

Offered: 4/18/84
Referred: Judiciary

Original sponsor: V.Fischer

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 110 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION

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

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

9 * Section 1. AS 39.35.160(a) is repealed and reenacted to read:

10 (a) Beginning July 1, 1985, each employee shall contribute to
11 the system an amount equal to six and one-quarter percent of the
12 employee's compensation. The contribution shall be deducted by the
13 employer at the end of each payroll period. The contributions shall
14 be deducted from employee compensation before computation of applica-
15 ble federal taxes and the contributions shall be picked up by the
16 employer under 26 U.S.C. 414(h)(2).

17 * Sec. 2. AS 39.35.340(a) is amended to read:

18 (a) A vested employee is entitled to credited service for active
19 military service in the armed forces of the United States, either by
20 enlistment or induction, if the employee did not receive a dishonor-
21 able discharge and is not entitled to receive benefits from the United
22 States government for the same service. The credited service allowed
23 may not exceed an aggregate period of five years. Benefits are not
24 payable on credited service for military service unless the employee
25 makes retroactive contributions to the system for the period of time
26 that service credit is claimed. However, if the employee was in the
27 employ of an employer on the date of entry into the armed forces and
28 returned to the employ of an employer within 90 days after the date of
29 [HIS] discharge from military service, the employee [HE] is not

1 required to make retroactive contributions under this system for the
2 period of credited service.

3 * Sec. 3. AS 39.35.340(b) is repealed and reenacted to read:

4 (b) In order to obtain credited service under this section, an
5 employee shall make an election to do so and shall verify the period
6 of military service. When eligibility for credited service for mili-
7 tary service has been established, an indebtedness shall be determined
8 as follows: (1) the employee's actual compensation, or the cal-
9 culated annual compensation for those employees working less than 12
10 months, during the calendar year 1976 or the year in which an employee
11 first becomes vested under this chapter, whichever is later, multi-
12 plied by (2) the number of years of military service credited under
13 this section and this product multiplied by (3) six percent for
14 members who are first eligible to claim this military service before
15 July 1, 1985, or eight percent for members who are first eligible to
16 claim this military service on or after July 1, 1985. Interest as
17 prescribed by regulation accrues on this indebtedness beginning on
18 July 1, 1977, or one year following the date a person first becomes
19 vested, whichever is later. Any outstanding indebtedness that exists
20 at the time a person is appointed to retirement will necessitate an
21 actuarial adjustment to the benefits payable based upon that military
22 service.

23 * Sec. 4. AS 39.35.370(a) is amended to read:

24 (a) A terminated employee is eligible for a normal retirement
25 benefit [(1)] at age 60 [55] with at least five years credited ser-
26 vice, or [(2) WITH AT LEAST 20 YEARS OF CREDITED SERVICE AS A PEACE
27 OFFICER OR FIREMAN, OR (3)] with at least 30 years of credited service
28 [FOR ALL OTHER EMPLOYEES].

29 * Sec. 5. AS 39.35.370(b) is amended to read:

1 (b) A terminated employee is eligible for an early retirement
2 benefit at age 55 [50] with at least five years credited service.

3 * Sec. 6. AS 39.35.370(c) is amended to read:

4 (c) The monthly amount of a retirement benefit for an employee
5 [A PEACE OFFICER OR FIREMAN] is (1) two percent of the average monthly
6 compensation multiplied by [TIMES] the years of credited service [UP]
7 through 10 years; plus (2) [, PLUS] two and one-quarter [ONE-HALF]
8 percent of the average monthly compensation multiplied by [TIMES] the
9 years of service in excess of 10 years through 20 [OVER 10] years;
10 plus (3) two and one-half percent of the average monthly compensation
11 multiplied by the years of service in excess of 20 years. [FOR ALL
12 OTHER EMPLOYEES IT IS TWO PER CENT OF THE AVERAGE MONTHLY COMPENSATION
13 TIMES THE YEARS OF SERVICE.] An actuarial adjustment must be made for
14 an early retirement benefit.

15 * Sec. 7. AS 39.35 is amended by adding a new section to read:

16 Sec. 39.35.375. RESTRICTED 20-YEAR BENEFITS. (a) Notwithstand-
17 ing other provisions of this chapter, a peace officer or fireman is
18 eligible for a one-time benefit payable over a period of 36 months or
19 less if the member has at least 20 years of peace officer or fireman
20 service with employers participating in the system.

21 (b) The monthly amount of the benefit under this section shall
22 be determined in accordance with AS 39.35.370(c).

23 (c) A benefit payable under this section accrues from the first
24 day of the month after which the following requirements are met: (1)
25 the member meets the eligibility requirements of this section; (2) the
26 member terminates employment; and (3) the member applies for the
27 benefit. The benefit is payable the last day of the month. If a
28 payment is delayed, a retroactive payment shall be made for the month
29 for which the delayed benefit is payable. A benefit under this

1 section terminates in the month in which the member dies or is no
2 longer eligible for the benefit under this section, whichever occurs
3 first.

4 (d) The recipient of a benefit paid under this section is eligi-
5 ble to participate in major medical insurance coverage under AS 39.-
6 35.535(c)(1).

7 (e) Credited service may not be claimed under this chapter or
8 AS 14.25 for the time during which a benefit is received under this
9 section.

10 * Sec. 8. AS 39.35.385(a) is amended to read:

11 (a) An employee is eligible for a normal retirement benefit at
12 age 60 [55] with at least two years of credited service if the employ-
13 ee also is eligible for a normal retirement salary under the teachers'
14 retirement system (AS 14.25).

15 * Sec. 9. AS 39.35.385(b) is amended to read:

16 (b) An employee is eligible for an early retirement benefit at
17 age 55 [50] with at least two years of credited service if the em-
18 ployee also is eligible for an early retirement salary under the
19 teachers' retirement system (AS 14.25).

20 * Sec. 10. AS 39.35.385(f) is amended to read:

21 (f) An employee is eligible for a normal retirement benefit at
22 age 60 [55] or an early retirement benefit at age 55 [50] if the
23 employee [HE] has at least 60 days of credited service as a temporary
24 employee of the legislature during each of five legislative sessions.

25 * Sec. 11. AS 39.35.475 is repealed and reenacted to read:

26 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once
27 each year the administrator shall increase benefit payments to eligi-
28 ble disabled members and to persons age 60 or older receiving benefits
29 under this system in the preceding calendar year.

1 (b) The increase in benefit payments applies to total benefit
2 payments except for the cost-of-living allowance under AS 39.35.480.
3 The amount of the increase is a percentage of the current benefit
4 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 for members receiving
8 disability benefits; and

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

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

17 (d) If at the time of first receiving a retirement benefit a
18 member was receiving a disability benefit under this system, the
19 administrator shall, at the time the member is appointed to retire-
20 ment, increase the retirement benefit by a percentage equal to the
21 total cumulative percentage increase that has been applied to the
22 member's disability benefit under this section.

23 (e) When computing an occupational death benefit under AS 39.-
24 35.430 or 39.35.440 or a survivor's benefit under AS 39.35.450, ad-
25 justments granted to the deceased member or survivor under this sec-
26 tion shall be included.

27 (f) An increase in benefit payments under this section is effec-
28 tive July 1 of each year and is based on the percentage increase in
29 the consumer price index for urban wage earners and clerical workers

1 for Anchorage, Alaska during the previous calendar year as determined
2 by the United States Department of Labor, Bureau of Labor Statistics.

3 * Sec. 12. AS 39.35.480(a) is amended to read:

4 (a) While residing in the state, a person receiving a benefit
5 under this chapter who is 65 years of age or older or who is receiving
6 a disability benefit is entitled to receive a monthly cost-of-living
7 allowance in addition to the [HIS] basic benefit. The amount of this
8 allowance shall be \$50 or 10 percent of the basic benefit, whichever
9 is greater.

10 * Sec. 13. AS 39.35.535 is amended to read:

11 Sec. 39.35.535. MEDICAL BENEFITS. (a) If a benefit recipient
12 elects major medical insurance coverage under this section, the [THE]
13 following persons are entitled to [MAJOR MEDICAL INSURANCE] coverage:

- 14 (1) a person receiving a monthly benefit from the system;
15 (2) the spouse of a person receiving a monthly benefit from
16 the system;
17 (3) a natural or adopted child of a person receiving a
18 monthly benefit from the system, if the child is a dependent child
19 under AS 39.35.680(11).

20 (b) After an election of coverage under this section, major
21 [MAJOR] medical insurance coverage takes effect on the same date that
22 [AS RETIREMENT] benefits begin, and stops when the member [RETIRED
23 EMPLOYEE] or survivor is no longer eligible to receive a monthly
24 benefit. The coverage for persons age 65 or older is the same cover-
25 age available for a person under 65. The benefits payable to [THOSE]
26 persons age 65 or older supplement any benefits provided under the
27 federal old age, survivors and disability insurance program.

28 (c) A benefit recipient may elect major medical insurance cover-
29 age in accordance with regulations and under the following conditions:

1 (1) a person who is younger than 60 years of age must pay
2 an amount equal to the full monthly group premium for retiree major
3 medical insurance coverage;

4 (2) a person who is at least 60 years of age but is younger
5 than 65 years of age must pay an amount equal to one-half of the full
6 monthly group premium for retiree major medical insurance coverage;

7 (3) a disabled member or a person 65 years of age or older
8 is not required to make premium payments.

9 * Sec. 14. AS 39.35.680(8) is amended to read:

10 (8) "compensation" means the total remuneration earned by
11 an employee for personal services rendered, including employee contri-
12 butions under AS 39.35.160, cost-of-living differentials, payments for
13 leave that is actually used by the employee, the amount by which the
14 employee's wages are reduced under AS 39.30.150(c), and any amount
15 deferred under an employer-sponsored deferred compensation plan, but
16 does not include retirement benefits, welfare benefits, per diem,
17 expense allowances, workers' compensation payments or payments for
18 leave not used by the employee whether those leave payments are
19 scheduled payments, lump-sum payments, donations, or cash-ins;

20 * Sec. 15. AS 39.35.680(13) is amended to read:

21 (13) "early retirement" means retirement for a member who is
22 not eligible for normal retirement and who is at least 55 [50] years
23 old and is eligible to receive benefits under AS 39.35.370(b) or under
24 AS 39.35.385(b) or (f);

25 * Sec. 16. Sections 2, 4 - 5, 8 - 10, 12 - 13, and 15 of this Act apply
26 only to members first hired under the Public Employees' Retirement System
27 after June 30, 1985. Changes in the Public Employees' Retirement System
28 enacted in this Act that require the reduction in benefits to members of
29 the retirement system apply only to members who are first hired under the

1 retirement system after June 30, 1985. Other sections of this Act apply to
2 all members of the public employees' retirement system, regardless of the
3 date of hire.

4 * Sec. 17. This Act takes effect July 1, 1985.