

SENATE BILL NO. 39

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY SENATORS DUNCAN, Lincoln

Introduced: 1/11/93
Referred: CRA, STA, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credited service and retirement benefits."

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

3 * Section 1. AS 14.25.200(a) is amended to read:

4 (a) Except as provided in AS 29.45.030(a)(1), member contributions and other
5 amounts held in the system on behalf of a member or other person who is or may
6 become eligible for benefits under the system are exempt from Alaska state and
7 municipal taxes and are not subject to anticipation, alienation, sale, transfer,
8 assignment, pledge, encumbrance, or charge of any kind, either voluntary or
9 involuntary, before they are received by the person entitled to the amount under the
10 terms of the system, and any attempt to anticipate, alienate, sell, transfer, assign,
11 pledge, encumber, charge, or otherwise dispose of any right to amounts accrued in the
12 system is void. However, a member's right to receive benefits may be assigned under
13 a qualified domestic relations order and may be claimed under AS 39.35.375.

14 * Sec. 2. AS 39.35.340(i) is amended to read:

- 1 (i) Credited service under (a) of this section includes service as a
2 (1) foreign service officer, a foreign service reserve officer, or a limited
3 foreign service reserve officer with the United States Department of State in Vietnam,
4 Cambodia, or Laos from August 4, 1964, through November 7, 1975; [AND]
5 (2) member of the United States Merchant Marine Service from
6 December 7, 1941, through September 30, 1945; and
7 (3) member of a unit of the national guard or the national guard
8 reserve as provided in (j) of this section.

9 * Sec. 3. AS 39.35.340 is amended by adding a new subsection to read:

10 (j) A vested member may claim credited service for active duty service in a
11 unit of the national guard or national guard reserve if the member received a discharge
12 under honorable conditions and is not entitled to receive retirement benefits from the
13 United States government for the same service. To obtain credited service for national
14 guard service, the member shall elect to do so and shall verify the periods of active
15 duty service. When eligibility for credited service for national guard service has been
16 established, an indebtedness shall be determined under (b) of this section, except that
17 interest at the rate prescribed by regulation shall be added to the indebtedness
18 beginning on the effective date of this Act or the date the member is first eligible to
19 claim the service, whichever is later, and ending on the date of payment of the
20 indebtedness or the date of retirement, whichever occurs first. However, if the
21 member was in the employ of an employer on the date of entry into active duty service
22 in the unit and returned to the employ of an employer within 90 days after the date of
23 discharge from active duty service, the member is not required to make retroactive
24 contributions under this subsection for the period of credited service. Any outstanding
25 indebtedness that exists at the time a member is appointed to retirement will require
26 an actuarial adjustment to the benefits payable based upon that national guard service.

27 * Sec. 4. AS 39.35.345(d) is repealed and reenacted to read:

28 (d) An employee may choose whether the credited service granted under this
29 section is used to satisfy the credited service requirements for normal retirement or is
30 only used for the calculation of benefits. An election under this subsection is
31 irrevocable and applies to all temporary credited service that the employee has accrued

1 when the employee retires.

2 * **Sec. 5. AS 39.35.360 is amended by adding new subsections to read:**

3 **(l) A member is eligible to receive credited service for service that was**
4 **rendered as a temporary employee of the legislature of the state or territory during**
5 **legislative sessions for which the member has not received credit under (g) of this**
6 **section or AS 39.35.345. To receive retroactive credited service under this subsection,**
7 **a member must claim the service. When the member claims the service, an**
8 **indebtedness of the member to the system shall be established. The amount of this**
9 **indebtedness is equal to the full actuarial cost of providing benefits for the credited**
10 **service claimed. Interest as prescribed by regulation accrues on this indebtedness**
11 **beginning on the date the service is claimed. Any outstanding indebtedness that exists**
12 **at the time the member retires will require an actuarial adjustment to the benefits that**
13 **are based upon credited service claimed under this subsection.**

14 **(m) A vested member is eligible to receive credited service for employment**
15 **with the former Alaska State Development Corporation, established under former**
16 **AS 44.59. To receive retroactive credited service, the member must claim the service.**
17 **When the member claims retroactive credited service under this subsection, an**
18 **indebtedness of the member to the system shall be established. The amount of this**
19 **indebtedness is equal to the full actuarial cost of providing benefits for the service**
20 **claimed. Interest as established by regulation accrues on the indebtedness beginning**
21 **January 1, 1994. Any outstanding indebtedness that exists at the time of retirement**
22 **will require an actuarial adjustment to the benefits that are based on the retroactive**
23 **credited service.**

24 * **Sec. 6. AS 39.35 is amended by adding a new section to read:**

25 **Sec. 39.35.375. PUBLIC SERVICE BENEFIT. (a) An active or inactive**
26 **member who has never been vested in this system or in the teachers' retirement system**
27 **under AS 14.25, who has at least two years of credited service in this system, and who**
28 **has membership service in the teachers' retirement system may claim credited service**
29 **in this system in an amount equal to the membership service the member has in the**
30 **teachers' retirement system. The claimed credited service may be added to service**
31 **earned under this chapter to enable the member to qualify for a public service benefit**

1 under this section. The member may not claim credited service for membership
2 service for which the member has received a refund under AS 14.25.150 unless the
3 member fully pays the indebtedness as established under AS 14.25.063. The member
4 may not claim credited service in this system based on unused sick leave under
5 AS 14.25.115.

6 (b) To claim credited service under this section, the member shall file a written
7 request with the administrator when the member applies to retire. The administrator
8 shall determine the full actuarial cost of benefits based on the member's total credited
9 service and shall transfer from the teachers' retirement system to this system an
10 amount equal to the member contribution account in the teachers' retirement system.
11 If the amount to be transferred, when combined with the amount in the employee
12 contribution account in this system, is less than the full actuarial cost computed under
13 this subsection, an indebtedness to the system equal to the amount of the difference
14 is established. Interest as prescribed by regulation accrues on the indebtedness. The
15 member must pay any outstanding indebtedness existing at the time the member
16 applies for retirement in full before the member is appointed to retirement under this
17 section.

18 (c) A member is entitled to receive a public service benefit under this section
19 if the member has at least a total of five years credited service under this chapter and
20 credited service from the teachers' retirement system claimed under this section. A
21 public service benefit shall be calculated using the higher of the average monthly
22 compensation for service in this system or the average base salary for service in the
23 teachers' retirement system. If the member has more than 10 years of total credited
24 service, benefits for the part of the credited service over 10 years earned on and after
25 the effective date of this Act shall be calculated under AS 39.35.370(c) using a
26 multiplier of two and one-quarter percent.

27 (d) Credited service earned under either this system or the teachers' retirement
28 system that has been claimed for a public service benefit under this section may not
29 be used for any other purpose. A member who claims credited service under this
30 section loses all rights to benefits under AS 14.25 based on the claimed credited
31 service. A member may not claim credited service under this section unless the

1 member claims all of the membership service the member has in the teachers'
2 retirement system. A public service benefit does not constitute a normal or early
3 retirement benefit for purposes of qualifying for a conditional service retirement benefit
4 under AS 14.25.125 or AS 39.35.385.

5 (e) A member whose rights to benefits under AS 14.25 are subject to a
6 qualified domestic relations order may claim credited service under this section.
7 However, the credited service claimed remains subject to the terms of the order.

8 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the
9 teachers' retirement system who is an active member or inactive member of this
10 system may reinstate, under this section, membership service earned under AS 14.25
11 for which the member received a refund of contributions.

12 (g) If a member retires under this section and subsequently returns to work for
13 an employer under this system or the teachers' retirement system, benefits under this
14 section shall cease during the period of reemployment and shall recommence when the
15 reemployment is ended. The credited service earned during the period of
16 reemployment may not be added to the credited service claimed for a public service
17 benefit under this section. If a member vests and meets the other eligibility
18 requirements under this system or the teachers' retirement system during the
19 reemployment, the member is entitled to a benefit under AS 14.25 or AS 39.35, as
20 appropriate.

21 * Sec. 7. Notwithstanding AS 39.35.340(j), enacted by sec. 3 of this Act, a retired member
22 of the public employees' retirement system who claims credited service for service in a unit
23 of the national guard or the national guard reserve under AS 39.35.340(j), is entitled to
24 benefits based on the national guard service beginning on the first day of the month after the
25 division of retirement and benefits receives the member's application for inclusion of the
26 service.

27 * Sec. 8. A member of the public employees' retirement system who has claimed credited
28 service under AS 39.35.345 on or before the effective date of this Act may exercise the
29 election established under AS 39.35.345(d), as amended by sec. 4 of this Act, before the
30 member is appointed to retirement.