

Introduced: 1/19/87  
Referred: State Affairs, Labor & Commerce  
and Finance

5-0191A

1 IN THE SENATE BY DUNCAN, HALFORD,  
SZYMANSKI AND KERTTULA  
2 SENATE BILL NO. 42  
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 eli-  
11 gible vested member if  
12 (1) the member will be qualified to retire under AS 14.25.-  
13 110 or AS 39.35.370 after receipt of the retirement incentive and will  
14 be appointed to retirement on or before  
15 (A) October 1, 1988 [1987], if the member is an em-  
16 ployee of the state other than the University of Alaska, or a  
17 member of the Teachers' Retirement System other than an employee  
18 of the University of Alaska;  
19 (B) January 1, 1989 [1988], if the member is an em-  
20 ployee of the University of Alaska;  
21 (C) April 1, 1989 [1988], for all other members of the  
22 Public 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  
26 system for each member who is retired within three years after  
27 the end of the fiscal year in which the member is appointed to  
28 retirement in an amount equal to  
29 (i) the actuarial equivalent of the difference

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

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

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

12       \* Sec. 2. Section 5(b), ch. 26, SLA 1986, is repealed and reenacted to  
13       read:

14               (b) Except as provided in (f) of this section, in determining  
15       whether a member will qualify to retire under (a) of this section,

16                       (1) for members of the Public Retirement System, only  
17       service credit for employment rendered to an employer under AS 39.35  
18       may be used;

19                       (2) for members of the Teachers' Retirement System, credit-  
20       ed service may include service credit for employment rendered to an  
21       employer, territorial service under AS 14.25.105, Alaska BIA service  
22       under AS 14.25.107, and outside service under AS 14.25.060.

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

24               (e) A member who wishes to participate shall apply on a form  
25       provided by the administrator. A member may not apply for participa-  
26       tion in the retirement incentive program unless the member is employed  
27       in a position in a designated organizational unit. A state employee  
28       other than an employee of the University of Alaska, or a member of the  
29       Teachers' Retirement System other than an employee of the University

1 of Alaska, may apply for participation in the program until June 30,  
2 1988 [1987]. An employee of the University of Alaska may apply for  
3 participation in the program between October 1, 1986, and Septem-  
4 ber 30, 1988 [1987]. Other members of the Public Employees' Retire-  
5 ment System may apply for participation in the program between Janu-  
6 ary 1, 1987, and December 31, 1988 [1987].

7 \* Sec. 4. Section 6(c), ch. 26, SLA 1986, is amended to read:

8 (c) The Office of Management and Budget shall report to the  
9 legislature in January 1987, [AND] 1988, and 1989 on the effect of the  
10 retirement incentive program on state operation and personal services  
11 costs.

12 \* Sec. 5. Section 7, ch. 26, SLA 1986, is amended to read:

13 Sec. 7. INDEBTEDNESS ON REEMPLOYMENT. Except as provided in (b)  
14 of this section, if [IF] a participant in the retirement incentive  
15 program is reemployed as a member of the Public Employees' Retirement  
16 System under AS 39.35 or the Teachers' Retirement System under AS 14.-  
17 25 after appointment to retirement under the program, the participant  
18 loses the incentive credit received under sec. 5 (c) of this Act and  
19 is indebted to the system. The amount of the indebtedness is equal to  
20 110 percent of the amount the participant received as a result of  
21 participation in the program for which the participant was not other-  
22 wise entitled, including the cost of health insurance. The partici-  
23 pant is entitled to a credit to be applied against the reemployment  
24 indebtedness in the amount the participant has paid under sec. 5 (d)  
25 of this Act. Interest accrues on the indebtedness at the rate estab-  
26 lished by regulation from the date of reemployment until the member is  
27 appointed to retirement and accepts an actuarial adjustment to the  
28 member's future benefits or until the amount is paid in full.

29 \* Sec. 6. Section 7, ch. 26, SLA 1986, is amended by adding a new

1 subsection to read:

2 (b) A member of the Teachers' Retirement System who retires  
3 under the early retirement program may continue to receive benefits  
4 from the Teachers' Retirement System that include early retirement  
5 incentives while employed in a position covered by the Public Em-  
6 ployees' Retirement System. However, the member may not participate  
7 in the early retirement program under the Public Employees' Retirement  
8 System and may not receive credit for employment covered by the Teach-  
9 ers' Retirement System when retiring from the Public Employees' Re-  
10 tirement System.

11 \* Sec. 7. Section 11, ch. 26, SLA 1986, is amended to read:

12 Sec. 11. Sections 1 - 6 of this Act are repealed July 1, 1989  
13 [1988].

14 \* Sec. 8. Section 7, ch. 26, SLA 1986, as amended by sec. 5 of this Act  
15 applies retroactively to May 16, 1986. With respect to a member of the  
16 Teachers' Retirement System who retired under the incentive program estab-  
17 lished by ch. 26, SLA 1986, and accepted employment from an employer cover-  
18 ed by the Public Employees' Retirement System before the effective date of  
19 this Act, the division of retirement and benefits shall

20 (1) restore any incentive credit lost under sec. 7, ch. 26, SLA  
21 1986, before it was amended by this Act;

22 (2) recompute the member's benefits, considering the retroactive  
23 restoration of credit under (1) of this section;

24 (3) make a lump-sum payment to the member of additional benefits  
25 due, considering the recomputation under (2) of this section;

26 (4) recompute any indebtedness previously determined under  
27 sec. 7, ch. 26, SLA 1986, before it was amended by this Act; and

28 (5) refund any overpayments made by the member in relation to an  
29 indebtedness recomputed under (4) of this section.

1 \* Sec. 9. This Act takes effect immediately under AS 01.10.070(c).