

SENATE BILL NO. 8

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR KERTTULA

Introduced: 1/21/91

Referred: State Affairs and Finance

A BILL

FOR AN ACT ENTITLED

**1 "An Act amending and making effective an annuity program and amendments to the
2 longevity bonus program and the permanent fund dividend program provided for in
3 secs. 2 - 18, ch. 99, SLA 1985; and providing for an effective date."**

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

5 * Section 1. AS 43.23.005(d), as enacted by sec. 3, ch. 99, SLA 1985, is amended to read:

6 (d) A person who is eligible to receive a permanent fund dividend under this section, or
7 who is authorized to claim a dividend on behalf of another under (c) of this section, may elect
8 to receive the dividend either in cash or as an annuity credit. Alternatively, a person may elect
9 to receive 25 percent, 50 percent, or 75 percent of the dividend in cash and the remainder as an
10 annuity credit. A person who is 65 years of age on or before January 1, **1993** [1988] may only
11 receive the permanent fund dividend in cash and may not elect to receive an annuity credit.

12 * Sec. 2. AS 43.23.110(a), as enacted by sec. 16, ch. 99, SLA 1985, is amended to read:

13 (a) The annuity investment fund is established as a separate fund in the state treasury.
14 The annuity investment fund consists of money transferred from the dividend fund, cash

1 contributions under AS 43.23.125, and income earned by the annuity investment fund.
2 Notwithstanding AS 37.13.145, an amount equal to the permanent fund dividends taken as
3 annuity credits under this chapter shall be annually transferred from the dividend fund to the
4 annuity investment fund.

5 * **Sec. 3.** AS 43.23.110(b), as enacted by sec. 16, ch. 99, SLA 1985, is amended to read:

6 (b) Money in the annuity investment fund shall be invested under AS 37.10.071 by the
7 commissioner of revenue [IN INVESTMENTS AUTHORIZED UNDER AS 39.35.110]. The
8 commissioner of administration shall credit the net income of the annuity investment fund to the
9 individual annuity accounts and the annuity reserve account.

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

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

19 * **Sec. 5.** AS 43.23.130(a), as enacted by sec. 16, ch. 99, SLA 1985, is amended to read:

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

22 * **Sec. 6.** AS 43.23.130(b), as enacted by sec. 16, ch. 99, SLA 1985, is amended to read:

23 (b) An annuity under this section is a monthly payment based upon the principal and
24 accrued interest in the person's annuity account. Upon appointment to receive an annuity, the
25 account balance shall be transferred to the annuity reserve account. The [AN] annuity shall
26 be paid from the annuity reserve account as a straight life annuity or other payment plan
27 authorized by the commissioner of administration [THE DEPARTMENT OF
28 ADMINISTRATION]. The size of the annuity may not vary on account of the individual's sex.

29 * **Sec. 7.** AS 43.23.130(e), as enacted by sec. 16, ch. 99, SLA 1985, is repealed and reenacted to
30 read:

31 (e) If a person elects to credit a permanent fund dividend or make a cash contribution

1 to an annuity account and dies before age 65, a lump sum payment shall be made to that person's
2 designated beneficiary or beneficiaries. The lump sum payment includes all dividends or cash
3 contributions credited to the person's annuity account and interest earned on the account. A
4 person may change or revoke a designation without notice to the beneficiary or beneficiaries at
5 any time. If a person designates more than one beneficiary, each shares equally unless the person
6 specifies a different allocation or preference. The designation, change, or revocation of
7 beneficiary shall be made on a form provided by the commissioner of administration and is not
8 effective until it is filed with the commissioner. If there is no beneficiary designated or
9 surviving, the lump sum payment shall be paid to the

10 (1) surviving spouse;

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

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

14 or

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

16 * Sec. 8. AS 43.23 is amended by adding a new section to read:

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

27 * Sec. 9. AS 47.45.015, as enacted by sec. 18, ch. 99, SLA 1985, is amended to read:

28 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b) of this section,
29 the monthly longevity bonus is equal to \$250, minus the maximum possible straight life annuity
30 [FOR A PERSON 65 YEARS OF AGE] under the annuity program (AS 43.23.110 - 43.23.130),
31 as determined by the commissioner of administration. The maximum possible straight life

1 annuity equals the amount a person would receive if that person became 65 on January 2,
2 1993, and contributed 100 percent of all permanent fund dividends or the cash equivalency
3 to the annuity program for every year after December 31, 1992. However, for purposes of
4 this section the maximum possible straight life annuity may not exceed the amount that a
5 person turning 65 in the current year would receive if that person had contributed 100
6 percent of all permanent fund dividends or the cash equivalency to the annuity program
7 for every year after December 31, 1993.

8 (b) A person who is 65 years of age on or before January 1, 1993 [1988], is entitled to
9 the full longevity bonus payment without reduction for the annuity program.

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

11 * Sec. 11. Chapter 99, SLA 1985, and secs. 1 - 9 of this Act apply only to permanent fund dividends
12 for years beginning after December 31, 1992. Notwithstanding the amendments to AS 43.23 made by
13 ch. 99, SLA 1985, and this Act, permanent fund dividends for 1992 and prior years shall be made under
14 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).