

1 IN THE HOUSE

BY COLLINS

2

HOUSE BILL NO. 505

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 credited service under the Public

7

Employees' Retirement System for employees terminated

8

because of a nonoccupational disability; and provid-

9

ing for an effective date."

10

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

11

* Section 1. AS 39.35.400(a) is amended to read:

12

(a) An employee is eligible for a nonoccupational disability

13

benefit if the employee's employment is terminated because of a total

14

and apparently permanent nonoccupational disability, as defined in

15

AS 39.35.680, before the employee's normal retirement date and after

16

five or more years of credited service. An employee who is eligible

17

under (g) of this section may elect to receive credited service to

18

become eligible for a benefit under this section.

19

* Sec. 2. AS 39.35.400(b) is amended to read:

20

(b) Except as provided in (g) of this section, the [THE] non-

21

occupational disability benefits accrue beginning the first day of the

22

month following termination of employment as a result of the disabili-

23

ty and are payable the last day of the month. If a final determina-

24

tion granting the benefit is not made in time to pay the benefit when

25

due, a retroactive payment shall be made to cover the period of defer-

26

ment. The last payment shall be for the first month in which the

27

disabled employee

28

(1) dies;

29

(2) recovers from disability;

1 (3) fails to meet the requirements under (e) of this sec-
2 tion or under AS 39.35.415; or

3 (4) reaches normal retirement age.

4 * Sec. 3. AS 39.35.400(c) is amended to read:

5 (c) If the disabled employee becomes ineligible to receive
6 nonoccupational disability benefits, the employee is entitled to
7 receive a normal or early retirement benefit if the employee would
8 have been eligible for the benefit had employment continued during the
9 period of disability. However, except as provided in (g) of this
10 section, the period of disability does not constitute credited ser-
11 vice.

12 * Sec. 4. AS 39.35.400(d) is amended to read:

13 (d) The monthly amount of the nonoccupational disability benefit
14 shall be determined in accordance with AS 39.35.370(c), considering
15 the employee's credited service, including credited service received
16 under (g) of this section, and compensation before termination of
17 employment.

18 * Sec. 5. AS 39.35.400 is amended by adding a new subsection to read:

19 (g) An employee who has fewer than five years of credited ser-
20 vice and who is terminated after December 31, 1979, because of a total
21 and apparently permanent nonoccupational disability may elect to
22 receive additional credited service in an amount equal to the differ-
23 ence between five years and the total credited service the employee
24 has earned. Credited service received under this subsection consti-
25 tutes credited service for all purposes under this chapter. To re-
26 ceive credited service under this subsection, an employee must claim
27 the service. When the employee claims the service, an indebtedness to
28 the system is established. The amount of this indebtedness is equal
29 to the contributions the employee would have made if the employee had

1 continued to be employed in the position from which the employee
2 terminated. Interest as prescribed by regulation accrues on this
3 indebtedness beginning on the later of July 1, 1988, or the date of
4 the employee's termination because of disability. Any outstanding
5 indebtedness that exists at the time the employee becomes eligible to
6 receive a benefit under this subsection will require an actuarial
7 adjustment to the benefits that are based on credited service under
8 this subsection. Benefits under this subsection accrue beginning the
9 first day of the month following the later of the employee's termina-
10 tion of employment as a result of nonoccupational disability or elec-
11 tion to receive credited service under this subsection.

12 * Sec. 6. This Act takes effect July 1, 1988.