

SB

253

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
- 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 fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Jan Fair

Paul V. Bl

Walter Kennedy

Paul V. Bl
Chairman signature and recommendation

Committee Backup Attached



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 9, 1987

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

Dear Senator Faiks:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

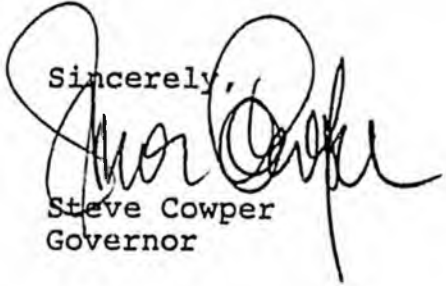
Hon. Jan Faiks

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper". The signature is written in a cursive style with a large, looping initial "S".

Steve Cowper
Governor

No. 227

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: JA253
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
OPERATING						
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
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	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. Statnaker Phone: 465-4470
Division: Retirement and Benefits Date: April 6, 1987
Approved by Commissioner: Garrey Peska Date: 4/7/87
Agency: Department of Administration

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