

Introduced: 5/11/81
Referred: State Affairs, Health,
Education and Social Services and
Finance

1 IN THE SENATE

BY FISCHER

2 SENATE BILL NO. 557

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers', public employees', ju-
7 dicial, and national guard benefits; and providing for
8 an effective date."

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

10 * Section 1. AS 14.25.020(a)(1) is repealed and reenacted to read:

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

13 * Sec. 2. AS 14.25.022 is amended to read:

14 Sec. 14.25.022. REGULATIONS. Regulations adopted by the Alaska
15 Teachers' Retirement Board [PROMULGATED BY THE ADMINISTRATOR] under
16 AS 14.25.010 - 14.25.220 relate to the internal management of a state
17 agency and their adoption is not subject to the Administrative Proce-
18 dure Act (AS 44.62).

19 * Sec. 3. AS 14.25.035 is amended by adding a new subsection to read:

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

22 * Sec. 4. AS 14.25.115(a) is amended to read:

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

1 accordance with the table for service after July 1, 1969 contained in
2 AS 14.25.220(40) [AS 14.25.220(16)]. No teacher contributions may be
3 required for credited unused sick leave.

4 * Sec. 5. AS 14.25.130(a) is amended to read:

5 (a) An active [A] member who is terminated as a proximate result
6 of a permanent disability [HAS BECOME PERMANENTLY DISABLED], as defined
7 in AS 14.25.220, after July 1, 1966, before age 55 and who has five or
8 more years of membership service may be retired by the administrator as
9 of the first day of the month following the permanent disability. Af-
10 ter a report of medical examination of the member, an application, and
11 other requested information has been submitted, the administrator shall
12 determine if the member is physically or mentally incapacitated for
13 further performance of duty, and if the incapacity is likely to be per-
14 manent and whether the member should receive disability benefits.

15 * Sec. 6. AS 14.25.143(b) is amended to read:

16 (b) The amount of the increase in benefit payments may not exceed
17 the lesser [GREATER] of

18 (1) the increase in the cost of living since the date of re-
19 tirement; or

20 (2) four percent of the retirement benefit compounded for
21 each year of retirement.

22 * Sec. 7. AS 14.25.168 is repealed and reenacted to read:

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

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

26 (2) the spouse of a person receiving a monthly benefit from
27 the system;

28 (3) a natural or adopted child of a person receiving a
29 monthly benefit, if the child is a dependent child as defined in AS 14.-

1 25.220(12).

2 (b) Major medical insurance coverage takes effect on the same
3 date as retirement benefits begin and stops when the retired person or
4 survivor is no longer eligible to receive a monthly benefit. The
5 coverage for persons over age 65 is the same as that available for
6 persons under age 65. The benefits payable to those persons 65 or
7 older supplement those afforded under the federal old age survivor and
8 disability insurance program, if any.

9 * Sec. 8. AS 14.25.220(9) is amended to read:

10 (9) "compensation" means the total remuneration paid under
11 contract to a member for services rendered during a school year, in-
12 cluding cost-of-living differentials, payments for leave which is
13 actually used by the member, the amount by which the member's wages
14 are reduced under AS 39.30.150(c), and the amount deferred under the
15 state deferred compensation plan or the tax shelter annuity plan
16 approved by the Department of Education, but does not include retire-
17 ment benefits, welfare benefits, per diem, expense allowances, workers'
18 compensation payments, or payments for leave not used by the member,
19 whether those leave payments are scheduled payments, lump sum payments,
20 donations, or cash-ins; for purposes of AS 14.25.050, compensation paid
21 includes any payment made after June 30 of a school year for services
22 rendered before the end of the school year;

23 * Sec. 9. AS 14.25.220(10) is amended to read:

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

29 * Sec. 10. AS 14.25.220 is amended by adding a new paragraph to read:

1 (41) "territorial employment" means non-teaching employment
2 with the Territory of Alaska as provided under AS 14.25.105; territor-
3 ial employment is not membership service.

4 * Sec. 11. AS 22.25.011 is amended to read:

5 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed
6 after July 1, 1978 shall contribute seven percent of his base annual
7 salary to the judicial retirement system. Contributions shall be made
8 for all creditable service under this chapter up to a maximum of 15
9 years. This contribution is made in the form of a deduction from
10 compensation, and is made notwithstanding that the compensation paid in
11 cash to the justice or judge is reduced thereby below the minimum
12 prescribed by law. Each justice and judge is considered to consent to
13 the deduction made from his compensation. Payment of compensation less
14 the deduction constitutes a full and complete discharge and acquittance
15 of all claims and demands for the services rendered by him during the
16 period covered by the payment, except as to the benefits provided for
17 under AS 22.25.010 - 22.25.090. The contributions shall be credited
18 to the judicial retirement fund established in accordance with AS 22.-
19 25.048 [INTO THE GENERAL FUND OF THE STATE].

20 * Sec. 12. AS 22.25 is amended by adding a new section to read:

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

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

28 (1) an individual account which contains the mandatory
29 contributions collected from a person under AS 22.25.011;

1 (2) an account which is credited with the contributions of
2 the state court system;

3 (3) a retirement reserve account; and

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

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

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

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

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

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

1 * Sec. 13. AS 22.25.090 is repealed and reenacted to read:

2 Sec. 22.25.090. MEDICAL BENEFITS. (a) The following are entitled
3 to major medical insurance coverage:

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

5 (2) the spouse of a person receiving a monthly benefit under
6 this chapter;

7 (3) a natural or adopted child of a person receiving a
8 monthly benefit under this chapter, if the child is a dependent child
9 under (c) of this section.

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

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

25 * Sec. 14. AS 26.05.227 is amended to read:

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

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

1 member;

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

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

6 * Sec. 15. AS 26.05 is amended by adding a new section to read:

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

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

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

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

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

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

26 * Sec. 16. AS 39.30.090 is amended to read:

27 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department
28 of Administration may obtain a policy or policies of group insurance
29 covering state employees, persons entitled to coverage under AS 14.-

1 25.168, AS 22.25.090 or AS 39.35.535, or [AND] employees of other
2 participating governmental units subject to the following conditions:

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

8 (2) Each eligible employee of the state, his spouse and his
9 unmarried children chiefly dependent on him for support and each eli-
10 gible employee of another participating governmental unit shall be cov-
11 ered by the group policy, unless exempt under regulations adopted by
12 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
18 the 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
27 bid specifications for desired insurance benefits to all insurance car-
28 riers licensed in the state and qualified to provide the desired bene-
29 fits. The specifications shall be made available on or before July 1,

1 1965, and at least once every succeeding five years. The lowest re-
2 sponsible bid submitted by an insurance carrier with adequate servicing
3 facilities 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 which was in effect under this
11 section at the time of his separation from employment with the state or
12 participating governmental unit [FOR HIMSELF AND ANY DEPENDENTS WHO
13 HAVE NOT REACHED THE AGE OF 65 YEARS].

14 (10) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-
15 25 OR AS 39.35 WHO IS 65 YEARS OF AGE OR OLDER BUT WHO HAS DEPENDENTS
16 WHO ARE UNDER 65 MAY OBTAIN MAJOR MEDICAL INSURANCE FOR THESE DEPEN-
17 DENTS UNDER THIS SECTION.]

18 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.-
19 25 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
26 (11) OF THIS SECTION UNLESS HE WAS OR IS PRESENTLY ELIGIBLE FOR COVER-
27 AGE 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. 17. AS 39.30 is amended by adding a new section to read:

13 Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of
14 administration shall establish the group health and life benefits fund
15 to provide group insurance benefits for group life and health insurance
16 policies obtained under AS 39.30.090. The commissioner shall maintain
17 accounts and records for the fund. The fund consists of employer
18 contributions, employee contributions, appropriations from the legisla-
19 ture, and interest earned on investment of the fund as provided in (d)
20 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
25 shall pay premiums and claims in accordance with the insurance policies
26 in effect under AS 39.30.090 with money in the group health and life
27 benefits fund.

28 (c) The commissioner of administration or his designee is ad-
29 ministrator of the fund.

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

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

9 * Sec. 18. AS 39.35.100(b)(1) is amended to read:

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

21 * Sec. 19. AS 39.35.100(b)(3) is amended to read:

22 (3) A separate account for each employer shall be maintained.
23 The account shall be credited with contributions of the employer. This
24 account shall be charged with the employer's actuarial charge for pen-
25 sion, death benefits, and other benefits paid under this system to or
26 on behalf of the employee of the employer. After an allowance for in-
27 terest credited to employee contribution accounts and employee savings
28 accounts, the investment income of the pension fund shall be allocated
29 to the retirement reserve account and to each employer asset share

1 account according to the ratio that the average of the assets in the
2 [AN EMPLOYER'S] account as of the beginning and as of the end of the
3 fiscal year bears to the total of the average balance of the retirement
4 reserve account and all employer accounts [EMPLOYERS].

5 * Sec. 20. AS 39.35.200(b) is amended to read:

6 (b) If, upon termination of employment, an employee has credited
7 service of less than five years and has less than \$1,000 in his employ-
8 ee contribution account, a refund of the employee contribution account
9 and the employee savings account must be made unless the employee indi-
10 cates in writing that he intends to retire in the future and does not
11 want a refund of contributions. An employee who is reemployed with an
12 employer and whose contributions have not been refunded before reem-
13 ployment [RE-EMPLOYMENT] is not eligible for a refund.

14 * Sec. 21. AS 39.35.340(g) is amended to read:

15 (g) A surviving spouse receiving or entitled to receive benefits
16 [A SURVIVING SPOUSE'S PENSION] under AS 39.35.430 or 39.35.440 or bene-
17 fits under a joint and survivor option filed under AS 39.35.450 is eli-
18 gible to receive increased benefits based upon military service as de-
19 scribed in (a) of this section. To receive credited service for mili-
20 tary service, the surviving spouse must verify the employee's military
21 service. When verified, the surviving spouse is entitled to receive an
22 increased benefit which shall be actuarially adjusted to reflect his or
23 her indebtedness for that credit. The indebtedness shall be calculated
24 in the same manner as described in (b) of this section except that it
25 shall be based on the average monthly compensation used in calculating
26 the benefit. Benefits payable under this subsection are effective the
27 first day of the month following that in which eligibility has been es-
28 tablished.

29 * Sec. 22. AS 39.35.360(b) is amended to read:

1 (b) An employee who is entitled to credited service for employ-
2 ment before January 1, 1961, under (a) of this section is not required
3 to make retroactive contributions under this chapter.

4 * Sec. 23. AS 39.35.385(c) is amended to read:

5 (c) Credited service for which contributions were refunded is not
6 creditable under this section unless the refunded contributions have
7 been repaid. For purposes of (a) and (b) of this section, a member or
8 former member does not have to be reemployed under this system in order
9 to pay refunded contributions. Compound interest at the rate pre-
10 scribed by regulation must be added to the reinstatement indebtedness
11 from the date of the refund to the date of repayment.

12 * Sec. 24. AS 39.35.420(b) is amended to read:

13 (b) If the death of a vested member or deferred vested member oc-
14 curs from nonoccupational causes, the surviving spouse may at his or
15 her discretion receive either the amounts set out in (c) [BENEFITS
16 DESCRIBED IN (a)] of this section or a 50 percent joint and survivor
17 option based upon credited service to the date of the employee's death
18 or termination. Benefits accrue from the first day of the month fol-
19 lowing the employee's death and are payable the last day of the month.

20 * Sec. 25. AS 39.35.420 is amended by adding a new subsection to read:

21 (c) If no spouse survives the death of a vested or deferred
22 vested member, the designated beneficiary shall be paid: (1) the
23 balance of the deceased member's contribution account; (2) the balance
24 of the deceased member's savings account; (3) the deceased member's
25 final monthly benefit payment; and (4) a lump-sum death benefit. The
26 amount of the lump-sum death benefit is \$100 times the years of credited
27 service of the deceased member plus \$1,000.

28 * Sec. 26. AS 39.35.430 is amended by adding a new subsection to read:

29 (f) If the death of an employee occurs from occupational causes

1 but no surviving spouse or dependent children exist at the time of the
2 death, the employee's designated beneficiary is entitled to receive
3 those benefits available to a beneficiary under AS 39.35.420(a) or (c).

4 * Sec. 27. AS 39.35.440(b) is amended to read:

5 (b) Upon the death of a disabled employee who is receiving or is
6 entitled to receive an occupational disability benefit, a surviving
7 spouse's pension equal to 40 percent of the employee's [HIS AVERAGE]
8 monthly compensation at the termination of employment because of occu-
9 pational disability shall be paid to his surviving spouse. If there is
10 no surviving spouse, the survivor's pension shall be paid in equal
11 parts to the dependent children of the employee. On the date the
12 normal retirement of the employee would have occurred if he had lived,
13 monthly payments shall equal the monthly amount of the normal retire-
14 ment benefit to which the employee, had he lived and continued his
15 employment until his normal retirement date, would have been entitled
16 with an average monthly compensation as existed at his death and the
17 credited service to which he would have been entitled. If the death of
18 an employee occurs from occupational causes but no surviving spouse or
19 dependent children exist at the time of the death, the employee's
20 designated beneficiary shall be paid those benefits available to a
21 beneficiary under AS 39.35.420(a) or (c).

22 * Sec. 28. AS 39.35.460 is amended to read:

23 Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN
24 EARLY] retirement pension begins before age 65 [THE EARLIEST AGE AS OF
25 WHICH THE EMPLOYEE BECOMES ELIGIBLE FOR A PRIMARY SOCIAL SECURITY BENE-
26 FIT], the amount of pension payable before and after that age may be
27 adjusted so that an increased amount will be paid before the time that
28 full social security benefits become available and a reduced amount af-
29 ter that time, so that the employee may [WILL] receive a more level

1 [RETIREMENT] income for life. The aggregate value of all adjusted
2 payments may [, HOWEVER, SHALL] not exceed the actuarial equivalent of
3 the value of the pension otherwise payable to the employee.

4 * Sec. 29. AS 39.35.475(b) is amended to read:

5 (b) The amount of the increase in benefit payments may not exceed
6 the lesser [GREATER] of

7 (1) the increase in the cost of living since the date of re-
8 tirement; or

9 (2) four percent of the retirement benefit compounded for
10 each year of retirement.

11 * Sec. 30. AS 39.35.485(a) is amended to read:

12 (a) An employee who is eligible for a benefit calculated in
13 accordance with AS 39.35.370(c) is entitled to a benefit of at least
14 \$25 a month for each year of credited service, not including adjust-
15 ments made under AS 39.35.340 for military service, AS 39.35.350 for
16 reinstatement of credited service, AS 39.35.360 for credit for earlier
17 service, AS 39.35.370(c) for early retirement, AS 39.35.420 for non-
18 occupational death benefits [AS 39.35.380, 39.35.410], AS 39.35.450
19 for the survivor's option, AS 39.35.460 for the level income option,
20 AS 39.35.475 for the post-retirement pension adjustment, and AS 39.35.-
21 480 for the cost of living.

22 * Sec. 31. AS 39.35.535 is repealed and reenacted to read:

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

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

26 (2) the spouse of a person receiving a monthly benefit from
27 the system;

28 (3) a natural or adopted child of a person receiving a
29 monthly benefit from the system, if the child is a dependent child

1 under AS 39.35.680(11).

2 (b) Major medical insurance coverage takes effect on the same
3 date as retirement benefits begin, and stops when the retired employee
4 or survivor is no longer eligible to receive a monthly benefit. The
5 coverage for persons 65 or older is the same coverage available for a
6 person under 65. The benefits payable to those persons 65 or older
7 supplement those afforded under the federal old age survivor and dis-
8 ability insurance program, if any.

9 * Sec. 32. AS 39.35.560 is amended to read:

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

18 * Sec. 33. AS 39.35.680(8) is amended to read:

19 (8) "compensation" means the total remuneration earned by an
20 employee for personal services rendered, including cost-of-living dif-
21 ferentials, payments for leave which is actually used by the employee,
22 the amount by which the employee's wages are reduced under AS 39.30.-
23 150(c), and any amount deferred under the state deferred compensation
24 plan, but does not include retirement benefits, welfare benefits, per
25 diem, expense allowances, workers' compensation payments or payments
26 for [MEDICAL LEAVE OR ANNUAL] leave not used by the employee whether
27 those leave payments are scheduled payments, lump-sum payments, dona-
28 tions or cash-ins;

29 * Sec. 34. AS 39.35.680(13) is amended to read:

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(13) "early retirement" means retirement for a member who is not eligible for normal retirement and who is at least 50 years old and is eligible to receive benefits under AS 39.35.370(b) or under AS 39.35.385(b) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE];

* Sec. 35. AS 39.35.680(25) is amended to read:

(25) "normal retirement" means retirement for a member who is at least 55 years old and is eligible to receive benefits under AS 39.35.370(a) or under AS 39.35.385(a) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE, OR WHO IS ANY AGE AND HAS 30 YEARS OR MORE OF CREDITED SERVICE, OR A PEACE OFFICER OR FIREMAN WHO IS ANY AGE AND HAS 20 YEARS OR MORE OF CREDITED SERVICE];

* Sec. 36. AS 39.35.680 is amended by adding a new paragraph to read:

- (39) "public organization" means an organization or entity
- (A) created by the constitution or laws of the state for the purpose of administering state programs;
 - (B) whose officers and employees are paid by a method other than by the state payroll prepared by the Department of Administration; and
 - (C) whose employees are not required by law to participate in the system.

* Sec. 37. This Act takes effect July 1, 1981.