

H B

2 3 7

# STATE OF ALASKA THE LEGISLATURE

## LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCH V - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

H. Judiciary	4/10/85	1:30 pm
" "	4/12/85	1:30 pm



# Alaska State Legislature



## House of Representatives House Judiciary Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4990

April 10, 1985

The Honorable Victor D. Carlson  
Superior Court Judge, Third District  
303 K Street  
Anchorage, Alaska 99501

Dear Vic:

I am writing you on behalf of the House Judiciary Committee. In a committee hearing held April 20, on HB 237, a copy of which is enclosed, Representative Max Gruenberg requested, with the assent of the committee, that I send a copy of the bill to you for your comments.

Although the committee passed the bill out, Representative Gruenberg felt that perhaps the bill created problems with regard to property dispositions under divorce or dissolution judgments.

Do you see any problems with this bill along those lines? The committee would very much appreciate hearing your comments on the bill.

Sincerely,

A handwritten signature in cursive script that reads "Hayden".

Hayden Kaden

*P.S. Its been a long time. Hope all is well with you. I'm committee counsel for this session. Its kind of fun to be back in the traces after a 18 year hiatus.*

*Best regards,  
H.*

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to pension reform. This bill amends statutes pertaining to the state's retirement systems to include provisions similar to those enacted by the U.S. Congress in the Retirement Equity Act of 1984 (P.L. 98-397).

The bill amends a number of sections of the public employees' retirement system and teachers' retirement system statutes to require consent of an employee's spouse before the employee may waive a joint and survivor benefit, obtain a refund of contributions if the employee has a vested interest in benefits, or revoke a designation of the spouse as the employee's beneficiary for various death benefits. Consent of the spouse is also required by this bill for revocation of a designation of the spouse as beneficiary for death benefits under AS 26.05.224. Until consent is obtained, the joint and survivor benefit and designation of the spouse as beneficiary are required. The judicial retirement system statute is amended to allow the spouse of a justice or judge to receive survivors' benefits if the spouse was married to the justice or judge for one year before death, instead of the current two years.

The bill allows former spouses to share in survivor's benefits, to the extent provided in a "qualified domestic relations order," as defined in secs. 16, 18, 23, and 39 of the bill.

Prohibitions against assignment of retirement benefits are removed with respect to assignments of those benefits made to satisfy marital property rights, spousal support, and child support under a qualified domestic relations order.

The commissioner of administration is required to inform retirement system participants and their spouses of the changes accomplished by this bill, and effective dates are established to assure an orderly transition to the provisions of this pension reform bill.

This bill recognizes, as does the federal Retirement Equity Act of 1984, that rights to benefits accrued during a marriage are property rights in which both partners to the marriage have an interest. The bill has been drafted to require the joint and survivor option, and spousal consent for revocation of designation of the spouse as beneficiary for benefits, only if the spouse was married to the employee during a period when rights to those benefits were being accrued.

I note that the state's Supplemental Benefits System (SBS) plan has already been amended to comply with the Retirement Equity Act requirements that the plan require a joint and survivor benefit unless the spouse waives that form of benefit, and that the plan require payment of a preretirement survivor benefit to the spouse unless the spouse waives that form of benefit. These amendments to the SBS were necessary to maintain the plan's tax-deferred status under the Internal Revenue Code.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Sheffield", written in a cursive style.

Bill Sheffield  
Governor

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Page 1 of 2

Revision Date: \_\_\_\_\_

Page 1 of 2

**REQUEST**

Bill/Resolution No.: 237

Title: An Act Relating to Pension Reform

Sponsor: \_\_\_\_\_

Requestor: \_\_\_\_\_

Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: All State Agencies

Program Category Affected: Elementary & Secondary Education, Labor Services

BRU, Program or Subprogram(s) Affected: PERS, JRS, TRS

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

Operating	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 Personal Svcs		10.0				
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual						
400 Supplies		5.0				
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>15.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		15.0				
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>15.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
FULL-TIME						
PART-TIME						
TEMPORARY		2.0				

**ANALYSIS:** (Attach a separate page if necessary)

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

Phone: 465-4470  
Date: 2/20/85

Approved by Commissioner: Lisa Rudd  
Agency: Department of Administration

Date: 2-21-85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

HB 237

Fiscal Note Analysis

Prepared by Division of Retirement & Benefits

Department of Administration

February 20, 1985

IV Analysis:

Passage of this bill will; 1) require a married member of the Public Employees' (PERS), Teachers' (TRS) and Judicial (JRS) Retirement Systems to select one of the joint and survivor options upon retirement unless the requirement is waived by the spouse and would require that the spouse be the primary beneficiary of death benefits, and 2) would allow any benefit payable from the PERS, TRS and JRS to be subject to attachment to satisfy orders by divorce or dissolution of marriage orders.

The fiscal impact of this will be due to the research and notification efforts by the Division to inform effected members of the legislation.

ANALYSIS OF HB 237  
"An act relating to pension reform."  
March 1985

I. Sections 1-16 relate to changes in the Teachers' Retirement System.

Sections 1-3 amend the eligibility requirements for normal and early retirement of the TRS system to stipulate that members must designate their spouse\* (which could include former spouses) the contingent beneficiary and select a joint and survivor benefit plan. The member must chose among three options that currently exist in the retirement plan.

Exceptions to these requirements are:

1. if the spouse has signed a consent form waiving the right as the contingent beneficiary;
2. if the spouse was not married to the member during any period of the member's employment covered by the retirement system;
3. if there is no spouse or that the spouse cannot be located or other circumstances described by the administrator by regulation

\*Under sections 1-3, "spouse" means the person to whom the member is married at the time of appointment to retirement except to the extent that a qualified domestic relations order, orders otherwise.

Section 5 amends vested members' right to refund upon termination by requiring vested members to obtain their spouse's\* (which could include former spouses) consent to a refund, in writing.

Exceptions to this requirement are:

1. the member is not vested;
2. the spouse was not married to the member during any period of the member's employment;
3. there is no spouse;
4. consent cannot be obtained because the spouse cannot be located.

\*Under this section "spouse" means the person to whom the member is married at the time of application for the refund, except to the extent that a qualified domestic relations order, orders otherwise.

Sections 6 and 7 amend the designation of beneficiary for non-occupational and occupational death benefits by clarifying the definition of spouse\* to include former spouses to the extent that a qualified domestic relations order so orders.

\*Under these sections "spouse" means the person to whom the member was married during the member's employment and is married to at the time of the member's death, except to the extent that a qualified domestic relations order, orders otherwise.

Sections 8-10 amend the designation of beneficiary for death benefits from the member's designated choice to the member's spouse if the member is married, becomes married or remarries. Revocation of the designation of the member's spouse can only be accomplished by the spouse signing a consent form waiving the right as beneficiary.

The definition of spouse is clarified to mean the person to whom the member was married during the member's employment and is married to at the time of the member's death, except to the extent that a qualified domestic relations order, orders otherwise. A qualified domestic relations order can establish a former spouse as the designated beneficiary.

Procedures for the claiming of spousal entitlement to death benefits is outlined. A ten day time period, following the member's death, is established for all entitlement claims to be filed with the administrator. If a claim is not received within the ten day period, the person claiming entitlement is not entitled to receive any benefit already paid by the administrator.

Sections 11-13 amend the joint and survivor option of retirement plans by changing the designation of contingent beneficiary to require that a member's spouse (which could include former spouses) must be the contingent beneficiary. The member, however, maintains the choice of which joint and survivor option plan to select. The member must choose among three options currently existing in the retirement plan.

Exceptions to this requirement are:

1. if the spouse signs a consent form waiving the right as contingent beneficiary;
2. if the spouse was not married to the member during any period of the members employment covered by this retirement plan;

3. if there is no spouse or that the spouse cannot be located or other circumstances described by the administrator.

In the case where there is 'no spouse', a member may designate a dependent as a contingent beneficiary or may take normal or early retirement.

Spouse is defined as the person to whom the member is married at the time of appointment to retirement, except to the extent that a qualified domestic relations order, orders otherwise. A qualified domestic relations order can establish a former spouse as the contingent beneficiary.

Procedures for claiming to be a contingent beneficiary is outlined. A 60 day time period, following a member's application for retirement, is established for filing of all claims as contingent beneficiary. No claim, following the 60 day period, may be paid if the payment would result in an increase in the actuarial cost to the retirement system.

Sections 14-15 and the TRS exemption status from assignments to provide for assignments resulting from qualified domestic relations orders.

Section 16 defines a domestic relations order. Which means a divorce or dissolution judgement, including an order approving a property settlement, provision of child support and spousal support. It also defines surviving spouse as the spouse of a member at the time of a member's death except to the extent that a qualified domestic relations order, orders otherwise.

II. Sections 17 and 18 relate to changes in the Judicial Retirement System.

Section 17 amends survivor benefits by reducing the requirement from two years to one year that a spouse be married prior to the death of the justice or judge in order to be eligible for survivor benefits. This change conforms to PERS definition and ERISA's requirements for eligibility of survivor benefits.

It also allows former spouses who were married for at least one year and who have not remarried to share in survivors' benefits to the extent provided in a qualified domestic relations order.

Section 18 defines a qualified domestic relations order. The definition is the same as described in Section 16 under the TRS plan.

- III. Sections 19 and 20 relate to changes in the Marital and Domestic Relations statute. The amendments require that if a divorce or dissolution judgement distributes benefits from PERS, TRS, NGRS to an alternate payee (former spouse), the judgement must be a qualified domestic relations order.
- IV. Sections 21-23 relate to changes in the Alaska National Guard Retirement System.

Sections 21 and 22 amend retirement benefits for vested members by changing the designation of beneficiary for death benefits from the vested member's designated choice to the member's spouse if the member is married, becomes married or remarries while employed under this retirement plan. It also allows former spouses who were married to the member while employed under this retirement plan to share in survivors' benefits to the extent provided in a qualified domestic relations order.

Requirements and procedures for revocation of consent of the spouse, proof of a claim to entitlement and a 10 day notification of claim period are the same as for the death benefits under TRS (referred to in Sections 8-10).

Section 23 defines a qualified domestic relations order. It is identical to all other references in TRS, JRS (Sections 16 and 18).

- V. Sections 27-39 relate to changes in the Public Employees' Retirement System.

Section 24 amends a vested member's right to refund upon termination by requiring vested members to obtain their spouse's consent to the refund in writing. Definition of spouse and exceptions to this requirement are the same as in TRS (Section 5).

Sections 26-29 amend the eligibility requirements for normal and early retirement under PERS to stipulate that members must designate their spouses as the contingent beneficiary and select a joint and survivor benefit plan. The member must choose among three options which currently exist in the retirement plan. The exceptions to this requirement and definition of spouse are the same as in TRS (Sections 1-3).

Sections 30-32 amend the designation of beneficiary for non-occupational and occupational death benefits by clarifying the definition of spouse which could include former spouses to the extent that a qualified domestic relations order so orders. The change in definition of spouse is the same as in TRS (Sections 6-7).

Sections 33-35 amend the joint and survivor option of retirement plan by changing the designation of contingent beneficiary to require that a member's spouse (which could include former spouses) must be the contingent beneficiary. The member, however, maintains the choice of which joint and survivor option plan to select. The member must choose among three options that currently exist in the retirement plan. Revocation of this requirement, spousal waiver, right to designate a dependent as beneficiary or take normal retirement, definition of spouse, procedures for spousal claim to right of contingent beneficiary and time period allotted for claim is the same as in TRS (Sections 11-13).

Section 36 amends the designation of beneficiary for death benefits from the member's designated choice to the member's spouse if the member is married, becomes married or remarries. Revocation of designation, spousal waiver of the right to beneficiary, the definition of spouse, procedures for spousal claim to right of beneficiary and time period allotted for claim is the same as in TRS (Sections 8-10).

Section 37 amends the PERS exemption status from assignments to provide for assignments resulting from qualified domestic relations orders. This is the same in TRS (Sections 14-15).

Section 38 amends the definition of surviving spouse in the PERS plan to include former spouses to the extent that a qualified domestic relations order, orders.

Section 39 defines a domestic relations order. This is the same definition used in TRS, JRS, NGRS (Sections 16, 18, 23).

Section 40 charges the Department of Administration with the duty to notify members of the state's retirement plans of the changes previously outlined within 90 days following enactment of the legislation. Notification will be provided through the division of retirement's newsletter and publication in newspapers in each judicial district of the state. They will also provide all necessary forms to implement the Act.

Sections 41-42 set out the effective dates of the Act. Notification of the changes to the state's retirement plans will take effect immediately. Sections 1-39 take effect January 1, 1986.

BILL SHEFFIELD  
GOVERNOR



PHONE  
(907) 561-4227

STATE OF ALASKA

OFFICE OF THE GOVERNOR

ALASKA WOMEN'S COMMISSION

3601 C STREET - SUITE 742

ANCHORAGE, ALASKA 99503

March 1, 1985

Representative Katie Hurley  
Pouch V  
Juneau, AK 99811

Dear Representative Hurley:

The Alaska Women's Commission urges your support for HB 237, an act relating to pension reform. This bill insures that public employees (in PERS, TRS, JRS and the Department of Military and Veterans Affairs) will share similar rights and protections in their retirement systems as do members of private retirement plans.

HB 237 recognizes, as does the federal law (Retirement Equity Act of 1984) that guides private retirement plans, that rights to benefits accrued during a marriage are property rights in which both partners to the marriage have an interest. Presently, retirement age represents a time of economic uncertainty for many women. At age 65, most people experience a reduction in their income by 44 percent. As a group, older women's incomes are yet smaller. Older women have the highest incidence of poverty in the state as well as in the nation. The median annual income for older women in Alaska is \$4,700 which is about one-half that for older Alaskan men.

Under current state law a married public employee is not required to select survivor benefits for a spouse or to inform the spouse that survivor benefits were or were not selected. Thus, many spouses are left unknowingly financially unprepared to face their retirement years. Among those married members currently enrolled in the PERS and TRS systems, only 20 percent and 37 percent respectively have chosen survivor benefits for their spouses and it is unknown how many have informed their spouses about this decision that ultimately affects both of their financial futures. HB 237 corrects this problem by making spouses the automatic beneficiary unless the spouse signs a waiver consenting to a change in beneficiary. It further provides that a vested member who terminates prior to retirement must also receive consent of the spouse before "cashing out" of the retirement system.



STATE OF ALASKA

OFFICE OF THE GOVERNOR

ALASKA WOMEN'S COMMISSION

3601 C STREET - SUITE 742  
ANCHORAGE, ALASKA 99503

March 1, 1985

Representative Katie Hurley  
Pouch V  
Juneau, AK 99811

Dear Representative Hurley:

The Alaska Women's Commission urges your support for HB 237, an act relating to pension reform. This bill insures that public employees (in PERS, TRS, JRS and the Department of Military and Veterans Affairs) will share similar rights and protections in their retirement systems as do members of private retirement plans.

HB 237 recognizes, as does the federal law (Retirement Equity Act of 1984) that guides private retirement plans, that rights to benefits accrued during a marriage are property rights in which both partners to the marriage have an interest. Presently, retirement age represents a time of economic uncertainty for many women. At age 65, most people experience a reduction in their income by 44 percent. As a group, older women's incomes are yet smaller. Older women have the highest incidence of poverty in the state as well as in the nation. The median annual income for older women in Alaska is \$4,700 which is about one-half that for older Alaskan men.

Under current state law a married public employee is not required to select survivor benefits for a spouse or to inform the spouse that survivor benefits were or were not selected. Thus, many spouses are left unknowingly financially unprepared to face their retirement years. Among those married members currently enrolled in the PERS and TRS systems, only 20 percent and 37 percent respectively have chosen survivor benefits for their spouses and it is unknown how many have informed their spouses about this decision that ultimately affects both of their financial futures. HB 237 corrects this problem by making spouses the automatic beneficiary unless the spouse signs a waiver consenting to a change in beneficiary. It further provides that a vested member who terminates prior to retirement must also receive consent of the spouse before "cashing out" of the retirement system.

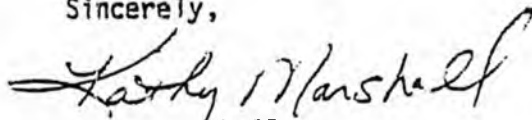
March 1, 1985  
Page Two

HB 237 also addresses the rights of former spouses to retirement benefits. Under current state law, the court determines whether retirement benefits will be considered as a marital asset and very often it may be the most valuable asset attained during marriage. Since the TRS and PERS systems are protected by statute from assignment, the courts can do nothing more than establish a value to the benefits and adjust for its value from other assets if they exist. HB 237 waives this prohibition of assignment of the PERS and TRS system for purposes of satisfying marital property rights, spousal support and child support when a qualified domestic relations order is issued by the courts. It also extends to former spouses of members of all state retirement systems the right to share in survivor benefits to the extent outlined in a domestic relations order. This provision does not require an increase in benefits to the member in order to satisfy the domestic relations order, however.

In summary, HB 237 establishes equity and provides the same "right to know" and protections for spouses of public employees that is now provided to members and their spouses of private retirement systems under the federal Retirement Equity Act of 1984. Further, the state's Supplemental Benefits System (SBS) plan is regulated by this federal act and has been amended to comply with it. Thus, HB 237 will provide consistency in the regulation and treatment of the state's retirement and annuity plans.

If you have any questions or would like to discuss this bill in greater depth, please contact me at your convenience.

Sincerely,



Kathy Marshall  
Executive Director



## Alaska Women:

# A N D P E N S I O N S

### Background

Until recently, pension laws have failed to consider the needs of working women, the work patterns of most females or marriage as an economic partnership.

According to the Institute of Gerontology at the University of Michigan, 60 percent of workers vested in pension plans have selected options that will provide nothing for a surviving spouse, the net result being that older women reach the end of their resources long before they reach the end of their lives.

A recent study done at the federal level found that while 50 percent of all male workers were covered by a pension plan, only 31 percent of female workers were covered.

And in 1981, the U.S. Census Bureau estimated that the average private pension received by a man was \$4,152 a year as compared to \$2,427 received by a woman. The Census Bureau also reported:

- 60 percent of the U.S. population over 65 years are women.
- 72 percent of aged poor households consist of single women.
- 85 percent of single persons over 65 years who live below the poverty line are women.

### Private Pensions and Spouses

However, on August 9, 1984, Congress adopted amendments to the Employee Retirement Income Security Act (ERISA), ending a ten-year struggle for pension equity for women. The amendments affect all women who work in the private sector. Major provisions include:

- Requiring a spouse's written permission before an employee can waive survivor benefits;
- Payment of benefits to the spouse of a worker fully vested but who dies before reaching retirement age;
- Requiring that employees be allowed to participate in pension plans when they turn 21, lowered from age 25;
- Forbidding pension plans from counting a one-year maternity or paternity leave as a break in service when adding up the years needed to earn a pension;
- Specifying that state courts may divide up pension benefits in divorce proceedings;

- Limiting a company's freedom to change a pension plan so that employees are better protected from losing benefits they have accrued; and
- Allowing companies to give cash in lieu of pension to an employee who leaves before retirement, if the benefit is worth less than \$3,500.

### In Alaska

Amendments to ERISA could affect the 62 percent of women who work in the private sector. Since the balance of workers represented by local, state or federal pension plans are not affected by ERISA, those women may still face certain inequities. Although marriage should be recognized as an economic partnership, only 20 percent and 37 percent of those couples enrolled in the Public Employees Retirement System and the Teachers Retirement System respectively, have selected options that will provide benefits for a surviving spouse.

Legislation, supported by the Alaska Women's Commission, has been introduced to update the various public employees retirement systems. The proposed legislation would ensure that state and many municipal employees and their spouses are afforded similar benefits and protections as members of private pension plans receive. This legislation would have its biggest impact on women reaching retirement age.

According to the Older Alaskans Commission, in 1981 there were 3,793 women approaching retirement age. Now state officials believe a trend towards a growing elderly population is developing. The Older Alaskans Commission statistics also show that women tend to outlive their male counterparts. At age 70 and older, women outlive men, 45 percent to 55 percent. It is evident, by the growing older population and the longer life expectancy of women, that pension reform is of great importance. Here are some statistics.

- Women, 60 years and older, comprised 5 percent of the state's population and 34 percent of those people 60 years and older in 1980.
- The proportion of women over age 65 who head households has increased from 34 to 36 percent between 1960 and 1980.
- The median income for women age 65 years or older was \$4,702 in 1980 compared to \$7,741, the median income for men of the same age group.
- Of those women 65 years or older in 1980, approximately 13.4 percent lived in poverty.

### Sources:

A New Beginning for Older Alaskans: A Three-Year Statewide Plan, Older Alaskans Commission, July 1983

Alaska Women: A Databook, Alaska Women's Commission, July 1984

"Retirement and Pension Reform Research Report," Barbara Baker, Alaska Women's Commission, August 15, 1984

The President's Commission on Pension Policy, Washington, D.C.

Women's Pension Project, Pension Rights Center, Washington, D.C.

Older Women's League, Washington, D.C.

Alaska Women's Commission  
3501 C Street, Suite 742  
Anchorage, Alaska 99503  
(907) 561-4227

State Legislatures  
Feb 1985

# Pension inequities plague women who work for states

More women are part of the work force today than at any other time in our nation's history. Yet pension systems affect women not only as workers but also as wives, divorced spouses, and widows. In an effort to equalize some of the inequities and close the "gender gap" in private pension plans, Congress last year passed a pension reform bill.

But discrepancies still exist for state and local employees who are not regulated by federal law. For instance, in the past, women employees sometimes paid higher premiums and received lower monthly benefits than male employees, but two U.S. Supreme Court cases (*Los Angeles vs. Manhart*, 1978; and *Norris vs. State of Arizona*, 1983) struck down these practices.

Another problem concerns the survivor's annuity that is paid to the surviving spouse upon the death of a vested employee. Fewer than 40 percent of married pension participants choose joint and survivor annuity plans. Why? Because their monthly retirement benefits are reduced in order to allow benefits for the surviving spouse, but no one wants to live on reduced benefits. A "pop up" provision, which allows benefits to pop back up to the full amount if the protected spouse dies first, would resolve this problem. In addition, the spouse should be included in the decision to waive survivor's annuities. Requiring written consent of both partici-

pant and spouse to waive these benefits allows both parties to be aware of the options available to them.

Part-time workers are frequently in jobs traditionally lacking high pay, job security, advancement opportunities, and fringe benefits. In particular, most of them lack a pension plan. Women specifically, since they compose 61 percent of non-agricultural, part-time workers, are likely to experience the negative effects of part-time work. Prorating retirement and other fringe benefits would avert the penalties of a reduced workweek.

Women can be affected adversely by vesting requirements and breaks in service. The Bureau of Labor Statistics estimates that women leave and re-enter the work force more often than men. While men average 12.6 years of labor force involvement for every entry, women average only 6.1 years. These figures indicate that women are not likely to vest with a pension system that requires more than eight years to vest. Retirement credit is generally granted for continuous, uninterrupted service with an employer, and a break in service, for maternity leave, for example, prevents a woman from achieving her full entitlement of retirement benefits. An equitable plan would allow for authorized breaks such as illness, maternity leave, paternity leave, or military service.

Portability, which enables workers to transfer pension credits from job to job, is available in several state systems already, particularly for employees with teaching or military experience. Hawaii is one state with a system for all public workers. Social Security, of course, is the only universally portable pension system in the United States. Women, and others who move in and out of the labor force frequently, could benefit by portable pension plans that would protect them in the future.

In divorce actions, the state must first recognize pensions as a legitimate property right in order for a divorced spouse to be entitled to a pro rata share of the other spouse's pension. In all states, most divorce settlements are worked out between

the parties without court intervention. State laws are needed, though, for those instances when parties cannot reach agreement and the courts must decide.

In a related issue, the garnishment of pensions for alimony and child support, the courts have been divided — a good reason to have a strong state statute. Some courts, while ruling that pensions are exempt from garnishment by creditors, acknowledge that support of dependents is a somewhat different category from claims by ordinary creditors. Yet the same courts have ruled that legislation prohibiting garnishment by creditors is not arbitrary. Therefore, legislation is needed to address the specific issue of garnishment of pensions for alimony and child support.

Some state systems now coordinate Social Security benefits with the benefits provided by the pension plan so that the worker's total pension does not exceed the pre-retirement income. Because low wage earners receive proportionately higher benefits from Social Security, integrated plans provide proportionately higher benefits for higher earners. Integration can mean all workers retire with about the same percentage of their salaries as retirement income, but it can also mean that pension plan money has been redistributed away from lower paid workers, who are generally women. As pension costs become more of a legislative concern, integration of some type may become more prevalent in public plans.

Finally, the composition of the board of trustees controlling pension plan assets needs to change. Questions of conflict of interest arise when bankers and brokers, whose institutions handle the funds, sit on the boards. It is better to have a representative board that includes members from the sponsoring agency and the taxpayers. — *Mary Jane Galer and Mary E. Stakes*



Steven Gold is a senior fellow in NCSL's Fiscal Affairs Program; Jane Carroll is an assistant editor of *State Legislatures*; Mary Jane Galer, a Georgia state representative, and Mary E. Stakes, legislative research associate at the University of Georgia, are co-authors of a recently published study of women and state pensions. It explores in greater detail the issues outlined in this article.

Congresswoman  
Geraldine  
**FERRARO**  
**NEWS**

Ninth Congressional District

108-18 Queens Blvd.  
Forest Hills, N.Y. 11375  
(212) 793-8811

312 Cannon Bldg.  
Washington, D.C. 20515  
(202) 225-3965



THE RETIREMENT EQUITY ACT OF 1984 H.R. 4280

**INTRODUCTION:** On August 23, 1984, the President signed into law Rep. Geraldine A. Ferraro's private pension reform legislation. The Ferraro pension bill amends the Employee Retirement Income Security Act (ERISA). The pension changes will apply to both men and women, but they were crafted with an eye to modifying aspects of the private pension system which make it particularly difficult for women to qualify for retirement benefits.

RECEIVED  
SEP 1 1984

ALABAMA MEMBERS  
COMMISSION

PROVISIONS OF H.R. 4280:

WOMEN AS WIVES AND WIDOWS

I. The Retirement Equity Act requires written consent of both participant and spouse to waive survivor annuity option. (Currently, survivors' benefits are optional for the employee alone.)

\*\* For Example: In order for your husband to waive survivor benefits he needs your permission in writing.

II. The Retirement Equity Act specifies that decisions to waive pre-retirement survivor benefits be made after workers turn 35, and that decisions to forgo post-retirement survivor benefits be made within 90 days before pension payments begin.

\*\* For Example: Your husband must be 35 and have your permission in order to waive his pre-retirement survivor benefits. Your husband must make his decision to waive post-retirement survivor benefits with your permission during the three months before he retires.

III. The Retirement Equity Act requires payment of benefits to the spouse of a worker who was fully vested, even if that worker dies before the early retirement age, age 55, under ERISA. (Vested means that the employee has worked for the minimum years necessary to be eligible for a pension at retirement.)

\*\* For Example: If your husband dies at age 40 after working for 11 years, (and vesting occurs at 10 years) you are entitled to survivor benefits, which you would receive at the date he would have reached early retirement age.

IV. The Retirement Equity Act abolishes the ERISA provision allowing plans to deny widow's/widower's benefits if an otherwise qualified spouse dies within two years of choosing survivor benefits (if death is from natural causes).

\*\* For Example: If you and your husband opt for survivor benefits and he informs his employer, even if he dies a week afterward you are still eligible for survivor benefits.

V. The Retirement Equity Act permits assignment of pension benefits by state divorce courts in cases related to alimony, child support and marital property.

\*\* For Example: A court can award a woman the right to part of her ex-husband's pension in a divorce settlement.

WOMEN AS MOTHERS

VI. The Retirement Equity Act allows employees to take a year off for maternity or paternity leave, including leave to take care of an adopted child, without suffering a break in service for pension purposes.

\*\* For Example: If you had worked for five years, you could take a year off to have a baby, and then take an additional five years off. When you

returned, your first five years of work would count toward your vesting and pension benefits.

WOMEN AS WORKERS

VII. The Retirement Equity Act lowers the minimum participation age for private pension plans from age 25 to age 21. It also requires pension plans to count the years of employees' service from the time they turn 18, in calculating when they have worked long enough to be vested.

\*\* For Example: If you begin a job at 18, at 21 you are eligible to join the pension plan and are credited with three years towards vesting. But if you begin work at 18 and leave the company at 20, your two years do not count towards vesting even if you return to the company at a later date.

WHO IS AFFECTED BY THIS ACT?

VIII. The Retirement Equity Act applies to all plans not yet in existence. Beginning after December 31, 1984 the Act will apply to all plans already in existence. Where collective-bargaining agreements are involved the Act takes effect when the last collective-bargaining agreement pertaining to pensions terminates. This Act is not retroactive.

\*\* For Example: If you begin a job the day after the Act is enacted your pension plan must comply with the Act. If you are currently employed, have a pension plan, and are not yet collecting a pension your pension plan will have to comply with the Act beginning January 1, 1985. If your union has a contract with your employer which includes pension benefits, the Act will apply when the portion of the contract affecting pension benefits expires. The Act does not apply if you are already collecting a pension or if your husband waived survivor benefits and has died.

WORKING / 237

PROPOSED PENSION LEGISLATION

1. Current state law:

Sec. 39.35.330. Leave of absence. (a) A leave of absence with pay authorized by an employer will not be considered as interrupting employment. If the employee is a permanent part-time employee, credited service will be granted on a basis proportionate to that which would have been earned as a permanent full-time employee. (b) A leave of absence without pay which exceeds 10 working days in any calendar year or layoff status authorized by an employer will be considered as an interruption of employment and no credited service will be granted.

NEW HIRE  
 1/1/78  
 1/1/78  
 1/1/78

Intent of proposed change:

Add section on exceptions to credited service that would treat a leave of absence not to exceed 501 hours due to pregnancy, birth, adoption or certain child care as credited service whether the absence was in payed or unpaid status. Such a leave of absence should not be applied to the 10 day rule of leave without pay.

2. Current state laws:

Sec. 39.35.450. Joint and survivor option. (a) Benefits payable under this section are in place of benefits payable under AS 39.35.370. Upon filing an application with the administrator, an employee may designate his or her spouse or a dependent approved by the administrator as the contingent beneficiary. The benefit shall be determined in accordance with one of the following options elected:

(c) An employee may elect, change, or revoke an option without the approval of the administrator if his election, change, or revocation is filed in writing with the administrator before the effective date of his retirement.

(d) A member, including a deferred vested member, may, regardless of his age, elect a joint and survivor option any time before appointment to receive a retirement benefit.

Sec. 39.35.490. Designation of beneficiary. (a) Each employee shall designate the beneficiary or beneficiaries to whom benefits payable under this chapter as a consequence of the employee's death shall be distributed.

(b) The designation may be changed or revoked by the employee without notice to the beneficiary or beneficiaries at any time. If an employee designates more than one beneficiary, each shall share equally unless the employee specifies a different allocation or preference. The designation of a beneficiary and a change or revocation of a beneficiary shall be made on a form provided by the administrator and is not effective until filed with the administrator.

(c) If an employee fails to designate a beneficiary, or if no designated beneficiary survives the employee, the death benefit shall be paid (1) to his surviving spouse, or, if there is none surviving, (2) to his surviving children in equal parts or, if there is none surviving, (3) to his surviving parents in equal parts or, if there is none surviving, (4) to his estate.

Intent of proposed change:

Make survivor benefits for spouses automatic unless both the participant and the spouse consent in writing to waive it.

3. Current state law:

Sec. 39.35.500. Safeguard of employee funds held by the system. Employee contributions and other amounts held in the pension fund are exempt from Alaska state and local taxes. Amounts held on behalf of, or payable to, any employee or other person who is or may become eligible for benefits under the system are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before being received by the person entitled to the amount under the terms of the system. An attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of a right to amounts held under the system is void.

Intent of proposed change:

Indicate that the assignment of retirement benefits to satisfy judgements in divorce actions, child support or alimony payments does not result in prohibited assignment under the terms of the system.

4. Current state law:

Sec. 25.24.160. Judgement. In a judgement in an action for divorce or action declaring a marriage void or at any time after judgement, the court may provide:

(6) for the division between the parties of their property, whether joint or separate, acquired only during coverture, in the manner as may be just, and without regard to which of the parties is in fault; however, the court, in making the division, may invade the property of either spouse acquired before marriage when the balancing of the equities between the parties requires it; and to accomplish this end the judgement may require that one or both of the parties assign, deliver, or convey any of their real property to the other party.

Intent of proposed change:

Specify that pension and retirement benefits constitute property not otherwise encumbered by law.



STATE OF ALASKA

OFFICE OF THE GOVERNOR

ALASKA WOMEN'S COMMISSION

3601 C STREET - SUITE 742

ANCHORAGE, ALASKA 99503

RETIREMENT AND PENSION REFORM RESEARCH REPORT

(revised) March 1985

Background

Retirement age represents a time of economic uncertainty for most women whether they have worked outside the home or have spent most of their lives as homemakers. At age 65 most people experience a reduction in their income by 44 percent. As a group, older women's incomes are yet smaller since most exist only on Social Security benefits. Older women have the highest incidence of poverty in the state as well as in the nation. The median annual income for older women in Alaska is \$4,700 which is about one-half that for older Alaskan men.

Today more women work outside the home than ever before. In Alaska, 60 percent of all women aged sixteen and older are in the labor force. Sixty-two percent of those women work in the private sector with most of the remaining working in federal, state or local governments. Yet, according to a national survey covering private industry employment in 1979, only 31 percent of all women workers (including part-time workers) were covered by private retirement plans. (Alaskan data are not currently available.) Public sector employment covered by the state of Alaska's retirement plans (PERS, TRS, JRS, NGRS) provides coverage for all permanent employees of the state, participating local governments and the legislature. These systems include approximately 80 to 85 percent of the employment in state and local governments. The balance of local government employment is covered by private retirement plans if any is offered to an employee. Federal workers are covered by their own plan through the federal government. However, no data are currently available on federal retirement programs and participant characteristics for Alaska.

The number of employers offering retirement programs has continued to grow. However, coverage and vestment of women in these programs have not kept pace with men. Many factors contribute to the situation. Women are clustered in industries that are low paying and that offer few benefit programs for their employees. In Alaska, over 62 percent of working women are concentrated in low paying jobs such as clerical, sales and service. Women are also more likely to work part-time or on a temporary basis than men, consequently making vestment difficult to obtain. Sixty-two percent of all part-time work performed in Alaska is done by women.

Private and public retirement plans reward long term, steady employment and generally do not consider the working patterns of women. While women carry the responsibility of child bearing, they are often penalized by retirement plans when they take a leave of absence or break their service in order to provide necessary care for their families. For example, the state of Alaska allows nine weeks leave without pay for purposes of pregnancy or adoption. However, retirement credit stops after an employee exceeds 10 days of leave without pay, thus penalizing an employee who takes the necessary leave.

Rules guiding vestment in retirement plans have also limited many women's abilities to qualify for retirement benefits. In some cases, an employee who returns to work after a break in service may lose retirement credit for pre-break service. This is not a problem in the state's retirement plans, however. No service is lost unless an employee "cashes out" the benefit upon termination and does not repay it when the employee returns to work for the state.

The term of employment required in order to be eligible for vestment is often times extraordinarily long. National statistics indicate that men spend an average of 5.1 years with the current employer while women had spent only 3.3 years. Yet many private plans require 10 years of service before vestment and the state of Alaska's retirement plans require a minimum of 5 years.

Marriage is an economic partnership and the pension of the working partner is often one of the most valuable assets of a marriage. Yet, spouses who are homemakers or who have worked outside the home but never vested are not always entitled to an equitable share of retirement income based on their partner's careers. Survivor benefits are not automatic in either private or public retirement systems. A joint and survivor option must be selected in order for the spouse to be covered. According to a national survey, over 60 percent of all married private plan participants who retired in 1978 did not elect a joint and survivor option. In the state's retirement plans, PERS and TRS, only 20% and 37% respectively choose joint and survivor options. Since there is no requirement to inform a spouse of the retirement option chosen by the plan participant, many spouses are left unknowingly financially unprepared to face their retirement years. Nationally, only 10 percent of women aged 65 and older received income from private pensions or annuities in 1980.

Retirement and pension benefits are not always considered or included in the determination of marital assets during a divorce or dissolution action, although it may be the most valuable asset attained during a marriage. Recognizing that marriage is an economic partnership, pension benefits accrued during a marriage should be considered as joint property. Alaska statutes, however, contain no specific criteria for property settlements other than the requirement that they be "just and necessary."

Private pension plans and the state's retirement plans, PERS and TRS, have been protected by law from any type of assignment including the satisfying of marital property rights, spousal support and child support. Consequently, when marital property is divided during divorce, the courts can do nothing more than establish a value to retirement benefits and adjust for its value from others assets if they exist.

#### Changes in Federal Retirement and Pension Laws

On August 9, 1984 Congress passed amendments (H.R. 4280) to the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code of 1954. Known as the Retirement Equity Act of 1984, the purpose of the amendments is to improve the delivery of retirement benefits and provide for greater equity under private pension plans for workers and their spouses and dependents. The amendments took into account changes in work patterns, the status of marriage as an economic partnership, and the substantial contribution to that partnership of spouses who work both in and outside the home. Although the amendments are not as complete as the original package first sent to the House of Representatives, its impact can potentially affect 62 percent of the women who work in Alaska (private sector employment) and serve as a model to the state in examining its own retirement laws.

The Retirement Equity Act detailed seven significant areas of change to the federal law which affects private pensions. However, only two of these areas are of importance to the report since the state's retirement plans incorporate many of these changes in their current plan.

1. The Act requires pension plans to provide automatic survivor benefits and pre-retirement survivor benefits. A participant is given the right to waive survivor benefits only if consent is given in writing and is signed by the participant and the participant's spouse. Additionally, the bill established that a spouse who had been married for one year or more qualified under joint and survivor benefits.
2. The Act permits assignment of retirement benefits to satisfy marital property rights, child support or alimony payments pursuant to a state domestic relations law. The bill clarifies that such an order does not result in prohibited assignment under the spendthrift provisions of the Code or ERISA.

#### Proposed Changes to Alaska's Retirement Law

Acknowledgement by Congress of the need to provide greater equity under pension plans for workers, their spouses and dependents signals the need to review and improve State statutes affecting pensions. While the Retirement Equity Act covers all private retirement and pension

plans, state and local governments are not covered unless they purchase private plans. In Alaska, the state's retirement plans cover the majority of state and local government employment. These plans are considered to be very fair to the employee, however, with the passage of the Retirement Equity Act participants of the state's plans do not share the same protections and rights afforded under private sector pension plans. Inequities exist in two areas:

1. Joint and survivor benefits.

Current state law does not require a married participant to select survivor benefits nor is the participant required to inform the spouse that survivor benefits were selected.

Proposed change - Amend all appropriate sections in TRS, JRS, PERS to indicate that survivor benefits for spouses are automatic unless both the participant and spouse consent in writing to waive it.

2. Assignment of retirement benefits in domestic relations cases.

Current state law protects the Public Employees Retirement System (PE&S) and the Teachers Retirement System (TRS) from assignment for any purpose including the satisfying of marital property rights, child support or spousal support.

Proposed change - Amend sections of PERS and TRS to remove the prohibition of assignment only for the purposes of satisfying marital property rights, child support or spousal support.

A third shortcoming in the state's retirement plans relate to the loss of retirement credit due to pregnancy or adoption. Although this was not addressed in the final version of the Retirement Equity Act, the discriminatory situation created by the state's current leave without pay policy is obvious. While the state recognizes and supports the working parent by funding child care programs and providing up to nine weeks of leave without pay for the purposes of pregnancy or adoption, it penalizes any employee who takes over ten days of leave without pay by stopping the accrual of retirement credit. Working women are the primary group affected by this. They must choose between taking the necessary time off to care for their families and lose valuable retirement credit or risk neglect of their families in order to insure no loss to their retirement benefits.

Proposed change - Amend the leave without pay policies to allow an employee to purchase back up to nine weeks of retirement credit when the absence is due to pregnancy, birth, adoption or certain child care responsibilities.

# ALASKA WOMEN'S LOBBY

POST OFFICE BOX 10-1571, ANCHORAGE, ALASKA 99510

---

March 13, 1985

The Alaska Women's Lobby would like to express it's support for HB 237. Pension systems affect women not only as workers but also as wives, divorced spouses and widows.

Marriage is an economic partnership and there is a substantial contribution to that partnership of both spouses who work inside and outside of the home. Yet, spouses who are homemakers or who have worked outside the home but never vested in a retirement system due to breaks in service during their child bearing years, are not always entitled to an equitable share of retirement income based on their partners careers.

Only 20% of the married participants of the Public Employees Retirement System have chosen survivor benefits for their spouses. We do not know how many of these married participants have informed their spouses about this decision which affects their financial futures.

Many older persons face economic uncertainty and older women have the highest incidence of poverty in Alaska and in the nation. Older women in Alaska have only half the median annual income of older men.

We firmly believe that the spouse should be included in the decision to waive survivor's benefits. Requiring written consent of both the participant and the spouse to waive these benefits allows both parties to be aware of the options available to them.

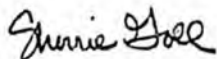
We are very supportive also of the protection afforded the rights of former spouses to retirement benefits in this proposed legislation. Pension benefits are sometimes the most valuable asset accrued during a marriage and should be considered as joint property to which both parties have an interest.

By waiving the prohibition of assignment for purposes of satisfying

marital property rights, spousal and child support we are recognizing that the support of dependents is a somewhat different category from claims by ordinary creditors.

The amendments to ERISA (Employee Retirement Income Security Act) are an acknowledgement by Congress of the need to provide greater equity under pension plans for workers, their spouses and dependents. These amendments affect all private sector pension plans.

HB 237 would ensure that state and many municipal employees and their spouses are afforded similar benefits and protections and we urge support of it's passage.



Sherrie Goll  
for the Alaska Women's Lobby

MAR 23 1985

Box 1031  
Petersburg, AK 99833  
March 20, 1985

M. Mike Miller, Chairman Judiciary Comm.  
Alaska State Legislature  
Pouch V (MS3100)  
Juneau, AK 99811

Dear Mike:

I understand that HB 237 is now in the judicial committee. I want to further clarify what I would like to see added to it.

The State of Alaska has no provision covering a change in Marital Status after retirement. The Federal Civil Service Commission covers this eventuality very well, and I would like to see their wording included in this bill.

I am enclosing a copy from the Federal.

Sincerely,

*Marjorie E. George*

A REMINDER FOR RETIRED EMPLOYEES ABOUT SURVIVOR BENEFITS FOR SPOUSES & RELATED HEALTH BENEFITS CHANGES

\*If you were married when you retired and elected an annuity with <sup>OUT</sup> survivor benefits, you cannot change that election.

This is the part that Alaska does not have, and I propose that it be added:

\*If you were married at the time of your retirement, elected a survivor benefit, and that marriage ended by death, divorce, or annulment, you may, if you remarry, provide a survivor benefit for that subsequent spouse. To do this, you must notify us in writing within one year from the date of your remarriage. The reduction in your annuity to cover the cost of this survivor benefit will take effect on the first day of the first month beginning one year after the date of your remarriage.

\*If you were not married at the time of your retirement, but later marry, you may be able to provide a survivor benefit for your spouse. To do this, you must notify us in writing within one year from the date of your marriage. Your annuity will be reduced to provide this benefit. The reduction will take effect the first day of the first month beginning one year after the date of your marriage.

\*If your annuity is being reduced to provide a survivor benefit, the reduction can be eliminated when your marriage ends through death, divorce or annulment. To have the reduction eliminated, you have to notify us in writing and send us proof (death certificate, divorce decree, etc.)

\*If you were not married at the time of your retirement and you provided a survivor benefit for someone who had an "insurable interest" in your continued well being, and that person should die, notify us in writing and send us proof of death. We will then eliminate the reduction in your annuity.

\*If you were not married at the time of your retirement and you elected to provide a survivor benefit for someone who had an "insurable interest" in your continued well being, but you later marry, you can eliminate the "insurable interest" survivor benefit and instead provide a survivor benefit for your spouse. To do this, you must notify us in writing within one year from the date of your marriage. The survivor benefit for your spouse and the appropriate adjustment of your annuity will be effective the first day of the first month beginning one year after the date of your marriage.

\*Health Benefits changes--If you want to change your health benefits coverage because of a change in your marital status, you must notify us in writing from 31 days to 60 days after the change in your marital status.

This is U.S. Office of Personnel Management form dated Jan. 1984.

Questions in another Federal benefit: What requirements must be met for the widow or widower of a deceased annuitant to receive a survivor annuity benefit?

Situation c: The annuitant was not married when retired, but married at some time after retirement. Requirements: 1. The annuitant must have elected, by written request, a reduced annuity with survivor benefit to spouse, and the request must have been received in the Commission within 1 year after marriage, and 2. the spouse must have been married to the annuitant for at least 1 year before death, or, if married less than 1 year, be the parent of a child of the marriage.

May the survivor annuity of a spouse, whose annuity was terminated because of remarriage before age 60, be restored if the remarriage is terminated by death, annulment, or divorce? Yes, however, before the original survivor annuity can be restored, the widow or widower must pay back any lump-sum benefit that was paid when the annuity terminated. Restoration becomes effective Oct. 1, 1978, or the first day of the month after the date the marriage was dissolved, whichever occurs later.

# ALASKA WOMEN'S LOBBY

POST OFFICE BOX 10-1571, ANCHORAGE, ALASKA 99510

---

April 10, 1985

The Alaska Women's Lobby would like to express it's support for the pension reform bills, HB 237 and HB 238. Pension systems affect women not only as workers but also as wives, divorced spouses and widows.

Marriage is an economic partnership and there is a substantial contribution to that partnership of both spouses who work inside and outside the home. Yet, spouses who are homemakers or who have worked outside the home but never vested in a retirement system due to breaks in service during their child bearing years, are not always entitled to an equitable share of retirement income based on their partners careers.

Only 20% of the married participants of the Public Employees Retirement System have chosen survivor benefits for their spouses. We do not know how many of these married participants have informed their spouses about this decision which affects their financial futures.

Many older persons face economic uncertainty and older women have the highest incidence of poverty in Alaska and in the nation. Older women in Alaska have only half the median income of older men.

We firmly believe that the spouse should be included in the decision to waive survivor benefits. Requiring written consent of both the participant and the spouse to waive these benefits allows both parties to be aware of the options available to them.

We are very supportive also of the protection afforded the rights of former spouses to retirement benefits in the proposed legislation. Pension benefits are sometimes the most valuable asset accrued during a marriage and should be considered as joint property to which both parties have an interest.

By waiving the prohibition of assignment for purposes of satisfying marital property rights, spousal and child support we are recognizing that the support of dependants is a somewhat different category from claims by ordinary creditors.

The amendments to ERISA (Employee Retirement Income Security Act) are an acknowledgement by Congress of the need to provide greater equity under pension plans for workers, their spouses and dependants. These amendments affect all private sector pension plans.

HB 237 would ensure that state and many municipal employees and their spouses are afforded similar benefits and protections.

The State of Alaska has recognized the needs of new parents by allowing maternity leave without pay for up to nine weeks.

Yet, women can be adversely effected by breaks in service for maternity leave because the state's retirement systems allow only 10 days of leave without pay before retirement credit stops accruing. Breaks in service can sometimes prevent a women from achieving her full entitlement of retirement benefits.

Allowing members to pay for the credited service lost as provided for in HB 238, is an equitable plan and would be consistent with state policy.

We urge the passage of both HB 237 and HB 238.