

CSSB

253

HOUSE COMMITTEE REPORT

(11)

Date referred: 4/30/88

FURTHER REFERRALS:

DATE: 5/4/88

The Finance Committee has considered CSSB 253(RLs)

"An Act relating to retirement credited service and benefits; making technical changes to retirement statutes; and providing for an effective date."

RECOMMENDS:

- replace with HCS(553253)(Fin) 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
- zero with analysis same as previous zero fiscal note published 4/15/88

SIGNING DO PASS:

ADAMS Al Adams

BUCCHET Bill Bucchet

WALSH Kay Walsh

GILL John Gill

FRANK Frank

BOYER Max Boyer

SIGNING OTHER RECOMMENDATIONS:

DAVIS Mike Davis

BROWN Tay Brown

LARSON Don Larson

RIEGER Steve Rieger

Al Adams
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: Relating to retirement benefits and providing for effective date BRU: Retirement and Benefits
 Sponsor: Rules Committee Components: Retirement and Benefits
 Requestor: _____

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
REVENUE	0	0	0	0	0	0

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)

Prepared By: Robert F. Stallaker Phone: 465-4470
 Division: Retirement and Benefits Date: 04/14/88

Approved by Commissioner: John M. Andrews Date: 4/15/88
 Agency: Department of Administration

Distribution (by preparer):

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

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 9, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the state's retirement systems. The bill makes miscellaneous amendments to statutes providing for the teachers' (TRS), public employees' (PERS), judicial (JRS), and elected public officers' (EPORS) Retirement Systems. A section-by-section description of the bill follows.

Section 1 of the bill amends AS 14.25.160(b). Currently, that section provides for a death benefit of \$500 payable to a deceased TRS member's designated beneficiary if the member is survived by dependent children. Clearly, this provision was meant to benefit the dependent children, at least indirectly. However, under a literal interpretation of this section, the \$500 benefit is payable to the designated beneficiary even if the designated beneficiary is not the person responsible for the member's surviving dependent children. In accordance with the obvious intent of the legislature in providing this benefit, the amendment clarifies that the \$500 benefit is payable only if the designated beneficiary is the surviving dependent child or is the parent or guardian responsible for the surviving dependent child.

Section 2 of the bill amends AS 14.25.162(b). Under AS 14.25.162(b)(2), a survivor's allowance of 35 percent of a deceased TRS member's base salary is paid to the member's surviving spouse if there are dependent children. This provision is also clearly meant to benefit the dependent children, at least indirectly, and to alleviate financial burden incurred by a person who is responsible for a deceased member's dependent children. However, the surviving spouse of a deceased member is not necessarily the parent of or even the person responsible for the surviving dependent children.

The amendment clarifies that the 35 percent survivor's allowance is payable to the surviving spouse if the surviving spouse is legally responsible for a surviving dependent child.

If there is no surviving spouse, 10 percent of a deceased member's base salary is paid to each court-appointed guardian of a surviving dependent child. Under the division's longstanding interpretation of this provision, if all of the deceased member's surviving dependent children have the same guardian, 10 percent is paid to the guardian. If the dependent children have separate court-appointed guardians, each guardian is paid 10 percent. However, if the court appoints more than one person (for example, an aunt and uncle) to serve jointly as guardian of one or more dependent children, 10 percent is paid to the guardians jointly. The amendment codifies this longstanding interpretation by the division.

A reference in AS 14.25.162(b)(3) to AS 14.25.160(a) is changed to AS 14.25.166, to correctly indicate the location of the description of "beneficiaries," which was relocated in 1982.

Section 3 of the bill amends AS 14.25.164(b). A reference to AS 14.25.160(a) is changed to AS 14.25.166, to correctly indicate the location of the description of "beneficiaries," which was relocated in 1982.

Section 4 of the bill amends AS 22.25.030 by adding a new subsection that provides for the manner of payment of the contributions made to JRS by a judge if there are no survivors entitled to benefits or if less than the amount contributed by the judge has been paid after payment of all survivor's benefits. This amendment is consistent with provisions in PERS and TRS and with an amendment to EPORS in sec. 8 of this bill.

Section 5 of the bill adds a new section to AS 22.25. The new section requires persons who claim entitlement to death benefits under JRS to provide evidence of that entitlement. It also provides that a person who claims entitlement to death benefits under JRS is not entitled to receive from the system any benefits already paid by the commissioner if the commissioner does not receive notification of a claim before 10 days after the judge's death. This section is consistent with provisions added last year by ch. 117, SLA 1986 to PERS, TRS, and the National Guard and Naval Militia Retirement System. Failure to include the provision in amendments to JRS statutes was an oversight.

SCS CSHB 252(Fin), which became ch. 82, SLA 1986, and SCS CSHB 237(Jud), which became ch. 117, SLA 1986, passed the legislature on May 11 and 12, 1986, respectively. Both bills contained amendments to JRS. Section 8 of SCS CSHB 252(Fin) amended AS 22.25.030(b) to remove the provision that the right of a surviving spouse to survivor's benefits under JRS ends upon remarriage of the surviving spouse. Section 22 of SCS CSHB 237(Jud), which passed the legislature one day later, added new AS 22.25.035. Through apparent oversight, the new section contained the same provision that was deleted in the other bill. Section 6 of the attached bill amends AS 22.25.035 to remove that provision, making it consistent with AS 22.25.030(b).

Section 7 of the bill amends AS 39.35.330(b). Under the division's longstanding interpretation of this subsection, which was first adopted as a regulation in 1966, periods of leave without pay are totaled in a calendar year to determine whether more than 10 days have been taken during the year for purposes of determining creditable service. The amendment clarifies AS 39.35.330(b), in accordance with the longstanding administrative interpretation.

Section 8 of the bill provides that the right of a surviving spouse to receive survivor's benefits under EPORS continues upon remarriage of the surviving spouse. This is consistent with similar changes to JRS enacted last year (see sec. 6).

This section also provides for the manner of payment of the contributions made to EPORS by a member if there are no survivors entitled to benefits or if less than the amount contributed by the member has been paid after payment of all survivor's benefits. This amendment is consistent with provisions in PERS and TRS and with the amendment to JRS in sec. 4 of this bill.

Section 9 corrects an error in sec. 57, ch. 82, SLA 1986. Under that section, sec. 43, ch. 82, SLA 1986, which provided for payment of interest on underpayments and overpayments by and to the system was made applicable only to PERS-covered employees hired after the effective date of the Act. Sec. 43, like sec. 2, ch. 82, SLA 1986, which includes the same provision for TRS and which was not limited in its application, was meant to apply to all PERS-covered employees, regardless of date of hire.

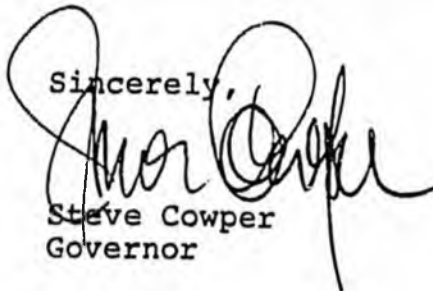
Hon. Jan Faiks

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Section 10 repeals AS 39.35.525, which limits to 30 the number of years that may be considered for purposes of computing benefits for an employee enrolled as a peace officer or fireman.

Section 11 of the bill provides for an immediate effective date.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cowper". The signature is written in dark ink and is positioned above the printed name and title.

Steve Cowper
Governor

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 253 (Finance)

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 retirement credited service and
7 benefits; making technical changes to retirement
8 statutes; and providing for an effective date."

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

10 * Section 1. AS 14.25.030 is amended to read:

11 Sec. 14.25.030. DUTIES OF THE ADMINISTRATOR. The administrator
12 shall

13 (1) establish and maintain an adequate system of accounts
14 for the system [RETIREMENT FUND];

15 (2) approve or disapprove claims for retirement benefits;

16 (3) serve as secretary of the Alaska Teachers' Retirement
17 Board and keep an official record of all proceedings;

18 (4) publish annually a report showing the financial condi-
19 tion of the system [RETIREMENT FUND]; and

20 (5) do whatever else may be necessary to carry out the
21 purposes of this chapter.

22 * Sec. 2. AS 14.25.035(g) is amended to read:

23 (g) Expenses for the board and its operation shall be paid from
24 the [TEACHER'S] retirement fund.

25 * Sec. 3. AS 14.25.045(a) is amended to read:

26 (a) An employee or former employee of the National Education
27 Association of Alaska may participate in the system [RETIREMENT FUND]
28 under this chapter if

29 (1) the employee or former employee possesses or is

1 eligible to possess a teacher certificate under AS 14.20.020 and

2 (2) the employee or former employee of the National Educa-
3 tion Association of Alaska pays all retroactive contributions required
4 to be made under this chapter.

5 * Sec. 4. AS 14.25 is amended by adding a new section to read:

6 Sec. 14.25.048. TEACHERS OF ALASKA NATIVE LANGUAGE AND CULTURE.

7 (a) Except as provided in (d) of this section, an employee employed
8 by a participating employer on or after the effective date of this
9 section shall participate in the system under this chapter if the
10 employee

11 (1) teaches Alaska Native language or culture in a perma-
12 nent full-time or permanent part-time position;

13 (2) learned about the subject to be taught by living in the
14 culture or using the language in daily life; and

15 (3) is qualified to teach the subject to elementary or
16 secondary students as required by regulations adopted by the Depart-
17 ment of Education.

18 (b) An employee or former employee may receive credit for retro-
19 active membership service for employment before the effective date of
20 this section if the employee or former employee met the requirements
21 listed in (a) of this section at the time of the employment. To
22 receive credit for the retroactive membership service, the employee or
23 former employee shall claim the service and pay the retroactive con-
24 tributions required under AS 14.25.061. However, an employee or
25 former employee may not receive retroactive credit under this sub-
26 section if the employee received credited service under AS 39.35 for
27 the employment.

28 (c) An employee or former employee who received credit under
29 AS 39.35 for service that qualifies under (a) of this section may

1 elect to transfer those periods of employment to the system. To
2 receive credit for retroactive membership service under this subsec-
3 tion, the employee or former employee shall claim the service and pay
4 the retroactive contributions required under AS 14.25.061.

5 (d) Notwithstanding (a) of this section, an employee employed as
6 a teacher of Alaska Native language and culture and participating in
7 the Public Employees' Retirement System under AS 39.35 on the day
8 before the effective date of this section shall remain a member under
9 AS 39.35 unless the employee elects to become a member of the Teach-
10 ers' Retirement System on or before 90 days after the effective date
11 of this section.

12 * Sec. 5. AS 14.25.050 is amended to read:

13 Sec. 14.25.050. CONTRIBUTIONS BY TEACHERS. (a) Beginning
14 July 1, 1970, each teacher shall contribute to the system [RETIREMENT
15 FUND] an amount equal to seven percent of the teacher's base salary
16 accrued from July 1 to the following June 30. The employer shall
17 deduct the contribution from the teacher's salary [SHALL BE DEDUCTED
18 BY THE EMPLOYER] at the end of each payroll period.

19 (b) Each teacher is entitled to receive credit for unrefunded
20 contributions paid into the retirement system [FUND] of 1945.

21 * Sec. 6. AS 14.25.060(a) is amended to read:

22 (a) If a member has military service or Alaska Bureau of Indian
23 Affairs (BIA) service, or if a member joined the system before Ju-
24 ly 1, 1978, and has creditable outside service, the member is indebted
25 to the system [RETIREMENT FUND] as follows:

26 (1) At the time of first becoming a member of the system,
27 the arrearage indebtedness is seven percent of the base salary multi-
28 plied by the total number of years of creditable outside, military,
29 and Alaska BIA service. The administrator shall add compound interest

1 at the rate prescribed by regulation to the arrearage indebtedness
2 beginning July 1, 1963, or at the time the member first becomes eligi-
3 ble to claim the service, whichever is later, to the date of payment
4 or the date of retirement, whichever occurs first.

5 (2) If a member terminates from the system and is subse-
6 quently reemployed as a member, the arrearage indebtedness to the
7 system [RETIREMENT FUND] for outside, military, or Alaska BIA service
8 accumulated in the interim is seven percent of the base salary upon
9 reentering membership service, multiplied by the number of years of
10 interim outside, military, and Alaska BIA service. Compound interest
11 at the rate prescribed by regulation shall be added to the arrearage
12 indebtedness beginning July 1, 1963, or the date of reemployment as a
13 member, whichever is later, to the date of payment or the date of
14 retirement, whichever occurs first.

15 * Sec. 7. AS 14.25.060(b) is amended to read:

16 (b) If a member joins the system on or after July 1, 1978, and
17 has creditable outside service, the member may claim this service. If
18 claimed, the member is indebted to the system [RETIREMENT FUND] as
19 follows:

20 (1) The arrearage indebtedness is the full actuarial cost
21 of providing benefits for the service being claimed. Compound inter-
22 est at the rate prescribed by regulation shall be added to the arrear-
23 age indebtedness beginning the date the actuarial cost is established
24 to the date of payment or the date of retirement, whichever occurs
25 first.

26 (2) If a member terminates from the system and is subse-
27 quently reemployed as a member, the arrearage indebtedness for outside
28 service during the interim is the full actuarial cost of providing
29 benefits for the interim service being claimed. Compound interest at

1 the rate prescribed by regulation shall be added to the arrearage
2 indebtedness beginning the date the actuarial cost is established to
3 the date of payment or the date of retirement, whichever occurs first.

4 [(3) REPEALED]

5 * Sec. 8. AS 14.25.061(a) is amended to read:

6 (a) A member who was not subject to the provisions of this
7 chapter, but who becomes subject to them because of a legislative
8 change, may elect to receive credit for retroactive membership service
9 by contributing to the system [RETIREMENT FUND] an amount equal to the
10 contributions the member would have made had the member been subject
11 to the provisions of this chapter for those years of retroactive
12 service after June 30, 1955. Retroactive contributions are not re-
13 quired for retroactive membership service before July 1, 1955. Com-
14 pound interest at the rate prescribed by regulation shall be added to
15 the retroactive indebtedness from July 1, 1966, or the time of first
16 becoming eligible under this chapter, whichever is later, to the date
17 of payment or the date of retirement, whichever occurs first.

18 * Sec. 9. AS 14.25.062 is amended to read:

19 Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. A teacher who has
20 received a refund of contributions in accordance with AS 14.25.150 is
21 indebted to the system [RETIREMENT FUND] in the amount of the total
22 refund. Compound interest at the rate prescribed by regulation shall
23 be added to the reinstatement indebtedness from the date of the refund
24 to the date of repayment or the date of retirement, whichever occurs
25 first.

26 * Sec. 10. AS 14.25.065 is amended to read:

27 Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contri-
28 butions deducted in accordance with AS 14.25.050 and 14.25.055 shall
29 be transmitted to the system for deposit in the retirement fund ro

1 later than 15 days following the close of the payroll period, with the
2 final contributions due for any school year transmitted no later than
3 July 15.

4 (b) The contributions of employers under AS 14.25.070 must be
5 transmitted to the system for deposit in the retirement fund [ADMINIS-
6 TRATOR] at the close of each pay period. If the contributions are not
7 submitted within 15 days of the close of each payroll period, interest
8 must be assessed on the outstanding contributions at one and one-half
9 times the most recent actuarially determined rate of earnings for the
10 system from the date that contributions were originally due. In
11 addition, the amount of the contributions and interest may be deducted
12 by the Department of Education from the state funds due the school
13 district and the amount so deducted transmitted to the system [ADMIN-
14 ISTRATOR] for deposit in the retirement fund. Amounts due from the
15 University of Alaska and interest as prescribed in this section may be
16 deducted by the commissioner of administration from any state funds
17 due the University of Alaska and the amount deducted transmitted to
18 the administrator for deposit in the retirement fund.

19 * Sec. 11. AS 14.25.070 is amended to read:

20 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
21 contribute to the system [RETIREMENT FUND] an amount equal to the
22 percentage, as certified by the administrator, of the sum total of the
23 base salaries of all teachers that is required in addition to teacher
24 contributions to provide the benefits of this chapter times the sum
25 total of the base salaries paid to teachers by the employer.

26 * Sec. 12. AS 14.25.143(?) is amended to read:

27 (a) When the administrator determines that the cost of living
28 has increased and that the financial condition of the system [RETIRE-
29 MENT FUND] permits, the administrator shall increase benefit payments

1 to persons receiving benefits under this system.

2 * Sec. 13. AS 14.25.160(b) is amended to read:

3 (b) Upon the death of an active member who meets the conditions
4 specified in (a) of this section, the amount of the death benefit is
5 the sum of the following less any retirement benefit previously re-
6 ceived by the member:

7 (1) the member contribution account;

8 (2) \$100 times the years of membership service;

9 (3) \$1,000; and

10 (4) \$500 if the deceased member is survived by one or more
11 dependent children at the time of death and if the designated benefi-
12 ciary is a dependent child of the member or is the parent or guardian
13 of the dependent child of the member.

14 * Sec. 14. AS 14.25.162(b) is amended to read:

15 (b) A survivor's allowance is payable under this section as
16 follows:

17 (1) an allowance of 10 percent of the member's base salary
18 immediately before the member's death, retirement, or disability shall
19 be paid for each dependent child; if there are four or more dependent
20 children, the total amount paid to those children is 40 percent of the
21 member's base salary before the member's death, retirement, or dis-
22 ability, paid in equal amounts to each child; the allowance shall be
23 recomputed for the month in which the number of dependent children is
24 less than four and the benefits shall be decreased accordingly; the
25 adoption of a dependent child does not terminate the survivor's allow-
26 ance payable under this section;

27 (2) an allowance of 35 percent of the member's base salary
28 shall be paid to the member's surviving spouse as long as there is an
29 eligible dependent child, as determined under (b)(1) of this section,

1 for whom the surviving spouse is legally responsible; if there is no
2 surviving spouse, an allowance of 10 percent of the member's base
3 salary shall be paid to each court-appointed guardian, not to exceed
4 one allowance for each child or for each group of children who have
5 the same guardian or joint guardians;

6 (3) when no further benefits are payable under this sec-
7 tion, the difference between the amount that would have been paid
8 under AS 14.25.160 and any payments made to the member, spouse, guard-
9 ian, or dependent children under this section shall be paid to those
10 beneficiaries described in AS 14.25.166 [AS 14.25.160(a)];

11 (4) benefits are not payable under this section if benefits
12 are payable under AS 14.25.155, 14.25.157, 14.25.164, or 14.25.167.

13 * Sec. 15. AS 14.25.164(b) is amended to read:

14 (b) A spouse's pension is payable under this section as follows:

15 (1) a spouse's pension is equal to 50 percent of the re-
16 tirement benefit that the deceased member was receiving; if the member
17 was not receiving a retirement benefit, the spouse's pension is equal
18 to 50 percent of the amount the member would have received, based on
19 the member's average base salary and credited service to the date of
20 the member's death and assuming that the member would have been eligi-
21 ble for a normal retirement benefit as of that date;

22 (2) in the event of the death of a member's spouse who is
23 receiving a spouse's pension, the difference between the amount that
24 would have been paid under AS 14.25.160 and any payments made to the
25 member, spouse, guardian, or dependent children shall be paid to those
26 beneficiaries described in AS 14.25.166 [AS 14.25.160];

27 (3) benefits are not payable under this section if benefits
28 are payable under AS 14.25.155, 14.25.157, 14.25.162, or 14.25.167.

29 * Sec. 16. AS 14.25.190 is amended to read:

1 Sec. 14.25.190. ACTUARIAL EVALUATIONS OF THE SYSTEM [RETIREMENT
2 FUND]. Actuarial evaluations of the system [RETIREMENT FUND] shall be
3 made at intervals of not more than five years and on the basis of the
4 reevaluations the administrator may recommend any necessary readjust-
5 ment to the legislature. Actuarial and financial experience analyses
6 shall be prepared and certified by a member of the American Academy of
7 Actuaries.

8 * Sec. 17. AS 14.25.200 is amended to read:

9 Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS. (a)
10 Member contributions and other amounts held in the system [RETIREMENT
11 FUND] on behalf of a member or other person who is or may become
12 eligible for benefits under the system are exempt from Alaska state
13 and municipal taxes and are not subject to anticipation, alienation,
14 sale, transfer, assignment, pledge, encumbrance, or charge of any
15 kind, either voluntary or involuntary, before they are received by the
16 person entitled to the amount under the terms of the system, and any
17 attempt to anticipate, alienate, sell, transfer, assign, pledge,
18 encumber, charge, or otherwise dispose of any right to amounts accrued
19 in the system [RETIREMENT FUND] is void. However, a member's right to
20 receive benefits may be assigned under a qualified domestic relations
21 order.

22 (b) Member contributions and other amounts held in the system
23 [RETIREMENT FUND] and benefits payable under this chapter are exempt
24 from garnishment, execution, or levy as provided in AS 09.38 (exemp-
25 tions).

26 * Sec. 18. AS 14.25.220(21) is amended to read:

27 (21) "membership service" means

28 (A) full or part-time service as a teacher in a public
29 school in the Territory or State of Alaska, or both, under the

1 supervision and control of the Territorial Board of Education or
2 the Department of Education or the school board of a city, re-
3 gional educational attendance area, or borough school district;

4 (B) full-time or part-time teaching at the University
5 of Alaska or a full-time administrative position at the Univer-
6 sity of Alaska which requires academic standing and which has
7 been approved for inclusion in the system by the administrator;

8 (C) any period during which the teacher receives a
9 disability benefit under this system or is on an approved sabbat-
10 ical leave granted in accordance with AS 14.20.310;

11 (D) continuous service as a state legislator when
12 performed by a state legislator who elects membership under
13 AS 14.25.040(b), subject to the requirements of AS 14.25.040(c);
14 [OR]

15 (E) full-time or part-time service as an employee of
16 the Special Education Service Agency, subject to the requirements
17 of AS 14.25.047; or

18 (F) full-time or part-time service as an Alaska Native
19 language or culture expert, subject to the requirements of
20 AS 14.25.048;

21 * Sec. 19. AS 14.25.220(35) is repealed and reenacted to read:

22 (35) "retirement fund" or "fund" means the fund in which the
23 assets of the system are deposited and held;

24 * Sec. 20. AS 22.25.030 is amended by adding a new subsection to read:

25 (g) If there is no surviving spouse or surviving dependent child
26 entitled to benefits under this section or if after payment of all
27 survivors' benefits due under this section, less than the amount of
28 contributions made by the justice or judge to the system under AS 22.-
29 25.011 and interest credited has been paid, the difference between the

1 amount of contributions and the amount of benefits paid shall be paid
2 to the designated beneficiary of the justice or judge. If there is no
3 designated beneficiary or if no designated beneficiary survives the
4 justice or judge, the balance of the contributions and interest cred-
5 ited shall be paid to the

6 (1) surviving spouse; or, if there is none surviving,

7 (2) surviving children in equal parts; or, if there is none
8 surviving,

9 (3) surviving parents in equal parts; or, if there is none
10 surviving,

11 (4) justice's or judge's estate.

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

13 Sec. 22.25.033. CLAIM FOR SURVIVOR'S BENEFITS. A person claim-
14 ing entitlement to benefits payable under this chapter as a conse-
15 quence of a justice's or judge's death shall provide the commissioner
16 of administration with a marriage certificate, divorce or dissolution
17 judgment, or other evidence of entitlement. Documents establishing
18 entitlement may be filed with the commissioner immediately after a
19 change in the justice's or judge's marital status. If the commission-
20 er does not receive notification of a claim before the date 10 days
21 after the justice's or judge's death, the person claiming entitlement
22 is not entitled to receive from the Department of Administration any
23 benefit already paid by the commissioner under this chapter.

24 * Sec. 22. AS 22.25.035 is amended to read:

25 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
26 ORDER. A former spouse who was married to a justice or judge for at
27 least one year [AND WHO HAS NOT REMARRIED] shall be treated as a
28 spouse or surviving spouse under this chapter to the extent required
29 by a qualified domestic relations order. Rights under the order do

1 not take effect until the order is filed with the administrator.

2 * Sec. 23. AS 39.35.060 is amended to read:

3 Sec. 39.35.060. DUTIES OF THE ADMINISTRATOR. The administrator
4 shall

5 (1) with the assistance of a technical actuarial advisor,
6 submit to the board the required actuarial tables and the statistical
7 data necessary for periodic actuarial surveys of the operating experi-
8 ence of the system;

9 (2) maintain records of the employees included in the
10 system that are necessary for the proper administration of the system
11 and furnish information requested by the actuary for preparing valua-
12 tions and periodic experience analyses;

13 (3) attend meetings of the board and serve as secretary of
14 the board;

15 (4) certify to the appropriate division of the Department
16 of Administration the payments made under this chapter;

17 (5) remit to the [APPROPRIATE DIVISION OF THE] Department
18 of Revenue, for deposit in the pension fund, assets [NAME OF THE
19 SYSTEM, MONEY] received for the account of the system;

20 (6) formulate and recommend to the board regulations to
21 govern the operation of the system;

22 (7) formulate and recommend to the board regulations to
23 govern the operation of the supplemental employee benefit program
24 (AS 39.30.150 - 39.30.180).

25 * Sec. 24. AS 39.35.330(b) is amended to read:

26 (b) A leave or leaves of absence without pay exceeding [THAT
27 EXCEEDS] 10 accumulated working days in any calendar year or layoff
28 status authorized by an employer will be considered as an interruption
29 of employment and no credited service will be granted.

1 * Sec. 25. AS 39.35.345(b) is amended to read:

2 (b) To obtain credited service under this section, an employee
3 must elect to do so and must verify the period of temporary service
4 [BEFORE JULY 1, 1981, OR WITHIN ONE YEAR FOLLOWING THE DATE WHEN THE
5 EMPLOYEE FIRST BECOMES VESTED UNDER THIS CHAPTER, IF LATER]. When
6 eligibility for temporary service credit has been established, an
7 indebtedness shall be determined as provided in (a) of this section.
8 [INTEREST AS PRESCRIBED BY REGULATION ACCRUES ON THAT INDEBTEDNESS
9 BEGINNING JULY 1, 1981, OR ONE YEAR FOLLOWING THE DATE AN EMPLOYEE
10 FIRST BECOMES VESTED, WHICHEVER IS LATER.] Any outstanding indebted-
11 ness existing at the time an employee retires will require an actuari-
12 al adjustment to the benefits payable based on the temporary service.
13 Interest as prescribed by regulation accrues on the indebtedness
14 beginning

15 (1) July 1, 1981, or one year following the date the em-
16 ployee first becomes vested, whichever is later, for an employee who
17 claims temporary service credit no more than one year after the em-
18 ployee becomes vested;

19 (2) the date of vesting, for an employee who becomes vested
20 after June 30, 1980, who is claiming temporary service credit more
21 than one year after vesting for service performed before the employee
22 vested;

23 (3) July 1, 1980, for an employee who became vested before
24 July 1, 1980, who is claiming temporary service credit after June 30,
25 1981, for service performed before July 1, 1980;

26 (4) one year after completing the temporary service, for an
27 employee who was vested on the last day of employment as a temporary
28 employee and who claims the temporary service no more than one year
29 after completing the service;

1 (5) on the date of completing the temporary service, for an
2 employee who was vested on the last day of employment as a temporary
3 employee and who claims temporary service more than one year after
4 completing the service.

5 * Sec. 26. AS 39.35.345(c) is amended to read:

6 (c) A deferred vested employee on July 1, 1980, is eligible to
7 claim credited service under (a) of this section. To obtain credited
8 service under this section, a deferred vested employee must elect to
9 do so and must verify the period of temporary service [BEFORE JULY 1,
10 1981]. When eligibility for temporary service credit has been estab-
11 lished, an indebtedness shall be determined as provided in (a) of this
12 section. Interest as prescribed by regulation accrues on that indebt-
13 edness beginning July 1, 1981. Any outstanding indebtedness existing
14 at the time a deferred vested employee retires will require an actu-
15 arial adjustment to the benefits payable based on the temporary ser-
16 vice.

17 * Sec. 27. AS 39.35.360(a) is amended to read:

18 (a) An employee [EMPLOYED BEFORE JANUARY 1, 1980,] who completes
19 three years of credited service with the state after January 1, 1961,
20 for which the employee makes contributions required by this chapter is
21 entitled to credited service for service rendered (1) before Janu-
22 ary 1, 1961, as an employee of the state and former Territory of
23 Alaska; (2) before January 1, 1961, as an employee of the United
24 States government in Alaska, excluding service in the armed forces of
25 the United States; [OR] (3) after January 1, 1961, as a peace officer,
26 correctional officer, or fireman of a participating political subdivi-
27 sion of the state if the employee is vested and is an active peace
28 officer, correctional officer, or fireman in the system on or before
29 January 1, 1983; or (4) after January 1, 1961, as a special officer

1 commissioned by the state troopers if the employee has not otherwise
2 received credit for the service and if the employee was employed on or
3 before January 1, 1983, is vested, and has been an active special
4 officer, peace officer, correctional officer, or fireman in the system
5 [AS OF JULY 1, 1980]. The retirement benefits payable to an employee
6 under this section shall be reduced by the amount of the retirement
7 pension benefits paid to the employee by the United States government
8 for the same period of service.

9 * Sec. 28. AS 39.35.360(k) is amended to read:

10 (k) A [PEACE OFFICER OR FIREMAN EMPLOYED BY A MUNICIPALITY WHO
11 IS A] vested member is eligible to receive credited service for em-
12 ployment after January 1, 1961, [AND BEFORE JANUARY 1, 1976,] as a
13 peace officer or fireman in a municipality that is an employer under
14 this system but that was not an employer at the time of the employ-
15 ment. A vested member who claims retroactive credited service on or
16 after July 1, 1988, is indebted to the system. The amount of the
17 indebtedness is the full actuarial cost of providing benefits for the
18 credited service claimed [TO RECEIVE RETROACTIVE CREDIT, THE MEMBER
19 MUST CLAIM THE SERVICE BEFORE JULY 1, 1988. WHEN THE MEMBER CLAIMS
20 RETROACTIVE CREDITED SERVICE, AN INDEBTEDNESS OF THE MEMBER TO THE
21 SYSTEM SHALL BE ESTABLISHED. THE AMOUNT OF THIS INDEBTEDNESS IS EQUAL
22 TO THE CONTRIBUTIONS THE PEACE OFFICER OR FIREMAN WOULD HAVE MADE IF
23 THE OFFICER OR FIREMAN HAD BEEN ELIGIBLE FOR MEMBERSHIP IN THE SYS-
24 TEM]. Interest as established by regulation accrues on the indebt-
25 edness under this subsection beginning the first of the month follow-
26 ing establishment of the indebtedness [JANUARY 1, 1976]. Any out-
27 standing indebtedness that exists at the time the officer or fireman
28 retires will require an actuarial adjustment to the benefits that are
29 based on retroactive credited service under this subsection.

1 * Sec. 29. AS 39.35 is amended by adding a new section to read:

2 Sec. 39.35.389. ALTERNATE BENEFITS FOR EPORS MEMBERS. (a) Not-
3 withstanding former AS 39.37.050, a former member of the Alaska Terri-
4 torial Legislature who is receiving a benefit on the effective date of
5 this section under the Elected Public Officers Retirement System and
6 who has at least 30 years of credited service in the territorial and
7 state legislatures may elect a benefit under this subsection instead
8 of the benefit under former AS 39.37.050. The monthly amount of a
9 benefit under this subsection is the greater of the member's years of
10 credited service multiplied by

11 (1) the member's average monthly compensation and that
12 amount multiplied by two percent; or

13 (2) \$100.

14 (b) Notwithstanding former AS 39.37.060, a surviving spouse
15 receiving a benefit under the Elected Public Officers Retirement
16 System whose spouse met the requirements of (a) of this section at the
17 time of the spouse's death may elect a benefit under this subsection
18 instead of the benefit under former AS 39.37.060. The amount of a
19 benefit under this subsection is 50 percent of the amount calculated
20 for the deceased spouse under (a) of this section.

21 (c) Benefits payable under this section accrue from the first
22 day of the month following receipt of an application for benefits
23 under this section and are payable on the last day of the month.

24 * Sec. 30. AS 39.35.500 is amended to read:

25 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
26 Employee contributions and other amounts held in the system [PENSION
27 FUND] are exempt from Alaska state and local taxes. Amounts held on
28 behalf of, or payable to, any employee or other person who is or may
29 become eligible for benefits under the system are not subject to

1 anticipation, alienation, sale, transfer, assignment, pledge, encum-
2 brance, or charge of any kind, either voluntary or involuntary, before
3 being received by the person entitled to the amount under the terms of
4 the system. An attempt to anticipate, alienate, sell, transfer,
5 assign, pledge, encumber, charge, or otherwise dispose of a right to
6 amounts held under the system is void. However, an employee's right
7 to receive benefits may be assigned under a qualified domestic rela-
8 tions order.

9 * Sec. 31. AS 39.35.505 is amended to read:

10 Sec. 39.35.505. EXEMPTION OF EMPLOYEE FUNDS AND BENEFITS.
11 Employee contributions and other amounts held in the system [PENSION
12 FUND] and retirement benefits payable under this chapter are exempt
13 from levy to enforce the collection of a debt as provided in AS 09.38
14 (exemptions).

15 * Sec. 32. AS 39.35.650 is amended to read:

16 Sec. 39.35.650. REFUNDS TO EMPLOYERS. An [IN NO EVENT MAY AN]
17 employer may not receive an amount from the system [PENSION FUND],
18 except as provided under AS 39.35.615(e) and 39.35.620(g).

19 * Sec. 33. AS 39.35.680(29) is repealed and reenacted to read:

20 (29) "pension fund" or "fund" means the fund in which the
21 assets of the system are deposited and held;

22 * Sec. 34. Section 57, ch. 82, SLA 1986, is amended to read:

23 Sec. 57. Sections 16, 22 - 23, 25 - 27, 42, 44, 45 [42 - 45],
24 and 50 of this Act apply only to members first hired under the Public
25 Employees' Retirement System after June 30, 1986. Changes in the
26 Public Employees' Retirement System enacted in this Act that require a
27 reduction in benefits to members of the retirement system apply only
28 to members who are first hired under the retirement system after
29 June 30, 1986. Other sections of this Act apply to all members of the

1 Public Employees' Retirement System, regardless of the date of hire.

2 * Sec. 35. EPORS SURVIVORS BENEFITS. Notwithstanding former AS 39.37.-
3 060 and sec. 51, ch. 117, SLA 1986, the surviving spouse of an elected
4 public officer who has retirement rights under the Elected Public Officers'
5 Retirement System is eligible to continue receiving survivors' benefits
6 upon remarriage. If there is no surviving spouse or surviving dependent
7 child entitled to benefits under former AS 39.37.060 or if, after payment
8 of all survivors' benefits due under former AS 39.37.060, less than the
9 amount of contributions made by the elected public officer under former
10 AS 39.37.070 and interest credited has been paid, the difference between
11 the amount of contributions and the amount of benefits paid shall be paid
12 to the designated beneficiary of the elected public officer. If there is
13 no designated beneficiary or if no designated beneficiary survives the
14 elected public officer, the balance of the contributions and interest
15 credited shall be paid to the

16 (1) surviving spouse; or, if there is none surviving,

17 (2) surviving children in equal parts; or, if there is none sur-
18 viving,

19 (3) surviving parents in equal parts; or, if there is none sur-
20 viving,

21 (4) elected public officer's estate.

22 * Sec. 36. ELIGIBILITY OF CERTAIN NATIVE LANGUAGE AND CULTURE TEACHERS.
23 If the effective date of sec. 4 of this Act occurs during the interim
24 between school terms, a person is considered to be employed on the day
25 before the effective date of sec. 4 of this Act if the person was employed
26 by a participating employer on the last day of the school term immediately
27 preceding the beginning of the interim and is employed by the employer on
28 the first day of the school term immediately following the interim.

29 * Sec. 37. AS 39.35.525 is repealed.

1 * Sec. 38. Section 28 of this Act takes effect July 1, 1988.

2 * Sec. 39. Except for sec. 28, this Act takes effect immediately under
3 AS 01.10.070(c).

Amdt. 1
adopted

A M E N D M E N T

TO: CSSB 253(Rules)

Page 2, after line 4:

Insert a new bill section to read:

"* Sec. 4. AS 14.25 is amended by adding a new section to read:

Sec. 14.25.048. TEACHERS OF ALASKA NATIVE LANGUAGE AND CULTURE.

(a) Except as provided in (d) of this section, an employee employed by a participating employer on or after the effective date of this section shall participate in the system under this chapter if the employee

(1) teaches Alaska Native language or culture in a permanent full-time or permanent part-time position;

(2) learned about the subject to be taught by living in the culture or using the language in daily life; and

(3) is qualified to teach the subject to elementary or secondary students as required by regulations adopted by the Department of Education.

(b) An employee or former employee may receive credit for retroactive membership service for employment before the effective date of this section if the employee or former employee met the requirements listed in (a) of this section at the time of the employment. To receive credit for the retroactive membership service, the employee or former employee shall claim the service and pay the retroactive contributions required under AS 14.25.061. However, an employee or

former employee may not receive retroactive credit under this subsection if the employee received credited service under AS 39.35 for the employment.

(c) An employee or former employee who received credit under AS 39.35 for service that qualifies under (a) of this section may elect to transfer those periods of employment to the system. To receive credit for retroactive membership service under this subsection, the employee or former employee shall claim the service and pay the retroactive contributions required under AS 14.25.061.

(d) Notwithstanding (a) of this section, an employee employed as a teacher of Alaska Native language and culture and participating in the Public Employees' Retirement System under AS 39.35 on the day before the effective date of this section shall remain a member under AS 39.35 unless the employee elects to become a member of the Teachers' Retirement System on or before 90 days after the effective date of this section."

Renumber the following bill sections accordingly.

Page 8, after line 21:

Insert a new bill section to read:

"* Sec. 19. AS 14.25.220(21) is amended to read:

(21) "membership service" means

(A) full or part-time service as a teacher in a public school in the Territory or State of Alaska, or both, under the supervision and control of the Territorial Board of Education or

the Department of Education or the school board of a city, regional educational attendance area, or borough school district;

(B) full-time or part-time teaching at the University of Alaska or a full-time administrative position at the University of Alaska which requires academic standing and which has been approved for inclusion in the system by the administrator;

(C) any period during which the teacher receives a disability benefit under this system or is on an approved sabbatical leave granted in accordance with AS 14.20.310;

(D) continuous service as a state legislator when performed by a state legislator who elects membership under AS 14.25.040(b), subject to the requirements of AS 14.25.040(c);
[OR]

(E) full-time or part-time service as an employee of the Special Education Service Agency, subject to the requirements of AS 14.25.047; or

(F) full-time or part-time service as an Alaska Native language or culture expert, subject to the requirements of AS 14.25.048;"

Renumber the following bill sections accordingly.

Page 16, after line 19, insert a new bill section to read:

"* Sec. 36. ELIGIBILITY OF CERTAIN NATIVE LANGUAGE AND CULTURE TEACHERS.
If the effective date of sec. 4 of this Act occurs during the interim between school terms, a person is considered to be employed on the day

before the effective date of sec. 4 of this Act if the person was employed by a participating employer on the last day of the school term immediately preceding the beginning of the interim and is employed by the employer on the first day of the school term immediately following the interim."

Renumber the remaining bill sections accordingly.

Page 16, line 21:

Delete "26"

Insert "28"

Page 16, line 22:

Delete "26"

Insert "28"

Explanation of the proposed amendment to CS SB 253 (Rules)

This amendment would allow Recognized Experts -- teachers of Native languages and culture found qualified to teach those subjects by the Department of Education -- to participate in the Teachers Retirement System.

Specifically, this amendment would:

- assure that Recognized Experts who are in TRS would not be transferred to PERS;
- allow 34 other Recognized Experts in PERS 90 days in which to decide whether to remain in PERS or transfer to TRS;
- require persons employed in the future as Recognized Experts to join TRS;
- allow Recognized Experts to transfer PERS contributions to TRS and to make other contributions if required.

Background and further explanation

Under the authority of regulations adopted in 1971 (see attachment), the Department of Education has issued certificates (called letters of authorization) to instructors of Native languages and culture to enable them to teach those subjects in public school classrooms. There are 52 instructors holding such "Recognized Experts" certificates. Owing to varying interpretations placed on the authorizations by school districts, some of them are members of the Teachers Retirement System and some are not.

Last year the Attorney General concluded that "recognized experts" are not "certificated employees" as defined in statutes. Although the issue which led to the conclusion related to collective bargaining, the meaning was clear: if the experts were not certificated, they were ineligible to be in the Teachers Retirement System.

Five districts were told by the Division of Retirement and Benefits on April 19, 1988 to remove Recognized Experts from the Teachers Retirement System, recalculate their contributions and transfer them to the Public Employees Retirement System. To take these actions would be unjust to those instructors who have been members for up to 9.6 years and who have relied upon such membership as a condition of employment. Furthermore, since Recognized Experts are independently in charge of classrooms as are other teachers, those who have been qualified by the Department of Education but are not yet members should be enabled to join the system.

According to the Division of Retirement, there is no cost to the General Fund, a zero fiscal note.

In the retirement systems, costs are borne by the employers and employees.

The cost to TRS -- shared by all 55 school districts -- is forecast at \$19,000 annually.

- a few hundred dollars per year for each district.

The cost to PERS -- shared by the 8 or so districts employing Recognized Experts -- is forecast at \$19,000 annually.

- A few thousand dollars per year for each of these employers.

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 253 (Rules)

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 retirement credited service and
7 benefits; making technical changes to retirement
8 statutes; and providing for an effective date."

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

10 * Section 1. AS 14.25.030 is amended to read:

11 Sec. 14.25.030. DUTIES OF THE ADMINISTRATOR. The administrator
12 shall

13 (1) establish and maintain an adequate system of accounts
14 for the system [RETIREMENT FUND];

15 (2) approve or disapprove claims for retirement benefits;

16 (3) serve as secretary of the Alaska Teachers' Retirement
17 Board and keep an official record of all proceedings;

18 (4) publish annually a report showing the financial condi-
19 tion of the system [RETIREMENT FUND]; and

20 (5) do whatever else may be necessary to carry out the
21 purposes of this chapter.

22 * Sec. 2. AS 14.25.035(g) is amended to read:

23 (g) Expenses for the board and its operation shall be paid from
24 the [TEACHER'S] retirement fund.

25 * Sec. 3. AS 14.25.045(a) is amended to read:

26 (a) An employee or former employee of the National Education
27 Association of Alaska may participate in the system [RETIREMENT FUND]
28 under this chapter if

29 (1) the employee or former employee possesses or is

1 eligible to possess a teacher certificate under AS 14.20.020 and

2 (2) the employee or former employee of the National Educa-
3 tion Association of Alaska pays all retroactive contributions required
4 to be made under this chapter.

5 * Sec. 4. AS 14.25.050 is amended to read:

6 Sec. 14.25.050. CONTRIBUTIONS BY TEACHERS. (a) Beginning
7 July 1, 1970, each teacher shall contribute to the system [RETIREMENT
8 FUND] an amount equal to seven percent of the teacher's base salary
9 accrued from July 1 to the following June 30. The employer shall
10 deduct the contribution from the teacher's salary [SHALL BE DEDUCTED
11 BY THE EMPLOYER] at the end of each payroll period.

12 (b) Each teacher is entitled to receive credit for unrefunded
13 contributions paid into the retirement system [FUND] of 1945.

14 * Sec. 5. AS 14.25.060(a) is amended to read:

15 (a) If a member has military service or Alaska Bureau of Indian
16 Affairs (BIA) service, or if a member joined the system before Ju-
17 ly 1, 1978, and has creditable outside service, the member is indebted
18 to the system [RETIREMENT FUND] as follows:

19 (1) At the time of first becoming a member of the system,
20 the arrearage indebtedness is seven percent of the base salary multi-
21 plied by the total number of years of creditable outside, military,
22 and Alaska BIA service. The administrator shall add compound interest
23 at the rate prescribed by regulation to the arrearage indebtedness
24 beginning July 1, 1963, or at the time the member first becomes eligi-
25 ble to claim the service, whichever is later, to the date of payment
26 or the date of retirement, whichever occurs first.

27 (2) If a member terminates from the system and is subse-
28 quently reemployed as a member, the arrearage indebtedness to the
29 system [RETIREMENT FUND] for outside, military, or Alaska BIA service

1 accumulated in the interim is seven percent of the base salary upon
2 reentering membership service, multiplied by the number of years of
3 interim outside, military, and Alaska BIA service. Compound interest
4 at the rate prescribed by regulation shall be added to the arrearage
5 indebtedness beginning July 1, 1963, or the date of reemployment as a
6 member, whichever is later, to the date of payment or the date of
7 retirement, whichever occurs first.

8 * Sec. 6. AS 14.25.060(b) is amended to read:

9 (b) If a member joins the system on or after July 1, 1978, and
10 has creditable outside service, the member may claim this service. If
11 claimed, the member is indebted to the system [RETIREMENT FUND] as
12 follows:

13 (1) The arrearage indebtedness is the full actuarial cost
14 of providing benefits for the service being claimed. Compound inter-
15 est at the rate prescribed by regulation shall be added to the arrear-
16 age indebtedness beginning the date the actuarial cost is established
17 to the date of payment or the date of retirement, whichever occurs
18 first.

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

26 [(3) REPEALED]

27 * Sec. 7. AS 14.25.061(a) is amended to read:

28 (a) A member who was not subject to the provisions of this
29 chapter, but who becomes subject to them because of a legislative

1 change, may elect to receive credit for retroactive membership service
2 by contributing to the system [RETIREMENT FUND] an amount equal to the
3 contributions the member would have made had the member been subject
4 to the provisions of this chapter for those years of retroactive
5 service after June 30, 1955. Retroactive contributions are not re-
6 quired for retroactive membership service before July 1, 1955. Com-
7 pound interest at the rate prescribed by regulation shall be added to
8 the retroactive indebtedness from July 1, 1966, or the time of first
9 becoming eligible under this chapter, whichever is later, to the date
10 of payment or the date of retirement, whichever occurs first.

11 * Sec. 8. AS 14.25.062 is amended to read:

12 Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. A teacher who has
13 received a refund of contributions in accordance with AS 14.25.150 is
14 indebted to the system [RETIREMENT FUND] in the amount of the total
15 refund. Compound interest at the rate prescribed by regulation shall
16 be added to the reinstatement indebtedness from the date of the refund
17 to the date of repayment or the date of retirement, whichever occurs
18 first.

19 * Sec. 9. AS 14.25.065 is amended to read:

20 Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contri-
21 butions deducted in accordance with AS 14.25.050 and 14.25.055 shall
22 be transmitted to the system for deposit in the retirement fund no
23 later than 15 days following the close of the payroll period, with the
24 final contributions due for any school year transmitted no later than
25 July 15.

26 (b) The contributions of employers under AS 14.25.070 must be
27 transmitted to the system for deposit in the retirement fund [ADMINIS-
28 TRATOR] at the close of each pay period. If the contributions are not
29 submitted within 15 days of the close of each payroll period, interest

1 must be assessed on the outstanding contributions at one and one-half
2 times the most recent actuarially determined rate of earnings for the
3 system from the date that contributions were originally due. In
4 addition, the amount of the contributions and interest may be deducted
5 by the Department of Education from the state funds due the school
6 district and the amount so deducted transmitted to the system [ADMIN-
7 ISTRATOR] for deposit in the retirement fund. Amounts due from the
8 University of Alaska and interest as prescribed in this section may be
9 deducted by the commissioner of administration from any state funds
10 due the University of Alaska and the amount deducted transmitted to
11 the administrator for deposit in the retirement fund.

12 * Sec. 10. AS 14.25.070 is amended to read:

13 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
14 contribute to the system [RETIREMENT FUND] an amount equal to the
15 percentage, as certified by the administrator, of the sum total of the
16 base salaries of all teachers that is required in addition to teacher
17 contributions to provide the benefits of this chapter times the sum
18 total of the base salaries paid to teachers by the employer.

19 * Sec. 11. AS 14.25.143(a) is amended to read:

20 (a) When the administrator determines that the cost of living
21 has increased and that the financial condition of the system [RETIRE-
22 MENT FUND] permits, the administrator shall increase benefit payments
23 to persons receiving benefits under this system.

24 * Sec. 12. AS 14.25.160(b) is amended to read:

25 (b) Upon the death of an active member who meets the conditions
26 specified in (a) of this section, the amount of the death benefit is
27 the sum of the following less any retirement benefit previously re-
28 ceived by the member:

29 (1) the member contribution account;

- 1 (2) \$100 times the years of membership service;
2 (3) \$1,000; and
3 (4) \$500 if the deceased member is survived by one or more
4 dependent children at the time of death and if the designated benefi-
5 ciary is a dependent child of the member or is the parent or guardian
6 of the dependent child of the member.

7 * Sec. 13. AS 14.25.162(b) is amended to read:

8 (b) A survivor's allowance is payable under this section as
9 follows:

10 (1) an allowance of 10 percent of the member's base salary
11 immediately before the member's death, retirement, or disability shall
12 be paid for each dependent child; if there are four or more dependent
13 children, the total amount paid to those children is 40 percent of the
14 member's base salary before the member's death, retirement, or dis-
15 ability, paid in equal amounts to each child; the allowance shall be
16 recomputed for the month in which the number of dependent children is
17 less than four and the benefits shall be decreased accordingly; the
18 adoption of a dependent child does not terminate the survivor's allow-
19 ance payable under this section;

20 (2) an allowance of 35 percent of the member's base salary
21 shall be paid to the member's surviving spouse as long as there is an
22 eligible dependent child, as determined under (b)(1) of this section,
23 for whom the surviving spouse is legally responsible; if there is no
24 surviving spouse, an allowance of 10 percent of the member's base
25 salary shall be paid to each court-appointed guardian, not to exceed
26 one allowance for each child or for each group of children who have
27 the same guardian or joint guardians;

28 (3) when no further benefits are payable under this sec-
29 tion, the difference between the amount that would have been paid

1 under AS 14.25.160 and any payments made to the member, spouse, guard-
2 ian, or dependent children under this section shall be paid to those
3 beneficiaries described in AS 14.25.166 [AS 14.25.160(a)];

4 (4) benefits are not payable under this section if benefits
5 are payable under AS 14.25.155, 14.25.157, 14.25.164, or 14.25.167.

6 * Sec. 14. AS 14.25.164(b) is amended to read:

7 (b) A spouse's pension is payable under this section as follows:

8 (1) a spouse's pension is equal to 50 percent of the re-
9 tirement benefit that the deceased member was receiving; if the member
10 was not receiving a retirement benefit, the spouse's pension is equal
11 to 50 percent of the amount the member would have received, based on
12 the member's average base salary and credited service to the date of
13 the member's death and assuming that the member would have been eligi-
14 ble for a normal retirement benefit as of that date;

15 (2) in the event of the death of a member's spouse who is
16 receiving a spouse's pension, the difference between the amount that
17 would have been paid under AS 14.25.160 and any payments made to the
18 member, spouse, guardian, or dependent children shall be paid to those
19 beneficiaries described in AS 14.25.166 [AS 14.25.160];

20 (3) benefits are not payable under this section if benefits
21 are payable under AS 14.25.155, 14.25.157, 14.25.162, or 14.25.167.

22 * Sec. 15. AS 14.25.190 is amended to read:

23 Sec. 14.25.190. ACTUARIAL EVALUATIONS OF THE SYSTEM [RETIREMENT
24 FUND]. Actuarial evaluations of the system [RETIREMENT FUND] shall be
25 made at intervals of not more than five years and on the basis of the
26 reevaluations the administrator may recommend any necessary readjust-
27 ment to the legislature. Actuarial and financial experience analyses
28 shall be prepared and certified by a member of the American Academy of
29 Actuaries.

1 * Sec. 16. AS 14.25.200 is amended to read:

2 Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS. (a)
3 Member contributions and other amounts held in the system [RETIREMENT
4 FUND] on behalf of a member or other person who is or may become
5 eligible for benefits under the system are exempt from Alaska state
6 and municipal taxes and are not subject to anticipation, alienation,
7 sale, transfer, assignment, pledge, encumbrance, or charge of any
8 kind, either voluntary or involuntary, before they are received by the
9 person entitled to the amount under the terms of the system, and any
10 attempt to anticipate, alienate, sell, transfer, assign, pledge,
11 encumber, charge, or otherwise dispose of any right to amounts accrued
12 in the system [RETIREMENT FUND] is void. However, a member's right to
13 receive benefits may be assigned under a qualified domestic relations
14 order.

15 (b) Member contributions and other amounts held in the system
16 [RETIREMENT FUND] and benefits payable under this chapter are exempt
17 from garnishment, execution, or levy as provided in AS 09.38 (exemp-
18 tions).

19 * Sec. 17. AS 14.25.220(35) is repealed and reenacted to read:

20 (35) "retirement fund" or "fund" means the fund in which the
21 assets of the system are deposited and held;

22 * Sec. 18. AS 22.25.030 is amended by adding a new subsection to read:

23 (g) If there is no surviving spouse or surviving dependent child
24 entitled to benefits under this section or if after payment of all
25 survivors' benefits due under this section, less than the amount of
26 contributions made by the justice or judge to the system under AS 22.-
27 25.011 and interest credited has been paid, the difference between the
28 amount of contributions and the amount of benefits paid shall be paid
29 to the designated beneficiary of the justice or judge. If there is no

1 designated beneficiary or if no designated beneficiary survives the
2 justice or judge, the balance of the contributions and interest cred-
3 ited shall be paid to the

4 (1) surviving spouse; or, if there is none surviving,

5 (2) surviving children in equal parts; or, if there is none
6 surviving,

7 (3) surviving parents in equal parts; or, if there is none
8 surviving,

9 (4) justice's or judge's estate.

10 * Sec. 19. AS 22.25 is amended by adding a new section to read:

11 Sec. 22.25.033. CLAIM FOR SURVIVOR'S BENEFITS. A person claim-
12 ing entitlement to benefits payable under this chapter as a conse-
13 quence of a justice's or judge's death shall provide the commissioner
14 of administration with a marriage certificate, divorce or dissolution
15 judgment, or other evidence of entitlement. Documents establishing
16 entitlement may be filed with the commissioner immediately after a
17 change in the justice's or judge's marital status. If the commission-
18 er does not receive notification of a claim before the date 10 days
19 after the justice's or judge's death, the person claiming entitlement
20 is not entitled to receive from the Department of Administration any
21 benefit already paid by the commissioner under this chapter.

22 * Sec. 20. AS 22.25.035 is amended to read:

23 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
24 ORDER. A former spouse who was married to a justice or judge for at
25 least one year [AND WHO HAS NOT REMARRIED] shall be treated as a
26 spouse or surviving spouse under this chapter to the extent required
27 by a qualified domestic relations order. Rights under the order do
28 not take effect until the order is filed with the administrator.

29 * Sec. 21. AS 39.35.060 is amended to read:

1 Sec. 39.35.060. DUTIES OF THE ADMINISTRATOR. The administrator
2 shall

3 (1) with the assistance of a technical actuarial advisor,
4 submit to the board the required actuarial tables and the statistical
5 data necessary for periodic actuarial surveys of the operating experi-
6 ence of the system;

7 (2) maintain records of the employees included in the
8 system that are necessary for the proper administration of the system
9 and furnish information requested by the actuary for preparing valua-
10 tions and periodic experience analyses;

11 (3) attend meetings of the board and serve as secretary of
12 the board;

13 (4) certify to the appropriate division of the Department
14 of Administration the payments made under this chapter;

15 (5) remit to the [APPROPRIATE DIVISION OF THE] Department
16 of Revenue, for deposit in the pension fund, assets [NAME OF THE
17 SYSTEM, MONEY] received for the account of the system;

18 (6) formulate and recommend to the board regulations to
19 govern the operation of the system;

20 (7) formulate and recommend to the board regulations to
21 govern the operation of the supplemental employee benefit program
22 (AS 39.30.150 - 39.30.180).

23 * Sec. 22. AS 39.35.330(b) is amended to read:

24 (b) A leave or leaves of absence without pay exceeding [THAT
25 EXCEEDS] 10 accumulated working days in any calendar year or layoff
26 status authorized by an employer will be considered as an interruption
27 of employment and no credited service will be granted.

28 * Sec. 23. AS 39.35.345(b) is amended to read:

29 (b) To obtain credited service under this section, an employee

1 must elect to do so and must verify the period of temporary service
2 [BEFORE JULY 1, 1981, OR WITHIN ONE YEAR FOLLOWING THE DATE WHEN THE
3 EMPLOYEE FIRST BECOMES VESTED UNDER THIS CHAPTER, IF LATER]. When
4 eligibility for temporary service credit has been established, an
5 indebtedness shall be determined as provided in (a) of this section.
6 [INTEREST AS PRESCRIBED BY REGULATION ACCRUES ON THAT INDEBTEDNESS
7 BEGINNING JULY 1, 1981, OR ONE YEAR FOLLOWING THE DATE AN EMPLOYEE
8 FIRST BECOMES VESTED, WHICHEVER IS LATER.] Any outstanding indebted-
9 ness existing at the time an employee retires will require an actuari-
10 al adjustment to the benefits payable based on the temporary service.
11 Interest as prescribed by regulation accrues on the indebtedness
12 beginning

13 (1) July 1, 1981, or one year following the date the em-
14 ployee first becomes vested, whichever is later, for an employee who
15 claims temporary service credit no more than one year after the em-
16 ployee becomes vested;

17 (2) the date of vesting, for an employee who becomes vested
18 after June 30, 1980, who is claiming temporary service credit more
19 than one year after vesting for service performed before the employee
20 vested;

21 (3) July 1, 1980, for an employee who became vested before
22 July 1, 1980, who is claiming temporary service credit after June 30,
23 1981, for service performed before July 1, 1980;

24 (4) one year after completing the temporary service. for an
25 employee who was vested on the last day of employment as a temporary
26 employee and who claims the temporary service no more than one year
27 after completing the service;

28 (5) on the date of completing the temporary service, for an
29 employee who was vested on the last day of employment as a temporary

1 employee and who claims temporary service more than one year after
2 completing the service.

3 * Sec. 24. AS 39.35.345(c) is amended to read:

4 (c) A deferred vested employee on July 1, 1980, is eligible to
5 claim credited service under (a) of this section. To obtain credited
6 service under this section, a deferred vested employee must elect to
7 do so and must verify the period of temporary service [BEFORE JULY 1,
8 1981]. When eligibility for temporary service credit has been estab-
9 lished, an indebtedness shall be determined as provided in (a) of this
10 section. Interest as prescribed by regulation accrues on that indebt-
11 edness beginning July 1, 1981. Any outstanding indebtedness existing
12 at the time a deferred vested employee retires will require an actu-
13 arial adjustment to the benefits payable based on the temporary ser-
14 vice.

15 * Sec. 25. AS 39.35.360(a) is amended to read:

16 (a) An employee [EMPLOYED BEFORE JANUARY 1, 1980,] who completes
17 three years of credited service with the state after January 1, 1961,
18 for which the employee makes contributions required by this chapter is
19 entitled to credited service for service rendered (1) before Janu-
20 ary 1, 1961, as an employee of the state and former Territory of
21 Alaska; (2) before January 1, 1961, as an employee of the United
22 States government in Alaska, excluding service in the armed forces of
23 the United States; [OR] (3) after January 1, 1961, as a peace officer,
24 correctional officer, or fireman of a participating political subdivi-
25 sion of the state if the employee is vested and is an active peace
26 officer, correctional officer, or fireman in the system on or before
27 January 1, 1983; or (4) after January 1, 1961, as a special officer
28 commissioned by the state troopers if the employee has not otherwise
29 received credit for the service and if the employee was employed on or

1 before January 1, 1983, is vested, and has been an active special
2 officer, peace officer, correctional officer, or fireman in the system
3 [AS OF JULY 1, 1980]. The retirement benefits payable to an employee
4 under this section shall be reduced by the amount of the retirement
5 pension benefits paid to the employee by the United States government
6 for the same period of service.

7 * Sec. 26. AS 39.35.360(k) is amended to read:

8 (k) A [PEACE OFFICER OR FIREMAN EMPLOYED BY A MUNICIPALITY WHO
9 IS A] vested member is eligible to receive credited service for em-
10 ployment after January 1, 1961, [AND BEFORE JANUARY 1, 1976,] as a
11 peace officer or fireman in a municipality that is an employer under
12 this system but that was not an employer at the time of the employ-
13 ment. A vested member who claims retroactive credited service on or
14 after July 1, 1988, is indebted to the system. The amount of the
15 indebtedness is the full actuarial cost of providing benefits for the
16 credited service claimed [TO RECEIVE RETROACTIVE CREDIT, THE MEMBER
17 MUST CLAIM THE SERVICE BEFORE JULY 1, 1988. WHEN THE MEMBER CLAIMS
18 RETROACTIVE CREDITED SERVICE, AN INDEBTEDNESS OF THE MEMBER TO THE
19 SYSTEM SHALL BE ESTABLISHED. THE AMOUNT OF THIS INDEBTEDNESS IS EQUAL
20 TO THE CONTRIBUTIONS THE PEACE OFFICER OR FIREMAN WOULD HAVE MADE IF
21 THE OFFICER OR FIREMAN HAD BEEN ELIGIBLE FOR MEMBERSHIP IN THE SYS-
22 TEM]. Interest as established by regulation accrues on the indebt-
23 edness under this subsection beginning the first of the month follow-
24 ing establishment of the indebtedness [JANUARY 1, 1976]. Any out-
25 standing indebtedness that exists at the time the officer or fireman
26 retires will require an actuarial adjustment to the benefits that are
27 based on retroactive credited service under this subsection.

28 * Sec. 27. AS 39.35 is amended by adding a new section to read:

29 Sec. 39.35.389. ALTERNATE BENEFITS FOR EPORS MEMBERS. (a)

1 Notwithstanding former AS 39.37.050, a former member of the Alaska
2 Territorial Legislature who is currently receiving a benefit under the
3 Elected Public Officers Retirement System and who has at least 30
4 years of credited service in the territorial and state legislatures
5 may elect a benefit under this subsection instead of the benefit under
6 former AS 39.37.050. The monthly amount of a benefit under this sub-
7 section is the greater of the member's years of credited service
8 multiplied by

9 (1) the member's average monthly compensation and that
10 amount multiplied by two percent; or

11 (2) \$100.

12 (b) Notwithstanding former AS 39.37.060, a surviving spouse
13 receiving a benefit under the Elected Public Officers Retirement
14 System whose spouse met the requirements of (a) of this section at the
15 time of the spouse's death may elect a benefit under this subsection
16 instead of the benefit under former AS 39.37.060. The amount of a
17 benefit under this subsection is 50 percent of the amount calculated
18 for the deceased spouse under (a) of this section.

19 (c) Benefits payable under this section accrue from the first
20 day of the month following receipt of an application for benefits
21 under this section and are payable on the last day of the month

22 * Sec. 28. AS 39.35.500 is amended to read:

23 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
24 Employee contributions and other amounts held in the system [PENSION
25 FUND] are exempt from Alaska state and local taxes. Amounts held on
26 behalf of, or payable to, any employee or other person who is or may
27 become eligible for benefits under the system are not subject to
28 anticipation, alienation, sale, transfer, assignment, pledge, encum-
29 brance, or charge of any kind, either voluntary or involuntary, before

1 being received by the person entitled to the amount under the terms of
2 the system. An attempt to anticipate, alienate, sell, transfer,
3 assign, pledge, encumber, charge, or otherwise dispose of a right to
4 amounts held under the system is void. However, an employee's right
5 to receive benefits may be assigned under a qualified domestic rela-
6 tions order.

7 * Sec. 29. AS 39.35.505 is amended to read:

8 Sec. 39.35.505. EXEMPTION OF EMPLOYEE FUNDS AND BENEFITS.
9 Employee contributions and other amounts held in the system [PENSION
10 FUND] and retirement benefits payable under this chapter are exempt
11 from levy to enforce the collection of a debt as provided in AS 09.38
12 (exemptions).

13 * Sec. 30. AS 39.35.650 is amended to read:

14 Sec. 39.35.650. REFUNDS TO EMPLOYERS. An [IN NO EVENT MAY AN]
15 employer may not receive an amount from the system [PENSION FUND],
16 except as provided under AS 39.35.615(e) and 39.35.620(g).

17 * Sec. 31. AS 39.35.680(29) is repealed and reenacted to read:

18 (29) "pension fund" or "fund" means the fund in which the
19 assets of the system are deposited and held;

20 * Sec. 32. Section 57, ch. 82, SLA 1986, is amended to read:

21 Sec. 57. Sections 16, 22 - 23, 25 - 27, 42, 44, 45 [42 - 45],
22 and 50 of this Act apply only to members first hired under the Public
23 Employees' Retirement System after June 30, 1986. Changes in the
24 Public Employees' Retirement System enacted in this Act that require a
25 reduction in benefits to members of the retirement system apply only
26 to members who are first hired under the retirement system after
27 June 30, 1986. Other sections of this Act apply to all members of the
28 Public Employees' Retirement System, regardless of the date of hire.

29 * Sec. 33. EPORS SURVIVORS BENEFITS. Notwithstanding former

1 AS 39.37.060 and sec. 51, ch. 117, SLA 1986, the surviving spouse of an
2 elected public officer who has retirement rights under the Elected Public
3 Officers' Retirement System is eligible to continue receiving survivors'
4 benefits upon remarriage. If there is no surviving spouse or surviving
5 dependent child entitled to benefits under former AS 39.37.060 or if, after
6 payment of all survivors' benefits due under former AS 39.37.060, less than
7 the amount of contributions made by the elected public officer under former
8 AS 39.37.070 and interest credited has been paid, the difference between
9 the amount of contributions and the amount of benefits paid shall be paid
10 to the designated beneficiary of the elected public officer. If there is
11 no designated beneficiary or if no designated beneficiary survives the
12 elected public officer, the balance of the contributions and interest
13 credited shall be paid to the

- 14 (1) surviving spouse; or, if there is none surviving,
15 (2) surviving children in equal parts; or, if there is none sur-
16 viving,
17 (3) surviving parents in equal parts; or, if there is none sur-
18 viving,
19 (4) elected public officer's estate.

20 * Sec. 34. AS 39.35.525 is repealed.

21 * Sec. 35. Section 26 of this Act takes effect July 1, 1988.

22 * Sec. 36. Except for sec. 26, this Act takes effect immediately under
23 AS 01.10.070(c).

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 253 (Finance)
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 retirement credited service and
7 benefits; making technical changes to retirement
8 statutes; and providing for an effective date."

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

10 * Section 1. AS 14.25.030 is amended to read:

11 Sec. 14.25.030. DUTIES OF THE ADMINISTRATOR. The administrator
12 shall

13 (1) establish and maintain an adequate system of accounts
14 for the system [RETIREMENT FUND];

15 (2) approve or disapprove claims for retirement benefits;

16 (3) serve as secretary of the Alaska Teachers' Retirement
17 Board and keep an official record of all proceedings;

18 (4) publish annually a report showing the financial condi-
19 tion of the system [RETIREMENT FUND]; and

20 (5) do whatever else may be necessary to carry out the
21 purposes of this chapter.

22 * Sec. 2. AS 14.25.035(g) is amended to read:

23 (g) Expenses for the board and its operation shall be paid from
24 the [TEACHER'S] retirement fund.

25 * Sec. 3. AS 14.25.045(a) is amended to read:

26 (a) An employee or former employee of the National Education
27 Association of Alaska may participate in the system [RETIREMENT FUND]
28 under this chapter if

29 (1) the employee or former employee possesses or is

1 eligible to possess a teacher certificate under AS 14.20.020 and

2 (2) the employee or former employee of the National Educa-
3 tion Association of Alaska pays all retroactive contributions required
4 to be made under this chapter.

5 * Sec. 4. AS 14.25.050 is amended to read:

6 Sec. 14.25.050. CONTRIBUTIONS BY TEACHERS. (a) Beginning
7 July 1, 1970, each teacher shall contribute to the system [RETIREMENT
8 FUND] an amount equal to seven percent of the teacher's base salary
9 accrued from July 1 to the following June 30. The employer shall
10 deduct the contribution from the teacher's salary [SHALL BE DEDUCTED
11 BY THE EMPLOYER] at the end of each payroll period.

12 (b) Each teacher is entitled to receive credit for unrefunded
13 contributions paid into the retirement system [FUND] of 1945.

14 * Sec. 5. AS 14.25.060(a) is amended to read:

15 (a) If a member has military service or Alaska Bureau of Indian
16 Affairs (BIA) service, or if a member joined the system before
17 July 1, 1978, and has creditable outside service, the member is
18 indebted to the system [RETIREMENT FUND] as follows:

19 (1) At the time of first becoming a member of the system,
20 the arrearage indebtedness is seven percent of the base salary multi-
21 plied by the total number of years of creditable outside, military,
22 and Alaska BIA service. The administrator shall add compound interest
23 at the rate prescribed by regulation to the arrearage indebtedness
24 beginning July 1, 1963, or at the time the member first becomes eligi-
25 ble to claim the service, whichever is later, to the date of payment
26 or the date of retirement, whichever occurs first.

27 (2) If a member terminates from the system and is subse-
28 quently reemployed as a member, the arrearage indebtedness to the
29 system [RETIREMENT FUND] for outside, military, or Alaska BIA service

1 accumulated in the interim is seven percent of the base salary upon
2 reentering membership service, multiplied by the number of years of
3 interim outside, military, and Alaska BIA service. Compound interest
4 at the rate prescribed by regulation shall be added to the arrearage
5 indebtedness beginning July 1, 1963, or the date of reemployment as a
6 member, whichever is later, to the date of payment or the date of
7 retirement, whichever occurs first.

8 * Sec. 6. AS 14.25.060(b) is amended to read:

9 (b) If a member joins the system on or after July 1, 1978, and
10 has creditable outside service, the member may claim this service. If
11 claimed, the member is indebted to the system [RETIREMENT FUND] as
12 follows:

13 (1) The arrearage indebtedness is the full actuarial cost
14 of providing benefits for the service being claimed. Compound inter-
15 est at the rate prescribed by regulation shall be added to the arrear-
16 age indebtedness beginning the date the actuarial cost is established
17 to the date of payment or the date of retirement, whichever occurs
18 first.

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

26 [(3) REPEALED]

27 * Sec. 7. AS 14.25.061(a) is amended to read:

28 (a) A member who was not subject to the provisions of this
29 chapter, but who becomes subject to them because of a legislative

1 change, may elect to receive credit for retroactive membership service
2 by contributing to the system [RETIREMENT FUND] an amount equal to the
3 contributions the member would have made had the member been subject
4 to the provisions of this chapter for those years of retroactive
5 service after June 30, 1955. Retroactive contributions are not re-
6 quired for retroactive membership service before July 1, 1955. Com-
7 pound interest at the rate prescribed by regulation shall be added to
8 the retroactive indebtedness from July 1, 1966, or the time of first
9 becoming eligible under this chapter, whichever is later, to the date
10 of payment or the date of retirement, whichever occurs first.

11 * Sec. 8. AS 14.25.062 is amended to read:

12 Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. A teacher who has
13 received a refund of contributions in accordance with AS 14.25.150 is
14 indebted to the system [RETIREMENT FUND] in the amount of the total
15 refund. Compound interest at the rate prescribed by regulation shall
16 be added to the reinstatement indebtedness from the date of the refund
17 to the date of repayment or the date of retirement, whichever occurs
18 first.

19 * Sec. 9. AS 14.25.065 is amended to read:

20 Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contri-
21 butions deducted in accordance with AS 14.25.050 and 14.25.055 shall
22 be transmitted to the system for deposit in the retirement fund no
23 later than 15 days following the close of the payroll period, with the
24 final contributions due for any school year transmitted no later than
25 July 15.

26 (b) The contributions of employers under AS 14.25.070 must be
27 transmitted to the system for deposit in the retirement fund [ADMINIS-
28 TRATOR] at the close of each pay period. If the contributions are not
29 submitted within 15 days of the close of each payroll period, interest

1 must be assessed on the outstanding contributions at one and one-half
2 times the most recent actuarially determined rate of earnings for the
3 system from the date that contributions were originally due. In
4 addition, the amount of the contributions and interest may be deducted
5 by the Department of Education from the state funds due the school
6 district and the amount so deducted transmitted to the system [ADMIN-
7 ISTRATOR] for deposit in the retirement fund. Amounts due from the
8 University of Alaska and interest as prescribed in this section may be
9 deducted by the commissioner of administration from any state funds
10 due the University of Alaska and the amount deducted transmitted to
11 the administrator for deposit in the retirement fund.

12 * Sec. 10. AS 14.25.070 is amended to read:

13 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
14 contribute to the system [RETIREMENT FUND] an amount equal to the
15 percentage, as certified by the administrator, of the sum total of the
16 base salaries of all teachers that is required in addition to teacher
17 contributions to provide the benefits of this chapter times the sum
18 total of the base salaries paid to teachers by the employer.

19 * Sec. 11. AS 14.25.143(a) is amended to read:

20 (a) When the administrator determines that the cost of living
21 has increased and that the financial condition of the system [RETIRE-
22 MENT FUND] permits, the administrator shall increase benefit payments
23 to persons receiving benefits under this system.

24 * Sec. 12. AS 14.25.160(b) is amended to read:

25 (b) Upon the death of an active member who meets the conditions
26 specified in (a) of this section, the amount of the death benefit is
27 the sum of the following less any retirement benefit previously re-
28 ceived by the member:

29 (1) the member contribution account;

- 1 (2) \$100 times the years of membership service;
2 (3) \$1,000; and
3 (4) \$500 if the deceased member is survived by one or more
4 dependent children at the time of death and if the designated benefi-
5 ciary is a dependent child of the member or is the parent or guardian
6 of the dependent child of the member.

7 * Sec. 13. AS 14.25.162(b) is amended to read:

8 (b) A survivor's allowance is payable under this section as
9 follows:

10 (1) an allowance of 10 percent of the member's base salary
11 immediately before the member's death, retirement, or disability shall
12 be paid for each dependent child; if there are four or more dependent
13 children, the total amount paid to those children is 40 percent of the
14 member's base salary before the member's death, retirement, or dis-
15 ability, paid in equal amounts to each child; the allowance shall be
16 recomputed for the month in which the number of dependent children is
17 less than four and the benefits shall be decreased accordingly; the
18 adoption of a dependent child does not terminate the survivor's allow-
19 ance payable under this section;

20 (2) an allowance of 35 percent of the member's base salary
21 shall be paid to the member's surviving spouse as long as there is an
22 eligible dependent child, as determined under (b)(1) of this section,
23 for whom the surviving spouse is legally responsible; if there is no
24 surviving spouse, an allowance of 10 percent of the member's base
25 salary shall be paid to each court-appointed guardian, not to exceed
26 one allowance for each child or for each group of children who have
27 the same guardian or joint guardians;

28 (3) when no further benefits are payable under this sec-
29 tion, the difference between the amount that would have been paid

1 under AS 14.25.160 and any payments made to the member, spouse, guard-
2 ian, or dependent children under this section shall be paid to those
3 beneficiaries described in AS 14.25.166 [AS 14.25.160(a)];

4 (4) benefits are not payable under this section if benefits
5 are payable under AS 14.25.155, 14.25.157, 14.25.164, or 14.25.167.

6 * Sec. 14. AS 14.25.164(b) is amended to read:

7 (b) A spouse's pension is payable under this section as follows:

8 (1) a spouse's pension is equal to 50 percent of the re-
9 tirement benefit that the deceased member was receiving; if the member
10 was not receiving a retirement benefit, the spouse's pension is equal
11 to 50 percent of the amount the member would have received, based on
12 the member's average base salary and credited service to the date of
13 the member's death and assuming that the member would have been eligi-
14 ble for a normal retirement benefit as of that date;

15 (2) in the event of the death of a member's spouse who is
16 receiving a spouse's pension, the difference between the amount that
17 would have been paid under AS 14.25.160 and any payments made to the
18 member, spouse, guardian, or dependent children shall be paid to those
19 beneficiaries described in AS 14.25.166 [AS 14.25.160];

20 (3) benefits are not payable under this section if benefits
21 are payable under AS 14.25.155, 14.25.157, 14.25.162, or 14.25.167.

22 * Sec. 15. AS 14.25.190 is amended to read:

23 Sec. 14.25.190. ACTUARIAL EVALUATIONS OF THE SYSTEM [RETIREMENT
24 FUND]. Actuarial evaluations of the system [RETIREMENT FUND] shall be
25 made at intervals of not more than five years and on the basis of the
26 reevaluations the administrator may recommend any necessary readjust-
27 ment to the legislature. Actuarial and financial experience analyses
28 shall be prepared and certified by a member of the American Academy of
29 Actuaries.

1 * Sec. 16. AS 14.25.200 is amended to read:

2 Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS. (a)

3 Member contributions and other amounts held in the system [RETIREMENT
4 FUND] on behalf of a member or other person who is or may become
5 eligible for benefits under the system are exempt from Alaska state
6 and municipal taxes and are not subject to anticipation, alienation,
7 sale, transfer, assignment, pledge, encumbrance, or charge of any
8 kind, either voluntary or involuntary, before they are received by the
9 person entitled to the amount under the terms of the system, and any
10 attempt to anticipate, alienate, sell, transfer, assign, pledge,
11 encumber, charge, or otherwise dispose of any right to amounts accrued
12 in the system [RETIREMENT FUND] is void. However, a member's right to
13 receive benefits may be assigned under a qualified domestic relations
14 order.

15 (b) Member contributions and other amounts held in the system
16 [RETIREMENT FUND] and benefits payable under this chapter are exempt
17 from garnishment, execution, or levy as provided in AS 09.38 (exemp-
18 tions).

19 * Sec. 17. AS 14.25.220(35) is repealed and reenacted to read:

20 (35) "retirement fund" or "fund" means the fund in which the
21 assets of the system are deposited and held;

22 * Sec. 18. AS 22.25.030 is amended by adding a new subsection to read:

23 (g) If there is no surviving spouse or surviving dependent child
24 entitled to benefits under this section or if after payment of all
25 survivors' benefits due under this section, less than the amount of
26 contributions made by the justice or judge to the system under AS 22.-
27 25.011 and interest credited has been paid, the difference between the
28 amount of contributions and the amount of benefits paid shall be paid
29 to the designated beneficiary of the justice or judge. If there is no

1 designated beneficiary or if no designated beneficiary survives the
2 justice or judge, the balance of the contributions and interest cred-
3 ited shall be paid to the

4 (1) surviving spouse; or, if there is none surviving,

5 (2) surviving children in equal parts; or, if there is none
6 surviving,

7 (3) surviving parents in equal parts; or, if there is none
8 surviving,

9 (4) justice's or judge's estate.

10 * Sec. 19. AS 22.25 is amended by adding a new section to read:

11 Sec. 22.25.033. CLAIM FOR SURVIVOR'S BENEFITS. A person claim-
12 ing entitlement to benefits payable under this chapter as a conse-
13 quence of a justice's or judge's death shall provide the commissioner
14 of administration with a marriage certificate, divorce or dissolution
15 judgment, or other evidence of entitlement. Documents establishing
16 entitlement may be filed with the commissioner immediately after a
17 change in the justice's or judge's marital status. If the commission-
18 er does not receive notification of a claim before the date 10 days
19 after the justice's or judge's death, the person claiming entitlement
20 is not entitled to receive from the Department of Administration any
21 benefit already paid by the commissioner under this chapter.

22 * Sec. 20. AS 22.25.035 is amended to read:

23 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
24 ORDER. A former spouse who was married to a justice or judge for at
25 least one year [AND WHO HAS NOT REMARRIED] shall be treated as a
26 spouse or surviving spouse under this chapter to the extent required
27 by a qualified domestic relations order. Rights under the order do
28 not take effect until the order is filed with the administrator.

29 * Sec. 21. AS 39.35.060 is amended to read:

1 Sec. 39.35.060. DUTIES OF THE ADMINISTRATOR. The administrator
2 shall

3 (1) with the assistance of a technical actuarial advisor,
4 submit to the board the required actuarial tables and the statistical
5 data necessary for periodic actuarial surveys of the operating experi-
6 ence of the system;

7 (2) maintain records of the employees included in the
8 system that are necessary for the proper administration of the system
9 and furnish information requested by the actuary for preparing valua-
10 tions and periodic experience analyses;

11 (3) attend meetings of the board and serve as secretary of
12 the board;

13 (4) certify to the appropriate division of the Department
14 of Administration the payments made under this chapter;

15 (5) remit to the [APPROPRIATE DIVISION OF THE] Department
16 of Revenue, for deposit in the pension fund, assets [NAME OF THE
17 SYSTEM, MONEY] received for the account of the system;

18 (6) formulate and recommend to the board regulations to
19 govern the operation of the system;

20 (7) formulate and recommend to the board regulations to
21 govern the operation of the supplemental employee benefit program
22 (AS 39.30.150 - 39.30.180).

23 * Sec. 22. AS 39.35.330(b) is amended to read:

24 (b) A leave or leaves of absence without pay exceeding [THAT
25 EXCEEDS] 10 accumulated working days in any calendar year or layoff
26 status authorized by an employer will be considered as an interruption
27 of employment and no credited service will be granted.

28 * Sec. 23. AS 39.35.345(b) is amended to read:

29 (b) To obtain credited service under this section, an employee

1 must elect to do so and must verify the period of temporary service
2 [BEFORE JULY 1, 1981, OR WITHIN ONE YEAR FOLLOWING THE DATE WHEN THE
3 EMPLOYEE FIRST BECOMES VESTED UNDER THIS CHAPTER, IF LATER]. When
4 eligibility for temporary service credit has been established, an
5 indebtedness shall be determined as provided in (a) of this section.
6 [INTEREST AS PRESCRIBED BY REGULATION ACCRUES ON THAT INDEBTEDNESS
7 BEGINNING JULY 1, 1981, OR ONE YEAR FOLLOWING THE DATE AN EMPLOYEE
8 FIRST BECOMES VESTED, WHICHEVER IS LATER.] Any outstanding indebted-
9 ness existing at the time an employee retires will require an actuari-
10 al adjustment to the benefits payable based on the temporary service.
11 Interest as prescribed by regulation accrues on the indebtedness
12 beginning

13 (1) July 1, 1981, or one year following the date the em-
14 ployee first becomes vested, whichever is later, for an employee who
15 claims temporary service credit no more than one year after the em-
16 ployee becomes vested;

17 (2) the date of vesting, for an employee who becomes vested
18 after June 30, 1980, who is claiming temporary service credit more
19 than one year after vesting for service performed before the employee
20 vested;

21 (3) July 1, 1980, for an employee who became vested before
22 July 1, 1980, who is claiming temporary service credit after June 30,
23 1981, for service performed before July 1, 1980;

24 (4) one year after completing the temporary service, for an
25 employee who was vested on the last day of employment as a temporary
26 employee and who claims the temporary service no more than one year
27 after completing the service;

28 (5) on the date of completing the temporary service, for an
29 employee who was vested on the last day of employment as a temporary

1 employee and who claims temporary service more than one year after
2 completing the service.

3 * Sec. 24. AS 39.35.345(c) is amended to read:

4 (c) A deferred vested employee on July 1, 1980, is eligible to
5 claim credited service under (a) of this section. To obtain credited
6 service under this section, a deferred vested employee must elect to
7 do so and must verify the period of temporary service [BEFORE JULY 1,
8 1981]. When eligibility for temporary service credit has been estab-
9 lished, an indebtedness shall be determined as provided in (a) of this
10 section. Interest as prescribed by regulation accrues on that indebt-
11 edness beginning July 1, 1981. Any outstanding indebtedness existing
12 at the time a deferred vested employee retires will require an actu-
13 arial adjustment to the benefits payable based on the temporary ser-
14 vice.

15 * Sec. 25. AS 39.35.360(a) is amended to read:

16 (a) An employee [EMPLOYED BEFORE JANUARY 1, 1980,] who completes
17 three years of credited service with the state after January 1, 1961,
18 for which the employee makes contributions required by this chapter is
19 entitled to credited service for service rendered (1) before Janu-
20 ary 1, 1961, as an employee of the state and former Territory of
21 Alaska; (2) before January 1, 1961, as an employee of the United
22 States government in Alaska, excluding service in the armed forces of
23 the United States; [OR] (3) after January 1, 1961, as a peace officer,
24 correctional officer, or fireman of a participating political subdivi-
25 sion of the state if the employee is vested and is an active peace
26 officer, correctional officer, or fireman in the system on or before
27 January 1, 1983; or (4) after January 1, 1961, as a special officer
28 commissioned by the state troopers if the employee has not otherwise
29 received credit for the service and if the employee was employed on or

1 before January 1, 1983, is vested, and is an active special officer,
2 peace officer, correctional officer, or fireman in the system [AS OF
3 JULY 1, 1980]. The retirement benefits payable to an employee under
4 this section shall be reduced by the amount of the retirement pension
5 benefits paid to the employee by the United States government for the
6 same period of service.

7 * Sec. 26. AS 39.35.360(k) is amended to read:

8 (k) A [PEACE OFFICER OR FIREMAN EMPLOYED BY A MUNICIPALITY WHO
9 IS A] vested member is eligible to receive credited service for em-
10 ployment after January 1, 1961, [AND BEFORE JANUARY 1, 1976,] as a
11 peace officer or fireman in a municipality that is an employer under
12 this system but that was not an employer at the time of the employ-
13 ment. A vested member who claims retroactive credited service on or
14 after July 1, 1988, is indebted to the system. The amount of the
15 indebtedness is the full actuarial cost of providing benefits for the
16 credited service claimed [TO RECEIVE RETROACTIVE CREDIT, THE MEMBER
17 MUST CLAIM THE SERVICE BEFORE JULY 1, 1988. WHEN THE MEMBER CLAIMS
18 RETROACTIVE CREDITED SERVICE, AN INDEBTEDNESS OF THE MEMBER TO THE
19 SYSTEM SHALL BE ESTABLISHED. THE AMOUNT OF THIS INDEBTEDNESS IS EQUAL
20 TO THE CONTRIBUTIONS THE PEACE OFFICER OR FIREMAN WOULD HAVE MADE IF
21 THE OFFICER OR FIREMAN HAD BEEN ELIGIBLE FOR MEMBERSHIP IN THE
22 SYSTEM]. Interest as established by regulation accrues on the indebt-
23 edness under this subsection beginning the first of the month
24 following establishment of the indebtedness [JANUARY 1, 1976]. Any
25 outstanding indebtedness that exists at the time the officer or
26 fireman retires will require an actuarial adjustment to the benefits
27 that are based on retroactive credited service under this subsection.

28 * Sec. 27. AS 39.35 is amended by adding a new section to read:

29 Sec. 39.35.389. ALTERNATE BENEFITS FOR EPORS MEMBERS. (a)

1 Notwithstanding former AS 39.37.050, a former member of the Alaska
2 Territorial Legislature who is currently receiving a benefit under the
3 Elected Public Officers Retirement System and who has at least 30
4 years of credited service in the territorial and state legislatures
5 may elect a benefit under this subsection instead of the benefit under
6 former AS 39.37.050. The monthly amount of a benefit under this sub-
7 section is the greater of the member's years of credited service
8 multiplied by

9 (1) the member's average monthly compensation and that
10 amount multiplied by two percent; or

11 (2) \$100.

12 (b) Notwithstanding former AS 39.37.060, a surviving spouse
13 receiving a benefit under the Elected Public Officers Retirement
14 System whose spouse met the requirements of (a) of this section at the
15 time of the spouse's death may elect a benefit under this subsection
16 instead of the benefit under former AS 39.37.060. The amount of a
17 benefit under this subsection is 50 percent of the amount calculated
18 for the deceased spouse under (a) of this section.

19 (c) Benefits payable under this section accrue from the first
20 day of the month following receipt of an application for benefits
21 under this section and are payable on the last day of the month.

22 * Sec. 28. AS 39.35.500 is amended to read:

23 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.
24 Employee contributions and other amounts held in the system [PENSION
25 FUND] are exempt from Alaska state and local taxes. Amounts held on
26 behalf of, or payable to, any employee or other person who is or may
27 become eligible for benefits under the system are not subject to
28 anticipation, alienation, sale, transfer, assignment, pledge, encum-
29 brance, or charge of any kind, either voluntary or involuntary, before

1 being received by the person entitled to the amount under the terms of
2 the system. An attempt to anticipate, alienate, sell, transfer,
3 assign, pledge, encumber, charge, or otherwise dispose of a right to
4 amounts held under the system is void. However, an employee's right
5 to receive benefits may be assigned under a qualified domestic rela-
6 tions order.

7 * Sec. 29. AS 39.35.505 is amended to read:

8 Sec. 39.35.505. EXEMPTION OF EMPLOYEE FUNDS AND BENEFITS.
9 Employee contributions and other amounts held in the system [PENSION
10 FUND] and retirement benefits payable under this chapter are exempt
11 from levy to enforce the collection of a debt as provided in AS 09.38
12 (exemptions).

13 * Sec. 30. AS 39.35.650 is amended to read:

14 Sec. 39.35.650. REFUNDS TO EMPLOYERS. An [IN NO EVENT MAY AN]
15 employer may not receive an amount from the system [PENSION FUND],
16 except as provided under AS 39.35.615(e) and 39.35.620(g).

17 * Sec. 31. AS 39.35.680(29) is repealed and reenacted to read:

18 (29) "pension fund" or "fund" means the fund in which the
19 assets of the system are deposited and held;

20 * Sec. 32. Section 57, ch. 82, SLA 1986, is amended to read:

21 Sec. 57. Sections 16, 22 - 23, 25 - 27, 42, 44, 45 [42 - 45],
22 and 50 of this Act apply only to members first hired under the Public
23 Employees' Retirement System after June 30, 1986. Changes in the
24 Public Employees' Retirement System enacted in this Act that require a
25 reduction in benefits to members of the retirement system apply only
26 to members who are first hired under the retirement system after
27 June 30, 1986. Other sections of this Act apply to all members of the
28 Public Employees' Retirement System, regardless of the date of hire.

29 * Sec. 33. EPORS SURVIVORS BENEFITS. Notwithstanding former

1 AS 39.37.060 and sec. 51, ch. 117, SLA 1986, the surviving spouse of an
2 elected public officer who has retirement rights under the Elected Public
3 Officers' Retirement System is eligible to continue receiving survivors'
4 benefits upon remarriage. If there is no surviving spouse or surviving
5 dependent child entitled to benefits under former AS 39.37.060 or if, after
6 payment of all survivors' benefits due under former AS 39.37.060, less than
7 the amount of contributions made by the elected public officer under former
8 AS 39.37.070 and interest credited has been paid, the difference between
9 the amount of contributions and the amount of benefits paid shall be paid
10 to the designated beneficiary of the elected public officer. If there is
11 no designated beneficiary or if no designated beneficiary survives the
12 elected public officer, the balance of the contributions and interest
13 credited shall be paid to the

- 14 (1) surviving spouse; or, if there is none surviving,
15 (2) surviving children in equal parts; or, if there is none sur-
16 viving,
17 (3) surviving parents in equal parts; or, if there is none sur-
18 viving,
19 (4) elected public officer's estate.

20 * Sec. 34. AS 39.35.525 is repealed.

21 * Sec. 35. Section 26 of this Act takes effect July 1, 1988.

22 * Sec. 36. Except for sec. 26, this Act takes effect immediately under
23 AS 01.10.070(c).

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 253

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to retirement benefits; and provid-
7 ing for an effective date."

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

9 * Section 1. AS 14.25.160(b) is amended to read:

10 (b) Upon the death of an active member who meets the conditions
11 specified in (a) of this section, the amount of the death benefit is
12 the sum of the following less any retirement benefit previously re-
13 ceived by the member:

14 (1) the member contribution account;

15 (2) \$100 times the years of membership service;

16 (3) \$1,000; and

17 (4) \$500 if the deceased member is survived by one or more
18 dependent children at the time of death and if the designated benefi-
19 ciary is a dependent child of the member or is the parent or guardian
20 of the dependent child of the member.

21 * Sec. 2. AS 14.25.162(b) is amended to read:

22 (b) A survivor's allowance is payable under this section as
23 follows:

24 (1) an allowance of 10 percent of the member's base salary
25 immediately before the member's death, retirement, or disability shall
26 be paid for each dependent child; if there are four or more dependent
27 children, the total amount paid to those children is 40 percent of the
28 member's base salary before the member's death, retirement, or dis-
29 ability, paid in equal amounts to each child; the allowance shall be

1 recomputed for the month in which the number of dependent children is
2 less than four and the benefits shall be decreased accordingly; the
3 adoption of a dependent child does not terminate the survivor's allow-
4 ance payable under this section;

5 (2) an allowance of 35 percent of the member's base salary
6 shall be paid to the member's surviving spouse as long as there is an
7 eligible dependent child, as determined under (b)(1) of this section,
8 for whom the surviving spouse is legally responsible; if there is no
9 surviving spouse, an allowance of 10 percent of the member's base sal-
10 ary shall be paid to each court-appointed guardian, not to exceed one
11 allowance for each child or for each group of children who have the
12 same guardian or joint guardians;

13 (3) when no further benefits are payable under this sec-
14 tion, the difference between the amount that would have been paid
15 under AS 14.25.160 and any payments made to the member, spouse, guar-
16 dian, or dependent children under this section shall be paid to those
17 beneficiaries described in AS 14.25.166 [AS 14.25.160(a)];

18 (4) benefits are not payable under this section if benefits
19 are payable under AS 14.25.155, 14.25.157, 14.25.164, or 14.25.167.

20 * Sec. 3. AS 14.25.164(b) is amended to read:

21 (b) A spouse's pension is payable under this section as follows:

22 (1) a spouse's pension is equal to 50 percent of the re-
23 tirement benefit that the deceased member was receiving; if the member
24 was not receiving a retirement benefit, the spouse's pension is equal
25 to 50 percent of the amount the member would have received, based on
26 the member's average base salary and credited service to the date of
27 the member's death and assuming that the member would have been elig-
28 ible for a normal retirement benefit as of that date;

29 (2) in the event of the death of a member's spouse who is

1 receiving a spouse's pension, the difference between the amount that
2 would have been paid under AS 14.25.160 and any payments made to the
3 member, spouse, guardian, or dependent children shall be paid to those
4 beneficiaries described in AS 14.25.166 [AS 14.25.160];

5 (3) benefits are not payable under this section if benefits
6 are payable under AS 14.25.155, 14.25.157, 14.25.162, or 14.25.167.

7 * Sec. 4. AS 22.25.030 is amended by adding a new subsection to read:

8 (g) If there is no surviving spouse or surviving dependent child
9 entitled to benefits under this section or if after payment of all
10 survivors' benefits due under this section, less than the amount of
11 contributions made by the justice or judge to the system under AS 22.-
12 25.011 and interest credited has been paid, the difference between the
13 amount of contributions and the amount of benefits paid shall be paid
14 to the designated beneficiary of the justice or judge. If there is no
15 designated beneficiary or if no designated beneficiary survives the
16 justice or judge, the balance of the contributions and interest cred-
17 ited shall be paid to the

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

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

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

23 (4) justice's or judge's estate.

24 * Sec. 5. AS 22.25 is amended by adding a new section to read:

25 Sec. 22.25.033. CLAIM FOR SURVIVOR'S BENEFITS. A person claim-
26 ing entitlement to benefits payable under this chapter as a conse-
27 quence of a justice's or judge's death shall provide the commissioner
28 of administration with a marriage certificate, divorce or dissolution
29 judgment, or other evidence of entitlement. Documents establishing

1 entitlement may be filed with the commissioner immediately after a
2 change in the justice's or judge's marital status. If the commission-
3 er does not receive notification of a claim before the date 10 days
4 after the justice's or judge's death, the person claiming entitlement
5 is not entitled to receive from the Department of Administration any
6 benefit already paid by the commissioner under this chapter.

7 * Sec. 6. AS 22.25.035 is amended to read:

8 Sec. 22.25.035. RIGHTS UNDER A QUALIFIED DOMESTIC RELATIONS
9 ORDER. A former spouse who was married to a justice or judge for at
10 least one year [AND WHO HAS NOT REMARRIED] shall be treated as a
11 spouse or surviving spouse under this chapter to the extent required
12 by a qualified domestic relations order. Rights under the order do
13 not take effect until the order is filed with the administrator.

14 * Sec. 7. AS 39.35.330(b) is amended to read:

15 (b) A leave or leaves of absence without pay exceeding [THAT
16 EXCEEDS] 10 accumulated working days in any calendar year or layoff
17 status authorized by an employer will be considered as an interruption
18 of employment and no credited service will be granted.

19 * Sec. 8. Notwithstanding former AS 39.37.060 and sec. 51, ch. 117, SLA
20 1986, the surviving spouse of an elected public officer who has retirement
21 rights under the Elected Public Officers' Retirement System is eligible to
22 continue receiving survivors' benefits upon remarriage. If there is no
23 surviving spouse or surviving dependent child entitled to benefits under
24 former AS 39.37.060 or if, after payment of all survivors' benefits due
25 under former AS 39.37.060, less than the amount of contributions made by
26 the elected public officer under former AS 39.37.070 and interest credited
27 has been paid, the difference between the amount of contributions and the
28 amount of benefits paid shall be paid to the designated beneficiary of the
29 elected public officer. If there is no designated beneficiary or if no

1 designated beneficiary survives the elected public officer, the balance of
2 the contributions and interest credited shall be paid to the

3 (1) surviving spouse; or, if there is none surviving,

4 (2) surviving children in equal parts; or, if there is none sur-
5 viving,

6 (3) surviving parents in equal parts; or, if there is none sur-
7 viving,

8 (4) elected public officer's estate.

9 * Sec. 9. Sec. 57, ch. 82, SLA 1986 is amended to read:

10 Sec. 57. Sections 16, 22, ~~23, 25 -- 27, 42, 44, 45~~ [42 --
11 45], and 50 of this Act apply only to members first hired under the
12 Public Employees' Retirement System after June 30, 1986. Changes in
13 the Public Employees' Retirement System enacted in this Act that re-
14 quire a reduction in benefits to members of the retirement system
15 apply only to members who are first hired under the retirement system
16 after June 30, 1986. Other sections of this Act apply to all members
17 of the Public Employees' Retirement System, regardless of the date of
18 hire.

19 * Sec. 10. AS 39.35.525 is repealed.

20 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).