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6-0029A

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 5

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH 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 43.23.005(d) is amended to read:

13 (d) A person who is eligible to receive a permanent fund divi-
14 dend under this section, or who is authorized to claim a dividend on
15 behalf of another under (c) of this section, may elect to receive the
16 dividend either in cash or as an annuity credit. Alternatively, a
17 person may elect to receive 25 percent, 50 percent, or 75 percent of
18 the dividend in cash and the remainder as an annuity credit. A person
19 who is 65 years of age on or before January 1, 1991 [1988] may only
20 receive the permanent fund dividend in cash and may not elect to
21 receive an annuity credit.

22 * Sec. 2. AS 43.23.110(a) is amended to read:

23 (a) The annuity investment fund is established as a separate
24 fund in the state treasury. The annuity investment fund consists of
25 money transferred from the dividend fund, cash contributions under
26 AS 43.23.125, and income earned by the annuity investment fund.
27 Notwithstanding AS 37.13.145, an amount equal to the permanent fund
28 dividends taken as annuity credits under this chapter shall be annual-
29 ly transferred from the dividend fund to the annuity investment fund.

1 * Sec. 3. AS 43.23.110(b) is amended to read:

2 (b) Money in the annuity investment fund shall be invested by
3 the commissioner of revenue in investments authorized under AS 39.35.-
4 110. The commissioner of administration shall credit the net income
5 of the annuity investment fund to the individual annuity accounts and
6 the annuity reserve account.

7 * Sec. 4. AS 43.23 is amended by adding a new section to read:

8 Sec. 43.23.125. CASH CONTRIBUTIONS. An individual who is eligi-
9 ble to receive the permanent fund dividend as an annuity credit under
10 AS 43.23.005(d) but does not elect to do so or who elects to receive
11 only a portion of the permanent fund dividend as an annuity credit may
12 make a cash contribution to that individual's annuity account. The
13 cash contribution for a dividend year must be received by the Depart-
14 ment of Administration before September 30 of the year following that
15 dividend year. The total amount of the annuity credit and the cash
16 contributions to an annuity account for a year may not exceed the
17 amount of the permanent fund dividend for that year.

18 * Sec. 5. AS 43.23.130(a) is amended to read:

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

22 * Sec. 6. AS 43.23.130(b) is amended to read:

23 (b) An annuity under this section is a monthly payment based
24 upon the principal and accrued interest in the person's annuity ac-
25 count. Upon appointment to receive an annuity, the account balance
26 shall be transferred to the annuity reserve account. The [AN] annuity
27 shall be paid from the annuity reserve account as a straight life
28 . . annuity or other payment plan authorized by the commissioner of admin-
29 istration [THE DEPARTMENT OF ADMINISTRATION]. The size of the annuity

1 may not vary on account of the individual's sex.

2 * Sec. 7. AS 43.23.130(e) is repealed and reenacted to read:

3 (e) If a person elects to credit a permanent fund dividend or
4 make a cash contribution to an annuity account and dies before age 65,
5 a lump sum payment shall be made to that person's designated benefi-
6 ciary or beneficiaries. The lump sum payment includes all dividends
7 or cash contributions credited to the person's annuity account and
8 interest earned on the account. A person may change or revoke a
9 designation without notice to the beneficiary or beneficiaries at any
10 time. If a person designates more than one beneficiary, each shares
11 equally unless the person specifies a different allocation or prefer-
12 ence. The designation, change, or revocation of beneficiary shall be
13 made on a form provided by the commissioner of administration and is
14 not effective until it is filed with the commissioner. If there is no
15 beneficiary designated or surviving, the lump sum payment shall be
16 paid to the

17 (1) surviving spouse;

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

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

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

24 * Sec. 8. 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 of administration that the withdrawal is necessary to
29 meet an unforeseeable emergency. The amount withdrawn may not exceed

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

9 * Sec. 9. AS 47.45.015 is amended to read:

10 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b)
11 of this section, the monthly longevity bonus is equal to \$250, minus
12 the maximum possible straight life annuity [FOR A PERSON 65 YEARS OF
13 AGE] under the annuity program (AS 43.23.110 - 43.23.130), as deter-
14 mined by the commissioner of administration. The maximum possible
15 straight life annuity equals the amount a person would receive if that
16 person became 65 on January 2, 1991, and contributed 100 percent of
17 all permanent fund dividends or the cash equivalency to the annuity
18 program for every year after December 31, 1990. However, for purposes
19 of this section the maximum possible straight life annuity may not
20 exceed the amount that a person turning 65 in the current year would
21 receive if that person had contributed 100 percent of all permanent
22 fund dividends or the cash equivalency to the annuity program for
23 every year after December 31, 1990.

24 (b) A person who is 65 years of age on or before January 1, 1991
25 [1988], is entitled to the full longevity bonus payment without re-
26 duction for the annuity program.

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

28 * Sec. 11. Chapter 99, SLA 1985, and secs. 1 - 9 of this Act apply only
29 to permanent fund dividends for years beginning after December 31, 1990.

1 Notwithstanding the amendments to AS 43.23 made by ch. 99, SLA 1985, and
2 this Act, permanent fund dividends for 1990 and prior years shall be made
3 under the law as it existed before the effective date of this Act.

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