 1978 may elect to apply  
4 [HIS] unused sick leave credit in computing the total number of years of  
5 creditable service under AS 14.25.110(d) [AS 14.25.120(c)(1) AND (4)].  
6 To obtain service credit for unused sick leave, a teacher must apply to  
7 the administrator no later than one year after appointment to retire-  
8 ment. Unused sick leave shall be credited on a day-for-day basis in  
9 accordance with the table for service after July 1, 1969 contained in  
10 AS 14.25.220(40) [AS 14.25.220(16)]. No teacher contributions may be  
11 required for credited unused sick leave.

12 \* Sec. 9. AS 14.25.125(d) is repealed and reenacted to read:

13 (d) The monthly amount of a conditional service retirement benefit  
14 shall be calculated on the years of fully paid membership service only,  
15 in accordance with AS 14.25.110(d), except that

16 (1) a member may irrevocably elect to substitute "average  
17 monthly compensation" as defined in AS 39.35.680(4) in place of the  
18 member's average base salary, divided by 12; and

19 (2) in determining the percentage multiplier for each year of  
20 service under AS 14.25.110(d) the years of credited service under  
21 AS 39.35 shall also be considered.

22 \* Sec. 10. AS 14.25.130(a) is amended to read:

23 (a) An active [A] member who is terminated as a proximate result  
24 of a permanent disability [HAS BECOME PERMANENTLY DISABLED], as defined  
25 in AS 14.25.220, after July 1, 1966, before age 55 and who has five or  
26 more years of membership service may be retired by the administrator as  
27 of the first day of the month following the permanent disability. After  
28 a report of medical examination of the member, an application, and  
29 other requested information has been submitted, the administrator shall

1 determine if the member is physically or mentally incapacitated for  
2 further performance of duty, and if the incapacity is likely to be per-  
3 manent and whether the member should receive disability benefits.

4 \* Sec. 11. AS 14.25.143 is repealed and reenacted to read:

5 Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once  
6 each year the administrator shall increase benefit payments to eligible  
7 disabled members and persons age 55 or older receiving benefits under  
8 this system in the preceding calendar year.

9 (b) The increase in benefit payments applies to total benefit  
10 payments except for the cost-of-living allowance under AS 14.25.142.  
11 The amount of the increase is a percentage of the current benefit equal  
12 to

13 (1) the lesser of 75 percent of the increase in the cost of  
14 living in the preceding calendar year or nine percent, for recipients  
15 who on July 1 are at least 65 years old;

16 (2) the lesser of 50 percent of the increase in the cost of  
17 living in the preceding calendar year or six percent, for recipients who  
18 on July 1 are at least 60 but less than 65 years old and for members  
19 receiving disability benefits who are less than 65 years old; and

20 (3) the lesser of 25 percent of the increase in the cost of  
21 living in the preceding calendar year or three percent, for recipients  
22 who on July 1 are at least 55 but less than 60 years old.

23 (c) If a recipient was not receiving benefits during the entire  
24 preceding calendar year, the increase in benefits under this section  
25 shall be adjusted by multiplying it by the fraction whose numerator is  
26 the number of months for which benefits were received in the preceding  
27 calendar year and whose denominator is 12.

28 (d) If at the time of first receiving a retirement benefit a  
29 member was receiving a disability benefit under this system, the admin-

1       istrator shall, at the time the member is appointed to retirement,  
2       increase the retirement benefit by a percentage equal to the total  
3       cumulative percentage increase which has been applied to the member's  
4       disability benefit under this section.

5           (e) When computing a spouse's pension under AS 14.25.164, adjust-  
6       ments granted to the deceased member under this section shall be in-  
7       cluded.

8           (f) An increase in benefit payments under this section is effec-  
9       tive July 1 of each year and is based on the percentage increase in the  
10      consumer price index for urban wage earners and clerical workers for  
11      Anchorage, Alaska during the previous calendar year as determined by the  
12      United States Department of Labor, Bureau of Labor Statistics.

13   \* Sec. 12. AS 14.25.168 is repealed and reenacted to read:

14           Sec. 14.25.168. MEDICAL BENEFITS. (a) The following are entitled  
15      to major medical insurance coverage:

16           (1) a person receiving a monthly benefit from the system;

17           (2) the spouse of a person receiving a monthly benefit from  
18      the system;

19           (3) a natural or adopted child of a person receiving a monthly  
20      benefit, if the child is a dependent child as defined in AS 14.-  
21      25.220(12).

22           (b) Major medical insurance coverage takes effect on the same date  
23      as retirement benefits begin and stops when the retired person or  
24      survivor is no longer eligible to receive a monthly benefit. The cover-  
25      age for persons over age 65 is the same as that available for persons  
26      under age 65. The benefits payable to those persons 65 or older supple-  
27      ment those afforded under the federal old age survivor and disability  
28      insurance program, if any.

29   \* Sec. 13. AS 14.25.220(9) is amended to read:

1                   (9) "compensation" means the total remuneration paid under  
2 contract to a member for services rendered during a school year, in-  
3 cluding cost-of-living differentials, payments for leave that is  
4 actually used by the member, the amount by which the member's wages  
5 are reduced under AS 39.30.150(c), and the amount deferred under the  
6 state deferred compensation plan or the tax shelter annuity plan ap-  
7 proved by the Department of Education, but does not include retirement  
8 benefits, welfare benefits, per diem, expense allowances, workers' com-  
9 ensation payments, or payments for leave not used by the member,  
10 whether those leave payments are scheduled payments, lump sum payments,  
11 donations, or cash-ins; for purposes of AS 14.25.050, compensation paid  
12 includes any payment made after June 30 of a school year for services  
13 rendered before the end of the school year;

14 \* Sec. 14. AS 14.25.220(10) is amended to read:

15                   (10) "credited service" means all membership service as pro-  
16 vided in (20) of this section, territorial employment as defined in  
17 (41) of this section, plus outside, military, and BIA service not ex-  
18 ceeding 15 years, with outside and military service limited to 10 years  
19 except under the conditions set out in AS 14.25.100;

20 \* Sec. 15. AS 14.25.220 is amended by adding a new paragraph to read:

21                   (41) "territorial employment" means non-teaching employment  
22 with the Territory of Alaska as provided under AS 14.25.105; territorial  
23 employment is not membership service.

24 \* Sec. 16. Section 11 of this Act applies to persons receiving benefits  
25 under AS 14.25 on July 1, 1982. Benefits shall be recomputed as of July 1,  
26 1982, under AS 14.25.143 to include adjustments under AS 14.25.143 for each  
27 year since the person first began receiving a benefit. If the recomputed  
28 benefit exceeds the current benefit, the current benefit shall be increased  
29 accordingly effective July 1, 1982. Payment of the increased benefit shall

1 begin no later than January 1, 1983, but no retroactive benefit payments may  
2 be made under this section for any period before July 1, 1982.

3 \* Sec. 17. This Act takes effect July 1, 1982.  
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