

Original sponsors: Kerttula, Halford,
Fischer and Uehling

1 IN THE SENATE BY THE CONFERENCE COMMITTEE

2 CONFERENCE CS FOR SENATE BILL NO. 56

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 43.23.110(b) is amended to read:

21 (b) Money in the annuity investment fund shall be invested by
22 the commissioner of revenue in investments authorized under AS 39.35.-
23 110. The commissioner of administration shall credit the net income
24 of the annuity investment fund to the individual annuity accounts and
25 the annuity reserve account.

26 * Sec. 3. AS 43.23 is amended by adding a new section to read:

27 Sec. 43.23.125. CASH CONTRIBUTIONS. An individual who is eligi-
28 ble to receive the permanent fund dividend as an annuity credit under
29 AS 43.23.005(d) but does not elect to do so or who elects to receive

1 only a portion of the permanent fund dividend as an annuity credit may
2 make a cash contribution to that individual's annuity account. The
3 cash contribution for a dividend year must be received by the Depart-
4 ment of Administration before September 30 of the year following that
5 dividend year. The total amount of the annuity credit and the cash
6 contributions to an annuity account for a year may not exceed the
7 amount of the permanent fund dividend for that year.

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

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

12 * Sec. 5. AS 43.23.130(b) is amended to read:

13 (b) An annuity under this section is a monthly payment based
14 upon the principal and accrued interest in the person's annuity ac-
15 count. Upon appointment to receive an annuity, the account balance
16 shall be transferred to the annuity reserve account. The [AN] annuity
17 shall be paid from the annuity reserve account as a straight life
18 annuity or other payment plan authorized by the commissioner of admin-
19 istration [THE DEPARTMENT OF ADMINISTRATION]. The size of the annuity
20 may not vary on account of the individual's sex.

21 * Sec. 6. AS 43.23.130(e) is repealed and reenacted to read:

22 (e) If a person elects to credit a permanent fund dividend or
23 make a cash contribution to an annuity account and dies before age 65,
24 a lump sum payment shall be made to that person's designated benefi-
25 ciary or beneficiaries. The lump sum payment includes all dividends
26 or cash contributions credited to the person's annuity account and
27 interest earned on the account. A person may change or revoke a
28 designation without notice to the beneficiary or beneficiaries at any
29 time. If a person designates more than one beneficiary, each shares

1 equally unless the person specifies a different allocation or prefer-
2 ence. The designation, change, or revocation of beneficiary shall be
3 made on a form provided by the commissioner of administration and is
4 not effective until it is filed with the commissioner. If there is no
5 beneficiary designated or surviving, the lump sum payment shall be
6 paid to the

7 (1) surviving spouse;

8 (2) if there is no surviving spouse, in equal parts to the
9 surviving children including adopted children;

10 (3) if there is no surviving spouse or child, in equal
11 parts to the surviving parents; or

12 (4) if there is no surviving spouse, child, or parent, to
13 the estate of the deceased.

14 * Sec. 7. AS 43.23 is amended by adding a new section to read:

15 Sec. 43.23.135. EMERGENCY WITHDRAWALS. An individual may make a
16 withdrawal from that individual's annuity account before reaching the
17 age of 65 if the individual establishes to the satisfaction of the
18 commissioner of administration that the withdrawal is necessary to
19 meet an unforeseeable emergency. The amount withdrawn may not exceed
20 the total amount in the individual's annuity account or the amount
21 actually necessary to meet the emergency, whichever is less. The
22 commissioner shall define the term "unforeseeable emergency" by regu-
23 lation. An individual may only make one withdrawal under this section
24 and may pay it back with interest under terms established by the
25 commissioner. An individual who has made a withdrawal under this
26 section may not elect to credit a dividend or make a cash contribution
27 to an annuity account for two years after the withdrawal.

28 * Sec. 8. AS 47.45.015 is amended to read:

29 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b)

1 and (c) of this section, the monthly longevity bonus is equal to \$250,
2 minus the maximum possible straight life annuity [FOR A PERSON 65
3 YEARS OF AGE] under the annuity program (AS 43.23.110 - 43.23.130), as
4 determined by the commissioner of administration. The maximum possi-
5 ble straight life annuity equals the amount a person would receive if
6 that person became 65 on January 2, 1989, and contributed 100 percent
7 of all permanent fund dividends or the cash equivalency to the annuity
8 program for every year after December 31, 1988. However, for purposes
9 of this section the maximum possible straight life annuity may not
10 exceed the amount that a person turning 65 in the current year would
11 receive if that person had contributed 100 percent of all permanent
12 fund dividends or the cash equivalency to the annuity program for
13 every year after December 31, 1988.

14 (b) A person who is 65 years of age on or before January 1, 1989
15 [1988], is entitled to the full longevity bonus payment without re-
16 duction for the annuity program.

17 * Sec. 9. AS 47.45.015 is amended by adding a new subsection to read:

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

- 21 (1) \$240.95 in fiscal year 1991;
- 22 (2) \$231.85 in fiscal year 1992;
- 23 (3) \$222.67 in fiscal year 1993;
- 24 (4) \$212.71 in fiscal year 1994;
- 25 (5) \$201.95 in fiscal year 1995;
- 26 (6) \$190.32 in fiscal year 1996;
- 27 (7) \$177.74 in fiscal year 1997;
- 28 (8) \$164.12 in fiscal year 1998;
- 29 (9) \$149.37 in fiscal year 1999;

- 1 (10) \$133.40 in fiscal year 2000;
- 2 (11) \$116.10 in fiscal year 2001;
- 3 (12) \$97.34 in fiscal year 2002;
- 4 (13) \$77.00 in fiscal year 2003;
- 5 (14) \$54.93 in fiscal year 2004;
- 6 (15) \$30.95 in fiscal year 2005;
- 7 (16) \$4.85 in fiscal year 2006; and
- 8 (17) \$00.00 after fiscal year 2006.

9 * Sec. 10. AS 43.23.110(c) and sec. 1, ch. 99, SLA 1985, are repealed.

10 * Sec. 11. Chapter 99, SLA 1985, and secs. 1 - 9 of this Act apply only
11 to permanent fund dividends for years beginning after December 31, 1988.
12 Notwithstanding the amendments to AS 43.23 made by ch. 99, SLA 1985, and
13 this Act, permanent fund dividends for 1988 and prior years shall be made
14 under the law as it existed before the effective date of this Act.

15 * Sec. 12. This Act takes effect immediately under AS 01.10.070(c).