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1 IN THE SENATE

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SENATE BILL NO. 343

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the retirement incentive program;
7 and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. Section 2(b), ch. 89, SLA 1989, is amended to read:

10 (b) The organizational units of a plan must be selected so that
11 implementation of the plan results in maximum savings to the employer
12 in personal services costs within five [THREE] years after the com-
13 mencement of the plan. A plan that results in savings in personal
14 services costs in any amount that is in excess of all costs to the
15 employer qualifies under this section. The designation may include
16 only representatives from job classifications whose inclusion contrib-
17 utes to the overall cost savings.

18 * Sec. 2. Section 2(d), ch. 89, SLA 1989, is amended to read:

19 (d) A participating employer shall prepare and file the re-
20 tirement incentive plan with the administrator. For state employees
21 other than university employees, the administrator may approve a
22 designated organizational unit only if the office of management and
23 budget certifies that the unit's participation in the plan meets the
24 requirements of (b) of this section. The administrator shall approve
25 the plan if it meets the requirements of this section. The plan must

26 (1) identify organizational units and employees eligible to
27 participate in the program;

28 (2) include a reimbursement agreement that

29 (A) requires the employer, for each employee who is

1 retired under the plan, to reimburse the system within three
2 years after the end of the fiscal year in which the employee is
3 appointed to retirement in an amount equal to

4 (i) the actuarial equivalent of the difference
5 between the benefits the participant receives after the
6 addition of the retirement incentive under this section and
7 the amount the participant would have received without the
8 incentive, less the total of the amount the participant has
9 paid on the indebtedness determined under (e) or (f) of this
10 section and the amount paid under (i) of this section, if
11 any; and

12 (ii) an appropriate share of the administrative costs
13 of the program; and

14 (B) provides that contributions from the employer
15 under this section take priority over other obligations of the
16 employer to the maximum extent permitted by law.

17 * Sec. 3. Section 2, ch. 89, SLA 1989, is amended by adding a new
18 subsection to read:

19 (i) In order to establish eligibility for participation under
20 (b) of this section, and in addition to the employee indebtedness
21 required under (e) or (f) of this section, an employee may elect to
22 assume a portion of the employer liability calculated under (d) of
23 this section. An outstanding indebtedness at the time the employee is
24 appointed to retirement will require an actuarial adjustment to the
25 benefits.

26 * Sec. 4. Section 9(a), ch. 89, SLA 1989, is amended to read:

27 (a) If a participant in the retirement incentive program is
28 reemployed as a member of the public employees' retirement system
29 under AS 39.35 or the teachers' retirement system under AS 14.25 after

1 appointment to retirement under the program, the participant loses the
2 incentive credit received under sec. 2(g) of this Act and is indebted
3 to the system. The amount of the indebtedness is equal to 110 percent
4 of the amount the participant received as a result of participation in
5 the program to which the participant was not otherwise entitled, in-
6 cluding the cost of health insurance. The participant is entitled to
7 a credit to be applied against the reemployment indebtedness in the
8 amount the participant has paid under sec. 2(e), [OR] (f), and (i) of
9 this Act. Interest accrues on the indebtedness at the rate estab-
10 lished by regulation from the date of reemployment until the member is
11 appointed to retirement and accepts an actuarial adjustment to the
12 member's future benefits or until the amount is paid in full.

13 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).