

Introduced: 2/12/82  
Referred: State Affairs,  
Health, Education & Social  
Services and Finance

1 IN THE HOUSE

BY METCALFE

2 HOUSE BILL NO. 767

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 the public employees, teachers,  
7 judicial, and National Guard benefits; and providing  
8 for an effective date."

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

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

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

18 \* Sec. 2. AS 14.20.345(f) is amended to read:

19 (f) If a leave of absence without pay for educational purposes has  
20 been approved by the governing body of the district, a [A] teacher may  
21 make contributions to the retirement fund for each year or portion of a  
22 year of leave of absence taken. The contribution shall include the  
23 required percent of the salary he would have received had he not taken  
24 the leave of absence, plus the required employer and state contributions  
25 that would have been made. Compound interest at the rate prescribed by  
26 regulation shall be added as computed from the beginning date of the  
27 leave of absence to the date the teacher pays the contribution.

28 \* Sec. 3. AS 14.25.020(a)(1) is repealed and reenacted to read:

29 (1) formulate and recommend to the Alaska Teachers' Retire-

1 ment Board regulations to govern the operation of the system;

2 \* Sec. 4. AS 14.25.022 is amended to read:

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

8 \* Sec. 5. AS 14.25.035 is amended by adding a new subsection to read:

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

11 \* Sec. 6. AS 14.25.050(a) is amended to read:

12 (a) Each [BEGINNING JULY 1, 1970, EACH] teacher shall contribute  
13 to the retirement fund an amount equal to seven and one-half percent of  
14 his base salary accrued from July 1 to the following June 30. The  
15 contribution shall be deducted by the employer at the end of each pay-  
16 roll period.

17 \* Sec. 7. AS 14.25.055 is amended to read:

18 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. A [IF A]  
19 teacher who joins this retirement system before July 1, 1982, is married  
20 or has a minor child, and wishes to make his spouse or minor child  
21 eligible for a spouse's pension or a survivor's allowance, [HE] may  
22 elect to make a supplemental contribution of an additional one percent  
23 of his base salary within 90 days of his entry into participation in the  
24 system, or within 90 days of his marriage, or within 90 days of the  
25 birth or adoption of a child dependent upon him [, OR DURING ANY OPEN  
26 ENROLLMENT PERIOD AUTHORIZED BY THE TEACHERS' RETIREMENT SYSTEM BOARD].  
27 Once an election is made under this section, supplemental contributions  
28 must be made whenever contributions are required under AS 14.25.050  
29 unless the teacher executes a written waiver with the administrator.

1 The execution of a waiver relinquishes all rights and benefits pre-  
2 viously accrued under AS 14.25.162 and 14.25.164.

3 \* Sec. 8. AS 14.25.060(a) is repealed and reenacted to read:

4 (a) If a member has military service or Alaska Bureau of Indian  
5 Affairs (BIA) service, or if a member joined the system before July 1,  
6 1978, and has creditable outside service, the member is indebted to the  
7 retirement fund as follows:

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

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

27 (3) If a member terminates from the system and is subse-  
28 quently reemployed as a member before July 1, 1982, the arrearage in-  
29 debtedness to the retirement fund for outside, military, or Alaska BIA

1 service accumulated in the interim is seven percent of the base salary  
2 upon reentering membership service, multiplied by the number of years of  
3 interim outside, military, and Alaska BIA service. If a member term-  
4 inates from the system and is subsequently reemployed as a member on or  
5 after July 1, 1982, the arrearage indebtedness to the retirement fund  
6 for outside, military, or Alaska BIA service accumulated in the interim  
7 is seven and one-half percent of the base salary upon reentering member-  
8 ship service, multiplied by the number of years of interim outside,  
9 military, and Alaska BIA service. Compound interest at the rate pre-  
10 scribed by regulation shall be added to the arrearage indebtedness  
11 beginning July 1, 1963, or the date of reemployment as a member, which-  
12 ever is later, to the date of payment or the date of retirement, which-  
13 ever occurs first.

14 \* Sec. 9. AS 14.25.063(b) is repealed and reenacted to read:

15 (b) Outstanding indebtedness that exists at the time a member is  
16 appointed to retirement necessitates an actuarial reduction in benefits  
17 payable.

18 \* Sec. 10. AS 14.25.063 is amended by adding a new subsection to read:

19 (d) If a benefit that has been actuarially reduced under (b) of  
20 this section would have been more if a member had not claimed credited  
21 service, the benefit shall be calculated and paid as if the member had  
22 not claimed the credited service.

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

24 Sec. 14.25.102. CREDIT FOR SERVICE IN THE PEACE CORPS. A member  
25 who served as a member of the United States Peace Corps may receive  
26 credited service for that service under this system up to a maximum of  
27 two years. Each 12 months of Peace Corps service equals one school  
28 year, and lesser periods of service in the Peace Corps will be deter-  
29 mined for credit purposes in a proportionate ratio to a year. Credit  
30

1 for service in the Peace Corps shall be granted only if the member makes  
2 contributions for the service in the same manner as required for mili-  
3 tary service under AS 14.25.060. Service in the Peace Corps credited  
4 under this section shall be included in the 10-year limitation specified  
5 in AS 14.25.060(c), except that if entry into the Peace Corps is imme-  
6 diately preceded by Alaska membership service and termination from the  
7 Peace Corps is followed by Alaska membership service within one year,  
8 the service in the Peace Corps may not be included in the 10-year limi-  
9 tation.

10 \* Sec. 12. AS 14.25.110(i) is amended to read:

11 (i) Benefits payable under this section accrue from the first day  
12 of the month after which all of the following requirements are met: (1)  
13 the member meets the eligibility requirements of this section; (2) the  
14 member terminates employment; and (3) the member applies for retirement.  
15 Benefits are not payable under this section during a school year in  
16 which credit for a full year of service is granted. The benefits are  
17 payable the last day of the month. If payment is delayed, a retroactive  
18 payment must be made for the month in which a benefit is payable under  
19 this section. The last payment is for the month the member dies or be-  
20 comes ineligible for a benefit under this section.

21 \* Sec. 13. AS 14.25.115(a) is amended to read:

22 (a) A teacher in membership service on or after July 1, 1977 who  
23 is appointed to retirement on or after July 1, 1978 may elect to apply  
24 [HIS] unused sick leave credit in computing the total number of years of  
25 creditable service under AS 14.25.110(d) [AS 14.25.120(c)(1) AND (4)].  
26 To obtain service credit for unused sick leave, a teacher must apply to  
27 the administrator no later than one year after appointment to retirement.  
28 Unused sick leave shall be credited on a day-for-day basis in accordance  
29 with the table for service after July 1, 1969 contained in AS 14.25.-

1        220(40) [AS 14.25.220(16)]. No teacher contributions may be required  
2        for credited unused sick leave.

3        \* Sec. 14. AS 14.25.125(d) is repealed and reenacted to read:

4            (d) The monthly amount of a retirement benefit under this section  
5        is calculated in accordance with AS 14.25.110(d), except that a member  
6        may irrevocably elect to substitute average monthly compensation for the  
7        member's average base salary divided by 12. In this subsection "average  
8        monthly compensation" has the same meaning as under AS 39.35.680(4).

9        \* Sec. 15. AS 14.25.130(a) is repealed and reenacted to read:

10           (a) A member who has five or more years of membership service is  
11        eligible for a disability pension if, after July 1, 1966, and before the  
12        member's normal retirement date, the member's employment is terminated  
13        because of a permanent disability.

14        \* Sec. 16. AS 14.25.143 is repealed and reenacted to read:

15            Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once  
16        each year the administrator shall increase benefit payments to eligible  
17        disabled members and persons who are age 65 or older at the time of the  
18        increase and who received benefits under this system in the preceding  
19        calendar year.

20            (b) The increase in benefit payments applies to total benefit  
21        payments except for the cost-of-living allowance under AS 14.25.142.  
22        The amount of the increase is a percentage of the current benefit equal  
23        to the lesser of 50 percent of the increase in the cost of living in the  
24        preceding calendar year or six percent.

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

1 (d) If at the time of first receiving a retirement benefit a  
2 member was receiving a disability benefit under this system, the admin-  
3 istrator shall, at the time the member is appointed to retirement,  
4 increase the retirement benefit by a percentage equal to the total  
5 cumulative percentage increase which has been applied to the member's  
6 disability benefit under this section.

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

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

15 \* Sec. 17. AS 14.25.150 is amended to read:

16 Sec. 14.25.150. REFUND UPON TERMINATION. A terminated member is  
17 entitled to a refund of the balance of [(1)] his member contribution  
18 account [MANDATORY CONTRIBUTIONS AND ACCRUED INTEREST, AND (2) HIS  
19 INDEBTEDNESS PRINCIPAL CONTRIBUTIONS]. A member is not entitled to a  
20 refund of his supplemental contributions except as provided in AS 14.-  
21 25.160(a).

22 \* Sec. 18. AS 14.25 is amended by adding a new section to read:

23 Sec. 14.25.155. DEATH BENEFITS. (a) If a member dies before  
24 becoming eligible for normal retirement, and the cause of death is an  
25 injury or illness that occurs in the performance and scope of the  
26 member's employment, and that is not the result of wilful negligence on  
27 the part of the member, a monthly survivor's pension equal to 40 percent  
28 of the member's average base salary at the time of termination of employ-  
29 ment, divided by 12, shall be paid to the member's surviving spouse. If

1 the member has no surviving spouse, the monthly survivor's pension shall  
2 be paid in equal shares to the member's dependent children. After the  
3 date the normal retirement of the member would have begun if the member  
4 had lived, monthly payments to the surviving spouse or dependent child-  
5 ren shall be equal to the amount of the normal retirement benefit that  
6 the member would have been entitled to, using the average annual base  
7 salary in effect at the member's death and the credited service to which  
8 the member would have been entitled to claim if the member had lived.

9 (b) If a member dies and the cause of death is an injury or ill-  
10 ness that does not occur in the performance and scope of the member's  
11 employment and the member

12 (1) has completed less than one year of membership service,  
13 the beneficiary shall be paid the balance of the member's contribution  
14 account;

15 (2) has completed at least one year of membership service but  
16 was not vested, the beneficiary shall be paid a lump sum death benefit  
17 under AS 14.25.160(b) and (c);

18 (3) was a vested or deferred vested member

19 (A) the surviving spouse may elect to receive either the  
20 benefits described in (2) of this subsection or a 50 percent joint  
21 and survivor option under AS 14.25.167(a)(2) based upon credited  
22 service as of the date of the member's termination; or

23 (B) if there is no surviving spouse, the member's desig-  
24 nated beneficiary shall be paid benefits under AS 14.25.160(a)  
25 and (c).

26 (c) Benefits paid under this section accrue from the first day of  
27 the month following the member's death and are payable as of the last  
28 day of the month.

29 (d) Benefits may not be paid under this section if benefits are

1 payable under AS 14.25.155, 14.25.160, 14.25.162, 14.25.164, or  
2 14.25.167.

3 \* Sec. 19. AS 14.25.160(a) is repealed and reenacted to read:

4 (a) Upon receipt of a valid claim and proof of the death of a  
5 member who was not retired and was not eligible for benefits under  
6 AS 14.25.162 or 14.25.164 and who either made supplemental contributions  
7 under AS 14.25.055 since the date one year immediately preceding the  
8 member's death or since July 1, 1983, whichever is later, or made supple-  
9 mental contributions under AS 14.25.055 for less than one year, a death  
10 benefit will be paid and supplemental contributions will be refunded to  
11 the beneficiaries designated by the deceased member in a written form  
12 filed with the administrator. If the member did not designate a benefi-  
13 ciary, or if a designated beneficiary does not survive the member,  
14 benefits will be paid

15 (1) to a surviving spouse;

16 (2) if there is no surviving spouse, to surviving children in  
17 equal shares;

18 (3) if there is no surviving child, to surviving parents in  
19 equal shares; or

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

21 \* Sec. 20. AS 14.25.160(b)(1) is amended to read:

22 (1) the member's [MANDATORY] contribution account;

23 \* Sec. 21. AS 14.25.162(b)(1) is amended to read:

24 (1) an allowance of 10 percent of the member's base salary  
25 immediately before the member's death, retirement, or disability shall  
26 be paid for each dependent child; if there are four or more dependent  
27 children, the total amount paid to those children is 40 percent of the  
28 member's base salary before the member's [HIS] death, retirement, or  
29 disability, paid in equal amounts to each child; the allowance shall be

1 recomputed for the month in which the number of dependent children is  
2 less than four and the benefits shall be decreased accordingly; [IF A  
3 DEPENDENT CHILD WHO IS AT LEAST 19 YEARS OLD BUT LESS THAN 23 YEARS OLD  
4 IS OUT OF SCHOOL FOR MORE THAN ONE SEMESTER, PAYMENTS OF THE DEPENDENT  
5 CHILD'S BENEFITS TERMINATE PERMANENTLY;] the adoption of a dependent  
6 child does not terminate the survivor's allowance payable under this  
7 section;

8 \* Sec. 22. AS 14.25.162(b)(4) is amended to read:

9 (4) benefits are not payable under this section if benefits  
10 are payable [BEING PAID] under AS 14.25.155, 14.25.164, or 14.25.167.

11 \* Sec. 23. AS 14.25.164(b)(3) is amended to read:

12 (3) benefits are not payable under this section if benefits  
13 are payable [BEING PAID] under AS 14.25.155, 14.25.162, or 14.25.167.

14 \* Sec. 24. AS 14.25 is amended by adding a new section to read:

15 Sec. 14.25.167. JOINT AND SURVIVOR OPTION. (a) In place of  
16 benefits payable under AS 14.25.155, 14.25.160, 14.25.162, or 14.25.164  
17 a member may, upon filing an application for retirement with the adminis-  
18 trator, designate a spouse or a dependent approved by the administrator  
19 as a contingent beneficiary. Under this section a member may

20 (1) receive a reduced benefit payable for life, with payments  
21 in the amount of 75 percent of the reduced benefit continued, after the  
22 death of the member, for the life of the contingent beneficiary;

23 (2) receive a reduced benefit payable for life, with payments  
24 in the amount of 50 percent of the reduced benefit continued, after the  
25 death of the member, for the life of the contingent beneficiary; or

26 (3) receive a reduced benefit payable while both the member  
27 and the contingent beneficiary are alive, with payments in the amount of  
28  $66\frac{2}{3}$  percent of the reduced benefit continued during the life of the  
29 survivor of the member and the contingent beneficiary.

1 (b) The total of all pension payments expected to be paid to a  
2 member and the member's contingent beneficiary under (a) of this section  
3 are the actuarial equivalent of the pension that the member would other-  
4 wise receive upon retirement.

5 (c) A member may elect, change, or revoke an option under (a) of  
6 this section without the approval of the administrator if the member's  
7 election, change, or revocation is filed in writing with the administra-  
8 tor before the effective date of the member's retirement.

9 (d) A member, including a deferred vested member, may, regardless  
10 of age, elect benefits under this section at any time before appointment  
11 to retirement.

12 (e) If the member or the contingent beneficiary dies before the  
13 member is appointed to retirement, an election under this section is  
14 inoperative. After the member is appointed to retirement, an election  
15 under this section is irrevocable.

16 (f) An additional retirement benefit that a reemployed member  
17 becomes entitled to is paid in accordance with an election made under  
18 this section or an election made during the period of reemployment,  
19 unless the contingent beneficiary is deceased at the time of the death  
20 of the member, in which case the benefits earned during the period of  
21 reemployment are subject to AS 14.25.110. Other benefits earned by a  
22 reemployed member during prior employment are subject to an election  
23 under this section. If a member dies during the period of reemployment  
24 and the cause of death is not an injury or accident that occurs in the  
25 performance and scope of the member's employment, benefits earned while  
26 reemployed are subject to AS 14.25.155(b)(3). If a member dies during  
27 the period of reemployment and the cause of death is an injury or ill-  
28 ness that occurs in the performance and scope of the member's employment  
29 and the injury or hazard is not the result of intentional negligence on

1 the part of the member, benefits earned during all periods of employment  
2 are subject to AS 14.25.155(a).

3 \* Sec. 25. AS 14.25.168 is repealed and reenacted to read:

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

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

7 (2) the spouse of a person receiving a monthly benefit from  
8 the system;

9 (3) a natural or adopted child of a person receiving a  
10 monthly benefit, if the child is a dependent child as defined in AS 14.-  
11 25.220(12).

12 (b) Major medical insurance coverage takes effect on the same date  
13 as retirement benefits begin and stops when the retired person or sur-  
14 vivor is no longer eligible to receive a monthly benefit. The coverage  
15 for persons over age 65 is the same as that available for persons under  
16 age 65. The benefits payable to those persons 65 or older supplement  
17 those afforded under the federal old age survivor and disability insur-  
18 ance program, if any.

19 \* Sec. 26. AS 14.25.169 is amended to read:

20 Sec. 14.25.169. DUPLICATE BENEFITS. If payments from this retire-  
21 ment system are due to a teacher or a teacher's [HIS] spouse under more  
22 than one provision of this system [PLAN], the teacher or spouse shall  
23 elect under which provision and which benefit the teacher or spouse [HE]  
24 wishes to receive and no payments may be made under any other provision.  
25 However, benefits under AS 14.25.155, 14.25.160, 14.25.162, [AND]  
26 14.25.164, and 14.25.167 shall be paid [TO A SURVIVING SPOUSE] in addi-  
27 tion to those benefits or in addition to credited service a teacher [HE]  
28 is entitled to receive because of the teacher's [HIS] own membership in  
29 the retirement system. A teacher may not receive

1                   (1) duplicate credit under this system for the same period  
2 of service;

3                   (2) more than one year of credited service during a school  
4 year; or

5                   (3) a benefit while accruing credited service under this sys-  
6 tem except as provided in this section.

7 \* Sec. 27. AS 14.25.175(a) is amended to read:

8                   (a) Upon appeal by an affected member or beneficiary under (b) of  
9 this section, the board may waive an adjustment or a portion of an  
10 adjustment made under AS 14.25.173 if, in the opinion of the board,

11                   (1) the adjustment or portion of the adjustment will [, IN THE  
12 OPINION OF THE BOARD,] cause undue hardship to the member or beneficiary;

13                   [(2) THE MEMBER IS RETIRED OR HAS SUBMITTED NOTIFICATION OF  
14 IMPENDING RETIREMENT TO HIS EMPLOYER TO BE EFFECTIVE NO LATER THAN 180  
15 DAYS AFTER THE ADJUSTMENT WAS MADE, OR THE BENEFICIARY WAS ELIGIBLE TO  
16 RECEIVE OR WAS RECEIVING BENEFITS UNDER THIS CHAPTER BEFORE THE ADJUST-  
17 MENT;

18                   (3) THE ADJUSTMENT WILL RESULT IN A LOSS OF ELIGIBILITY FOR  
19 BENEFITS FOR THE MEMBER OR BENEFICIARY OR RESULT IN A REDUCTION OF  
20 BENEFITS RECEIVED BY THE MEMBER OR BENEFICIARY OF \$50 PER MONTH OR  
21 MORE;]

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

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

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

29 \* Sec. 28. 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 actually  
4 used by the member, the amount by which the member's wages are reduced  
5 under AS 39.30.150(c), and the amount deferred under a deferred compen-  
6 sation plan or the tax shelter annuity plan approved by the Department  
7 of Education, but does not include retirement benefits, welfare bene-  
8 fits, per diem, expense allowances, workers' compensation payments, or  
9 payments for leave not used by the member, whether those leave payments  
10 are scheduled payments, lump sum payments, donations, or cash-ins; for  
11 purposes of AS 14.25.050, compensation paid includes any payment made  
12 after June 30 of a school year for services rendered before the end of  
13 the school year;

14 \* Sec. 29. 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, credit for service in the Peace Corps under  
18 AS 14.25.102, plus outside, military, and BIA service not exceeding 15  
19 years, with outside and military service limited to 10 years except  
20 under the conditions set out in AS 14.25.100;

21 \* Sec. 30. AS 14.25.220(19) is amended to read:

22 (19) "member [MANDATORY] contribution account" means the total  
23 [ACCOUNT] maintained by the system of [TO RECORD] the member's mandatory  
24 contributions, indebtedness principal and interest contributions, inter-  
25 est credited to each of those accounts, [OF EACH MEMBER, INCLUDING IN-  
26 TEREST] and adjustments to the account in accordance with AS 14.25.170;

27 \* Sec. 31. AS 14.25.220 is amended by adding a new paragraph to read:

28 (41) "territorial employment" means non-teaching employment  
29 with the Territory of Alaska as provided under AS 14.25.105; territorial

1 employment is not membership service.

2 \* Sec. 32. AS 22.25.011 is amended to read:

3 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed  
4 after July 1, 1978 shall contribute seven percent of the [HIS] base  
5 annual salary received by the justice or judge to the judicial retire-  
6 ment system. Contributions shall be made for all creditable service  
7 under this chapter up to a maximum of 15 years. This contribution is  
8 made in the form of a deduction from compensation, and is made notwith-  
9 standing that the compensation paid in cash to the justice or judge is  
10 reduced thereby below the minimum prescribed by law. Each justice and  
11 judge is considered to consent to the deduction [MADE] from [HIS] com-  
12 pensation. Payment of compensation less the deduction constitutes a  
13 full and complete discharge and acquittance of all claims and demands  
14 for the services rendered by the justice or judge [HIM] during the  
15 period covered by the payment, except as to the benefits provided for  
16 under AS 22.25.010 - 22.25.090. The contributions shall be credited  
17 to the judicial retirement fund established under AS 22.25.048 [INTO THE  
18 GENERAL FUND OF THE STATE].

19 \* Sec. 33. AS 22.25 is amended by adding a new section to read:

20 Sec. 22.25.048. ACCOUNTING AND INVESTMENT. (a) The commissioner  
21 of administration shall establish a fund for the judicial retirement  
22 system and shall maintain accounts and records for the judicial retire-  
23 ment system.

24 (b) All income of the judicial retirement fund and all disburse-  
25 ments made by the fund must be credited or charged, whichever is appro-  
26 priate, to the following accounts:

27 (1) an individual account that contains the mandatory contri-  
28 butions collected from a person under AS 22.25.011;

29 (2) an account that is credited with the contributions of the

1 state court system;

2 (3) a retirement reserve account; and

3 (4) an expense account for the judicial retirement system  
4 that shall be credited with funds transferred from the account described  
5 in (b)(2) of this section.

6 (c) Investment of surplus amounts in the fund may be made as  
7 provided in AS 39.35.110.

8 (d) Within one year following retirement, an amount actuarially  
9 determined as necessary to pay fully for the benefits to be received by  
10 a person receiving a benefit under this chapter shall be transferred  
11 first from the individual account described in (b)(1) of this section  
12 and, after the individual contributions have been exhausted, then from  
13 the court system account described in (b)(2) of this section, into the  
14 retirement reserve account described in (b)(3) of this section.

15 (e) The contributions of the court system to the retirement re-  
16 serve account shall contain the actuarially determined amount necessary  
17 to fully fund the pension, death benefits, and other benefits paid under  
18 the judicial retirement system to a person receiving a benefit under  
19 this chapter.

20 (f) The investment income of the judicial retirement fund shall be  
21 allocated in proportion to the balances of assets first to the retired  
22 reserve account described in (b)(3) of this section and then to the  
23 account described in (b)(2) of this section.

24 (g) The account described in (b)(4) of this section is charged  
25 with all disbursements representing the administrative expenses incurred  
26 by the judicial retirement system. Expenditures from this account shall  
27 be included in the budget of the governor for each fiscal year.

28 \* Sec. 34. AS 22.25.090 is repealed and reenacted to read:

29 Sec. 22.25.090. MEDICAL BENEFITS. (a) The following are entitled

1 to major medical insurance coverage:

2 (1) a person receiving a monthly benefit under this chapter;

3 (2) the spouse of a justice, judge, or administrative direc-  
4 tor receiving a monthly benefit under this chapter;

5 (3) a natural or adopted child of a justice, judge, or admin-  
6 istrative director receiving a monthly benefit under this chapter, if  
7 the child is a dependent child under (c) of this section.

8 (b) Major medical insurance coverage takes effect on the same date  
9 as retirement benefits begin, and stops when the retired person or  
10 survivor is no longer eligible to receive a monthly benefit. The cover-  
11 age for persons 65 or older is the same as that available for persons  
12 under 65. The benefits payable to those persons 65 or older supplement  
13 the benefits provided under the federal old age survivor and disability  
14 insurance program, if any.

15 (c) In this section "dependent child" means an unmarried child of  
16 a justice, judge, or administrative director receiving a monthly benefit  
17 under this chapter, including an adopted child, who is dependent on the  
18 justice, judge, or administrative director for support and who is either  
19 (1) less than 19 years old, or (2) less than 23 years old and registered  
20 at and attending on a full-time basis an accredited educational or  
21 technical institution recognized by the Department of Education. The  
22 age limits set out in this subsection do not apply to a child who is  
23 totally and permanently disabled.

24 \* Sec. 35. AS 26.05.227 is amended to read:

25 Sec. 26.05.227. DEFINITIONS. As used in AS 26.05.222 - 26.05.228  
26 [AS 26.05.222 - 26.05.226],

27 (1) "beneficiary" means a person designated by a member to  
28 receive benefits that may be due from the system upon the death of a  
29 member;

1 (2) "member means a commissioned or warrant officer or an  
2 enlisted person in the Alaska National Guard or Alaska Naval Militia;

3 (3) "system" means the Alaska National Guard retirement  
4 system.

5 \* Sec. 36. AS 26.05 is amended by adding a new section to read:

6 Sec. 26.05.228. ACCOUNTING AND INVESTMENT. (a) The commissioner  
7 of administration shall establish a fund for the system and maintain  
8 accounts and records for the system.

9 (b) All income of the fund and all disbursements made by the fund  
10 must be credited or charged, whichever is appropriate, to the following  
11 accounts:

12 (1) an individual account for each retired member of the  
13 system that records the benefits paid under this system to the member or  
14 surviving beneficiary;

15 (2) a separate account for the Department of Military Affairs'  
16 contribution to fund the system based on the actuarial requirements of  
17 the system as established by the commissioner of administration under  
18 this chapter;

19 (3) an expense account for the system; this account is  
20 charged with all disbursements representing administrative expenses  
21 incurred by the system; expenditures from this account are included in  
22 the governor's budget for each fiscal year.

23 (c) Investment of surplus amounts in the fund may be made as  
24 provided in AS 39.35.110.

25 \* Sec. 37. AS 39.30.090 is amended to read:

26 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department of  
27 Administration may obtain a policy or policies of group insurance cover-  
28 ing state employees, persons entitled to coverage under AS 14.25.168,  
29 AS 22.25.090, AS 39.35.535, or under former AS 39.37.145 or [AND] em-

1 employees of other participating governmental units subject to the follow-  
2 ing conditions:

3 (1) A group insurance policy shall provide one or more of the  
4 following benefits: life insurance, accidental death and dismemberment  
5 insurance, weekly indemnity insurance, hospital expense insurance,  
6 surgical expense insurance, dental expense insurance, audio-visual  
7 insurance, or other medical care insurance.

8 (2) Each eligible employee of the state, the [HIS] spouse and  
9 the [HIS] unmarried children chiefly dependent on the eligible employee  
10 [HIM] for support and each eligible employee of another participating  
11 governmental unit shall be covered by the group policy, unless exempt  
12 under regulations adopted by the commissioner of administration.

13 (3) A governmental unit may participate under a group policy  
14 if

15 (A) its governing body adopts a resolution authorizing  
16 participation, and payment of required premiums;

17 (B) a certified copy of the resolution is filed with the  
18 Department of Administration; and

19 (C) the commissioner of administration approves the  
20 participation in writing.

21 (4) (repealed).

22 (5) (repealed).

23 (6) The Department of Administration shall obtain the insur-  
24 ance policy from any insurer authorized to transact business in the  
25 state under AS 21.09 and AS 21.90.

26 (7) The Department of Administration shall make available bid  
27 specifications for desired insurance benefits to all insurance carriers  
28 licensed in the state and qualified to provide the desired benefits.  
29 The specifications shall be made available on or before July 1, 1965,

1 and at least once every succeeding five years. The lowest responsible  
2 bid submitted by an insurance carrier with adequate servicing facilities  
3 shall govern selection of a carrier under this section.

4 (8) If the aggregate of dividends payable under the group  
5 insurance policy exceeds the governmental unit's share of the premium,  
6 the excess shall be applied by the governmental unit for the sole bene-  
7 fit of the employees.

8 (9) A person receiving benefits under AS 14.25.110, AS 22.25  
9 or AS 39.35 who is not 65 years of age may continue the [OBTAIN MAJOR  
10 MEDICAL AND] life insurance coverage that was in effect under this sec-  
11 tion at the time of separation from employment with the state or parti-  
12 cipating governmental unit [FOR HIMSELF AND ANY DEPENDENTS WHO HAVE NOT  
13 REACHED THE AGE OF 65 YEARS].

14 (10) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.25  
15 OR AS 39.35 WHO IS 65 YEARS OF AGE OR OLDER BUT WHO HAS DEPENDENTS WHO  
16 ARE UNDER 65 MAY OBTAIN MAJOR MEDICAL INSURANCE FOR THESE DEPENDENTS  
17 UNDER THIS SECTION.]

18 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.25  
19 OR AS 39.35 MAY OBTAIN MAJOR MEDICAL AND PRESCRIPTION DRUG INSURANCE  
20 UNDER THIS SECTION FOR HIMSELF AND ANY DEPENDENTS TO COVER COSTS WHICH  
21 ARE NOT COVERED BY THE FEDERAL OLD AGE SURVIVOR'S AND DISABILITY INSUR-  
22 ANCE PROGRAM.]

23 (12) A person electing to have insurance under (9) [, (10) OR  
24 (11)] of this section shall pay the cost of this insurance.

25 (13) [NO PERSON MAY ELECT FOR COVERAGE UNDER (9), (10) OR (11)  
26 OF THIS SECTION UNLESS HE WAS OR IS PRESENTLY ELIGIBLE FOR COVERAGE  
27 UNDER THIS SECTION.]

28 (14) For each permanent part-time employee electing coverage  
29 under this section, the state shall contribute one-half the state con-

1 tribution rate for permanent full-time state employees, and the perman-  
2 ent part-time employee shall contribute the other one-half.

3 (15) A person receiving benefits under AS 14.25 or AS 39.35  
4 may obtain auditory, visual, and dental insurance [FOR HIMSELF] under  
5 this section. The level of coverage for persons over 65 shall be the  
6 same as that available before reaching age 65 except that the benefits  
7 payable shall be supplemental to those afforded under the federal old  
8 age [,] survivors [,] and disability insurance program, if any. A  
9 person electing to have insurance under this paragraph shall pay the  
10 cost of the insurance. The commissioner of administration shall adopt  
11 regulations implementing this paragraph.

12 \* Sec. 38. AS 39.30 is amended by adding a new section to read:

13 Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of admin-  
14 istration shall establish the group health and life benefits fund to  
15 provide group insurance benefits for group life and health insurance  
16 policies obtained under AS 39.30.090 and 39.30.160. The commissioner  
17 shall maintain accounts and records for the fund. The fund consists of  
18 employer contributions, employee contributions, appropriations from the  
19 legislature, and interest earned on investment of the fund as provided  
20 in (d) of this section.

21 (b) After obtaining the advice of an actuary, the commissioner of  
22 administration shall determine the amount necessary to provide benefits  
23 under AS 39.30.090 and shall set the rate of employer contribution and  
24 employee contribution, if any. The commissioner of administration shall  
25 pay premiums and claims in accordance with the insurance policies in  
26 effect under AS 39.30.090 with money in the group health and life bene-  
27 fits fund.

28 (c) The commissioner of administration or the designee of the  
29 commissioner is administrator of the fund.

1 (d) If the commissioner of administration determines that there is  
2 more money in the fund than the amount needed to pay premiums or bene-  
3 fits for the current fiscal year, the surplus, or so much of it as the  
4 commissioner of administration considers advisable, may be invested by  
5 the commissioner of revenue in the same manner as retirement funds are  
6 invested under AS 39.35.110.

7 (e) In this section, "fund" means the group health and life bene-  
8 fits fund.

9 \* Sec. 39. AS 39.35.040(5)(A) is amended to read:

10 (A) an appropriate contribution rate for all employers  
11 [, IN ADDITION TO WHICH THE STATE SHALL PAY THE APPROPRIATE SOCIAL  
12 SECURITY CONTRIBUTION]; and

13 \* Sec. 40. AS 39.35.100(b)(1) is amended to read:

14 (1) An [AN] individual account shall be maintained for each  
15 employee to record the amount of the [HIS] mandatory contributions  
16 collected under AS 39.35.160(a). As of the last day of each calendar  
17 year and each fiscal year beginning with June 30, 1969, this account  
18 shall be credited with interest, by applying one half of the prescribed  
19 rate of interest to the balance in the account as of that date. Within  
20 one year following [UPON] retirement, the amount actuarially determined  
21 as necessary to fully fund the benefits to be received shall be trans-  
22 ferred first from the employee contribution account and, after the em-  
23 ployee contribution account has been exhausted, then from the employer  
24 contribution account into the retirement reserve account.

26 \* Sec. 41. AS 39.35.100(b)(3) is amended to read:

26 (3) A separate account for each employer shall be maintained.  
27 The account shall be credited with contributions of the employer. This  
28 account shall be charged with the employer's actuarial charge for pen-  
29 sion, death benefits, and other benefits paid under this system to or on

1 behalf of the employee of the employer. After an allowance for interest  
2 credited to employee contribution accounts and employee savings accounts,  
3 the investment income of the pension fund shall be allocated to the  
4 retirement reserve account and to each employer asset share account  
5 according to the ratio that the average of the assets in the [AN EM-  
6 PLOYER'S] account as of the beginning and as of the end of the fiscal  
7 year bears to the total of the average balance of the retirement reserve  
8 account and all employer accounts [EMPLOYERS].

9 \* Sec. 42. AS 39.35.160 is amended to read:

10 Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. While partici-  
11 pating in the system each peace officer and each fireman shall contri-  
12 bute five and one-half percent and every other employee shall contribute  
13 four and three-quarters [ONE-QUARTER] percent of their [HIS] compensa-  
14 tion to the public employees' retirement system.

15 \* Sec. 43. AS 39.35.200 is amended to read:

16 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON  
17 OTHER THAN DEATH. (a) An inactive employee, not on leave-without-pay  
18 status or layoff status, is entitled to receive a refund of the balance  
19 of [(1)] his employee contribution account [AND (2) HIS EMPLOYEE SAVINGS  
20 ACCOUNT].

21 (b) If, upon termination of employment, an employee has credited  
22 service of less than five years and has less than \$1,000 in a [HIS]  
23 employee contribution account, a refund of the employee contribution  
24 account [AND THE EMPLOYEE SAVINGS ACCOUNT] must be made unless the  
25 employee indicates in writing that future retirement is intended and con-  
26 tributions should not be refunded. An employee who is reemployed with  
27 an employer and whose contributions have not been refunded before re-  
28 employment [RE-EMPLOYMENT] is not eligible for a refund.

29 \* Sec. 44. AS 39.35.340(b) is amended to read:

1 (b) In order to obtain credited service under this section, an  
2 employee shall make an election to do so and shall verify the [HIS]  
3 period of military service. When eligibility for credited service for  
4 military service has been established, an indebtedness shall be deter-  
5 mined as follows: (1) the employee's actual compensation, or the  
6 calculated annual compensation for those employees working less than 12  
7 months, during the calendar year 1976 or the year in which an employee  
8 first becomes vested under this chapter, whichever is later, multiplied  
9 by (2) [SIX PERCENT, THIS PRODUCT MULTIPLIED BY (3)] the number of years  
10 of military service credited under this section, and this product multi-  
11 plied by (3) six percent for members who are first eligible to claim  
12 this military service before July 1, 1982, or six and one-half percent  
13 for members who are first eligible to claim this military service on or  
14 after July 1, 1982. Interest as prescribed by regulation accrues on  
15 this indebtedness beginning [COMMENCING] on July 1, 1977, or one year  
16 following the date a person first becomes vested, whichever is later.  
17 Any outstanding indebtedness that [WHICH] exists at the time a person is  
18 appointed to retirement will necessitate an actuarial adjustment to the  
19 benefits payable based upon that military service.

20 \* Sec. 45. AS 39.35.340(g) is amended to read:

21 (g) A surviving spouse receiving or entitled to receive benefits  
22 [A SURVIVING SPOUSE'S PENSION] under AS 39 35.420(b), 39.35.430 or  
23 39.35.440 or benefits under a joint and survivor option filed under  
24 AS 39.35.450 is eligible to receive increased benefits based upon mili-  
25 tary service as described in (a) of this section. To receive credited  
26 service for military service, the surviving spouse must verify the  
27 employee's military service. When verified, the surviving spouse is  
28 entitled to receive an increased benefit which shall be actuarially  
29 adjusted to reflect his or her indebtedness for that credit. The in-

1       debtedness shall be calculated in the same manner as described in (b) of  
2       this section except that it shall be based on the average monthly com-  
3       pensation used in calculating the benefit. Benefits payable under this  
4       subsection are effective the first day of the month following that in  
5       which eligibility has been established.

6       \* Sec. 46. AS 39.35.350(c) is repealed and reenacted to read:

7               (c) Outstanding indebtedness that exists at the time an employee  
8       is appointed to retirement necessitates an actuarial adjustment to the  
9       benefits payable based on service reinstated under this section.

10       \* Sec. 47. AS 39.35.360(b) is amended to read:

11               (b) An employee who is entitled to credited service for employment  
12       before January 1, 1961, under (a) of this section is not required to  
13       make retroactive contributions under this chapter.

14       \* Sec. 48. AS 39.35.385(c) is amended to read:

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

22       \* Sec. 49. AS 39.35.385(d) is repealed and reenacted to read:

23               (d) The monthly amount of a retirement benefit under this section  
24       is calculated in accordance with AS 39.35.370(c), except that a member  
25       may irrevocably elect to substitute one-twelfth of the "average base  
26       salary", as defined in AS 14.25.220(5), for average monthly compensa-  
27       tion.

28       \* Sec. 50. AS 39.35.420 is amended to read:

29               Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If the death

1 of an employee occurs from nonoccupational causes after completing less  
2 than one year of credited service, the designated [EMPLOYEE'S] benefi-  
3 ciary of the employee shall be paid the balance of [: (1)] the employee  
4 [EMPLOYEE'S] contribution account [; AND (2) THE EMPLOYEE'S SAVINGS  
5 ACCOUNT]. If the death of an employee occurs from nonoccupational  
6 causes after completing at least one year but less than five years of  
7 credited service, a [LUMP SUM] death benefit shall be paid to the bene-  
8 ficiary of the employee. The amount of the [LUMP SUM] death benefit  
9 shall be the amount set out in (c) of this section [\$100 TIMES YEARS OF  
10 CREDITED SERVICE PLUS \$1,000. THE LUMP SUM DEATH BENEFIT IS IN ADDITION  
11 TO THE BALANCE OF THE EMPLOYEE'S CONTRIBUTION ACCOUNT AND SAVINGS  
12 ACCOUNT].

13 (b) If the death of a vested member or deferred vested member  
14 occurs from nonoccupational causes and the member designated only the  
15 surviving spouse to receive nonoccupational death benefits, the surviv-  
16 ing spouse may elect to [AT HIS OR HER DISCRETION] receive either the  
17 benefit set out in (c) [BENEFITS DESCRIBED IN (a)] of this section or a  
18 50 percent joint and survivor option based upon credited service to the  
19 date of the employee's death or termination. Benefits accrue from the  
20 first day of the month following the employee's death and are payable  
21 the last day of the month.

22 (c) If the death of a vested or deferred vested member occurs  
23 from nonoccupational causes and the member designated a beneficiary  
24 other than a surviving spouse to receive nonoccupational death benefits,  
25 the designated beneficiary shall be paid: (1) the balance of the de-  
26 ceased member's employee contribution account; and (2) a lump sum death  
27 benefit equal to \$100 times the years of credited service of the de-  
28 ceased member plus \$1,000.

29 \* Sec. 51. AS 39.35.430 is amended by adding a new subsection to read:

1 (f) If the death of an employee occurs from occupational causes  
2 but the employee does not have a surviving spouse or dependent children,  
3 or if the employee designates someone other than the surviving spouse or  
4 dependent children as a beneficiary, the employee's designated benefi-  
5 ciary shall receive the benefits available to a beneficiary under  
6 AS 39.35.420(c) and an occupational death benefit will not be paid to  
7 the surviving spouse or to dependent children. If the designated bene-  
8 ficiary is the surviving spouse or dependent children, he or she shall  
9 receive the benefit described in (b) of this section.

10 \* Sec. 52. AS 39.35.440(b) is amended to read:

11 (b) Upon the death of a disabled employee who is receiving or is  
12 entitled to receive an occupational disability benefit, a surviving  
13 spouse's pension equal to 40 percent of the employee's [HIS AVERAGE]  
14 monthly compensation at the time of termination of employment because of  
15 occupational disability shall be paid to the [HIS] surviving spouse. If  
16 there is no surviving spouse, the survivor's pension shall be paid in  
17 equal shares [PARTS] to the dependent children of the employee. On the  
18 date the normal retirement of the employee would have occurred if the  
19 employee [HE] had lived, monthly payments shall equal the monthly amount  
20 of the normal retirement benefit to which the employee, had the employee  
21 [HE] lived and continued [HIS] employment until the employee's [HIS]  
22 normal retirement date, would have been entitled with an average monthly  
23 compensation as existed at [HIS] death and the credited service to which  
24 the employee [HE] would have been entitled. If the death of an employee  
25 occurs from occupational causes but the employee does not have a surviv-  
26 ing spouse or dependent children, or if the employee designates someone  
27 other than the surviving spouse or dependent children as beneficiary,  
28 the employee's designated beneficiary shall be paid those benefits avail-  
29 able to a beneficiary under AS 39.35.420(c) and no occupational death

1 benefit will be paid to the surviving spouse or dependent children. If  
2 the designated beneficiary is the surviving spouse or dependent child-  
3 ren, he or she shall receive the benefit described in AS 39.35.430(b).

4 \* Sec. 53. AS 39.35.460 is amended to read:

5       Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN  
6 EARLY] retirement pension begins before age 65 [THE EARLIEST AGE AS OF  
7 WHICH THE EMPLOYEE BECOMES ELIGIBLE FOR A PRIMARY SOCIAL SECURITY  
8 BENEFIT], the amount of pension payable before and after that age may be  
9 adjusted so that an increased amount will be paid before the time that  
10 full social security benefits become available and a reduced amount  
11 after that time, so that the employee may [WILL] receive a more level  
12 [RETIREMENT] income for life. The aggregate value of all adjusted  
13 payments may [, HOWEVER, SHALL] not exceed the actuarial equivalent of  
14 the value of the pension otherwise payable to the employee.

15 \* Sec. 54. AS 39.35.475 is repealed and reenacted to read:

16       Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once  
17 each year the administrator shall increase benefit payments to eligible  
18 disabled members and persons who are age 65 or older at the time of the  
19 increase and who received benefits under this system in the preceding  
20 calendar year.

21       (b) The increase in benefit payments applies to total benefit  
22 payments exclusive only of the cost-of-living allowance under AS 39.-  
23 35.480. The amount of the increase is a percentage of the current  
24 benefit equal to the lesser of 50 percent of the increase in the cost of  
25 living in the preceding calendar year or six percent.

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

1 calendar year and whose denominator is 12.

2 (d) If at the time of first receiving a retirement benefit a  
3 member was receiving a disability benefit under this system, the admin-  
4 istrator shall, at the time the member is appointed to retirement,  
5 increase the retirement benefit by a percentage equal to the total  
6 cumulative percentage increase which has been applied to the member's  
7 disability benefit under this section.

8 (e) When computing a joint and survivor benefit under AS 39.35.450  
9 or a survivor's benefit under AS 39.35.420 or 39.35.440, adjustments  
10 granted to the deceased member under this section shall be included.

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

16 \* Sec. 55. AS 39.35.485(a) is amended to read:

17 (a) An employee who is eligible for a benefit calculated in accor-  
18 dance with AS 39.35.370(c) is entitled to a benefit of at least \$25 a  
19 month for each year of credited service, not including adjustments made  
20 under AS 39.35.340 for military service, AS 39.35.350 for reinstatement  
21 of credited service, AS 39.35.360 for credit for earlier service, AS 39.-  
22 35.370(c) for early retirement, AS 39.35.420 for nonoccupational death  
23 benefits [AS 39.35.380, 39.35.410], AS 39.35.450 for the survivor's  
24 option, AS 39.35.460 for the level income option, AS 39.35.475 for the  
25 post-retirement pension adjustment, and AS 39.35.480 for the cost of  
26 living.

27 \* Sec. 56. AS 39.35.490(a) is amended to read:

28 (a) Each employee shall designate the beneficiary or beneficiaries  
29 to whom benefits payable as a consequence of his death under this chapter

1 [AS 39.35.200 - 39.35.240 AND AS 39.35.420 - 39.35.440] shall be dis-  
2 tributed.

3 \* Sec. 57. AS 39.35.522(a) is amended to read:

4 (a) Upon appeal by an affected member or beneficiary under (b) of  
5 this section, the board may waive an adjustment or any portion of an  
6 adjustment made under AS 39.35.520 if, in the opinion of the board,

7 (1) the adjustment or portion of the adjustment will [, IN  
8 THE OPINION OF THE BOARD,] cause undue hardship to the member or bene-  
9 ficiary;

10 [(2) THE MEMBER IS RETIRED OR HAS SUBMITTED NOTIFICATION OF  
11 IMPENDING RETIREMENT TO HIS EMPLOYER TO BE EFFECTIVE NO LATER THAN 180  
12 DAYS AFTER THE ADJUSTMENT WAS MADE, OR THE BENEFICIARY WAS ELIGIBLE TO  
13 RECEIVE OR WAS RECEIVING BENEFITS UNDER THIS CHAPTER BEFORE THE ADJUST-  
14 MENT;

15 (3) THE ADJUSTMENT WILL RESULT IN A LOSS OF ELIGIBILITY FOR  
16 BENEFITS FOR THE MEMBER OR BENEFICIARY OR RESULT IN A REDUCTION OF  
17 BENEFITS BEING RECEIVED BY THE MEMBER OR BENEFICIARY OF \$50 PER MONTH OR  
18 MORE;]

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

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

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

26 \* Sec. 58. AS 39.35.530 is amended to read:

27 Sec. 39.35.530. LIMIT ON PENSION. An [NO] employee may not simul-  
28 taneously receive a pension under more than one section of this chapter.  
29 However, benefits under AS 39.35.420(b), 39.35.430, 39.35.440, or 39.-

1 35.450 shall be paid in addition to the benefits or credited service a  
2 person is entitled to receive because of the person's own membership in  
3 the retirement system. An employee may not

4 (1) receive duplicate credit under this system for the same  
5 period of service;

6 (2) receive more than one year of credited service during a  
7 calendar year; or

8 (3) receive a benefit while accruing credited service under  
9 this system except as provided in this section.

10 \* Sec. 59. AS 39.35.535 is repealed and reenacted to read:

11 Sec. 39.35.535. MEDICAL BENEFITS. (a) The following are entitled  
12 to major medical insurance coverage:

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

14 (2) the spouse of a person receiving a monthly benefit from  
15 the system;

16 (3) a natural or adopted child of a person receiving a  
17 monthly benefit from the system, if the child is a dependent child under  
18 AS 39.35.680(11).

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

26 \* Sec. 60. AS 39.35 is amended by adding a new section to read:

27 Sec. 39.35.541. ADJUSTMENT OF BENEFIT. If, as a result of cred-  
28 ited service claimed for which there is a corresponding indebtedness  
29 existing at retirement, the member's retirement benefit is actuarially

1 reduced and the resultant benefit is less than it would have been if the  
2 credited service had not been claimed, the retirement benefit shall be  
3 calculated and paid as if the credited service had not been claimed.

4 \* Sec. 61. AS 39.35.560 is amended to read:

5 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND  
6 ADOPTION OF RESOLUTION. A public organization [CREATED WHOLLY OR PARTLY  
7 BY, OR DERIVING ITS POWERS FROM, THE LEGISLATURE OF THE STATE] may  
8 request to become an employer in this system. The request shall be made  
9 after adoption of a resolution by the governing body of the public  
10 organization. A certified copy of the resolution shall be filed with  
11 the administrator. If the administrator approves the request for par-  
12 ticipation, the public organization is an employer of the system.

13 \* Sec. 62. AS 39.35 is amended by adding a new section to read:

14 Sec. 39.35.612. AMENDMENT OF PARTICIPATION AGREEMENT. A political  
15 subdivision or public organization may request the administrator to  
16 allow its participation agreement to be amended. The request may be  
17 made only after adoption of a resolution by the legislative body of a  
18 political subdivision and approval of the resolution by a person re-  
19 quired by law to approve the resolution, or, in the case of a public  
20 organization, after adoption of a resolution by the governing body of  
21 the public organization. A certified copy of the resolution shall be  
22 filed with the administrator who shall grant or deny the proposed  
23 admendment.

24 \* Sec. 63. AS 39.35.615(c) is amended to read:

25 (c) Each employee who elects to obtain a refund shall receive a  
26 refund of the balance of [(1)] his employee contribution account [AND  
27 (2) HIS EMPLOYEE SAVINGS ACCOUNT]. The vesting in accrued benefits for  
28 each employee who elects to obtain a refund is voided upon his receipt  
29 of the refund, and the corresponding credited service may not be re-

1 instated under this chapter. A partial refund may not be allowed under  
2 this section.

3 \* Sec. 64. AS 39.35.620(e) is amended to read:

4 (e) Each employee who elects to obtain a refund shall receive a  
5 refund of the balance, determined as of the date of his employer's  
6 termination of participation, of [(1)] his employee contribution account  
7 [AND (2) HIS EMPLOYEE SAVINGS ACCOUNT]. The vesting in accrued benefits  
8 for each employee who elects to receive a refund is voided upon his  
9 receipt of his refund and corresponding credited service may not be  
10 reinstated under this chapter. No partial refund may be allowed under  
11 this section.

12 \* Sec. 65. AS 39.35.680(8) is amended to read:

13 (8) "compensation" means the total remuneration earned by an  
14 employee for personal services rendered, including cost-of-living dif-  
15 ferentials, payments for leave that is actually used by the employee,  
16 the amount by which the employee's wages are reduced under AS 39.30.-  
17 150(c), and any amount deferred under a deferred compensation plan, but  
18 does not include retirement benefits, welfare benefits, per diem, ex-  
19 pense allowances, workers' compensation payments or payments for [MEDI-  
20 CAL LEAVE OR ANNUAL] leave not used by the employee whether those leave  
21 payments are scheduled payments, lump-sum payments, donations or cash-  
22 ins;

23 \* Sec. 66. AS 39.35.680(13) is amended to read:

24 (13) "early retirement" means retirement for a member who is  
25 not eligible for normal retirement and who is at least 50 years old and  
26 is eligible to receive benefits under AS 39.35.370(b) or under AS 39.-  
27 35.385(b) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE];

28 \* Sec. 67. AS 39.35.680(15) is amended to read:

29 (15) "employee contribution account" means the total [ACCOUNT]

1 maintained by the system of [TO RECORD] the employee's mandatory contri-  
2 butions, voluntary contributions, indebtedness principal and interest  
3 contributions, interest credited to each of those accounts, [OF EACH  
4 EMPLOYEE, INCLUDING INTEREST] and adjustments to the account in accor-  
5 dance with AS 39.35.100;

6 \* Sec. 68. AS 39.35.680(21)(C) is amended by adding a new subparagraph to  
7 read:

8 (viii) members of the elected public officers' retire-  
9 ment system (former AS 39.37);

10 \* Sec. 69. AS 39.35.680(25) is amended to read:

11 (25) "normal retirement" means retirement for a member who is  
12 eligible to receive normal retirement benefits under AS 39.35.370(a) or  
13 under AS 39.35.385(a) or (f) [AT LEAST 55 YEARS OLD AND HAS A MINIMUM OF  
14 FIVE YEARS CREDITED SERVICE, OR WHO IS ANY AGE AND HAS 30 YEARS OR MORE  
15 OF CREDITED SERVICE, OR A PEACE OFFICER OR FIREMAN WHO IS ANY AGE AND  
16 HAS 20 YEARS OR MORE OF CREDITED SERVICE];

17 \* Sec. 70. AS 39.35.680(27) is amended to read:

18 (27) "peace officer" or "fireman" means an employee occupying  
19 a position as a peace officer, chief of police, correctional officer,  
20 correctional superintendent, [QUALIFIED EMPLOYEE OF THE DEPARTMENT OF  
21 FISH AND GAME,] fireman, or fire chief;

22 \* Sec. 71. AS 39.35.680 is amended by adding a new paragraph to read:

23 (39) "public organization" means an organization or entity  
24 (A) created by the constitution or laws of the state for  
25 the purpose of administering state programs;

26 (B) whose officers and employees are paid by a method  
27 other than by the state payroll prepared by the Department of  
28 Administration; and

29 (C) whose employees are not required by law to partici-

1           pate in the system.

2       \* Sec. 72. A person who has held a position as a "qualified employee of  
3 the Department of Fish and Game" on or before June 30, 1982, is considered to  
4 be a peace officer for the purposes of AS 39.35 if employed with the Depart-  
5 ment of Fish and Game after June 30, 1982.

6       \* Sec. 73. AS 14.25.143 and AS 39.35.475 as enacted in secs. 16 and 54 of  
7 this Act apply to persons receiving benefits under the retirement systems on  
8 and after July 1, 1982. Payment of an increased benefit under AS 14.25.143  
9 or AS 39.35.475 that is effective July 1, 1982, shall begin no later than  
10 January 1, 1983, and shall be based on the percentage increase in the con-  
11 sumer price index for the calendar year 1981.

12       \* Sec. 74. The following laws are repealed: AS 14.25.063(c); AS 39.35.-  
13 020(5)(D), 39.35.470, and 39.35.540.

14       \* Sec. 75. This Act takes effect July 1, 1982.

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