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The Teachers' Retirement System (TRS) was established in an attempt to encourage teachers to come to Alaska. A liberal system which required only 20 years of service in order to retire with full benefits was necessary in order to convince teachers to remain in the state. Times have changed. School Districts no longer have to go begging to obtain qualified teachers. In fact, many districts have long lists of eligible teachers waiting to apply for positions.

Under current law only peace officers, firefighters, and teachers may retire after only 20 years of service. Peace officers and firefighters are acknowledged as hazardous occupations. Youth and good physical condition are required to safely perform these duties. Teachers are not subject to the same hazardous conditions and life-threatening situations.

The Teachers' Retirement System is one of the most generous provided by the State. Teachers receive credit for unused sick leave while other public employees do not. Teachers serve only 172 days each school year but receive credit for an entire year's service. Teachers' salaries are among the highest received by any public employees.

The circumstances have changed since the Teachers' Retirement System was first enacted. It is no longer necessary to allow teachers to retire after serving only 20 years. The state can no longer afford to allow teachers to retire with full benefits while only 40 to 45 years of age. Teachers, like other public employees, should not be eligible to retire with full benefits until they have served 30 years or reached age 55.

Other states are not so generous. Below is a summation of the requirements some states impose on teachers to retire with full benefits:

#### COLORADO

Teachers may retire at age 55 after 30 years of service.  
Teachers may retire at age 60 after 20 years of service.  
Teachers may retire at age 65 if vested.

#### CALIFORNIA

Teachers may retire before age 55 after 30 years of service.  
Teachers may retire at age 55 if vested.

#### IDAHO

Teachers may retire at age 60 after 30 years of service.  
Teachers may retire at age 65 if vested.

Teachers may retire at any time after age 55 if the total years of service plus age is greater than 90.

#### TEXAS

Teachers may retire at age 65 after 10 years of service.  
Teachers may retire at age 60 after 20 years of service.  
Teachers may retire at any age after 30 years of service.  
Teacher may retire at any time before age 60 if the total years of service plus age is greater than 95.

#### WASHINGTON

Teachers may retire at age 55 after 25 years of service.  
Teachers may retire at any age after 30 years of service.  
Teachers may retire at age 60 if vested.

COMPARISONS

	<u>PERS</u>	<u>TRS</u>
Employee Contributions	4 1/4%	7%
Employer Contributions	13.66%	15.74% (State pays half)
Earnings on Contributions	4 1/2%	4 1/2%
Other Creditable Service	Military (5 yr max), Territorial (No max) & Certain Temporary (No max)	Outside Service (10 yr max)*, Military (5 yr max)*, Alaska BIA (15 or 5 yr max)* & Territorial (5 yr max)
Salary Used to Compute Indebtedness for Military	5th Year Salary**	Entrance Salary
Vest (Membership Service)	5 Years (paid-up)	8 Years (paid-up)(can be 3 yrs BIA)
Retirement Age	50 Early & 55 Normal Exceptions: (1) 20 yrs Peace Officers-any age (2) 30 yrs PERS-any age	50 Early & 55 Normal Exceptions: (1) 20 yrs membership service-any age (2) 25 yrs combined membership and outside service-any age
Benefit Formula	2% x Years of Service***	2% x Years of Service
Benefit is Based on a % of	Average of Three Highest Consecutive Calendar Years	Average of the Three Highest Contract Salaries
Additional Benefits	Free Medical (80%) plus Optional Audio-Dental-Visual	Free Medical (80%) plus Optional Audio-Dental-Visual
Cost of Living Adjustments	Ad Hoc PRPA's (max 4%)	Ad Hoc PRPA's (max 4%)
Year of Service Credit	365 Days	172 Days
Funded	Actuarially	Actuarially
Number of People on Retirement	2,688	1,374
Average Monthly Benefit	\$620.00	\$1130.00
Eligibility for Disability	5 Years of Membership	1 School Year (172 Days)
Reduced Benefits for Indebtedness	Yes	Yes
Credit for Unused Sick Leave	No	Yes
Survivor Benefits	75, 66, 50% with a reduced benefit	Pay 1% of earnings--full benefit and spouse receives 50%

\* Total of these cannot exceed 15 years

\*\* Must be vested to claim

\*\*\* Peace officers receive 2 1/2% x all service over 10 years

I. REQUEST

Bill/Resolution No.: House Bill 213  
 Title: An act relating to PERS, TRS & JRS  
 Sponsor: M. M. Miller  
 Requestor: \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected: Administration  
 Program Category Affected: Admin. Svcs.  
 BRU, Program of Subprogram(s) Affected: Retirement & Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES			51,523.6	67,556.8	23,423.6	90,103.1
200 TRAVEL						
300 CONTRACTUAL		80.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC			33,102.8	44,299.4	53,800.9	58,104.9
<b>TOTAL OPERATING</b>		80.0	84,626.4	111,856.2	137,234.5	148,208.0
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND			80,335.4	106,225.0	130,249.3	140,664.0
FEDERAL FUNDS			2,056.1	2,698.3	3,347.1	3,614.8
*OTHER (Specify Source)			2,234.9	2,932.9	3,638.1	3,929.2
PERS/TRS		80.0				

\*4% Veterans; 12% Fish & Game; 26% Highways; 58% Airport

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: J. K. Humphreys, Director  
 Division: Retirement & Benefits

Phone: 465-4460  
 Date: 03/22/83

Approved by Commissioner: Lisa Rudd, Commissioner  
 Department: Administration

Date: 03/22/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 213  
 Title An Act Relating to Public Employees', Judicial, and Teachers' Benefits  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS			5,930.5	7,936.3	9,638.6	10,409.7
200 TRAVEL						
300 CONTRACTUAL		40.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING			33,102.8	44,299.4	53,800.9	58,104.9
TOTAL		40.0	39,033.3	52,235.7	63,439.5	68,514.6

FUNDING (Thousands of Dollars)

GENERAL FUND			39,033.3	52,235.7	63,439.5	68,514.6
FEDERAL FUNDS						
*OTHER FUNDS:						
PERS						
TRS						

\* 4% Veterans; 12% Fish & Game; Highway; 58% Airport

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 16.97% in FY 85; 21.03% in FY 86; and 23.66% in FY 87. The TRS contribution rate is split 50/50 between the state and the school districts.
2. Estimate the FY 85 TRS payroll to be \$389,904,000.
3. The cost to school districts is estimated to be \$27,172,400 in FY 85; \$36,363,000 in FY 86; and \$44,162,400 in FY 87.

INFORMATION PURPOSES ONLY

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 213

Title An Act relating to Public Employees', Judicial, and Teacher's Benefits

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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS			44,698.3	58,658.6	72,761.0	78,581.9
200 TRAVEL		40.0				
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
TOTAL		40.0	44,698.3	58,658.6	72,761.0	78,581.9

FUNDING (Thousands of Dollars)

GENERAL FUND			40,407.3	53,027.4	65,775.8	71,037.9
FEDERAL FUNDS			2,056.1	2,698.3	3,347.1	3,614.8
*OTHER FUNDS:			2,234.9	2,932.9	3,638.1	3,929.2
PERS		40.0				
TRS						

\* 4% Veterans; 12% Fish & Game; 26% Highway; 58% Airport

POSITIONS

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 9.53% in FY 85; 11.58% in FY 86; and 13.30% in FY 87.
2. Estimate the FY 85 state PERS payroll to be \$469,028,800.
3. The cost to political subdivisions is estimated to be \$32,894,300 in FY 85; \$43,167,900 in FY 86; and \$53,546,000 in FY 87.

**INFORMATION PURPOSES ONLY**

(Revised)

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 213

Title An Act Relating to Public Employees', Judicial, and Teachers' Benefits

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 and Benefits (JRS)

(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS			894.8	961.9	1,034.0	1,111.5
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
<b>TOTAL</b>			<b>894.8</b>	<b>961.9</b>	<b>1,034.0</b>	<b>1,111.5</b>

FUNDING (Thousands of Dollars)

GENERAL FUND			894.8	961.9	1,034.0	1,111.5
FEDERAL FUNDS						
*OTHER FUNDS*						
PERS						
TRS						

\* 4% Veterans; 12% Fish & Game; 26% Highway; 58% Airport

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

1. The JRS contribution rate must be increased by 23.76% in FY 85.
2. Estimate the FY 85 JRS payroll to be \$3,766,000.

INFORMATION PURPOSES ONLY

(Revised)

HB 213

AS 14.20.345

Education.  
CHAPTER 20.  
Teachers and School Officials.  
ARTICLE 4.  
Sabbatical Leave.

CITATION Sec. 14.20.345.  
CATCH LINE

LEAVE OF ABSENCE WITHOUT PAY.

TEXT (a) A teacher may be granted a leave of absence without pay for the purposes which may be approved by the governing body of the district if

(1) the teacher's application is approved by the governing body of the district; and

(2) the teacher agrees to return to employment in a public school not later than the beginning of the school year following termination of the period for which the leave of absence was granted.

(b) A leave of absence is not an interruption of the continuous service necessary to attain or retain retirement or tenure rights according to AS 14.20.150, 14.20.155, or 14.20.160. However, the time spent on leave of absence may not be counted in determining when a teacher has sufficient service to enable the teacher to acquire retirement or tenure rights.

(c) The leave of absence is not a break in service for retirement purposes.

(d) The governing body of the district may agree to continue the teacher's retirement contributions if the teacher agrees to pay the required seven per cent of the salary the teacher would have received during the 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.

(e) The governing body of the district may advance the teacher on the district salary schedule when the teacher returns to employment if the governing body determines that the teacher's leave of absence was educationally or professionally beneficial to the teacher or the district.

(f) A teacher may make contributions to the retirement fund for each year or portion of a year of leave of absence taken. The contribution shall include the required per cent of the salary the teacher would have received had the leave of absence not been taken, plus the required employer and state contributions that would have been made. Compound interest at the rate prescribed by regulation shall be added as computed from the beginning date of the leave of absence to the date the

teacher pays the contribution.  
HISTORY (Sec. 5 ch 104 SLA 1965; am secs. 33, 34 ch 98 SLA 1966; am sec.  
1 ch 44 SLA 1971; am sec. 1 ch 184 SLA 1972; am sec. 2 ch 99 SLA  
AS 14.25.050

Education.  
CHAPTER 25.  
Teachers' Retirement.

CITATION Sec. 14.25.050.

CATCH LINE

CONTRIBUTIONS BY TEACHERS.

TEXT (a) Beginning July 1, 1970, each teacher shall contribute to  
the retirement fund an amount equal to seven per cent of the  
teacher's 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.

(b) Each teacher is entitled to receive credit for  
unrefunded contributions paid into the retirement fund of 1945.

HISTORY (Sec. 6 ch 145 SLA 1955; am sec. 4 ch 89 SLA 1960; am sec. 3 ch  
78 SLA 1962; am sec. 1 ch 84 SLA 1969; am sec. 1 ch 138 SLA 1970;  
am sec. 1 ch 128 SLA 1977)

Education.  
CHAPTER 25.  
Teachers' Retirement.

CITATION Sec. 14.25.060.

CATCH LINE

ARREARAGE INDEBTEDNESS.

TEXT

(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) At the time of first becoming a member of the system, the arrearage indebtedness is seven percent of the base salary multiplied by the total number of years of creditable outside, 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.

(2) If a member terminates from the system and is subsequently reemployed as a member, the arrearage indebtedness to the retirement fund for outside, military, or Alaska BIA service accumulated in the interim is seven percent of the base salary upon reentering membership service, multiplied by the number of years of interim outside, 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 the date of reemployment as a member, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

(b) If a member joins the system on or after July 1, 1978, and has creditable outside service, the member may claim this service. If claimed, the member is indebted to the retirement fund as follows:

(1) The arrearage indebtedness is the full actuarial cost of providing benefits for the service being claimed. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning the date the actuarial cost is established to the date of payment or the date of retirement, whichever occurs first.

(2) If a member terminates from the system and is subsequently reemployed as a member, the arrearage indebtedness for outside service during the interim is the full actuarial cost of providing benefits for the interim service being claimed. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning the date the actuarial cost is established to the date of payment or the date of retirement, whichever occurs first.

(3) Repealed by sec. 75 ch 137 SLA 1982.

(c) The total military service claimed may not exceed five years. The combined total of outside and military service may

not exceed 10 years, except that, if entry into the armed forces is immediately preceded by membership service and within one year after discharge is continued by membership service, that service will not be counted for purposes of determining the applicability of the 10-year limitation on the combined total of outside and military service.

HISTORY (Sec. 7 ch 145 SLA 1955; am sec. 3 ch 142 SLA 1957; am sec. 5 ch 89 SLA 1960; am sec. 2 ch 86 SLA 1963; am sec. 11 ch 70 SLA 1964; am secs. 3, 4 ch 151 SLA 1966; am sec. 2 ch 76 SLA 1968; am secs. 3, 4 ch 138 SLA 1970; am sec. 3 ch 66 SLA 1973; am sec. 3 ch 128 SLA 1977; am sec. 14 ch 136 SLA 1978; am secs. 6, 7 ch 13 SLA 1980; am secs. 5, 75 ch 137 SLA 1982)

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AS 14.25.110

Education.

CHAPTER 25.

Teachers' Retirement.

CITATION Sec. 14.25.110.

CATCH LINE

RETIREMENT BENEFITS.

TEXT

(a) A member is eligible for a normal retirement benefit if the member

(1) was first hired before July 1, 1975, has attained the age of 55 years, and has at least 15 years of credited service, the last five of which have been membership service;

(2) has attained the age of 55 years and has at least eight years of membership service;

(3) has attained the age of 55 years, has at least five years of membership service, and has at least three years of Alaska BIA service;

(4) has at least 25 years of credited service, the last five of which have been membership service;

(5) has at least 20 years of membership service; or

(6) has at least 20 years of combined membership service and Alaska BIA service, the last five of which have been membership service.

(b) A member is eligible for an early retirement benefit upon completing any one of the service requirements in (a)(1), (2), or (3) of this section and attaining the age of 50 years.

(c) The burden is on the applicant to prove eligibility for retirement benefits to the full satisfaction of the administrator.

(d) The monthly amount of a retirement benefit for a member who has paid the full amount of any indebtedness is two percent of the member's average base salary during any three school years of membership service times the years of credited service,

including credited fractional years, divided by 12. An actuarial adjustment must be made for early retirement.

(e) The monthly amount of a retirement benefit must be determined in accordance with (d) of this section as it is in effect on the date of termination of the retiring member's last segment of employment.

(f) The annual amount of retirement benefits for a retiring member who was a member of the retirement system established by the Retirement Act of 1945 may not be less than \$975 plus 10 percent of the total contribution made by the member to the retirement fund of 1945.

(g) A member who is eligible for a service retirement salary under this chapter or under the Retirement Act of 1945 is entitled to a benefit of at least \$25 per month for each year of credited service, excluding adjustments made under AS 14.25.142 or 14.25.143. If the member elected option two under AS 14.25.063(b)(2) for payment of any indebtedness when the member initially applied for a retirement benefit, or if the member elected to receive an early retirement benefit under (b) of this section, the resulting benefit reduction continues in effect.

(h) The monthly retirement benefit for a member who was receiving a retirement benefit on July 1, 1955, is \$50 a month if the member was at least 55 years of age on July 1, 1955.

(i) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) the member meets the eligibility requirements of this section; (2) the member terminates employment; and (3) the member applies for retirement. Benefits are not payable under this section during a school year in which credit for a full year of service is granted. The benefits are payable the last day of the month. If payment is delayed, a retroactive payment must be made for the month in which a benefit is payable under this section. The last payment shall be for the month in which the member dies or is no longer eligible for a benefit under this section.

**HISTORY** (Sec. 12 ch 145 SLA 1955; am sec. 4 ch 142 SLA 1957; am sec. 9 ch 89 SLA 1960; am sec. 4 ch 86 SLA 1963; am sec. 6 ch 151 SLA 1966; am sec. 2 ch 85 SLA 1971; am sec. 8 ch 66 SLA 1973; am sec. 1 ch 77 SLA 1973; am sec. 2 ch 57 SLA 1974; am secs. 1 - 3 ch 173 SLA 1975; am sec. 5 ch 169 SLA 1976; am sec. 14 ch 13 SLA 1980; am sec. 2 ch 146 SLA 1980; am sec. 9 ch 137 SLA 1982)

**AS 14.25.125**

Education.  
CHAPTER 25.  
Teachers' Retirement.

**CITATION** Sec. 14.25.125.

**CATCH LINE**

**CONDITIONAL SERVICE RETIREMENT BENEFITS.**

**TEXT**

(a) A member is eligible for a normal retirement salary at age 55 with at least two years membership service if the member also is eligible for a normal retirement benefit under the public

employees' retirement system (AS 39.35).

(b) A member is eligible for an early retirement salary at age 50 with at least two years of membership service if the member also is eligible for an early retirement benefit under the public employees' retirement system (AS 39.35).

(c) Membership service for which contributions were refunded is not creditable under this section unless the refunded contributions have been repaid. For purposes of this section, a member or former member does not have to be reemployed under this system in order to repay refunded contributions. Compound interest at the rate prescribed by regulation must be added to the reinstatement indebtedness from the date of the refund to the date of repayment.

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

(e) Benefits payable under this section accrue from the first day of the month (1) in which the member meets the eligibility requirements of this section, (2) following the date of termination, and (3) following application for retirement, and are payable the last day of the month. If payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which the member dies or is no longer eligible for a benefit under this section.

HISTORY (Sec. 2 ch 174 SLA 1978; am sec. 15 ch 13 SLA 1980; am sec. 11 ch 137 SLA 1982)

AS 14.25.143

Education.

CHAPTER 25.

Teachers' Retirement.

CITATION Sec. 14.25.143.

CATCH LINE

POST RETIREMENT PENSION ADJUSTMENT.

TEXT

(a) When the administrator determines that the cost of living has increased and that the financial condition of the retirement fund permits, the administrator shall increase benefit payments to persons receiving benefits under this system.

(b) The amount of the increase in benefit payments may not exceed the lesser of

(1) the increase in the cost of living since the date of retirement; or

(2) four percent of the retirement benefit compounded for each year of retirement.

(c) The administrator shall implement this section by regulation.

(d) A person receiving benefits under this chapter shall be granted a 10 per cent increase in the current base benefit if the

person was receiving benefits on July 1, 1976. The increase shall be effective July 1, 1977.

(e) If at the time of first receiving a retirement benefit a member was receiving a disability benefit, the administrator shall include the time during which the member received the disability benefit in determining the number of years of retirement under this section.

(f) An increase in benefit payments under this section is effective July 1 of the year for which the increase is granted.

HISTORY (Sec. 11 ch 151 SLA 1966; am sec. 5 ch 86 SLA 1971; am sec. 19 ch 66 SLA 1973; am sec. 3 ch 99 SLA 1974; am sec. 7 ch 128 SLA 1977; am sec. 17 ch 13 SLA 1980; am secs. 3 - 6 ch 146 SLA 1980; am sec. 13 ch 137 SLA 1982)

AS 22.25.010

Judiciary.

CHAPTER 25.

Retirement and Death Benefits.

ARTICLE 1.

Justices and Judges.

CITATION Sec 22.25.010.

CATCH LINE

RETIREMENT OF JUSTICES AND JUDGES.

TEXT

(a) A justice or judge shall be retired on the date that the justice or judge reaches the age of 70. A justice or judge is eligible for retirement pay with five or more years of service at the time of retirement as a justice or judge.

(b) A justice or judge may be retired for incapacity as provided by law. A justice or judge is eligible for retirement pay with two or more years of service at the time of retirement for incapacity. The effective date of retirement under this subsection is the first day of the month coinciding with or after the date upon which the governor with respect to a justice, or the supreme court with respect to a judge files with the commissioner of administration a written declaration to the effect that a designated justice or judge was retired for incapacity. A duplicate copy of the declaration shall be filed with the Judicial Council.

(c) A justice or judge who served for a period of five years may file with the governor a written application for retirement which contains a sworn statement of service and a sworn statement of the incapacity of the justice or judge to efficiently perform the judicial duties. When an application is filed, the governor shall appoint a board of three persons to inquire into the circumstances, and may, upon the board's recommendation, retire the justice or judge. The effective date of the retirement shall be as provided in (b) of this section.

(d) A justice or judge may voluntarily retire at any time and shall have a vested right to accrued retirement pay if the justice or judge has served five or more years. Retirement pay shall not commence until the justice or judge has reached age 60; except that an actuarially equivalent retirement pay may be

commenced after the justice or judge has reached age 55 or upon 20 years' service as a justice or judge. The provisions of (b) of this section are an exception to this rule. A justice or judge desiring to retire under this subsection shall file with the governor a notice of that desire, together with a sworn statement of the facts establishing eligibility to retire. The governor shall certify those facts to the commissioner of administration and declare, in writing, the eligibility or ineligibility for retirement of the justice or judge. If a justice or judge is eligible to receive retirement pay at the time of retirement, the retirement pay shall commence on the first day of the month coinciding with or after the date the written declaration of the governor is filed with the commissioner of administration. If a justice or judge is not eligible to receive retirement pay at the time of retirement, the retirement pay shall commence on the first day of the month the justice or judge reaches age 60 or the month the justice or judge becomes eligible for an actuarial equivalent if application was made for this option.

(e) Repealed by sec. 16 ch 83 SLA 1967.

(f) In the computation of service for retirement under AS 22.25.010 - 22.25.070, the time served by a justice or judge of any court is added to the time served, if any, on any other court. All service rendered by a justice or judge, including service as a magistrate or deputy magistrate, before July 1, 1967 shall be included in the computation.

(g) The word "justice" means a supreme court justice, and the word "judge," unless the context clearly indicates otherwise, means a judge of the court of appeals, a superior court judge or district court judge.

HISTORY (Sec. 1 ch 102 SLA 1963; am secs. 6 - 10, 16 ch 83 SLA 1967; am sec. 1 ch 160 SLA 1972; am sec. 2 ch 196 SLA 1976; am sec. 18 ch 12 SLA 1980)

AS 39.35.340

Public Officers and Employees.

CHAPTER 35.

Public Employees' Retirement System of Alaska.

ARTICLE 5.

Service.

CITATION Sec. 39.35.340.

CATCH LINE

MILITARY SERVICE.

TEXT

(a) A vested employee is entitled to credited service for active military service in the armed forces of the United States, either by enlistment or induction, if the employee did not receive a dishonorable discharge. The credited service allowed may not exceed an aggregate period of five years. Benefits are not payable on credited service for military service unless the employee makes retroactive contributions to the system for the period of time that service credit is claimed. However, if the employee was in the employ of an employer on the date of entry

into the armed forces and returned to the employ of an employer within 90 days after the date of his discharge from military service, he is not required to make retroactive contributions under this system for the period of credited service.

(b) In order to obtain credited service under this section, an employee shall make an election to do so and shall verify 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. Interest as prescribed by regulation accrues on this indebtedness commencing on July 1, 1977, or one year following the date a person first becomes vested, whichever is later. Any outstanding indebtedness 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.

(c) A retired employee on July 1, 1976, is eligible to receive increased benefits based upon military service as described in (a) of this section. To receive credited service for military service, a retired employee must verify his military service. When verified, a retired employee is entitled to receive an increased benefit which shall be actuarially adjusted to reflect his indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. The effective date of this increased benefit is the beginning of the month following that in which eligibility has been established.

(d) The credited service granted under this section may not be used to satisfy the credited service requirements for normal retirement.

(e) A deferred vested employee on July 1, 1976, is eligible to claim credited service under (a) of this section. In order to obtain credited service under this section, such an employee must

make an election to do so and must verify his period of military service. When eligibility for military service has been established, an indebtedness shall be determined as follows: the employee's actual compensation, or the calculated annual compensation for those employees working less than 12 months, during the calendar year the employee terminated, shall be multiplied by six percent; this product shall then be multiplied by the number of years of military service credit under this section. Interest as prescribed by regulation accrues on this indebtedness commencing July 1, 1978. Any outstanding indebtedness 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.

(f) An employee cannot be credited with a period of active military service in the armed forces of the United States under this section if credit for that military service was granted under AS 14.25.

(g) A surviving spouse receiving or entitled to receive benefits under AS 39.35.420(b), 39.35.430, or 39.35.440 or benefits under a joint and survivor option filed under AS

39.35.450 is eligible to receive increased benefits based on military service as described in (a) of this section. To receive credited service for military service, the surviving spouse must verify the employee's military service. When verified, the surviving spouse is entitled to receive an increased benefit which shall be actuarially adjusted to reflect the indebtedness for that credit. The indebtedness shall be calculated in the same manner as described in (b) of this section except that it shall be based on the average monthly compensation used in calculating the benefit. Benefits payable under this subsection are effective the first day of the month following that in which eligibility has been established.

(h) The combined period of military service claimed under this section and under AS 14.25 may not exceed five years.

HISTORY (Sec. 15 ch 143 SLA 1960; am sec. 1 ch 123 SLA 1976; am sec. 29 ch 128 SLA 1977; am sec. 6 ch 174 SLA 1978; am secs. 31 - 36 ch 13 SLA 1980; am sec. 46 ch 137 SLA 1982)

AS 39.35.385

Public Officers and Employees.

CHAPTER 35.

Public Employees' Retirement System of Alaska.

ARTICLE 6.

Benefits.

CITATION Sec. 39.35.385.

CATCH LINE

CONDITIONAL SERVICE RETIREMENT BENEFITS.

TEXT (a) An employee is eligible for a normal retirement benefit at age 55 with at least two years of credited service if the employee also is eligible for a normal retirement salary under the teachers' retirement system (AS 14.25).

(b) An employee is eligible for an early retirement benefit at age 50 with at least two years of credited service if the employee also is eligible for an early retirement salary under the teachers' retirement system (AS 14.25).

(c) Credited service for which contributions were refunded is not creditable under this section unless the refunded contributions have been repaid. For purposes of (a) and (b) of this section, a member or former member does not have to be reemployed under this system in order to pay refunded contributions. Compound interest at the rate prescribed by regulation must be added to the reinstatement indebtedness from the date of the refund to the date of repayment.

(d) The monthly amount of a conditional service retirement benefit shall be calculated on the years of fully paid credited service in accordance with AS 39.35.370(c), except that 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.

(e) Benefits payable under this section accrue from the first day of the month (1) in which the member meets the eligibility requirements of this section, (2) following the date

of termination, and (3) following application for retirement, and are payable the last day of the month. If payment is delayed, a retroactive payment shall be made to cover the period of deferment. The last payment shall be made for the month in which the member dies or is no longer eligible for a benefit under this section.

(f) An employee is eligible for a normal retirement benefit at age 55 or an early retirement benefit at age 50 if he has at least 60 days of credited service as a temporary employee of the legislature during each of five legislative sessions.

HISTORY (Sec. 3 ch 174 SLA 1978; am sec. 11 ch 82 SLA 1979; am sec. 37 ch 13 SLA 1980; am secs. 50, 51 ch 137 SLA 1982)

AS 39.35.370

Public Officers and Employees.  
CHAPTER 35.  
Public Employees' Retirement System of Alaska.  
ARTICLE 6.  
Benefits.

CITATION Sec. 39.35.370.

CATCH LINE

RETIREMENT BENEFITS.

TEXT

(a) A terminated employee is eligible for a normal retirement benefit (1) at age 55 with at least five years credited service, or (2) with at least 20 years of credited service as a peace officer or fireman, or (3) with at least 30 years of credited service for all other employees.

(b) A terminated employee is eligible for an early retirement benefit at age 50 with at least five years credited service.

(c) The monthly amount of a retirement benefit for a peace officer or fireman is two per cent of the average monthly compensation times the years of credited service up through 10 years, plus two and one-half per cent of the average monthly compensation times the years of service over 10 years. For all other employees it is two per cent of the average monthly compensation times the years of service. An actuarial adjustment must be made for an early retirement benefit.

(d) The monthly amount of a retirement benefit for a deferred vested member shall be determined in accordance with (c) of this section as it was in effect on the date of the employee's termination of employment.

(e) Benefits payable under this section accrue from the first day of the month after which all of the following requirements are met: (1) The member meets the eligibility requirements of this section; (2) he terminates his employment; and (3) he applies for retirement. The benefits are payable the last day of the month. If payment is delayed, a retroactive

payment shall be made to cover the period of deferment. The last payment shall be made for the month in which a benefit is payable under this section.

(f) A member who is vested in the system as a peace officer or fireman at the time he incurs a permanent disability of at least 33-1/3 per cent under workers' compensation and who (1) undergoes retraining because of the disability; and (2) is subsequently employed with the state or other employer in a position other than peace officer or fireman, is eligible for a normal retirement benefit as a peace officer or fireman under (a) and (c) of this section when he has completed 20 years of credited service.

HISTORY (Sec. 18 ch 143 SLA 1960; am sec. 2 ch 102 SLA 1963; am sec. 7 ch 155 SLA 1966; am sec. 5 ch 235 SLA 1968; am sec. 6 ch 109 SLA 1970; am secs. 6, 7 ch 159 SLA 1972; am sec. 15 ch 47 SLA 1974; am sec. 34 ch 128 SLA 1977; am sec. 33 ch 146 SLA 1980)

AS 39.35.475

Public Officers and Employees.  
CHAPTER 35.  
Public Employees' Retirement System of Alaska.  
ARTICLE 6.  
Benefits.

CITATION Sec. 39.35.475.

CATCH LINE

POST-RETIREMENT PENSION ADJUSTMENT.

TEXT

(a) When the administrator determines that the cost of living has increased and the financial condition of the retirement fund permits, he shall increase benefit payments to persons receiving benefits under this system.

(b) The amount of the increase in benefit payments may not exceed the lesser of

(1) the increase in the cost of living since the date of retirement; or

(2) four percent of the retirement benefit compounded for each year of retirement.

(c) If at the time of first receiving a retirement benefit a member was receiving a disability benefit under this system, the administrator shall include the time during which the member received the disability benefit in determining the number of years of retirement under this section.

(d) An increase in benefit payments under this section is effective July 1 of the year for which the increase is granted.

(e) The administrator shall implement this section by regulation.

HISTORY (Sec. 9 ch 235 SLA 1968; am sec. 14 ch 159 SLA 1972; am sec. 34 ch 146 SLA 1980; am sec. 57 ch 137 SLA 1982)

State  
Retirement  
Programs

HOUSE BILL NO. 213, by Reps. M.M. Miller, Duncan and Larson. Identical to SB 110, page 116, however does not include Sec. 22 of that bill relating to the Elected Public Officers' Retirement program.

Introduced February 17 and referred to State Affairs and Finance.

State  
Retirement  
Programs

SENATE BILL NO. 110, by Senator V. Fischer. Makes changes to statutes governing the teachers', public employees, judicial and elected public officers' retirement systems.

Increases member contributions for teachers' and public employees' retirement. Under the bill teacher contributions would be increased from seven to nine percent of base salary (AS 14.25.050), and public employee contributions would be raised from four and one-quarter to six and one-quarter percent of base salary (AS 39.25.160). The rate of contribution for peace officers and firemen would be increased from five percent to seven percent. All increases would be effective July 1, 1984.

For Teachers' Retirement (TRS), the bill amends sections relating to payment of arrearage indebtedness for prior military, outside or B.I.A. service to reflect increase in contribution rates (AS 14.25.060). For Public Employees' Retirement (PERS), bill similarly amends section on payment of indebtedness for prior military service (AS 39.35.340).

Increases monthly benefit amounts for TRS and PERS, as follows. Currently, under both programs the monthly benefit amount is 2% of an average of the member's salary, times the years of credited service (for teachers, an average of yearly salary for any three years divided by twelve, and for public employees a straight average of member's monthly compensation). The bill would allow those who retire with a greater number of credited years of service to receive a higher benefit than those who retire with the minimum, thus providing a disincentive to early retirement.

The benefit for those who retire with less than 10 years of credited service would be 2% of average monthly base salary, times years of credited service. The percentage for those who retire with at least 10 but less than 20 years of credited service would be 2.25%, and for those who retire with at least 20 years in, the percentage would be 2.5%. Also amends sections on conditional service retirement benefits to reflect change in calculation of benefits. (Amends AS 14.25.110(d) & 14.25.125(d) for TRS, and AS 39.25.370(c) & 39.35.385(d) for PERS.) Increases would be effective July 1, 1984.

Rewrites Post-Retirement Pension Adjustment (PRPA) provisions for TRS and PERS. Under current law, increases in benefit amounts are not automatic and may be made by the administrators of the

INTRODUCTION OF BILLS (Senate)(cont'd)

SB 110 (cont'd)

retirement funds when they deem necessary.

The bill sets up a graduated program for PRPA granting automatic cost-of-living increases over a three-year period to retired members. Effective July 1, 1984, the administrators must increase benefit payments to eligible persons 65 or older who received benefits during the preceding calendar year. Effective July 1, 1985, the cost-of-living increases would be granted to eligible disabled members or those 60 or older, and effective July 1, 1986 to eligible disabled members or those 55 or older. The younger retirees would receive less of an increase.

PRPA increases would be calculated based on the percentage increase in the consumer price index for urban wage earners and clerical workers for Anchorage during the previous calendar year as determined by the U. S. Bureau of Labor Statistics. Increases would be the lesser of a percentage of the rise in the cost of living or a set percentage (a maximum of 9% increase for those over 65 to a minimum of 3% for those over 55). Amends AS 14.25.143 for TRS, and AS 39.25.475 for PERS.

Amends Judicial retirement provisions to allow judges to begin receiving retirement pay at age 55 instead of 60 for a normal retirement. Would allow retired judge or justice who has reached age 50 (currently 55) or put in 20 years to receive an actuarially equivalent benefit. Adds: "A justice or judge may elect to receive full retirement benefits with no actuarial reduction upon attaining 20 years of creditable service if, beginning the first day of the month following an election made under this subsection, the justice or judge contributes to the retirement system two percent of the base annual salary. The contribution is in addition to any contribution required under AS 22.25.011 and must be made even if the justice or judge is not required to contribute under AS 22.25.011. An election under this subsection is irrevocable and must be made in writing to the commissioner of administration not later than December 31, 1983, or within 18 months after appointment for a justice or judge appointed after July 1, 1983." (Amends AS 22.25.010, Retirement of Justices and Judges.) Effective July 1, 1984.

Sec. 22 of bill states: "Notwithstanding the provisions of former AS 39.37.040(a) and (c), an elected public officer eligible for retirement benefits under former AS 39.37 [Elected Public Officers' Retirement System - rejected at referendum] is eligible to receive retirement pay under former AS 39.37 after the officer has reached age 55 or an actuarially reduced equivalent retirement pay after the officer has reached age 50 or upon attaining 20 years of creditable service." An elected public officer eligible for benefits under former AS 39.37 could elect to receive full retirement benefits with no reduction upon attaining 20 years of credited service if, beginning the first day of the month following an election made under the bill, the elected public officer contributes to the retirement system 2% of his compensation in addition to the contribution required under former AS 39.37.070(a).