

Introduced: 2/25/85
Referred: State Affairs,
Judiciary and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 237

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to pension reform; and providing for
7 an effective date."

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

9 * Section 1. AS 14.25.110(a) is amended to read:

10 (a) Subject to AS 14.25.167, a [A] member is eligible for a
11 normal retirement benefit if the member

12 (1) was first hired before July 1, 1975, has attained the
13 age of 55 years, and has at least 15 years of credited service, the
14 last five of which have been membership service;

15 (2) has attained the age of 55 years and has at least eight
16 years of membership service;

17 (3) has attained the age of 55 years, has at least five
18 years of membership service, and has at least three years of Alaska
19 BIA service;

20 (4) has at least 25 years of credited service, the last
21 five of which have been membership service;

22 (5) has at least 20 years of membership service; or

23 (6) has at least 20 years of combined membership service
24 and Alaska BIA service, the last five of which have been membership
25 service.

26 * Sec. 2. AS 14.25.110(b) is amended to read:

27 (b) Subject to AS 14.25.167, a [A] member is eligible for an
28 early retirement benefit upon completing any one of the service re-
29 quirements in (a)(1), (2), or (3) of this section and attaining the

1 age of 50 years.

2 * Sec. 3. AS 14.25.125(a) is amended to read:

3 (a) Subject to AS 14.25.167, a [A] member is eligible for a
4 normal retirement salary at age 55 with at least two years membership
5 service if the member also is eligible for a normal retirement benefit
6 under the public employees' retirement system (AS 39.35).

7 * Sec. 4. AS 14.25.125(b) is amended to read:

8 (b) Subject to AS 14.25.167, a [A] member is eligible for an
9 early retirement salary at age 50 with at least two years of member-
10 ship service if the member also is eligible for an early retirement
11 benefit under the public employees' retirement system (AS 39.35).

12 * Sec. 5. AS 14.25.150 is amended to read:

13 Sec. 14.25.150. REFUND UPON TERMINATION. (a) Except as pro-
14 vided in (b) of this section, a [A] terminated member is entitled to a
15 refund of the balance of the member contribution account. A member is
16 not entitled to a refund of supplemental contributions except as pro-
17 vided in AS 14.25.160(a).

18 (b) If, upon termination of employment, a member has a suffi-
19 cient number of years of membership, or membership and other credited
20 service, to have a vested interest under AS 14.25.110 or 14.25.125,
21 the member is entitled to receive a refund of the balance of the
22 member contribution account only if the member's spouse consents to
23 the refund, in writing, on a form provided by the administrator. The
24 consent of the member's spouse is not required if the administrator
25 determines, based on the affidavit of the member and other documenta-
26 tion provided to the administrator, that (1) the spouse was not mar-
27 ried to the member during any period of the member's employment
28 covered by this chapter, or (2) consent cannot be obtained because
29 there is no spouse, because the spouse cannot be located, or because

1 of other circumstances described by the administrator by regulation.

2 (c) As used in this section, "spouse" means the person to whom
3 the member is married at the time of application for the refund,
4 except to the extent that a qualified domestic relations order, filed
5 with the administrator, orders otherwise.

6 * Sec. 6. AS 14.25.155(c) is amended to read:

7 (c) If the death of a vested member or deferred vested member
8 occurs and the proximate cause of death is not a bodily injury sus-
9 tained or hazard undergone while in the performance and within the
10 scope of the member's duties of employment, the surviving spouse may
11 elect to receive either the benefits described in (b) of this section
12 or a 50 percent joint and survivor option as provided under AS 14.25.-
13 167(a)(2) based on credited service to the date of the member's ter-
14 mination. If no spouse survives a vested or deferred vested member,
15 or if a person other than the spouse is designated as beneficiary in
16 accordance with AS 14.25.166, the designated beneficiary must [SHALL]
17 be paid the benefits described in AS 14.25.160(b) and (c). Benefits
18 accrue from the first day of the month following the member's death
19 and are payable the last day of the month.

20 * Sec. 7. AS 14.25.157(a) is amended to read:

21 (a) If (1) the death of a member occurs before the member first
22 attains eligibility for normal retirement, and (2) the proximate cause
23 of death is a bodily injury sustained or hazard undergone while in the
24 performance and within the scope of the member's duties of employment,
25 and (3) the injury or hazard is not the proximate result of wilful
26 negligence on the part of the member, a monthly survivor's pension
27 equal to 40 percent of the member's base salary at the time of termin-
28 ation of employment, divided by 12, must [SHALL] be paid to the mem-
29 ber's surviving spouse. If there is no surviving spouse, the monthly

1 survivor's pension must [SHALL] be paid in equal parts to the depen-
2 dent children of the member. On the date the normal retirement of the
3 member would have occurred if the member had lived, monthly payments
4 must [SHALL] equal the monthly amount of the normal retirement benefit
5 to which the member, had the member lived and continued employment
6 until the member's normal retirement date, would have been entitled
7 with an average base salary as existed at the member's death and the
8 credited service to which the member would have been entitled. If no
9 surviving spouse or dependent children exist at the time of death, or
10 if the member designates as beneficiary someone other than the surviv-
11 ing spouse in accordance with AS 14.25.166 or dependent children, the
12 member's designated beneficiary must [SHALL] be paid those benefits
13 available to a beneficiary under AS 14.25.160(b) and (c) and no bene-
14 fit will be paid to the surviving spouse or dependent children.

15 * Sec. 8. AS 14.25.166(a) is amended to read:

16 (a) Each member shall designate the beneficiary or beneficiaries
17 to whom benefits payable under this chapter as a consequence of the
18 member's death must [SHALL] be distributed. Notwithstanding any
19 previous designation of beneficiary, if, during a period of employment
20 covered by this chapter, the member is married, becomes married, or
21 remarries, the designated beneficiary automatically becomes, except to
22 the extent that a qualified domestic relations order provides for
23 payment to other dependents of the member, the member's spouse, unless
24 the designation of the spouse is revoked. Revocation of the designa-
25 tion of the member's spouse as the beneficiary is not effective unless

26 (1) the revocation is made on a form provided by the admin-
27 istrator and is filed with the administrator; and

28 (2) the member's spouse files with the administrator, on a
29 form provided by the administrator, a written consent to the

1 revocation.

2 * Sec. 9. AS 14.25.166(b) is amended to read:

3 (b) Except as provided in (a) of this section, the [THE] desig-
4 nation may be changed or revoked by the member without notice to the
5 beneficiary or beneficiaries at any time. If a member designates more
6 than one beneficiary, each shares [SHALL SHARE] equally unless the
7 member specifies a different allocation or preference. The designa-
8 tion of a beneficiary and a change or revocation of a beneficiary must
9 [SHALL] be made on a form provided by the administrator and is not
10 effective until filed with the administrator.

11 * Sec. 10. AS 14.25.166 is amended by adding new subsections to read:

12 (d) As used in (a) of this section, "spouse" means the person to
13 whom the member was married during a period of the member's employment
14 covered by this chapter, and is married at the time of the member's
15 death, except to the extent that a qualified domestic relations order,
16 filed with the administrator, orders otherwise.

17 (e) A person claiming entitlement to benefits payable under this
18 chapter as a consequence of a member's death shall provide the admin-
19 istrator with a marriage certificate, divorce or dissolution judgment,
20 or other evidence of entitlement. Documents establishing entitlement
21 may be filed with the administrator immediately after a change in the
22 member's marital status. If the administrator does not receive noti-
23 fication of a claim before 10 days after the member's death, the
24 person claiming entitlement is not entitled to receive from the divi-
25 sion of retirement and benefits any benefit already paid by the admin-
26 istrator.

27 * Sec. 11. AS 14.25.167(a) is amended to read:

28 (a) Benefits payable under this section are in place of benefits
29 payable under AS 14.25.110, 14.25.125, 14.25.155, 14.25.157,

1 14.25.160, 14.25.162, or 14.25.164. Upon filing an application for
2 retirement with the administrator, or when a disabled member becomes
3 eligible for normal retirement under AS 14.25.130(e), the [A] member
4 shall [MAY] designate the member's spouse [OR A DEPENDENT APPROVED BY
5 THE ADMINISTRATOR] as the contingent beneficiary. If a revocation and
6 consent are filed with the administrator under (c)(1) of this section,
7 or the administrator determines that the consent of the spouse is not
8 required or cannot be obtained for reasons set out in (c)(2) of this
9 section, a member may designate a dependent approved by the adminis-
10 trator as the contingent beneficiary, or may take normal or early
11 retirement under AS 14.25.110 or 14.25.125. The benefit must [SHALL]
12 be determined in accordance with one of the following options elected:

13 (1) the member is entitled to receive a reduced benefit
14 payable for life, and payments in the amount of 75 percent of the
15 reduced benefit must [SHALL], after the member's death, be continued
16 to the contingent beneficiary for life;

17 (2) the member is entitled to receive a reduced benefit
18 payable for life, and payments in the amount of 50 percent of the
19 reduced benefit must [SHALL], after the member's death, be continued
20 to the contingent beneficiary for life; or

21 (3) the member is entitled to receive a reduced benefit
22 payable during the joint lifetime of the member and the contingent
23 beneficiary, and payments in the amount of 66-2/3 percent of the re-
24 duced benefit must [SHALL], after the death of either the member or
25 the contingent beneficiary, be continued to the survivor for life.

26 * Sec. 12. AS 14.25.167(c) is amended to read:

27 (c) A member may elect or[,] change[, OR REVOKE] an option
28 without the approval of the administrator if the member's election or
29 [,] change[, OR REVOCATION] is filed in writing with the administrator

1 before the effective date of the member's retirement. A revocation of
2 a joint and survivor option is not effective unless it is filed with
3 the administrator before the effective date of the member's retirement
4 and

5 (1) the member's spouse files with the administrator a
6 written consent to the revocation on a form approved by the adminis-
7 trator; or

8 (2) the administrator determines, based on the affidavit of
9 the member and other documentation provided to the administrator, that
10 the consent of the member's spouse under (1) of this subsection either
11 (A) is not required because the spouse was not married to the member
12 during any period of the member's employment covered by this chapter,
13 or (B) cannot be obtained because there is no spouse, because the
14 spouse cannot be located, or because of other circumstances described
15 by the administrator by regulation.

16 * Sec. 13. AS 14.25.167 is amended by adding new subsections to read:

17 (f) As used in this section, "spouse" means the person to whom
18 the member is married at the time of appointment to retirement, except
19 to the extent that a qualified domestic relations order, filed with
20 the administrator, orders otherwise.

21 (g) The member and any person claiming to be a contingent bene-
22 ficiary shall file with the administrator a marriage certificate,
23 divorce or dissolution judgment, or other evidence necessary to deter-
24 mine the applicability of this section and the identity of any contin-
25 gent beneficiary.

26 (h) If the administrator determines, based on the affidavit of
27 the member and other documentation provided to the administrator, that
28 a member is eligible to elect a form of payment other than a joint and
29 survivor option under this section, and no contrary evidence is

1 presented to the administrator within 60 days after the effective date
2 of the member's retirement, no claim under this section, made by a
3 spouse or former spouse of the member, may be paid if payment would
4 result in an increase in actuarial liability to the system.

5 (i) If a member fails to elect an option under (a) of this
6 section and no effective revocation is filed with the administrator,
7 the member is considered to have elected the option provided in (a)(2)
8 of this section.

9 * Sec. 14. AS 14.25.200(a) is amended to read:

10 (a) Except as provided in (c) of this section, benefits [BENE-
11 FITS] and other amounts held in the retirement fund on behalf of the
12 members are exempt from Alaska state and municipal taxes and are not
13 subject to anticipation, alienation, sale, transfer, assignment,
14 pledge, encumbrance, or charge of any kind, either voluntary or invol-
15 untary, before they are received by the person entitled to the amount
16 under the terms of the system, and any attempt to anticipate, alien-
17 ate, sell, transfer, assign, pledge, encumber, charge, or otherwise
18 dispose of any right to amounts accrued in the retirement fund is
19 void.

20 * Sec. 15. AS 14.25.200 is amended by adding a new subsection to read:

21 (c) The prohibition against assignment of benefits, in (a) of
22 this section, does not apply to assignment of a member's right to
23 receive benefits under a qualified domestic relations order.

24 * Sec. 16. AS 14.25.220 is amended by adding new paragraphs to read:

25 (42) "qualified domestic relations order" means a divorce
26 or dissolution judgment under AS 25.24, including an order approving a
27 property settlement, that

28 (A) creates or recognizes the existence of an alter-
29 nate payee's right to, or assigns to an alternate payee the right

1 to, receive all or a portion of the benefits payable with respect
2 to a member;

3 (B) sets out the name and last known mailing address,
4 if any, of the member and of each alternate payee covered by the
5 order;

6 (C) sets out the amount or percentage of the member's
7 benefit, or of any survivor's benefit, to be paid to the alter-
8 nate payee, or sets out the manner in which that amount or per-
9 centage is to be determined;

10 (D) sets out the number of payments or period to which
11 the order applies;

12 (E) does not require any type or form of benefit or
13 any option not otherwise provided by this chapter;

14 (F) does not require an increase of benefits in excess
15 of the amount provided by this chapter, determined on the basis
16 of actuarial value; and

17 (G) does not require the payment, to an alternate
18 payee, of benefits that are required to be paid to another alter-
19 nate payee under another order previously determined to be a
20 qualified domestic relations order;

21 (43) "surviving spouse" means the spouse of a member at the
22 time of the member's death, except to the extent that a qualified
23 domestic relations order, filed with the administrator, orders other-
24 wise.

25 * Sec. 17. AS 22.25.030(b) is repealed and reenacted to read:

26 (b) For purposes of this section, "surviving spouse" means the
27 person to whom the justice or judge was married for at least one year
28 immediately preceding the death of the justice or judge, except to the
29 extent that a qualified domestic relations order, filed with the

1 administrator by a previous spouse of the justice or judge, who was
2 married to the justice or judge for at least one year and who has not
3 remarried, provides otherwise. The benefits continue until the remar-
4 riage or death of the surviving spouse.

5 * Sec. 18. AS 22.25 is amended by adding a new section to read:

6 Sec. 22.25.900. DEFINITION. "Qualified domestic relations order"
7 means a divorce or dissolution judgment under AS 25.24, including an
8 order approving a property settlement, that

9 (1) creates or recognizes the existence of an alternate
10 payee's right to, or assigns to an alternate payee the right to,
11 receive all or a portion of the benefits payable with respect to a
12 justice or judge;

13 (2) sets out the name and last known mailing address, if
14 any, of the justice or judge and of each alternate payee covered by
15 the order;

16 (3) sets out the amount or percentage of the justice's or
17 judge's benefit, or of any survivor's benefit, to be paid to the
18 alternate payee, or sets out the manner in which that amount or per-
19 centage is to be determined;

20 (4) sets out the number of payments or period to which the
21 order applies;

22 (5) does not require any type or form of benefit or any
23 option not otherwise provided by this chapter;

24 (6) does not require an increase of benefits in excess of
25 the amount provided by this chapter, determined on the basis of actu-
26 arial value;

27 (7) does not require the payment, to an alternate payee, of
28 benefits that are required to be paid to another alternate payee under
29 another order previously determined to be a qualified domestic

1 relations order.

2 * Sec. 19. AS 25.24.160 is amended by adding a new subsection to read:

3 (b) If a judgment under this section distributes benefits to an
4 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 -- 26.05.226,
5 or AS 39.35, the judgment must be a "qualified domestic relations
6 order" as defined in those chapters.

7 * Sec. 20. AS 25.24.230 is amended by adding a new subsection to read:

8 (g) If a judgment under this section distributes benefits to an
9 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 -- 26.05.226,
10 or AS 39.35, the judgment must be a "qualified domestic relations
11 order" as defined in those chapters.

12 * Sec. 21. AS 26.05.224(d) is amended to read:

13 (d) Upon the death of an active member who has at least five
14 years service in the Alaska National Guard or Alaska Naval Militia or
15 a combination of these components, the member's designated beneficiary
16 is entitled to a lump sum benefit calculated in accordance with (b) of
17 this section. Upon the death of a former member who has at least 20
18 years service, the former member's designated beneficiary is entitled
19 to a lump sum benefit calculated in accordance with (b) of this sec-
20 tion less any retirement benefits previously paid. Except as provided
21 in (e) of this section, a [A] member may change or revoke the desig-
22 nation of a beneficiary without notice to the beneficiary at any time.
23 If a member designates more than one beneficiary, each shares [SHALL
24 SHARE] equally unless the member specifies a different allocation.
25 The designation of a beneficiary and a change or revocation of a
26 beneficiary must [SHALL] be made on a form provided by the Department
27 of Military and Veterans' Affairs and is not effective until filed
28 with the Department of Military and Veterans' Affairs. If a member
29 fails to designate a beneficiary or if no designated beneficiary

1 survives the member, the death benefit under this subsection must
2 [SHALL] be paid to the member's surviving spouse or, if there is none
3 surviving, to the member's estate.

4 * Sec. 22. AS 26.05.224 is amended by adding new subsections to read:

5 (e) Notwithstanding any previous designation of beneficiary, if,
6 during a period of service covered by this chapter, the member is
7 married, becomes married, or remarries, the designated beneficiary
8 automatically becomes, except to the extent that a qualified domestic
9 relations order provides for payment to other dependents of the mem-
10 ber, the member's spouse, unless the designation of the spouse is
11 revoked. Revocation of the designation of the member's spouse as the
12 beneficiary is not effective unless the member's spouse files with the
13 Department of Military and Veterans' Affairs, on a form provided by
14 the department, a written consent to the revocation.

15 (f) A person claiming entitlement to any benefits payable under
16 this section shall provide the department with a marriage certificate,
17 divorce or dissolution decree, or other evidence of entitlement.
18 Documents showing entitlement may be filed with the department immedi-
19 ately after a change in the member's marital status. If the depart-
20 ment does not receive notification of a claim before 10 days after the
21 member's death, the person claiming entitlement to the benefits is not
22 entitled to receive from the Department of Administration or Depart-
23 ment of Military and Veterans' Affairs any benefit already paid under
24 this section.

25 (g) As used in (e) of this section, "spouse" means the person to
26 whom the member was married during a period of service covered by this
27 chapter, and is married at the time of the member's death, except to
28 the extent that a qualified domestic relations order filed with the
29 department, orders otherwise.

1 * Sec. 23. AS 26.05.227 is amended by adding a new paragraph to read:

2 (4) "qualified domestic relations order" means a divorce or
3 dissolution judgment under AS 25.24, including an order approving a
4 property settlement, that

5 (A) creates or recognizes the existence of an alter-
6 nate payee's right to, or assigns to an alternate payee the right
7 to, receive all or a portion of the benefits payable with respect
8 to a member;

9 (B) sets out the name and last known mailing address,
10 if any, of the member and of each alternate payee covered by the
11 order;

12 (C) sets out the amount or percentage of the member's
13 benefit, or of any survivor's benefit, to be paid to the alter-
14 nate payee, or sets out the manner in which that amount or per-
15 centage is to be determined;

16 (D) sets out the number of payments or period to which
17 the order applies;

18 (E) does not require any type or form of benefit or
19 any option not otherwise provided by AS 26.05.222 -- 26.05.228;

20 (F) does not require an increase of benefits in excess
21 of the amount provided by AS 26.05.222 -- 26.05.228, determined
22 on the basis of actuarial value; and

23 (G) does not require the payment, to an alternate
24 payee, of benefits that are required to be paid to another alter-
25 nate payee under another order previously determined to be a
26 qualified domestic relations order.

27 * Sec. 24. AS 39.35.200(a) is amended to read:

28 (a) Except as provided in (c) of this section, an [AN] inactive
29 employee, not on leave-without-pay status or layoff status, is

1 entitled to receive a refund of the balance of the employee contribu-
2 tion account.

3 * Sec. 25. AS 39.35.200 is amended by adding new subsections to read:

4 (c) If, upon termination of employment, an employee has credited
5 service of more than five years, the employee is entitled to receive a
6 refund of the balance of the employee's contribution account only if
7 the employee's spouse consents to the refund, in writing, on a form
8 provided by the administrator. The consent of the employee's spouse
9 is not required if the administrator determines, based on the affida-
10 vit of the employee and other documentation provided to the adminis-
11 trator, that (1) the spouse was not married to the employee during any
12 period of the employee's employment covered by this chapter, or (2)
13 the consent cannot be obtained because there is no spouse, because the
14 spouse cannot be located, or because of other circumstances described
15 by the administrator by regulation.

16 (d) As used in this section, "spouse" means the person to whom
17 the employee is married at the time of application for the refund,
18 except to the extent that a qualified domestic relations order, filed
19 with the administrator, orders otherwise.

20 * Sec. 26. AS 39.35.370(a) is amended to read:

21 (a) Subject to AS 39.35.450, a [A] terminated employee is elig-
22 ible for a normal retirement benefit (1) at age 55 years with at least
23 five years credited service, or (2) with at least 20 years of credited
24 service as a peace officer or fireman, or (3) with at least 30 years
25 of credited service for all other employees.

26 * Sec. 27. AS 39.35.370(b) is amended to read:

27 (b) Subject to AS 39.35.450, a [A] terminated employee is elig-
28 ible for an early retirement benefit at age 50 with at least five
29 years credited service.

1 * Sec. 28. AS 39.35.385(a) is amended to read:

2 (a) Subject to AS 39.35.450, an [AN] employee is eligible for a
3 normal retirement benefit at age 55 with at least two years of cred-
4 ited service if the employee also is eligible for a normal retirement
5 salary under the teachers' retirement system (AS 14.25).

6 * Sec. 29. AS 39.35.385(b) is amended to read:

7 (b) Subject to AS 39.35.450, an [AN] employee is eligible for an
8 early retirement benefit at age 50 with at least two years of credited
9 service if the employee also is eligible for an early retirement sal-
10 ary under the teachers' retirement system (AS 14.25).

11 * Sec. 30. AS 39.35.420(c) is amended to read:

12 (c) If a vested or deferred vested member designates as benefi-
13 ciary, in accordance with AS 39.35.490, someone other than the surviv-
14 ing spouse to receive nonoccupational death benefits, the designated
15 beneficiary must [SHALL] be paid: (1) the balance of the deceased
16 member's employee contribution account; and (2) a lump-sum death
17 benefit. The amount of the lump-sum death benefit is \$100 times the
18 years of credited service of the deceased member plus \$1,000.

19 * Sec. 31. AS 39.35.430(f) is amended to read:

20 (f) If the death of an employee occurs from occupational causes
21 but no surviving spouse or dependent children exist at the time of the
22 death or if the employee designates as beneficiary someone other than
23 the surviving spouse, in accordance with AS 39.35.490, or dependent
24 children, the employee's designated beneficiary is entitled to receive
25 those benefits available to a beneficiary under AS 39.35.420(c) and no
26 occupational death benefit will be paid to the surviving spouse or
27 dependent children. [IF THE DESIGNATED BENEFICIARY IS THE SURVIVING
28 SPOUSE OR DEPENDENT CHILDREN, THE BENEFICIARY SHALL RECEIVE THE BENE-
29 FIT DESCRIBED IN (b) OF THIS SECTION.]

1 * Sec. 32. AS 39.35.440(b) is amended to read:

2 (b) Upon the death of a disabled employee who is receiving or is
3 entitled to receive an occupational disability benefit, a surviving
4 spouse's pension, equal to 40 percent of the employee's monthly com-
5 pensation at the termination of employment because of occupational
6 disability, must [SHALL] be paid to the surviving spouse. If there is
7 no surviving spouse, the survivor's pension must [SHALL] be paid in
8 equal parts to the dependent children of the employee. On the date
9 the normal retirement of the employee would have occurred if the
10 employee had lived, monthly payments must [SHALL] equal the monthly
11 amount of the normal retirement benefit to which the employee, had the
12 employee lived and continued employment until the employee's normal
13 retirement date, would have been entitled with an average monthly
14 compensation as existed at death and the credited service to which the
15 employee would have been entitled. If the death of an employee occurs
16 from occupational causes but no surviving spouse or dependent children
17 exist at the time of the death, or if the employee designates as
18 beneficiary someone other than the surviving spouse, in accordance
19 with AS 39.35.490, or dependent children, the employee's designated
20 beneficiary must [SHALL] be paid those benefits available to a benefi-
21 ciary under AS 39.35.420(c) and no occupational death benefit will be
22 paid to the surviving spouse or dependent children.

23 * Sec. 33. AS 39.35.450(a) is amended to read:

24 (a) Benefits payable under this section are in place of benefits
25 payable under AS 39.35.370 and 39.35.385. Upon filing an application
26 with the administrator, or when a disabled employee first attains
27 eligibility for normal retirement under AS 39.35.400(f) or 39.35.410-
28 (h), the [AN] employee shall [MAY] designate the employee's [A] spouse
29 [OR A DEPENDENT APPROVED BY THE ADMINISTRATOR,] as the contingent

1 beneficiary. If a revocation and consent are filed with the adminis-
2 trator under (c)(1) of this section, or the administrator determines
3 that the consent of the spouse is not required or cannot be obtained
4 for the reasons set out in (c)(2) of this section, the employee may
5 designate a dependent approved by the administrator as the contingent
6 beneficiary, or may take normal or early retirement under AS 39.35.370
7 or 39.35.385. The benefit must [SHALL] be determined in accordance
8 with one of the following options elected:

9 (1) the employee is entitled to receive a reduced benefit
10 payable for life, and payments in the amount of 75 percent of the
11 reduced benefit must [SHALL], after the employee's death, be continued
12 to the contingent beneficiary for life;

13 (2) the employee is entitled to receive a reduced benefit
14 payable for life, and payments in the amount of 50 percent of the
15 reduced benefit must [SHALL], after the employee's death, be continued
16 to the contingent beneficiary for life;

17 (3) the employee is entitled to receive a reduced benefit
18 payable during the joint lifetime of the employee and the contingent
19 beneficiary, and payments in the amount of 66 2/3 percent of the re-
20 duced benefit must [SHALL], after the death of either the employee or
21 the contingent beneficiary, be continued to the survivor for life.

22 * Sec. 34. AS 39.35.450(c) is amended to read:

23 (c) An employee may elect or [,] change[, OR REVOKE] an option
24 without the approval of the administrator if the election or [,]
25 change[, OR REVOCATION] is filed in writing with the administrator
26 before the effective date of the employee's retirement. A revocation
27 of a joint and survivor option is not effective unless it is filed
28 with the administrator before the effective date of the employee's
29 retirement and

1 (1) the employee's spouse files with the administrator a
2 written consent to the revocation on a form approved by the adminis-
3 trator; or

4 (2) the administrator determines, based on the affidavit of
5 the employer and other documentation provided to the administrator,
6 that the consent of the employee's spouse under (1) of this subsection
7 (A) is not required because the spouse was not married to the employee
8 during any period of the employee's employment covered by this chap-
9 ter, or (B) cannot be obtained because there is no spouse, because the
10 spouse cannot be located, or because of other circumstances described
11 by the administrator by regulation.

12 * Sec. 35. AS 39.35.450 is amended by adding new subsections to read:

13 (f) As used in this section, "spouse" means the person to whom
14 the employee is married at the time of appointment to retirement, ex-
15 cept to the extent that a qualified domestic relations order, filed
16 with the administrator, orders otherwise.

17 (g) The employee and any person claiming to be a contingent
18 beneficiary shall file with the administrator a marriage certificate,
19 divorce or dissolution judgment, or other evidence necessary to deter-
20 mine the applicability of this section and the identity of any contin-
21 gent beneficiary.

22 (h) If the administrator determines, based on the affidavit of
23 the employee and other documentation provided to the administrator,
24 that an employee is eligible to elect a form of payment other than a
25 joint and survivor option under this section, and no contrary evidence
26 is presented to the administrator within 60 days after the effective
27 date of the employee's retirement, no claim under this section, made
28 by a spouse or former spouse of the member, may be paid if payment
29 would result in an increase in actuarial liability to the system.

1 (i) If an employee fails to elect an option under this section,
2 and if no effective revocation is filed with the administrator, the
3 employee is considered to have elected the option provided in (a)(2)
4 of this section.

5 * Sec. 36. AS 39.35.490 is amended to read:

6 Sec. 39.35.490. DESIGNATION OF BENEFICIARY. (a) Each employee
7 shall designate the beneficiary or beneficiaries to whom benefits,
8 payable under this chapter as a consequence of the employee's death,
9 must [SHALL] be distributed. Notwithstanding any previous designation
10 of beneficiary, if, during a period of employment covered by this
11 chapter, the employee is married, becomes married, or remarries, the
12 designated beneficiary automatically becomes, except to the extent
13 that a qualified domestic relations order provides for payment to
14 other dependents of the employee, the employee's spouse, unless the
15 designation of the spouse is revoked. Revocation of the designation
16 of the employee's spouse as the beneficiary is not effective unless

17 (1) the revocation is made on a form provided by the admin-
18 istrator and is filed with the administrator; and

19 (2) the employee's spouse files with the administrator on a
20 form provided by the administrator a written consent to the revoca-
21 tion.

22 (b) Except as provided in (a) of this section, the [THE] desig-
23 nation may be changed or revoked by the employee without notice to the
24 beneficiary or beneficiaries at any time. If an employee designates
25 more than one beneficiary, each shares [SHALL SHARE] equally unless
26 the employee specifies a different allocation or preference. The
27 designation of a beneficiary and a change or revocation of a benefi-
28 ciary must [SHALL] be made on a form provided by the administrator and
29 is not effective until filed with the administrator.

1 (c) If an employee fails to designate a beneficiary, or if no
2 designated beneficiary survives the employee, the death benefit must
3 [SHALL] be paid (1) to the surviving spouse or, if there is none
4 surviving, (2) to the surviving children in equal parts or, if there
5 is none surviving, (3) to the surviving parents in equal parts or, if
6 there is none surviving, (4) to the employee's estate.

7 (d) As used in (a) of this section, "spouse" means the person to
8 whom the employee was married during a period of the employee's em-
9 ployment covered by this chapter, and is married at the time of the
10 employee's death, except to the extent that a qualified domestic
11 relations order, filed with the administrator, orders otherwise.

12 (e) A person claiming entitlement to benefits payable under this
13 chapter as a consequence of an employee's death shall provide the
14 administrator with a marriage certificate, divorce or dissolution
15 decree, or other evidence of entitlement. Documents establishing
16 entitlement may be filed with the administrator immediately after a
17 change in the employee's marital status. If the administrator does
18 not receive notification of a claim before 10 days after the employ-
19 ee's death, the person claiming entitlement to the benefits is not
20 entitled to receive from the division of retirement and benefits any
21 benefit already paid by the administrator.

22 * Sec. 37. AS 39.35.500 is amended to read:

23 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.

24 (a) Employee contributions and other amounts held in the pension fund
25 are exempt from Alaska state and local taxes. Except as provided in
26 (b) of this section, amounts [AMOUNTS] held on behalf of, or payable
27 to, any employee or other person who is or may become eligible for
28 benefits under the system are not subject to anticipation, alienation,
29 sale, transfer, assignment, pledge, encumbrance, or charge of any

1 kind, either voluntary or involuntary, before being received by the
2 person entitled to the amount under the terms of the system. Except
3 as provided in (b) of this section, an [AN] attempt to anticipate,
4 alienate, sell, transfer, assign, pledge, encumber, charge, or other-
5 wise dispose of a right to amounts held under the system is void.

6 (b) The prohibition against assignment of benefits in (a) of
7 this section does not apply to assignment of an employee's right to
8 receive benefits under a qualified domestic relations order.

9 * Sec. 38. AS 39.35.680(37) is amended to read:

10 (37) "surviving spouse" means the spouse of an employee who
11 has been married to the employee for at least one year at the time of
12 the employee's death, except to the extent that a qualified domestic
13 relations order, filed with the administrator, orders otherwise: the
14 one-year marriage requirement does not apply when the employee's death
15 was an occupational or accidental death.

16 * Sec. 39. AS 39.35.680 is amended by adding a new paragraph to read:

17 (40) "qualified domestic relations order" means a divorce
18 or dissolution judgment under AS 25.24, including an order approving a
19 property settlement, that

20 (A) creates or recognizes the existence of an alter-
21 nate payee's right to, or assigns to an alternate payee the right
22 to, receive all or a portion of the benefits payable with respect
23 to an employee;

24 (B) sets out the name and last known mailing address,
25 if any, of the employee and of each alternate payee covered by
26 the order;

27 (C) sets out the amount or percentage of the employ-
28 ee's benefit, or of any survivor's benefit, to be paid to the
29 alternate payee, or sets out the manner in which that amount or

1 percentage is to be determined;

2 (D) sets out the number of payments or period to which
3 the order applies;

4 (E) does not require any type or form of benefit or
5 any option not otherwise provided by this chapter;

6 (F) does not require an increase of benefits in excess
7 of the amount provided by this chapter, determined on the basis
8 of actuarial value; and

9 (G) does not require the payment, to an alternate
10 payee, of benefits that are required to be paid to another alter-
11 nate payee under another order previously determined to be a
12 qualified domestic relations order.

13 * Sec. 40. Within 90 days after this Act becomes law, the Department of
14 Administration shall provide notification of the provisions of this Act in
15 the regularly published newsletters of the division of retirement and
16 benefits and by publication in newspapers of general distribution in each
17 judicial district of the state, and shall make available the forms neces-
18 sary to implement this Act.

19 * Sec. 41. Section 40 of this Act takes effect immediately in accor-
20 dance with AS 01.10.070(c).

21 * Sec. 42. Sections 1 -- 39 take effect on January 1, 1986.