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STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

House State Affs.

March 25, 1988

April 15, 1988



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

June 18, 1987

MEMORANDUM

TO: Representative Virginia Collins

ATTN: Chris Clark

FROM: Gretchen Keiser *G. Keiser*
Legislative Analyst

RE: Vesting of Disabled Employees under the Public Employees'
Retirement System
Research Request 87.310

You asked this agency to obtain information about employees who contract a long-term illness before they are vested under the Public Employees Retirement System (PERS) and their ability to buy enough years of credited service to become vested. We directed your questions to Michael Coughlin, Deputy Director of the Division of Retirement and Benefits (DRB) in the Department of Administration. Your specific questions and the division's responses are provided below.

How many PERS employees have been terminated because of a long-term disability before getting the five years of credited service needed for vesting?

The State does not keep records on the number of employees who terminate due to a long-term disability. When employees begin the process of terminating with the State, they fill out a form regarding their intention to terminate. Information about an employee's reason(s) for termination is solicited on a voluntary basis, but the data are not recorded for statistical purposes.

How many occupationally and nonoccupationally disabled PERS employees have terminated their employment before becoming vested?

According to the DRB, the State does not monitor the length of service of those individuals who are eligible for occupational disability benefits. An individual who is injured on the job and becomes permanently disabled as a result of the injury may be entitled to an occupational PERS disability pension regardless of length of service. Vesting is not a requirement for an occupational disability pension (AS 39.35.410).

Representative Collins
June 18, 1987
Page 2

According to AS 39.35.400, an employee is eligible for nonoccupational disability benefits only if that employee is vested (i.e., has five or more years of paid-up credited service). Anyone who is not vested does not qualify, and the State does not keep records for those who do not qualify for the nonoccupational disability.

It should be noted that "disability" is defined differently under the PERS and the State workers' compensation program. According to AS 39.35.680 (23) and (26), a disability under PERS is "...a physical or mental condition that, in the judgment of the administrator, presumably permanently prevents an employee from satisfactorily performing the employee's usual duties..or duties of another comparable position..." Under the workers' compensation program, disability means "...incapacity because of injury to earn the wages which the employee was receiving at the time of injury in the same or any other employment" [AS 23.30.265 (10)]. According to Mary Ann Cummings of the Division of Retirement and Benefits, the PERS definition is more restrictive and emphasizes the permanency of a disability. The referenced statutes are attached for your information.

By July 1, 1988, how many currently employed, long-term disabled persons would qualify to purchase credited service under such a proposal?

The Division of Retirement and Benefits received a similar question last year and at that time estimated that about 20 people per year would fall into this category, i.e., individuals with a long-term disability who were currently not vested but would be eligible to purchase additional credited service under this proposal. The estimate was based on a matching of the records of the number of people receiving a long-term disability from the Supplemental Benefits System with records of those receiving a PERS benefit and estimating the total number of employees who might be eligible to receive a PERS disability benefit if the five-year vesting requirement were removed.

I hope this information is useful. If you have any questions about these responses, I suggest you contact the Division of Retirement and Benefits directly (465-4460). If we can be of further assistance, do not hesitate to call us.

Attachment



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

May 26, 1987

Michael Coughlin
Deputy Director
Division of Retirement and Benefits
Alaska Department of Administration
P.O. Box CR
Juneau, Alaska 99811

Dear Mr. Coughlin:

Following a May 26th conversation with Mary Ann Cummings of your division, I am submitting this formal request for assistance in addressing a series of questions the House Research Agency has received from a legislator. The legislator is interested in developing ... "legislation permitting PERS employees who contract a long-term illness before they are vested to buy in enough years of credited service to vest."

The specific information requested is:

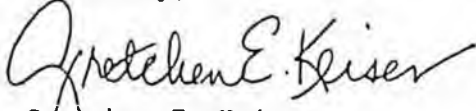
- 1) How many PERS employees have been terminated because of a "long-term disability" before getting the five years of credited service needed to vest?
- 2) How many occupationally and non-occupationally disabled PERS employees have terminated their employment before becoming vested? Consider those who are "disabled" as those who qualified or would have qualified for workers' compensation.
- 3) By July 1, 1988, how many currently employed, long-term disabled would qualify under our proposed change in purchasing credited service?

Ms. Cummings indicated that your division may have addressed this issue, to some degree, in related requests within the last year or so.

We would appreciate your response to these questions by June 15, 1987 so that we can provide the information to the legislator shortly thereafter. I can be reached at 465-3991 if you or your staff have any questions or would like to arrange a meeting regarding this request.

Thank you in advance for your assistance.

Sincerely,


Gretchen E. Keiser
Legislative Analyst

DEPARTMENT OF ADMINISTRATION

POUCH C (MS 0200)
JUNEAU, ALASKA 99811
PHONE: (907) 465-2200

OFFICE OF THE COMMISSIONER

March 2, 1988

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

Dear Representative Ulmer:

Re: House Bill 505

In accordance with AS 24.08.036, I am providing an analysis below on House Bill 505. The analysis includes the long-term and short-term costs to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Public Employees' Retirement System (PERS).

This bill would allow members of the PERS with fewer than five years of credited service and who are terminated after December 31, 1979 because of a nonoccupational disability to receive additional service for vesting in the system in order to have the required five years of service and be eligible for a nonoccupational disability benefit from PERS.

Current statutes restrict a nonoccupational disability benefit to only those employees who are vested, having a minimum of five years credited service with PERS employers. This bill would allow an employee with less than five years to claim the difference between five years and the employee's actual credited service and establish an indebtedness equal to the contributions the employee would have made had the employee continued to work. Upon appointment to disability the member has the option of paying off the indebtedness or having their benefit amount calculated on only the paid up service.

We have estimated that there would be 20 individuals each year who would qualify to take advantage of this provision. This number was derived by comparing the number of individuals receiving disability benefits under the Supplemental Benefits System (SBS) and who were not receiving disability benefits from PERS. This comparison gives an estimate of the number of individuals who terminate their employment due to disability and who are not eligible for a PERS disability benefit. In addition, there would be an estimated 20 individuals who terminated employment since December 31, 1979 and would be also eligible to claim the required credited service and apply for a nonoccupational disability benefit.

March 2, 1988

This bill is estimated to result in an .11% increase in the PERS employer contribution rates for FY 89 and to remain level each year thereafter. This increase in contributions is estimated to fund both benefit payments and health coverage for applicants in future years plus the benefits and health coverage for the individuals that would be immediately eligible with passage of this bill.

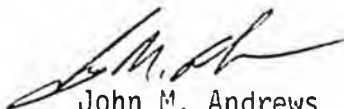
The FY 89 cost to the state is estimated to be \$527,400 based on an estimated FY 89 State PERS salary \$479,549,872.

In addition to the state costs described above, there would also be an increase in the political subdivisions' FY 89 contribution rate of .11%. This would result in an increase in their annual cost of \$362,700 based on an estimated FY 89 salaries of \$329,744,333.

Although there would not be an adverse impact on the actuarial soundness of the PEPS fund if this bill becomes law, the unfunded liability will increase by \$1.3 million and the funding ratio will decrease by .1%.

Please contact Robert Stalnaker, Acting Director, Division of Retirement and Benefits, should you require further information on this bill.

Sincerely,



John M. Andrews
Commissioner

JMA/MBC/bb/7

FISCAL NOTE

REQUEST: _____

Revision Date: _____ Agency Affected: Administration
 Title: An Act Relating to Credited BRU: Retirement and Benefits
Service for Disabled Employees
 Sponsor: Collins 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)

See attached.

Prepared By: Robert F. Stalnaker Phone: 465-4470
 Division: Retirement and Benefits Date: March 2, 1988
 Approved by Commissioner: John M. Andrews Date: 3/2/88
 Agency: Department of Administration

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

House Bill 505
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

March 2, 1988

IV Analysis: This bill would allow an employee with fewer than five years of credited service and who is terminated after December 31, 1979 because of a nonoccupational disability to claim additional service for vesting purposes. This additional service could be claimed, with a corresponding indebtedness established, in order to establish eligibility for a nonoccupational disability benefit from the Public Employees' Retirement System (PERS).

This bill, should it become law, will have a fiscal impact to both the state and over 100 political subdivisions that participate in the PERS. These costs are shown in our letter to Representative Ulmer. We do not anticipate any direct increase in costs to the Division of Retirement & Benefits for administering this provision.

Thomas J. Robertson
P.O. Box 140931
Anchorage, Ak. 99514-0931
April 29, 1988

Representative Fran Ulmer
Chairman
House State Affairs Committee
P.O. Box V (MS 3100)
Juneau, Ak. 99811

RE: HB 505

Dear Rep. Ulmer:

Thank you for the opportunity to participate in your committee meeting via teleconference on Apr. 15th regarding HB 505. Since this was my first exposure to teleconferencing, I was a bit nervous; and hope I expressed myself satisfactorily.

I have recently received, from Rep. Pat Pourchot, a copy of a letter from Commissioner Andrews to yourself and a copy of a letter from Dep. Director Coughlin to Rep. Pourchot's office, both of which pertain to HB 505; and to which I would like to make the following replying comments.

I was particularly encouraged to read in Mr. Andrews letter that the actuarial soundness of the PERS fund would not be adversely affected by the passage of HB 505; especially since I had sensed this as being a major concern of the Juneau participants during our teleconference.

Commissioner Andrews estimates that HB 505 will create an impact of approximately (20) individuals/yr. receiving disability benefits through PERS plus an additional (20) individuals who would become eligible for PERS for the period of 1979 to the present. This is the same projection that Director Humphreys presented to Rep. Collins in his letter dated April 3, 1986, and which was later confirmed by Mr. Coughlin in his letter to Rep. Collins dated May 9, 1987. In my letter of reply to Rep. Collins dated May 13, 1987 I stated, and still maintain, that this projection of (20) persons per year is excessively high; especially when one considers the following facts. In May 1984 there were (75) individuals receiving disability benefits from PERS; and in Feb. 1988 there ^{were} (126). This is an increase of only (51); but according to the Humphrey/Andrews projection this increase should have been closer to (76). Please also keep in mind that these figures reflect the total number of disability recipients, occupational and non-occupational, receiving disability benefits from PERS. PERS has a policy of not segregating whether a person has an occupational or non-occupational disability. However they do have sufficient historical data with which to

To: Rep. Fran Ulmer
Fm: T.J. Robertson
April 29, 1988

Page: 2

establish a ratio of these two groups which is: 1/3 occupational and 2/3 non-occupational. This means that of the (51) increased recipients from 1984 to 1988 only about (34) were non-occupationally related, which is a little less than half the number projected by Andrews/Humphrey.

Since it appears that the Andrews/Humphrey personnel projection is quite misleadingly inaccurate, I would like to suggest a more realistic approach. Request the Div. of Retirement & Benefits (DRB) to furnish you with the actual number of persons receiving disability benefits from PERS for say the last ten years, broken down as to whether the disability was occupationally or non-occupationally related. The occupational should be able to be broken out from the gross number by correlation with Workmans Compensation records. I feel that these actual numbers of recipients of PERS disability benefits, over a period of years, resulting from non-occupational causes would give you a much more valid projection of the potential impact of HB 505 than can be obtained from the actuarial estimates that you have been furnished thus far. From this raw type of data you can formulate your own projections.

Mr. Andrews also set forth some potential cost projections. He stated that HB 505 would result in additional annual costs to the State of \$ 527,400.00 and additional annual costs to other non-State participating PERS employers of \$362,700.00. Mr. Humphreys had also set forth similar cost projections of \$ 200,000.00 to the State and \$ 400,000.00 for other participating employers. While I acknowledge that these are only estimates, I feel that the disparity between these two sets of figures is too large to be overlooked, even after one takes into consideration that there were two intervening years between the times of their preparation. Both of these sets of cost projections are also necessarily flawed as a result of the above discussed errors in participant projections.

Furthermore, it would be a lot more meaningful if these potential cost projections were presented on an individual employee basis as well as the overall system-wide figures, as previously presented. These individual figures could be based on a range of salaries, say from \$ 20,000 - \$ 70,000 per year. By presenting the individualized data, each employer would be able to readily ascertain the impact that HB 505 would have on their organization.

As I mentioned during my teleconference testimony, I see no reason why a vesting insurance program couldn't be established for BOTH the employee and the employer portions of the vesting funding situation. By having the above mentioned cost and vesting requirement information available, the feasibility of such an insurance

To: Rep. Fran Ulmer
Fm: T. J. Robertson
April 29, 1988
Page: 3

program could easily be worked-out. Possibly such an insurance program could even be set-up in-house as an adjunct of the existing PERS or (SBS) programs. An individualized insurance program would also be easily adaptable to the changing status of the participants. As an employee became vested he/she would drop out of the program, and as new employees were hired they would be added to it.

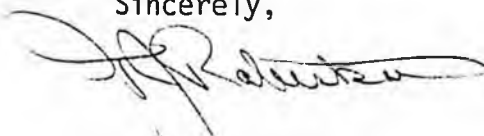
Hopefully, such an insurance program would also allay some of the concerns Mr. Andrews expressed regarding unfunded PERS liabilities that may arise from HB 505.

Knowing, first hand, the extreme importance of such an insurance program; I feel that participation in it should be mandatory; because one never knows if or when he/she will fall victim to a crippling disease or disability.

Regretably, I have not been able to come up with a means of mitigating the employer/State costs associated with the few of us who would not benefit from the above proposed employer vesting insurance proposal. Therefore, we would only be able to provide the employee portion of the required vesting funding; and would have to rely on the compassion of you legislators for the State/employer portion, in our behalf.

I feel that HB 505 answers a vital need of the non-vested employees of the State and its subdivisions through a genuine expression of concern for their well-being should they experience the misfortune of becoming disabled prior to vesting in PERS. I sincerely hope that you agree.

Sincerely,



T.J. Robertson

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: HESS

BILL: HB 505

CURRENT VERSION:

SCHEDULED: APRIL 15, 1988

SPONSOR: COLLINS

PHONE NO: 2828

CONTACT FILE: _____

BILL SUBJECT: CREDITED SERVICE UNDER PERS FOR EMPLOYEES TERMINATED BECAUSE OF NONOCCUPATIONAL DISABILITY

SPONSOR BACKUP: NOTIFIED 4/5/88

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
ADMIN	PUSHPENDER DHILLON/2200	NOTIFIED 4/5/88

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
ADMIN		3/7/88	-0-	-0-

ACTION

<u>DATE</u>	<u>COMMENT</u>
4/15/88	HEARING: ASSIGNED TO SUBCOMMITTEE OF MARTIN, BOIUCHER AND DAVIDSON

Thomas J. Robertson
P.O.Box 140931
Anchorage, Ak. 99514-0931
Tel. No. 333-0452
Feb. 29.1988

Rep. Fran Ulmer
Alaska State Legislature
P.O.Box V (MS 3100)
Juneau, Ak. 99811

RE: Vesting in PERS for Long Term Disability Terminated PERS employees (HB 505)

Dear Rep. Ulmer:

For the past two years I have been working with Rep. Collins on the preparation of the enclosed work draft of HB 505 which will enable disability-terminated, non-vested PERS employees to become vested in the PERS program. I understand that this bill is currently under consideration in your State Affairs Committee. In addition to the enclosed work draft of HB 505 you will find enclosed copies of selected correspondence associated with its preparation. I have numbered all of these enclosures in the upper right hand corner, for ease of reference.

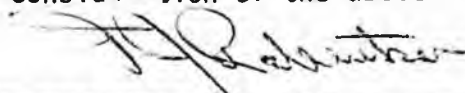
Please take particular note of item (2f) on page (2) of enclosure (2) which references paragraph (2) on page (2) of enclosure (4). It is my contention that this "vesting insurance" concept would greatly reduce any costs to the PERS program itself, from our proposal; and would establish the point of responsibility, for acquiring the protection offered by our proposal, with the individual employee.

Please also take particular note of item (2h) on page (2) of enclosure (2) which also appears as item (2) on enclosure (3). Since it is doubtful that I will ever be able to return to any fulltime employment situation, due to my Multiple Sclerosis (MS) disability; the concept discussed in the above referenced items would provide me an avenue by which I could set aside part of my disability stipend toward the enhancement of my PERS credited service, for eventual retirement through PERS when my disability stipend expires at age (65). I sincerely hope that this concept can be incorporated into this bill during the mark-up process; or by addendum to the current draft bill.

The person that I have been working with in Rep. Collins' office is Mr. Chris Clark. He is thoroughly familiar with our combined effort, and can provide you with any additional information that you might desire concerning the preparation of HB 505. Should you wish to contact me directly, you may do so any time at my above listed address and or telephone number.

I sincerely hope that this bill favorably passes the scrutiny of your State Affairs committee, and would sincerely appreciate your co-sponsorship of it or any support you may be willing to grant our efforts.

Thanks a lot for your time in consideration of the above. Sincerely,

 T.J. Robertson

HB 505

5-1300A ✓
Cramer
5/26/87

①

1 IN THE HOUSE

BY COLLINS

2 HOUSE BILL NO.

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 credited service under the Public
7 Employees' Retirement System for employees terminated
8 because of a nonoccupational disability; and provid-
9 ing for an effective date."

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

11 * Section 1. AS 39.35.400(a) is amended to read:

12 (a) An employee is eligible for a nonoccupational disability
13 benefit if the employee's employment is terminated because of a total
14 and apparently permanent nonoccupational disability, as defined in
15 AS 39.35.680, before the employee's normal retirement date and after
16 five or more years of credited service. An employee who is eligible
17 under (g) of this section may elect to receive credited service to
18 become eligible for (a benefit) under this section.

19 * Sec. 2. AS 39.35.400(b) is amended to read:

20 (b) Except as provided in (g) of this section, the [THE] non-
21 occupational disability benefits accrue beginning the first day of the
22 month following termination of employment as a result of the disabili-
23 ty and are payable the last day of the month. If a final determina-
24 tion granting the benefit is not made in time to pay the benefit when
25 due, a retroactive payment shall be made to cover the period of defer-
26 ment. The last payment shall be for the first month in which the
27 disabled employee

28 (1) dies;

29 (2) recovers from disability;

1 (3) fails to meet the requirements under (e) of this sec-
2 tion or under AS 39.35.415; or

3 (4) reaches normal retirement age.

4 * Sec. 3. AS 39.35.400(c) is amended to read:

5 (c) If the disabled employee becomes ineligible to receive
6 nonoccupational disability benefits, the employee is entitled to
7 receive a normal or early retirement benefit if the employee would
8 have been eligible for the benefit had employment continued during the
9 period of disability. However, except as provided in (g) of this
10 section, the period of disability does not constitute credited ser-
11 vice.

12 * Sec. 4. AS 39.35.400(d) is amended to read:

13 (d) The monthly amount of the nonoccupational disability benefit
14 shall be determined in accordance with AS 39.35.370(c), considering
15 the employee's credited service, including credited service received
16 under (g) of this section, and compensation before termination of
17 employment.

18 * Sec. 5. AS 39.35.400 is amended by adding a new subsection to read:

19 (g) An employee who has fewer than five years of credited ser-
20 vice and who is terminated after December 31, 1979, because of a total
21 and apparently permanent nonoccupational disability may elect to
22 receive additional credited service in an amount equal to the differ-
23 ence between five years and the total credited service the employee
24 has earned. Credited service received under this subsection consti-
25 tutes credited service for all purposes under this chapter. To re-
26 ceive credited service under this subsection, an employee must claim
27 the service. When the employee claims the service, an indebtedness to
28 the system is established. The amount of this indebtedness is equal
29 to the contributions the employee would have made if the employee had

1 continued to be employed in the position from which the employee
2 terminated. Interest as prescribed by regulation accrues on this
3 indebtedness beginning on the later of July 1, 1988, or the date of
4 the employee's termination because of disability. Any outstanding
5 indebtedness that exists at the time the employee becomes eligible to
6 receive a benefit under this subsection will require an actuarial
7 adjustment to the benefits that are based on credited service under
8 this subsection. Benefits under this subsection accrue beginning the
9 first day of the month following the later of the employee's termina-
10 tion of employment as a result of nonoccupational disability or elec-
11 tion to receive credited service under this subsection.

12 * Sec. 6. This Act takes effect July 1, 1988.
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Thomas J. Robertson
P.O.Box 140931
Anchorage, Ak. 99514-0931
Tel. 333-0452
January 18, 1988

2

Representative Virginia Collins
Pouch V
State Capitol
Juneau, Alaska 99811

RE: Draft legislation on credited service for non-vested non-occupationally disabled PERS employees

Dear Representative Collins:

My initial intention, ^{in writing this letter, was to detail the main} ~~was to detail the main~~ ^{points of} ~~points of~~ the main points of our Jan. 4, 1988 discussion, but unfortunately my taped notes turned out blank so I will endeavor to cover those main points from my written notes and memory and add a few additional comments on the draft legislation.

1) Regarding the June 18, 1987 letter from the Legislative Research Agency: At the bottom of the second page thereof, I am not familiar with the Supplemental Benefits System. Is it a part of PERS? Does it apply to non-vested as well as vested employees? The basis for the estimated number of non-vested employees who may be eligible for vesting under the legislation we are proposing is still unclear. It appears that they are ^{basing their estimate on job related accident disability} ~~basing their estimate on job related accident disability~~ statistics rather than personal accident and/or disease related disability data. Please see if you can obtain a clearer explanation of the basis for their estimate.

2) Regarding the Draft Legislation:

a. On page (1) line (18), instead of "for a Benefit" make it "for benefits under this section". I feel that this would make it clear that the recipient would be entitled to all the benefits of a vested employee rather than some unspecified single benefit.

b. On page (2) lines (26) & (27), the draft legislation stipulates that the employee must claim the service but it fails to indicate how such a claim shall be made and to whom it should be made. For the sake of clarity, I think it would be beneficial to include this information or at least a reference as to who to contact.

Page 2

To: Rep. Virginia Collins

Fm: T.J. Robertson

Jan. 18, 1988

c. On Page 2 line 26 & 27: Does the plain term "service" mean the same as the term "credited service" as used on lines 22, 24, and 25?

d. On page 2 lines 27-29 and page 3 lines 1 & 2: The draft legislation mentions that an indebtedness would be created equal to the amount that the employee would have contributed had he/she remained employed. What about the amount that the employer would have contributed had the employee remained employed?

e. Same reference as (d) above: What mechanism is planned for removing this indebtedness, or is this the legislative way of saying the employee may elect to purchase the necessary credited service for a price equal to the contribution he/she would have made had he/she remained employed?

f. On page 2 lines 27-29 and page 3 lines 1-8: Rather than creating the complicated indebtedness stipulation and actuarial adjustments of benefits, why not establish the basis for claiming the necessary credited service for vesting as being the contribution to the system of a sum of money equal to that which the employee would have contributed had he/she remained employed? By so doing, the employee in question would attain FULL vested status and the administration of his account would be simplified. This was the intent of ^{the} ~~my~~ "insurance proposal" that I presented on page (2) of my letter to you dated May 13, 1987. I still feel that the concept of some form of employee "vesting insurance", be it an actual insurance program or an additional contribution to the PERS system^{em}, during the unvested years of employment, is a good idea; for it would greatly enhance the employee's protection at a minimum additional cost to the employee. This may be of particular importance at this time due to the current concern over AIDS.

g. On page 3 lines 8 & 9: Does this mean that I, having been terminated in April 1984, would now be able to obtain the necessary credited service to become vested? If it does NOT mean that I could now claim the necessary credited service to become vested, would you please reword this section in such a fashion that I WILL be able to do so?

h. Is there any possible way that a supplementary clause could be added to the effect that once the employee has made his/her claim for the necessary additional credited service and has made his/her appropriate contribution to become fully vested that he/she be permitted to continue contributing to the system so as to enhance his/her accumulated credited service status for when he/she eventually begins drawing a retirement from the system?

Page 3

To: Rep. Virginia Collins

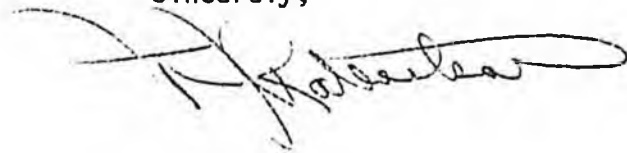
Fm: T.J. Robertson

Jan. 18, 1983

3) Please advise me of the appropriate way to reference this proposed legislation when I contact other legislators for their support.

I hope that the above will be helpful in pursuing this matter to fruition. If I can be of any further assistance, such as a more definitive explanation of my insurance concept, please don't hesitate to call me any time (333-0452). I would even be willing to come to Juneau if it would be helpful.

Sincerely,

A handwritten signature in cursive script, appearing to read "T.J. Robertson", written in dark ink on a light background.

T.J. Robertson

Thomas J. Robertson
P.O. Box 140931
Anchorage Ak. 99514

3

August 13, 1987

Rep. Virginia Collins

1 Kevin Farrel
2 2600 Denali St./Suite 501
3 Anchorage, Ak. 99503

3 R.E. Vesting in PERS for disability terminated PERS employees

4 Dear Rep. Collins:

5 Thank you for sending me the information regarding the proposed legislation
6 for vesting PERS employees who were terminated prior to reaching the five year vesting
7 milestone. Please accept my apology for not replying before this late date. I have been
8 trying to set aside enough time where I could personally research the statutes concerning
9 this matter, but so far I have not been able to find the time. So as not to further
10 hamper your efforts, I thought that I would send you my comments and questions about
11 the proposed legislation that you sent me. I tried to call you today, but unfortunately
12 you were not in, and I will be leaving on a three week trip starting tonight. I will
13 try to get in touch with you as soon as I return (on or about Sept. 6, 1987.

14 Questions:

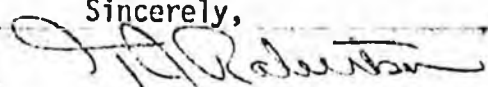
15 1. Would the contribution or indebtedness, referred to in the proposal, be solely the
16 amount contributed by the employee or would it also include a contribution from
17 the former employer ?

18 2. Would it be possible to modify the proposal slightly such that the employee would
19 be permitted to continue contributing to the system after he has attained his five
20 year vesting milestone ? As I envision my request, it would be much like the buying-in
21 time for military service. By so doing he could enhance his accumulated credited
22 service of record for regular or early normal retirement at a later period of time.

23 These are the only questions/comments that I have at this time. I will try to
24 get back in touch as soon as I return.

25

Sincerely,



Thomas J. Robertson

Thomas J. Robertson
P.O. Box 140931
Anchorage, Ak. 99514-0931
Tel: 333-0452
May 13, 1987

4

Representative Virginia M. Collins
Alaska State Legislature
Pouch V
Juneau, Ak. 99811

RE: Vesting in PERS for long term disability terminated PERS employees

Dear Representative Collins:

Mr. Humphreys asserts in the second paragraph of his letter dated April 3, 1986 that my proposed change to the PERS system would be more than a minor change, as I had asserted in my proposal. He then correctly interpreted my proposal, the former employer would continue to make contributions to the PERS system on behalf of the non-vested non-occupationally disabled employee until said employee became vested. Mr. Humphreys then states that my proposal would effectively eliminate the vesting requirement for said employee despite the requirement for the former employer to continue contributions, on behalf of said employee, until vesting had occurred, for said employee. I don't understand where Mr. Humphreys is coming from with this statement, that my proposal would effectively eliminate the vesting requirement, when in his previous sentence he agrees that contributions would continue until vesting had occurred. As I see it, the only actual change to the PERS system would be the manner in which the contributions were made to the PERS system; in my personal case they may be made all at one time as opposed to being spread over a couple of years, which would be the normal case. My proposal for achieving vested status and for making continued contributions to the PERS system after vesting would work in a manner similar to that provision of the system that permits buying in time for early retirement.

The health insurance would be paid by the employer until vesting status had been achieved; after which the employee would be eligible for health coverage under the PERS system.

I don't understand the third paragraph of Mr. Coughlin's letter dated March 9, 1987. In his first sentence he correctly states that the employer would be obligated to continue health insurance and PERS contributions; but then in his third sentence, he states that this would not increase the employers cost to PERS. I don't see how the employer could continue making contributions to PERS, essentially for an additional employee, without it effecting his costs to PERS.

Mr. Humphreys seems to imply in his paragraphs number (3) and (6) of his April 3, 1986 letter that a non-occupationally disabled vested employee, under my proposal, would create excessive medical demands on the PERS system. As I stated in my Jan. 14, 1987 letter to Rep. Collins, I fail to see the difference between an employee who vests in the conventional manner and one who vests according to my proposal. As long as he vests he should be entitled to all of the benefits accruing to a vested employee as stipulated under the PERS system. If it is in fact Mr. Humphreys' intention to differentiate between a conventionally vested employee and a non-occupationally disabled vested employee, under my proposal; I submit that this is an unwarranted differentiation that should be challenged by the legislature and/or judiciary.

To: Rep. V.M. Collins
Fm: T.J. Robertson
May 13, 1987
Page: Two

In paragraph (4) of his April 3, 1986 letter, Mr. Humphreys projects twenty (20) employees that would qualify for my proposal. I feel that this number is inflated particularly when one considers that both State and Federal statutes prohibit termination of disabled employees without some extenuating circumstances, such as in my case. Also, during our Mar. 23, 1987 meeting Rep. Collins and I agreed that we feel that Mr. Humphreys' cost projections are inflated. He should possibly be requested to substantiate them.

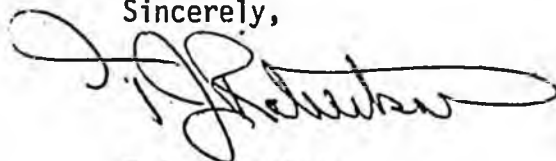
The additional costs associated with my proposal could be mitigated and/or eliminated by implementing the following addendum to my proposal. Require, or at least make available, an optional five (5) year term insurance policy on a shared employer-employee or total employee cost basis. The beneficiary of this term disability insurance policy would be the employee's costs associated with becoming vested should he become non-occupationally disabled prior to his attaining PERS vested status. By including this disability insurance addendum to my proposal, the only additional costs the State and or its agencies would incur would be the disability insurance premiums, or a portions of them, and the additional vesting costs associated with already terminated non-occupationally disabled employees like myself, which I submit I doubt will be as extensive as Mr. Humphreys projects.

The terms and/or conditions of this disability insurance policy could also serve to answer the question Rep. Collins raised during our Mar. 23, 1987 meeting that being who would be eligible for vesting under my proposal. The terms of this disability insurance policy in conjunction with the above mention State and Federal statutes might also create a greater degree of responsibility on the part of employing agencies toward handicapped or disabled employees.

I hope that this letter clarifies my proposal; but should you have any further questions and/or concern, don't hesitate to call me any time at (333-0452). I am home most of the day particularly in the morning and late evening.

Thanks for your concern and help. Hopefully we will be successful.

Sincerely,



T.J. Robertson