

Offered: 3/9/88  
Referred: Finance

5-0363N

Original sponsors: Kerttula, Halford,  
Fischer and Uehling

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 2d HOUSE CS FOR CS FOR SENATE BILL NO. 56 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND 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  
15 the person's annuity account in years in which death benefits were  
16 selected 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 con-  
19 tributions shall, if the person dies before age 65, be distributed  
20 in accordance with AS 13.06 - AS 13.36 (Uniform Probate Code) and  
21 AS 13.43 (Uniform Simultaneous Death Act) [EQUITABLY AMONG THE ANNUI-  
22 TY ACCOUNTS OF ALL INDIVIDUALS FOR WHICH DEATH BENEFITS WERE NOT  
23 SELECTED].

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

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 The amount withdrawn may not exceed the total amount in

1 the individual's annuity account or the amount actually necessary to  
2 meet the emergency, whichever is less. The commissioner shall define  
3 the term "unforeseeable emergency" by regulation. An individual may  
4 only make one withdrawal under this section and may pay it back with  
5 interest under terms established by the commissioner. An individual  
6 who has made a withdrawal under this section may not elect to credit a  
7 dividend or make a cash contribution to an annuity account for two  
8 years after the withdrawal.

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

10 (a) Except as provided in (b) and (c) of this section, the  
11 monthly longevity bonus is equal to \$250, minus the maximum possible  
12 straight life annuity [FOR A PERSON 65 YEARS OF AGE] under the annuity  
13 program (AS 43.23.110 - 43.23.130), as determined by the commissioner  
14 of administration. The maximum possible straight life annuity equals  
15 the amount a person would receive if that person became 65 on Janu-  
16 ary 2, 1989, and contributed 100 percent of all permanent fund divi-  
17 dends or the cash equivalency to the annuity program for every year  
18 after December 31, 1988. However, for purposes of this section the  
19 maximum possible straight life annuity may not exceed the amount that  
20 a person turning 65 in the current year would receive if that person  
21 had contributed 100 percent of all permanent fund dividends or the  
22 cash equivalency to the annuity program for every year after Decem-  
23 ber 31, 1988.

24 \* Sec. 7. AS 47.45.015 is amended by adding a new subsection to read:

25 (c) Notwithstanding (a) of this section, the monthly longevity  
26 bonus in a fiscal year for a person who is 65 years of age after  
27 January 1, 1989, may not exceed

28 (1) \$240.32 in fiscal year 1991;

29 (2) \$230.54 in fiscal year 1992;

- 1 (3) \$220.59 in fiscal year 1993;
- 2 (4) \$209.64 in fiscal year 1994;
- 3 (5) \$197.65 in fiscal year 1995;
- 4 (6) \$184.51 in fiscal year 1996;
- 5 (7) \$170.11 in fiscal year 1997;
- 6 (8) \$154.31 in fiscal year 1998;
- 7 (9) \$136.95 in fiscal year 1999;
- 8 (10) \$117.90 in fiscal year 2000;
- 9 (11) \$96.95 in fiscal year 2001;
- 10 (12) \$73.89 in fiscal year 2002;
- 11 (13) \$48.51 in fiscal year 2003;
- 12 (14) \$20.58 in fiscal year 2004; and
- 13 (15) \$00.00 after fiscal year 2004.

14 \* Sec. 8. Section 1, ch. 99, SLA 1985, is repealed.

15 \* Sec. 9. Chapter 99, SLA 1985, and secs. 1 - 6 of this Act apply only  
16 to permanent fund dividends for years beginning after December 31, 1988.  
17 Notwithstanding the amendments to AS 43.23 made by ch. 99, SLA 1985, and  
18 this Act, permanent fund dividends for 1988 and prior years shall be made  
19 under the law as it existed before the effective date of this Act.

20 \* Sec. 10. This Act takes effect immediately under AS 01.10.070(c).