

COMMITTEE REPORT
SENATE

FURTHER:

5/2/86

Date 5/8/86

Mr. President

The Committee on Finance considered CSHB 237(Rls)
pension reform; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for CSHB 237(Jud)
- new title
- same title and recommends DO PASS
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
ENFC DOR
15.0 DOR
update
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

Paul Trick NPr

[Signature]
Chairman
Co - *[Signature]*
Chairman recommendation

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : SCS CSHB 237 (Jud)
 Title : Act relating to pension reform

Sponsor : Rules/Governor
 Requestor : Senate Finance
 Date of Request : May 10, 1986

FISCAL DETAIL

Agency Affected : All State Agencies
 BRU : PERS, JRS, TRS

Components : Elementary and Secondary Education, Labor Services

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89-	FY 90	FY 91
PERSONAL SERVICES	0	10.0	0	0	0	0
TRAVEL						
CONTRACTUAL						
SUPPLIES	0	5.0				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	15.0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND	0	15.0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	15.0	0	0	0	0

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY	0	2.0	0	0	0	0

ANALYSIS : Attach a separate page if necessary

Prepared by : _____
 Division : Senator Jan Faiks, Co-chairman
Senate Finance Committee

Phone : 465-4523
 Date : May 10, 1986

Approved by Commissioner : _____
 Agency : _____

Date : _____

Distribution (by Agency preparing fiscal note) :

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

A/B

STATE OF ALASKA, 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 237
Title: pension reform

FISCAL DETAIL

Agency Affected: Dept. of Administration
Program Category Affected: _____

Sponsor: Governor Sheffield BRU, Program or Subprogram(s) Affected: _____
Requestor: House Finance Committee
Date of Request: 4/22/85

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		0				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER		0				
TOTAL		0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

The cost of printing new forms and notifying members can be absorbed in the Department's FY 86 budget.

APA

Prepared By: Al Adams, Chair Phone: .465-3706
Division: House Finance Committee Date: 4/22/85

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

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

7/1/84

Offered: 5/2/86
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 237 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to pension reform; and providing for
7 an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 14.25.110(a) is amended to read:
10 (a) Subject to AS 14.25.167, a [A] member is eligible for a
11 normal retirement benefit if the member
12 (1) was first hired before July 1, 1975, has attained the
13 age of 55 years, and has at least 15 years of credited service, the
14 last five of which have been membership service;
15 (2) has attained the age of 55 years and has at least eight
16 years of membership service;
17 (3) has attained the age of 55 years, has at least five
18 years of membership service, and has at least three years of Alaska
19 BIA service;
20 (4) has at least 25 years of credited service, the last
21 five of which have been membership service;
22 (5) has at least 20 years of membership service; or
23 (6) has at least 20 years of combined membership service
24 and Alaska BIA service, the last five of which have been membership
25 service.
26 * Sec. 2. AS 14.25.110(b) is amended to read:
27 (b) Subject to AS 14.25.167, a [A] member is eligible for an
28 early retirement benefit upon completing any one of the service re-
29 quirements in (a)(1), (2), or (3) of this section and attaining the

1 age of 50 years.

2 * Sec. 3. AS 14.25.125(a) is amended to read:

3 (a) Subject to AS 14.25.167, a [A] member is eligible for a
4 normal retirement salary at age 55 with at least two years membership
5 service if the member also is eligible for a normal retirement benefit
6 under the public employees' retirement system (AS 39.35).

7 * Sec. 4. AS 14.25.125(b) is amended to read:

8 (b) Subject to AS 14.25.167, a [A] member is eligible for an
9 early retirement salary at age 50 with at least two years of member-
10 ship service if the member also is eligible for an early retirement
11 benefit under the public employees' retirement system (AS 39.35).

12 * Sec. 5. AS 14.25.150 is amended to read:

13 Sec. 14.25.150. REFUND UPON TERMINATION. (a) Except as pro-
14 vided in (b) of this section, a [A] terminated member is entitled to a
15 refund of the balance of the member contribution account. A member is
16 not entitled to a refund of supplemental contributions except as pro-
17 vided in AS 14.25.160(a).

18 * Sec. 6. AS 14.25.150 is amended by adding a new subsection to read:

19 (b) A member who is terminated and is a vested member, deferred
20 vested member, or who is entitled to benefits under AS 14.25.125, and
21 who is married at the time of application for a refund or whose rights
22 to a refund are subject to a qualified domestic relations order is
23 entitled to receive a refund of the balance of the member contribution
24 account only if the member's present spouse and each person entitled
25 under the order consent to the refund in writing on a form provided by
26 the administrator. The administrator may waive written consent from
27 the person entitled under the order if the administrator determines
28 that the person cannot be located or for other reasons established by
29 regulation. The administrator may waive written consent from the

1 spouse if the administrator determines that

2 (1) the member was not married to the spouse during any
3 period of the member's employment with an employer;

4 (2) the spouse has no rights to benefits under this chapter
5 because of the terms of a qualified domestic relations order;

6 (3) the spouse cannot be located;

7 (4) the member and spouse have been married for less than
8 two years and the member establishes that they are not cohabiting; or

9 (5) another reason established by regulation exists.

10 * Sec. 7. AS 14.25 is amended by adding a new section to read:

11 Sec. 14.25.153. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.

12 A former spouse shall be treated as a spouse or surviving spouse under
13 this chapter to the extent required by a qualified domestic relations
14 order. Rights under the order do not take effect until the order is
15 filed with the administrator.

16 * Sec. 8. AS 14.25.155(c) is amended to read:

17 (c) If the death of a vested member or deferred vested member
18 occurs and the proximate cause of death is not a bodily injury sus-
19 tained or hazard undergone while in the performance and within the
20 scope of the member's duties of employment, the surviving spouse may
21 elect to receive either the benefits described in (b) of this section
22 or a 50 percent joint and survivor option as provided under AS 14.25.-
23 167(a)(2) based on credited service to the date of the member's ter-
24 mination. If no spouse survives a vested or deferred vested member,
25 or if a person other than the spouse is designated as beneficiary in
26 accordance with AS 14.25.166, the administrator shall pay [,] the
27 designated beneficiary [SHALL BE PAID] the benefits described in
28 AS 14.25.160(b) and (c). Benefits accrue from the first day of the
29 month following the member's death and are payable the last day of the

1 month.

2 * Sec. 9. AS 14.25.157(a) is amended to read:

3 (a) If (1) the death of a member occurs before the member first
4 attains eligibility for normal retirement, and (2) the proximate cause
5 of death is a bodily injury sustained or hazard undergone while in the
6 performance and within the scope of the member's duties of employment,
7 and (3) the injury or hazard is not the proximate result of wilful
8 negligence on the part of the member, the administrator shall pay a
9 monthly survivor's pension equal to 40 percent of the member's base
10 salary at the time of termination of employment, divided by 12, [SHALL
11 BE PAID] to the member's surviving spouse. If there is no surviving
12 spouse, the administrator shall pay the monthly survivor's pension
13 [SHALL BE PAID] in equal parts to the dependent children of the mem-
14 ber. On the date the normal retirement of the member would have
15 occurred if the member had lived, monthly payments must [SHALL] equal
16 the monthly amount of the normal retirement benefit to which the mem-
17 ber, had the member lived and continued employment until the member's
18 normal retirement date, would have been entitled with an average base
19 salary as existed at the member's death and the credited service to
20 which the member would have been entitled. If the member does not
21 have a [NO SURVIVING] spouse or dependent children [EXIST] at the time
22 of death or if the member designates as beneficiary under AS 14.25.166
23 someone other than the surviving spouse or dependent childre:, the
24 administrator shall pay the member's designated beneficiary [SHALL BE
25 PAID] those benefits available to a beneficiary under AS 14.25.160(b)
26 and (c) and may not pay a [NO] benefit [WILL BE PAID] to the surviving
27 spouse or dependent children.

28 * Sec. 10. AS 14.25.166(a) is amended to read:

29 (a) Each member shall designate the beneficiary or beneficiaries

1 to whom the administrator shall distribute benefits payable under this
2 chapter as a consequence of the member's death. Notwithstanding a
3 previous designation of beneficiary, a person who is the spouse of a
4 member at the time of the member's death automatically becomes the
5 designated beneficiary if the spouse was married to the member during
6 part of the member's employment for an employer

7 (1) except to the extent a qualified domestic relations
8 order filed with the administrator provides for payment to a former
9 spouse or other dependent of the member; or

10 (2) unless the member filed a revocation of beneficiary
11 accompanied by a written consent to the revocation from the present
12 spouse and each person entitled under the order; however, consent of
13 the present spouse is not required if the member and the present
14 spouse had been married for less than two years on the date of the
15 member's death and if the member established when filing the revoca-
16 tion that the member and the present spouse were not cohabiting
17 [SHALL BE DISTRIBUTED].

18 * Sec. 11. AS 14.25.166(b) is amended to read:

19 (b) Except as provided in (a) of this section, the member may
20 change or revoke the [THE] designation [MAY BE CHANGED OR REVOKED BY
21 THE MEMBER] without notice to the beneficiary or beneficiaries at any
22 time. If a member designates more than one beneficiary, each shares
23 [SHALL SHARE] equally unless the member specifies a different allo-
24 cation or preference. The designation of a beneficiary, [AND] a
25 change or revocation of a beneficiary, and a consent to revocation of
26 a beneficiary shall be made on a form provided by the administrator
27 and is not effective until filed with the administrator.

28 * Sec. 12. AS 14.25.166 is amended by adding a new subsection to read:

29 (d) A person claiming entitlement to benefits payable under this

1 chapter as a consequence of a member's death shall provide the admin-
2 istrator with a marriage certificate, divorce or dissolution judgment,
3 or other evidence of entitlement. Documents establishing entitlement
4 may be filed with the administrator immediately after a change in the
5 member's marital status. If the administrator does not receive noti-
6 fication of a claim before the date 10 days after the member's death,
7 the person claiming entitlement is not entitled to receive from the
8 division of retirement and benefits any benefit already paid by the
9 administrator.

10 * Sec. 13. AS 14.25.167(a) is repealed and reenacted to read:

11 (a) Benefits payable under this section are in place of benefits
12 payable under AS 14.25.110, 14.25.125, 14.25.155, 14.25.157, 14.25.-
13 160, 14.25.162, or 14.25.164. Upon filing an application for retire-
14 ment with the administrator, or when a disabled member becomes eligi-
15 ble for normal retirement under AS 14.25.130(e), the member shall
16 designate the person who is the member's spouse at the time of ap-
17 pointment to retirement as the contingent beneficiary. However, if
18 the designation of the spouse is revoked under (c) of this section,
19 the member may designate a dependent approved by the administrator as
20 the contingent beneficiary or may take normal or early retirement
21 under AS 14.25.110 or 14.25.125. The administrator shall pay benefits
22 under the option elected by the member. The member may elect an
23 option that provides that

24 (1) the member is entitled to receive a reduced benefit
25 payable for life, and, after the member's death, the contingent ben-
26 eficiary is entitled to receive payments in the amount of 75 percent
27 of the reduced benefit for life;

28 (2) the member is entitled to receive a reduced benefit
29 payable for life, and, after the member's death, the contingent

1 beneficiary is entitled to receive payments in the amount of 50 per-
2 cent of the reduced benefit for life; or

3 (3) the member is entitled to receive a reduced benefit
4 payable during the joint lifetime of the member and the contingent
5 beneficiary, and, after the death of either the member or the contin-
6 gent beneficiary, the survivor is entitled to receive payments in the
7 amount of 66-2/3 percent of the reduced benefit for life.

8 * Sec. 14. AS 14.25.167(c) is amended to read:

9 (c) A member may elect or [,] change [, OR REVOKE] an option
10 without the approval of the administrator if the member's election or
11 [,] change [, OR REVOCATION] is filed in writing with the administra-
12 tor before the effective date of the member's retirement. A member
13 may revoke a joint and survivor option if the member files with the
14 administrator before the effective date of the member's retirement a
15 revocation and a consent to the revocation signed by the member's
16 present spouse and each person entitled to benefits under a qualified
17 domestic relations order on forms provided by the administrator. The
18 administrator may waive the requirement for written consent from

19 (1) a person entitled under the order if the person cannot
20 be located or for another reason established by regulation; or

21 (2) the spouse if

22 (A) the member is not married;

23 (B) the member was not married to the spouse during
24 any period of the member's employment with an employer;

25 (C) the spouse has no rights to the option because of
26 the terms of a qualified domestic relations order;

27 (D) the spouse cannot be located;

28 (E) the member and spouse have been married for less
29 than two years and the member establishes that they are not

1 cohabiting; or

2 (F) another reason is established under regulations of
3 the administrator.

4 * Sec. 15. AS 14.25.167 is amended by adding new subsections to read:

5 (f) The member and any person claiming to be a contingent bene-
6 ficiary shall file with the administrator a marriage certificate,
7 divorce or dissolution judgment, or other evidence necessary to deter-
8 mine the applicability of this section and the identity of any contin-
9 gent beneficiary.

10 (g) If the administrator determines, based on the affidavit of
11 the member and other evidence, that a member is eligible to elect a
12 form of payment other than a joint and survivor option under this
13 section, and no contrary evidence is presented to the administrator
14 within 60 days after the effective date of the member's retirement, no
15 claim under this section, made by a spouse or former spouse of the
16 member, may be paid if payment would result in an increase in actuari-
17 al liability to the system.

18 (h) If a member fails to elect an option under (a) of this
19 section and no effective revocation is filed with the administrator,
20 the member is considered to have elected the option provided in (a)(2)
21 of this section.

22 * Sec. 16. AS 14.25.168 is amended to read:

23 Sec. 14.25.168. MEDICAL BENEFITS. (a) Except as provided in
24 (c) of this section, the [THE] following persons are entitled to major
25 medical insurance coverage:

- 26 (1) a person receiving a monthly benefit from the system;
27 (2) the spouse of a person receiving a monthly benefit from
28 the system;
29 (3) a natural or adopted child of a person receiving a

1 monthly benefit, if the child is a dependent child as defined in
2 AS 14.25.220(12).

3 (b) Except as provided in (c) of this section, major [MAJOR]
4 medical insurance coverage takes effect on the same date as retirement
5 benefits begin and stops when the retired person or survivor is no
6 longer eligible to receive a monthly benefit. The coverage for per-
7 sons over age 65 is the same as that available for persons under age
8 65. The benefits payable to those persons age 65 or older supplement
9 any benefits provided under the federal old age, survivors and dis-
10 ability insurance program.

11 * Sec. 17. AS 14.25.168 is amended by adding a new subsection to read:

12 (c) Receipt under a qualified domestic relations order of a
13 monthly benefit from the system does not entitle a person or the
14 person's spouse or child to insurance coverage under (a) of this
15 section. However, a member's former spouse who receives a monthly
16 benefit under a qualified domestic relations order is entitled to
17 receive major medical insurance coverage if the former spouse

18 (1) elects the coverage within 60 days after the first
19 monthly benefit paid under the order is mailed first class or other-
20 wise delivered; and

21 (2) pays the premium established by the administrator for
22 the coverage.

23 * Sec. 18. AS 14.25.200(a) is amended to read:

24 (a) Benefits and other amounts held in the retirement fund on
25 behalf of the members are exempt from Alaska state and municipal taxes
26 and are not subject to anticipation, alienation, sale, transfer,
27 assignment, pledge, encumbrance, or charge of any kind, either volun-
28 tary or involuntary, before they are received by the person entitled
29 to the amount under the terms of the system, and any attempt to

1 anticipate, alienate, sell, transfer, assign, pledge, encumber, char-
2 ge, or otherwise dispose of any right to amounts accrued in the re-
3 tirement fund is void. However, a member's right to receive benefits
4 may be assigned under a qualified domestic relations order.

5 * Sec. 19. AS 14.25.220 is amended by adding a new paragraph to read:

6 (43) "qualified domestic relations order" means a divorce or
7 dissolution judgment under AS 25.24, including an order approving a
8 property settlement, that

9 (A) creates or recognizes the existence of an alter-
10 nate payee's right to, or assigns to an alternate payee the right
11 to, receive all or a portion of the benefits payable with respect
12 to a member;

13 (B) sets out the name and last known mailing address,
14 if any, of the member and of each alternate payee covered by the
15 order;

16 (C) sets out the amount or percentage of the member's
17 benefit, or of any survivor's benefit, to be paid to the alter-
18 nate payee, or sets out the manner in which that amount or per-
19 centage is to be determined;

20 (D) sets out the number of payments or period to which
21 the order applies;

22 (E) does not require any type or form of benefit or
23 any option not otherwise provided by this chapter;

24 (F) does not require an increase of benefits in excess
25 of the amount provided by this chapter, determined on the basis
26 of actuarial value; and

27 (G) does not require the payment, to an alternate
28 payee, of benefits that are required to be paid to another alter-
29 nate payee under another order previously determined to be a

1 qualified domestic relations order.

2 * Sec. 20. AS 22.25.030(b) is amended to read:

3 (b) To be eligible for the survivors' benefits, the surviving
4 spouse must have been married to the justice or judge for at least one
5 year [TWO YEARS] immediately preceding the death of the justice or
6 judge. The benefits continue until the remarriage or death of the
7 surviving spouse.

8 * Sec. 21. AS 22.25.030 is amended by adding a new subsection to read:

9 (f) The rights of a surviving spouse or dependent child under
10 this section are subject to the rights of a previous spouse or a
11 dependent under a qualified domestic relations order.

12 * Sec. 22. AS 22.25 is amended by adding a new section to read:

13 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
14 ORDER. A former spouse who was married to a justice or judge for at
15 least one year and who has not remarried shall be treated as a spouse
16 or surviving spouse under this chapter to the extent required by a
17 qualified domestic relations order. Rights under the order do not
18 take effect until the order is filed with the administrator.

19 * Sec. 23. AS 22.25.090(a) is amended to read:

20 (a) Except as provided in (d) of this section, the [THE] follow-
21 ing persons are entitled to major medical insurance coverage:

22 (1) a person receiving a monthly benefit under this chap-
23 ter;

24 (2) the spouse of a person receiving a monthly benefit
25 under this chapter;

26 (3) a natural or adopted child of a person receiving a
27 monthly benefit under this chapter, if the child is a dependent child
28 under (c) of this section.

29 * Sec. 24. AS 22.25.090(b) is amended to read:

1 (b) Except as provided in (d) of this section, major [MAJOR]
2 medical insurance coverage takes effect on the same date as retirement
3 benefits begin, and stops when the retired person or survivor is no
4 longer eligible to receive a monthly benefit. The coverage for per-
5 sons age 65 or older is the same as that available for persons under
6 65. The benefits payable to those persons age 65 or older supplement
7 any benefits provided under the federal old age, survivors, and dis-
8 ability insurance program.

9 * Sec. 25. AS 22.25.090 is amended by adding a new subsection to read:

10 (d) Receipt under a qualified domestic relations order of a
11 monthly benefit from the system does not entitle a person or the
12 person's spouse or child to insurance coverage under (a) of this
13 section. However, a member's former spouse who receives a monthly
14 benefit under a qualified domestic relations order is entitled to
15 receive major medical insurance coverage if the former spouse

16 (1) elects the coverage within 60 days after the first
17 monthly benefit paid under the order is mailed first class or other-
18 wise delivered; and

19 (2) pays the premium established by the administrator for
20 the coverage.

21 * Sec. 26. AS 22.25 is amended by adding a new section to read:

22 Sec. 22.25.900. DEFINITION. In this chapter, "qualified domes-
23 tic relations order" means a divorce or dissolution judgment under
24 AS 25.24, including an order approving a property settlement, that

25 (1) creates or recognizes the existence of an alternate
26 payee's right to, or assigns to an alternate payee the right to,
27 receive all or a portion of the benefits payable with respect to a
28 justice or judge;

29 (2) sets out the name and last known mailing address, if

1 any, of the justice or judge and of each alternate payee covered by
2 the order;

3 (3) sets out the amount or percentage of the justice's or
4 judge's benefit, or of any survivor's benefit, to be paid to the
5 alternate payee, or sets out the manner in which that amount or per-
6 centage is to be determined;

7 (4) sets out the number of payments or period to which the
8 order applies;

9 (5) does not require any type or form of benefit or any
10 option not otherwise provided by this chapter;

11 (6) does not require an increase of benefits in excess of
12 the amount provided by this chapter, determined on the basis of actu-
13 arial value;

14 (7) does not require the payment, to an alternate payee, of
15 benefits that are required to be paid to another alternate payee under
16 another order previously determined to be a qualified domestic rela-
17 tions order.

18 * Sec. 27. AS 25.24.160 is amended by adding a new subsection to read:

19 (b) If a judgment under this section distributes benefits to an
20 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
21 AS 39.35, the judgment must meet the requirements of a qualified
22 domestic relations order under the definition of that phrase that is
23 applicable to those provisions.

24 * Sec. 28. AS 25.24.230 is amended by adding a new subsection to read:

25 (g) If a judgment under this section distributes benefits to an
26 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
27 AS 39.35, the judgment must meet the requirements of a qualified
28 domestic relations order under the definition of that phrase that is
29 applicable to those provisions.

1 * Sec. 29. AS 26.05.224(d) is amended to read:

2 (d) Upon the death of an active member who has at least five
3 years service in the Alaska National Guard or Alaska Naval Militia or
4 a combination of these components, the member's designated beneficiary
5 is entitled to a lump sum benefit calculated in accordance with (b) of
6 this section. Upon the death of a former member who has at least 20
7 years service, the former member's designated beneficiary is entitled
8 to a lump sum benefit calculated in accordance with (b) of this sec-
9 tion less any retirement benefits previously paid. Except as provided
10 in (e) of this section, a [A] member may change or revoke the desig-
11 nation of a beneficiary without notice to the beneficiary at any time.
12 If a member designates more than one beneficiary, each shares [SHALL
13 SHARE] equally unless the member specifies a different allocation.
14 The member shall make a designation of a beneficiary or [AND] a change
15 or revocation of a beneficiary [SHALL BE MADE] on a form provided by
16 the Department of Military and Veterans' Affairs. It [AND] is not
17 effective until filed with the Department of Military and Veterans'
18 Affairs. If a member fails to designate a beneficiary or if no des-
19 ignated beneficiary survives the member, the department, except to the
20 extent provided otherwise in a qualified domestic relations order,
21 shall pay the death benefit under this subsection to the member's
22 surviving spouse or, if there is no spouse surviving, [SHALL BE PAID]
23 to the member's estate.

24 * Sec. 30. AS 26.05.224 is amended by adding new subsections to read:

25 (e) Notwithstanding any previous designation of beneficiary, the
26 spouse of a member at the time of the member's death automatically
27 becomes the designated beneficiary if the spouse was married to the
28 member during part of the member's service under this chapter

29 (1) except to the extent a qualified domestic relations

1 order provides for payment to a former spouse or other dependent of
2 the member; or

3 (2) unless the member files with the Department of Military
4 and Veterans' Affairs a revocation of beneficiary and a written con-
5 sent to the revocation signed by the present spouse and each person
6 entitled to benefits under the order on forms provided by the depart-
7 ment; however, consent of the present spouse is not required if the
8 member and the present spouse had been married for less than two years
9 on the date of the member's death and if the member established when
10 filing the revocation that the member and the spouse were not co-
11 habiting.

12 (f) A person claiming entitlement to any benefits payable under
13 this section shall provide the department with a marriage certificate,
14 divorce or dissolution decree, or other evidence of entitlement.
15 Documents showing entitlement may be filed with the department immedi-
16 ately after a change in the member's marital status. If the depart-
17 ment does not receive notification of a claim before the date 10 days
18 after the member's death, the person claiming entitlement to the
19 benefits is not entitled to receive from the Department of Adminis-
20 tration or Department of Military and Veterans' Affairs any benefit
21 already paid under this section.

22 * Sec. 31. AS 26.05.227 is amended by adding a new paragraph to read:

23 (4) "qualified domestic relations order" means a divorce or
24 dissolution judgment under AS 25.24, including an order approving a
25 property settlement, that

26 (A) creates or recognizes the existence of an alter-
27 nate payee's right to, or assigns to an alternate payee the right
28 to, receive all or a portion of the benefits payable with respect
29 to a member;

1 (B) sets out the name and last known mailing address,
2 if any, of the member and of each alternate payee covered by the
3 order;

4 (C) sets out the amount or percentage of the member's
5 benefit, or of any survivor's benefit, to be paid to the alter-
6 nate payee, or sets out the manner in which that amount or per-
7 centage is to be determined;

8 (D) sets out the number of payments or period to which
9 the order applies;

10 (E) does not require any type or form of benefit or
11 any option not otherwise provided by AS 26.05.222 - 26.05.228;

12 (F) does not require an increase of benefits in excess
13 of the amount provided by AS 26.05.222 - 26.05.228, determined on
14 the basis of actuarial value; and

15 (G) does not require the payment, to an alternate
16 payee, of benefits that are required to be paid to another alter-
17 nate payee under another order previously determined to be a
18 qualified domestic relations order.

19 * Sec. 32. AS 39.35.200(a) is amended to read:

20 (a) Except as provided in (c) of this section, an [AN] inactive
21 employee, not on leave-without-pay status or layoff status, is enti-
22 tled to receive a refund of the balance of the employee contribution
23 account.

24 * Sec. 33. AS 39.35.200 is amended by adding a new subsection to read:

25 (c) An employee who is terminated and is a vested employee,
26 deferred vested employee, or who is entitled to benefits under AS 39.-
27 35.385, and who is married at the time of application for a refund or
28 whose rights to a refund are subject to a qualified domestic relations
29 order is entitled to receive a refund of the balance of the employee

1 contribution account only if the employee's present spouse and each
2 person entitled under the order consent to the refund in writing on a
3 form provided by the administrator. The administrator may waive
4 written consent from the person entitled to benefits under the order
5 if the administrator determines that the person cannot be located or
6 for other reasons established by regulation. The administrator may
7 waive written consent from the spouse if the administrator determines
8 that

9 (1) the employee was not married to the spouse during any
10 period of the employee's employment with an employer;

11 (2) the spouse has no rights under this chapter because of
12 the terms of a qualified domestic relations order;

13 (3) the spouse cannot be located;

14 (4) the employee and spouse have been married for less than
15 two years and the member establishes that they are not cohabiting; or

16 (5) other reasons established by regulation exist.

17 * Sec. 34. AS 39.35.370(a) is amended to read:

18 (a) Subject to AS 39.35.450, a [A] terminated employee is elig-
19 ible for a normal retirement benefit

20 (1) at age 55 with at least five years credited service, or

21 (2) with at least 20 years of credited service as a peace
22 officer or fireman, or

23 (3) with at least 30 years of credited service for all
24 other employees.

25 * Sec. 35. AS 39.35.370(b) is amended to read:

26 (b) Subject to AS 39.35.450, a [A] terminated employee is elig-
27 ible for an early retirement benefit at age 50 with at least five
28 years credited service.

29 * Sec. 36. AS 39.35.385(a) is amended to read:

1 (a) Subject to AS 39.35.450, an [AN] employee is eligible for a
2 normal retirement benefit at age 55 with at least two years of cred-
3 ited service if the employee also is eligible for a normal retirement
4 salary under the teachers' retirement system (AS 14.25).

5 * Sec. 37. AS 39.35.385(b) is amended to read:

6 (b) Subject to AS 39.35.450, an [AN] employee is eligible for an
7 early retirement benefit at age 50 with at least two years of credited
8 service if the employee also is eligible for an early retirement sal-
9 ary under the teachers' retirement system (AS 14.25).

10 * Sec. 38. AS 39.35.420(c) is amended to read:

11 (c) If, under AS 39.35.490, a vested or deferred vested member
12 designates as beneficiary to receive nonoccupational benefits someone
13 other than the surviving spouse to whom the member has been married
14 for at least one year, the administrator shall pay [TO RECEIVE NON-
15 OCCUPATIONAL DEATH BENEFITS,] the designated beneficiary [SHALL BE
16 PAID]: (1) the balance of the deceased member's employee contribution
17 account; and (2) a lump-sum death benefit. The amount of the lump-sum
18 death benefit is \$100 times the years of credited service of the
19 deceased member plus \$1,000.

20 * Sec. 39. AS 39.35.430(f) is amended to read:

21 (f) If the death of an employee occurs from occupational causes
22 but no surviving spouse or dependent children exist at the time of the
23 death or if the employee designates as beneficiary under AS 39.35.490
24 someone other than the surviving spouse or dependent children, the
25 employee's designated beneficiary is entitled to receive those bene-
26 fits available to a beneficiary under AS 39.35.420(c) and no occupa-
27 tional death benefit will be paid to the surviving spouse or dependent
28 children. [IF THE DESIGNATED BENEFICIARY IS THE SURVIVING SPOUSE OR
29 DEPENDENT CHILDREN, THE BENEFICIARY SHALL RECEIVE THE BENEFIT

1 DESCRIBED IN (b) OF THIS SECTION.]

2 * Sec. 40. AS 39.35.440(b) is amended to read:

3 (b) Upon the death of a disabled employee who is receiving or is
4 entitled to receive an occupational disability benefit, the adminis-
5 trator shall pay the surviving spouse a surviving spouse's pension,
6 equal to 40 percent of the employee's monthly compensation at the
7 termination of employment because of occupational disability [SHALL BE
8 PAID TO THE SURVIVING SPOUSE]. If there is no surviving spouse, the
9 administrator shall pay the survivor's pension [SHALL BE PAID] in
10 equal parts to the dependent children of the employee. On the date
11 the normal retirement of the employee would have occurred if the
12 employee had lived, the administrator shall adjust the monthly pay-
13 ments to [SHALL] equal the monthly amount of the normal retirement
14 benefit to which the employee, had the employee lived and continued
15 employment until the employee's normal retirement date, would have
16 been entitled with an average monthly compensation as existed at death
17 and the credited service to which the employee would have been enti-
18 tled. If the death of an employee occurs from occupational causes but
19 no surviving spouse or dependent children exist at the time of the
20 death, or if the employee designates as beneficiary under AS 39.35.490
21 someone other than the surviving spouse or dependent children, the
22 administrator shall pay the employee's designated beneficiary [SHALL
23 BE PAID] those benefits available to a beneficiary under AS 39.35.-
24 420(c) and may not pay an [NO] occupational death benefit [WILL BE
25 PAID] to the surviving spouse or dependent children.

26 * Sec. 41. AS 39.35.450(a) is repealed and reenacted to read:

27 (a) Benefits payable under this section are in place of benefits
28 payable under AS 39.35.370, 39.35.385, and 39.35.460. Upon filing an
29 application with the administrator or when a disabled employee first

1 attains eligibility for normal retirement under AS 39.35.400(f) or
2 39.35.410(h), the employee shall designate the person who is the
3 employee's spouse at the time of appointment to retirement as the
4 contingent beneficiary. However, if the designation of the spouse is
5 revoked under (c) of this section, the employee may designate a depen-
6 dent approved by the administrator as the contingent beneficiary or
7 may take normal or early retirement under AS 39.35.370 or 39.35.385 or
8 a level income option under AS 39.35.460. The administrator shall pay
9 benefits under the option elected by the employee. The employee may
10 elect an option that provides that

11 (1) the employee is entitled to receive a reduced benefit
12 payable for life, and, after the employee's death, the contingent ben-
13 eficiary is entitled to payments in the amount of 75 percent of the
14 reduced benefit payable for life;

15 (2) the employee is entitled to receive a reduced benefit
16 payable for life, and, after the employee's death, the contingent
17 beneficiary is entitled to receive payments in the amount of 50 per-
18 cent of the reduced benefit payable for life;

19 (3) the employee is entitled to receive a reduced benefit
20 payable during the joint lifetime of the employee and the contingent
21 beneficiary, and, after the death of either the employee or the con-
22 tingent beneficiary, the survivor is entitled to receive payments in
23 the amount of 66-2/3 percent of the reduced benefit payable for life.

24 * Sec. 42. AS 39.35.450(c) is amended to read:

25 (c) An employee may elect or [,] change [, OR REVOKE] an option
26 without the approval of the administrator if the election or [,]
27 change [, OR REVOCATION] is filed in writing with the administrator
28 before the effective date of the employee's retirement. An employee
29 may revoke a joint and survivor option if the employee files with the

1 administrator before the effective date of the employee's retirement a
2 revocation and consent to the revocation signed by the employee's
3 present spouse and each person entitled to benefits under a qualified
4 domestic relations order on forms provided by the administrator. The
5 administrator may waive the requirement for written consent from

6 (1) a person entitled under the order if the person cannot
7 be located or for another reason established by regulation; or

8 (2) the spouse if

9 (A) the employee is not married;

10 (B) the employee was not married to the spouse during
11 any period of the employee's employment with an employer;

12 (C) the spouse has no rights to the option because of
13 the terms of a qualified domestic relations order;

14 (D) the spouse cannot be located;

15 (E) the employee and the spouse have been married for
16 less than two years and the employee establishes that they are
17 not cohabiting; or

18 (F) another reason is established under regulations of
19 the administrator.

20 * Sec. 43. AS 39.35.450 is amended by adding new subsections to read:

21 (f) The employee and any person claiming to be a contingent
22 beneficiary shall file with the administrator a marriage certificate,
23 divorce or dissolution judgment, or other evidence necessary to deter-
24 mine the applicability of this section and the identity of any contin-
25 gent beneficiary.

26 (g) If the administrator determines, based on the affidavit of
27 the employee and other evidence that an employee is eligible to elect
28 a form of payment other than a joint and survivor option under this
29 section, and no contrary evidence is presented to the administrator

1 within 60 days after the effective date of the employee's retirement,
2 no claim under this section, made by a spouse or former spouse of the
3 member, may be paid if payment would result in an increase in actuari-
4 al liability to the system.

5 (h) If an employee fails to elect an option under this section,
6 and if no effective revocation is filed with the administrator, the
7 employee is considered to have elected the option provided in (a)(2)
8 of this section.

9 * Sec. 44. AS 39.35 is amended by adding a new section to read:

10 Sec. 39.35.455. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.
11 A former spouse shall be treated as a spouse or surviving spouse to
12 the extent required by a qualified domestic relations order. Rights
13 under the order do not take effect until the order is filed with the
14 administrator.

15 * Sec. 45. AS 39.35.490 is amended to read:

16 Sec. 39.35.490. DESIGNATION OF BENEFICIARY. (a) Each employee
17 shall designate the beneficiary or beneficiaries to whom the adminis-
18 trator shall distribute benefits payable under this chapter as a
19 consequence of the employee's death. Notwithstanding a previous
20 designation of beneficiary, a person who is the spouse of an employee
21 at the time of the employee's death automatically becomes the desig-
22 nated beneficiary if the spouse was married to the employee during
23 part of the employee's employment for an employer

24 (1) except to the extent a qualified domestic relations
25 order filed with the administrator provides for payment to a former
26 spouse or other dependent of the employee; or

27 (2) unless the employee files a revocation of beneficiary
28 accompanied by a written consent to the revocation signed by the
29 present spouse and each person entitled under the order; however,

1 consent of the present spouse is not required if the member and the
2 present spouse had been married for less than two years on the date of
3 the member's death and if the member established when filing the
4 revocation that the member and the present spouse were not cohabiting
5 [SHALL BE DISTRIBUTED].

6 (b) Except as provided in (a) of this section, the [THE] desig-
7 nation may be changed or revoked by the employee without notice to the
8 beneficiary or beneficiaries at any time. If an employee designates
9 more than one beneficiary, each shares [SHALL SHARE] equally unless
10 the employee specifies a different allocation or preference. The
11 designation of [A] beneficiary, [AND] a ct or revocation of a
12 beneficiary, or a consent to a revocation of a beneficiary shall be
13 made on a form provided by the administrator and is not effective
14 until filed with the administrator.

15 (c) If an employee fails to designate a beneficiary, or if no
16 designated beneficiary survives the employee, the administrator shall
17 pay the death benefit [SHALL BE PAID]

18 (1) to the surviving spouse or, if there is none surviving,

19 (2) to the surviving children in equal parts or, if there
20 is none surviving,

21 (3) to the surviving parents in equal parts or, if there is
22 none surviving,

23 (4) to the employee's estate.

24 * Sec. 46. AS 39.35.490 is amended by adding a new subsection to read:

25 (d) A person claiming entitlement to benefits payable under this
26 chapter as a consequence of an employee's death shall provide the
27 administrator with a marriage certificate, divorce or dissolution
28 decree, or other evidence of entitlement. Documents establishing
29 entitlement may be filed with the administrator immediately after a

1 change in the employee's marital status. If the administrator does
2 not receive notification of a claim before the date 10 days after the
3 employee's death, the person claiming entitlement to the benefits is
4 not entitled to receive from the division of retirement and benefits
5 any benefit already paid by the administrator.

6 * Sec. 47. AS 39.35.500 is amended to read:

7 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
8 Employee contributions and other amounts held in the pension fund are
9 exempt from Alaska state and local taxes. Amounts held on behalf of,
10 or payable to, any employee or other person who is or may become
11 eligible for benefits under the system are not subject to anticipa-
12 tion, alienation, sale, transfer, assignment, pledge, encumbrance, or
13 charge of any kind, either voluntary or involuntary, before being
14 received by the person entitled to the amount under the terms of the
15 system. An attempt to anticipate, alienate, sell, transfer, assign,
16 pledge, encumber, charge, or otherwise dispose of a right to amounts
17 held under the system is void. However, an employee's right to re-
18 ceive benefits may be assigned under a qualified domestic relations
19 order.

20 * Sec. 48. AS 39.35.535 is amended to read:

21 Sec. 39.35.535. MEDICAL BENEFITS. (a) Except as provided in
22 (c) of this section, the [THE] following persons are entitled to major
23 medical insurance coverage:

- 24 (1) a person receiving a monthly benefit from the system;
25 (2) the spouse of a person receiving a monthly benefit from
26 the system;
27 (3) a natural or adopted child of a person receiving a
28 monthly benefit from the system, if the child is a dependent child
29 under AS 39.35.680(11).

1 (b) Except as provided in (c) of this section, major [MAJOR]
2 medical insurance coverage takes effect on the same date as retirement
3 benefits begin, and stops when the retired employee or survivor is no
4 longer eligible to receive a monthly benefit. The coverage for per-
5 sons age 65 or older is the same coverage available for a person under
6 65. The benefits payable to those persons age 65 or older supplement
7 any benefits provided under the federal old age, survivors and dis-
8 ability insurance program.

9 * Sec. 49. AS 39.35.535 is amended by adding a new subsection to read:

10 (c) Receipt under a qualified domestic relations order of a
11 monthly benefit from the system does not entitle a person or the
12 person's spouse or child to insurance coverage under (a) of this
13 section. However, a member's former spouse who receives a monthly
14 benefit under a qualified domestic relations order is entitled to
15 receive major medical insurance coverage if the former spouse

16 (1) elects the coverage within 60 days after the first
17 monthly benefit paid under the order is mailed first class or other-
18 wise delivered; and

19 (2) pays the premium established by the administrator for
20 the coverage.

21 * Sec. 50. AS 39.35.680 is amended by adding a new paragraph to read:

22 (40) "qualified domestic relations order" means a divorce
23 or dissolution judgment under AS 25.24, including an order approving a
24 property settlement, that

25 (A) creates or recognizes the existence of an alter-
26 nate payee's right to, or assigns to an alternate payee the right
27 to, receive all or a portion of the benefits payable with respect
28 to an employee;

29 (B) sets out the name and last known mailing address,

1 if any, of the employee and of each alternate payee covered by
2 the order;

3 (C) sets out the amount or percentage of the employ-
4 ee's benefit, or of any survivor's benefit, to be paid to the
5 alternate payee, or sets out the manner in which that amount or
6 percentage is to be determined;

7 (D) sets out the number of payments or period to which
8 the order applies;

9 (E) does not require any type or form of benefit or
10 any option not otherwise provided by this chapter;

11 (F) does not require an increase of benefits in excess
12 of the amount provided by this chapter, determined on the basis
13 of actuarial value; and

14 (G) does not require the payment to an alternate payee
15 of benefits that are required to be paid to another alternate
16 payee under another order previously determined to be a qualified
17 domestic relations order.

18 * Sec. 51. Notwithstanding former AS 39.37.060(b), the surviving spouse
19 of an elected public officer who has retirement rights under the Elected
20 Public Officers Retirement System is eligible for survivors' benefits under
21 former AS 39.37.060 if the surviving spouse was married to the elected
22 public officer for at least one year immediately preceding the death of the
23 elected public officer. The benefits continue until the remarriage or
24 death of the surviving spouse.

25 * Sec. 52. Within 90 days after the effective date of this section, the
26 Department of Administration shall publish notice of the provisions of this
27 Act in the regularly published newsletters of the division of retirement
28 and benefits and in newspapers of general distribution in each judicial
29 district of the state, and shall make available the forms necessary to

1 implement this Act.

2 * Sec. 53. Section 52 of this Act takes effect immediately in accor-
3 dance with AS 01.10.070(c).

4 * Sec. 54. Sections 1 - 51 of this Act take effect January 1, 1987.

Sectional Analysis of SCS CSHB 237(Jud)

Sec. 1. Amends AS 14.25.110(a). Makes eligibility for a normal teacher's retirement benefit subject to the requirements of amended AS 14.25.167. See secs. 13-15.

Sec. 2. Amends AS 14.25.110(b). Makes eligibility for an early teacher's retirement benefit subject to the requirements of amended AS 14.25.167. See secs. 13-15.

Sec. 3. Amends AS 14.25.125(a). Makes a teacher's eligibility for a normal conditional service retirement benefit subject to the requirements of amended AS 14.25.167. See secs. 13-15.

Sec. 4. Amends AS 14.25.125(b). Makes a teacher's eligibility for an early conditional service retirement benefit subject to the requirements of amended AS 14.25.167. See secs. 13-15.

Sec. 5. Amends AS 14.25.150. Makes current provisions into subsection (a); makes terminated teacher's entitlement to refund of contribution account subject to provisions of new AS 14.25.150(b). See sec. 6.

Sec. 6. Amends AS 14.25.150. Adds new subsection (b) that makes terminated teacher's entitlement to refund of contribution account subject to consent of the teacher's spouse and of each person entitled to benefits under a "qualified domestic relations order" if the teacher is vested, deferred vested, or entitled to a conditional service retirement benefit. Consent of the spouse may be waived by the administrator if the teacher was not married to the spouse during the teacher's employment with an employer; if the spouse has no rights to benefits under AS 14.25 because of the terms of a qualified domestic relations order (see sec. 19); if the spouse cannot be located; if the member and spouse have been married for less than two years and the member establishes that they are not cohabiting; or for other reasons established by regulation.

Sec. 7. Amends AS 14.25. Adds a new section 14.25.153 which establishes right of a person to be treated as a spouse or surviving spouse to the extent required by a qualified domestic relations order. See sec. 19. Provides that the person's rights do not take effect until the order is filed with the administrator.

Sec. 8. Amends AS 14.25.155(c). Makes teacher's designation of person other than spouse as beneficiary for nonoccupational death benefits subject to requirements of amended AS 14.25.166. See secs. 10-12.

Sec. 9. Amends AS 14.25.157(a). Makes teacher's designation of person other than spouse as beneficiary for occupational death benefits subject to requirements of amended AS 14.-25.166. See secs. 10-12.

Sec. 10. Amends AS 14.25.166(a). Makes teacher's spouse at time of death automatically the teacher's designated beneficiary for death benefits, unless the spouse was not married to the teacher during a period of the teacher's employment with an employer. The spouse is the automatic designated beneficiary except to the extent that a qualified domestic relations order requires payment to a former spouse or dependent of the teacher. The designation of the present spouse as beneficiary can be revoked if the spouse consents in writing to revocation. Consent of the present spouse is not required if the member and the present spouse have been married for less than two years on the date of the member's death and if the member established when filing the revocation that the member and spouse were not cohabiting. A person's entitlement under a qualified domestic relations order can be revoked if the person consents in writing to revocation.

Sec. 11. Amends AS 14.25.166(b). Makes teacher's right to revoke beneficiary subject to requirements of amended AS 14.25.166(a). See sec. 10.

Sec. 12. Amends AS 14.25.166. Adds new subsection (d) that requires persons who claim entitlement to death benefits under AS 14.25 to provide the administrator with evidence of entitlement, such as a marriage certificate, divorce or dissolution judgment, or other evidence. Marriage certificates and divorce or dissolution decrees may be filed with the administrator immediately after the the teacher is married or divorced. A person who claims entitlement to death benefits under AS 14.25 is not entitled to receive from the division of retirement and benefits any death benefits already paid by the administrator if the administrator does not receive notification of a claim before 10 days after the teacher's death.

Sec. 13. AS 14.25.167(a) is repealed and reenacted. The new provisions of AS 14.25.167(a) require a teacher who retires or becomes eligible for retirement under AS 14.25.130(e) to designate his or her spouse as the contingent beneficiary for a joint and survivor benefit, unless the designation is revoked under AS 14.25.167(c). See sec. 14. If the designation is revoked, the teacher may choose normal or early retirement benefits under AS 14.25.110 or 14.25.125.

Sec. 14. Amends AS 14.25.167(c). Permits a teacher to

revoke a joint and survivor option only by filing a revocation and a written consent to the revocation signed by the teacher's spouse and each person entitled to benefits under a qualified domestic relations order. See sec. 19. The administrator may waive the requirement of written consent from a person entitled under a qualified domestic relations order if the person cannot be located or for other reasons established by regulation. The administrator may waive the requirement of written consent to the revocation by the present spouse if if the teacher is not married, if the teacher was not married to the spouse during any period of the teacher's employment with an employer, if the spouse has no right to be contingent beneficiary because of the terms of a qualified domestic relations order, if the spouse cannot be located, if the teacher and the spouse were married for less than two years and the teacher establishes that they are not cohabiting, or for other reasons established by regulation.

Sec. 15. Amends AS 14.25.167. Adds a new subsection (f) which requires the teacher and any person who claims to be a contingent beneficiary to file with the administrator evidence necessary to determine the identity of any contingent beneficiary. New subsection (g) limits the liability of the Teachers' Retirement System if the administrator determines that a teacher may choose a benefit other than a joint and survivor option and no contrary evidence is presented to the administrator within 60 days after the teacher's retirement. Under those circumstances, no claim of a spouse or former spouse may be paid if payment would result in an increase in actuarial liability to the system. Under new subsection (h), if the teacher fails to specify which of the three joint and survivor options is elected, the 50 percent option provided in AS 14.25.167(a)(2) is considered elected.

Sec. 16. Amends AS 14.25.168(a) and (b). Provides that persons are entitled to major medical insurance coverage except as provided in new subsection (c). See sec. 17.

Sec. 17. Amends AS 14 25.168. Adds a new subsection (c) that provides that receipt of a monthly benefit under a qualified domestic relations order does not entitle a person or the person's spouse to major medical insurance coverage. Allows a former spouse who receives a monthly benefit from the system under a qualified domestic relations order to receive the insurance coverage if he or she elects the coverage within 60 days after the first monthly benefit is paid under the order and pays the premium established by the administrator for the coverage. This section was added to the bill in the Senate Judiciary Committee to clarify that the bill is not intended to provide insurance coverage to persons who are not presently entitled to that

coverage without paying a premium. The section is necessary to insure the zero fiscal impact of the bill.

Sec. 18. Amends AS 14.25.220(a). Provides that a teacher's right to receive benefits under AS 14.25 may be assigned under a qualified domestic relations order. See sec. 19. Under current law, benefits are not assignable.

Sec. 19. Amends AS 14.25.220. Adds a new paragraph (43), defining "qualified domestic relations order." A qualified domestic relations order is a divorce or dissolution judgment, including an order approving a property settlement, that recognizes the right of an alternate payee to receive a portion or all of a benefit payable with respect to a teacher. The order must set out the names and addresses of each alternate payee covered by the order. It must set out the amount or percentage (or manner of determining the amount or percentage) of any benefit to be paid to the alternate payee and the number of payments or period to which the order applies.

A qualified domestic relations order may not require any type or form of benefit or option not otherwise provided by AS 14.25, nor may it require an increase, based on actuarial value, of benefits in excess of the amount provided by AS 14.25. A qualified domestic relations order may not require the payment to an alternate payee of benefits that are required to be paid to another alternate payee under an order previously determined to be a qualified domestic relations order.

Sec. 20. Amends AS 22.25.030(b). Reduces from two to one the number of years a spouse must have been married to a judge for the spouse to be eligible for a survivor's benefit under the Judicial Retirement System (JRS).

Sec. 21. Amends AS 22.25.030. Adds a new subsection (f) providing that the rights of a surviving spouse or dependent to JRS survivors' benefits are subject to the rights of a previous spouse or a dependent under a qualified domestic relations order. See sec. 26.

Sec. 22. Amends AS 22.25. §adds a new section 22.25.035 which provides that a person who was married to a judge for at least one year and has not remarried may be treated as a spouse or surviving spouse to the extent required by a qualified domestic relations order. See sec. 26.

Sec. 23. Amends AS 22.25.090(a). Provides that persons are entitled to major medical insurance coverage except as

provided in new subsection (c). See sec. 25.

Sec. 24. Amends AS 22.25.090(b). Provides that persons are entitled to major medical insurance coverage except as provided in new subsection (c). See sec. 25.

Sec. 25. Amends AS 22.25.090. Adds a new subsection (d) that provides that receipt of a monthly benefit under a qualified domestic relations order does not entitle a person or the person's spouse to major medical insurance coverage. Allows a former spouse who receives a monthly benefit from the system under a qualified domestic relations order to receive the insurance coverage if he or she elects the coverage within 60 days after the first monthly benefit is paid under the order and pays the premium established by the administrator for the coverage. This section was added to the bill in the Senate Judiciary Committee to clarify that the bill is not intended to provide insurance coverage to persons who are not presently entitled to that coverage without paying a premium. The section is necessary to insure the zero fiscal impact of the bill.

Sec. 26. Amends AS 22.25. Adds a new section 22.25.-900, defining "qualified domestic relations order." See sec. 19.

Sec. 27. Amends AS 25.24.160. Adds a new subsection (b), providing that, in order to distribute Teachers', Judicial, Public Employees' or Alaska National Guard and Naval Militia retirement or death benefits to an alternate payee, a divorce judgment must meet the requirements of a qualified domestic relations order. See secs. 19, 26, 31, 50.

Sec. 28. Amends AS 25.24.230. Adds a new subsection (g), providing that, in order to distribute Teachers', Judicial, Public Employees' or Alaska National Guard and Naval Militia retirement or death benefits to an alternate payee, a divorce judgment must meet the requirements of a qualified domestic relations order. See secs. 19, 26, 31, 50.

Sec. 29. Amends AS 26.05.224(d). Makes Alaska National Guard or Naval Militia member's right to revoke designation of spouse as beneficiary for death benefits subject to requirements of new AS 26.05.224(e). See sec. 30. If no beneficiary is designated or if the designated beneficiary does not survive the member, the Department of Military and Veterans' Affairs is required to pay the death benefit to the member's surviving spouse, except as required by a qualified domestic relations order. See sec. 31.

Sec. 30. Amends AS 26.05.224. A new subsection (e) is added which makes an Alaska National Guard or Naval Militia member's spouse at time of death automatically the member's designated beneficiary for death benefits, unless the spouse was not married to the member during a period of the member's service. The spouse is the automatic designated beneficiary except to the extent that a qualified domestic relations order requires payment to a former spouse or dependent of the member. The designation of the present spouse as beneficiary can be revoked if the spouse consents in writing to revocation. Consent of the present spouse is not required if the member and the present spouse have been married for less than two years on the date of the member's death and if the member established when filing the revocation that the member and spouse were not cohabiting. A person's entitlement under a qualified domestic relations order can be revoked if the person consents in writing to revocation. A new subsection (f) requires persons who claim entitlement to death benefits under AS 26.05.224 to provide the department with evidence of entitlement, such as a marriage certificate, divorce or dissolution judgment, or other evidence. Marriage certificates and divorce and dissolution judgments may be filed with the department immediately after the member is married or divorced. A person who claims entitlement to death benefits under AS 26.05.224 is not entitled to receive from the Departments of Administration or Military and Veterans' Affairs any death benefits already paid by the department if the department does not receive notification of a claim before 10 days after the member's death.

Sec. 31. Amends AS 26.05.227. Adds a new paragraph (4), defining "qualified domestic relations order." See sec. 19.

Sec. 32. Amends AS 39.35.220(a). Makes terminated vested employees' right to receive refund of contribution account subject to requirements of new AS 39.35.220(c). See sec. 33.

Sec. 33. Amends AS 39.35.200. Adds new subsection (c) that makes terminated employee's entitlement to refund of contribution account subject to consent of the employee's spouse and of each person entitled to benefits under a "qualified domestic relations order" if the employee is vested, deferred vested, or entitled to a conditional service retirement benefit. Consent of the spouse may be waived by the administrator if the employee was not married to the spouse during the employee's employment with an employer; if the spouse has no rights to benefits under AS 39.35 because of the terms of a qualified domestic relations order (see sec. 50); if the spouse cannot be located; if the member and spouse have been married for less than two years and the member establishes that they are not cohabiting; or for other rea-

sons established by regulation.

Sec. 34. Amends AS 39.35.370(a). Makes employee's eligibility for a normal retirement benefit subject to the requirements of amended AS 39.35.490. See sec. 41-43.

Sec. 35. Amends AS 39.35.370(b). Makes employee's eligibility for an early retirement benefit subject to the requirements of amended AS 39.35.490. See secs. 41-43.

Sec. 36. Amends AS 39.35.385(a). Makes employee's eligibility for a normal conditional service retirement benefit subject to the requirements of amended AS 39.35.490. See secs. 41-43.

Sec. 37. Amends AS 39.35.385(b). Makes employee's eligibility for an early conditional service retirement benefit subject to the requirements of amended AS 39.35.490. See secs. 41-43.

Sec. 38. Amends AS 39.35.420(c). Makes employee's designation of beneficiary other than spouse for nonoccupational death benefits subject to the requirements of amended AS 39.35.-490. See sec. 45.

Sec. 39. Amends AS 39.35.430(f). Makes employee's designation of beneficiary other than spouse for occupational death benefits subject to the requirements of amended AS 39.35.-490. See sec. 45.

Sec. 40. Amends AS 39.35.440(b). Makes employee's designation of beneficiary other than spouse for benefits upon death of employee after occupational disability subject to the requirements of amended AS 39.35.490. See sec. 45.

Sec. 41. AS 39.35.450(a) is repealed and reenacted. The new provisions of the section require an employee who retires or becomes eligible for retirement under AS 39.35.400(f) or 39.35.-410(h) to designate his or her spouse as the contingent beneficiary for a joint and survivor benefit, unless the designation is revoked under AS 39.35.450(c). See sec. 42. If the designation is revoked, the employee may choose normal or early retirement benefits under AS 39.35.370 or 39.35.385 or a level income option under AS 39.35.460.

Sec. 42. Amends AS 39.35.450(c). Permits an employee to revoke a joint and survivor option only by filing a revocation and a written consent to the revocation signed by the employee's

spouse and each person entitled to benefits under a qualified domestic relations order. See sec. 50. The administrator may waive the requirement of written consent from a person entitled under a qualified domestic relations order if the person cannot be located or for other reasons established by regulation. The administrator may waive the requirement of written consent to the revocation by the present spouse if if the employee is not married, if the employee was not married to the spouse during any period of the employee's employment with an employer, if the spouse has no right to be contingent beneficiary because of the terms of a qualified domestic relations order, if the spouse cannot be located, if the employee and the spouse were married for less than two years and the employee establishes that they are not cohabiting, or for other reasons established by regulation.

Sec. 43. Amends AS 39.35.450. Adds a new subsection (f) which requires the employee and any person who claims to be a contingent beneficiary to file with the administrator evidence necessary to determine the identity of any contingent beneficiary. New subsection (g) limits the liability of the Public Employees' Retirement System if the administrator determines that an employee may choose a benefit other than a joint and survivor option and no contrary evidence is presented to the administrator within 60 days after the employee's retirement. Under those circumstances, no claim of a spouse or former spouse may be paid if payment would result in an increase in actuarial liability to the system. Under new subsection (h), if the employee fails to specify which of the three joint and survivor options is elected, the 50 percent option provided in AS 39.35.450(a)(2) is considered elected.

Sec. 44. Amends AS 39.35. Adds a new section 39.35.-455 which establishes right of a person to be treated as a spouse or surviving spouse to the extent required by a qualified domestic relations order. See sec. 50. Provides that the person's rights do not take effect until the order is filed with the administrator.

Sec. 45. Amends AS 39.35.490. Makes employee's spouse at time of death automatically the teacher's designated beneficiary for death benefits, unless the spouse was not married to the employee during a period of the employee's employment with an employer. The spouse is the automatic designated beneficiary except to the extent that a qualified domestic relations order requires payment to a former spouse or dependent of the employee. The designation of the present spouse as beneficiary can be revoked if the spouse consents in writing to revocation. Consent of the present spouse is not required if the employee and the

present spouse have been married for less than two years on the date of the employee's death and if the employee established when filing the revocation that the employee and spouse were not cohabiting. A person's entitlement under a qualified domestic relations order can be revoked if the person consents in writing to revocation.

Sec. 46. Amends AS 39.35.490. Adds new subsection (d) that requires persons who claim entitlement to death benefits under AS 39.35 to provide the administrator with evidence of entitlement, such as a marriage certificate, divorce or dissolution judgment, or other evidence. Marriage certificates and divorce or dissolution decrees may be filed with the administrator immediately after the the employee is married or divorced. A person who claims entitlement to death benefits under AS 39.35 is not entitled to receive from the division of retirement and benefits any death benefits already paid by the administrator if the administrator does not receive notification of a claim before 10 days after the employee's death.

Sec. 47. Amends AS 39.35.500. Provides that an employee's right to receive benefits under AS 39.35 may be assigned under a qualified domestic relations order. See sec. 50.

Sec. 48. Amends AS 39.35.550. Provides that persons are entitled to major medical insurance coverage except as provided in new subsection (c). See sec. 49.

Sec. 49. Amends AS 39.35.535. Adds a new subsection (c) that provides that receipt of a monthly benefit under a qualified domestic relations order does not entitle a person or the person's spouse to major medical insurance coverage. Allows a former spouse who receives a monthly benefit from the system under a qualified domestic relations order to receive the insurance coverage if he or she elects the coverage within 60 days after the first monthly benefit is paid under the order and pays the premium established by the administrator for the coverage. This section was added to the bill in the Senate Judiciary Committee to clarify that the bill is not intended to provide insurance coverage to persons who are not presently entitled to that coverage without paying a premium. The section is necessary to insure the zero fiscal impact of the bill.

Sec. 50. Amends AS 39.35.680. Adds a new paragraph (40), defining "qualified domestic relations order. See sec. 19.

Sec. 51. Reduces from two to one the number of years a spouse must have been married to a member of the Elected Public

Officer's Retirement System to be eligible for a survivor's benefit under the system.

Sec. 52. Requires the Department of Administration to publish notice of the provisions of the Act and make available the forms necessary to implement the Act within 90 days after the effective date of sec. 52.

Sec. 53. Gives sec. 52 an immediate effective date.

Sec. 54. Makes secs. 1-51 of the Act effective on January 1, 1987.

A/B

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 Ptmnt & Bnfts						
200 Travel						
300 Contractual						
400 Supplies		5.0				
500 Equipment						
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	15.0	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		15.0				
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	15.0	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
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.

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

May 8, 1986

Honorable Jan Faiks, Co-Chair
Senate Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: SCS CSHB 237(Jud), retirement bill

Dear Senator Faiks:

Enclosed as you requested is a section-by-section analysis of SCS CSHB 237(Jud), relating to the rights of spouses to be beneficiaries under the state's pension systems.

Very truly yours,

HAROLD M. BROWN
ATTORNEY GENERAL

By: *Virginia B. Ragle*
Virginia B. Ragle
Assistant Attorney General

VBR/pjg

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

HB
237
1

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.

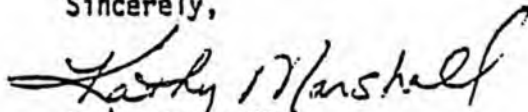
March 1, 1985
Page Two

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'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

Alaska Women's Lobby - Comments HB 237

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

Sherrie Goll
for the Alaska Women's Lobby

Offered: 4/24/86
Referred: Judiciary and Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 237 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act relating to pension reform; and providing for
7 an effective date."

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

9 * Section 1. AS 14.25.110(a) is amended to read:

10 (a) Subject to AS 14.25.167, a [A] member is eligible for a
11 normal retirement benefit if the member

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

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

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

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

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

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

26 * Sec. 2. AS 14.25.110(b) is amended to read:

27 (b) Subject to AS 14.25.167, a [A] member is eligible for an
28 early retirement benefit upon completing any one of the service re-
29 quirements in (a)(1), (2), or (3) of this section and attaining the

1 spouse if the administrator determines that

2 (1) the member was not married to the spouse during any
3 period of the member's employment with an employer;

4 (2) the spouse has no rights to benefits under this chapter
5 because of the terms of a qualified domestic relations order;

6 (3) the spouse cannot be located;

7 (4) the member and spouse have been married for less than
8 two years and the member establishes that they are not cohabiting; or

9 (5) another reason established by regulation exists.

10 * Sec. 7. AS 14.25 is amended by adding a new section to read:

11 Sec. 14.25.153. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.

12 A former spouse shall be treated as a spouse or surviving spouse under
13 this chapter to the extent required by a qualified domestic relations
14 order. Rights under the order do not take effect until the order is
15 filed with the administrator.

16 * Sec. 8. AS 14.25.155(c) is amended to read:

17 (c) If the death of a vested member or deferred vested member
18 occurs and the proximate cause of death is not a bodily injury sus-
19 tained or hazard undergone while in the performance and within the
20 scope of the member's duties of employment, the surviving spouse may
21 elect to receive either the benefits described in (b) of this section
22 or a 50 percent joint and survivor option as provided under AS 14.25.-
23 167(a)(2) based on credited service to the date of the member's ter-
24 mination. If no spouse survives a vested or deferred vested member,
25 or if a person other than the spouse is designated as beneficiary in
26 accordance with AS 14.25.166, the administrator shall pay [,] the
27 designated beneficiary [SHALL BE PAID] the benefits described in
28 AS 14.25.160(b) and (c). Benefits accrue from the first day of the
29 month following the member's death and are payable the last day of the

1 age of 50 years.

2 * Sec. 3. AS 14.25.125(a) is amended to read:

3 (a) Subject to AS 14.25.167, a [A] member is eligible for a
4 normal retirement salary at age 55 with at least two years membership
5 service if the member also is eligible for a normal retirement benefit
6 under the public employees' retirement system (AS 39.35).

7 * Sec. 4. AS 14.25.125(b) is amended to read:

8 (b) Subject to AS 14.25.167, a [A] member is eligible for an
9 early retirement salary at age 50 with at least two years of member-
10 ship service if the member also is eligible for an early retirement
11 benefit under the public employees' retirement system (AS 39.35).

12 * Sec. 5. AS 14.25.150 is amended to read:

13 Sec. 14.25.150. REFUND UPON TERMINATION. (a) Except as pro-
14 vided in (b) of this section, a [A] terminated member is entitled to a
15 refund of the balance of the member contribution account. A member is
16 not entitled to a refund of supplemental contributions except as pro-
17 vided in AS 14.25.160(a).

18 * Sec. 6. AS 14.25.150 is amended by adding a new subsection to read:

19 (b) A member who is terminated and is a vested member, deferred
20 vested member, or who is entitled to benefits under AS 14.25.125, and
21 who is married at the time of application for a refund or whose rights
22 to a refund are subject to a qualified domestic relations order is
23 entitled to receive a refund of the balance of the member contribution
24 account only if the member's present spouse and each person entitled
25 under the order consent to the refund in writing on a form provided by
26 the administrator. The administrator may waive written consent from
27 the person entitled under the order if the administrator determines
28 that the person cannot be located or for other reasons established by
29 regulation. The administrator may waive written consent from the

1 spouse if the administrator determines that

2 (1) the member was not married to the spouse during any
3 period of the member's employment with an employer;

4 (2) the spouse has no rights to benefits under this chapter
5 because of the terms of a qualified domestic relations order;

6 (3) the spouse cannot be located;

7 (4) the member and spouse have been married for less than
8 two years and the member establishes that they are not cohabiting; or

9 (5) another reason established by regulation exists.

10 * Sec. 7. AS 14.25 is amended by adding a new section to read:

11 Sec. 14.25.153. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.
12 A former spouse shall be treated as a spouse or surviving spouse under
13 this chapter to the extent required by a qualified domestic relations
14 order. Rights under the order do not take effect until the order is
15 filed with the administrator.

16 * Sec. 8. AS 14.25.155(c) is amended to read:

17 (c) If the death of a vested member or deferred vested member
18 occurs and the proximate cause of death is not a bodily injury sus-
19 tained or hazard undergone while in the performance and within the
20 scope of the member's duties of employment, the surviving spouse may
21 elect to receive either the benefits described in (b) of this section
22 or a 50 percent joint and survivor option as provided under AS 14.25.-
23 167(a)(2) based on credited service to the date of the member's ter-
24 mination. If no spouse survives a vested or deferred vested member,
25 or if a person other than the spouse is designated as beneficiary in
26 accordance with AS 14.25.166, the administrator shall pay [,] the
27 designated beneficiary [SHALL BE PAID] the benefits described in
28 AS 14.25.160(b) and (c). Benefits accrue from the first day of the
29 month following the member's death and are payable the last day of the

1 month.

2 * Sec. 9. AS 14.25.157(a) is amended to read:

3 (a) If (1) the death of a member occurs before the member first
4 attains eligibility for normal retirement, and (2) the proximate cause
5 of death is a bodily injury sustained or hazard undergone while in the
6 performance and within the scope of the member's duties of employment,
7 and (3) the injury or hazard is not the proximate result of wilful
8 negligence on the part of the member, the administrator shall pay a
9 monthly survivor's pension equal to 40 percent of the member's base
10 salary at the time of termination of employment, divided by 12, [SHALL
11 BE PAID] to the member's surviving spouse. If there is no surviving
12 spouse, the administrator shall pay the monthly survivor's pension
13 [SHALL BE PAID] in equal parts to the dependent children of the mem-
14 ber. On the date the normal retirement of the member would have
15 occurred if the member had lived, monthly payments must [SHALL] equal
16 the monthly amount of the normal retirement benefit to which the mem-
17 ber, had the member lived and continued employment until the member's
18 normal retirement date, would have been entitled with an average base
19 salary as existed at the member's death and the credited service to
20 which the member would have been entitled. If the member does not
21 have a [NO SURVIVING] spouse or dependent children [EXIST] at the time
22 of death or if the member designates as beneficiary under AS 14.25.166
23 someone other than the surviving spouse or dependent children, the
24 administrator shall pay the member's designated beneficiary [SHALL BE
25 PAID] those benefits available to a beneficiary under AS 14.25.160(b)
26 and (c) and may not pay a [NO] benefit [WILL BE PAID] to the surviving
27 spouse or dependent children.

28 * Sec. 10. AS 14.25.166(a) is amended to read:

29 (a) Each member shall designate the beneficiary or beneficiaries

1 to whom the administrator shall distribute benefits payable under this
2 chapter as a consequence of the member's death. Notwithstanding a
3 previous designation of beneficiary, a person who is the spouse of a
4 member at the time of the member's death automatically becomes the
5 designated beneficiary if the spouse was married to the member during
6 part of the member's employment for an employer

7 (1) except to the extent a qualified domestic relations
8 order filed with the administrator provides for payment to a former
9 spouse or other dependent of the member; or

10 (2) unless the member filed a revocation of beneficiary
11 accompanied by a written consent to the revocation from the present
12 spouse and each person entitled under the order; however, consent of
13 the present spouse is not required if the member and the present
14 spouse had been married for less than two years on the date of the
15 member's death and if the member established when filing the revoca-
16 tion that the member and the present spouse were not cohabiting
17 [SHALL BE DISTRIBUTED].

18 * Sec. 11. AS 14.25.166(b) is amended to read:

19 (b) Except as provided in (a) of this section, the member may
20 change or revoke the [THE] designation [MAY BE CHANGED OR REVOKED BY
21 THE MEMBER] without notice to the beneficiary or beneficiaries at any
22 time. If a member designates more than one beneficiary, each shares
23 [SHALL SHARE] equally unless the member specifies a different allo-
24 cation or preference. The designation of a beneficiary, [AND] a
25 change or revocation of a beneficiary, and a consent to revocation of
26 a beneficiary shall be made on a form provided by the administrator
27 and is not effective until filed with the administrator.

28 * Sec. 12. AS 14.25.166 is amended by adding a new subsection to read:

29 (d) A person claiming entitlement to benefits payable under this

1 chapter as a consequence of a member's death shall provide the admin-
2 istrator with a marriage certificate, divorce or dissolution judgment,
3 or other evidence of entitlement. Documents establishing entitlement
4 may be filed with the administrator immediately after a change in the
5 member's marital status. If the administrator does not receive noti-
6 fication of a claim before the date 10 days after the member's death,
7 the person claiming entitlement is not entitled to receive from the
8 division of retirement and benefits any benefit already paid by the
9 administrator.

10 * Sec. 13. AS 14.25.167(a) is repealed and reenacted to read:

11 (a) Benefits payable under this section are in place of benefits
12 payable under AS 14.25.110, 14.25.125, 14.25.155, 14.25.157, 14.25.-
13 160, 14.25.162, or 14.25.164. Upon filing an application for retire-
14 ment with the administrator, or when a disabled member becomes eligi-
15 ble for normal retirement under AS 14.25.130(e), the member shall
16 designate the person who is the member's spouse at the time of ap-
17 pointment to retirement as the contingent beneficiary. However, if
18 the designation of the spouse is revoked under (c) of this section,
19 the member may designate a dependent approved by the administrator as
20 the contingent beneficiary or may take normal or early retirement
21 under AS 14.25.110 or 14.25.125. The administrator shall pay benefits
22 under the option elected by the member. The member may elect an
23 option that provides that

24 (1) the member is entitled to receive a reduced benefit
25 payable for life, and, after the member's death, the contingent ben-
26 eficiary is entitled to receive payments in the amount of 75 percent
27 of the reduced benefit for life;

28 (2) the member is entitled to receive a reduced benefit
29 payable for life, and, after the member's death, the contingent

1 beneficiary is entitled to receive payments in the amount of 50 per-
2 cent of the reduced benefit for life; or

3 (3) the member is entitled to receive a reduced benefit
4 payable during the joint lifetime of the member and the contingent
5 beneficiary, and, after the death of either the member or the contin-
6 gent beneficiary, the survivor is entitled to receive payments in the
7 amount of 66-2/3 percent of the reduced benefit for life.

8 * Sec. 14. AS 14.25.167(c) is amended to read:

9 (c) A member may elect or [,] change [, OR REVOKE] an option
10 without the approval of the administrator if the member's election or
11 [,] change [, OR REVOCATION] is filed in writing with the administra-
12 tor before the effective date of the member's retirement. A member
13 may revoke a joint and survivor option if the member files with the
14 administrator before the effective date of the member's retirement a
15 revocation and a consent to the revocation signed by the member's
16 present spouse and each person entitled to benefits under a qualified
17 domestic relations order on forms provided by the administrator. The
18 administrator may waive the requirement for written consent from

19 (1) a person entitled under the order if the person cannot
20 be located or for another reason established by regulation; or

21 (2) the spouse if

22 (A) the member is not married;

23 (B) the member was not married to the spouse during
24 any period of the member's employment with an employer;

25 (C) the spouse has no rights to the option because of
26 the terms of a qualified domestic relations order;

27 (D) the spouse cannot be located;

28 (E) the member and spouse have been married for less
29 than two years and the member establishes that they are not

1 cohabiting; or

2 (F) another reason is established under regulations of
3 the administrator.

4 * Sec. 15. AS 14.25.167 is amended by adding new subsections to read:

5 (f) The member and any person claiming to be a contingent bene-
6 ficiary shall file with the administrator a marriage certificate,
7 divorce or dissolution judgment, or other evidence necessary to deter-
8 mine the applicability of this section and the identity of any contin-
9 gent beneficiary.

10 (g) If the administrator determines, based on the affidavit of
11 the member and other evidence, that a member is eligible to elect a
12 form of payment other than a joint and survivor option under this
13 section, and no contrary evidence is presented to the administrator
14 within 60 days after the effective date of the member's retirement, no
15 claim under this section, made by a spouse or former spouse of the
16 member, may be paid if payment would result in an increase in actuari-
17 al liability to the system.

18 (h) If a member fails to elect an option under (a) of this
19 section and no effective revocation is filed with the administrator,
20 the member is considered to have elected the option provided in (a)(2)
21 of this section.

22 * Sec. 16. AS 14.25.200(a) is amended to read:

23 (a) Benefits and other amounts held in the retirement fund on
24 behalf of the members are exempt from Alaska state and municipal taxes
25 and are not subject to anticipation, alienation, sale, transfer,
26 assignment, pledge, encumbrance, or charge of any kind, either volun-
27 tary or involuntary, before they are received by the person entitled
28 to the amount under the terms of the system, and any attempt to antic-
29 ipate, alienate, sell, transfer, assign, pledge, encumber, charge, or

1 otherwise dispose of any right to amounts accrued in the retirement
2 fund is void. However, a member's right to receive benefits may be
3 assigned under a qualified domestic relations order.

4 * Sec. 17. AS 14.25.220 is amended by adding a new paragraph to read:

5 (43) "qualified domestic relations order" means a divorce or
6 dissolution judgment under AS 25.24, including an order approving a
7 property settlement, that

8 (A) creates or recognizes the existence of an alter-
9 nate payee's right to, or assigns to an alternate payee the right
10 to, receive all or a portion of the benefits payable with respect
11 to a member;

12 (B) sets out the name and last known mailing address,
13 if any, of the member and of each alternate payee covered by the
14 order;

15 (C) sets out the amount or percentage of the member's
16 benefit, or of any survivor's benefit, to be paid to the alter-
17 nate payee, or sets out the manner in which that amount or per-
18 centage is to be determined;

19 (D) sets out the number of payments or period to which
20 the order applies;

21 (E) does not require any type or form of benefit or
22 any option not otherwise provided by this chapter;

23 (F) does not require an increase of benefits in excess
24 of the amount provided by this chapter, determined on the basis
25 of actuarial value; and

26 (G) does not require the payment, to an alternate
27 payee, of benefits that are required to be paid to another alter-
28 nate payee under another order previously determined to be a
29 qualified domestic relations order.

1 * Sec. 18. AS 22.25.030(b) is amended to read:

2 (b) To be eligible for the survivors' benefits, the surviving
3 spouse must have been married to the justice or judge for at least one
4 year [TWO YEARS] immediately preceding the death of the justice or
5 judge. The benefits continue until the remarriage or death of the
6 surviving spouse.

7 * Sec. 19. AS 22.25.030 is amended by adding a new subsection to read:

8 (f) The rights of a surviving spouse or dependent child under
9 this section are subject to the rights of a previous spouse or a
10 dependent under a qualified domestic relations order.

11 * Sec. 20. AS 22.25 is amended by adding a new section to read:

12 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
13 ORDER. A former spouse who was married to a justice or judge for at
14 least one year and who has not remarried shall be treated as a spouse
15 or surviving spouse under this chapter to the extent required by a
16 qualified domestic relations order. Rights under the order do not
17 take effect until the order is filed with the administrator.

18 * Sec. 21. AS 22.25 is amended by adding a new section to read:

19 Sec. 22.25.900. DEFINITION. In this chapter, "qualified domes-
20 tic relations order" means a divorce or dissolution judgment under
21 AS 25.24, including an order approving a property settlement, that

22 (1) creates or recognizes the existence of an alternate
23 payee's right to, or assigns to an alternate payee the right to,
24 receive all or a portion of the benefits payable with respect to a
25 justice or judge;

26 (2) sets out the name and last known mailing address, if
27 any, of the justice or judge and of each alternate payee covered by
28 the order;

29 (3) sets out the amount or percentage of the justice's or

1 judge's benefit, or of any survivor's benefit, to be paid to the
2 alternate payee, or sets out the manner in which that amount or per-
3 centage is to be determined;

4 (4) sets out the number of payments or period to which the
5 order applies;

6 (5) does not require any type or form of benefit or any
7 option not otherwise provided by this chapter;

8 (6) does not require an increase of benefits in excess of
9 the amount provided by this chapter, determined on the basis of actu-
10 arial value;

11 (7) does not require the payment, to an alternate payee, of
12 benefits that are required to be paid to another alternate payee under
13 another order previously determined to be a qualified domestic rela-
14 tions order.

15 * Sec. 22. AS 25.24.160 is amended by adding a new subsection to read:

16 (b) If a judgment under this section distributes benefits to an
17 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
18 AS 39.35, the judgment must meet the requirements of a qualified
19 domestic relations order under the definition of that phrase that is
20 applicable to those provisions.

21 * Sec. 23. AS 25.24.230 is amended by adding a new subsection to read:

22 (g) If a judgment under this section distributes benefits to an
23 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
24 AS 39.35, the judgment must meet the requirements of a qualified
25 domestic relations order under the definition of that phrase that is
26 applicable to those provisions.

27 * Sec. 24. AS 26.05.224(d) is amended to read:

28 (d) Upon the death of an active member who has at least five
29 years service in the Alaska National Guard or Alaska Naval Militia or

1 a combination of these components, the member's designated beneficiary
2 is entitled to a lump sum benefit calculated in accordance with (b) of
3 this section. Upon the death of a former member who has at least 20
4 years service, the former member's designated beneficiary is entitled
5 to a lump sum benefit calculated in accordance with (b) of this sec-
6 tion less any retirement benefits previously paid. Except as provided
7 in (e) of this section, a [A] member may change or revoke the desig-
8 nation of a beneficiary without notice to the beneficiary at any time.
9 If a member designates more than one beneficiary, each shares [SHALL
10 SHARE] equally unless the member specifies a different allocation.
11 The member shall make a designation of a beneficiary or [AND] a change
12 or revocation of a beneficiary [SHALL BE MADE] on a form provided by
13 the Department of Military and Veterans' Affairs. It [AND] is not
14 effective until filed with the Department of Military and Veterans'
15 Affairs. If a member fails to designate a beneficiary or if no des-
16 ignated beneficiary survives the member, the department, except to the
17 extent provided otherwise in a qualified domestic relations order,
18 shall pay the death benefit under this subsection to the member's
19 surviving spouse or, if there is no spouse surviving, [SHALL BE PAID]
20 to the member's estate.

21 * Sec. 25. AS 26.05.224 is amended by adding new subsections to read:

22 (e) Notwithstanding any previous designation of beneficiary, the
23 spouse of a member at the time of the member's death automatically
24 becomes the designated beneficiary if the spouse was married to the
25 member during part of the member's service under this chapter

26 (1) except to the extent a qualified domestic relations
27 order provides for payment to a former spouse or other dependent of
28 the member; or

29 (2) unless the member files with the Department of Military

1 and Veterans' Affairs a revocation of beneficiary and a written con-
2 sent to the revocation signed by the present spouse and each person
3 entitled to benefits under the order on forms provided by the depart-
4 ment; however, consent of the present spouse is not required if the
5 member and the present spouse had been married for less than two years
6 on the date of the member's death and if the member established when
7 filing the revocation that the member and the spouse were not co-
8 habiting.

9 (f) A person claiming entitlement to any benefits payable under
10 this section shall provide the department with a marriage certificate,
11 divorce or dissolution decree, or other evidence of entitlement.
12 Documents showing entitlement may be filed with the department immedi-
13 ately after a change in the member's marital status. If the depart-
14 ment does not receive notification of a claim before the date 10 days
15 after the member's death, the person claiming entitlement to the
16 benefits is not entitled to receive from the Department of Adminis-
17 tration or Department of Military and Veterans' Affairs any benefit
18 already paid under this section.

19 * Sec. 26. AS 26.05.227 is amended by adding a new paragraph to read:

20 (4) "qualified domestic relations order" means a divorce or
21 dissolution judgment under AS 25.24, including an order approving a
22 property settlement, that

23 (A) creates or recognizes the existence of an alter-
24 nate payee's right to, or assigns to an alternate payee the right
25 to, receive all or a portion of the benefits payable with respect
26 to a member;

27 (B) sets out the name and last known mailing address,
28 if any, of the member and of each alternate payee covered by the
29 order;

1 (C) sets out the amount or percentage of the member's
2 benefit, or of any survivor's benefit, to be paid to the alter-
3 nate payee, or sets out the manner in which that amount or per-
4 centage is to be determined;

5 (D) sets out the number of payments or period to which
6 the order applies;

7 (E) does not require any type or form of benefit or
8 any option not otherwise provided by AS 26.05.222 - 26.05.228;

9 (F) does not require an increase of benefits in excess
10 of the amount provided by AS 26.05.222 - 26.05.228, determined on
11 the basis of actuarial value; and

12 (G) does not require the payment, to an alternate
13 payee, of benefits that are required to be paid to another alter-
14 nate payee under another order previously determined to be a
15 qualified domestic relations order.

16 * Sec. 27. AS 39.35.200(a) is amended to read:

17 (a) Except as provided in (c) of this section, an [AN] inactive
18 employee, not on leave-without-pay status or layoff status, is enti-
19 tled to receive a refund of the balance of the employee contribution
20 account.

21 * Sec. 28. AS 39.35.200 is amended by adding a new subsection to read:

22 (c) An employee who is terminated and is a vested employee,
23 deferred vested employee, or who is entitled to benefits under AS 39.-
24 35.385, and who is married at the time of application for a refund or
25 whose rights to a refund are subject to a qualified domestic relations
26 order is entitled to receive a refund of the balance of the employee
27 contribution account only if the employee's present spouse and each
28 person entitled under the order consent to the refund in writing on a
29 form provided by the administrator. The administrator may waive

1 written consent from the person entitled to benefits under the order
2 if the administrator determines that the person cannot be located or
3 for other reasons established by regulation. The administrator may
4 waive written consent from the spouse if the administrator determines
5 that

- 6 (1) the employee was not married to the spouse during any
7 period of the employee's employment with an employer;
- 8 (2) the spouse has no rights under this chapter because of
9 the terms of a qualified domestic relations order;
- 10 (3) the spouse cannot be located;
- 11 (4) the employee and spouse have been married for less than
12 two years and the member establishes that they are not cohabiting; or
- 13 (5) other reasons established by regulation exist.

14 * Sec. 29. AS 39.35.370(a) is amended to read:

15 (a) Subject to AS 39.35.450, a [A] terminated employee is elig-
16 ible for a normal retirement benefit

- 17 (1) at age 55 with at least five years credited service, or
- 18 (2) with at least 20 years of credited service as a peace
19 officer or fireman, or
- 20 (3) with at least 30 years of credited service for all
21 other employees.

22 * Sec. 30. AS 39.35.370(b) is amended to read:

23 (b) Subject to AS 39.35.450, a [A] terminated employee is elig-
24 ible for an early retirement benefit at age 50 with at least five
25 years credited service.

26 * Sec. 31. AS 39.35.385(a) is amended to read:

27 (a) Subject to AS 39.35.450, an [AN] employee is eligible for a
28 normal retirement benefit at age 55 with at least two years of cred-
29 ited service if the employee also is eligible for a normal retirement

1 salary under the teachers' retirement system (AS 14.25).

2 * Sec. 32. AS 39.35.385(b) is amended to read:

3 (b) Subject to AS 39.35.450, an [AN] employee is eligible for an
4 early retirement benefit at age 50 with at least two years of credited
5 service if the employee also is eligible for an early retirement sal-
6 ary under the teachers' retirement system (AS 14.25).

7 * Sec. 33. AS 39.35.420(c) is amended to read:

8 (c) If, under AS 39.35.490, a vested or deferred vested member
9 designates as beneficiary to receive nonoccupational benefits someone
10 other than the surviving spouse to whom the member has been married
11 for at least one year, the administrator shall pay [TO RECEIVE NON-
12 OCCUPATIONAL DEATH BENEFITS,] the designated beneficiary [SHALL BE
13 PAID]: (1) the balance of the deceased member's employee contribution
14 account; and (2) a lump-sum death benefit. The amount of the lump-sum
15 death benefit is \$100 times the years of credited service of the
16 deceased member plus \$1,000.

17 * Sec. 34. AS 39.35.430(f) is amended to read:

18 (f) If the death of an employee occurs from occupational causes
19 but no surviving spouse or dependent children exist at the time of the
20 death or if the employee designates as beneficiary under AS 39.35.490
21 someone other than the surviving spouse or dependent children, the
22 employee's designated beneficiary is entitled to receive those bene-
23 fits available to a beneficiary under AS 39.35.420(c) and no occupa-
24 tional death benefit will be paid to the surviving spouse or dependent
25 children. [IF THE DESIGNATED BENEFICIARY IS THE SURVIVING SPOUSE OR
26 DEPENDENT CHILDREN, THE BENEFICIARY SHALL RECEIVE THE BENEFIT DE-
27 SCRIBED IN (b) OF THIS SECTION.]

28 * Sec. 35. AS 39.35.440(b) is amended to read:

29 (b) Upon the death of a disabled employee who is receiving or is

1 entitled to receive an occupational disability benefit, the adminis-
2 trator shall pay the surviving spouse a surviving spouse's pension,
3 equal to 40 percent of the employee's monthly compensation at the
4 termination of employment because of occupational disability [SHALL BE
5 PAID TO THE SURVIVING SPOUSE]. If there is no surviving spouse, the
6 administrator shall pay the survivor's pension [SHALL BE PAID] in
7 equal parts to the dependent children of the employee. On the date
8 the normal retirement of the employee would have occurred if the
9 employee had lived, the administrator shall adjust the monthly pay-
10 ments to [SHALL] equal the monthly amount of the normal retirement
11 benefit to which the employee, had the employee lived and continued
12 employment until the employee's normal retirement date, would have
13 been entitled with an average monthly compensation as existed at death
14 and the credited service to which the employee would have been enti-
15 tled. If the death of an employee occurs from occupational causes but
16 no surviving spouse or dependent children exist at the time of the
17 death, or if the employee designates as beneficiary under AS 39.35.490
18 someone other than the surviving spouse or dependent children, the
19 administrator shall pay the employee's designated beneficiary [SHALL
20 BE PAID] those benefits available to a beneficiary under AS 39.35.-
21 420(c) and may not pay an [NO] occupational death benefit [WILL BE
22 PAID] to the surviving spouse or dependent children.

23 * Sec. 36. AS 39.35.450(a) is repealed and reenacted to read:

24 (a) Benefits payable under this section are in place of benefits
25 payable under AS 39.35.370, 39.35.385, and 39.35.460. Upon filing an
26 application with the administrator or when a disabled employee first
27 attains eligibility for normal retirement under AS 39.35.400(f) or
28 39.35.410(h), the employee shall designate the person who is the
29 employee's spouse at the time of appointment to retirement as the

1 contingent beneficiary. However, if the designation of the spouse is
2 revoked under (c) of this section, the employee may designate a depen-
3 dent approved by the administrator as the contingent beneficiary or
4 may take normal or early retirement under AS 39.35.370 or 39.35.385 or
5 a level income option under AS 39.35.460. The administrator shall pay
6 benefits under the option elected by the employee. The employee may
7 elect an option that provides that

8 (1) the employee is entitled to receive a reduced benefit
9 payable for life, and, after the employee's death, the contingent ben-
10 eficiary is entitled to payments in the amount of 75 percent of the
11 reduced benefit payable for life;

12 (2) the employee is entitled to receive a reduced benefit
13 payable for life, and, after the employee's death, the contingent
14 beneficiary is entitled to receive payments in the amount of 50 per-
15 cent of the reduced benefit payable for life;

16 (3) the employee is entitled to receive a reduced benefit
17 payable during the joint lifetime of the employee and the contingent
18 beneficiary, and, after the death of either the employee or the con-
19 tingent beneficiary, the survivor is entitled to receive payments in
20 the amount of 66-2/3 percent of the reduced benefit payable for life.

21 * Sec. 37. AS 39.35.450(c) is amended to read:

22 (c) An employee may elect or [,] change [, OR REVOKE] an option
23 without the approval of the administrator if the election or [,]
24 change [, OR REVOCATION] is filed in writing with the administrator
25 before the effective date of the employee's retirement. An employee
26 may revoke a joint and survivor option if the employee files with the
27 administrator before the effective date of the employee's retirement a
28 revocation and consent to the revocation signed by the employee's
29 present spouse and each person entitled to benefits under a qualified

1 domestic relations order on forms provided by the administrator. The
2 administrator may waive the requirement for written consent from

3 (1) a person entitled under the order if the person cannot
4 be located or for another reason established by regulation; or

5 (2) the spouse if

6 (A) the employee is not married;

7 (B) the employee was not married to the spouse during
8 any period of the employee's employment with an employer;

9 (C) the spouse has no rights to the option because of
10 the terms of a qualified domestic relations order;

11 (D) the spouse cannot be located;

12 (E) the employee and the spouse have been married for
13 less than two years and the employee establishes that they are
14 not cohabiting; or

15 (F) another reason is established under regulations of
16 the administrator.

17 * Sec. 38. AS 39.35.450 is amended by adding new subsections to read:

18 (f) The employee and any person claiming to be a contingent
19 beneficiary shall file with the administrator a marriage certificate,
20 divorce or dissolution judgment, or other evidence necessary to deter-
21 mine the applicability of this section and the identity of any contin-
22 gent beneficiary.

23 (g) If the administrator determines, based on the affidavit of
24 the employee and other evidence that an employee is eligible to elect
25 a form of payment other than a joint and survivor option under this
26 section, and no contrary evidence is presented to the administrator
27 within 60 days after the effective date of the employee's retirement,
28 no claim under this section, made by a spouse or former spouse of the
29 member, may be paid if payment would result in an increase in

1 actuarial liability to the system.

2 (h) If an employee fails to elect an option under this section,
3 and if no effective revocation is filed with the administrator, the
4 employee is considered to have elected the option provided in (a)(2)
5 of this section.

6 * Sec. 39. AS 39.35 is amended by adding a new section to read:

7 Sec. 39.35.455. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.
8 A former spouse shall be treated as a spouse or surviving spouse to
9 the extent required by a qualified domestic relations order. Rights
10 under the order do not take effect until the order is filed with the
11 administrator.

12 * Sec. 40. AS 39.35.490 is amended to read:

13 Sec. 39.35.490. DESIGNATION OF BENEFICIARY. (a) Each employee
14 shall designate the beneficiary or beneficiaries to whom the adminis-
15 trator shall distribute benefits payable under this chapter as a
16 consequence of the employee's death. Notwithstanding a previous
17 designation of beneficiary, a person who is the spouse of an employee
18 at the time of the employee's death automatically becomes the desig-
19 nated beneficiary if the spouse was married to the employee during
20 part of the employee's employment for an employer

21 (1) except to the extent a qualified domestic relations
22 order filed with the administrator provides for payment to a former
23 spouse or other dependent of the employee; or

24 (2) unless the employee files a revocation of beneficiary
25 accompanied by a written consent to the revocation signed by the
26 present spouse and each person entitled under the order; however,
27 consent of the present spouse is not required if the member and the
28 present spouse had been married for less than two years on the date of
29 the member's death and if the member established when filing the

1 revocation that the member and the present spouse were not cohabiting
2 [SHALL BE DISTRIBUTED].

3 (b) Except as provided in (a) of this section, the [THE] desig-
4 nation may be changed or revoked by the employee without notice to the
5 beneficiary or beneficiaries at any time. If an employee designates
6 more than one beneficiary, each shares [SHALL SHARE] equally unless
7 the employee specifies a different allocation or preference. The
8 designation of [A] beneficiary, [AND] a change or revocation of a
9 beneficiary, or a consent to a revocation of a beneficiary shall be
10 made on a form provided by the administrator and is not effective
11 until filed with the administrator.

12 (c) If an employee fails to designate a beneficiary, or if no
13 designated beneficiary survives the employee, the administrator shall
14 pay the death benefit [SHALL BE PAID]

15 (1) to the surviving spouse or, if there is none surviving,

16 (2) to the surviving children in equal parts or, if there
17 is none surviving,

18 (3) to the surviving parents in equal parts or, if there is
19 none surviving,

20 (4) to the employee's estate.

21 * Sec. 41. AS 39.35.490 is amended by adding a new subsection to read:

22 (d) A person claiming entitlement to benefits payable under this
23 chapter as a consequence of an employee's death shall provide the
24 administrator with a marriage certificate, divorce or dissolution
25 decree, or other evidence of entitlement. Documents establishing
26 entitlement may be filed with the administrator immediately after a
27 change in the employee's marital status. If the administrator does
28 not receive notification of a claim before the date 10 days after the
29 employee's death, the person claiming entitlement to the benefits is

1 not entitled to receive from the division of retirement and benefits
2 any benefit already paid by the administrator.

3 * Sec. 42. AS 39.35.500 is amended to read:

4 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
5 Employee contributions and other amounts held in the pension fund are
6 exempt from Alaska state and local taxes. Amounts held on behalf of,
7 or payable to, any employee or other person who is or may become
8 eligible for benefits under the system are not subject to anticipa-
9 tion, alienation, sale, transfer, assignment, pledge, encumbrance, or
10 charge of any kind, either voluntary or involuntary, before being
11 received by the person entitled to the amount under the terms of the
12 system. An attempt to anticipate, alienate, sell, transfer, assign,
13 pledge, encumber, charge, or otherwise dispose of a right to amounts
14 held under the system is void. However, an employee's right to re-
15 ceive benefits may be assigned under a qualified domestic relations
16 order.

17 * Sec. 43. AS 39.35.680 is amended by adding a new paragraph to read:

18 (40) "qualified domestic relations order" means a divorce
19 or dissolution judgment under AS 25.24, including an order approving a
20 property settlement, that

21 (A) creates or recognizes the existence of an alter-
22 nate payee's right to, or assigns to an alternate payee the right
23 to, receive all or a portion of the benefits payable with respect
24 to an employee;

25 (B) sets out the name and last known mailing address,
26 if any, of the employee and of each alternate payee covered by
27 the order;

28 (C) sets out the amount or percentage of the employ-
29 ee's benefit, or of any survivor's benefit, to be paid to the

1 alternate payee, or sets out the manner in which that amount or
2 percentage is to be determined;

3 (D) sets out the number of payments or period to which
4 the order applies;

5 (E) does not require any type or form of benefit or
6 any option not otherwise provided by this chapter;

7 (F) does not require an increase of benefits in excess
8 of the amount provided by this chapter, determined on the basis
9 of actuarial value; and

10 (G) does not require the payment to an alternate payee
11 of benefits that are required to be paid to another alternate
12 payee under another order previously determined to be a qualified
13 domestic relations order.

14 * Sec. 44. Notwithstanding former AS 39.37.060(b), the surviving spouse
15 of an elected public officer who has retirement rights under the Elected
16 Public Officers Retirement System is eligible for survivors' benefits under
17 former AS 39.37.060 if the surviving spouse was married to the elected
18 public officer for at least one year immediately preceding the death of the
19 elected public officer. The benefits continue until the remarriage or
20 death of the surviving spouse.

21 * Sec. 45. Within 90 days after the effective date of this section, the
22 Department of Administration shall publish notice of the provisions of this
23 Act in the regularly published newsletters of the division of retirement
24 and benefits and in newspapers of general distribution in each judicial
25 district of the state, and shall make available the forms necessary to
26 implement this Act.

27 * Sec. 46. Section 45 of this Act takes effect immediately in accor-
28 dance with AS 01.10.070(c).

29 * Sec. 47. Sections 1 - 44 of this Act take effect January 1, 1987.

Offered: 5/6/85
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE RULES COMMITTEE
2 CS FOR HOUSE BILL NO. 237 (Rules)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to pension reform; and providing for
7 an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 14.25.110(a) is amended to read:
10 (a) Subject to AS 14.25.167, a [A] member is eligible for a
11 normal retirement benefit if the member
12 (1) was first hired before July 1, 1975, has attained the
13 age of 55 years, and has at least 15 years of credited service, the
14 last five of which have been membership service;
15 (2) has attained the age of 55 years and has at least eight
16 years of membership service;
17 (3) has attained the age of 55 years, has at least five
18 years of membership service, and has at least three years of Alaska
19 BIA service;
20 (4) has at least 25 years of credited service, the last
21 five of which have been membership service;
22 (5) has at least 20 years of membership service; or
23 (6) has at least 20 years of combined membership service
24 and Alaska BIA service, the last five of which have been membership
25 service.
26 * Sec. 2. AS 14.25.110(b) is amended to read:
27 (b) Subject to AS 14.25.167, a [A] member is eligible for an
28 early retirement benefit upon completing any one of the service re-
29 quirements in (a)(1), (2), or (3) of this section and attaining the

1 age of 50 years.

2 * Sec. 3. AS 14.25.125(a) is amended to read:

3 (a) Subject to AS 14.25.167, a [A] member is eligible for a
4 normal retirement salary at age 55 with at least two years membership
5 service if the member also is eligible for a normal retirement benefit
6 under the public employees' retirement system (AS 39.35).

7 * Sec. 4. AS 14.25.125(b) is amended to read:

8 (b) Subject to AS 14.25.167, a [A] member is eligible for an
9 early retirement salary at age 50 with at least two years of member-
10 ship service if the member also is eligible for an early retirement
11 benefit under the public employees' retirement system (AS 39.35).

12 * Sec. 5. AS 14.25.150 is amended to read:

13 Sec. 14.25.150. REFUND UPON TERMINATION. (a) Except as pro-
14 vided in (b) of this section, a [A] terminated member is entitled to a
15 refund of the balance of the member contribution account. A member is
16 not entitled to a refund of supplemental contributions except as pro-
17 vided in AS 14.25.160(a).

18 * Sec. 6. AS 14.25.150 is amended by adding a new subsection to read:

19 (b) A member who is terminated and is a vested member, deferred
20 vested member, or who is entitled to benefits under AS 14.25.125, and
21 who is married at the time of application for a refund or whose rights
22 to a refund are subject to a qualified domestic relations order is
23 entitled to receive a refund of the balance of the member contribution
24 account only if the member's spouse and each person entitled under the
25 order consents to the refund in writing on a form provided by the
26 administrator. The administrator may waive written consent from the
27 person entitled under the order if the administrator determines that
28 the person cannot be located or for other reasons established by
29 regulation. The administrator may waive written consent from the

1 spouse if the administrator determines that

2 (1) the member was not married to the spouse during any
3 period of the member's employment with an employer;

4 (2) the spouse has no rights to benefits under this chapter
5 because of the terms of a qualified domestic relations order;

6 (3) the spouse cannot be located; or

7 (4) for other reasons established by regulation.

8 * Sec. 7. AS 14.25 is amended by adding a new section to read:

9 Sec. 14.25.153. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.

10 In this chapter the rights of a person under a qualified domestic
11 relations order take precedence over the rights of a spouse, surviving
12 spouse, or dependent child to the extent required by the order. A
13 person granted rights under a qualified domestic relations order shall
14 be treated as a spouse or surviving spouse under this chapter to the
15 extent required by the order. Rights under the order do not take
16 effect until the order is filed with the administrator.

17 * Sec. 8. AS 14.25.155(c) is amended to read:

18 (c) If the death of a vested member or deferred vested member
19 occurs and the proximate cause of death is not a bodily injury sus-
20 tained or hazard undergone while in the performance and within the
21 scope of the member's duties of employment, the surviving spouse may
22 elect to receive either the benefits described in (b) of this section
23 or a 50 percent joint and survivor option as provided under AS 14.25.-
24 167(a)(2) based on credited service to the date of the member's ter-
25 mination. If no spouse survives a vested or deferred vested member,
26 or if a person other than the spouse is designated as beneficiary in
27 accordance with AS 14.25.166, the administrator shall pay [,] the
28 designated beneficiary [SHALL BE PAID] the benefits described in
29 AS 14.25.160(b) and (c). Benefits accrue from the first day of the

1 month following the member's death and are payable the last day of the
2 month.

3 * Sec. 9. AS 14.25.157(a) is amended to read:

4 (a) If (1) the death of a member occurs before the member first
5 attains eligibility for normal retirement, and (2) the proximate cause
6 of death is a bodily injury sustained or hazard undergone while in the
7 performance and within the scope of the member's duties of employment,
8 and (3) the injury or hazard is not the proximate result of wilful
9 negligence on the part of the member, the administrator shall pay a
10 monthly survivor's pension equal to 40 percent of the member's base
11 salary at the time of termination of employment, divided by 12, [SHALL
12 BE PAID] to the member's surviving spouse. If there is no surviving
13 spouse, the administrator shall pay the monthly survivor's pension
14 [SHALL BE PAID] in equal parts to the dependent children of the mem-
15 ber. On the date the normal retirement of the member would have
16 occurred if the member had lived, monthly payments must [SHALL] equal
17 the monthly amount of the normal retirement benefit to which the mem-
18 ber, had the member lived and continued employment until the member's
19 normal retirement date, would have been entitled with an average base
20 salary as existed at the member's death and the credited service to
21 which the member would have been entitled. If the member does not
22 have a [NO SURVIVING] spouse or dependent children [EXIST] at the time
23 of death or if the member designates as beneficiary under AS 14.25.166
24 someone other than the surviving spouse or dependent children, the
25 administrator shall pay the member's designated beneficiary [SHALL BE
26 PAID] those benefits available to a beneficiary under AS 14.25.160(b)
27 and (c) and may not pay a [NO] benefit [WILL BE PAID] to the surviving
28 spouse or dependent children.

29 * Sec. 10. AS 14.25.166(a) is amended to read:

1 (a) Each member shall designate the beneficiary or beneficiaries
2 to whom the administrator shall distribute benefits payable under this
3 chapter as a consequence of the member's death. Notwithstanding a
4 previous designation of beneficiary, a person who is the spouse of a
5 member at the time of the member's death automatically becomes the
6 designated beneficiary if the spouse was married to the member during
7 part of the member's employment for an employer

8 (1) except to the extent a qualified domestic relations
9 order filed with the administrator provides for payment to a former
10 spouse or other dependent of the member; or

11 (2) unless the member files a revocation of beneficiary
12 accompanied by a written consent to the revocation from the spouse and
13 each person entitled under the order [SHALL BE DISTRIBUTED].

14 * Sec. 11. AS 14.25.166(b) is amended to read:

15 (b) Except as provided in (a) of this section, the member may
16 change or revoke the [THE] designation [MAY BE CHANGED OR REVOKED BY
17 THE MEMBER] without notice to the beneficiary or beneficiaries at any
18 time. If a member designates more than one beneficiary, each shares
19 [SHALL SHARE] equally unless the member specifies a different allo-
20 cation or preference. The designation of a beneficiary, [AND] a
21 change or revocation of a beneficiary, and a consent to revocation of
22 a beneficiary shall be made on a form provided by the administrator
23 and is not effective until filed with the administrator.

24 * Sec. 12. AS 14.25.166 is amended by adding a new subsection to read:

25 (d) A person claiming entitlement to benefits payable under this
26 chapter as a consequence of a member's death shall provide the admin-
27 istrator with a marriage certificate, divorce or dissolution judgment,
28 or other evidence of entitlement. Documents establishing entitlement
29 may be filed with the administrator immediately after a change in the

1 member's marital status. If the administrator does not receive noti-
2 fication of a claim before the date 10 days after the member's death,
3 the person claiming entitlement is not entitled to receive from the
4 division of retirement and benefits any benefit already paid by the
5 administrator.

6 * Sec. 13. AS 14.25.167(a) is repealed and reenacted to read:

7 (a) Benefits payable under this section are in place of benefits
8 payable under AS 14.25.110, 14.25.125, 14.25.155, 14.25.157, 14.25.-
9 160, 14.25.162, or 14.25.164. Upon filing an application for retire-
10 ment with the administrator, or when a disabled member becomes eligi-
11 ble for normal retirement under AS 14.25.130(e), the member shall
12 designate the person who is the member's spouse at the time of ap-
13 pointment to retirement as the contingent beneficiary. However, if
14 the designation of the spouse is revoked under (c) of this section,
15 the member may designate a dependent approved by the administrator as
16 the contingent beneficiary or may take normal or early retirement
17 under AS 14.25.110 or 14.25.125. The administrator shall pay benefits
18 under the option elected by the member. The member may elect an
19 option that provides that

20 (1) the member is entitled to receive a reduced benefit
21 payable for life, and, after the member's death, the contingent ben-
22 eficiary is entitled to receive payments in the amount of 75 percent
23 of the reduced benefit for life;

24 (2) the member is entitled to receive a reduced benefit
25 payable for life, and, after the member's death, the contingent ben-
26 eficiary is entitled to receive payments in the amount of 50 percent
27 of the reduced benefit for life; or

28 (3) the member is entitled to receive a reduced benefit
29 payable during the joint lifetime of the member and the contingent

1 beneficiary, and, after the death of either the member or the contin-
2 gent beneficiary, the survivor is entitled to receive payments in the
3 amount of 66-2/3 percent of the reduced benefit for life.

4 * Sec. 14. AS 14.25.167(c) is amended to read:

5 (c) A member may elect or [,] change [, OR REVOKE] an option
6 without the approval of the administrator if the member's election or
7 [,] change [, OR REVOCATION] is filed in writing with the administra-
8 tor before the effective date of the member's retirement. A member
9 may revoke a joint and survivor option if the member files with the
10 administrator before the effective date of the member's retirement a
11 revocation and a consent to the revocation signed by the member's
12 spouse and each person entitled to benefits under a qualified domestic
13 relations order on forms provided by the administrator. The adminis-
14 trator may waive the requirement for written consent from

15 (1) a person entitled under the order if the person cannot
16 be located or for other reasons established by regulation; or

17 (2) the spouse if the member is not married, the member was
18 not married to the spouse during any period of the member's employment
19 with an employer, the spouse has no rights to the option because of
20 the terms of a qualified domestic relations order, the spouse cannot
21 be located, or for other reasons established by regulation.

22 * Sec. 15. AS 14.25.167 is amended by adding new subsections to read:

23 (f) The member and any person claiming to be a contingent bene-
24 ficiary shall file with the administrator a marriage certificate,
25 divorce or dissolution judgment, or other evidence necessary to deter-
26 mine the applicability of this section and the identity of any contin-
27 gent beneficiary.

28 (g) If the administrator determines, based on the affidavit of
29 the member and other evidence, that a member is eligible to elect a

1 form of payment other than a joint and survivor option under this
2 section, and no contrary evidence is presented to the administrator
3 within 60 days after the effective date of the member's retirement, no
4 claim under this section, made by a spouse or former spouse of the
5 member, may be paid if payment would result in an increase in actuari-
6 al liability to the system.

7 (h) If a member fails to elect an option under (a) of this
8 section and no effective revocation is filed with the administrator,
9 the member is considered to have elected the option provided in (a)(2)
10 of this section.

11 * Sec. 16. AS 14.25.200(a) is amended to read:

12 (a) Benefits and other amounts held in the retirement fund on
13 behalf of the members are exempt from Alaska state and municipal taxes
14 and are not subject to anticipation, alienation, sale, transfer,
15 assignment, pledge, encumbrance, or charge of any kind, either volun-
16 tary or involuntary, before they are received by the person entitled
17 to the amount under the terms of the system, and any attempt to antic-
18 ipate, alienate, sell, transfer, assign, pledge, encumber, charge, or
19 otherwise dispose of any right to amounts accrued in the retirement
20 fund is void. However, a member's right to receive benefits may be
21 assigned under a qualified domestic relations order.

22 * Sec. 17. AS 14.25.220 is amended by adding a new paragraph to read:

23 (43) "qualified domestic relations order" means a divorce or
24 dissolution judgment under AS 25.24, including an order approving a
25 property settlement, that

26 (A) creates or recognizes the existence of an alter-
27 nate payee's right to, or assigns to an alternate payee the right
28 to, receive all or a portion of the benefits payable with respect
29 to a member;

1 (B) sets out the name and last known mailing address,
2 if any, of the member and of each alternate payee covered by the
3 order,

4 (C) sets out the amount or percentage of the member's
5 benefit, or of any survivor's benefit, to be paid to the alter-
6 nate payee, or sets out the manner in which that amount or per-
7 centage is to be determined;

8 (D) sets out the number of payments or period to which
9 the order applies;

10 (E) does not require any type or form of benefit or
11 any option not otherwise provided by this chapter;

12 (F) does not require an increase of benefits in excess
13 of the amount provided by this chapter, determined on the basis
14 of actuarial value; and

15 (G) does not require the payment, to an alternate
16 payee, of benefits that are required to be paid to another alter-
17 nate payee under another order previously determined to be a
18 qualified domestic relations order.

19 * Sec. 18. AS 22.25.030(b) is amended to read:

20 (b) To be eligible for the survivors' benefits, the surviving
21 spouse must have been married to the justice or judge for at least one
22 year [TWO YEARS] immediately preceding the death of the justice or
23 judge. The benefits continue until the remarriage or death of the
24 surviving spouse.

25 * Sec. 19. AS 22.25.030 is amended by adding a new subsection to read:

26 (f) The rights of a surviving spouse or dependent child under
27 this section are subject to the rights of a previous spouse or a
28 dependent under a qualified domestic relations order.

29 * Sec. 20. AS 22.25 is amended by adding a new section to read:

1 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
2 ORDER. A person who was married to a justice or judge for at least
3 one year, who has not remarried, and who has been granted rights to
4 benefits under this chapter by the terms of a qualified domestic
5 relations order, shall be treated as a spouse or surviving spouse
6 under this chapter to the extent required by the order. Rights under
7 the order do not take effect until the order is filed with the admin-
8 istrator. The benefits continue until the remarriage or death of the
9 person.

10 * Sec. 21. AS 22.25 is amended by adding a new section to read:

11 Sec. 22.25.900. DEFINITION. In this chapter, "qualified domes-
12 tic relations order" means a divorce or dissolution judgment under
13 AS 25.24, including an order approving a property settlement, that

14 (1) creates or recognizes the existence of an alternate
15 payee's right to, or assigns to an alternate payee the right to,
16 receive all or a portion of the benefits payable with respect to a
17 justice or judge;

18 (2) sets out the name and last known mailing address, if
19 any, of the justice or judge and of each alternate payee covered by
20 the order;

21 (3) sets out the amount or percentage of the justice's or
22 judge's benefit, or of any survivor's benefit, to be paid to the
23 alternate payee, or sets out the manner in which that amount or per-
24 centage is to be determined;

25 (4) sets out the number of payments or period to which the
26 order applies;

27 (5) does not require any type or form of benefit or any
28 option not otherwise provided by this chapter;

29 (6) does not require an increase of benefits in excess of

1 the amount provided by this chapter, determined on the basis of actu-
2 arial value;

3 (7) does not require the payment, to an alternate payee, of
4 benefits that are required to be paid to another alternate payee under
5 another order previously determined to be a qualified domestic rela-
6 tions order.

7 * Sec. 22. AS 25.24.160 is amended by adding a new subsection to read:

8 (b) If a judgment under this section distributes benefits to an
9 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
10 AS 39.35, the judgment must meet the requirements of a qualified
11 domestic relations order under the definition of that phrase that is
12 applicable to those provisions.

13 * Sec. 23. AS 25.24.230 is amended by adding a new subsection to read:

14 (g) If a judgment under this section distributes benefits to an
15 alternate payee under AS 14.24, AS 22.25, AS 26.05.222 - 26.05.226, or
16 AS 39.35, the judgment must meet the requirements of a qualified
17 domestic relations order under the definition of that phrase that is
18 applicable to those provisions.

19 * Sec. 24. AS 26.05.224(d) is amended to read:

20 (d) Upon the death of an active member who has at least five
21 years service in the Alaska National Guard or Alaska Naval Militia or
22 a combination of these components, the member's designated beneficiary
23 is entitled to a lump sum benefit calculated in accordance with (b) of
24 this section. Upon the death of a former member who has at least 20
25 years service, the former member's designated beneficiary is entitled
26 to a lump sum benefit calculated in accordance with (b) of this sec-
27 tion less any retirement benefits previously paid. Except as provided
28 in (e) of this section, a [A] member may change or revoke the desig-
29 nation of a beneficiary without notice to the beneficiary at any time.

1 If a member designates more than one beneficiary, each shares [SHALL
2 SHARE] equally unless the member specifies a different allocation.
3 The member shall make a designation of a beneficiary or [AND] a change
4 or revocation of a beneficiary [SHALL BE MADE] on a form provided by
5 the Department of Military and Veterans' Affairs. It [AND] is not
6 effective until filed with the Department of Military and Veterans'
7 Affairs. If a member fails to designate a beneficiary or if no des-
8 ignated beneficiary survives the member, the department, except to the
9 extent provided otherwise in a qualified domestic relations order,
10 shall pay the death benefit under this subsection to the member's
11 surviving spouse or, if there is no spouse surviving, [SHALL BE PAID]
12 to the member's estate.

13 * Sec. 25. AS 26.05.224 is amended by adding new subsections to read:

14 (e) Notwithstanding any previous designation of beneficiary, the
15 spouse of a member at the time of the member's death automatically
16 becomes the designated beneficiary if the spouse was married to the
17 member during part of the member's service under this chapter

18 (1) except to the extent a qualified domestic relations
19 order provides for payment to a former spouse or other dependent of
20 the member; or

21 (2) unless the member files with the Department of Military
22 and Veterans' Affairs a revocation of beneficiary and a written con-
23 sent to the revocation signed by the spouse and each person entitled
24 to benefits under the order on forms provided by the department.

25 (f) A person claiming entitlement to any benefits payable under
26 this section shall provide the department with a marriage certificate,
27 divorce or dissolution decree, or other evidence of entitlement.
28 Documents showing entitlement may be filed with the department immedi-
29 ately after a change in the member's marital status. If the

1 department does not receive notification of a claim before the date 10
2 days after the member's death, the person claiming entitlement to the
3 benefits is not entitled to receive from the Department of Adminis-
4 tration or Department of Military and Veterans' Affairs any benefit
5 already paid under this section.

6 * Sec. 26. AS 26.05.227 is amended by adding a new paragraph to read:

7 (4) "qualified domestic relations order" means a divorce or
8 dissolution judgment under AS 25.24, including an order approving a
9 property settlement, that

10 (A) creates or recognizes the existence of an alter-
11 nate payee's right to, or assigns to an alternate payee the right
12 to, receive all or a portion of the benefits payable with respect
13 to a member;

14 (B) sets out the name and last known mailing address,
15 if any, of the member and of each alternate payee covered by the
16 order;

17 (C) sets out the amount or percentage of the member's
18 benefit, or of any survivor's benefit, to be paid to the alter-
19 nate payee, or sets out the manner in which that amount or per-
20 centage is to be determined;

21 (D) sets out the number of payments or period to which
22 the order applies;

23 (E) does not require any type or form of benefit or
24 any option not otherwise provided by AS 26.05.222 - 26.05.228;

25 (F) does not require an increase of benefits in excess
26 of the amount provided by AS 26.05.222 - 26.05.228, determined on
27 the basis of actuarial value; and

28 (G) does not require the payment, to an alternate
29 payee, of benefits that are required to be paid to another

1 alternate payee under another order previously determined to be a
2 qualified domestic relations order.

3 * Sec. 27. AS 39.35.200(a) is amended to read:

4 (a) Except as provided in (c) of this section, an [AN] inactive
5 employee, not on leave-without-pay status or layoff status, is enti-
6 tled to receive a refund of the balance of the employee contribution
7 account.

8 * Sec. 28. AS 39.35.200 is amended by adding a new subsection to read:

9 (c) An employee who is terminated and is a vested employee,
10 deferred vested employee, or who is entitled to benefits under AS 39.-
11 35.385, and who is married at the time of application for a refund or
12 whose rights to a refund are subject to a qualified domestic relations
13 order is entitled to receive a refund of the balance of the employee
14 contribution account only if the employee's spouse and each person
15 entitled under the order consent to the refund in writing on a form
16 provided by the administrator. The administrator may waive written
17 consent from the person entitled to benefits under the order if the
18 administrator determines that the person cannot be located or for
19 other reasons established by regulation. The administrator may waive
20 written consent from the spouse if the administrator determines that

21 (1) the employee was not married to the spouse during any
22 period of the employee's employment with an employer;

23 (2) the spouse has no rights under this chapter because of
24 the terms of a qualified domestic relations order;

25 (3) the spouse cannot be located; or

26 (4) for other reasons established by regulation.

27 * Sec. 29. AS 39.35.370(a) is amended to read:

28 (a) Subject to AS 39.35.450, a [A] terminated employee is elig-
29 ible for a normal retirement benefit

- 1 (1) at age 55 with at least five years credited service, or
2 (2) with at least 20 years of credited service as a peace
3 officer or fireman, or
4 (3) with at least 30 years of credited service for all
5 other employees.

6 * Sec. 30. AS 39.35.370(b) is amended to read:

7 (b) Subject to AS 39.35.450, a [A] terminated employee is elig-
8 ible for an early retirement benefit at age 50 with at least five
9 years credited service.

10 * Sec. 31. AS 39.35.385(a) is amended to read:

11 (a) Subject to AS 39.35.450, an [AN] employee is eligible for a
12 normal retirement benefit at age 55 with at least two years of cred-
13 ited service if the employee also is eligible for a normal retirement
14 salary under the teachers' retirement system (AS 14.25).

15 * Sec. 32. AS 39.35.385(b) is amended to read:

16 (b) Subject to AS 39.35.450, an [AN] employee is eligible for an
17 early retirement benefit at age 50 with at least two years of credited
18 service if the employee also is eligible for an early retirement sal-
19 ary under the teachers' retirement system (AS 14.25).

20 * Sec. 33. AS 39.35.420(c) is amended to read:

21 (c) If, under AS 39.35.490, a vested or deferred vested member
22 designates as beneficiary to receive nonoccupational benefits someone
23 other than the surviving spouse to whom the member has been married
24 for at least one year, the administrator shall pay [TO RECEIVE
25 NONOCCUPATIONAL DEATH BENEFITS,] the designated beneficiary [SHALL BE
26 PAID]: (1) the balance of the deceased member's employee contribution
27 account; and (2) a lump-sum death benefit. The amount of the lump-sum
28 death benefit is \$100 times the years of credited service of the
29 deceased member plus \$1,000.

1 * Sec. 34. AS 39.35.430(f) is amended to read:

2 (f) If the death of an employee occurs from occupational causes
3 but no surviving spouse or dependent children exist at the time of the
4 death or if the employee designates as beneficiary under AS 39.35.490
5 someone other than the surviving spouse or dependent children, the
6 employee's designated beneficiary is entitled to receive those bene-
7 fits available to a beneficiary under AS 39.35.420(c) and no occupa-
8 tional death benefit will be paid to the surviving spouse or dependent
9 children. [IF THE DESIGNATED BENEFICIARY IS THE SURVIVING SPOUSE OR
10 DEPENDENT CHILDREN, THE BENEFICIARY SHALL RECEIVE THE BENEFIT DE-
11 SCRIBED IN (b) OF THIS SECTION.]

12 * Sec. 35. AS 39.35.440(b) is amended to read:

13 (b) Upon the death of a disabled employee who is receiving or is
14 entitled to receive an occupational disability benefit, the adminis-
15 trator shall pay the surviving spouse a surviving spouse's pension,
16 equal to 40 percent of the employee's monthly compensation at the
17 termination of employment because of occupational disability [SHALL BE
18 PAID TO THE SURVIVING SPOUSE]. If there is no surviving spouse, the
19 administrator shall pay the survivor's pension [SHALL BE PAID] in
20 equal parts to the dependent children of the employee. On the date
21 the normal retirement of the employee would have occurred if the
22 employee had lived, the administrator shall adjust the monthly pay-
23 ments to [SHALL] equal the monthly amount of the normal retirement
24 benefit to which the employee, had the employee lived and continued
25 employment until the employee's normal retirement date, would have
26 been entitled with an average monthly compensation as existed at death
27 and the credited service to which the employee would have been enti-
28 tled. If the death of an employee occurs from occupational causes but
29 no surviving spouse or dependent children exist at the time of the

1 death, or if the employee designates as beneficiary under AS 39.35.490
2 someone other than the surviving spouse or dependent children, the
3 administrator shall pay the employee's designated beneficiary [SHALL
4 BE PAID] those benefits available to a beneficiary under AS 39.35.-
5 420(c) and may not pay an [NO] occupational death benefit [WILL BE
6 PAID] to the surviving spouse or dependent children.

7 * Sec. 36. AS 39.35.450(a) is repealed and reenacted to read:

8 (a) Benefits payable under this section are in place of benefits
9 payable under AS 39.35.370, 39.35.385, and 39.35.460. Upon filing an
10 application with the administrator or when a disabled employee first
11 attains eligibility for normal retirement under AS 39.35.400(f) or
12 39.35.410(h), the employee shall designate the person who is the
13 employee's spouse at the time of appointment to retirement as the
14 contingent beneficiary. However, if the designation of the spouse is
15 revoked under (c) of this section, the employee may designate a depen-
16 dent approved by the administrator as the contingent beneficiary or
17 may take normal or early retirement under AS 39.35.370 or 39.35.385 or
18 a level income option under AS 39.35.460. The administrator shall pay
19 benefits under the option elected by the employee. The employee may
20 elect an option that provides that

21 (1) the employee is entitled to receive a reduced benefit
22 payable for life, and, after the employee's death, the contingent ben-
23 eficiary is entitled to payments in the amount of 75 percent of the
24 reduced benefit payable for life;

25 (2) the employee is entitled to receive a reduced benefit
26 payable for life, and, after the employee's death, the contingent
27 beneficiary is entitled to receive payments in the amount of 50 per-
28 cent of the reduced benefit payable for life;

29 (3) the employee is entitled to receive a reduced benefit

1 payable during the joint lifetime of the employee and the contingent
2 beneficiary, and, after the death of either the employee or the con-
3 tingent beneficiary, the survivor is entitled to receive payments in
4 the amount of 66-2/3 percent of the reduced benefit payable for life.

5 * Sec. 37. AS 39.35.450(c) is amended to read:

6 (c) An employee may elect or [,] change [, OR REVOKE] an option
7 without the approval of the administrator if the election or [,]
8 change [, OR REVOCATION] is filed in writing with the administrator
9 before the effective date of the employee's retirement. An employee
10 may revoke a joint and survivor option if the employee files with the
11 administrator before the effective date of the employee's retirement a
12 revocation and consent to the revocation signed by the employee's
13 spouse and each person entitled to benefits under a qualified domestic
14 relations order on forms provided by the administrator. The adminis-
15 trator may waive the requirement for written consent from

16 (1) a person entitled under the order if the person cannot
17 be located or for other reason established by regulation; or

18 (2) the spouse if the employee is not married, the employee
19 was not married to the spouse during any period of the employee's
20 employment with an employer, the spouse has no rights to the option
21 because of the terms of a qualified domestic relations order, the
22 spouse cannot be located, or for other reason established by regula-
23 tion.

24 * Sec. 38. AS 39.35.450 is amended by adding new subsections to read:

25 (f) The employee and any person claiming to be a contingent
26 beneficiary shall file with the administrator a marriage certificate,
27 divorce or dissolution judgment, or other evidence necessary to deter-
28 mine the applicability of this section and the identity of any contin-
29 gent beneficiary.

1 (g) If the administrator determines, based on the affidavit of
2 the employee and other evidence that an employee is eligible to elect
3 a form of payment other than a joint and survivor option under this
4 section, and no contrary evidence is presented to the administrator
5 within 60 days after the effective date of the employee's retirement,
6 no claim under this section, made by a spouse or former spouse of the
7 member, may be paid if payment would result in an increase in actuari-
8 al liability to the system.

9 (h) If an employee fails to elect an option under this section,
10 and if no effective revocation is filed with the administrator, the
11 employee is considered to have elected the option provided in (a)(2)
12 of this section.

13 * Sec. 39. AS 39.35 is amended by adding a new section to read:

14 Sec. 39.35.455. RIGHTS UNDER QUALIFIED DOMESTIC RELATIONS ORDER.
15 In this chapter the rights of a person under a qualified domestic
16 relations order take precedence over the rights of a spouse, surviving
17 spouse, or dependent child to the extent required by the order. A
18 person granted rights under a qualified domestic relations order shall
19 be treated as a spouse or surviving spouse to the extent required by
20 the order. Rights under the order are effective when the order is
21 filed with the administrator.

22 * Sec. 40. AS 39.35.490 is amended to read:

23 Sec. 39.35.490. DESIGNATION OF BENEFICIARY. (a) Each employee
24 shall designate the beneficiary or beneficiaries to whom the adminis-
25 trator shall distribute benefits payable under this chapter as a
26 consequence of the employee's death. Notwithstanding a previous
27 designation of beneficiary, a person who is the spouse of an employee
28 at the time of the employee's death automatically becomes the desig-
29 nated beneficiary if the spouse was married to the employee during

1 part of the employee's employment for an employer

2 (1) except to the extent a qualified domestic relations
3 order filed with the administrator provides for payment to a former
4 spouse or other dependent of the employee; or

5 (2) unless the employee files a revocation of beneficiary
6 accompanied by a written consent to the revocation signed by the
7 spouse and each person entitled under the order [SHALL BE DISTRI-
8 BUTED].

9 (b) Except as provided in (a) of this section, the [THE] desig-
10 nation may be changed or revoked by the employee without notice to the
11 beneficiary or beneficiaries at any time. If an employee designates
12 more than one beneficiary, each shares [SHALL SHARE] equally unless
13 the employee specifies a different allocation or preference. The
14 member shall make a designation of [A] beneficiary, [AND] a change or
15 revocation of a beneficiary, or a consent to a revocation of a benefi-
16 ciary shall be made on a form provided by the administrator and is not
17 effective until filed with the administrator.

18 (c) If an employee fails to designate a beneficiary, or if no
19 designated beneficiary survives the employee, the administrator shall
20 pay the death benefit [SHALL BE PAID]

21 (1) to the surviving spouse or, if there is none surviving,

22 (2) to the surviving children in equal parts or, if there
23 is none surviving,

24 (3) to the surviving parents in equal parts or, if there is
25 none surviving,

26 (4) to the employee's estate.

27 * Sec. 41. AS 39.35.490 is amended by adding a new subsection to read:

28 (d) A person claiming entitlement to benefits payable under this
29 chapter as a consequence of an employee's death shall provide the

1 administrator with a marriage certificate, divorce or dissolution
2 decree, or other evidence of entitlement. Documents establishing
3 entitlement may be filed with the administrator immediately after a
4 change in the employee's marital status. If the administrator does
5 not receive notification of a claim before the date 10 days after the
6 employee's death, the person claiming entitlement to the benefits is
7 not entitled to receive from the division of retirement and benefits
8 any benefit already paid by the administrator.

9 * Sec. 42. AS 39.35.500 is amended to read:

10 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
11 Employee contributions and other amounts held in the pension fund are
12 exempt from Alaska state and local taxes. Amounts held on behalf of,
13 or payable to, any employee or other person who is or may become
14 eligible for benefits under the system are not subject to anticipa-
15 tion, alienation, sale, transfer, assignment, pledge, encumbrance, or
16 charge of any kind, either voluntary or involuntary, before being
17 received by the person entitled to the amount under the terms of the
18 system. An attempt to anticipate, alienate, sell, transfer, assign,
19 pledge, encumber, charge, or otherwise dispose of a right to amounts
20 held under the system is void. However, an employee's right to re-
21 ceive benefits may be assigned under a qualified domestic relations
22 order.

23 * Sec. 43. AS 39.35.680 is amended by adding a new paragraph to read:

24 (40) "qualified domestic relations order" means a divorce
25 or dissolution judgment under AS 25.24, including an order approving a
26 property settlement, that

27 (A) creates or recognizes the existence of an alter-
28 nate payee's right to, or assigns to an alternate payee the right
29 to, receive all or a portion of the benefits payable with respect

1 to an employee;

2 (B) sets out the name and last known mailing address,
3 if any, of the employee and of each alternate payee covered by
4 the order;

5 (C) sets out the amount or percentage of the employ-
6 ee's benefit, or of any survivor's benefit, to be paid to the
7 alternate payee, or sets out the manner in which that amount or
8 percentage is to be determined;

9 (D) sets out the number of payments or period to which
10 the order applies;

11 (E) does not require any type or form of benefit or
12 any option not otherwise provided by this chapter;

13 (F) does not require an increase of benefits in excess
14 of the amount provided by this chapter, determined on the basis
15 of actuarial value; and

16 (G) does not require the payment to an alternate payee
17 of benefits that are required to be paid to another alternate
18 payee under another order previously determined to be a qualified
19 domestic relations order.

20 * Sec. 44. Within 90 days after the effective date of this section, the
21 Department of Administration shall publish notice of the provisions of this
22 Act in the regularly published newsletters of the division of retirement
23 and benefits and in newspapers of general distribution in each judicial
24 district of the state, and shall make available the forms necessary to
25 implement this Act.

26 * Sec. 45. Section 44 of this Act takes effect immediately in accor-
27 dance with AS 01.10.070(c).

28 * Sec. 46. Sections 1 - 43 of this Act take effect January 1, 1986.

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 cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

4/24/86

Date _____

Mr. President

The Committee on JUDICIARY considered CSHB 237(Rls)
pension reform; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for CSHB 237 (Jud)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Tim Keeg

MEMBERS HAVING
OTHER RECOMMENDATIONS

Jan Fuchs No Rec
Rich Hayward No Rec

Patrick Snyder
Chairman
do pass
Chairman recommendation

COMMITTEE REPORT
SENATE

5/12/85

FURTHER: JUDICIARY
FINANCE

Date 4/23/86

Mr. President

The Committee on STATE AFFAIRS considered CSHB 237 (RLS)
pension reform; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for CSHB 237 (~~RLS~~ SA)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" [] NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Tim Kelly

Bill Ray

V. Kris

Edwin McVies

MEMBERS HAVING
OTHER RECOMMENDATIONS

Mark Stiles
Chairman
Bob Ross
Chairman recommendation