

HB

416

(11)

Date referred: 3/11/88

FURTHER REFERRALS:

DATE: 3-21-88

The Finance Committee has considered HB 416

"An Act relating to Alaska National Guard and Alaska Naval Militia retirement benefits; and providing for an effective date."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 1/29/88 (2)
- zero with analysis

SIGNING DO PASS:

Adams [Signature]

Pourchat [Signature]

Larson [Signature]

Swack [Signature]

Boyer [Signature]

Rieger [Signature]

Wallis [Signature]

[Signature]

FRANK [Signature]

SIGNING OTHER RECOMMENDATIONS:

Goll [Signature] N.P.

Brown [Signature] No Rec

Davis [Signature]

[Signature]
Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 416
PUBLISH DATE: HOUSE 1/29/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: AK Nat'l Guard Naval Militia
Retirement Benefits
Sponsor: Rules
Requestor: Governor

Agency Affected: Administration
BRU: Retirement & Benefits
Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See attached

Robert F. Stalnaker

Prepared by: Robert F. Stalnaker, Acting Director Phone: 465-4470
Division: Retirement and Benefits Date: 1-18-88

Approved by Commissioner: John M. Andrews Date: 1/26/88
Agency: Department of Administration

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

POSITION PAPER
National Guard Bill

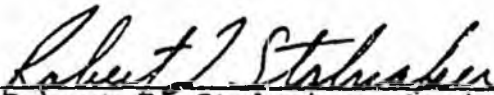
This bill would add two (2) additional benefit payment options for the members retiring under the Alaska Guard and Naval Militia Retirement System (NGNMRS). Currently, a retiring member has only one payment option for their retirement benefit. The member receives \$100 per month for the same number of months that the member participated satisfactorily in the Guard, Air Guard, or the Naval Militia. If the retiree dies before receiving the entire benefit, the balance is paid in a lump sum to a surviving spouse or other beneficiary named by the retiree if there is no surviving spouse.

This amendment would provide a choice of one of three different payment plans to allow more flexibility for the retiring member:

- 1) a lump sum pension which is the actuarially equivalent of the total pension due the member;
- 2) a monthly benefit actuarially calculated so that the entire pension is paid to the member by his or her 72nd birthday; or
- 3) \$100 per month for the same number of months served by the member (the current plan.)

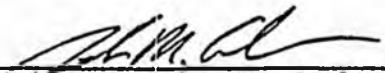
It may be more advantageous for an older retiring member to elect a lump sum or an actuarially calculated monthly benefit to ensure that the entire benefit is received during the member's life time.

The department supports this bill.



Robert F. Stalnaker, Acting Director
Division of Retirement & Benefits

1/26/88
Date



Commissioner John M. Andrews
Department of Administration

1/26/88
Date

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 416
PUBLISH DATE: HOUSE 1/29/88

FISCAL NOTE

REQUEST:

Revision Date: January 19, 1988
Title: An Act relating to Alaska National Guard Retirement Benefits
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Military & Veterans Affairs
BRU: Alaska National Guard Benefits

Components: Retirement Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

This bill adds two payout options to the existing Alaska National Guard and Naval Militia retirement system. No fiscal impact will occur.

Prepared by: Jeff Morrison *Morrison* Phone: 465-4600
Division: Administrative & Support Services, DMVA Date: 1/19/88

Approved by Commissioner: MG John W. Schaeffer *Schaeffer* Date: 1/19/88
Agency: Department of Military & Veterans Affairs

Distribution (by preparer):

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

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO.416

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to Alaska National Guard and Alaska
7 Naval Militia retirement benefits; and providing for
8 an effective date."

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

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* Section 1. AS 26.05.224(b) is amended to read:

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(b) The retirement pension is \$100 a month, payable for the same
number of months that the member participated satisfactorily in the
Alaska National Guard or Alaska Naval Militia. The member may instead
elect to receive the retirement pension (1) in a lump sum that is
actuarially determined to be equal to the value, at the time of re-
tirement, of the entire pension due, or (2) in a monthly amount that
will result in payment by the member's 72nd birthday of an amount that
is determined to be the actuarial equivalent of the entire pension due
at the time of retirement.

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* Sec. 2. AS 26.05.224(c) is amended to read:

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(c) An eligible member or former member may elect to receive the
retirement pension beginning on the first day of the month in which
the member or former member becomes eligible for retirement, or the
member or former member may elect to defer payment to a later date.
Payment of a deferred retirement benefit may not begin until applica-
tion for the benefit is filed with and approved by the Department of
Military and Veterans' Affairs. Deferred retirement payments must be
made monthly at the rate of \$100, unless the member elects another
form of payment under (b) of this section.

1 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 416
PUBLISH DATE: HOUSE 1/29/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: AK Nat'l Guard Naval Militia
Retirement Benefits

Agency Affected: Administration
BRU: Retirement & Benefits

Sponsor: Rules
Requestor: Governor

Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

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TRAVEL	0	0	0	0	0	0
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SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
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TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: Robert F. Stalnaker, Acting Director Phone: 465-4470
Division: Retirement and Benefits Date: 1-18-88

Approved by Commissioner: John M. Andrews Date: 1/26/88
Agency: Department of Administration

Distribution (by preparer):

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

POSITION PAPER
National Guard Bill

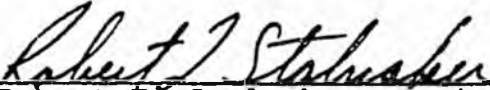
This bill would add two (2) additional benefit payment options for the members retiring under the Alaska Guard and Naval Militia Retirement System (NGNMRS). Currently, a retiring member has only one payment option for their retirement benefit. The member receives \$100 per month for the same number of months that the member participated satisfactorily in the Guard, Air Guard, or the Naval Militia. If the retiree dies before receiving the entire benefit, the balance is paid in a lump sum to a surviving spouse or other beneficiary named by the retiree if there is no surviving spouse.

This amendment would provide a choice of one of three different payment plans to allow more flexibility for the retiring member:

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- 3) \$100 per month for the same number of months served by the member (the current plan.)

It may be more advantageous for an older retiring member to elect a lump sum or an actuarially calculated monthly benefit to ensure that the entire benefit is received during the member's life time.

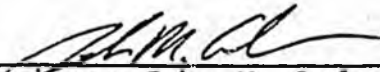
The department supports this bill.



Robert F. Stalnaker, Acting Director
Division of Retirement & Benefits

1/26/88

Date



Commissioner John M. Andrews
Department of Administration

1/26/88

Date



Official Business

Alaska State Legislature

House

COMMITTEE ON STATE AFFAIRS

P.O. BOX V
State Capitol
Juneau, Alaska 99811

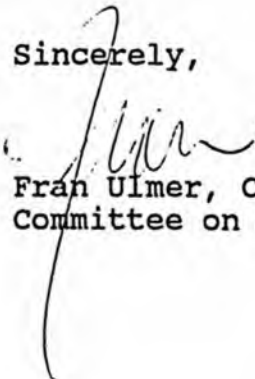
February 26, 1988

Major General John W. Schaeffer
The Adjutant General
Department of Military and Veterans Affairs
Frontier Building
3601 C Street
Suite 620
Anchorage, AK 99503-5989

Dear Major General Schaeffer:

Thank you for your letter of February 16, 1988. Because of the additional information you have provided, I have tentatively rescheduled House Bill 416 for Wednesday, March 9, for the State Affairs Committee. A copy of your letter will be provided to each committee member for their consideration.

Sincerely,


Fran Ulmer, Chair
Committee on State Affairs

DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

Administrative & Support
Services Division
P.O. Box L
Juneau, AK 99811

March 1, 1988

Representative Fran Ulmer
Chairman, House State Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Ulmer,

On February 10, your committee heard HB416 for the first time, concerning changes desired in the National Guard Retirement System (NGRS). Because of questions the committee had concerning this bill, you asked that I provide you with additional information. This letter will provide the requested information.

After reflecting on the testimony offered in support of this bill, it became apparent that neither I nor Bob Stalnaker of the Division of Retirement and Benefits effectively communicated the basic purpose of the NGRS, and the reasons why it is different from other retirement systems administered by the state. When this is understood by the committee, we believe that there will be support for the changes proposed by this bill.

The main purpose of the NGRS is to supplement the existing federal retirement system. No National Guard member can receive the NGRS benefits until and unless they are also eligible to receive the federal retirement benefit. In A.S. 26.05.224(a), the eligibility of members to receive the NGRS benefit is defined. With the exception of forced early retirement due to fiscal constraints, a member must have served a total of 20 years in the armed forces of the United States, at least five years of which must have been with the National Guard or Naval Militia. These are the same standards which qualify a member to receive the federal retirement benefit.

The amount of the federal retirement benefit varies depending on the rank at retirement, the number of years served, and the number of retirement points earned. Retirement points are earned for basic service in the guard, for annual training and any active duty served, and for special schools or training completed. An enclosure to this letter is a table from the National Guard Almanac which shows the amount of the monthly federal retirement benefit paid to recipients based on the variables just mentioned.

These federal benefits are payable once the eligible member reaches 60 years old, and are paid for the remainder of the member's lifetime. The minimum amount that a member can realistically expect to receive from the federal retirement system is about \$200 per month. Most retired guardsmen and women in fact receive more than that amount. This federal system is administered entirely by the Department of Defense and the National Guard Bureau.

The state-administered NGRS system is not a retirement system per se, but is in fact a supplemental benefits system to augment the federal national guard retirement system. Its purpose is to provide additional incentive to National Guard and Naval Militia members to remain active, and to supplement their federal retirement system. Because of this, it is more appropriate to compare the NGRS to the existing state employee Supplemental Benefits System (SBS) rather than to the Public Employee Retirement System (PERS) or to the Teachers Retirement System (TRS). There are two significant similarities between the SBS and the NGRS system:

1. Both the NGRS and the SBS supplement an existing retirement system. The SBS supplements the PERS and TRS systems for employees of the State of Alaska and other employers who have chosen to belong to the SBS. The NGRS supplements the federal National Guard Retirement System.
2. Both the NGRS and the SBS provide annuities based on a fixed dollar amount which is customized for each individual. The SBS annuity is based on the contributions made by each individual member over the period of time they participated in SBS. The NGRS annuity is based on the number of months that each individual member participated satisfactorily in the Alaska National Guard or Alaska Naval Militia.

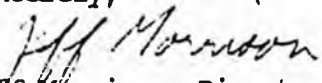
There is one significant difference between the NGRS and the SBS, however. The SBS currently allows eight different options for payout of the annuity amount, including a lump sum payout. Enclosed with this letter is a copy of the pages from the SBS information booklet which describe the annuity payout options. The NGRS currently allows only one option. The proposed legislation would add two options to the NGRS, to provide a total of three options. This is still significantly less than the options available to participants in the SBS, but would at least provide a choice to men and women of the National Guard and Naval Militia which they do not have now.

We agree with the committee's concern that National Guard members should not have benefits in their retirement system that are not also available to members of the PERS and TRS retirement system. The basic federal retirement system available to members of the National Guard and Naval Militia is essentially comparable in intent and purpose to PERS and TRS. A lump sum option is not available in the federal National Guard retirement system, and the benefits are payable for life.

We also believe, however, that members of the National Guard and Naval Militia should have the same variety of options available to state employees in the payout of their supplemental benefits. The SBS system currently allows lump sum payout of the annuity benefit, along with seven other options. The NGRS system, if HB416 is enacted, would allow a lump sum payout and two other options. We request that the State Affairs Committee concur in the desire to provide equity with state employees in the forms of payout options available to their annuity benefits system which supplements their regular retirement system, and pass out HB416 with a "Do Pass" recommendation.

I am available to meet with you or the committee at your convenience to discuss this issue further. Thank you for your consideration.

Sincerely,


Jeff Morrison, Director
Administrative and Support Services

cc: House State Affairs Committee Members
MG John W. Schaeffer, The Adjutant General
Bob Stalnaker, Acting Director, Division of Retirement and Benefits, DOA

NATIONAL GUARD ALMANAC

TABLE A
MONTHLY AMOUNT OF GUARD RETIREMENT PAY—
OVER 20 YEARS SERVICE FOR BASE PAY
1 JANUARY 1987

Highest Grade Held	Value of Each Point	Retirement Points					
		100	2000	2500	3000	3500	4000
COMMISSIONED OFFICERS							
O-8	.40146	\$40.15	\$802	\$1003	\$1204	\$1405	\$1605
O-7 M	.36304	36.30	728	907	1089	1270	1452
O-6	.27798	27.80	555	694	833	972	1111
O-5	.25148	25.15	502	628	754	880	1005
O-4 M	.21763	21.76	435	544	652	761	870
O-3 M	.18821	18.82	376	470	564	658	752
O-2 M	.13967	13.97	279	349	419	488	558
O-1 M	.11017	11.02	220	275	330	385	440
COMMISSIONED OFFICERS WITH MORE THAN 4 YEARS ACTIVE SERVICE AS AN ENLISTED MEMBER							
O-3E M	.19102	19.10	382	477	573	668	764
O-2E M	.16169	16.17	323	404	485	565	646
O-1E M	.13679	13.68	273	341	410	478	547
WARRANT OFFICERS							
W-4	.18069	18.07	361	451	542	632	722
W-3	.15892	15.89	317	397	476	556	635
W-2	.14263	14.26	285	356	427	499	570
W-1	.13233	13.23	264	330	396	463	529
ENLISTED MEMBERS							
E-9	.15283	15.28	305	382	458	534	611
E-8	.13396	13.40	267	334	401	468	535
E-7	.11821	11.82	236	295	354	413	472
E-6 M	.10354	10.35	207	258	310	362	414
E-5 M	.08786	8.79	175	219	263	307	351

M = Maximum point value—the same for "over 20", "over 22", or "over 26" years service for pay. However, total retirement points may be increased by additional years of service. See Tables B and C following for applicable "over 22" and "over 26" years service.

*These values are subject to change with any change in base pay, and periodic increases after retirement due to CPI adjustments.

NATIONAL GUARD ALMANAC

TABLE B
MONTHLY AMOUNT OF GUARD RETIREMENT PAY—
OVER 22 YEARS SERVICE FOR BASE PAY
1 JANUARY 1987

Highest Grade Held	Value of Each Point	Retirement Points					
		100	2000	2500	3000	3500	4000
COMMISSIONED OFFICERS							
O-8 M	.41756	\$41.76	\$815	\$1043	\$1252	\$1481	\$1870
O-6	.29410	29.41	588	735	882	1029	1176
O-5 M	.26025	26.02	520	650	780	910	1041
WARRANT OFFICERS							
W-4	.18673	18.67	373	466	560	635	748
W-3	.16468	16.47	329	411	494	578	658
W-2 M	.14838	14.84	296	370	445	519	593
ENLISTED MEMBERS							
E-9	.16088	16.09	321	402	482	563	643
E-8	.14183	14.18	283	354	425	496	567
E-7	.12615	12.61	252	315	378	441	504

M = Maximum point value—the same for "over 20", "over 22", or "over 26" years service for pay. However, total retirement points may be increased by additional years of service. See Tables B and C following for applicable "over 22" and "over 26" years service.

*These values are subject to change with any change in base pay, and periodic increases after retirement due to CPI adjustments.

TABLE C
MONTHLY AMOUNT OF GUARD RETIREMENT PAY—
OVER 26 YEARS SERVICE FOR BASE PAY
1 JANUARY 1987

Highest Grade Held	Value of Each Point	Retirement Points					
		100	2000	2500	3000	3500	4000
COMMISSIONED OFFICERS							
O-6 M	.31898	\$31.90	\$637	\$797	\$956	\$1116	\$1275
WARRANT OFFICERS							
W-4 M	.20127	20.13	402	503	603	704	805
W-3 M	.17046	17.05	340	426	511	596	681
ENLISTED MEMBERS							
E-9 M	.17652	17.65	353	441	529	617	706
E-8 M	.15765	15.76	315	394	472	551	630
E-7 M	.14183	14.18	283	354	425	496	567

M = Maximum point value—the same for "over 20", "over 22", or "over 26" years service for pay. However, total retirement points may be increased by additional years of service. See Tables B and C following for applicable "over 22" and "over 26" years service.

*These values are subject to change with any change in base pay, and periodic increases after retirement due to CPI adjustments.

ANNUITY BENEFITS

YOUR ACCOUNT

The Supplemental Annuity Plan will set up an account in your name. Any money you have left after payment of administrative fees and insurance premiums will be deposited in your account.

YOUR RIGHT TO BENEFITS

You have a vested right to deposits made to your annuity account. Regardless of your period of employment, you or your beneficiary will receive the full value of your account under the terms of the Supplemental Annuity Plan.

INTEREST EARNED

Contributions to your Supplemental Annuity account are deposited with the Annuity Carrier. In 1986 annuity accounts will be credited with interest at a rate decreasing from 11.87% to 11.54% during the course of the year.

Each year the Annuity Carrier will declare a new interest rate. That rate may increase or decrease. It will be determined by the actual investment performance and expenses of the plan. During the open enrollment period each year, you will be informed of the next year's estimated net interest rate.

The following table illustrates the recent interest rates credited to annuity accounts:

Year	Net Annual Interest Rate
1980	10.40%
1981	10.75%
1982	12.35%
1983	12.55%
1984	12.00% - 12.04%
1985	11.80% - 11.97%
1986	11.87% - 11.54%

FORMS OF PAYMENT

The Supplemental Annuity Plan contains provisions under which you may elect a form of payment (please refer to Article V of the Plan Document beginning on page 76). Your choice of payment should be indicated on an "Annuity Benefit Election Form" (02-210). Once payments begin, you may not change the form of payment. Below is an explanation of forms of payment currently available.

Form of Payment	Payments Are Made For
Lump Sum	Total account value, one payment
Five Year Certain	Five years only
Ten Year Certain	Ten years only
Fifteen Year Certain	Fifteen years only
Single Life Annuity	Your lifetime only
Life with Ten Years Certain	Your lifetime, with ten years guaranteed
Life with Fifteen Years Certain	Your lifetime, with fifteen years guaranteed
Joint & Survivor Annuity (50% or 100%)	Your or your beneficiary's lifetime, whichever is longer

- Lump Sum**
With this form you receive one payment in complete settlement of your account. It will include all contributions to your annuity account plus interest earned until the date of payment.
- Five Year Certain**
With this form, monthly payments will be made for exactly 5 years, no more, no less. If you die before receiving payments for 5 full years, your beneficiary will receive payments until the 5 years are over.
- Ten Year Certain**
With this form, monthly payments will be made for exactly 10 years, no more, no less. If you die before receiving payments for 10 full years, your beneficiary will receive payments until the 10 years are over.
- Fifteen Year Certain**
With this form, monthly payments will be made for exactly 15 years, no more, no less. If you die before receiving payments for 15 full years, your beneficiary will receive payments until the 15 years are over.

- **Single Life Annuity**
With this form you receive monthly payments for as long as you live. No payments are made after your death.
- **Life with 10 Years Certain**
With this form, you receive monthly payments as long as you live. If you die before receiving payments for 10 full years, your beneficiary will receive payments until the 10 years are over.
- **Life with 15 Years Certain**
With this form, you receive monthly payments as long as you live. If you die before receiving payments for 15 full years, your beneficiary will receive payments until the 15 years are over.
- **Joint and Survivor Annuity**
With this form you receive monthly payments as long as you live. If you have elected a 50% Joint and Survivor Annuity, your survivor receives lifetime payments equal to 1/2 of the amount you were receiving. If you have elected a 100% Joint and Survivor Annuity, your survivor receives lifetime payments for the same amount you were receiving. Since the joint and survivor annuity involves payment for the longer of two lives, your monthly benefit will necessarily be less than under the other forms of payment. See page 71 regarding a restriction on this form of payment.

The Federal Retirement Equity Act of 1984 requires that a married participant select a Joint & Survivor payment unless the participant and his or her spouse waive this requirement. Please see the Plan Document for specific requirements. Questions regarding this requirement should be directed to the SBS staff or to your accountant or attorney for possible tax implications.

If you have selected one of the life annuities or a joint and survivor annuity, proof of your birthdate will be required. Proof of your spouse's birthdate will also be required if you select a joint and survivor annuity. Acceptable evidence of birthdate includes a birth certificate, baptismal record, military discharge or passport. In unusual circumstances, other evidence may be accepted.

SAMPLE BENEFITS

Let's look at an example which estimates how much would be paid under the various forms available. These amounts are based on the 1986 annuity purchase rates, which are subject to change each year. In this case, the retiree and beneficiary are both 55 years old, with an annuity account balance of \$30,000.

Form of Payments	Retiree gets monthly	Beneficiary gets monthly
Five Year Certain	\$605.72 for 5 years	<ul style="list-style-type: none"> • If 60 payments were made, the beneficiary gets \$0 • If less than 60 payments were made, the beneficiary gets the balance of the payments.
Ten Year Certain	\$367.09 for 10 years	<ul style="list-style-type: none"> • If 120 payments were made, the beneficiary gets \$0 • If less than 120 payments were made, the beneficiary gets the balance of the payments
Fifteen Year Certain	\$292.29 for 15 years	<ul style="list-style-type: none"> • If 180 payments were made, the beneficiary gets \$0 • If less than 180 payments were made, the beneficiary gets the balance of the payments
Single Life Annuity	\$257.51 for life	<ul style="list-style-type: none"> • \$0 (0)
Life with Ten Years Certain	\$251.03 for life	<ul style="list-style-type: none"> • If 120 payments were made, the beneficiary gets \$0 • If less than 120 payments were made, the beneficiary gets the balance of the payment.
Life with Fifteen Years Certain	\$245.12 for life	<ul style="list-style-type: none"> • If 180 payments were made, the beneficiary gets \$0. • If less than 180 payments were made, the beneficiary gets the balance of the payment
50% Joint & Survivor	\$242.89 for life	<ul style="list-style-type: none"> • \$121.44 for life
100% Joint & Survivor	\$230.11 for life	<ul style="list-style-type: none"> • \$230.11 for life

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503-2740
PHONE: (907) 277-7504

STEVE COWPER, GOVERNOR

February 10, 1988

The Honorable Fran Ulmer
Chairman, House State Affairs
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Ulmer:

Re: House Bill 416

In accordance with AS 24.08.036, I am providing the analysis below on House Bill 416. The analysis includes the long-term and short-term impact to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the National Guard and Naval Militia Retirement System (NGNMRS) funds.

This bill would add two (2) additional benefit payment options for the members retiring under the Alaska Guard and Naval Militia Retirement System (NGNMRS). Currently, a retiring member receives \$100 per month for the same number of months of satisfactory service in the National Guard, the Air Guard, or the Naval Militia. If the retiree dies before receiving the entire benefit, the balance is paid in a lump sum to a surviving spouse or other beneficiary named by the retiree if there is no surviving spouse.

This amendment would provide a choice of one of three different payment plans to allow more flexibility for the retiring member:

- 1) a lump sum which is the actuarially equivalent of the total pension due the member;
- 2) a monthly benefit actuarially calculated so that the entire pension is paid to the member by his or 72nd birthday; or
- 3) \$100 per month for the same number of months served by the member (the current payment plan).

It may be more advantageous for an older retiring member to elect a lump sum or an actuarially calculated monthly benefit to ensure that the entire benefit is received during the member's life time. There would be no long range fiscal impact of this legislation on state government nor any impact

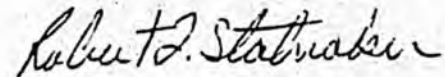
Representative Fran Ulmer

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February 10, 1988

on the fund. There may be a "cash flow" problem if a sizeable number of the retirees elect to receive a lump sum benefit rather than monthly amounts.

Sincerely,



Robert F. Stalnaker
Acting Director

RFS/DS/bb/7