

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 252

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the supplemental benefits system;  
7 and providing for an effective date."

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

9 \* Section 1. AS 39.30.150(a) is amended to read:

10 (a) Except as provided in (d) of this section, in [IN] place of  
11 contributions to the federal social security system that would have  
12 been required on behalf of an employee had the participating employer  
13 belonged to the social security system, the participating employer  
14 shall contribute an amount equal to 6.13 [12.26] percent of the wages  
15 of the employee up to the taxable wage base then in effect in the  
16 social security system. This contribution must be paid into an indi-  
17 vidual employee annuity account in the Department of Administration  
18 under the terms of the State of Alaska Supplemental Annuity Plan. The  
19 department shall pay 6.13 percent of the wages of the employee up to  
20 the taxable wage base then in effect in the social security system  
21 into the individual employee annuity account established under this  
22 subsection. This wage reduction must be treated as an employer con-  
23 tribution under 26 U.S.C. 414(h)(2). All costs of establishing and  
24 administering the programs [BENEFIT PROGRAM] established under  
25 AS 39.30.150 -- 39.30.180 must [BY AS 39.30.160 SHALL] be paid from  
26 the contributions made to the individual employee annuity accounts [BY  
27 THE PARTICIPATING EMPLOYERS] under this section. [THE BALANCE OF THE  
28 CONTRIBUTIONS MADE BY THE PARTICIPATING EMPLOYERS SHALL BE PAID INTO  
29 SPECIAL INDIVIDUAL EMPLOYEE BENEFIT ACCOUNTS IN THE DEPARTMENT OF

1 ADMINISTRATION TO BE USED TO PROVIDE SUPPLEMENTAL EMPLOYEE BENEFITS  
2 PROVIDED IN AS 39.30.160.]

3 \* Sec. 2. AS 39.30.150(c) is repealed and reenacted to read:

4 (c) An employee may voluntarily elect additional wage reductions  
5 to be paid into special individual employee benefit accounts in the  
6 Department of Administration. Money in these accounts must be used to  
7 purchase benefits selected by the employee under the supplemental  
8 benefits plan established by the administrator.

9 \* Sec. 3. AS 39.30.150 is amended by adding a new subsection to read:

10 (d) If a participating employer is required by federal law to  
11 participate in any part of the federal social security system, (1) the  
12 employer contribution required by (a) of this section must be reduced  
13 by either the amount required to be paid by the employer to the social  
14 security system on behalf of the employee, or 6.13 percent, whichever  
15 is less, and (2) the employee wage reduction required by (a) of this  
16 section must be reduced by the amount required to be paid by the em-  
17 ployee to the social security system or 6.13 percent, whichever is  
18 less.

19 \* Sec. 4. AS 39.30.153 is amended to read:

20 Sec. 39.30.153. REPAYMENT OF CONTRIBUTIONS. Upon termination of  
21 employment the amount held on behalf of a terminating employee in the  
22 employee's individual employee annuity [SUPPLEMENTAL BENEFITS] account  
23 must [ESTABLISHED UNDER AS 39.30.160 SHALL] be paid to the employee  
24 under the terms of the State of Alaska Supplemental Annuity Plan. [A  
25 TERMINATING EMPLOYEE MAY DEFER RECEIPT OF PAYMENT UNDER THIS SECTION  
26 AT THE EMPLOYEE'S OPTION.]

27 \* Sec. 5. AS 39.30.160(a) is amended to read:

28 Sec. 39.30.160. BENEFITS [IN PLACE OF SOCIAL SECURITY]. (a)  
29 The Department of Administration shall, in accordance with policies

1 prescribed by regulations of the Public Employees Retirement Board,  
2 provide to employees for whom special individual employee benefit  
3 accounts are established under AS 39.30.150 the following benefit  
4 options:

- 5 (1) supplemental health benefits,
- 6 (2) supplemental death benefits,
- 7 (3) supplemental disability benefits, and
- 8 (4) supplemental dependent care benefits [SURVIVOR BENE-  
9 FITS, AND  
10 (5) SUPPLEMENTAL ANNUITIES].

11 \* Sec. 6. AS 39.30.160(b) is amended to read:

12 (b) An employee [ON WHOSE BEHALF A PARTICIPATING EMPLOYER IS  
13 MAKING CONTRIBUTIONS UNDER AS 39.30.150] may select the types and  
14 amounts of supplemental benefits to be purchased with the money depos-  
15 ited in [FROM] the employee's special individual employee benefit  
16 accounts [ACCOUNT ESTABLISHED] under AS 39.30.150. The selection must  
17 [SHALL] be from the benefit options listed in (a) of this section.

18 \* Sec. 7. AS 39.30 is amended by adding a new section to read:

19 Sec. 39.30.162. SAFEGUARD OF MONEY. (a) Except as provided in  
20 the State of Alaska Supplemental Annuity Plan, amounts held on behalf  
21 of, or payable to, an employee or other person who is or who might  
22 become eligible for benefits under the plan are not subject to an-  
23 ticipation, alienation, sale, transfer, assignment, pledge, encum-  
24 brance, or charge of any kind, either voluntary or involuntary, before  
25 being received by the person entitled to the amount under the terms of  
26 the plan. An attempt to anticipate, alienate, sell, transfer, assign,  
27 pledge, encumber, charge, or otherwise dispose of a right to amounts  
28 held under the plan is void.

29 (b) Except as provided in AS 09.38.065, amounts held on behalf

1 of, or payable to, an employee or other person who is or who might  
2 become eligible for benefits under the plan are exempt from  
3 garnishment, execution, or levy.

4 \* Sec. 8. The plan administrator of the State of Alaska Supplemental  
5 Annuity Plan shall amend the plan in accordance with this Act upon obtain-  
6 ing a determination in accordance with federal law and regulations that the  
7 amendment will not adversely affect the deferral of taxes.

8 \* Sec. 9. The provisions of this Act apply to contributions due the  
9 month after a determination is obtained that amendment of the plan in  
10 accordance with this Act will not adversely affect the deferral of taxes.

11 \* Sec. 10. AS 39.30.160(c) is repealed.

12 \* Sec. 11. Sections 1 -- 6, 9, and 10 of this Act take effect January  
13 1, 1989.

14 \* Sec. 12. Sections 7 and 8 of this Act take effect immediately under  
15 AS 01.10.070(c).