

HB

101

SENATE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

Introduced:

Referred:

A RESOLUTION

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**
2 **Legislature, concerning House Bill No. 101, exempting the full value of life insurance**
3 **and annuity contracts from levy to satisfy a debt, and amending the description of**
4 **earnings, income, cash, and other assets relating to garnishment of life insurance**
5 **proceeds payable upon the death of an insured.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
8 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
9 changes to the title of a bill, are suspended in consideration of House Bill No. 101, exempting
10 the full value of life insurance and annuity contracts from levy to satisfy a debt, and amending
11 the description of earnings, income, cash, and other assets relating to garnishment of life
12 insurance proceeds payable upon the death of an insured.

26-LS0176T
Bailey
3/26/10

SENATE CS FOR CS FOR HOUSE BILL NO. 101()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES COGHILL, Lynn

A BILL

FOR AN ACT ENTITLED

1 **"An Act increasing the value of life insurance and annuity contracts that is exempt from**
2 **levy to satisfy a debt."**

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

4 *** Section 1.** AS 09.38.025(a) is amended to read:

5 (a) Except as provided in this section or AS 09.38.017, an individual is
6 entitled to exemption of unmatured life insurance and annuity contracts owned by the
7 individual. If the contracts have accrued dividends and loan values available to the
8 individual aggregating more than \$500,000 [\$10,000], a creditor may obtain a court
9 order requiring the individual debtor to pay the creditor, and authorizing the creditor
10 on the debtor's behalf to obtain payment of, the amount of the accrued dividends and
11 loan values in excess of \$500,000 [\$10,000] or the amount of the creditor's claim,
12 whichever is less.

13 *** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

1 APPLICABILITY. AS 09.38.025(a), as amended by sec. 1 of this Act, applies to an
2 exemption that is sought on or after the effective date of this Act.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 26, 2010

SUBJECT: Resolution suspending rules for title change (SCS CSHB 101())
(Work Order No. 26-LS0176\C)

TO: Senator John Coghill
Attn: Rynniva Moss

FROM: Dennis C. Bailey
Legislative Counsel

This memorandum accompanies the draft Senate CS requested. The new CS requires a title change. Because the bill is in the second house, a concurrent resolution to waive the uniform rule provisions against adding material to a bill in the second house necessitating a bill title change will be required if the CS is adopted.

Please let me know if you would like me to draft a resolution.

DCB:ljw
10-224.ljw

Enclosure



ALASKA STATE LEGISLATURE

SENATOR JOHN COGHILL

State Capitol, Room 504, Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

SCS HB 101(JUD) Exempting a Portion of Value of Life Insurance and Annuity Contracts from Levy to Satisfy Unsecured Debt SPONSOR STATEMENT

HB 101 as originally written placed unmatured life insurance and annuity contracts under AS 09.38.015, "**Property Exempt without limitation**", repealing the \$10,000 exemption for unmatured life insurance and annuity contracts from AS 09.38.025.

The Senate Committee Substitute for HB 101 being offered removes unmatured life insurance and annuity contracts from exempts without limitation and places a \$500,000 exemption on unmatured life insurance and annuity contracts for levies for unsecured debts. Deceitful or fraudulent actions would be prosecuted.

There are several claims that are still enforceable against exempt property, the most significant being collection of child support, unpaid earnings of an employee for up to one month's compensation, and federal, state and local taxes.

There are a multitude of exemptions without limitation for retirement plans for public employees at the federal, state, and local levels. The blue collar workers, people who rely on social security for retirement and small business owners have few options to supplement their retirement plans. Unmatured life insurance policies and annuity contracts offer a sound investment for retirement.

HB 101 offers more security to people investing in unmatured life insurance policies and annuity contracts to provide for themselves and their families in their retirement years.

ALASKA STATE HOUSE OF REPRESENTATIVES

**Contact:**

Interim Address:

3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271

Session

(907)-465-3719
FAX# (907)-465-3258
**State Capitol
Room 214**

REPRESENTATIVE JOHN COGHILL

SECTIONAL CS to HB 101 (JUD)

"An Act exempting the full value of life insurance and annuity contract from levy to satisfy a debt, and amending the description of earnings, income, cash, and other assets relating to garnishment of life insurance proceeds payable upon the death of an insured."

Section 1: AS 09.38.015 Property exempt without limitation is amended to read:

- (a) (11) adds unmatured life insurance and annuity contracts owned by the individual to the list of property exempt without limitation.

Section 2: AS 09.38.030 Exemption of earnings and liquid assets is amended to read:

- (e) (4) proceeds or benefits paid [OR PAYABLE] on the death of an insured, if the individual was the spouse or a dependant of the insured; and

This section clarifies a potential ambiguity regarding trying to garnish someone's death benefit before that person has passed away.

Section 3: AS 09.38.025(a) is repealed because there is no longer any reason to have a section dedicated to the exemption of unmatured life insurance and annuity contracts since they now fall under the category of property exempt without limitation in AS 09.38.015.

Section 4: is an applicability section that states that this will only apply to a debt that is created on or after the effective date of this Act.

March 23, 2009- CS to HB 101 (JUD)

26-LS0176/C



U.S. Department of Health and Human Services

Administration for Children & Families

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THE OFFICE OF CHILD SUPPORT ENFORCEMENT*Giving Hope and Support to America's Children***PIQ-09-01****DATE:** April 25, 2009**ATTACHMENTS:** [Chart on Garnishment of Federal Payments for Child Support Obligations](#)**TO:** State and Tribal IV-D Directors**FROM:** Vicki Turetsky, Commissioner, Office of Child Support Enforcement**SUBJECT:** Garnishment of Federal Payments for Child Support Obligations

Section 459 of the Social Security Act (the Act) provides for the garnishment of certain Federal payments to satisfy obligations for child support. A chart titled **Garnishment of Federal Payments for Child Support Obligations** is attached as a reference. It contains information regarding different payment types and authority citations.

QUESTION 1: What moneys are subject to garnishment from Federal employee pay?

RESPONSE 1: A Federal employee's compensation is subject to garnishment for child support payments with the exception of amounts listed under section 459(h)(2) of the Act. Compensation that is subject to garnishment includes wages, salary, commission, bonus, pay, allowances (including severance pay, sick pay, and incentive pay).

QUESTION 2: Are worker's compensation and other benefits subject to garnishment?

RESPONSE 2: Yes, benefits subject to garnishment include worker's compensation benefits paid or payable under Federal or State law, benefits paid or payable under the Railroad Retirement System, and special benefits for certain World War II veterans payable under title VIII of the Act.

QUESTION 3: Are Federal pensions, retirement or retired pay, and annuities subject to garnishment?

RESPONSE 3: Yes, benefits subject to garnishment include periodic benefits (including a periodic benefit as defined in section 228(h)(3) of the Act) or other payments under any system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by any individual. Section 228(h)(3) of the Act defines the term "periodic benefit" as a benefit payable in a lump sum if it is a commutation of, or a substitute for, periodic payments.

QUESTION 4: Can child support be withheld from the pay of members of the uniformed services?

RESPONSE 4: Yes, moneys for the personal service of an obligor in the uniformed services are subject to garnishment; however, this does not include allowances for members of the uniformed services payable pursuant to chapter 7 of title 37, United States Code, as prescribed by the Secretaries concerned (defined by section 101(5) of such title) as necessary for the efficient performance of duty. Restrictions also apply for certain allowances and stipends. The attached chart outlines the payments to a member of the uniformed services that are subject to garnishment in 5 CFR §581.103(b) as well as the payments that are not subject to garnishment per §581.104(h)(2).

QUESTION 5: Are title II benefits subject to garnishment? (Title II refers to Federal old-age, survivors, and disability insurance benefits established under title II of the Act.)

RESPONSE 5: Yes, benefits subject to garnishment include periodic benefits (including a periodic benefit as defined in section 228(h)(3) of the Act) or other payments under the insurance system established by title II of the Act. In addition, benefits subject to garnishment include periodic benefits (including a periodic benefit as defined in section 228(h)(3) of the Act) payable under any other system or fund established by the United States which provides for the payment of pensions, retirement or retired pay, annuities, dependents' or survivors' benefits, or similar amounts payable on account of personal services performed by the individual or any other individual.

QUESTION 6: Are Federal "Black Lung" benefits subject to garnishment?

RESPONSE 6: Yes, benefits subject to garnishment include periodic benefits (including a periodic benefit as defined in section 228(h)(3) of the Act) or other payments under any Federal program established to provide

"black lung" benefits. A benefit as defined by 20 CFR §410.110(b) means the black lung benefit provided under part B of title IV of the Act to coal miners, to surviving widows of miners, to the surviving child or children of a miner, or of a widow of a miner, to the surviving dependent parent or parents of a miner, and to the surviving dependent brother(s) or sister(s) of a miner.

QUESTION 7: Are Veteran benefits subject to garnishment?

RESPONSE 7: Certain benefits are subject to garnishment including periodic benefits (including a periodic benefit as defined in section 228(h)(3) of the Act) or other payments by the Secretary of Veterans Affairs as compensation for a service-connected disability paid by the Secretary to a former member of the Armed Forces who is in receipt of retired or retainer pay if the former member has waived a portion of the retired or retainer pay in order to receive such compensation. Regulations under 5 CFR §581.103(c)(7) indicate that in such cases, only that part of the Department of Veterans Affairs payment that is in lieu of the waived retired pay or waived retainer pay is subject to garnishment.

In addition, as stated in 5 CFR §581.104(b) payments or portions of payments made by the Department of Veterans Affairs pursuant to sections 501–562 of title 38 of the United States Code, in which the entitlement of the payee is based on non-service-connected disability or death, age, and need are not subject to garnishment. Furthermore, 5 CFR §581.104 (f) indicates that education and vocational rehabilitation benefits for veterans and eligible persons under chapters 30, 31, 32, 35, and 36 of title 38, United States Code, and chapters 106 and 107 of title 10, United States Code are not subject to garnishment.

Benefits payable under title VIII of the Act, "Special Benefits for Certain World War II Veterans" are subject to garnishment. Every individual who is a qualified individual under title VIII section 802 of the Act shall, in accordance with and subject to the provisions of title VIII, be entitled to a monthly benefit paid by the Commissioner of Social Security for each month after September 2000 (or such earlier month, if the Commissioner determines is administratively feasible) the individual resides outside the United States. Except as otherwise provided in title VIII, a qualified individual has: (1) attained the age of 65 on or before the date of the enactment of this title; (2) is a World War II veteran; (3) is eligible for a supplemental security income benefit under title XVI for—(A) the month in which this title is enacted; and (B) the month in which the individual files an application for benefits under this title; (4) whose total benefit income is less than 75 percent of the Federal benefit rate under title XVI; (5) who has filed an application for benefits under this title; and (6) who is in compliance with all requirements imposed by the Commissioner of Social Security under this title, shall be a qualified individual for purposes of this title.

QUESTION 8: Are moneys paid as compensation for death under any Federal program subject to garnishment when the beneficiary is the noncustodial parent?

RESPONSE 8: Yes, section 459(h)(1)(A)(ii)(III) of the Act permits moneys paid as compensation for death under any Federal program to be collected to pay child support. Please refer to Q&A 5 for the exception to this.

QUESTION 9: Are Social Security Income (SSI) benefits subject to garnishment?

RESPONSE 9: No. Supplemental Security Income (SSI) for the aged, blind, and disabled pursuant to title XVI of the Social Security Act are not subject to garnishment; see 5 CFR §581.104(j).

RELATED REFERENCES: Section 459 of the Act, 5 CFR §581.103 and §581.104, PIQ-90-11, AT-93-07, PIQ-06-01

cc: ACF/OCSE Regional Program Managers

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Administration for Children and Families • 370 L'Enfant Promenade, S.W. • Washington, D.C. 20447

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A L A S K A

NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS - ALASKA
7864 HIGHLANDER DRIVE
ANCHORAGE, ALASKA 99518
907-522-4788 PHONE
907-644-5644 FAX
NAIFA@GCI.NET

President:
Kent Kallander
907-563-1492

Secretary/Treasurer:
Gary Annis
907-563-1960

**National
Committeeman:**
David Stratton
907-522-1164

**Immediate Past
President:**
Linda Hulbert
907-452-4400

Executive Director:
Johanna Raisch
907-677-2426

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Development Chair**
A Michael Daniels

Board of Directors:
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Attn: The Alaska Legislature;

03/12/2009

RE: House Bill 101

Dear Madams and Sirs,

NAIFA-Alaska supports House Bill 101.

In order for Alaskan's to protect their families, and to plan for retirements, we feel House Bill 101 is extremely important. We feel the safe passage of this Bill is a positive step in this security.

This protection IS already available in numerous other states. We would like to have this protection for Alaska's families as well.

We appreciate your support of this Bill. Thank you!!

Regards,

Kent S Kallander, LUTCF
NAIFA-Alaska President

Amanda Mortensen

From: Kenneth G. Robertson [ken@robertsonlaw.net]
Sent: Wednesday, March 11, 2009 5:16 PM
To: Amanda Mortensen
Subject: Support for HB101 - Full Value Exemption for Life Insurance and Annuity Contracts

Dear Amanda,

I am writing in support of HB101 which will exempt the full value of unmatured life insurance policies and annuity contracts.

As an estate planning attorney, and President of the Society of Financial Service Professionals, life insurance, annuities and asset protection are issues which I deal with on a regular basis. At present, Alaska law only exempts up to \$10,000 in cash value for the foregoing products, yet exempts an unlimited amount for most types of qualified plans (IRAs, 401(K)s etc). By passing HB101, those Alaskans who do not have qualified plans, but are investing in life insurance plans, will be able to save and protect their assets in the same way those with qualified plans may do so now.

In the long run, encouraging Alaskas to save and invest during their working years will be of great benefit to the state in that financially self-sufficient Alaskans will not need to rely on state or federal assistance in their post-work years.

Although Alaska has some excellent legislation in the areas of self-settled trusts, and LLCs, it is lagging far behind most states when it comes to exempt property. Passage of HB101 would therefore not only align the protections between Alaskans who have, and do not have, qualified plans, it will bring Alaska more in line with the exemption statutes of other states.

Finally, it will provide the average Alaska with a viable method to a reasonable amount of asset protection without the expense or complexity of creating and managing self-settled trusts AND it will be a boost to the entire financial services industry insofar as many potential life insurance purchasers will now have the added feature of asset protection at no extra cost.

For these reasons I strongly support passage of HB101. Kenneth G. Robertson.

Kenneth G. Robertson
Robertson Law Office
310 K Street, Suite 200
Anchorage, Alaska 99501
(907) 278-5657
(907) 346-2810 Fax
www.robertsonlaw.net

4/14/2009

Lifetime Income Annuity - Single Life

Income Summary

Annuitant & Policy Information

Name:
Date of Birth: 02/11/1944
Sex: Male
State: Alaska
Premium Tax: 0.00%
Income Tax Rate: 28%

Type of Funds: Non-Qualified
Payment Frequency: Monthly
Purchase Date: 02/11/2010
Income Payment Start Date: 03/11/2010
Cost Basis: \$250,000.00

Immediate Annuity Income Amounts

	Single Premium Amount	Monthly Income Amount Starting On 03/11/2010	Tax Free Portion of Income	Total Amount of Guaranteed Payments	Lump Sum Death Benefit	Total Payments to Age 100 1
Life Only	\$250,000.00	\$1,988.06	\$1,085.10	\$0.00	\$0.00	\$658,585.00
Life with 5 Years Certain	\$250,000.00	\$1,549.02	\$1,073.47	\$92,941.80	\$0.00	\$650,585.00
Life with 10 Years Certain	\$250,000.00	\$1,517.91	\$1,029.14	\$182,149.00	\$0.00	\$637,522.00
Life with 15 Years Certain *	\$250,000.00	\$1,442.26	\$944.69	\$258,810.00	\$0.00	\$605,756.00
Life with 20 Years Certain	\$250,000.00	\$1,345.64	\$868.52	\$323,673.00	\$0.00	\$586,428.00
Life with 25 Years Certain	\$250,000.00	\$1,287.19	\$781.86	\$380,157.00	\$0.00	\$532,220.00
Life with 30 Years Certain	\$250,000.00	\$1,191.80	\$684.09	\$428,048.00	\$0.00	\$500,556.00
Life with Cash Refund	\$250,000.00	\$1,426.89	\$944.49	\$	\$	\$600,134.00
Life w/25% of Prem. DB	\$250,000.00	\$1,382.32	\$813.11	\$0.00	\$62,500.00	\$584,774.00
Life w/50% of Prem. DB	\$250,000.00	\$1,213.73	\$542.64	\$0.00	\$125,000.00	\$508,767.00

§ Under the Life with Cash Refund income alternative, income payments to the annuitant plus the lump sum death benefit to the beneficiaries will total at least \$ 250,000.00.

*This Life with Period Certain payment option is the shortest certain period that guarantees a return of premium paid. Payment options offering longer certain periods are guaranteed to provide more than the premium paid.

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Field Technology Illustration System v2010.1.1.D, Prepared on Thursday, February 4, 2010.

Title 09. CODE OF CIVIL PROCEDURE
Chapter 09.38. ALASKA EXEMPTIONS ACT

Sec. 09.38.015. Property ~~is~~ exempt without limitation.

(a) An individual is entitled to exemption of the following property:

- (1) a burial plot for the individual and the individual's family;
- (2) health aids reasonably necessary to enable the individual or a dependent to work or to sustain health;
- (3) benefits paid or payable for medical, surgical, or hospital care to the extent they are or will be used to pay for the care;
- (4) an award under AS 18.67 (Violent Crimes Compensation Board) or a crime victim's reparations act of another jurisdiction;
- (5) benefits paid or payable as a longevity bonus under AS 47.45;

(6) compensation or benefits paid or payable and ~~is~~ exempt under federal law;

[Social security benefits whether paid or payable are not subject to execution, levy, attachment, legal process or to the operation of the bankruptcy laws. 42 U.S.C.A. 407

Veteran's Benefits generally exempted from seizure, both before and after receipt by the beneficiary. 38 U.S.C.A. 3101(a) (exceptions: child support liability - *Rose v Rose*, 418 U.S. 619 (1987); benefits spent on a permanent investment - *Carrier v Bryant*, 306 U.S. 545 (1939); *Porter v. Aetna Casualty Co.*, 370 U.S. 159 held in that veterans' benefits deposited in a savings and loan association on behalf of a veteran retained the "quality of moneys" and had not become a permanent investment.

Compensation (and claims due compensation) paid on the death or injury of a federal employee are exempt; these claims cannot be assigned. 5 U.S.C.A. 8130;

Unemployment compensation or a local public assistance benefit are exempt. 11 U.S.C. 522(b)(1)"

- (7) liquor licenses granted under AS 04;
- (8) tuition credit or savings accounts under a higher education savings account established under AS 14.40.802 or an advance college tuition savings contract authorized under AS 14.40.809 (a);
- (9) a permanent fund dividend to the extent allowed under AS 43.23.065;

(10) [Repealed, Sec. 4 ch 89 SLA 2005].

(11) benefits paid or payable under AS 47.45.301 - 47.45.309. (*Senior Benefits Payments*)

(b) The right to benefits held by the state on behalf of an individual that may become payable by reason of disability, unemployment, or illness, amounts held in the teachers', judicial, or public employees' ►retirement◄ system, or in the elected public officers' ►retirement◄ system under former AS 39.37, and child support collections made by the child support services agency are ►exempt◄.

(c) Property of the state, a municipality, and of the Alaska Municipal Bond Bank Authority or another state public corporation is ►exempt◄.

(d) Real property held by a cemetery association established under AS 10.30 for the purpose of a cemetery and not exceeding 80 acres is ►exempt◄.

(e) Money held in an escrow account under AS 06.60.360 is ►exempt◄.

Sec. 09.38.017. Exemption of ►retirement◄ plan interests and payments.

(a) In addition to the exemption under AS 09.38.015 (b), the following are ►exempt◄ from a claim of an individual's creditor:

(1) the interest of the individual in a ►retirement◄ plan; and

(2) the money or other assets payable to the individual from a ►retirement◄ plan.

(b) The exemptions provided by (a) of this section do not apply to a contribution made by an individual to a ►retirement◄ plan within 120 days before the individual files for bankruptcy.

(c) The exemptions provided by (a) of this section do not prevent the payment of benefits under a ►retirement◄ plan to an alternate payee under a qualified domestic relations order. In this subsection, "qualified domestic relations order" has the meaning given in 26 U.S.C. 414(p).

(d) A ►retirement◄ plan ►exempt◄ from claims under (a) of this section is conclusively presumed to be a spendthrift trust under this section.

(e) In this section,

(1) "alternate payee" has the meaning given in 26 U.S.C. 414(p)(8);

(2) "individual" means an individual who is a participant in, a beneficiary of, or an alternate payee of a ►retirement◄ plan;

(3) "►retirement◄ plan" means a ►retirement◄ plan that is qualified under 26 U.S.C. 401(a); [employer-sponsored retirement plan for employees of state and local governments and

certain tax-exempt entities] 26 U.S.C. 403(a), [retirement plans that are similar to 401(a) plans but are funded through annuity insurance] 26 U.S.C. 403(b), [retirement plan funded by an annuity purchased by section 501 (c)(3) organization or public school] 26 U.S.C. 408, [individual retirement accounts] 26 U.S.C. 408A, [ROTH IRA] or 26 U.S.C. 409 [retirement plans funded by employee stock ownership plans] (Internal Revenue Code).

Lifetime Income Annuity - Joint Life

Income Summary

Annuitant & Policy Information

Primary Name:
Date of Birth: 02/11/1944
Sex: Male
Joint Name:
Date of Birth: 01/13/1946
Sex: Female
State: Alaska
Premium Tax: 0.00%
Income Tax Rate: 28%

Type of Funds: Non-Qualified
Payment Frequency: Monthly
Purchase Date: 02/11/2010
Income Payment Start Date: 03/11/2010
Cost Basis: \$500,000.00

Survivor Receives 100% of Joint Income on Death of Either Annuitant

Immediate Annuity Income Amounts

	Single Premium Amount	Monthly Income Amount Starting On 03/11/2010	Tax Free Portion of Income	Total Amount of Guaranteed Payments	Lump Sum Death Benefit	Total Payments to Younger Annuitant Age 100.1
Life Only	\$500,000.00	\$2,568.20	\$1,559.04	\$0.00	\$0.00	\$1,149,161.00
Life with 5 Years Certain	\$500,000.00	\$2,539.51	\$1,890.64	\$162,370.00	\$0.00	\$1,127,642.00
Life with 10 Years Certain	\$500,000.00	\$2,533.97	\$1,849.61	\$304,076.00	\$0.00	\$1,126,063.00
Life with 15 Years Certain	\$500,000.00	\$2,516.62	\$1,829.65	\$453,351.00	\$0.00	\$1,118,267.00
Life with 17 Years Certain *	\$500,000.00	\$2,507.20	\$1,809.62	\$511,468.00	\$0.00	\$1,113,197.00
Life with 20 Years Certain	\$500,000.00	\$2,481.90	\$1,561.12	\$585,656.00	\$0.00	\$1,101,964.00
Life with 25 Years Certain	\$500,000.00	\$2,426.98	\$1,480.44	\$727,794.00	\$0.00	\$1,077,135.00
Life with 30 Years Certain	\$500,000.00	\$2,344.20	\$1,329.16	\$843,912.00	\$0.00	\$1,040,825.00
Life with Cash Refund	\$500,000.00	\$2,506.28	\$1,810.32	\$	\$	\$1,113,676.00
Life w/25% of Prem. DB	\$500,000.00	\$2,365.95	\$1,245.69	\$0.00	\$125,000.00	\$1,063,802.00
Life w/50% of Prem. DB	\$500,000.00	\$2,196.13	\$630.14	\$0.00	\$250,000.00	\$976,082.00

† Under the Life with Cash Refund income alternative, income payments to the annuitants plus the lump sum death benefit to the beneficiaries will total at least \$ 500,000.00.
 * This Life with Period Certain payment option is the shortest certain period that guarantees a return of premium paid. Payment options offering longer certain periods are guaranteed to provide more than the premium paid.

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 Field Technology Illustration System v2010.1.1D, Prepared on Thursday, February 4, 2010.

Lifetime Income Annuity - Single Life

Income Summary

Annuitant & Policy Information

Name:
Date of Birth: 02/11/1944
Sex: Female
State: Alaska
Premium Tax: 0.00%
Income Tax Rate: 28%

Type of Funds: Non-Qualified
Payment Frequency: Monthly
Purchase Date: 02/11/2010
Income Payment Start Date: 03/11/2010
Cost Basis: \$500,000.00

Immediate Annuity Income Amounts

	Single Premium Amount	Monthly Income Amount Starting On 03/11/2010	Tax Free Portion of Income	Total Amount of Guaranteed Payments	Lump Sum Death Benefit	Total Payments to Age 100 1
Life Only	\$500,000.00	\$2,885.48	\$2,189.88	\$0.00	\$0.00	\$1,211,902.00
Life with 5 Years Certain	\$500,000.00	\$2,873.83	\$2,148.83	\$172,435.00	\$0.00	\$1,207,061.00
Life with 10 Years Certain	\$500,000.00	\$2,847.89	\$2,087.57	\$341,748.00	\$0.00	\$1,198,114.00
Life with 15 Years Certain	\$500,000.00	\$2,753.00	\$1,891.31	\$495,540.00	\$0.00	\$1,166,280.00
Life with 18 Years Certain *	\$500,000.00	\$2,729.88	\$1,867.09	\$524,094.00	\$0.00	\$1,148,457.00
Life with 20 Years Certain	\$500,000.00	\$2,624.08	\$1,737.14	\$628,778.00	\$0.00	\$1,102,114.00
Life with 25 Years Certain	\$500,000.00	\$2,498.84	\$1,582.40	\$748,852.00	\$0.00	\$1,049,833.00
Life with 30 Years Certain	\$500,000.00	\$2,371.97	\$1,368.25	\$853,809.00	\$0.00	\$888,227.00
Life with Cash Refund	\$500,000.00	\$2,714.89	\$1,898.86	\$	\$	\$1,140,254.00
Life w/25% of Prem. DB	\$500,000.00	\$2,608.84	\$1,827.92	\$0.00	\$125,000.00	\$1,085,713.00
Life w/50% of Prem. DB	\$500,000.00	\$2,322.77	\$1,084.73	\$0.00	\$250,000.00	\$875,563.00

§ Under the Life with Cash Refund income alternative, income payments to the annuitant plus the lump sum death benefit to the beneficiaries will total at least \$ 500,000.00.

*This Life with Period Certain payment option is the shortest certain period that guarantees a return of premium paid. Payment options offering longer certain periods are guaranteed to provide more than the premium paid.

Page 1 of 8

This illustration is not a guarantee of future benefits and is for informational purposes only. Not complete unless accompanied by Form 20282.
Field Technology Illustration System v2010.1.1D, Prepared on Thursday, February 4, 2010.

Amanda Mortensen

From: Kenneth G. Robertson [ken@robertsonlaw.net]
Sent: Wednesday, March 11, 2009 5:16 PM
To: Amanda Mortensen
Subject: Support for HB101 - Full Value Exemption for Life Insurance and Annuity Contracts

Dear Amanda,

I am writing in support of HB101 which will exempt the full value of unmatured life insurance policies and annuity contracts.

As an estate planning attorney, and President of the Society of Financial Service Professionals, life insurance, annuities and asset protection are issues which I deal with on a regular basis. At present, Alaska law only exempts up to \$10,000 in cash value for the foregoing products, yet exempts an unlimited amount for most types of qualified plans (IRAs, 401(K)s etc). By passing HB101, those Alaskans who do not have qualified plans, but are investing in life insurance plans, will be able to save and protect their assets in the same way those with qualified plans may do so now.

In the long run, encouraging Alaskans to save and invest during their working years will be of great benefit to the state in that financially self-sufficient Alaskans will not need to rely on state or federal assistance in their post-work years.

Although Alaska has some excellent legislation in the areas of self-settled trusts, and LLCs, it is lagging far behind most states when it comes to exempt property. Passage of HB101 would therefore not only align the protections between Alaskans who have, and do not have, qualified plans, it will bring Alaska more in line with the exemption statutes of other states.

Finally, it will provide the average Alaska with a viable method to a reasonable amount of asset protection without the expense or complexity of creating and managing self-settled trusts AND it will be a boost to the entire financial services industry insofar as many potential life insurance purchasers will now have the added feature of asset protection at no extra cost.

For these reasons I strongly support passage of HB101. Kenneth G. Robertson.

Kenneth G. Robertson
Robertson Law Office
310 K Street, Suite 200
Anchorage, Alaska 99501
(907) 278-5657
(907) 346-2810 Fax
www.robertsonlaw.net



A L A S K A

NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS - ALASKA
7864 HIGHLANDER DRIVE
ANCHORAGE, ALASKA 99518
907-522-4788 PHONE
907-644-5644 FAX
NAIFA@GCI.NET

President:

Kent Kallander
907-563-1492

Secretary/Treasurer:

Gary Annis
907-563-1960

National

Committeeman:

David Stratton
907-522-1164

Immediate Past

President:

Linda Hulbert
907-452-4400

Executive Director:

Johanna Raisch
907-677-2426

Professional

Development Chair

A Michael Daniels

Board of Directors:

Noni Baldwin
Nathan McKay
Tim Haworth
Rhiannon Benedetti

Attn: The Alaska Legislature;

03/12/2009

RE; House Bill 101

Dear Madams and Sirs,

NAIFA-Alaska supports House Bill 101.

In order for Alaskan's to protect their families, and to plan for retirements, we feel House Bill 101 is extremely important. We feel the safe passage of this Bill is a positive step in this security.

This protection IS already available in numerous other states. We would like to have this protection for Alaska's families as well.

We appreciate your support of this Bill. Thank you!!

Regards,

Kent S Kallander, LUTCF
NAIFA-Alaska President



ALASKA STATE LEGISLATURE

SENATOR JOHN COGHILL

State Capitol, Room 504, Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

MEMORANDUM

Date: March 21, 2010
To: Senator Hollis French, Chairman, Senate Judiciary Committee
From: Rynnieva Moss, Legislative Aide *RW Moss*
Re: 26-LS0176\C - House Bill 101

I am requesting you consider a new CS for HB 101 that would delete the provision that makes exemption of unmaturred life insurance and annuity contracts "*property exempt without limitations*" and sets a \$500,000 exemption on unmaturred life insurance and annuity contracts. I propose the following language.

Sec. 09.38.025. Exemption of unmaturred life insurance and annuity contracts.

(a) Except as provided in this section or AS 09.38.017 , an individual is entitled to exemption of unmaturred life insurance and annuity contracts owned by the individual. If the contracts have accrued dividends and loan values available to the individual aggregating more than \$500,000 [\$10,000], a creditor may obtain a court order requiring the individual debtor to pay the creditor, and authorizing the creditor on the debtor's be \$500,000 [\$10,000] or the amount of the creditor's claim, whichever is less.

While public employee retirement systems are already protected by federal law, many trade union workers rely on unmaturred life insurance policies and annuity contracts to provide supplemental retirement benefits. People who are self-employed also depend on these sources of retirement income. This legislation strives to preserve any portion of those retirement benefits.

I read the minutes to the April 17, 2009 Senate Judiciary Meeting and there were two unanswered questions:

(1) Can the deceased's annuity contract be garnished to pay unpaid child support?

Rob Stoe 276-4190

Mike Schneider 277-9300

HB101 Trial lawyers

g Rynera HB101 Academy of Trial Lawyers
he has comments regarding c. 727.7441 anchor
h. 336.7441

ALASKA STATE HOUSE OF REPRESENTATIVES

Contact:

Interim Address:

3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271

**Session**

(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 204

REPRESENTATIVE JOHN COGHILL

MEMORANDUM

Date: April 14, 2009

To: Senator French, Chair
Senate Judiciary Committee

From: Amanda Mortensen, Intern *AM*
Representative John Coghill, Chair
House Rules

Re: Senate Judiciary Committee –CS to HB 101(JUD)

Please schedule CS to HB 101(JUD) *"An Act exempting the full value of life insurance and annuity contracts from levy to satisfy a debt, and amending the description of earnings, income, cash, and other assets relating to garnishment of life insurance proceeds payable upon the death of an insured."*

I have attached a Sponsor Statement, Sectional and backup documentation for your information and distribution.

Thank you.

Senator French

ALASKA STATE HOUSE OF REPRESENTATIVES



Session

Contact:

Interim Address:

3340 Badger Road
North Pole, AK 99705
(907)-488-5725
Fax# (907)-488-4271

(907)-465-3719
FAX# (907)-465-3258
State Capitol
Room 214

REPRESENTATIVE JOHN COGHILL

Sponsor Statement
HB 101

"An Act exempting the full value of life insurance and annuity contracts from levy to satisfy unsecured debt, and amending the description of earnings, income, cash, and other assets relating to garnishment of life insurance proceeds payable upon the death of an insured."

This bill will provide people with better security and planning for their families after they have passed on. This bill exempts the full value of life insurance and annuity contracts from levy or garnishment to satisfy unsecured debt.

When fewer employers are offering retirement plans, the state can help offer families the opportunity to better plan for their future. People who are self-employed or working for an employer that does not offer a retirement plan can use annuities as a retirement plan and know that these funds are protected. With the uncertainty of social security, families need to be sure that they can provide for themselves and their survivors.

This bill encourages personal responsibility and protects the future of Alaskan families.

*P.S. Helon supports this!
Also - Hawaii has this same protection requested in HB #101*

January 30, 2009- HB 101

26-LS0176/R

Would you allow this bill but - I so believe in this bill. In my view, as a recent widow, (not in debt or owing creditors) I am concerned life ins or annuity contracts could be levied to satisfy debts. However, I respect your expertise. Linda