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*File*  
*SB 110*

*ST*

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TO: SEN STATE AFFAIRS  
V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY

FROM: BARRY HAIGHT  
FAIRBANKS FIRE FIGHTERS ASSOC.  
656 7TH AVE.  
FAIRBANKS, AK, 99701  
455-6293-H 456-8354-H

RE: SB 110

MSG: WE OPPOSE PASSAGE OF SB 110 AS IT NEGATIVELY AFFECTS FIRE FIGHTERS.  
IT SEEKS INCREASED BENEFITS FOR SOME WILL BE AT THE EXPENSE OF OTHERS.  
-----EOM

*POM*  
*against SB 110*

ST

MSG 84-00031388 PRTY 1 04/04/84 09:23:22 ORIG: LF00 IN= 0003 OUT= 0079  
FROM: LYNDA/FBX TO: JNO INFO  
TARGET: LJHK SUBJ: POMS

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TO: SEN ST AFFAIRS (SENS V.FISCHER, RAY, STURGULEWSKI, RODEY, KELLY)  
AND SENS BENNETT, FAHRENKAMP, MOSS

FROM: DENNIS TIMM  
SR BOX 50839  
FBX, AK 99701  
#488-2547

RE: SB110, RETIREMENT

MSG: I AM OPPOSED TO SB110. MY LINE OF WORK AS A FIREFIGHTER IMPOSES BOTH SEVERE HEALTH HAZARDS AND STRESS CONDITIONS ON MY BODY FAR BEYOND MOST OTHER LINES OF EMPLOYMENT, AND I DO NOT WISH TO SEE THE 20 YEAR RETIREMENT OPTION CHANGED. PLEASE WORK HARD TO DEFEAT THIS BILL.

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MSG 84-00031522 PRTY 1 04/04/84 12:07:43 ORIG: LF01 IN= 0006 OUT= 0087  
FROM: TRACIE/FBX TO: JNO INFO  
TARGET: LJHK SUBJ: POM

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TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, BENNETT, MOSS,  
FAHRENKAMP

FR: JOSEPH LOPEZ  
656 7TH AVE .  
FBX, 99701  
488-9629-H 452-1527-0

RE: SB110 20 YEAR RETIREMENT

MSG: I AM OPPOSED TO SB110 AS IT REDUCES RETIREMENT BENEFITS FOR FIREFIGHTERS AS IT DOES AWAY WITH A 20 YEAR RETIREMENT, WHICH IS A MUST IN THE FIRE SERVICES DUE TO HAZARDEST MATERIAL EXPOSURE.

-----E000

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TO: SEN STATE AFFAIRS  
SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, BENNETT, MOSS  
FAHRENKAMP

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ALL THE FOLLOWING POMS GO TO THE ABOVE LEGISLATORS

\*\*\*\*\*

FROM: WARREN FLYNN  
656 7TH AVE.  
FAIRBANKS, AK, 99761  
452-4557-W

RE: SB 110, RETIREMENT BENEFITS

MSG. I AM OPPOSED TO SB 110, AND REGARD IT TO BE INSENSITIVE TO THOSE  
FIREFIGHTERS THAT IT NOW PERTAINS TO AND THOSE THAT ARE PROSPECTIVE.  
I WOULD REQUEST THAT GREATER RESEARCH BE DONE IN THE EFFECT OF MORE THAN  
20 YEAR RETIREMENT IN RELATION TO THE HAZARDS AND HAZARDOUS MATERIALS OF  
THE OCCUPATION.

-----EOM

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ST

MSG 84-00031604 PRTY 1 04/04/84 14:15:51 ORIG: LF00 IN= 0006 OUT= 0112  
FROM: TRACIE/FBX TO: JNU INFO  
TARGET: LJHK SUBJ: PON 9

TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, BENNETT, FAHRENKAMP,  
MOSS

FR: RICH MEYER  
656 7TH  
FBX, 99701  
488-3975

RE: SB 110 20 YEAR RETIREMENT

MSG: I URGE THAT YOU VOTE AGAINST SB110 AS IT DOES AWAY WITH THE 20  
YEAR RETIREMENT WHICH IS A MUST IN THE FIREFIGHTING PROFESSION, BECAUSE  
OF EXPOSURE TO HAZARDOUS MATERIALS.

-----EOM

ST

MSG 84-00031554 PRTY 1 04/04/84 13:05:49 ORIG: LF00 IN= 0005 OUT= 0099  
FROM: TRACIE/FBX TO: JNU INFO  
TARGET: LJHK SUBJ: POM 9

TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, BENNETT, FAHRENKAMP  
MOSS

FR: SCOTT MICHAELS  
656 7TH  
FBX, 99701  
452-1558

RE: SB110 20 RETIREMENT LAW

MSG: I WOULD LIKE TO URGE YOU TO OPPOSE SB110. A 20 YEAR RETIREMENT  
IS A MUST IN THE FIRE SERVICE DUE TO HAZARDOUS MATERIAL EXPOSURE.

-----EOH

ST

MSG 84-00031252 PRTY 1 04/03/84 17:06:54 ORIG: LF00 IN= 0012 OUT= 0199  
FROM: TRACIE/FBX TO: JNU INFO  
TARGET: LJHK SUBJ: POM

14

TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, BENNETT, FAHRENKAMP  
MOSS  
REPS DAVIS, BETTISWORTH, KOPONEN, RINGSTAD, M.W. MILLER

FR: LEE DESPAIN  
PO BOX 73246  
FBX, 99707  
479-4062

RE: SB110 20 RETIREMENT

MSG: I AM OPPOSED TO THE PASSAGE OF SB110. BY ELIMINATING THE 20  
YEAR RETIREMENT FOR FIREMEN, YOU ARE GOING TO SUBJECT 50 TO 60  
YEAR OLD MEN AND WOMEN TO THE SEVERE HAZARDS OF THE MOST DANGEROUS  
PROFESSION THIS STATE HAS TO OFFER. LIFE RESCUE AND FIRE SUPPRESSION  
AT 60 YEARS OLD DOES SEEM A LITTLE RIDICULOUS.

-----EOM

ST

MSG 84-00031243 PRTY 1 04/03/84 16:48:10 ORIG: LF00 IN= 0010 OUT= 0188  
FROM: TRACIE/FBX TO: JNU INFO  
TARGET: LJHK SUBJ: POM 14

TO: REPS DAVIS, BETTISWORTH, KOPONEN, RINGSTAD, M.W. MILLER  
SENS BENNETT, FAHRENKAMP, MOSS  
SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY

FR: RONALD MUIR  
1701 2ND AVE.  
FBX, 99701  
456-1636

RE: SB110 20 YEAR RETIREMENT BILL

MSG: I AM OPPOSED TO SB110 BECAUSE IT DOES AWAY WITH THE 20 YEAR  
RETIREMENT OF FIREFIGHTERS. WE NEED THIS 20 YEAR RETIREMENT DUE TO  
THE HAZARDS OF OUR JOB.

-----EOM

ST

MSG 84-00031256 PRTY 1 04/03/84 17:05:20 ORIG: LF02 IN= 0003 OUT= 0197  
FROM: TRACIE/FBX TO: JNU INF  
TARGET: LJHK SUBJ: POM 9

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TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, MOSS, BENNETT,  
FAHRENKAMP

FR: KENNETH L. WEAVER  
520 UNIVERSITY AVE.  
FBX, 99701  
479-6637

RE: SB 110 20 YEAR RETIREMENT

MSG: AS A FIREFIGHTER APPROACHING RETIREMENT, I AM GREATLY CONCERNED  
WITH THIS BILL. MY MANY YEARS OF SERVICE HAS BEEN MAINLY DUE TO  
THE FACT THAT I COULD GET OUT IN 20 YEARS. I AM GREATLY OPPOSED TO  
THE PASSAGE OF THIS BILL AS IT IS WRITTEN.

-----EDM

ST

TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, MOSS, BENNETT,  
FAHRENKAMP

FROM: SUE ANN RICHARDS  
820 6TH AVE.  
FAIRBANKS, AK, 99701  
456-5709-H

RE: SB 110, RETIREMENT BENEFITS

MSG: FIREMEN NEED THE 20 YEAR RETIREMENT AS THEIR WORK IS VERY HAZARDOUS TO  
THEIR HEALTH.

-----EOM

TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, MOSS, BENNETT,  
FAHRENKAMP

FROM: LARRY H. RICHARDS  
820 6TH AVE.  
FAIRBANKS, AK, 99701  
456-5709-H 452-1558-W

RE: SB 110, RETIREMENT BENEFITS

MSG: I AM OPPOSED TO SB 110 BECAUSE IT IS DETRIMENTAL TO THE HEALTH OF ALL  
FIREFIGHTERS TO SERVE MORE THAN A 20 YEAR TIME IN SERVICE.

-----EOM

TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, BENNETT, FAHRENKAMP,  
MOSS

FROM: WILLIAM TILMAN  
3711 ERICKSON  
FAIRBANKS, AK, 99701  
479-2692-H 452-2322-W

RE: SB 110, RETIREMENT BENEFITS

MSG: I DON'T WANT TO DO AWAY WITH THE 20 YEAR RETIREMENT PLAN. AS A FIRE-  
FIGHTER, WE DO HAVE A LOT OF HAZARDOUS MATERIAL PLUS A HAZARDOUS JOB.

-----EOM

ST

TO: SEN STATE AFFAIRS  
SENS W. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY  
SENS MOSS, FAHRENKAMP, BENNETT

FROM: RICHARD LUCASON  
P.O. BOX 2313  
FAIRBANKS, AK, 99707  
479-4852-H 452-1558-W

RE: SB110, RETIREMENT BENEFITS

MSG: I URGE YOU TO VOTE AGAINST SB 110 IN ITS PRESENT FORM AS IT ADVERSELY  
AFFECTS THE 20 YEAR RETIREMENT OF FIREFIGHTERS.

-----EOM

ST

MSG 84-00031855 PRTY 1 04/05/84 09:05:12 ORIG: LF01 IN= 0004 OUT= 0027  
FROM: ANNIE IN FAIRBANKS TO: JUNEAU INFO.  
TARGET: LJHK SUBJ: PDR

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TO: SENATE ST. AFFAIRS: SENATORS: V. FISCHER, RAY, STURGULEWSKI, RODEY,  
KELLY AND SENATORS: MOSS, FAHRENKAMP, AND BENNETT

FROM: PETER STERN  
P.O. BOX 60285  
FAIRBANKS 99706  
452-8637 HOME

RE: SB110, ST. RETIREMENT

ABOLISHING THE 20 YEAR RETIREMENT FOR FIREFIGHTERS WOULD DO SEVERE DAMAGE  
TO FIRE DEPTS. AROUND THE STATE. 65 YEAR OLD FIREFIGHTERS SIMPLY CANNOT  
DO THE SAME JOB AS YOUNGER PERSONS. DOCUMENTED SHORTER LIFE SPANS  
MUST ALSO BE CONSIDERED. SB110 IS AN ILL CONCEIVED BILL WHICH SHOULD BE  
DEFEATED.\*\*\*\*\*

ST

MSG 34-00031 PRTY 1 04/04/84 16:12:14 ORIG: LF00 IN= 0008 OUT= 0140  
FROM: TRACIE/FLX TO: JNU INFO  
TARGET: LJHK SUBJ: POM 9

TO: SENS V. FISCHER, RAY, STURGULEWSKI, RODEY, KELLY, BENNETT, MOSS,  
FAHRENKAMP

FR: ROCKY DUNCAN  
656 7TH AVE.  
FBX, 99701  
452-4557

RE: SB110 20 YEAR RETIREMENT

MSG: I URGE YOU TO LET SB110 DIE IN COMMITTEE. FIREFIGHTERS NEED A 20  
YEAR RETIREMENT DUE TO THE TOXIC GASSES THEY ARE SUBJECTED TO THAT DECREASE  
THEIR EXPECTED LIFE SPAN.

-----EOM

4.25.12 ST

627 84-00032800 PRTY 1 04/09/84 09:15:25 ORIG: LAIT IN= 0005 OUT= 0028  
FROM: KIR / ANCH LIO TO: FIM / JNU INFO  
TARGET: LJKH SUBJ: P O M 6

TO: SENATORS V FISCHER, RAY, STURGULEWSKI, RODEY AND KELLY

FROM: JEFF SHEFFIELD, PO BOX 6294, ANCHORAGE 99502  
H 344-5330 W 243-5111

RE: SB 110, POLICE AND FIRE TWENTY YEAR RETIREMENT

I URGE YOU TO VOTE AGAINST SB110. FIRE AND POLICE OFFICERS  
GIVE MORE OF THEIR TIME TO THE PEOPLE OF THIS STATE THAN ANY OTHER  
EMPLOYEES. THEY WORK ALL HOLIDAYS AND EVERY HOUR OF A 24 HOUR PERIOD.  
A TWENTY YEAR RETIREMENT IS WHAT WE LOOK TOWARDS.

ST

REC 24-00072 007 00TY 1 04-07-84 09:50:57 ORIG: LA17 IN= 0007 OUT= 0031  
FROM: RIM / ANCH LIO TO: POM / JNS INFO  
TARGET: LJHK SUBJ: P O H

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TO: SENATORS V FISCHER, RAY, STURGULEMSKI, ROBEY, AND KELLY  
FROM: TOM RAYFIELD, 366 SOUTH FLOWER, APT#3, ANCHORAGE, 99504  
H 333-2797 W 243-5111  
RE: SB119, TWENTY YEAR RETIREMENT

I URGE YOU TO VOTE AGAINST SB119. FIREMAN AND POLICE OFFICERS GIVE MORE TIME TO THE PEOPLE OF THIS STATE THAN ANY OTHER EMPLOYEES. THEY WORK ALL HOLIDAYS AND ALL HOURS OUT OF A 24 HOUR PERIOD. THE TWENTY YEAR RETIREMENT IS WHAT WE LOOK FORWARD TO.

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:  
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.  
TITLE PAGE ONLY HAS BEEN FILMED.

**Teachers'  
Retirement  
System**

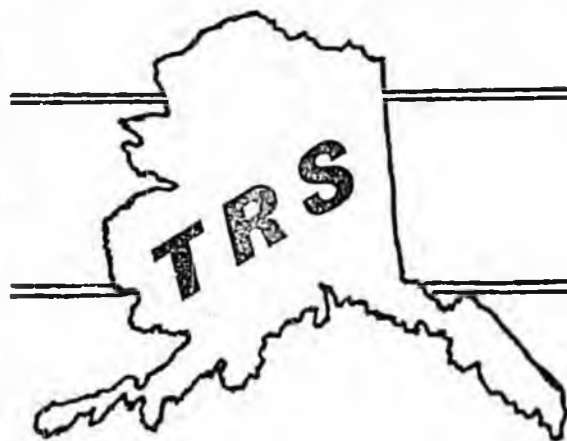
**INFORMATION  
HANDBOOK**



**ALASKA  
TEACHERS  
RETIREMENT  
SYSTEM**

**INFORMATION  
BOOKLET**

DATE: 11-1980



ALASKA  
TEACHERS'  
RETIREMENT  
SYSTEM

RECEIVED

AUG 21 1980

N.E.A. ALASKA

STATUTES

July 1, 1980



ALASKA  
TEACHERS'  
RETIREMENT  
SYSTEM

INFORMATION  
BOOKLET

May 1, 1983

*Senator Dick Vay*

# ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS COMMITTEE

SENATOR VIC FISCHER, CHAIRMAN

POUCH V, JUNEAU 99811

(907) 465-4954



## MEMORANDUM

TO: Senate State Affairs Committee

FROM: Senator Vic Fischer,  
Chair

RE: SB 110

DATE: June 2, 1983

SB 110 amends the statutes governing the retirement systems for TRS, PERS, JRS, and EPORS. The bill:

- 1) increases the members contributions for members of TRS and PERS retirement systems.
- 2) for TRS and PERS, amends the arrearage indebtedness for prior military service and other service.
- 3) increases the monthly benefit amounts for TRS and PERS.
- 4) changes the Post-Retirement Pension Adjustment (PRPA) by setting up a graduated program for granting automatic cost-of-living increases based on the Anchorage consumer price index.

Enclosed as backup on this bill is:

- 1) A Department of Administration Position paper.
- 2) A fiscal note dated 2-4-83.
- 3) A sectional analysis prepared by LAA.
- 4) A letter from NEA-Alaska dated May 11, 1983.
- 5) A memo from Senator Vic Fischer to the Division of Retirement to account for the high fiscal note.
- 6) A response to the Memo from the Division of Retirement dated April 15.
- 7) A letter to Senator Vic Fischer dated March 3.
- 8) A proposed committee substitute for SB 110.
- 9) An undated draft fiscal note for the proposed committee substitute.
- 10) A sectional analysis for the proposed committee substitute.

*Memo/Senator Vic Fischer 6/2/83*

# INFORMATION PURPOSES ONLY

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

<b>I. REQUEST</b> Bill/Resolution No.: <u>As Per 4-22-83</u> Title: <u>An Act Relating to Benefits Under</u> Sponsor: <u>State Affairs</u> <u>JRS, IRS</u> Requestor: _____	<b>II. FISCAL DETAIL</b> Agency Affected: <u>All State Agencies</u> PERS Program Category Affected: _____ BRU, Program of Subprogram(s) Affected: _____
---	--

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES		143,207.1	146,663.7	150,396.8	154,428.5	158,782.4
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		129,549.7	131,913.7	134,466.8	137,224.1	140,202.1
<b>TOTAL OPERATING</b>		172,756.8	178,577.4	184,863.6	191,652.6	198,984.8
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

**INFORMATION PURPOSES ONLY**

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		165,722.2	171,033.9	176,716.6	182,854.0	189,482.3
FEDERAL FUNDS		3,346.8	3,614.6	3,903.7	4,216.0	4,553.3
* OTHER (Specify Source)		3,637.8	3,928.8	4,243.2	4,582.5	4,949.2

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

**POSITIONS:**

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME						
PART-TIME						
TEMPORARY						

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

**INFORMATION PURPOSES ONLY**

**IV. ANALYSIS: Attach a separate page for any Analysis**

Prepared By: <u>J.K. Humphreys, Director</u>	Phone: <u>465-4460</u>
Division: <u>Retirement &amp; Benefits</u>	Date: <u>4-29-83</u>
Approved by Commissioner: <u>Lisa Rudd, Commissioner</u>	Date: <u>4-29-83</u>
Department: <u>Administration</u>	

**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 Recuestor (if different from Sponsor)

*Fiscal Note / Admin 4/29/83*      3/8/83

INFORMATION PURPOSES ONLY

State of Alaska

Fiscal Note

Draft CSSB 110

As Per 4-22-83

IV Analysis: The assumptions used for this fiscal note were as follows:

- A. FY 84 estimated State PERS salaries; \$434,286,000
- B. FY 84 estimated State TRS salaries; \$ 64,678,000
- C. FY 84 estimated total TRS salaries; \$361,023,000
- D. Existing actuarial assumptions used in all fiscal notes (see attached)

The estimated increase in contribution rates are as follows:

- 1. PERS - 8.73%
- 2. TRS - 16.37%

INFORMATION PURPOSES ONLY

## 1.6 ACTUARIAL METHOD AND ASSUMPTIONS

### Valuation of Liabilities

A. Actuarial Method - Attained Age Normal, also known as Aggregate Method with Supplemental Liability. The unfunded accrued benefit liability is amortized over 25 years.

B. Actuarial Assumptions -

1. Interest 8% per year, compounded annually, net of investment expenses.
2. Salary Scale 8% per year for the first 5 years of employment and 7% per year thereafter.
3. Health Cost Inflation 8% per year.
4. Mortality 1971 Group Annuity Mortality Table.
5. Turnover Based upon the 1980-81 actual total turnover experience. (See Table 1).
6. Disability Incidence rates in accordance with Table 2. Post-disability mortality in accordance with rates published by the Pension Benefit Guaranty Corporation to reflect mortality of those receiving disability benefits under Social Security. 94% of the disabilities are assumed to be occupational for police and fire; 28% for others.
7. Retirement Age The earlier of age 62 and 15 years of service, but not prior to age 57 for "other" members. Police and fire members are assumed to retire at the earlier of 22 years of service or attainment of age 55.
8. Spouse's Age Wives are assumed to be four years younger than husbands.
9. Contribution Refunds 100% of those terminating after age 35 with 5 or more years of service will leave their contributions and thereby retain their deferred vested benefit. All others who terminate are assumed to have their contributions refunded.

- |              |  |
|--------------|--|
| 10. C.O.L.A. | 60% of those receiving retirement benefits will be eligible for C.O.L.A. |
| 11. Expenses | No loading for expenses.   |

Valuation of Assets

Based upon the three-year average ratio between market and cost values of the System's assets. Assets are accounted for on an accrued basis.

Valuation of Medical Benefits

Medical benefits for retirees are provided by the payment of premiums from the trust fund. A pre-65 cost and lower post-65 cost (due to Medicare) were assumed such that the total rate for all retirees equals the present premium rate. These medical premiums are then increased with the health inflation assumption. The actuarial cost method used for funding health benefits is the same method used to fund retirement benefits. Health benefits are assumed to be fully accrued once a member becomes vested.

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: Senate Bill 110 Date on Bill: 2-4-83  
 Title: An Act Relating to Public Employees', Judicial, Elected Public Officers and Teacher  
 Sponsor: \_\_\_\_\_ Benefit  
 Requestor: \_\_\_\_\_

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating		80.0	84,692.7	111,922.5
Total		80.0	84,692.7	111,922.5

b. Revenues:

Revenue	FY 83	FY 84	FY 85	FY 86

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Cost to school districts and political subdivisions is estimated to be \$60,066,700 in FY 85 and \$79,530,900 in FY 86.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor.

Prepared By: J.K. Humphrey Phone: 465-4460  
 Division: Retirement & Benefits Date: 3-17-83

Approved by Commissioner: Lisa Rudd Commissioner LJR Date: 3-17-83  
 Department: Administration

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/8/83

*Fiscal Note / Admin 3/17/83*

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 110

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

Requested by \_\_\_\_\_ Date \_\_\_\_\_ Benef \_\_\_\_\_

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 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			53,102.8	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						
TRM		40.0				

\* 4% Veterans; 12% Fish & Game; 26% 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  
(Revised)

*Fiscal Note / Admin 3/17/89*

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 110  
 Title An Act Relating to Public Employees', Judicial, Elected Public Officers' and Teacher:  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_ Benefit: \_\_\_\_\_

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						
300 CONTRACTUAL		40.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
<b>TOTAL.</b>		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 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 9.53% in FY 85; 11.52% 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.

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

## I. REQUEST

Bill/Resolution No. Senate Bill 110Title An Act Relating to Public Employees', Judicial, Elected Public Officers and Teach

Requested by \_\_\_\_\_ Date \_\_\_\_\_ Benef \_\_\_\_\_

## II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & BenefitsProgram Category Affected Centralized Administrative ServicesBRU, Program, or Subprogram(s) Affected Retirement and Benefits (EPORS)

(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			66.3	66.3	66.3	66.3
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
TOTAL			66.3	66.3	66.3	66.3

FUNDING (Thousands of Dollars)

GENERAL FUND			66.3	66.3	66.3	66.3
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)

- Costs to fund the EPORS provision of this bill will be 23.76% of the FY 85 payroll.
- Estimate the FY 85 EPORS payroll to be \$279,323.

INFORMATION PURPOSES ONLY

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 110  
 Title An Act Relating to Public Employees', Judicial, Elected Public Officers and Teachers  
 Requested by \_\_\_\_\_ Date \_\_\_\_\_ Benefi \_\_\_\_\_

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						
TOTAL			894.8	961.9	1,034.0	1,111.5

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 25 JRS payroll to be \$3,766,000.

INFORMATION PURPOSES ONLY

Position Paper

SB 110

The issue of guaranteeing automatic post-retirement pension adjustments in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) has been before the legislature for several sessions. It is clearly desirable to protect the value of retirement benefits from inflation, and continuing to grant adjustments under the existing mechanisms over the long run will increase costs and weaken the funds. However, this proposal would saddle public employers with a huge financial burden which would be very difficult to reduce.

The Department is opposed to this bill because of the high costs to the State and other public employers at a time when future revenues are uncertain. The constitutional limit on spending must also be considered.

In addition to providing for post-retirement pension adjustments, the bill also increases the benefit formula in the PERS and TRS and lowers the retirement age in the judicial and elected public officers systems. It is not clear what public purpose is served by these changes although they contribute to the increase in cost to employers.

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

3/14/83  
Date

Lisa Rudd  
Lisa Rudd, Commissioner of Administration

3/14/83  
Date

# ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS COMMITTEE

SENATOR VIC FISCHER, CHAIRMAN

POUCH V, JUNEAU 99811

(907) 465-4954



## MEMORANDUM

TO: Ken Humphries,  
Division of Retirement

FROM: Senator Vic Fischer, Chair  
Senate State Affairs Committee

RE: SB 110 fiscal note

DATE: March 25, 1983

The fiscal note for SB 110 is more than 50 million dollars higher than the fiscal note for a similar bill, SB 813, from the last legislature. To determine the exact reasons for the cost increase, I would like you to prepare:

1. a separate cost analysis of sections 4 and 15.
2. a separate cost analysis for sections 6 through 10, and sections 17 through 21.
3. a separate analysis of the increased amount of retirement funds generated by sections 2 and 13.

Regarding your fiscal note dated 2/4/83:

1. what are the basic assumptions used to determine the costs to school districts and political subdivisions on page 1?
2. why is the computer systems updating on pages 2 and 3 so expensive?
3. what is the basis for the expenditures for FY 85, 86, 87 and 88-- a 75% increase over 3 years?
4. what assumptions were used to estimate the PERS, TRS, JRS, and EPORS payrolls under the analyses sections of the fiscal note?
5. what are the bases for the school district and the political subdivisions cost estimates?

I would also like to have the division prepare an accurate summary analysis similar to the format shown on the attached document.

Lastly, would you please prepare an analysis of the seven following alternative options:

1. SB 110 based on a payroll with rate of inflation growth at 3% maximum.

*Memo to Div. of Retirement from Sen. V. Fischer 3/25/83*

2. same as number 1, but using an inflation rate of 5% maximum,
3. amending AS 14.25.143 and 39.35.475 by deleting (a) and inserting in (b) at age 60 or over the PRPA shall be determined using a CPI up to 6%. Include in this option sections 4 and 17 from Sb 110, and base the calculations on a payroll with a 3% maximum rate of inflation.
4. same as number 3, but use an inflation rate of 5% maximum.
5. amending AS 14.25.143 and 39.35.475 by deleting (a), and inserting in (b) CPI or 4% whichever is less-- based on a payroll with a 3% maximum rate of inflation.
6. same as number 5, but adding sections 4 and 17 from SB 110 with a payroll rate of inflation at 3% maximum.
7. same as number 6, but using an inflation rate of 5% maximum.

I need this information as quickly as possible as I would like to move SB 110 out of Senate State Affairs Committee during the first part of April. If you have any questions please contact my staffperson Suzanne Tryck.

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR

JUNEAU, ALASKA 99811

Public Employees' Retirement System  
Teachers' Retirement System  
Judicial Retirement System  
Elected Public Officers Retirement System  
National Guard Retirement System  
Territorial Retirement System  
Retirees' Voluntary Dental-Vision-Audio Plan  
Supplemental Benefits System  
Group Health/Life Insurance Benefits  
Deferred Compensation Plan  
Public Employees Social Security Contributions

Bill Sheffield, Governor

(907) 465-4460

April 15, 1983

Honorable Vic Fischer  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Fischer:

This is in response to your memorandum of March 25, 1983 in which you asked a number of questions regarding the fiscal note for Senate Bill 110 and requested additional information regarding the cost of various other versions of a PRPA for retirees. I have answered your questions and requests in the order in which they were raised.

1. Following is a separate cost analysis of sections 4 and 15.

### Section 4

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$15,631,700	\$16,882,200	\$18,232,800	\$19,691,400

### Section 15

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY 88</u>
\$14,586,800	\$15,753,700	\$17,014,000	\$18,375,100

2. Following is a separate cost analysis for sections 6 through 10, and sections 17 through 21.

### Sections 6 through 10

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$30,030,000	\$42,512,100	\$52,938,000	\$57,173,000

### Sections 17 through 21

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$37,240,800	\$50,604,500	\$64,062,500	\$69,187,500

*Letter / Admin. Retirement 4/15/83*

3. Following is a separate analysis of the increased amount of retirement funds generated by sections 2 and 13. As reflected here, the 2% increase in employer contributions amount to a real gain to the PERS of 1.52% of payroll and to the TRS of 1.70% of payroll as a result of employees terminating and receiving a refund of contributions.

Section 2

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$6,628,400	\$7,158,600	\$7,731,300	\$8,349,800

Section 13

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$7,129,200	\$7,699,600	\$8,315,500	\$8,980,700

Regarding our fiscal note dated 3-17-83:

1. The basic assumption used to determine the costs to school districts and political subdivisions on page 1 are:

School Districts:

- a. It is estimated that the school district payroll will be \$320,052,000 in FY85;
- b. it is estimated that the TRS payroll will increase by 8.0% per year; and
- c. school district contributions are estimated to increase 8.49% in FY85; 10.52% in FY86; and 11.83% in FY87.

Political Subdivisions:

- a. It is estimated that the PERS political subdivision payroll will be \$345,166,000 in FY85;
- b. it is estimated that the PERS political subdivision payroll will increase by 8.0% per year; and
- c. on the average, political subdivision contributions are estimated to increase 9.53% in FY85; 11.58% in FY86; and 13.30% in FY87.

2. Why is the computer systems updating on pages 2 and 3 so expensive?

This bill would require extensive modifications to our data processing systems to accommodate major changes in PRPA calculation logic for three successive years. Additionally, the TRS and PERS benefit calculation subsystem would require a considerable amount of reprogramming to accommodate the new benefit multiplier.

Our estimate is, in fact, a conservative one.

3. What is the basis for the expenditures for FY85, 86, 87 and 88--a 75% increase over 3 years?

As we have indicated in the analysis on pages 2 and 3 of the fiscal note, the contribution rates for both systems will increase in FY85, FY86 and FY87 as a result of some sections of the bill having effective dates commencing in each of those fiscal years; additionally, as stated earlier, we are assuming an 8.0% increase in payroll each year, which causes the increase in FY88 over FY87.

4. What assumptions were used to estimate the PERS, TRS, JRS, and EPORS payrolls under the analysis sections of the fiscal note?

It is assumed that the PERS and TRS payrolls will increase at a rate of 8.0% per year, and the JRS at 7.5% per year. The EPORS is a closed system, so payroll will decrease each year at an undeterminable rate. In any event, the EPORS is not a pre-funded system.

5. What are the bases for the school district and the political subdivisions cost estimates?

Please see our answer to question number 1.

You asked to have an accurate summary analysis in a format similar to that of the document you attached to your request. That analysis is enclosed.

Last, you asked that an analysis be prepared for seven different options. I have also responded to that request in the same order as asked.

1. SB 110 based on a payroll with rate of inflation growth at 3% maximum.

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$80,737,800	\$101,771,200	\$118,146,100	\$121,690,400

2. Same as number 1, but using an inflation rate of 5% maximum.

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$82,327,800	\$105,778,800	\$125,162,900	\$131,421,000

3. Amending AS 14.25.143 and 39.35.475 by deleting (a) and inserting in (b) at age 60 or over the PRPA shall be determined using a CPI up to 6%. Include in this option sections 4 and 15 from SB 110, and base the calculations on a payroll with a 3% maximum rate of inflation.

Honorable Vic Fischer  
April 15, 1983  
Page 4

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$183,782,400	\$189,295,900	\$194,974,700	\$200,823,900

4. Same as number 3, but use an inflation rate of 5% maximum.

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$187,350,900	\$196,718,400	\$206,554,300	\$216,882,000

5. Amend AS 14.25.143 and 39.35.475 by deleting (a), and inserting in (b) CPI or 4% whichever is less--based on a payroll with a 3% maximum rate of inflation.

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$103,028,200	\$107,119,000	\$109,302,500	\$112,581,500

6. Same as number 5, but adding sections 4 and 15 from SB 110 with a payroll rate of inflation at 3% maximum.

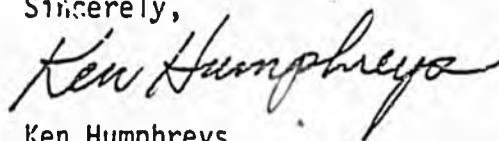
<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$148,148,000	\$152,592,400	\$157,170,100	\$161,885,200

7. Same as number 6, but using an inflation rate of 5% maximum.

<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
\$151,024,600	\$158,575,800	\$166,504,500	\$174,829,700

If you require additional information, please let me know.

Sincerely,



Ken Humphreys  
Director

KH/sd  
Enclosure  
cc: Rebecca Burch

SB 110

APPROXIMATE COST DISTRIBUTION

- o 75% - 50% - 25% PRPA Provision  
Total FY 85 Cost - \$115 million.

Cost shares (in millions):	<u>TOTAL</u>	<u>PERS</u>	<u>TRS</u>
State -	\$ 53	\$ 30	\$ 23
Polysubs & Districts -	\$ 38	\$ 22	\$ 16
Employees/Teachers -	\$ 24	\$ 16	\$ 8
Total -	\$115	\$ 68	\$ 47

- o 2 1/2% Benefit Formula Increase  
Total FY 85 Cost - \$51 million.

Cost shares (in millions):	<u>TOTAL</u>	<u>PERS</u>	<u>TRS</u>
State -	\$ 30	\$ 14.5	\$ 15.5
Polysubs & Districts -	\$ 21	\$ 10.5	\$ 10.5
Employees/Teachers -	0	0	0
Total -	\$ 51	\$ 25	\$ 26

- o Overall Package  
Total FY 85 Cost - \$166 million

Cost shares (in millions):	<u>TOTAL</u>	<u>PERS</u>	<u>TRS</u>
State -	\$ 83	\$ 44.5	\$ 38.5
Polysubs & Districts -	\$ 59	\$ 32.5	\$ 26.5
Employees/Teachers -	\$ 24	\$ 16	\$ 8
Total -	\$166	\$ 93	\$ 73

STATE OF ALASKA  
THE LEGISLATURE

FOUCH Y. STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 3, 1983

SUBJECT: State retirement systems  
(CSSB 110 (State Affairs))

TO: Senator Vic Fischer  
Chairman, Senate State  
Affairs Committee

FROM: *(LHCA)* Linn H. Asper  
Legislative Counsel

You have requested a sectional analysis of the State Affairs Committee proposed committee substitute for SB 110, relating to state retirement systems. Since I have already done a sectional analysis of SB 110 for your committee, this analysis deals with the differences between the original bill and the proposed committee substitute.

Section 4 of the proposed substitute limits the increase in teachers' retirement benefits to those persons with 20 years or more of service. The original bill provided for one increase if the teacher had at least 10 years of service and another for 20 years or more.

Section 6 of the proposed substitute provides for a post-retirement cost-of-living retirement benefit adjustment, but limits that adjustment to persons who are 65 or older. The original bill provided for a phased implementation of cost-of-living adjustments that would have eventually extended different adjustments to groups of retired persons, aged 55-60, 60-65, and 65 and older.

Section 11 of the proposed substitute would make the same changes in the public employees' retirement system that Sec. 4 makes in the teacher's retirement system.

Section 13 of the proposed substitute would make the same changes in the public employees' retirement system that Sec. 6 makes in the teachers' retirement system.

*Memo/ Legislative Counsel 5/3/83*

Senator Vic Fischer  
Page 2  
May 3, 1983

Sections 14 and 15 of the proposed substitute are transition sections for the implementation of the new provisions for post-retirement pension adjustments.

LHA:ljb  
17/021

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU ALASKA 99801  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

March 15, 1983

SUBJECT: Amendments to state retirement systems  
(SB 110)

TO: Senator Vic Fischer

FROM: CHC Linn H. Asper  
Legislative Counsel

You have requested a sectional analysis of SB 110, relating to amendments to state retirement systems.

Section 1 makes a technical amendment to the Teacher's Retirement System (TRS) to conform AS 14.20.345(d) with changes made in subsequent sections of AS 14.25.

Section 2 increases the amount of contributions from members of TRS from seven to nine percent of base salary.

Section 3 changes the rules for computing arrearage indebtedness for outside, military, and Alaska BIA service. Increases retroactive contributions for such service from seven to nine percent of base salary. Removes the limit on the total amount of outside and military service that can be claimed under TRS.

Section 4 increases benefits for members of TRS who have more than ten years credited service at retirement.

Section 5 allows years of credited service under the Public Employee's Retirement System (PERS) to be considered in determining the percentage multiplier for each year of service under AS 14.25.110(d).

Section 6 provides for a mandatory cost-of-living adjustment to benefits received by retired members of TRS, age 65 and older. This section is made effective July 1, 1984.

Section 7 extends the cost-of-living adjustment to retired members age 60 and older, effective July 1, 1985.

*Memo / Legislative Counsel 3/15/83*

Section 8 provides for different cost-of-living adjustments for those retired TRS members who are 65 or older, and those who are 60 through 65 years old, effective July 1, 1985.

Section 9 extends the cost-of-living adjustment to retired TRS members who are 55 and older, effective July 1, 1986.

Section 10 provides for different cost-of-living adjustments for those retired members of TRS who are age 55 through 60, those 60 through 65, and those who are over 65, effective July 1, 1986.

Section 11 amends the judicial retirement system (JRS) to provide an earlier retirement option, at age 55 or 50 for members of that system.

Section 12 provides a 20 year retirement option without actuarial reduction under JRS.

Section 13 increases contributions of employees under PERS from five to seven percent for peace officers and firemen and from four and one-quarter percent to six percent for other PERS members.

Section 14 amends the rules for computing credited service under PERS for military service and increases the amount required as retroactive contributions for military service from six to eight percent.

Section 15 increases benefits for retiring PERS members who have more than ten years credited service.

Section 16 allows years of credited service under TRS to be considered in determining the percentage multiplier for each year of service under AS 39.35.370(c).

Section 17 provides for a mandatory cost-of-living adjustment in PERS similar to the amendment to TRS in \* Sec. 6.

Section 18 does the same for PERS that \* Sec. 7 does for TRS.

Section 19 does the same for PERS that \* Sec. 8 does for TRS.

Section 20 does the same for PERS that \* Sec. 9 does for TRS.

Senator Vic Fischer  
Page 3  
March 15, 1983

Section 21 does the same for PERS that \* Sec. 10 does for TRS.

Section 22 provides an earlier retirement option for members of the Elected Public Officer's Retirement System (EPORS).

Sections 23, 24, 25, and 26 provide effective dates for the various sections of the Act as well as other dates relevant to the applicability of the Act.

LHA:ljb  
10/002



# NEA - ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

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**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 Pulkkinen**  
Field Staff  
Anchorage Office

**Mary Ann Eininger**  
Deputy Executive Secretary,  
Fairbanks Office

May 11, 1983

TO: Senator Vic Fischer, Chair  
Members, Senate State Affairs Committee

FROM: NEA-Alaska

RE: SB 110 "An act relating to State Retirement Systems"

NEA-Alaska strongly supports and urges passage of SB 110. While recognizing that the cost of this legislation is significant, it is equally significant that a number of teacher retirees are now on relatively modest fixed incomes with no assurance of any protection against the adverse effects of inflation.

The three major components of this bill address not only a critical need but reflect a sincere commitment on the part of current employees to assume a significant share of the cost.

Providing for an annual post retirement pension adjustment meets a critical need, especially for those who have been retired for a number of years already, in assuring them that they will have some protection against the debilitating effects of inflation. It should also be noted that teachers in Alaska do not have access to Social Security so their only retirement benefits will be those that derive from the TRS.

Secondly, current employees are willing to increase their rate of contribution from 7% to 9% which is a rate increase for them in excess of 28%. This is at a time when their salary increases are minimal, if even increased at all.

Finally, by establishing an age requirement for eligibility for the PRPA, some current retirees and many who will be retiring will not have immediate access to the PRPA. The benefit multiplier has been increased to partially address this concern. The benefit multiplier increase serves another extremely useful purpose in that it is a clear incentive for stability and continuity of employees, an essential component of quality public education.

Provision for an annual, as opposed to ad hoc, PRPA includes a fully funded program based upon actuarial analysis of the current TRS. We understand the current "pay as you go" concept is leading to an even greater obligation in the long run.

*Stu/NEA-AK 5/11/83*

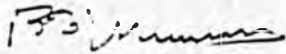
In an effort to somewhat contain the magnitude of the initial costs, the benefits provision of this bill have been staged in over a period of three years rather than making them immediately available, while increasing the employees' contribution rate immediately.

Currently there are approximately 7,560 active members of the TRS with an average annual income slightly in excess of \$35000.

We have around 1,360 teacher retirees at this time whose average annual retirement income is around \$14000. There are another 120 people, approximately, who receive benefits from TRS through disability or as survivors.

Thank you for your consideration of this bill. We urge its passage.

Respectfully submitted,



Robert Manners  
Executive Secretary

RM:jc

6821 East Third Avenue  
Anchorage, AK 99504

March 3, 1983

Hon. Vic Fischer  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Fischer:

Re: SB No. 110 Sec. 4 AS 14.25.110(d) and HB 213 Sec 4  
AS 14.25.110(d)

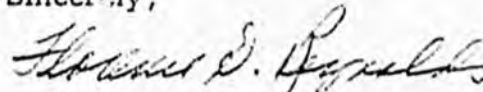
It is my concern that if either of these bills are passed as they read it will be discriminatory to those employees who are already retired. We must remember that these employees also devoted many years of service to the State. Dedicated employees do not just retire. They retire because of age, illness, or forced to retire to make room for younger employees.

Those citizens who have retired, retired on much lower salaries than those of us who are now employed. Their retirement income makes it impossible for them to continue to live in their beloved Alaska. Especially those who were not highly paid executive types.

My recommendation is that according to Sec. 39.35.547 an amendment be passed to include these "already retired" state employees to be effective at whatever date you deem reasonable.

I urge you to look into this matter and make whatever changes are necessary.

Sincerely,



Florence D. Reynolds

*Ltr/ Florence Reynolds. 3/3/84*

which are based on retroactive credited service under this subsection. (§ 17 ch 143 SLA 1960; am § 4 ch 80 SLA 1964; am §§ 5, 6 ch 155 SLA 1966; am § 4 ch 235 SLA 1968; am § 1 ch 55 SLA 1973; am §§ 1, 2 ch 26 SLA 1974; am §§ 1, 2 ch 245 SLA 1976; am §§ 31 — 33 ch 128 SLA 1977; am §§ 1, 7 ch 174 SLA 1978; am § 3 ch 81 SLA 1979; am § 10 ch 82 SLA 1979; am §§ 31, 32, 41 ch 146 SLA 1980)

**Revisor's note.** — Subsection (a) of this section apparently has no effect after January 1, 1980, since it applies only to employees employed before that date.

Subsection (g) of this section apparently has no effect after July 1, 1980, since credited service under this subsection must have been claimed by that date.

**Effect of amendments.** — The 1977 amendment, among other things, added the language beginning "and heavy equipment operators" to the end of that sentence, and added subsection (e).

The 1977 amendment, among other things, substituted "credited service for employment before January 1, 1961" for "service credit for prior service" and "this chapter" for "this system for the period of prior service credit" in subsection (b) and

substituted "credited service" for "service credit" in the first and second sentences of subsection (e).

The 1978 amendment, among other things, added subsection (f).

The second 1979 amendment added subsection (g).

Sections 31 and 32, ch. 146, SLA 1980, rewrote subsection (a) and added subsection (h). Section 41 of ch. 146, effective January 1, 1981, repealed subsection (c).

**Editor's note.** — Section 15, ch. 82, SLA 1979 provides that AS 39.35.360(g) applies to a temporary employee of the Eleventh Legislature, First Session, even though he may not be an employee under the public employee's retirement system on July 1, 1979.

**Article 6 Benefits.**

**Section**

- 370. Retirement benefits
- 380. [Repealed]
- 385. Conditional service retirement benefits
- 390. [Repealed]
- 395. Voluntary contribution benefit
- 400. Nonoccupational disability pensions
- 410. Occupational disability pensions
- 420. Nonoccupational death benefits
- 430. Occupational death benefit
- 440. Death after occupational disability
- 450. Joint and survivor option
- 451. Spouse survivor benefits under Public Employees Retirement Act of 1949
- 460. Level income option
- 470. Other forms of payment
- 475. Post-retirement pension adjustment

**Section**

- 480. Cost-of-living allowance
- 485. Minimum benefit
- 490. Designation of beneficiary
- 495. Time limit for application
- 500. Safeguard of employee funds held by the system
- 510. Voluntary waiver of benefits
- 520. Adjustments
- 522. Waiver of adjustments
- 525. Limitation on use of credited service as peace officer or fireman
- 530. Limit on pension
- 535. Medical benefits
- 540. Minimum benefit
- 545. [Repealed]
- 546. Tax exemption
- 547. Effect of amendments

**Sec. 39.35.370. Retirement benefits.** (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.

*St. Louis*

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

*Effect of amendments.* -- The 1977 amendment rewrote this section.

The 1980 amendment added subsection (f).

*Editor's note.* -- Section 49, ch. 146, SLA 1980, provides: "The retirement benefit payable to a member of the public employees' retirement system who is receiving a normal retirement benefit under AS 39.35.370 on the effective date of this Act, and who at the time of his retirement was receiving a disability

pension under the public employees' retirement system, shall be increased by a percentage equal to the percentage of all post-retirement pension adjustments payable under AS 39.35.475 during the period that the member was receiving a disability benefit."

*Legislative history report.* -- For report on ch. 159, SLA 1972 (FCCS HCS CSSB 264), see 1972 House Journal, p. 992.

**Sec. 39.35.380. Early retirement benefits.**

Repealed by § 55 ch 128 SLA 1977.

*Editor's note.* -- The repealed section derived from § 19, ch. 143, SLA 1960; am. § 7, ch. 109, SLA 1970; am. § 8, ch. 159, SLA 1972; am. §§ 11, 12, ch. 205, SLA 1975.

**Sec. 39.35.385.** An employee is eligible for a normal retirement benefit if the employee has at least two years of credited service and has not received a normal retirement benefit under AS 39.35.380 (AS 14.25).

(b) An employee is eligible for an early retirement benefit if the employee has at least two years of credited service and has not received a normal retirement benefit under AS 14.25.

(c) Credited service means credited service that has not been repaid. For purposes of this section, an employee does not have credited service if the employee has not received a normal retirement benefit under AS 14.25.

(d) 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 over 10 years. For all other employees it is two per cent of the average monthly compensation times the years of service over 10 years. An actuarial adjustment must be made for an early retirement benefit.

(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. If payment is delayed, a retroactive payment shall be made to cover the period of deferment which the member is entitled to under this section.

(f) An employee who is vested in the system as a peace officer or an early retirement benefit 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. (§ 18 ch 143 SLA 1960; am § 2 ch 102 SLA 1963; am § 7 ch 155 SLA 1966; am § 5 ch 235 SLA 1968; am § 6 ch 109 SLA 1970; am §§ 6, 7 ch 159 SLA 1972; am § 15 ch 47 SLA 1974; am § 34 ch 128 SLA 1977; am § 33 ch 146 SLA 1980)

*Effect of amendments.* -- The 1977 amendment added subsection (f). The 1980 amendment added subsection (c).

*Editor's note.*

**Sec. 39.35.385.**

Repealed by § 55 ch 128 SLA 1977.

Revisor's note. — Section 39.35.485(a) provides that after January 1, 1981 each employee eligible for a benefit under AS 39.35.370 is entitled to at least \$25 a month. Consequently, this section apparently has no legal effect.

**Sec. 39.35.475. Post-retirement pension adjustment.** (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 greater 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. (§ 9 ch 235 SLA 1968; am § 14 ch 159 SLA 1972; am § 34 ch 146 SLA 1980)

**Effect of amendment.** — The 1980 amendment rewrote the section.

**Editor's note.** — Section 49, ch 146, SLA 1980 provides: "The retirement benefit payable to a member of the public employees' retirement system who is receiving a normal retirement benefit under AS 39.35.370, July 1, 1980, and who

at the time of his retirement was receiving a disability pension under the public employees' retirement system, shall be increased by a percentage equal to the percentage of all post-retirement pension adjustments payable under AS 39.35.475 during the period that the member was receiving a disability benefit."

**Sec. 39.35.480. Cost-of-living allowance.** (a) While residing in the state, a person receiving a benefit under this chapter is entitled to receive a monthly cost-of-living allowance in addition to his basic benefit. The amount of this allowance shall be \$50 or 10 per cent of the basic benefit, whichever is greater.

(b) A person receiving a cost-of-living allowance under this section shall notify the administrator when he expects to be absent from the state for a continuous period that exceeds 90 days. After that notification, the person is no longer entitled to receive the monthly cost-of-living allowance, except that a person may be absent from the state for not more than six months without loss of the cost-of-living allowance if the absence is the result of illness and required by order of a licensed physician. Upon his return to the state, and upon notification to the administrator, the person is again entitled to receive

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employment rendered to the Territory of Alaska before January 3, 1959, regardless of the office, department, division or agency of the territory in which employed. Credited service allowed under this section may not exceed five years.

(b) A teacher may not be credited with service under this section if credit for service as an employee of the Territory of Alaska was granted for the same period under the public employees' retirement system (AS 39.35).

(c) A teacher who elects to receive credited service under this section for service to the Territory of Alaska shall make a retroactive contribution under this system for the period of territorial employment following June 30, 1955. (§ 1 ch 146 SLA 1980)

*Editor's notes.* — In subsection (a), the word "he" was deleted preceding "employed" in the first sentence by the revisor of statutes under AS 01.05.031 and § 4, ch. 58, SLA 1982.

**Sec. 14.25.107. Credit for Alaska BIA service.** A member who joins the system on or after July 1, 1978, who has Alaska BIA service may claim all of that service as credited service. A retirement benefit payable under this chapter for Alaska BIA service shall be reduced by an amount equal to the retirement benefits paid to the member by the United States government for the same service. (§ 8 ch 137 SLA 1982)

**Sec. 14.25.110. Retirement benefits.** (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 for early retirement.

(e) The monthly amount in accordance with the termination of service.

(f) The annual contribution for a member who was a member under the Retirement Act of 1946.

(g) A member who elects this chapter or who has a salary of at least \$25,000 shall make adjustments in the monthly contribution to the indebtedness which he or she has elected option (b) of this section.

(h) The monthly amount of a retirement benefit for a member at least 55 years of age.

(i) Benefits payable to a member the month after the member terminates membership. Benefits payable to a member the month after the member terminates membership under this section shall be reduced by the amount of the member's debt under this section. (§ 12 ch 145 SLA 1960; am § 4 ch 137 SLA 1971; am § 57 SLA 1974; am § 14 ch 137 SLA 1982)

*Effect of an 1980 amendment.*

The second sentence of subsection (g) substituted "\$25" for "month" near the end of the sentence.

The 1982 amendment substituted "member" for "employee" in the first sentence of subsection (g).

Editor's notes: The words "member" were substituted in subsection (a) and subsection (b).

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

**Effect of amendments.** — The first 1980 amendment rewrote the section.

The second 1980 amendment substituted "\$25" for "\$20" preceding "per month" near the beginning of subsection (g).

The 1982 amendment added the last sentence of subsection (i).

**Editor's notes.** — The words "the member" were substituted for "he" in subsection (a) and subsection (g) by the revisor of

statutes pursuant to AS 01.05.031 and § 4, ch. 58, SLA 1982.

**Opinions of attorney general.** — The legislature did not intend such a strict interpretation as to require a teacher to work the last 5 school years for the full 140-day year. 1986 Op. Att'y Gen., No. 2.

A teacher satisfies the requirement of subsection (a) by working any five creditable years or combination of fractional years totalling 5 years, as long

**Sec. 14.25.142. Cost of living allowance.** (a) While residing in the state, a person receiving a benefit under this chapter is entitled to receive a monthly cost of living allowance in addition to the basic benefit. The amount of this allowance is 10 per cent of the basic benefit.

(b) A person receiving a cost-of-living allowance under this section shall notify the administrator when the person expects to be absent from the state for a continuous period that exceeds 90 days. After that notification, the person is no longer entitled to receive the monthly cost-of-living allowance, except that a person may be absent from the state for not more than six months without loss of the cost-of-living allowance if the absence is the result of illness and required by order of a licensed physician. Upon return to the state, and upon notification to the administrator, the person is again entitled to receive the monthly cost-of-living allowance, commencing with the first monthly benefit payment made after notification of the person's return.

(c) For purposes of this section, "residing in the state" means domiciled and physically present in the State of Alaska. Being absent from the state for a continuous period of 90 days or less or six months or less when ordered by a physician does not change a person's status as "residing in the state." (§ 10 ch 151 SLA 1966; am § 18 ch 66 SLA 1973; am § 6 ch 128 SLA 1977; am §§ 2, 3 ch 82 SLA 1979)

**Effect of amendments.** -- The 1979 amendment substituted "90 days" for "60 days" at the end of the first sentence of subsection (b), added the language beginning "except that a person may be absent" to the end of the second sentence of subsection (b), and substituted "90 days or less or six months or less when ordered by a physician" for "60 days or less" in the second sentence of subsection (c).

**Editor's notes.** — Section 17, ch. 82, SLA 1979 provides: "A person receiving benefits under AS 14.25 [AS 14.25.010 — 14.25.220] on July 1, 1979 is eligible for

any increase in benefits resulting from the amendments to AS 14.25 [AS 14.25.010 — 14.25.220] enacted in secs. 2 and 3 of ch. 82, SLA 1979."

In subsection (a), the word "the" was substituted for "his" in the first sentence and in subsection (b), the words "the person" was substituted for "he" in the first sentence and the word "his" was deleted preceding "returned to the state" in the third sentence by the revisor of statutes under AS 01.05.031 and § 4, ch. 58, SLA 1982.

**Sec. 14.25.143. Post retirement pension adjustment.** (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. (§ 11 ch 151 SLA 1966; am § 5 ch 86 SLA 1971; am § 19 ch 66 SLA 1973; am § 3 ch 99 SLA 1974; am § 7 ch 128 SLA 1977; am § 17 ch 13 SLA 1980; am §§ 3 — 6 ch 146 SLA 1980; am § 13 ch 137 SLA 1982)

**Revisor's notes.** — Subsection (a) was amended by sec. 17, chapter 13, SLA 1980, and repealed and re-enacted by sec. 3, chapter 146, SLA 1980. Since chapter 146 was enacted later, it repeals the earlier amendment.

**Effect of amendments.** — The first 1980 amendment in subsection (a), as it existed prior to the second 1980 amendment, substituted "the administrator" for "he" preceding "may increase" near the middle of the subsection, substituted "annuitant's" for "service retirement" following "may increase all" near the middle of the subsection, and deleted "salaries" following "survivor's benefits" near the end of the subsection.

The second 1980 amendment rewrote subsections (a) through (c), and added subsections (e) and (f).

The 1982 amendment substituted

"lesser" for "greater" in the introductory language of subsection (b).

**Editor's notes.** — Section 48, ch. 146, SLA 1980 provides: "The retirement benefit payable to a member of the teachers' retirement system who is receiving a normal retirement benefit under AS 14.25.110 on the effective date of this Act, and who at the time of his retirement was receiving a disability benefit under the teachers' retirement system, shall be increased by a percentage equal to the percentage of all post-retirement pension adjustments payable under AS 14.25.143 during the period that the member was receiving a disability benefit."

In subsection (d), "the" was substituted for "his" and "the person" was substituted for "he" in the first sentence by the revisor of statutes under AS 01.05.031 and § 4, ch. 58, SLA 1982.

**Sec. 14.25.145. Interest on individual accounts.** Interest shall be credited to each teacher's account at the end of each school year at the rate prescribed by regulation for that year. (§ 16 ch 145 SLA 1955; am § 6 ch 142 SLA 1957; am § 4 ch 78 SLA 1962; am § 7 ch 138 SLA 1970; am § 20 ch 66 SLA 1973)

**Sec. 14.25.150. Refund upon termination.** A terminated member is entitled to a refund of the balance of the member contribution account. A member is not entitled to a refund of supplemental contributions except as provided in AS 14.25.160(a). (§ 16 ch 145 SLA 1955; am § 6 ch 142 SLA 1957; am § 4 ch 78 SLA 1962; am § 7 ch 86 SLA 1963; am § 12 ch 151 SLA 1966; am § 5 ch 84 SLA 1969; am §§ 21 — 23 ch 66 SLA 1973; am § 8 ch 128 SLA 1977; am § 14 ch 137 SLA 1982)

**Effect of amendments.** Amendment substituted "contribution account" for "retirement contributions and account".

**Sec. 14.25.155. No refund of contributions.** No refund of a member occurs after termination of service and the proximate cause of the disability sustained or hazard of death is not the scope of the member's duties of employment. The terminated beneficiary shall receive the member's contribution account.

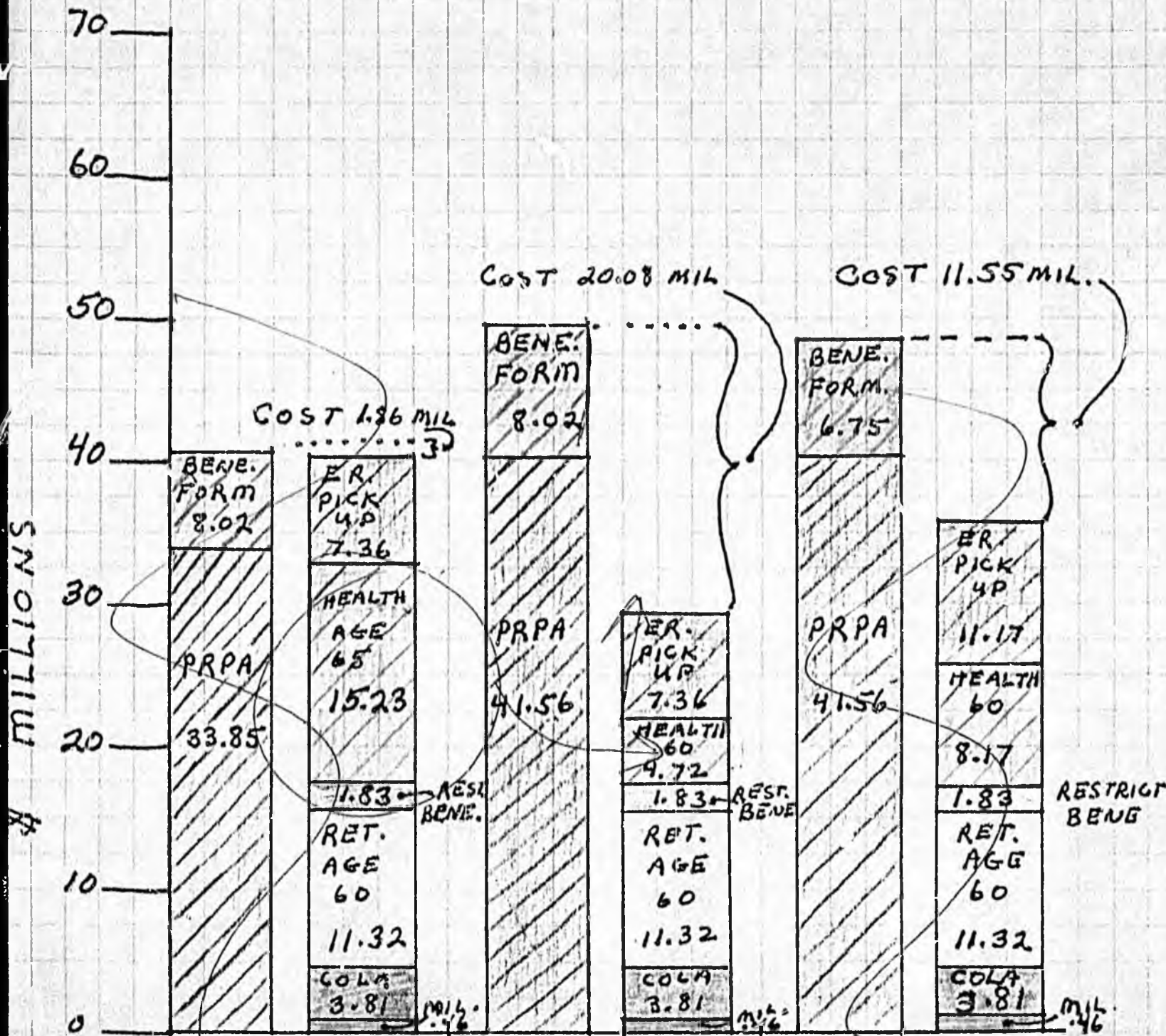
(b) If the death of a member occurs after termination of membership service and the proximate cause of the disability sustained or hazard of death is not the scope of the member's duties of employment, the member shall receive the member's contribution account.

(c) If the death of a member occurs after termination of membership service and the proximate cause of the disability sustained or hazard of death is not the scope of the member's duties of employment, the member shall receive either the benefit of the joint and survivor option or the benefit of the credited service to the member. If the member survives a vested or unvested benefit, the spouse is designated as beneficiary and shall be paid the benefit accrued from the first day of service and are payable to the member.

(d) Benefits are not refundable under AS 14.25.155. (§ 15 ch 137 SLA 1982)

**Sec. 14.25.157. Refund of contributions.** No refund of a member occurs after termination of membership service and the proximate cause of the disability sustained or hazard of death is not the scope of the member's duties of employment. The terminated beneficiary shall receive the member's contribution account. If there is no surviving spouse or dependent, the member's base salary shall be divided by 12, shall be paid in equal parts to the member and the normal retirement beneficiary had lived, monthly.

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SENATE

2/4/83

FURTHER: Judiciary  
Finance

Date: 4-12-84

Mr. President:

The Committee on State Affairs has had SB 110

An Act relating to public employees', judicial, elected public officers', and teachers' benefits, and eff. date.

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for CS SB 110 (sa)  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
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*Sen. Steve Link*

*Rep. Rodney Mason*

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*W. Fischer*

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CHAIRMAN

COMMITTEE REPORT  
SENATE

2/4/83

FURTHER: Judiciary  
Finance

Date: 4-12-84

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MEMBERS SIGNING  
DO PASS

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MEMBERS HAVING  
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CHAIRMAN

Appendix V

EFFECT OF "PICKED UP" CONTRIBUTIONS  
ON TAKE-HOME PAY

	After-Tax Contributions	"Picked Up" Before-Tax Contributions					
	7%	7%	8%	9%	10%	11%	12%
<u>TRS Example</u>							
Gross Monthly Pay*	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100
Taxes Withheld**	721	641	629	618	608	597	587
Contributions	<u>217</u>	<u>217</u>	<u>248</u>	<u>279</u>	<u>310</u>	<u>341</u>	<u>372</u>
Take-Home Pay	\$2,162	\$2,242	\$2,223	\$2,203	\$2,182	\$2,162	\$2,141
Increased Take-Home		80	61	41	- 20	0	- 21
Increase as a Percent of Gross		2.6%	2.0%	1.3%	0.6%	0%	- 0.7%

	After-Tax Contributions	"Picked Up" Before-Tax Contributions			
	4.25%	4.25%	5%	6%	7%
<u>PERS Example</u>					
Gross Monthly Pay	\$2,300	\$2,300	\$2,300	\$2,300	\$2,300
Taxes Withheld**	445	417	411	404	397
Contributions	<u>96</u>	<u>96</u>	<u>115</u>	<u>138</u>	<u>161</u>
Take-Home Pay	\$1,759	\$1,787	\$1,774	\$1,758	\$1,742
Increased Take-Home		28	15	- 1	- 17
Increase as a Percent of Gross		1.2%	0.7%	0%	- 0.7%

\* Systemwide Average

\*\* Based on single person with one exemption

## Retirement Age

TRS - The age for normal retirement is increasing from 55 to 60 years of age. The age for early retirement is increasing from 50 to 55. This provision will only affect members first hired after the effective date of the bill.

Also, members first hired after the effective date of the bill will not be eligible for a 20-and-out retirement.

All current members are eligible to retire under the existing law.

PERS - As in the TRS the ages for early and normal retirement are being increased by 5 years. All current members are eligible to retire under the existing law. The new law will only affect members first hired after the effective date of the bill.

## PRPA

TRS - This provision would affect all current and future eligible benefit recipients. Disabled members and recipients age 65 or older would receive an automatic, annual post retirement pension adjustment (PRPA) equal to 75% of the increase in the cost of living in the preceding calendar year or 9%, whichever is less; recipients at least 60 but less than 65 would receive an automatic, annual PRPA equal to 50% of the increase in the cost of living in the preceding calendar year or 6%, whichever is less.

PERS - This provision would affect all current and future eligible benefit recipients. The amount of the PRPA's would be the same as in the TRS.

## Military Service

TRS - Members hired after the effective date of the bill will not be eligible to receive military service credit if they are eligible for a retirement from the US Government for that same service. This provision does not apply to members who are active or deferred prior to the effective date of the bill.

PERS - Same as the TRS.

## Cost of Living Adjustment (COLA)

TRS - Cost-of-living allowances will be provided to retirees living in Alaska if the retiree is 65 years of age or older or a disability recipient.

This provision applies only to members first hired after the effective date. Existing retirees will continue to receive COLA when living in Alaska, and all active and deferred members prior to the effective date of the Act remain eligible for COLA at retirement regardless of age.

PERS - Same as the TRS.

## Benefit Formula

TRS - This provision would affect all current and future employees who accrue more than 10 years of credited service. The benefit formula multiplier would remain at 2% for the first 10 years of service, but it would increase to 2½% for the period of service from 10 years through 20 and to 2¾% for all years in excess of 20.

PERS - This provision would affect all current non-peace officers/firemen (current peace officers/firemen would not be affected) and all future employees who accrue more than 10 years of credited service. The increase in the benefit formula multiplier would be the same as in the TRS.

## Restricted Benefit

TRS - This provision would provide Teachers with a one-time temporary benefit after 20 years of membership service instead of a lifetime 20-and-out benefit. This benefit could be drawn for a maximum of 36 months and would facilitate retraining and conversion to other employment. This provision would affect all future members first hired after the effective date of this bill.

PERS - This provision would provide Peace Officers and Firemen with a one-time temporary benefit after 20 years of membership service instead of a lifetime 20-and-out benefit. This benefit could be drawn for a maximum of 36 months and would facilitate retraining, stress relief, and conversion to other employment. This provision would affect all future members first hired after the effective date of this bill.

## Full Health Premiums at age 60

TRS - This cost containment provision would provide disabled members and TRS retirees who are age 60 or over medical benefits and the TRS system would pay 100% of the premiums. Retirees less than 60 years old would pay 50% of the group rate for Medical Benefits up to the age of 60. This provision will affect members first hired after the effective date of the bill.

PERS - This cost containment provision would provide disabled benefits recipients and PERS retirees who are age 60 years or older medical benefits and the PERS would pay 100% of the premium. Retirees less than 60 years old would pay 50% of the group rate for Medical Benefits up to the age of 60. This provision will affect members first hired after the effective date of the bill.

### Employer "Pick-Up"

This refers to a process where the contribution to PERS is deducted before taxes are taken out of the members gross salary. The affect of this is to increase the contribution to PERS (by increasing the percent of the employees contribution) without decreasing the employees take-home pay (see page 2).

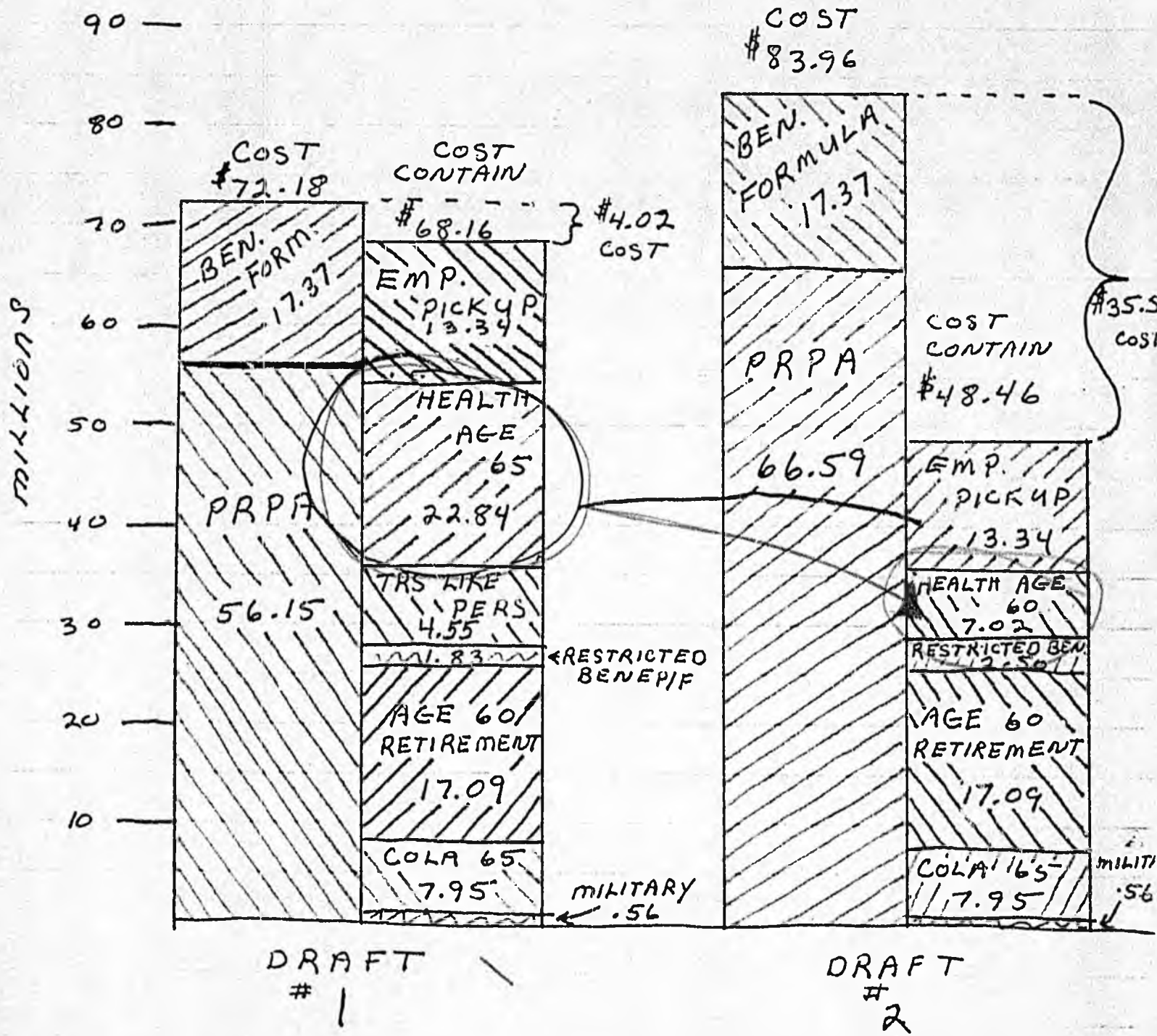
Upon retirement the employee would pay taxes on the benefit.

- Section 15 amends the employee contributions section in the PERS to increase the percentage from 4.25% (5% for P/F) to 6.25% and to provide for the employer to "pick-up" employees' contributions. This provision would improve cash flow for the system while providing deferred compensation for employees. With employer "pick-up", contributions would be taken before taxes rather than after so the average employee's net take-home pay would remain substantially unchanged.
- Section 16 would prevent members from receiving PERS credit for military service for which they are eligible to receive benefits from the federal government.
- Section 17 amends AS 39.35.340(b) to conform to the change made in the employee contribution rate in section 15 of this bill.
- Sections 18-19, 22-24 increase the normal and early retirement ages in the PERS by five years (from 55 to 60 for normal retirement) and eliminate the peace officer/fireman 20-year-and-out provision (see Sec. 21).
- Section 20 amends the multiplier in the PERS benefit formula from 2% per year of service to 2% per year of service for the first ten years, 2½% for the next ten years of service, and 2½% for all years over 20. The new formula would also apply to future peace officers and firemen.
- Section 21 creates a new section which would allow a peace officer or fireman a one-time, temporary benefit after 20 years of service instead of a lifetime 20-and-out benefit. This benefit could be drawn for a maximum of 36 months and would facilitate retraining and conversion to other employment.
- Section 25 creates an automatic, annual post retirement pension adjustment (PRPA) for disabled members and persons age 60 or older in the PERS. The PRPA would be 75% of the increase in the cost of living in the preceding calendar year as measured by the Anchorage Consumer Price Index for Urban and Clerical Workers or nine percent, whichever is less, for disabled members and recipients age 65 or older; and 50% of the increase in the cost of living or six percent, whichever is less, for recipients at least 60 but less than 65.
- Section 26 limits the Alaska cost-of-living allowance (COLA) currently paid to all PERS benefit recipients who reside in Alaska to those age 65 or older and persons receiving a disability benefit who reside in Alaska.
- Section 27 amends AS 39.35.535, Medical Benefits, to create a two-tiered health payment plan. Under this provision, members under age 60 would pay one-half the major medical insurance premium; disabled members and members over 60 would not be required to pay a premium.
- Section 28 amends the definition of "compensation" to include the employer "picked-up" contributions under section 15 of this bill.

Section 29 amends the definition of "early retirement" to increase the eligible age from 50 to 55.

Section 30, in accordance with the Hoffbeck v. Hammond doctrine, specifies that the provisions of this bill requiring a reduction in benefits would apply only to future employees.

Section 31 sets an effective date of 7/1/85.





# PERS

