

COMMITTEE REPORT

1/29/76

SENATE

Mr. President:

Date 2/27/76

The Committee on FINANCE has had SB 552
relating to teachers' retirement

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

-FILE-

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER / POUCH C - JUNEAU 99811

February 24, 1976

Honorable Bill Ray
Chairman
Senate Finance Committee
Alaska State Legislature
Pouch V - State Capitol
Juneau, Alaska 99811

RE: Senate Bill No. 552

Dear Senator Ray:

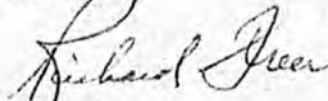
We are calling to your attention the above bill which has been referred to your committee.

Senate Bill No. 552 provides a series of "housekeeping" amendments to the Teachers' Retirement System legislation. These are intended to assist in administering the system by clarifying and making more uniform the various provisions in the system.

Robert Gates, director of our Division of Retirement and Benefits is available to discuss this bill with you and your committee at any time.

Your early consideration in this regard is appreciated by this office.

Very truly yours,



Richard W. Freer
Deputy Commissioner

RWF/be

SB 552

The Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill relating to the teachers' retirement system.

This bill modifies existing statutes concerning retirement age and termination of disability. It also adds new sections concerning correction of erroneous payments and legislative intent in later amendments.

Section 1 of the bill repeals and re-enacts AS 14.25.040, which presently limits membership in the teachers' retirement system to teachers who can meet minimum vesting requirements by their 65th birthday. The bill removes this limitation and requires that any teacher or member be a participant in the system. The amendment thereby removes a potential age discrimination clause and compels membership. If a teacher does not meet the minimum vesting requirements at the time of retirement, then he or she may recover any accrued employee contributions.

Section 2 of the bill is a technical amendment of AS 14.25.130(c). The bill deletes reference to examinations after a specific age (65) and, instead, requires examinations after the age of "normal retirement." The amendment also deletes reference to examination upon application for disability retirement salary. That reference merely reiterates the requirement implicit in AS 14.25.130(a). The words "or psychiatrist" are dropped because reference to "physician" includes psychiatrist (see AS 08.64.380(2)(B)).

Section 3 clarifies the date on which disability retirement benefits cease. The current termination date, set at "the first day of the month," has proved unsatisfactory as inviting an overly literal interpretation of the requirement. The intent has always been to relate the last check to the whole month in which the disabled teacher recovers. The amendment expresses this intent. Further, the amendment deletes reference to "age 55" for the same reasons as noted above for sections 1 and 2 of the bill.

Section 4 of this bill adds two new sections to AS 14.25. The first addition gives notice to participants of the methods of correcting errors in payment. The section requires that, upon discovery of an error (whether in overpayment or underpayment), the records or error shall be corrected, and payments to the recipient shall be adjusted. In making these adjustments, the administrator is to make adjustments to meet actuarial equivalents "as far as practicable." Thus, through the flexibility of an expanded repayment schedule, a recipient who through no fault of his own, for example, was paid too much is protected from a sudden decrease in payment. If no further payments are due, the recipient is still liable for repayment. This requirement is further notice of the State's right to collect erroneously paid funds under AS 37.10.090. On the other hand, if a person is underpaid, he or she (or a beneficiary) is entitled to the amount due even though benefit payments have ceased.

The second new section provides that all future amendments to the teachers' retirement system are to be prospective in effect only, unless the statutory amendment expressly declares otherwise. The Division of Retirement and Benefits has frequently presumed prospective effect only to face an argument that legislative intent, though not expressed in the statute itself, presumes retroactive effect. This section would cover subsequent amendments to benefits.

Section 5 repeals the compulsory retirement provisions in the Teachers' Retirement System for reasons of potential age discrimination. This section meshes with similar deletions in sections 1, 2, and 3 of this bill.

Sincerely,

Jay S. Hammond
Governor

Introduced: 1/20/76
Referred: Health, Education
and Social Services and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 552

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' retirement; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 14.25.040 is repealed and re-enacted to read:

10 Sec. 14.25.040. MEMBERSHIP. A teacher or member contracting for
11 service with a participating employer is subject to this chapter.

12 * Sec. 2. AS 14.25.130(c) is amended to read:

13 (c) Once each year during the first five years following retire-
14 ment of a teacher for disability under this section, and once [IN]
15 every three-year period thereafter, the administrator may [, AND, UPON
16 AN APPLICATION FOR DISABILITY RETIREMENT SALARY, SHALL] require a
17 teacher who has not attained eligibility for normal retirement [THE
18 AGE OF 65 YEARS] to undergo a medical or mental examination by a
19 competent physician [OR PSYCHIATRIST]. The administrator shall suspend
20 any disability retirement allowance for a teacher who refuses to
21 undergo a physical or mental examination when requested by the admini-
22 strator under this section.

23 * Sec. 3. AS 14.25.140(b) is amended to read:

24 (b) The payment made for [ON THE FIRST DAY OF] the month in
25 which the disabled teacher recovers from his disability, dies or
26 attains eligibility for normal retirement [AGE 55] constitutes the
27 last payment.

28 * Sec. 4. AS 14.25 is amended by adding new sections to read:

29 Sec. 14.25.173. ADJUSTMENTS. If a change or error is made in

1 the records maintained by the system or an error is made in computing
2 a benefit, and as a result a teacher or member or beneficiary receives
3 from the system more or less than he would have been entitled to
4 receive had the records been correct or had the error not been made,
5 (1) the records or error shall be corrected, and (2), as far as practi-
6 cable, future payments shall be adjusted so that the actuarial equiva-
7 lent of the pension or benefit to which the teacher or member or
8 beneficiary was correctly entitled will be paid. If no future benefit
9 payments are due, a person who was paid any amount to which he or she
10 was not entitled is liable for repayment of that amount, and a person
11 who was not paid the full amount to which he or she was entitled shall
12 be paid that amount.

13 Sec. 14.25.177. EFFECT OF AMENDMENTS. An amendment to this
14 chapter which has the effect of directly or indirectly changing the
15 amount of the benefit payments for which a teacher or member is
16 eligible, only applies to teachers or members who have not yet retired
17 under the early or normal retirement provisions, unless the amendment
18 expressly provides for the inclusion of persons already receiving
19 those payments.

20 * Sec. 5. AS 14.25.110(c) and 14.25.220(25) are repealed.

21 * Sec. 6. This Act takes effect July 1, 1976.
22
23
24
25
26
27
28
29

Introduced: 1/20/76
Referred: Health, Education
and Social Services and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 552

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' retirement; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 14.25.040 is repealed and re-enacted to read:

10 Sec. 14.25.040. MEMBERSHIP. A teacher or member contracting for
11 service with a participating employer is subject to this chapter.

12 * Sec. 2. AS 14.25.130(c) is amended to read:

13 (c) Once each year during the first five years following retire-
14 ment of a teacher for disability under this section, and once [IN]
15 every three-year period thereafter, the administrator may [, AND, UPON
16 AN APPLICATION FOR DISABILITY RETIREMENT SALARY, SHALL] require a
17 teacher who has not attained eligibility for normal retirement [THE
18 AGE OF 65 YEARS] to undergo a medical or mental examination by a
19 competent physician [OR PSYCHIATRIST]. The administrator shall suspend
20 any disability retirement allowance for a teacher who refuses to
21 undergo a physical or mental examination when requested by the admini-
22 strator under this section.

23 * Sec. 3. AS 14.25.140(b) is amended to read:

24 (b) The payment made for [ON THE FIRST DAY OF] the month in
25 which the disabled teacher recovers from his disability, dies or
26 attains eligibility for normal retirement [AGE 55] constitutes the
27 last payment.

28 * Sec. 4. AS 14.25 is amended by adding new sections to read:

29 Sec. 14.25.173. ADJUSTMENTS. If a change or error is made in

1 the records maintained by the system or an error is made in computing
2 a benefit, and as a result a teacher or member or beneficiary receives
3 from the system more or less than he would have been entitled to
4 receive had the records been correct or had the error not been made,
5 (1) the records or error shall be corrected, and (2), as far as practi-
6 cable, future payments shall be adjusted so that the actuarial equiva-
7 lent of the pension or benefit to which the teacher or member or
8 beneficiary was correctly entitled will be paid. If no future benefit
9 payments are due, a person who was paid any amount to which he or she
10 was not entitled is liable for repayment of that amount, and a person
11 who was not paid the full amount to which he or she was entitled shall
12 be paid that amount.

13 Sec. 14.25.177. EFFECT OF AMENDMENTS. An amendment to this
14 chapter which has the effect of directly or indirectly changing the
15 amount of the benefit payments for which a teacher or member is
16 eligible, only applies to teachers or members who have not yet retired
17 under the early or normal retirement provisions, unless the amendment
18 expressly provides for the inclusion of persons already receiving
19 those payments.

20 * Sec. 5. AS 14.25.110(c) and 14.25.220(25) are repealed.

21 * Sec. 6. This Act takes effect July 1, 1976.
22
23
24
25
26
27
28
29

Introduced: 1/20/76
Referred: Health, Education
and Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 552

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' retirement; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 14.25.040 is repealed and re-enacted to read:

10 Sec. 14.25.040. MEMBERSHIP. A teacher or member contracting for
11 service with a participating employer is subject to this chapter.

12 * Sec. 2. AS 14.25.130(c) is amended to read:

13 (c) Once each year during the first five years following retire-
14 ment of a teacher for disability under this section, and once [IN]
15 every three-year period thereafter, the administrator may [, AND, UPON
16 AN APPLICATION FOR DISABILITY RETIREMENT SALARY, SHALL] require a
17 teacher who has not attained eligibility for normal retirement [THE
18 AGE OF 65 YEARS] to undergo a medical or mental examination by a
19 competent physician [OR PSYCHIATRIST]. The administrator shall suspend
20 any disability retirement allowance for a teacher who refuses to
21 undergo a physical or mental examination when requested by the admini-
22 strator under this section.

23 * Sec. 3. AS 14.25.140(b) is amended to read:

24 (b) The payment made for [ON THE FIRST DAY OF] the month in
25 which the disabled teacher recovers from his disability, dies or
26 attains eligibility for normal retirement [AGE 55] constitutes the
27 last payment.

28 * Sec. 4. AS 14.25 is amended by adding new sections to read:

29 Sec. 14.25.173. ADJUSTMENTS. If a change or error is made in

1 the records maintained by the system or an error is made in computing
2 a benefit, and as a result a teacher or member or beneficiary receives
3 from the system more or less than he would have been entitled to
4 receive had the records been correct or had the error not been made,
5 (1) the records or error shall be corrected, and (2), as far as practi-
6 cable, future payments shall be adjusted so that the actuarial equiva-
7 lent of the pension or benefit to which the teacher or member or
8 beneficiary was correctly entitled will be paid. If no future benefit
9 payments are due, a person who was paid any amount to which he or she
10 was not entitled is liable for repayment of that amount, and a person
11 who was not paid the full amount to which he or she was entitled shall
12 be paid that amount.

13 Sec. 14.25.177. EFFECT OF AMENDMENTS. An amendment to this
14 chapter which has the effect of directly or indirectly changing the
15 amount of the benefit payments for which a teacher or member is
16 eligible, only applies to teachers or members who have not yet retired
17 under the early or normal retirement provisions, unless the amendment
18 expressly provides for the inclusion of persons already receiving
19 those payments.

20 * Sec. 5. AS 14.25.110(c) and 14.25.220(25) are repealed.

21 * Sec. 6. This Act takes effect July 1, 1976.
22
23
24
25
26
27
28
29

Introduced: 1/20/76
Referred: Health, Education
and Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 552

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' retirement; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 14.25.040 is repealed and re-enacted to read:

10 Sec. 14.25.040. MEMBERSHIP. A teacher or member contracting for
11 service with a participating employer is subject to this chapter.

12 * Sec. 2. AS 14.25.130(c) is amended to read:

13 (c) Once each year during the first five years following retire-
14 ment of a teacher for disability under this section, and once [IN]
15 every three-year period thereafter, the administrator may [, AND, UPON
16 AN APPLICATION FOR DISABILITY RETIREMENT SALARY, SHALL] require a
17 teacher who has not attained eligibility for normal retirement [THE
18 AGE OF 65 YEARS] to undergo a medical or mental examination by a
19 competent physician [OR PSYCHIATRIST]. The administrator shall suspend
20 any disability retirement allowance for a teacher who refuses to
21 undergo a physical or mental examination when requested by the admini-
22 strator under this section.

23 * Sec. 3. AS 14.25.140(b) is amended to read:

24 (b) The payment made for [ON THE FIRST DAY OF] the month in
25 which the disabled teacher recovers from his disability, dies or
26 attains eligibility for normal retirement [AGE 55] constitutes the
27 last payment.

28 * Sec. 4. AS 14.25 is amended by adding new sections to read:

29 Sec. 14.25.173. ADJUSTMENTS. If a change or error is made in

1 the records maintained by the system or an error is made in computing
2 a benefit, and as a result a teacher or member or beneficiary receives
3 from the system more or less than he would have been entitled to
4 receive had the records been correct or had the error not been made,
5 (1) the records or error shall be corrected, and (2), as far as practi-
6 cable, future payments shall be adjusted so that the actuarial equiva-
7 lent of the pension or benefit to which the teacher or member or
8 beneficiary was correctly entitled will be paid. If no future benefit
9 payments are due, a person who was paid any amount to which he or she
10 was not entitled is liable for repayment of that amount, and a person
11 who was not paid the full amount to which he or she was entitled shall
12 be paid that amount.

13 Sec. 14.25.177. EFFECT OF AMENDMENTS. An amendment to this
14 chapter which has the effect of directly or indirectly changing the
15 amount of the benefit payments for which a teacher or member is
16 eligible, only applies to teachers or members who have not yet retired
17 under the early or normal retirement provisions, unless the amendment
18 expressly provides for the inclusion of persons already receiving
19 those payments.

20 * Sec. 5. AS 14.25.110(c) and 14.25.220(25) are repealed.

21 * Sec. 6. This Act takes effect July 1, 1976.
22
23
24
25
26
27
28
29