

Introduced: 1/19/87
Referred: State Affairs and
Finance

BY LARSON, MENARD AND
ULMER

1 IN THE HOUSE

2 HOUSE BILL NO. 17

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the early retirement program; and
7 providing for an effective date."

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

9 * Section 1. Section 5(a), ch. 26, SLA 1986, is amended to read:

10 (a) The administrator shall accept the application of an eligible
11 vested member if

12 (1) the member will be qualified to retire under AS 14.25.110 or
13 AS 39.35.370 after receipt of the retirement incentive and will be appoint-
14 ed to retirement on or before

15 (A) October 1, 1988 [1987], if the member is an employee of
16 the state other than the University of Alaska, or a member of the
17 Teachers' Retirement System other than an employee of the University
18 of Alaska;

19 (B) January 1, 1988, if the member is an employee of the
20 University of Alaska;

21 (C) April 1, 1988, for all other members of the Public
22 Employees' Retirement System; and

23 (2) the member's agency or the employer under AS 14.25 or
24 AS 39.35.550 - 39.35.650 has signed a reimbursement agreement that

25 (A) requires the agency or employer to reimburse the system
26 for each member who is retired within three years after the end of the
27 fiscal year in which the member is appointed to retirement in an
28 amount equal to

29 (i) the actuarial equivalent of the difference between

1 the benefits the member receives after the addition of the re-
2 tirement incentive under this section and the amount the member
3 would have received without the incentive less the amount the
4 participant has paid on the indebtedness determined under (c) of
5 this section; and

6 (ii) an appropriate share of the administrative costs
7 of the program; and

8 (B) provides that contributions from the agency or employer
9 to the system under this section take priority over other obligations
10 of the agency or employer to the maximum extent permitted by law.

11 * Sec. 2. Section 5(c), ch. 26, SLA 1986, is amended to read:

12 (c) A participant in the retirement incentive program receives a
13 credit of three years. For members who retire under the Public Employees'
14 Retirement System, the [THE] three years must be applied in the following
15 order

16 (1) to reduce the age or service required for eligibility for
17 normal retirement or the age required for eligibility for early retirement
18 under [AS 14.25.110,] AS 39.35.370 [,] or 39.35.385;

19 (2) to reduce the actuarial adjustment required for early re-
20 tirement;

21 (3) as years of credited service for calculating retirement
22 benefits; the years shall be considered years of credited service earned
23 before July 1, 1986, for calculating benefits under [AS 14.25.110 OR]
24 AS 39.35.370; or

25 (4) a combination of (1) - (3) of this subsection.

26 * Sec. 3. Section 5(e), ch. 26, SLA 1986, is amended to read:

27 (e) A member who wishes to participate shall apply on a form provided
28 by the administrator. A member may not apply for participation in the
29 retirement incentive program unless the member is employed in a position in

1 a designated organizational unit. A state employee other than an employee
2 of the University of Alaska, or a member of the Teachers' Retirement System
3 other than an employee of the University of Alaska, may apply for partici-
4 pation in the program until June 30, 1988 [1987]. An employee of the
5 University of Alaska may apply for participation in the program between
6 October 1, 1986, and September 30, 1987. Other members of the Public Em-
7 ployees' Retirement System may apply for participation in the program
8 between January 1, 1987, and December 31, 1987.

9 * Sec. 4. Section 5, ch. 26, SLA 1986, is amended by adding a new
10 subsection to read:

11 (h) For members who retire under the Teachers' Retirement System, the
12 incentive credit of three years is applied first to reduce the age or
13 service required for eligibility for normal retirement or the age required
14 for eligibility for early retirement under AS 14.25.110 and second to
15 reduce the actuarial adjustment required for early retirement. The credit
16 is also applied as years of credited service, earned before July 1, 1986,
17 for calculating retirement benefits. In calculating benefits, the years
18 shall be credited as follows:

19 (1) for the first 12 months of receiving retirement benefits,
20 the member shall receive benefits calculated without including incentive
21 years in the member's total years of credited service;

22 (2) for the second 12 months of receiving retirement benefits,
23 the member shall receive benefits calculated by including one incentive
24 year in the member's total years of credited service;

25 (3) for the third 12 months of receiving retirement benefits,
26 the member shall receive benefits calculated by including two incentive
27 years in the member's total years of credited service;

28 (4) after the 36th month of receiving retirement benefits,
29 benefits shall be calculated by including three incentive years in the

1 member's total years of credited service.

2 * Sec. 5. Section 11, ch. 26, SLA 1986, is amended to read:

3 Sec. 11. Sections 1 - 6 of this Act are repealed October 1, 1992
4 [JULY 1, 1988].

5 * Sec. 6. The amendments in this Act apply to all members except those
6 who are members of organizational units for which the administrator has
7 executed participation agreements before the effective date of this Act.

8 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).