

LEG. FINANCE - BILLS

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CSHB 243 cont.,

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Original sponsor: Rules/Governor

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For Today's Calendar

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 SFCS FOR CS FOR HOUSE BILL NO. 243 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' and public employees'
7 retirement; and providing for an effective date."

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

9 * Section 1. AS 14.25 is amended by adding new sections to read:

10 Sec. 14.25.012. PURPOSE AND EFFECTIVE DATE. (a) The purpose of
11 this chapter is to encourage qualified teachers to enter and remain in
12 service with participating employers by establishing a system for the
13 payment of retirement, disability, and death benefits to or on behalf
14 of the members.

15 (b) The system created became effective as of July 1, 1955, at
16 which time contributions by the participating employers and members
17 began.

18 Sec. 14.25.015. ADMINISTRATOR. The commissioner shall appoint
19 an administrator of the system.

20 * Sec. 2. AS 14.25.030 is amended to read:

21 Sec. 14.25.030. DUTIES OF THE ADMINISTRATOR. The administrator
22 shall

23 (1) establish and maintain an adequate system of accounts
24 for the retirement fund;

25 (2) approve or disapprove claims for retirement benefits
26 [SALARY];

27 (3) serve as secretary of the board and keep an official
28 record of all proceedings;

29 (4) publish annually a report showing the financial con-

1 dition of the retirement fund; and

2 (5) do whatever else may be necessary to carry out the pur-
3 poses of this chapter.

4 * Sec. 3. AS 14.25.035(e) is amended to read:

5 (e) The board shall serve as an appeal board and shall hold
6 hearings at the request of an employer, member [EMPLOYEE], annuitant, or
7 any beneficiary on [IN REGARD TO RULINGS OR] decisions made by the
8 administrator [OF THE TEACHERS' RETIREMENT SYSTEM]. The board shall
9 submit its findings to the administrator. The board shall hold annually
10 one or more public hearings to discuss proposed changes in the
11 [TEACHERS' RETIREMENT] system and to consider and adopt resolutions
12 which might apply to this system.

13 ~~* Sec. 4. AS 14.25.035 is amended by adding a new subsection to read:~~

14 ~~(b) The board may waive the requirements of AS 14.25.173 in accor-~~
15 ~~dance with AS 14.25.175.~~

16 * Sec. 5. AS 14.25 is amended by adding a new section to read:

17 Sec. 14.25.043. REEMPLOYMENT OF RETIRED MEMBERS. If a retired
18 member again becomes an active member, benefit payments may not be made
19 during the period of reemployment. The retirement benefit must be
20 suspended for the entire school year if the teacher is reemployed as an
21 active teacher for a period equivalent to a year of service. During the
22 period of reemployment, deductions from the member's salary will be made
23 in accordance with AS 14.25.050. Upon subsequent retirement, the
24 retired member is entitled to receive an additional benefit based on the
25 credited service and the average base salary during the period of re-
26 employment in accordance with AS 14.25.110.

27 * Sec. 6. AS 14.25.055 is amended to read:

28 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a
29 teacher is married or has a minor child and wishes to make his spouse

1 or minor child eligible for a spouse's pension or a survivor's allow-
2 ance, he may elect to make a supplemental contribution of an additional
3 one per cent of his base salary within 90 days of his entry into parti-
4 cipation in the system, or within 90 days of his marriage, or within 90
5 days of the birth or adoption of a child dependent upon him, or during
6 any open enrollment period authorized by the Teachers' Retirement System
7 Board. Once an election is made under this section, supplemental contri-
8 butions must be made whenever contributions are required under AS 14.25.
9 050 unless the teacher executes a written waiver with the administrator.
10 The execution of a waiver relinquishes all rights and benefits pre-
11 viously accrued under AS 14.25.162 and 14.25.164.

12 * Sec. 7. AS 14.25.060(a) is amended to read:

13 (a) If a member has military service or Alaska Bureau of Indian
14 Affairs (BIA) service, or if a member joined the system before July 1,
15 1978 [1977] and has creditable outside service, [OR IF A MEMBER HAS
16 MILITARY SERVICE OR ALASKA BUREAU OF INDIAN AFFAIRS (BIA) SERVICE,]
17 the member is indebted to the retirement fund as follows:

18 (1) At the time of first becoming a member of the system, the
19 arrearage indebtedness is seven per cent of the base salary multiplied
20 by the total number of years of creditable outside, military and
21 Alaska BIA service. Compound interest at the rate prescribed by
22 regulation shall be added to the arrearage indebtedness beginning July
23 1, 1963, or at the time of first becoming employed as a member, which-
24 ever is later, to the date of payment or the date of retirement, which-
25 ever occurs first.

26 (2) If a member terminates from the system and is subse-
27 quently reemployed as a member, the arrearage indebtedness to the retire-
28 ment fund for outside, military, or Alaska BIA service accumulated in
29 the interim is seven per cent of the base salary upon reentering member-

1 ship service, multiplied by the number of years of interim outside,
2 military, and Alaska BIA service. Compound interest at the rate pre-
3 scribed by regulation shall be added to the arrearage indebtedness
4 beginning July 1, 1963, or the date of reemployment as a member, which-
5 ever is later, to the date of payment or the date of retirement, which-
6 ever occurs first.

7 * Sec. 8. AS 14.25.060(b) is amended to read:

8 (b) If a member joins the system on or after July 1, 1978
9 and has creditable outside service, the member may claim this ser-
10 vice. If claimed, the member is indebted to the retirement fund as
11 follows:

12 (1) The arrearage indebtedness is the full actuarial cost of
13 providing benefits for the service being claimed. Compound interest at
14 the rate prescribed by regulation shall be added to the arrearage in-
15 debtedness beginning the date the actuarial cost is established to the
16 date of payment or the date of retirement, whichever occurs first.

17 (2) If a member terminates from the system and is subse-
18 quently reemployed as a member, the arrearage indebtedness for outside
19 service during the interim is the full actuarial cost of providing
20 benefits for the interim service being claimed. Compound interest at
21 the rate prescribed by regulation shall be added to the arrearage in-
22 debtedness beginning the date the actuarial cost is established to the
23 date of payment or the date of retirement, whichever occurs first.

24 (3) A member who joins the system on or after July 1, 1978
25 [AND CLAIMS ALASKA BIA SERVICE IS EXEMPT FROM (1) AND (2) OF THIS SUB-
26 SECTION WITH RESPECT TO THAT SERVICE. HIS ARREARAGE INDEBTEDNESS FOR
27 THE ALASKA BIA SERVICE SHALL BE CALCULATED UNDER (a) OF THIS SECTION.
28 HOWEVER, SUCH A MEMBER] may claim no more than five years Alaska BIA
29 service. A [THIS PARAGRAPH DOES NOT APPLY TO A] member who has, at the

1 time he claims Alaska BIA service, a vested military or federal retire-
2 ment benefit, or a [. A] member who acquires a vested military or
3 federal retirement benefit after claiming Alaska BIA service [UNDER THIS
4 PARAGRAPH] shall have his arrearage indebtedness for that service recal-
5 culated under (1) or (2) of this subsection, as appropriate, retroactive
6 to the date he claimed the service.

7 * Sec. 9. AS 14.25.061(a) is amended to read:

8 (a) A member who was not subject to the provisions of this chap-
9 ter, but who becomes subject to them because of a legislative change,
10 may elect to receive credit for retroactive membership [CREDITABLE]
11 service by contributing to the retirement fund an amount equal to the
12 contributions the member [HE] would have made had the member [HE] been
13 subject to the provisions of this chapter for those years of retroactive
14 [CREDITABLE] service after June 30, 1955. Retroactive contributions are
15 not required for retroactive membership [CREDITABLE] service before July
16 1, 1955. Compound interest at the rate prescribed by regulation shall
17 be added to the retroactive indebtedness from July 1, 1966 or the time
18 of first becoming eligible under this chapter, whichever is later, to
19 the date of payment or the date of retirement, whichever occurs first.

20 * Sec. 10. AS 14.25.061(b) is amended to read:

21 (b) If retroactive indebtedness contributions have been made for
22 retroactive [CREDITABLE] service before July 1, 1955, the member is
23 entitled to a refund of those retroactive membership indebtedness
24 contributions.

25 * Sec 11. AS 14.25.062 is amended to read:

26 Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. A [IF A] teacher who
27 has received a refund of contributions in accordance with AS 14.25.150
28 is [REEMPLOYED IN MEMBERSHIP SERVICE, HE IS] indebted to the retirement
29 fund in the amount of the total refund. Compound interest at the rate

1 prescribed by regulation shall be added to the reinstatement indebted-
2 ness from the date of the refund to the date of repayment or the date of
3 retirement, whichever occurs first.

4 * Sec. 12. AS 14.25 is amended by adding a new section to read:

5 Sec. 14.25.063. PAYMENT OF INDEBTEDNESS. (a) For purposes of
6 this chapter, a member does not have to be reemployed under this system
7 in order to make indebtedness payments. However, a former member must
8 be reemployed under this system in order to make indebtedness payments.
9 Payments apply first to accrued interest and then to principal.

10 (b) If the member has not paid the full amount of indebtedness
11 owing to the system by the date of application for retirement, he may
12 elect either:

13 (1) option one -- to have any retirement benefit which be-
14 comes due the member withheld until the total amount withheld is equal
15 to the outstanding indebtedness due the system; or

16 (2) option two -- to cancel the outstanding indebtedness to
17 the system by accepting an actuarially reduced annuity for life.

18 (c) If a member elects option one under (b)(1) of this section,
19 the member may pay all or any part of the outstanding indebtedness at a
20 later date. However, option two under (b)(2) of this section, if
21 elected by a member, is irrevocable.

22 * Sec. 13. AS 14.25.065(b) is amended to read:

23 (b) The contributions of employers under AS 14.25.070 must [SHALL]
24 be transmitted [BY A SCHOOL DISTRICT] to the administrator at the close
25 of each pay period. If the contributions are not submitted within 15
26 days of the close of each payroll period, interest must be assessed on
27 the outstanding contributions at one and one-half times the most recent
28 actuarially determined rate of earnings for the system from the date
29 that contributions were originally due. In addition, the amount of the

1 contributions and interest may [SHALL] be deducted by the Department of
2 Education from the state funds due the school district and the amount so
3 deducted [SHALL BE] transmitted to the administrator for deposit in the
4 retirement fund. Amounts due from the [THE] University of Alaska and
5 interest as prescribed in this section may [SHALL FORWARD ITS CONTRIBU-
6 TION TO THE ADMINISTRATOR WITHIN 15 DAYS OF THE CLOSE OF EACH PAYROLL
7 PERIOD FOR DEPOSIT IN THE RETIREMENT FUND. IF THE CONTRIBUTIONS ARE NOT
8 SUBMITTED WITHIN 15 DAYS OF THE CLOSE OF EACH PAYROLL PERIOD, THE AMOUNT
9 OF THE CONTRIBUTIONS SHALL] be deducted by the commissioner of adminis-
10 tration from any state funds due the University of Alaska and the amount
11 deducted [SHALL BE] transmitted to the administrator for deposit in the
12 retirement fund.

13 * Sec. 14. AS 14.25.100 is amended to read:

14 Sec. 14.25.100. CREDIT FOR SERVICE IN THE ARMED FORCES. (a) A
15 member [TEACHER] who served as an active member of the armed forces of
16 the United States [AFTER DECEMBER 31, 1939] may receive creditable
17 service under this [RETIREMENT] system up to a maximum of five
18 years. Each 12 months of military service equals one school year, and
19 lesser military periods will be determined for credit purposes in a
20 proportionate ratio to a year. To receive creditable service
21 under this section, the member [TEACHER] must have received a discharge
22 other than dishonorable. Credit for service in the armed forces shall
23 be granted only if the member [TEACHER] makes contributions for the
24 service in the same manner as required for outside service under
25 AS 14.25.060. The military service credited under this section shall be
26 included in the 10-year limitation of outside service as specified in
27 AS 14.25.060, except if entry into the armed forces is immediately
28 preceded by Alaska membership service and following discharge is con-
29 tinued by Alaska membership service within one year thereafter, service

1 may not be counted for purposes of determining the applicability of the
2 10-year limitation on outside service.

3 (b) Where a member [TEACHER] is unable to resume teaching in a
4 public school within one year following discharge because of hospitali-
5 zation, rehabilitation training, a disability derived while in the armed
6 forces, or other like circumstances, the administrator shall determine
7 the allowance or disallowance of any service in the armed forces.

8 (c) (repealed)

9 (d) (repealed)

10 (e) A member [TEACHER] may not be credited with the same period of
11 service in the armed forces under this section if credit for that mili-
12 tary service was granted under the public employee's retirement system
13 (AS 39.35). The combined period of military service claimed under this
14 section and AS 39.35 may not exceed five years.

15 * Sec. 15. AS 14.25.110 is repealed and re-enacted to read:

16 Sec. 14.25.110. RETIREMENT BENEFITS. (a) A member is eligible
17 for a normal retirement benefit if he

18 (1) was first hired before July 1, 1975, has attained the age
19 of 55 years, and has at least 15 years of credited service, the last
20 five of which have been membership service;

21 (2) has attained the age of 55 years and has at least eight
22 years of membership service;

23 (3) has attained the age of 55 years, has at least five years
24 of membership service, and has at least three years of Alaska BIA service;

25 (4) has at least 25 years of credited service, the last five
26 of which have been membership service;

27 (5) has at least 20 years of membership service; or

28 (6) has at least 20 years of combined membership service and
29 Alaska BIA service, the last five of which have been membership service.

1 (b) A member is eligible for an early retirement benefit upon
2 completing any one of the service requirements in (a)(1), (2), or (3) of
3 this section and attaining the age of 50 years.

4 (c) The burden is on the applicant to prove eligibility for re-
5 tirement benefits to the full satisfaction of the administrator.

6 (d) The monthly amount of a retirement benefit for a member who
7 has paid the full amount of any indebtedness is two per cent of the
8 member's average base salary during any three school years of membership
9 service times the years of credited service, including credited frac-
10 tional years, ^{^ DIVIDED BY 12.} An actuarial adjustment must be made for early retire-
11 ment.

12 (e) The monthly amount of a retirement benefit must be determined
13 in accordance with (d) of this section as it is in effect on the date of
14 termination of the retiring member's last segment of employment.

15 (f) The annual amount of retirement benefits for a retiring member
16 who was a member of the retirement system established by the Retirement
17 Act of 1945 may not be less than \$975 plus 10 per cent of the total
18 contribution made by the member to the retirement fund of 1945.

19 (g) A member who is eligible for a service retirement salary under
20 this chapter or under the Retirement Act of 1945 is entitled to a bene-
21 fit of at least \$20 per month for each year of credited service, ex-
22 cluding adjustments made under AS 14.25.142 or 14.25.143. If the member
23 elected option two under AS 14.25.063(b)(2) for payment of any indebted-
24 ness when he initially applied for a retirement benefit, or if he
25 elected to receive an early retirement benefit under (b) of this sec-
26 tion, the resulting benefit reduction continues in effect.

27 (h) The monthly retirement benefit for a member who was receiving
28 a retirement benefit on July 1, 1955 is \$50 a month if the member was at
29 least 55 years of age on July 1, 1955.

1 (i) Benefits payable under this section accrue from the first day
2 of the month after which all of the following requirements are met: (1)
3 the member meets the eligibility requirements of this section; (2) the
4 member terminates employment; and (3) the member applies for retirement.
5 Benefits are not payable under this section during a school year in
6 which credit for a full year of service is granted. The benefits are
7 payable the last day of the month. If payment is delayed, a retroactive
8 payment must be made for the month in which a benefit is payable under
9 this section.

10 * Sec. 16. AS 14.25.125(c) is amended to read:

11 (c) Membership service for which contributions were refunded is
12 not creditable under this section unless the refunded contributions have
13 been repaid. For purposes of this section, a member or former member
14 does not have to be reemployed under this system in order to repay
15 refunded contributions. Compound interest at the rate prescribed by
16 regulation must be added to the reinstatement indebtedness from the date
17 of the refund to the date of repayment.

18 * Sec. 17. AS 14.25.130 is amended to read:

19 Sec. 14.25.130. DISABILITY BENEFITS [ELIGIBILITY FOR DISABILITY
20 RETIREMENT]. (a) A member [TEACHER IN MEMBERSHIP SERVICE] who has
21 become permanently disabled, as defined in AS 14.25.220, after July 1,
22 1966, before age 55 and who has [HAD] five or more [MEMBERSHIP] years
23 of membership service may be retired by the administrator as of the
24 first day of the month following the permanent disability. After [THE
25 ADMINISTRATOR, AFTER] a report of medical examination of the member, an
26 application [TEACHER] and other requested information [THE ADMINISTRATOR
27 MAY REQUEST] has been submitted, the administrator shall determine if
28 [CERTIFY THAT] the member [TEACHER] is physically or mentally incapaci-
29 tated for [THE] further performance of duty, and if [THAT] the incapacity

1 is likely to be permanent and whether [THAT] the member [TEACHER] should
2 receive disability benefits [BE RETIRED].

3 [(b) A TEACHER RETIRED BECAUSE OF DISABILITY UNDER THIS SECTION
4 WHO SUBSEQUENTLY RECOVERS FROM THE DISABILITY IS NOT ENTITLED TO ANY
5 DISABILITY RETIREMENT SALARY FROM THE FIRST DAY OF THE MONTH FOLLOWING
6 RECOVERY.]

7 (c) Once each year during the first five years following appoint-
8 ment to [RETIREMENT OF A TEACHER FOR] disability under this section, and
9 once every three-year period thereafter, the administrator may require a
10 disabled member [TEACHER] who has not attained eligibility for normal
11 retirement to undergo a medical or mental examination by a competent
12 physician. The administrator shall suspend any disability benefit
13 [RETIREMENT ALLOWANCE] for a disabled member [TEACHER] who refuses to
14 undergo a physical or mental examination when requested [BY THE ADMINIS-
15 TRATOR] under this section.

16 (d) The amount of the disability benefit is equal to 50 per cent
17 of the member's base salary immediately before becoming disabled. The
18 disability benefit is increased by 10 per cent for each dependent child,
19 up to a maximum of four dependent children.

20 (e) Benefits payable under this section accrue from the first day
21 of the month after which the following requirements are met: (1) the
22 member meets the eligibility requirements of this section; and (2) the
23 member terminates employment. The benefits are payable the last day of
24 the month. If payment is delayed, a retroactive payment must be made to
25 cover the period of deferment. The last payment for a dependent child
26 shall be for the month in which the child ceases to be a dependent child.
27 The last payment for the disabled member shall be made for the month in
28 which the disabled member recovers from his disability, dies, or is
29 eligible for normal retirement.

1 * Sec. 18. AS 14.25.143(a) is amended to read:

2 (a) When the administrator determines that the cost of living has
3 increased and that the financial condition of the retirement fund per-
4 mits, the administrator [HE] may increase all annuitant's [SERVICE
5 RETIREMENT] and survivor's benefits [SALARIES] to reflect this cost of
6 living increase.

7 * Sec. 19. AS 14.25.160 is repealed and re-enacted to read:

8 Sec. 14.25.160. DEATH BENEFITS. (a) Upon receipt of a valid
9 claim and proof of the death of a member who has not made supplemental
10 contributions or whose supplemental contributions under AS 14.25.055
11 were made for less than one year of membership service, a death benefit
12 will be paid to the beneficiaries the member has designated in a written
13 designation filed with the administrator. If the member failed to
14 designate a beneficiary, or if no designated beneficiary survives the
15 member, the benefits will be paid as follows:

16 (1) to the surviving spouse;

17 (2) if there is no surviving spouse, to the surviving children
18 in equal amounts;

19 (3) if there is no surviving child, to the surviving parents
20 in equal amounts; or

21 (4) if there is no surviving parent, to the member's estate.

22 (b) Upon the death of an active member who meets the conditions
23 specified in (a) of this section, the amount of the death benefit is the
24 sum of the following less any retirement benefit previously received by
25 the member:

26 (1) the member's mandatory contribution account;

27 (2) \$100 times the years of membership service;

28 (3) \$1,000; and

29 (4) \$500 if the deceased member is survived by one or more

1 dependent children at the time of death.

2 (c) If the sum of (b)(2) and (3) of this section exceeds \$3,000,
3 only \$3,000 may be added to amounts under (b)(1) and (4) in calculating
4 the death benefit under (b) of this section.

5 (d) Upon the death of an inactive member who meets the conditions
6 specified in (a) of this section, the death benefit is the amount deter-
7 mined in (b)(1) of this section.

8 (e) Upon the death of a disabled member who is not eligible for
9 normal retirement and who meets the conditions specified in (a) of this
10 section, the death benefit is the amount determined in (b) of this
11 section.

12 (f) Upon the death of a retired member who meets the conditions
13 specified in (a) of this section, the death benefit is the amount deter-
14 mined in (b)(1) of this section less all retirement benefits paid to the
15 deceased member.

16 (g) If supplemental contributions have been made under AS 14.25.-
17 003, benefits may be payable under AS 14.25.162 or 14.25.164 if the
18 deceased member meets the eligibility requirements of one of those
19 sections.

20 (h) Payment made to a beneficiary under this section is in place
21 of any other benefit under this chapter.

22 * Sec.20. AS 14.25.162 is repealed and re-enacted to read:

23 Sec. 14.25.162. SURVIVOR'S ALLOWANCE. (a) If an active or dis-
24 abled member dies and leaves a dependent child, and supplemental contri-
25 butions have been made under AS 14.25.055 for at least one year of
26 credited service, a survivor's allowance is payable under (b) of this
27 section. If a retired member or a deferred vested member dies and
28 leaves a dependent child, and supplemental contributions have been made
29 under AS 14.25.055 for at least five years of credited service, a sur-

1 survivor's allowance is payable under (b) of this section. Application for
2 the survivor's allowance must be made in writing to the administrator.

3 (b) A survivor's allowance is payable under this section as
4 follows:

5 (1) an allowance of 10 per cent of the member's base salary
6 immediately before the member's death, retirement, or disability shall
7 be paid for each dependent child; if there are four or more dependent
8 children, the total amount paid to those children is 40 per cent of the
9 member's base salary before his death, retirement, or disability, paid
10 in equal amounts to each child; the allowance shall be recomputed for
11 the month in which the number of dependent children is less than four
12 and the benefits shall be decreased accordingly; if a dependent child
13 who is at least 19 years old but less than 23 years old is out of school
14 for more than one semester, payments of the dependent child's benefits
15 terminate permanently; the adoption of a dependent child does not termi-
16 nate the survivor's allowance payable under this section;

17 (2) an allowance of 35 per cent of the member's base salary
18 shall be paid to the member's surviving spouse as long as there is an
19 eligible dependent child as determined under (b)(1) of this section; if
20 there is no surviving spouse, an allowance of 10 per cent of the
21 member's base salary shall be paid to each court-appointed guardian;

22 (3) when no further benefits are payable under this section,
23 the difference between the amount that would have been paid under AS
24 14.25.160 and any payments made to the member, spouse, guardian, or
25 dependent children under this section shall be paid to those benefici-
26 aries described in AS 14.25.160(a);

27 (4) benefits are not payable under this section if benefits
28 are being paid under AS 14.25.164.

29 (c) The survivor's allowance accrues from the first day of the

1 month following the death of a member and is payable on the last day of
2 the month. If payment is delayed, a retroactive payment must be made
3 for the month in which a benefit is payable under this section. The
4 last payment is for the month in which a benefit is payable under this
5 section.

6 * Sec. 21. AS 14.25.164 is repealed and re-enacted to read:

7 Sec. 14.25.164. SPOUSE'S PENSION. (a) If an active or disabled
8 member dies, a pension is payable to the member's spouse if the member
9 made supplemental contributions under AS 14.25.055 for at least one year
10 of credited service. If a retired member or deferred vested member
11 dies, a pension is payable to the member's spouse if the member made
12 supplemental contributions under AS 14.25.055 for at least five years of
13 credited service. Application for the spouse's pension must be made in
14 writing to the administrator.

15 (b) A spouse's pension is payable under this section as follows:

16 (1) a spouse's pension is equal to 50 per cent of the retire-
17 ment benefit that the deceased member was receiving; if the member was
18 not receiving a retirement benefit, the spouse's pension is equal to 50
19 per cent of the amount the member would have received, based on the
20 member's average base salary and credited service to the date of the
21 member's death and assuming that the member would have been eligible for
22 a normal retirement benefit as of that date;

23 (2) in the event of the death of a member's spouse who is
24 receiving a spouse's pension, the difference between the amount that
25 would have been paid under AS 14.25.160 and any payments made to the
26 member, spouse, guardian, or dependent children, shall be paid to those
27 beneficiaries described in AS 14.25.160;

28 (3) benefits are not payable under this section if benefits
29 are being paid under AS 14.25.162.

1 (c) The spouse's pension accrues from the first day of the month
2 following the death of a member and is payable on the last day of the
3 month. If payment is delayed, a retroactive payment must be made for
4 the month in which a benefit is payable under this section. The last
5 payment is for the month in which the spouse dies.

6 ~~* Sec. 22. AS 14.25 is amended by adding a new section to read:~~

7 Sec. 14.25.175. WAIVER OF ADJUSTMENTS. (a) Upon appeal by an
8 affected member or beneficiary under (b) of this section, the board may
9 waive an adjustment or a portion of an adjustment made under AS 14.25.-
10 173 if

11 (1) the adjustment or portion of the adjustment will, in the
12 opinion of the board, cause undue hardship to the member or beneficiary;

13 (2) the member is retired or has submitted notification of
14 impending retirement to his employer to be effective no later than 180
15 days after the adjustment was made; or the beneficiary was eligible to
16 receive or was receiving benefits under this chapter before the adjust-
17 ment;

18 (3) the adjustment will result in a loss of eligibility for
19 benefits for the member or beneficiary or result in a reduction of
20 benefits received by the member or beneficiary of \$50 per month or more;

21 (4) the adjustment was not the result of erroneous infor-
22 mation supplied by the member or beneficiary;

23 (5) before the adjustment was made, the member or beneficiary
24 received confirmation from the administrator that his records were
25 correct; and

26 (6) the member or beneficiary had no reasonable grounds to
27 believe his records were incorrect before the adjustment was made.

28 (b) In order to obtain consideration of a waiver under this sec-
29 tion, the affected member or beneficiary must appeal to the board in

1 writing within 30 days after receipt of notice that his records have
2 been adjusted. The board shall rule on an appeal within 120 days after
3 its receipt. The ruling of the board shall be in writing.

4 (c) The board may, at its discretion, conduct a hearing on an
5 appeal under this section. In reaching a decision on an appeal, the
6 board may issue subpoenas, administer oaths, and compel the attendance
7 and testimony of witnesses, the taking of depositions, the submission of
8 affidavits, and the production of documents and records.

9 (d) The board may impose conditions on granting a waiver which it
10 considers equitable. These conditions may include requiring the member
11 or beneficiary to make additional contributions to the system.

12 (e) The board may reconsider a ruling under this section upon
13 request of the member or beneficiary or the administrator if the request
14 is received within 30 days after the initial ruling. Any modification
15 of the initial ruling must be made within 30 days after receipt of a
16 request for reconsideration.

17 (f) Rulings and modifications of rulings under this section must
18 be by a majority of a quorum of the board.

19 (g) Rulings on appeals and requests for reconsideration under this
20 section may be appealed by an aggrieved member or beneficiary to the
21 ~~superior court for abuse of discretion.~~

22 * Sec. 23. AS 14.25.177 is repealed and re-enacted to read:

23 Sec. 14.25.177. EFFECT OF AMENDMENTS. (a) An amendment to this
24 chapter is not retroactive unless its retroactivity is expressly stated
25 in the amendment.

26 (b) The monthly amount of a benefit payable under this chapter
27 shall be determined in accordance with the provisions of this chapter in
28 effect on the date of termination of the member's last segment of em-
29 ployment.

1 * Sec. 24. AS 14.25.200 is amended to read:

2 Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS. Benefits
3 [TEACHERS' RETIREMENT SALARIES] and other amounts held in the retirement
4 fund on behalf of the members [TEACHERS] are exempt from Alaska state
5 and municipal taxes and are not subject to anticipation, alienation,
6 sale, transfer, assignment, pledge, encumbrance charge, garnishment,
7 execution or levy of any kind, either voluntary or involuntary before
8 they are received by the person entitled to the amount under the terms
9 of the system, and any attempt to anticipate, alienate, sell, transfer,
10 assign, pledge, encumber, charge, or otherwise dispose of any right to
11 amounts accrued in the retirement fund is [SHALL BE] void.

12 * Sec. 25. AS 14.25.205 is amended to read:

13 Sec. 14.25.205. TIME LIMIT FOR APPLICATION. If no application for
14 benefits or for refund has been filed with the administrator by July 1
15 following the date on which an inactive [THE] member (except a member on
16 leave of absence without pay) would attain age 75, or if no application
17 for benefits or for refund has been filed with the administrator within
18 the 50 years following the most recent date on which the person was an
19 active member, no benefits or refunds may be paid under this chapter and
20 the member's records may be destroyed.

21 * Sec. 26. AS 14.25.220 is repealed and re-enacted to read:

22 Sec. 14.25.220. DEFINITIONS. In this chapter, unless the context
23 requires otherwise,

24 (1) "active member" means a member who is employed by an
25 employer, is receiving compensation on a full or part-time basis and is
26 making contributions to the system, or a member making contributions
27 under AS 14.20.330 OR 14.20.345;

28 (2) "actuarial adjustment" means equality in value of the
29 aggregate expected payments under two different forms of pension pay-

1 ments, considering expected mortality and interest earnings on the basis
2 of tables adopted from time to time by the board;

3 (3) "administrator" means the person appointed by the com-
4 missioner of administration under AS 14.25.015;

5 (4) "annuitant" means a retired member or a disabled member
6 who is receiving a benefit under this system;

7 (5) "average base salary" means the result obtained by
8 dividing the sum of the member's three highest years' base salary by
9 three, or if a member does not have three years base salary, then by
10 dividing the sum of all base salaries by the number of years of base
11 salary; the base salary for a year in which credit is granted for disa-
12 bility totaling more than one-third of a year may not be used in the
13 computation of the average base salary; the base salary in a school year
14 for which the member receives compensation for less than two-thirds of a
15 year may not be used in the computation of the average base salary; if
16 compensation is received for more than two-thirds of a year, the full
17 base salary for that school year shall be used in the computation of the
18 average base salary;

19 (6) "base salary" means the total remuneration payable under
20 contract for a full year of membership service, including addenda to the
21 contract;

22 (7) "beneficiary" means a person designated by a member to
23 receive benefits that may be due from the system upon the member's
24 death;

25 (8) "BIA service" means service, including partial years, as
26 a teacher in a school operated by the Bureau of Indian Affairs in
27 Alaska;

28 (9) "compensation" means the total remuneration paid under
29 contract to a member for services rendered during a school year; for

1 purposes of AS 14.25.050, compensation paid includes any payment made
2 after June 30 of a school year for services rendered before the end of
3 the school year;

4 (10) "credited service" means all membership service as
5 provided in (20) of this section, plus outside, military, and BIA ser-
6 vice not exceeding 15 years, with outside and military service limited
7 to 10 years except under the conditions set out in AS 14.25.100;

8 (11) "deferred vested member" means an inactive member who
9 meets the service requirements of a vested member;

10 (12) "dependent child" means an unmarried child of a member,
11 including an adopted child, who is dependent upon the member for support
12 and who is either (A) less than 19 years old, or (B) less than 23 years
13 old and registered at and attending on a full-time basis an accredited
14 educational or technical institution recognized by the Department of
15 Education; the age limits set out in this paragraph do not apply to a
16 child who is totally and permanently disabled;

17 (13) "disabled member" means a member who is terminated, who
18 has not received a refund from the system, and who is receiving a disa-
19 bility benefit from the system;

20 (14) "early retirement" means retirement under AS 14.25.-
21 110(b);

22 (15) "employer" means a public school district, the Board of
23 Regents of the University of Alaska, the Department of Education, the
24 National Education Association of Alaska, or the Regional Resource
25 Centers;

26 (16) "former member" means a member who is terminated and who
27 received a total refund of the balance of the mandatory contribution
28 account, or who has requested in writing a refund of the balance of the
29 mandatory contribution account;

1 (17) "full-time teacher" means a teacher occupying a position
2 requiring teaching on a regular basis for the normal work period per day
3 or week at a teaching assignment, excluding teaching as an assistant or
4 graduate assistant or teaching on a substitute, temporary, or per diem
5 basis;

6 (18) "inactive teacher or member" means a member who is
7 terminated and who has not received a refund from the system or a member
8 who is on leave of absence and who is not making contributions under AS
9 14.20.345;

10 (19) "mandatory contribution account" means the account
11 maintained by the system to record the mandatory contributions of each
12 member, including interest and adjustments to the account in accordance
13 with AS 14.25.170;

14 (20) "membership service" means

15 (A) full or part-time service as a teacher in a public
16 school in the Territory or State of Alaska, or both, under the
17 supervision and control of the Territorial Board of Education or
18 the Department of Education or the school board of any city, re-
19 gional educational attendance area, or borough school district;

20 (B) full-time or part-time teaching at the University of
21 Alaska or a full-time administrative position at the University of
22 Alaska which requires academic standing and which has been approved
23 for inclusion in the system by the administrator; or

24 (C) any period during which the teacher receives a
25 disability benefit under this system or is on an approved sabbati-
26 cal leave granted in accordance with AS 14.20.310;

27 (21) "military service" means active duty in the armed forces
28 of the United States;

29 (22) "nonpublic school" means a school established by an

1 agency other than a state which is primarily supported by other than
2 public funds, and operation of whose program rests with other than
3 publicly elected or appointed officials, and is state approved or
4 accredited;

5 (23) "non-vested member" means an active or inactive member
6 who does not meet the requirements of a vested member or deferred vested
7 member;

8 (24) "normal retirement" means retirement under AS 14.25.-
9 110(a);

10 (25) "outside service" means service

11 (A) as a certificated full-time elementary or secondary
12 teacher or a certificated person in a full-time position requiring
13 a teaching certificate as a condition of employment in an out-of-
14 state public school within the United States, or in a school out-
15 side the United States supported by funds of the United States;

16 (B) as a certificated full-time elementary or secondary
17 teacher or a certificated person in a full-time position requiring
18 a teaching certificate as a condition of employment in an approved
19 or accredited nonpublic school within the United States, or in a
20 school outside the United States supported by funds of the United
21 States;

22 (C) in a full-time position requiring academic standing
23 in an out-of-state institution of higher learning accredited by a
24 nationally recognized accrediting agency as listed in the Education
25 Directory -- Colleges and Universities by the National Center for
26 Education Statistics;

27 (D) as a full-time teacher in an approved or accredited
28 nonpublic institution of higher learning in Alaska;

29 (26) "part-time teacher" means a teacher occupying a position

1 requiring teaching on a regular basis for at least 50 per cent of the
2 normal work week at a teaching assignment, excluding teaching as an
3 assistant or graduate assistant, or teaching on a substitute, temporary,
4 or per diem basis;

5 (27) "permanent disability" means a physical or mental con-
6 dition which, in the judgment of the administrator, based upon medical
7 reports and other evidence satisfactory to the administrator, presumably
8 prevents a member from satisfactorily performing the member's usual
9 duties for the member's employer or the duties of another position or
10 job which an employer makes available for which the member is qualified
11 by training or education;

12 (28) "prescribed rate of interest" means the rate of interest
13 used for computing employer contributions, for preparing actuarial
14 tables used by the system, for crediting interest to members' contribu-
15 tions, and for charging interest on members' indebtedness accounts;

16 (29) "public school" means a school operated by publicly
17 elected or appointed school officials in which the program and activi-
18 ties are under the control of those officials and which is supported by
19 public funds;

20 (30) "retired teacher or member" means a member who is termi-
21 nated, who has not received a refund from the system, and who is re-
22 ceiving a benefit, other than disability, from the system;

23 (31) "retirement" means that period of time from the first
24 day of the month following

25 (A) the date of termination; and

26 (B) application for retirement in which a person is
27 appointed to receive a retirement benefit, other than a disability
28 benefit;

29 (32) "retirement benefit" means the annuity received by a

1 retired member from the system;

2 (33) "retirement fund" means the fund consisting of all
3 matching contributions by local school districts, money made available
4 by appropriations by the state legislature and from all contributions
5 from whatever source, and income and interest derived from the invest-
6 ment of money;

7 (34) "Retirement System of 1945" and "Retirement Fund of
8 1945" or like terms mean the system and fund established in sections
9 37-5-21 - 37-5-35, ACLA 1949;

10 (35) "school year" means the 12-month period beginning July 1
11 of each year and ending June 30 of the following year;

12 (36) "supplemental contribution account" means the account
13 maintained by the system to record the supplemental contributions of
14 each member, including interest and adjustments to the account in accor-
15 dance with AS 14.25.170;

16 (37) "system" means the Teachers' Retirement System of
17 Alaska;

18 (38) "teacher or member" means a person eligible to parti-
19 cipate in the system and who is covered by the system, including:

20 (A) a certificated full-time or part-time elementary or
21 secondary teacher, a certificated school nurse, or a certificated
22 person in a position requiring a teaching certificate as a condi-
23 tion of employment in a public school of the state;

24 (B) the commissioner of education and all supervisory
25 positions in the Department of Education;

26 (C) a full-time or part-time teacher of the University
27 of Alaska or a person occupying a full-time administrative position
28 at the University of Alaska which requires academic standing; the
29 approval of the administrator must be obtained before an adminis-

1 trative position qualifies for membership in the system;

2 (39) "vested member" or "vested teacher" means an active
3 member who has completed either

4 (A) 15 years of service, the last five of which have
5 been membership service, for a member first hired before July 1,
6 1975; or

7 (B) eight years of membership service; or

8 (C) five years of membership and three years of BIA
9 service;

10 (40) "year of service" means membership service during the
11 dates set for a school year; partial year service credit is given for
12 membership service before July 1, 1969, during any school year as
13 follows: (A) less than 20 days, no credit; (B) 20 days or more but less
14 than 35 days, 0.2 years; (C) 35 days or more but less than 49 days, 0.3
15 years; (D) 49 days or more but less than 63 days, 0.4 years; (E) 63 days
16 or more but less than 77 days, 0.5 years; (F) 77 days or more but less
17 than 91 days, 0.6 years; (G) 91 days or more but less than 105 days, 0.7
18 years; (H) 105 days or more but less than 119 days, 0.8 years; (I) 119
19 days or more but less than 133 days, 0.9 years; (J) 133 days or more,
20 1.0 years; partial year service credit is given for membership service
21 after July 1, 1969, during any school year as follows: (A) less than
22 nine days, no credit; (B) nine days or more but less than 27 days, 0.1
23 years; (C) 27 days or more but less than 45 days, 0.2 years; (D) 45 days
24 or more but less than 63 days, 0.3 years; (E) 63 days or more but less
25 than 81 days, 0.4 years; (F) 81 days or more but less than 100 days, 0.5
26 years; (G) 100 days or more but less than 118 days, 0.6 years; (H) 118
27 days or more but less than 136 days, 0.7 years; (I) 136 days or more but
28 less than 154 days, 0.8 years; (J) 154 days or more but less than 172
29 days, 0.9 years; (K) 172 days or more, 1.0 years; if service is per-

1 formed on a part-time basis, one-half credit shall be given for each day
2 of service.

3 * Sec. 27. AS 39.35.010(a) is amended to read:

4 (a) The purpose of this chapter is to encourage qualified per-
5 sonnel to enter and remain in the service of the state or a political
6 subdivision or public ~~or quasi-public~~ organization of the state by
7 establishing a system for the payment of retirement, disability, and
8 death benefits to or on behalf of the employees.

9 * Sec. 28. AS 39.35.050(a) is amended to read:

10 (a) The commissioner shall appoint an administrator in charge of
11 [THE DETAILED AFFAIRS OF] the system. [THE COMMISSIONER MAY APPOINT THE
12 PERSONNEL DIRECTOR OF THE PERSONNEL DIVISION OF THE DEPARTMENT OF ADMIN-
13 ISTRATION AS THE ADMINISTRATOR.]

14 * Sec. 29. AS 39.35.060(3) is amended to read:

15 (3) attend meetings of the board and serve as secretary of
16 the board;

17 * Sec. 30. AS 39.35.300(a) is amended to read:

18 (a) An active employee is entitled to credited service for periods
19 of employment with the state after January 1, 1961, regardless of the
20 office, department, division, or agency of the state in which he was
21 employed. For purposes of this chapter, the University of Alaska is not
22 an office, department, division, or agency of the state. Service credit
23 may not be granted under this chapter for service which is creditable
24 under the teachers' retirement system, AS 14.25.

25 * Sec. 31. AS 39.35.340(b) is amended to read:

26 (b) In order to obtain credited service under this section, an
27 employee shall make an election to do so and shall verify his period of
28 military service [BEFORE JULY 1, 1977 OR WITHIN ONE YEAR FOLLOWING THE
29 DATE WHEN THE EMPLOYEE FIRST BECOMES VESTED UNDER THIS CHAPTER, IF

1 LATER]. When eligibility for credited service for military service has
2 been established, an indebtedness shall be determined as follows: (1)
3 the employee's actual compensation, or the calculated annual compensa-
4 tion for those employees working less than 12 months, during the calen-
5 dar year 1975 or the year in which an employee first becomes vested
6 under this chapter, whichever is later, multiplied by (2) six per cent,
7 this product multiplied by (3) the number of years of military service
8 credited under this section. Interest as prescribed by regulation
9 accrues on this indebtedness commencing on July 1, 1977 or one year
10 following the date a person first becomes vested, whichever is later.
11 Any outstanding indebtedness which exists at the time a person is
12 appointed to retirement will necessitate an actuarial adjustment to the
13 benefits payable based upon that military service.

14 * Sec. 32. AS 39.35.340(c) is amended to read:

15 (c) A retired employee on July 1, 1976 is eligible to receive
16 increased benefits based upon military service as described in (a) of
17 this section. To receive credited service for military service, a
18 retired employee must verify his military service [BEFORE JULY 1, 1977].
19 When verified, a retired employee is entitled to receive an increased
20 benefit which shall be actuarially adjusted to reflect his indebtedness
21 for such credit. The indebtedness shall be calculated in the same
22 manner as described in (b) of this section except that it shall be based
23 on the average monthly compensation used in calculating the benefit.
24 The effective date of this increased benefit is the beginning of the
25 month following that in which eligibility has been established.

26 * Sec. 33. AS 39.35.340(e) is amended to read:

27 (e) A deferred vested employee on July 1, 1976 is eligible to
28 claim credited service under (a) of this section. In order to obtain
29 credited service under this section, such an employee must make an

1 election to do so and must verify his period of military service [BEFORE
2 JULY 1, 1978]. When eligibility for military service has been estab-
3 lished, an indebtedness shall be determined as follows: the employee's
4 actual compensation, or the calculated annual compensation for those
5 employees working less than 12 months, during the calendar year the
6 employee terminated, shall be multiplied by six per cent; this product
7 shall then be multiplied by the number of years of military service
8 credit under this section. Interest as prescribed by regulation accrues
9 on this indebtedness commencing July 1, 1978. Any outstanding indebted-
10 ness which exists at the time a person is appointed to retirement will
11 necessitate an actuarial adjustment to the benefits payable based upon
12 that military service.

13 * Sec. 34. AS 39.35.340(f) is amended to read:

14 (f) An employee cannot be credited with a period of active mili-
15 tary service in the armed forces of the United States under this section
16 if credit for that military service was granted under AS 14.25.

17 * Sec. 35. AS 39.35.340(g) is amended to read:

18 (g) A surviving spouse receiving or entitled to receive a sur-
19 viving spouse's pension under AS 39.35.440 or benefits under a joint and
20 survivor option filed under AS 39.35.450 is eligible to receive in-
21 creased benefits based upon military service as described in (a) of this
22 section. To receive credited service for military service, the sur-
23 viving spouse must verify the employee's military service [WITHIN ONE
24 YEAR OF THE EFFECTIVE DATE OF THIS ACT]. When verified, the surviving
25 spouse is entitled to receive an increased benefit which shall be actu-
26 arially adjusted to reflect his or her indebtedness for that credit.
27 The indebtedness shall be calculated in the same manner as described in
28 (b) of this section except that it shall be based on the average monthly
29 compensation used in calculating the benefit. Benefits payable under

1 this subsection are effective the first day of the month following that
2 in which eligibility has been established [PAYABLE RETROACTIVELY TO JULY
3 1, 1977].

4 * Sec. 36. AS 39.35.340 is amended by adding a new subsection to read:

5 (h) The combined period of military service claimed under this
6 section and under AS 14.25 may not exceed five years.

7 * Sec. 37. AS 39.35.385(c) is amended to read:

8 (c) Credited service for which contributions were refunded is not
9 creditable under this section unless the refunded contributions have
10 been repaid. For purposes of this section, a member or former member
11 does not have to be reemployed under this system in order to pay re-
12 funded contributions. Compound interest at the rate prescribed by
13 regulation must be added to the reinstatement indebtedness from the date
14 of the refund to the date of repayment.

15 * Sec. 38. AS 39.35.410(h) is amended to read:

16 (h) A disabled [RETIRED] employee's occupational disability pen-
17 sion shall terminate when the disabled employee first attains eligi-
18 bility for normal retirement. At that time, his retirement benefit will
19 be calculated under the provisions of AS 39.35.370(c).

20 * Sec. 39. AS 39.35.430(c) is repealed and re-enacted to read:

21 (c) The first payment of the surviving spouse's pension or of a
22 dependent child's pension shall be made for the month following the
23 month in which the employee dies and payment shall cease to be made
24 beginning with the month in which there is no surviving spouse or no
25 dependent child.

26 * Sec. 40. AS 39.35 is amended by adding a new section to read:

27 Sec. 39.35.495. TIME LIMIT FOR APPLICATION. If no application for
28 benefits or for refund has been filed with the administrator by July 1
29 following the date on which an inactive member (except an employee on

1 leave-without-pay status or on layoff status) would attain age 75, or if
2 no application for benefits or for refund has been filed with the ad-
3 ministrator within the 50 years following the most recent date on which
4 the employee was an active member, no benefits or refunds may be paid
5 under this chapter and the member's records may be destroyed.

6 * Sec. 41. AS 39.35.522 is amended to read:

7 Sec. 39.35.522. WAIVER OF ADJUSTMENTS. (a) Upon appeal by an
8 affected member or beneficiary under (b) of this section, the board may
9 waive an adjustment or any portion of an adjustment made under AS 39.35.-
10 520 if

11 (1) the adjustment or portion of the adjustment will, in the
12 opinion of the board, cause undue hardship to the member or beneficiary;

13 (2) the member is retired or has submitted notification of
14 impending retirement to his employer to be effective no later than 180
15 days after the adjustment was made, or the beneficiary was eligible to
16 receive or was receiving benefits under this chapter before the adjust-
17 ment;

18 (3) the adjustment will result in a loss of eligibility for
19 benefits [RETIREMENT] for the member or beneficiary or result in a
20 reduction of benefits being [ALREADY] received by the member or bene-
21 ficiary of \$50 per month or more;

22 (4) the adjustment was not the result of erroneous informa-
23 tion supplied by the member or beneficiary;

24 (5) before the adjustment was made, the member or beneficiary
25 received confirmation from the administrator that his records were
26 correct; and

27 (6) the member or beneficiary had no reasonable grounds to
28 believe his records were incorrect before the adjustment was made.

29 (b) In order to obtain consideration of a waiver under this sec-

1 tion, the affected member or beneficiary must appeal to the board in
2 writing within 30 days after receipt of notice that his records have
3 been adjusted. The board shall rule on his appeal in writing within 120
4 days after its receipt.

5 (c) The board may, at its discretion, conduct a hearing on an
6 appeal under this section. In reaching a decision on an appeal, the
7 board may issue subpoenas, administer oaths, compel the attendance and
8 testimony of witnesses, compel the taking of depositions and the sub-
9 mission of affidavits, and compel the production of documents and
10 records.

11 (d) The board may impose conditions on the granting of a waiver
12 which it considers equitable. These conditions may include requiring
13 the member or beneficiary to make additional contributions to the
14 system.

15 (e) The board may reconsider a ruling under this section upon
16 request of the member or beneficiary or the administrator if the request
17 is received within 30 days after the initial ruling. Any modification
18 of the initial ruling must be made within 30 days after receipt of a
19 request for reconsideration.

20 (f) Rulings and modifications of rulings under this section shall
21 be by a majority of a quorum of the board.

22 (g) Rulings on appeals and requests for reconsideration under this
23 section may be appealed by an aggrieved member or beneficiary to the
24 superior court for abuse of discretion.

25 * Sec. 42. AS 39.35.547 is repealed and re-enacted to read:

26 Sec. 39.35.547. EFFECT OF AMENDMENTS. (a) An amendment of this
27 chapter is not retroactive unless its retroactivity is expressly stated
28 in the amendment.

29 (b) The monthly amount of a benefit payable under this chapter

1 shall be determined in accordance with the provisions of this chapter in
2 effect on the date of termination of the member's last segment of em-
3 ployment.

4 * Sec. 43. AS 39.35 is amended by adding a new section to read:

5 Sec. 39.35.615. AMENDMENT OF AGREEMENT. (a) If a political sub-
6 division or public organization amends its participation agreement so as
7 to terminate coverage of a department, group, or other classification of
8 employees, each employee whose coverage is so terminated, regardless of
9 his employment status at the date of termination, shall be considered
10 fully vested in his actuarially adjusted accrued retirement benefits as
11 of the date of termination, unless his contributions have been refunded.

12 (b) Each employee whose coverage is terminated must, within 60
13 days after the date of termination, inform the administrator, in
14 writing, whether he wishes to obtain a refund or a vested benefit.

15 (c) Each employee who elects to obtain a refund shall receive a
16 refund of the balance of (1) his employee contribution account and (2)
17 his employee savings account. The vesting in accrued benefits for each
18 employee who elects to obtain a refund is voided upon his receipt of the
19 refund, and the corresponding credited service may not be reinstated
20 under this chapter. A partial refund may not be allowed under this
21 section.

22 (d) For each employee who elects to obtain a vested benefit, the
23 amount actuarially determined as necessary to fully fund the benefits to
24 be received shall be transferred first from the employee contribution
25 account and, after the employee contribution account has been exhausted,
26 then from the employer contribution account into the retirement reserve
27 account.

28 (e) After all of the employees whose coverage is terminated have
29 either received refunds or have been vested in their accrued benefits,

1 the remaining funds in the employer contribution account attributable to
2 those employees shall be refunded to the employer.

3 (f) Termination of coverage of a department, group, or other
4 classification of employees does not bar future coverage of that depart-
5 ment, group, or classification. If coverage of a department, group, or
6 classification is terminated under (a) of this section and the employer
7 later amends its participation agreement to provide renewed coverage of
8 that department, group, or classification, an affected employee may be
9 credited only with future service.

10 * Sec. 44. AS 39.35.620(e) is amended to read:

11 (e) Each employee who elects to obtain a refund shall receive a
12 refund of the balance, determined as of the date of his employer's
13 termination of participation, of (1) his employee contribution account
14 and (2) his employee savings account. The vesting in accrued benefits
15 for each employee who elects to receive a refund is voided upon his
16 receipt of his refund and corresponding credited service may not be
17 reinstated under this chapter. No partial refund may be allowed under
18 this section.

19 * Sec. 45. AS 39.35.650 is amended to read:

20 Sec. 39.35.650. REFUNDS TO EMPLOYERS. In no event may an employer
21 receive an amount from the pension fund, except as provided under
22 AS 39.35.615(e) and 39.35.620(g) [THAT, UPON TERMINATION OF PARTICIPA-
23 TION, THE EMPLOYER SHALL RECEIVE THE AMOUNT WHICH REMAINS AFTER THE
24 SATISFACTION OF ALL LIABILITIES OF THE SYSTEM TO THE EMPLOYEES OF THE
25 EMPLOYER AND ARISING OUT OF VARIATIONS BETWEEN ACTUAL REQUIREMENTS AND
26 EXPECTED ACTUARIAL REQUIREMENTS].

27 * Sec. 46. AS 39.35.680(4) is amended to read:

28 (4) "average monthly compensation" means the result obtained
29 by dividing the compensation earned by an employee during a considered

1 period by the number of months, including fractional months, for which
2 compensation was earned; the considered period consists of the three
3 consecutive calendar years during the period of credited service which
4 yields the highest average, or if the employee does not have three
5 consecutive calendar years, his period of credited service; an employee
6 must have at least 115 [120] days of credited service in the last calen-
7 dar year in order to be used as part of the three consecutive calendar
8 years;

9 * Sec. 47. (a) This section applies to a unified municipality which is
10 an employer under AS 39.35 and which, in reliance on erroneous representa-
11 tions by a former administrator, provided by ordinance, before the effective
12 date of this Act, that a particular classification of credited service earned
13 in the Public Employees' Retirement System of Alaska for service with that
14 municipality or its predecessors be transferred to a public employees'
15 retirement system operated by the municipality.

16 (b) A unified municipality to which this section applies may provide,
17 in a resolution adopted under AS 39.35.550, that a department, group, or
18 other classification of its employees under the Public Employees' Retirement
19 System of Alaska be transferred to a public employees' retirement system
20 operated by the municipality and may provide by ordinance that a particular
21 classification of credited service earned in the Public Employees' Retirement
22 System of Alaska for service with that municipality or its predecessors also
23 be transferred to the municipal retirement system, except that credited
24 service may not be transferred unless the affected employee has consented to
25 that transfer in writing.

26 (c) Each employee who is transferred to a municipal retirement system
27 must, before September 1, ¹⁹⁸⁰~~1979~~, inform the administrator in writing whether
28 he wishes to transfer his credited service as provided in the municipal
29 ordinance, obtain a refund, or obtain a vested benefit in the Public

1 Employees' Retirement System of Alaska. The administrator shall transmit to
2 the municipal retirement system the balance of the employee contribution and
3 savings accounts associated with the transferred service, determined as of
4 the date the balance is transmitted, of each employee who elects to transfer
5 his credited service as provided in the municipal ordinance. Transferred
6 credited service may not be reinstated under AS 39.35. If an employee elects
7 to obtain a vested benefit, or if he fails to inform the administrator of his
8 election, he shall be considered fully vested in his actuarially adjusted
9 accrued retirement benefits under the Public Employees' Retirement System of
10 Alaska as of the date of his transfer to the municipal retirement system.

11 (d) Each employee who elects to obtain a refund shall receive a refund
12 of the balance of his employee contribution and employee savings accounts in
13 the Public Employees' Retirement System of Alaska. The amount actuarially
14 determined as necessary to fully fund the benefits to be received should the
15 employee return to the Public Employees' Retirement System of Alaska and
16 reinstate his credited service shall be retained in the employer contribution
17 account of the unified municipality. A partial refund may not be allowed
18 under this section.

19 (e) For each employee who elects to obtain a vested benefit, the amount
20 actuarially determined as necessary to fully fund the benefits to be received
21 shall be transferred first from the employee contribution account and, after
22 the employee contribution account has been exhausted, then from the employer
23 contribution account into the retirement reserve account.

24 (f) The administrator shall transmit to the municipal retirement system
25 the balance of the unified municipality's employer contribution account
26 associated with the transferred service of those employees transferred to the
27 municipal retirement system, determined as of the date the balance is trans-
28 mitted, less any amount which has been transferred to the retirement reserve
29 account under (e) of this section or which has been retained under (d) of

1 this section.

2 (g) As used in this section,

3 (1) "administrator" means the administrator of the Public
4 Employees' Retirement System of Alaska;

5 (2) "employee contribution account", "employee savings account",
6 "employer contribution account", and "retirement reserve account" refer to
7 accounts within the Public Employees' Retirement System of Alaska;

8 (3) "predecessors" means the political subdivisions which are
9 dissolved in the formation of a unified municipality.

10 * Sec. 48. AS 14.25.120, 14.25.135, 14.25.137, 14.25.138, 14.25.140;
11 AS 39.35.020(6) and 39.35.050(b) are repealed.

12 * Sec. 49. This Act takes effect July 1, ¹⁹⁸⁰~~1979~~, except that

13 (1) the definitions of "military service" and "outside service"
14 contained in AS 14.25.220(21) and (25), and the definitions of "membership
15 service" and "teacher or member" contained in AS 14.25.220(20) and (38) to
16 the extent that they apply to part-time teachers at the University of Alaska,
17 as repealed and re-enacted in sec. 26 of this Act, take effect immediately in
18 accordance with AS 01.10.070(c) and are retroactive to July 1, 1955;

19 (2) the definition of "average monthly compensation" contained in
20 AS 39.35.680(4), as amended in sec. 46 of this Act, takes effect immediately
21 in accordance with AS 01.10.070(c) and is retroactive to July 1, 1977;

22 ~~(3) Sections 4 and 22 of this Act take effect immediately in
23 accordance with AS 01.10.070(c) and are retroactive to July 1, 1978,~~

24 (4) section 47 of this Act takes effect immediately in accordance
25 with AS 01.10.070(c), is retroactive to September 15, 1975, and terminates on
26 December 31, ¹⁹⁸⁰~~1979~~.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 243

3 . IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' and public employees'
7 retirement; and providing for an effective date."

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

9 * Section 1. AS 14.25 is amended by adding new sections to read:

10 Sec. 14.25.012. PURPOSE AND EFFECTIVE DATE. (a) The purpose of
11 this chapter is to encourage qualified teachers to enter and remain in
12 service with participating employers by establishing a system for the
13 payment of retirement, disability, and death benefits to or on behalf of
14 the members.

15 (b) The system created became effective as of July 1, 1955, at
16 which time contributions by the participating employers and members
17 began.

18 Sec. 14.25.015. ADMINISTRATOR. The commissioner shall appoint an
19 administrator of the system.

20 * Sec. 2. AS 14.25.030 is amended to read:

21 Sec. 14.25.030. DUTIES OF THE ADMINISTRATOR. The administrator
22 shall

23 (1) establish and maintain an adequate system of accounts for
24 the retirement fund;

25 (2) approve or disapprove claims for retirement benefits
26 [SALARY];

27 (3) serve as secretary of the board and keep an official
28 record of all proceedings;

29 (4) publish annually a report showing the financial con-

1 dition of the retirement fund; and

2 (5) do whatever else may be necessary to carry out the pur-
3 poses of this chapter.

4 * Sec. 3. AS 14.25.035(e) is amended to read:

5 (e) The board shall serve as an appeal board and shall hold hear-
6 ings at the request of an employer, member [EMPLOYEE], annuitant, or any
7 beneficiary on [IN REGARD TO RULINGS OR] decisions made by the adminis-
8 trator [OF THE TEACHERS' RETIREMENT SYSTEM]. The board shall submit its
9 findings to the administrator. The board shall hold annually one or
10 more public hearings to discuss proposed changes in the [TEACHERS'
11 RETIREMENT] system and to consider and adopt resolutions which might
12 apply to this system.

13 * Sec. 4. AS 14.25 is amended by adding a new section to read:

14 Sec. 14.25.043. REEMPLOYMENT OF RETIRED MEMBERS. If a retired
15 member again becomes an active member, benefit payments may not be made
16 during the period of reemployment. The retirement benefit must be
17 suspended for the entire school year if the teacher is reemployed as an
18 active teacher for a period equivalent to a year of service. During the
19 period of reemployment, deductions from the member's salary will be made
20 in accordance with AS 14.25.050. Upon subsequent retirement, the re-
21 tired member is entitled to receive an additional benefit based on the
22 credited service and the average base salary during the period of re-
23 employment in accordance with AS 14.25.110.

24 * Sec. 5. AS 14.25.055 is amended to read:

25 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a
26 teacher is married or has a minor child and wishes to make his spouse or
27 minor child eligible for a spouse's pension or a survivor's allowance,
28 he may elect to make a supplemental contribution of an additional one
29 per cent of his base salary within 90 days of his entry into parti-

1 participation in the system, or within 90 days of his marriage, or within 90
2 days of the birth or adoption of a child dependent upon him, or during
3 any open enrollment period authorized by the Teachers' Retirement System
4 Board. Once an election is made under this section, supplemental contri-
5 butions must be made whenever contributions are required under AS 14.25.
6 050 unless the teacher executes a written waiver with the administrator.
7 The execution of a waiver relinquishes all rights and benefits pre-
8 viously accrued under AS 14.25.162 and 14.25.164.

9 * Sec. 6. AS 14.25.060(a) is amended to read:

10 (a) If a member has military service or Alaska Bureau of Indian
11 Affairs (BIA) service, or if a member joined the system before July 1,
12 1978 [1977] and has creditable outside service, [OR IF A MEMBER HAS
13 MILITARY SERVICE OR ALASKA BUREAU OF INDIAN AFFAIRS (BIA) SERVICE,] the
14 member is indebted to the retirement fund as follows:

15 (1) At the time of first becoming a member of the system, the
16 arrearage indebtedness is seven per cent of the base salary multiplied
17 by the total number of years of creditable outside, military and Alaska
18 BIA service. Compound interest at the rate prescribed by regulation
19 shall be added to the arrearage indebtedness beginning July 1, 1963, or
20 at the time of first becoming employed as a member, whichever is later,
21 to the date of payment or the date of retirement, whichever occurs
22 first.

23 (2) If a member terminates from the system and is subse-
24 quently reemployed as a member, the arrearage indebtedness to the retire-
25 ment fund for outside, military, or Alaska BIA service accumulated in
26 the interim is seven per cent of the base salary upon reentering member-
27 ship service, multiplied by the number of years of interim outside,
28 military, and Alaska BIA service. Compound interest at the rate pre-
29 scribed by regulation shall be added to the arrearage indebtedness

1 beginning July 1, 1963, or the date of reemployment as a member, which-
2 ever is later, to the date of payment or the date of retirement, which-
3 ever occurs first.

4 * Sec. 7. AS 14.25.060(b) is amended to read:

5 (b) If a member joins the system on or after July 1, 1978 and has
6 creditable outside service, the member may claim this service. If
7 claimed, the member is indebted to the retirement fund as follows:

8 (1) The arrearage indebtedness is the full actuarial cost of
9 providing benefits for the service being claimed. Compound interest at
10 the rate prescribed by regulation shall be added to the arrearage in-
11 debtedness beginning the date the actuarial cost is established to the
12 date of payment or the date of retirement, whichever occurs first.

13 (2) If a member terminates from the system and is subse-
14 quently reemployed as a member, the arrearage indebtedness for outside
15 service during the interim is the full actuarial cost of providing
16 benefits for the interim service being claimed. Compound interest at
17 the rate prescribed by regulation shall be added to the arrearage in-
18 debtedness beginning the date the actuarial cost is established to the
19 date of payment or the date of retirement, whichever occurs first.

20 (3) A member who joins the system on or after July 1, 1978
21 [AND CLAIMS ALASKA BIA SERVICE IS EXEMPT FROM (1) AND (2) OF THIS SUB-
22 SECTION WITH RESPECT TO THAT SERVICE. HIS ARREAPAGE INDEBTEDNESS FOR
23 THE ALASKA BIA SERVICE SHALL BE CALCULATED UNDER (a) OF THIS SECTION.
24 HOWEVER, SUCH A MEMBER] may claim no more than five years Alaska BIA
25 service. A [THIS PARAGRAPH DOES NOT APPLY TO A] member who has, at the
26 time he claims Alaska BIA service, a vested military or federal retire-
27 ment benefit, or a [A] member who acquires a vested military or
28 federal retirement benefit after claiming Alaska BIA service [UNDER THIS
29 PARAGRAPH] shall have his arrearage indebtedness for that service recal-

1 culated under (1) or (2) of this subsection, as appropriate, retroactive
2 to the date he claimed the service.

3 * Sec. 8. AS 14.25.061(a) is amended to read:

4 (a) A member who was not subject to the provisions of this chap-
5 ter, but who becomes subject to them because of a legislative change,
6 may elect to receive credit for retroactive membership [CREDITABLE]
7 service by contributing to the retirement fund an amount equal to the
8 contributions the member [HE] would have made had the member [HE] been
9 subject to the provisions of this chapter for those years of retroactive
10 [CREDITABLE] service after June 30, 1955. Retroactive contributions are
11 not required for retroactive membership [CREDITABLE] service before
12 July 1, 1955. Compound interest at the rate prescribed by regulation
13 shall be added to the retroactive indebtedness from July 1, 1966 or the
14 time of first becoming eligible under this chapter, whichever is later,
15 to the date of payment or the date of retirement, whichever occurs
16 first.

17 * Sec. 9. AS 14.25.061(b) is amended to read:

18 (b) If retroactive indebtedness contributions have been made for
19 retroactive [CREDITABLE] service before July 1, 1955, the member is
20 entitled to a refund of those retroactive membership indebtedness contri-
21 butions.

22 * Sec. 10. AS 14.25.062 is amended to read:

23 Sec. 14.25.062. REINSTATEMENT INDEBTEDNESS. A [IF A] teacher who
24 has received a refund of contributions in accordance with AS 14.25.150
25 is [REEMPLOYED IN MEMBERSHIP SERVICE, HE IS] indebted to the retirement
26 fund in the amount of the total refund. Compound interest at the rate
27 prescribed by regulation shall be added to the reinstatement indebted-
28 ness from the date of the refund to the date of repayment or the date of
29 retirement, whichever occurs first.

1 * Sec. 11. AS 14.25 is amended by adding a new section to read:

2 Sec. 14.25.063. PAYMENT OF INDEBTEDNESS. (a) For purposes of
3 this chapter, a member does not have to be reemployed under this system
4 in order to make indebtedness payments. However, a former member must
5 be reemployed under this system in order to make indebtedness payments.
6 Payments apply first to accrued interest and then to principal.

7 (b) If the member has not paid the full amount of indebtedness
8 owing to the system by the date of application for retirement, he may
9 elect either:

10 (1) option one -- to have any retirement benefit which be-
11 comes due the member withheld until the total amount withheld is equal
12 to the outstanding indebtedness due the system; or

13 (2) option two -- to cancel the outstanding indebtedness to
14 the system by accepting an actuarially reduced annuity for life.

15 (c) If a member elects option one under (b)(1) of this section,
16 the member may pay all or any part of the outstanding indebtedness at a
17 later date. However, option two under (b)(2) of this section, if
18 elected by a member, is irrevocable.

19 * Sec. 12. AS 14.25.065(b) is amended to read:

20 (b) The contributions of employers under AS 14.25.070 must [SHALL]
21 be transmitted [BY A SCHOOL DISTRICT] to the administrator at the close
22 of each pay period. If the contributions are not submitted within 15
23 days of the close of each payroll period, interest must be assessed on
24 the outstanding contributions at one and one-half times the most recent
25 actuarially determined rate of earnings for the system from the date
26 that contributions were originally due. In addition, the amount of the
27 contributions and interest may [SHALL] be deducted by the Department of
28 Education from the state funds due the school district and the amount so
29 deducted [SHALL BE] transmitted to the administrator for deposit in the

1 retirement fund. Amounts due from the [THE] University of Alaska and
2 interest as prescribed in this section may [SHALL FORWARD ITS CONTRIBU-
3 TION TO THE ADMINISTRATOR WITHIN 15 DAYS OF THE CLOSE OF EACH PAYROLL
4 PERIOD FOR DEPOSIT IN THE RETIREMENT FUND. IF THE CONTRIBUTIONS ARE NOT
5 SUBMITTED WITHIN 15 DAYS OF THE CLOSE OF EACH PAYROLL PERIOD, THE AMOUNT
6 OF THE CONTRIBUTIONS SHALL] be deducted by the commissioner of adminis-
7 tration from any state funds due the University of Alaska and the amount
8 deducted [SHALL BE] transmitted to the administrator for deposit in the
9 retirement fund.

10 * Sec. 13. AS 14.25.100 is amended to read:

11 Sec. 14.25.100. CREDIT FOR SERVICE IN THE ARMED FORCES. (a) A
12 member [TEACHER] who served as an active member of the armed forces of
13 the United States [AFTER DECEMBER 31, 1939] may receive creditable
14 service under this [RETIREMENT] system up to a maximum of five years.
15 Each 12 months of military service equals one school year, and lesser
16 military periods will be determined for credit purposes in a proportion-
17 ate ratio to a year. To receive creditable service under this section,
18 the member [TEACHER] must have received a discharge other than dishonor-
19 able. Credit for service in the armed forces shall be granted only if
20 the member [TEACHER] makes contributions for the service in the same
21 manner as required for outside service under AS 14.25.060. The military
22 service credited under this section shall be included in the 10-year
23 limitation of outside service as specified in AS 14.25.060, except if
24 entry into the armed forces is immediately preceded by Alaska membership
25 service and following discharge is continued by Alaska membership ser-
26 vice within one year thereafter, service may not be counted for purposes
27 of determining the applicability of the 10-year limitation on outside
28 service.

29 (b) Where a member [TEACHER] is unable to resume teaching in a

1 public school within one year following discharge because of hospitali-
2 zation, rehabilitation training, a disability derived while in the armed
3 forces, or other like circumstances, the administrator shall determine
4 the allowance or disallowance of any service in the armed forces.

5 (c) (repealed)

6 (d) (repealed)

7 (e) A member [TEACHER] may not be credited with the same period of
8 service in the armed forces under this section if credit for that mili-
9 tary service was granted under the public employee's retirement system
10 (AS 39.35). The combined period of military service claimed under this
11 section and AS 39.35 may not exceed five years.

12 * Sec. 14. AS 14.25.110 is repealed and re-enacted to read:

13 Sec. 14.25.110. RETIREMENT BENEFITS. (a) A member is eligible
14 for a normal retirement benefit if he

15 (1) was first hired before July 1, 1975, has attained the age
16 of 55 years, and has at least 15 years of credited service, the last
17 five of which have been membership service;

18 (2) has attained the age of 55 years and has at least eight
19 years of membership service;

20 (3) has attained the age of 55 years, has at least five years
21 of membership service, and has at least three years of Alaska BIA ser-
22 vice;

23 (4) has at least 25 years of credited service, the last five
24 of which have been membership service;

25 (5) has at least 20 years of membership service; or

26 (6) has at least 20 years of combined membership service and
27 Alaska BIA service, the last five of which have been membership service.

28 (b) A member is eligible for an early retirement benefit upon
29 completing any one of the service requirements in (a)(1), (2), or (3) of

1 this section and attaining the age of 50 years.

2 (c) The burden is on the applicant to prove eligibility for re-
3 tirement benefits to the full satisfaction of the administrator.

4 (d) The monthly amount of a retirement benefit for a member who
5 has paid the full amount of any indebtedness is two percent of the
6 member's average base salary during any three school years of membership
7 service times the years of credited service, including credited frac-
8 tional years, divided by 12. An actuarial adjustment must be made for
9 early retirement.

10 (e) The monthly amount of a retirement benefit must be determined
11 in accordance with (d) of this section as it is in effect on the date of
12 termination of the retiring member's last segment of employment.

13 (f) The annual amount of retirement benefits for a retiring member
14 who was a member of the retirement system established by the Retirement
15 Act of 1945 may not be less than \$975 plus 10 percent of the total
16 contribution made by the member to the retirement fund of 1945.

17 (g) A member who is eligible for a service retirement salary under
18 this chapter or under the Retirement Act of 1945 is entitled to a bene-
19 fit of at least \$20 per month for each year of credited service, ex-
20 cluding adjustments made under AS 14.25.142 or 14.25.143. If the member
21 elected option two under AS 14.25.063(b)(2) for payment of any indebted-
22 ness when he initially applied for a retirement benefit, or if he
23 elected to receive an early retirement benefit under (b) of this sec-
24 tion, the resulting benefit reduction continues in effect.

25 (h) The monthly retirement benefit for a member who was receiving
26 a retirement benefit on July 1, 1955 is \$50 a month if the member was at
27 least 55 years of age on July 1, 1955.

28 (i) Benefits payable under this section accrue from the first day
29 of the month after which all of the following requirements are met: (1)

1 the member meets the eligibility requirements of this section; (2) the
2 member terminates employment; and (3) the member applies for retirement.
3 Benefits are not payable under this section during a school year in
4 which credit for a full year of service is granted. The benefits are
5 payable the last day of the month. If payment is delayed, a retroactive
6 payment must be made for the month in which a benefit is payable under
7 this section.

8 * Sec. 15. AS 14.25.125(c) is amended to read:

9 (c) Membership service for which contributions were refunded is
10 not creditable under this section unless the refunded contributions have
11 been repaid. For purposes of this section, a member or former member
12 does not have to be reemployed under this system in order to repay
13 refunded contributions. Compound interest at the rate prescribed by
14 regulation must be added to the reinstatement indebtedness from the date
15 of the refund to the date of repayment.

16 * Sec. 16. AS 14.25.130 is amended to read:

17 Sec. 14.25.130. DISABILITY BENEFITS [ELIGIBILITY FOR DISABILITY
18 RETIREMENT]. (a) A member [TEACHER IN MEMBERSHIP SERVICE] who has
19 become permanently disabled, as defined in AS 14.25.220, after July 1,
20 1966, before age 55 and who has [HAD] five or more [MEMBERSHIP] years
21 of membership service may be retired by the administrator as of the
22 first day of the month following the permanent disability. After [THE
23 ADMINISTRATOR, AFTER] a report of medical examination of the member, an
24 application [TEACHER] and other requested information [THE ADMINISTRATOR
25 MAY REQUEST] has been submitted, the administrator shall determine if
26 [CERTIFY THAT] the member [TEACHER] is physically or mentally incapacitated
27 for [THE] further performance of duty, and if [THAT] the incapacity
28 is likely to be permanent and whether [THAT] the member [TEACHER]
29 should receive disability benefits [BE RETIRED].

1 [(b) A TEACHER RETIRED BECAUSE OF DISABILITY UNDER THIS SECTION
2 WHO SUBSEQUENTLY RECOVERS FROM THE DISABILITY IS NOT ENTITLED TO ANY
3 DISABILITY RETIREMENT SALARY FROM THE FIRST DAY OF THE MONTH FOLLOWING
4 RECOVERY.]

5 (c) Once each year during the first five years following appoint-
6 ment to [RETIREMENT OF A TEACHER FOR] disability under this section, and
7 once every three-year period thereafter, the administrator may require a
8 disabled member [TEACHER] who has not attained eligibility for normal
9 retirement to undergo a medical or mental examination by a competent
10 physician. The administrator shall suspend any disability benefit
11 [RETIREMENT ALLOWANCE] for a disabled member [TEACHER] who refuses to
12 undergo a physical or mental examination when requested [BY THE ADMINIS-
13 TRATOR] under this section.

14 (d) The amount of the disability benefit is equal to 50 percent
15 of the member's base salary immediately before becoming disabled. The
16 disability benefit is increased by 10 percent for each dependent child,
17 up to a maximum of four dependent children.

18 (e) Benefits payable under this section accrue from the first day
19 of the month after which the following requirements are met: (1) the
20 member meets the eligibility requirements of this section; and (2) the
21 member terminates employment. The benefits are payable the last day of
22 the month. If payment is delayed, a retroactive payment must be made to
23 cover the period of deferment. The last payment for a dependent child
24 shall be for the month in which the child ceases to be a dependent child
25 The last payment for the disabled member shall be made for the month in
26 which the disabled member recovers from his disability, dies, or is
27 eligible for normal retirement.

28 * Sec. 17. AS 14.25.143(a) is amended to read:

29 (a) When the administrator determines that the cost of living has

1 increased and that the financial condition of the retirement fund per-
2 mits, the administrator [HE] may increase all annuitant's [SERVICE
3 RETIREMENT] and survivor's benefits [SALARIES] to reflect this cost of
4 living increase.

5 * Sec. 18. AS 14.25.160 is repealed and re-enacted to read:

6 Sec. 14:25.160. DEATH BENEFITS. (a) Upon receipt of a valid
7 claim and proof of the death of a member who has not made supplemental
8 contributions or whose supplemental contributions under AS 14.25.055
9 were made for less than one year of membership service, a death benefit
10 will be paid to the beneficiaries the member has designated in a written
11 designation filed with the administrator. If the member failed to
12 designate a beneficiary, or if no designated beneficiary survives the
13 member, the benefits will be paid as follows:

14 (1) to the surviving spouse;

15 (2) if there is no surviving spouse, to the surviving children
16 in equal amounts;

17 (3) if there is no surviving child, to the surviving parents
18 in equal amounts; or

19 (4) if there is no surviving parent, to the member's estate.

20 (b) Upon the death of an active member who meets the conditions
21 specified in (a) of this section, the amount of the death benefit is the
22 sum of the following less any retirement benefit previously received by
23 the member:

24 (1) the member's mandatory contribution account;

25 (2) \$100 times the years of membership service;

26 (3) \$1,000; and

27 (4) \$500 if the deceased member is survived by one or more
28 dependent children at the time of death.

29 (c) If the sum of (b)(2) and (3) of this section exceeds \$3,000,

1 only \$3,000 may be added to amounts under (b)(1) and (4) in calculating
2 the death benefit under (b) of this section.

3 (d) Upon the death of an inactive member who meets the conditions
4 specified in (a) of this section, the death benefit is the amount deter-
5 mined in (b)(1) of this section.

6 (e) Upon the death of a disabled member who is not eligible for
7 normal retirement and who meets the conditions specified in (a) of this
8 section, the death benefit is the amount determined in (b) of this
9 section.

10 (f) Upon the death of a retired member who meets the conditions
11 specified in (a) of this section, the death benefit is the amount deter-
12 mined in (b)(1) of this section less all retirement benefits paid to the
13 deceased member.

14 (g) If supplemental contributions have been made under AS 14.25.-
15 055, benefits may be payable under AS 14.25.162 or 14.25.164 if the
16 deceased member meets the eligibility requirements of one of those
17 sections.

18 (h) Payment made to a beneficiary under this section is in place
19 of any other benefit under this chapter.

20 * Sec. 19. AS 14.25.162 is repealed and re-enacted to read:

21 Sec. 14.25.162. SURVIVOR'S ALLOWANCE. (a) If an active or dis-
22 abled member dies and leaves a dependent child, and supplemental contri-
23 butions have been made under AS 14.25.055 for at least one year of
24 credited service, a survivor's allowance is payable under (b) of this
25 section. If a retired member or a deferred vested member dies and
26 leaves a dependent child, and supplemental contributions have been made
27 under AS 14.25.055 for at least five years of credited service, a sur-
28 vivor's allowance is payable under (b) of this section. Application for
29 the survivor's allowance must be made in writing to the administrator.

1 (b) A survivor's allowance is payable under this section as
2 follows:

3 (1) an allowance of 10 percent of the member's base salary
4 immediately before the member's death, retirement, or disability shall
5 be paid for each dependent child; if there are four or more dependent
6 children, the total amount paid to those children is 40 percent of the
7 member's base salary before his death, retirement, or disability, paid
8 in equal amounts to each child; the allowance shall be recomputed for
9 the month in which the number of dependent children is less than four
10 and the benefits shall be decreased accordingly; if a dependent child
11 who is at least 19 years old but less than 23 years old is out of school
12 for more than one semester, payments of the dependent child's benefits
13 terminate permanently; the adoption of a dependent child does not termi-
14 nate the survivor's allowance payable under this section;

15 (2) an allowance of 35 percent of the member's base salary
16 shall be paid to the member's surviving spouse as long as there is an
17 eligible dependent child as determined under (b)(1) of this section; if
18 there is no surviving spouse, an allowance of 10 percent of the member's
19 base salary shall be paid to each court-appointed guardian;

20 (3) when no further benefits are payable under this section,
21 the difference between the amount that would have been paid under AS 14.-
22 25.160 and any payments made to the member, spouse, guardian, or depen-
23 dent children under this section shall be paid to those beneficiaries
24 described in AS 14.25.160(a);

25 (4) benefits are not payable under this section if benefits
26 are being paid under AS 14.25.164.

27 (c) The survivor's allowance accrues from the first day of the
28 month following the death of a member and is payable on the last day of
29 the month. If payment is delayed, a retroactive payment must be made

1 for the month in which a benefit is payable under this section. The
2 last payment is for the month in which a benefit is payable under this
3 section.

4 * Sec. 20. AS 14.25.164 is repealed and re-enacted to read:

5 Sec. 14.25.164. SPOUSE'S PENSION. (a) If an active or disabled
6 member dies, a pension is payable to the member's spouse if the member
7 made supplemental contributions under AS 14.25.055 for at least one year
8 of credited service. If a retired member or deferred vested member
9 dies, a pension is payable to the member's spouse if the member made
10 supplemental contributions under AS 14.25.055 for at least five years of
11 credited service. Application for the spouse's pension must be made in
12 writing to the administrator.

13 (b) A spouse's pension is payable under this section as follows:

14 (1) a spouse's pension is equal to 50 percent of the retire-
15 ment benefit that the deceased member was receiving; if the member was
16 not receiving a retirement benefit, the spouse's pension is equal to 50
17 percent of the amount the member would have received, based on the
18 member's average base salary and credited service to the date of the
19 member's death and assuming that the member would have been eligible for
20 a normal retirement benefit as of that date;

21 (2) in the event of the death of a member's spouse who is
22 receiving a spouse's pension, the difference between the amount that
23 would have been paid under AS 14.25.160 and any payments made to the
24 member, spouse, guardian, or dependent children, shall be paid to those
25 beneficiaries described in AS 14.25.160;

26 (3) benefits are not payable under this section if benefits
27 are being paid under AS 14.25.162.

28 (c) The spouse's pension accrues from the first day of the month
29 following the death of a member and is payable on the last day of the

1 month. If payment is delayed, a retroactive payment must be made for
2 the month in which a benefit is payable under this section. The last
3 payment is for the month in which the spouse dies.

4 * Sec. 21. AS 14.25.177 is repealed and re-enacted to read:

5 Sec. 14.25.177. EFFECT OF AMENDMENTS. (a) An amendment to this
6 chapter is not retroactive unless its retroactivity is expressly stated
7 in the amendment.

8 (b) The monthly amount of a benefit payable under this chapter
9 shall be determined in accordance with the provisions of this chapter in
10 effect on the date of termination of the member's last segment of em-
11 ployment.

12 * Sec. 22. AS 14.25.200 is amended to read:

13 Sec. 14.25.200. EXEMPTION FROM TAXATION AND PROCESS. Benefits
14 [TEACHERS' RETIREMENT SALARIES] and other amounts held in the retirement
15 fund on behalf of the members [TEACHERS] are exempt from Alaska state
16 and municipal taxes and are not subject to anticipation, alienation,
17 sale, transfer, assignment pledge, encumbrance, charge, garnishment,
18 execution or levy of any kind, either voluntary or involuntary before
19 they are received by the person entitled to the amount under the terms
20 of the system, and any attempt to anticipate, alienate, sell, transfer,
21 assign, pledge, encumber, charge, or otherwise dispose of any right to
22 amounts accrued in the retirement fund is [SHALL BE] void.

23 * Sec. 23. AS 14.25.205 is amended to read:

24 Sec. 14.25.205. TIME LIMIT FOR APPLICATION. If no application for
25 benefits or for refund has been filed with the administrator by July 1
26 following the date on which an inactive [THE] member (except a member on
27 leave of absence without pay) would attain age 75, or if no application
28 for benefits or for refund has been filed with the administrator within
29 the 50 years following the most recent date on which the person was an

1 active member, no benefits or refunds may be paid under this chapter and
2 the member's records may be destroyed.

3 * Sec. 24. AS 14.25.220 is repealed and re-enacted to read:

4 Sec. 14.25.220. DEFINITIONS. In this chapter, unless the context
5 requires otherwise,

6 (1) "active member" means a member who is employed by an
7 employer, is receiving compensation on a full or part-time basis and is
8 making contributions to the system, or a member making contributions
9 under AS 14.20.330 or 14.20.345;

10 (2) "actuarial adjustment" means equality in value of the
11 aggregate expected payments under two different forms of pension pay-
12 ments, considering expected mortality and interest earnings on the basis
13 of tables adopted from time to time by the board;

14 (3) "administrator" means the person appointed by the com-
15 missioner of administration under AS 14.25.015;

16 (4) "annuitant" means a retired member or a disabled member
17 who is receiving a benefit under this system;

18 (5) "average base salary" means the result obtained by divid-
19 ing the sum of the member's three highest years' base salary by three,
20 or if a member does not have three years base salary, then by dividing
21 the sum of all base salaries by the number of years of base salary; the
22 base salary for a year in which credit is granted for disability total-
23 ing more than one-third of a year may not be used in the computation of
24 the average base salary; the base salary in a school year for which the
25 member receives compensation for less than two-thirds of a year may not
26 be used in the computation of the average base salary; if compensation
27 is received for more than two-thirds of a year, the full base salary for
28 that school year shall be used in the computation of the average base
29 salary;

1 (6) "base salary"

2 (A) means the total remuneration payable under contract
3 for a full year of membership service, including addenda to the
4 contract;

5 (B) has the same meaning as "compensation" under AS 39.-
6 35.680(8) when applied to a state legislator who elects membership
7 under AS 14.25.040(b);

8 (7) "beneficiary" means a person designated by a member to
9 receive benefits that may be due from the system upon the member's
10 death;

11 (8) "BIA service" means service, including partial years, as
12 a teacher in a school operated by the Bureau of Indian Affairs in
13 Alaska;

14 (9) "compensation" means the total remuneration paid under
15 contract to a member for services rendered during a school year; for
16 purposes of AS 14.25.050, compensation paid includes any payment made
17 after June 30 of a school year for services rendered before the end of
18 the school year;

19 (10) "credited service" means all membership service as
20 provided in (20) of this section, plus outside, military, and BIA ser-
21 vice not exceeding 15 years, with outside and military service limited
22 to 10 years except under the conditions set out in AS 14.25.100;

23 (11) "deferred vested member" means an inactive member who
24 meets the service requirements of a vested member;

25 (12) "dependent child" means an unmarried child of a member,
26 including an adopted child, who is dependent upon the member for support
27 and who is either (A) less than 19 years old, or (B) less than 23 years
28 old and registered at and attending on a full-time basis an accredited
29 educational or technical institution recognized by the Department of

1 Education; the age limits set out in this paragraph do not apply to a
2 child who is totally and permanently disabled;

3 (13) "disabled member" means a member who is terminated, who
4 has not received a refund from the system, and who is receiving a disa-
5 bility benefit from the system;

6 (14) "early retirement" means retirement under AS 14.25.-
7 110(b);

8 (15) "employer" means a public school district, the Board of
9 Regents of the University of Alaska, the Department of Education, the
10 National Education Association of Alaska, the Regional Resource Centers
11 or the state legislature with respect to a state legislator who elects
12 membership under AS 14.25.040(b);

13 (16) "former member" means a member who is terminated and who
14 received a total refund of the balance of the mandatory contribution
15 account, or who has requested in writing a refund of the balance of the
16 mandatory contribution account;

17 (17) "full-time teacher" means a teacher occupying a position
18 requiring teaching on a regular basis for the normal work period per day
19 or week at a teaching assignment, excluding teaching as an assistant or
20 graduate assistant or teaching on a substitute, temporary, or per diem
21 basis;

22 (18) "inactive teacher or member" means a member who is
23 terminated and who has not received a refund from the system or a member
24 who is on leave of absence and who is not making contributions under
25 AS 14.20.345;

26 (19) "mandatory contribution account" means the account
27 maintained by the system to record the mandatory contributions of each
28 member, including interest and adjustments to the account in accordance
29 with AS 14.25.170;

1 (20) "membership service" means

2 (A) full or part-time service as a teacher in a public
3 school in the Territory or State of Alaska, or both, under the
4 supervision and control of the Territorial Board of Education or
5 the Department of Education or the school board of a city, regional
6 educational attendance area, or borough school district;

7 (B) full-time or part-time teaching at the University of
8 Alaska or a full-time administrative position at the University of
9 Alaska which requires academic standing and which has been approved
10 for inclusion in the system by the administrator;

11 (C) any period during which the teacher receives a
12 disability benefit under this system or is on an approved sabbati-
13 cal leave granted in accordance with AS 14.20.310; or

14 (D) continuous service as a state legislator when per-
15 formed by a state legislator who elects membership under AS 14.25.-
16 040(b), subject to the requirements of AS 14.25.040(c);

17 (21) "military service" means active duty in the armed forces
18 of the United States;

19 (22) "nonpublic school" means a school established by an
20 agency other than a state which is primarily supported by other than
21 public funds, and operation of whose program rests with other than
22 publicly elected or appointed officials, and is state approved or accred-
23 ited;

24 (23) "non-vested member" means an active or inactive member
25 who does not meet the requirements of a vested member or deferred veste
26 member;

27 (24) "normal retirement" means retirement under AS 14.25.-
28 110(a);

29 (25) "outside service" means service

1 (A) as a certificated full-time elementary or secondary
2 teacher or a certificated person in a full-time position requiring
3 a teaching certificate as a condition of employment in an out-of-
4 state public school within the United States, or in a school out-
5 side the United States supported by funds of the United States;

6 (B) as a certificated full-time elementary or secondary
7 teacher or a certificated person in a full-time position requiring
8 a teaching certificate as a condition of employment in an approved
9 or accredited nonpublic school within the United States, or in a
10 school outside the United States supported by funds of the United
11 States;

12 (C) in a full-time position requiring academic standing
13 in an out-of-state institution of higher learning accredited by a
14 nationally recognized accrediting agency as listed in the Education
15 Directory -- Colleges and Universities by the National Center for
16 Education Statistics;

17 (D) as a full-time teacher in an approved or accredited
18 nonpublic institution of higher learning in Alaska;

19 (26) "part-time teacher" means a teacher occupying a position
20 requiring teaching on a regular basis for at least 50 percent of the
21 normal work week at a teaching assignment, excluding teaching as an
22 assistant or graduate assistant, or teaching on a substitute, temporary,
23 or per diem basis;

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

1 by training or education;

2 (28) "prescribed rate of interest" means the rate of interest
3 used for computing employer contributions, for preparing actuarial
4 tables used by the system, for crediting interest to members' contribu-
5 tions, and for charging interest on members' indebtedness accounts;

6 (29) "public school" means a school operated by publicly
7 elected or appointed school officials in which the program and activi-
8 ties are under the control of those officials and which is supported by
9 public funds;

10 (30) "retired teacher or member" means a member who is termi-
11 nated, who has not received a refund from the system, and who is re-
12 ceiving a benefit, other than disability, from the system;

13 (31) "retirement" means that period of time from the first
14 day of the month following

15 (A) the date of termination; and

16 (B) application for retirement in which a person is
17 appointed to receive a retirement benefit, other than a disability
18 benefit;

19 (32) "retirement benefit" means the annuity received by a
20 retired member from the system;

21 (33) "retirement fund" means the fund consisting of all
22 matching contributions by local school districts, money made available
23 by appropriations by the state legislature and from all contributions
24 from whatever source, and income and interest derived from the invest-
25 ment of money;

26 (34) "Retirement System of 1945" and "Retirement Fund of
27 1945" or like terms mean the system and fund established in sections
28 37-5-21 - 37-5-35, ACLA 1949;

29 (35) "school year" means the 12-month period beginning July 1

1 of each year and ending June 30 of the following year;

2 (36) "supplemental contribution account" means the account
3 maintained by the system to record the supplemental contributions of
4 each member, including interest and adjustments to the account in accor-
5 dance with AS 14.25.170;

6 (37) "system" means the Teachers' Retirement System of Alaska;

7 (38) "teacher or member" means a person eligible to parti-
8 cipate in the system and who is covered by the system, including:

9 (A) a certificated full-time or part-time elementary or
10 secondary teacher, a certificated school nurse, or a certificated
11 person in a position requiring a teaching certificate as a condi-
12 tion of employment in a public school of the state;

13 (B) the commissioner of education and all supervisory
14 positions in the Department of Education;

15 (C) a full-time or part-time teacher of the University
16 of Alaska or a person occupying a full-time administrative position
17 at the University of Alaska which requires academic standing; the
18 approval of the administrator must be obtained before an adminis-
19 trative position qualifies for membership in the system;

20 (D) a state legislator who elects membership under
21 AS 14.25.040(b);

22 (39) "vested member" or "vested teacher" means an active
23 member who has completed either

24 (A) 15 years of service, the last five of which have
25 been membership service, for a member first hired before July 1,
26 1975; or

27 (B) eight years of membership service; or

28 (C) five years of membership and three years of BIA
29 service;

1 (40) "year of service" means membership service during the
2 dates set for a school year; partial year service credit is given for
3 membership service before July 1, 1969, during any school year as
4 follows: (A) less than 20 days, no credit; (B) 20 days or more but less
5 than 35 days, 0.2 years; (C) 35 days or more but less than 49 days, 0.3
6 years; (D) 49 days or more but less than 63 days, 0.4 years; (E) 63 days
7 or more but less than 77 days, 0.5 years; (F) 77 days or more but less
8 than 91 days, 0.6 years; (G) 91 days or more but less than 105 days, 0.7
9 years; (H) 105 days or more but less than 119 days, 0.8 years; (I) 119
10 days or more but less than 133 days, 0.9 years; (J) 133 days or more,
11 1.0 years; partial year service credit is given for membership service
12 after July 1, 1969, during any school year as follows: (A) less than
13 nine days, no credit; (B) nine days or more but less than 27 days, 0.1
14 years; (C) 27 days or more but less than 45 days, 0.2 years; (D) 45 days
15 or more but less than 63 days, 0.3 years; (E) 63 days or more but less
16 than 81 days, 0.4 years; (F) 81 days or more but less than 100 days, 0.5
17 years; (G) 100 days or more but less than 118 days, 0.6 years; (H) 118
18 days or more but less than 136 days, 0.7 years; (I) 136 days or more but
19 less than 154 days, 0.8 years; (J) 154 days or more but less than 172
20 days, 0.9 years; (K) 172 days or more, 1.0 years; if service is per-
21 formed on a part-time basis, one-half credit shall be given for each day
22 of service.

23 * Sec. 25. AS 39.35.010(a) is amended to read:

24 (a) The purpose of this chapter is to encourage qualified per-
25 sonnel to enter and remain in the service of the state or a political
26 subdivision or public organization of the state by establishing a system
27 for the payment of retirement, disability, and death benefits to or on
28 behalf of the employees.

29 * Sec. 26. AS 39.35.050(a) is amended to read:

1 (a) The commissioner shall appoint an administrator in charge of
2 [THE DETAILED AFFAIRS OF] the system. [THE COMMISSIONER MAY APPOINT THE
3 PERSONNEL DIRECTOR OF THE PERSONNEL DIVISION OF THE DEPARTMENT OF ADMIN-
4 ISTRATION AS THE ADMINISTRATOR.]

5 * Sec. 27. AS 39.35.060(3) is amended to read:

6 (3) attend meetings of the board and serve as secretary of
7 the board;

8 * Sec. 28. AS 39.35.120(a) is amended to read:

9 (a) An employee of the state shall be included in this system upon
10 commencement of his employment with the state, or on January 1, 1961,
11 whichever is later. An employee of a political subdivision or public
12 [OR QUASI-PUBLIC] organization which becomes an employer shall be in-
13 cluded in the system on the effective date of the employer's participa-
14 tion or the date of the employee's commencement of employment with the
15 employer, whichever is later.

16 * Sec. 29. AS 39.35.300(a) is amended to read:

17 (a) An active employee is entitled to credited service for periods
18 of employment with the state after January 1, 1961, regardless of the
19 office, department, division, or agency of the state in which he was
20 employed. For purposes of this chapter, the University of Alaska is not
21 an office, department, division, or agency of the state. Service credit
22 may not be granted under this chapter for service which is creditable
23 under the teachers' retirement system, AS 14.25.

24 * Sec. 30. AS 39.35.310 is amended to read:

25 Sec. 39.35.310. EMPLOYMENT WITH OTHER EMPLOYERS. (a) An active
26 employee is entitled to credited service for periods of employment with
27 a political subdivision or a public [OR QUASI-PUBLIC] organization
28 beginning with the effective date of the employer's participation in the
29 system. The employee is also entitled to credited service for periods

1 of employment as designated in the employer's participation agreement.

2 (b) A permanent part-time employee of a political subdivision or a
3 public [OR QUASI-PUBLIC] organization receives credited service on a
4 basis proportionate to that which would have been earned as a permanent
5 full-time employee.

6 * Sec. 31. AS 39.35.340(b) is amended to read:

7 (b) In order to obtain credited service under this section, an
8 employee shall make an election to do so and shall verify his period of
9 military service [BEFORE JULY 1, 1977 OR WITHIN ONE YEAR FOLLOWING THE
10 DATE WHEN THE EMPLOYEE FIRST BECOMES VESTED UNDER THIS CHAPTER, IF
11 LATER]. When eligibility for credited service for military service has
12 been established, an indebtedness shall be determined as follows: (1)
13 the employee's actual compensation, or the calculated annual compensa-
14 tion for those employees working less than 12 months, during the calen-
15 dar year 1976 or the year in which an employee first becomes vested
16 under this chapter, whichever is later, multiplied by (2) six percent,
17 this product multiplied by (3) the number of years of military service
18 credited under this section. Interest as prescribed by regulation
19 accrues on this indebtedness commencing on July 1, 1977 or one year
20 following the date a person first becomes vested, whichever is later.
21 Any outstanding indebtedness which exists at the time a person is ap-
22 pointed to retirement will necessitate an actuarial adjustment to the
23 benefits payable based upon that military service.

24 * Sec. 32. AS 39.35.340(c) is amended to read:

25 (c) A retired employee on July 1, 1976 is eligible to receive
26 increased benefits based upon military service as described in (a) of
27 this section. To receive credited service for military service, a
28 retired employee must verify his military service [BEFORE JULY 1, 1977].
29 When verified, a retired employee is entitled to receive an increased

1 benefit which shall be actuarially adjusted to reflect his indebtedness
2 for such credit. The indebtedness shall be calculated in the same manner
3 as described in (b) of this section except that it shall be based on the
4 average monthly compensation used in calculating the benefit. The effec-
5 tive date of this increased benefit is the beginning of the month follow-
6 ing that in which eligibility has been established.

7 * Sec. 33. AS 39.35.340(e) is amended to read:

8 (e) A deferred vested employee on July 1, 1976 is eligible to claim
9 credited service under (a) of this section. In order to obtain credited
10 service under this section, such an employee must make an election to do
11 so and must verify his period of military service [BEFORE JULY 1, 1978].
12 When eligibility for military service has been established, an indebted-
13 ness shall be determined as follows: the employee's actual compensation,
14 or the calculated annual compensation for those employees working less
15 than 12 months, during the calendar year the employee terminated, shall
16 be multiplied by six percent; this product shall then be multiplied by
17 the number of years of military service credit under this section. In-
18 terest as prescribed by regulation accrues on this indebtedness commenc-
19 ing July 1, 1978. Any outstanding indebtedness which exists at the time
20 a person is appointed to retirement will necessitate an actuarial adjust-
21 ment to the benefits payable based upon that military service.

22 * Sec. 34. AS 39.35.340(f) is amended to read:

23 (f) An employee cannot be credited with a period of active mili-
24 tary service in the armed forces of the United States under this section
25 if credit for that military service was granted under AS 14.25.

26 * Sec. 35. AS 39.35.340(g) is amended to read:

27 (g) A surviving spouse receiving or entitled to receive a sur-
28 viving spouse's pension under AS 39.35.440 or benefits under a joint and
29 survivor option filed under AS 39.35.450 is eligible to receive in-

1 creased benefits based upon military service as described in (a) of this
2 section. To receive credited service for military service, the sur-
3 viving spouse must verify the employee's military service [WITHIN ONE
4 YEAR OF THE EFFECTIVE DATE OF THIS ACT]. When verified, the surviving
5 spouse is entitled to receive an increased benefit which shall be actu-
6 arially adjusted to reflect his or her indebtedness for that credit.
7 The indebtedness shall be calculated in the same manner as described in
8 (b) of this section except that it shall be based on the average monthly
9 compensation used in calculating the benefit. Benefits payable under
10 this subsection are effective the first day of the month following that
11 in which eligibility has been established [PAYABLE RETROACTIVELY TO
12 JULY 1, 1977].

13 * Sec. 36. AS 39.35.340 is amended by adding a new subsection to read:

14 (h) The combined period of military service claimed under this
15 section and under AS 14.25 may not exceed five years.

16 * Sec. 37. AS 39.35.385(c) is amended to read:

17 (c) Credited service for which contributions were refunded is not
18 creditable under this section unless the refunded contributions have
19 been repaid. For purposes of this section, a member or former member
20 does not have to be reemployed under this system in order to pay re-
21 funded contributions. Compound interest at the rate prescribed by
22 regulation must be added to the reinstatement indebtedness from the date
23 of the refund to the date of repayment.

24 * Sec. 38. AS 39.35.410(h) is amended to read:

25 (h) A disabled [RETIRED] employee's occupational disability pen-
26 sion shall terminate when the disabled employee first attains eligi-
27 bility for normal retirement. At that time, his retirement benefit will
28 be calculated under the provisions of AS 39.35.370(c).

29 * Sec. 39. AS 39.35.430(c) is repealed and re-enacted to read:

1 (c) The first payment of the surviving spouse's pension or of a
2 dependent child's pension shall be made for the month following the
3 month in which the employee dies and payment shall cease to be made
4 beginning with the month in which there is no surviving spouse or no
5 dependent child.

6 * Sec. 40. AS 39.35 is amended by adding a new section to read:

7 Sec. 39.35.495. TIME LIMIT FOR APPLICATION. If no application for
8 benefics or for refund has been filed with the administrator by July 1
9 following the date on which an inactive member (except an employee on
10 leave-without-pay status or on layoff status) would attain age 75, or if
11 no application for benefits or for refund has been filed with the ad-
12 ministrator within the 50 years following the most recent date on which
13 the employee was an active member, no benefits or refunds may be paid
14 under this chapter and the member's records may be destroyed.

15 * Sec. 41. AS 39.35.522 is amended to read:

16 Sec. 39.35.522. WAIVER OF ADJUSTMENTS. (a) Upon appeal by an
17 affected member or beneficiary under (b) of this section, the board may
18 waive an adjustment or any portion of an adjustment made under AS 39.35.-
19 520 if

20 (1) the adjustment or portion of the adjustment will, in the
21 opinion of the board, cause undue hardship to the member or beneficiary;

22 (2) the member is retired or has submitted notification of
23 impending retirement to his employer to be effective no later than 180
24 days after the adjustment was made, or the beneficiary was eligible to
25 receive or was receiving benefits under this chapter before the adjust-
26 ment;

27 (3) the adjustment will result in a loss of eligibility for
28 benefits [RETIREMENT] for the member or beneficiary or result in a
29 reduction of benefits being [ALREADY] received by the member or bene-

1 ficiary of \$50 per month or more;

2 (4) the adjustment was not the result of erroneous informa-
3 tion supplied by the member or beneficiary;

4 (5) before the adjustment was made, the member or beneficiary
5 received confirmation from the administrator that his records were
6 correct; and

7 (6) the member or beneficiary had no reasonable grounds to
8 believe his records were incorrect before the adjustment was made.

9 (b) In order to obtain consideration of a waiver under this sec-
10 tion, the affected member or beneficiary must appeal to the board in
11 writing within 30 days after receipt of notice that his records have
12 been adjusted. The board shall rule on his appeal in writing within 120
13 days after its receipt.

14 (c) The board may, at its discretion, conduct a hearing on an
15 appeal under this section. In reaching a decision on an appeal, the
16 board may issue subpoenas, administer oaths, compel the attendance and
17 testimony of witnesses, compel the taking of depositions and the sub-
18 mission of affidavits, and compel the production of documents and
19 records.

20 (d) The board may impose conditions on the granting of a waiver
21 which it considers equitable. These conditions may include requiring
22 the member or beneficiary to make additional contributions to the
23 system.

24 (e) The board may reconsider a ruling under this section upon
25 request of the member or beneficiary or the administrator if the request
26 is received within 30 days after the initial ruling. Any modification
27 of the initial ruling must be made within 30 days after receipt of a
28 request for reconsideration.

29 (f) Rulings and modifications of rulings under this section shall

1 be by a majority of a quorum of the board.

2 (g) Rulings on appeals and requests for reconsideration under this
3 section may be appealed by an aggrieved member or beneficiary to the
4 superior court for abuse of discretion.

5 * Sec. 42. AS 39.35.547 is repealed and re-enacted to read:

6 Sec. 39.35.547. EFFECT OF AMENDMENTS. (a) An amendment of this
7 chapter is not retroactive unless its retroactivity is expressly stated
8 in the amendment.

9 (b) The monthly amount of a benefit payable under this chapter
10 shall be determined in accordance with the provisions of this chapter in
11 effect on the date of termination of the member's last segment of em-
12 ployment.

13 * Sec. 43. AS 39.35.560 is amended to read:

14 Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND
15 ADOPTION OF RESOLUTION. A public [OR QUASI-PUBLIC] organization created
16 wholly or partly by, or deriving its powers from, the legislature of the
17 state may request to become an employer in this system. The request
18 shall be made after adoption of a resolution by the governing body of
19 the public organization. A certified copy of the resolution shall be
20 filed with the administrator. If the administrator approves the request
21 for participation, the public organization is an employer of the system.

22 * Sec. 44. AS 39.35 is amended by adding a new section to read:

23 Sec. 39.35.615. AMENDMENT OF AGREEMENT. (a) If a political sub-
24 division or public organization amends its participation agreement so as
25 to terminate coverage of a department, group, or other classification of
26 employees, each employee whose coverage is so terminated, regardless of
27 his employment status at the date of termination, shall be considered
28 fully vested in his actuarially adjusted accrued retirement benefits as
29 of the date of termination, unless his contributions have been refunded.

1 (b) Each employee whose coverage is terminated must, within 60
2 days after the date of termination, inform the administrator, in writ-
3 ing, whether he wishes to obtain a refund or a vested benefit.

4 (c) Each employee who elects to obtain a refund shall receive a
5 refund of the balance of (1) his employee contribution account and (2)
6 his employee savings account. The vesting in accrued benefits for each
7 employee who elects to obtain a refund is voided upon his receipt of the
8 refund, and the corresponding credited service may not be reinstated
9 under this chapter. A partial refund may not be allowed under this
10 section.

11 (d) For each employee who elects to obtain a vested benefit, the
12 amount actuarially determined as necessary to fully fund the benefits to
13 be received shall be transferred first from the employee contribution
14 account and, after the employee contribution account has been exhausted
15 then from the employer contribution account into the retirement reserve
16 account.

17 (e) After all of the employees whose coverage is terminated have
18 either received refunds or have been vested in their accrued benefits,
19 the remaining funds in the employer contribution account attributable to
20 those employees shall be refunded to the employer.

21 (f) Termination of coverage of a department, group, or other
22 classification of employees does not bar future coverage of that depart-
23 ment, group, or classification. If coverage of a department, group, or
24 classification is terminated under (a) of this section and the employer
25 later amends its participation agreement to provide renewed coverage of
26 that department, group, or classification, an affected employee may be
27 credited only with future service.

28 * Sec. 45. AS 39.35.620(e) is amended to read:

29 (e) Each employee who elects to obtain a refund shall receive a

refund of the balance, determined as of the date of his employer's termination of participation, of (1) his employee contribution account and (2) his employee savings account. The vesting in accrued benefits for each employee who elects to receive a refund is voided upon his receipt of his refund and corresponding credited service may not be reinstated under this chapter. No partial refund may be allowed under this section.

* Sec. 46. AS 39.35.650 is amended to read:

Sec. 39.35.650. REFUNDS TO EMPLOYERS. In no event may an employer receive an amount from the pension fund, except as provided under AS 39.35.615(e) and 39.35.620(g) [THAT, UPON TERMINATION OF PARTICIPATION, THE EMPLOYER SHALL RECEIVE THE AMOUNT WHICH REMAINS AFTER THE SATISFACTION OF ALL LIABILITIES OF THE SYSTEM TO THE EMPLOYEES OF THE EMPLOYER AND ARISING OUT OF VARIATIONS BETWEEN ACTUAL REQUIREMENTS AND EXPECTED ACTUARIAL REQUIREMENTS].

* Sec. 47. AS 39.35.680(4) is amended to read:

(4) "average monthly compensation" means the result obtained by dividing the compensation earned by an employee during a considered period by the number of months, including fractional months, for which compensation was earned; the considered period consists of the three consecutive calendar years during the period of credited service which yields the highest average, or if the employee does not have three consecutive calendar years, his period of credited service; an employee must have at least 115 [120] days of credited service in the last calendar year in order to be used as part of the three consecutive calendar years;

* Sec. 48. AS 39.35.680(17) is amended to read:

(17) "employer" means the State of Alaska or a political subdivision or public [OR QUASI-PUBLIC] organization of the state which

1 participates in the system;

2 * Sec. 49. (a) This section applies to a unified municipality which is
3 an employer under AS 39.35 and which, in reliance on erroneous representa-
4 tions by a former administrator, provided by ordinance, before the effective
5 date of this Act, that a particular classification of credited service earned
6 in the Public Employees' Retirement System of Alaska for service with that
7 municipality or its predecessors be transferred to a public employees'
8 retirement system operated by the municipality.

9 (b) A unified municipality to which this section applies may provide,
10 in a resolution adopted under AS 39.35.550, that a department, group, or
11 other classification of its employees under the Public Employees' Retirement
12 System of Alaska be transferred to a public employees' retirement system
13 operated by the municipality and may provide by ordinance that a particular
14 classification of credited service earned in the Public Employees' Retirement
15 System of Alaska for service with that municipality or its predecessors also
16 be transferred to the municipal retirement system, except that credited
17 service may not be transferred unless the affected employee has consented to
18 that transfer in writing.

19 (c) Each employee who is transferred to a municipal retirement system
20 must, before September 1, 1980, inform the administrator in writing whether
21 he wishes to transfer his credited service as provided in the municipal
22 ordinance, obtain a refund, or obtain a vested benefit in the Public
23 Employees' Retirement System of Alaska. The administrator shall transmit to
24 the municipal retirement system the balance of the employee contribution and
25 savings accounts associated with the transferred service, determined as of
26 the date the balance is transmitted, of each employee who elects to transfer
27 his credited service as provided in the municipal ordinance. Transferred
28 credited service may not be reinstated under AS 39.35. If an employee elects
29 to obtain a vested benefit, or if he fails to inform the administrator of his

1 election, he shall be considered fully vested in his actuarially adjusted
2 accrued retirement benefits under the Public Employees' Retirement System of
3 Alaska as of the date of his transfer to the municipal retirement system.

4 (d) Each employee who elects to obtain a refund shall receive a refund
5 of the balance of his employee contribution and employee savings accounts in
6 the Public Employees' Retirement System of Alaska. The amount actuarially
7 determined as necessary to fully fund the benefits to be received should the
8 employee return to the Public Employees' Retirement System of Alaska and
9 reinstate his credited service shall be retained in the employer contribution
10 account of the unified municipality. A partial refund may not be allowed
11 under this section.

12 (e) For each employee who elects to obtain a vested benefit, the amount
13 actuarially determined as necessary to fully fund the benefits to be received
14 shall be transferred first from the employee contribution account and, after
15 the employee contribution account has been exhausted, then from the employer
16 contribution account into the retirement reserve account.

17 (f) The administrator shall transmit to the municipal retirement system
18 the balance of the unified municipality's employer contribution account
19 associated with the transferred service of those employees transferred to the
20 municipal retirement system, determined as of the date the balance is trans-
21 mitted, less any amount which has been transferred to the retirement reserve
22 account under (e) of this section or which has been retained under (d) of
23 this section.

24 (g) As used in this section,

25 (1) "administrator" means the administrator of the Public
26 Employees' Retirement System of Alaska;

27 (2) "employee contribution account", "employee savings account",
28 "employer contribution account", and "retirement reserve account" refer to
29 accounts within the Public Employees' Retirement System of Alaska;

1 (3) "predecessors" means the political subdivisions which are
2 dissolved in the formation of a unified municipality.

3 * Sec. 50. AS 14.25.120, 14.25.135, 14.25.137, 14.25.138, 14.25.140;
4 AS 39.35.020(6), and 39.35.050(b) are repealed.

5 * Sec. 51. This Act takes effect July 1, 1980, except that

6 (1) the definitions of "military service" and "outside service"
7 contained in AS 14.25.220(21) and (25), and the definitions of "membership
8 service" and "teacher or member" contained in AS 14.25.220(20) and (38) to
9 the extent that they apply to part-time teachers at the University of Alaska,
10 as repealed and re-enacted in sec. 24 of this Act, take effect immediately in
11 accordance with AS 01.10.070(c) and are retroactive to July 1, 1955;

12 (2) the definition of "average monthly compensation" contained in
13 AS 39.35.680(4), as amended in sec. 47 of this Act, takes effect immediately
14 in accordance with AS 01.10.070(c) and is retroactive to July 1, 1977;

15 (3) section 49 of this Act takes effect immediately in accordance
16 with AS 01.10.070(c), is retroactive to September 15, 1975, and terminates on
17 December 31, 1980.

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR
JUNEAU, ALASKA 99811

February 5, 1980

The Honorable John Sackett
Senator
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Sackett:

Certain bills that passed during the first legislative session contained portions of our housekeeping bill (HB 243). To make CSHB 243am consistent with the current statutory language, we suggest the following changes.

1. Deletion of Secs. 4 and 22, which were passed verbatim last year (Ch 81 SLA 1979). Additionally, the deletion of lines 22 and 23 on page 36 in Sec. 49, which establish effective dates for Secs. 4 and 22.
2. Corrections of effective dates in two sections.
 - a. Sec. 47, page 34, line 27 change September 1, 1979 to September 1, 1980.
 - b. Sec. 49, page 36, line 12, change July 1, 1979 to July 1, 1980.
 - c. Sec. 49, page 36, line 26, change December 31, 1979 to December 31, 1980.

Jim McKenzie of the Legislative Affairs Agency has suggested other corrections which would make CSHB 243am in accord with legislation passed in Ch. 82 SLA 1979 in regard to state legislators. We concur with Mr. McKenzie's proposals and submit them to you for your approval. These changes are as follows:

Sec. 26 page 19, line 19 "base salary," page 20, line 22 "employer" and page 21, line 14 "membership services," amend as follows:

- (6) "base salary"

February 5, 1980

(A) means the total remuneration payable under contract for a full year of membership service, including addenda to the contract;

(B) has the same meaning as "compensation" under AS 39.35.680(8) when applied to a state legislator who elects membership under AS 14.25.040(b);

(15) "employer" means a public school district, the Board of Regents of the University of Alaska, the Department of Education, the National Education Association of Alaska, the Regional Resource Centers, or the state legislature with respect to a state legislator who elects membership under AS 14.25.040(b);

(20) "membership service" means

(A) full or part-time service as a teacher in a public school in the Territory or State of Alaska, or both, under the supervision and control of the Territorial Board of Education or the Department of Education or the school board of any city, regional educational attendance area, or borough school district;

(B) full-time or part-time teaching at the University of Alaska or a full-time administrative position at the University of Alaska which requires academic standing and which has been approved for inclusion in the system by the administrator;

(C) any period during which the teacher receives a disability benefit under this system or is on an approved sabbatical leave granted in accordance with AS 14.20.310; or

(D) continuous service as a state legislator when performed by a state legislator who elects membership under AS 14.25.040(b), subject to the requirements of AS 14.25.040(c);

Finally, Senator Bill Ray has questioned the use of the word "quasi-public" in Ch 39.35. In response to the inquiry, the Attorney General's Office has provided us with a definition of the term "quasi-public." The memorandum is enclosed for your review.

Sincerely,



Paul B. Arnoldt
Director

Pg 9. Jan 10 - , Enclosed by 12.

PBA/AW/jb
Enclosure

STATE
of ALASKA

MEMORANDUM

TO: Hon. W.R. Hudson, Commissioner
Department of Administration

DATE: February 1, 1980


ATTN: Paul B. Arnoldt, Director
Div. of Retirement & Benefits

FILE NO: J-66-444-80

PHONE NO:

FROM: AVRUM M. GROSS
ATTORNEY GENERAL

SUBJECT: Definition of public
or quasi-public or-
ganization

By: 
Rodger W. Pegues
Assistant Attorney General

You have asked for our advice on the meaning of the term "public or quasi-public organization" as used in the Public Employees Retirement Act at AS 39.35.560 and AS 39.35.680(17).

"A public or quasi-public organization created wholly or partly by, or deriving its powers from, the legislature of the state," as set out in AS 39.35.560, cannot be given a single or dispositive definition. The term is simply too vague. It could include almost any organization that falls within its terms. It would seem to include non-profit regional corporations in their capacities as rural housing authorities or as rural electrical authorities. It would appear to include any entity established by law and not considered to be the state or a political subdivision for purposes of AS 39.35.680(17). It might even include the Alaska Commercial Fishing and Agriculture Bank when, under AS 44.-54.220, it ceases to be a state agency and becomes a private corporation. However, because the bank would then, by statute, be "private," it may be that it can not then be public or quasi-public. In other words, there is an element of uncertainty here which cannot be resolved by any general rule.

RWP/pjg

RECEIVED

FEB 4 1980

DIVISION OF RETIREMENT

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS

POUCH CR
JUNEAU, ALASKA 99811

January 29, 1980

*Sec 27
QUASI-PUBLIC*

The Honorable Glenn Hackney
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Hackney:

I have enclosed for your review a sectional analysis of HB 243, our "housekeeping" bill. As I have previously mentioned, our main intent with this legislation is to reorganize and clarify the statutes governing the Teachers' Retirement System, using common terminology throughout the chapter. Beyond the changes which are purely "cleanup", however, there are some significant amendments to both the Teachers' Retirement System and the Public Employees' Retirement System.

In recent years we have noticed an increase in the number of lawsuits being brought against the division, caused largely by ambiguous language in the statutes. Though our regulations have prevented some litigation and complaint, it would be preferable if we could provide our membership with a readable text that would avoid confusion at the onset of participation. Even the minor changes in our statutes have been drafted with this theme of communication in mind.

Upon review of our legislation, please be advised that I will be available to discuss HB 243 with you as much as you feel necessary. Your support of this legislation is greatly appreciated and gratefully received.

Sincerely,



Paul B. Arnoldt
Director

PBA/n1
Enclosure
R13/01

Ad

Sec. 1. AS 14.25.012. Purpose and Effective Date - This section gives the purpose and effective date of the Teachers' Retirement System (TRS). It is patterned after AS 39.35.010 of the Public Employees' Retirement System (PERS).

AS 14.25.015. Administrator - This section, patterned after AS 39.35.050, gives the Commissioner of Administration the authority to appoint the administrator of TRS.

Sec. 2. AS 14.25.030. Duties of the Administrator - This section is primarily cleanup, changing terms to agree with definition section terminology. An additional duty of secretary to the board is given to the administrator. In practice, this duty is currently being performed by the administrator.

Sec. 3. AS 14.25.035(e). Teachers' Retirement Board - There is no substantive change; terminology is updated.

Sec. 4. AS 14.25.035 (h) - This section grants the board the authority to waive an adjustment required under AS 14.25.173 in accordance with AS 14.25.175, passed in Chap. 81, SLA 1979.

Sec 5. AS 14.25.043 Reemployment of Retired Members - This section covers members who retire and then become reemployed under TRS. The substance of this section is currently covered under AS 14.25.120(a)(8), which we are proposing to repeal. The primary change is the mandatory rather than optional deduction of TRS contributions from the salary of an employee who has returned to active membership.

Sec. 6. AS 14.25.055, Supplemental Contributions by Teachers - This section is amended to require supplemental contributions for death benefits under AS 14.25.162 and AS 14.25.164, whenever mandatory contributions are required. The amendment was included specifically to cover persons who are on leave and making contributions to the system for service credit. Similar requirements already exist in TRS regulation 79-4.

|| Sec. 7. AS 14.25.060(a) - This section clarifies the fact that military, BIA and outside service for members joining before 1978 may be claimed using the "old" method of indebtedness calculation, i.e. 7% x entrance salary x years claimed.

Sec 8. AS 14.25.060(b) - This is a cleanup of a poorly worded paragraph. The intent remains the same. Indebtedness for BIA service is calculated as stated above (Sec. 7) with a 5 year maximum. Being vested under a military or federal retirement still requires an indebtedness calculation for BIA service which reflects the full actuarial cost of providing benefits.

Sec. 9. AS 14.25.061(a) - This section, which caused comment in the last session, is merely cleanup. There is no change to the intent of this statute: a person may purchase service credit, including membership service, retroactively. However, no contributions are required on membership service if it was rendered before July 1, 1955.

Sec. 10. AS 14.25.061(b) - Same as above (Sec. 9).

Sec. 11. AS 14.25.062, Reinstatement Indebtedness - The requirement to become reemployed before reinstatement of previously withdrawn contributions is eliminated. This is further qualified by Sec. 12.

eliminate
SP. Sec. 12. AS 14.25.063, Payment of Indebtedness - The language of this section is currently contained in AS 14.25.120 which we are repealing (Sec. 48). This section provides that a teacher may pay on an indebtedness as long as a balance remains in his TRS account. It delineates the procedure for crediting principal and interest to a member's account in accordance with current administrative policy.

Sec. 13. AS 14.25.035 (b), Transmittal of Contributions - This amendment, patterned after the PERS law, AS 39.35.610, will require an interest assessment on contributions from employers that are not in this office within 15 days after the close of a pay period. Presently, the system's only means of penalizing tardiness is to request that the Department of Education, in extreme cases, withhold foundation funds from the school district for payment of contributions. The current procedure is not necessarily a punitive measure and therefore not an effective deterrent to the employer.

Sec. 14. AS 14.25.100, Credit for Service in the Armed Forces.

a) This subsection contains mainly "cleanup" of terminology. However, it also permits members the opportunity of claiming that military service before WW II by eliminating a December 31, 1939, date. We are only aware of one individual that has pre-December 31, 1939, military service.

e) This amendment clarifies the intent of the legislation passed in 1976 under the PERS by placing a 5 year maximum on the total military service claimed under the Teachers' Retirement System and Public Employees' Retirement System by any one person.

Sec. 15. AS 14.25.110 - This repeal and reenactment combines AS 14.25.110 and 120 into a concise, readable form and is consistent with a similar provision in PERS, AS 39.35.370. Additionally, the words "actuarial adjustment" for the computation of the early benefit have been incorporated rather than setting out a specific formula in the law. This permits our actuary to modify the formula consistent with the actual cost of providing benefits.

8 years

Sec. 16. AS 14.25.125 (c) - This section permits a former member to reinstate contributions under TRS, if he is vested in the PERS regardless of his account balance. This is in keeping with the intent of the original legislation on Conditional Service Benefits, Chapter 174, SLA 1978.

Sec. 17. AS 14.25.130, Disability Benefits - This section takes two wordy sections, 130 and 140, and combines them into one clear passage describing how disability benefit eligibility is met and how benefits are paid. There is no change in the meaning of the text.

Sec. 18. AS 14.25.143(a) - There is no substantive change; terminology is updated.

Sec. 19. AS 14.25.160, Death Benefits - This section, rewritten for clarity, also makes a change to enable the survivor of a teacher who has died anytime after his appointment to disability, but prior to his normal retirement date, to take a lump sum benefit in addition to the return of contributions. Previously, the lump sum was payable within one year after the appointment date to disability, only.

Sec. 20. AS 14.25.162, Survivor's Allowance - This section has been repealed and reenacted primarily for clarity. The amendment also enables the surviving spouse and dependent children of a teacher on deferred status to claim death benefits in the event of a teacher's death. AS 14.25.164 already provides for the deferred member. This amendment to AS 14.25.162 further requires 5 years of contributions under the supplemental option before payment can be made to the survivors of a retired or deferred member.

The term "of credited service" after the word "year" has been inserted in reference to the time required for payment of contributions, implying that a teacher need not contribute for a calendar year, but rather only that portion of a school year in which he or she is making contributions. Instead of 10% being split among all of the guardians, each court-appointed guardian will receive 10%.

(b)(3) - The method of payment in the event that there is no longer an eligible recipient is simplified. Current statutes vary the benefit payment according to years of service performed by the deceased member.

Sec. 21. AS 14.25.164, Spouse's Pension - This statute has also been repealed and reenacted for organizational purposes. As in AS 14.25.162, the guardian payment is increased according to the number of guardians. The primary change, and perhaps the most significant one, is the elimination of the age requirement for the receipt of the pension by the spouse. Currently, the spouse must wait until age 55 to draw death benefits if there are no minor children.

?

Sec. 22. AS 14.25.175, Waiver of Adjustments - This section parallels a similar section in the PERS, AS 39.35.522.

Sec. 23. AS 14.25.177, Effect of Amendments - This amendment, designed to protect the system against an unfunded liability, adds a requirement that a statute specifically state if it is to be applied retroactively.

Sec. 24. AS 14.25.200, Exemption From Taxation and Process - Only terminology changes appear in this section with the exception of the insertion of the word "Alaska" before state and municipal taxes. We have no authority to claim exemption of Alaska benefits from other state tax law.

Sec. 25. AS 14.25.205, Time limit for Application - The intent of this amendment is to provide for purging the system of old data.

Sec. 26. AS 14.25.220, Definitions - Since this section is mainly "cleanup", I have included only those definitions which contain significant changes. The definitions have been rewritten and reorganized, alphabetically, to utilize a common terminology. The chapter has been amended accordingly. Significant changes are as follows:

5) "average base salary" - This definition now specifically states that a member cannot use a year of salary for retirement calculation purposes if the member was on disability for more than a third of the year. This parallels divisional practice for the last 25 years.

9) "compensation" - This definition allows us to differentiate between the amount actually paid to a teacher and the amount expected to be paid to a teacher. It is referenced in "average base salary" and prevents teachers from retiring using "promised" salaries for retirement purposes.

12) "dependent child" - Patterned after the PERS definition, it includes the adopted child as a minor child, a provision originally included with age restrictions under the death benefit sections (AS 14.25.162 and 164).

19) "mandatory Contribution Account" - This is a new definition using PERS terminology. The account is already in existence.

20) "membership service" - This definition adds a clear description of University of Alaska service that will be credited to TRS. Similar guidelines are in our proposed regulations, which have been approved by the TRS Board. Additionally, it includes part-time teaching at the University of Alaska.

21) "military Service" - The definition deletes restrictions on the time when service was performed.

25) "outside service" - This definition makes use of the same language which was enacted in Chap 174, SLA 1978.

Sec. 27. AS 39.35.010(a), Purpose and Effective Date - This is clean-up language to include political subdivisions and public and quasi-public organizations in the statement of purpose.

Sec. 28. AS 39.35.050(a), Administrator - This section eliminates obsolete language permitting the appointment of the Personnel Director as administrator. The language dates back to the early 1970's when retirement was under the Division of Personnel.

Sec. 29. AS 39.35.060(3), Powers and Duties of the Administrator. Similar to the TRS statute AS 14.25.030, the administrator is formally given the additional duty as secretary to the board; a duty which he currently performs.

Sec. 30. AS 39.35.300(a), Employment With the State - This section specifically states that the University of Alaska is not an agency of the state for retirement purposes. The University joined the PERS on February 1, 1969, as a political subdivision with its own past service liability - employer rate. The state joined the PERS on January 1, 1961. This clarification is currently covered in PERS regulation 78-2.

Sec. 31. AS 39.35.340 (b), Military Service - This amendment eliminates the deadline on the claim of military service by a vested member. Administrative problems and dissatisfaction by members who missed their deadline for various reasons suggest this change.

Sec. 32. AS 39.35.340(c). This amendment accomplishes the same purpose as Sec. 31 for retired members.

Sec. 33. AS 39.35.340(e). This amendment makes the same provision as Sec. 31 for deferred vested members. This section is especially necessary since it is difficult to reach many deferred members.

Sec. 34. AS 39.35.340(f). This is to clarify the fact that credit cannot be granted for the same period of military service in both the PERS and the TRS.

Sec. 35. AS 39.35.340(g). In keeping with the intent of Sec 31, the deadline for claiming military service of a deceased member by a surviving spouse is eliminated. In addition the increased benefit becomes effective on the first of the month following the date eli-

gibility is established; i.e., claim and verification are filed. This protects the system against payment of a massive amount of retroactive benefits at one time.

Sec. 36. AS 39.35.340 - This new subsection, similar to the amendment to AS 14.25.100(e), allows a member of PERS to claim military service under both PERS and TRS as long as the total amount claimed doesn't exceed 5 years.

Sec. 37. AS 39.35.385 (c), Conditional Service Retirement Benefits - Keeping with the intent of Chap. 174, SLA 1978, a vested employee in the PERS will be able to reinstate TRS contributions that were previously refunded for the purpose of drawing Conditional Service benefits. This section parallels AS 14.25.125(c).

Sec. 38. AS 39.35.410(h), Occupational Disability Pensions - This amendment corrects a mistake in the statute that refers to a retiree rather than a person on disability.

Sec. 39. AS 39.35.430 (c), Occupational Death Benefit - This subsection removes the word "eligible" since remarriage no longer precludes payment of a death benefit under this chapter.

Sec. 40. AS 39.35.495, Time Limit for Application - Similar to the TRS statute, AS 14.25.205, this new section allows us to purge the system of old accounts and records after a generous period of time has lapsed from the date of termination.

Sec. 41. AS 39.35.522, Waiver of Adjustments - This amendment, similar to Sec. 22, extends the right of an appeal for a waiver of adjustments to the beneficiary of a member. Both the member and beneficiary are given the right to appeal for a waiver on a portion of an adjustment, rather than an entire adjustment.

Sec. 42. AS 39.35.547, Effect of Amendments - Similar to the TRS statute, AS 14.25.177., this amendment requires that a statute specifically state whether or not it is retroactive. Again, this is a safeguard for the system.

Sec. 43. AS 39.35.615, Amendment of Agreement -

(a) This entire section was added to cover an employer who wishes to cease PERS coverage for only part of the membership of that employer.

(b) This subsection gives each employee whose coverage is terminated 60 days to decide whether or not he/she wants to be vested or desires a refund.

(c) This states that once the service is refunded, it may not be reinstated and that no partial refunds may be made.

(d) A reserve will be established which is composed of employee and employer contributions for each member who elects to vest.

(e) The employer will receive the balance of employee contributions after the reserve has been established.

(f) If the terminated group returns to PERS, only future service may be credited. This protects the PERS from an unfunded liability.

Sec. 44. AS 39.35.620(e), Termination of Participation - With similar intent to AS 39.35.615(b), a refunded member of a terminated employee may not reinstate service.

Sec. 45. Self-explanatory.

Sec. 46. AS 39.35.680, Definitions -

(4) "average monthly compensation" The amendment to this section is taking into consideration that the 120th day of the year may fall on Sunday. The state payroll and personnel departments refuse to terminate an employee on the weekend, hence the necessity for this adjustment on behalf of the employees.

Sec 47 - This section was created due to a misunderstanding between the Municipality of Anchorage and the Division of Retirement and Benefits in regards to the transfer of assets from the PERS to the Municipality Police and Fireman Retirement System (PFRP). The Municipality would like to transfer the service of its firemen from the PERS to the PFRP, along with the respective employee and employer contributions effective October 31, 1977. This amendment will permit them to do this. AS 39.35.500 currently prohibits the transfer of employer contributions.

The significant differences between this section and sec. 43 which covers termination of a group of employees are as follows:

1. There is another entity to which employer/employee contributions and service will be transferred.

2. Refunded employees can reinstate contributions to the PERS and receive the corresponding service credit, as long as they are not transferring employees. The municipality will retain necessary employer contributions in the event that the employee wishes to reinstate contributions.

This section is more lenient than Sec. 43, due to a prior commitment made by the Division to the Municipality.

Original sponsor: Rules/Governor

Offered: 4/23/79
For Today's Calendar

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 CS FOR HOUSE BILL NO. 243 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' and public employees'
7 retirement; and providing for an effective date."

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

9 * Section 1. AS 14.25 is amended by adding new sections to read:

10 Sec. 14.25.012. PURPOSE AND EFFECTIVE DATE. (a) The purpose of
11 this chapter is to encourage qualified teachers to enter and remain in
12 service with participating employers by establishing a system for the
13 payment of retirement, disability, and death benefits to or on behalf
14 of the members.

15 (b) The system created became effective as of July 1, 1955, at
16 which time contributions by the participating employers and members
17 began.

18 Sec. 14.25.015. ADMINISTRATOR. The commissioner shall appoint
19 an administrator of the system.

20 * Sec. 2. AS 14.25.030 is amended to read:

21 Sec. 14.25.030. DUTIES OF THE ADMINISTRATOR. The administrator
22 shall

23 (1) establish and maintain an adequate system of accounts
24 for the retirement fund;

25 (2) approve or disapprove claims for retirement benefits
26 [SALARY];

27 (3) serve as secretary of the board and keep an official
28 record of all proceedings;

29 (4) publish annually a report showing the financial con-

1 dition of the retirement fund; and

2 (5) do whatever else may be necessary to carry out the pur-
3 poses of this chapter.

4 * Sec. 3. AS 14.25.035(e) is amended to read:

5 (e) The board shall serve as an appeal board and shall hold
6 hearings at the request of an employer, member [EMPLOYEE], annuitant, or
7 any beneficiary on [IN REGARD TO RULINGS OR] decisions made by the
8 administrator [OF THE TEACHERS' RETIREMENT SYSTEM]. The board shall
9 submit its findings to the administrator. The board shall hold annually
10 one or more public hearings to discuss proposed changes in the
11 [TEACHERS' RETIREMENT] system and to consider and adopt resolutions
12 which might apply to this system.

13 * Sec. 4. AS 14.25.035 is amended by adding a new subsection to read:

14 (h) The board may waive the requirements of AS 14.25.173 in accor-
15 dance with AS 14.25.175.

16 * Sec. 5. AS 14.25 is amended by adding a new section to read:

17 Sec. 14.25.043. REEMPLOYMENT OF RETIRED MEMBERS. If a retired
18 member again becomes an active member, benefit payments may not be made
19 during the period of reemployment. The retirement benefit must be
20 suspended for the entire school year if the teacher is reemployed as an
21 active teacher for a period equivalent to a year of service. During the
22 period of reemployment, deductions from the member's salary will be made
23 in accordance with AS 14.25.050. Upon subsequent retirement, the
24 retired member is entitled to receive an additional benefit based on the
25 credited service and the average base salary during the period of re-
26 employment in accordance with AS 14.25.110.

27 * Sec. 6. AS 14.25.055 is amended to read:

28 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a
29 teacher is married or has a minor child and wishes to make his spouse