

SENATE BILL NO. 51

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR DUNCAN

Introduced: 1/21/91

Referred: State Affairs and Finance

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to transfer of service credit by active and inactive members and former
2 members of the teachers' retirement system and the public employees' retirement system."

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

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

5 Sec. 14.25.127. TRANSFER OF CREDITED SERVICE. (a) When an active or inactive
6 member applies to retire under this chapter, the member may transfer to the system credited ser-
7 vice recognized under AS 39.35 (Public Employees' Retirement System of Alaska). The transfer
8 may not result in the member receiving more than one year of credited service for one calendar
9 year of employment. The transferred credited service shall count as credited service under this
10 chapter and may be used to meet vesting requirements. The transfer of credit for military service
11 under AS 39.35.340 is subject to the limitations set out in AS 14.25.100.

12 (b) To transfer credited service, the member shall file a written request with the
13 administrator when the member applies to retire. The administrator shall determine the full
14 actuarial cost to the system of benefits based on the transferred credited service. An amount

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

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

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

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

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

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

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

27 (a) Member contributions and other amounts held in the system on behalf of a member
28 or other person who is or may become eligible for benefits under the system are exempt from
29 Alaska state and municipal taxes and are not subject to anticipation, alienation, sale, transfer,
30 assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before
31 they are received by the person entitled to the amount under the terms of the system, and any

1 attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise
2 dispose of any right to amounts accrued in the system is void. However, a member's right to
3 receive benefits may be assigned under a qualified domestic relations order and may be
4 transferred under AS 39.35.355.

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

6 Sec. 39.35.355. TRANSFER OF CREDITED SERVICE. (a) When an active or inactive
7 member is appointed to retirement under this chapter, the member may transfer to the system
8 credited service recognized under AS 14.25 (Teachers' Retirement Act). The transfer may not
9 result in the employee receiving more than one year of credited service for one calendar year of
10 employment. The transferred credited service may be used to meet vesting requirements under
11 this chapter. The transfer of credit for military service under AS 14.25.100 is subject to the
12 limitations set out in AS 39.35.340. The transfer of credited service may not include the transfer
13 of credited service based on unused sick leave under AS 14.25.115.

14 (b) To transfer credited service, the employee shall file a written request with the
15 administrator when the member applies to retire. The administrator shall determine the full
16 actuarial cost to the system of benefits based on the transferred credited service. An amount
17 equal to the contributions paid by the employee and by the employer on behalf of the employee
18 and interest earned on the contributions shall be transferred from the teachers' retirement system
19 to the public employees' retirement system. If the amount to be transferred is less than the full
20 actuarial cost computed under this subsection, an indebtedness to the system equal to the amount
21 of the difference is established. Interest as prescribed by regulation accrues on the indebtedness.
22 Any outstanding indebtedness existing at the time the employee retires will require an actuarial
23 adjustment to the benefits based on the transferred credited service. If the amount to be trans-
24 ferred is greater than the full actuarial cost, the administrator shall pay the balance to the
25 member.

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

28 (d) An employee may not transfer credited service under this section unless the employee
29 transfers all of the credited service the employee has in the teachers' retirement system. A
30 transfer of credited service under this section is irrevocable as to that period of credited service.

31 (e) An employee whose rights to benefits under AS 14.25 are subject to a qualified

1 domestic relations order may transfer credited service under this section. However, the credited
2 service transferred remains subject to the terms of the qualified domestic relations order.

3 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the teachers'
4 retirement system who is an active or inactive member of this system may reinstate, under this
5 section, credited service earned under AS 14.25 for which the member received a refund of
6 contributions.

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

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

11 **Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.**

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