

S B

382

Alaska State Legislature



SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811-3100
(907) 465-4766

COMMITTEES:
FINANCE
VICE CHAIR —
HEALTH EDUCATION
& SOCIAL SERVICES
BUDGET & AUDIT
BANKING &
ECONOMIC
DEVELOPMENT

MEMORANDUM

DATE: February 2, 1990

TO: Senator Paul Fischer, Chair
Senate Health, Education & Social Services Committee

FROM: Senator Jim Duncan

SUBJECT: Senate Bill 382, relating to transfer of service credit by active and inactive members and former members of the teachers' retirement system and the public employees' retirement system.

I request that you schedule Senate Bill 382, which will allow vested members of the Teachers' Retirement and Public Employees' Retirement Systems to consolidate their service credit in either system prior to retirement. I know of quite a few current members of PERS who have a few prior year's service in TRS but who can't claim the TRS service in ERS, nor are they vested in TRS. Enacting SB 382 will build a bridge between the two systems but maintain the separate identity and integrity of each system.

At the time of retirement, the full actuarial cost of the member's service which she/he wishes to transfer will be determined. If the value of the transferred service is greater than the actuarial cost of benefits in the system, such as would be the case in a transfer from TRS to PERS, the member will be refunded the difference. If the actuarial value of the member's transferred account is less than the system requires, the member would be required to pay in the difference. By this means, the integrity of the two separate retirement systems is maintained while allowing the employee to consolidate all public service into one system upon retirement.

Transfer of credited service between systems is irreversible and all service must be transferred. If a member has received a refund of credited service from a system, the employee would be allowed to pay back the refunded contribution and claim the service time under this bill.

I feel this bridge between the systems is long overdue and I urge you to schedule it for a hearing as soon as possible.