

Offered: 2/14/84
Referred: Finance

Original sponsors: Fuller, Martin
and Furnace

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 498 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to military retirement benefits; and
7 providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 26.05.224(a) is amended to read:
10 (a) An active member of the Alaska National Guard, or a former
11 member who was an active member on or after January 1, 1969, or a
12 member of the Alaska Naval Militia on or after July 1, 1980, is eligi-
13 ble for a retirement pension
14 (1) upon voluntary retirement from the Alaska National
15 Guard or Alaska Naval Militia after a total of 20 years or more of
16 satisfactory service in the Alaska National Guard, Alaska Naval Mili-
17 tia, or the armed forces of the United States, and the reserves of
18 them, or any combination of service in these components if at least
19 five years of the service is in the Alaska National Guard or Alaska
20 Naval Militia; or
21 (2) upon involuntary separation [RETIREMENT] because of
22 federal standards imposed on the Alaska National Guard or Alaska Naval
23 Militia, regardless of length of service, unless the separation occurs
24 as a result of the member's own misconduct, misrepresentation, or
25 unwillingness to satisfy established standards for continued partici-
26 pation.
27 * Sec. 2. AS 26.05.224(d) is amended to read:
28 (d) Upon the death of an active member who has at least five
29 years service in the Alaska National Guard or Alaska Naval Militia or

1 a combination of these components, the member's designated beneficiary
2 is entitled to a lump sum benefit calculated in accordance with (b) of
3 this section. Upon the death of a former member who has at least 20
4 years service, the former member's designated beneficiary is entitled
5 to a lump sum benefit calculated in accordance with (b) of this sec-
6 tion less any retirement benefits previously paid. A [A RETIREMENT
7 BENEFIT PAYABLE TO A MEMBER AT THE TIME OF THE DEATH OF THE MEMBER
8 SHALL BE PAID IN A LUMP SUM TO THE DESIGNATED BENEFICIARY OF THE MEM-
9 BER. THE] member may change or revoke the designation of a benefi-
10 ciary without notice to the beneficiary at any time. If a member
11 designates more than one beneficiary, each shall share equally unless
12 the member specifies a different allocation. The designation of a
13 beneficiary and a change or revocation of a beneficiary shall be made
14 on a form provided by the Department of Military Affairs and is not
15 effective until filed with the Department of Military Affairs. If a
16 member fails to designate a beneficiary or if no designated benefi-
17 ciary survives the member, the death benefit under this subsection
18 shall be paid to the member's [HIS] estate.

19 * Sec. 3. This Act takes effect July 1, 1984.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

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(Page 1 of 2)

REQUEST

FISCAL DETAIL

Bill/Resolution No.: CSHB 498(SA) Agency Affected: Dept. of Military Affairs

Title: An act relating to Military Benefits Program Category Affected: NGRS

Benefits

Sponsor: Fuller and Martin

BRU, Program or Subprogram(s) Affected: _____

Requestor: _____

Date of Request: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Ptmnt & Bnfts		79.3	79.3	79.3	79.3	79.3
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	79.3	79.3	79.3	79.3	79.3

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

General Fund	-0-	79.3	79.3	79.3	79.3	79.3
Federal Funds						
Other						
Total						

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: J. K. Humphreys

Phone: 465-4460

Division: Retirement & Benefits

Date: _____

Approved by Commissioner: Lisa Rudd

Date: 2/9/84

Agency: Administration

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

(Page 2 of 2)

CS House Bill 498(SA)
Fiscal Note Analysis
Prepared by the Division of Retirement & Benefits
Department of Administration

IV Analysis: The passage of this bill will provide for a lump-sum death benefit in the Alaska National Guard and Alaska Naval Militia for those members having five or more years of service. The passage of this bill will increase the cost of the National Guard Retirement System by \$79,309.00 each year over the next 25 years. The present value of the unfunded liability is \$441,396.00.

Fiscal Note

The impact of this legislation is evaluated using the past three fiscal years with the following results:

FY 81:

Total cases - ARNG-2, ANG-0

Case 1-168 months	\$16,800.00
Case 2-101 months	<u>\$10,100.00</u>
	\$26,900.00

FY 82:

Total cases - ARNG-3, ANG-0

Case 1-132 months	\$13,200.00
Case 2-168 months	\$16,800.00
Case 3- 73 months	<u>\$ 7,300.00</u>
	\$37,300.00

FY 83:

Total cases - ARNG-4, ANG-0

Case 1-192 months	\$19,200.00
Case 2-232 months	\$23,200.00
Case 3-208 months	\$20,800.00
Case 4-232 months	<u>\$23,200.00</u>
	\$86,400.00

Discussion: The data does not provide a sound basis for budgeting because of the few number of cases. funding requirements, (would-be), for FY 81 compared to FY 83 depict the danger in allowing history to dictate future budgets. Note that the Air National Guard had no cases which would have caused impact during the three measured years. One aircraft incident could dramatically change their requirements.

Enclosure Two

prepared by
Rep. Fuller's
Office

HB 498 - An Act relating to military retirement benefits

The proposed CS for HB 498 does three things:

(1) clarifies wording to usage consistent with federal law, by changing the term "involuntary retirement" to read "involuntary separation;"

(2) adds language consistent with federal law to make clear that the involuntary separation cannot be a result of the person's own conduct; and

(3) adds language to provide death benefits to the beneficiaries of active members of the Alaska National Guard or Alaska Naval Militia who have served at least five years in the guard or militia. Under current law (AS 26.05.224) a retirement benefit that is payable to a member at the time of the member's death is to be paid in a lump sum to the member's beneficiary.

This bill would simply make the beneficiary of an active member with at least five years' service eligible for the death benefits; it would not make members with only 5 years' service eligible for other retirement benefits. A person is not eligible for full retirement benefits until he or she has served at least 20 years.

★ / The provisions of the proposed CS and the original bill are identical. The CS defines the relationship of the new language to existing law more clearly, based on the recommendation of the Department of Law.

The formula for determining death benefits under current law remains unchanged. The beneficiaries of persons who have served more than 20 years would continue to be covered by the current language of AS 26 05.224 and would not be affected by this bill.

The attached fiscal note of \$79,300 for FY85 is based on an estimate of the number of deaths that might occur during the year. For your interest, actual payments for the last three fiscal years, if this bill were in effect, would have ranged from \$26,900 in FY 81 to \$86,400 in FY 83.

MEMORANDUM

State of Alaska

TO: Ray Gillespie
Legislative Assistant
Governor's Office

DATE: January 17, 1984

FILE NO: 377-002-84

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: HB 498 (military
retirement benefits)

By: Arthur H. Peterson *Art*
Assistant Attorney General

As you requested this morning, I have compared HB 498, sponsored by Representatives Fuller and Martin, with the bill on the same subject that we delivered to the governor December 21, 1983. HB 498 is based on a November 14, 1983 draft of this bill that I prepared. There are minor differences in wording, and the amendment of AS 26.05.224(a)(2), in sec. 1 of the bill, uses a slightly different amendment style; it sets out all of subsec. (a) rather than just para. (2) of that subsection.

In our December 21, 1983 version, sec. 1 is identical to our November 14 version, and thus contains the same insignificant wording difference from HB 498. The main difference between HB 498 and our December 21 version is in sec. 2, but even that difference is merely in the means chosen to achieve the same end.

The biggest problem for the drafter was setting out the relationship between the existing death benefit for the beneficiary of a 20-year active or former member and the new provision on the death benefit for the beneficiary of an active member with only five years service. HB 498 combined with the new provision a cross-reference to the existing subsec. (d) and to 20 years of service in the armed forces of the United States. Our December 21 version, on the other hand, locates the new provision in subsec. (d) and rewrites the current first sentence of that subsection, for clarification. There should be no difference in substance. The benefit for the survivors of the five-year people is succinctly distinguished from the benefit for the survivors of the 20-year people. I think that the December 21 version is an improvement, especially since it clarifies the existing AS 26.-05.224(d). //

I can think of no reason why the December 21 version should not be offered to, and would not be accepted by, the House State Affairs Committee (where HB 498 now resides) and Representatives Fuller and Martin to use as a committee substitute for HB 498. If they prefer the slightly different sec. 1 of HB 498,

Ray Gillispie
377-002-84

January 17, 1984
Page 2

that is certainly acceptable to us. But sec. 2 of our version seems preferable.

AHP/jb

cc: Charles D. Borg
Chief of Staff
Department of Military Affairs
3601 C Street, Suite 620
Anchorage, AK 99503

Richard Rountree
Director
Administrative Services Division
Department of Military Affairs
Juneau

Ken Humphries
Director
Division of Retirement and Benefits
Department of Administration

Position Paper

HB 498

The passage of this bill would provide for a lump-sum death benefit in the Alaska National Guard and Alaska Naval Militia Retirement System (NGRS) for those members having five or more years of service. The Department of Administration, like the Department of Military Affairs, supports this bill. This bill would help to ~~elevate~~^{eliminate} an inequity in the system without a substantial fiscal impact.

J.K. Humphreys

J.K. Humphreys, Director, Division of Retirement & Benefits

1/23/84

Date

Lisa Rudd

Lisa Rudd, Commissioner, Department of Administration

1/24/84

Date

Offered: 2/14/84
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19 five years of the service is in the Alaska National Guard or Alaska
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21 (2) upon involuntary separation [RETIREMENT] because of
22 federal standards imposed on the Alaska National Guard or Alaska Naval
23 Militia, regardless of length of service, unless the separation occurs
24 as a result of the member's own misconduct, misrepresentation, or
25 unwillingness to satisfy established standards for continued partici-
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27 * Sec. 2. AS 26.05.224(d) is amended to read:

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29 years service in the Alaska National Guard or Alaska Naval Militia or

1 a combination of these components, the member's designated beneficiary
2 is entitled to a lump sum benefit calculated in accordance with (b) of
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15 effective until filed with the Department of Military Affairs. If a

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18 shall be paid to the member's [HIS] estate.

19 * Sec. 3. This Act takes effect July 1, 1984.

Introduced: 1/9/84
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY FULLER AND MARTIN

2

HOUSE BILL NO. 498

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

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A BILL

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Militia, regardless of length of service, unless the separation occurs

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* Sec. 2. AS 26.05.224 is amended by adding a new subsection to read:

28

(e) Upon the death of an active member of the Alaska National

29

Guard or Alaska Naval Militia, that member's designated beneficiary is

1 entitled to a lump sum payment in accordance with (b) and (d) of this
2 section if the member has served at least five years in the Alaska
3 National Guard or Alaska Naval Militia or in a combination of these
4 two components, but has served fewer than 20 years in the armed forces
5 of the United States.

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cc: Charles D. Borg
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3601 C Street, Suite 620
Anchorage, AK 99503

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J. K. Humphreys

J.K. Humphreys, Director, Division of Retirement & Benefits

1/23/84

Date

Lisa Rudd

Lisa Rudd, Commissioner, Department of Administration

1/24/84

Date

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

CE

REQUEST FISCAL DETAIL
Bill/Resolution No.: CSHB 498(SA) Agency Affected: Dept. of Military Affairs
Title: An act relating to Military Program Category Affected: NGRS
Benefits
Sponsor: Fuller and Martin BRU, Program or Subprogram(s) Affected:
Requestor:
Date of Request:

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
100 Personal Svcs						
100 Rtmnt & Bnfts		79.3	79.3	79.3	79.3	79.3
200 Travel						
300 Contractual						
400 Supplies						
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	79.3	79.3	79.3	79.3	79.3

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund	-0-	79.3	79.3	79.3	79.3	79.3
Federal Funds						
Other						
Total						

POSITIONS:

Full-Time						
Part-Time						
Temporary						

SOURCE OF FUNDS TO OFFSET IMPACT OF BILL:

Analysis: The passage of this bill will provide for a lump-sum death benefit in the Alaska National Guard and Alaska Naval Militia for those members having five or more years of service. The passage of this bill will increase the cost of the National Guard Retirement System by \$79,309.00 each year over the next 25 years. The present value of the unfunded liability is \$441,396.00.

Prepared By: *J. K. Humphreys* Phone: 465-4460
 Division: Retirement & Benefits Date: _____
 Approved by Commissioner: *Lisa Rudd* Date: 2/9/84
 Agency: Administration