

Introduced: 2/17/83
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY M.M.MILLER, DUNCAN AND LARSON

2

HOUSE BILL NO. 213

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state retirement systems; and
7 providing for an effective date."

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

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

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

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

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

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 AS 14.25.060(a) is repealed and reenacted to read:

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

28 (1) For a member first hired before July 1, 1978, the
29 arrearage indebtedness for creditable outside service is seven percent

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

7 (2) For a member first hired before July 1, 1984, the
8 arrearage indebtedness for creditable military and Alaska BIA ser-
9 vice is seven percent of the base salary multiplied by the total
10 number of years of military and Alaska BIA service. For a member
11 first hired on or after July 1, 1984, the arrearage indebtedness for
12 military and Alaska BIA service is nine percent of the base salary
13 multiplied by the total number of years of creditable military and
14 Alaska BIA service. Compound interest at the rate prescribed by
15 regulation shall be added to the arrearage indebtedness beginning
16 July 1, 1963, or at the time of first becoming employed as a member,
17 whichever is later, to the date of payment or the date of retirement,
18 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 with less than
21 10-years credited service is two percent of the member's average base
22 salary, divided by 12, multiplied by the years of credited service,
23 including fractional years. The monthly amount of the retirement
24 benefit for a member with at least 10 years but less than 20 years
25 credited service is two and one-quarter percent of the member's aver-
26 age base salary, divided by 12, multiplied by the years of credited
27 service. The monthly amount of the retirement benefit for a member
28 with at least 20 years of credited service is two and one-half percent
29 of the member's average base salary, divided by 12, multiplied by the

1 years of credited service. An actuarial adjustment shall be made for
2 early retirement. An indebtedness that exists at the time of retire-
3 ment must be discharged under AS 14.25.063(b).

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

5 (d) The monthly amount of a conditional service retirement
6 benefit shall be calculated on the years of fully paid credited ser-
7 vice only, in accordance with AS 14.25.110(d), except that

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

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

14 * Sec. 6. 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 eli-
17 gible persons age 65 or older receiving benefits under this system in
18 the preceding calendar year.

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

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
3 administrator shall, at the time the member is appointed to retire-
4 ment, increase the retirement benefit by a percentage equal to the
5 total cumulative percentage increase that has been applied to the
6 member's disability benefit under this section.

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

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
12 the consumer price index for urban wage earners and clerical workers
13 for Anchorage, Alaska during the previous calendar year as determined
14 by the United States Department of Labor, Bureau of Labor Statistics.

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

16 (a) Once each year the administrator shall increase benefit pay-
17 ments to eligible disabled members and persons age 60 or older receiv-
18 ing benefits under this system in the preceding calendar year.

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

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
23 equal to

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

27 (2) the lesser of 50 percent of the increase in the cost of
28 living in the preceding calendar year or six percent, for recipients
29 who on July 1 are at least 60 but less than 65 years old and for

1 members receiving disability benefits who are less than 65 years old.

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

3 (a) Once each year the administrator shall increase benefit pay-
4 ments to eligible disabled members and persons age 55 or older receiv-
5 ing benefits under this system in the preceding calendar year.

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

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

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

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

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

22 * Sec. 11. AS 22.25.010(d) is amended to read:

23 (d) A justice or judge may voluntarily retire at any time and
24 shall have a vested right to accrued retirement pay if the justice or
25 judge has served five or more years. Retirement pay shall not com-
26 mence until the justice or judge has reached age 55 [60]; except that
27 an actuarially equivalent retirement pay may be commenced after the
28 justice or judge has reached age 50 [55] or upon 20 years' service as
29 a justice or judge. The provisions of (b) of this section are an

1 exception to this rule. A justice or judge desiring to retire under
2 this subsection shall file with the governor a notice of that desire,
3 together with a sworn statement of the facts establishing eligibility
4 to retire. The governor shall certify those facts to the commissioner
5 of administration and declare, in writing, the eligibility or ineli-
6 gibility for retirement of the justice or judge. If a justice or
7 judge is eligible to receive retirement pay at the time of retirement,
8 the retirement pay shall commence on the first day of the month co-
9 inciding with or after the date the written declaration of the gover-
10 nor is filed with the commissioner of administration. If a justice or
11 judge is not eligible to receive retirement pay at the time of retire-
12 ment, the retirement pay shall commence on the first day of the month
13 the justice or judge reaches age 55 [60] or the month the justice or
14 judge becomes eligible for an actuarial equivalent if application was
15 made for this option.

16 * Sec. 12. AS 22.25.010 is amended by adding a new subsection to read:

17 (h) A justice or judge may elect to receive full retirement
18 benefits with no actuarial reduction upon attaining 20 years of cred-
19 itable service if, beginning the first day of the month following an
20 election made under this subsection, the justice or judge contributes
21 to the retirement system two percent of the base annual salary. This
22 contribution is in addition to any contribution required under AS 22.-
23 25.011 and must be made even if the justice or judge is not required
24 to contribute under AS 22.25.011. An election under this subsection
25 is irrevocable and must be made in writing to the commissioner of
26 administration not later than December 31, 1983, or within 18 months
27 after appointment for a justice or judge appointed after July 1, 1983.

28 * Sec. 13. AS 39.35.160(a) is amended to read:

29 (a) While participating in the system each peace officer and

1 each fireman shall contribute seven [FIVE] percent and every other
2 employee shall contribute six [FOUR] and one-quarter percent of their
3 [HIS] compensation to the public employees' retirement system.

4 * Sec. 14. AS 39.35.340(b) is repealed and reenacted to read:

5 (b) In order to obtain credited service under this section, an
6 employee shall make an election to do so and shall verify the period
7 of military service. When eligibility for credited service for mili-
8 tary service has been established, an indebtedness shall be determined
9 as follows: (1) the employee's actual compensation, or the cal-
10 culated annual compensation for those employees working less than 12
11 months, during the calendar year 1976 or the year in which an employee
12 first becomes vested under this chapter, whichever is later, multi-
13 plied by (2) the number of years of military service credited under
14 this section and this product multiplied by (3) six percent for
15 members who are first eligible to claim this military service before
16 July 1, 1984, or eight percent for members who are first eligible to
17 claim this military service on or after July 1, 1984. Interest as
18 prescribed by regulation accrues on this indebtedness beginning on
19 July 1, 1977, or one year following the date a person first becomes
20 vested, whichever is later. Any outstanding indebtedness that exists
21 at the time a person is appointed to retirement will necessitate an
22 actuarial adjustment to the benefits payable based upon that military
23 service.

24 * Sec. 15. AS 39.35.370(c) is repealed and reenacted to read:

25 (c) The monthly retirement benefit of an employee is calculated
26 as follows:

27 (1) For an employee with less than 10 years credited ser-
28 vice the monthly retirement benefit is two percent of the employee's
29 average monthly compensation multiplied by the number of years of

1 credited service earned by the employee.

2 (2) For an employee with a total of at least 10 but less
3 than 20 years of credited service the monthly retirement benefit is
4 two and one-quarter percent of the employee's average monthly compen-
5 sation multiplied by the total years of credited service earned by the
6 employee.

7 (3) For an employee with at least 20 years of credited
8 service the monthly retirement benefit is two and one-half percent of
9 the employee's average monthly compensation multiplied by the total
10 years of credited service earned by the employee.

11 (4) For an employee who elects to receive an early retire-
12 ment benefit an actuarial adjustment must be made.

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

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

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

20 (2) in determining the percentage multiplier for each year
21 of service under AS 39.35.370(c) the years of credited service under
22 AS 14.25 shall also be considered.

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

24 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once
25 each year the administrator shall increase benefit payments to eligi-
26 ble persons age 65 or older receiving benefits under this system in
27 the preceding calendar year.

28 (b) The increase in benefit payments applies to total benefit
29 payments exclusive only of the cost-of-living allowance under AS 39.-

1 35.480. The amount of the increase is a percentage of the current
2 benefit equal to the lesser of 75 percent of the increase in the cost
3 of living in the preceding calendar year or nine percent, for recipi-
4 ents who on July 1 are at least 65 years old.

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

10 (d) If at the time of first receiving a retirement benefit a
11 member was receiving a disability benefit under this system, the
12 administrator shall, at the time the member is appointed to retire-
13 ment, increase the retirement benefit by a percentage equal to the
14 total cumulative percentage increase that has been applied to the
15 member's disability benefit under this section.

16 (e) When computing a joint and survivor benefit under AS 39.35.-
17 450 or a survivor's benefit under AS 39.35.420 or AS 39.35.440, ad-
18 justments granted to the deceased member under this section shall be
19 included.

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

25 * Sec. 18. AS 39.35.475(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 60 or older receiv-
28 ing benefits under this system in the preceding calendar year.

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

1 (b) The increase in benefit payments applies to total benefit
2 payments exclusive only of the cost-of-living allowance under AS 39.-
3 35.480. The amount of the increase is a percentage of the current
4 benefit equal 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; and

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
10 who on July 1 are at least 60 but less than 65 years old and for
11 members receiving disability benefits who are less than 65 years old.

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

13 (a) Once each year the administrator shall increase benefit pay-
14 ments to eligible disabled members and persons age 55 or older receiv-
15 ing benefits under this system in the preceding calendar year.

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

17 (b) The increase in benefit payments applies to total benefit
18 payments exclusive only of the cost-of-living allowance under AS 39.-
19 35.480. The amount of the increase is a percentage of the current
20 benefit equal to

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

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

29 (3) the lesser of 25 percent of the increase in the cost of

1 living in the preceding calendar year or three percent, for recipients
2 who on July 1 are at least 55 but less than 60 years old.

3 * Sec. 22. Sections 6 - 10 and 18 - 21 of this Act apply to persons
4 receiving benefits under the retirement systems on or after July 1, 1984.
5 Payment of an increased benefit under AS 14.25.143 or AS 39.35.475 that is
6 effective July 1, 1984, shall begin no later than January 1, 1985, and
7 shall be based on the percentage increase in the consumer price index for
8 the calendar year 1983.

9 * Sec. 23. Sections 1 - 6, 11 - 17, and 22 of this Act take effect
10 July 1, 1984.

11 * Sec. 24. Sections 7, 8, 18, and 19 of this Act take effect July 1,
12 1985.

13 * Sec. 25. Sections 9, 10, 20, and 21 of this Act take effect July 1,
14 1986.