

LEG. FINANCE - BILLS 1981 - 1982 1620

SB 121 cont.

1620

1 \* Sec. 30. AS 22.25.090 is repealed and reenacted to read:

2 Sec. 22.25.090. MEDICAL BENEFITS. (a) The following persons are  
3 entitled to major medical insurance coverage:

4 (1) a person receiving a monthly benefit under this chapter;

5 (2) the spouse of a justice, judge, or administrative direc-  
6 tor receiving a monthly benefit under this chapter;

7 (3) a natural or adopted child of a justice, judge, or admin-  
8 istrative director receiving a monthly benefit under this chapter, if  
9 the child is a dependent child under (c) of this section.

10 (b) Major medical insurance coverage takes effect on the same date  
11 as retirement benefits begin, and stops when the retired person or sur-  
12 vivor is no longer eligible to receive a monthly benefit. The coverage  
13 for persons age 65 or older is the same as that available for persons  
14 under 65. The benefits payable to those persons age 65 or older supple-  
15 ment any benefits provided under the federal old age, survivors, and  
16 disability insurance program.

17 (c) In this section, "dependent child" means an unmarried child of  
18 a justice, judge, or administrative director who is dependent on the  
19 justice, judge, or administrative director for support and who is either  
20 (1) less than 19 years old, or (2) less than 23 years old and registered  
21 at and attending on a full-time basis an accredited educational or tech-  
22 nical institution recognized by the Department of Education. The age  
23 limits set out in this subsection do not apply to a child who is totally  
24 and permanently disabled.

25 \* Sec. 31. AS 26.05.222 is amended to read:

26 Sec. 26.05.222. CREATION AND ADMINISTRATION OF ALASKA NATIONAL  
27 GUARD AND ALASKA NAVAL MILITIA RETIREMENT SYSTEM. (a) There is estab-  
28 lished an Alaska National Guard and Alaska Naval Militia retirement  
29 system. The commissioner of administration shall administer the Alaska

1 National Guard and Alaska Naval Militia retirement system.

2 (b) The commissioner of administration may adopt regulations to  
3 implement the Alaska National Guard and Alaska Naval Militia retirement  
4 system. Regulations adopted by the commissioner under this subsection  
5 relate to the internal management of state agencies and their adoption  
6 is not subject to the Administrative Procedure Act (AS 44.62).

7 \* Sec. 32. AS 26.05.226(a) is amended to read:

8 (a) The Department of Military Affairs shall contribute to the  
9 Alaska National Guard and Alaska Naval Militia retirement system the  
10 amounts determined by the commissioner of administration as necessary to

11 (1) fund the system based on the actuarial requirements of  
12 the system as established by the commissioner of administration; and

13 (2) administer the system.

14 \* Sec. 33. AS 26.05.227 is amended to read:

15 Sec. 26.05.227. DEFINITIONS. As used in AS 26.05.222 - 26.05.228  
16 [26.05.226],

17 (1) "beneficiary" means a person designated by the [A] member  
18 in a writing filed with the system by the member while alive to receive  
19 benefits that may be due from the system upon the death of a member;

20 (2) "member" means a commissioned or warrant officer or an  
21 enlisted person in the Alaska National Guard or Alaska Naval Militia;

22 (3) "system" means the Alaska National Guard and Alaska Naval  
23 Militia retirement system.

24 \* Sec. 34. AS 26.05 is amended by adding a new section to read:

25 Sec. 26.05.228. ACCOUNTING AND INVESTMENT. (a) The commissioner  
26 of administration shall establish, as a special account in the general  
27 fund, a fund for the system and maintain accounts and records for the  
28 system.

29 (b) All income of the fund and all disbursements made by the fund

1 must be credited or charged, whichever is appropriate, to the following  
2 accounts:

3 (1) an individual account for each retired member of the sys-  
4 tem that records the benefits paid under this system to the member or  
5 surviving beneficiary;

6 (2) a separate account for the Department of Military Af-  
7 fairs' contribution to fund the system based on the actuarial require-  
8 ments of the system as established by the commissioner of administration  
9 under this chapter;

10 (3) an expense account for the system; this account is charged  
11 with all disbursements representing administrative expenses incurred by  
12 the system; expenditures from this account are included in the gover-  
13 nor's budget for each fiscal year.

14 (c) Investment of surplus amounts in the fund may be made as pro-  
15 vided in AS 39.35.110.

16 \* Sec. 35. AS 39.30.090 is amended to read:

17 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department  
18 of Administration may obtain a policy or policies of group insurance  
19 covering state employees, persons entitled to coverage under AS 14.25.-  
20 168, AS 22.25.090, AS 39.35.535 or former AS 39.37.145, or [AND] em-  
21 ployees of other participating governmental units, subject to the follow-  
22 ing conditions:

23 (1) A group insurance policy shall provide one or more of the  
24 following benefits: life insurance, accidental death [DEALTH] and  
25 dismemberment insurance, weekly indemnity insurance, hospital expense  
26 insurance, surgical expense insurance, dental expense insurance, audio-  
27 visual insurance, or other medical care insurance.

28 (2) Each eligible employee of the state, the [HIS] spouse and  
29 the [HIS] unmarried children chiefly dependent on the eligible employee

1 [HIM] for support and each eligible employee of another participating  
2 governmental unit shall be covered by the group policy, unless exempt  
3 under regulations adopted by the commissioner of administration.

4 (3) A governmental unit may participate under a group policy  
5 if

6 (A) its governing body adopts a resolution authorizing  
7 participation, and payment of required premiums;

8 (B) a certified copy of the resolution is filed with the  
9 Department of Administration; and

10 (C) the commissioner of administration approves the par-  
11 ticipation in writing.

12 (4) (repealed)

13 (5) (repealed)

14 (6) The Department of Administration shall obtain the insur-  
15 ance policy from any insurer authorized to transact business in the  
16 state under AS 21.09 and AS 21.90.

17 (7) The Department of Administration shall make available bid  
18 specifications for desired insurance benefits to all insurance carriers  
19 licensed in the state and qualified to provide the desired benefits.  
20 The specifications shall be made available on or before July 1, 1965,  
21 and at least once every succeeding five years. The lowest responsible  
22 bid submitted by an insurance carrier with adequate servicing facilities  
23 shall govern selection of a carrier under this section.

24 (8) If the aggregate of dividends payable under the group in-  
25 surance policy exceeds the governmental unit's share of the premium, the  
26 excess shall be applied by the governmental unit for the sole benefit of  
27 the employees.

28 (9) A person receiving benefits under AS 14.25.110, AS 22.25,  
29 [OR] AS 39.35, or former AS 39.37 who is not 65 years of age may continue

1 the [OBTAIN MAJOR MEDICAL AND] life insurance coverage that was in effect  
2 under this section at the time of termination of employment with the  
3 state or participating governmental unit [FOR HIMSELF AND ANY DEPENDENTS  
4 WHO HAVE NOT REACHED THE AGE OF 65 YEARS].

5 (10) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.25  
6 OR AS 39.35 WHO IS 65 YEARS OF AGE OR OLDER BUT WHO HAS DEPENDENTS WHO  
7 ARE UNDER 65 MAY OBTAIN MAJOR MEDICAL INSURANCE FOR THESE DEPENDENTS  
8 UNDER THIS SECTION.]

9 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.25  
10 OR AS 39.35 MAY OBTAIN MAJOR MEDICAL AND PRESCRIPTION DRUG INSURANCE  
11 UNDER THIS SECTION FOR HIMSELF AND ANY DEPENDENTS TO COVER COSTS WHICH  
12 ARE NOT COVERED BY THE FEDERAL OLD AGE SURVIVOR'S AND DISABILITY IN-  
13 SURANCE PROGRAM.]

14 (12) A person electing to have insurance under (9) [, (10) OR  
15 (11)] of this section shall pay the cost of this insurance.

16 (13) [NO PERSON MAY ELECT FOR COVERAGE UNDER (9), (10) OR (11)  
17 OF THIS SECTION UNLESS HE WAS OR IS PRESENTLY ELIGIBLE FOR COVERAGE UN-  
18 DER THIS SECTION.]

19 (14) For each permanent part-time employee electing coverage  
20 under this section, the state shall contribute one-half the state con-  
21 tribution rate for permanent full-time state employees, and the perma-  
22 nent part-time employee shall contribute the other one-half.

23 (15) A person receiving benefits under AS 14.25, AS 22.25,  
24 AS 39.35, or former AS 39.37 may obtain auditory, visual, and dental  
25 insurance for that person and eligible dependents [HIMSELF] under this  
26 section. The level of coverage for persons over 65 shall be the same as  
27 that available before reaching age 65 except that the benefits payable  
28 shall be supplemental to any benefits provided [THOSE AFFORDED] under  
29 the federal old age, survivors, and disability insurance program [, IF

1 ANY]. A person electing to have insurance under this paragraph shall  
2 pay the cost of the insurance. The commissioner of administration shall  
3 adopt regulations implementing this paragraph.

4 \* Sec. 36. AS 39.30 is amended by adding a new section to read:

5 Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of admin-  
6 istration shall establish the group health and life benefits fund, as a  
7 special account in the general fund, to provide for group life and  
8 health insurance under AS 39.30.090 and 39.30.160. The commissioner  
9 shall maintain accounts and records for the fund. The fund consists of  
10 employer contributions, employee contributions, appropriations from the  
11 legislature, and interest earned on investment of the fund as provided  
12 in (d) of this section.

13 (b) After obtaining the advice of an actuary, the commissioner of  
14 administration shall determine the amount necessary to provide benefits  
15 under AS 39.30.090 and 39.30.160 and shall set the rate of employer con-  
16 tribution and employee contribution, if any. The commissioner of admin-  
17 istration shall pay premiums and claims in accordance with the insurance  
18 policies in effect under AS 39.30.090 and 39.30.160 with money in the  
19 group health and life benefits fund.

20 (c) The commissioner of administration or the designee of the com-  
21 missioner is administrator of the fund.

22 (d) If the commissioner of administration determines that there is  
23 more money in the fund than the amount needed to pay premiums or bene-  
24 fits for the current fiscal year, the surplus, or so much of it as the  
25 commissioner of administration considers advisable, may be invested by  
26 the commissioner of revenue in the same manner as retirement funds are  
27 invested under AS 39.35.110.

28 (e) In this section, "fund" means the group health and life bene-  
29 fits fund.

1 \* Sec. 37. AS 39.30 is amended by adding new sections to read:

2       Sec. 39.30.230. PUBLIC EMPLOYEES' AND TEACHERS' DISABILITY REVIEW  
3 BOARD. (a) In recognition of the need for expert review of applications  
4 for disability benefits under AS 14.25 and AS 39.35 the Public Employees'  
5 and Teachers' Disability Review Board is established within the Depart-  
6 ment of Administration as a permanent advisory board to the Public  
7 Employees' Retirement Board, the Teachers' Retirement Board, and the  
8 administrator.

9       (b) The board consists of five members. One member is the chairman  
10 of the Public Employees' Retirement Board or the chairman's designee,  
11 one member is the chairman of the Teachers' Retirement Board or the  
12 chairman's designee, one member is the director of the division of voca-  
13 tional rehabilitation or the director's designee, and two members are  
14 physicians authorized to practice medicine in the state.

15       (c) The chairmen of the Public Employees' and Teachers' Retirement  
16 Boards and the director of the division of vocational rehabilitation  
17 serve on the board ex officio. The physician members of the board shall  
18 be appointed by the governor from a list of four names, two of which are  
19 submitted by the Public Employees' Retirement Board and two submitted by  
20 the Teachers' Retirement Board. The physician members serve at the  
21 pleasure of the governor, but the service of a physician member may not  
22 exceed four consecutive years unless the physician member's name is  
23 resubmitted for reappointment.

24       (d) The chairman of the Public Employees' Retirement Board or the  
25 chairman's designee is chairman of the board except that when the board  
26 is considering matters relating to the teachers' retirement system the  
27 chairman of the Teachers' Retirement Board or the chairman's designee  
28 shall act as chairman.

29       (e) The ex officio members of the board do not receive compensation

1 for their services on the board. The director of the division of voca-  
2 tional rehabilitation shall be excused from regular duties while attend-  
3 ing meetings of the board. The appointed members of the board are  
4 entitled to hourly compensation for their services at a rate to be  
5 determined by the commissioner of administration. The rate of compensa-  
6 tion shall be consistent with the normal hourly earnings of the appointed  
7 members. All members of the board are entitled to travel expenses and  
8 per diem when it is necessary to travel.

9 Sec. 39.30.235. DUTIES OF THE BOARD. (a) The board shall review  
10 disability claims and other medically related matters referred to it by  
11 the Public Employees' Retirement Board, the Teachers' Retirement Board,  
12 or the administrator.

13 (b) The board may, when necessary, require applicants for disabili-  
14 ty benefits to supply information, appear before the board, and answer  
15 questions. The board may, at its option, refer an applicant to a phy-  
16 sician of its choice or may approve an examination by a physician of the  
17 applicant's choosing. An applicant shall pay the cost of the examina-  
18 tion when it is performed by a physician of the applicant's own choosing,  
19 and the board shall pay the cost of the examination when it is performed  
20 by a physician of its choosing. An applicant is not required to pay  
21 travel expenses to meet the medical examination requirements of this  
22 section.

23 (c) Upon review of an application for disability benefits and  
24 medical evidence supporting the application, the board shall advise the  
25 administrator of its findings. If an applicant is found to be disabled,  
26 the board shall render an opinion as to the type of positions, if any,  
27 the applicant would be capable of filling, given the applicant's present  
28 medical condition.

29 Sec. 39.30.240. DEFINITIONS. In AS 39.30.230 - 39.30.240,

1 (1) "administrator" means the commissioner of administration  
2 or his designee;

3 (2) "board" means the Public Employees' and Teachers' Dis-  
4 ability Review Board established under AS 39.30.230.

5 \* Sec. 38. AS 39.35.040(5)(A) is amended to read:

6 (A) an appropriate contribution rate for all employers  
7 [, IN ADDITION TO WHICH THE STATE SHALL PAY THE APPROPRIATE SOCIAL  
8 SECURITY CONTRIBUTION]; and

9 \* Sec. 39. AS 39.35.100(b)(1) is amended to read:

10 (1) An [AN] individual account shall be maintained for each  
11 employee to record the amount of the employee's [HIS] mandatory contri-  
12 butions collected under AS 39.35.160(a). As of the last day of each  
13 calendar year and each fiscal year beginning with June 30, 1969, this  
14 account shall be credited with interest, by applying one half of the  
15 prescribed rate of interest to the balance in the account as of that  
16 date. Within one year following [UPON] retirement, the amount actuari-  
17 ally determined as necessary to fully fund the benefits to be received  
18 shall be transferred first from the employee contribution account and,  
19 after the employee contribution account has been exhausted, then from  
20 the employer contribution account into the retirement reserve account.

21 \* Sec. 40. AS 39.35.100(b)(3) is amended to read:

22 (3) A separate account for each employer shall be maintained.  
23 The account shall be credited with contributions of the employer. This  
24 account shall be charged with the employer's actuarial charge for pen-  
25 sion, death benefits, and other benefits paid under this system to or on  
26 behalf of the employee of the employer. After an allowance for interest  
27 credited to employee contribution accounts and employee savings ac-  
28 counts, the investment income of the pension fund shall be allocated to  
29 the retirement reserve account and to each employer asset share account

1 according to the ratio that the average of the assets in the [AN EMPLOY-  
2 ER'S] account as of the beginning and as of the end of the fiscal year  
3 bears to the total of the average balance of the retirement reserve ac-  
4 count and all employer accounts [EMPLOYERS].

5 \* Sec. 41. AS 39.35.200 is amended to read:

6 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON  
7 OTHER THAN DEATH. (a) An inactive employee, not on leave-without-pay  
8 status or layoff status, is entitled to receive a refund of the balance  
9 of [(1)] his employee contribution account [AND (2) HIS EMPLOYEE SAVINGS  
10 ACCOUNT].

11 (b) If, upon termination of employment, an employee has credited  
12 service of less than five years and has less than \$1,000 in the [HIS]  
13 employee contribution account, a refund of the employee contribution ac-  
14 count [AND THE EMPLOYEE SAVINGS ACCOUNT] must be made unless the employ-  
15 ee indicates in writing that future retirement is intended and contribu-  
16 tions should not be refunded. An employee who is reemployed with an em-  
17 ployer and whose contributions have not been refunded before reemploy-  
18 ment [RE-EMPLOYMENT] is not eligible for a refund.

19 \* Sec. 42. AS 39.35.340(g) is amended to read:

20 (g) A surviving spouse receiving or entitled to receive benefits  
21 [A SURVIVING SPOUSE'S PENSION] under AS 39.35.420(b), 39.35.430, or 39.-  
22 35.440 or benefits under a joint and survivor option filed under AS 39.-  
23 35.450 is eligible to receive increased benefits based upon military  
24 service as described in (a) of this section. To receive credited ser-  
25 vice for military service, the surviving spouse must verify the employ-  
26 ee's military service. When verified, the surviving spouse is entitled  
27 to receive an increased benefit which shall be actuarially adjusted to  
28 reflect his or her indebtedness for that credit. The indebtedness shall  
29 be calculated in the same manner as described in (b) of this section ex-

1           cept that it shall be based on the average monthly compensation used in  
2           calculating the benefit. Benefits payable under this subsection are ef-  
3           fective the first day of the month following that in which eligibility  
4           has been established.

5       \* Sec. 43. AS 39.35.350(c) is repealed and reenacted to read:

6           (c) Any outstanding indebtedness that exists at the time an em-  
7           ployee is appointed to retirement will necessitate an actuarial adjust-  
8           ment to the benefits payable based on service reinstated under this sec-  
9           tion.

10       \* Sec. 44. AS 39.35.360(a) is amended to read:

11           (a) An employæ employed before January 1, 1980, who completes  
12           three years of credited service with the state after January 1, 1961,  
13           for which the employee makes contributions required by this chapter is  
14           entitled to credited service for service rendered (1) before January 1,  
15           1961, as an employee of the state and former Territory of Alaska; (2)  
16           before January 1, 1961, as an employee of the United States government  
17           in Alaska, excluding service in the armed forces of the United States;  
18           or (3) after January 1, 1961, as a peace officer, [OR] correctional  
19           officer, or fireman of a participating political subdivision of the  
20           state if the employee is vested and is an active peace officer, correc-  
21           tional officer, or fireman in the system as of July 1, 1980. The retire-  
22           ment benefits payable to an employee under this section shall be reduced  
23           by the amount of the retirement pension benefits paid to him by the  
24           United States government for the same period of service.

25       \* Sec. 45. AS 39.35.360(b) is amended to read:

26           (b) An employee who, under (a) of this section, is entitled to  
27           credited service for employment before January 1, 1961, is not required  
28           to make retroactive contributions under this chapter.

29       \* Sec. 46. AS 39.35.385(c) is amended to read:

1 (c) Credited service for which contributions were refunded is not  
2 creditable under this section unless the refunded contributions have  
3 been repaid. For purposes of (a) and (b) of this section, a member or  
4 former member does not have to be reemployed under this system in order  
5 to pay refunded contributions. Compound interest at the rate prescribed  
6 by regulation must be added to the reinstatement indebtedness from the  
7 date of the refund to the date of repayment.

8 \* Sec. 47. AS 39.35.385(d) is repealed and reenacted to read:

9 (d) The monthly amount of a conditional service retirement benefit  
10 shall be calculated on the years of fully paid credited service in ac-  
11 cordance with AS 39.35.370(c), except that the member may irrevocably  
12 elect to substitute one-twelfth of the "average base salary" as defined  
13 in AS 14.25.220(5) in place of average monthly compensation.

14 \* Sec. 48. AS 39.35.420 is amended to read:

15 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If the death  
16 of an employee occurs from nonoccupational causes after completing less  
17 than one year of credited service, the employee's designated beneficiary  
18 shall be paid the balance of [: (1)] the employee [EMPLOYEE'S] contri-  
19 bution account [; AND (2) THE EMPLOYEE'S SAVINGS ACCOUNT]. If the death  
20 of an employee occurs from nonoccupational causes after completing at  
21 least one year but less than five years of credited service, a [LUMP  
22 SUM] death benefit shall be paid to the employee's designated benefi-  
23 ciary [OF THE EMPLOYEE]. The amount of the [LUMP SUM] death benefit shall  
24 be the amount set out in (c) of this section [\$100 TIMES YEARS OF CRED-  
25 ITED SERVICE PLUS \$1,000. THE LUMP SUM DEATH BENEFIT IS IN ADDITION TO  
26 THE BALANCE OF THE EMPLOYEE'S CONTRIBUTION ACCOUNT AND SAVINGS ACCOUNT].

27 (b) If the death of a vested member or deferred vested member oc-  
28 curs from nonoccupational causes and the member designated no person  
29 other than the surviving spouse as beneficiary to receive nonoccupation-

1 al death benefits, the surviving spouse may elect to [AT HIS OR HER DIS-  
2 CRETION] receive either the amounts set out in (c) [BENEFITS DESCRIBED  
3 IN (a)] of this section or a 50 percent joint and survivor option based  
4 upon credited service to the date of the employee's death or termina-  
5 tion. Benefits accrue from the first day of the month following the em-  
6 ployee's death and are payable the last day of the month.

7 (c) If a vested or deferred vested member designates as benefici-  
8 ary someone other than the surviving spouse to receive nonoccupational  
9 death benefits, the designated beneficiary shall be paid: (1) the bal-  
10 ance of the deceased member's employee contribution account; and (2) a  
11 lump sum death benefit. The amount of the lump sum death benefit is  
12 \$100 times the years of credited service of the deceased member plus  
13 \$1,000.

14 \* Sec. 49. AS 39.35.430(b) is amended to read:

15 (b) If (1) the death of an employee occurs before his retirement  
16 and before his normal retirement date, and (2) the proximate cause of  
17 death is a bodily injury sustained or a hazard undergone while in the  
18 performance and within the scope of his duties, and (3) the injury or  
19 hazard is not the proximate result of wilful negligence of the employee,  
20 a monthly survivor's pension equal to 40 percent of his monthly compen-  
21 sation in the month in which he dies shall be paid to his surviving  
22 spouse. If there is no surviving spouse or if the spouse later dies,  
23 the monthly survivor's pension shall be paid in equal parts to the  
24 dependent children of the employee. On the date the normal retirement  
25 of the employee would have occurred if he had lived, monthly payments  
26 shall equal the monthly amount of the normal retirement benefit to which  
27 the employee, had he lived and continued his employment until his normal  
28 retirement date, would have been entitled with an average monthly compen-  
29 sation as existed at his death and the credited service to which he

1 would have been entitled.

2 \* Sec. 50. AS 39.35.430 is amended by adding a new subsection to read:

3 (f) If the death of an employee occurs from occupational causes  
4 but no surviving spouse or dependent children exist at the time of the  
5 death or if the employee designates as beneficiary someone other than  
6 the surviving spouse or dependent children, the employee's designated  
7 beneficiary is entitled to receive those benefits available to a benefi-  
8 ciary under AS 39.35.420(c) and no occupational death benefit will be  
9 paid to the surviving spouse or dependent children. If the designated  
10 beneficiary is the surviving spouse or dependent children, the bene-  
11 ficiary shall receive the benefit described in (b) of this section.

12 \* Sec. 51. AS 39.35.440(b) is amended to read:

13 (b) Upon the death of a disabled employee who is receiving or is  
14 entitled to receive an occupational disability benefit, a surviving  
15 spouse's pension equal to 40 percent of the employee's [HIS AVERAGE]  
16 monthly compensation at the termination of employment because of occupa-  
17 tional disability shall be paid to the [HIS] surviving spouse. If there  
18 is no surviving spouse, the survivor's pension shall be paid in equal  
19 parts to the dependent children of the employee. On the date the normal  
20 retirement of the employee would have occurred if the employee [HE] had  
21 lived, monthly payments shall equal the monthly amount of the normal re-  
22 tirement benefit to which the employee, had the employee [HE] lived and  
23 continued [HIS] employment until the employee's [HIS] normal retirement  
24 date, would have been entitled with an average monthly compensation as  
25 existed at [HIS] death and the credited service to which the employee  
26 [HE] would have been entitled. If the death of an employee occurs from  
27 occupational causes but no surviving spouse or dependent children exist  
28 at the time of the death, or if the employee designates as beneficiary  
29 someone other than the surviving spouse or dependent children, the em-

1 ployee's designated beneficiary shall be paid those benefits available  
2 to a beneficiary under AS 39.35.420(c) and no occupational death benefit  
3 will be paid to the surviving spouse or dependent children.

4 \* Sec. 52. AS 39.35.460 is amended to read:

5       Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN EAR-  
6 LY] retirement pension begins before age 65 [THE EARLIEST AGE AS OF  
7 WHICH THE EMPLOYEE BECOMES ELIGIBLE FOR A PRIMARY SOCIAL SECURITY BENE-  
8 FIT], the amount of pension payable before and after that age may be ad-  
9 justed so that an increased amount will be paid before the time that  
10 full social security benefits become available and a reduced amount af-  
11 ter that time, so that the employee may [WILL] receive a more level [RE-  
12 TIREMENT] income for life. The aggregate value of all adjusted payments  
13 may [, HOWEVER, SHALL] not exceed the actuarial equivalent of the value  
14 of the pension otherwise payable to the employee.

15 \* Sec. 53. AS 39.35.475(b) is amended to read:

16       (b) The amount of the increase in benefit payments may not exceed  
17 the lesser [GREATER] of

18           (1) the increase in the cost of living since the date of re-  
19 tirement; or

20           (2) four percent of the retirement benefit compounded for each  
21 year of retirement.

22 \* Sec. 54. AS 39.35.485(a) is amended to read:

23       (a) An employee who is eligible for a benefit calculated in accor-  
24 dance with AS 39.35.370(c) is entitled to a benefit of at least \$25 a  
25 month for each year of credited service, not including adjustments made  
26 under AS 39.35.340 for military service, AS 39.35.350 for reinstatement  
27 of credited service, AS 39.35.360 for credit for earlier service, AS 39.-  
28 35.370(c) for early retirement, AS 39.35.420 for nonoccupational death  
29 benefits [AS 39.35.380, 39.35.410], AS 39.35.450 for the survivor's op-

1 tion, AS 39.35.460 for the level income option, AS 39.35.475 for the  
2 post-retirement pension adjustment, and AS 39.35.480 for the cost of  
3 living.

4 \* Sec. 55. AS 39.35.490(a) is amended to read:

5 (a) Each employee shall designate the beneficiary or beneficiaries  
6 to whom benefits payable under this chapter as a consequence of his  
7 death [UNDER AS 39.35.200 - 39.35.240 AND AS 39.35.420 - 39.35.440] shall  
8 be distributed.

9 \* Sec. 56. AS 39.35.522(a) is amended to read:

10 (a) Upon appeal by an affected member or beneficiary under (b) of  
11 this section, the board may waive an adjustment or any portion of an ad-  
12 justment made under AS 39.35.520 if in the opinion of the board,

13 (1) the adjustment or portion of the adjustment will [, IN  
14 THE OPINION OF THE BOARD,] cause undue hardship to the member or bene-  
15 ficiary;

16 [(2) THE MEMBER IS RETIRED OR HAS SUBMITTED NOTIFICATION OF  
17 IMPENDING RETIREMENT TO HIS EMPLOYER TO BE EFFECTIVE NO LATER THAN 180  
18 DAYS AFTER THE ADJUSTMENT WAS MADE, OR THE BENEFICIARY WAS ELIGIBLE TO  
19 RECEIVE OR WAS RECEIVING BENEFITS UNDER THIS CHAPTER BEFORE THE ADJUST-  
20 MENT;

21 (3) THE ADJUSTMENT WILL RESULT IN A LOSS OF ELIGIBILITY FOR  
22 BENEFITS FOR THE MEMBER OR BENEFICIARY OR RESULT IN A REDUCTION OF BENE-  
23 FITS BEING RECEIVED BY THE MEMBER OR BENEFICIARY OF \$50 PER MONTH OR  
24 MORE;]

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

27 (5) before the adjustment was made, the member or beneficiary  
28 received confirmation from the administrator that his records were cor-  
29 rect; and

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

3 \* Sec. 57. AS 39.35.530 is amended to read:

4 Sec. 39.35.530. LIMIT ON PENSION. No employee may simultaneously  
5 receive a pension under more than one section of this chapter. However,  
6 benefits under AS 39.35.420(b), 39.35.430, 39.35.440 or 39.35.450 shall  
7 be paid in addition to the benefits or service credit a person is enti-  
8 tled to receive because of the person's own membership in the retirement  
9 system. An employee may not (1) receive duplicate credit under this  
10 system for the same period of service, (2) receive more than one year of  
11 service credit in the course of any calendar year, or (3) receive a  
12 benefit while accruing service credit under this system except as pro-  
13 vided in this section.

14 \* Sec. 58. AS 39.35.535 is repealed and reenacted to read:

15 Sec. 39.35.535. MEDICAL BENEFITS. (a) The following persons are  
16 entitled to major medical insurance coverage:

17 (1) a person receiving a monthly benefit from the system:

18 (2) the spouse of a person receiving a monthly benefit from  
19 the system;

20 (3) a natural or adopted child of a person receiving a month-  
21 ly benefit from the system, if the child is a dependent child under  
22 AS 39.35.680(11).

23 (b) Major medical insurance coverage takes effect on the same date  
24 as retirement benefits begin, and stops when the retired employee or  
25 survivor is no longer eligible to receive a monthly benefit. The cover-  
26 age for persons age 65 or older is the same coverage available for a  
27 person under 65. The benefits payable to those persons age 65 or older  
28 supplement any benefits provided under the federal old age, survivors  
29 and disability insurance program.

1 \* Sec. 59. AS 39.35 is amended by adding a new section to read:

2       Sec. 39.35.541. ACTUARIAL REDUCTION OF BENEFIT. If, as a result  
3 of service credit claimed for which there is a corresponding indebted-  
4 ness existing at retirement, the member's retirement benefit is actuar-  
5 ially reduced and the resultant benefit is less than it would have been  
6 if the service credit had not been claimed, the retirement benefit shall  
7 be equal to the amount it would have been had the service credit not  
8 been claimed.

9 \* Sec. 60. AS 39.35.560 is amended to read:

10       Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND  
11 ADOPTION OF RESOLUTION. A public organization [CREATED WHOLLY OR PARTLY  
12 BY, OR DERIVING ITS POWERS FROM, THE LEGISLATURE OF THE STATE] may re-  
13 quest to become an employer in this system. The request shall be made  
14 after adoption of a resolution by the governing body of the public orga-  
15 nization. A certified copy of the resolution shall be filed with the  
16 administrator. If the administrator approves the request for participa-  
17 tion, the public organization is an employer of the system.

18 \* Sec. 61. AS 39.35.615(a) is amended to read:

19       (a) A political subdivision or public organization may request  
20 that its participation agreement be amended. The request may be made  
21 only after adoption of a resolution by the legislative body of the po-  
22 litical subdivision and approval of the resolution by the person re -  
23 quired by law to approve the resolution, or, in the case of a public or-  
24 ganization, after adoption of a resolution by the governing body of that  
25 public organization. A certified copy of the resolution shall be filed  
26 with the administrator. If a political subdivision or public organiza-  
27 tion amends its participation agreement so as to terminate coverage of a  
28 department, group, or other classification of employees, each employee  
29 whose coverage is so terminated, regardless of his employment status at

1 the date of termination, shall be considered fully vested in his actuarially  
2 adjusted accrued retirement benefits as of the date of termination,  
3 unless his contributions have been refunded.

4 \* Sec. 62. AS 39.35.615(c) is amended to read:

5 (c) Each employee who elects to obtain a refund shall receive a  
6 refund of the balance of [(1)] his employee contribution account [AND  
7 (2) HIS EMPLOYEE SAVINGS ACCOUNT]. The vesting in accrued benefits for  
8 each employee who elects to obtain a refund is voided upon his receipt  
9 of the refund, and the corresponding credited service may not be rein-  
10 stated under this chapter. A partial refund may not be allowed under  
11 this section.

12 \* Sec. 63. AS 39.35.620(e) is amended to read:

13 (e) Each employee who elects to obtain a refund shall receive a  
14 refund of the balance, determined as of the date of his employer's ter-  
15 mination of participation, of [(1)] his employee contribution account  
16 [AND (2) HIS EMPLOYEE SAVINGS ACCOUNT]. The vesting in accrued benefits  
17 for each employee who elects to receive a refund is voided upon his re-  
18 ceipt of his refund and corresponding credited service may not be rein-  
19 stated under this chapter. No partial refund may be allowed under this  
20 section.

21 \* Sec. 64. AS 39.35.680(8) is amended to read:

22 (8) "compensation" means the total remuneration earned by an  
23 employee for personal services rendered, including cost-of-living dif-  
24 ferentials, payments for leave that is actually used by the employee,  
25 the amount by which the employee's wages are reduced under AS 39.30.-  
26 150(c), and any amount deferred under an employer-sponsored deferred  
27 compensation plan, but does not include retirement benefits, welfare  
28 benefits, per diem, expense allowances, workers' compensation payments  
29 or payments for [MEDICAL LEAVE OR ANNUAL] leave not used by the employee

1 whether those leave payments are scheduled payments, lump-sum payments,  
2 donations or cash-ins;

3 \* Sec. 65. AS 39.35.680(13) is amended to read:

4 (13) "early retirement" means retirement for a member who is  
5 not eligible for normal retirement and who is at least 50 years old and  
6 is eligible to receive benefits under AS 39.35.370(b) or under AS 39.35.-  
7 385(b) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE];

8 \* Sec. 66. AS 39.35.680(15) is amended to read:

9 (15) "employee contribution account" means the total [ACCOUNT]  
10 maintained by the system of [TO RECORD] the employee's mandatory contri-  
11 butions, voluntary contributions, indebtedness principal, and interest  
12 contributions, interest credited to each of those accounts, [OF EACH EM-  
13 PLOYEE, INCLUDING INTEREST] and adjustments to the accounts [ACCOUNT] in  
14 accordance with AS 39.35.100;

15 \* Sec. 67. AS 39.35.680(21)(C) is amended by adding a new subparagraph to  
16 read:

17 (viii) members of the elected public officers' retire-  
18 ment system (former AS 39.37);

19 \* Sec. 68. AS 39.35.680(25) is amended to read:

20 (25) "normal retirement" means retirement for a member who is  
21 eligible to receive benefits under AS 39.35.370(a) or under 39.35.385(a)  
22 or (f) [AT LEAST 55 YEARS OLD AND HAS A MINIMUM OF FIVE YEARS CREDITED  
23 SERVICE, OR WHO IS ANY AGE AND HAS 30 YEARS OR MORE OF CREDITED SERVICE,  
24 OR A PEACE OFFICER OR FIREMAN WHO IS ANY AGE AND HAS 20 YEARS OR MORE OF  
25 CREDITED SERVICE];

26 \* Sec. 69. AS 39.35.680 is amended by adding a new paragraph to read:

27 (39) "public organization" means an organization or entity  
28 (A) created by the constitution or laws of the state for  
29 the purpose of administering state programs;

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(B) whose officers and employees are paid by a method other than by the state payroll prepared by the Department of Administration; and

(C) whose employees are not required by law to participate in the system.

\* Sec. 70. The repeal of AS 39.35.545 in sec. 6, ch. 81, SLA 1976 is retroactive to July 1, 1968.

\* Sec. 71. AS 39.35.020(5)(D), 39.35.470, and 39.35.540 are repealed.

\* Sec. 72. This Act takes effect July 1, 1982.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

*F.N. Rec'd 5/13/82  
After Bill  
passed from  
J. Finance*

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill 121 (Rules)  
Title An Act Relating to Refunds, Retirement & Benefits in TRS, PERS, JRS and NGRS  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
Program Category Affected Centralized Administrative Services & Secondary Education  
BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		63.7	65.7	67.9	70.3	72.9
200 TRAVEL						
300 CONTRACTUAL		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		73.7	75.7	77.9	80.3	82.9

FUNDING (Thousands of Dollars)

GENERAL FUND		52.1	53.8	55.6	57.5	59.7
FEDERAL FUNDS		2.9	2.9	3.0	3.2	3.3
VETERAN'S FUND		.2	.2	.2	.2	.2
FISH & GAME FUND		.5	.5	.5	.5	.5
HIGHWAY FUND		.9	.9	.9	.9	.9
AIRPORT FUND		1.8	1.9	2.0	2.1	2.1
CAPITAL FUND		5.3	5.5	5.7	5.9	6.2
PERS		5.0	5.0	5.0	5.0	5.0
TRS		5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate \$10,000 annually for compensation of physicians and travel and per diem for Disability Review Board members. These expenses are to be split equally between the PER and TRS.
2. Estimate that approximately 18 members could qualify for benefits under section 44 of this bill. Estimate that these members will receive an average of two years additional service credit under this bill. Estimate FY83 State covered payroll to be \$345,475,000, increasing 10% annually. Increase in State contribution rate would be .0057% of covered payroll.
3. It is estimated that 10 people will qualify under section 70 of this bill. The total present value for retroactive and future benefit payments is estimated to be \$510,000; or \$44,000 per year, amortized over 25 years.

IV. DATE May 12, 1982

PREPARED BY Paul B. Arnoldt Director  
AGENCY Division of Retirement & Benefits

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
Office of the Governor (Keith Specking)

PHONE 465-4460

*John A. Lyson*  
*Paul B. Arnoldt*  
*Keith Specking*

SB 826 cont'd

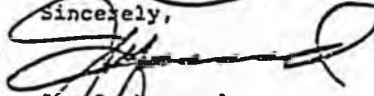
Governor's transmittal letter of March 2 follows:

The Honorable Jalma Fertitta  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution I am transmitting a bill relating to preliminary work on the Susitna River hydroelectric project. The bill authorizes the Alaska Power Authority to enter into contracts for preliminary work on the project without waiting for approval of the project under AS 44.83.325. The provisions of AS 44.83.825 currently authorize the Alaska Power Authority to enter into contracts for feasibility studies, preliminary reports, and the anchorage to Fairbanks Intertie. However, it is not clear that the authority would be authorized to continue to enter into these contracts should the authority be unable to present its report to the legislature by April 30, 1982, as required by AS 44.83.320(B)(1) or should the legislature be unable to approve the report by that date. This bill would simply allow the Alaska Power Authority to enter into contracts to conduct the work which must be done before actual construction on the Susitna River hydroelectric project may begin and will make it clear that those contracts are authorized even in the absence of approval of the project under AS 44.83.325.

Sincerely,



Jay S. Hammond  
Governor

COVER LETTER ON  
CSSB 121

SB 827

SENATE BILL NO. 827 by the Rules Committee by request of the Governor, entitled:

"An Act relating to refunds, retirement, and benefits in the teachers', judicial, national guard, and public employees' retirement systems; relating to survivor benefits in the teachers' retirement system; creating the Public Employees' and Teachers' Disability Review Board; and providing for an effective date."

SB 827 cont'd

was read the first time and referred to the State Affairs Committee and the Labor and Commerce Committee.

Fiscal note appears in Senate Supplement No. 13 to today's journal.

Governor's transmittal letter of March 2 follows:

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the teachers', judicial, national guard and public employees' retirement systems. Many of the provisions are "housekeeping" in nature. The more significant features are discussed below.

Sections 1 and 2 of the bill codify the Department of Education practice of approving leaves of absence that earn a teacher retirement credit only if the leave is for educational purposes. This results in no change in costs since the teacher has always had to pay the full cost (both the teacher and school district contributions) to fund the attendant benefits.

Section 6 of the bill effectively eliminates the supplemental contributions program whereby employees could essentially purchase additional death and survivor benefits. The change works no impairment of accrued rights since it affects only those who first join the system on or after July 1, 1982.

Section 7 of the bill eliminates one option which members have had when they were indebted to the system. In the past, in lieu of paying their indebtedness, they could forego receipt of their retirement benefit until the indebtedness was paid, or accept a permanent, reduced benefit. Under section 7, the first option is eliminated. Because this does not change an eligibility or vesting requirement or reduce a benefit, it is a change which may legally operate on current as well as future members.

SB 827 cont'd

Sections 13 and 51 of the bill correct a drafting error committed two years ago. In the ceiling formula for pension adjustments, it changes "greater" to "lesser." This does not work a real change in the law since it has always been within the administrator's discretion to grant as small an increase as fiscal prudence dictates.

Section 15 of the bill adds nonoccupational and occupational death benefits which may be paid instead of benefits under other sections.

Section 21 of the bill creates a procedure for the designation of beneficiaries by teachers which is identical to that in AS 39.35.490 for other public employees. This should substantially reduce uncertainty as to entitlement in the event of the death of a member. Section 21 also provides a new joint and survivor option for teachers similar to that in AS 39.35 for other public employees. Under this section, a member may elect to receive an actuarially reduced benefit upon retirement in exchange for the payment of a monthly benefit to a contingent beneficiary, typically a spouse, after the death of the retired member.

Sections 22, 32, and 56 of the bill extend medical insurance coverage to spouses and dependent children of retired members.

Sections 24 and 54 of the bill empower the retirement boards to waive adjustments in retirement benefits, usually necessitated by overpayments of benefits, even if the appellant's retirement is not imminent and even if the amount at issue is less than \$50 per month. The boards retain the power, as a matter of discretion, to deny a waiver on either of these grounds, but they are no longer jurisdictional prerequisites.

Sections 25 and 62 of the bill codify the division's continuing practice with respect to the definition of "compensation" by listing some of the items that are typically included or excluded from "compensation" for retirement purposes.

Sections 30 and 31 of the bill codify the existing system of fund administration of the judicial retirement system whereby the employee and employer contributions are segregated and separately tracked.

Section 36 of the bill establishes a group health and life insurance fund. The existence of this fund will give the administrator the flexibility to negotiate the best possible rates with carriers. Experience in other states indicates the likelihood of substantial savings to the state under such a system. Section 36 also accomplishes a badly needed reform of disability evaluation procedures by creating an expert board to evaluate claims and the claimant's ability to perform other work.

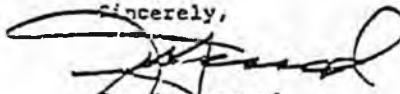
SB 827 cont'd

Sections 46 -- 49 of the bill make important clarifications in the laws on occupational and nonoccupational death benefits. In particular, they clarify that, when a member designates as beneficiary someone other than a spouse or dependent child, death benefits in a lump sum are paid to the designated beneficiary. However, if the member designates no one or designates the spouse or child as beneficiary, the spouse or child may elect to receive the lump sum benefit or a monthly benefit.

Section 59 of the bill codifies the procedure for amendment of participation agreements with political subdivisions. Its terms are consistent with the opinion of the attorney general that, since the original participation agreement must be endorsed by the governing body of the political subdivision, amendments to it must also be approved by that body.

I urge your prompt action on this important measure.

Sincerely,



Jay S. Hammond  
Governor

SB 828

SENATE BILL NO. 828 by the Finance Committee, entitled:

"An Act relating to the responsibilities of the Alaska Power Authority; and providing for an effective date."

was read the first time and referred to the Resources Committee and the Finance Committee.

SSR 2

Senator Kelly moved and asked unanimous consent that the Rules be suspended and the Five Day Rule be waived on SENATE SPECIAL RESOLUTION NO. 2. Without objection, it was so ordered. Senator Kelly announced that the Rules Committee would meet upon recess on SENATE SPECIAL RESOLUTION NO. 2 in the Butrovich Room.

COMMITTEE REPORT  
SENATE

3/19/82

FURTHER: None

Date: 3/19/82

Mr. President:

The Committee on FINANCE has had SB 121  
authorizing credited service under the public employees' retirement system

under consideration and (a majority of the committee) (the committee)  
reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends Do Pass
- AND attaches a "Letter of Intent"  New Fiscal Note  
4/29/82 29.7
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

[Signature]

[Signature]

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

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\_\_\_\_\_

[Signature]

CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

**DRAFT**

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill 121 (Finance)  
Title An Act Relating to Refunds, Retirement & Benefits in TRS, PERS, JRS and NGRS  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
Program Category Affected Centralized Administrative Services & Secondary Education  
BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		19.7	21.7	23.9	26.3	28.9
200 TRAVEL						
300 CONTRACTUAL		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
700 STATE TRS MATCHING						
TOTAL		29.7	31.7	33.9	36.3	38.9

FUNDING (Thousands of Dollars)

GENERAL FUND		16.1	17.8	19.6	21.5	23.7
FEDERAL FUNDS		.9	.9	1.0	1.2	1.3
VETERANS FUND		.1	.1	.1	.1	.1
FISH & GAME FUND		.2	.2	.2	.2	.2
HIGHWAY FUND		.3	.3	.3	.3	.3
AIRPORT FUND		.5	.6	.7	.8	.8
CAPITAL FUND		1.6	1.8	2.0	2.2	2.5
PERS		5.0	5.0	5.0	5.0	5.0
TRS		5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate \$10,000 annually for compensation of physicians and travel and per diem for Disability Review Board members. These expenses are to be split equally between the PERS and TRS.
2. Estimate that approximately 18 members could qualify for benefits under section 44 of this bill. Estimate that these members will receive an average of two years additional service credit under this bill.
3. Estimate FY83 State covered payroll to be \$345,475,000, increasing 10% annually.
4. Increase in State contribution rate would be .0057% of covered payroll.

IV. DATE April 29, 1982 PREPARED BY Paul B. Arnoldt, Director  
AGENCY Division of Retirement & Benefits  
Original: Legislative Finance PHONE 465-4460  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
Office of the Governor (Keith Specking)

**DRAFT**

Asper  
4/28/82

Original sponsor: Ray

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 CS FOR SENATE BILL NO. 121 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - SECOND SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to teachers', judicial, national  
7 guard, and public employees' retirement systems; and to  
8 group insurance for public employees and persons retired  
9 under those retirement systems; creating the Public  
10 Employees' and Teachers' Disability Review Board; and  
11 providing for an effective date."

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

13 \* Section 1. AS 14.25.020(a)(1) is repealed and reenacted to read:

14 (1) formulate and recommend to the Alaska Teachers' Retirement  
15 Board regulations to govern the operation of the system;

16 \* Sec. 2. AS 14.25.022 is amended to read:

17 Sec. 14.25.022. REGULATIONS. Regulations adopted [PROMULGATED] by  
18 the Alaska Teachers' Retirement Board [ADMINISTRATOR] under this chapter  
19 [AS 14.25.010 - 14.25.220] relate to the internal management of a state  
20 agency and their adoption is not subject to the Administrative Procedure  
21 Act (AS 44.62).

22 \* Sec. 3. AS 14.25.035 is amended by adding a new subsection to read:

23 (i) The board may adopt regulations recommended by the administra-  
24 tor to implement this chapter with modifications it considers proper.

25 \* Sec. 4. AS 14.25.055 is amended to read:

26 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a  
27 teacher first joined the system before July 1, 1982, and is married or  
28 has a minor child and wishes to make his spouse or minor child eligible  
29 for a spouse's pension or a survivor's allowance, the teacher [HE] may

1 elect to make a supplemental contribution of an additional one percent  
2 of his base salary within 90 days of his entry into participation in the  
3 system, or within 90 days of his marriage, or within 90 days of the  
4 birth or adoption of a child dependent upon him [, OR DURING ANY OPEN  
5 ENROLLMENT PERIOD AUTHORIZED BY THE TEACHERS' RETIREMENT SYSTEM BOARD].  
6 Once an election is made under this section, supplemental contributions  
7 must be made whenever contributions are required under AS 14.25.050  
8 unless the teacher executes a written waiver with the administrator.  
9 The execution of a waiver relinquishes all rights and benefits previously  
10 accrued under AS 14.25.162 and 14.25.164.

11 \* Sec. 5. AS 14.25.063(b) is repealed and reenacted to read:

12 (b) Any outstanding indebtedness that exists at the time a member  
13 is appointed to retirement will necessitate an actuarial adjustment to  
14 the benefits payable based on the member's corresponding service.

15 \* Sec. 6. AS 14.25.063(c) is repealed and reenacted to read:

16 (c) If, as a result of service credit claimed for which there is a  
17 corresponding indebtedness existing at retirement, the member's retire-  
18 ment benefit is actuarially reduced and the resulting benefit is less  
19 than it would have been if the service credit had not been claimed, the  
20 retirement benefit shall be equal to the amount it would have been had  
21 the service credit never been claimed.

22 \* Sec. 7. AS 14.25.110(i) is amended to read:

23 (i) Benefits payable under this section accrue from the first day  
24 of the month after which all of the following requirements are met: (1)  
25 the member meets the eligibility requirements of this section; (2) the  
26 member terminates employment; and (3) the member applies for retirement.  
27 Benefits are not payable under this section during a school year in  
28 which credit for a full year of service is granted. The benefits are  
29 payable the last day of the month. If payment is delayed, a retroactive

1 payment must be made for the month in which a benefit is payable under  
2 this section. The last payment shall be for the month in which the mem-  
3 ber dies or is no longer eligible for a benefit under this section.

4 \* Sec. 8. AS 14.25.115(a) is amended to read:

5 (a) A teacher in membership service on or after July 1, 1977, who  
6 is appointed to retirement on or after July 1, 1978, may elect to apply  
7 [HIS] unused sick leave credit in computing the total number of years of  
8 creditable service under AS 14.25.110(d) [AS 14.25.120(c)(1) AND (4)].  
9 To obtain service credit for unused sick leave, a teacher must apply to  
10 the administrator no later than one year after appointment to retirement.  
11 Unused sick leave shall be credited on a day-for-day basis in accordance  
12 with the table for service after July 1, 1969, contained in AS 14.25.220-  
13 (40) [AS 14.25.220(16)]. No teacher contributions may be required for  
14 credited unused sick leave.

15 \* Sec. 9. AS 14.25.125(d) is repealed and reenacted to read:

16 (d) The monthly amount of a conditional service retirement benefit  
17 shall be calculated on the years of credited service in accordance with  
18 AS 14.25.110(d), except that a member may irrevocably elect to substi-  
19 tute "average monthly compensation" as defined in AS 39.35.680(4) in  
20 place of the member's average base salary divided by 12.

21 \* Sec. 10. AS 14.25.130(a) is repealed and reenacted to read:

22 (a) A member who has five or more years of membership service is  
23 eligible for a disability pension if, after July 1, 1966, and before the  
24 member's normal retirement date, the member's employment is terminated  
25 because of a permanent disability as defined in AS 14.25.220(27).

26 \* Sec. 11. AS 14.25.143(b) is amended to read:

27 (b) The amount of the increase in benefit payments may not exceed  
28 the lesser [GREATER] of

29 (1) the increase in the cost of living since the date of re-

1           tirement; or

2                   (2) four percent of the retirement benefit compounded for  
3 each year of retirement.

4 \* Sec. 12. AS 14.25.150 is amended to read:

5           Sec. 14.25.150. REFUND UPON TERMINATION. A terminated member is  
6 entitled to a refund of the balance of the member contribution account  
7 [(1) HIS MANDATORY CONTRIBUTIONS AND ACCRUED INTEREST, AND (2) HIS  
8 INDEBTEDNESS PRINCIPAL CONTRIBUTIONS]. A member is not entitled to a  
9 refund of his supplemental contributions except as provided in AS 14.25.  
10 160(a).

11 \* Sec. 13. AS 14.25 is amended by adding new sections to read:

12           Sec. 14.25.155. NONOCCUPATIONAL DEATH BENEFITS. (a) If the death  
13 of a member occurs after completing less than one year of membership  
14 service and the proximate cause of death is not a bodily injury sus-  
15 tained or hazard undergone while in the performance and within the scope  
16 of the member's duties of employment, the member's designated benefici-  
17 ary shall be paid the balance of the member contribution account.

18           (b) If the death of a member occurs after completing at least one  
19 year of membership service but before becoming a vested member, and the  
20 proximate cause of death is not a bodily injury sustained or hazard un-  
21 dergone while in the performance and within the scope of the member's  
22 duties of employment, the lump-sum death benefit described in AS 14.25.-  
23 160(b) and (c) shall be paid to the designated beneficiary of the mem-  
24 ber.

25           (c) If the death of a vested member or deferred vested member oc-  
26 curs and the proximate cause of death is not a bodily injury sustained  
27 or hazard undergone while in the performance and within the scope of the  
28 member's duties of employment, the surviving spouse may elect to receive  
29 either the benefits described in (b) of this section or a 50 percent

1 joint and survivor option as provided under AS 14.25.167(a)(2) based  
2 upon credited service to the date of the member's termination. If no  
3 spouse survives a vested or deferred vested member, or if a person other  
4 than the spouse is designated as beneficiary, the designated beneficiary  
5 shall be paid the benefits described in AS 14.25.160(b) and (c). Bene-  
6 fits accrue from the first day of the month following the member's death  
7 and are payable the last day of the month.

8 (d) Benefits are not payable under this section if benefits are  
9 payable under AS 14.25.157, 14.25.160, 14.25.162, 14.25.164, or 14.25.-  
10 167.

11 Sec. 14.25.157. OCCUPATIONAL DEATH BENEFITS. (a) If (1) the  
12 death of a member occurs before the member first attains eligibility for  
13 normal retirement, and (2) the proximate cause of death is a bodily in-  
14 jury sustained or hazard undergone while in the performance and within  
15 the scope of the member's duties of employment, and (3) the injury or  
16 hazard is not the proximate result of wilful negligence on the part of  
17 the member, a monthly survivor's pension equal to 40 percent of the mem-  
18 ber's base salary at the time of termination of employment, divided by  
19 12, shall be paid to the member's surviving spouse. If there is no sur-  
20 viving spouse, the monthly survivor's pension shall be paid in equal  
21 parts to the dependent children of the member. On the date the normal  
22 retirement of the member would have occurred if the member had lived,  
23 monthly payments shall equal the monthly amount of the normal retirement  
24 benefit to which the member, had the member lived and continued employ-  
25 ment until the member's normal retirement date, would have been entitled  
26 with an average base salary as existed at the member's death and the  
27 credited service to which the member would have been entitled. If no  
28 surviving spouse or dependent children exist at the time of death or if  
29 the employee designates as beneficiary someone other than the surviving

1 spouse or dependent children, the employee's designated beneficiary  
2 shall be paid those benefits available to a beneficiary under AS 14.25.-  
3 160(b) and (c) and no benefit will be paid to the surviving spouse or  
4 dependent children.

5 (b) The first payment of the surviving spouse's pension or of a  
6 dependent child's pension shall accrue from the first day of the month  
7 following the member's death and is payable the last day of the month.  
8 The last payment shall be made for the last month in which there is an  
9 eligible surviving spouse or dependent child.

10 (c) Benefits are not payable under this section if benefits are  
11 payable under AS 14.25.155, 14.25.160, 14.25.162, 14.25.164, or 14.25.-  
12 167.

13 \* Sec. 14. AS 14.25.160(a) is repealed and reenacted to read:

14 (a) A death benefit will be paid and any supplemental contribu-  
15 tions will be refunded to the designated beneficiary, upon receipt of a  
16 valid claim and proof of the death of a member who

17 (1) is not retired and is not eligible for benefits under  
18 AS 14.25.162 or 14.25.164; and

19 (2) either

20 (A) has made supplemental contributions under AS 14.25.-  
21 055 since the date one year immediately preceding the member's  
22 death or since July 1, 1983, whichever is later; or

23 (B) is making supplemental contributions under AS 14.-  
24 25.055 but has made them for less than one year.

25 \* Sec. 15. AS 14.25.160(b)(1) is amended to read:

26 (1) the member [MEMBER'S MANDATORY] contribution account;

27 \* Sec. 16. AS 14.25.162(b)(1) is amended to read:

28 (1) an allowance of 10 percent of the member's base salary  
29 immediately before the member's death, retirement, or disability shall

1 be paid for each dependent child; if there are four or more dependent  
2 children, the total amount paid to those children is 40 percent of the  
3 member's base salary before the member's [HIS] death, retirement, or  
4 disability, paid in equal amounts to each child; the allowance shall be  
5 recomputed for the month in which the number of dependent children is  
6 less than four and the benefits shall be decreased accordingly; [IF A  
7 DEPENDENT CHILD WHO IS AT LEAST 19 YEARS OLD BUT LESS THAN 23 YEARS OLD  
8 IS OUT OF SCHOOL FOR MORE THAN ONE SEMESTER, PAYMENTS OF THE DEPENDENT  
9 CHILD'S BENEFITS TERMINATE PERMANENTLY;] the adoption of a dependent  
10 child does not terminate the survivor's allowance payable under this  
11 section;

12 \* Sec. 17. AS 14.25.162(b)(4) is amended to read:

13 (4) benefits are not payable under this section if benefits  
14 are payable [BEING PAID] under AS 14.25.155, 14.25.157, 14.25.164, or  
15 14.25.167.

16 \* Sec. 18. AS 14.25.164(b)(3) is amended to read:

17 (3) benefits are not payable under this section if benefits  
18 are payable [BEING PAID] under AS 14.25.155, 14.25.157, 14.25.162, or  
19 14.25.167.

20 \* Sec. 19. AS 14.25 is amended by adding new sections to read:

21 Sec. 14.25.166. DESIGNATION OF BENEFICIARY. (a) Each member  
22 shall designate the beneficiary or beneficiaries to whom benefits pay-  
23 able under this chapter as a consequence of the member's death shall be  
24 distributed.

25 (b) The designation may be changed or revoked by the employee  
26 without notice to the beneficiary or beneficiaries at any time. If an  
27 employee designates more than one beneficiary, each shall share equally  
28 unless the employee specifies a different allocation or preference. The  
29 designation of a beneficiary and a change or revocation of a beneficiary

1 shall be made on a form provided by the administrator and is not effec-  
2 tive until filed with the administrator.

3 (c) If an employee fails to designate a beneficiary, or if no des-  
4 ignated beneficiary survives the employee, the death benefit shall be  
5 paid (1) to the surviving spouse or, if there is none surviving, (2) to  
6 the surviving children in equal parts or, if there are none surviving,  
7 (3) to the surviving parents in equal parts or, if there are none sur-  
8 viving, (4) to the estate.

9 Sec. 14.25.167. JOINT AND SURVIVOR OPTION. (a) Benefits payable  
10 under this section are in place of benefits payable under AS 14.25.155,  
11 14.25.157, 14.25.160, 14.25.162, or 14.25.164. Upon filing an applica-  
12 tion for retirement with the administrator, a member may designate his  
13 or her spouse or a dependent approved by the administrator as the con-  
14 tingent beneficiary. The benefit shall be determined in accordance with  
15 one of the following options elected:

16 (1) the member is entitled to receive a reduced benefit pay-  
17 able for life, and payments in the amount of 75 percent of the reduced  
18 benefit shall, after the member's death, be continued to the contingent  
19 beneficiary for life;

20 (2) the member is entitled to receive a reduced benefit pay-  
21 able for life, and payments in the amount of 50 percent of the reduced  
22 benefit shall, after the member's death, be continued to the contingent  
23 beneficiary for life; or

24 (3) the member is entitled to receive a reduced benefit pay-  
25 able during the joint lifetime of the member and the contingent benefi-  
26 ciary, and payments in the amount of 66 and 2/3 percent of the reduced  
27 benefit shall, after the death of either the member or the contingent  
28 beneficiary, be continued to the survivor for life.

29 (b) The aggregate of the pension payments expected to be paid to a

1 member and the member's contingent beneficiary under the options set out  
2 in (a) of this section shall be the actuarial equivalent of the pension  
3 that the member is otherwise entitled to receive upon retirement.

4 (c) A member may elect, change, or revoke an option without the  
5 approval of the administrator if the member's election, change, or revo-  
6 cation is filed in writing with the administrator before the effective  
7 date of the member's retirement.

8 (d) A member, including a deferred vested member, may, regardless  
9 of age, elect a joint and survivor option any time before appointment to  
10 receive a retirement benefit.

11 (e) If either the member or contingent beneficiary dies before the  
12 member is appointed to retirement, the election becomes inoperative.  
13 Once the member is appointed to retirement, the election is irrevocable,  
14 even if the retired member is reemployed. Any additional retirement  
15 benefit to which the reemployed member may become entitled will be paid  
16 in accordance with the initial election made under this section, unless  
17 the contingent beneficiary is deceased. If the contingent beneficiary  
18 is deceased, the benefits earned during the period of reemployment are  
19 subject to AS 14.25.110, or this section if another contingent benefi-  
20 cary was designated during the period of reemployment. All other bene-  
21 fits earned during previous periods of employment are subject to the  
22 election at the time the member was appointed to retirement. If death  
23 occurs during the period of reemployment and the proximate cause of  
24 death is not a bodily injury sustained or hazard undergone while in the  
25 performance and within the scope of the member's duties of employment,  
26 those benefits earned while reemployed are subject to AS 14.25.155(c).  
27 All other benefits earned during previous periods of employment are  
28 subject to the election at the time the member was appointed to retire-  
29 ment. If death occurs during the period of reemployment and the proxi-

1 mate cause of death is a bodily injury sustained or hazard undergone  
2 while in the performance and within the scope of the member's duties of  
3 employment and the injury or hazard is not the proximate result of  
4 wilful negligence on the part of the member, all benefits earned during  
5 all periods of employment are subject to AS 14.25.157.

6 \* Sec. 20. AS 14.25.168 is repealed and reenacted to read:

7 Sec. 14.25.168. MEDICAL BENEFITS. (a) The following persons are  
8 entitled to major medical insurance coverage:

9 (1) a person receiving a monthly benefit from the system;

10 (2) the spouse of a person receiving a monthly benefit from  
11 the system;

12 (3) a natural or adopted child of a person receiving a monthly  
13 benefit, if the child is a dependent child as defined in AS 14.25.-  
14 220(12).

15 (b) Major medical insurance coverage takes effect on the same date  
16 as retirement benefits begin and stops when the retired person or sur-  
17 vivor is no longer eligible to receive a monthly benefit. The coverage  
18 for persons over age 65 is the same as that available for persons under  
19 age 65. The benefits payable to those persons age 65 or older supple-  
20 ment any benefits provided the federal old age, survivors and disability  
21 insurance program.

22 \* Sec. 21. AS 14.25.169 is amended to read:

23 Sec. 14.25.169. DUPLICATE BENEFITS. If payments from this retire-  
24 ment system are due to a teacher or his spouse under more than one pro-  
25 vision of this plan, the teacher or spouse shall elect under which pro-  
26 vision and which benefit he wishes to receive and no payments may be  
27 made under any other provision. However, benefits under AS 14.25.155,  
28 14.25.157, 14.25.160, 14.25.162, [AND] 14.25.164, and 14.25.167 shall be  
29 paid [TO A SURVIVING SPOUSE] in addition to those benefits or that ser-

1 vice credit a person [HE] is entitled to receive because of the person's  
2 [HIS] own membership in the retirement system. A teacher may not receive  
3 (1) duplicate credit under this system for the same period of service,  
4 (2) more than one year of service credit in the course of a school year,  
5 or (3) a benefit while accruing service credit under this system except  
6 as provided in this section.

7 \* Sec. 22. AS 14.25.175(a) is amended to read:

8 (a) Upon appeal by an affected member or beneficiary under (b) of  
9 this section, the board may waive an adjustment or a portion of an ad-  
10 justment made under AS 14.25.173 if, in the opinion of the board,

11 (1) the adjustment or portion of the adjustment will [, IN  
12 THE OPINION OF THE BOARD,] cause undue hardship to the member or bene-  
13 ficiary;

14 [(2) THE MEMBER IS RETIRED OR HAS SUBMITTED NOTIFICATION OF  
15 IMPENDING RETIREMENT TO HIS EMPLOYER TO BE EFFECTIVE NO LATER THAN 180  
16 DAYS AFTER THE ADJUSTMENT WAS MADE, OR THE BENEFICIARY WAS ELIGIBLE TO  
17 RECEIVE OR WAS RECEIVING BENEFITS UNDER AS 14.25.010 - 14.25.220 BEFORE  
18 THE ADJUSTMENT;

19 (3) THE ADJUSTMENT WILL RESULT IN A LOSS OF ELIGIBILITY FOR  
20 BENEFITS FOR THE MEMBER OR BENEFICIARY OR RESULT IN A REDUCTION OF BENE-  
21 FITS RECEIVED BY THE MEMBER OR BENEFICIARY 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 cor-  
26 rect; and

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

29 \* Sec. 23. AS 14.25.220(9) is amended to read:

1 (9) "compensation" means the total remuneration paid under  
2 contract to a member for services rendered during a school year, includ-  
3 ing cost-of-living differentials, payments for leave that is actually  
4 used by the member, the amount by which the member's wages are reduced  
5 under AS 39.30.150(c), and the amount deferred under an employer-spon-  
6 sored deferred compensation plan or the tax shelter annuity plan ap-  
7 proved by the Department of Education, but does not include retirement  
8 benefits, welfare benefits, per diem, expense allowances, workers' com-  
9 ensation payments, or payments for leave not used by the member, wheth-  
10 er those leave payments are scheduled payments, lump sum payments, dona-  
11 tions, or cash-ins; for purposes of AS 14.25.050, compensation paid in-  
12 cludes any payment made after June 30 of a school year for services ren-  
13 dered before the end of the school year;

14 \* Sec. 24. AS 14.25.220(10) is amended to read:

15 (10) "credited service" means all membership service as pro-  
16 vided in (20) of this section, territorial employment as defined in (41)  
17 of this section, plus outside, military, and BIA service not exceeding  
18 15 years, with outside and military service limited to 10 years except  
19 under the conditions set out in AS 14.25.100;

20 \* Sec. 25. AS 14.25.220(19) is amended to read:

21 (19) "member [MANDATORY] contribution account" means the total  
22 [ACCOUNT] maintained by the system of [TO RECORD] the member's mandatory  
23 contributions, indebtedness principal and interest contributions, inter-  
24 est credited to each of those accounts, [OF EACH MEMBER, INCLUDING IN-  
25 TEREST] and adjustments to the account in accordance with AS 14.25.170;

26 \* Sec. 26. AS 14.25.220 is amended by adding a new paragraph to read:

27 (41) "territorial employment" means non-teaching employment  
28 with the Territory of Alaska as provided under AS 14.25.105; territorial  
29 employment is not membership service.

1 \* Sec. 27. AS 21.09.210 is amended by adding a new subsection to read:

2 (i) Premiums paid by the state are exempt from taxation under this  
3 section. Claims for exemptions will be made on forms provided by the  
4 division of insurance.

5 \* Sec. 28. AS 22.25.011 is amended to read:

6 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed  
7 after July 1, 1978, shall contribute seven percent of the [HIS] base an-  
8 nual salary received by the justice or judge to the judicial retirement  
9 system. Contributions shall be made for all creditable service under  
10 this chapter up to a maximum of 15 years. This contribution is made in  
11 the form of a deduction from compensation, and is made even if [NOTWITH-  
12 STANDING THAT] the compensation paid in cash to the justice or judge is  
13 reduced [THEREBY] below the minimum prescribed by law. Each justice and  
14 judge is considered to consent to the deduction [MADE] from [HIS] compen-  
15 sation. Payment of compensation less the deduction constitutes a full  
16 [AND COMPLETE] discharge [AND ACQUITTANCE] of all claims and demands for  
17 the services rendered by the justice or judge [HIM] during the period  
18 covered by the payment, except as to the benefits provided for under  
19 this chapter [AS 22.25.010 - 22.25.090]. The contributions shall be  
20 credited to the judicial retirement fund established in accordance with  
21 AS 22.25.048 [INTO THE GENERAL FUND OF THE STATE].

22 \* Sec. 29. AS 22.25 is amended by adding a new section to read:

23 Sec. 22.25.048. ACCOUNTING AND INVESTMENT. (a) The commissioner  
24 of administration shall establish, as a special account in the general  
25 fund, a fund for the judicial retirement system and shall maintain  
26 accounts and records for the judicial retirement system.

27 (b) All income of the judicial retirement fund and all disburse-  
28 ments made by the fund must be credited or charged, whichever is appro-  
29 priate, to the following accounts:

1 (1) an individual account that contains the mandatory contri-  
2 butions collected from a person under AS 22.25.011;

3 (2) an account that is credited with the contributions of the  
4 state court system;

5 (3) a retirement reserve account; and

6 (4) an expense account for the judicial retirement system  
7 that shall be credited with funds transferred from the account described  
8 in (b)(2) of this section.

9 (c) Investment of surplus amounts in the fund may be made as pro-  
10 vided in AS 39.35.110.

11 (d) Within one year following retirement, an amount actuarially  
12 determined as necessary to pay fully for the benefits to be received by  
13 a person under this chapter shall be transferred first from the indivi-  
14 dual account described in (b)(1) of this section and, after the indivi-  
15 dual contributions have been exhausted, then from the court system  
16 account described in (b)(2) of this section, into the retirement reserve  
17 account described in (b)(3) of this section.

18 (e) The contributions of the court system to the retirement re-  
19 serve account shall contain the actuarially determined amount necessary  
20 to fully fund the pension, death benefits, and other benefits paid under  
21 the judicial retirement system to a person under this chapter.

22 (f) The investment income of the judicial retirement fund shall be  
23 allocated in proportion to the balances of assets first to the retired  
24 reserve account described in (b)(3) of this section and then to the ac-  
25 count described in (b)(2) of this section.

26 (g) The account described in (b)(4) of this section is charged  
27 with all disbursements representing the administrative expenses incurred  
28 by the judicial retirement system. Expenditures from this account shall  
29 be included in the budget of the governor for each fiscal year.

1 \* Sec. 30. AS 22.25.090 is repealed and reenacted to read:

2 Sec. 22.25.090. MEDICAL BENEFITS. (a) The following persons are  
3 entitled to major medical insurance coverage:

4 (1) a person receiving a monthly benefit under this chapter;

5 (2) the spouse of a justice, judge, or administrative direc-  
6 tor receiving a monthly benefit under this chapter;

7 (3) a natural or adopted child of a justice, judge, or admin-  
8 istrative director receiving a monthly benefit under this chapter, if  
9 the child is a dependent child under (c) of this section.

10 (b) Major medical insurance coverage takes effect on the same date  
11 as retirement benefits begin, and stops when the retired person or sur-  
12 vivor is no longer eligible to receive a monthly benefit. The coverage  
13 for persons age 65 or older is the same as that available for persons  
14 under 65. The benefits payable to those persons age 65 or older supple-  
15 ment any benefits provided under the federal old age, survivors, and  
16 disability insurance program.

17 (c) In this section, "dependent child" means an unmarried child of  
18 a justice, judge, or administrative director who is dependent on the  
19 justice, judge, or administrative director for support and who is either  
20 (1) less than 19 years old, or (2) less than 23 years old and registered  
21 at and attending on a full-time basis an accredited educational or tech-  
22 nical institution recognized by the Department of Education. The age  
23 limits set out in this subsection do not apply to a child who is totally  
24 and permanently disabled.

25 \* Sec. 31. AS 26.05.222 is amended to read:

26 Sec. 26.05.222. CREATION AND ADMINISTRATION OF ALASKA NATIONAL  
27 GUARD AND ALASKA NAVAL MILITIA RETIREMENT SYSTEM. (a) There is estab-  
28 lished an Alaska National Guard and Alaska Naval Militia retirement  
29 system. The commissioner of administration shall administer the Alaska

1 National Guard and Alaska Naval Militia retirement system.

2 (b) The commissioner of administration may adopt regulations to  
3 implement the Alaska National Guard and Alaska Naval Militia retirement  
4 system. Regulations adopted by the commissioner under this subsection  
5 relate to the internal management of state agencies and their adoption  
6 is not subject to the Administrative Procedure Act (AS 44.62).

7 \* Sec. 32. AS 26.05.226(a) is amended to read:

8 (a) The Department of Military Affairs shall contribute to the  
9 Alaska National Guard and Alaska Naval Militia retirement system the  
10 amounts determined by the commissioner of administration as necessary to

11 (1) fund the system based on the actuarial requirements of  
12 the system as established by the commissioner of administration; and

13 (2) administer the system.

14 \* Sec. 33. AS 26.05.227 is amended to read:

15 Sec. 26.05.227. DEFINITIONS. As used in AS 26.05.222 - 26.05.228  
16 [26.05.226],

17 (1) "beneficiary" means a person designated by the [A] member  
18 in a writing filed with the system by the member while alive to receive  
19 benefits that may be due from the system upon the death of a member;

20 (2) "member" means a commissioned or warrant officer or an  
21 enlisted person in the Alaska National Guard or Alaska Naval Militia;

22 (3) "system" means the Alaska National Guard and Alaska Naval  
23 Militia retirement system.

24 \* Sec. 34. AS 26.05 is amended by adding a new section to read:

25 Sec. 26.05.228. ACCOUNTING AND INVESTMENT. (a) The commissioner  
26 of administration shall establish, as a special account in the general  
27 fund, a fund for the system and maintain accounts and records for the  
28 system.

29 (b) All income of the fund and all disbursements made by the fund

1 must be credited or charged, whichever is appropriate, to the following  
2 accounts:

3 (1) an individual account for each retired member of the sys-  
4 tem that records the benefits paid under this system to the member or  
5 surviving beneficiary;

6 (2) a separate account for the Department of Military Af-  
7 fairs' contribution to fund the system based on the actuarial require-  
8 ments of the system as established by the commissioner of administration  
9 under this chapter;

10 (3) an expense account for the system; this account is charged  
11 with all disbursements representing administrative expenses incurred by  
12 the system; expenditures from this account are included in the gover-  
13 nor's budget for each fiscal year.

14 (c) Investment of surplus amounts in the fund may be made as pro-  
15 vided in AS 39.35.110.

16 \* Sec. 35. AS 39.30.090 is amended to read:

17 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department of  
18 Administration may obtain a policy or policies of group insurance cover-  
19 ing state employees, persons entitled to coverage under AS 14.25.168,  
20 AS 22.25.090, AS 39.35.535 or former AS 39.37.145, or [AND] employees of  
21 other participating governmental units, subject to the following condi-  
22 tions:

23 (1) A group insurance policy shall provide one or more of the  
24 following benefits: life insurance, accidental death [DEALTH] and  
25 dismemberment insurance, weekly indemnity insurance, hospital expense  
26 insurance, surgical expense insurance, dental expense insurance, audio-  
27 visual insurance, or other medical care insurance.

28 (2) Each eligible employee of the state, the [HIS] spouse and  
29 the [HIS] unmarried children chiefly dependent on the eligible employee

1 [HIM] for support and each eligible employee of another participating  
2 governmental unit shall be covered by the group policy, unless exempt  
3 under regulations adopted by the commissioner of administration.

4 (3) A governmental unit may participate under a group policy  
5 if

6 (A) its governing body adopts a resolution authorizing  
7 participation, and payment of required premiums;

8 (B) a certified copy of the resolution is filed with the  
9 Department of Administration; and

10 (C) the commissioner of administration approves the par-  
11 ticipation in writing.

12 (4) (repealed)

13 (5) (repealed)

14 (6) The Department of Administration shall obtain the insur-  
15 ance policy from any insurer authorized to transact business in the  
16 state under AS 21.09 and AS 21.90.

17 (7) The Department of Administration shall make available bid  
18 specifications for desired insurance benefits to all insurance carriers  
19 licensed in the state and qualified to provide the desired benefits.  
20 The specifications shall be made available on or before July 1, 1965,  
21 and at least once every succeeding five years. The lowest responsible  
22 bid submitted by an insurance carrier with adequate servicing facilities  
23 shall govern selection of a carrier under this section.

24 (8) If the aggregate of dividends payable under the group in-  
25 surance policy exceeds the governmental unit's share of the premium, the  
26 excess shall be applied by the governmental unit for the sole benefit of  
27 the employees.

28 (9) A person receiving benefits under AS 14.25.110, AS 22.25,  
29 [OR] AS 39.35, or former AS 39.37 who is not 65 years of age may continue

1 the [OBTAIN MAJOR MEDICAL AND] life insurance coverage that was in effect  
2 under this section at the time of termination of employment with the  
3 state or participating governmental unit [FOR HIMSELF AND ANY DEPENDENTS  
4 WHO HAVE NOT REACHED THE AGE OF 65 YEARS].

5 (10) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.25  
6 OR AS 39.35 WHO IS 65 YEARS OF AGE OR OLDER BUT WHO HAS DEPENDENTS WHO  
7 ARE UNDER 65 MAY OBTAIN MAJOR MEDICAL INSURANCE FOR THESE DEPENDENTS  
8 UNDER THIS SECTION.]

9 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.25  
10 OR AS 39.35 MAY OBTAIN MAJOR MEDICAL AND PRESCRIPTION DRUG INSURANCE  
11 UNDER THIS SECTION FOR HIMSELF AND ANY DEPENDENTS TO COVER COSTS WHICH  
12 ARE NOT COVERED BY THE FEDERAL OLD AGE SURVIVOR'S AND DISABILITY IN-  
13 SURANCE PROGRAM.]

14 (12) A person electing to have insurance under (9) [, (10) OR  
15 (11)] of this section shall pay the cost of this insurance.

16 (13) [NO PERSON MAY ELECT FOR COVERAGE UNDER (9), (10) OR (11)  
17 OF THIS SECTION UNLESS HE WAS OR IS PRESENTLY ELIGIBLE FOR COVERAGE UN-  
18 DER THIS SECTION.]

19 (14) For each permanent part-time employee electing coverage  
20 under this section, the state shall contribute one-half the state con-  
21 tribution rate for permanent full-time state employees, and the perma-  
22 nent part-time employee shall contribute the other one-half.

23 (15) A person receiving benefits under AS 14.25, AS 22.25,  
24 AS 39.35, or former AS 39.37 may obtain auditory, visual, and dental  
25 insurance for that person and eligible dependents [HIMSELF] under this  
26 section. The level of coverage for persons over 65 shall be the same as  
27 that available before reaching age 65 except that the benefits payable  
28 shall be supplemental to any benefits provided [THOSE AFFORDED] under  
29 the federal old age, survivors, and disability insurance program [, IF

1 ANY]. A person electing to have insurance under this paragraph shall  
2 pay the cost of the insurance. The commissioner of administration shall  
3 adopt regulations implementing this paragraph.

4 \* Sec. 36. AS 39.30 is amended by adding a new section to read:

5 Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of admin-  
6 istration shall establish the group health and life benefits fund, as a  
7 special account in the general fund, to provide for group life and  
8 health insurance under AS 39.30.090 and 39.30.160. The commissioner  
9 shall maintain accounts and records for the fund. The fund consists of  
10 employer contributions, employee contributions, appropriations from the  
11 legislature, and interest earned on investment of the fund as provided  
12 in (d) of this section.

13 (b) After obtaining the advice of an actuary, the commissioner of  
14 administration shall determine the amount necessary to provide benefits  
15 under AS 39.30.090 and 39.30.160 and shall set the rate of employer con-  
16 tribution and employee contribution, if any. The commissioner of admin-  
17 istration shall pay premiums and claims in accordance with the insurance  
18 policies in effect under AS 39.30.090 and 39.30.160 with money in the  
19 group health and life benefits fund.

20 (c) The commissioner of administration or the designee of the com-  
21 missioner is administrator of the fund.

22 (d) If the commissioner of administration determines that there is  
23 more money in the fund than the amount needed to pay premiums or bene-  
24 fits for the current fiscal year, the surplus, or so much of it as the  
25 commissioner of administration considers advisable, may be invested by  
26 the commissioner of revenue in the same manner as retirement funds are  
27 invested under AS 39.35.110.

28 (e) In this section, "fund" means the group health and life bene-  
29 fits fund.

1 \* Sec. 37. AS 39.30 is amended by adding new sections to read:

2 Sec. 39.30.230. PUBLIC EMPLOYEES' AND TEACHERS' DISABILITY REVIEW  
3 BOARD. (a) In recognition of the need for expert review of applications  
4 for disability benefits under AS 14.25 and AS 39.35 the Public Employees  
5 and Teachers' Disability Review Board is established within the Depart-  
6 ment of Administration as a permanent advisory board to the Public  
7 Employees' Retirement Board, the Teachers' Retirement Board, and the  
8 administrator.

9 (b) The board consists of five members. One member is the chairman  
10 of the Public Employees' Retirement Board or the chairman's designee,  
11 one member is the chairman of the Teachers' Retirement Board or the  
12 chairman's designee, one member is the director of the division of voca-  
13 tional rehabilitation or the director's designee, and two members are  
14 physicians authorized to practice medicine in the state.

15 (c) The chairmen of the Public Employees' and Teachers' Retirement  
16 Boards and the director of the division of vocational rehabilitation  
17 serve on the board ex officio. The physician members of the board shall  
18 be appointed by the governor from a list of four names, two of which are  
19 submitted by the Public Employees' Retirement Board and two submitted by  
20 the Teachers' Retirement Board. The physician members serve at the  
21 pleasure of the governor, but the service of a physician member may not  
22 exceed four consecutive years unless the physician member's name is  
23 resubmitted for reappointment.

24 (d) The chairman of the Public Employees' Retirement Board or the  
25 chairman's designee is chairman of the board except that when the board  
26 is considering matters relating to the teachers' retirement system the  
27 chairman of the Teachers' Retirement Board or the chairman's designee  
28 shall act as chairman.

29 (e) The ex officio members of the board do not receive compensation

1 for their services on the board. The director of the division of voca-  
2 tional rehabilitation shall be excused from regular duties while attend-  
3 ing meetings of the board. The appointed members of the board are  
4 entitled to hourly compensation for their services at a rate to be  
5 determined by the commissioner of administration. The rate of compensa-  
6 tion shall be consistent with the normal hourly earnings of the appointed  
7 members. All members of the board are entitled to travel expenses and  
8 per diem when it is necessary to travel.

9 Sec. 39.30.235. DUTIES OF THE BOARD. (a) The board shall review  
10 disability claims and other medically related matters referred to it by  
11 the Public Employees' Retirement Board, the Teachers' Retirement Board,  
12 or the administrator.

13 (b) The board may, when necessary, require applicants for disabili-  
14 ty benefits to supply information, appear before the board, and answer  
15 questions. The board may, at its option, refer an applicant to a phy-  
16 sician of its choice or may approve an examination by a physician of the  
17 applicant's choosing. An applicant shall pay the cost of the examina-  
18 tion when it is performed by a physician of the applicant's own choosing,  
19 and the board shall pay the cost of the examination when it is performed  
20 by a physician of its choosing. An applicant is not required to pay  
21 travel expenses to meet the medical examination requirements of this  
22 section.

23 (c) Upon review of an application for disability benefits and  
24 medical evidence supporting the application, the board shall advise the  
25 administrator of its findings. If an applicant is found to be disabled,  
26 the board shall render an opinion as to the type of positions, if any,  
27 the applicant would be capable of filling, given the applicant's present  
28 medical condition.

29 Sec. 39.30.240. DEFINITIONS. In AS 39.30.230 - 39.30.240,

1 (1) "administrator" means the commissioner of administration  
2 or his designee;

3 (2) "board" means the Public Employees' and Teachers' Dis-  
4 ability Review Board established under AS 39.30.230.

5 \* Sec. 38. AS 39.35.040(5)(A) is amended to read:

6 (A) an appropriate contribution rate for all employers  
7 [, IN ADDITION TO WHICH THE STATE SHALL PAY THE APPROPRIATE SOCIAL  
8 SECURITY CONTRIBUTION]; and

9 \* Sec. 39. AS 39.35.100(b)(1) is amended to read:

10 (1) An [AN] individual account shall be maintained for each  
11 employee to record the amount of the employee's [HIS] mandatory contri-  
12 butions collected under AS 39.35.160(a). As of the last day of each  
13 calendar year and each fiscal year beginning with June 30, 1969, this  
14 account shall be credited with interest, by applying one half of the  
15 prescribed rate of interest to the balance in the account as of that  
16 date. Within one year following [UPON] retirement, the amount actuari-  
17 ally determined as necessary to fully fund the benefits to be received  
18 shall be transferred first from the employee contribution account and,  
19 after the employee contribution account has been exhausted, then from  
20 the employer contribution account into the retirement reserve account.

21 \* Sec. 40. AS 39.35.100(b)(3) is amended to read:

22 (3) A separate account for each employer shall be maintained.  
23 The account shall be credited with contributions of the employer. This  
24 account shall be charged with the employer's actuarial charge for pen-  
25 sion, death benefits, and other benefits paid under this system to or on  
26 behalf of the employee of the employer. After an allowance for interest  
27 credited to employee contribution accounts and employee savings ac-  
28 counts, the investment income of the pension fund shall be allocated to  
29 the retirement reserve account and to each employer asset share account

1 according to the ratio that the average of the assets in the [AN EMPLOY-  
2 ER'S] account as of the beginning and as of the end of the fiscal year  
3 bears to the total of the average balance of the retirement reserve ac-  
4 count and all employer accounts [EMPLOYERS].

5 \* Sec. 41. AS 39.35.200 is amended to read:

6 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON  
7 OTHER THAN DEATH. (a) An inactive employee, not on leave-without-pay  
8 status or layoff status, is entitled to receive a refund of the balance  
9 of [(1)] his employee contribution account [AND (2) HIS EMPLOYEE SAVINGS  
10 ACCOUNT].

11 (b) If, upon termination of employment, an employee has credited  
12 service of less than five years and has less than \$1,000 in the [HIS]  
13 employee contribution account, a refund of the employee contribution ac-  
14 count [AND THE EMPLOYEE SAVINGS ACCOUNT] must be made unless the employ-  
15 ee indicates in writing that future retirement is intended and contribu-  
16 tions should not be refunded. An employee who is reemployed with an em-  
17 ployer and whose contributions have not been refunded before reemploy-  
18 ment [RE-EMPLOYMENT] is not eligible for a refund.

19 \* Sec. 42. AS 39.35.340(g) is amended to read:

20 (g) A surviving spouse receiving or entitled to receive benefits  
21 [A SURVIVING SPOUSE'S PENSION] under AS 39.35.420(b), 39.35.430, or 39.-  
22 35.440 or benefits under a joint and survivor option filed under AS 39.-  
23 35.450 is eligible to receive increased benefits based upon military  
24 service as described in (a) of this section. To receive credited ser-  
25 vice for military service, the surviving spouse must verify the employ-  
26 ee's military service. When verified, the surviving spouse is entitled  
27 to receive an increased benefit which shall be actuarially adjusted to  
28 reflect his or her indebtedness for that credit. The indebtedness shall  
29 be calculated in the same manner as described in (b) of this section ex-

1       cept that it shall be based on the average monthly compensation used in  
2       calculating the benefit. Benefits payable under this subsection are ef-  
3       fective the first day of the month following that in which eligibility  
4       has been established.

5       \* Sec. 43. AS 39.35.350(c) is repealed and reenacted to read:

6               (c) Any outstanding indebtedness that exists at the time an em-  
7       ployee is appointed to retirement will necessitate an actuarial adjust-  
8       ment to the benefits payable based on service reinstated under this sec-  
9       tion.

10       \* Sec. 44. AS 39.35.360(a) is amended to read:

11               (a) An employee employed before January 1, 1980, who completes  
12       three years of credited service with the state after January 1, 1961,  
13       for which the employee makes contributions required by this chapter is  
14       entitled to credited service for service rendered (1) before January 1,  
15       1961, as an employee of the state and former Territory of Alaska; (2)  
16       before January 1, 1961, as an employee of the United States government  
17       in Alaska, excluding service in the armed forces of the United States;  
18       or (3) after January 1, 1961, as a peace officer, [OR] correctional  
19       officer, or fireman of a participating political subdivision of the  
20       state if the employee is vested and is an active peace officer, correc-  
21       tional officer, or fireman in the system as of July 1, 1980. The retire-  
22       ment benefits payable to an employee under this section shall be reduced  
23       by the amount of the retirement pension benefits paid to him by the  
24       United States government for the same period of service.

25       \* Sec. 45. AS 39.35.360(b) is amended to read:

26               (b) An employee who, under (a) of this section, is entitled to  
27       credited service for employment before January 1, 1961, is not required  
28       to make retroactive contributions under this chapter.

29       \* Sec. 46. AS 39.35.385(c) is amended to read:

1 (c) Credited service for which contributions were refunded is not  
2 creditable under this section unless the refunded contributions have  
3 been repaid. For purposes of (a) and (b) of this section, a member or  
4 former member does not have to be reemployed under this system in order  
5 to pay refunded contributions. Compound interest at the rate prescribed  
6 by regulation must be added to the reinstatement indebtedness from the  
7 date of the refund to the date of repayment.

8 \* Sec. 47. AS 39.35.385(d) is repealed and reenacted to read:

9 (d) The monthly amount of a conditional service retirement benefit  
10 shall be calculated on the years of fully paid credited service in ac-  
11 cordance with AS 39.35.370(c), except that the member may irrevocably  
12 elect to substitute one-twelfth of the "average base salary" as defined  
13 in AS 14.25.220(5) in place of average monthly compensation.

14 \* Sec. 48. AS 39.35.420 is amended to read:

15 Sec. 39.35.420. NONOCCUPATIONAL DEATH BENEFITS. (a) If the death  
16 of an employee occurs from nonoccupational causes after completing less  
17 than one year of credited service, the employee's designated beneficiary  
18 shall be paid the balance of [: (1)] the employee [EMPLOYEE'S] contri-  
19 bution account [; AND (2) THE EMPLOYEE'S SAVINGS ACCOUNT]. If the death  
20 of an employee occurs from nonoccupational causes after completing at  
21 least one year but less than five years of credited service, a [LUMP  
22 SUM] death benefit shall be paid to the employee's designated benefi-  
23 cary [OF THE EMPLOYEE]. The amount of the [LUMP SUM] death benefit shall  
24 be the amount set out in (c) of this section [\$100 TIMES YEARS OF CRED-  
25 ITED SERVICE PLUS \$1,000. THE LUMP SUM DEATH BENEFIT IS IN ADDITION TO  
26 THE BALANCE OF THE EMPLOYEE'S CONTRIBUTION ACCOUNT AND SAVINGS ACCOUNT].

27 (b) If the death of a vested member or deferred vested member oc-  
28 curs from nonoccupational causes and the member designated no person  
29 other than the surviving spouse as beneficiary to receive nonoccupation-

1 al death benefits, the surviving spouse may elect to [AT HIS OR HER DIS-  
2 CRETION] receive either the amounts set out in (c) [BENEFITS DESCRIBED  
3 IN (a)] of this section or a 50 percent joint and survivor option based  
4 upon credited service to the date of the employee's death or termina-  
5 tion. Benefits accrue from the first day of the month following the em-  
6 ployee's death and are payable the last day of the month.

7 (c) If a vested or deferred vested member designates as benefici-  
8 ary someone other than the surviving spouse to receive nonoccupational  
9 death benefits, the designated beneficiary shall be paid: (1) the bal-  
10 ance of the deceased member's employee contribution account; and (2) a  
11 lump sum death benefit. The amount of the lump sum death benefit is  
12 \$100 times the years of credited service of the deceased member plus  
13 \$1,000.

14 \* Sec. 49. AS 39.35.430(b) is amended to read:

15 (b) If (1) the death of an employee occurs before his retirement  
16 and before his normal retirement date, and (2) the proximate cause of  
17 death is a bodily injury sustained or a hazard undergone while in the  
18 performance and within the scope of his duties, and (3) the injury or  
19 hazard is not the proximate result of wilful negligence of the employee,  
20 a monthly survivor's pension equal to 40 percent of his monthly compen-  
21 sation in the month in which he dies shall be paid to his surviving  
22 spouse. If there is no surviving spouse or if the spouse later dies,  
23 the monthly survivor's pension shall be paid in equal parts to the  
24 dependent children of the employee. On the date the normal retirement  
25 of the employee would have occurred if he had lived, monthly payments  
26 shall equal the monthly amount of the normal retirement benefit to which  
27 the employee, had he lived and continued his employment until his normal  
28 retirement date, would have been entitled with an average monthly compen-  
29 sation as existed at his death and the credited service to which he

1 would have been entitled.

2 \* Sec. 50. AS 39.35.430 is amended by adding a new subsection to read:

3 (f) If the death of an employee occurs from occupational causes  
4 but no surviving spouse or dependent children exist at the time of the  
5 death or if the employee designates as beneficiary someone other than  
6 the surviving spouse or dependent children, the employee's designated  
7 beneficiary is entitled to receive those benefits available to a benefi-  
8 ciary under AS 39.35.420(c) and no occupational death benefit will be  
9 paid to the surviving spouse or dependent children. If the designated  
10 beneficiary is the surviving spouse or dependent children, the bene-  
11 ficiary shall receive the benefit described in (b) of this section.

12 \* Sec. 51. AS 39.35.440(b) is amended to read:

13 (b) Upon the death of a disabled employee who is receiving or is  
14 entitled to receive an occupational disability benefit, a surviving  
15 spouse's pension equal to 40 percent of the employee's [HIS AVERAGE]  
16 monthly compensation at the termination of employment because of occupa-  
17 tional disability shall be paid to the [HIS] surviving spouse. If there  
18 is no surviving spouse, the survivor's pension shall be paid in equal  
19 parts to the dependent children of the employee. On the date the normal  
20 retirement of the employee would have occurred if the employee [HE] had  
21 lived, monthly payments shall equal the monthly amount of the normal re-  
22 tirement benefit to which the employee, had the employee [HE] lived and  
23 continued [HIS] employment until the employee's [HIS] normal retirement  
24 date, would have been entitled with an average monthly compensation as  
25 existed at [HIS] death and the credited service to which the employee  
26 [HE] would have been entitled. If the death of an employee occurs from  
27 occupational causes but no surviving spouse or dependent children exist  
28 at the time of the death, or if the employee designates as beneficiary  
29 someone other than the surviving spouse or dependent children, the em-

1 ployee's designated beneficiary shall be paid those benefits available  
2 to a beneficiary under AS 39.35.420(c) and no occupational death benefit  
3 will be paid to the surviving spouse or dependent children.

4 \* Sec. 52. AS 39.35.460 is amended to read:

5       Sec. 39.35.460. LEVEL INCOME OPTION. If the payment of a [AN EAR-  
6 LY] retirement pension begins before age 65 [THE EARLIEST AGE AS OF  
7 WHICH THE EMPLOYEE BECOMES ELIGIBLE FOR A PRIMARY SOCIAL SECURITY BENE-  
8 FIT], the amount of pension payable before and after that age may be ad-  
9 justed so that an increased amount will be paid before the time that  
10 full social security benefits become available and a reduced amount af-  
11 ter that time, so that the employee may [WILL] receive a more level [RE-  
12 TIREMENT] income for life. The aggregate value of all adjusted payments  
13 may [, HOWEVER, SHALL] not exceed the actuarial equivalent of the value  
14 of the pension otherwise payable to the employee.

15 \* Sec. 53. AS 39.35.475(b) is amended to read:

16       (b) The amount of the increase in benefit payments may not exceed  
17 the lesser [GREATER] of

18           (1) the increase in the cost of living since the date of re-  
19 tirement; or

20           (2) four percent of the retirement benefit compounded for each  
21 year of retirement.

22 \* Sec. 54. AS 39.35.485(a) is amended to read:

23       (a) An employee who is eligible for a benefit calculated in accor-  
24 dance with AS 39.35.370(c) is entitled to a benefit of at least \$25 a  
25 month for each year of credited service, not including adjustments made  
26 under AS 39.35.340 for military service, AS 39.35.350 for reinstatement  
27 of credited service, AS 39.35.360 for credit for earlier service, AS 39.  
28 35.370(c) for early retirement, AS 39.35.420 for nonoccupational death  
29 benefits [AS 39.35.380, 39.35.410], AS 39.35.450 for the survivor's op-

1 tion, AS 39.35.460 for the level income option, AS 39.35.475 for the  
2 post-retirement pension adjustment, and AS 39.35.480 for the cost of  
3 living.

4 \* Sec. 55. AS 39.35.490(a) is amended to read:

5 (a) Each employee shall designate the beneficiary or beneficiaries  
6 to whom benefits payable under this chapter as a consequence of his  
7 death [UNDER AS 39.35.200 - 39.35.240 AND AS 39.35.420 - 39.35.440] shall  
8 be distributed.

9 \* Sec. 56. AS 39.35.522(a) is amended to read:

10 (a) Upon appeal by an affected member or beneficiary under (b) of  
11 this section, the board may waive an adjustment or any portion of an ad-  
12 justment made under AS 39.35.520 if, in the opinion of the board,

13 (1) the adjustment or portion of the adjustment will [, IN  
14 THE OPINION OF THE BOARD,] cause undue hardship to the member or bene-  
15 ficiary;

16 [(2) THE MEMBER IS RETIRED OR HAS SUBMITTED NOTIFICATION OF  
17 IMPENDING RETIREMENT TO HIS EMPLOYER TO BE EFFECTIVE NO LATER THAN 180  
18 DAYS AFTER THE ADJUSTMENT WAS MADE, OR THE BENEFICIARY WAS ELIGIBLE TO  
19 RECEIVE OR WAS RECEIVING BENEFITS UNDER THIS CHAPTER BEFORE THE ADJUST-  
20 MENT;

21 (3) THE ADJUSTMENT WILL RESULT IN A LOSS OF ELIGIBILITY FOR  
22 BENEFITS FOR THE MEMBER OR BENEFICIARY OR RESULT IN A REDUCTION OF BENE-  
23 FITS BEING RECEIVED BY THE MEMBER OR BENEFICIARY OF \$50 PER MONTH OR  
24 MORE;]

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

27 (5) before the adjustment was made, the member or beneficiary  
28 received confirmation from the administrator that his records were cor-  
29 rect; and

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

3 \* Sec. 57. AS 39.35.530 is amended to read:

4 Sec. 39.35.530. LIMIT ON PENSION. No employee may simultaneously  
5 receive a pension under more than one section of this chapter. However,  
6 benefits under AS 39.35.420(b), 39.35.430, 39.35.440 or 39.35.450 shall  
7 be paid in addition to the benefits or service credit a person is enti-  
8 tled to receive because of the person's own membership in the retirement  
9 system. An employee may not (1) receive duplicate credit under this  
10 system for the same period of service, (2) receive more than one year of  
11 service credit in the course of any calendar year, or (3) receive a  
12 benefit while accruing service credit under this system except as pro-  
13 vided in this section.

14 \* Sec. 58. AS 39.35.535 is repealed and reenacted to read:

15 Sec. 39.35.535. MEDICAL BENEFITS. (a) The following persons are  
16 entitled to major medical insurance coverage:

17 (1) a person receiving a monthly benefit from the system:

18 (2) the spouse of a person receiving a monthly benefit from  
19 the system;

20 (3) a natural or adopted child of a person receiving a month-  
21 ly benefit from the system, if the child is a dependent child under  
22 AS 39.35.680(11).

23 (b) Major medical insurance coverage takes effect on the same date  
24 as retirement benefits begin, and stops when the retired employee or  
25 survivor is no longer eligible to receive a monthly benefit. The cover-  
26 age for persons age 65 or older is the same coverage available for a  
27 person under 65. The benefits payable to those persons age 65 or older  
28 supplement any benefits provided under the federal old age, survivors  
29 and disability insurance program.

1 \* Sec. 59. AS 39.35 is amended by adding a new section to read:

2       Sec. 39.35.541. ACTUARIAL REDUCTION OF BENEFIT. If, as a result  
3 of service credit claimed for which there is a corresponding indebted-  
4 ness existing at retirement, the member's retirement benefit is actuar-  
5 ially reduced and the resultant benefit is less than it would have been  
6 if the service credit had not been claimed, the retirement benefit shall  
7 be equal to the amount it would have been had the service credit not  
8 been claimed.

9 \* Sec. 60. AS 39.35.560 is amended to read:

10       Sec. 39.35.560. REQUEST BY PUBLIC ORGANIZATION TO PARTICIPATE AND  
11 ADOPTION OF RESOLUTION. A public organization [CREATED WHOLLY OR PARTLY  
12 BY, OR DERIVING ITS POWERS FROM, THE LEGISLATURE OF THE STATE] may re-  
13 quest to become an employer in this system. The request shall be made  
14 after adoption of a resolution by the governing body of the public orga-  
15 nization. A certified copy of the resolution shall be filed with the  
16 administrator. If the administrator approves the request for participa-  
17 tion, the public organization is an employer of the system.

18 \* Sec. 61. AS 39.35.615(a) is amended to read:

19       (a) A political subdivision or public organization may request  
20 that its participation agreement be amended. The request may be made  
21 only after adoption of a resolution by the legislative body of the po-  
22 litical subdivision and approval of the resolution by the person re -  
23 quired by law to approve the resolution, or, in the case of a public or-  
24 ganization, after adoption of a resolution by the governing body of that  
25 public organization. A certified copy of the resolution shall be filed  
26 with the administrator. If a political subdivision or public organiza-  
27 tion amends its participation agreement so as to terminate coverage of a  
28 department, group, or other classification of employees, each employee  
29 whose coverage is so terminated, regardless of his employment status at

1 the date of termination, shall be considered fully vested in his actuarially  
2 adjusted accrued retirement benefits as of the date of termina-  
3 tion, unless his contributions have been refunded.

4 \* Sec. 62. AS 39.35.615(c) is amended to read:

5 (c) Each employee who elects to obtain a refund shall receive a  
6 refund of the balance of [(1)] his employee contribution account [AND  
7 (2) HIS EMPLOYEE SAVINGS ACCOUNT]. The vesting in accrued benefits for  
8 each employee who elects to obtain a refund is voided upon his receipt  
9 of the refund, and the corresponding credited service may not be rein-  
10 stated under this chapter. A partial refund may not be allowed under  
11 this section.

12 \* Sec. 63. AS 39.35.620(e) is amended to read:

13 (e) Each employee who elects to obtain a refund shall receive a  
14 refund of the balance, determined as of the date of his employer's ter-  
15 mination of participation, of [(1)] his employee contribution account  
16 [AND (2) HIS EMPLOYEE SAVINGS ACCOUNT]. The vesting in accrued benefits  
17 for each employee who elects to receive a refund is voided upon his re-  
18 ceipt of his refund and corresponding credited service may not be rein-  
19 stated under this chapter. No partial refund may be allowed under this  
20 section.

21 \* Sec. 64. AS 39.35.680(8) is amended to read:

22 (8) "compensation" means the total remuneration earned by an  
23 employee for personal services rendered, including cost-of-living dif-  
24 ferentials, payments for leave that is actually used by the employee,  
25 the amount by which the employee's wages are reduced under AS 39.30.-  
26 150(c), and any amount deferred under an employer-sponsored deferred  
27 compensation plan, but does not include retirement benefits, welfare  
28 benefits, per diem, expense allowances, workers' compensation payments  
29 or payments for [MEDICAL LEAVE OR ANNUAL] leave not used by the employee

1 whether those leave payments are scheduled payments, lump-sum payments,  
2 donations or cash-ins;

3 \* Sec. 65. AS 39.35.680(13) is amended to read:

4 (13) "early retirement" means retirement for a member who is  
5 not eligible for normal retirement and who is at least 50 years old and  
6 is eligible to receive benefits under AS 39.35.370(b) or under AS 39.35.  
7 385(b) or (f) [HAS A MINIMUM OF FIVE YEARS CREDITED SERVICE];

8 \* Sec. 66. AS 39.35.680(15) is amended to read:

9 (15) "employee contribution account" means the total [ACCOUNT]  
10 maintained by the system of [TO RECORD] the employee's mandatory contri-  
11 butions, voluntary contributions, indebtedness principal, and interest  
12 contributions, interest credited to each of those accounts, [OF EACH EM-  
13 PLOYEE, INCLUDING INTEREST] and adjustments to the accounts [ACCOUNT] in  
14 accordance with AS 39.35.100;

15 \* Sec. 67. AS 39.35.680(21)(C) is amended by adding a new subparagraph to  
16 read:

17 (viii) members of the elected public officers' retire-  
18 ment system (former AS 39.37);

19 \* Sec. 68. AS 39.35.680(25) is amended to read:

20 (25) "normal retirement" means retirement for a member who is  
21 eligible to receive benefits under AS 39.35.370(a) or under 39.35.385(a)  
22 or (f) [AT LEAST 55 YEARS OLD AND HAS A MINIMUM OF FIVE YEARS CREDITED  
23 SERVICE, OR WHO IS ANY AGE AND HAS 30 YEARS OR MORE OF CREDITED SERVICE,  
24 OR A PEACE OFFICER OR FIREMAN WHO IS ANY AGE AND HAS 20 YEARS OR MORE OF  
25 CREDITED SERVICE];

26 \* Sec. 69. AS 39.35.680 is amended by adding a new paragraph to read:

27 (39) "public organization" means an organization or entity

28 (A) created by the constitution or laws of the state for  
29 the purpose of administering state programs;

1 (B) whose officers and employees are paid by a method  
2 other than by the state payroll prepared by the Department of Ad-  
3 ministration; and

4 (C) whose employees are not required by law to partici-  
5 pate in the system.

6 \* Sec. 70. AS 39.35.020(5)(D), 39.35.470, and 39.35.540 are repealed.

7 \* Sec. 71. This Act takes effect July 1, 1982

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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

*Rec'd after  
Bill R/s  
Committee*

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill 121 (Finance)  
Title An Act Relating to Refunds, Retirement & Benefits in TRS, PERS, JRS and NGRS  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
Program Category Affected Centralized Administrative Services  
BRU, Program, or Subprogram(s) Affected Retirement & Benefits  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		19.7	21.7	23.9	26.3	28.9
200 TRAVEL						
300 CONTRACTUAL		10.0	10.0	10.0	10.0	10.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		29.7	31.7	33.9	36.3	38.9

FUNDING (Thousands of Dollars)

GENERAL FUND		16.1	17.8	19.6	21.5	23.7
FEDERAL FUNDS		.9	.9	1.0	1.2	1.3
VETERAN'S FUND		.1	.1	.1	.1	.1
FISH & GAME FUND		.2	.2	.2	.2	.2
HIGHWAY FUND		.3	.3	.3	.3	.3
AIRPORT FUND		.5	.6	.7	.8	.8
CAPITAL FUND		1.6	1.8	2.0	2.2	2.5
PERS		5.0	5.0	5.0	5.0	5.0
TRS		5.0	5.0	5.0	5.0	5.0

POSITIONS NONE

FULL TIME						
PART TIME						
TEMPORARY						

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

1. Estimate \$10,000 annually for compensation of physicians and travel and per diem for Disability Review Board members. These expenses are to be split equally between the PERS and TRS.
2. Estimate that approximately 18 members could qualify for benefits under section 44 of this bill. Estimate that these members will receive an average of two years additional service credit under this bill.
3. Estimate FY83 State covered payroll to be \$345,475,000, increasing 10% annually.
4. Increase in State contribution rate would be .0057% of covered payroll.

IV. DATE May 4, 1982 PREPARED BY *Paul B. Arnoldt* Paul B. Arnoldt, Director  
AGENCY Division of Retirement & Benefits

Original: Legislative Finance PHONE 465-4460  
cc: Budget and Management  
Prime Sponsor (First Legislator Named) *Bill Kay*

*Outdated draft  
Not Adopted by  
Committee*

Asper :  
4/23/82  
4-26-82

↓  
*Elison*

Original sponsor: Ray

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 121 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers', judicial, national  
7 guard, and public employees' retirement systems; and to  
8 group insurance for public employees and persons retired  
9 under those retirement systems; creating the Public  
10 Employees' and Teachers' Disability Review Board; and  
11 providing for an effective date."

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

13 \* Section 1. AS 14.20.345(d) is amended to read:

14 (d) If a leave of absence without pay has been approved for educa-  
15 tional purposes by the governing body of the district, the [THE] govern-  
16 ing body of the district may agree to continue the teacher's retirement  
17 contributions if the teacher agrees to pay the percentage required under  
18 AS 14.25.050 [SEVEN PERCENT] of the salary the teacher [HE] would have  
19 received during the [HIS] leave of absence and reimburse the district  
20 for the district's required retirement contribution. Each year of leave  
21 of absence then would count as a year of retirement service.

22 \* Sec. 2. AS 14.20.345(f) is amended to read:

23 (f) If a leave of absence without pay has been approved for educa-  
24 tional purposes by the governing body of the district, a [A] teacher may  
25 make contributions to the retirement fund for each year or portion of a  
26 year of leave of absence taken. The contribution shall include the re-  
27 quired percent of the salary he would have received had he not taken the  
28 leave of absence, plus the required employer and state contributions  
29 that would have been made. Compound interest at the rate prescribed by

1 regulation shall be added as computed from the beginning date of the  
2 leave of absence to the date the teacher pays the contribution.

3 \* Sec. 3. AS 14.25.020(a)(1) is repealed and reenacted to read:

4 (1) formulate and recommend to the Alaska Teachers' Retirement  
5 Board regulations to govern the operation of the system;

6 \* Sec. 4. AS 14.25.022 is amended to read:

7 Sec. 14.25.022. REGULATIONS. Regulations adopted [PROMULGATED] by  
8 the Alaska Teachers' Retirement Board [ADMINISTRATOR] under this chapter  
9 [AS 14.25.010 - 14.25.220] relate to the internal management of a state  
10 agency and their adoption is not subject to the Administrative Procedure  
11 Act (AS 44.62).

12 \* Sec. 5. AS 14.25.035 is amended by adding a new subsection to read:

13 (i) The board may adopt regulations recommended by the administra-  
14 tor to implement this chapter with modifications it considers proper.

15 \* Sec. 6. AS 14.25.055 is amended to read:

16 Sec. 14.25.055. SUPPLEMENTAL CONTRIBUTIONS BY TEACHERS. If a  
17 teacher first joined the system before July 1, 1982, and is married or  
18 has a minor child and wishes to make his spouse or minor child eligible  
19 for a spouse's pension or a survivor's allowance, the teacher [HE] may  
20 elect to make a supplemental contribution of an additional one percent  
21 of his base salary within 90 days of his entry into participation in the  
22 system, or within 90 days of his marriage, or within 90 days of the  
23 birth or adoption of a child dependent upon him [, OR DURING ANY OPEN  
24 ENROLLMENT PERIOD AUTHORIZED BY THE TEACHERS' RETIREMENT SYSTEM BOARD].  
25 Once an election is made under this section, supplemental contributions  
26 must be made whenever contributions are required under AS 14.25.050  
27 unless the teacher executes a written waiver with the administrator.  
28 The execution of a waiver relinquishes all rights and benefits previously  
29 accrued under AS 14.25.162 and 14.25.164.

1 \* Sec. 7. AS 14.25.063(b) is repealed and reenacted to read:

2 (b) Any outstanding indebtedness that exists at the time a member  
3 is appointed to retirement will necessitate an actuarial adjustment to  
4 the benefits payable based on the member's corresponding service.

5 \* Sec. 8. AS 14.25.063(c) is repealed and reenacted to read:

6 (c) If, as a result of service credit claimed for which there is a  
7 corresponding indebtedness existing at retirement, the member's retire-  
8 ment benefit is actuarially reduced and the resulting benefit is less  
9 than it would have been if the service credit had not been claimed, the  
10 retirement benefit shall be equal to the amount it would have been had  
11 the service credit never been claimed.

12 \* Sec. 9. AS 14.25.110(i) is amended to read:

13 (i) Benefits payable under this section accrue from the first day  
14 of the month after which all of the following requirements are met: (1)  
15 the member meets the eligibility requirements of this section; (2) the  
16 member terminates employment; and (3) the member applies for retirement.  
17 Benefits are not payable under this section during a school year in  
18 which credit for a full year of service is granted. The benefits are  
19 payable the last day of the month. If payment is delayed, a retroactive  
20 payment must be made for the month in which a benefit is payable under  
21 this section. The last payment shall be for the month in which the mem-  
22 ber dies or is no longer eligible for a benefit under this section.

23 \* Sec. 10. AS 14.25.115(a) is amended to read:

24 (a) A teacher in membership service on or after July 1, 1977, who  
25 is appointed to retirement on or after July 1, 1978, may elect to apply  
26 [HIS] unused sick leave credit in computing the total number of years of  
27 creditable service under AS 14.25.110(d) [AS 14.25.120(c)(1) AND (4)].  
28 To obtain service credit for unused sick leave, a teacher must apply to  
29 the administrator no later than one year after appointment to retirement.

1 Unused sick leave shall be credited on a day-for-day basis in accordance  
2 with the table for service after July 1, 1969, contained in AS 14.25.220  
3 (40) [AS 14.25.220(16)]. No teacher contributions may be required for  
4 credited unused sick leave.

5 \* Sec. 11. AS 14.25.125(d) is repealed and reenacted to read:

6 (d) The monthly amount of a conditional service retirement benefit  
7 shall be calculated on the years of credited service in accordance with  
8 AS 14.25.110(d), except that a member may irrevocably elect to substi-  
9 tute "average monthly compensation" as defined in AS 39.35.680(4) in  
10 place of the member's average base salary divided by 12.

11 \* Sec. 12. AS 14.25.130(a) is repealed and reenacted to read:

12 (a) A member who has five or more years of membership service is  
13 eligible for a disability pension if, after July 1, 1966, and before the  
14 member's normal retirement date, the member's employment is terminated  
15 because of a permanent disability as defined in AS 14.25.220(27).

16 \* Sec. 13. AS 14.25.143(b) is amended to read:

17 (b) The amount of the increase in benefit payments may not exceed  
18 the lesser [GREATER] of

19 (1) the increase in the cost of living since the date of re-  
20 tirement; or

21 (2) four percent of the retirement benefit compounded for  
22 each year of retirement.

23 \* Sec. 14. AS 14.25.150 is amended to read:

24 Sec. 14.25.150. REFUND UPON TERMINATION. A terminated member is  
25 entitled to a refund of the balance of the member contribution account  
26 [(1) HIS MANDATORY CONTRIBUTIONS AND ACCRUED INTEREST, AND (2) HIS  
27 INDEBTEDNESS PRINCIPAL CONTRIBUTIONS]. A member is not entitled to a  
28 refund of his supplemental contributions except as provided in AS 14.25.  
29 160(a).

1 \* Sec. 15. AS 14.25 is amended by adding new sections to read:

2 Sec. 14.25.155. NONOCCUPATIONAL DEATH BENEFITS. (a) If the death  
3 of a member occurs after completing less than one year of membership  
4 service and the proximate cause of death is not a bodily injury sus-  
5 tained or hazard undergone while in the performance and within the scope  
6 of the member's duties of employment, the member's designated benefici-  
7 ary shall be paid the balance of the member contribution account.

8 (b) If the death of a member occurs after completing at least one  
9 year of membership service but before becoming a vested member, and the  
10 proximate cause of death is not a bodily injury sustained or hazard un-  
11 dergone while in the performance and within the scope of the member's  
12 duties of employment, the lump-sum death benefit described in AS 14.25.-  
13 160(b) and (c) shall be paid to the designated beneficiary of the mem-  
14 ber.

15 (c) If the death of a vested member or deferred vested member oc-  
16 curs and the proximate cause of death is not a bodily injury sustained  
17 or hazard undergone while in the performance and within the scope of the  
18 member's duties of employment, the surviving spouse may elect to receive  
19 either the benefits described in (b) of this section or a 50 percent  
20 joint and survivor option as provided under AS 14.25.167(a)(2) based  
21 upon credited service to the date of the member's termination. If no  
22 spouse survives a vested or deferred vested member, or if a person other  
23 than the spouse is designated as beneficiary, the designated beneficiary  
24 shall be paid the benefits described in AS 14.25.160(b) and (c). Bene-  
25 fits accrue from the first day of the month following the member's death  
26 and are payable the last day of the month.

27 (d) Benefits are not payable under this section if benefits are  
28 payable under AS 14.25.157, 14.25.160, 14.25.162, 14.25.164, or 14.25.-  
29 167.

1           Sec. 14.25.157. OCCUPATIONAL DEATH BENEFITS. (a) If (1) the  
2 death of a member occurs before the member first attains eligibility for  
3 normal retirement, and (2) the proximate cause of death is a bodily in-  
4 jury sustained or hazard undergone while in the performance and within  
5 the scope of the member's duties of employment, and (3) the injury or  
6 hazard is not the proximate result of wilful negligence on the part of  
7 the member, a monthly survivor's pension equal to 40 percent of the mem-  
8 ber's base salary at the time of termination of employment, divided by  
9 12, shall be paid to the member's surviving spouse. If there is no sur-  
10 viving spouse, the monthly survivor's pension shall be paid in equal  
11 parts to the dependent children of the member. On the date the normal  
12 retirement of the member would have occurred if the member had lived,  
13 monthly payments shall equal the monthly amount of the normal retirement  
14 benefit to which the member, had the member lived and continued employ-  
15 ment until the member's normal retirement date, would have been entitled  
16 with an average base salary as existed at the member's death and the  
17 credited service to which the member would have been entitled. If no  
18 surviving spouse or dependent children exist at the time of death or if  
19 the employee designates as beneficiary someone other than the surviving  
20 spouse or dependent children, the employee's designated beneficiary  
21 shall be paid those benefits available to a beneficiary under AS 14.25.-  
22 160(b) and (c) and no benefit will be paid to the surviving spouse or  
23 dependent children.

24           (b) The first payment of the surviving spouse's pension or of a  
25 dependent child's pension shall accrue from the first day of the month  
26 following the member's death and is payable the last day of the month.  
27 The last payment shall be made for the last month in which there is an  
28 eligible surviving spouse or dependent child.

29           (c) Benefits are not payable under this section if benefits are

1 payable under AS 14.25.155, 14.25.160, 14.25.162, 14.25.164, or 14.25.-  
2 167.

3 \* Sec. 16. AS 14.25.160(a) is repealed and reenacted to read:

4 (a) A death benefit will be paid and any supplemental contribu-  
5 tions will be refunded to the designated beneficiary, upon receipt of a  
6 valid claim and proof of the death of a member who

7 (1) is not retired and is not eligible for benefits under  
8 AS 14.25.162 or 14.25.164; and

9 (2) either

10 (A) has made supplemental contributions under AS 14.25.-  
11 055 since the date one year immediately preceding the member's  
12 death or since July 1, 1983, whichever is later; or

13 (B) is making supplemental contributions under AS 14.-  
14 25.055 but has made them for less than one year.

15 \* Sec. 17. AS 14.25.160(b)(1) is amended to read:

16 (1) the member [MEMBER'S MANDATORY] contribution account;

17 \* Sec. 18. AS 14.25.162(b)(1) is amended to read:

18 (1) an allowance of 10 percent of the member's base salary  
19 immediately before the member's death, retirement, or disability shall  
20 be paid for each dependent child; if there are four or more dependent  
21 children, the total amount paid to those children is 40 percent of the  
22 member's base salary before the member's [HIS] death, retirement, or  
23 disability, paid in equal amounts to each child; the allowance shall be  
24 recomputed for the month in which the number of dependent children is  
25 less than four and the benefits shall be decreased accordingly; [IF A  
26 DEPENDENT CHILD WHO IS AT LEAST 19 YEARS OLD BUT LESS THAN 23 YEARS OLD  
27 IS OUT OF SCHOOL FOR MORE THAN ONE SEMESTER, PAYMENTS OF THE DEPENDENT  
28 CHILD'S BENEFITS TERMINATE PERMANENTLY;] the adoption of a dependent  
29 child does not terminate the survivor's allowance payable under this

1 section;

2 \* Sec. 19. AS 14.25.162(b)(4) is amended to read:

3 (4) benefits are not payable under this section if benefits  
4 are payable [BEING PAID] under AS 14.25.155, 14.25.157, 14.25.164, or  
5 14.25.167.

6 \* Sec. 20. AS 14.25.164(b)(3) is amended to read:

7 (3) benefits are not payable under this section if benefits  
8 are payable [BEING PAID] under AS 14.25.155, 14.25.157, 14.25.162, or  
9 14.25.167.

10 \* Sec. 21. AS 14.25 is amended by adding new sections to read:

11 Sec. 14.25.166. DESIGNATION OF BENEFICIARY. (a) Each member  
12 shall designate the beneficiary or beneficiaries to whom benefits pay-  
13 able under this chapter as a consequence of the member's death shall be  
14 distributed.

15 (b) The designation may be changed or revoked by the employee  
16 without notice to the beneficiary or beneficiaries at any time. If an  
17 employee designates more than one beneficiary, each shall share equally  
18 unless the employee specifies a different allocation or preference. The  
19 designation of a beneficiary and a change or revocation of a beneficiary  
20 shall be made on a form provided by the administrator and is not effec-  
21 tive until filed with the administrator.

22 (c) If an employee fails to designate a beneficiary, or if no des-  
23 ignated beneficiary survives the employee, the death benefit shall be  
24 paid (1) to the surviving spouse or, if there is none surviving, (2) to  
25 the surviving children in equal parts or, if there are none surviving,  
26 (3) to the surviving parents in equal parts or, if there are none sur-  
27 viving, (4) to the estate.

28 Sec. 14.25.167. JOINT AND SURVIVOR OPTION. (a) Benefits payable  
29 under this section are in place of benefits payable under AS 14.25.155,

1 14.25.157, 14.25.160, 14.25.162, or 14.25.164. Upon filing an applica-  
2 tion for retirement with the administrator, a member may designate his  
3 or her spouse or a dependent approved by the administrator as the con-  
4 tingent beneficiary. The benefit shall be determined in accordance with  
5 one of the following options elected:

6 (1) the member is entitled to receive a reduced benefit pay-  
7 able for life, and payments in the amount of 75 percent of the reduced  
8 benefit shall, after the member's death, be continued to the contingent  
9 beneficiary for life;

10 (2) the member is entitled to receive a reduced benefit pay-  
11 able for life, and payments in the amount of 50 percent of the reduced  
12 benefit shall, after the member's death, be continued to the contingent  
13 beneficiary for life; or

14 (3) the member is entitled to receive a reduced benefit pay-  
15 able during the joint lifetime of the member and the contingent benefi-  
16 ciary, and payments in the amount of 66 and 2/3 percent of the reduced  
17 benefit shall, after the death of either the member or the contingent  
18 beneficiary, be continued to the survivor for life.

19 (b) The aggregate of the pension payments expected to be paid to a  
20 member and the member's contingent beneficiary under the options set out  
21 in (a) of this section shall be the actuarial equivalent of the pension  
22 that the member is otherwise entitled to receive upon retirement.

23 (c) A member may elect, change, or revoke an option without the  
24 approval of the administrator if the member's election, change, or revo-  
25 cation is filed in writing with the administrator before the effective  
26 date of the member's retirement.

27 (d) A member, including a deferred vested member, may, regardless  
28 of age, elect a joint and survivor option any time before appointment to  
29 receive a retirement benefit.

1 (e) If either the member or contingent beneficiary dies before the  
2 member is appointed to retirement, the election becomes inoperative.  
3 Once the member is appointed to retirement, the election is irrevocable,  
4 even if the retired member is reemployed. Any additional retirement  
5 benefit to which the reemployed member may become entitled will be paid  
6 in accordance with the initial election made under this section, unless  
7 the contingent beneficiary is deceased. If the contingent beneficiary  
8 is deceased, the benefits earned during the period of reemployment are  
9 subject to AS 14.25.110, or this section if another contingent benefici-  
10 ary was designated during the period of reemployment. All other bene-  
11 fits earned during previous periods of employment are subject to the  
12 election at the time the member was appointed to retirement. If death  
13 occurs during the period of reemployment and the proximate cause of  
14 death is not a bodily injury sustained or hazard undergone while in the  
15 performance and within the scope of the member's duties of employment,  
16 those benefits earned while reemployed are subject to AS 14.25.155(c).  
17 All other benefits earned during previous periods of employment are  
18 subject to the election at the time the member was appointed to retire-  
19 ment. If death occurs during the period of reemployment and the prox-  
20 imate cause of death is a bodily injury sustained or hazard undergone  
21 while in the performance and within the scope of the member's duties of  
22 employment and the injury or hazard is not the proximate result of  
23 wilful negligence on the part of the member, all benefits earned during  
24 all periods of employment are subject to AS 14.25.157.

25 \* Sec. 22. AS 14.25.168 is repealed and reenacted to read:

26 Sec. 14.25.168. MEDICAL BENEFITS. (a) The following persons are  
27 entitled to major medical insurance coverage:

- 28 (1) a person receiving a monthly benefit from the system;  
29 (2) the spouse of a person receiving a monthly benefit from

1 the system;

2 (3) a natural or adopted child of a person receiving a monthly  
3 benefit, if the child is a dependent child as defined in AS 14.25.-  
4 220(12).

5 (b) Major medical insurance coverage takes effect on the same date  
6 as retirement benefits begin and stops when the retired person or sur-  
7 vivor is no longer eligible to receive a monthly benefit. The coverage  
8 for persons over age 65 is the same as that available for persons under  
9 age 65. The benefits payable to those persons age 65 or older supple-  
10 ment any benefits provided the federal old age, survivors and disability  
11 insurance program.

12 \* Sec. 23. AS 14.25.169 is amended to read:

13 Sec. 14.25.169. DUPLICATE BENEFITS. If payments from this retire-  
14 ment system are due to a teacher or his spouse under more than one pro-  
15 vision of this plan, the teacher or spouse shall elect under which pro-  
16 vision and which benefit he wishes to receive and no payments may be  
17 made under any other provision. However, benefits under AS 14.25.155,  
18 14.25.157, 14.25.160, 14.25.162, [AND] 14.25.164, and 14.25.167 shall be  
19 paid [TO A SURVIVING SPOUSE] in addition to those benefits or that ser-  
20 vice credit a person [HE] is entitled to receive because of the person's  
21 [HIS] own membership in the retirement system. A teacher may not receive  
22 (1) duplicate credit under this system for the same period of service,  
23 (2) more than one year of service credit in the course of a school year,  
24 or (3) a benefit while accruing service credit under this system except  
25 as provided in this section.

26 \* Sec. 24. AS 14.25.175(a) is amended to read:

27 (a) Upon appeal by an affected member or beneficiary under (b) of  
28 this section, the board may waive an adjustment or a portion of an ad-  
29 justment made under AS 14.25.173 if , in the opinion of the board,

1 (1) the adjustment or portion of the adjustment will [, IN  
2 THE OPINION OF THE BOARD,] cause undue hardship to the member or bene-  
3 ficiary;

4 [(2) THE MEMBER IS RETIRED OR HAS SUBMITTED NOTIFICATION OF  
5 IMPENDING RETIREMENT TO HIS EMPLOYER TO BE EFFECTIVE NO LATER THAN 180  
6 DAYS AFTER THE ADJUSTMENT WAS MADE, OR THE BENEFICIARY WAS ELIGIBLE TO  
7 RECEIVE OR WAS RECEIVING BENEFITS UNDER AS 14.25.010 - 14.25.220 BEFORE  
8 THE ADJUSTMENT;

9 (3) THE ADJUSTMENT WILL RESULT IN A LOSS OF ELIGIBILITY FOR  
10 BENEFITS FOR THE MEMBER OR BENEFICIARY OR RESULT IN A REDUCTION OF BENE-  
11 FITS RECEIVED BY THE MEMBER OR BENEFICIARY OF \$50 PER MONTH OR MORE;]

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

14 (5) before the adjustment was made, the member or beneficiary  
15 received confirmation from the administrator that his records were cor-  
16 rect; and

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

19 \* Sec. 25. AS 14.25.220(9) is amended to read:

20 (9) "compensation" means the total remuneration paid under  
21 contract to a member for services rendered during a school year, includ-  
22 ing cost-of-living differentials, payments for leave that is actually  
23 used by the member, the amount by which the member's wages are reduced  
24 under AS 39.30.150(c), and the amount deferred under an employer-spon-  
25 sored deferred compensation plan or the tax shelter annuity plan ap-  
26 proved by the Department of Education, but does not include retirement  
27 benefits, welfare benefits, per diem, expense allowances, workers' com-  
28 ensation payments, or payments for leave not used by the member, wheth-  
29 er those leave payments are scheduled payments, lump sum payments, dona-

1 tions, or cash-ins; for purposes of AS 14.25.050, compensation paid in-  
2 cludes any payment made after June 30 of a school year for services ren-  
3 dered before the end of the school year;

4 \* Sec. 26. AS 14.25.220(10) is amended to read:

5 (10) "credited service" means all membership service as pro-  
6 vided in (20) of this section, territorial employment as defined in (41)  
7 of this section, plus outside, military, and BIA service not exceeding  
8 15 years, with outside and military service limited to 10 years except  
9 under the conditions set out in AS 14.25.100;

10 \* Sec. 27. AS 14.25.220(19) is amended to read:

11 (19) "member [MANDATORY] contribution account" means the total  
12 [ACCOUNT] maintained by the system of [TO RECORD] the member's mandatory  
13 contributions, indebtedness principal and interest contributions, inter-  
14 est credited to each of those accounts, [OF EACH MEMBER, INCLUDING IN-  
15 TEREST] and adjustments to the account in accordance with AS 14.25.170;

16 \* Sec. 28. AS 14.25.220 is amended by adding a new paragraph to read:

17 (41) "territorial employment" means non-teaching employment  
18 with the Territory of Alaska as provided under AS 14.25.105; territorial  
19 employment is not membership service.

20 \* Sec. 29. AS 21.09.210 is amended by adding a new subsection to read:

21 (i) Premiums paid by the state are exempt from taxation under this  
22 section. Claims for exemptions will be made on forms provided by the  
23 division of insurance.

24 \* Sec. 30. AS 22.25.011 is amended to read:

25 Sec. 22.25.011. CONTRIBUTIONS. Each justice and judge appointed  
26 after July 1, 1978, shall contribute seven percent of the [HIS] base an-  
27 annual salary received by the justice or judge to the judicial retirement  
28 system. Contributions shall be made for all creditable service under  
29 this chapter up to a maximum of 15 years. This contribution is made in

1 the form of a deduction from compensation, and is made even if [NOTWITH-  
2 STANDING THAT] the compensation paid in cash to the justice or judge is  
3 reduced [THEREBY] below the minimum prescribed by law. Each justice and  
4 judge is considered to consent to the deduction [MADE] from [HIS] compen-  
5 sation. Payment of compensation less the deduction constitutes a full  
6 [AND COMPLETE] discharge [AND ACQUITTANCE] of all claims and demands for  
7 the services rendered by the justice or judge [HIM] during the period  
8 covered by the payment, except as to the benefits provided for under  
9 this chapter [AS 22.25.010 - 22.25.090]. The contributions shall be  
10 credited to the judicial retirement fund established in accordance with  
11 AS 22.25.048 [INTO THE GENERAL FUND OF THE STATE].

12 \* Sec. 31. AS 22.25 is amended by adding a new section to read:

13 Sec. 22.25.048. ACCOUNTING AND INVESTMENT. (a) The commissioner  
14 of administration shall establish, as a special account in the general  
15 fund, a fund for the judicial retirement system and shall maintain  
16 accounts and records for the judicial retirement system.

17 (b) All income of the judicial retirement fund and all disburse-  
18 ments made by the fund must be credited or charged, whichever is appro-  
19 priate, to the following accounts:

20 (1) an individual account that contains the mandatory contri-  
21 butions collected from a person under AS 22.25.011;

22 (2) an account that is credited with the contributions of the  
23 state court system;

24 (3) a retirement reserve account; and

25 (4) an expense account for the judicial retirement system  
26 that shall be credited with funds transferred from the account described  
27 in (b)(2) of this section.

28 (c) Investment of surplus amounts in the fund may be made as pro-  
29 vided in AS 39.35.110.

1 (d) Within one year following retirement, an amount actuarially  
2 determined as necessary to pay fully for the benefits to be received by  
3 a person under this chapter shall be transferred first from the indivi-  
4 dual account described in (b)(1) of this section and, after the indivi-  
5 dual contributions have been exhausted, then from the court system  
6 account described in (b)(2) of this section, into the retirement reserve  
7 account described in (b)(3) of this section.

8 (e) The contributions of the court system to the retirement re-  
9 serve account shall contain the actuarially determined amount necessary  
10 to fully fund the pension, death benefits, and other benefits paid under  
11 the judicial retirement system to a person under this chapter.

12 (f) The investment income of the judicial retirement fund shall be  
13 allocated in proportion to the balances of assets first to the retired  
14 reserve account described in (b)(3) of this section and then to the ac-  
15 count described in (b)(2) of this section.

16 (g) The account described in (b)(4) of this section is charged  
17 with all disbursements representing the administrative expenses incurred  
18 by the judicial retirement system. Expenditures from this account shall  
19 be included in the budget of the governor for each fiscal year.

20 \* Sec. 32. AS 22.25.090 is repealed and reenacted to read:

21 Sec. 22.25.090. MEDICAL BENEFITS. (a) The following persons are  
22 entitled to major medical insurance coverage:

- 23 (1) a person receiving a monthly benefit under this chapter;  
24 (2) the spouse of a justice, judge, or administrative direc-  
25 tor receiving a monthly benefit under this chapter;  
26 (3) a natural or adopted child of a justice, judge, or admin-  
27 istrative director receiving a monthly benefit under this chapter, if  
28 the child is a dependent child under (c) of this section.

29 (b) Major medical insurance coverage takes effect on the same date

1 as retirement benefits begin, and stops when the retired person or sur-  
2 vivor is no longer eligible to receive a monthly benefit. The coverage  
3 for persons age 65 or older is the same as that available for persons  
4 under 65. The benefits payable to those persons age 65 or older supple-  
5 ment any benefits provided under the federal old age, survivors, and  
6 disability insurance program.

7 (c) In this section, "dependent child" means an unmarried child of  
8 a justice, judge, or administrative director who is dependent on the  
9 justice, judge, or administrative director for support and who is either  
10 (1) less than 19 years old, or (2) less than 23 years old and registered  
11 at and attending on a full-time basis an accredited educational or tech-  
12 nical institution recognized by the Department of Education. The age  
13 limits set out in this subsection do not apply to a child who is totally  
14 and permanently disabled.

15 \* Sec. 33. AS 26.05.222 is amended to read:

16 Sec. 26.05.222. CREATION AND ADMINISTRATION OF ALASKA NATIONAL  
17 GUARD AND ALASKA NAVAL MILITIA RETIREMENT SYSTEM. (a) There is estab-  
18 lished an Alaska National Guard and Alaska Naval Militia retirement  
19 system. The commissioner of administration shall administer the Alaska  
20 National Guard and Alaska Naval Militia retirement system.

21 (b) The commissioner of administration may adopt regulations to  
22 implement the Alaska National Guard and Alaska Naval Militia retirement  
23 system. Regulations adopted by the commissioner under this subsection  
24 relate to the internal management of state agencies and their adoption  
25 is not subject to the Administrative Procedure Act (AS 44.62).

26 \* Sec. 34. AS 26.05.223 is amended to read:

27 Sec. 26.05.223. COMMENCEMENT OF PARTICIPATION IN SYSTEM. A  
28 member of the Alaska National Guard or Alaska Naval Militia shall be  
29 included in this system upon commencement of membership in the Alaska

1 National Guard or Alaska Naval Militia [, OR ON JANUARY 1, 1973, WHICH-  
2 EVER IS LATER, OR UPON COMMENCEMENT OF MEMBERSHIP IN THE ALASKA NAVAL  
3 MILITIA OR ON JULY 1, 1980, WHICHEVER IS LATER].

4 \* Sec. 35. AS 26.05.224(a)(1) is amended to read:

5 (1) upon voluntary retirement from the Alaska National Guard  
6 or Alaska Naval Militia after a total of 20 years or more of satisfac-  
7 tory service in the Alaska National Guard, Alaska Naval Militia, or  
8 active military service in the armed forces of the United States, and  
9 the reserves of them, or any combination of service in these components  
10 [IF AT LEAST FIVE YEARS OF THE SERVICE IS IN THE ALASKA NATIONAL GUARD  
11 OR ALASKA NAVAL MILITIA]; or

12 \* Sec. 36. AS 26.05.224(b) is amended to read:

13 (b) Except as provided in (e) of this section, the [THE] retirement  
14 pension is the same amount of money that is payable monthly under the  
15 Alaska longevity bonus program (AS 47.45.010). The retirement pension  
16 shall be paid [\$100 A MONTH PAYABLE] for the total [SAME] number of  
17 months that the member participated satisfactorily in the Alaska National  
18 Guard or Alaska Naval Militia.

19 \* Sec. 37. AS 26.05.224(c) is amended to read:

20 (c) An eligible member or former member may elect to receive his  
21 retirement pension beginning on the first day of the month in which he  
22 becomes eligible for retirement, or the member or former member may  
23 elect to defer payment to a later date. Payment of a deferred retire-  
24 ment benefit may not begin until application for the benefit is filed  
25 with and approved by the Department of Military Affairs. [DEFERRED  
26 RETIREMENT PAYMENTS MUST BE MADE MONTHLY AT THE RATE OF \$100.]

27 \* Sec. 38. AS 26.05.224 is amended by adding a new subsection to read:

28 (e) Notwithstanding (b) of this section, for a person who is an  
29 officer in the armed forces of the United States holding the grade of 07

1 or above on July 1, 1982, or who has 20 years or more of active duty  
2 service with the armed forces of the United States on or before July 1,  
3 1982, the retirement pension is \$100 a month, payable for the same  
4 number of months that the member participated satisfactorily in the  
5 Alaska National Guard or Alaska Naval Militia.

6 \* Sec. 39. AS 26.05.226(a) is amended to read:

7 (a) The Department of Military Affairs shall contribute to the  
8 Alaska National Guard and Alaska Naval Militia retirement system the  
9 amounts determined by the commissioner of administration as necessary to

10 (1) fund the system based on the actuarial requirements of  
11 the system as established by the commissioner of administration; and

12 (2) administer the system.

13 \* Sec. 40. AS 26.05.227 is amended to read:

14 Sec. 26.05.227. DEFINITIONS. As used in AS 26.05.222 - 26.05.228  
15 [26.05.226],

16 (1) "beneficiary" means a person designated by the [A] member  
17 in a writing filed with the system by the member while alive to receive  
18 benefits that may be due from the system upon the death of a member;

19 (2) "member" means a commissioned or warrant officer or an  
20 enlisted person in the Alaska National Guard or Alaska Naval Militia;

21 (3) "system" means the Alaska National Guard and Alaska Naval  
22 Militia retirement system.

23 \* Sec. 41. AS 26.05 is amended by adding a new section to read:

24 Sec. 26.05.228. ACCOUNTING AND INVESTMENT. (a) The commissioner  
25 of administration shall establish, as a special account in the general  
26 fund, a fund for the system and maintain accounts and records for the  
27 system.

28 (b) All income of the fund and all disbursements made by the fund  
29 must be credited or charged, whichever is appropriate, to the following

1 accounts:

2 (1) an individual account for each retired member of the sys-  
3 tem that records the benefits paid under this system to the member or  
4 surviving beneficiary;

5 (2) a separate account for the Department of Military Af-  
6 fairs' contribution to fund the system based on the actuarial require-  
7 ments of the system as established by the commissioner of administration  
8 under this chapter;

9 (3) an expense account for the system; this account is charged  
10 with all disbursements representing administrative expenses incurred by  
11 the system; expenditures from this account are included in the gover-  
12 nor's budget for each fiscal year.

13 (c) Investment of surplus amounts in the fund may be made as pro-  
14 vided in AS 39.35.110.

15 \* Sec. 42. AS 39.30.090 is amended to read:

16 Sec. 39.30.090. PROCUREMENT OF GROUP INSURANCE. The Department of  
17 Administration may obtain a policy or policies of group insurance cover-  
18 ing state employees, persons entitled to coverage under AS 14.25.168,  
19 AS 22.25.090, AS 39.35.535 or former AS 39.37.145, or [AND] employees of  
20 other participating governmental units, subject to the following condi-  
21 tions:

22 (1) A group insurance policy shall provide one or more of the  
23 following benefits: life insurance, accidental death [DEALTH] and  
24 dismemberment insurance, weekly indemnity insurance, hospital expense  
25 insurance, surgical expense insurance, dental expense insurance, audio-  
26 visual insurance, or other medical care insurance.

27 (2) Each eligible employee of the state, the [HIS] spouse and  
28 the [HIS] unmarried children chiefly dependent on the eligible employee  
29 [HIM] for support and each eligible employee of another participating

1 governmental unit shall be covered by the group policy, unless exempt  
2 under regulations adopted by the commissioner of administration.

3 (3) A governmental unit may participate under a group policy  
4 if

5 (A) its governing body adopts a resolution authorizing  
6 participation, and payment of required premiums;

7 (B) a certified copy of the resolution is filed with the  
8 Department of Administration; and

9 (C) the commissioner of administration approves the par-  
10 ticipation in writing.

11 (4) (repealed)

12 (5) (repealed)

13 (6) The Department of Administration shall obtain the insur-  
14 ance policy from any insurer authorized to transact business in the  
15 state under AS 21.09 and AS 21.90.

16 (7) The Department of Administration shall make available bid  
17 specifications for desired insurance benefits to all insurance carriers  
18 licensed in the state and qualified to provide the desired benefits.  
19 The specifications shall be made available on or before July 1, 1965,  
20 and at least once every succeeding five years. The lowest responsible  
21 bid submitted by an insurance carrier with adequate servicing facilities  
22 shall govern selection of a carrier under this section.

23 (8) If the aggregate of dividends payable under the group in-  
24 surance policy exceeds the governmental unit's share of the premium, the  
25 excess shall be applied by the governmental unit for the sole benefit of  
26 the employees.

27 (9) A person receiving benefits under AS 14.25.110, AS 22.25,  
28 [OR] AS 39.35, or former AS 39.37 who is not 65 years of age may continue  
29 the [OBTAIN MAJOR MEDICAL AND] life insurance coverage that was in effect

1 under this section at the time of termination of employment with the  
2 state or participating governmental unit [FOR HIMSELF AND ANY DEPENDENTS  
3 WHO HAVE NOT REACHED THE AGE OF 65 YEARS].

4 (10) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.25  
5 OR AS 39.35 WHO IS 65 YEARS OF AGE OR OLDER BUT WHO HAS DEPENDENTS WHO  
6 ARE UNDER 65 MAY OBTAIN MAJOR MEDICAL INSURANCE FOR THESE DEPENDENTS  
7 UNDER THIS SECTION.]

8 (11) [A PERSON RECEIVING BENEFITS UNDER AS 14.25.110, AS 22.25  
9 OR AS 39.35 MAY OBTAIN MAJOR MEDICAL AND PRESCRIPTION DRUG INSURANCE  
10 UNDER THIS SECTION FOR HIMSELF AND ANY DEPENDENTS TO COVER COSTS WHICH  
11 ARE NOT COVERED BY THE FEDERAL OLD AGE SURVIVOR'S AND DISABILITY IN-  
12 SURANCE PROGRAM.]

13 (12) A person electing to have insurance under (9) [, (10) OR  
14 (11)] of this section shall pay the cost of this insurance.

15 (13) [NO PERSON MAY ELECT FOR COVERAGE UNDER (9), (10) OR (11)  
16 OF THIS SECTION UNLESS HE WAS OR IS PRESENTLY ELIGIBLE FOR COVERAGE UN-  
17 DER THIS SECTION.]

18 (14) For each permanent part-time employee electing coverage  
19 under this section, the state shall contribute one-half the state con-  
20 tribution rate for permanent full-time state employees, and the perma-  
21 nent part-time employee shall contribute the other one-half.

22 (15) A person receiving benefits under AS 14.25, AS 22.25,  
23 AS 39.35, or former AS 39.37 may obtain auditory, visual, and dental  
24 insurance for that person and eligible dependents [HIMSELF] under this  
25 section. The level of coverage for persons over 65 shall be the same as  
26 that available before reaching age 65 except that the benefits payable  
27 shall be supplemental to any benefits provided [THOSE AFFORDED] under  
28 the federal old age, survivors, and disability insurance program [, IF  
29 ANY]. A person electing to have insurance under this paragraph shall

1 pay the cost of the insurance. The commissioner of administration shall  
2 adopt regulations implementing this paragraph.

3 \* Sec. 43. AS 39.30 is amended by adding a new section to read:

4 Sec. 39.30.095. FUND ESTABLISHED. (a) The commissioner of admin-  
5 istration shall establish the group health and life benefits fund, as a  
6 special account in the general fund, to provide for group life and  
7 health insurance under AS 39.30.090 and 39.30.160. The commissioner  
8 shall maintain accounts and records for the fund. The fund consists of  
9 employer contributions, employee contributions, appropriations from the  
10 legislature, and interest earned on investment of the fund as provided  
11 in (d) of this section.

12 (b) After obtaining the advice of an actuary, the commissioner of  
13 administration shall determine the amount necessary to provide benefits  
14 under AS 39.30.090 and 39.30.160 and shall set the rate of employer con-  
15 tribution and employee contribution, if any. The commissioner of admin-  
16 istration shall pay premiums and claims in accordance with the insurance  
17 policies in effect under AS 39.30.090 and 39.30.160 with money in the  
18 group health and life benefits fund.

19 (c) The commissioner of administration or the designee of the com-  
20 missioner is administrator of the fund.

21 (d) If the commissioner of administration determines that there is  
22 more money in the fund than the amount needed to pay premiums or bene-  
23 fits for the current fiscal year, the surplus, or so much of it as the  
24 commissioner of administration considers advisable, may be invested by  
25 the commissioner of revenue in the same manner as retirement funds are  
26 invested under AS 39.35.110.

27 (e) In this section, "fund" means the group health and life bene-  
28 fits fund.

29 \* Sec. 44. AS 39.30 is amended by adding new sections to read:

1           Sec. 39.30.230. PUBLIC EMPLOYEES' AND TEACHERS' DISABILITY REVIEW  
2 BOARD. (a) In recognition of the need for expert review of applications  
3 for disability benefits under AS 14.25 and AS 39.35 the Public Employees'  
4 and Teachers' Disability Review Board is established within the Depart-  
5 ment of Administration as a permanent advisory board to the Public  
6 Employees' Retirement Board, the Teachers' Retirement Board, and the  
7 administrator.

8           (b) The board consists of five members. One member is the chairman  
9 of the Public Employees' Retirement Board or the chairman's designee,  
10 one member is the chairman of the Teachers' Retirement Board or the  
11 chairman's designee, one member is the director of the division of voca-  
12 tional rehabilitation or the director's designee, and two members are  
13 physicians authorized to practice medicine in the state.

14           (c) The chairmen of the Public Employees' and Teachers' Retirement  
15 Boards and the director of the division of vocational rehabilitation  
16 serve on the board ex officio. The physician members of the board shall  
17 be appointed by the governor from a list of four names, two of which are  
18 submitted by the Public Employees' Retirement Board and two submitted by  
19 the Teachers' Retirement Board. The physician members serve at the  
20 pleasure of the governor, but the service of a physician member may not  
21 exceed four consecutive years unless the physician member's name is  
22 resubmitted for reappointment.

23           (d) The chairman of the Public Employees' Retirement Board or the  
24 chairman's designee is chairman of the board except that when the board  
25 is considering matters relating to the teachers' retirement system the  
26 chairman of the Teachers' Retirement Board or the chairman's designee  
27 shall act as chairman.

28           (e) The ex officio members of the board do not receive compensation  
29 for their services on the board. The director of the division of voca-

1 tional rehabilitation shall be excused from regular duties while attend-  
2 ing meetings of the board. The appointed members of the board are  
3 entitled to hourly compensation for their services at a rate to be  
4 determined by the commissioner of administration. The rate of compensa-  
5 tion shall be consistent with the normal hourly earnings of the appointed  
6 members. All members of the board are entitled to travel expenses and  
7 per diem when it is necessary to travel.

8 Sec. 39.30.235. DUTIES OF THE BOARD. (a) The board shall review  
9 disability claims and other medically related matters referred to it by  
10 the Public Employees' Retirement Board, the Teachers' Retirement Board,  
11 or the administrator.

12 (b) The board may, when necessary, require applicants for disabili-  
13 ty benefits to supply information, appear before the board, and answer  
14 questions. The board may, at its option, refer an applicant to a phy-  
15 sician of its choice or may approve an examination by a physician of the  
16 applicant's choosing. An applicant shall pay the cost of the examina-  
17 tion when it is performed by a physician of the applicant's own choosing,  
18 and the board shall pay the cost of the examination when it is performed  
19 by a physician of its choosing. An applicant is not required to pay  
20 travel expenses to meet the medical examination requirements of this  
21 section.

22 (c) Upon review of an application for disability benefits and  
23 medical evidence supporting the application, the board shall advise the  
24 administrator of its findings. If an applicant is found to be disabled,  
25 the board shall render an opinion as to the type of positions, if any,  
26 the applicant would be capable of filling, given the applicant's present  
27 medical condition.

28 Sec. 39.30.240. DEFINITIONS. In AS 39.30.230 - 39.30.240,

29 (1) "administrator" means the commissioner of administration

1 or his designee;

2 (2) "board" means the Public Employees' and Teachers' Dis-  
3 ability Review Board established under AS 39.30.230.

4 \* Sec. 45. AS 39.35.040(5)(A) is amended to read:

5 (A) an appropriate contribution rate for all employers  
6 [, IN ADDITION TO WHICH THE STATE SHALL PAY THE APPROPRIATE SOCIAL  
7 SECURITY CONTRIBUTION]; and

8 \* Sec. 46. AS 39.35.100(b)(1) is amended to read:

9 (1) An [AN] individual account shall be maintained for each  
10 employee to record the amount of the employee's [HIS] mandatory contri-  
11 butions collected under AS 39.35.160(a). As of the last day of each  
12 calendar year and each fiscal year beginning with June 30, 1969, this  
13 account shall be credited with interest, by applying one half of the  
14 prescribed rate of interest to the balance in the account as of that  
15 date. Within one year following [UPON] retirement, the amount actuari-  
16 ally determined as necessary to fully fund the benefits to be received  
17 shall be transferred first from the employee contribution account and,  
18 after the employee contribution account has been exhausted, then from  
19 the employer contribution account into the retirement reserve account.

20 \* Sec. 47. AS 39.35.100(b)(3) is amended to read:

21 (3) A separate account for each employer shall be maintained.  
22 The account shall be credited with contributions of the employer. This  
23 account shall be charged with the employer's actuarial charge for pen-  
24 sion, death benefits, and other benefits paid under this system to or on  
25 behalf of the employee of the employer. After an allowance for interest  
26 credited to employee contribution accounts and employee savings ac-  
27 counts, the investment income of the pension fund shall be allocated to  
28 the retirement reserve account and to each employer asset share account  
29 according to the ratio that the average of the assets in the [AN EMPLOY-

1 ER'S] account as of the beginning and as of the end of the fiscal year  
2 bears to the total of the average balance of the retirement reserve ac-  
3 count and all employer accounts [EMPLOYERS].

4 \* Sec. 48. AS 39.35.200 is amended to read:

5 Sec. 39.35.200. REFUND UPON TERMINATION OF EMPLOYMENT FOR REASON  
6 OTHER THAN DEATH. (a) An inactive employee, not on leave-without-pay  
7 status or layoff status, is entitled to receive a refund of the balance  
8 of [(1)] his employee contribution account [AND (2) HIS EMPLOYEE SAVINGS  
9 ACCOUNT].

10 (b) If, upon termination of employment, an employee has credited  
11 service of less than five years and has less than \$1,000 in the [HIS]  
12 employee contribution account, a refund of the employee contribution ac-  
13 count [AND THE EMPLOYEE SAVINGS ACCOUNT] must be made unless the employ-  
14 ee indicates in writing that future retirement is intended and contribu-  
15 tions should not be refunded. An employee who is reemployed with an em-  
16 ployer and whose contributions have not been refunded before reemploy-  
17 ment [RE-EMPLOYMENT] is not eligible for a refund.

18 \* Sec. 49. AS 39.35.340(g) is amended to read:

19 (g) A surviving spouse receiving or entitled to receive benefits  
20 [A SURVIVING SPOUSE'S PENSION] under AS 39.35.420(b), 39.35.430, or 39.-  
21 35.440 or benefits under a joint and survivor option filed under AS 39.-  
22 35.450 is eligible to receive increased benefits based upon military  
23 service as described in (a) of this section. To receive credited ser-  
24 vice for military service, the surviving spouse must verify the employ-  
25 ee's military service. When verified, the surviving spouse is entitled  
26 to receive an increased benefit which shall be actuarially adjusted to  
27 reflect his or her indebtedness for that credit. The indebtedness shall  
28 be calculated in the same manner as described in (b) of this section ex-  
29 cept that it shall be based on the average monthly compensation used in