

Introduced: 1/8/90
Referred: Health, Education and Social Services,
State Affairs and Finance

6-1815A

BY SEN. DUNCAN

1 IN THE SENATE

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SENATE BILL NO. 360

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to a variable supplemental benefit
in the teachers' retirement system."

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

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* Section 1. AS 14.25 is amended by adding a new section to read:

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Sec. 14.25.121. VARIABLE SUPPLEMENTAL BENEFIT. (a) Each year, the board shall determine the difference between the actuary's projection of the earnings on the principal in the retirement fund for the year and the amount actually earned on the principal. The board shall make the determination no later than 60 days after the actuary determines the investment return rate for the retirement fund. If the actual earnings were greater than the actuary's projection of earnings, the board shall allocate 20 percent of the difference in the two amounts for payment as variable supplemental benefits.

(b) A person receiving a monthly benefit from the system is entitled to receive a variable supplemental benefit if one has been declared for the year. The amount of a variable supplemental benefit shall be determined according to the number of units accumulated by each person. The computation shall be made based on a person's status on the date the actuary determines the investment return rate for the year. A benefit recipient accumulates one unit for each full calendar year in which the person received a benefit from the system and one unit for each year of credited service for an employer. Partial units are accumulated for partial years of employment for an employer. The board shall assign a monetary value to each unit, determined by

1 dividing the total amount of money determined to be available under
2 (a) of this section by the total number of units for all persons
3 receiving monthly benefits determined under this subsection. If the
4 value assigned per unit is \$5 or more, the board shall authorize the
5 administrator to issue variable supplemental benefits to eligible
6 recipients. If the value assigned is less than \$5, the amount shall
7 be held in a variable supplemental benefits account for distribution
8 in the first year in which the assigned value is \$5 or more.

9 (c) For a person receiving a monthly benefit under AS 14.25.157,
10 14.25.160, 14.25.162, or 14.25.164, and for the contingent beneficiary
11 designated under AS 14.25.167 who is receiving a monthly benefit under
12 that section, the benefit shall be determined by adding the deceased
13 member's years of credited service and years of receiving a benefit
14 and the years that one or more contingent beneficiaries have been
15 receiving benefits. If more than one contingent beneficiary is re-
16 ceiving a benefit based on the deceased member's credited service, the
17 variable supplemental benefit shall be apportioned between them in the
18 same ratio as the ratio of the benefits they are receiving.

19 (d) The variable supplemental benefit shall be paid no later
20 than 60 days after the board determines that a benefit is to be paid.
21 The variable supplemental benefit shall not be considered when comput-
22 ing a cost-of-living allowance under AS 14.25.142 or a post retirement
23 pension adjustment under AS 14.25.143.

24 (e) When figuring the investment return rate to be used under
25 (a) of this section, the actuary shall average the rate of return over
26 the past three years.