

HB

456

A M E N D M E N T

Offered in the HOUSE

By the Judiciary Committee

TO: HOUSE BILL NO. 456

Page 1, lines 11-12:

Delete "Each justice, judge, or full-time magistrate" and insert the following:

(a) Except as provided in (b) of this section, each justice or judge

Page 1, line 12:

Delete "1977" and insert "1978"

Page 1, line 13:

After "ch. 25" insert "or ch. 28"

Page 1, lines 13-14:

Delete "justice, judge, or full-time magistrate" and insert "justice or judge"

Page 1, line 14:

Delete "accrues" and insert "and all full-time magistrates accrue"

Page 1, between lines 15 and 16:

Insert the following:

(b) A justice or judge appointed before July 1, 1978, who receives an increase or increases in salary after July 1, 1978, equivalent to or

greater than seven per cent of his salary as of July 1, 1978, accrues benefits under and is subject to the provisions of this chapter.

Page 5, line 15:

Delete "1978" and insert "1979"

Page 6, line 18:

Delete all material

Page 6, line 19:

Change "Sec. 3" to "Sec. 2"

Delete "1977" and insert "1978"



Alaska Court System

State of Alaska

303 "K" STREET

ANCHORAGE, ALASKA
99501

March 3, 1978

ARTHUR H. SNOWDEN II
ADMINISTRATIVE DIRECTOR

(907) 274-8611

The Hon. George Hohman, Chairman
Senate Judiciary Committee
Alaska Senate
Pouch V
Juneau, Alaska 99811

Re: Senate Bill 461
Magistrate Retirement

Dear Senator Hohman:

This letter is intended to supplement our oral testimony on Senate Bill 461 by providing a written record of our views in opposition to this bill.

The inclusion of "full-time" magistrates in the judicial retirement provisions of AS 22.25 raises both philosophical concerns and technical problems. With respect to the philosophical concerns, we do not believe that including magistrates in the judicial retirement system is necessary or appropriate. The judicial retirement system is obviously more generous than the Public Employees Retirement System under which all magistrates now accrue benefits. However, there are particular purposes for providing the more generous system for judges. These purposes do not apply to magistrates.

The two primary purposes of the judicial retirement system are: 1) to attract lawyers of the highest possible qualifications at the peak of successful law careers and to keep them on the bench once appointed, and 2) to provide an inexpensive source of temporary judicial assistance by way of pro tem appointment of retired justices and judges. The field of recruitment for judges is limited to the practicing Bar. The field is even further reduced with respect to applicants for the Supreme and Superior Courts who must have five and eight years of active practice,

respectively, to qualify. A distinctive retirement system is simply not required to attract well-qualified applicants for magistrate positions. In this sense, magistrates are much more comparable to classified state employees. Experience demonstrates that we have not had difficulty attracting and keeping well-qualified persons as magistrates.

With reference to the second purpose of judicial retirement, a higher retirement benefit than provided to public employees generally is justified because retired justices and judges who are receiving retirement pay are subject to being recalled to judicial service on a temporary basis. (Compensation for such service is limited to the difference between full salary and retirement pay.) If temporary judicial assistance is required at the Supreme or Superior Court level, the only constitutionally permissible source of temporary assistance is retired justices and judges. The retirement benefits must be high enough to permit these justices and judges to avoid financial pursuits during retirement that will interfere with their impartiality when recalled to pro tem service. Any citizen over 21 years of age can be appointed as a magistrate on a temporary or acting basis, and the level of work performed by magistrates is not so specialized that temporary assistance cannot be obtained from sources other than retired magistrates. Typically, when temporary magistrate service is required, a classified employee is appointed on an acting basis.

It is Court System policy to treat all magistrates the same for purposes of retirement benefits. The workload and the type of duties typically required vary from one magistrate post to the next, depending upon a number of factors such as population served, the level of local law enforcement activity, and the availability of a District Court judge. Yet, all magistrates are empowered to exercise the same jurisdiction, and are on call 24 hours a day to hold arraignments, set bail and so forth. In part for this reason, and in part because of the difficulties of making distinctions among the magistrates, we consider all magistrates as full-time for purposes of eligibility for P.E.R.S. membership.

There are also several technical problems with Senate Bill 461 as written. The first is the difficulty in defining who is and who is not a "full-time" magistrate. Though we cannot suggest how this distinction could or should be drawn, we do wish to point out that there may be difficulties in establishing the criteria.

For example, we are currently required to apply statutory leave benefits under AS 39.20 to magistrates who serve "full-time." We make this distinction solely on the basis of the number of hours required to be spent on the job and not on the basis of the types or levels of duties performed, which tend to be a combination of clerical and judicial duties. The time required to be spent on the job at any given magistrate post may fluctuate over a period of time depending on the total volume of workload, and a magistrate post that is now "full-time" for application of leave benefits may become "part-time" for this purpose if workload requirements diminish. Thus, there may be shifting back and forth between "full-time" and "part-time" status if "full-time" is to be defined under the bill as working 37.5 hours a week. There is also a great deal of variance among all magistrate posts in the level and complexity of duties performed, and these may also fluctuate over time at a particular post.

Further, there are several full-time classified employees who also hold magistrate appointments. For example, the clerks of court in Bethel and Anchorage hold magistrate appointments, as do the coroner/public administrators and the law clerks in Ketchikan and Kodiak. Additionally, some full-time clerks of court are acting magistrates who are empowered to perform magistrate duties when the magistrate or District Court judge is absent from the post. It is not clear whether these full-time employees are intended to be included in the bill.

Obviously, it is important to be able to know clearly who is and who is not included in a retirement system, and it may be difficult to draw distinctions between magistrates that will be certain to remain applicable throughout the entire tenure of an individual magistrate.

Another technical difficulty with the bill is that it is unclear how benefits for magistrates would be calculated under AS 22.25.020. That section provides that retirement pay shall be equal to a certain percentage of the salary currently being paid for the level of court from which the justice or judge retired. This is a fairly simple calculation for Supreme Court justices, Superior Court judges, and District Court judges, since there is only one salary for each level of court. This is not the case with magistrate salaries.

At the present time, there are three basic salary levels for magistrates. In addition, incumbents of certain

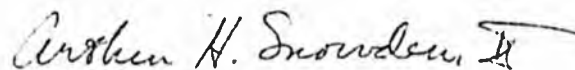
The Hon. George Hohman
March 3, 1978
Page 4

posts are paid at salaries higher than the three basic levels primarily because of individual talents and capabilities. When the present incumbent resigns or retires from one of these posts, the salary for that post will be re-evaluated and may very likely be reduced. Workloads and conditions at magistrate locations will fluctuate over the years, and some posts may even be abolished if magistrate services are no longer required there. In addition, the salary for a post may fluctuate depending on current case-load. For example, the salary for the magistrate post at Nenana recently went from \$21,000 annually to a Level II base salary of \$13,972 annually. Thus, there is no single, stable salary base on which to calculate magistrate retirement on a current salary basis as is done with the justices and judges under AS 22.25.020. In addition, the bill does not address the question of how to deal with the magistrates' geographic cost-of-living salary differential in the calculation of retirement benefits.

In summary, we do not believe that the judicial retirement system should be extended to magistrates. If the Legislature determines that magistrates should be entitled to enhanced retirement benefits beyond those currently provided under P.E.R.S., it might wish to consider applying to magistrates provisions similar to those applicable to the peace officers and firemen under P.E.R.S. under which these employees make a higher contribution and receive a higher percentage benefit for each year of service credit.

We appreciate the opportunity to provide our comments on this bill.

Very truly yours,



Arthur H. Snowden, II
Administrative Director

Contributory Judicial Retirement Sys.
HB 456
Jerry D

Mike Miller asked
me to let you know
that Carl Heinmiller of Haines
is very interested in HB 456
& would like to be advised
of proceedings re: this bill.

Thanks.

Stello

Also - Jerry - Al says
B. Bell @ 9 is at Floyd Dryden
on Tues. nites. Hardly anyone
in that gym, so its fun.

Just.

March 8, 1978

Legislative Board of Retirement Benefits analysis and recommendations on:

House Bill No. 456

The board endorses the attached fiscal note as its fiscal analysis of HB 456.

The board unanimously recommends that HB 456 do not pass; one member was absent.

The board favors the creation of a contributory and funded judicial retirement system but questions whether magistrates should be included within the judicial system. SB 90 would accomplish the funding and contribution objectives without including magistrates, and is recommended.

A M E N D M E N T

IN THE HOUSE

TO: House Bill No. 456

Page 1, line 12:

change "1977" to "1978"

Page 5, line 15:

change "1978" to "1979"

Page 6, line 19:

change "1977" to "1978"

SUMMARY OF HOUSE BILL NO. 456

(assuming adoption of amendments suggested by Legislative Affairs Agency)

Retirement system affected: Contributory Judicial Retirement System (established by a bill)

Establishes a contributory judicial retirement system for supreme court justices, superior court judges, district court judges, and district court magistrates appointed after July 1, 1978 (hereinafter, members). Requires a member to contribute seven per cent of his salary to the system.

Directs the state to make contributions to the system in accordance with a rate established by the commissioner of administration. Requires that the rate be sufficient, in conjunction with employee contributions, to properly support the benefits of the system.

Establishes the contributory judicial retirement account for appropriations to fund the system. Directs that an individual account be maintained for each member to which his mandatory contributions are credited. Directs semi-annual crediting of interest to individual accounts. Authorizes a refund of the balance of a member's account on termination of judicial service with forfeiture of rights to benefits. Provides that if a member who has withdrawn his balance returns to permanent service he shall receive credit for prior service only if he repays refunded contributions within one year after his return.

Enacts provisions identical to those of the present Judicial Retirement System with respect to retirement of members, retirement pay, survivor's benefits, tax exemption of benefits, and medical benefits. The only exception to this is that the present Judicial Retirement System provides for crediting service as a magistrate or deputy magistrate before July 1, 1967 while the Contributory Judicial Retirement System does not.

Takes effect July 1, 1978.

TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 456
 Title Establishes A Contributory Retirement for Judges and "Full-Time" Magistrates
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Retirement and Benefits
 Budget Request Unit(s) Affected Contributory Judicial/Full-time Magistrates Retirement System

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
100 BENEFITS		259.7	300.9	345.5	393.9	446.3
TOTAL	-0-	259.7	300.9	345.5	393.9	446.3

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND		259.7	300.9	345.5	393.9	446.3
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

NONE

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

- Fiscal note represents cost on a funded basis for the inclusion of past and future service for existing full-time magistrates under Non-Contributory Judicial Retirement System (AS 22.25).
- Fiscal note includes costs on a funded basis for future full-time magistrates, judges and justices under HB 456.
- Fiscal note does not include the cost on a funded basis for the existing Judicial System (AS 22.25) (these costs identified in fiscal note for SB 91--first year cost equals \$1,832.7).
- The Alaska Court System cannot provide a definition for "full-time" magistrate (see attachment), so for purposes of this fiscal note all magistrates earning \$15,000 or more per year were considered full-time (16 out of 50) with an average salary of \$24,939.
- Assume that 3 new judges are appointed each year starting FY 79 at a salary of \$46,061 per year (weighted average salary for Supreme, Superior and District Judges) and that 1 new full-time magistrate is appointed each year starting FY 79 at a salary of \$24,939 per year (also assumes attrition of 1 full-time magistrate under AS 22.25).
- Assume salaries are increased at 5% per year.
- Employer contribution rate of 58.34% of covered payroll is required.

Paul B. Arnold

IV. DATE 3/01/78 PREPARED BY Paul B. Arnold
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Representative Malone
 Office of the Governor (Keith Specking)



Alaska Court System

State of Alaska

303 "K" STREET

ANCHORAGE, ALASKA
99501

ARTHUR H. SNOWDEN II
ADMINISTRATIVE DIRECTOR

337-274-0611

April 12, 1978

Honorable Terry Gardiner
Chairman, House Judiciary Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Re: House Bill No. 456, Judicial Retirement

Dear Representative Gardiner:

You have asked for written comments from us concerning the proposed committee substitute for House Bill 456. The proposed substitute would make essentially three changes in the existing judicial retirement system. First, it would provide that justices and judges appointed after the effective date would be required to contribute seven percent of salary toward retirement. Second, the proposed substitute would provide that sitting justices and judges would be required to commence contribution of seven percent of salary upon receiving a salary increase equal to or greater than seven percent. Third, the proposal would include "full time" magistrates in the contributory judicial retirement system established by the bill.

There are no constitutional prohibitions against imposing retirement contributions on newly appointed justices or judges. There are, however, substantial questions about the constitutionality of requiring contributions from justices and judges who are now accruing benefits under the non-contributory system. The constitutional problems arise from provisions of both the Alaska Constitution and the United States Constitution.

Article IV, section 13 of the Alaska Constitution provides, in part, "Compensation of justices and judges shall not be diminished during their terms of office, unless by general law applying to all salaried officers of the state." Clearly this provision would prohibit the imposition of contributions from the present salaries of sitting justices and judges, as that would result in a direct diminution of salary applicable only to justices and judges. The question then is whether this prohibition can be successfully avoided by imposing the contribution simultaneously with an equivalent pay raise.

This prohibition on diminution of compensation was not intended as a private grant or benefit for justices and judges, but as a limitation imposed in the public interest to help secure an independent judiciary and help maintain the delicate balance of power between and among the separate branches of government. As such, it is not to be construed restrictively, but in accord with its spirit and purpose. Evans v. Gore, 64 L.Ed. 887, 892 (1919). In this light, then, giving a salary raise with one hand and taking it away with the other may be viewed as an indirect diminution that is nonetheless within the constitutional prohibition.

Apart from the question of whether it is permissible to impose on sitting justices and judges a contribution simultaneously with a salary increase, the proposal as drafted would still be subject to challenge under the diminution prohibition. A seven per cent contribution toward retirement would not, in fact, be offset by a seven per cent salary increase. This is because the portion of the judge's salary that goes toward the contribution is included in gross income for purposes of state and federal income tax. Thus, in order to make a seven per cent contribution to retirement, the judge must dip into other salary to pay the tax on the seven per cent contribution, resulting in a diminution. Thus, if the salary increase is to be truly equivalent to the contribution, it must be high enough to take the tax burden into account. Rough calculation would indicate that the salary increase would probably have to be in the neighborhood of ten to eleven per cent.

The most serious constitutional questions raised by imposing a contribution requirement on sitting justices and judges relate to article I, section 10 of the United States Constitution, which prohibits states from impairing contract rights. In Sylvestre v. State, 214 N.W.2d 658 (Minn. 1973), the Minnesota Supreme Court held that the legislature could not reduce existing retirement benefits even for sitting judges who had not yet retired. The basis for the court's holding was that when a judge took office he was promised by the state that he would receive certain retirement benefits in exchange for his services. Once having begun service, the judge had rendered sufficient performance to irrevocably bind the state to its original promise which could not later be altered.

In this situation, the State of Alaska has promised the justices and judges now in office that they will receive certain retirement benefits as provided in AS 22.25 merely by serving in office and without additional cash contribution. Justices and judges now in office have already provided partial performance of what the law requires as a condition of receiving the retirement benefits and that performance is sufficient under Sylvestre rationale to bind the state to that contract. Since there is now an irrevocable contract between the state and the sitting justices and judges with respect to their retirement, the state is constitutionally prohibited from impairing those rights. Contribution to the retirement plan was not part of the original contract, and would constitute a significant alteration or impairment of that contract.

Additionally, we believe that it would not be desirable or fair to require contributions from justices and judges who have already accrued maximum service credit under the existing retirement system. Even with a seven per cent contribution, the judicial retirement system is not going to be actuarially sound. Thus there is no actuarial purpose to be served by requiring contributions from a justice or judge once he or she has accrued full benefits. If anything, it may encourage such justices and judges to leave the bench after only fifteen years and thereby deprive the judiciary and the state of their experience and talent. We would therefore suggest that the Committee consider adding a

The Honorable Terry Gardiner
April 12, 1978

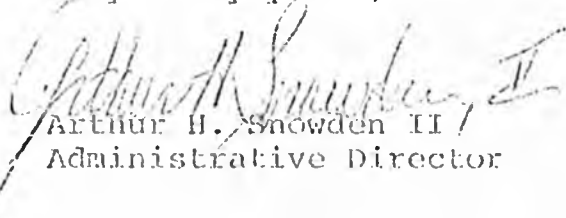
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provision that would limit the contributions only to the years during which service credit is being accrued. (Under the present benefit formula, this would be fifteen years.)

Finally, the proposed draft does not cure the technical problems that are raised by including magistrates in the judicial retirement system. We have already pointed out these problems to the Committee during oral testimony on House Bill 727 and have provided the Committee with a copy of written comments on the identical Senate bill. Little can be added in this letter to augment our views on this aspect of the proposed draft except to emphasize that the retirement benefits for magistrates would be impossible to calculate under the provisions as currently proposed.

Thank you for allowing us the opportunity to comment on this legislation.

Very truly yours,



Arthur H. Snowden II
Administrative Director

AHS:bh

Paul Arnold

Use full title throughout

Original sponsor: Malone

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 456

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a contributory judicial retirement
7 system; and providing for an effective date."

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

9 * Section 1. AS 22 is amended by adding a new chapter to read:

10 CHAPTER 27. CONTRIBUTORY JUDICIAL RETIREMENT SYSTEM.

11 Sec. 22.27.010. APPLICATION. (a) Except as provided in (b) of
12 this section, each justice or judge appointed before July 1, 1978 ac-
13 crues benefits under the provisions of ch. 25 or (ch. 28) of this title.

New sentence

14 Each justice ~~or~~ judge ^{or ~~justice~~ magistrate} appointed after that date and all ~~justice~~
15 magistrates accrue benefits under the system provided in this chapter.

16 (b) A justice or judge appointed before July 1, 1978, who receives
17 an increase or increases in salary after July 1, 1978, equivalent to or
18 greater than seven per cent of his salary as of July 1, 1978, accrues
19 benefits under and is subject to the provisions of this chapter.

20 Sec. 22.27.020. ADMINISTRATION. The commissioner of administra-
21 tion is responsible for the administration of the system.

22 Sec. 22.27.030. REGULATIONS. The commissioner may adopt regula-
23 tions to implement the provisions of this chapter. Regulations adopted
24 by the commissioner under this chapter relate to the internal management
25 of state agencies and their adoption is not subject to the Administra-
26 tive Procedure Act (AS 44.62).

27 Sec. 22.27.040. EMPLOYEE CONTRIBUTIONS. While participating in
28 the system each justice, judge, and magistrate shall contribute seven
29 per cent of his compensation to the retirement system.

1 Sec. 22.27.050. RETIREMENT OF JUSTICES AND JUDGES. (a) A justice,
2 judge, or magistrate shall be retired on the date that he reaches the
3 age of 70. He is eligible for retirement pay if he has had five or more
4 years of service at the time of retirement as a justice, judge, or
5 magistrate.

6 (b) A justice, judge, or magistrate may be retired for incapacity
7 as provided by law. He is eligible for retirement pay if he has had two
8 or more years of service at the time of retirement for incapacity. The
9 effective date of retirement under this subsection is the first day of
10 the month coinciding with or after the date upon which the governor with
11 respect to a justice, or the supreme court with respect to a judge or
12 magistrate, files with the commissioner of administration a written
13 declaration to the effect that a designated justice, judge, or magis-
14 trate was retired for incapacity. A duplicate copy of the declaration
15 shall be filed with the judicial council.

16 (c) A justice, judge, or magistrate who served for a period of
17 five years, and who believes that he has become so incapacitated as to
18 prevent him from efficiently performing his judicial duties may file
19 with the governor a written application for retirement which contains a
20 sworn statement of his service and of his incapacity. When an applica-
21 tion is filed, the governor shall appoint a board of three persons to
22 inquire into the circumstances, and may, upon the board's recommenda-
23 tion, retire the justice, judge, or magistrate. The effective date of
24 the retirement shall be as provided in (b) of this section.

25 (d) A justice, judge, or magistrate may voluntarily retire at any
26 time and has a vested right to his accrued retirement pay if he has
27 served five or more years. Retirement pay shall not commence until he
28 has reached age 60, except that an actuarially equivalent retirement pay
29 may be commenced after he has reached age 55 or upon his serving 20

1 years as a justice, judge, or magistrate. The provisions of (b) of this
2 section are an exception to this rule. A justice, judge, or magistrate
3 desiring to retire under this subsection shall file with the commis-
4 sioner of administration a notice of his desire. If a justice, judge,
5 or magistrate is eligible to receive retirement pay at the time of his
6 retirement, his retirement pay shall ~~commence~~ ^{accrue from} on the first day of the
7 month coinciding with or after the date the notice is filed with the
8 commissioner of administration, ^{and is payable on the last day of the month.} If a justice, judge, or magistrate is
9 not eligible to receive retirement pay at the time of his retirement,
10 his retirement pay shall ~~commence~~ ^{accrue from} on the first day of the month he
11 reaches age 60 or the month he becomes eligible for an actuarial equiva-
12 lent if he has applied for this option, ^{and is payable on the last day of}
13 ^{the month.}

14 (e) In the computation of service for retirement under this
15 chapter, the time served by a justice, judge, or magistrate of any court
16 of the state is added to the time served by him, if any, on any other
17 court of the state.

18 Sec. 22.27.060. RETIREMENT PAY. A retired justice, judge, or
19 magistrate eligible for retirement pay shall receive from the date of
20 his eligibility until his death monthly compensation equal to five per
21 cent per year of service, to a maximum of 75 per cent, of the monthly
22 salary authorized for justices, judges, and magistrates, respectively,
23 at the time each retirement payment is made.

24 Sec. 22.27.070. SURVIVORS' BENEFITS. (a) Upon the death of a
25 justice, judge, or magistrate who has served for at least two years, the
26 surviving spouse is entitled to receive monthly compensation equal to 50
27 per cent of the monthly retirement pay the justice, judge, or magistrate
28 would thereafter have been entitled to receive if retired at the time of
29 death. If at death the justice, judge, or magistrate was not yet en-
titled to retirement pay, or was or would have been entitled to less

1 than 60 per cent of the monthly salary authorized for his office, the
2 surviving spouse is entitled to monthly compensation equal to 30 per
3 cent of the salary authorized for justices, judges, or magistrates,
4 respectively, at the time each monthly payment is made.

5 (b) To be eligible for the survivors' benefits, the surviving
6 spouse must have been married to the justice, judge, or magistrate for
7 at least two years immediately preceding the death of the justice,
8 judge, or magistrate. The benefits continue until the remarriage or
9 death of the surviving spouse.

10 (c) If there is no surviving spouse, or if the surviving spouse
11 does not meet the requirements of (b) of this section, or upon the
12 remarriage or death of the surviving spouse, the surviving dependent
13 child or children of the justice, judge, or magistrate are entitled to
14 receive in equal shares 50 per cent of the amount of the survivors'
15 benefits specified under (a) of this section.

16 (d) The surviving child or children are entitled to the survivors'
17 benefits under (c) of this section during the period of their dependency.
18 Dependency exists with respect to any child of a justice, or judge, or
19 magistrate who is either (1) a minor under the laws of Alaska, (2) under
20 the age of 23 and is a student attending on a full-time basis an ac-
21 credited educational or technical institution recognized by the Depart-
22 ment of Education, or (3) so mentally or physically incapacitated as to
23 be unable to provide for self-care.

24 (e) If there are both an eligible surviving spouse and surviving
25 dependent children, but who reside in separate households, the surviving
26 spouse and dependent children are entitled to share equally in the
27 benefits payable under (a) of this section.

28 Sec. 22.27.080. TAX EXEMPTION. Benefits paid under this chapter
29 are exempt from state and municipal taxes.

1 Sec. 22.27.090. EMPLOYER CONTRIBUTIONS. (a) The employer shall
2 make contributions to the system in accordance with the rate established
3 by the commissioner of administration. That rate shall be based upon
4 the results of an actuarial valuation of the system. The results of the
5 actuarial valuation shall be based upon actuarial methods and assumptions
6 adopted by the commissioner.

7 (b) The contribution rate shall be a percentage which, when
8 applied to the covered compensation of all active members of the system,
9 will generate sufficient contributions to properly support, in conjunc-
10 tion with employee contributions, the benefits of the system.

11 Sec. 22.27.100. ACCOUNTING. (a) The contributory judicial
12 retirement account is established to which all appropriations made for
13 the purpose of funding the retirement system under this chapter shall be
14 credited.

15 (b) An individual account shall be maintained for each justice,
16 judge, or magistrate to which the amount of his mandatory contributions
17 collected under this chapter shall be credited as of the date of deduc-
18 tion or payment, as the case may be. On June 30 and December 31 of each
19 year, beginning with June 30, 1979, this account shall be credited with
20 interest by applying one-half of the prescribed rate of interest to the
21 balance in the account as of that date.

22 (c) Upon commencement of retirement pay to a justice, judge, or
23 magistrate, the balance in his individual account shall be transferred
24 to the contributory judicial retirement account.

25 Sec. 22.27.110. REFUNDS. Upon termination of judicial service,
26 application may be made for a refund of the balance in the individual's
27 account. Upon withdrawal of the balance, all rights to benefits ter-
28minate.

29 Sec. 22.27.120. PRIOR SERVICE CREDIT. If a justice, judge, or

1 magistrate who has withdrawn the balance of his individual account
2 returns to permanent active service, he shall receive credit for his
3 prior period or periods of service only if he repays within one year of
4 the date of return all refunded contributions with interest at the
5 prevailing prescribed rate.

6 Sec. 22.27.130. MEDICAL BENEFITS. Each person who is entitled to
7 receive a monthly benefit from the retirement system under this chapter
8 shall be provided with major medical insurance coverage. Coverage shall
9 become effective on the same date as retirement benefits commence and
10 cease when the retired employee or survivor is no longer eligible to
11 receive a monthly benefit. The level of coverage for persons over age
12 65 shall be the same as that available before reaching age 65 except
13 that the benefits payable shall be supplemental to those afforded under
14 the federal old age survivor and disability insurance program, if any.

15 Sec. 22.27.900. DEFINITIONS. In this chapter, unless the context
16 clearly indicates otherwise,

- 17 (1) "commissioner" means the commissioner of administration;
18 (2) "judge" means a superior court or district court judge;
19 (3) "justice" means a supreme court justice;

20 ~~(4) "magistrate" means a district court magistrate;~~

21 (5) "^{full time}~~part time~~ magistrate" means ^{district court} a magistrate who receives
22 remuneration for his services as a magistrate on the basis of no less
23 than 37.5 hours per week.

24 * Sec. 2. This Act takes effect July 1, 1978.