

Original sponsor: Rules/Governor

Offered: 3/12/82
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 813 (State Affairs)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

6

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

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

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

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(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.

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* Sec. 2. AS 14.25.050(a) is amended to read:

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(a) Each [BEGINNING JULY 1, 1970, EACH] teacher shall contribute
20 to the retirement fund an amount equal to nine [SEVEN] percent of the
21 teacher's [HIS] base salary accrued from July 1 to the following June
22 30. The contribution shall be deducted by the employer at the end of
23 each payroll period.

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 AS 14.25.060(a) is repealed and reenacted to read:

25

(a) If a member has military service or Alaska Bureau of Indian
26 Affairs (BIA) service, or if a member joined the system before July 1,
27 1978, and has creditable outside service, the member is indebted to the
28 retirement fund as follows:

29

(1) For a member first hired before July 1, 1978, the arrear-

1 age indebtedness for creditable outside service is seven percent of the
2 base salary multiplied by the total number of years of creditable out-
3 side service. Compound interest at the rate prescribed by regulation
4 shall be added to the arrearage indebtedness beginning July 1, 1963, or
5 at the time of first becoming employed as a member, whichever is later,
6 to the date of payment or the date of retirement, whichever occurs
7 first.

8 (2) For a member first hired before July 1, 1982, the arrear-
9 age indebtedness for creditable military and Alaska BIA service is seven
10 percent of the base salary multiplied by the total number of years of
11 military and Alaska BIA service. For a member first hired on or after
12 July 1, 1982, the arrearage indebtedness for military and Alaska BIA
13 service is nine percent of the base salary multiplied by the total
14 number of years of creditable military and Alaska BIA service. Compound
15 interest at the rate prescribed by regulation shall be added to the
16 arrearage indebtedness beginning July 1, 1963, or at the time of first
17 becoming employed as a member, whichever is later, to the date of payment
18 or the date of retirement, whichever occurs first.

19 * Sec. 4. AS 14.25.110(d) is repealed and reenacted to read:

20 (d) The monthly retirement benefit for a member is calculated as
21 follows:

22 (1) For a member with credited service earned before July 1,
23 1982, the monthly retirement benefit is calculated by multiplying two
24 percent of the member's average base salary, divided by 12, by the years
25 of credited service.

26 (2) For a member with less than three years of membership
27 service rendered after June 30, 1982:

28 (A) if the member has a total of at least 10 but less
29 than 20 years of credited service, the member is entitled to the

1 benefit calculated under (1) of this subsection for the credited
2 service rendered before July 1, 1982, plus two and one-quarter
3 percent of the member's average base salary, divided by 12, times
4 the years of credited service earned after June 30, 1982;

5 (B) if the member has a total of at least 20 years of
6 credited service, the member is entitled to the benefit calculated
7 under (1) of this subsection for the credited service rendered
8 before July 1, 1982, plus two and one-half percent of the member's
9 average base salary, divided by 12, times the years of credited
10 service earned after June 30, 1982.

11 (3) For a member with three or more years of membership
12 service rendered after June 30, 1982:

13 (A) if the member has a total of at least 10 but less
14 than 20 years of credited service, the member is entitled to a
15 monthly retirement benefit equal to two and one-quarter percent of
16 the member's average base salary, divided by 12, times the member's
17 total years of credited service;

18 (B) if the member has a total of at least 20 years of
19 credited service, the member is entitled to a monthly retirement
20 benefit equal to two and one-half percent of the member's average
21 base salary, divided by 12, times the member's total years of
22 credited service.

23 (4) For a member who elects to receive an early retirement
24 benefit, an actuarial adjustment must be made.

25 (5) Any indebtedness that exists at the time of retirement
26 must be discharged in accordance with AS 14.25.063(b).

27 * Sec. 5. AS 14.25.125(d) is repealed and reenacted to read:

28 (d) The monthly amount of a conditional service retirement benefit
29 shall be calculated on the years of fully paid credited service only, in

1 accordance with AS 14.25.110(d), except that

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

5 (2) in determining the percentage multiplier for each year of
6 service under AS 14.25.110(d) the years of credited service under AS 39.-
7 35 shall also be considered.

8 * Sec. 6. AS 14.25.143 is repealed and reenacted to read:

9 Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once
10 each year the administrator shall increase benefit payments to eligible
11 persons age 65 or older receiving benefits under this system in the
12 preceding calendar year.

13 (b) The increase in benefit payments applies to total benefit
14 payments except for the cost-of-living allowance under AS 14.25.142.
15 The amount of the increase is a percentage of the current benefit equal
16 to the lesser of 75 percent of the increase in the cost of living in the
17 preceding calendar year or nine percent, for recipients who on July 1
18 are at least 65 years old.

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

24 (d) If at the time of first receiving a retirement benefit a
25 member was receiving a disability benefit under this system, the adminis-
26 trator shall, at the time the member is appointed to retirement, increase
27 the retirement benefit by a percentage equal to the total cumulative
28 percentage increase that has been applied to the member's disability
29 benefit under this section.

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

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

9 * Sec. 7. AS 14.25.143(a) is repealed and reenacted to read:

10 (a) Once each year the administrator shall increase benefit pay-
11 ments to eligible disabled members and persons age 60 or older receiving
12 benefits under this system in the preceding calendar year.

13 * Sec. 8. AS 14.25.143(b) is repealed and reenacted to read:

14 (b) The increase in benefit payments applies to total benefit
15 payments except for the cost-of-living allowance under AS 14.25.142.
16 The amount of the increase is a percentage of the current benefit equal
17 to

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

21 (2) the lesser of 50 percent of the increase in the cost of
22 living in the preceding calendar year or six percent, for recipients who
23 on July 1 are at least 60 but less than 65 years old and for members
24 receiving disability benefits who are less than 65 years old.

25 * Sec. 9. AS 14.25.143(a) is repealed and reenacted to read:

26 (a) Once each year the administrator shall increase benefit pay-
27 ments to eligible disabled members and persons age 55 or older receiving
28 benefits under this system in the preceding calendar year.

29 * Sec. 10. AS 14.25.143(b) is repealed and reenacted to read:

1 (b) The increase in benefit payments applies to total benefit
2 payments except for the cost-of-living allowance under AS 14.25.142.
3 The amount of the increase is a percentage of the current benefit equal
4 to

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

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

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

15 * Sec. 11. AS 39.35.160 is amended to read:

16 Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. (a) While
17 participating in the system each peace officer and each fireman shall
18 contribute seven [FIVE] percent and every other employee shall contri-
19 bute six [FOUR] and one-quarter percent of their [HIS] compensation to
20 the public employees' retirement system.

21 * Sec. 12. AS 39.35.200(b) is amended to read:

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

1 * Sec. 13. AS 39.35.340(b) is repealed and reenacted to read:

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

20 * Sec. 14. AS 39.35.370(c) is repealed and reenacted to read:

21 (c) The monthly retirement benefit of an employee, except for an
22 employee who served as a peace officer or fireman before July 1, 1982,
23 is calculated as follows:

24 (1) For an employee with credited service earned before
25 July 1, 1982, the monthly retirement benefit is calculated by multiply-
26 ing two percent of the average monthly compensation of the employee by
27 the number of years of credited service.

28 (2) For an employee with less than three years of credited
29 service rendered after June 30, 1982:

1 (A) if the employee has a total of at least 10 but less
2 than 20 years of credited service, the employee is entitled to the
3 benefit calculated under (1) of this subsection for the credited
4 service rendered before July 1, 1982, plus two and one-quarter
5 percent of the average monthly compensation times the years of
6 credited service earned after June 30, 1982;

7 (B) if the employee has a total of at least 20 years of
8 credited service, the employee is entitled to the benefit calculated
9 under (1) of this subsection for the credited service rendered
10 before July 1, 1982, plus two and one-half percent of the employee's
11 average monthly compensation times the years of credited service
12 earned after June 30, 1982.

13 (3) For an employee with three or more years of credited
14 service rendered after June 30, 1982:

15 (A) if the employee has a total of at least 10 but less
16 than 20 years of credited service, the employee is entitled to a
17 monthly retirement benefit equal to two and one-quarter percent of
18 the employee's average monthly compensation times the total years
19 of credited service earned by the employee;

20 (B) if the employee has a total of at least 20 years of
21 credited service, the employee is entitled to a monthly retirement
22 benefit equal to two and one-half percent of the employee's average
23 monthly compensation times the total years of credited service
24 earned by the employee.

25 (4) For an employee who elects to receive an early retirement
26 benefit, an actuarial adjustment must be made.

27 * Sec. 15. AS 39.35.370 is amended by adding a new subsection to read:

28 (g) The monthly retirement benefit for an employee who served as a
29 peace officer or fireman before July 1, 1982, is calculated as follows:

1 (1) by multiplying two percent of the average monthly compen-
2 sation of the employee by the years of credited peace officer or fireman
3 service up through 10 years plus two and one-half percent of the average
4 monthly compensation of the employee by the years of credited peace
5 officer or fireman service over 10 years; all other credited service
6 shall be multiplied by two percent; or

7 (2) under (c) of this section if the benefit calculated under
8 that subsection exceeds the benefit calculated under (1) of this subsec-
9 tion.

10 * Sec. 16. AS 39.35.385(d) is repealed and reenacted to read:

11 (d) The monthly amount of a conditional service retirement benefit
12 shall be calculated in accordance with AS 39.35.370(c), except that

13 (1) the member may irrevocably elect to substitute one-
14 twelfth of the "average base salary" as defined in AS 14.25.220(5) in
15 place of average monthly compensation; and

16 (2) in determining the percentage multiplier for each year of
17 service under AS 39.35.370(c) the years of credited service under AS 14.-
18 25 shall also be considered.

19 * Sec. 17. AS 39.35.475 is repealed and reenacted to read:

20 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once
21 each year the administrator shall increase benefit payments to eligible
22 persons age 65 or older receiving benefits under this system in the
23 preceding calendar year.

24 (b) The increase in benefit payments applies to total benefit
25 payments exclusive only of the cost-of-living allowance under AS 39.35.-
26 480. The amount of the increase is a percentage of the current benefit
27 equal to the lesser of 75 percent of the increase in the cost of living
28 in the preceding calendar year or nine percent, for recipients who on
29 July 1 are at least 65 years old.

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

6 (d) If at the time of first receiving a retirement benefit a
7 member was receiving a disability benefit under this system, the adminis-
8 trator shall, at the time the member is appointed to retirement, increase
9 the retirement benefit by a percentage equal to the total cumulative
10 percentage increase that has been applied to the member's disability
11 benefit under this section.

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

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

20 * Sec. 18. AS 39.35.475(a) is repealed and reenacted to read:

21 (a) Once each year the administrator shall increase benefit pay-
22 ments to eligible disabled members and persons age 60 or older receiving
23 benefits under this system in the preceding calendar year.

24 * Sec. 19. AS 39.35.475(b) is repealed and reenacted to read:

25 (b) The increase in benefit payments applies to total benefit
26 payments exclusive only of the cost-of-living allowance under AS 39.35.-
27 480. The amount of the increase is a percentage of the current benefit
28 equal to

29 (1) the lesser of 75 percent of the increase in the cost of

1 living in the preceding calendar year or nine percent, for recipients
2 who on July 1 are at least 65 years old; and

3 (2) the lesser of 50 percent of the increase in the cost of
4 living in the preceding calendar year or six percent, for recipients who
5 on July 1 are at least 60 but less than 65 years old and for members
6 receiving disability benefits who are less than 65 years old.

7 * Sec. 20. AS 39.35.475(a) is repealed and reenacted to read:

8 (a) Once each year the administrator shall increase benefit pay-
9 ments to eligible disabled members and persons age 55 or older receiving
10 benefits under this system in the preceding calendar year.

11 * Sec. 21. AS 39.35.475(b) is repealed and reenacted to read:

12 (b) The increase in benefit payments applies to total benefit
13 payments exclusive only of the cost-of-living allowance under AS 39.35.-
14 480. The amount of the increase is a percentage of the current benefit
15 equal to

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

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

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

26 * Sec. 22. Sections 6 - 10 and 17 - 21 of this Act apply to persons
27 receiving benefits under the retirement systems on and after July 1, 1982.
28 Payment of an increased benefit under AS 14.25.143 or AS 39.35.475 that is
29 effective July 1, 1982, shall begin no later than January 1, 1983, and shall

1 be based on the percentage increase in the consumer price index for the
2 calendar year 1981.

3 * Sec. 23. Sections 1 - 6, 11 - 17, and 22 of this Act take effect July 1,
4 1982.

5 * Sec. 24. Sections 7, 8, 18, and 19 of this Act take effect July 1,
6 1983.

7 * Sec. 25. Sections 9, 10, 20, and 21 of this Act take effect July 1,
8 1984.

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