

1 IN THE HOUSE

BY TAYLOR AND COLLINS

2

HOUSE BILL NO. 262

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 credited service under the
7 Teachers' Retirement System and Public Employees'
8 Retirement System for service in the Peace Corps."

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

10 * Section 1. AS 14.25.060(a) is amended to read:

11 (a) If a member has military service, Peace Corps service, or
12 Alaska Bureau of Indian Affairs (BIA) service, or if a member joined
13 the system before July 1, 1978, and has creditable outside service,
14 the member is indebted to the retirement fund as follows:

15 (1) At the time of first becoming a member of the system,
16 the arrearage indebtedness is seven percent of the base salary multi-
17 plied by the total number of years of creditable outside, military,
18 Peace Corps, and Alaska BIA service. The administrator shall add
19 compound interest at the rate prescribed by regulation to the arrear-
20 age indebtedness beginning July 1, 1963, or at the time the member
21 first becomes eligible to claim the service, whichever is later, to
22 the date of payment or the date of retirement, whichever occurs first.

23 (2) If a member terminates from the system and is subse-
24 quently reemployed as a member, the arrearage indebtedness to the
25 retirement fund for outside, military, Peace Corps, or Alaska BIA
26 service accumulated in the interim is seven percent of the base salary
27 upon reentering membership service, multiplied by the number of years
28 of interim outside, military, Peace Corps, and Alaska BIA service.
29 Compound interest at the rate prescribed by regulation shall be added

1 to the arrearage indebtedness beginning July 1, 1963, or the date of
2 reemployment as a member, whichever is later, to the date of payment
3 or the date of retirement, whichever occurs first.

4 * Sec. 2. AS 14.25.060(c) is amended to read:

5 (c) The total military service claimed may not exceed five
6 years. The total Peace Corps service claimed may not exceed five
7 years. The combined total of outside, Peace Corps, and military
8 service may not exceed 10 years, except that, if entry into the armed
9 forces or Peace Corps is immediately preceded by membership service
10 and within one year after discharge from the military or termination
11 from the Peace Corps is continued by membership service, that service
12 will not be counted for purposes of determining the applicability of
13 the 10-year limitation on the combined total of outside, Peace Corps,
14 and military service.

15 * Sec. 3. AS 14.25 is amended by adding a new section to read:

16 Sec. 14.25.103. CREDIT FOR SERVICE IN THE PEACE CORPS. (a) A
17 member who served as a Peace Corps volunteer may receive credited
18 service under this system up to a maximum of five years. Each 12
19 months of Peace Corps service equals one school year, and lesser
20 periods will be determined for credit purposes in a proportionate
21 ratio to a year. To receive credited service under this section, the
22 member must have completed at least one tour of duty and not be enti-
23 tled to receive retirement benefits from the United States government
24 for the same service. Credit for service in the Peace Corps shall be
25 granted only if the member makes contributions for the service in the
26 same manner as required for outside service under AS 14.25.060. The
27 service credited under this section is included in the 10-year limita-
28 tion of outside service under AS 14.25.060, except if entry into the
29 Peace Corps is immediately preceded by Alaska membership service and

1 following completion of Peace Corps service is continued by Alaska
2 membership service within one year thereafter, service may not be
3 counted for purposes of determining the applicability of the 10-year
4 limitation on outside service.

5 (b) If a member is unable to resume teaching in a public school
6 within one year following discharge because of hospitalization, re-
7 habilitation training, a disability derived while in the Peace Corps,
8 or other like circumstances, the administrator shall determine the
9 allowance or disallowance of service in the Peace Corps.

10 (c) A member may not be credited with the same period of service
11 in the Peace Corps under this section if credit for that service was
12 granted under AS 39.35 (Public Employees' Retirement System). The
13 combined period of Peace Corps service claimed under this section and
14 AS 39.35 may not exceed five years.

15 * Sec. 4. AS 14.25.220(10) is amended to read:

16 (10) "credited service" means

17 (A) all membership service as provided in (20) of this
18 section, territorial employment as defined in (41) of this sec-
19 tion, plus outside, military, Peace Corps, and Alaska BIA ser-
20 vice, with outside, Peace Corps, and military service limited to
21 10 years except under the conditions set out in AS 14.25.100 and
22 14.25.103;

23 (B) for purposes of eligibility for benefits under
24 this chapter, service for which no indebtedness is owed;

25 * Sec. 5. AS 14.25.220(40) is amended to read:

26 (40) "year of service" means service, except for military,
27 Peace Corps, and territorial service, during the dates set for a
28 school year; partial-year service credit is given for membership and
29 BIA service as follows:

- 1 (A) before July 1, 1969, during any school year,
2 (i) less than 20 days, no credit;
3 (ii) 20 days or more but less than 35 days, 0.2
4 years;
5 (iii) 35 days or more but less than 49 days, 0.3
6 years;
7 (iv) 49 days or more but less than 63 days, 0.4
8 years;
9 (v) 63 days or more but less than 77 days, 0.5
10 years;
11 (vi) 77 days or more but less than 91 days, 0.6
12 years;
13 (vii) 91 days or more but less than 105 days, 0.7
14 years;
15 (viii) 105 days or more but less than 119 days, 0.8
16 years;
17 (ix) 119 days or more but less than 133 days, 0.9
18 years;
19 (x) 133 days or more, 1.0 years;
20 (B) on or after July 1, 1969, during any school year,
21 (i) less than nine days, no credit;
22 (ii) nine days or more but less than 27 days, 0.1
23 years;
24 (iii) 27 days or more but less than 45 days, 0.2
25 years;
26 (iv) 45 days or more but less than 63 days, 0.3
27 years;
28 (v) 63 days or more but less than 81 days, 0.4
29 years;

- 1 (vi) 81 days or more but less than 100 days, 0.5
- 2 years;
- 3 (vii) 100 days or more but less than 118 days, 0.6
- 4 years;
- 5 (viii) 118 days or more but less than 136 days, 0.7
- 6 years;
- 7 (ix) 136 days or more but less than 154 days, 0.8
- 8 years;
- 9 (x) 154 days or more but less than 172 days, 0.9
- 10 years;
- 11 (xi) 172 days or more, 1.0 years;

12 (C) service performed on a part-time basis will be
13 credited with one-half credit for each day of service;

14 * Sec. 6. AS 39.35 is amended by adding a new section to read:
15 Sec. 39.35.343. PEACE CORPS SERVICE. (a) A vested employee is
16 entitled to credited service for service as a Peace Corps volunteer if
17 the employee completed at least one tour of duty and is not entitled
18 to receive retirement benefits from the United States government for
19 the same service. The credited service allowed may not exceed an
20 aggregate period of five years. Benefits are not payable on credited
21 service for Peace Corps service unless the employee makes retroactive
22 contributions to the system for the period of time that service credit
23 is claimed. However, if the employee was in the employ of an employer
24 on the date of entry into the Peace Corps and returned to the employ
25 of an employer within 90 days after the date that service as a Peace
26 Corps volunteer ended, the employee is not required to make retroac-
27 tive contributions under this system for the period of credited ser-
28 vice.

29 (b) To obtain credited service under this section, an employee

1 shall make an election to do so and shall verify the period of Peace
2 Corps service. When eligibility for credited service for Peace Corps
3 service has been established, an indebtedness shall be determined as
4 follows: the employee's actual compensation, or the calculated annual
5 compensation for those employees working less than 12 months, during
6 the calendar year 1987 or the year in which an employee first becomes
7 vested under this chapter, whichever is later, shall be multiplied by
8 the number of years of Peace Corps service credited under this sec-
9 tion; this product shall then be multiplied by eight and one-half
10 percent. Interest as prescribed by regulation accrues on this indebt-
11 edness beginning on July 1, 1988, or one year after the date a person
12 first becomes vested, whichever is later. Any outstanding indebted-
13 ness that exists at the time a person is appointed to retirement shall
14 result in an actuarial adjustment to the benefits payable based on the
15 Peace Corps service.

16 (c) A retired employee on July 1, 1987, is eligible to receive
17 increased benefits based on Peace Corps service as described in (a) of
18 this section. To receive credited service for Peace Corps service, a
19 retired employee must verify the Peace Corps service. When verified,
20 a retired employee is entitled to receive an increased benefit that
21 shall be actuarially adjusted to reflect the employee's indebtedness
22 for that credit. The indebtedness shall be calculated in the same
23 manner as described in (b) of this section except that it shall be
24 based on the average monthly compensation used in calculating the
25 benefit. The effective date of this increased benefit is the begin-
26 ning of the month following the month in which eligibility has been
27 established.

28 (d) The credited service granted under this section may not be
29 used to satisfy the credited service requirements for normal

1 retirement.

2 (e) A deferred vested employee on July 1, 1987, is eligible to
3 claim credited service under (a) of this section. In order to obtain
4 credited service under this section, the employee must make an elec-
5 tion to do so and must verify the period of Peace Corps service. When
6 eligibility for Peace Corps service has been established, an indebted-
7 ness shall be determined as follows: the employee's actual compensa-
8 tion, or the calculated annual compensation for those employees work-
9 ing less than 12 months, during the calendar year the employee ter-
10 minated, shall be multiplied by six percent; this product shall then
11 be multiplied by the number of years of Peace Corps service credit
12 under this section. Interest as prescribed by regulation accrues on
13 this indebtedness commencing July 1, 1988. An outstanding indebted-
14 ness that exists at the time a person is appointed to retirement shall
15 result in an actuarial adjustment to the benefits payable based upon
16 that Peace Corps service.

17 (f) An employee cannot be credited with a period of Peace Corps
18 service under this section if credit for that Peace Corps service was
19 granted under AS 14.25. The combined period of Peace Corps service
20 claimed under this section and under AS 14.25 may not exceed five
21 years.

22 (g) A surviving spouse receiving or entitled to receive benefits
23 under AS 39.35.420(b), 39.35.430, or 39.35.440 or benefits under a
24 joint and survivor option filed under AS 39.35.450 is eligible to
25 receive increased benefits based on Peace Corps service as described
26 in (a) of this section. To receive credited service for Peace Corps
27 service, the surviving spouse must verify the employee's Peace Corps
28 service. When verified, the surviving spouse is entitled to receive
29 an increased benefit which shall be actuarially adjusted to reflect

1 the indebtedness for that credit. The indebtedness shall be cal-
2 culated in the same manner as described in (b) of this section except
3 that it shall be based on the average monthly compensation used in
4 calculating the benefit. Benefits payable under this subsection are
5 effective the first day of the month following the month in which
6 eligibility has been established.

7 * Sec. 7. AS 39.35.485(a) is amended to read:

8 (a) An employee who is eligible for a benefit calculated under
9 [IN ACCORDANCE WITH] AS 39.35.370(c) is entitled to a benefit of at
10 least \$25 a month for each year of credited service, not including
11 adjustments made under AS 39.35.340 for military service, AS 39.35.343
12 for Peace Corps service, AS 39.35.350 for reinstatement of credited
13 service, AS 39.35.360 for credit for earlier service, AS 39.35.370(c)
14 for early retirement, AS 39.35.420 for nonoccupational death benefits,
15 AS 39.35.450 for the survivor's option, AS 39.35.460 for the level
16 income option, AS 39.35.475 for the post-retirement pension adjust-
17 ment, and AS 39.35.480 for the cost of living.