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BY SEN. DUNCAN

1 IN THE SENATE

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SENATE BILL NO. 382

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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 transfer of service credit by
7 active and inactive members and former members of the
8 teachers' retirement system and the public employees'
9 retirement system."

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

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

12 Sec. 14.25.127. TRANSFER OF CREDITED SERVICE. (a) When an
13 active or inactive member applies to retire under this chapter, the
14 member may transfer to the system credited service recognized under
15 AS 39.35 (Public Employees' Retirement System of Alaska). The trans-
16 fer may not result in the member receiving more than one year of
17 credited service for one calendar year of employment. The transferred
18 credited service shall count as credited service under this chapter
19 and may be used to meet vesting requirements. The transfer of credit
20 for military service under AS 39.35.340 is subject to the limitations
21 set out in AS 14.25.100.

22 (b) To transfer credited service, the member shall file a writ-
23 ten request with the administrator when the member applies to retire.
24 The administrator shall determine the full actuarial cost to the
25 system of benefits based on the transferred credited service. An
26 amount equal to the contributions paid by the employee and by the
27 employer on behalf of the employee and interest earned on the contri-
28 butions shall be transferred from the public employees' retirement
29 system to this system. If the amount to be transferred is less than

1 the full actuarial cost computed under this subsection, an indebted-
2 ness to the system equal to the amount of the difference is establish-
3 ed. Interest as prescribed by regulation accrues on the indebtedness.
4 Any outstanding indebtedness existing at the time the member is
5 appointed to retirement will require an actuarial adjustment to the
6 benefits based on the transferred credited service. If the amount to
7 be transferred is greater than the full actuarial cost, the adminis-
8 trator shall pay the balance to the member.

9 (c) After transfer of credited service under this section, the
10 member loses all rights to benefits under AS 39.35 based on the cred-
11 ited service transferred.

12 (d) A member may not transfer credited service under this sec-
13 tion unless the member transfers all of the credited service the
14 member has in the public employees' retirement system. A transfer of
15 credited service under this section is irrevocable as to that period
16 of credited service.

17 (e) A member whose rights to benefits under AS 39.35 are subject
18 to a qualified domestic relations order may transfer credited service
19 under this section. However, the credited service transferred remains
20 subject to the terms of the qualified domestic relations order.

21 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former
22 member of the public employees' retirement system who is an active or
23 inactive member of this system may reinstate, under this section,
24 credited service earned under AS 39.35 for which the member received a
25 refund of contributions.

26 (g) A person who is a former member of both this system and the
27 public employees' retirement system may transfer credited service from
28 the public employees' retirement system to this system if this is the
29 system in which the person was most recently an active member.

1 * Sec. 2. AS 14.25.200(a) is amended to read:

2 (a) Member contributions and other amounts held in the system on
3 behalf of a member or other person who is or may become eligible for
4 benefits under the system are exempt from Alaska state and municipal
5 taxes and are not subject to anticipation, alienation, sale, transfer,
6 assignment, pledge, encumbrance, or charge of any kind, either volun-
7 tary or involuntary, before they are received by the person entitled
8 to the amount under the terms of the system, and any attempt to antic-
9 ipate, alienate, sell, transfer, assign, pledge, encumber, charge, or
10 otherwise dispose of any right to amounts accrued in the system is
11 void. However, a member's right to receive benefits may be assigned
12 under a qualified domestic relations order and may be transferred
13 under AS 39.35.355.

14 * Sec. 3. AS 39.35 is amended by adding a new section to read:

15 Sec. 39.35.355. TRANSFER OF CREDITED SERVICE. (a) When an
16 active or inactive member is appointed to retirement under this chap-
17 ter, the member may transfer to the system credited service recognized
18 under AS 14.25 (Teachers' Retirement Act). The transfer may not
19 result in the employee receiving more than one year of credited ser-
20 vice for one calendar year of employment. The transferred credited
21 service may be used to meet vesting requirements under this chapter.
22 The transfer of credit for military service under AS 14.25.100 is
23 subject to the limitations set out in AS 39.35.340. The transfer of
24 credited service may not include the transfer of credited service
25 based on unused sick leave under AS 14.25.115.

26 (b) To transfer credited service, the employee shall file a
27 written request with the administrator when the member applies to
28 retire. The administrator shall determine the full actuarial cost to
29 the system of benefits based on the transferred credited service. An

1 amount equal to the contributions paid by the employee and by the
2 employer on behalf of the employee and interest earned on the contri-
3 butions shall be transferred from the teachers' retirement system to
4 the public employees' retirement system. If the amount to be trans-
5 ferred is less than the full actuarial cost computed under this sub-
6 section, an indebtedness to the system equal to the amount of the
7 difference is established. Interest as prescribed by regulation
8 accrues on the indebtedness. Any outstanding indebtedness existing at
9 the time the employee retires will require an actuarial adjustment to
10 the benefits based on the transferred credited service. If the amount
11 to be transferred is greater than the full actuarial cost, the admin-
12 istrator shall pay the balance to the member.

13 (c) After transfer of credited service under this section, the
14 employee loses all rights to benefits under AS 14.25 based on the
15 credited service transferred.

16 (d) An employee may not transfer credited service under this
17 section unless the employee transfers all of the credited service the
18 employee has in the teachers' retirement system. A transfer of cred-
19 ited service under this section is irrevocable as to that period of
20 credited service.

21 (e) An employee whose rights to benefits under AS 14.25 are
22 subject to a qualified domestic relations order may transfer credited
23 service under this section. However, the credited service transferred
24 remains subject to the terms of the qualified domestic relations
25 order.

26 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former
27 member of the teachers' retirement system who is an active or inactive
28 member of this system may reinstate, under this section, credited
29 service earned under AS 14.25 for which the member received a refund

1 of contributions.

2 (g) A person who is a former member of both this system and the
3 teachers' retirement system may transfer credited service from the
4 teachers' retirement system to this system if this is the system in
5 which the person was most recently an active member.

6 * Sec. 4. AS 39.35.500 is amended to read:

7 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
8 Employee contributions and other amounts held in the system are exempt
9 from Alaska state and local taxes. Amounts held on behalf of, or
10 payable to, any employee or other person who is or may become eligible
11 for benefits under the system are not subject to anticipation, aliena-
12 tion, sale, transfer, assignment, pledge, encumbrance, or charge of
13 any kind, either voluntary or involuntary, before being received by
14 the person entitled to the amount under the terms of the system. An
15 attempt to anticipate, alienate, sell, transfer, assign, pledge,
16 encumber, charge, or otherwise dispose of a right to amounts held
17 under the system is void. However, an employee's right to receive
18 benefits may be assigned under a qualified domestic relations order
19 and may be transferred under AS 14.25.127.