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Referred: State Affairs, Health,
Education and Social
Services and Finance

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 385

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 the public employees' retirement
7 system and the teachers' retirement system; and pro-
8 viding for an effective date."

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

10 * Section 1. AS 14.25.045(a) is amended to read:

11 (1) An employee or former employee of the National Education
12 Association of Alaska may participate in the retirement fund under
13 this chapter if the employee or former employee

14 (1) [THE EMPLOYEE OR FORMER EMPLOYEE] possesses or is
15 eligible to possess a teacher certificate under AS 14.20.020; [AND]

16 (2) was first employed by the National Education Associa-
17 tion of Alaska before July 1, 1986; and

18 (3) [THE EMPLOYEE OR FORMER EMPLOYEE OF THE NATIONAL EDUCA-
19 TION ASSOCIATION OF ALASKA] pays all retroactive contributions re-
20 quired to be made under this chapter.

21 * Sec. 2. AS 14.25.060(a) is amended to read:

22 (a) If a member first joined the system before July 1, 1986, and
23 has military service or Alaska Bureau of Indian Affairs (BIA) service,
24 or if a member joined the system before July 1, 1978, and has credit-
25 able outside service, the member is indebted to the retirement fund as
26 follows:

27 (1) At the time of first becoming a member of the system,
28 the arrearage indebtedness is seven percent of the base salary multi-
29 plied by the total number of years of creditable outside, military and

1 Alaska BIA service. Compound interest at the rate prescribed by
2 regulation shall be added to the arrearage indebtedness beginning July
3 1, 1963, or at the time of first becoming employed as a member, which-
4 ever is later, to the date of payment or the date of retirement,
5 whichever occurs first.

6 (2) If a member terminates from the system and is subse-
7 quently reemployed as a member, the arrearage indebtedness to the
8 retirement fund for outside, military, or Alaska BIA service accumu-
9 lated in the interim is seven percent of the base salary upon reenter-
10 ing membership service, multiplied by the number of years of interim
11 outside, military, and Alaska BIA service. Compound interest at the
12 rate prescribed by regulation shall be added to the arrearage indebt-
13 edness beginning July 1, 1963, or the date of reemployment as a mem-
14 ber, whichever is later, to the date of payment or the date of retire-
15 ment, whichever occurs first.

16 * Sec. 3. AS 14.25.060(b) is amended to read:

17 (b) If a member joins the system on or after July 1, 1978, and
18 before July 1, 1986, and has creditable outside service, the member
19 may claim this service. If claimed, the member is indebted to the
20 retirement fund as follows:

21 (1) The arrearage indebtedness is the full actuarial cost
22 of providing benefits for the service being claimed. Compound inter-
23 est at the rate prescribed by regulation shall be added to the arrear-
24 age indebtedness beginn ng the date the actuarial cost is established
25 to the date of payment or the date of retirement, whichever occurs
26 first.

27 (2) If a member terminates from the system and is subse-
28 quently reemployed as a member, the arrearage indebtedness for outside
29 service during the interim is the full actuarial cost of providing

1 benefits for the interim service being claimed. Compound interest at
2 the rate prescribed by regulation shall be added to the arrearage
3 indebtedness beginning the date the actuarial cost is established to
4 the date of payment or the date of retirement, whichever occurs first.

5 * Sec. 4. AS 14.25.100(a) is amended to read:

6 (a) A member who first joined the system before July 1, 1986,
7 and who served as an active member of the armed forces of the United
8 States may receive credited service under this system up to a maximum
9 of five years. Each 12 months of military service equals one school
10 year, and lesser military periods will be determined for credit pur-
11 poses in a proportionate ratio to a year. To receive credited service
12 under this section, the member must have received a discharge other
13 than dishonorable. Credit for service in the armed forces shall be
14 granted only if the member makes contributions for the service in the
15 same manner as required for outside service under AS 14.25.060. The
16 military service credited under this section shall be included in the
17 10-year limitation of outside service as specified in AS 14.25.060,
18 except if entry into the armed forces is immediately preceded by
19 Alaska membership service and following discharge is continued by
20 Alaska membership service within one year thereafter, service may not
21 be counted for purposes of determining the applicability of the
22 10-year limitation on outside service.

23 * Sec. 5. AS 14.25.105(a) is amended to read:

24 (a) A teacher who first joined the system before July 1, 1986,
25 and who completes 15 years of membership service under this chapter
26 may elect to receive credited service for employment rendered to the
27 Territory of Alaska before January 3, 1959, regardless of the office,
28 department, division or agency of the territory in which employed.
29 Credited service allowed under this section may not exceed five years.

1 * Sec. 6. AS 14.25.107 is amended to read:

2 Sec. 14.25.107. CREDIT FOR ALASKA BIA SERVICE. A member who
3 joins the system on or after July 1, 1978, and before July 1, 1986,
4 who has Alaska BIA service may claim all of that service as credited
5 service. A retirement benefit payable under this chapter for Alaska
6 BIA service shall be reduced by an amount equal to the retirement
7 benefits paid to the member by the United States government for the
8 same service.

9 * Sec. 7. AS 14.25.110(a) is amended to read:

10 (a) A member is eligible for a normal retirement benefit if the
11 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) was first hired before July 1, 1986, has attained the
18 age of 55 years, has at least five years of membership service, and
19 has at least three years of Alaska 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) was first hired before July 1, 1986, and has at least
24 20 years of combined membership service and Alaska BIA service, the
25 last five of which have been membership service.

26 * Sec. 8. AS 14.25.220(10) is amended to read:

27 (10) "credited service" means all membership service as
28 provided in (20) of this section, territorial employment as defined in
29 (41) of this section, plus, for members first hired before July 1,

1 1986, outside, military, and Alaska BIA service, with outside and
2 military service limited to 10 years except under the conditions set
3 out in AS 14.25.100;

4 * Sec. 9. AS 14.25.220(15) is amended to read:

5 (15) "employer" means a public school district, the Board
6 of Regents of the University of Alaska, the Department of Education,
7 the National Education Association of Alaska for employees who first
8 worked for the association before July 1, 1986, the Regional Resource
9 Centers, or the state legislature with respect to a state legislator
10 who elects membership under AS 14.25.040(b);

11 * Sec. 10. AS 14.25.220(39) is amended to read:

12 (39) "vested member" or "vested teacher" means an active
13 member who has completed either

14 (A) 15 years of service, the last five of which have
15 been membership service, for a member first hired before July 1,
16 1975; or

17 (B) eight years of membership service; or

18 (C) five years of membership and three years of BIA
19 service, for a member first hired before July 1, 1986;

20 * Sec. 11. AS 39.35.340(a) is amended to read:

21 (a) A vested employee is entitled to credited service for active
22 military service in the armed forces of the United States, either by
23 enlistment or induction, if the employee first joined the system
24 before July 1, 1986, and did not receive a dishonorable discharge.
25 The credited service allowed may not exceed an aggregate period of
26 five years. Benefits are not payable on credited service for military
27 service unless the employee makes retroactive contributions to the
28 system for the period of time that service credit is claimed. How-
29 ever, if the employee was in the employ of an employer on the date of

1 entry into the armed forces and returned to the employ of an employer
2 within 90 days after the date of discharge from military service, the
3 employee is not required to make retroactive contributions under this
4 system for the period of credited service.

5 * Sec. 12. AS 39.3 .360(i) is amended to read:

6 (i) An employee who first joined the system before July 1, 1986,
7 and who completes three years of credited service with an employer,
8 for which the employee makes contributions required by this chapter,
9 is entitled to credited service on a year-for-year basis for service
10 credited in the Civil Service Retirement System, rendered as an em-
11 ployee of an Alaska Bureau of Indian Affairs (BIA) school, other than
12 service as a teacher. Retroactive credited service under this section
13 must be claimed before the employee retires. When eligibility for
14 retroactive credited service under this section has been established,
15 an indebtedness of the employee to the system shall be established.
16 The amount of this indebtedness is determined by multiplying six
17 percent of the employee's actual annual compensation, or the calcu-
18 lated annual compensation for an employee who works fewer than 12
19 months, for the most recent calendar year in which service is rendered
20 to an employer before the calendar year in which the employee first
21 becomes eligible to claim service under this subsection, by the number
22 of years of service in Alaska BIA schools that is credited under this
23 subsection. Interest as prescribed by regulation accrues on the
24 indebtedness beginning on the date the employee may first claim the
25 retroactive credited service. Any outstanding indebtedness that
26 exists at the time the employee retires requires an actuarial adjust-
27 ment to the benefits that are based on retroactive credited service
28 under this section. Service may not be claimed under this subsection
29 and benefits may not be paid for service claimed under this subsection

1 if the employee has, at any point in time, enough service credit in
2 the Civil Service Retirement System to be eligible for a retirement
3 benefit under that system.

4 * Sec. 13. AS 39.35.360(j) is amended to read:

5 (j) An employee who first joined the system before July 1, 1986,
6 and who has not completed three years of credited service with an
7 employer may claim credited service as an employee of an Alaska Bureau
8 of Indian Affairs (BIA) school, other than service as a teacher under
9 (i) of this section if, on the date of transfer of the Alaska BIA
10 school to the state, the employee is employed at the school and needs
11 fewer than three additional years of continuous full-time employment
12 for normal retirement in the federal Civil Service Retirement System,
13 and the employee completes a period of service with an employer, for
14 which the employee makes contributions required by this chapter, equal
15 to the additional period of service that would have been required for
16 that employee's normal retirement under the federal Civil Service
17 Retirement System. An employee who claims credited service under this
18 subsection must provide federal government verification of the employ-
19 ee's federal Civil Service Retirement System status when the claim is
20 filed.

21 * Sec. 14. This Act takes effect July 1, 1986.