

**SENATE BILL NO. 217**

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR FISCHER

Introduced: 3/20/91  
Referred: State Affairs and Finance

**A BILL****FOR AN ACT ENTITLED**

1 "An Act permitting a person receiving a monthly benefit under a state retirement system  
2 to convert the benefits to a lump-sum payment in cases of medical hardship."

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. LUMP-SUM CONVERSION. (a) A person receiving a monthly benefit  
6 from the system who has a significant medical hardship may request conversion of the monthly  
7 benefits to a lump-sum payment. The administrator shall convert the benefits to a lump sum if  
8 the administrator finds that the conversion is because of a significant medical hardship. The  
9 amount of the lump sum shall be the actuarial equivalent of the value of the benefits otherwise  
10 payable but for the conversion. The requester may withdraw a request for conversion at any time  
11 before accepting the lump-sum payment. Except as provided in (c) of this section, after receipt  
12 of a lump sum under this section, the requester and those entitled to benefits based on the  
13 requester's credited service lose all rights to benefits under this chapter.

14           (b) Unless approval is waived by the administrator as established by regulation, a person

1 requesting conversion of benefits is required to secure the approval of

2 (1) the requester's spouse if the requester is married at the time of application for  
3 conversion of benefits; and

4 (2) each person entitled to benefits under a qualified domestic relations order that  
5 affects the requester's right to receive benefits from the system.

6 (c) A person whose approval is required under (b) of this section may approve a limited  
7 conversion of benefits. In the limited approval, the person may retain the right to any of the  
8 following: the requester's or the person's right to benefits, a spouse's rights as a surviving spouse  
9 under AS 14.25.167, or rights to medical benefits under AS 14.25.168. A limited approval  
10 affects the rights of the requester and the actual or potential rights of the person whose approval  
11 is required only to the extent stated in the approval. After the requester receives a lump sum  
12 under this section, a person whose benefits are converted subject to limited approval loses rights  
13 to benefits under this chapter to the extent of the limited approval.

14 (d) The administrator may waive written consent from a person entitled to benefits under  
15 a qualified domestic relations order if the administrator determines that the person cannot be  
16 located or for other reasons established by regulation. The administrator may waive written  
17 consent from the present spouse of the requester if the administrator determines that

18 (1) the requester was not married to the spouse during any period of the  
19 requester's employment with an employer;

20 (2) the spouse has no rights under this chapter because of the terms of a qualified  
21 domestic relations order;

22 (3) the spouse cannot be located;

23 (4) the requester and spouse have been married for less than two years and the  
24 requester establishes that they are not cohabiting; or

25 (5) other reasons established by regulation exist.

26 \* Sec. 2. AS 39.35 is amended by adding a new section to read:

27 Sec. 39.35.465. LUMP-SUM CONVERSION. (a) A person receiving a monthly benefit  
28 from the system who has a significant medical hardship may request conversion of the monthly  
29 benefits to a lump-sum payment. The administrator shall convert the benefits to a lump sum if  
30 the administrator finds that the conversion is because of a significant medical hardship. The  
31 amount of the lump sum shall be the actuarial equivalent of the value of the benefits otherwise

1 payable but for the conversion. The requester may withdraw a request for conversion at any time  
2 before accepting the lump-sum payment. Except as provided in (c) of this section, after receipt  
3 of a lump sum under this section, the requester and those entitled to benefits based on the  
4 requester's credited service lose all rights to benefits under this chapter.

5 (b) Unless approval is waived by the administrator as established by regulation, a person  
6 requesting conversion of benefits is required to secure the approval of

7 (1) the requester's spouse if the requester is married at the time of application for  
8 conversion of benefits; and

9 (2) each person entitled to benefits under a qualified domestic relations order that  
10 affects the requester's right to receive benefits from the system.

11 (c) A person whose approval is required under (b) of this section may approve a limited  
12 conversion of benefits. In the limited approval, the person may retain the right to any of the  
13 following: the requester's or the person's right to benefits, a spouse's rights as a surviving spouse  
14 under AS 39.35.450, or rights to medical benefits under AS 39.35.535. A limited approval  
15 affects the rights of the requester and the actual or potential rights of the person whose approval  
16 is required only to the extent stated in the approval. After the requester receives a lump sum  
17 under this section, a person whose benefits are converted subject to limited approval loses rights  
18 to benefits under this chapter to the extent of the limited approval.

19 (d) The administrator may waive written consent from a person entitled to benefits under  
20 a qualified domestic relations order if the administrator determines that the person cannot be  
21 located or for other reasons established by regulation. The administrator may waive written  
22 consent from the present spouse of the requester if the administrator determines that

23 (1) the requester was not married to the spouse during any period of the  
24 requester's employment with an employer;

25 (2) the spouse has no rights under this chapter because of the terms of a qualified  
26 domestic relations order;

27 (3) the spouse cannot be located;

28 (4) the requester and spouse have been married for less than two years and the  
29 requester establishes that they are not cohabiting; or

30 (5) other reasons established by regulation exist.