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CS FOR SENATE BILL NO. 51 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR DUNCAN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to transfer of service credit by active and inactive members and former  
2 members of the teachers' retirement system and the public employees' retirement system."

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

4 \* Section 1. AS 14.25 is amended by adding a new section to read:

5       Sec. 14.25.127. TRANSFER OF CREDITED SERVICE. (a) When an active or inactive  
6 member applies to retire under this chapter, the member may transfer to the system credited  
7 service recognized under AS 39.35 (Public Employees' Retirement System of Alaska). The  
8 transfer may not result in the member receiving more than one year of credited service for one  
9 calendar year of employment. The transferred credited service shall count as credited service  
10 under this chapter and may be used to meet vesting requirements. The transfer of credit for  
11 military service under AS 39.35.340 is subject to the limitations set out in AS 14.25.100.

12       (b) To transfer credited service, the member shall file a written request with the  
13 administrator when the member applies to retire. The administrator shall determine the full  
14 actuarial cost to the system of benefits based on the transferred credited service. An amount

1 equal to the contributions paid by the employee and by the employer on behalf of the employee  
2 and interest earned on the contributions shall be transferred from the public employees'  
3 retirement system to this system. If the amount to be transferred is less than the full actuarial  
4 cost computed under this subsection, an indebtedness to the system equal to the amount of the  
5 difference is established. Interest as prescribed by regulation accrues on the indebtedness. Any  
6 outstanding indebtedness existing at the time the member is appointed to retirement will require  
7 an actuarial adjustment to the benefits based on the transferred credited service. If the amount  
8 to be transferred is greater than the full actuarial cost, the administrator shall pay the balance to  
9 the member.

10 (c) Benefits calculated on credited service transferred under this section shall be  
11 calculated using the percentage multiplier in AS 39.35.370(c) that would have applied to the  
12 transferred credited service if benefits had been calculated under that section.

13 (d) After transfer of credited service under this section, the member loses all rights to  
14 benefits under AS 39.35 based on the credited service transferred.

15 (e) A member may not transfer credited service under this section unless the member  
16 transfers all of the credited service the member has in the public employees' retirement system.  
17 A transfer of credited service under this section is irrevocable as to that period of credited  
18 service.

19 (f) A member whose rights to benefits under AS 39.35 are subject to a qualified domestic  
20 relations order may transfer credited service under this section. However, the credited service  
21 transferred remains subject to the terms of the qualified domestic relations order.

22 (g) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the public  
23 employees' retirement system who is an active or inactive member of this system may reinstate,  
24 under this section, credited service earned under AS 39.35 for which the member received a  
25 refund of contributions.

26 (h) A person who is a former member of both this system and the public employees'  
27 retirement system may transfer credited service from the public employees' retirement system to  
28 this system if this is the system in which the person was most recently an active member.

29 \* Sec. 2. AS 14.25.200(a) is amended to read:

30 (a) Member contributions and other amounts held in the system on behalf of a member  
31 or other person who is or may become eligible for benefits under the system are exempt from

1 Alaska state and municipal taxes and are not subject to anticipation, alienation, sale, transfer,  
2 assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before  
3 they are received by the person entitled to the amount under the terms of the system, and any  
4 attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise  
5 dispose of any right to amounts accrued in the system is void. However, a member's right to  
6 receive benefits may be assigned under a qualified domestic relations order and may be  
7 transferred under AS 39.35.355.

8 \* Sec. 3. AS 39.35 is amended by adding a new section to read:

9 Sec. 39.35.355. TRANSFER OF CREDITED SERVICE. (a) When an active or inactive  
10 member is appointed to retirement under this chapter, the member may transfer to the system  
11 credited service recognized under AS 14.25 (Teachers' Retirement Act). The transfer may not  
12 result in the employee receiving more than one year of credited service for one calendar year of  
13 employment. The transferred credited service may be used to meet vesting requirements under  
14 this chapter. The transfer of credit for military service under AS 14.25.100 is subject to the  
15 limitations set out in AS 39.35.340. The transfer of credited service may not include the transfer  
16 of credited service based on unused sick leave under AS 14.25.115.

17 (b) To transfer credited service, the employee shall file a written request with the  
18 administrator when the member applies to retire. The administrator shall determine the full  
19 actuarial cost to the system of benefits based on the transferred credited service. An amount  
20 equal to the contributions paid by the employee and by the employer on behalf of the employee  
21 and interest earned on the contributions shall be transferred from the teachers' retirement system  
22 to the public employees' retirement system. If the amount to be transferred is less than the full  
23 actuarial cost computed under this subsection, an indebtedness to the system equal to the amount  
24 of the difference is established. Interest as prescribed by regulation accrues on the indebtedness.  
25 Any outstanding indebtedness existing at the time the employee retires will require an actuarial  
26 adjustment to the benefits based on the transferred credited service. If the amount to be trans-  
27 ferred is greater than the full actuarial cost, the administrator shall pay the balance to the  
28 member.

29 (c) Benefits calculated on credited service transferred under this section shall be  
30 calculated using the percentage multiplier in AS 14.25.110(d) that would have applied to the  
31 transferred credited service if benefits had been calculated under that section.

1 (d) A peace officer who transfers credited service from the teachers' retirement system  
2 under this section may count the service as peace officer service for purposes of meeting the  
3 eligibility requirements of AS 39.35.370(a)(2).

4 (e) After transfer of credited service under this section, the employee loses all rights to  
5 benefits under AS 14.25 based on the credited service transferred.

6 (f) An employee may not transfer credited service under this section unless the employee  
7 transfers all of the credited service the employee has in the teachers' retirement system. A  
8 transfer of credited service under this section is irrevocable as to that period of credited service.

9 (g) An employee whose rights to benefits under AS 14.25 are subject to a qualified  
10 domestic relations order may transfer credited service under this section. However, the credited  
11 service transferred remains subject to the terms of the qualified domestic relations order.

12 (h) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the teachers'  
13 retirement system who is an active or inactive member of this system may reinstate, under this  
14 section, credited service earned under AS 14.25 for which the member received a refund of  
15 contributions.

16 (i) A person who is a former member of both this system and the teachers' retirement  
17 system may transfer credited service from the teachers' retirement system to this system if this  
18 is the system in which the person was most recently an active member.

19 \* Sec. 4. AS 39.35.500 is amended to read:

20 Sec. 39.35.500. SAFEGUARD OF EMPLOYEE FUNDS HELD BY THE SYSTEM.

21 Employee contributions and other amounts held in the system are exempt from Alaska state and  
22 local taxes. Amounts held on behalf of, or payable to, any employee or other person who is or  
23 may become eligible for benefits under the system are not subject to anticipation, alienation, sale,  
24 transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary,  
25 before being received by the person entitled to the amount under the terms of the system. An  
26 attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise  
27 dispose of a right to amounts held under the system is void. However, an employee's right to  
28 receive benefits may be assigned under a qualified domestic relations order and may be  
29 transferred under AS 14.25.127.

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. CSSB-51 (ST.)

Revision Date: \_\_\_\_\_ Department Affected: Dept. of Administration  
 Title: Creating a public service benefit in PERS BRU: Retirement & Benefits  
 Sponsor: Duncan Component: \_\_\_\_\_  
 Requestor: State Affairs (Sen.) COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	Ø					

CAPITAL	Ø					
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REVENUE	Ø					
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FUNDING: (Thousands of Dollars)

GENERAL FUND	Ø					
FEDERAL FUNDS						
OTHER						
TOTAL	Ø					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary.)  
 Legislation is revenue neutral. Any indebtedness to PERS under this bill must be met by the retiring member before appointment to retirement.

Prepared By: Senate State Affairs Phone: x4522  
 Division: Alaska State Legislature Date: 3/25/91  
 Approved by Chairman, Senator Pat Hooley  
 Agency: State Senate Date: 3/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SB-51

Revision Date: \_\_\_\_\_ Department Affected: Administration  
 Title: Transfer of credited service between TRS and PERS BRU: Retirement and Benefits  
 Component: \_\_\_\_\_  
 Sponsor: Duncan  
 Requestor: Senate State Affairs COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	?					

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	?					
---------	---	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	?					
FEDERAL FUNDS						
OTHER	?					
TOTAL	?					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: ?

ANALYSIS: (Attach a separate page if necessary.) The bill as introduced made computing a fiscal note nearly impossible. The State Affairs committee moved a CS which resulted in a zero fiscal note, transferring any financial responsibility to the retiring member seeking the benefit granted in CSSB-51.

Prepared By: Senate State Affairs Phone: x4522  
 Division: Alaska Legislature Date: 3/25/91  
 Approved by Chairman, Senator [Signature]  
 Agency: Legislature / Senate Date: 3/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



CS FOR SENATE BILL NO. 51 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR DUNCAN

A BILL

FOR AN ACT ENTITLED

1 "An Act creating a public service benefit in the public employees' retirement system."

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

3 \* Section 1. AS 14.25.200(a) is amended to read:

4 (a) Member contributions and other amounts held in the system on behalf of a member  
5 or other person who is or may become eligible for benefits under the system are exempt from  
6 Alaska state and municipal taxes and are not subject to anticipation, alienation, sale, transfer,  
7 assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before  
8 they are received by the person entitled to the amount under the terms of the system, and any  
9 attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise  
10 dispose of any right to amounts accrued in the system is void. However, a member's right to  
11 receive benefits may be assigned under a qualified domestic relations order and may be claimed  
12 under AS 39.35.355.

13 \* Sec. 2. AS 39.35 is amended by adding a new section to read:

14 Sec. 39.35.355. PUBLIC SERVICE BENEFIT. (a) An active or inactive member who

1 has never been vested in this system or in the teachers' retirement system under AS 14.25, who  
2 has at least two years of credited service in this system, and who has membership service in the  
3 teachers' retirement system may claim credited service in this system in an amount equal to the  
4 membership service the member has in the teachers' retirement system. The claimed credited  
5 service may be added to service earned under this chapter to enable the member to qualify for  
6 a public service benefit under this section. The member may not claim credited service for  
7 membership service for which the member has received a refund under AS 14.25.150 unless the  
8 member fully pays the indebtedness as established under AS 14.25.063. The member may not  
9 claim credited service in this system based on unused sick leave under AS 14.25.115.

10 (b) To claim credited service under this section, the member shall file a written request  
11 with the administrator when the member applies to retire. The administrator shall determine the  
12 full actuarial cost of benefits based on the member's total credited service and shall transfer from  
13 the teachers' retirement system to this system an amount equal to the member contribution  
14 account in the teachers' retirement system and to the employer costs attributable to the credited  
15 service based on membership service in the teachers' retirement system.

16 (c) A member is entitled to receive a public service benefit under this section if the  
17 member has at least a total of five years credited service under this chapter and credited service  
18 from the teachers' retirement system claimed under this section. A public service benefit shall  
19 be calculated using the higher of the average monthly compensation for service in this system  
20 or the average base salary for service in the teachers' retirement system. If the member has more  
21 than 10 years of total credited service, benefits for the part of the credited service over 10 years  
22 earned on and after the effective date of this Act shall be calculated under AS 39.35.370(c) using  
23 a multiplier of two and one-quarter percent.

24 (d) Credited service earned under either this system or the teachers' retirement system  
25 that has been claimed for a public service benefit under this section may not be used for any  
26 other purpose. A member who claims credited service under this section loses all rights to  
27 benefits under AS 14.25 based on the claimed credited service. A member may not claim  
28 credited service under this section unless the member claims all of the membership service the  
29 member has in the teachers' retirement system. A public service benefit does not constitute a  
30 normal or early retirement benefit for purposes of qualifying for a conditional service retirement  
31 benefit under AS 14.25.125 or AS 39.35.385.

1 (e) A member whose rights to benefits under AS 14.25 are subject to a qualified  
2 domestic relations order may claim credited service under this section. However, the credited  
3 service claimed remains subject to the terms of the order.

4 (f) Notwithstanding AS 14.25.063 and AS 39.35.350, a former member of the teachers'  
5 retirement system who is an active member or inactive member of this system may reinstate,  
6 under this section, membership service earned under AS 14.25 for which the member received  
7 a refund of contributions.

8 (g) If a member retires under this section and subsequently returns to work for an  
9 employer under this system or the teachers' retirement system, benefits under this section shall  
10 cease during the period of reemployment and shall recommence when the reemployment is ended.  
11 The credited service earned during the period of reemployment may not be added to the credited  
12 service claimed for a public service benefit under this section. If a member vests and meets the  
13 other eligibility requirements under this system or the teachers' retirement system during the  
14 reemployment, the member is entitled to a benefit under AS 14.25 or AS 39.35, as appropriate.

BILL SB 51 DATE RECEIVED \_\_\_\_\_

TITLE TRANSFER OF CREDIT BY PERS & TRS  
MEMBERS.

CONTACT ROXANNE OFFICE/DEPT DUNCAN PHONE 4767

SPONSOR DUNCAN

COMMITTEE ACTION

DATE ACTION TAKEN

2-11-91 HELD FOR SUBCOMMITTEE (DUNCAN THE  
ONLY MEMBER),

3-25-91 DISCUSSED;



Official Business

# Alaska State Legislature

SENATE

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

Date: Monday, February 11, 1991  
1:30 p.m. - Beltz Room

## Senate State Affairs Committee

### AGENDA

#### Bills previously heard

SB-44, 45, and SJR-9, (Kerttula) heard in committee last Friday, Feb. 8th, will be taken up again on Wednesday, February 13th.

#### New Agenda Items

- SB-51 (Duncan) An Act 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. (Sen. Duncan has a CS to offer).
- SB-98 (Shultz) An Act relating to eligibility for permanent fund dividends of certain individuals serving in the military.

#### Next Meeting:

Wednesday, February 13, 1991 - 1:30 p.m. Beltz Room

- SB-44, 45, HJR-9 (Kerttula) Relating to a State Veterans Home
- SB-53 (Duncan) An Act relating to retirement credit in PERS for employees of the former Alaska State Development Corp.
- SB-99 (Judiciary by Request) An Act establishing an exemption for the judicial retirement system.

# Alaska State Legislature



SENATOR JIM DUNCAN

P. O. Box V JUNEAU, ALASKA 99811-3100

(907) 465-4766

## MEMORANDUM

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

February 1, 1991

TO: Senator Pat Rodey, Chairman  
Senate State Affairs Committee

FROM: Senator Jim Duncan

SUBJECT: SB 51, An Act 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 the earliest possible hearing for SB 51, an Act 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.

SB 51 would allow individuals with PERS and TRS service to consolidate their service credit in either system prior to retirement. The full actuarial cost to the system of benefits based on the transferred credited service will be calculated. If there is a discrepancy between the value of the service in the other system, the individual will either be required to pay the difference, or receive a refund. In this way, the two systems will be equated and their public service will be consolidated in one retirement system.

I feel this bridge between the two retirement systems is long overdue. I urge your favorable consideration of this legislation.

Box 10039  
Fairbanks, Ak 99710  
September 28, 1990

*Rayanne  
Deeph*

Senator Jim Duncan  
Alaska State Legislature  
P.O. Box 9 (MS 3100)  
Juneau, Alaska 99811

Dear Senator Duncan:

I am presently a public school teacher in the TRS retirement union, who is contemplating working in the FERS retirement system after retiring as a school teacher. At that point I would be working as an Education Associate in the state prison system, which is in FERS.

I am writing you concerning the bill that was introduced in last year's session, Senate Bill No. 382, relating to the transfer of credit by members of the teachers' retirement system and the public employees' retirement system.

In last year's session, this bill did not move out of the first committee. Whether this was from lack of interest on the legislators' part or lack of support from the people you represent, I do not know. Nevertheless, I am writing to let you know that I strongly support this bill and would like to see it pass, if in fact it is being re-introduced in this year's session, as I have heard it will be.

Many of my friends have service both in FERS and TRS but not enough to be vested in either retirement system, or if they are vested in one, several years' time in the other is going to waste. There are, furthermore, many state jobs whose classification seems to me could go one way or the other, such as Education Associate in the state prisons, now classified as in FERS, but which is clearly a teaching position. Most all these people have considerable years in TRS also.

If there's anything else I could do to help passage of this bill this year, such as a petition of interested people with time both in FERS and TRS, please let me know. You may reach me at the above address or by phone in the mornings at 457-2703. Thank you for your interest and continued support of the state retirement programs.

Sincerely,

*Betsy Hart*

Betsy Hart

RECEIVED JAN 26 1990

*Raymond  
Reppel*

Dear Senator Duncan,

I have just received a copy of Senate Bill 382 which was introduced Jan. 9, 1990. You are to be commended for introducing this bill as the benefits gained by this type of legislation are numerous.

We have just suffered the loss of seven employees in the Fairbanks Fire Department due to financial problems within the city. If SB 382 were to become law, I could retire and the city would be able to replace me with a para-medic.

I have never understood why service in the Teacher's and Public Employee's retirement systems could not be combined. The similarities are numerous. I would like to help in any way possible to support this bill. Will you please advise me.

Thank you,

*Fred F. Pray Jr  
441 Keeling Rd.  
North Pole  
Alaska  
99701*

January 12, 1990

Senator Jim Duncan  
Room 119, Capitol Building  
PO Box V  
Juneau, AK 99811

*Raymond  
Reed*

Dear Senator:

This letter is written in support of Senate Bill 382 which would allow the transfer of service credit from the Public Employee's Retirement System to the Teacher's Retirement System.

Employed in the Department of Education since 1984, I also have nearly 2 years in PERS for work during 1982-83. Since I don't plan to be active in the public employee system again, it would be beneficial for me to transfer that service time. The benefit, as I see it, is not so much financial as the ability to retire earlier. Since early retirement is financially beneficial to the state, I am hopeful that this bill will be enacted.

Thanks for your ongoing, active support of education and educators in this state.

Sincerely,

*Kathie Berg*

Kathie Berg  
Program Specialist  
Department of Education  
Chapter 1 and Migrant Education

RECEIVED JAN 31 1990

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

### MEMORANDUM

February 4, 1991

SUBJECT: Sectional analysis of SB 51  
(Transfer of retirement credited service)

TO: Senator Jim Duncan

FROM: Teresa B. Cramer *TBC*  
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Sec. 1 adds a new section to the Teachers' Retirement System (TRS).

Subsection (a) permits an active or inactive member to transfer credited service recognized in the Public Employees' Retirement System (PERS) into TRS when the member applies to retire under TRS. However, the member may not receive credit for more than one year of credited service in a calendar year as a result of the transfer. An active member is one who is currently employed. An inactive member has terminated from TRS but did not withdraw all of his or her contributions to the system. The transferred credited service can be used for any purpose for which credited service earned in TRS can be used.

Subsection (b) requires the retirement system administrator to transfer from PERS to TRS the amount of employer and employee contributions attributable to the credited service that is transferred and the interest earned on those contributions. If the amount transferred is less than the actuarially determined cost of providing benefits in TRS for the transferred years of credited service, then the employee must pay the difference to TRS or accept a reduction in the benefits based on that service. If the amount transferred is more than the cost of providing benefits, then the administrator pays the employee the balance.

Senator Jim Duncan  
February 4, 1991  
Page 2

Section (c) makes clear that when a member of TRS transfers credited service from PERS to TRS, he or she loses all rights to benefits in PERS for that credited service.

Subsection (d) prohibits a member from transferring only part of the member's credited service in PERS. If credited service is transferred, all of the member's credited service must be transferred. The transfer is irrevocable.

Subsection (e) preserves the rights in transferred PERS credited service that may be set out in a qualified domestic relations order.

Subsection (f) permits an active or inactive member of TRS to reinstate credited service earned in PERS for which the member received a refund of contributions and to transfer that credited service to TRS.

Subsection (g) permits a person who worked in both TRS and PERS and withdrew all of the person's contributions from both systems to reinstate the credited service in the system in which the person was most recently employed.

Sec. 2 permits a member's rights to retirement benefits to be transferred from TRS to PERS even though generally rights in retirement benefits may not be sold, transferred, or pledged.

Sec. 3 creates in PERS the same rights that sec. 1 created in TRS. Subsection (a) adds a prohibition against the transfer of credited service based on unused sick leave. Members of TRS may transform unused sick leave into credited service. Members of PERS do not have that right.

Subsections (b) - (g) of this section are directly comparable to subsections (b) - (g) of sec. 1.

Sec. 4 is comparable to sec. 2 and permits a member of PERS to transfer rights to retirement benefits into TRS even though generally those rights may not be sold, transferred, or pledged.

If I may be of further assistance, please advise.

TBC:pl  
91-061.plm

Box 10039  
Fairbanks, AK 99710  
March 12, 1991

Senator Pat Rodey  
Chairman  
Senate State Affairs Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Rodey:

I am writing to you in support of Senate Bill 51, which allows for years of service either in the PERS or TRS retirement plans to be credited to the other retirement plan, "An Act Relating to the Transfer of Service Credits by Active and Inactive Members and Former members of TRS and PERS."

I think that if this bill is passed that it would immensely benefit certain employees now who have time in both systems, but not enough for vesting in either system. I do not think it will be especially expensive nor do I think the bookkeeping and accounting involving this transfer will be particularly difficult, compared to the benefit accrued to those employees whose retirement will be greatly helped by this bill.

I have previously written Senator Jim Duncan in support of this bill, and have also gathered support among the Correctional Education Associates in the state, many of whom support this bill because they have years in both systems (now in PERS, previously in TRS when they were teachers in other state units).

Please do all you can to pass this bill. It is helpful because it preserves the separate integrities of PERS and TRS, yet alleviates the inequities that a number of employees now caught in the middle have suffered.

Sincerely,

*Betsy Hart*

Betsy Hart

(907) 457-2703

LETTER - BETSY HART

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

### MEMORANDUM

March 22, 1991

**SUBJECT:** Sectional summary of CSSB 51 ( ) (Creating a PERS public service benefit - Work Order No. 7-LS 0131\J)

**TO:** Senator Jim Duncan

**FROM:** Teresa B. Cramer *BC*  
Legislative Counsel

You have requested a sectional analysis of the above described bill. As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 permits members of the Teachers' Retirement System (TRS) to claim their TRS service under the new section created in the Public Employees' Retirement System (PERS) by sec. 2 of the bill.

Sec. 2 creates a public service benefit in PERS. Under subsection (a), an active member (currently employed in PERS) or inactive member of PERS who has never vested in either PERS or TRS may claim credited service in an amount equal to the time the member has previously worked in a position covered by TRS. To be eligible to claim the TRS service, the member must have at least two years of PERS service. If the member received a refund of retirement contributions when leaving the TRS position, the indebtedness must be fully repaid before the credited service may be claimed in PERS.

Subsection (b) sets out how to claim the TRS credited service for the public service benefit and directs the administrator of PERS to transfer the portion of the cost of providing benefits to the member for the TRS service from the TRS account to the PERS account.

Subsection (c) sets out when members of PERS are eligible to receive a public service benefit. The member must have a total of five years of service when the PERS employment and TRS employment are added together. This is consistent with the general PERS vesting requirement.

SECTIONAL - CSSB 51 (3-13-91)

Senator Jim Duncan

March 22, 1991

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Subsection (d) provides that once TRS or PERS credited service is claimed for a public service benefit, the member loses all rights in either system based on that credited service other than the right to the public service benefit.

Subsection (e) retains, despite the transfer of rights from TRS to PERS, the rights of third parties that were set out in a qualified domestic relations order (for example, a decree of divorce or dissolution filed with the TRS administrator) but permits the TRS credited service to be transferred.

Subsection (f) permits a member of PERS, whether or not currently employed in PERS, to buy back TRS service for which the member has received a refund of contributions in order to qualify for the public service benefit.

Subsection (g) sets out how to treat the credited service earned by a member who retires with a public service benefit and then returns to work under either PERS or TRS. The additional credited service may not be added to the public service benefit. However, if the member vests in either PERS or TRS as a result of the new employment, the member is entitled to a regular PERS or TRS benefit based on that additional credited service.

If I may be of further assistance, please advise.

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