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1 following his 65th birthday unless he is retained by request of his
2 employer. Provisions of this subsection regarding compulsory retire-
3 ment do not apply to personnel of the University of Alaska.

4 (d) A retired teacher who has been receiving a disability retire-
5 ment salary is eligible for a service retirement salary upon attaining
6 60 years of age.

7 (e) The burden is upon the applicant to prove eligibility for
8 retirement benefits to the full satisfaction of the administrator.

9 * Sec. 9. AS 14.25.120(a) is amended to read:

10 (a) Every teacher who has applied for retirement salary and who
11 has satisfactorily shown his eligibility as provided in sec. 110 of
12 this chapter, shall receive from the retirement fund, for each school
13 year subsequent to the date of application, a retirement salary pay-
14 able on the first day of each month, beginning the month following
15 retirement.

16 * Sec. 10. AS 14.25.120(c)(1) is amended to read:

17 (1) If the teacher is eligible for normal retirement as of
18 [EITHER 60 YEARS OF AGE OR OLDER OR HAS 30 YEARS OF CREDITABLE SERVICE
19 ON] the date on which the application for a retirement salary is filed
20 and has paid into the retirement fund the full amount of his indebt-
21 edness, his annual retirement salary is two per cent of his [HIGHEST]
22 average base salary during any three of the last 10 years of member-
23 ship service multiplied by the total number of years of creditable
24 service [, AS DEFINED IN (F) OF THIS SECTION, MULTIPLIED BY THE TOTAL
25 NUMBER OF YEARS OF CREDITABLE SERVICE], including credited fractional
26 years.

27 * Sec. 11. AS 14.25.120(c)(4) is amended to read:

28 (4) If the teacher is not eligible for normal retirement,
29 but is eligible for early retirement, as defined in sec. 110(a) and

1 (b) of this chapter, [HAS NOT ATTAINED THE AGE OF 60 OR COMPLETED
2 30 YEARS OF CREDITABLE SERVICE] on the date when application for
3 retirement salary is filed, his [THE] annual retirement salary is the
4 amount that would be due and owing to the teacher if he were at least
5 60, [SHALL BE] reduced [ANNUALLY] by the amount derived from the
6 following computations: multiply one-half of one per cent times the
7 number of months, to the nearest month, by which the applicant's
8 attained age on the date of filing application falls short of 60
9 years, times the amount of annual retirement salary that would be due
10 and owing the teacher if he were at least 60 years of age.

11 * Sec. 12. AS 14.25.120(c)(8) is amended to read:

12 (8) During a [THE] period of re-employment following retire-
13 ment, deductions from salary may be made at the option of the teacher
14 for contributions to the retirement fund as provided in sec. 50 of
15 this chapter. If deductions are made, the annual amount of retire-
16 ment salary shall be increased when the teacher again retires from
17 active membership service, by adding to the annual amount previously
18 payable, an amount equal to two per cent of the teacher's base salary
19 for the period of re-employment. However, if the teacher has not
20 attained the age of 60 on the date when payment of retirement salary
21 is resumed, the additional amount provided for in this paragraph shall
22 be reduced [ANNUALLY] by the amount derived from the following com-
23 putations: multiply one-half of one per cent times the number of
24 months, to the nearest month, by which the teacher's attained age on
25 the date of subsequent retirement falls short of 60 years, times the
26 additional amount provided in this paragraph.

27 * Sec. 13. AS 14.25.120(e) and (f) are repealed.

28 * Sec. 14. AS 14.25.120(g) is amended to read:

29 (g) A teacher who retired before July 1, 1971, with at least 25

1 years of creditable service, at least 15 of which were membership
2 service, and who is entitled to a retirement salary under either
3 this retirement fund or the retirement fund of 1945, shall receive
4 a service retirement salary [OF NOT LESS THAN \$375 A MONTH,] based
5 on a minimum sum of \$15 per [A] month for each year of creditable
6 service not including adjustments made under sec. 142 or sec. 143
7 of this chapter. A teacher who retired before July 1, 1971, with
8 less than 25 years of creditable service, and who is entitled to a
9 retirement salary under either this retirement fund or the retirement
10 fund of 1945, shall receive a service retirement salary of at least
11 \$15 per [A] month for each year of credited service. If, on the date
12 the teacher originally applied for retirement salary, the teacher
13 elected option two as provided by (c)(2)(B) of this section as payment
14 of his indebtedness or a reduced benefit in accordance with (c)(4) of
15 this section, the amount of the dollar reduction shall remain in
16 effect.

17 * Sec. 15. AS 14.25.130(a) is amended to read:

18 (a) A teacher in membership service who has become permanently
19 disabled, as defined in sec. 229 of this chapter, before age 60 and
20 who has had five or more membership years may be retired by the
21 administrator as of the first day of the month following the perma-
22 nent disability. The administrator, after a report of medical
23 examination of the teacher and other information the administrator
24 may request has been submitted, shall certify that the teacher is
25 physically or mentally incapacitated for the further performance of
26 duty, and that the incapacity is likely to be permanent and that the
27 teacher should be retired.

28 * Sec. 16. AS 14.25.140(a) is amended to read:

29 (a) A teacher who becomes disabled on or after July 1, 1966 and

1 has applied for disability retirement salary shall receive from the
2 retirement fund, during [FOR] each [SCHOOL] year subsequent to the date
3 of application and certification by the administrator under sec. 130
4 of this chapter, a disability retirement salary payable on the first
5 day of each month, beginning the month following the disability.

6 * Sec. 17. AS 14.25.140(c) is amended to read:

7 (c) The amount of the disability retirement shall be equal to 50
8 per cent of the teacher's [HIS] base salary immediately before his
9 becoming disabled. The disability retirement salary shall be increased
10 by 10 per cent of the teacher's base salary at the date of disability
11 for each minor child, up to a maximum of four minor children, until the
12 first day of the month in which the child ceases to be a minor child or
13 the disability retirement salary terminates, whichever occurs first.

14 * Sec. 18. AS 14.25.142(b) is repealed.

15 * Sec. 19. AS 14.25.143(a) is amended to read:

16 (a) When the administrator determines that the cost of living has
17 increased and that the financial condition of the retirement fund per-
18 mits, he may increase all service retirement and survivor's benefits
19 salaries [THE PENSION PAYMENTS] to reflect this cost of living increase.

20 * Sec. 20. AS 14.25.145 is amended to read:

21 Sec. 14.25.145. INTEREST ON INDIVIDUAL ACCOUNTS. [AS OF JULY 1,
22 1962, WHEN A TEACHER BEGINS AT LEAST HIS THIRD YEAR OF MEMBERSHIP
23 SERVICE, HIS ACCOUNT SHALL BE CREDITED WITH AN AMOUNT EQUAL TO THE
24 INTEREST WHICH HIS ACCOUNT WOULD HAVE EARNED AT THE INTEREST RATES PRE-
25 SCRIBED BY REGULATION DURING HIS FIRST TWO YEARS OF MEMBERSHIP SERVICE
26 AND, IF NONE WAS PRESCRIBED DURING ANY PART OF THE PERIOD, AT THE
27 INTEPEST RATES SUBSEQUENTLY PRESCRIBED BY REGULATION FOR THAT PART.
28 THEREAFTER, INTEREST] Interest shall be credited to each [A] teacher's
29 account at the end of each school year at the rate prescribed by regu-

lation for that year.

* Sec. 21. AS 14.25.150(1) is amended to read:

(1) A teacher leaving membership service [IF A TEACHER HAS NOT BEEN IN MEMBERSHIP SERVICE FOR MORE THAN TWO YEARS, HE] shall receive his total accumulated contributions plus interest credited to his individual contribution account, less any amounts owing to the retirement fund because of previous withdrawals.

* Sec. 22. AS 14.25.150(2) is repealed.

* Sec. 23. AS 14.25.150(3) is amended to read:

(3) If a teacher who has received a refund of contributions is re-employed in membership service, he is, upon his re-employment, [BECOMES] indebted to the retirement fund in the amount of the refund, including interest paid him [, IF ANY, INCREASED BY THE AMOUNT, IF ANY, DEDUCTED FOR ADMINISTRATIVE EXPENSES]. This indebtedness to the retirement fund shall bear compound interest at the rate prescribed by regulation beginning July 1 following the date of re-employment to the date of repayment or the date of retirement of the teacher, whichever occurs first.

* Sec. 24. AS 14.25.162(e) is amended to read:

(e) A person entitled to the survivor's allowance under this section and who resides in the state after the death of the teacher shall receive a cost of living allowance in addition to his survivor's allowance. The amount of this allowance shall be the amount determined by the administrator under sec. 142 of this chapter [IS DETERMINED BY MULTIPLYING THE SURVIVOR'S ALLOWANCE BY A PERCENTAGE DETERMINED BY THE ADMINISTRATOR NOT TO EXCEED 10 PER CENT OF THE SURVIVOR'S ALLOWANCE]. The administrator may implement this subsection by regulations. [THE COST OF LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

* Sec. 25. AS 14.25.162(f) is amended to read:

1 (f) When the administrator determines that the cost of living
2 has increased and that the financial condition of the retirement fund
3 permits, he may increase the survivor's allowance to reflect this cost
4 of living increase. The amount of the increase shall be the amount
5 determined by the administrator under sec. 143 of this chapter [EQUAL
6 TO NOT MORE THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE
7 DEATH OF THE TEACHER]. Increases accrue from the first of July next
8 following the death of the teacher and shall be paid beginning the
9 first of July of each year. The administrator is authorized to imple-
10 ment this subsection by regulation.

11 * Sec. 26. AS 14.25.164(b) is amended to read:

12 (b) The spouse's pension is payable on the first day of each
13 month, commencing with the first day of the month coinciding with or
14 next following the month in which the spouse attains age 50, unless the
15 spouse is totally and permanently disabled, as defined in sec. 220
16 of this chapter, before age 60. If the spouse is totally and permanent-
17 ly disabled from engaging in a regular remunerative occupation or
18 employment, the spouse's pension shall commence on the first of the
19 month coinciding with or next following the teacher's death, or the
20 date of disability, whichever is later. In the event that the spouse
21 ceases to be totally and permanently disabled before age 60, the
22 pension shall be suspended until the spouse again becomes eligible for
23 the pension because of age. The payment on the first day of the month
24 in which the spouse dies or remarries constitutes the last payment.

25 * Sec. 27. AS 14.25.164(e) is amended to read:

26 (e) A person entitled to the spouse's pension under this section
27 and who resides in the state after the death of the teacher shall re-
28 ceive a cost of living allowance in addition to his spouse's pension.
29 The amount of this allowance shall be the amount determined by the

1 administrator under sec. 142 of this chapter [IS DETERMINED BY MULTI-
2 PLYING THE SPOUSE'S PENSION BY A PERCENTAGE DETERMINED BY THE ADMINI-
3 STRATOR NOT TO EXCEED 10 PER CENT OF THE SPOUSE'S PENSION]. The admini-
4 strator may implement this subsection by regulation. [THE COST OF
5 LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

6 * Sec. 28. AS 14.25.164(f) is amended to read:

7 (f) When the administrator determines that the cost of living has
8 increased and that the financial condition of the retirement fund per-
9 mits, he may increase the spouse's pension to reflect this cost of
10 living increase. The amount of the increase shall be determined by
11 the administrator under sec. 143 of this chapter [EQUAL TO NOT MORE
12 THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE DEATH OF THE
13 TEACHER]. Increases accrue from the first of July next following the
14 death of the teacher and shall be paid beginning the first of July of
15 each year. The administrator is authorized to implement this sub-
16 section by regulation.

17 * Sec. 29. AS 14.25.190 is amended to read:

18 Sec. 14.25.190. ACTUARIAL EVALUATIONS OF THE RETIREMENT FUND. Ac-
19 tual evaluations of the retirement fund shall be made at intervals
20 of not more than five years and on the basis of the re-evaluations the
21 administrator may recommend any necessary readjustment to the legis-
22 lature. Actuarial and financial experience analyses shall be prepared
23 and certified by a member of the American Academy of Actuaries.

24 * Sec. 30. AS 14.25.220(3) is amended to read:

25 (3) "creditable service" means outside and Bureau of Indian
26 Affairs (BIA) service not exceeding 15 [10] years, with outside service
27 limited to 10 years, [AND IN STATE BIA SERVICE WITH NO LIMITATION ON
28 YEARS,] plus all membership service as provided in (5) of this section;

29 * Sec. 31. AS 14.25.220(15) is amended to read:

(15) "teacher" or "member" means a certified teacher, certified school nurse, principal, supervisor, or superintendent employed on a full-time or a part-time basis in a position having duties which normally require a year of service in the public schools of the state, the commissioner of education, supervisors within the Department of Education, and all full-time resident professional and administrative personnel of the University of Alaska [AS DESIGNATED BY THE BOARD OF REGENTS]; in case of doubt, [EXCEPT AS TO PERSONNEL OF THE UNIVERSITY OF ALASKA,] the administrator shall finally determine whether or not a person is a teacher as defined in this chapter;

* Sec. 32. AS 14.25.220(16) is amended to read:

(16) "year of service" means membership service during the dates set for a school term under AS 14.03.030; fractional credit shall be given for membership service after July 1, 1967, during any school year as follows:

- (A) less than nine days, no credit;
- (B) nine days or more but less than 27 days, 0.1 years;
- (C) 27 days or more but less than 45 days, 0.2 years;
- (D) 45 days or more but less than 63 days, 0.3 years;
- (E) 63 days or more but less than 81 days, 0.4 years;
- (F) 81 days or more but less than 100 days, 0.5 years;
- (G) 100 days or more but less than 118 days, 0.6 years;
- (H) 118 days or more but less than 136 days, 0.7 years;
- (I) 136 days or more but less than 154 days, 0.8 years;
- (J) 154 days or more but less than 172 days, 0.9 years;
- (K) 172 days or more, 1.0 years; if service is per-

formed on a part-time basis, one-half credit shall be given for each day of service [1969, ACCORDING TO THE RATIO THAT THE NUMBER OF DAYS OF SERVICE BEARS TO 180 DAYS; IF SERVICE IS PERFORMED ON A PART-TIME BASIS,

FRACTIONAL CREDIT SHALL BE GIVEN ACCORDING TO THE RATIO THAT THE NUMBER OF HOURS OF EMPLOYMENT BEARS TO THE NUMBER OF HOURS OF EMPLOYMENT HAD THE SERVICE BEEN PERFORMED ON A FULL-TIME BASIS];

* Sec. 33. AS 14.25.220 is amended by adding new paragraphs to read:

(23) "normal retirement" means retirement after:

(A) completing at least 15 years of creditable service, the last five of which have been membership service, and attaining the age of 60 years; or

(B) completing at least eight years of membership service and attaining the age of 60 years; or

(C) completing at least 30 years of creditable service, the last five of which are membership service;

(24) "early retirement" means retirement after attaining the age of 55 years and completing either:

(A) at least 15 years of creditable service, the last five of which have been membership service, or

(B) at least eight years of membership service;

(25) "compulsory retirement" means involuntary retirement after attaining the age of 65 and completing either 15 years of creditable service, the last five of which have been membership service, or eight years of membership service, and failure of the teacher's employer to request that the teacher be retained;

(26) "permanent disability" means a physical or mental condition which, in the judgment of the administrator, based upon medical reports and other evidence satisfactory to the administrator, presumably prevents an employee from satisfactorily performing his usual duties for his employer or the duties of another position or job which an employer makes available and for which the employee is qualified by training or education.

Introduced: 2/23/73
Referred: Health, Education and
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 265

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the teachers' retirement system."

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

8 * Section 1. AS 14.25.040 is amended to read:

9 Sec. 14.25.040. MEMBERSHIP. After June 30, 1955, a teacher
10 contracting for service with an employer [, EXCEPT ONE WHOSE ATTAINED
11 AGE IN COMPLETED YEARS ON THE JULY 1 FALLING ON OR AFTER THE DATE OF
12 COMMENCEMENT OF SERVICE, LESS THE NUMBER OF YEARS OF CREDITABLE
13 SERVICE BEFORE THAT JULY 1, EXCEEDS 50, AND] who can complete eight
14 years of membership service or 15 years total service, the last five
15 of which are membership service, by the first day of July following
16 his 65th birthday, is subject to this chapter.

17 * Sec. 2. AS 14.25.055 is amended to read:

18 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY A TEACHER. If a
19 teacher is married or has a minor child and wishes to make his spouse
20 or minor child eligible for a spouse's pension or a survivor's allow-
21 ance, he may elect to make a supplemental contribution of an
22 additional one per cent of his base salary within 90 days of his
23 entry into participation in the system, [BUT NOT LATER THAN NOVEMBER
24 1, 1970,] or within 90 [30] days following the first day [AFTER OCTOBER
25 1, 1970,] on which he is entitled to make the election, or within 90
26 days of his marriage, or within 90 days of the birth or adoption of
27 a child dependent upon him [WHICHEVER IS LATER].

28 * Sec. 3. AS 14.25.060(c) is amended to read:

29 (c) If a teacher has creditable outside or Bureau of Indian

1 Affairs (BIA) service he is indebted, in addition to the contributions
2 required by sec. 50 of this chapter, as follows:

3 (1) If, at the time of becoming a member of the retirement
4 system, a teacher has no membership service, his indebtedness is
5 seven per cent of the base salary paid at the time of first becoming
6 employed as a teacher under this chapter, multiplied by the total
7 number of years of his creditable outside and BIA service at the time
8 of becoming a member. The combined total of outside and BIA service
9 claimed may not exceed 15 years; however, no more than 10 years out-
10 side service may be claimed. Compound interest at the rate pre-
11 scribed by regulation shall be added to the indebtedness beginning
12 July 1, 1963, or at the time of first becoming employed as a teacher,
13 whichever is later, to the date of payment or date of retirement,
14 whichever occurs first.

15 (2) If a teacher, after becoming a member of this retire-
16 ment system, discontinues active membership and subsequently desires
17 to be reinstated and to receive credit for outside service accumulated
18 in the interim, his indebtedness to the retirement fund for the
19 additional credit shall be computed as seven per cent of the base
20 salary received upon reinstatement multiplied by the number of years
21 of interim outside and BIA service. Compound interest at the rate
22 prescribed by regulation shall be added to the indebtedness beginning
23 on July 1, 1963, or at the time of reinstatement, whichever is later,
24 to the date of payment or the date of retirement, whichever occurs
25 first.

26 * Sec. 4. AS 14.25.065 is amended to read:

27 Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contri-
28 butions deducted in accordance with secs. 50 and 55 of this chapter
29 shall be transmitted to the retirement fund no later than 15 days

1 [THE 15TH OF THE MONTH] following the close of the payroll period,
2 with the final contributions due for any school year transmitted no
3 later than July 15 [AUGUST 31].

4 (b) The contributions of employers under sec. 70 of this chapter
5 shall be transmitted by a school district to the administrator at the
6 close of each pay period. If the contributions are not submitted
7 within 15 days of the close of each payroll period, the amount of the
8 contributions shall be deducted by the Department of Education from
9 the state funds due the school district and the amount so deducted
10 shall be transmitted to the administrator for deposit in the retire-
11 ment fund. The University of Alaska shall forward its contribution
12 to the administrator within 15 days of the close of each payroll
13 period for deposit in the retirement fund. If the contributions are
14 not submitted within 15 days of the close of each payroll period, the
15 amount of the contributions shall be deducted by the commissioner of
16 administration from any state funds due the University of Alaska and
17 the amount deducted shall be transmitted to the administrator for
18 deposit in the retirement fund.

19 * Sec. 5. AS 14.25.070 is amended to read:

20 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
21 contribute to the retirement fund either (1) an amount equal to one-
22 half the percentage, as certified by the administrator, of the sum
23 total of the base salaries of all teachers that is required in addition
24 to teacher contributions to provide the benefits of this chapter times
25 the sum total of the base salaries paid to teachers by the employer,
26 or (2) an amount equal to five and one-half per cent of the sum total
27 of the base salaries paid to teachers by the employer, whichever is
28 less. [THE CONTRIBUTIONS SHALL BE TRANSMITTED TO THE ADMINISTRATOR AT
29 THE CLOSE OF EACH PAY PERIOD. IF THE CONTRIBUTIONS ARE NOT SUBMITTED,

1 THE CONTRIBUTIONS SHALL BE DEDUCTED BY THE DEPARTMENT OF EDUCATION
2 FROM STATE FUNDS DUE THE SCHOOL DISTRICTS AND TRANSMITTED TO THE
3 TEACHERS' RETIREMENT SYSTEM FOR DEPOSIT IN THE RETIREMENT FUND. THE
4 UNIVERSITY OF ALASKA SHALL FORWARD ITS CONTRIBUTION TO THE ADMINI-
5 STRATOR AT THE CLOSE OF EACH PAY PERIOD FOR DEPOSIT BY HIM IN THE
6 RETIREMENT FUND.]

7 * Sec. 6. 14.25.080 is amended to read:

8 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legis-
9 lature may appropriate to the retirement fund an amount equal to
10 either one-half the percentage, as certified by the administrator, of
11 the amount required in addition to teacher contributions to provide
12 the benefits of this chapter or an amount equal to five and one-half
13 per cent of the teachers' base salaries, whichever is less. It may be
14 appropriated annually and deposited in the retirement fund monthly.

15 * Sec. 7. AS 14.25.090 is repealed.

16 * Sec. 8. AS 14.25.110 is repealed and re-enacted to read:

17 Sec. 14.25.110. ELIGIBILITY FOR SERVICE RETIREMENT. (a) A
18 teacher is eligible for normal retirement if he has completed either
19 (1) at least 15 years of creditable service, the last five of which
20 have been membership service, and has attained the age of 55 years,
21 or (2) at least eight years of membership service and has attained the
22 age of 60 years, or (3) at least 30 years of creditable service, the
23 last five of which have been membership service.

24 (b) A teacher is eligible for early retirement if he has com-
25 pleted either of the service requirements in (a)(1) or (a)(2) of this
26 section and has attained the age of 55 years.

27 (c) A teacher who has completed either of the service require-
28 ments in (a)(1) or (a)(2) of this section and has attained the age of
29 65 years during the school year, shall be retired on the July 1

1 following his 65th birthday unless he is retained by request of his
2 employer. Provisions of this subsection regarding compulsory retire-
3 ment do not apply to personnel of the University of Alaska.

4 (d) A retired teacher who has been receiving a disability retire-
5 ment salary is eligible for a service retirement salary upon attaining
6 60 years of age.

7 (e) The burden is upon the applicant to prove eligibility for
8 retirement benefits to the full satisfaction of the administrator.

9 * Sec. 9. AS 14.25.120(a) is amended to read:

10 (a) Every teacher who has applied for retirement salary and who
11 has satisfactorily shown his eligibility as provided in sec. 110 of
12 this chapter, shall receive from the retirement fund, for each school
13 year subsequent to the date of application, a retirement salary pay-
14 able on the first day of each month, beginning the month following
15 retirement.

16 * Sec. 10. AS 14.25.120(c)(1) is amended to read:

17 (1) If the teacher is eligible for normal retirement as of
18 [EITHER 60 YEARS OF AGE OR OLDER OR HAS 30 YEARS OF CREDITABLE SERVICE
19 ON] the date on which the application for a retirement salary is filed
20 and has paid into the retirement fund the full amount of his indebt-
21 edness, his annual retirement salary is two per cent of his [HIGHEST]
22 average base salary during any three of the last 10 years of member-
23 ship service multiplied by the total number of years of creditable
24 service [, AS DEFINED IN (F) OF THIS SECTION, MULTIPLIED BY THE TOTAL
25 NUMBER OF YEARS OF CREDITABLE SERVICE], including credited fractional
26 years.

27 * Sec. 11. AS 14.25.120(c)(4) is amended to read:

28 (4) If the teacher is not eligible for normal retirement,
29 but is eligible for early retirement, as defined in sec. 110(a) and

1 (b) of this chapter, [HAS NOT ATTAINED THE AGE OF 60 OR COMPLETED
2 30 YEARS OF CREDITABLE SERVICE] on the date when application for
3 retirement salary is filed, his [THE] annual retirement salary is the
4 amount that would be due and owing to the teacher if he were at least
5 60, [SHALL BE] reduced [ANNUALLY] by the amount derived from the
6 following computations: multiply one-half of one per cent times the
7 number of months, to the nearest month, by which the applicant's
8 attained age on the date of filing application falls short of 60
9 years, times the amount of annual retirement salary that would be due
10 and owing the teacher if he were at least 60 years of age.

11 * Sec. 12. AS 14.25.120(c)(8) is amended to read:

12 (8) During a [THE] period of re-employment following retire-
13 ment, deductions from salary may be made at the option of the teacher
14 for contributions to the retirement fund as provided in sec. 50 of
15 this chapter. If deductions are made, the annual amount of retire-
16 ment salary shall be increased when the teacher again retires from
17 active membership service, by adding to the annual amount previously
18 payable, an amount equal to two per cent of the teacher's base salary
19 for the period of re-employment. However, if the teacher has not
20 attained the age of 60 on the date when payment of retirement salary
21 is resumed, the additional amount provided for in this paragraph shall
22 be reduced [ANNUALLY] by the amount derived from the following com-
23 putations: multiply one-half of one per cent times the number of
24 months, to the nearest month, by which the teacher's attained age on
25 the date of subsequent retirement falls short of 60 years, times the
26 additional amount provided in this paragraph.

27 * Sec. 13. AS 14.25.120(e) and (f) are repealed.

28 * Sec. 14. AS 14.25.120(g) is amended to read:

29 (g) A teacher who retired before July 1, 1971, with at least 25

1 years of creditable service, at least 15 of which were membership
2 service, and who is entitled to a retirement salary under either this
3 retirement fund or the retirement fund of 1945, shall receive a
4 service retirement salary of not less than \$375 a month, based on a
5 minimum sum of \$15 per [A] month for each year of creditable service
6 up to 25 years, not including adjustments made under sec. 142 or sec.
7 143 of this chapter. A teacher who retired before July 1, 1971, with
8 less than 25 years of creditable service, and who is entitled to a
9 retirement salary under either this retirement fund or the retirement
10 fund of 1945, shall receive a service retirement salary of at least
11 \$15 per [A] month for each year of credited service. If, on the date
12 the teacher originally applied for retirement salary, the teacher
13 elected option two as provided by (c)(2)(B) of this section as payment
14 of his indebtedness or a reduced benefit in accordance with (c)(4) of
15 this section, the amount of the dollar reduction shall remain in
16 effect.

17 * Sec. 15. AS 14.25.130(a) is amended to read:

18 (a) A teacher in membership service who has become permanently
19 disabled, as defined in sec. 220 of this chapter, before age 60 and
20 who has had five or more membership years may be retired by the
21 administrator as of the first day of the month following the perma-
22 nent disability. The administrator, after a report of medical
23 examination of the teacher and other information the administrator
24 may request has been submitted, shall certify that the teacher is
25 physically or mentally incapacitated for the further performance of
26 duty, and that the incapacity is likely to be permanent and that the
27 teacher should be retired.

28 * Sec. 16. AS 14.25.140(a) is amended to read:

29 (a) A teacher who becomes disabled on or after July 1, 1966 and

1 has applied for disability retirement salary shall receive from the
2 retirement fund, during [FOR] each [SCHOOL] year subsequent to the date
3 of application and certification by the administrator under sec. 130
4 of this chapter, a disability retirement salary payable on the first
5 day of each month, beginning the month following the disability.

6 * Sec. 17. AS 14.25.140(c) is amended to read:

7 (c) The amount of the disability retirement shall be equal to 50
8 per cent of the teacher's [HIS] base salary immediately before his
9 becoming disabled. The disability retirement salary shall be increased
10 by 10 per cent of the teacher's base salary at the date of disability
11 for each minor child, up to a maximum of four minor children, until the
12 first day of the month in which the child ceases to be a minor child or
13 the disability retirement salary terminates, whichever occurs first.

14 * Sec. 18. AS 14.25.142(b) is repealed.

15 * Sec. 19. AS 14.25.143(a) is amended to read:

16 (a) When the administrator determines that the cost of living has
17 increased and that the financial condition of the retirement fund per-
18 mits, he may increase all normal retirement and survivor's benefits
19 salaries [THE PENSION PAYMENTS] to reflect this cost of living increase.

20 * Sec. 20. AS 14.25.145 is amended to read:

21 Sec. 14.25.145. INTEREST ON INDIVIDUAL ACCOUNTS. [AS OF JULY 1,
22 1962, WHEN A TEACHER BEGINS AT LEAST HIS THIRD YEAR OF MEMBERSHIP
23 SERVICE, HIS ACCOUNT SHALL BE CREDITED WITH AN AMOUNT EQUAL TO THE
24 INTEREST WHICH HIS ACCOUNT WOULD HAVE EARNED AT THE INTEREST RATES PRE-
25 SCRIBED BY REGULATION DURING HIS FIRST TWO YEARS OF MEMBERSHIP SERVICE
26 AND, IF NONE WAS PRESCRIBED DURING ANY PART OF THE PERIOD, AT THE
27 INTEREST RATES SUBSEQUENTLY PRESCRIBED BY REGULATION FOR THAT PART.
28 THEREAFTER, INTEREST] Interest shall be credited to each [A] teacher's
29 account at the end of each school year at the rate prescribed by regu-

1 lation for that year.

2 * Sec. 21. AS 14.25.150(1) is amended to read:

3 (1) A teacher leaving membership service [IF A TEACHER HAS
4 NOT BEEN IN MEMBERSHIP SERVICE FOR MORE THAN TWO YEARS, HE] shall re-
5 ceive his total accumulated contributions plus interest credited to
6 his individual contribution account, less any amounts owing to the
7 retirement fund because of previous withdrawals.

8 * Sec. 22. AS 14.25.150(2) is repealed.

9 * Sec. 23. AS 14.25.150(3) is amended to read:

10 (3) If a teacher who has received a refund of contributions
11 is re-employed in membership service, he is, upon his re-employment,
12 [BECOMES] indebted to the retirement fund in the amount of the
13 refund, including interest paid him [, IF ANY, INCREASED BY THE AMOUNT,
14 IF ANY, DEDUCTED FOR ADMINISTRATIVE EXPENSES]. This indebtedness to the
15 retirement fund shall bear compound interest at the rate prescribed by
16 regulation beginning July 1 following the date of re-employment to the
17 date of repayment or the date of retirement of the teacher, whichever
18 occurs first.

19 * Sec. 24. AS 14.25.162(e) is amended to read:

20 (e) A person entitled to the survivor's allowance under this
21 section and who resides in the state after the death of the teacher
22 shall receive a cost of living allowance in addition to his survivor's
23 allowance. The amount of this allowance shall be the amount determined
24 by the administrator under sec. 142 of this chapter [IS DETERMINED BY
25 MULTIPLYING THE SURVIVOR'S ALLOWANCE BY A PERCENTAGE DETERMINED BY THE
26 ADMINISTRATOR NOT TO EXCEED 10 PER CENT OF THE SURVIVOR'S ALLOWANCE].
27 The administrator may implement this subsection by regulations. [THE
28 COST OF LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

29 * Sec. 25. AS 14.25.162(f) is amended to read:

1 (f) When the administrator determines that the cost of living
2 has increased and that the financial condition of the retirement fund
3 permits, he may increase the survivor's allowance to reflect this cost
4 of living increase. The amount of the increase shall be the amount
5 determined by the administrator under sec. 143 of this chapter [EQUAL
6 TO NOT MORE THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE
7 DEATH OF THE TEACHER]. Increases accrue from the first of July next
8 following the death of the teacher and shall be paid beginning the
9 first of July of each year. The administrator is authorized to imple-
10 ment this subsection by regulation.

11 * Sec. 26. AS 14.25.164(b) is amended to read:

12 (b) The spouse's pension is payable on the first day of each
13 month, commencing with the first day of the month coinciding with or
14 next following the month in which the spouse attains age 60, unless the
15 spouse is totally and permanently disabled, as defined in sec. 220
16 of this chapter, before age 60. If the spouse is totally and permanent-
17 ly disabled from engaging in a regular remunerative occupation or
18 employment, the spouse's pension shall commence on the first of the
19 month coinciding with or next following the teacher's death, or the
20 date of disability, whichever is later. In the event that the spouse
21 ceases to be totally and permanently disabled before age 60, the
22 pension shall be suspended until the spouse again becomes eligible for
23 the pension because of age. The payment on the first day of the month
24 in which the spouse dies or remarries constitutes the last payment.

25 * Sec. 27. AS 14.25.164(e) is amended to read:

26 (e) A person entitled to the spouse's pension under this section
27 and who resides in the state after the death of the teacher shall re-
28 ceive a cost of living allowance in addition to his spouse's pension.
29 The amount of this allowance shall be the amount determined by the

1 administrator under sec. 142 of this chapter [IS DETERMINED BY MULTI-
2 PLYING THE SPOUSE'S PENSION BY A PERCENTAGE DETERMINED BY THE ADMINI-
3 STRATOR NOT TO EXCEED 10 PER CENT OF THE SPOUSE'S PENSION]. The admini-
4 strator may implement this subsection by regulation. [THE COST OF
5 LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

6 * Sec. 28. AS 14.25.164(f) is amended to read:

7 (f) When the administrator determines that the cost of living has
8 increased and that the financial condition of the retirement fund per-
9 mits, he may increase the spouse's pension to reflect this cost of
10 living increase. The amount of the increase shall be determined by
11 the administrator under sec. 143 of this chapter [EQUAL TO NOT MORE
12 THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE DEATH OF THE
13 TEACHER]. Increases accrue from the first of July next following the
14 death of the teacher and shall be paid beginning the first of July of
15 each year. The administrator is authorized to implement this sub-
16 section by regulation.

17 * Sec. 29. AS 14.25.190 is amended to read:

18 Sec. 14.25.190. ACTUARIAL EVALUATIONS OF THE RETIREMENT FUND. Ac-
19 tual evaluations of the retirement fund shall be made at intervals
20 of not more than five years and on the basis of the re-evaluations the
21 administrator may recommend any necessary readjustment to the legis-
22 lature. Actuarial and financial experience analyses shall be prepared
23 and certified by a member of the American Academy of Actuaries.

24 * Sec. 30. AS 14.25.220(3) is amended to read:

25 (3) "creditable service" means outside and Bureau of Indian
26 Affairs (BIA) service not exceeding 15 [10] years, with outside service
27 limited to 10 years, [AND IN STATE BIA SERVICE WITH NO LIMITATION ON
28 YEARS,] plus all membership service as provided in (5) of this section;

29 * Sec. 31. AS 14.25.220(15) is amended to read:

1 (15) "teacher" or "member" means a certified teacher, certi-
2 fied school nurse, principal, supervisor, or superintendent employed on
3 a full-time or a part-time basis in a position having duties which nor-
4 mally require a year of service in the public schools of the state, the
5 commissioner of education, supervisors within the Department of Edu-
6 cation, and all full-time resident professional and administrative per-
7 sonnel of the University of Alaska [AS DESIGNATED BY THE BOARD OF
8 REGENTS], in case of doubt, [EXCEPT AS TO PERSONNEL OF THE UNIVERSITY
9 OF ALASKA,] the administrator shall finally determine whether or not a
10 person is a teacher as defined in this chapter;

11 # Sec. 32. AS 14.25.220(16) is amended to read:

12 (16) "year of service" means membership service during the
13 dates set for a school term under AS 14.03.030; fractional credit shall
14 be given for membership service after July 1, 1967, during any school
15 year as follows:

- 16 (A) less than nine days, no credit;
17 (B) nine days or more but less than 27 days, 0.1 years;
18 (C) 27 days or more but less than 45 days, 0.2 years;
19 (D) 45 days or more but less than 63 days, 0.3 years;
20 (E) 63 days or more but less than 81 days, 0.4 years;
21 (F) 81 days or more but less than 100 days, 0.5 years;
22 (G) 100 days or more but less than 118 days, 0.6 years;
23 (H) 118 days or more but less than 136 days, 0.7 years;
24 (I) 136 days or more but less than 154 days, 0.8 years;
25 (J) 154 days or more but less than 172 days, 0.9 years;
26 (K) 172 days or more, 1.0 years; if service is per-
27 formed on a part-time basis, one-half credit shall be given for each day
28 of service [1969, ACCORDING TO THE RATIO THAT THE NUMBER OF DAYS OF
29 SERVICE BEARS TO 180 DAYS; IF SERVICE IS PERFORMED ON A PART-TIME BASIS,

1 FRACTIONAL CREDIT SHALL BE GIVEN ACCORDING TO THE RATIO THAT THE NUMBER
2 OF HOURS OF EMPLOYMENT BEARS TO THE NUMBER OF HOURS OF EMPLOYMENT HAD
3 THE SERVICE BEEN PERFORMED ON A FULL-TIME BASIS];

4 * Sec. 33. AS 14.25.220 is amended by adding new paragraphs to read:

5 (23) "normal retirement" means retirement after:

6 (A) completing at least 15 years of creditable service,
7 the last five of which have been membership service, and attaining
8 the age of 60 years; or

9 (B) completing at least eight years of membership
10 service and attaining the age of 60 years; or

11 (C) completing at least 30 years of creditable service,
12 the last five of which are membership service;

13 (24) "early retirement" means retirement after attaining the
14 age of 55 years and completing either:

15 (A) at least 15 years of creditable service, the last
16 five of which have been membership service, or

17 (B) at least eight years of membership service;

18 (25) "compulsory retirement" means involuntary retirement
19 after attaining the age of 65 and completing either 15 years of credit-
20 able service, the last five of which have been membership service, or
21 eight years of membership service, and failure of the teacher's employer
22 to request that the teacher be retained;

23 (26) "permanent disability" means a physical or mental con-
24 dition which, in the judgment of the administrator, based upon medical
25 reports and other evidence satisfactory to the administrator, presumably
26 prevents an employee from satisfactorily performing his usual duties
27 for his employer or the duties of another position or job which an
28 employer makes available and for which the employee is qualified by
29 training or education.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

COMMITTEE REPORT

3/14/73

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 265

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HB 265 AND THAT

CS FOR HB 265 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>
<u>[Signature]</u>	<u>[Signature]</u>	<u>[Signature]</u>

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman



JUNEAU ALASKA

Alaska State Legislature
House

FINANCE COMMITTEE BILL ASSIGNMENT

TO: Representative Warwick
House Finance Committee

DATE: March 15, 1973

FROM: Earl D. Hillstrand
Chairman
House Finance Committee

BILL NO.: HOUSE BILL 265

TITLE: "An Act relating to the teachers' retirement system."

COMMENTS: This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

Introduced: 2/23/73
Referred: Health, Education and
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 265

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the teachers' retirement system."

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

8 * Section 1. AS 14.25.040 is amended to read:

9 Sec. 14.25.040. MEMBERSHIP. After June 30, 1955, a teacher
10 contracting for service with an employer [, EXCEPT ONE WHOSE ATTAINED
11 AGE IN COMPLETED YEARS ON THE JULY 1 FALLING ON OR AFTER THE DATE OF
12 COMMENCEMENT OF SERVICE, LESS THE NUMBER OF YEARS OF CREDITABLE
13 SERVICE BEFORE THAT JULY 1, EXCEEDS 50, AND] who can complete eight
14 years of membership service or 15 years total service, the last five
15 of which are membership service, by the first day of July following
16 his 65th birthday, is subject to this chapter.

17 * Sec. 2. AS 14.25.055 is amended to read:

18 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTION BY A TEACHER. If a
19 teacher is married or has a minor child and wishes to make his spouse
20 or minor child eligible for a spouse's pension or a survivor's allow-
21 ance, he may elect to make a supplemental contribution of an
22 additional one per cent of his base salary within 90 days of his
23 entry into participation in the system, [BUT NOT LATER THAN NOVEMBER
24 1, 1970,] or within 90 [30] days following the first day [AFTER OCTOBER
25 1, 1970,] on which he is entitled to make the election, or within 90
26 days of his marriage, or within 90 days of the birth or adoption of
27 a child dependent upon him [WHICHEVER IS LATER].

28 * Sec. 3. AS 14.25.060(c) is amended to read:

29 (c) If a teacher has creditable outside or Bureau of Indian

1 Affairs (BIA) service he is indebted, in addition to the contributions
2 required by sec. 50 of this chapter, as follows:

3 (1) If, at the time of becoming a member of the retirement
4 system, a teacher has no membership service, his indebtedness is
5 seven per cent of the base salary paid at the time of first becoming
6 employed as a teacher under this chapter, multiplied by the total
7 number of years of his creditable outside and BIA service at the time
8 of becoming a member. The combined total of outside and BIA service
9 claimed may not exceed 15 years; however, no more than 10 years out-
10 side service may be claimed. Compound interest at the rate pre-
11 scribed by regulation shall be added to the indebtedness beginning
12 July 1, 1963, or at the time of first becoming employed as a teacher,
13 whichever is later, to the date of payment or date of retirement,
14 whichever occurs first.

15 (2) If a teacher, after becoming a member of this retire-
16 ment system, discontinues active membership and subsequently desires
17 to be reinstated and to receive credit for outside service accumulated
18 in the interim, his indebtedness to the retirement fund for the
19 additional credit shall be computed as seven per cent of the base
20 salary received upon reinstatement multiplied by the number of years
21 of interim outside and BIA service. Compound interest at the rate
22 prescribed by regulation shall be added to the indebtedness beginning
23 on July 1, 1963, or at the time of reinstatement, whichever is later,
24 to the date of payment or the date of retirement, whichever occurs
25 first.

26 * Sec. 4. AS 14.25.065 is amended to read:

27 Sec. 14.25.065. TRANSMITTAL OF CONTRIBUTIONS. (a) All contri-
28 butions deducted in accordance with secs. 50 and 55 of this chapter
29 shall be transmitted to the retirement fund no later than 15 days

1 [THE 15TH OF THE MONTH] following the close of the payroll period,
2 with the final contributions due for any school year transmitted no
3 later than July 15 [AUGUST 31].

4 (b) The contributions of employers under sec. 70 of this chapter
5 shall be transmitted by a school district to the administrator at the
6 close of each pay period. If the contributions are not submitted
7 within 15 days of the close of each payroll period, the amount of the
8 contributions shall be deducted by the Department of Education from
9 the state funds due the school district and the amount so deducted
10 shall be transmitted to the administrator for deposit in the retire-
11 ment fund. The University of Alaska shall forward its contribution
12 to the administrator within 15 days of the close of each payroll
13 period for deposit in the retirement fund. If the contributions are
14 not submitted within 15 days of the close of each payroll period, the
15 amount of the contributions shall be deducted by the commissioner of
16 administration from any state funds due the University of Alaska and
17 the amount deducted shall be transmitted to the administrator for
18 deposit in the retirement fund.

19 * Sec. 5. AS 14.25.070 is amended to read:

20 Sec. 14.25.070. CONTRIBUTIONS BY EMPLOYER. An employer shall
21 contribute to the retirement fund either (1) an amount equal to one-
22 half the percentage, as certified by the administrator, of the sum
23 total of the base salaries of all teachers that is required in addition
24 to teacher contributions to provide the benefits of this chapter times
25 the sum total of the base salaries paid to teachers by the employer,
26 or (2) an amount equal to five and one-half per cent of the sum total
27 of the base salaries paid to teachers by the employer, whichever is
28 less. [THE CONTRIBUTIONS SHALL BE TRANSMITTED TO THE ADMINISTRATOR AT
29 THE CLOSE OF EACH PAY PERIOD. IF THE CONTRIBUTIONS ARE NOT SUBMITTED,

1 THE CONTRIBUTIONS SHALL BE DEDUCTED BY THE DEPARTMENT OF EDUCATION
2 FROM STATE FUNDS DUE THE SCHOOL DISTRICTS AND TRANSMITTED TO THE
3 TEACHERS' RETIREMENT SYSTEM FOR DEPOSIT IN THE RETIREMENT FUND. THE
4 UNIVERSITY OF ALASKA SHALL FORWARD ITS CONTRIBUTION TO THE ADMINI-
5 STRATOR AT THE CLOSE OF EACH PAY PERIOD FOR DEPOSIT BY HIM IN THE
6 RETIREMENT FUND.]

7 * Sec. 6. 14.25.080 is amended to read:

8 Sec. 14.25.080. CONTRIBUTIONS BY THE STATE. The state legis-
9 lature may appropriate to the retirement fund an amount equal to
10 either one-half the percentage, as certified by the administrator, of
11 the amount required in addition to teacher contributions to provide
12 the benefits of this chapter or an amount equal to five and one-half
13 per cent of the teachers' base salaries, whichever is less. It may be
14 appropriated annually and deposited in the retirement fund monthly.

15 * Sec. 7. AS 14.25.090 is repealed.

16 * Sec. 8. AS 14.25.110 is repealed and re-enacted to read:

17 Sec. 14.25.110. ELIGIBILITY FOR SERVICE RETIREMENT. (a) A
18 teacher is eligible for normal retirement if he has completed either
19 (1) at least 15 years of creditable service, the last five of which
20 have been membership service, and has attained the age of 55 years,
21 or (2) at least eight years of membership service and has attained the
22 age of 60 years, or (3) at least 30 years of creditable service, the
23 last five of which have been membership service.

24 (b) A teacher is eligible for early retirement if he has com-
25 pleted either of the service requirements in (a)(1) or (a)(2) of this
26 section and has attained the age of 55 years.

27 (c) A teacher who has completed either of the service require-
28 ments in (a)(1) or (a)(2) of this section and has attained the age of
29 65 years during the school year, shall be retired on the July 1

1 following his 65th birthday unless he is retained by request of his
2 employer. Provisions of this subsection regarding compulsory retire-
3 ment do not apply to personnel of the University of Alaska.

4 (d) A retired teacher who has been receiving a disability retire-
5 ment salary is eligible for a service retirement salary upon attaining
6 60 years of age.

7 (e) The burden is upon the applicant to prove eligibility for
8 retirement benefits to the full satisfaction of the administrator.

9 * Sec. 9. AS 14.25.120(a) is amended to read:

10 (a) Every teacher who has applied for retirement salary and who
11 has satisfactorily shown his eligibility as provided in sec. 110 of
12 this chapter. shall receive from the retirement fund, for each school
13 year subsequent to the date of application, a retirement salary pay-
14 able on the first day of each month, beginning the month following
15 retirement.

16 * Sec. 10. AS 14.25.120(c)(1) is amended to read:

17 (1) If the teacher is eligible for normal retirement as of
18 [EITHER 60 YEARS OF AGE OR OLDER OR HAS 30 YEARS OF CREDITABLE SERVICE
19 ON] the date on which the application for a retirement salary is filed
20 and has paid into the retirement fund the full amount of his indebt-
21 edness, his annual retirement salary is two per cent of his [HIGHEST]
22 average base salary during any three of the last 10 years of member-
23 ship service multiplied by the total number of years of creditable
24 service [, AS DEFINED IN (F) OF THIS SECTION, MULTIPLIED BY THE TOTAL
25 NUMBER OF YEARS OF CREDITABLE SERVICE], including credited fractional
26 years.

27 * Sec. 11. AS 14.25.120(c)(4) is amended to read:

28 (4) If the teacher is not eligible for normal retirement,
29 but is eligible for early retirement, as defined in sec. 110(a) and

1 (b) of this chapter, [HAS NOT ATTAINED THE AGE OF 60 OR COMPLETED
2 30 YEARS OF CREDITABLE SERVICE] on the date when application for
3 retirement salary is filed, his [THE] annual retirement salary is the
4 amount that would be due and owing to the teacher if he were at least
5 60, [SHALL BE] reduced [ANNUALLY] by the amount derived from the
6 following computations: multiply one-half of one per cent times the
7 number of months, to the nearest month, by which the applicant's
8 attained age on the date of filing application falls short of 60
9 years, times the amount of annual retirement salary that would be due
10 and owing the teacher if he were at least 60 years of age.

11 * Sec. 12. AS 14.25.120(c)(8) is amended to read:

12 (8) During a [THE] period of re-employment following retire-
13 ment, deductions from salary may be made at the option of the teacher
14 for contributions to the retirement fund as provided in sec. 50 of
15 this chapter. If deductions are made, the annual amount of retire-
16 ment salary shall be increased when the teacher again retires from
17 active membership service, by adding to the annual amount previously
18 payable, an amount equal to two per cent of the teacher's base salary
19 for the period of re-employment. However, if the teacher has not
20 attained the age of 60 on the date when payment of retirement salary
21 is resumed, the additional amount provided for in this paragraph shall
22 be reduced [ANNUALLY] by the amount derived from the following com-
23 putations: multiply one-half of one per cent times the number of
24 months, to the nearest month, by which the teacher's attained age on
25 the date of subsequent retirement falls short of 60 years, times the
26 additional amount provided in this paragraph.

27 * Sec. 13. AS 14.25.120(e) and (f) are repealed.

28 * Sec. 14. AS 14.25.120(g) is amended to read:

29 (g) A teacher who retired before July 1, 1971, with at least 25

1 years of creditable service, at least 15 of which were membership
2 service, and who is entitled to a retirement salary under either this
3 retirement fund or the retirement fund of 1945, shall receive a
4 service retirement salary of not less than \$375 a month, based on a
5 minimum sum of \$15 per [A] month for each year of creditable service
6 up to 25 years, not including adjustments made under sec. 142 or sec.
7 143 of this chapter. A teacher who retired before July 1, 1971, with
8 less than 25 years of creditable service, and who is entitled to a
9 retirement salary under either this retirement fund or the retirement
10 fund of 1945, shall receive a service retirement salary of at least
11 \$15 per [A] month for each year of credited service. If, on the date
12 the teacher originally applied for retirement salary, the teacher
13 elected option two as provided by (c)(2)(B) of this section as payment
14 of his indebtedness or a reduced benefit in accordance with (c)(4) of
15 this section, the amount of the dollar reduction shall remain in
16 effect.

17 * Sec. 15. AS 14.25.130(a) is amended to read:

18 (a) A teacher in membership service who has become permanently
19 disabled, as defined in sec. 220 of this chapter, before age 60 and
20 who has had five or more membership years may be retired by the
21 administrator as of the first day of the month following the perma-
22 nent disability. The administrator, after a report of medical
23 examination of the teacher and other information the administrator
24 may request has been submitted, shall certify that the teacher is
25 physically or mentally incapacitated for the further performance of
26 duty, and that the incapacity is likely to be permanent and that the
27 teacher should be retired.

28 * Sec. 16. AS 14.25.140(a) is amended to read:

29 (a) A teacher who becomes disabled on or after July 1, 1966 and

1 has applied for disability retirement salary shall receive from the
2 retirement fund, during [FOR] each [SCHOOL] year subsequent to the date
3 of application and certification by the administrator under sec. 130
4 of this chapter, a disability retirement salary payable on the first
5 day of each month, beginning the month following the disability.

6 * Sec. 17. AS 14.25.140(c) is amended to read:

7 (c) The amount of the disability retirement shall be equal to 50
8 per cent of the teacher's [HIS] base salary immediately before his
9 becoming disabled. The disability retirement salary shall be increased
10 by 10 per cent of the teacher's base salary at the date of disability
11 for each minor child, up to a maximum of four minor children, until the
12 first day of the month in which the child ceases to be a minor child or
13 the disability retirement salary terminates, whichever occurs first.

14 * Sec. 18. AS 14.25.142(b) is repealed.

15 * Sec. 19. AS 14.25.143(a) is amended to read:

16 (a) When the administrator determines that the cost of living has
17 increased and that the financial condition of the retirement fund per-
18 mits, he may increase all normal retirement and survivor's benefits
19 salaries [THE PENSION PAYMENTS] to reflect this cost of living increase.

20 * Sec. 20. AS 14.25.145 is amended to read:

21 Sec. 14.25.145. INTEREST ON INDIVIDUAL ACCOUNTS. [AS OF JULY 1,
22 1962, WHEN A TEACHER BEGINS AT LEAST HIS THIRD YEAR OF MEMBERSHIP
23 SERVICE, HIS ACCOUNT SHALL BE CREDITED WITH AN AMOUNT EQUAL TO THE
24 INTEREST WHICH HIS ACCOUNT WOULD HAVE EARNED AT THE INTEREST RATES PRE-
25 SCRIBED BY REGULATION DURING HIS FIRST TWO YEARS OF MEMBERSHIP SERVICE
26 AND, IF NONE WAS PRESCRIBED DURING ANY PART OF THE PERIOD, AT THE
27 INTEREST RATES SUBSEQUENTLY PRESCRIBED BY REGULATION FOR THAT PART.
28 THEREAFTER, INTEREST] Interest shall be credited to each [A] teacher's
29 account at the end of each school year at the rate prescribed by regu-

1 lation for that year.

2 * Sec. 21. AS 14.25.150(1) is amended to read:

3 (1) A teacher leaving membership service [IF A TEACHER HAS
4 NOT BEEN IN MEMBERSHIP SERVICE FOR MORE THAN TWO YEARS, HE] shall re-
5 ceive his total accumulated contributions plus interest credited to
6 his individual contribution account, less any amounts owing to the
7 retirement fund because of previous withdrawals.

8 * Sec. 22. AS 14.25.150(2) is repealed.

9 * Sec. 23. AS 14.25.150(3) is amended to read:

10 (3) If a teacher who has received a refund of contributions
11 is re-employed in membership service, he is, upon his re-employment,
12 [BECOMES] indebted to the retirement fund in the amount of the
13 refund, including interest paid him [, IF ANY, INCREASED BY THE AMOUNT,
14 IF ANY, DEDUCTED FOR ADMINISTRATIVE EXPENSES]. This indebtedness to the
15 retirement fund shall bear compound interest at the rate prescribed by
16 regulation beginning July 1 following the date of re-employment to the
17 date of repayment or the date of retirement of the teacher, whichever
18 occurs first.

19 * Sec. 24. AS 14.25.162(e) is amended to read:

20 (e) A person entitled to the survivor's allowance under this
21 section and who resides in the state after the death of the teacher
22 shall receive a cost of living allowance in addition to his survivor's
23 allowance. The amount of this allowance shall be the amount determined
24 by the administrator under sec. 142 of this chapter [IS DETERMINED BY
25 MULTIPLYING THE SURVIVOR'S ALLOWANCE BY A PERCENTAGE DETERMINED BY THE
26 ADMINISTRATOR NOT TO EXCEED 10 PER CENT OF THE SURVIVOR'S ALLOWANCE].
27 The administrator may implement this subsection by regulations. [THE
28 COST OF LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

29 * Sec. 25. AS 14.25.162(f) is amended to read:

1 (f) When the administrator determines that the cost of living
2 has increased and that the financial condition of the retirement fund
3 permits, he may increase the survivor's allowance to reflect this cost
4 of living increase. The amount of the increase shall be the amount
5 determined by the administrator under sec. 143 of this chapter [EQUAL
6 TO NOT MORE THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE
7 DEATH OF THE TEACHER]. Increases accrue from the first of July next
8 following the death of the teacher and shall be paid beginning the
9 first of July of each year. The administrator is authorized to imple-
10 ment this subsection by regulation.

11 * Sec. 26. AS 14.25.164(b) is amended to read:

12 (b) The spouse's pension is payable on the first day of each
13 month, commencing with the first day of the month coinciding with or
14 next following the month in which the spouse attains age 60, unless the
15 spouse is totally and permanently disabled, as defined in sec. 220
16 of this chapter, before age 60. If the spouse is totally and permanent-
17 ly disabled from engaging in a regular remunerative occupation or
18 employment, the spouse's pension shall commence on the first of the
19 month coinciding with or next following the teacher's death, or the
20 date of disability, whichever is later. In the event that the spouse
21 ceases to be totally and permanently disabled before age 60, the
22 pension shall be suspended until the spouse again becomes eligible for
23 the pension because of age. The payment on the first day of the month
24 in which the spouse dies or remarries constitutes the last payment.

25 * Sec. 27. AS 14.25.164(e) is amended to read:

26 (e) A person entitled to the spouse's pension under this section
27 and who resides in the state after the death of the teacher shall re-
28 ceive a cost of living allowance in addition to his spouse's pension.
29 The amount of this allowance shall be the amount determined by the

1 administrator under sec. 142 of this chapter [IS DETERMINED BY MULTI-
2 PLYING THE SPOUSE'S PENSION BY A PERCENTAGE DETERMINED BY THE ADMINI-
3 STRATOR NOT TO EXCEED 10 PER CENT OF THE SPOUSE'S PENSION]. The admini-
4 strator may implement this subsection by regulation. [THE COST OF
5 LIVING ALLOWANCE SHALL BE PAID FROM THE STATE GENERAL FUND.]

6 * Sec. 28. AS 14.25.164(f) is amended to read:

7 (f) When the administrator determines that the cost of living has
8 increased and that the financial condition of the retirement fund per-
9 mits, he may increase the spouse's pension to reflect this cost of
10 living increase. The amount of the increase shall be determined by
11 the administrator under sec. 143 of this chapter [EQUAL TO NOT MORE
12 THAN ONE AND ONE-HALF PER CENT FOR EACH YEAR AFTER THE DEATH OF THE
13 TEACHER]. Increases accrue from the first of July next following the
14 death of the teacher and shall be paid beginning the first of July of
15 each year. The administrator is authorized to implement this sub-
16 section by regulation.

17 * Sec. 29. AS 14.25.190 is amended to read:

18 Sec. 14.25.190. ACTUARIAL EVALUATIONS OF THE RETIREMENT FUND. Ac-
19 tual evaluations of the retirement fund shall be made at intervals
20 of not more than five years and on the basis of the re-evaluations the
21 administrator may recommend any necessary readjustment to the legis-
22 lature. Actuarial and financial experience analyses shall be prepared
23 and certified by a member of the American Academy of Actuaries.

24 * Sec. 30. AS 14.25.220(3) is amended to read:

25 (3) "creditable service" means outside and Bureau of Indian
26 Affairs (BIA) service not exceeding 15 [10] years, with outside service
27 limited to 10 years, [AND IN STATE BIA SERVICE WITH NO LIMITATION ON
28 YEARS,] plus all membership service as provided in (5) of this section;

29 * Sec. 31. AS 14.25.220(15) is amended to read:

1 (15) "teacher" or "member" means a certified teacher, certi-
2 fied school nurse, principal, supervisor, or superintendent employed on
3 a full-time or a part-time basis in a position having duties which nor-
4 mally require a year of service in the public schools of the state, the
5 commissioner of education, supervisors within the Department of Edu-
6 cation, and all full-time resident professional and administrative per-
7 sonnel of the University of Alaska [AS DESIGNATED BY THE BOARD OF
8 REGENTS]; in case of doubt, [EXCEPT AS TO PERSONNEL OF THE UNIVERSITY
9 OF ALASKA,] the administrator shall finally determine whether or not a
10 person is a teacher as defined in this chapter;

11 * Sec. 32. AS 14.25.220(16) is amended to read:

12 (16) "year of service" means membership service during the
13 dates set for a school term under AS 14.03.030; fractional credit shall
14 be given for membership service after July 1, 1967, during any school
15 year as follows:

- 16 (A) less than nine days, no credit;
17 (B) nine days or more but less than 27 days, 0.1 years;
18 (C) 27 days or more but less than 45 days, 0.2 years;
19 (D) 45 days or more but less than 63 days, 0.3 years;
20 (E) 63 days or more but less than 81 days, 0.4 years;
21 (F) 81 days or more but less than 100 days, 0.5 years;
22 (G) 100 days or more but less than 118 days, 0.6 years;
23 (H) 118 days or more but less than 136 days, 0.7 years;
24 (I) 136 days or more but less than 154 days, 0.8 years;
25 (J) 154 days or more but less than 172 days, 0.9 years;
26 (K) 172 days or more, 1.0 years; if service is per-
27 formed on a part-time basis, one-half credit shall be given for each day
28 of service [1969, ACCORDING TO THE RATIO THAT THE NUMBER OF DAYS OF
29 SERVICE BEARS TO 180 DAYS; IF SERVICE IS PERFORMED ON A PART-TIME BASIS,

1 FRACTIONAL CREDIT SHALL BE GIVEN ACCORDING TO THE RATIO THAT THE NUMBER
2 OF HOURS OF EMPLOYMENT BEARS TO THE NUMBER OF HOURS OF EMPLOYMENT HAD
3 THE SERVICE BEEN PERFORMED ON A FULL-TIME BASIS];

4 * Sec. 33. AS 14.25.220 is amended by adding new paragraphs to read:

5 (23) "normal retirement" means retirement after:

6 (A) completing at least 15 years of creditable service,
7 the last five of which have been membership service, and attaining
8 the age of 60 years; or

9 (B) completing at least eight years of membership
10 service and attaining the age of 60 years; or

11 (C) completing at least 30 years of creditable service,
12 the last five of which are membership service;

13 (24) "early retirement" means retirement after attaining the
14 age of 55 years and completing either:

15 (A) at least 15 years of creditable service, the last
16 five of which have been membership service, or

17 (B) at least eight years of membership service;

18 (25) "compulsory retirement" means involuntary retirement
19 after attaining the age of 65 and completing either 15 years of credit-
20 able service, the last five of which have been membership service, or
21 eight years of membership service, and failure of the teacher's employer
22 to request that the teacher be retained;

23 (26) "permanent disability" means a physical or mental con-
24 dition which, in the judgment of the administrator, based upon medical
25 reports and other evidence satisfactory to the administrator, presumably
26 prevents an employee from satisfactorily performing his usual duties
27 for his employer or the duties of another position or job which an
28 employer makes available and for which the employee is qualified by
29 training or education.

The Legislature of the State of Alaska
 FISCAL NOTE
 First Session - Eighth Legislature

HB 265
 Ch 66

I. REQUEST

Bill Identification: SC for HB 265
 Title: Teachers' Retirement Revision
 Requested by: Legislative Finance Date: March 19, 1973
 Return Date Requested: _____
 Agency: Retirement Section Program: State Operated Schools
Dept. of Education, University of Alaska, Dept. of Administration

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	-0-	4.8	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	40-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
100 BENEFITS COST	-0-	(134.0)	-0-	-0-	-0-	-0-
TOTAL	-0-	4.8	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND	86.4%	-0-	4.1	-0-	-0-	-0-	-0-
FEDERAL FUNDS	14.8%	-0-	.7	-0-	-0-	-0-	-0-
OTHER		-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	/0	/1*	/0	/0	/0	/0
MAN MONTHS (P./T.)	/0	/1*	/0	/0	/0	/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Bill assumed to be effective July 1, 1973
 -See Attachment No. 1

IV. ATTACHMENTS

1. Financial Breakdown
- * 2. Fiscal Note for HB 255

V. DATE: March 19, 1973

PREPARED BY: Robert [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

ATTACHMENT

HOUSE BILL 265

House Bill 265 will have an effect on the State Budget and a separate effect on the Budgets of the School Districts.

The net effect to the State Budget will be to reduce the dollar amount spent. There are three areas of budgetary consideration:

1. The application of a \$15.00 per month minimum to all teachers retired before July 1, 1971 for service beyond 25 years of service. (An inclusion of HB 255)
2. The movement of the 10% Cost of Living Allowance payments from the State General Fund into the Retirement Fund.
3. The cessation of the State matching of arrearage contributions as this match has been included in the employer contribution rate.

STATE COSTS:

Item 1 - .13% increase in contribution rate or	\$76,710.00
Item 2 - (a) A cessation of a General Fund Appropriation of (Est. F.Y. '73)	-90,000.00
(b) .09% increase in contribution rate to State	<u>53,100.00</u>
	-36,900.00
Item 3 - Termination of State Arrearage Appropriations	<u>-173,884.00</u>

STATE COST OF BENEFITS NET BUDGETARY EFFECT:
(Item 3 + Item 2 - Item 1)

-134,084.00

Plus a required Administrative Cost for Item 1
See HB 255 Fiscal Note

4,800.00

SCHOOL DISTRICTS COST

Items 1 and 2b apply only or a total increase of .22% of covered payroll.

I. REQUEST

Bill Identification: HB 255
 Title: Teachers' Retirement
 Requested by: Legislative Finance Date: March 8, 1973
 Return Date Requested: 3/15/73
 Agency: Retirement Section Program: Teachers' Retirement

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Department of Education, State Operated
 A. EXPENDITURES: (Thousands of dollars) Schools, Univ. of Alaska

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	4.8	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-
100 BENEFITS COST	100.0	105.0	110.3	115.8	121.6
TOTAL					

B. FUNDING: (Thousands of dollars)

GENERAL FUND	86.4%	86.7	86.4	90.7	95.3	100.0	105.0
FEDERAL FUNDS	14.6%	14.7	14.6	15.3	16.1	16.9	17.7
OTHER	-0-	-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	/ 1	0 /	0 /	0 /	0 /	0 /
MAN MONTHS (P./T.)	/ 1	0 /	0 /	0 /	0 /	0 /

Plus additional time of the full time staff for 1/2 a man month

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III.)

The Personnel Time involved affects the Chief Accountant and at least one Benefit Field Representative with clerical support to recalculate benefits already computed under the existing formula.

The purpose of this Bill is to alter an interpretation of Senate Bill 290 passed last year. The new interpretation would create a higher minimum benefit for some teachers and therefore increase costs by .0013% of payroll or approximately \$100,000.00 per year total, or \$77,000.00 to the state and 23,000.00 to the school districts.

IV. ATTACHMENTS

V. DATE: 3/15/73 PREPARED BY: [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)



RECORDS



CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

Committee Report

S E N A T E

April 7, 1953

Date

Mr. President:

The Committee on Finance has had 15 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

CHAIRMAN

Introduced: 2/23/73
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 266

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public employees' retirement
7 system."

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

9 * Section 1. AS 39.35.040(2) is amended to read:

10 (2) to adopt, with modifications it considers proper, rules
11 and regulations recommended by the administrator [PERSONNEL DIRECTOR]
12 for carrying out this chapter;

13 * Sec. 2. AS 39.35.040(3) is amended to read:

14 (3) to consider and adopt resolutions on matters referred
15 to it by the administrator [PERSONNEL DIRECTOR] in connection with
16 changes in policy and revisions of this chapter;

17 * Sec. 3. AS 39.35.040(4) is repealed and re-enacted to read:

18 (4) to act as an appeals board, hold hearings at the request
19 of an employer, employee, widow or a beneficiary on decisions made by
20 the administrator, and submit its findings to the administrator;

21 * Sec. 4. AS 39.35.040(5) is amended to read:

22 (5) to have prepared, at least biennially, an actuarial
23 valuation of the total obligations under the system of the state and
24 each participating political subdivision and public organization and,
25 on the basis of the valuation and in time for incorporation of the
26 results in the state budget, to certify to the appropriate budgetary
27 authorities of the state and each participating political subdivision
28 and public organization:

29 (A) an appropriate contribution rate for all partici-

1 pating employers, [THE STATE;] in addition to which the state
2 shall pay the appropriate social security contribution; and

3 (B) an amount appropriate for each participating
4 employer to liquidate his past service liability; [APPROPRIATE
5 TOTAL CONTRIBUTION RATE FOR EACH PARTICIPATING POLITICAL SUB-
6 DIVISION AND PUBLIC ORGANIZATION; IN ADDITION] the board shall
7 have an actuarial and financial experience analysis of the system
8 conducted at appropriate intervals, but no less frequently than
9 once every six years; the biennial valuations and the actuarial
10 and financial experience analyses shall be prepared and certi-
11 fied by a member of the American Academy of Actuaries [FELLOW OF
12 THE SOCIETY OF ACTUARIES];

13 * Sec. 5. AS 39.35.050 is amended to read:

14 Sec. 39.35.050. ADMINISTRATOR [DIRECTOR]. (a) The commissioner
15 shall appoint an administrator [A DIRECTOR] in charge of the detailed
16 affairs of the system. The commissioner may appoint the personnel
17 director of the personnel division of the Department of Administration
18 as the administrator [DIRECTOR].

19 (b) The administrator [DIRECTOR] shall serve as secretary of
20 the board. He shall administer the business of the system and is
21 responsible for its proper operation.

22 * Sec. 6. AS 39.35.060 is amended to read:

23 Sec. 39.35.060. POWERS AND DUTIES OF THE ADMINISTRATOR [DIR-
24 ECTOR]. The administrator [DIRECTOR] has the following powers and
25 duties:

26 (1) with the assistance of a technical actuarial advisor,
27 the administrator [DIRECTOR] shall submit to the board the required
28 actuarial tables and the statistical data necessary for periodic
29 actuarial surveys of the operating experience of the system;

1 (2) maintain records of the employees included in the
2 system which are necessary for the proper administration of the system
3 and furnish information requested by the actuary for preparing valua-
4 tions and periodic experience analyses;

5 (3) attend meetings of the board;

6 (4) certify to the appropriate division of the Department
7 of Administration the payments made according to this chapter;

8 (5) remit to the appropriate division of the Department
9 of Revenue for deposit in the name of the system, money received for
10 the account of the system;

11 (6) formulate and recommend to the board rules and regula-
12 tions to govern the operation of the system.

13 * Sec. 7. AS 39.35.070 is amended to read:

14 Sec. 39.35.070. DUTY OF EMPLOYERS TO FURNISH RECORDS. Each
15 employer shall furnish the administrator [DIRECTOR] with records
16 concerning the periods of service, dates of birth, compensation, new
17 entrants into service, death, withdrawals and other employee data
18 necessary for the proper and effective operation of the system.

19 * Sec. 8. AS 39.35.100(b)(1) is amended to read:

20 (1) An individual account shall be maintained for each
21 employee to which the amount of his mandatory contributions collected
22 under sec. 160(a) of this chapter shall be credited as of the date of
23 deduction or payment, as the case may be. As of the last day of each
24 calendar year and each fiscal year beginning with June 30, 1969, this
25 account shall be credited with interest, by applying one-half of the
26 prescribed rate of interest to the balance in the account as of that
27 date. Upon granting a pension, the amount actuarially determined as
28 necessary to fully fund the benefits to be received shall be trans-
29 ferred first from the employee contribution account and, after the

1 employee contribution account has been exhausted, then from the
2 employer contribution account into the retirement reserve account
3 [OR UPON PAYMENT OF A DEATH OR A REFUND BENEFIT, THE BALANCE OF THE
4 EMPLOYEE CONTRIBUTION ACCOUNT SHALL BE TRANSFERRED TO THE ASSET SHARE
5 ACCOUNT OF THE EMPLOYER OF THE EMPLOYEE AND THE EMPLOYEE CONTRIBUTION
6 ACCOUNT SHALL BE CHARGED WITH THE AMOUNT TRANSFERRED].

7 * Sec. 9. AS 39.35.100(b)(2) is amended to read:

8 (2) An individual account shall be maintained for each
9 employee to which the amount of his voluntary contributions shall be
10 credited as of the date of deduction or payment, as the case may be.
11 As of the last day of each calendar year and each fiscal year begin-
12 ning with June 30, 1969, this account shall be credited with interest,
13 by applying one-half of the prescribed rate of interest to the balance
14 in the account as of that date. Amounts which, before termination of
15 employment, are withdrawn by an employee from his savings account
16 shall be charged to that account. Upon an employee's retirement, the
17 amount actuarially determined as necessary to fully fund the benefits
18 to be received shall be transferred first from the employee contribution
19 account and, after the employee contribution account has been ex-
20 hausted, then from the employer contribution account into the retire-
21 ment reserve account [OR DEATH, THE BALANCE OF HIS EMPLOYEE SAVINGS
22 ACCOUNT SHALL BE TRANSFERRED TO THE ASSET SHARE ACCOUNT OF THE
23 EMPLOYER OF THE EMPLOYEE AND THE EMPLOYEE SAVINGS ACCOUNT SHALL BE
24 CHARGED WITH THE AMOUNT TRANSFERRED].

25 * Sec. 10. AS 39.35.100(b)(3) is amended to read:

26 (3) A separate account for each employer shall be maintained.
27 The account shall be credited with contributions of the employer
28 [AND AMOUNTS TRANSFERRED FROM THE EMPLOYEE CONTRIBUTION ACCOUNTS FOR
29 THE EMPLOYEES OF THE EMPLOYER,] except that contributions made by an

1 employer for the purpose of providing the employer's portion of the
2 total administrative expense of the system may not be credited to
3 this account. This account shall be charged with the employer's
4 actuarial charge for pension, death benefits [ALL PENSIONS, DEATH
5 REFUND], and other benefits paid under this system to or on behalf of
6 the employee of the employer. After an allowance for interest credited
7 to employee contribution accounts and employee savings accounts, the
8 investment income of the pension fund shall be allocated to each
9 employer asset share account according to the ratio that the average
10 of the assets in an employer's account as of the beginning and as of
11 the end of the fiscal year bears to the total of the average balance
12 of all employers.

13 * Sec. 11. AS 39.35.150 is amended to read:

14 Sec. 39.35.150. RE-EMPLOYMENT OF [VESTED OR] RETIRED EMPLOYEES.

15 (a) If a retired employee is re-employed on [A TEMPORARY OR] a regular
16 full-time basis by an employer, no pension payments may be made during
17 the period of re-employment. During the period of re-employment,
18 deductions from salary may be made at the option of the [TEMPORARY OR
19 FULL-TIME VESTED OR] retired employee for contributions to the
20 retirement fund as provided in sec. 160 of this chapter. Upon the
21 subsequent retirement of the retired employee, he is entitled to re-
22 ceive a pension based on his credited service and compensation before
23 the date of his previous retirement. If a previously [VESTED OR]
24 retired employee makes [ELECTS TO MAKE] contributions to the fund
25 during his re-employment, his additional credited service and compen-
26 sation during the period of re-employment shall be included to
27 determine his final retirement benefit.

28 (b) In the case of re-employment of an employee who retires
29 under sec. 370(c) or 380 of this chapter, the pension payable upon the

1 employee's subsequent retirement shall be reduced by the actuarial
2 equivalent of early retirement benefits previously received by the
3 employee.

4 * Sec. 12. AS 39.35.200 is amended to read:

5 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON
6 OTHER THAN DEATH. Upon termination of employment for a reason other
7 than death, an employee [WHO IS NOT ELIGIBLE FOR A RETIREMENT BENEFIT]
8 is entitled to receive refund of the balance, determined as of the
9 date of termination of employment, of (1) his employee contribution
10 account and (2) his employee savings account. If, upon termination
11 of employment, the employee has credited service of less than five
12 years and has less than \$1,000 in his employee contribution account,
13 refund of the employee contribution account and the employee savings
14 account must be made.

15 * Sec. 13. AS 39.35.250 is amended to read:

16 Sec. 39.35.250. CALCULATION OF EMPLOYER'S CONTRIBUTION RATE.
17 An employer shall make contributions to the system in amounts deter-
18 mined in accordance with this section. A single contribution rate
19 shall be determined for all employers in the system sufficient to
20 support liabilities for benefits earned after December 31, 1972,
21 or entry date of the employer, whichever is later. The contribution
22 rate shall be the sum of the following percentages [A SEPARATE CONTRI-
23 BUTION RATE SHALL BE DETERMINED FOR EACH EMPLOYER, AND THE CONTRIBUTION
24 RATE SHALL BE THE SUM OF THE FOLLOWING PERCENTAGES]:

25 (1) the percentage of compensation of all [THE] partici-
26 parting employees of all employers in the system [THE EMPLOYER] which,
27 if paid over the entire period of their credited service, and when
28 combined with employee contributions available for the payment of
29 benefits under the system, is sufficient to provide the benefits

1 payable to the employees; this percentage is known as the normal cost
2 rate applicable to the employer;

3 (2) the percentage of compensation of all [THE] partici-
4 pating employees of all employers in the system [THE EMPLOYER]
5 necessary to provide the uniform annual amount required, at the
6 prescribed rate of interest, to amortize the amount of the unfunded
7 obligation of the employer over the balance of a period of 40 years;
8 this period begins the effective date of the employer's participation
9 in the system; and the unfunded obligation shall, on the beginning of
10 each fiscal year, be determined as the present value of all benefits
11 to be provided for the participating employees of the employer less the
12 sum of: (A) the balance of all employee contribution accounts of the
13 employees of the employer, (B) the present value of expected future
14 contributions from employees of the employer which are available for
15 the payment of benefits under the system, (C) the balance of the asset
16 share account of the employer, and (D) the present value of expected
17 future normal cost contributions of the employer; this percentage is
18 known as the prior service rate;

19 (3) the percentage of compensation of all [THE] participating
20 employees of all employers in the system [THE EMPLOYER] necessary to
21 provide the employer's pro rata share of the administrative expenses of
22 the system for the current fiscal year; an appropriate adjustment shall
23 be made for any surplus or deficiency existing in the employer's expense
24 account at the end of the previous fiscal year; administrative expenses
25 shall be shared by the employers in the ratio that the number of parti-
26 cipating employees of an employer bears to the total number of employees
27 participating in the system.

28 * Sec. 14. AS 39.35.270 is amended to read:

29 Sec. 39.35.270. AMOUNT OF EMPLOYER'S CONTRIBUTIONS. The amount

1 of each employer's contributions shall be determined by applying the
2 employer's contribution rate to the total of all compensation paid to
3 participating employees of the employer for each payroll period, and
4 this amount, plus a percentage of the annual payment for past service
5 liability, shall be remitted by the employer to the commissioner of
6 administration. The percentage of the annual payment for past service
7 liability payable shall be determined by a fraction, the numerator of
8 which is one and the denominator of which is the number of payroll per-
9 iods of the employer in one year.

10 * Sec. 15. AS 39.35.400(a) is amended to read:

11 (a) An employee is eligible for a nonoccupational disability
12 pension if his employment is terminated because of a total and
13 apparently permanent nonoccupational disability, as defined in sec.
14 680 of this chapter, before his normal retirement date and after five
15 or more years of credited service.

16 * Sec. 16. AS 39.35.400(b) is amended to read:

17 (b) Payment of the nonoccupational disability pension shall begin
18 upon the first day of the month after the expiration of a period of
19 three full months from the last day of employment. However, the admini-
20 strator [BOARD] may, in his [ITS] discretion, authorize the pension to
21 begin upon the first day of an earlier month after termination of his
22 employment. If the payment does not begin upon the first day of the
23 month coincidental with or after retirement, a retroactive payment shall
24 be made to cover the period of deferment. The last payment shall be
25 made as of the first day of the month in which the death of the retired
26 employee occurs or in which he recovers from disability.

27 * Sec. 17. AS 39.35.400(e) is amended to read:

28 (e) A retired employee receiving a nonoccupational disability
29 pension shall be required, as often as the administrator [PERSONNEL

1 DIRECTOR] considers advisable, but not more frequently than once a year,
2 to undergo a medical examination by a physician engaged by the admini-
3 strator [DIRECTOR]. If, in the judgment of the administrator [BOARD],
4 the examination indicates that the employee is no longer incapacitated
5 for service in the position held at the time his disability pension be-
6 gan, or in another comparable position, payments of his disability pen-
7 sion shall cease. The name of the employee shall then be placed on the
8 appropriate list of candidates maintained for appointment to a position
9 for which he is found to be qualified unless he elects to receive a nor-
10 mal or early retirement pension in accordance with (c) of this section.

11 * Sec. 18. AS 39.35.410(a) is amended to read:

12 (a) An employee is eligible for an occupational disability pension
13 if his employment is terminated because of a total and apparently perm-
14 anent [AN] occupational disability, as defined in sec. 680 of this
15 chapter, before his normal retirement date.

16 * Sec. 19. As 39.35.410(b) is amended to read:

17 (b) Payment of the occupational disability pension shall begin on
18 the first day of the month next following a period of three full months
19 after the last day of employment, except that the administrator [BOARD]
20 may, in his [ITS] discretion, authorize the pension to begin upon the
21 first day of an earlier month following termination of his employment.
22 If payment does not begin upon the first day of the month coincidental
23 with or after retirement, a retroactive payment shall be made to cover
24 the period of deferment. The last payment shall be made as of the first
25 day of the month in which the death of the retired employee occurs or in
26 which he recovers from occupational disability before his normal retire-
27 ment date.

28 * Sec. 20. AS 39.35.410(f) is amended to read:

29 (f) An employee is not entitled to an occupational disability

1 pension unless he files an application for it with the administrator
2 [BOARD] within six months after the date of the accident, if disability
3 is attributable to an accident, or within six months after the date
4 his disability begins if the disability is caused by an occupational
5 disease. If the disability is attributable to an accident, the employee
6 shall file a notice of the accident with the administrator [BOARD] with-
7 in 30 days following the date it occurred. This 30-day filing period
8 is suspended for the time the employee's condition prevents him from
9 filing.

10 * Sec. 21. AS 39.35.410(g) is amended to read:

11 (g) A retired employee receiving an occupational disability
12 pension shall be required, as often as the administrator [PERSONNEL
13 DIRECTOR OF THE STATE] considers advisable, but not more frequently
14 than once a year, to undergo a medical examination at a place deter-
15 mined by the administrator [PERSONNEL DIRECTOR] and by a physician or
16 physicians engaged by the administrator [DIRECTOR]. If, in the judgment
17 of the administrator [BOARD], the examination indicates that the re-
18 tired employee is no longer incapacitated for service in the position
19 held at the time his disability pension began, payments of his disa-
20 bility pension shall cease. The employee shall then be reappointed to
21 a position of the same classification in which he was employed at the
22 time of his disability if he still meets all other necessary require-
23 ments for that position, unless he elects to receive an early retire-
24 ment pension in accordance with (c) of this section. In any event, the
25 disability pension shall not cease until the employee is either re-
26 appointed, retired or otherwise disqualified from receiving a benefit
27 by being disqualified for reappointment.

28 * Sec. 22. AS 39.35.420 is amended to read:

29 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If the

1 death of an employee occurs before his retirement, but after he has
2 completed at least one year but less than five years of credited
3 service, and the employee's survivor is not entitled to a surviving
4 spouse's pension under sec. 430 of this chapter, a lump sum death
5 benefit shall be paid to the beneficiary of the employee. The amount
6 of the lump sum death benefit shall be \$1,000 plus \$100 for each year
7 of credited service. The lump sum death benefit is in addition to a
8 refund of the balance of the employee contribution account of the
9 deceased employee under sec. 210 of this chapter.

10 (b) If the death of the employee occurs before his retirement
11 and after he has completed at least five years of credited service, and
12 the employee's survivor is not entitled to a surviving spouse's pension
13 under sec. 430 of this chapter, the survivor may at his discretion re-
14 ceive either the benefits described in (a) of this section or a 50 per
15 cent joint and survivor option based upon credited service to the date
16 of the employee's death and payable to the survivor commencing the first
17 day of the month following the death of the employee.

18 * Sec. 23. AS 39.35.430(d) is amended to read:

19 (d) A determination of whether the proximate cause of death was a
20 bodily injury sustained, or a hazard undergone, while in the performance
21 and within the scope of the employee's duties and whether the injury or
22 hazard was the proximate result of the wilful negligence of the employee
23 shall be made by the administrator [BOARD], based upon evidence
24 satisfactory to the administrator [BOARD]. Payment of the surviving
25 spouse's pension shall begin on the first day of the month after the
26 employee's death, and the last payment shall be made as of the first day
27 of the month in which the death or remarriage of the surviving spouse
28 occurs.

29 * Sec. 24. AS 39.35.450(a) is amended to read:

1 (a) By filing an application with the administrator [BOARD], an
2 employee may designate his spouse or a dependent approved by the
3 administrator [BOARD] as his contingent beneficiary and may elect to
4 receive a pension payable in accordance with one of the following
5 joint and survivor options, instead of the normal retirement pension
6 to which he may otherwise become entitled upon retirement.

7 (1) The employee shall receive a reduced pension payable for life,
8 and payments in the amount of 75 per cent of the reduced pension shall,
9 after the employee's death, be continued to his contingent beneficiary
10 for life.

11 (2) The employee shall receive a reduced pension payable for life,
12 and payments in the amount of 50 per cent of the reduced pension shall,
13 after the employee's death, be continued to his contingent beneficiary
14 for life.

15 (3) The employee shall receive a reduced pension payable during the
16 joint lifetime of the employee and his contingent beneficiary, and pay-
17 ments in the amount of 66 2/3 per cent of the reduced pension shall,
18 after the death of either the employee or his contingent beneficiary, be
19 continued to the survivor for life.

20 * Sec. 25. AS 39.35.450(c) is amended to read:

21 (c) An employee may elect, change, or revoke an option without
22 the approval of the administrator [BOARD] if his election, change, or
23 revocation is filed in writing with the administrator [BOARD] at least
24 30 days before his retirement date. The option may not be elected,
25 changed, or revoked after the 30 day period begins.

26 * Sec. 26. AS 39.35.450(d) is amended to read:

27 (d) An employee may, regardless of his age, elect an option
28 without the approval of the administrator [BOARD] any time within six
29 months after the effective date of his employer's participation in the

1 system, if the employee is in the active employ of the employer at the
2 time the election is made.

3 * Sec. 27. AS 39.35.480(a) is amended to read:

4 (a) An employee who remains in the state after his retirement, so
5 long as he continues to reside in the state, shall receive a cost of
6 living allowance in addition to his pension. The amount of this allow-
7 ance shall be determined by the board as described in (c) of this
8 section but in no case shall be less than \$50 or 10 per cent of the
9 basic retirement benefit received by the retired employee, whichever
10 is greater [IS DETERMINED BY THE INCREASE IN BENEFIT THAT RESULTS WHEN
11 THE EMPLOYEE'S PRIMARY SOCIAL SECURITY BENEFIT, WHETHER OR NOT THE
12 EMPLOYEE IS IN FACT ELIGIBLE FOR THE BENEFIT, IS MULTIPLIED BY THE
13 RATIO THAT THE COST OF LIVING IN THE STATE BEARS TO THE COST OF LIVING
14 IN ONE OR MORE OF THE OTHER STATES OF THE UNITED STATES].

15 * Sec. 28. AS 39.35.610 is amended to read:

16 Sec. 39.35.610. TRANSMITTAL OF CONTRIBUTIONS TO COMMISSIONER
17 OF ADMINISTRATION. The contributions of the political subdivision or
18 public organization and the contributions of its employees shall be
19 transmitted to the commissioner of administration as soon as practi-
20 cable after the close of the payroll period for which the contribu-
21 tions are made. If an employer is delinquent in transferring the
22 contributions for more than 15 [30] days, interest shall be assessed
23 on the outstanding contributions at one and one-half times the most
24 recently actuarially determined rate of earnings for the retirement
25 system [THE PRESCRIBED RATE] from the date that the contributions were
26 originally due.

27 * Sec. 29. AS 39.35.620(b) is repealed and re-enacted to read:

28 (b) All employees of the terminating employer whose contributions
29 have not been refunded, regardless of their employment status at the

1 date of termination, shall be considered fully vested in their adjusted
2 accrued retirement benefits as of the date of termination of the
3 employer.

4 * Sec. 30. AS 39.35.620 is amended by adding a new subsection to read:

5 (c) If the terminating employer has not liquidated his past
6 service liability on the date of termination, the accrued vested bene-
7 fits of all employees of the terminating employer to which the employees
8 are entitled because of service prior to July 1, 1973, or the date of
9 entry of the employer, whichever is later, shall be reduced by an amount
10 derived by multiplying the accrued vested benefit by a fraction, the
11 numerator of which is the remaining unfunded past service liability and
12 the denominator of which is the actuarially calculated value of benefits
13 earned prior to July 1, 1973, or the entry date of the employer, which-
14 ever is later.

15 * Sec. 31. AS 39.35.620 is amended by adding a new subsection to read:

16 (d) Each employee of a terminating employer must, within 60 days
17 of the employer's termination of participation, inform the administra-
18 tor, in writing, whether he wishes to obtain a refund or a vested
19 benefit.

20 * Sec. 32. AS 39.35.620 is amended by adding a new subsection to read:

21 (e) Each employee who elects to obtain a refund shall receive
22 a refund of the balance, determined as of the date of his employer's
23 termination of participation, of (1) his employee contribution account
24 and (2) his employee savings account. The vesting in accrued benefits
25 for each employee who elects to receive a refund is voided upon his
26 receipt of his refund. No partial refund shall be allowed under this
27 section.

28 * Sec. 33. AS 39.35.620 is amended by adding a new subsection to read:

29 (f) For each employee who elects to obtain a vested benefit,

1 the amount actuarially determined as necessary to fully fund the
2 benefits to be received shall be transferred first from the employee
3 contribution account and, after the employee contribution account has
4 been exhausted, then from the employer contribution account into
5 the retirement reserve account.

6 * Sec. 34. AS 39.35.620 is amended by adding a new subsection to read:

7 (g) After all of the employees of the terminating employer have
8 either received refunds or have been vested in their accrued benefits,
9 the remaining funds in the employer contribution account shall be re-
10 funded to the employer and the employer contribution account shall be
11 closed.

12 * Sec. 35. AS 39.35.620 is amended by adding a new subsection to read:

13 (h) Termination of an employer's participation in the system
14 shall not bar future participation in the system by that employer. If
15 a previously terminated employer returns to the system his employees
16 may be credited only with service subsequent to the date of return.
17 Adjustments made to the accrued benefits of the employees of the
18 previously terminated employer at the time of his termination shall not
19 be altered by that employer's return to participation in the system.

20 * Sec. 36. AS 39.35.680 is amended by adding new paragraphs to read:

21 (20) "military service" means service in the armed forces
22 of the United States after January 1, 1940;

23 (21) "administrator" means the person appointed by the
24 commissioner of administration pursuant to sec. 50 of this chapter;

25 (22) "past service liability" means:

26 (A) for each employer participating in the system
27 on December 31, 1972, that part of the actuarially determined
28 value of accrued benefits for that employer as of that date
29 which exceeds the total of the value of the employer account and

1 the mandatory contribution account for each employee of the em-
2 ployer as of that date;

3 (B) for each employer entering participation after
4 December 31, 1972, the actuarially determined value of benefits
5 with respect to service with that employer before the employer's
6 entry into the system;

7 (C) for all employers, the uniform annual amount re-
8 quired to amortize the amount of the unfunded obligation of the
9 employer, as described in (A) and (B) of this paragraph, over a
10 period of 30 years; this 30 year period begins the effective date
11 of the employer's participation in the system or on January 1,
12 1973, whichever is later.


STATE
of ALASKA

MEMORANDUM

HB 266

TO: Jay Hogan, Director
Legislative Finance

DATE : March 22, 1973

FROM: 
Robert S. Gates
Benefits Administrator

SUBJECT: PERS employer contribution rates

Attached is a listing showing the contribution rates paid by each of the participating employers during the current fiscal year.

We are unable to provide you with the new rates for each political subdivision to become effective July 1, 1973. In our fiscal note on House Bill 266 there were substantial savings indicated through the implementation of a consolidated rate.

Although we are unable to determine the exact rates for the political subdivisions, we have been advised by our actuary that the consolidated rate concept would reduce the amount from what they are now paying.

P.E.R.S.
EMPLOYER CONTRIBUTION RATES EFFECTIVE FY 1972 - 1973

<u>Name of Entity</u>	<u>Actuarial Rate</u>
Alaska Municipal League	20.87%
Anchorage Area Borough	10.56
Anchorage Borough School District	13.54
City of Fairbanks	12.78
Fairbanks North Star Borough	11.50
Fairbanks North Star Borough School District	11.50
Fairbanks Municipal Utilities	12.78
City of Haines	12.57
City of Homer	11.16
City & Borough of Juneau	11.76
City & Borough of Juneau School District	11.76
City of Kenai	10.88
Ketchikan Gateway Borough	7.63
City of Kodiak	13.69
Matanuska-Susitna Borough	14.38
Matanuska-Susitna Borough School District	14.38
City of Sitka	8.50
Greater Sitka Borough	12.98
Sitka Hospital	12.98
Sitka Public Utilities	12.98
City of Skagway	13.22
City of Seward	7.56
University of Alaska	9.33
University of Alaska Geophysical Institute	9.33
City of Valdez	7.72
State of Alaska	11.21
Sitka Borough School District	15.45



RECORDS



CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

COMMITTEE REPORT

2-27-73

HOUSE

Mr. Speaker:

Date April 6, 1973

The Committee on FINANCE has had HB 260

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

A M E N D M E N T

STATE AFFAIRS
COMMITTEE

Offered in the HOUSE

By _____

To: _____ HOUSE BILL NO. 266

_____ SENATE BILL NO. _____

AMENDMENT: Page 7 Line 4

Page 7- Page 16 Line 10

Line 4,

Delete the new language "all employers" and
Add each employer

Page 16-

Line 10,

Delete the first and second 30 and
Add 40 in both places

Introduced: 2/23/73
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 266

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the public employees' retirement
7 system."

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

9 * Section 1. AS 39.35.040(2) is amended to read:

10 (2) to adopt, with modifications it considers proper, rules
11 and regulations recommended by the administrator [PERSONNEL DIRECTOR]
12 for carrying out this chapter;

13 * Sec. 2. AS 39.35.040(3) is amended to read:

14 (3) to consider and adopt resolutions on matters referred
15 to it by the administrator [PERSONNEL DIRECTOR] in connection with
16 changes in policy and revisions of this chapter;

17 * Sec. 3. AS 39.35.040(4) is repealed and re-enacted to read:

18 (4) to act as an appeals board, hold hearings at the request
19 of an employer, employee, widow or a beneficiary on decisions made by
20 the administrator, and submit its findings to the administrator;

21 * Sec. 4. AS 39.35.040(5) is amended to read:

22 (5) to have prepared, at least biennially, an actuarial
23 valuation of the total obligations under the system of the state and
24 each participating political subdivision and public organization and,
25 on the basis of the valuation and in time for incorporation of the
26 results in the state budget, to certify to the appropriate budgetary
27 authorities of the state and each participating political subdivision
28 and public organization:

29 (A) an appropriate contribution rate for all partici-

1 participating employers, [THE STATE;] in addition to which the state
2 shall pay the appropriate social security contribution; and

3 (B) an amount appropriate for each participating
4 employer to liquidate his past service liability; [APPROPRIATE
5 TOTAL CONTRIBUTION RATE FOR EACH PARTICIPATING POLITICAL SUB-
6 DIVISION AND PUBLIC ORGANIZATION; IN ADDITION] the board shall
7 have an actuarial and financial experience analysis of the system
8 conducted at appropriate intervals, but no less frequently than
9 once every six years; the biennial valuations and the actuarial
10 and financial experience analyses shall be prepared and certi-
11 fied by a member of the American Academy of Actuaries [FELLOW OF
12 THE SOCIETY OF ACTUARIES];

13 * Sec. 5. AS 39.35.050 is amended to read:

14 Sec. 39.35.050. ADMINISTRATOR [DIRECTOR]. (a) The commissioner
15 shall appoint an administrator [A DIRECTOR] in charge of the detailed
16 affairs of the system. The commissioner may appoint the personnel
17 director of the personnel division of the Department of Administration
18 as the administrator [DIRECTOR].

19 (b) The administrator [DIRECTOR] shall serve as secretary of
20 the board. He shall administer the business of the system and is
21 responsible for its proper operation.

22 * Sec. 6. AS 39.35.060 is amended to read:

23 Sec. 39.35.060. POWERS AND DUTIES OF THE ADMINISTRATOR [DIR-
24 ECTOR]. The administrator [DIRECTOR] has the following powers and
25 duties:

26 (1) with the assistance of a technical actuarial advisor,
27 the administrator [DIRECTOR] shall submit to the board the required
28 actuarial tables and the statistical data necessary for periodic
29 actuarial surveys of the operating experience of the system;

1 (2) maintain records of the employees included in the
2 system which are necessary for the proper administration of the system
3 and furnish information requested by the actuary for preparing valua-
4 tions and periodic experience analyses;

5 (3) attend meetings of the board;

6 (4) certify to the appropriate division of the Department
7 of Administration the payments made according to this chapter;

8 (5) remit to the appropriate division of the Department
9 of Revenue for deposit in the name of the system, money received for
10 the account of the system;

11 (6) formulate and recommend to the board rules and regula-
12 tions to govern the operation of the system.

13 * Sec. 7. AS 39.35.070 is amended to read:

14 Sec. 39.35.070. DUTY OF EMPLOYERS TO FURNISH RECORDS. Each
15 employer shall furnish the administrator [DIRECTOR] with records
16 concerning the periods of service, dates of birth, compensation, new
17 entrants into service, death, withdrawals and other employee data
18 necessary for the proper and effective operation of the system.

19 * Sec. 8. AS 39.35.100(b)(1) is amended to read:

20 (1) An individual account shall be maintained for each
21 employee to which the amount of his mandatory contributions collected
22 under sec. 160(a) of this chapter shall be credited as of the date of
23 deduction or payment, as the case may be. As of the last day of each
24 calendar year and each fiscal year beginning with June 30, 1969, this
25 account shall be credited with interest, by applying one-half of the
26 prescribed rate of interest to the balance in the account as of that
27 date. Upon granting a pension, the amount actuarially determined as
28 necessary to fully fund the benefits to be received shall be trans-
29 ferred first from the employee contribution account and, after the

1 employee contribution account has been exhausted, then from the
2 employer contribution account into the retirement reserve account
3 [OR UPON PAYMENT OF A DEATH OR A REFUND BENEFIT, THE BALANCE OF THE
4 EMPLOYEE CONTRIBUTION ACCOUNT SHALL BE TRANSFERRED TO THE ASSET SHARE
5 ACCOUNT OF THE EMPLOYER OF THE EMPLOYEE AND THE EMPLOYEE CONTRIBUTION
6 ACCOUNT SHALL BE CHARGED WITH THE AMOUNT TRANSFERRED].

7 * Sec. 9. AS 39.35.100(b)(2) is amended to read:

8 (2) An individual account shall be maintained for each
9 employee to which the amount of his voluntary contributions shall be
10 credited as of the date of deduction or payment, as the case may be.
11 As of the last day of each calendar year and each fiscal year begin-
12 ning with June 30, 1969, this account shall be credited with interest,
13 by applying one-half of the prescribed rate of interest to the balance
14 in the account as of that date. Amounts which, before termination of
15 employment, are withdrawn by an employee from his savings account
16 shall be charged to that account. Upon an employee's retirement, the
17 amount actuarially determined as necessary to fully fund the benefits
18 to be received shall be transferred first from the employee contribution
19 account and, after the employee contribution account has been ex-
20 hausted, then from the employer contribution account into the retire-
21 ment reserve account [OR DEATH, THE BALANCE OF HIS EMPLOYEE SAVINGS
22 ACCOUNT SHALL BE TRANSFERRED TO THE ASSET SHARE ACCOUNT OF THE
23 EMPLOYER OF THE EMPLOYEE AND THE EMPLOYEE SAVINGS ACCOUNT SHALL BE
24 CHARGED WITH THE AMOUNT TRANSFERRED].

25 * Sec. 10. AS 39.35.100(b)(3) is amended to read:

26 (3) A separate account for each employer shall be maintained.
27 The account shall be credited with contributions of the employer
28 [AND AMOUNTS TRANSFERRED FROM THE EMPLOYEE CONTRIBUTION ACCOUNTS FOR
29 THE EMPLOYEES OF THE EMPLOYER,] except that contributions made by an

1 employer for the purpose of providing the employer's portion of the
2 total administrative expense of the system may not be credited to
3 this account. This account shall be charged with the employer's
4 actuarial charge for pension, death benefits [ALL PENSIONS, DEATH
5 REFUND], and other benefits paid under this system to or on behalf of
6 the employee of the employer. After an allowance for interest credited
7 to employee contribution accounts and employee savings accounts, the
8 investment income of the pension fund shall be allocated to each
9 employer asset share account according to the ratio that the average
10 of the assets in an employer's account as of the beginning and as of
11 the end of the fiscal year bears to the total of the average balance
12 of all employers.

13 * Sec. 11. AS 39.35.150 is amended to read:

14 Sec. 39.35.150. RE-EMPLOYMENT OF [VESTED OR] RETIRED EMPLOYEES.

15 (a) If a retired employee is re-employed on [A TEMPORARY OR] a regular
16 full-time basis by an employer, no pension payments may be made during
17 the period of re-employment. During the period of re-employment,
18 deductions from salary may be made at the option of the [TEMPORARY OR
19 FULL-TIME VESTED OR] retired employee for contributions to the
20 retirement fund as provided in sec. 160 of this chapter. Upon the
21 subsequent retirement of the retired employee, he is entitled to re-
22 ceive a pension based on his credited service and compensation before
23 the date of his previous retirement. If a previously [VESTED OR]
24 retired employee makes [ELECTS TO MAKE] contributions to the fund
25 during his re-employment, his additional credited service and compen-
26 sation during the period of re-employment shall be included to
27 determine his final retirement benefit.

28 (b) In the case of re-employment of an employee who retires
29 under sec. 370(c) or 380 of this chapter, the pension payable upon the

1 employee's subsequent retirement shall be reduced by the actuarial
2 equivalent of early retirement benefits previously received by the
3 employee.

4 * Sec. 12. AS 39.35.200 is amended to read:

5 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON
6 OTHER THAN DEATH. Upon termination of employment for a reason other
7 than death, an employee [WHO IS NOT ELIGIBLE FOR A RETIREMENT BENEFIT]
8 is entitled to receive refund of the balance, determined as of the
9 date of termination of employment, of (1) his employee contribution
10 account and (2) his employee savings account. If, upon termination
11 of employment, the employee has credited service of less than five
12 years and has less than \$1,000 in his employee contribution account,
13 refund of the employee contribution account and the employee savings
14 account must be made.

15 * Sec. 13. AS 39.35.250 is amended to read:

16 Sec. 39.35.250. CALCULATION OF EMPLOYER'S CONTRIBUTION RATE.
17 An employer shall make contributions to the system in amounts deter-
18 mined in accordance with this section. A single contribution rate
19 shall be determined for all employers in the system sufficient to
20 support liabilities for benefits earned after December 31, 1972,
21 or entry date of the employer, whichever is later. The contribution
22 rate shall be the sum of the following percentages [A SEPARATE CONTRI-
23 BUTION RATE SHALL BE DETERMINED FOR EACH EMPLOYER, AND THE CONTRIBUTION
24 RATE SHALL BE THE SUM OF THE FOLLOWING PERCENTAGES]:

25 (1) the percentage of compensation of all [THE] partici-
26 pating employees of all employers in the system [THE EMPLOYER] which,
27 if paid over the entire period of their credited service, and when
28 combined with employee contributions available for the payment of
29 benefits under the system, is sufficient to provide the benefits

1 payable to the employees; this percentage is known as the normal cost
2 rate applicable to the employer;

3 (2) the percentage of compensation of all [THE] partici-
4 pating employees of all employers in the system [THE EMPLOYER]
5 necessary to provide the uniform annual amount required, at the
6 prescribed rate of interest, to amortize the amount of the unfunded
7 obligation of the employer over the balance of a period of 40 years;
8 this period begins the effective date of the employer's participation
9 in the system; and the unfunded obligation shall, on the beginning of
10 each fiscal year, be determined as the present value of all benefits
11 to be provided for the participating employees of the employer less the
12 sum of: (A) the balance of all employee contribution accounts of the
13 employees of the employer, (B) the present value of expected future
14 contributions from employees of the employer which are available for
15 the payment of benefits under the system, (C) the balance of the asset
16 share account of the employer, and (D) the present value of expected
17 future normal cost contributions of the employer; this percentage is
18 known as the prior service rate;

19 (3) the percentage of compensation of all [THE] participating
20 employees of all employers in the system [THE EMPLOYER] necessary to
21 provide the employer's pro rata share of the administrative expenses of
22 the system for the current fiscal year; an appropriate adjustment shall
23 be made for any surplus or deficiency existing in the employer's expense
24 account at the end of the previous fiscal year; administrative expenses
25 shall be shared by the employers in the ratio that the number of parti-
26 cipating employees of an employer bears to the total number of employees
27 participating in the system.

28 * Sec. 14. AS 39.35.270 is amended to read:

29 Sec. 39.35.270. AMOUNT OF EMPLOYER'S CONTRIBUTIONS. The amount

1 of each employer's contributions shall be determined by applying the
2 employer's contribution rate to the total of all compensation paid to
3 participating employees of the employer for each payroll period, and
4 this amount, plus a percentage of the annual payment for past service
5 liability, shall be remitted by the employer to the commissioner of
6 administration. The percentage of the annual payment for past service
7 liability payable shall be determined by a fraction, the numerator of
8 which is one and the denominator of which is the number of payroll per-
9 iods of the employer in one year.

10 * Sec. 15. AS 39.35.400(a) is amended to read:

11 (a) An employee is eligible for a nonoccupational disability
12 pension if his employment is terminated because of a total and
13 apparently permanent nonoccupational disability, as defined in sec.
14 680 of this chapter, before his normal retirement date and after five
15 or more years of credited service.

16 * Sec. 16. AS 39.35.400(b) is amended to read:

17 (b) Payment of the nonoccupational disability pension shall begin
18 upon the first day of the month after the expiration of a period of
19 three full months from the last day of employment. However, the admini-
20 strator [BOARD] may, in his [ITS] discretion, authorize the pension to
21 begin upon the first day of an earlier month after termination of his
22 employment. If the payment does not begin upon the first day of the
23 month coincidental with or after retirement, a retroactive payment shall
24 be made to cover the period of deferment. The last payment shall be
25 made as of the first day of the month in which the death of the retired
26 employee occurs or in which he recovers from disability.

27 * Sec. 17. AS 39.35.400(e) is amended to read:

28 (e) A retired employee receiving a nonoccupational disability
29 pension shall be required, as often as the administrator [PERSONNEL

1 DIRECTOR] considers advisable, but not more frequently than once a year,
2 to undergo a medical examination by a physician engaged by the admini-
3 strator [DIRECTOR]. If, in the judgment of the administrator [BOARD],
4 the examination indicates that the employee is no longer incapacitated
5 for service in the position held at the time his disability pension be-
6 gan, or in another comparable position, payments of his disability pen-
7 sion shall cease. The name of the employee shall then be placed on the
8 appropriate list of candidates maintained for appointment to a position
9 for which he is found to be qualified unless he elects to receive a nor-
10 mal or early retirement pension in accordance with (c) of this section.

11 * Sec. 18. AS 39.35.410(a) is amended to read:

12 (a) An employee is eligible for an occupational disability pension
13 if his employment is terminated because of a total and apparently perm-
14 anent [AN] occupational disability, as defined in sec. 680 of this
15 chapter, before his normal retirement date.

16 * Sec. 19. As 39.35.410(b) is amended to read:

17 (b) Payment of the occupational disability pension shall begin on
18 the first day of the month next following a period of three full months
19 after the last day of employment, except that the administrator [BOARD]
20 may, in his [ITS] discretion, authorize the pension to begin upon the
21 first day of an earlier month following termination of his employment.
22 If payment does not begin upon the first day of the month coincidental
23 with or after retirement, a retroactive payment shall be made to cover
24 the period of deferment. The last payment shall be made as of the first
25 day of the month in which the death of the retired employee occurs or in
26 which he recovers from occupational disability before his normal retire-
27 ment date.

28 * Sec. 20. AS 39.35.410(f) is amended to read:

29 (f) An employee is not entitled to an occupational disability

1 pension unless he files an application for it with the administrator
2 [BOARD] within six months after the date of the accident, if disability
3 is attributable to an accident, or within six months after the date
4 his disability begins if the disability is caused by an occupational
5 disease. If the disability is attributable to an accident, the employee
6 shall file a notice of the accident with the administrator [BOARD] with-
7 in 30 days following the date it occurred. This 30-day filing period
8 is suspended for the time the employee's condition prevents him from
9 filing.

10 * Sec. 21. AS 39.35.410(g) is amended to read:

11 (g) A retired employee receiving an occupational disability
12 pension shall be required, as often as the administrator [PERSONNEL
13 DIRECTOR OF THE STATE] considers advisable, but not more frequently
14 than once a year, to undergo a medical examination at a place deter-
15 mined by the administrator [PERSONNEL DIRECTOR] and by a physician or
16 physicians engaged by the administrator [DIRECTOR]. If, in the judgment
17 of the administrator [BOARD], the examination indicates that the re-
18 tired employee is no longer incapacitated for service in the position
19 held at the time his disability pension began, payments of his disa-
20 bility pension shall cease. The employee shall then be reappointed to
21 a position of the same classification in which he was employed at the
22 time of his disability if he still meets all other necessary require-
23 ments for that position, unless he elects to receive an early retire-
24 ment pension in accordance with (c) of this section. In any event, the
25 disability pension shall not cease until the employee is either re-
26 appointed, retired or otherwise disqualified from receiving a benefit
27 by being disqualified for reappointment.

28 * Sec. 22. AS 39.35.420 is amended to read:

29 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If the

1 death of an employee occurs before his retirement, but after he has
2 completed at least one year but less than five years of credited
3 service, and the employee's survivor is not entitled to a surviving
4 spouse's pension under sec. 430 of this chapter, a lump sum death
5 benefit shall be paid to the beneficiary of the employee. The amount
6 of the lump sum death benefit shall be \$1,000 plus \$100 for each year
7 of credited service. The lump sum death benefit is in addition to a
8 refund of the balance of the employee contribution account of the
9 deceased employee under sec. 210 of this chapter.

10 (b) If the death of the employee occurs before his retirement
11 and after he has completed at least five years of credited service, and
12 the employee's survivor is not entitled to a surviving spouse's pension
13 under sec. 430 of this chapter, the survivor may at his discretion re-
14 ceive either the benefits described in (a) of this section or a 50 per
15 cent joint and survivor option based upon credited service to the date
16 of the employee's death and payable to the survivor commencing the first
17 day of the month following the death of the employee.

18 * Sec. 23. AS 39.35.430(d) is amended to read:

19 (d) A determination of whether the proximate cause of death was a
20 bodily injury sustained, or a hazard undergone, while in the performance
21 and within the scope of the employee's duties and whether the injury or
22 hazard was the proximate result of the wilful negligence of the employee
23 shall be made by the administrator [BOARD], based upon evidence
24 satisfactory to the administrator [BOARD]. Payment of the surviving
25 spouse's pension shall begin on the first day of the month after the
26 employee's death, and the last payment shall be made as of the first day
27 of the month in which the death or remarriage of the surviving spouse
28 occurs.

29 * Sec. 24. AS 39.35.450(a) is amended to read:

1 (a) By filing an application with the administrator [BOARD], an
2 employee may designate his spouse or a dependent approved by the
3 administrator [BOARD] as his contingent beneficiary and may elect to
4 receive a pension payable in accordance with one of the following
5 joint and survivor options, instead of the normal retirement pension
6 to which he may otherwise become entitled upon retirement.

7 (1) The employee shall receive a reduced pension payable for life,
8 and payments in the amount of 75 per cent of the reduced pension shall,
9 after the employee's death, be continued to his contingent beneficiary
10 for life.

11 (2) The employee shall receive a reduced pension payable for life,
12 and payments in the amount of 50 per cent of the reduced pension shall,
13 after the employee's death, be continued to his contingent beneficiary
14 for life.

15 (3) The employee shall receive a reduced pension payable during the
16 joint lifetime of the employee and his contingent beneficiary, and pay-
17 ments in the amount of 66 2/3 per cent of the reduced pension shall,
18 after the death of either the employee or his contingent beneficiary, be
19 continued to the survivor for life.

20 * Sec. 25. AS 39.35.450(c) is amended to read:

21 (c) An employee may elect, change, or revoke an option without
22 the approval of the administrator [BOARD] if his election, change, or
23 revocation is filed in writing with the administrator [BOARD] at least
24 30 days before his retirement date. The option may not be elected,
25 changed, or revoked after the 30 day period begins.

26 * Sec. 26. AS 39.35.450(d) is amended to read:

27 (d) An employee may, regardless of his age, elect an option
28 without the approval of the administrator [BOARD] any time within six
29 months after the effective date of his employer's participation in the

1 system, if the employee is in the active employ of the employer at the
2 time the election is made.

3 * Sec. 27. AS 39.35.480(a) is amended to read:

4 (a) An employee who remains in the state after his retirement, so
5 long as he continues to reside in the state, shall receive a cost of
6 living allowance in addition to his pension. The amount of this allow-
7 ance shall be determined by the board as described in (c) of this
8 section but in no case shall be less than \$50 or 10 per cent of the
9 basic retirement benefit received by the retired employee, whichever
10 is greater [IS DETERMINED BY THE INCREASE IN BENEFIT THAT RESULTS WHEN
11 THE EMPLOYEE'S PRIMARY SOCIAL SECURITY BENEFIT, WHETHER OR NOT THE
12 EMPLOYEE IS IN FACT ELIGIBLE FOR THE BENEFIT, IS MULTIPLIED BY THE
13 RATIO THAT THE COST OF LIVING IN THE STATE BEARS TO THE COST OF LIVING
14 IN ONE OR MORE OF THE OTHER STATES OF THE UNITED STATES].

15 * Sec. 28. AS 39.35.610 is amended to read:

16 Sec. 39.35.610. TRANSMITTAL OF CONTRIBUTIONS TO COMMISSIONER
17 OF ADMINISTRATION. The contributions of the political subdivision or
18 public organization and the contributions of its employees shall be
19 transmitted to the commissioner of administration as soon as practi-
20 cable after the close of the payroll period for which the contribu-
21 tions are made. If an employer is delinquent in transferring the
22 contributions for more than 15 [30] days, interest shall be assessed
23 on the outstanding contributions at one and one-half times the most
24 recent actuarially determined rate of earnings for the retirement
25 system [THE PRESCRIBED RATE] from the date that the contributions were
26 originally due.

27 * Sec. 29. AS 39.35.620(b) is repealed and re-enacted to read:

28 (b) All employees of the terminating employer whose contributions
29 have not been refunded, regardless of their employment status at the

1 date of termination, shall be considered fully vested in their adjusted
2 accrued retirement benefits as of the date of termination of the
3 employer.

4 * Sec. 30. AS 39.35.620 is amended by adding a new subsection to read:

5 (c) If the terminating employer has not liquidated his past
6 service liability on the date of termination, the accrued vested bene-
7 fits of all employees of the terminating employer to which the employees
8 are entitled because of service prior to July 1, 1973, or the date of
9 entry of the employer, whichever is later, shall be reduced by an amount
10 derived by multiplying the accrued vested benefit by a fraction, the
11 numerator of which is the remaining unfunded past service liability and
12 the denominator of which is the actuarially calculated value of benefits
13 earned prior to July 1, 1973, or the entry date of the employer, which-
14 ever is later.

15 * Sec. 31. AS 39.35.620 is amended by adding a new subsection to read:

16 (d) Each employee of a terminating employer must, within 60 days
17 of the employer's termination of participation, inform the administra-
18 tor, in writing, whether he wishes to obtain a refund or a vested
19 benefit.

20 * Sec. 32. AS 39.35.620 is amended by adding a new subsection to read:

21 (e) Each employee who elects to obtain a refund shall receive
22 a refund of the balance, determined as of the date of his employer's
23 termination of participation, of (1) his employee contribution account
24 and (2) his employee savings account. The vesting in accrued benefits
25 for each employee who elects to receive a refund is voided upon his
26 receipt of his refund. No partial refund shall be allowed under this
27 section.

28 * Sec. 33. AS 39.35.620 is amended by adding a new subsection to read:

29 (f) For each employee who elects to obtain a vested benefit,

1 the amount actuarially determined as necessary to fully fund the
2 benefits to be received shall be transferred first from the employee
3 contribution account and, after the employee contribution account has
4 been exhausted, then from the employer contribution account into
5 the retirement reserve account.

6 * Sec. 34. AS 39.35.620 is amended by adding a new subsection to read:

7 (g) After all of the employees of the terminating employer have
8 either received refunds or have been vested in their accrued benefits,
9 the remaining funds in the employer contribution account shall be re-
10 funded to the employer and the employer contribution account shall be
11 closed.

12 * Sec. 35. AS 39.35.620 is amended by adding a new subsection to read:

13 (h) Termination of an employer's participation in the system
14 shall not bar future participation in the system by that employer. If
15 a previously terminated employer returns to the system his employees
16 may be credited only with service subsequent to the date of return.
17 Adjustments made to the accrued benefits of the employees of the
18 previously terminated employer at the time of his termination shall not
19 be altered by that employer's return to participation in the system.

20 * Sec. 36. AS 39.35.680 is amended by adding new paragraphs to read:

21 (20) "military service" means service in the armed forces
22 of the United States after January 1, 1940;

23 (21) "administrator" means the person appointed by the
24 commissioner of administration pursuant to sec. 50 of this chapter;

25 (22) "past service liability" means:

26 (A) for each employer participating in the system
27 on December 31, 1972, that part of the actuarially determined
28 value of accrued benefits for that employer as of that date
29 which exceeds the total of the value of the employer account and

1 the mandatory contribution account for each employee of the em-
2 ployer as of that date;

3 (B) for each employer entering participation after
4 December 31, 1972, the actuarially determined value of benefits
5 with respect to service with that employer before the employer's
6 entry into the system;

7 (C) for all employers, the uniform annual amount re-
8 quired to amortize the amount of the unfunded obligation of the
9 employer, as described in (A) and (B) of this paragraph, over a
10 period of 30 years; this 30 year period begins the effective date
11 of the employer's participation in the system or on January 1,
12 1973, whichever is later.
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JU'NEAU ALASKA

Alaska State Legislature
House

FINANCE COMMITTEE BILL ASSIGNMENT

TO: Rep. Saylor
House Finance Committee

DATE: February 28, 1972

FROM: Earl D. Hillstrand
Chairman
House Finance Committee

BILL NO.: HOUSE BILL 266

TITLE: "An Act relating to the public employees' retirement system."

COMMENTS: This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

The Legislature of the State of Alaska
 FISCAL NOTE
 First Session - Eighth Legislature

I. REQUEST

Bill Identification: HB 266
 Title: Public Employees' Retirement System
 Requested by: Legislative Finance Date: March 20, 1973
 Return Date Requested: _____
 Agency: Retirement Section Program: Public Employees' Retirement System

II. FISCAL DETAIL

Budget Request Unit(s) Affected: All

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES	-0-	12.5	13.1	13.7	14.4	15.1
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
100 BENEFITS COST	-0-	(1,613.0)	(1,694)	(1,778)	(1,867)	(1,961)
TOTAL	-0-	12.5	13.1	13.7	14.4	15.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND	86%	-0-	10.8	11.3	11.9	12.5	13.1
FEDERAL FUNDS	14%	-0-	1.7	1.8	1.8	1.9	2.0
OTHER		-0-	-0-	-0-	-0-	-0-	-0-

C. POSITIONS:

PERMANENT/TEMPORARY	/0	/0	/0	/0	0	0
MAN MONTHS (P./T.)	/0	/0	/0	/0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Estimated applicable payroll in FY74 Budget Request= \$96,600,000.00
 The effect of this legislation will reduce the State Contribution rate by 1.67% of covered payroll. This will generate a savings of approximately \$1,613,000.00 in FY74.

IV. ATTACHMENTS

The request for 12.5 in personnel services represents increased costs associated with the manpower necessary to administer the new death benefit provisions.

V. DATE: March 20, 1973

PREPARED BY: Robert S. Gates

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)