

Offered: 4/24/86  
Referred: Judiciary and Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 SENATE CS FOR CS FOR HOUSE BILL NO. 237 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND 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 present spouse and each person entitled  
25 under the order consent to the refund in writing on a form provided by  
26 the administrator. The administrator may waive written consent from  
27 the person entitled under the order if the administrator determines  
28 that 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;

7 (4) the member and spouse have been married for less than  
8 two years and the member establishes that they are not cohabiting; or

9 (5) another reason established by regulation exists.

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

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

12 A former spouse shall be treated as a spouse or surviving spouse under  
13 this chapter to the extent required by a qualified domestic relations  
14 order. Rights under the order do not take effect until the order is  
15 filed with the administrator.

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

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

1 month.

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

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

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

29 (a) Each member shall designate the beneficiary or beneficiaries

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

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

10 (2) unless the member filed a revocation of beneficiary  
11 accompanied by a written consent to the revocation from the present  
12 spouse and each person entitled under the order; however, consent of  
13 the present spouse is not required if the member and the present  
14 spouse had been married for less than two years on the date of the  
15 member's death and if the member established when filing the revoca-  
16 tion that the member and the present spouse were not cohabiting  
17 [SHALL BE DISTRIBUTED].

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

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

28 \* Sac. 12. AS 14.25.166 is amended by adding a new subsection to read:

29 (d) A person claiming entitlement to benefits payable under this

1 chapter as a consequence of a member's death shall provide the admin-  
2 istrator with a marriage certificate, divorce or dissolution judgment,  
3 or other evidence of entitlement. Documents establishing entitlement  
4 may be filed with the administrator immediately after a change in the  
5 member's marital status. If the administrator does not receive noti-  
6 fication of a claim before the date 10 days after the member's death,  
7 the person claiming entitlement is not entitled to receive from the  
8 division of retirement and benefits any benefit already paid by the  
9 administrator.

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

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

24 (1) 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 75 percent  
27 of the reduced benefit for life;

28 (2) the member is entitled to receive a reduced benefit  
29 payable for life, and, after the member's death, the contingent

1 beneficiary is entitled to receive payments in the amount of 50 per-  
2 cent of the reduced benefit for life; or

3 (3) the member is entitled to receive a reduced benefit  
4 payable during the joint lifetime of the member and the contingent  
5 beneficiary, and, after the death of either the member or the contin-  
6 gent beneficiary, the survivor is entitled to receive payments in the  
7 amount of 66-2/3 percent of the reduced benefit for life.

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

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

19 (1) a person entitled under the order if the person cannot  
20 be located or for another reason established by regulation; or

21 (2) the spouse if

22 (A) the member is not married;

23 (B) the member was not married to the spouse during  
24 any period of the member's employment with an employer;

25 (C) the spouse has no rights to the option because of  
26 the terms of a qualified domestic relations order;

27 (D) the spouse cannot be located;

28 (E) the member and spouse have been married for less  
29 than two years and the member establishes that they are not

1           cohabiting; or  
2                           (F) another reason is established under regulations of  
3           the administrator.

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

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

10          (g) If the administrator determines, based on the affidavit of  
11          the member and other evidence, that a member is eligible to elect a  
12          form of payment other than a joint and survivor option under this  
13          section, and no contrary evidence is presented to the administrator  
14          within 60 days after the effective date of the member's retirement, no  
15          claim under this section, made by a spouse or former spouse of the  
16          member, may be paid if payment would result in an increase in actuari-  
17          al liability to the system.

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

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

23           (a) Benefits and other amounts held in the retirement fund on  
24           behalf of the members are exempt from Alaska state and municipal taxes  
25           and are not subject to anticipation, alienation, sale, transfer,  
26           assignment, pledge, encumbrance, or charge of any kind, either volun-  
27           tary or involuntary, before they are received by the person entitled  
28           to the amount under the terms of the system, and any attempt to antic-  
29           ipate, alienate, sell, transfer, assign, pledge, encumber, charge, or

1 otherwise dispose of any right to amounts accrued in the retirement  
2 fund is void. However, a member's right to receive benefits may be  
3 assigned under a qualified domestic relations order.

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

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

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

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

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

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

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

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

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

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

2 (b) To be eligible for the survivors' benefits, the surviving  
3 spouse must have been married to the justice or judge for at least one  
4 year [TWO YEARS] immediately preceding the death of the justice or  
5 judge. The benefits continue until the remarriage or death of the  
6 surviving spouse.

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

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

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

12 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS  
13 ORDER. A former spouse who was married to a justice or judge for at  
14 least one year and who has not remarried shall be treated as a spouse  
15 or surviving spouse under this chapter to the extent required by a  
16 qualified domestic relations order. Rights under the order do not  
17 take effect until the order is filed with the administrator.

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

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

22 (1) creates or recognizes the existence of an alternate  
23 payee's right to, or assigns to an alternate payee the right to,  
24 receive all or a portion of the benefits payable with respect to a  
25 justice or judge;

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

29 (3) sets out the amount or percentage of the justice's or

1 judge's benefit, or of any survivor's benefit, to be paid to the  
2 alternate payee, or sets out the manner in which that amount or per-  
3 centage is to be determined;

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

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

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

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

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

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

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

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

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

28 (d) Upon the death of an active member who has at least five  
29 years service in the Alaska National Guard or Alaska Naval Militia or

1 a combination of these components, the member's designated beneficiary  
2 is entitled to a lump sum benefit calculated in accordance with (b) of  
3 this section. Upon the death of a former member who has at least 20  
4 years service, the former member's designated beneficiary is entitled  
5 to a lump sum benefit calculated in accordance with (b) of this sec-  
6 tion less any retirement benefits previously paid. Except as provided  
7 in (e) of this section, a [A] member may change or revoke the desig-  
8 nation of a beneficiary without notice to the beneficiary at any time.  
9 If a member designates more than one beneficiary, each shares [SHALL  
10 SHARE] equally unless the member specifies a different allocation.  
11 The member shall make a designation of a beneficiary or [AND] a change  
12 or revocation of a beneficiary [SHALL BE MADE] on a form provided by  
13 the Department of Military and Veterans' Affairs. It [AND] is not  
14 effective until filed with the Department of Military and Veterans'  
15 Affairs. If a member fails to designate a beneficiary or if no des-  
16 ignated beneficiary survives the member, the department, except to the  
17 extent provided otherwise in a qualified domestic relations order,  
18 shall pay the death benefit under this subsection to the member's  
19 surviving spouse or, if there is no spouse surviving, [SHALL BE PAID]  
20 to the member's estate.

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

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

26 (1) except to the extent a qualified domestic relations  
27 order provides for payment to a former spouse or other dependent of  
28 the member; or

29 (2) unless the member files with the Department of Military

1 and Veterans' Affairs a revocation of beneficiary and a written con-  
2 sent to the revocation signed by the present spouse and each person  
3 entitled to benefits under the order on forms provided by the depart-  
4 ment; however, consent of the present spouse is not required if the  
5 member and the present spouse had been married for less than two years  
6 on the date of the member's death and if the member established when  
7 filing the revocation that the member and the spouse were not co-  
8 habiting.

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (c) An employee who is terminated and is a vested employee,  
23 deferred vested employee, or who is entitled to benefits under AS 39.-  
24 35.385, and who is married at the time of application for a refund or  
25 whose rights to a refund are subject to a qualified domestic relations  
26 order is entitled to receive a refund of the balance of the employee  
27 contribution account only if the employee's present spouse and each  
28 person entitled under the order consent to the refund in writing on a  
29 form provided by the administrator. The administrator may waive

1 written consent from the person entitled to benefits under the order  
2 if the administrator determines that the person cannot be located or  
3 for other reasons established by regulation. The administrator may  
4 waive written consent from the spouse if the administrator determines  
5 that

- 6 (1) the employee was not married to the spouse during any  
7 period of the employee's employment with an employer;
- 8 (2) the spouse has no rights under this chapter because of  
9 the terms of a qualified domestic relations order;
- 10 (3) the spouse cannot be located;
- 11 (4) the employee and spouse have been married for less than  
12 two years and the member establishes that they are not cohabiting; or  
13 (5) other reasons established by regulation exist.

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

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

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

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

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

- 27 (a) Subject to AS 39.35.450, an [AN] employee is eligible for a  
28 normal retirement benefit at age 55 with at least two years of cred-  
29 ited service if the employee also is eligible for a normal retirement

1 salary under the teachers' retirement system (AS 14.25).

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

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

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

8 (c) If, under AS 39.35.490, a vested or deferred vested member  
9 designates as beneficiary to receive nonoccupational benefits someone  
10 other than the surviving spouse to whom the member has been married  
11 for at least one year, the administrator shall pay [TO RECEIVE NON-  
12 OCCUPATIONAL DEATH BENEFITS,] the designated beneficiary [SHALL BE  
13 PAID]: (1) the balance of the deceased member's employee contribution  
14 account; and (2) a lump-sum death benefit. The amount of the lump-sum  
15 death benefit is \$100 times the years of credited service of the  
16 deceased member plus \$1,000.

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

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

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

29 (b) Upon the death of a disabled employee who is receiving or is

1 entitled to receive an occupational disability benefit, the adminis-  
2 trator shall pay the surviving spouse a surviving spouse's pension,  
3 equal to 40 percent of the employee's monthly compensation at the  
4 termination of employment because of occupational disability [SHALL BE  
5 PAID TO THE SURVIVING SPOUSE]. If there is no surviving spouse, the  
6 administrator shall pay the survivor's pension [SHALL BE PAID] in  
7 equal parts to the dependent children of the employee. On the date  
8 the normal retirement of the employee would have occurred if the  
9 employee had lived, the administrator shall adjust the monthly pay-  
10 ments to [SHALL] equal the monthly amount of the normal retirement  
11 benefit to which the employee, had the employee lived and continued  
12 employment until the employee's normal retirement date, would have  
13 been entitled with an average monthly compensation as existed at death  
14 and the credited service to which the employee would have been enti-  
15 tled. If the death of an employee occurs from occupational causes but  
16 no surviving spouse or dependent children exist at the time of the  
17 death, or if the employee designates as beneficiary under AS 39.35.490  
18 someone other than the surviving spouse or dependent children, the  
19 administrator shall pay the employee's designated beneficiary [SHALL  
20 BE PAID] those benefits available to a beneficiary under AS 39.35.-  
21 420(c) and may not pay an [NO] occupational death benefit [WILL BE  
22 PAID] to the surviving spouse or dependent children.

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

24 (a) Benefits payable under this section are in place of benefits  
25 payable under AS 39.35.370, 39.35.385, and 39.35.460. Upon filing an  
26 application with the administrator or when a disabled employee first  
27 attains eligibility for normal retirement under AS 39.35.400(f) or  
28 39.35.410(h), the employee shall designate the person who is the  
29 employee's spouse at the time of appointment to retirement as the

1 contingent beneficiary. However, if the designation of the spouse is  
2 revoked under (c) of this section, the employee may designate a depen-  
3 dent approved by the administrator as the contingent beneficiary or  
4 may take normal or early retirement under AS 39.35.370 or 39.35.385 or  
5 a level income option under AS 39.35.460. The administrator shall pay  
6 benefits under the option elected by the employee. The employee may  
7 elect an option that provides that

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

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

16 (3) the employee is entitled to receive a reduced benefit  
17 payable during the joint lifetime of the employee and the contingent  
18 beneficiary, and, after the death of either the employee or the con-  
19 tingent beneficiary, the survivor is entitled to receive payments in  
20 the amount of  $66\frac{2}{3}$  percent of the reduced benefit payable for life.

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

22 (c) An employee may elect or [,] change [, OR REVOKE] an option  
23 without the approval of the administrator if the election or [,]  
24 change [, OR REVOCATION] is filed in writing with the administrator  
25 before the effective date of the employee's retirement. An employee  
26 may revoke a joint and survivor option if the employee files with the  
27 administrator before the effective date of the employee's retirement a  
28 revocation and consent to the revocation signed by the employee's  
29 present spouse and each person entitled to benefits under a qualified

1 domestic relations order on forms provided by the administrator. The  
2 administrator may waive the requirement for written consent from

3 (1) a person entitled under the order if the person cannot  
4 be located or for another reason established by regulation; or

5 (2) the spouse if

6 (A) the employee is not married;

7 (B) the employee was not married to the spouse during  
8 any period of the employee's employment with an employer;

9 (C) the spouse has no rights to the option because of  
10 the terms of a qualified domestic relations order;

11 (D) the spouse cannot be located;

12 (E) the employee and the spouse have been married for  
13 less than two years and the employee establishes that they are  
14 not cohabiting; or

15 (F) another reason is established under regulations of  
16 the administrator.

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

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

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

1 actuarial liability to the system.

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

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

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

8 A former spouse shall be treated as a spouse or surviving spouse to  
9 the extent required by a qualified domestic relations order. Rights  
10 under the order do not take effect until the order is filed with the  
11 administrator.

12 \* Sec. 40. AS 39.35.490 is amended to read:

13 Sec. 39.35.490. DESIGNATION OF BENEFICIARY. (a) Each employee  
14 shall designate the beneficiary or beneficiaries to whom the adminis-  
15 trator shall distribute benefits payable under this chapter as a  
16 consequence of the employee's death. Notwithstanding a previous  
17 designation of beneficiary, a person who is the spouse of an employee  
18 at the time of the employee's death automatically becomes the desig-  
19 nated beneficiary if the spouse was married to the employee during  
20 part of the employee's employment for an employer

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

24 (2) unless the employee files a revocation of beneficiary  
25 accompanied by a written consent to the revocation signed by the  
26 present spouse and each person entitled under the order; however,  
27 consent of the present spouse is not required if the member and the  
28 present spouse had been married for less than two years on the date of  
29 the member's death and if the member established when filing the

1 revocation that the member and the present spouse were not cohabiting  
2 [SHALL BE DISTRIBUTED].

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

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

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

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

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

20 (4) to the employee's estate.

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

22 (d) A person claiming entitlement to benefits payable under this  
23 chapter as a consequence of an employee's death shall provide the  
24 administrator with a marriage certificate, divorce or dissolution  
25 decree, or other evidence of entitlement. Documents establishing  
26 entitlement may be filed with the administrator immediately after a  
27 change in the employee's marital status. If the administrator does  
28 not receive notification of a claim before the date 10 days after the  
29 employee's death, the person claiming entitlement to the benefits is

1 not entitled to receive from the division of retirement and benefits  
2 any benefit already paid by the administrator.

3 \* Sec. 42. AS 39.35.500 is amended to read:

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

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

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

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

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

28 (C) sets out the amount or percentage of the employ-  
29 ee's benefit, or of any survivor's benefit, to be paid to the

1           alternate payee, or sets out the manner in which that amount or  
2           percentage is to be determined;

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

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

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

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

14       \* Sec. 44. Notwithstanding former AS 39.37.060(b), the surviving spouse  
15       of an elected public officer who has retirement rights under the Elected  
16       Public Officers Retirement System is eligible for survivors' benefits under  
17       former AS 39.37.060 if the surviving spouse was married to the elected  
18       public officer for at least one year immediately preceding the death of the  
19       elected public officer. The benefits continue until the remarriage or  
20       death of the surviving spouse.

21       \* Sec. 45. Within 90 days after the effective date of this section, the  
22       Department of Administration shall publish notice of the provisions of this  
23       Act in the regularly published newsletters of the division of retirement  
24       and benefits and in newspapers of general distribution in each judicial  
25       district of the state, and shall make available the forms necessary to  
26       implement this Act.

27       \* Sec. 46. Section 45 of this Act takes effect immediately in accor-  
28       dance with AS 01.10.070(c).

29       \* Sec. 47. Sections 1 - 44 of this Act take effect January 1, 1987.