

SENATE BILL NO. 271

IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY SENATORS KERTTULA, Halford

Introduced: 2/2/94  
Referred: STA, JUD, FIN

A BILL

FOR AN ACT ENTITLED

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

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

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

7 (d) A person who is eligible to receive a permanent fund dividend under this  
8 section, or who is authorized to claim a dividend on behalf of another under (c) of this  
9 section, may elect to receive the dividend either in cash or as an annuity credit.  
10 Alternatively, a person may elect to receive 25 percent, 50 percent, or 75 percent of  
11 the dividend in cash and the remainder as an annuity credit. A person who is 65 years  
12 of age on or before January 1, 1996, [1988] may only receive the permanent fund  
13 dividend in cash and may not elect to receive an annuity credit.

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

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

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

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

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

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

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

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

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

26 (b) An annuity under this section is a monthly payment based upon the  
27 principal and accrued interest in the person's annuity account. Upon appointment to  
28 receive an annuity, the account balance shall be transferred to the annuity reserve  
29 account. The [AN] annuity shall be paid from the annuity reserve account as a  
30 straight life annuity or other payment plan authorized by the commissioner of  
31 administration [THE DEPARTMENT OF ADMINISTRATION]. The size of the

1 annuity may not vary on account of the individual's sex.

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

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

15 (1) surviving spouse;

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

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

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

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

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

1 a withdrawal under this section may not elect to credit a dividend or make a cash  
2 contribution to an annuity account for two years after the withdrawal.

3 \* Sec. 9. AS 47.45.010(a) is repealed and reenacted to read:

4 (a) A person who is 65 years of age or over, who resides in the state for at  
5 least one year immediately preceding application for a longevity bonus under this  
6 chapter may apply to the commissioner of administration for qualification to receive  
7 a monthly bonus.

8 \* Sec. 10. AS 47.45.015, as enacted by sec. 18, ch. 99, SLA 1985, is amended to read:

9 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b) of this  
10 section, the monthly longevity bonus is equal to \$250, minus the maximum possible  
11 straight life annuity [FOR A PERSON 65 YEARS OF AGE] under the annuity  
12 program (AS 43.23.110 - 43.23.130), as determined by the commissioner of  
13 administration. The maximum possible straight life annuity equals the amount a  
14 person would receive if that person became 65 on January 2, 1996, and  
15 contributed 100 percent of all permanent fund dividends or the cash equivalency  
16 to the annuity program for every year after December 31, 1994. However, for  
17 purposes of this section the maximum possible straight life annuity may not  
18 exceed the amount that a person turning 65 in the current year would receive if  
19 that person had contributed 100 percent of all permanent fund dividends or the  
20 cash equivalency to the annuity program for every year after December 31, 1995.

21 (b) A person who is 65 years of age on or before January 1, 1996 [1988], is  
22 entitled to the full longevity bonus payment without reduction for the annuity program.

23 \* Sec. 11. Section 1, ch. 99, SLA 1985, and sec. 5, ch. 64, SLA 1993 are repealed.

24 \* Sec. 12. AS 43.23.110(c), as enacted by sec. 16, ch. 99, SLA 1985, and AS 43.23.055(9);  
25 AS 47.45.045, 47.45.070(a)(5), and 47.45.070(a)(6) are repealed.

26 \* Sec. 13. Chapter 99, SLA 1985, and secs. 1 - 12 of this Act apply only to permanent  
27 fund dividends for years beginning after December 31, 1994. Notwithstanding the  
28 amendments to AS 43.23 made by ch. 99, SLA 1985, and this Act, permanent fund dividends  
29 for 1994 and prior years shall be made under the law as it existed before the effective date  
30 of this Act.

31 \* Sec. 14. Nothing in this Act repeals or amends by implication amendments to AS 43.23

1 or AS 47.45 enacted after 1985.

2 \* Sec. 15. This Act takes effect immediately under AS 01.10.070(c).