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253

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	Ø	Ø	Ø	Ø	Ø	Ø
TRAVEL	Ø	Ø	Ø	Ø	Ø	Ø
CONTRACTUAL	Ø	Ø	Ø	Ø	Ø	Ø
SUPPLIES	Ø	Ø	Ø	Ø	Ø	Ø
EQUIPMENT	Ø	Ø	Ø	Ø	Ø	Ø
LAND & STRUCTURES	Ø	Ø	Ø	Ø	Ø	Ø
GRANTS, CLAIMS	Ø	Ø	Ø	Ø	Ø	Ø
MISCELLANEOUS	Ø	Ø	Ø	Ø	Ø	Ø
TOTAL OPERATING	Ø	Ø	Ø	Ø	Ø	Ø
CAPITAL	Ø	Ø	Ø	Ø	Ø	Ø
REVENUE	Ø	Ø	Ø	Ø	Ø	Ø

FUNDING: (Thousands of Dollars)

GENERAL FUND	Ø	Ø	Ø	Ø	Ø	Ø
FEDERAL FUNDS	Ø	Ø	Ø	Ø	Ø	Ø
OTHER	Ø	Ø	Ø	Ø	Ø	Ø
TOTAL	Ø	Ø	Ø	Ø	Ø	Ø

POSITIONS:

FULL-TIME	Ø	Ø	Ø	Ø	Ø	Ø
PART-TIME	Ø	Ø	Ø	Ø	Ø	Ø
TEMPORARY	Ø	Ø	Ø	Ø	Ø	Ø

ANALYSIS: (Attach a separate page if necessary)

\_\_\_\_\_

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

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

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

**RECEIVED**  
 APR 18 1988  
 LEGISLATIVE FINANCE

SENATE COMMITTEE REPORT

FURTHER:

4/23/87

DATE TURNED INTO OFFICE 4/11/88

Mr. President:

FINANCE Committee considered SB 253

retirement benefits; efd.

and recommended:

replace with CS FOR SB 253 (FIN) )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

*[Handwritten signatures: Paul Frank, Randy...*

OTHER RECOMMENDATIONS

*[Handwritten signature: No REC]*

*[Handwritten signature: Rick Halford]* NO REC  
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: Relating to Retirement Benefits and providing for an 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. Stalnaker, Acting Director *RS* Phone: 465-4470  
 Division: Retirement and Benefits Date: 4-4-88  
 Approved by Commissioner: John M. Andrews *JMA* Date: 4/5/88  
 Agency: Department of Administration

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



Official Business

# Alaska State Legislature

SENATE

*Committee on Finance*

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

April 5, 1988

MEMORANDUM

TO: Senate Finance Committee Members

FROM: Senator Rick Halford, *Rick* Chairman  
Senate Finance Committee

SUBJECT: New Proposed Finance Committee Substitute  
for SB 253

Attached is the most recent draft for a proposed Finance Committee Substitute for SB 253. The two changes from the draft circulated yesterday by Senator Duncan are found on page 13, section 26 and page 16, section 35 which adds an effective date for section 26.

The bill will be considered by the committee at tomorrow's Senate Finance meeting.

Page 13, section 26 is amended

Original sponsor: Rules/Governor

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 253 ( )

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 ployer 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).



# Alaska State Legislature

SENATOR JIM DUNCAN

P.O. Box V JUNEAU, ALASKA 99811

(907) 465-4766

April 4, 1988

COMMITTEES:  
FINANCE  
RESOURCES  
BUDGET AND AUDIT

TO: Senator Rick Halford, Co-Chair  
Senate Finance Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 253, an act relating to retirement  
credited service and benefits.

The blank Committee Substitute for SB 253 consists of technical amendments to the retirement systems proposed by the Departments of Administration and Revenue to which I have also proposed a number of technical amendments.

Sections 1 - 22 and 28 - 34 are proposed by the Governor and they will be providing a sectional analysis.

I have added Sections 23 and 24 to allow employees with temporary service which was not covered by the retirement system to claim that service at any time prior to retirement provided that the employee pay interest on service claimed later than one year after vesting. Under current law, an employee has only one year after vesting to claim previous temporary service. The Division of Retirement and Benefits supports this change to the statutes.

Section 25 removes the requirement of employment before January 1, 1980 for claiming State or Territorial service and adds service as a special officer commissioned by the Alaska state troopers as creditable service.

Section 26 would allow peace officers and firemen to claim credit for service to municipalities which were not covered by the Public Employee's Retirement System at the time of their employment. The employee would be indebted to the system for the full actuarial cost of the claimed service. The handwritten changes on page 13 will be incorporated in the draft before you at the April 6 Finance Committee hearing.

Senator Rick Halford  
April 4, 1988  
Page 2

Section 27 (a) would allow a former member of the Territorial Legislature who is currently receiving a benefit under EPORS and has at least 30 years' credited Legislative service to select an alternate benefit, amounting to the member's years of creditable service times

- 1) average monthly compensation times 2%; or
- 2) \$100.

Section 27 (b) would allow the surviving spouse of members affected by Section 27 (a) to elect to receive 50% of that benefit.

The amendments I have added to SB 253 would rectify some problems in the retirement statutes, carry zero fiscal notes and are supported by the Division of Retirement and Benefits.

Attachment

cc: Senate Finance Committee Members

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX C  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200

April 4, 1988

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

Dear Senator Halford:

Re: Committee Substitute of  
Senate Bill 253 (Finance)

In accordance with AS 24.08.036, I am providing the analysis below on Committee Substitute for Senate Bill 253 (Fin). The analysis includes the long-term and short-term impact to the State if the bill is adopted and the impact the bill will have on the actuarial soundness of the Public Employees' Retirement System (PERS) funds, Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS) funds.

Committee Substitute for Senate Bill 253 (Fin) is a technical amendments bill addressing several areas of the PERS, TRS, and the JRS:

- 1) TRS survivor benefits amended to more clearly define the payment structure;
- 2) JRS survivor benefits amended to ensure that the spouse of a member is entitled to benefits and to remove marital status as a consideration to receive a spouse's survivor benefit under the JRS.
- 3) Clarify the PERS leave without pay (LWOP) period for which service credit is not earned;
- 4) Remove the deadline for claiming temporary service credit in the PERS and establishing an interest beginning date;
- 5) To allow "Special Officers" commissioned by the State Troopers to receive retroactive PERS service credit for periods served.
- 6) Remove the deadline for peace officers working for political subdivisions to claim prior peace officer service with a municipal government;
- 7) To allow former Territorial Legislators who retire under the Elected Public Officers' Retirement System (EPORS) with at least 30 years of legislative service, to elect to receive benefits under the PERS rather than under the EPORS; and

April 4, 1988

- 8) Remove marital status as a consideration to receive a spouse's survivor benefit under the EPORS.
- 9) Those technical amendments recommended by the Department of Revenue simply differentiate between those provisions which only affect the "fund" from those which affect the entire "system."

There will be no fiscal impact from this legislation on the state government or any impact on the retirement funds involved. This legislation will not increase the state's or other participating employers' contribution rates.

Sincerely,



John M. Andrews  
Commissioner

CSSB 253 (FIN)  
SECTIONAL ANALYSIS  
March 29, 1988

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.

Sections 1, 3, 5, 6, 7, 8, 10, 11, 15 and 16 of the bill substitute the word "system" for "retirement fund" to eliminate the conflict in the current statutes.

Section 2 removes the word "Teacher's" because it is redundant.

Section 4 of the bill defines employee contributions as due to the system rather than the retirement fund and adds the source of the contributions.

Section 9 of the bill clarifies that contributions are transmitted to the system for deposit in the retirement fund.

Section 12 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. 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 13 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 and to alleviate financial burden incurred by a person who is responsible for a deceased member's dependent children. The amendment clarifies that the 35 percent survivor's allowance is payable to the surviving spouse only 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 14 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 17 of the bill redefines the "retirement fund" as it is used in this chapter.

Section 18 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. 33 of this bill.

Section 19 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 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 TRS statutes was an oversight.

Section 20 of the bill amends AS 22.25.035. This amendment removes the provision that the right of a surviving spouse to survivor's benefits under JRS ends upon remarriage of the surviving spouse. 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) and 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. This amendment would remove that provision, making it consistent with AS 22.25.030(b).

Section 21 of the bill changes the deposit of assets (rather than just money) to the pension fund (rather than in the name of the system).

Section 22 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 23 removes the deadline for an employee who is a member of the Public Employees' Retirement System to verify temporary service before July 1, 1981, or within one year following the date the employee became vested in the retirement system. The section also establishes two basic starting points for interest on the indebtedness for that service credit. For an employee who claims service credit within one year of being entitled to claim the service, interest begins one year after the date of entitlement. For an employee who waits longer than that, interest begins on the date of entitlement.

More specifically, interest on the indebtedness is established in paragraphs (1) - (5) and is further clarified in the attached chart.

Section 24 removes the requirement that deferred vested employees apply for temporary service credit by July 1, 1981. Since interest accrues from July 1, 1981, there is no need for the deadline.

Section 25 extends the deadline for certain PERS employees to claim retirement credit for employment for an employer who was not participating in the retirement system when the employment was performed. The deadline is changed from January 1, 1980, to January 1, 1983.

The section also allows another category of employee to claim retirement credit for earlier employment: special officers commissioned by the state troopers.

Section 26 permits additional employees to receive credited service for municipal employment as a peace officer or fireman before the municipality began to participate in PERS. The section permits any vested member to claim the credited service, not just those currently employed by a municipality as a peace officer or fireman. It also allows service performed after January 1, 1976 to be claimed. For claims for credited service made on or after July 1, 1988, the member is required to pay the full actuarial cost of providing those benefits.

Section 27 offers a member of the Elected Public Officers Retirement System (EPORS) who has at least 30 years of credited service in the territorial and state legislature to choose an alternate retirement benefit. The amount of the benefit is the larger amount computed by multiplying the member's years of credited service by either \$100 or by two percent of the member's average monthly compensation. Under subsection (b), a surviving spouse may choose a survivor's benefit by taking half of the amount computed under subsection (a) instead of the amount provided in EPORS.

Section 28 extends tax-exempt status to amounts held in the system as well as in the pension fund.

Section 29 extends protection from levy to amounts held in the system as well as in the pension fund.

Section 30 corrects employer refunds as coming from the system rather than from the pension fund.

Section 31 redefines the pension fund to conformance with its use in this chapter.

Section 32 corrects an error on the effective date for sec. 57, ch. 82, SLA 1986. That section provided for payment of interest on benefit adjustments and was meant to apply to all PERS-covered employees, regardless of date of hire.

Section 33 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 in 1986 (see sec. 20).

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. 18 of this bill.

Section 34 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 35 is an immediate effective date.

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Robert F. Stalnaker Phone: 465-4470  
Division: Retirement and Benefits Date: 01/28/88

Approved by Commissioner: John M. Andrews Date: 2/3/88  
Agency: Department of Administration

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

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Updated  
FN

No. 227

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SB253  
Publish Date: 4-10-87

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
Title: An act relating to retirement BRU: Retirement and Benefits  
benefits, and providing for an effective date  
Sponsor: Rules Committee Components: Retirement and Benefits  
Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
<b>OPERATING</b>						
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>REVENUE</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS:

Technical amendments.

Prepared By: R. J. Stalnaker  
Robert Stalnaker, Deputy Director Phone: 465-4470  
Division: Retirement and Benefits Date: April 6, 1987  
Approved by Commissioner: Garrey Peska Date: 4/17/87  
Agency: Department of Administration

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

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

TREASURY DIVISION

STEVE COWPER, GOVERNOR

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
P.O. BOX SB  
JUNEAU, ALASKA 99811-0400

March 8, 1988

RECEIVED MAR 10 1988

The Honorable Rick Halford  
Co-Chairman  
Senate Finance Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Halford:

I would like to suggest possible amendments to SB 253, an Act relating to retirement benefits. They are contained in the enclosed draft bill and bill analysis. These amendments to the retirement systems statutes have been reviewed by the Division of Retirement and Benefits and the boards of the Public Employees' and Teachers' Retirement Systems. The boards each adopted resolutions (enclosed) endorsing the proposed amendments.

The essence of the amendments is to avoid the current statutes' confusion of the retirement systems with the retirement funds. The systems include the liabilities, or benefits, side of the equation as well as the assets, or investment, side. The funds represent only the assets.

These are technical amendments that do not change current practices. They merely substantiate them and better or more clearly reflect the intent of the current law.

Sincerely,



Milton B. Barker  
Deputy Commissioner

MBB/gb

Enclosures

cc: Robert Stalnaker, Division of Retirement & Benefits  
Robert Evans, Office of the Governor  
Royce Weller, Department of Revenue

BILL NO.  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For An Act Entitled: "An Act making technical amendments to retirement system statutes."

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

\* Sec. 1. AS 14.25.030(1) is amended to read:

(1) establish and maintain an adequate system of accounts for the system (RETIREMENT FUND].

\* Sec. 2. AS 14.25.030(4) is amended to read:

(4) publish annually a report showing the financial condition of the system [RETIREMENT FUND]; and

\* Sec. 3. AS 14.25.035(g) is amended to read:

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

\* Sec. 4. AS 14.25.045(a) is amended to read:

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

\* Sec. 5. AS 14.25.050(a) is amended to read:

(a) Beginning July 1, 1970, each teacher shall contribute to the system [RETIREMENT FUND] an amount equal to seven percent of the teacher's base salary accrued from July 1 to the following June 30. The contribution shall be deducted by the employer from the teacher's salary at the end of each payroll period.

\* Sec. 6. AS 14.25.050(b) is amended to read:

(b) Each teacher is entitled to receive credit for unrefunded contributions paid into the Retirement System [RETIREMENT FUND] of 1945.

\* Sec. 7. AS 14.25.060(a) is amended to read:

(a) If a member has military service or Alaska Bureau of Indian Affairs (BIA) service, or if a member joined the

system before July 1, 1978, and has creditable outside service, the member is indebted to the system [RETIREMENT FUND] as follows:

\* Sec. 8. AS 14.25.060(a)(2) is amended to read:

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

\* Sec. 9. AS 14.25.060(b) is amended to read:

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

(1) The arrearable indebtedness is the full actuarial cost of providing benefits for the service being claimed. Compound interest at the rate prescribed by regulation shall be added to the arrearage indebtedness beginning the date the actuarial cost is established to the date of payment or the date of retirement, whichever occurs first.

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

\* Sec. 10. AS 14.25.061(a) is amended to read:

(a) A member who was not subject to the provisions of this chapter, but who becomes subject to them because of a legislative change, may elect to receive credit for retroactive membership service by contributing to the system [RETIREMENT FUND] an amount equal to the contributions the member would have made had the member been subject to the provisions of this chapter for those years of retroactive service after June 30, 1955.

Retroactive contributions are not required for retroactive membership service before July 1, 1955. Compound interest at the rate prescribed by regulation shall be added to the retroactive indebtedness from July 1, 1966, or the time of first becoming eligible under this chapter, whichever is later, to the date of payment or the date of retirement, whichever occurs first.

- \* Sec. 11. AS 14.25.062 is amended to read:

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

- \* Sec. 12. AS 14.25.065 is amended to read:

Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contributions deducted in accordance with AS 14.25.050 and 14.25.055 shall be transmitted to the system for deposit in [TO] the retirement fund no later than 15 days following the close of the payroll period, with the final contributions due for any school year transmitted no later than July 15.

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

- \* Sec. 13. AS 14.25.070 is amended to read:

Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall contribute to the system [RETIREMENT FUND] an amount

equal to the percentage, as certified by the administrator, of the sum total of the base salaries of all teachers that is required in addition to teacher contributions to provide the benefits of this chapter times the sum total of the base salaries paid to teachers by the employer.

- \* Sec. 14. AS 14.25.143(a) is amended to read:

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

- \* Sec. 15. AS 14.25.190 is amended to read:

AS 14.25.190 ACTUARIAL EVALUATIONS OF THE SYSTEM [RETIREMENT FUND]. Actuarial evaluations of the system [RETIREMENT FUND] shall be made at intervals of not more than five years and on the basis of the reevaluations the administrator may recommend any necessary readjustment to the legislature. Actuarial and financial experience analyses shall be prepared and certified by a member of the American Academy of Actuaries.

- \* Sec. 16. AS 14.25.200 is amended to read:

Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS.

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

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

- \* Sec. 17. AS 14.25.220(35) is repealed and re-enacted to read:

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

- \* Sec. 18. AS 39.35.060(5) is amended to read:

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

- \* Sec. 19. AS 39.35.500 is amended to read:

Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM. Employee contributions and other amounts held in the system [PENSION FUND] are exempt from Alaska state and local taxes. Amounts held on behalf of, or payable to, any employee or other person who is or may become eligible for benefits under the system are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before being received by the person entitled to the amount under the terms of the system. An attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of a right to amounts held under the system is void. However, an employee's right to receive benefits may be assigned under a qualified domestic relations order.

- \* Sec. 20. AS 39.35.505 is amended to read:

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

- \* Sec. 21. AS 39.35.650 is amended to read:

Sec. 39.35.650. REFUNDS TO EMPLOYERS. In no event may an employer receive an amount from the system [RETIREMENT FUND], except as provided under AS 39.35.615(e) or [AND] 39.35.620(g).

- \* Sec. 22. AS 39.35.680(29) is repealed and re-enacted to read:

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

Bill Analysis  
Technical Amendments to the Retirement System Statutes

Teachers Retirement System

- Sections 1 & 2      Redesignate certain administrator duties to the system rather than the retirement fund, thereby covering the liabilities, i.e., benefits, side of the picture, as well as the asset or investment side.
- Section 3      Removes a redundant adjective.
- Section 4      Clarifies that participation is in the system rather than in only the retirement fund.
- Section 5      Defines employee contributions as due to the system rather than the retirement fund and adds the source of the contributions.
- Section 6      Conforms the designation of the 1945 Retirement System to the definitions at the end of the chapter and eliminates any confusion with the current retirement system.
- Sections 7, 8, & 9      Redesignates the indebtedness as owed to the system rather than to the retirement fund.
- Section 10      Redesignates the contribution as being to the system rather than to the retirement fund.
- Section 11      Redesignates the indebtedness as owed to the system rather than to the retirement fund.
- Section 12      Redesignates the transmission of contributions as being made to the system for deposit in the retirement fund, thereby preserving the difference between the system and the retirement fund.
- Section 13      Redesignates contributions as being to the system rather than to the retirement fund.
- Section 14      Corrects the cost of living increase in benefit payments as being dependent on the financial condition of the system, rather than incorrectly making it dependent on the financial condition of the retirement fund.

- Section 15 Changes the title and the content of the section to correctly state that the actuarial valuation is made with regard to the system and not only the retirement fund.
- Section 16 Adds the system to the tax exclusion stated for the retirement fund.
- Section 17 Redefines the "retirement fund" as it is used in this chapter.

Public Employees Retirement System

- Section 18 Changes the deposit of assets (rather than just money) to the pension fund (rather than in the name of the system).
- Section 19 Extends tax-exempt status to amounts held in the system as well as in the pension fund.
- Section 20 Extends protection from levy to amounts held in the system as well as in the pension fund.
- Section 21 Corrects employer refunds as coming from the system rather than from the pension fund.
- Section 22 Redefines the pension fund to conformance with its use in this chapter.

Public Employees' Retirement Board  
Resolution Regarding Legislation Making  
Technical Amendments to Retirement Systems' Statutes

WHEREAS, the Public Employees' Retirement ("PERS") Board is authorized by AS 39.35.040(3) to consider and adopt resolutions regarding revision of Chapter 39.35 of the Alaska Statutes;

WHEREAS, the PERS Board has reviewed and considered draft legislation for an Act entitled "An Act making technical amendments to retirement system statutes; and providing for an effective date." (the "Legislation"); and

WHEREAS, the Legislation makes needed technical amendments to the retirement system statutes, including elimination of confusion of the retirement fund, which contains the systems' assets, with the system, which includes the liabilities, as well as the assets,

BE IT HEREBY RESOLVED by the PERS Board that the Board supports introduction, passage, and enactment into law of legislation containing substantially the same provisions as the draft Legislation.

DATED this 13<sup>th</sup> day of November, 1987.

PUBLIC EMPLOYEES' RETIREMENT BOARD

By 

James "Pat" Wellington  
Vice-Chairman

Teachers' Retirement Board

Resolution Regarding Legislation Making  
Technical Amendments to Retirement Systems' Statutes

WHEREAS, the Teachers' Retirement ("TRS") Board is authorized by AS 14.25.035(e) to consider and adopt resolutions regarding revisions of Chapter 14.25 of the Alaska Statutes;

WHEREAS, the TRS Board has reviewed and considered draft legislation for an Act entitled "An Act making technical amendments to retirement system statutes; and providing for an effective date." (the "Legislation"); and

WHEREAS, the Legislation makes needed technical amendments to the retirement system statutes, including elimination of confusion of the retirement fund, which contains the systems' assets, with the system, which includes the liabilities, as well as the assets,

BE IT HEREBY RESOLVED by the TRS Board that the Board supports introduction, passage, and enactment into law of legislation containing substantially the same provisions as the draft Legislation.

DATED this 12<sup>th</sup> day of November, 1987.

TEACHERS' RETIREMENT BOARD

By Dorothy Wells  
Dorothy Wells Chairman



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

Page 4

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 black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper  
Governor

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 4.15.87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

\*\*FISCAL NOTE(S) ATTACHED \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below) \*\*Gov.s zero fiscal note attached\*\*

DATE TURNED INTO OFFICE 4.22.87

Mr. President:

STATE AFFAIRS Committee considered SB 253

retirement benefits; efd.

and recommended:

replace with CS \_\_\_\_\_  same title  
 attached amendment(s) and  new title

*majority*  
 do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero *previous*  fiscal impact

MEMBERS SIGNING DO PASS *gov.s*

OTHER RECOMMENDATIONS

*Jan Fair*  
*Rich Vell*  
*William Kennedy*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*William Kennedy*  
Chairman signature and recommendation

Committee Backup Attached

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).