

S

B

7

5

3

*Section 1. AS 14.20.345(d) is amended to read:

(d) The governing body of the district may agree to continue the teacher's retirement contributions if the teacher agrees to pay the percentage required under AS 14.25.050 [REQUIRED SEVEN PERCENT] of the salary the teacher [HE] would have received during the [HIS] leave of absence and reimburse the district for the district's required retirement contribution. Each year of leave of absence then would count as a year of retirement service.

*Sec. 2. AS 14.25.050(a) is amended to read:

(a) Each [BEGINNING JULY 1, 1970, EACH] teacher shall contribute to the retirement fund an amount equal to nine [SEVEN] percent of his base salary accrued from July 1 to the following June 30. The contribution shall be deducted by the employer at the end of each payroll period.

*Sec. 3. AS 14.25.060(a) is repealed and reenacted to read:

(a) If a member has military service or Alaska Bureau of Indian Affairs (BIA) service, or if a member joined the system before July 1, 1978, and has creditable outside service, the member is indebted to the retirement fund as follows:

(1) for a member first hired before July 1, 1978, the arrearage indebtedness for creditable outside service is seven percent of the base salary multiplied by the total number of years of creditable outside service. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning July 1, 1963, or at the time of first becoming employed as a member, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

(2) for a member first hired before July 1, 1982, the arrearage indebtedness for creditable military and Alaska BIA service is

seven percent of the base salary multiplied by the total number of years of military and Alaska BIA service. For a member first hired on or after July 1, 1982, the arrearage indebtedness for military and Alaska BIA service is nine percent of the base salary multiplied by the total number of years of creditable military and Alaska BIA service. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning July 1, 1963, or at the time of first becoming employed as a member, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

*Sec. 4. AS 14.25.110(d) is repealed and reenacted to read:

(c) The monthly retirement benefit for a member is calculated as follows:

(1) for a member with credited service earned before July 1, 1982, the monthly retirement benefit is calculated by multiplying two percent of the member's average base salary, divided by 12, by the years of credited service.

(2) for a member with less than three years of membership service rendered after June 30, 1982:

(A) if the member has a total of at least 10 but less than 20 years of credited service, the member is entitled to the benefit calculated under (1) of this subsection for the credited service rendered before July 1, 1982, plus two and one-quarter percent of the member's average base salary, divided by 12, times the years of credited service earned after June 30, 1982;

(B) if the member has a total of at least 20 years of credited service, the member is entitled to the benefit calculated under (1) of this subsection for the credited service rendered before July 1,

1982, plus two and one-half percent of the member's average base salary, divided by 12, times the years of credited service earned after June 30, 1982;

(3) for a member with three or more years of membership service rendered after June 30, 1982:

(A) if the member has a total of at least 10 but less than 20 years of credited service, the member is entitled to a monthly retirement benefit equal to two and one-quarter percent of the member's average base salary, divided by 12, times the member's total years of credited service;

(B) if the member has a total of at least 20 years of credited service, the member is entitled to a monthly retirement benefit equal to two and one-half percent of the member's average base salary, divided by 12, times the member's total years of credited service;

(4) for a member who elects to receive an early retirement benefit, an actuarial adjustment must be made; and

(5) any indebtedness that exists at the time of retirement must be discharged in accordance with AS 14.25.063(b).

*Sec. 5. AS 14.25.125(d) is repealed and reenacted to read:

(d) The monthly amount of a conditional service retirement benefit shall be calculated on the years of fully paid credited service only, in accordance with AS 14.25.110(d), except that

(1) a member may irrevocably elect to substitute "average monthly compensation" as defined in AS 39.35.680(4) in place of the member's average base salary, divided by 12; and

(2) in determining the percentage multiplier for each year of service under AS 14.25.110(d) the years of credited service under AS 39.35 shall also be considered.

*Sec. 6. AS 14.25.143 is repealed and reenacted to read:

Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible persons age 65 or older receiving benefits under this system in the preceding calendar year.

(b) The increase in benefit payments applies to total benefit payments except for the cost-of-living allowance under AS 14.25.142. The amount of the increase is a percentage of the current benefit equal to the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old.

(c) If a recipient was not receiving benefits during the entire preceding calendar year, the increase in benefits under this section shall be adjusted by multiplying it by the fraction whose numerator is the number of months for which benefits were received in the preceding calendar year and whose denominator is 12.

(d) If at the time of first receiving a retirement benefit a member was receiving a disability benefit under this system, the administrator shall, at the time the member is appointed to retirement, increase the retirement benefit by a percentage equal to the total cumulative percentage increase which has been applied to the member's disability benefit under this section.

(e) When computing a spouse's pension under AS 14.25.164, adjustments granted to the deceased member under this section shall be included.

(f) An increase in benefit payments under this section is effective July 1 of each year and is based on the percentage increase in the consumer

price index for urban wage earners and clerical workers for Anchorage, Alaska during the previous calendar year as determined by the United States Department of Labor, Bureau of Labor Statistics.

*Sec. 7. AS 14.25.143(a) is repealed and reenacted to read:

Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible disabled members and persons age 60 or older receiving benefits under this system in the preceding calendar year.

*Sec. 8. AS 14.25.143(b) is repealed and reenacted to read:

(b) The increase in benefit payments applies to total benefit payments except for the cost-of-living allowance under AS 14.25.142. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old; and

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old and for members receiving disability benefits who are less than 65 years old.

*Sec. 9. AS 14.25.143(a) is repealed and reenacted to read:

Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible disabled members and persons age 55 or older receiving benefits under this system in the preceding calendar year.

*Sec. 10. AS 14.25.143(b) is repealed and reenacted to read:

(b) The increase in benefit payments applies to total benefit

payments except for the cost-of-living allowance under AS 14.25.142. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old;

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old and for members receiving disability benefits who are less than 65 years old; and

(3) the lesser of 25 percent of the increase in the cost of living in the preceding calendar year or three percent, for recipients who on July 1 are at least 55 but less than 60 years old.

*Sec. 11. AS 39.35.160 is amended to read:

Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. While participating in the system each peace officer and each fireman shall contribute seven [FIVE] percent and every other employee shall contribute six [FOUR] and one-quarter percent of their [HIS] compensation to the public employees' retirement system.

(b) If, upon termination of employment, an employee has credited service of less than five years and has less than \$1,000 in the [HIS] employee contribution account, a refund of the employee contribution account and the employee savings account must be made unless the employee indicates in writing that future retirement is intended and contributions should not be refunded. An employee who is reemployed with an employer and whose contributions have not been refunded before reemployment [RE-EMPLOYMENT] is not eligible for a refund.

*Sec. 12. AS 39.35.340(b) is amended to read:

(b) In order to obtain credited service under this section, an employee shall make an election to do so and shall verify the [HIS] period of military service. When eligibility for credited service for military service has been established, an indebtedness shall be determined as follows: (1) the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year 1976 or the year in which an employee first becomes vested under this chapter, whichever is later, multiplied by (2) [SIX PERCENT. THIS PRODUCT MULTIPLIED BY (3)] the number of years of military service credited under this section, and this product multiplied by (3) six percent for members who are first eligible to claim this military service before July 1, 1982, or eight percent for members who are first eligible to claim this military service on or after July 1, 1982. Interest as prescribed by regulation accrues on this indebtedness beginning [COMMENCING] on July 1, 1976, or one year following the date a person first becomes vested, whichever is later. Any outstanding indebtedness that [WHICH] exists at the time a person is appointed to retirement will necessitate an actuarial adjustment to the benefits payable based upon that military service.

*Sec. 13. AS 39.35.370(c) is repealed and reenacted to read:

(c) The monthly retirement benefit of an employee is calculated as follows:

(1) for an employee with credited service earned before July 1, 1982, the monthly retirement benefit is calculated by multiplying two percent of the average monthly compensation of the employee by the number of years of credited service.

(2) for an employee with less than three years of credited service rendered after June 30, 1982:

(A) if the employee has a total of at least 10 but less than 20 years of credited service, the employee is entitled to the benefit calculated under (1) of this subsection for the credited service rendered before July 1, 1982, plus two and one-quarter percent of the average monthly compensation times the years of credited service earned after June 30, 1982;

(B) if the employee has a total of at least 20 years of credited service, the employee is entitled to the benefit calculated under (1) of this subsection for the credited service rendered before July 1, 1982, plus two and one-half percent of the employee's average monthly compensation times the years of credited service earned after June 30, 1982;

(3) for an employee with three or more years of credited service rendered after June 30, 1982:

(A) if the employee has a total of at least 10 but less than 20 years of credited service, the employee is entitled to a monthly retirement benefit equal to two and one-quarter percent of the employee's average monthly compensation times the total years of credited service earned by the employee;

(B) if the employee has a total of at least 20 years of credited service, the employee is entitled to a monthly retirement benefit equal to two and one-half percent of the employee's average monthly compensation times the total years of credited service earned by the employee;

(4) for an employee who elects to receive an early retirement benefit, an actuarial adjustment must be made; and

(5) for an employee who rendered service as a peace officer or fireman before July 1, 1982, the monthly retirement benefit is calculated as follows:

(A) by multiplying two percent of the average monthly compensation of the employee by the years of credited peace officer or fireman service up through 10 years, plus two and one-half percent of the average monthly compensation of the employee by the years of credited peace officer or fireman service over 10 years. All other credited service shall be multiplied by two percent; or

(B) the formulas as provided in (1) through (4) of this subsection, if (B) is greater than (A).

*Sec. 14. AS 39.35.385(d) is repealed and reenacted to read:

(d) The monthly amount of a conditional service retirement benefit shall be calculated in accordance with AS 39.35.370(c), except that

(1) the member may irrevocably elect to substitute one-twelfth of the "average base salary" as defined in AS 14.25.220(5) in place of average monthly compensation; and

(2) in determining the percentage multiplier for each year of service under AS 39.35.370(c) the years of credited service under AS 14.25 shall also be considered.

*Sec. 15. AS 39.35.475 is repealed and reenacted to read:

Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible persons age 65 or older receiving benefits under this system in the preceding calendar year.

(b) The increase in benefit payments applies to total benefit payments exclusive only of the cost-of-living allowance under AS 39.35.480. The amount of the increase is a percentage of the current benefit equal to the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old.

(c) If a recipient was not receiving benefits during the entire preceding calendar year, the increase in benefits under this section shall be adjusted by multiplying it by the fraction whose numerator is the number of months for which benefits were received in the preceding calendar year and whose denominator is 12.

(d) If at the time of first receiving a retirement benefit a member was receiving a disability benefit under this system, the administrator shall, at the time the member is appointed to retirement, increase the retirement benefit by a percentage equal to the total cumulative percentage increase which has been applied to the member's disability benefit under this section.

(e) When computing a joint and survivor benefit under AS 39.35.450 or a survivor's benefit under AS 39.35.420 or 39.35.440, adjustments granted to the deceased member under this section shall be included.

(f) An increase in benefit payments under this section is effective July 1 of each year and is based on the percentage increase in the consumer price index for urban wage earners and clerical workers for Anchorage, Alaska during the previous calendar year as determined by the United States Department of Labor, Bureau of Labor Statistics.

*Sec. 16. AS 39.35.475(a) is repealed and reenacted to read:

Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible disabled members and persons age 60 or older receiving benefits under this system in the preceding calendar year.

*Sec. 17. AS 39.35.475(b) is repealed and reenacted to read:

(b) The increase in benefit payments applies to total benefit payments exclusive only of the cost-of-living allowance under AS 39.35.480. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old; and

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old and for members receiving disability benefits who are less than 65 years old.

*Sec. 18. AS 39.35.475(a) is repealed and reenacted to read:

Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once each year the administrator shall increase benefit payments to eligible disabled members and persons age 55 or older receiving benefits under this system in the preceding calendar year.

*Sec. 19. AS 39.35.475(b) is repealed and reenacted to read:

(b) The increase in benefit payments applies to total benefit payments exclusive only of the cost-of-living allowance under AS 39.35.480. The amount of the increase is a percentage of the current benefit equal to

(1) the lesser of 75 percent of the increase in the cost of living in the preceding calendar year or nine percent, for recipients who on July 1 are at least 65 years old;

(2) the lesser of 50 percent of the increase in the cost of living in the preceding calendar year or six percent, for recipients who on July 1 are at least 60 but less than 65 years old and for members receiving disability benefits who are less than 65 years old; and

(3) the lesser of 25 percent of the increase in the cost of living in the preceding calendar year or three percent, for recipients who on July 1 are at least 55 but less than 60 years old.

*Sec. 20. AS 14.25.143 and AS 39.35.475 as enacted in secs. 6-10 and 15-19 of this Act apply to persons receiving benefits under the retirement systems on and after July 1, 1982. Payment of an increase benefit under AS 14.25.143 or AS 39.35.475 that is effective July 1, 1982, shall begin no later than January 1, 1983, and shall be based on the percentage increase in the consumer price index for the calendar year 1981.

*Sec. 21. Sections 1-6, sections 11-15, and section 20 of this Act take effect July 1, 1982.

*Sec. 22. Sections 7, 8, 16 and 17 of this Act take effect July 1, 1983.

*Sec. 23. Sections 9, 10, 18 and 19 of this Act take effect July 1, 1984.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Attached Draft 3-01-82
 Title _____
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Centralized Administrative Services
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		24,632.3	43,702.5	60,864.2	66,960.6	73,656.6
200 TRAVEL						
300 CONTRACTUAL		25.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		24,657.3	43,702.5	60,864.2	66,960.6	73,656.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS						

DRAFT

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. The State PERS payroll contribution rate must be increased by 7.13% in FY83; 11.50% in FY84; and 14.56% in FY85.
2. Estimate the FY83 covered State PERS payroll to be \$345,475,000, increasing 10% annually.
3. Estimate long term inflation rate of 7.5%.
4. The cost to political subdivisions is estimated to be \$18,728,600 in FY83; \$32,228,100 in FY84; and \$46,276,600 in FY 85.

IV. DATE March 1, 1982 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Office of the Governor (Keith Specking)

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. Attached Draft 3-01-82
 Title _____
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement & Benefits
 Program Category Affected Centralized Administrative Services & Secondary Education
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		26,101.7	37,650.6	50,269.1	55,296.0	60,825.6
200 TRAVEL						
300 CONTRACTUAL		25.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
TOTAL		26,126.7	37,650.6	50,269.1	55,296.0	60,825.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						

DRAFT

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. The TRS contribution rate must be increased by 14.84% in FY83; 19.46% in FY84; and 23.62% in FY85 (the TRS contribution rate is split 50/50 between the State and employers in the system).
2. Estimate FY83 covered payroll at \$296,962,000, and increasing 10% annually.
3. Estimate long term inflation rate of 7.5%.
4. The cost to school districts is estimated to be \$17,968,000 in FY83; \$25,917,100 in FY84; and \$34,603,000 in FY85.

IV. DATE March 1, 1982 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 Original: Legislative Finance PHONE 465-4460
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Office of the Governor (Keith Specking)

SB 753

Charles Ferrer

subt. 121 - cost: cost, job & log off.
 - 4 cadets - full empl. only
 - red. cost.

substantive changes:

→ IRFA - 765² yrs - 6% ceiling or 1/2 CPI change

- ① Sec 162
 - ② Sec 42 - edit. cost - 1/2%
 - ③ Sec 11 - TRS - credit for 2 yrs of Peace Corps service
- rest is "clean-up" language.

Paul Arnold

- + Disability review board
- + premium tax by on insur. cost & repaid bill
- red. cost for temp. services

SECTIONAL ANALYSIS OF SB 753

- Section 1 would increase the contribution rate for service credit for leave of absence without pay (LWOP) in conjunction with the PRPA provisions (Section 16) of this bill. (See the increase in normal contributions in Section 6.)
- Section 2 would prevent abuse of the TRS by amending AS 14.20.345(f) so that LWOP would not be creditable unless certified by the school district as being for educational purposes.
- Sections 3-5 would amend AS 14.25.020, 14.25.022, and 14.25.035 to state clearly the role of the Teachers' Retirement Board in the adoption and promulgation of regulations. The change makes the role of the TRS Board in this area identical to that of the Public Employees' Retirement Board. Under the existing language, the system administrator functions in this capacity without any clear mandate that he consult the Board.
- Section 6 would increase the mandatory contribution rate for TRS employees from seven to seven and one-half percent; the increase represents the employee's share of the cost of the automatic PRPA in Section 16 of this bill.
- Sections 7, 18-19 and 22-24 would alter the death/survivor benefit provisions of the TRS. Specifically, the supplemental contributions provision would be eliminated for all teachers hired on or after July 1, 1982, open enrollment for the supplemental contributions provision would be eliminated, and equitable occupational and nonoccupational death benefits and joint and survivor options, such as currently exist in the PERS, would be created.
- Section 8 would increase the contribution rate for outside service credit to be in conformity with the increase of mandatory contributions in Section 6 of this bill.
- Section 9 would amend the manner of discharging indebtedness under the TRS to bring it into conformity with the PERS.
- Sections 10 and 60 would ensure that, in accordance with the Alaska Constitution, accrued benefits under the TRS and PERS may not be diminished by claiming service credit.
- Section 11 would allow a TRS member to receive credit for up to two years of service in the Peace Corps.
- Section 12 would bring the statutes into conformity with current practice. The sentence in question was inadvertently omitted when the TRS statutes were amended by Chapter 13, SLA 1980.

Section 13 merely corrects statutory references. These references should have been changed at the time the TRS statutes were amended by Chapter 13, SLA 1980.

Section 14 would amend Conditional Service Retirement Benefits to allow a member (1) to use his PERS salary if it is higher than his TRS salary, and (2) to figure his conditional service benefit based on all credited service rather than just membership service.

Section 15 would amend AS 14.25.130(a) to streamline the disability retirement application procedure. It provides a definite starting point in the procedure by setting as the first step the termination of employment due to the disability. Additionally, it resolves an existing inequity wherein a member has enough years of membership service to qualify for disability but is over 55 and does not qualify for normal retirement. Under present law, such an individual would be in a "Catch-22" situation -- disabled and unable to work, but needing to work to gain the necessary credit to qualify for normal retirement and being too old to qualify for disability.

Section 16 would create a mechanism for granting automatic, funded annual PRPA's to benefit recipients age 65 and over and to disabled members regardless of age; the amount of the increase would be 50% of the Anchorage CPI or 6%, whichever is less.

Sections 17 and 30 would amend the refund provisions of the TRS to conform with current practice and allow for the refunding of interest paid on an indebtedness. "Member contribution account" is defined to include all of the other accounts.

Section 20 would amend AS 14.25.160(b)(1) to agree with the changes in Sections 17 and 30 of this bill.

Section 21 would eliminate an existing inequity by amending AS 14.25.162(b)(1) to allow a dependent child to interrupt his schooling without permanently losing his survivor's allowance payment.

Sections 25, 34, and 59 would conform the statutes to the current practice of providing major medical insurance coverage to spouses and dependent children of retirees, as well as retirees themselves in the TRS, the PERS and the contributory and noncontributory Judicial Retirement Systems.

Section 26 adds the appropriate statutory references to AS 14.25.169 to be in agreement with the death/survivor benefit changes in Sections 7, 18-19 and 22-24 of this bill. In addition, Section 26 puts into law three previously unwritten principles of equity which have been at the heart of the TRS since its inception: a teacher may not receive 1) duplicate TRS credit for the same period of service; 2)

more than one year of credit during a school year; or 3) benefits while accruing service credit except as provided in AS 14.25.169.

Section 27 amends AS 14.25.175(a) to eliminate arbitrary, potentially detrimental requirements which must be met by persons wishing to appeal before the TRS Board.

Sections 28 and 65 would clarify what is and is not included in "compensation" for purposes of retirement in the TRS and PERS. This language is consistent with longstanding practice and does not constitute a change.

Section 29 expands the definition of "credited service" to include "territorial employment" as provided under AS 14.25.105, which should have been done in 1980 when AS 14.25.105 was passed, and Peace Corps credit in accordance with Section 11 of this bill.

Section 31 defines "territorial employment" as it is used in Section 29.

Sections 32-33 and 35-36 would add new sections to AS 22.25 and AS 26.05. The sections which should have been added when the statutes were amended by Chapter 146, SLA 1980, set up accounting systems for the Judicial Retirement System and the Alaska National Guard Retirement System which are now on a funded basis. The sections are modeled after the one in place in the PERS, AS 39.35.100. The money in the funds may be invested in the same manner as money in the PERS, AS 39.35.110.

Section 37 would clarify the direction in AS 39.30 to the Department of Administration to include retired persons in the group insurance program. Also clarifies AS 39.30.090(9) in two respects: first, it deletes the provision for major medical insurance coverage for retirees since such coverage is now provided elsewhere; second, it provides that retirees under age 65 may continue the life insurance they have in force at the time of termination of their employment.

Section 38 would create a group insurance fund. It is included at the urging of the State's benefit consultants. The existence of a fund will provide the flexibility needed to negotiate for and procure more favorable terms from insurance companies. Our consultants inform us that such added flexibility has led to substantial savings in other systems. Any surplus in the fund may be invested by the Commissioner of Revenue under AS 39.35.110.

Section 39 removes outdated, irrelevant language from the PERS statutes.

Sections 40 and 41 would make minor changes in AS 39.35.100. The first change recognizes that actuarial calculations and transfers from individual retirement accounts to the retirement reserve account can be accomplished more effectively on an aggregate, annual basis.

This will not delay the actual payment of benefits to retirees. The second change allocates a portion of the investment income to the reserve account. This is considered appropriate since a substantial portion of the principal invested derives from the reserve account.

Section 42 would increase the mandatory contribution rate for PERS peace officers/firemen from five to five and one-half percent, and for all others from four and one-quarter to four and three-quarters percent; the increase represents the employee's share of the cost of the automatic PRPA in Section 54 of this bill.

Sections 43, 63, 64 and 67 would amend the refund provisions of the PERS to allow for the refunding of interest paid on an indebtedness. In addition, Section 43 would also amend AS 39.35.200(b) to eliminate a "Catch-22" situation. Currently, persons who terminate their employment having less than five years credited service and less than \$1,000 in their employee account must be given a refund of retirement contributions even if they intend to retire later; when they do retire at a later date, they must repay the refunded contributions with interest. This proposed change would allow the employee the option of leaving the employee contributions in the individual account.

Section 44 would increase the contribution rate for military service credit in conformity with the increase in Section 42 of this bill.

Section 45 would entitle an additional group of surviving spouses to an increased benefit based on the deceased spouse's military service. Currently, surviving spouses receiving a monthly benefit from the system under AS 39.35.440 or 39.35.450 are entitled to this additional benefit. However, surviving spouses of members who die as a proximate result of an injury sustained or a hazard undergone while on the job (AS 39.35.430) are not. This section would correct this oversight and extend the additional benefit to this group of surviving spouses.

Section 46 would amend AS 39.35.350(c) to bring it into conformity with the rest of the PERS statutes regarding the manner of discharging an indebtedness.

Section 47 clarifies AS 39.35.360(b) to ensure that pre-1961 service credit is granted free of charge only to those employees who qualify under AS 39.35.360(a). This is consistent with current practice.

Section 48 clarifies AS 39.35.385 to ensure that the provision allowing reinstatement without reemployment applies only to paragraphs (a) and (b) and not to, for example, paragraph (f) which was added after the fact. This is not viewed as a substantive change.

Section 49 would amend Conditional Service Retirement Benefits to allow a member to use his TRS salary if it is higher than his PERS salary.

Section 50 would change the benefit reference in AS 39.35.420(b) because the description of the benefit is now found in subsection (c) of the section instead of in subsection (a). The amount of the benefit is not changed. In addition, Sections 50 and 51 would clarify the entitlement to death benefits when there is no surviving spouse. It would provide that, in the event of the death of a vested member who has no surviving spouse, a benefit shall be paid to the deceased member's designated beneficiary.

Section 52 would conform AS 39.35.440(b) to division practice. As the current law reads, a surviving spouse of a deceased, disabled employee is entitled to a benefit equal to 40 percent of the decedent's monthly compensation. It was not anyone's intent that the surviving spouse receive 40 percent of the relatively low disability benefit; it was intended that the surviving spouse receive 40 percent of the decedent's compensation before the disability. The amendment clarifies this. Section 52 would also provide for the disposition of death benefits in the event that a deceased member has no surviving spouse or dependent children, in which case a death benefit is paid to the designated beneficiary.

Section 53 would clarify the administration of the level income option under AS 39.35.460. In practice, it is not possible to predict exactly the amount of the eventual social security benefit or to make the income precisely level.

Section 54 would create a mechanism for granting automatic, funded PRPA's to benefit recipients age 65 and over and to disabled members regardless of age; the amount of the increase would be 50% of the Anchorage CPI or 6%, whichever is less.

Section 55 removes outdated statutory references from AS 39.35.485(a) and adds appropriate statutory references to bring the law into conformity with current practice. This is not viewed as a substantive change.

Section 56 updates incomplete statutory references; the designation of a beneficiary or beneficiaries is applicable to all benefits throughout the chapter.

Section 57 amends AS 39.35.522(a) to eliminate arbitrary, potentially detrimental requirements which must be met by persons wishing to appeal before the PERS Board.

Section 58 puts into law three previously unwritten principles of equity which have been at the heart of the PERS since its inception: an employee may not receive 1) duplicate PERS credit for the same period of service; 2) more than one year of credit during a calendar year; or 3) benefits while accruing service credit except as provided in AS 39.35.530.

Section 61 would delete from AS 39.35.560 a definitional reference to "public organization." That term is now defined in Section 71 of this bill, AS 39.35.680(39).

Section 62 adds AS 39.35.612 to bring the law into conformity with current practice; it would establish the same conditions for amending a Participation Agreement as are required when an employer begins participation in the PERS.

Section 66 clarifies the definition of "early retirement" and includes the appropriate statutory references.

Section 68 excludes EPORS members from membership in the PERS.

Section 69 clarifies the definition of "normal retirement" and includes the appropriate statutory references.

Sections 70 and 72 would amend AS 39.35.680(27) to exclude "qualified employees of the Department of Fish and Game" from peace officer/fireman coverage; allows employees currently classified as "qualified employees of the Department of Fish and Game" to continue their peace officer/fireman coverage when employed by the Department of Fish and Game.

Section 71 defines "public organization."

Section 73 applies the automatic annual PRPA formula contained in Sections 16 and 54 of this bill to persons receiving benefits on and after July 1, 1982. The first adjustment, effective July 1, 1982, for the calendar year 1981, shall be made no later than January 1, 1983.

Section 74 repeals obsolete laws.

Section 75 provides an effective date.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 753

Title An Act Relating to PERS, TRS, JRS, & NGRS and providing for an effective date.

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits

Program Category Affected Centralized Administrative Services

BRU, Program, or Subprogram(s) Affected Retirement & Benefits

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		18,596.4	20,200.7	21,940.0	23,825.1	25,867.8
100 RETIREMENT BENEFITS						
200 TRAVEL						
300 CONTRACTUAL		25.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		18,621.4	20,200.7	21,940.0	23,825.1	25,867.8
FUNDING (Thousands of Dollars)		18,621.4	20,200.7	21,940.0	23,825.1	25,867.8
GENERAL FUND		15,230.5	16,544.4	17,968.9	19,512.8	21,185.7
FEDERAL FUNDS		855.4	929.2	1,009.2	1,096.0	1,189.9
VETERAN'S FUND		37.2	40.4	43.9	47.7	51.7
FISH & GAME FUND		111.6	121.2	131.6	142.9	155.2
HIGHWAY FUND		241.7	262.6	285.2	309.7	336.3
AIRPORT FUND		539.3	585.8	636.3	690.9	750.2
CAPITAL FUND		1,580.7	1,717.1	1,864.9	2,025.1	2,198.8
PERS		25.0				

POSITIONS	NONE					
FULL TIME		121	182.4			
PART TIME		753	57.0			
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- To fund this bill the contribution rate must be increased by 5.45% of the State PERS payroll in FY 83.
- Included in the above figures are the cost savings as a result of curtailing peace officer coverage within the Department of Fish and Game. These savings are estimated to be \$232.0 in FY 83, \$510.5 in FY 84, \$842.3 in FY 85, \$1,235.4 in FY 86, and \$1,698.7 in FY 87.
- Estimate FY 83 covered State PERS payroll to be \$345,475,000, and increasing 10% annually.
- Estimate long term inflation rate of 7.5%.
- The cost to political subdivisions is estimated to be \$14,315,700 in FY 83.

IV. DATE February 25, 1982 PREPARED BY Paul B. Arnoldt
AGENCY Division of Retirement & Benefits

Original: Legislative Finance PHONE 465-4460

cc: Budget and Management
Prime Sponsor (First Legislator Named) Senator Parr
Office of the Governor (Keith Specking)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SR 753
Title An Act Relating to the PERS, TRS, JRS & NGRS; and providing for an effective date
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits
Program Category Affected Centralized Administrative Services & Secondary Education
BRU, Program, or Subprogram(s) Affected Retirement & Benefits

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		1,803.4	1,983.7	2,182.0	2,400.2	2,640.2
200 TRAVEL						
300 CONTRACTUAL		25.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING		9,770.0	10,747.0	11,821.7	13,003.8	14,304.2
TOTAL		11,598.4	12,730.7	14,003.7	15,404.0	16,944.4

FUNDING (Thousands of Dollars)

GENERAL FUND		11,573.4	12,730.7	14,003.7	15,404.0	16,944.4
FEDERAL FUNDS						
VETERAN'S FUND						
FISH & GAME FUND						
HIGHWAY FUND						
AIRPORT FUND						
CAPITAL FUND						
PERS						
TRS		25.0				

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- To fund this bill the TRS contribution rate must be increased by 6.58% of covered payroll (the TRS contribution rate is split 50/50 between the State and employers in the system).
- Estimate FY 83 covered payroll at \$296,962,000, and increasing 10% annually.
- Estimate long term inflation rate of 7.5%.
- The cost to school districts is estimated to be \$7,966,700 in FY 83.

IV. DATE February 25, 1982 PREPARED BY Paul B. Arnoldt
AGENCY Division of Retirement & Benefits
PHONE 465-4460
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named) Senator Parr
Office of the Governor (Keith Specking)



NEA - ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

Robert C. Manners
Executive Secretary
Juneau Office

Robert C. Cooksey
Deputy Executive Secretary
Juneau Office

James D. Alter
Field Staff
Juneau Office

Charles L. O'Connell
Deputy Executive Secretary
Anchorage Office

Dianne Anderson
Field Staff
Anchorage Office

Steve Puukkinen
Field Staff
Anchorage Office

Mary Ann Eininger
Deputy Executive Secretary
Fairbanks Office

JUNEAU OFFICE
147 SOUTH FRANKLIN #207
JUNEAU, ALASKA 99801
PHONE: (907) 586-3090

ANCHORAGE REGIONAL OFFICE
1411 WEST 33rd
ANCHORAGE, ALASKA 99503
PHONE: (907) 274-0536

FAIRBANKS REGIONAL OFFICE
825 COLLEGE ROAD
FAIRBANKS, ALASKA 99701
PHONE: (907) 456-4435

25 February '82

Re: Retirement Legislation

1. Issues of Concern to NEA-Alaska

1. Post Retirement Pension Adjustment (PRPA) (14.25.143)
2. Retirement Benefit Multiplier (14.25.110(d))
3. Employee Contribution (14.25.050)

2. Current Law

1. PRPA - 14.25.143 When administrator determines that cost of living has increased and that the financial condition of the fund permits, administrator may increase all annuitants and survivors benefits to reflect this cost of living
 - Amount of increase no more than 4% compounded for each year of retirement
 - Administrator authorized to implement by regulation
2. Benefit - 14.25.110(d) The amount...of benefit...is two percent of average base salary during any three school years of membership service times the years of credited service....
3. Contributions - 14.25.050(a) Each teacher shall contribute an amount equal to seven percent of base salary...by payroll deduction

3. HB 121:
 1. PRPA - Once each year, the administrator shall increase benefits to disabled members and persons age 55 or older....
 - a. Age 65 or over on July 1, the lesser of 75% of CPI or 9%
 - b. Age 60 but less than 65 on July 1, the lesser of 50% of CPI or 6%
 - c. Age 55 but less than 60 on July 1, the lesser of 25% pf CPI or 3%
 - based on previous calendar year Anchorage CPI for urban wage earners and clerical workers

2. Benefit:

- a. For members with less than ten years of credited service; 2%
- b. with at least 10 years but less than 20 years of credited service; 2½%
- c. with 20 or more years of credited service: 2½%

3. Contribution: Increase employee rate to 9%

4. SB 557

1. PRPA: 14.25.143

- a. No Change: Administrator may increase
- b. the amount of increase in benefit payments may not exceed the lesser of the increase in CPI since retirement or 4% compounded for each year of retirement.

2. Benefits: No change

3. Contributions: No change

5. SB 753:

1. PRPA: Administrator shall increase benefits to eligible disabled members and persons 65 or older. The increase shall equal the lesser of 50% of CPI or 6%. - Anchorage CPI

2. Benefit: No change

3. Contribution: Increase employee rate to 7½%

6. *SB 813:

The title to this Bill is misleading in that it does not explicitly include teachers, but the text of the proposed legislative changes specifically includes sections of the statute which relate to the teacher retirement law.

1. PRPA: When administrator determines cost of living has increased and financial condition of the fund permits the administrator may increase benefit payments

- a. Age 65 or over on July 1, the lesser of 75% of CPI or 9%
 - b. Age 60 but less than 65 on July 1, the lesser of 50% of CPI or 6%
 - c. Age 55 but less than 60 on July 1, the lesser of 25% of CPI or 3%
- uses Anchorage CPI, previous calendar year

*There seems to be an error on the bottom of page 1, in that these are two paragraphs (3)

2. Benefit: No change

3. Contribution: No change

7. NEA-Alaska Proposal

1. PRPA: Once each year, administrator shall increase benefits. Initially the changes shall be staged in over 3 years, after which the program shall be adjusted annually according to the Anchorage CPI

- a. Effective 1 July '82; Age 65 or over on July 1, the lesser of 75% of CPI or 9%
- b. Effective 1 July '83; Age 65 or over on July 1, the lesser of 75% of CPI or 9% and, Age 60 but less than 65 on July 1, the lesser of 50% of CPI or 6%
- c. Effective 1 July '84; Age 65 or older on July 1, the lesser of 75% of CPI or 9% and, Age 60 but less than 65 on July 1, the lesser of 50% of CPI or 6% and Age 55 but less than 60 on July 1, the lesser of 25% of CPI or 3%

2. Benefits: to be staged in

- a. Effective 1 July 82 - leave benefit multiplier as is at 2%
- b. Effective 1 July 83 - for members with at least 10 years of credited service, 2½%
- c. Effective 1 July 84 - for members with less than 10 years of credited service, 2%; for those with at least 10 but less than 20, 2½%; for those with more than 20 years of credited service, 2½%.

3. Contributions: employee contribution rate increase to be staged in

- a. Effective 1 July 82 - continue 7% rate
- b. Effective 1 July 83 - rate increase to 8%
- c. Effective 1 July 84 - rate increase to 9%

SB 753

This legislation will increase the post-retirement benefits to public employees and teachers through a pension adjustment which will be built into the system. After the age of 65, those who are retired or who retire in the Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) will receive an annual adjustment to their retirement benefits which will be 50% of the Consumer Price Index (CPI) - not to exceed 6% annually.

This will systematically protect the benefits of those on fixed incomes and at a cost which is reasonable to the state.

The total cost of this proposal will be born by the three groups involved, the state, the employers and the employees. It has a "ball-park" price tag of \$42 million. The state's direct contribution will be approximately \$21 million, the employers \$16 million and the employees \$5 million. The employee contribution will result from an increase in retirement contributions of one-half (1/2) of one (1) percent of the base salary.

Another provision of this legislation will allow members of PERS and TRS who have up to two (2) years of service in the Peace Corps to use that as service credit in a similar fashion to those who are eligible for military or BIA service credit under existing law.

The bill also contains a number of "clean-up" sections which have no fiscal impact but which are designed to "make sense" out of certain areas of the retirement statute which are ambiguous or inconsistent. The intent here is to make the statutes clear in a manner which will protect the rights of the members of the retirement system and at the same time clarify the administration of the program.

In contrast with other proposed retirement legislation, my bill focuses on the retirees 65 and older. It eliminates the possibility for double-dipping of benefits and it does NOT provide:

- additional benefits for those retiring before age 65
- increases in the benefit formula
- retroactive increases in retirement benefits
- increased benefits for judicial or elected public officials
- temporary service credit

This retirement legislation will not completely satisfy everyone, and some of my colleagues may suggest changes, however, I believe this bill strikes a fair balance between the recognized need to protect retirement income while also addressing the fiscal restraints which face the state.

2/11/82

INTRODUCTION OF BILLS (House)

HB 765 (cont'd)

Elementary School. Effective immediately.

Introduced February 12 and referred to Health, Education & Social Services and Finance.

Hunting &
Sport Fishing
Licenses
(lifetime)

HOUSE BILL NO. 766, by Rep. Zharoff by request. Would allow 10-year residents to purchase lifetime hunting and sport fishing licenses. Those who have been convicted of federal or state fish or game violations would be ineligible to receive a lifetime license. If a person obtains a lifetime license and then is convicted of a fishing or hunting violation, his license must be forfeited. The fee for the license would be \$200. Does not provide for an effective date.

Introduced February 12 and referred to Resources and Finance.

Public Emp.,
Teachers,
Judicial, &
Nat'l Guard
Retirement

HOUSE BILL NO. 767, by Rep. Metcalfe. (Identical to SB 753 also introduced this week). Proposes various amendments to the retirement systems for public employees, teachers, judicial employees, and members of the Alaska National Guard and Naval Militia. Among changes proposed, the bill:

--Amends provisions relating to teacher contributions to the retirement system for leave taken without pay. Would allow a teacher to make contributions for a leave of absence without pay for educational purposes if the leave has been approved by the governing body of the district (amends AS 14.20.345(f)).

--Transfers from the Administrator of the Teachers' Retirement System to the Alaska Teachers' Retirement Board the responsibility for adopting regulations governing the operation of the system (amends AS 14.25.022 and 14.25.035).

--Increases teacher contributions to the retirement fund from 7% to 7-1/2% of base salary (amends AS 14.25.050(a)).

--Amends provisions relating to 1% supplemental teacher contribution to provide a spouse's pension or survivor's allowance. Adds that teacher must be a member of the teachers' retirement system before July 1, 1982 in order to elect to make the supplemental contribution (amends AS 14.25.055).

--Amends provisions in AS 14.25.060 relating to arrearage indebtedness for military, BIA, or outside creditable service. Amendments necessary because of proposed increase in teacher contributions (for members first hired on or after July 1, 1982, the arrearage indebtedness would be 7-1/2% of base salary times the years of creditable service.

--Amends AS 14.25.063(b) relating to payment of indebtedness to the system. Rewritten to read: "Outstanding indebtedness that exists at the time a member is appointed to retirement necessitates an actuarial reduction in benefits payable." Currently there are two options. Bill repeals subsection (c) (result of revision to (b)). Adds new (d) to read: "If a benefit that has been actuarially

INTRODUCTION OF BILLS (House)

HB 767 (cont't)

reduced under (b) of this section would have been more if a member had not claimed credited service, the benefit shall be calculated and paid as if the member had not claimed the credited service."

--Would allow credit in the teachers' retirement system for service in the Peace Corps, up to a maximum of two years (adds new section AS 14.25.102).

--Adds to AS 14.25.110(i)(Retirement Benefits): "The last payment is for the month the member dies or becomes ineligible for a benefit under this section."

--Rewrites AS 14.25.125(d) relating to calculation of the amount of conditional service retirement benefits (makes it the same as a regular retirement benefits as calculated in AS 14.25.110(d)), and rewrites AS 14.25.130(a) relating to eligibility for disability benefits.

--Proposes to change the formula for calculating post-retirement pension adjustments (PRPA) for the teachers' and public employees' retirement systems. Rewrites AS 14.25.143 governing PRPA for teachers' retirement and AS 39.35.475 governing PRPA for public employees. New law would require a yearly increase in benefit payments to eligible disabled persons and those over 65 at the time of the increase. The amount of the increase would be a percentage of the current benefit equal to the lesser of 50% of the cost-of-living increase in the preceding calendar year or 6%.

--Amends provisions relating to the payment of death benefits. Adds new section which sets up death benefit for a member who dies before becoming eligible for retirement. Amends provisions in AS 14.25.160 (Death Benefits), 14.25.162 (Survivor's Allowance), and 14.25.164 (Spouse's Pension). Adds new section which would allow a member to opt for a "Joint and Survivor Option" in place of death benefits, survivor's allowance, or spouse's pension. New option would allow the member to receive a reduced benefit while he is alive, with payments continuing after the member dies at a reduced rate. Member would designate a spouse or a dependent as the contingent beneficiary for the continued payments.

--Amends provisions relating to medical benefits to allow the spouse of the member and any dependent children to receive medical coverage (rewrites AS 14.25.168). Makes same amendment to statute governing the Pub. Employees retirement system.

--Amends AS 14.25.169 (Duplicate Benefits). Adds that a teacher may not receive "(1) duplicate credit under this system for the same period of service; (2) more than one year of credited service during a school year; or (3) a benefit while accruing credited service under this system except as provided in this section." (Allows payment of death benefits, survivor's allowance, spouse's pension, or joint & survivor option.) (Identical language added to AS 39.35.530, Limit on Pension for Public Employees Retirement System.)

HB 767 (cont'd)

--Amends AS 14.25.175 relating to the waiver of adjustments in retirement benefits upon appeal by an affected member. Deletes that the board must determine: "(2) the member is retired or has submitted notification of impending retirement to his employer to be effective no later than 180 days after the adjustment was made, or the beneficiary was eligible to receive or was receiving benefits under this chapter before the adjustment; (3) the adjustment will result in a loss of eligibility for benefits for the member or beneficiary or result in a reduction of benefits received by the member or beneficiary of \$50 per month or more;" (Identical amendment made to AS 39.35.522(a), Waiver of Adjustment for Public Employees Retirement System.)

--Amends the definition of "compensation" for the purposes of AS 14.25 (broadens definition considerably); amends definition of "credited service" to include territorial service and credit for Peace Corps service; amends definition of "mandatory contribution account" (changed to member contrib. account); adds definition of "territorial employment".

--Would establish a Judicial Retirement Fund for the Judicial Retirement System (currently contributions are made to the General Fund). Provides for accounting and investment of the fund. Would extend medical coverage to the spouse and dependent children of members of the system who are receiving benefits.

--Would establish an Alaska National Guard Retirement Fund. Provides for accounting and investment of the Fund.

--Makes appropriate amendments to statute governing the procurement of group health insurance by the state for members of the teachers, judicial, and public employees retirement systems (AS 39.30.090) to reflect amendments extending coverage to a member's spouse and dependent children.

--Directs the Commissioner of Administration to establish a "Group Health and Life Benefits Fund" to provide group insurance benefits for group life and health insurance policies obtained for the various retirement systems. The fund would consist of employer and employee contributions, appropriations from the Legislature, and interest earned on investment of the fund.

--Would increase member contributions to Public Employees Retirement System (PERS), from 5% to 5-1/2% for peace officers and firemen, and from 4-1/4% to 4-3/4% for all other public employees.

--Amends provision relating to the refund of an employee's retirement account upon termination of employment with credited service of less than five years. Would make the refund automatic "unless the employee indicates in writing that future retirement is intended and contributions should not be refunded." (Amends AS 39.35.200.)

--Amends provisions relating to payment of indebtedness to PERS for prior military service (result of increase in member contributions--

INTRODUCTION OF BILLS (House)

HB 767 (cont'd)

amends AS 39.35.340(b)). Amends 39.35.350(c) relating to outstanding indebtedness for temporary service credit in PERS; 39.35.360(b) relating to credited service for earlier service; 39.35.385(c) & (d) relating to conditional service retirement benefits. Amends statutes governing the payment of death benefits (39.35.420, 39.35.430, and 39.35.440(b)).

--Adds new section to AS 39.35 relating to the adjustment of PERS benefits: "If, as a result of credited service claimed for which there is a corresponding indebtedness existing at retirement, the member's retirement benefit is actuarially reduced and the resultant benefit is less than it would have been if the credited service had not been claimed, the retirement benefit shall be calculated and paid as if the credited service had not been claimed."

--Makes less restrictive the section which allows public organizations to participate in PERS. Deletes that organization must have been created wholly or partly by, or derive its powers from, the legislature (Amends 39.35.560). Also adds new section which would allow an public organization which is participating in PERS to amend its participation agreement.

--Amends definition of "compensation" in AS 39.35.680(8) to broaden it. Amends definition of "early retirement" in (13), "employee contribution account" in (15), and "member or employee" in (21) to exclude members of the Elected Public Officers' Retirement System (rejected at referendum). Amends definition of "normal retirement" in (25), and amends definition of "peace officer" or "fireman" in (27) to exclude qualified employees of the Dept. of Fish and Game. Adds definition of "public organization" (created by the constitution or laws of the state for the purpose of administering state programs, whose officers and employees are not on the state payroll prepared by the Dept. of Administration, and whose employees are not required by law to participate in the system).

--Includes other sections which make technical or minor amendments. Effective on July 1, 1982.

--Introduced February 11 and referred to State Affairs and Finance.

Coal Transportation & Shipping

HOUSE BILL NO. 768, by Reps. Metcalfe and Beirne. Would provide for the issuance of \$200 million in state general obligation bonds "for the purpose of paying the cost of development and construction of a transportation corridor, transportation facilities, port facilities, loading facilities, and shipping facilities for the transportation and shipment of coal from the Mat-Su, Susitna, and Beluga coal fields." Provides that question be placed on the next general election ballot. Act would be effective on the date of the acquisition of the Alaska Railroad by the state from the United States government.

Introduced February 12 and referred to Transportation and Finance.

PRPA

MSG 82-00010946 PRTY 1 03/01/82 15:57:43 ORIG: LL00 IN= 0009 OUT= 0096
FROM: DIANE/SOLDOTNA TO: JUNEAU
TARGET: LJH2 SUBJ: P.O.M. PAGE 0008

TO: SEN. BENNETT, DANKWORTH, MULCAHY, FISHER
REF. ADAMS

FROM: GEORGIA P. ALEXANDER
P.O. BOX 745 ROUTE 2
SOLDOTNA, ALASKA 99669
283-9228 (HOME) 283-4977 (WORK)

RE: SB 753

I AM VERY WILLING TO CONTRIBUTE 9% OF MY GROSS SALARY TO THE TEACHERS RETIREMENT FUND, IN SUPPORT OF THE 2 1/2 % MULTIPLIER, AS DESCRIBED IN SB 753. I URGE YOU TO VOTE IN FAVOR OF THIS BILL.

PRPA

MSG 82-00010946 PRTY 1 03/01/82 15:57:43 ORIG: LL00 IN= 0009 OUT= 0094
FROM: DIANE/SOLDOTNA TO: JUNEAU
TARGET: LJH2 SUBJ: F.O.M. PAGE 0008

TO: SEN. BENNETT, DANKWORTH, MULCAHY, FISHER
REF. ADAMS

FROM: GEORGIA F. ALEXANDER
P.O. BOX 745 ROUTE 2
SOLDOTNA, ALASKA 99669
283-9228 (HOME) 283-4977 (WORK)

RE: SB 753
I AM VERY WILLING TO CONTRIBUTE 9% OF MY GROSS SALARY TO THE TEACHERS RETIRMENT
FUND, IN SUPPORT OF THE 2 1/2 % MULTIPLIER, AS DESCRIBED IN SB 753. I URGE YOU
TO VOTE IN FAVOR OF THIS BILL.

Introduced: 2/18/82
Referred: State Affairs and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 **CS** SENATE BILL NO. 813
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to post-retirement pension adjustments
7 ~~and retirement benefits for peace officers, marine~~
8 ~~transportation employees and Department of Fish and~~
9 ~~Game employees; and providing for an effective date."~~

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

11 * Section 1. AS 14.25.143 is repealed and reenacted to read:

12 Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) When the
13 administrator determines that the cost of living has increased and that
14 the financial condition of the retirement fund permits, he may increase
15 benefit payments to eligible disabled members and persons age 55 or old-
16 er who both received benefits in the preceding calendar year and are re-
17 ceiving benefits under this system at the time the increase is granted.

18 (b) The increase in benefit payments applies to total benefit pay-
19 ments except for the cost-of-living allowance under AS 14.25.142. The
20 amount of the increase is a percentage of the current benefit and may
21 not exceed

22 (1) the lesser of 75 percent of the increase in the cost of
23 living in the preceding calendar year or nine percent for recipients who
24 are at least 65 years old on July 1;

25 (2) the lesser of 50 percent of the increase in the cost of
26 living in the preceding calendar year or six percent for recipients who
27 on July 1 are at least 60 but less than 65 years old and for members re-
28 ceiving disability benefits who are less than 65 years old; or

29 (3) the lesser of 25 percent of the increase in the cost of

1 65 years old on July 1; or

2 (3) the lesser of 25 percent of the increase in the cost of
3 living in the preceding calendar year or three percent of the current
4 benefit for recipients who are at least 55 but less than 60 years old on
5 July 1.

6 (c) If a recipient was not receiving benefits during the entire
7 preceding calendar year, the increase in benefits under this section
8 must be adjusted by multiplying it by the fraction whose numerator is
9 the number of months for which benefits were received in the preceding
10 calendar year and whose denominator is 12.

11 (d) If, at the time of first receiving a retirement benefit, a
12 member was receiving a disability benefit under this system, the admini-
13 strator shall, at the time the member is appointed to retirement, in-
14 crease the retirement benefit by a percentage equal to the total cumula-
15 tive percentage increase which has been applied to the member's disabili-
16 ty benefit under this section.

17 (e) When computing a spouse's pension under AS 14.25.164, adjust-
18 ments granted to the deceased member under this section must be in-
19 cluded.

20 (f) An increase in benefit payments under this section is effec-
21 tive July 1 of each year and the limit on the increase is based on the
22 percentage increase in the consumer price index for urban wage earners
23 and clerical workers for Anchorage, Alaska during the previous calendar
24 year as determined by the United States Department of Labor, Bureau of
25 Labor Statistics.

26 * Sec. 2. AS 39.35 is amended by adding a new section to read:

27 Sec. 39.35.305. CREDITED SERVICE FOR EMPLOYMENT WITH THE DIVISION
28 OF MARINE TRANSPORTATION. (a) A vested employee who is a member of the
29 system on July 1, 1981 is entitled to service credit for periods of em-

1 ployment before January 1, 1977 with the division of marine highways of
2 the Department of Transportation and Public Facilities for which the em-
3 ployee received service credit under the Northwest Marine Retirement
4 Trust. The service credit allowed under this section may not exceed an
5 aggregate of nine years. Benefits are not payable on service credit un-
6 der this section unless the employee makes retroactive contributions to
7 the system for the period of time for which service credit is claimed.

8 (b) In order to obtain service credit under this section, an em-
9 ployee shall make an election to do so and shall verify the period of
10 service. When eligibility for service credit has been established, an
11 indebtedness shall be determined as follows: (1) the employee's actual
12 compensation, or the calculated annual compensation for an employee
13 working less than 12 months, during the calendar year 1981 or the year
14 in which an employee first becomes vested under this chapter, whichever
15 is later, multiplied by (2) six percent, and this product multiplied by
16 (3) the number years of service credited under this section. Interest
17 as prescribed by regulation accrues on this indebtedness beginning on
18 July 1, 1981, or one year following the date a person first becomes
19 vested, whichever is later. Any outstanding indebtedness that exists at
20 the time a person is appointed to retirement will necessitate an actuar-
21 ial adjustment to the benefits payable based upon service credited under
22 this section.

23 * Sec. 3. AS 39.35.370 is amended by adding a new subsection to read:

24 (g) A member may not receive retirement benefits under this sec-
25 tion based on a period of employment for which the member received ser-
26 vice credit under AS 39.35.305 if the member is receiving retirement
27 benefits from a marine retirement trust based on the same period of em-
28 ployment.

29 * Sec. 4. AS 39.35.475 is repealed and reenacted to read:

1 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) When the
2 administrator determines that the cost of living has increased and that
3 the financial condition of the retirement fund permits, he may increase
4 benefit payments to eligible disabled members and persons age 55 or old-
5 er who received benefits in the preceding calendar year and also are re-
6 ceiving benefits under this system at the time the increase is granted.

7 (b) The increase in benefit payments applies to total benefit pay-
8 ments except for the cost-of-living allowance under AS 39.35.480. The
9 amount of the increase is a percentage of the current benefit and may
10 not exceed

11 (1) the lesser of 75 percent of the increase in the cost of
12 living in the preceding calendar year or nine percent of the current
13 benefit for recipients who are at least 65 years old on July 1;

14 (2) the lesser of 50 percent of the increase in the cost of
15 living in the preceding calendar year or six percent of the current
16 benefit for recipients who are at least 60 but less than 65 years old on
17 July 1 and for members receiving disability benefits who are less than
18 65 years old on July 1; or

19 (3) the lesser of 25 percent of the increase in the cost of
20 living in the preceding calendar year or three percent of the current
21 benefit for recipients who are at least 55 but less than 60 years old on
22 July 1.

23 (c) If a recipient was not receiving benefits during the entire
24 preceding calendar year, the increase in benefits under this section
25 must be adjusted by multiplying it by the fraction whose numerator is
26 the number of months for which benefits were received in the preceding
27 calendar year and whose denominator is 12.

28 (d) If, at the time of first receiving a retirement benefit, a
29 member was receiving a disability benefit under this system, the admini-

1 strator shall, at the time the member is appointed to retirement, in-
2 crease the retirement benefit by a percentage equal to the total cumula-
3 tive percentage increase which has been applied to the member's disabili-
4 ty benefit under this section.

5 (e) When computing a joint and survivor benefit under AS 39.35.450
6 or a survivor's benefit under AS 39.35.420 or 39.35.440, adjustments
7 granted to the deceased member under this section must be included.

8 (f) An increase in benefit payments under this section is effec-
9 tive July 1 of each year and the limit on the increase is based on the
10 percentage increase in the consumer price index for urban wage earners
11 and clerical workers for Anchorage, Alaska during the previous calendar
12 year as determined by the United States Department of Labor, Bureau of
13 Labor Statistics.

14 * Sec. 5. AS 39.35.680(27) is amended to read:

15 (27) "peace officer" or "fireman" means an employee occupying
16 a position as a peace officer, chief of police, correctional officer,
17 correctional superintendent, (QUALIFIED EMPLOYEE OF THE DEPARTMENT OF
18 FISH AND GAME,) fireman, or fire chief;

19 * Sec. 6. A person who has held a position on or before June 30, 1982, as
20 a "qualified employee of the Department of Fish and Game" shall be treated as
21 a peace officer under AS 39.35 whenever employed by the Department of Fish
22 and Game on or after July 1, 1982.

23 * Sec. 7. AS 39.35.680(32) is repealed.

24 * Sec. 8. This Act takes effect July 1, 1982.
25
26
27
28
29