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5-0363L

Original sponsors: Kerttula, Halford
and Fischer

1 IN THE SENATE BY THE JUDICIARY COMMITTEE
2 CS FOR SENATE BILL NO. 56 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act amending and making effective an annuity
7 program and amendments to the longevity bonus program
8 and the permanent fund dividend program provided for
9 in secs. 2 - 18, ch. 99, SLA 1985; and providing for
10 an effective date."
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
12 * Section 1. AS 43.23.110(a) is amended to read:
13 (a) The annuity investment fund is established as a separate
14 fund in the state treasury. The annuity investment fund consists of
15 money transferred from the dividend fund, cash contributions under
16 AS 43.23.125, and income earned by the annuity investment fund.
17 Notwithstanding AS 37.13.145, an amount equal to the permanent fund
18 dividends taken as annuity credits under this chapter shall be annual-
19 ly transferred from the dividend fund to the annuity investment fund.
20 * Sec. 2. AS 43.23 is amended by adding a new section to read:
21 Sec. 43.23.125. CASH CONTRIBUTIONS. An individual who is eligi-
22 ble to receive the permanent fund dividend as an annuity credit under
23 AS 43.23.005(d) but does not elect to do so or who elects to receive
24 only a portion of the permanent fund dividend as an annuity credit may
25 make a cash contribution to that individual's annuity account. The
26 total amount credited and contributed to an annuity account in a year
27 may not exceed the amount of the permanent fund dividend for that
28 year.
29 * Sec. 3. AS 43.23.130(a) is amended to read:

1 (a) An individual with one or more annuity credits or cash
2 contributions under AS 43.23.125 may receive an annuity upon reaching
3 the age of 65.

4 * Sec. 4. AS 43.23.130(e) is amended to read:

5 (e) If a person elects to credit a permanent fund dividend or
6 make a cash contribution to an annuity account in a particular year,
7 that person may make an irrevocable choice regarding death benefits
8 with respect to that credit or contribution. If a person dies before
9 age 65 and that person has selected death benefits in at least one
10 year, a lump sum payment shall, subject to appropriation, be paid to
11 the surviving spouse by right of survivorship unless a different
12 beneficiary was designated. When no spouse survives and no benefi-
13 ciary is designated, the lump sum shall be paid to the decedent's
14 estate. The lump sum payment includes all dividends credited to the
15 person's annuity account in years in which death benefits were select-
16 ed and interest on those dividends. Dividends credited and cash
17 contributed to a person's annuity account in years for which death
18 benefits were not selected and interest on those dividends and contri-
19 butions shall, if the person dies before age 65, be distributed equi-
20 tably among the annuity accounts of all individuals for which death
21 benefits were not selected.

22 * Sec. 5. AS 43.23 is amended by adding a new section to read:

23 Sec. 43.23.135. EMERGENCY WITHDRAWALS. An individual may make a
24 withdrawal from that individual's annuity account before reaching the
25 age of 65 if the individual establishes to the satisfaction of the
26 commissioner that the withdrawal is necessary to meet an unforeseeable
27 emergency. The amount withdrawn may not exceed the total amount in
28 the individual's annuity account or the amount actually necessary to
29 meet the emergency, whichever is less. The commissioner shall define

1 the term "unforeseeable emergency" by regulation. An individual may
2 only make one withdrawal under this section and may pay it back with
3 interest under terms established by the commissioner.

4 * Sec. 6. AS 47.45.015(a) is amended to read:

5 (a) Except as provided in (b) of this section, the monthly
6 longevity bonus is equal to \$250, minus the maximum possible straight
7 life annuity [FOR A PERSON 65 YEARS OF AGE] under the annuity program
8 (AS 43.23.110 - 43.23.130), as determined by the commissioner of
9 administration. The maximum possible straight life annuity equals the
10 amount a person would receive if that person became 65 on January 2,
11 1988, and contributed 100 percent of all permanent fund dividends or
12 the cash equivalency to the annuity program for every year after
13 December 31, 1987. However, for purposes of this section the maximum
14 possible straight life annuity may not exceed the amount that a person
15 turning 65 in the current year would receive if that person had
16 contributed 100 percent of all permanent fund dividends or the cash
17 equivalency to the annuity program for every year after December 31,
18 1987.

19 * Sec. 7. Section 1, ch. 99, SLA 1985, is repealed.

20 * Sec. 8. Chapter 99, SLA 1985, and secs. 1 - 6 of this Act apply only
21 to permanent fund dividends for years beginning after December 31, 1987.
22 Notwithstanding the amendments to AS 43.23 made by ch. 99, SLA 1985, and
23 this Act, permanent fund dividends for 1987 and prior years shall be made
24 under the law as it existed before the effective date of this Act.

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