

Offered: 5/6/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE

2

CS FOR HOUSE BILL NO. 237 (Rules)

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 * Sec. 6. AS 14.25.150 is amended by adding a new subsection to read:

19 (b) A member who is terminated and is a vested member, deferred
20 vested member, or who is entitled to benefits under AS 14.25.125, and
21 who is married at the time of application for a refund or whose rights
22 to a refund are subject to a qualified domestic relations order is
23 entitled to receive a refund of the balance of the member contribution
24 account only if the member's spouse and each person entitled under the
25 order consents to the refund in writing on a form provided by the
26 administrator. The administrator may waive written consent from the
27 person entitled under the order if the administrator determines that
28 the person cannot be located or for other reasons established by
29 regulation. The administrator may waive written consent from the

1 spouse if the administrator determines that

2 (1) the member was not married to the spouse during any
3 period of the member's employment with an employer;

4 (2) the spouse has no rights to benefits under this chapter
5 because of the terms of a qualified domestic relations order;

6 (3) the spouse cannot be located; or

7 (4) for other reasons established by regulation.

8 * Sec. 7. AS 14.25 is amended by adding a new section to read:

9 Sec. 14.25.153. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.

10 In this chapter the rights of a person under a qualified domestic
11 relations order take precedence over the rights of a spouse, surviving
12 spouse, or dependent child to the extent required by the order. A
13 person granted rights under a qualified domestic relations order shall
14 be treated as a spouse or surviving spouse under this chapter to the
15 extent required by the order. Rights under the order do not take
16 effect until the order is filed with the administrator.

17 * Sec. 8. AS 14.25.155(c) is amended to read:

18 (c) If the death of a vested member or deferred vested member
19 occurs and the proximate cause of death is not a bodily injury sus-
20 tained or hazard undergone while in the performance and within the
21 scope of the member's duties of employment, the surviving spouse may
22 elect to receive either the benefits described in (b) of this section
23 or a 50 percent joint and survivor option as provided under AS 14.25.-
24 167(a)(2) based on credited service to the date of the member's ter-
25 mination. If no spouse survives a vested or deferred vested member,
26 or if a person other than the spouse is designated as beneficiary in
27 accordance with AS 14.25.166, the administrator shall pay [,] the
28 designated beneficiary [SHALL BE PAID] the benefits described in
29 AS 14.25.160(b) and (c). Benefits accrue from the first day of the

1 month following the member's death and are payable the last day of the
2 month.

3 * Sec. 9. AS 14.25.157(a) is amended to read:

4 (a) If (1) the death of a member occurs before the member first
5 attains eligibility for normal retirement, and (2) the proximate cause
6 of death is a bodily injury sustained or hazard undergone while in the
7 performance and within the scope of the member's duties of employment,
8 and (3) the injury or hazard is not the proximate result of wilful
9 negligence on the part of the member, the administrator shall pay a
10 monthly survivor's pension equal to 40 percent of the member's base
11 salary at the time of termination of employment, divided by 12, [SHALL
12 BE PAID] to the member's surviving spouse. If there is no surviving
13 spouse, the administrator shall pay the monthly survivor's pension
14 [SHALL BE PAID] in equal parts to the dependent children of the mem-
15 ber. On the date the normal retirement of the member would have
16 occurred if the member had lived, monthly payments must [SHALL] equal
17 the monthly amount of the normal retirement benefit to which the mem-
18 ber, had the member lived and continued employment until the member's
19 normal retirement date, would have been entitled with an average base
20 salary as existed at the member's death and the credited service to
21 which the member would have been entitled. If the member does not
22 have a [NO SURVIVING] spouse or dependent children [EXIST] at the time
23 of death or if the member designates as beneficiary under AS 14.25.166
24 someone other than the surviving spouse or dependent children, the
25 administrator shall pay the member's designated beneficiary [SHALL BE
26 PAID] those benefits available to a beneficiary under AS 14.25.160(b)
27 and (c) and may not pay a [NO] benefit [WILL BE PAID] to the surviving
28 spouse or dependent children.

29 * Sec. 10. AS 14.25.166(a) is amended to read:

1 (a) Each member shall designate the beneficiary or beneficiaries
2 to whom the administrator shall distribute benefits payable under this
3 chapter as a consequence of the member's death. Notwithstanding a
4 previous designation of beneficiary, a person who is the spouse of a
5 member at the time of the member's death automatically becomes the
6 designated beneficiary if the spouse was married to the member during
7 part of the member's employment for an employer

8 (1) except to the extent a qualified domestic relations
9 order filed with the administrator provides for payment to a former
10 spouse or other dependent of the member; or

11 (2) unless the member files a revocation of beneficiary
12 accompanied by a written consent to the revocation from the spouse and
13 each person entitled under the order [SHALL BE DISTRIBUTED].

14 * Sec. 11. AS 14.25.166(b) is amended to read:

15 (b) Except as provided in (a) of this section, the member may
16 change or revoke the [THE] designation [MAY BE CHANGED OR REVOKED BY
17 THE MEMBER] without notice to the beneficiary or beneficiaries at any
18 time. If a member designates more than one beneficiary, each shares
19 [SHALL SHARE] equally unless the member specifies a different allo-
20 cation or preference. The designation of a beneficiary, [AND] a
21 change or revocation of a beneficiary, and a consent to revocation of
22 a beneficiary shall be made on a form provided by the administrator
23 and is not effective until filed with the administrator.

24 * Sec. 12. AS 14.25.166 is amended by adding a new subsection to read:

25 (d) A person claiming entitlement to benefits payable under this
26 chapter as a consequence of a member's death shall provide the admin-
27 istrator with a marriage certificate, divorce or dissolution judgment,
28 or other evidence of entitlement. Documents establishing entitlement
29 may be filed with the administrator immediately after a change in the

1 member's marital status. If the administrator does not receive noti-
2 fication of a claim before the date 10 days after the member's death,
3 the person claiming entitlement is not entitled to receive from the
4 division of retirement and benefits any benefit already paid by the
5 administrator.

6 * Sec. 13. AS 14.25.167(a) is repealed and reenacted to read:

7 (a) Benefits payable under this section are in place of benefits
8 payable under AS 14.25.110, 14.25.125, 14.25.155, 14.25.157, 14.25.-
9 160, 14.25.162, or 14.25.164. Upon filing an application for retire-
10 ment with the administrator, or when a disabled member becomes eligi-
11 ble for normal retirement under AS 14.25.130(e), the member shall
12 designate the person who is the member's spouse at the time of ap-
13 pointment to retirement as the contingent beneficiary. However, if
14 the designation of the spouse is revoked under (c) of this section,
15 the member may designate a dependent approved by the administrator as
16 the contingent beneficiary or may take normal or early retirement
17 under AS 14.25.110 or 14.25.125. The administrator shall pay benefits
18 under the option elected by the member. The member may elect an
19 option that provides that

20 (1) the member is entitled to receive a reduced benefit
21 payable for life, and, after the member's death, the contingent ben-
22 eficiary is entitled to receive payments in the amount of 75 percent
23 of the reduced benefit for life;

24 (2) the member is entitled to receive a reduced benefit
25 payable for life, and, after the member's death, the contingent ben-
26 eficiary is entitled to receive payments in the amount of 50 percent
27 of the reduced benefit for life; or

28 (3) the member is entitled to receive a reduced benefit
29 payable during the joint lifetime of the member and the contingent

1 beneficiary, and, after the death of either the member or the contin-
2 gent beneficiary, the survivor is entitled to receive payments in the
3 amount of 66-2/3 percent of the reduced benefit for life.

4 * Sec. 14. AS 14.25.167(c) is amended to read:

5 (c) A member may elect or [,] change [, OR REVOKE] an option
6 without the approval of the administrator if the member's election or
7 [,] change [, OR REVOCATION] is filed in writing with the administra-
8 tor before the effective date of the member's retirement. A member
9 may revoke a joint and survivor option if the member files with the
10 administrator before the effective date of the member's retirement a
11 revocation and a consent to the revocation signed by the member's
12 spouse and each person entitled to benefits under a qualified domestic
13 relations order on forms provided by the administrator. The adminis-
14 trator may waive the requirement for written consent from

15 (1) a person entitled under the order if the person cannot
16 be located or for other reasons established by regulation; or

17 (2) the spouse if the member is not married, the member was
18 not married to the spouse during any period of the member's employment
19 with an employer, the spouse has no rights to the option because of
20 the terms of a qualified domestic relations order, the spouse cannot
21 be located, or for other reasons established by regulation.

22 * Sec. 15. AS 14.25.167 is amended by adding new subsections to read:

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

28 (g) If the administrator determines, based on the affidavit of
29 the member and other evidence, that a member is eligible to elect a

1 form of payment other than a joint and survivor option under this
2 section, and no contrary evidence is presented to the administrator
3 within 60 days after the effective date of the member's retirement, no
4 claim under this section, made by a spouse or former spouse of the
5 member, may be paid if payment would result in an increase in actuari-
6 al liability to the system.

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

11 * Sec. 16. AS 14.25.200(a) is amended to read:

12 (a) Benefits and other amounts held in the retirement fund on
13 behalf of the members are exempt from Alaska state and municipal taxes
14 and are not subject to anticipation, alienation, sale, transfer,
15 assignment, pledge, encumbrance, or charge of any kind, either volun-
16 tary or involuntary, before they are received by the person entitled
17 to the amount under the terms of the system, and any attempt to antic-
18 ipate, alienate, sell, transfer, assign, pledge, encumber, charge, or
19 otherwise dispose of any right to amounts accrued in the retirement
20 fund is void. However, a member's right to receive benefits may be
21 assigned under a qualified domestic relations order.

22 * Sec. 17. AS 14.25.220 is amended by adding a new paragraph to read:

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

26 (A) creates or recognizes the existence of an alter-
27 nate payee's right to, or assigns to an alternate payee the right
28 to, receive all or a portion of the benefits payable with respect
29 to a member;

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

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

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

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

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

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

19 * Sec. 18. AS 22.25.030(b) is amended to read:

20 (b) To be eligible for the survivors' benefits, the surviving
21 spouse must have been married to the justice or judge for at least one
22 year [TWO YEARS] immediately preceding the death of the justice or
23 judge. The benefits continue until the remarriage or death of the
24 surviving spouse.

25 * Sec. 19. AS 22.25.030 is amended by adding a new subsection to read:

26 (f) The rights of a surviving spouse or dependent child under
27 this section are subject to the rights of a previous spouse or a
28 dependent under a qualified domestic relations order.

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

1 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
2 ORDER. A person who was married to a justice or judge for at least
3 one year, who has not remarried, and who has been granted rights to
4 benefits under this chapter by the terms of a qualified domestic
5 relations order, shall be treated as a spouse or surviving spouse
6 under this chapter to the extent required by the order. Rights under
7 the order do not take effect until the order is filed with the admin-
8 istrator. The benefits continue until the remarriage or death of the
9 person.

10 * Sec. 21. AS 22.25 is amended by adding a new section to read:

11 Sec. 22.25.900. DEFINITION. In this chapter, "qualified domes-
12 tic relations order" means a divorce or dissolution judgment under
13 AS 25.24, including an order approving a property settlement, that

14 (1) creates or recognizes the existence of an alternate
15 payee's right to, or assigns to an alternate payee the right to,
16 receive all or a portion of the benefits payable with respect to a
17 justice or judge;

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

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

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

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

29 (6) does not require an increase of benefits in excess of

1 the amount provided by this chapter, determined on the basis of actu-
2 arial value;

3 (7) does not require the payment, to an alternate payee, of
4 benefits that are required to be paid to another alternate payee under
5 another order previously determined to be a qualified domestic rela-
6 tions order.

7 * Sec. 22. AS 25.24.160 is amended by adding a new subsection to read:

8 (b) 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, or
10 AS 39.35, the judgment must meet the requirements of a qualified
11 domestic relations order under the definition of that phrase that is
12 applicable to those provisions.

13 * Sec. 23. AS 25.24.230 is amended by adding a new subsection to read:

14 (g) If a judgment under this section distributes benefits to an
15 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
16 AS 39.35, the judgment must meet the requirements of a qualified
17 domestic relations order under the definition of that phrase that is
18 applicable to those provisions.

19 * Sec. 24. AS 26.05.224(d) is amended to read:

20 (d) Upon the death of an active member who has at least five
21 years service in the Alaska National Guard or Alaska Naval Militia or
22 a combination of these components, the member's designated beneficiary
23 is entitled to a lump sum benefit calculated in accordance with (b) of
24 this section. Upon the death of a former member who has at least 20
25 years service, the former member's designated beneficiary is entitled
26 to a lump sum benefit calculated in accordance with (b) of this sec-
27 tion less any retirement benefits previously paid. Except as provided
28 in (e) of this section, a [A] member may change or revoke the desig-
29 nation of a beneficiary without notice to the beneficiary at any time.

1 If a member designates more than one beneficiary, each shares [SHALL
2 SHARE] equally unless the member specifies a different allocation.
3 The member shall make a designation of a beneficiary or [AND] a change
4 or revocation of a beneficiary [SHALL BE MADE] on a form provided by
5 the Department of Military and Veterans' Affairs. It [AND] is not
6 effective until filed with the Department of Military and Veterans'
7 Affairs. If a member fails to designate a beneficiary or if no des-
8 ignated beneficiary survives the member, the department, except to the
9 extent provided otherwise in a qualified domestic relations order,
10 shall pay the death benefit under this subsection to the member's
11 surviving spouse or, if there is no spouse surviving, [SHALL BE PAID]
12 to the member's estate.

13 * Sec. 25. AS 26.05.224 is amended by adding new subsections to read:

14 (e) Notwithstanding any previous designation of beneficiary, the
15 spouse of a member at the time of the member's death automatically
16 becomes the designated beneficiary if the spouse was married to the
17 member during part of the member's service under this chapter

18 (1) except to the extent a qualified domestic relations
19 order provides for payment to a former spouse or other dependent of
20 the member; or

21 (2) unless the member files with the Department of Military
22 and Veterans' Affairs a revocation of beneficiary and a written con-
23 sent to the revocation signed by the spouse and each person entitled
24 to benefits under the order on forms provided by the department.

25 (f) A person claiming entitlement to any benefits payable under
26 this section shall provide the department with a marriage certificate,
27 divorce or dissolution decree, or other evidence of entitlement.
28 Documents showing entitlement may be filed with the department immedi-
29 ately after a change in the member's marital status. If the

1 department does not receive notification of a claim before the date 10
2 days after the member's death, the person claiming entitlement to the
3 benefits is not entitled to receive from the Department of Adminis-
4 tration or Department of Military and Veterans' Affairs any benefit
5 already paid under this section.

6 * Sec. 26. AS 26.05.227 is amended by adding a new paragraph to read:

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

10 (A) creates or recognizes the existence of an alter-
11 nate payee's right to, or assigns to an alternate payee the right
12 to, receive all or a portion of the benefits payable with respect
13 to a member;

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

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

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

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

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

28 (G) does not require the payment, to an alternate
29 payee, of benefits that are required to be paid to another

1 alternate payee under another order previously determined to be a
2 qualified domestic relations order.

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

4 (a) Except as provided in (c) of this section, an [AN] inactive
5 employee, not on leave-without-pay status or layoff status, is enti-
6 tled to receive a refund of the balance of the employee contribution
7 account.

8 * Sec. 28. AS 39.35.200 is amended by adding a new subsection to read:

9 (c) An employee who is terminated and is a vested employee,
10 deferred vested employee, or who is entitled to benefits under AS 39.-
11 35.385, and who is married at the time of application for a refund or
12 whose rights to a refund are subject to a qualified domestic relations
13 order is entitled to receive a refund of the balance of the employee
14 contribution account only if the employee's spouse and each person
15 entitled under the order consent to the refund in writing on a form
16 provided by the administrator. The administrator may waive written
17 consent from the person entitled to benefits under the order if the
18 administrator determines that the person cannot be located or for
19 other reasons established by regulation. The administrator may waive
20 written consent from the spouse if the administrator determines that

21 (1) the employee was not married to the spouse during any
22 period of the employee's employment with an employer;

23 (2) the spouse has no rights under this chapter because of
24 the terms of a qualified domestic relations order;

25 (3) the spouse cannot be located; or

26 (4) for other reasons established by regulation.

27 * Sec. 29. AS 39.35.370(a) is amended to read:

28 (a) Subject to AS 39.35.450, a [A] terminated employee is elig-
29 ible for a normal retirement benefit

1 (1) at age 55 with at least five years credited service, or
2 (2) with at least 20 years of credited service as a peace
3 officer or fireman, or

4 (3) with at least 30 years of credited service for all
5 other employees.

6 * Sec. 30. AS 39.35.370(b) is amended to read:

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

10 * Sec. 31. AS 39.35.385(a) is amended to read:

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

15 * Sec. 32. AS 39.35.385(b) is amended to read:

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

20 * Sec. 33. AS 39.35.420(c) is amended to read:

21 (c) If, under AS 39.35.490, a vested or deferred vested member
22 designates as beneficiary to receive nonoccupational benefits someone
23 other than the surviving spouse to whom the member has been married
24 for at least one year, the administrator shall pay [TO RECEIVE
25 NONOCCUPATIONAL DEATH BENEFITS,] the designated beneficiary [SHALL BE
26 PAID]: (1) the balance of the deceased member's employee contribution
27 account; and (2) a lump-sum death benefit. The amount of the lump-sum
28 death benefit is \$100 times the years of credited service of the
29 deceased member plus \$1,000.

1 * Sec. 34. AS 39.35.430(f) is amended to read:

2 (f) If the death of an employee occurs from occupational causes
3 but no surviving spouse or dependent children exist at the time of the
4 death or if the employee designates as beneficiary under AS 39.35.490
5 someone other than the surviving spouse or dependent children, the
6 employee's designated beneficiary is entitled to receive those bene-
7 fits available to a beneficiary under AS 39.35.420(c) and no occupa-
8 tional death benefit will be paid to the surviving spouse or dependent
9 children. [IF THE DESIGNATED BENEFICIARY IS THE SURVIVING SPOUSE OR
10 DEPENDENT CHILDREN, THE BENEFICIARY SHALL RECEIVE THE BENEFIT DE-
11 SCRIBED IN (b) OF THIS SECTION.]

12 * Sec. 35. AS 39.35.440(b) is amended to read:

13 (b) Upon the death of a disabled employee who is receiving or is
14 entitled to receive an occupational disability benefit, the adminis-
15 trator shall pay the surviving spouse a surviving spouse's pension,
16 equal to 40 percent of the employee's monthly compensation at the
17 termination of employment because of occupational disability [SHALL BE
18 PAID TO THE SURVIVING SPOUSE]. If there is no surviving spouse, the
19 administrator shall pay the survivor's pension [SHALL BE PAID] in
20 equal parts to the dependent children of the employee. On the date
21 the normal retirement of the employee would have occurred if the
22 employee had lived, the administrator shall adjust the monthly pay-
23 ments to [SHALL] equal the monthly amount of the normal retirement
24 benefit to which the employee, had the employee lived and continued
25 employment until the employee's normal retirement date, would have
26 been entitled with an average monthly compensation as existed at death
27 and the credited service to which the employee would have been enti-
28 tled. If the death of an employee occurs from occupational causes but
29 no surviving spouse or dependent children exist at the time of the

1 death, or if the employee designates as beneficiary under AS 39.35.490
2 someone other than the surviving spouse or dependent children, the
3 administrator shall pay the employee's designated beneficiary [SHALL
4 BE PAID] those benefits available to a beneficiary under AS 39.35.-
5 420(c) and may not pay an [NO] occupational death benefit [WILL BE
6 PAID] to the surviving spouse or dependent children.

7 * Sec. 36. AS 39.35.450(a) is repealed and reenacted to read:

8 (a) Benefits payable under this section are in place of benefits
9 payable under AS 39.35.370, 39.35.385, and 39.35.460. Upon filing an
10 application with the administrator or when a disabled employee first
11 attains eligibility for normal retirement under AS 39.35.400(f) or
12 39.35.410(h), the employee shall designate the person who is the
13 employee's spouse at the time of appointment to retirement as the
14 contingent beneficiary. However, if the designation of the spouse is
15 revoked under (c) of this section, the employee may designate a depen-
16 dent approved by the administrator as the contingent beneficiary or
17 may take normal or early retirement under AS 39.35.370 or 39.35.385 or
18 a level income option under AS 39.35.460. The administrator shall pay
19 benefits under the option elected by the employee. The employee may
20 elect an option that provides that

21 (1) the employee is entitled to receive a reduced benefit
22 payable for life, and, after the employee's death, the contingent ben-
23 eficiary is entitled to payments in the amount of 75 percent of the
24 reduced benefit payable for life;

25 (2) the employee is entitled to receive a reduced benefit
26 payable for life, and, after the employee's death, the contingent
27 beneficiary is entitled to receive payments in the amount of 50 per-
28 cent of the reduced benefit payable for life;

29 (3) the employee is entitled to receive a reduced benefit

1 payable during the joint lifetime of the employee and the contingent
2 beneficiary, and, after the death of either the employee or the con-
3 tingent beneficiary, the survivor is entitled to receive payments in
4 the amount of 66-2/3 percent of the reduced benefit payable for life.

5 * Sec. 37. AS 39.35.450(c) is amended to read:

6 (c) An employee may elect or [,] change [, OR REVOKE] an option
7 without the approval of the administrator if the election or [,]
8 change [, OR REVOCATION] is filed in writing with the administrator
9 before the effective date of the employee's retirement. An employee
10 may revoke a joint and survivor option if the employee files with the
11 administrator before the effective date of the employee's retirement a
12 revocation and consent to the revocation signed by the employee's
13 spouse and each person entitled to benefits under a qualified domestic
14 relations order on forms provided by the administrator. The adminis-
15 trator may waive the requirement for written consent from

16 (1) a person entitled under the order if the person cannot
17 be located or for other reason established by regulation; or

18 (2) the spouse if the employee is not married, the employee
19 was not married to the spouse during any period of the employee's
20 employment with an employer, the spouse has no rights to the option
21 because of the terms of a qualified domestic relations order, the
22 spouse cannot be located, or for other reason established by regula-
23 tion.

24 * Sec. 38. AS 39.35.450 is amended by adding new subsections to read:

25 (f) The employee and any person claiming to be a contingent
26 beneficiary shall file with the administrator a marriage certificate,
27 divorce or dissolution judgment, or other evidence necessary to deter-
28 mine the applicability of this section and the identity of any contin-
29 gent beneficiary.

1 (g) If the administrator determines, based on the affidavit of
2 the employee and other evidence that an employee is eligible to elect
3 a form of payment other than a joint and survivor option under this
4 section, and no contrary evidence is presented to the administrator
5 within 60 days after the effective date of the employee's retirement,
6 no claim under this section, made by a spouse or former spouse of the
7 member, may be paid if payment would result in an increase in actuari-
8 al liability to the system.

9 (h) If an employee fails to elect an option under this section,
10 and if no effective revocation is filed with the administrator, the
11 employee is considered to have elected the option provided in (a)(2)
12 of this section.

13 * Sec. 39. AS 39.35 is amended by adding a new section to read:

14 Sec. 39.35.455. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.

15 In this chapter the rights of a person under a qualified domestic
16 relations order take precedence over the rights of a spouse, surviving
17 spouse, or dependent child to the extent required by the order. A
18 person granted rights under a qualified domestic relations order shall
19 be treated as a spouse or surviving spouse to the extent required by
20 the order. Rights under the order are effective when the order is
21 filed with the administrator.

22 * Sec. 40. AS 39.35.490 is amended to read:

23 Sec. 39.35.490. DESIGNATION OF BENEFICIARY. (a) Each employee
24 shall designate the beneficiary or beneficiaries to whom the adminis-
25 trator shall distribute benefits payable under this chapter as a
26 consequence of the employee's death. Notwithstanding a previous
27 designation of beneficiary, a person who is the spouse of an employee
28 at the time of the employee's death automatically becomes the desig-
29 nated beneficiary if the spouse was married to the employee during

1 part of the employee's employment for an employer

2 (1) except to the extent a qualified domestic relations
3 order filed with the administrator provides for payment to a former
4 spouse or other dependent of the employee; or

5 (2) unless the employee files a revocation of beneficiary
6 accompanied by a written consent to the revocation signed by the
7 spouse and each person entitled under the order [SHALL BE DISTRI-
8 BUTED].

9 (b) Except as provided in (a) of this section, the [THE] desig-
10 nation may be changed or revoked by the employee without notice to the
11 beneficiary or beneficiaries at any time. If an employee designates
12 more than one beneficiary, each shares [SHALL SHARE] equally unless
13 the employee specifies a different allocation or preference. The
14 member shall make a designation of [A] beneficiary, [AND] a change or
15 revocation of a beneficiary, or a consent to a revocation of a benefi-
16 ciary shall be made on a form provided by the administrator and is not
17 effective until filed with the administrator.

18 (c) If an employee fails to designate a beneficiary, or if no
19 designated beneficiary survives the employee, the administrator shall
20 pay the death benefit [SHALL BE PAID]

21 (1) to the surviving spouse or, if there is none surviving,

22 (2) to the surviving children in equal parts or, if there
23 is none surviving,

24 (3) to the surviving parents in equal parts or, if there is
25 none surviving,

26 (4) to the employee's estate.

27 * Sec. 41. AS 39.35.490 is amended by adding a new subsection to read:

28 (d) A person claiming entitlement to benefits payable under this
29 chapter as a consequence of an employee's death shall provide the

1 administrator with a marriage certificate, divorce or dissolution
 2 decree, or other evidence of entitlement. Documents establishing
 3 entitlement may be filed with the administrator immediately after a
 4 change in the employee's marital status. If the administrator does
 5 not receive notification of a claim before the date 10 days after the
 6 employee's death, the person claiming entitlement to the benefits is
 7 not entitled to receive from the division of retirement and benefits
 8 any benefit already paid by the administrator.

9 * Sec. 42. AS 39.35.500 is amended to read:

10 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
 11 Employee contributions and other amounts held in the pension fund are
 12 exempt from Alaska state and local taxes. Amounts held on behalf of,
 13 or payable to, any employee or other person who is or may become
 14 eligible for benefits under the system are not subject to anticipa-
 15 tion, alienation, sale, transfer, assignment, pledge, encumbrance, or
 16 charge of any kind, either voluntary or involuntary, before being
 17 received by the person entitled to the amount under the terms of the
 18 system. An attempt to anticipate, alienate, sell, transfer, assign,
 19 pledge, encumber, charge, or otherwise dispose of a right to amounts
 20 held under the system is void. However, an employee's right to re-
 21 ceive benefits may be assigned under a qualified domestic relations
 22 order.

23 * Sec. 43. AS 39.35.680 is amended by adding a new paragraph to read:

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

27 (A) creates or recognizes the existence of an alter-
 28 nate payee's right to, or assigns to an alternate payee the right
 29 to, receive all or a portion of the benefits payable with respect

1 to an employee;

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

5 (C) sets out the amount or percentage of the employ-
6 ee's benefit, or of any survivor's benefit, to be paid to the
7 alternate payee, or sets out the manner in which that amount or
8 percentage is to be determined;

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

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

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

16 (G) does not require the payment to an alternate payee
17 of benefits that are required to be paid to another alternate
18 payee under another order previously determined to be a qualified
19 domestic relations order.

20 * Sec. 44. Within 90 days after the effective date of this section, the
21 Department of Administration shall publish notice of the provisions of this
22 Act in the regularly published newsletters of the division of retirement
23 and benefits and in newspapers of general distribution in each judicial
24 district of the state, and shall make available the forms necessary to
25 implement this Act.

26 * Sec. 45. Section 44 of this Act takes effect immediately in accor-
27 dance with AS 01.10.070(c).

28 * Sec. 46. Sections 1 - 43 of this Act take effect January 1, 1986.