

SENATE BILL NO. 207

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR KERTTULA

Introduced: 4/30/93
Referred: STA, JUD, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act amending and making effective an annuity program and amendments to
2 the longevity bonus program and the permanent fund dividend program provided
3 for in 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
7 section, or who is authorized to claim a dividend on behalf of another under (c) of this
8 section, may elect to receive the dividend either in cash or as an annuity credit.
9 Alternatively, a person may elect to receive 25 percent, 50 percent, or 75 percent of
10 the dividend in cash and the remainder as an annuity credit. A person who is 65 years
11 of age on or before January 1, 1995, [1988] may only receive the permanent fund
12 dividend in cash and may not elect to receive an annuity credit.

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

14 (a) The annuity investment fund is established as a separate fund in the state

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

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

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

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

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

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

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

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

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

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

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

- 14 (1) surviving spouse;
15 (2) if there is no surviving spouse, in equal parts to the surviving
16 children including adopted children;
17 (3) if there is no surviving spouse or child, in equal parts to the
18 surviving parents; or
19 (4) if there is no surviving spouse, child, or parent, to the estate of the
20 deceased.

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

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

1 contribution to an annuity account for two years after the withdrawal.

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

3 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b) of this
4 section, the monthly longevity bonus is equal to \$250, minus the maximum possible
5 straight life annuity [FOR A PERSON 65 YEARS OF AGE] under the annuity
6 program (AS 43.23.110 - 43.23.130), as determined by the commissioner of
7 administration. The maximum possible straight life annuity equals the amount a
8 person would receive if that person became 65 on January 2, 1995, and
9 contributed 100 percent of all permanent fund dividends or the cash equivalency
10 to the annuity program for every year after December 31, 1993. However, for
11 purposes of this section the maximum possible straight life annuity may not
12 exceed the amount that a person turning 65 in the current year would receive if
13 that person had contributed 100 percent of all permanent fund dividends or the
14 cash equivalency to the annuity program for every year after December 31, 1994.

15 (b) A person who is 65 years of age on or before January 1, 1995 [1988], is
16 entitled to the full longevity bonus payment without reduction for the annuity program.

17 * Sec. 10. AS 43.23.110(c), as enacted by sec. 16, ch. 99, SLA 1985, and sec. 1, ch. 99,
18 SLA 1985, are repealed.

19 * Sec. 11. Chapter 99, SLA 1985, and secs. 1 - 10 of this Act apply only to permanent
20 fund dividends for years beginning after December 31, 1993. Notwithstanding the
21 amendments to AS 43.23 made by ch. 99, SLA 1985, and this Act, permanent fund dividends
22 for 1993 and prior years shall be made under the law as it existed before the effective date
23 of this Act.

24 * Sec. 12. Nothing in this Act repeals or amends by implication amendments to AS 43.23
25 or AS 47.45 enacted after 1985.

26 * Sec. 13. This Act takes effect immediately under AS 01.10.070(c).