

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 3024

1 adoption under (d) of this section.

2 (i) In this section, "regulation" has the meaning given in AS 44.62.640(a).

3 **Sec. 39.35.006. Appeals.** An employer, member, annuitant, or beneficiary  
4 may appeal a decision made by the administrator to the office of administrative  
5 hearings established under AS 44.64. An aggrieved party may appeal a final decision  
6 to the superior court.

7 **Sec. 39.35.007. Investment management of retirement system funds.** The  
8 Alaska Retirement Management Board established under 37.10.210 is the fiduciary of  
9 the system funds.

10 **Sec. 39.35.008. Definitions.** In AS 39.35.001 - 39.35.008,

11 (1) "commissioner" means the commissioner of administration;

12 (2) "plan" means the retirement plan established in AS 39.35.095 -  
13 39.35.680 or the retirement plan established in AS 39.35.700 - 39.35.990;

14 (3) "system" means all retirement plans established under the public  
15 employees' retirement system.

16 \* **Sec. 64.** AS 39.35 is amended by adding a new section to read:

17 **Article 2. Public Employees First Hired before July 1, 2005.**

18 **Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680 to employees first**  
19 **hired before July 1, 2005.** The following provisions of this chapter apply only to  
20 members first hired before July 1, 2005: AS 39.35.095 - 39.35.680.

21 \* **Sec. 65.** AS 39.35.100 is amended to read:

22 **Sec. 39.35.100. Accounting.** (a) The commissioner of administration shall  
23 establish and maintain an adequate system of accounts and records for the plan  
24 [SYSTEM]. The accounts and records shall be integrated with the accounts, records,  
25 and procedures of the employers to the end that they operate most effectively and at  
26 minimum expense, and that duplication of records and accounts is avoided.

27 (b) All income of the pension fund and all disbursements made by the fund  
28 shall be credited or charged, whichever is appropriate, to the following accounts:

29 (1) An individual account shall be maintained for each employee to  
30 record the amount of the employee's mandatory contributions collected under  
31 AS 39.35.160(a). As of the last day of each calendar year and each fiscal year

1 beginning with June 30, 1969, this account shall be credited with interest, by applying  
2 [ONE HALF OF] the prescribed rate of interest as determined by the board to the  
3 balance in the account as of that date. Within one year following retirement, the  
4 amount actuarially determined as necessary to fully fund the benefits to be received  
5 shall be transferred first from the employee contribution account and, after the  
6 employee contribution account has been exhausted, then from the employer  
7 contribution account into the retirement reserve account.

8 (2) An individual account shall be maintained for each employee to  
9 record the amount of the employee's voluntary contributions. As of the last day of  
10 each calendar year and each fiscal year beginning with June 30, 1969, this account  
11 shall be credited with interest, by applying [ONE HALF OF] the prescribed rate of  
12 interest as determined by the board to the balance in the account as of that date.  
13 Amounts that, before termination of employment, are withdrawn by an employee from  
14 the employee's savings account shall be charged to that account. Upon retirement, the  
15 amount actuarially determined as necessary to fully fund the benefits to be received  
16 shall be transferred first from the employee savings account and, after the employee  
17 savings account has been exhausted, then from the employer contribution account into  
18 the retirement reserve account.

19 (3) A separate account for each employer shall be maintained. The  
20 account shall be credited with contributions of the employer. This account shall be  
21 charged with the employer's actuarial charge for pension, death benefits, and other  
22 benefits paid under this plan [SYSTEM] to or on behalf of the employee of the  
23 employer. After an allowance for interest credited to employee contribution accounts  
24 and employee savings accounts, the investment income of the pension fund shall be  
25 allocated to the retirement reserve account and to each employer asset share account  
26 according to the ratio that the average of the assets in the account as of the beginning  
27 and as of the end of the fiscal year bears to the total of the average balance of the  
28 retirement reserve account and all employer accounts.

29 (4) An expense account shall be maintained for the plan [SYSTEM].  
30 This account shall be charged with all disbursements representing administrative  
31 expenses incurred by the plan [SYSTEM]. At the end of the year the expense account

1 shall be allocated to each employer in accordance with (3) of this subsection.  
2 Expenditures from this account shall be included in the governor's budget for each  
3 fiscal year and are subject to approval by the legislature.

4 \* Sec. 66. AS 39.35 is amended by adding a new section to article 1 to read:

5 **Sec. 39.35.115. Defined benefit retirement plan.** (a) A defined benefit  
6 retirement plan for employees of the state, political subdivisions, and public  
7 organizations is created. The plan becomes effective January 1, 1961, at which time  
8 contributions by the employers and members begin.

9 (b) The retirement plan established by AS 39.35.095 - 39.35.680 is intended to  
10 qualify under 26 U.S.C. 401(a) and 414(d) (Internal Revenue Code) as a qualified  
11 retirement plan established and maintained by the state for its employees and for the  
12 employees of political subdivisions, public corporations, and public organizations of  
13 the state, and for the employees of other employers whose participation is authorized  
14 by AS 39.35.095 - 39.35.680 and who participate in this plan.

15 (c) An amendment to AS 39.35.095 - 39.35.680 does not provide a person  
16 with a vested right to a benefit if the Internal Revenue Service determines that the  
17 amendment will result in disqualification of the plan under the Internal Revenue Code.

18 \* Sec. 67. AS 39.35.131 is amended to read:

19 **Sec. 39.35.131. Membership in teachers' and public employees'**  
20 **retirement systems.** (a) A person who is employed at least half-time in the plan  
21 [SYSTEM] during the same period that the person is employed at least half-time in a  
22 position in the teachers' retirement plan [SYSTEM] under AS 14.25.009 - 14.25.220  
23 [AS 14.25] shall receive credited service under each plan [SYSTEM] for half-time  
24 employment. However, the amount of credited service a person receives under the  
25 plan [SYSTEM] during a school year may not exceed the amount necessary, when  
26 added to the amount of credited service earned during the school year under the  
27 teachers' retirement system, to equal one year of credited service.

28 (b) A person who was employed at least half-time in a position in the teachers'  
29 retirement plan [SYSTEM] under AS 14.25.009 - 14.25.220 [AS 14.25] in the same  
30 period that the person was employed at least half-time in a position in this plan  
31 [SYSTEM] may claim credited service in both plan [SYSTEMS] for employment

1 before May 31, 1989. To obtain this credited service, the person shall claim the  
2 service and verify the period of half-time employment. When eligibility for half-time  
3 service credit has been established, an indebtedness shall be determined to the  
4 retirement plan [SYSTEM] in which the person did not participate. The amount of  
5 the indebtedness is the full actuarial cost of providing benefits for the credited service  
6 claimed. Interest as prescribed by regulation accrues on that indebtedness beginning  
7 on the later of July 1, 1989, or the date on which the member is first eligible to claim  
8 the service. Any outstanding indebtedness existing at the time the person retires will  
9 require an actuarial adjustment to the benefits payable based on that service.

10 \* Sec. 68. AS 39.35.158 is amended to read:

11 Sec. 39.35.158. Administrative director of courts. An administrative  
12 director of the Alaska court system who withdraws from the judicial retirement system  
13 under AS 22.25.012 is eligible for membership in the plan [SYSTEM] and shall  
14 receive credited service in the plan [SYSTEM] for service rendered as administrative  
15 director. To be eligible for membership in the plan [SYSTEM] under this subsection,  
16 the administrative director must contribute to the plan [SYSTEM]

17 (1) the amount the director would have contributed if the director had  
18 been a member during the director's period of membership in the judicial retirement  
19 system; and

20 (2) any contributions for services as administrative director refunded  
21 by the plan [SYSTEM] at the time the director became a member of the judicial  
22 retirement system.

23 \* Sec. 69. AS 39.35.160(a) is amended to read:

24 (a) Beginning July 1, 2005 [JANUARY 1, 1987], each peace officer or fire  
25 fighter shall contribute to the plan a percentage [SYSTEM AN AMOUNT EQUAL  
26 TO SEVEN AND ONE-HALF PERCENT] of the peace officer's or fire fighter's  
27 compensation as determined under AS 39.35.162. Except as provided in (d) of this  
28 section, beginning July 1, 2005 [JANUARY 1, 1987], each other employee shall  
29 contribute to the system a percentage [AN AMOUNT EQUAL TO SIX AND  
30 THREE-QUARTERS PERCENT] of the employee's compensation as determined  
31 under AS 39.35.162. The contributions shall be deducted by the employer at the end

1 of each payroll period. The contributions shall be deducted from employee  
2 compensation before computation of applicable federal taxes, and the contributions  
3 shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A member may  
4 not have the option of making the payroll deduction directly instead of having the  
5 contribution picked up by the employer.

6 \* **Sec. 70.** AS 39.35 is amended by adding new sections to read:

7 **Sec. 39.35.162. Calculation of employee contribution rate.** (a) Each peace  
8 officer or fire fighter shall contribute a percentage of the peace officer's or fire fighter's  
9 compensation to be determined annually in advance by the administrator. Each other  
10 employee shall contribute a percentage of the employee's compensation to be  
11 determined annually in advance by the administrator. The employee contribution rate  
12 is the greater of

13 (1) 7.5 percent for a peace officer or fire fighter;

14 (2) 6.75 percent for each other employee; or

15 (3) one-half of the normal cost rate actuarially calculated to fund the  
16 benefits expected to be earned by active members during the fiscal year.

17 (b) The normal cost rate for peace officers or fire fighters and the employee  
18 contribution rate for other employees shall be separately calculated based on the  
19 actuarially calculated costs for each group of employees.

20 (c) Notwithstanding (a) of this section, the employee contribution rate may not  
21 increase more than one-half of a percentage point annually.

22 \* **Sec. 71.** AS 39.35.165(a) is amended to read:

23 (a) An employee who is eligible to purchase credited service under  
24 AS 39.35.310, 39.35.330, 39.35.340, 39.35.342, 39.35.345, [39.35.350,] 39.35.360, or  
25 39.35.370, a member who is eligible to purchase credited service under AS 39.35.375,  
26 or an elected public official who is eligible to purchase credited service under  
27 AS 39.35.381 is an employee for purposes of this section. An employee may, in lieu  
28 of making payments directly to the plan, elect to have the employee's employer make  
29 payments as provided in this section.

30 \* **Sec. 72.** AS 39.35.165(b) is amended to read:

31 (b) An employee may elect to have the employer make payments for all or any

1 portion of the amounts payable for the employee's purchase of credited service  
2 through a salary reduction program as follows:

3 (1) the amounts paid under a salary reduction program are in lieu of  
4 contributions by the employee making the election; the electing employee's salary or  
5 other compensation shall be reduced by the amount paid by the employer under this  
6 subsection;

7 (2) the employee shall make an irrevocable election under this section  
8 to purchase credited service as permitted in AS 39.35.310, 39.35.330, 39.35.340,  
9 39.35.342, 39.35.345, [39.35.350,] 39.35.360, 39.35.370, 39.35.375, or 39.35.381 and  
10 before the employee's termination of employment; the irrevocable election must  
11 specify the number of payroll periods that deductions will be made from the  
12 employee's compensation and the dollar amount of deductions for each payroll period  
13 during the specified number of payroll periods; the deductions made under this  
14 paragraph cease upon the earlier of the member's termination of employment with the  
15 employer or the member's death; amounts paid by an employer under (f) of this  
16 section may not be applied toward the payment of the dollar amount of the deductions  
17 representing the portion of the credited service that is being purchased by the member  
18 through payroll deduction in accordance with the member's irrevocable election under  
19 this subsection;

20 (3) amounts paid by an employer under this subsection shall be treated  
21 as employer contributions for the purpose of determining tax treatment under the  
22 Internal Revenue Code; the amounts paid by the employer under this section may not  
23 be included in the member's gross income for income tax purposes until those amounts  
24 are distributed by refund or retirement benefit payments.

25 \* Sec. 73. AS 39.35.165(f) is amended to read:

26 (f) The commissioner may accept rollover contributions from a member [AND  
27 DIRECT TRANSFERS, AS DESCRIBED IN THIS SUBSECTION, FOR THE  
28 PURCHASE, IN WHOLE OR IN PART, OF CREDITED SERVICE FOR THE  
29 REINSTATEMENT, IN WHOLE OR IN PART, OF FORFEITED CREDITED  
30 SERVICE UNDER AS 39.35.350]. A rollover contribution [OR TRANSFER] as  
31 described in this subsection shall also be treated as employer contributions for the

1 purpose of determining tax treatment under the Internal Revenue Code and may be  
2 made by any one or a combination of the following methods:

3 (1) subject to the limitations prescribed in 26 U.S.C. 401(a)(3) and 26  
4 U.S.C. 402(c), accepting eligible rollover distributions directly from one or more  
5 retirement programs of another employer that are qualified under 26 U.S.C. 401(a) or  
6 accepting rollovers directly from a member;

7 (2) subject to the limitations prescribed in 26 U.S.C. 408(d)(3)(A)(ii),  
8 accepting from a member conduit rollover contributions that are received by the  
9 employee from one or more conduit rollover individual retirement accounts previously  
10 established by the member;

11 (3) subject to the limitations prescribed in 26 U.S.C. 403(b)(13),  
12 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the  
13 member, on or after January 1, 2002, from a tax sheltered annuity described in 26  
14 U.S.C. 403(b);

15 (4) subject to the limitations prescribed in 26 U.S.C. 457(e)(17),  
16 accepting direct trustee-to-trustee transfers of all or a portion of the accounts of the  
17 member, on or after January 1, 2002, from an eligible deferred compensation plan of a  
18 tax-exempt organization or a state or local government described in 26 U.S.C. 457(b);

19 (5) accepting direct trustee-to-trustee transfer from an account  
20 established for the benefit of the member in AS 39.30.150 - 39.30.180 (Alaska  
21 Supplemental Annuity Plan).

22 \* Sec. 74. AS 39.35.165(g) is amended to read:

23 (g) Payments made under this section shall be applied to reduce the  
24 employee's outstanding indebtedness described in AS 39.35.310, 39.35.330,  
25 39.35.340, 39.35.342, 39.35.345, [39.35.350,] 39.35.360, 39.35.370, 39.35.375, or  
26 39.35.381 at the time that the contributions are received by the plan.

27 \* Sec. 75. AS 39.35.165(i) is amended to read:

28 (i) On satisfaction of the eligibility requirements of AS 39.35.310, 39.35.330,  
29 39.35.340, 39.35.341, 39.35.345, [39.35.350,] 39.35.360, 39.35.370, 39.35.375, or  
30 39.35.381, the requirements of this section, and the administrative filing requirements  
31 specified by the commissioner, the plan shall adjust the employee's credited service

1 history and add any additional service credits acquired.

2 \* Sec. 76. AS 39.35.200 is amended by adding a new subsection to read:

3 (d) An employee who receives a refund of contributions in accordance with  
4 this section forfeits corresponding credited service under AS 39.35.095 - 39.35.680.

5 \* Sec. 77. AS 39.35.270 is amended to read:

6 **Sec. 39.35.270. Amount of employer's contributions.** The amount of each  
7 employer's contributions shall be determined by applying the employer's contribution  
8 rate, as certified by the board, to the total compensation paid to the active employees  
9 of the employer for each payroll period and by including any adjustments to  
10 contributions required by AS 39.35.520(a). This amount shall be remitted by the  
11 employer to the administrator in accordance with AS 39.35.610.

12 \* Sec. 78. AS 39.35.270 is amended by adding a new subsection to read:

13 (b) When added to the member contribution rate calculated under  
14 AS 39.35.162, the employer contribution may not be less than the rate required, as  
15 actuarially calculated, to fully fund the future liabilities of active members.

16 \* Sec. 79. AS 39.35.340(f) is amended to read:

17 (f) An employee may not [CANNOT] be credited with a period of active  
18 military service in the armed forces of the United States under this section if credit for  
19 that military service was granted under AS 14.25.009 - 14.25.220 [AS 14.25].

20 \* Sec. 80. AS 39.35.340(h) is amended to read:

21 (h) The combined period of military service claimed under this section and  
22 under AS 14.25.009 - 14.25.220 [AS 14.25] may not exceed five years.

23 \* Sec. 81. AS 39.35.360(i) is amended to read:

24 (i) An employee who completes three years of credited service with an  
25 employer, for which the employee makes contributions required by AS 39.35.095 -  
26 39.35.680 [THIS CHAPTER], is entitled to credited service on a year-for-year basis  
27 for service credited in the Civil Service Retirement System, rendered as an employee  
28 of an Alaska Bureau of Indian Affairs (BIA) school, other than service as a teacher.  
29 When eligibility for retroactive credited service under this subsection has been  
30 established, an indebtedness of the employee to the plan [SYSTEM] shall be  
31 determined as follows: (1) the employee's actual annual compensation, or the

1 calculated annual compensation for an employee who works fewer than 12 months, for  
2 the most recent calendar year in which service is rendered to an employer before the  
3 calendar year in which the employee first becomes eligible to claim service under this  
4 subsection, multiplied by (2) the number of years of service in Alaska BIA schools  
5 that is credited under this subsection, and this product multiplied by (3) six percent for  
6 employees first eligible to claim this service before January 1, 1987, or eight and one-  
7 half percent for employees first eligible to claim this service on or after January 1,  
8 1987. Interest as prescribed by regulation accrues on the indebtedness beginning on  
9 the date the employee may first claim the retroactive credited service. Any  
10 outstanding indebtedness that exists at the time the employee retires requires an  
11 actuarial adjustment to the benefits that are based on retroactive credited service under  
12 this subsection. A retirement benefit payable under this subsection for Alaska BIA  
13 service shall be reduced by an amount equal to the retirement benefits paid to the  
14 member by the United States government for the same service.

15 \* Sec. 82. AS 39.35.360(l) is amended to read:

16 (l) An administrative director of the Alaska Court System who withdraws  
17 from the judicial retirement system under AS 22.25.012(b) is eligible for membership  
18 in the plan [PUBLIC EMPLOYEES' RETIREMENT SYSTEM] and shall receive  
19 credited service in this plan [SYSTEM] for service rendered as administrative  
20 director. To be eligible for membership in this plan [SYSTEM] under this subsection,  
21 the administrative director must contribute to the plan [SYSTEM]

22 (1) the amount that would have been contributed if the administrative  
23 director had been a member during the period of the membership in the judicial  
24 retirement system; and

25 (2) any contributions for service as administrative director refunded  
26 from the plan [PUBLIC EMPLOYEES' RETIREMENT SYSTEM] at the time the  
27 administrative director became a member of the judicial retirement system.

28 \* Sec. 83. AS 39.35.370(g) is amended to read:

29 (g) When an employee who was employed as a dispatcher in a state trooper  
30 office or in a police or fire department in the plan [PUBLIC EMPLOYEES'  
31 RETIREMENT SYSTEM] applies for appointment to retirement, the employee may

1 convert the credited service for that position to credited service as a peace officer by  
2 claiming the service as peace officer service. An employee who has converted  
3 credited service to peace officer service under this subsection shall be treated as a  
4 peace officer for purposes of AS 39.35.095 - 39.35.680 [THIS CHAPTER]. When the  
5 member claims this credited service as peace officer service, an indebtedness of the  
6 member to the plan [SYSTEM] shall be established. The indebtedness is equal to the  
7 full actuarial cost of the conversion of the credited service to treatment as peace  
8 officer service. Any outstanding indebtedness that exists at the time the member is  
9 appointed to retirement shall [WILL] require an actuarial adjustment to the benefits  
10 payable based upon the conversion of the credited service.

11 \* Sec. 84. AS 39.35.375(a) is amended to read:

12 (a) An active or inactive member who has never been vested in this plan  
13 [SYSTEM] or in the teachers' retirement plan [SYSTEM] under AS 14.25.009 -  
14 14.25.220 [AS 14.25], who has at least two years of credited service in this plan  
15 [SYSTEM], and who has membership service in the teachers' retirement system may  
16 claim credited service in this plan [SYSTEM] in an amount equal to the membership  
17 service the member has in the teachers' retirement system. The claimed credited  
18 service may be added to service earned under AS 39.35.095 - 39.35.680 [THIS  
19 CHAPTER] to enable the member to qualify for a public service benefit under this  
20 section. The member may not claim credited service for membership service for  
21 which the member has received a refund under AS 14.25.150 unless the member fully  
22 pays the indebtedness as established under AS 14.25.063. The member may not claim  
23 credited service in this plan [SYSTEM] based on unused sick leave under  
24 AS 14.25.115.

25 \* Sec. 85. AS 39.35.375(b) is amended to read:

26 (b) To claim credited service under this section, the member shall file a  
27 written request with the administrator when the member applies to retire. The  
28 administrator shall determine the full actuarial cost of benefits based on the member's  
29 total credited service and shall transfer from the teachers' retirement system to this  
30 plan [SYSTEM] an amount equal to the sum of the member contributions and any  
31 indebtedness payments to the teachers' retirement system and the employer

1 contributions to the teachers' retirement system made on behalf of the employee  
2 together with interest earned on those contributions and indebtedness payments. If the  
3 amount to be transferred, when combined with the amount of employee contributions  
4 and indebtedness payments to this plan [SYSTEM] and the amount of employer  
5 contributions on behalf of the employee in this plan [SYSTEM], and interest earned  
6 on contributions and indebtedness payments for the employee, is less than the full  
7 actuarial cost computed under this subsection, an indebtedness to the plan [SYSTEM]  
8 equal to the amount of the difference is established. Interest as prescribed by  
9 regulation accrues on the indebtedness. The member must pay any outstanding  
10 indebtedness existing at the time the member applies for retirement in full before the  
11 member is appointed to retirement under this section.

12 \* Sec. 86. AS 39.35.375(c) is amended to read:

13 (c) A member is entitled to receive a public service benefit under this section  
14 if the member has at least a total of five years credited service under AS 39.35.095 -  
15 39.35.680 [THIS CHAPTER] and credited service from the teachers' retirement plan  
16 under AS 14.25.009 - 14.25.220 [SYSTEM] claimed under this section. A public  
17 service benefit shall be calculated using the higher of the average monthly  
18 compensation for service in this plan [SYSTEM] or the average base salary for  
19 service in the teachers' retirement plan under AS 14.25.009 - 14.25.220 [SYSTEM].  
20 The amount of the benefit shall be calculated in accordance with AS 39.35.370(c).

21 \* Sec. 87. AS 39.35.375(d) is amended to read:

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

31 \* Sec. 88. AS 39.35.375(f) is amended to read:

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

5 \* Sec. 89. AS 39.35.375(f) is amended to read:

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

10 \* Sec. 90. AS 39.35.375(g) is amended to read:

11 (g) If a member retires under this section and subsequently returns to work for  
12 an employer under this plan [SYSTEM] or the teachers' retirement system, benefits  
13 under this section shall cease during the period of reemployment and shall  
14 recommence when the reemployment is ended. The credited service earned during the  
15 period of reemployment may not be added to the credited service claimed for a public  
16 service benefit under this section. If a member vests and meets the other eligibility  
17 requirements under this system or the teachers' retirement system during the  
18 reemployment, the member is entitled to a benefit under AS 14.25.009 - 14.25.220  
19 [AS 14.25] or 39.35.095 - 39.35.680 [AS 39.35], as appropriate.

20 \* Sec. 91. AS 39.35.375 is amended by adding a new subsection to read:

21 (h) In this section,

22 (1) "teachers' retirement system" and "teachers' retirement system  
23 under AS 14.25" means the teachers' retirement plan established in AS 14.25.009 -  
24 14.25.220;

25 (2) "membership service earned under AS 14.25" means membership  
26 service earned under AS 14.25.009 - 14.25.220.

27 \* Sec. 92. AS 39.35.381(a) is amended to read:

28 (a) An elected public officer is eligible for a public officer benefit if the officer  
29 is retired under AS 14.25.009 - 14.25.220 [AS 14.25 (TEACHERS' RETIREMENT  
30 SYSTEM)]. Only fully paid credited service as an elected public officer of a  
31 municipality or other political subdivision, earned while the municipality or political

1 subdivision was an employer under this plan [SYSTEM] and while the person was  
2 employed full-time under AS 14.25.009 - 14.25.220 [AS 14.25], may be counted  
3 under this section.

4 \* Sec. 93. AS 39.35.385(f) is amended to read:

5 (f) Subject to AS 39.35.450, an employee is eligible for a normal retirement  
6 benefit at age 60 or an early retirement benefit at age 55 if the employee was first  
7 hired as a legislative employee before May 30, 1987, and has at least 120 [60] days of  
8 credited service as an employee of the legislature, other than as an employee of the  
9 Office of the Ombudsman or the office of victims' rights, during each of five  
10 legislative sessions. An employee who was first hired as a legislative employee on or  
11 after May 30, 1987, and is otherwise eligible under this subsection must have at least  
12 120 [80] days of credited service during each of five legislative sessions to receive  
13 benefits under this subsection.

14 \* Sec. 94. AS 39.35.410(f) is amended to read:

15 (f) An employee is not entitled to an occupational disability benefit unless the  
16 employee files an application for it with the administrator within 90 days of the date of  
17 terminating employment. If the employee is unable to meet a filing requirement of  
18 this subsection, it may be waived by the commissioner [PUBLIC EMPLOYEES'  
19 RETIREMENT BOARD] if there are extraordinary circumstances that resulted in the  
20 employee's inability to meet the filing requirement. [THE BOARD MAY  
21 DELEGATE THE AUTHORITY TO WAIVE A FILING DEADLINE UNDER THIS  
22 SUBSECTION TO THE ADMINISTRATOR.]

23 \* Sec. 95. AS 39.35.475(b) is amended to read:

24 (b) The increase in benefit payments applies to total benefit payments  
25 [EXCEPT FOR THE COST-OF-LIVING ALLOWANCE UNDER AS 39.35.480].  
26 The amount of the increase is a percentage of the current benefit equal to

27 (1) the lesser of 75 percent of the increase in the cost of living in the  
28 preceding calendar year or nine percent, for recipients who on July 1 are at least 65  
29 years old and for members receiving disability benefits; and

30 (2) the lesser of 50 percent of the increase in the cost of living in the  
31 preceding calendar year or six percent, for recipients who on July 1 are at least 60 but

1 less than 65 years old or for recipients who are less than 60 years old on July 1 but  
2 who have received benefits from the plan [SYSTEM] for at least five years.

3 \* Sec. 96. AS 39.35.485(a) is amended to read:

4 (a) An employee who is eligible for a benefit calculated in accordance with  
5 AS 39.35.370(c) is entitled to a benefit of at least \$25 a month for each year of  
6 credited service, not including adjustments made under AS 39.35.340 for military  
7 service, AS 39.35.350 for reinstatement of credited service, AS 39.35.360 for credit  
8 for earlier service, AS 39.35.370(c) for early retirement, AS 39.35.420 for  
9 nonoccupational death benefits, AS 39.35.450 for the survivor's option, former  
10 AS 39.35.460 for the level income option, and AS 39.35.475 for the post-retirement  
11 pension adjustment [, AND AS 39.35.480 FOR THE COST OF LIVING].

12 \* Sec. 97. AS 39.35.485(a) is amended to read:

13 (a) An employee who is eligible for a benefit calculated in accordance with  
14 AS 39.35.370(c) is entitled to a benefit of at least \$25 a month for each year of  
15 creditea service, not including adjustments made under AS 39.35.340 for military  
16 service, [AS 39.35.350 FOR REINSTATEMENT OF CREDITED SERVICE,]  
17 AS 39.35.360 for credit for earlier service, AS 39.35.370(c) for early retirement,  
18 AS 39.35.420 for nonoccupational death benefits, AS 39.35.450 for the survivor's  
19 option, former AS 39.35.460 for the level income option, and AS 39.35.475 for the  
20 post-retirement pension adjustment.

21 \* Sec. 98. AS 39.35.680(2) is amended to read:

22 (2) "actuarial adjustment" means the adjustment necessary to obtain  
23 equality in value of the aggregate expected payments under two different forms of  
24 pension payments, considering expected mortality and interest earnings on the basis of  
25 assumptions, factors, and methods specified in regulations issued under this plan  
26 [SYSTEM] that are formally adopted [UNDER AS 39.35.042] by the board that  
27 clearly preclude employer discretion in the determination of the amount of any  
28 member's benefit;

29 \* Sec. 99. AS 39.35.680(6) is amended to read:

30 (6) "board" means the Alaska Retirement Management [PUBLIC  
31 EMPLOYEES RETIREMENT] Board;

1 \* Sec. 100. AS 39.35.680(34) is amended to read:

2 (34) "qualified domestic relations order" means a divorce or  
3 dissolution judgment under AS 25.24, including an order approving a property  
4 settlement, that

5 (A) creates or recognizes the existence of an alternate payee's  
6 right to, or assigns to an alternate payee the right to, receive all or a portion of  
7 employee contribution account or the benefits payable with respect to an  
8 employee;

9 (B) sets out the name and last known mailing address, if any, of  
10 the employee and of each alternate payee covered by the order;

11 (C) sets out the amount or percentage of the employee's benefit,  
12 or of any survivor's benefit, to be paid to the alternate payee, or sets out the  
13 manner in which that amount or percentage is to be determined;

14 (D) sets out the number of payments or period to which the  
15 order applies;

16 (E) sets out the retirement plan [SYSTEM] to which the order  
17 applies;

18 (F) does not require any type or form of benefit or any option  
19 not otherwise provided by AS 39.35.095 - 39.35.680 [THIS CHAPTER];

20 (G) does not require an increase of benefits in excess of the  
21 amount provided by AS 39.35.095 - 39.35.680 [THIS CHAPTER], determined  
22 on the basis of actuarial value; and

23 (H) does not require the payment to an alternate payee of  
24 benefits that are required to be paid to another alternate payee under another  
25 order previously determined to be a qualified domestic relations order;

26 \* Sec. 101. AS 39.35.680 is amended by adding new paragraphs to read:

27 (41) "commissioner" means the commissioner of administration:

28 (42) "plan" means the retirement plan established in AS 39.35.095 -  
29 39.35.680.

30 \* Sec. 102. AS 39.35 is amended by adding new sections to read:

31 **Article 9. Employees First Hired on or after July 1, 2005.**

1           **Sec. 39.35.700. Applicability of AS 39.35.700 - 39.35.990.** The provisions of  
2 AS 39.35.700 - 39.35.990 apply only to members first hired on or after July 1, 2005.

3           **Sec. 39.35.710. Defined contribution retirement plan established; federal**  
4 **qualification requirements.** (a) A defined contribution retirement plan is established  
5 for employees of the state or a political subdivision or public organization of the state.

6           (b) The defined contribution retirement plan is a plan in which savings are  
7 accumulated in an individual retirement account for the exclusive benefit of the  
8 member or beneficiaries. The plan is established effective July 1, 2005, at which time  
9 contributions by employers and members begin.

10           (c) The retirement plan established by AS 39.35.700 - 39.35.990 is intended to  
11 qualify under 26 U.S.C. 401(a) and 414(d) (Internal Revenue Code) as a qualified  
12 retirement plan established and maintained by the state for its employees, for the  
13 employees of political subdivisions, public corporations, and public organizations of  
14 the state, and for the employees of other employers whose participation is authorized  
15 by AS 39.35.700 - 39.35.990 and who participate in the plan set out in AS 39.35.700 -  
16 39.35.990.

17           (d) An amendment to AS 39.35.700 - 39.35.990 does not provide a person  
18 with a vested right to a credit if the Internal Revenue Service determines that the  
19 amendment will result in disqualification of the plan under the Internal Revenue Code.

20           **Sec. 39.35.720. Membership.** An employee who becomes a member on or  
21 after July 1, 2005, shall participate in the plan set out in AS 39.35.700 - 39.35.990.

22           **Sec. 39.35.730. Contributions by members.** (a) Each member shall  
23 contribute to the member's individual account in an amount equal to eight percent of  
24 the member's compensation from July 1 to the following June 30.

25           (b) Subject to the limitations on contributions under AS 39.35.780, a member  
26 may elect to make additional contributions to the member's individual account.

27           (c) The employer shall deduct the contribution from the member's  
28 compensation at the end of each payroll period, and the contribution shall be credited  
29 by the plan to the member's individual account. The contributions shall be deducted  
30 from member's compensation before the computation of applicable federal taxes and  
31 shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A member may

1 not have the option of making the payroll deduction directly in cash instead of having  
2 the contribution picked up by the employer.

3 **Sec. 39.35.740. Employment contributions mandatory.** Contributions of  
4 employees shall be made by payroll deductions. Every included employee shall be  
5 considered to consent to payroll deductions. It is of no consequence that a payroll  
6 deduction may cause the compensation paid in cash to an employee to be reduced  
7 below the minimum required by law. Payment of an employee's compensation, less  
8 payroll deductions, is a full and complete discharge and satisfaction of all claims and  
9 demands by the employee relating to remuneration of services during the period  
10 covered by the payment, except with respect to the benefits provided under the plan.

11 **Sec. 39.35.750. Contributions by employers.** (a) An employer shall  
12 contribute to each member's individual account an amount equal to 3.5 percent of the  
13 member's compensation from July 1 to the following June 30.

14 (b) An employer shall also contribute an amount equal to 3.75 percent of each  
15 member's compensation from July 1 to the following June 30 to pay for retiree major  
16 medical insurance. This contribution shall be paid into the group health and life  
17 benefits fund established by the commissioner of administration under AS 39.30.095  
18 and shall be accounted for in accordance with regulations established by the  
19 commissioner.

20 (c) An employer shall also make contributions to the health reimbursement  
21 arrangement plan under AS 39.30.300.

22 **Sec. 39.35.760. Rollover contributions and distributions.** (a) An employee  
23 may elect, at the time and in the manner prescribed by the administrator, to have all or  
24 part of a direct rollover distribution from an eligible retirement plan owned by the  
25 member paid directly into the member's individual account.

26 (b) Rollover contributions do not count as a purchase of membership service  
27 for the purpose of determining years of service.

28 (c) A distributee may elect, at the time and in the manner prescribed by the  
29 administrator, to have all or part of an eligible rollover distribution paid directly to an  
30 eligible retirement plan specified by the distributee in the direct rollover.

31 (d) In this section,

1 (1) "direct rollover" means the payment of an eligible rollover  
2 distribution by the plan to an eligible retirement plan specified by a distributee who is  
3 eligible to elect a direct rollover;

4 (2) "distributee" means a member, or a beneficiary who is the  
5 surviving spouse of the member, or an alternate payee;

6 (3) "eligible retirement plan" means

7 (A) a conduit individual retirement account described in 26  
8 U.S.C. 408(d)(3)(A);

9 (B) an annuity plan described in 26 U.S.C. 403(a);

10 (C) a qualified trust described in 26 U.S.C. 401(a);

11 (D) an annuity plan described in 26 U.S.C. 403(b); or

12 (E) a governmental plan described in 26 U.S.C. 457(b);

13 (4) "eligible rollover distribution" means a distribution of all or part of  
14 a total account to a distributee, except for

15 (A) a distribution that is one of a series of substantially equal  
16 installments payable not less frequently than annually over the life expectancy  
17 of the distributee or the joint and last survivor life expectancy of the distributee  
18 and the distributee's designated beneficiary, as defined in 26 U.S.C. 401(a)(9);

19 (B) a distribution that is one of a series of substantially equal  
20 installments payable not less frequently than annually over a specified period  
21 of 10 years or more;

22 (C) a distribution that is required under 26 U.S.C. 401(a)(9);

23 (D) the portion of any distribution that is not includable in  
24 gross income;

25 (E) a distribution that is on account of hardship; and

26 (F) other distributions that are reasonably expected to total less  
27 than \$200 during a year.

28 **Sec. 39.35.770. Transmittal of contributions.** All contributions deducted in  
29 accordance with AS 39.35.700 - 39.35.990 shall be transmitted to the plan for deposit  
30 in the trust fund as soon as administratively feasible, but in no event later than 15 days  
31 following the close of the payroll period.

1           **Sec. 39.35.780. Limitations on contributions.** Notwithstanding any other  
2 provisions of this plan, the annual additions to each member's individual account  
3 under this plan and under all defined contribution plans of the employer required to be  
4 aggregated with the contributions from this plan under the provisions of 26 U.S.C. 415  
5 may not exceed, for any limitation year, the amount permitted under 26 U.S.C. 415 at  
6 any time. If the amount of a member's defined contribution plan contributions exceeds  
7 the limitation of 26 U.S.C. 415(c) for any limitation year, the administrator shall take  
8 any necessary remedial action to correct an excess contribution. The provisions of 26  
9 U.S.C. 415, and the regulations adopted under that statute, as applied to qualified  
10 defined contribution plans of governmental employees are incorporated as part of the  
11 terms and conditions of the plan.

12           **Sec. 39.35.790. Vesting.** (a) A participating member is immediately and  
13 fully vested in that member's contributions and related earnings.

14           (b) A member shall be fully vested in the employer contributions made on that  
15 member's behalf, and related earnings, after five years of service. A member is  
16 partially vested in the employer contributions made on that member's behalf, and the  
17 related earnings, in the ratio of

- 18                   (1) 25 percent with two years of service;  
19                   (2) 50 percent with three years of service; and  
20                   (3) 75 percent with four years of service.

21           **Sec. 39.35.800. Investment of individual accounts.** (a) The board shall  
22 provide a range of investment options and permit a participant to exercise investment  
23 control over the participant's asset in the member's individual account as provided in  
24 this section. If a participant exercises control over the assets in the individual account,  
25 the participant is not considered a fiduciary for any reason on the basis of exercising  
26 that control.

27           (b) A participant may direct investment of plan funds held in an account  
28 among available investment funds in accordance with rules established by the board.

29           (c) A participant may elect to change or transfer all or a portion of the  
30 participant's existing account balance among available investment funds not more  
31 often than once each day in accordance with the rules established by the administrator.

1 Only the last election received by the administrator before the transmittal of  
2 contributions to the trust fund for allocation to the individual account shall be used to  
3 direct the investment of the contributions received.

4 (d) Except to the extent clearly set out in the terms of the investment plans  
5 offered by the employer to the employee, the employer is not liable to the participant  
6 for investment losses if the prudent investment standard has been met.

7 (e) The employer, administrator, state, board, or a person or entity who is  
8 otherwise a fiduciary is not liable by reason for any participant's investment loss that  
9 results from the participant's directing the investment of plan assets allocated to the  
10 participant's account.

11 (f) To the extent that a member's individual account has been divided as  
12 provided in a qualified domestic relations order between participants, each participant  
13 shall be treated as the holder of a separate individual account for purposes of  
14 investment yields, decisions, transfers, and time limitations imposed by this section.

15 **Sec. 39.35.810. Distribution election at termination.** (a) A member is  
16 eligible to elect distribution of the member's account in accordance with this section  
17 60 days after termination of employment.

18 (b) Notwithstanding (a) of this section, distribution of all or a portion of the  
19 individual account of a member may take place before the 60th day after the  
20 termination of employment with the approval of the administrator if the member  
21 makes a written request for a distribution under this subsection. The member's spouse  
22 must consent to the request in writing if the member is married. Distribution of an  
23 individual account may only be made on account of an immediate and heavy financial  
24 need of the member for the following reasons and in the amount the need is  
25 demonstrated for

26 (1) medical care described in 26 U.S.C. 213(d) incurred by the  
27 member, the member's spouse, or the member's dependent, or necessary to obtain that  
28 medical care;

29 (2) the purchase of a principal residence for the member;

30 (3) postsecondary education tuition and related educational fees for the  
31 next 12-month period for the member, the member's spouse, or a dependent of the

1 member; in this paragraph, "dependent" has the meaning given in 26 U.S.C. 152;

2 (4) prevention of the eviction of the member from the member's  
3 principal residence or foreclosure on the mortgage of the member's principal  
4 residence; or

5 (5) any need prescribed by the United States Department of the  
6 Treasury, Internal Revenue Service, in a revenue ruling, notice, or other document of  
7 general applicability that satisfies the safe harbor definition of hardship under  
8 regulations adopted under 26 U.S.C. 401(k).

9 (c) If a member dies before benefits commence, the member's beneficiary is  
10 immediately eligible to elect distribution of the member's share of the member's  
11 individual account.

12 (d) Distributions are payable to an alternate payee in accordance with the  
13 terms and conditions of a qualified domestic relations order that is received and  
14 approved by the administrator as specified in AS 39.35.860.

15 (e) Distributions that are being paid to a member may not be affected by the  
16 member's subsequent reemployment with the employer. Upon reemployment, a new  
17 individual account shall be established for the member to which any future  
18 contributions shall be allocated. Upon subsequent termination of employment, the  
19 member's new individual account shall be distributed in accordance with this section.

20 **Sec. 39.35.820. Forms of distribution.** (a) A participant may elect to receive  
21 the participant's share of the individual account in a

22 (1) lump sum payment, which is a single payment of the entire balance  
23 in the account;

24 (2) periodic lump sum payment, which is a payment of a portion of the  
25 balance in the account, not more than twice each year;

26 (3) period certain annuity payment, which is an annuity payable in a  
27 fixed number of monthly installments for a duration of 60, 120, or 180 months;

28 (4) life annuity with a period certain payment, which is an annuity  
29 payable until the later of the first day of the month in which the annuitant's death  
30 occurs, or the date on which the payment of a fixed number of monthly installments is  
31 completed; the period certain for installments is 120 or 180 months;

1 (5) single life annuity payment, which is an annuity payable monthly  
2 until the first of the month in which the annuitant's death occurs; or

3 (6) joint and survivor annuity payment, which is an annuity payable  
4 monthly to the member until the first of the month in which the member's death  
5 occurs; after the member's death, a survivor annuity equal to 50 percent or 100 percent  
6 of the member's benefit, as previously elected by the member, shall be paid monthly to  
7 the joint annuitant for the remainder of the survivor's lifetime.

8 (b) Upon the death of an annuitant whose payments have commenced, an  
9 annuitant's beneficiary shall receive further payments only to the extent provided in  
10 accordance with the form of payment that was being made to the annuitant. The  
11 remaining portion of the interest shall continue to be distributed at least as rapidly as  
12 under the method of distribution being used before the annuitant's death.

13 (c) If a participant dies before the distribution commencement date,  
14 distribution of the participant's entire interest to a beneficiary shall be payable in any  
15 form other than a joint and survivor annuity.

16 (d) If an unmarried member or other participant fails to elect a form of  
17 payment before the distribution commencement date, the account shall be paid to a  
18 beneficiary in the form of a lump sum to the extent required by the minimum  
19 distribution requirements set out in the Internal Revenue Code. If a married member  
20 fails to elect a form of payment before the distribution commencement date, the  
21 account shall be paid in the form of a 50 percent joint and survivor annuity, with the  
22 member's spouse as the joint annuitant.

23 **Sec. 39.35.830. Manner of electing distributions.** (a) Any election or any  
24 alteration or revocation of a prior election by a participant for any purpose under this  
25 plan shall be on forms or made in a manner prescribed for that purpose by the plan  
26 administrator. To be effective, the forms required or the required action for any  
27 purpose under this plan must be completed and received in accordance with  
28 regulations adopted by the commissioner of administration.

29 (b) At any time, but not less than seven days before the benefit  
30 commencement date, a member, alternate payee, or beneficiary may change

31 (1) the form of payment election;

1 (2) an election to commence benefits; or

2 (3) the joint annuitant designation.

3 (c) Changes in elections are not allowed on or after seven days before the  
4 benefit commencement date.

5 **Sec. 39.35.840. Distribution requirements.** (a) Payments to a participant  
6 shall commence as soon as administratively feasible following the distribution  
7 commencement date. The distribution commencement date is the first date on which  
8 one of the following occurs:

9 (1) a member meets the requirements of AS 39.35.810 and has made a  
10 complete application for payment under AS 39.35.830;

11 (2) a participant has elected to defer receipt of the account to a date  
12 specified, the date has been attained, and the participant has made a complete  
13 application for payment;

14 (3) a member attains normal retirement age and has not made an  
15 application for payment or elected to defer receipt of the account to a date later than  
16 normal retirement age;

17 (4) a member's beneficiary does not make an application for benefits  
18 and five years have elapsed since the member's death;

19 (5) notwithstanding (a) of this section, a participant whose account has  
20 a balance of \$1,000 or less meets the requirements of AS 39.35.830, at which time the  
21 participant must take payment of the participant's account.

22 (b) The entire interest of a member must be distributed or must begin to be  
23 distributed not later than the member's required beginning date.

24 (c) If a member dies after the distribution of the member's interest has begun  
25 but before the distribution has been completed, the remaining portion of the interest  
26 shall continue to be distributed at least as rapidly as under the method of distribution  
27 being used before the member's death.

28 (d) If a member has made a distribution election and dies before the  
29 distribution of the member's interest begins, distribution of the member's entire interest  
30 shall be completed by December 31 of the calendar year containing the fifth  
31 anniversary of the member's death. However, if any portion of the member's interest

1 is payable to a designated beneficiary, distributions may be made over the life of the  
2 designated beneficiary or over a period certain not greater than the life expectancy of  
3 the designated beneficiary, commencing on or before December 31 of the calendar  
4 year immediately following the calendar year in which the member died, and, if the  
5 designated beneficiary is the member's surviving spouse, the date distributions are  
6 required to begin may not be earlier than the later of December 31 of the calendar year  
7 (1) immediately following the calendar year in which the member died, or (2) in which  
8 the member would have attained 70 1/2 years of age, whichever is earlier. If the  
9 surviving spouse dies after the member but before payments to the spouse have begun,  
10 the provisions of this subsection apply as if the surviving spouse were the member.  
11 An amount paid to a child of the member shall be treated as if it were paid to the  
12 surviving spouse if the amount becomes payable to the surviving spouse when the  
13 child reaches the age of majority.

14 (e) If a member has not made a distribution election before the member's  
15 death, the member's designated beneficiary must elect the method of distribution not  
16 later than December 31 of the calendar year (1) in which distributions would be  
17 required to begin under this section, or (2) that contains the fifth anniversary of the  
18 date of death of the member, whichever is earlier. If the member does not have a  
19 designated beneficiary or if the designated beneficiary does not elect a method of  
20 distribution, distribution of the member's entire interest must be completed by  
21 December 31 of the calendar year containing the fifth anniversary of the member's  
22 death.

23 (f) For purposes of (b) of this section, distribution of a member's interest is  
24 considered to begin (1) on the member's required beginning date, or (2) if the  
25 designated beneficiary is the member's surviving spouse and the surviving spouse dies  
26 after the member but before payments to the spouse have begun, on the date  
27 distribution is required to begin to the surviving spouse. If distribution in the form of  
28 an annuity irrevocably commences to the member before the required beginning date,  
29 the date distribution is considered to begin is the date that the distribution actually  
30 commences.

31 (g) Notwithstanding any contrary provisions of AS 39.35.700 - 39.35.990, the

1 requirements of this section apply to all distributions of a member's interest and take  
2 precedence over any inconsistent provisions of AS 39.35.700 - 39.35.990.

3 (h) All distributions required under this section are determined and made in  
4 accordance with 26 U.S.C. 401(a)(9) and regulations adopted under that statute,  
5 including any minimum distribution incidental benefit requirement.

6 (i) In this section,

7 (1) "designated beneficiary" means the individual who is designated as  
8 the beneficiary under the plan in accordance with 26 U.S.C. 401(a)(9) and regulations  
9 adopted under that statute;

10 (2) "required beginning date" means the first day of April of the  
11 calendar year following the calendar year in which the member either attains 70 1/2  
12 years of age or actually terminates employment, whichever is later.

13 **Sec 39.35.850. Designation of beneficiary.** (a) Each participant shall have  
14 the right to designate a beneficiary and shall have the right, at any time, to revoke the  
15 designation, or to substitute another beneficiary, subject to the following limitation: if a  
16 married member elects a nonspouse beneficiary, the value of the benefit payable to the  
17 beneficiary may not exceed 50 percent of the member's portion of the account balance,  
18 and the member's spouse shall automatically be considered the beneficiary for the  
19 remaining 50 percent of the account balance, unless the spouse consents to the  
20 beneficiary designation in a writing that is notarized or witnessed by the administrator.  
21 If the spouse consents in this manner, a married member may designate a nonspouse  
22 beneficiary for the entire benefit or any portion the benefit as part of an available form  
23 of payment contained in this plan.

24 (1) except to the extent a qualified domestic relations order filed with  
25 the administrator provides for payment to a former spouse or other dependent of the  
26 member; or

27 (2) unless the member filed a revocation of beneficiary accompanied  
28 by a written consent to the revocation from the present spouse and each person entitled  
29 under the order; however, consent of the present spouse is not required if the member  
30 and the present spouse had been married for less than one year on the date of the  
31 member's death and if the member established when filing the revocation that the

1 member and the present spouse were not cohabiting.

2 (b) Except as provided in (a) of this section, the member may change or  
3 revoke the designation without notice to the beneficiary or beneficiaries at any time.  
4 If a member designates more than one beneficiary, each shares equally unless the  
5 member specifies a different allocation or preference. The designation of a  
6 beneficiary, a change or revocation of a beneficiary, and a consent to revocation of a  
7 beneficiary shall be made on a form provided by the administrator and is not effective  
8 until filed with the administrator.

9 (c) If a member fails to designate a beneficiary, or if no designated beneficiary  
10 survives the member, the death benefit shall be paid

11 (1) to the surviving spouse or, if there is none surviving;

12 (2) to the surviving children of the member in equal parts or, if there  
13 are none surviving;

14 (3) to the surviving parents in equal parts or, if there are none  
15 surviving;

16 (4) to the estate.

17 (d) A person claiming entitlement to benefits payable under AS 39.35.700 -  
18 39.35.990 as a consequence of a member's death shall provide the administrator with a  
19 marriage certificate, divorce or dissolution judgment, or other evidence of entitlement.  
20 Documents establishing entitlement may be filed with the administrator immediately  
21 after a change in the member's marital status. If the administrator does not receive  
22 notification of a claim before the date 10 days after the member's death, the person  
23 claiming entitlement is not entitled to receive from the division of retirement and  
24 benefits any benefit already paid by the administrator.

25 **Sec. 39.35.860. Rights under qualified domestic relations order.** (a)  
26 Notwithstanding the nonalienation provisions in AS 39.35.900(a), the plan  
27 administrator may direct that benefits be paid to someone other than a member or  
28 beneficiary under a valid qualified domestic relations order that is executed by the  
29 judge of a competent court in accordance with applicable state law and that has been  
30 accepted by the administrator.

31 (b) The administrator shall determine whether an order meets the requirements

1 of this section within a reasonable period after receiving an order. The administrator  
2 shall notify the member and any alternate payee that an order has been received and  
3 indicate to the member and any alternate payee when the order is accepted. A separate  
4 account for the alternate payee portion shall be established as soon as administratively  
5 feasible after the order has been accepted by the administrator.

6 **Sec. 39.35.870. Eligibility to elect medical benefits.** (a) A member is  
7 eligible to elect the medical benefits under AS 39.35.880 if the member

8 (1) has at least 25 years of service as a peace officer or fire fighter or at  
9 least 30 years of service for all other employees; or

10 (2) is 65 years of age and has at least 10 years of service.

11 (b) A member's surviving spouse is eligible to elect medical benefits under  
12 AS 39.35.880 if the member had elected, or was eligible to elect medical benefits at  
13 the time of the member's death.

14 (c) Members shall elect or reject medical benefits on the forms and in the  
15 manner prescribed by the administrator. The decision to elect or reject benefits is  
16 irrevocable.

17 (d) Election of the retiree major medical insurance plan is not required in  
18 order to elect participation in the health reimbursement arrangement.

19 (e) A person eligible to elect medical benefits is not required to participate in  
20 the health reimbursement arrangement in order to elect participation in the retiree  
21 major medical insurance plan.

22 (f) An eligible person must make the irrevocable election to participate or not  
23 participate in the retiree major medical insurance by reaching 70 1/2 years of age, or  
24 upon termination of employment, whichever is later.

25 **Sec. 39.35.880. Medical benefits.** (a) The medical benefits available to  
26 eligible persons are access to the retiree major medical insurance plan and to the  
27 health reimbursement arrangement under AS 39.30.300. Access to the retiree major  
28 medical insurance plan means that an eligible person may not be denied insurance  
29 coverage except for failure to pay the required premium.

30 (b) Retiree major medical insurance plan coverage elected by an eligible  
31 member under this section covers the eligible member, the spouse of the eligible

1 member, and the dependent children of the eligible member.

2 (c) Retiree major medical insurance plan coverage elected by a surviving  
3 spouse of an eligible member under this section covers the surviving spouse and the  
4 dependent children of the eligible member who are dependent on the surviving spouse.

5 (d) Major medical insurance coverage takes effect on the first day of the  
6 month following the date of the administrator's approval of the election and stops  
7 when the person who elects coverage dies or fails to make a required premium  
8 payment.

9 (e) The coverage for persons 65 years of age or older is the same as that  
10 available for persons under 65 years of age. The benefits payable to those persons 65  
11 years of age or older supplement any benefits provided under the federal old age,  
12 survivors and disability insurance program.

13 (f) The medical and optional insurance premiums owed by the person who  
14 elects coverage may be deducted from the health reimbursement arrangement. If the  
15 amount of the health reimbursement arrangement becomes insufficient to pay the  
16 premiums, the person who elects coverage under (a) of this section shall pay the  
17 premiums directly.

18 (g) The cost of premiums for retiree major medical insurance coverage for an  
19 eligible member or surviving spouse who is

20 (1) not eligible for Medicare is an amount equal to the full monthly  
21 group premiums for retiree major medical insurance coverage;

22 (2) eligible for Medicare is the following percentage of the premium  
23 amounts established for retirees who are eligible for Medicare:

24 (A) 30 percent if the member had 10 or more, but less than 15,  
25 years of service;

26 (B) 25 percent if the member had 15 or more, but less than 20,  
27 years of service;

28 (C) 20 percent if the member had 20 or more, but less than 25,  
29 years of service;

30 (D) 15 percent if the member had 25 or more, but less than 30,  
31 years of service;

1 (E) 10 percent if the member had 30 or more years of service.

2 (i) The eligibility for retiree major medical insurance coverage for an alternate  
3 payee under a qualified domestic relations order shall be determined based on the  
4 eligibility of the member to elect coverage. The alternate payee shall pay the full  
5 monthly premium for retiree major medical insurance coverage.

6 (j) A person who is entitled to retiree major medical insurance coverage shall

7 (1) be informed by the administrator in writing

8 (A) that the health insurance coverage available to retired  
9 members may be different from the health insurance coverage provided to  
10 employees;

11 (B) of time limits for selecting optional health insurance  
12 coverage and whether the election is irrevocable; and

13 (2) indicate in writing on a form provided by the administrator that the  
14 person has received the information required by this subsection and whether the  
15 person has chosen to receive optional health insurance coverage.

16 (k) The monthly group premiums for retiree major medical insurance coverage  
17 are established by the administrator in accordance with AS 39.30.095. Nothing in  
18 AS 39.35.700 - 39.35.990 guarantees a person who elects coverage under (a) of this  
19 section a monthly group premium rate for retiree major medical insurance coverage  
20 other than the premium in effect for the month in which the premium is due for  
21 coverage for that month.

22 (l) In this section, "health reimbursement arrangement" means the plan  
23 established in AS 39.30.300.

24 **Sec. 39.35.890. Amendment and termination of plan.** (a) The state has the  
25 right to amend the plan at any time and from time to time, in whole or in part,  
26 including the right to make retroactive amendments referred to in 26 U.S.C. 401(b).

27 (b) The plan administrator may not modify or amend the plan retroactively in  
28 such a manner as to reduce the benefits of any member accrued to date under the plan  
29 by reason of contributions made before the modification or amendment except to the  
30 extent that the reduction is permitted by the Internal Revenue Code.

31 (c) The state may, in its discretion, terminate the plan in whole or part at any

1 time without liability for the termination. If the plan is terminated, all investments  
2 remain in force until all individual accounts have been completely distributed under  
3 the plan, and, after all plan liabilities are satisfied, excess assets revert to the employer.

4 (d) Any contribution made by an employer to the plan because of a mistake of  
5 fact must be returned to the employer by the administrator within one year after the  
6 contribution or discovery, whichever is later.

7 **Sec. 39.35.900. Exclusive benefit.** (a) The corpus or income of the assets  
8 held in trust as required by the plan may not be diverted or used for other than the  
9 exclusive benefit of the participants.

10 (b) If plan benefits are provided through the distribution of annuity or  
11 insurance contracts, any refunds or credits in excess of plan benefits due to dividends,  
12 earnings, or other experience rating credits, or surrender or cancellation credits, shall  
13 be paid to the trust fund.

14 (c) The assets of the plan may not be used to pay premiums or contributions of  
15 the employer under another plan maintained by the employer.

16 **Sec. 39.35.910. Nonguarantee of returns, rates, or benefit amounts.** The  
17 plan created by AS 39.35.700 - 39.35.990 is a defined contribution plan, not a defined  
18 benefit plan. The amount of money in the account of a participant depends on the  
19 amount of contributions and the rate of return from investments of the account that  
20 varies over time. If benefits are paid in the form of an annuity, the benefit amount  
21 payable is dependent on the amount of money in the account and the interest rates  
22 applied and service fees charged by the annuity payor at the time benefits are first  
23 paid. Nothing in this plan guarantees a participant

24 (1) a rate of return or interest rate other than that actually earned by the  
25 account of the participant, less applicable administrative expenses; or

26 (2) an annuity based on interest rates or service charges other than  
27 interest rates available from and service charges by the annuity payor in effect at the  
28 time the annuity is paid.

29 **Sec. 39.35.920. Nonguarantee of employment.** The provisions of  
30 AS 39.35.700 - 39.35.990 are not a contract of employment between an employer and  
31 an employee, nor do they confer a right of an employee to be continued in the

1 employment of an employer, nor are they a limitation of the right of an employer to  
2 discharge an employee with or without cause.

3 **Sec. 39.35.930. Fraud.** A person who knowingly makes a false statement or  
4 falsifies or permits to be falsified a record of this plan in an attempt to defraud the plan  
5 is guilty of a class A misdemeanor.

6 **Sec. 39.35.990. Definitions.** In AS 39.35.700 - 39.35.990, unless the context  
7 requires otherwise,

8 (1) "administrator" means the commissioner of administration or the  
9 commissioner's designee;

10 (2) "alternate payee" means the person for whom an amount has been  
11 separated into an account under a qualified domestic relations order;

12 (3) "annuitant" means a member, beneficiary, or alternate payee who is  
13 receiving a benefit under this plan;

14 (4) "beneficiary" means the person or persons entitled under the  
15 provisions of this plan to receive benefits after the death of a member or alternate  
16 payee;

17 (5) "board" has the meaning given in AS 39.35.680;

18 (6) "calendar year" has the meaning given in AS 39.35.680;

19 (7) "compensation"

20 (A) means

21 (i) the total remuneration earned by an employee for  
22 personal services rendered, including cost-of-living differentials, as  
23 reported on the employee's Federal Income Tax Withholding Statement  
24 (Form W-2) from the employer for the calendar year;

25 (ii) the member contribution to the public employees'  
26 retirement system under AS 39.30.730, employee deferrals under  
27 AS 39.45.010, the wage reduction amount contributed to the Alaska  
28 Supplemental Annuity Plan under AS 39.30.150(a), and the wage  
29 reduction amount contributed to the Alaska Supplemental Benefit Plan  
30 under AS 39.30.150(c), as those statutes may be amended from time to  
31 time;

1 (B) does not include retirement benefits, severance pay or other  
2 separation bonuses, welfare benefits, per diem, expense allowances, workers'  
3 compensation payments, payments for leave not used whether those leave  
4 payments are scheduled payments, lump-sum payments, donations, or cash-ins,  
5 any remuneration contributed by the employer for or on account of the  
6 employee under this plan or under any other qualified or nonqualified  
7 employee benefit plan, any remuneration not specifically included above  
8 which would have been excluded under 26 U.S.C. 3121(a) (Internal Revenue  
9 Code) if the employer had remained in the Federal Social Security System, or  
10 any remuneration paid by the employer in excess of the Social Security  
11 Taxable Wage Base for the calendar year;

12 (C) notwithstanding (B) of this paragraph, includes any amount  
13 that is contributed by the employer under a salary reduction agreement and that  
14 is not includible in the gross income of the employee under 26 U.S.C. 125,  
15 132(f)(4), 402(e)(3), 402(h)(1)(B) or 403(b) (Internal Revenue Code); the  
16 annual compensation limitation for the member, which is so taken into account  
17 for those purposes, may not exceed \$200,000, as adjusted for the cost of living  
18 in accordance with 26 U.S.C. 401(a)(17)(B) (Internal Revenue Code), with the  
19 limitation for a fiscal year being the limitation in effect for the calendar year  
20 within which the fiscal year begins;

21 (8) "dependent child" has the meaning given in AS 39.35.680;

22 (9) "distribution commencement date" has the meaning given in  
23 AS 39.35.840(a);

24 (10) "employer" means

25 (A) the State of Alaska; or

26 (B) a political subdivision or public organization of the state  
27 that participates in the plan;

28 (11) "fund" means the assets of the plan;

29 (12) "individual account" means the total maintained by the plan in an  
30 investment account within the trust fund, established for each member for the purposes  
31 of allocation of the member's contributions, the employer's contributions on behalf of

1 the member, and earnings credited to each of those contributions, investment gains  
2 and losses, and expenses; as well as reporting of the member's benefit under the plan;

3 (13) "Internal Revenue Code" means the Internal Revenue Code of  
4 1986, as amended;

5 (14) "investment funds" means those separate funds that are provided  
6 within and that make up the trust fund and that are established for the purpose of  
7 directing investment through the exercise of the sole control of a member, beneficiary,  
8 or alternate payee under the terms of the plan and trust agreement;

9 (15) "limitation year" means the year for which contributions are made  
10 to a member's individual account as reported to the Internal Revenue Service and as  
11 meets the limits described in 26 U.S.C. 415(c);

12 (16) "member" means an employee of an employer or former  
13 employee of an employer who retains a right to benefits under the plan;

14 (17) "membership service" means full-time or part-time employment  
15 with an employer in the plan;

16 (18) "normal retirement age" means 65 years of age;

17 (19) "participant" means the person who has a vested right to an  
18 individual account, such as a member, an alternate payee if the account is subject to a  
19 qualified domestic relations order, the member's beneficiary if the member is  
20 deceased, or an alternate payee's beneficiary if the alternate payee is deceased;

21 (20) "peace officer" or "fire fighter" has the meaning given in  
22 AS 39.35.680;

23 (21) "plan" means the retirement plan established in AS 39.35.700 -  
24 39.35.990;

25 (22) "prudent investment standard" means the degree of care, skill,  
26 prudence, and diligence under the circumstances then prevailing that a prudent person  
27 acting in a like capacity and familiar with such matters would use in the conduct of an  
28 enterprise of a like character and with like aims;

29 (23) "qualified domestic relations order" means a divorce or  
30 dissolution judgment under AS 25.24, including an order approving a property  
31 settlement, that

1 (A) creates or recognizes the existence of an alternate payee's  
2 right to, or assigns to an alternate payee the right to, receive all or a portion of  
3 an individual account or the benefits payable with respect to a member;

4 (B) sets out the name and last known mailing address, if any, of  
5 the member and of each alternate payee covered by the order;

6 (C) sets out the amount or percentage of the member's benefit,  
7 or of any survivor's benefit, to be paid to the alternate payee, or sets out the  
8 manner in which that amount or percentage is to be determined;

9 (D) sets out the number of payments or period to which the  
10 order applies;

11 (E) sets out the retirement plan to which the order applies;

12 (F) does not require any type or form of benefit or any option  
13 not otherwise provided by AS 39.35.700 - 39.35.990;

14 (G) does not require an increase of benefits in excess of the  
15 amount provided by AS 39.35.700 - 39.35.990; and

16 (H) does not require the payment to an alternate payee of  
17 benefits that are required to be paid to another alternate payee under another  
18 order previously determined to be a qualified domestic relations order;

19 (24) "retiree" means an eligible person who has elected to receive  
20 medical benefits under AS 39.35.880;

21 (25) "surviving spouse" means the spouse of an employee who has  
22 been married to the employee for at least one year at the time of the employee's death;

23 (26) "system" has the meaning given in AS 39.35.680;

24 (27) "year of service" means the equivalent of 52 weeks of permanent  
25 full-time employment which may consist of a combination of permanent full-time or  
26 permanent part-time membership service; in this paragraph, "permanent full-time" and  
27 "permanent part-time" have the meanings given in AS 39.35.680.

28 \* Sec. 103. AS 39.45.030(a) is amended to read:

29 (a) The Alaska Retirement Management [STATE PENSION  
30 INVESTMENT] Board is authorized, subject to contracts with individual employees,  
31 to invest the funds held under a deferred compensation program. The board has the

1 same powers and duties concerning the management and investment in regard to those  
2 funds as are provided under AS 37.10.220 [AS 14.25.180].

3 \* Sec. 104. AS 39.45.030(g) is amended to read:

4 (g) In this section, "board" means the Alaska Retirement Management  
5 [STATE PENSION INVESTMENT] Board.

6 \* Sec. 105. AS 39.45.060 is amended by adding a new paragraph to read:

7 (2) "board" means the trustees of the Alaska Retirement Management  
8 Board established under AS 37.10.210.

9 \* Sec. 106. AS 39.50.200(a)(9) is amended to read:

10 (9) "public official" means

11 (A) a judicial officer;

12 (B) the governor or the lieutenant governor;

13 (C) a person hired or appointed in a department in the  
14 executive branch as

15 (i) the head or deputy head of the department;

16 (ii) the director or deputy director of a division;

17 (iii) a special assistant to the head of the department;

18 (iv) a person serving as the legislative liaison for the  
19 department;

20 (D) an assistant to the governor or the lieutenant governor;

21 (E) the chair or a member of a state commission or board  
22 [OTHER THAN PHYSICIAN MEMBERS OR ALTERNATES OF THE  
23 ALASKA TEACHERS' RETIREMENT BOARD APPOINTED UNDER  
24 AS 14.25.035(a)(2) OR OF THE PUBLIC EMPLOYEES' RETIREMENT  
25 BOARD APPOINTED UNDER AS 39.35.030(d);]

26 (F) state investment officers and the state comptroller in the  
27 Department of Revenue;

28 (G) [REPEALED

29 (H)] the chief procurement officer appointed under  
30 AS 36.30.010;

31 (I) [(I)] the executive director of the Alaska Workforce

1 Investment Board; and

2 (I) [(J)] each appointed or elected municipal officer;

3 \* Sec. 107. AS 39.50.200(b)(54) is amended to read:

4 (54) Alaska Retirement Management [STATE PENSION  
5 INVESTMENT] Board (AS 37.10.210);

6 \* Sec. 108. AS 44.25.020(2) is amended to read:

7 (2) collect, account for, have custody of, invest, and manage all state  
8 funds and all revenues of the state except revenues incidental to a program of licensing  
9 and regulation carried on by another state department, funds managed and invested by  
10 the Alaska Retirement Management [STATE PENSION INVESTMENT] Board,  
11 and as otherwise provided by law;

12 \* Sec. 109. AS 44.25.028(a) is amended to read:

13 (a) The commissioner of revenue may designate employees of the Department  
14 of Revenue who are subject to the provisions of AS 39.50 because of their  
15 responsibility for participating in the management or investment of the funds for  
16 which the Alaska Retirement Management [STATE PENSION INVESTMENT]  
17 Board is responsible.

18 \* Sec. 110. AS 44.25.028(b) is amended to read:

19 (b) If an officer or employee of the Department of Revenue with responsibility  
20 for funds for which the Alaska Retirement Management [STATE PENSION  
21 INVESTMENT] Board is responsible acquires, owns, or controls an interest, direct or  
22 indirect, in an entity or project in which assets under the control of the board are  
23 invested, the officer or employee shall immediately disclose the interest to the board.  
24 The disclosure is a matter of public record and shall be included in the minutes of the  
25 board meeting next following the disclosure. The commissioner shall adopt  
26 regulations to restrict officers and employees of the department from having a  
27 substantial interest in an entity or project in which assets under the control of the board  
28 are invested.

29 \* Sec. 111. AS 44.64.030(a) is amended by adding a new paragraph to read:

30 (36) AS 37.10.210 - 37.10.390 (Alaska Retirement Management  
31 Board).

1 \* Sec. 112. AS 14.25.012(a), 14.25.015, 14.25.020, 14.25.022, 14.25.030, 14.25.035,  
2 14.25.037, 14.25.142, 14.25.170, 14.25.175(e), 14.25.180, 14.25.190, 14.25.220(41);  
3 AS 39.30.175(f); AS 39.35.010, 39.35.011, 39.35.020, 39.35.030, 39.35.040, 39.35.042,  
4 39.35.047, 39.35.060, 39.35.080, 39.35.090, 39.35.480, 39.35.520(c), 39.35.522(c),  
5 39.35.522(e); AS 39.45.025; AS 39.50.200(b)(23), and 39.50.200(b)(29) are repealed.

6 \* Sec. 113. AS 14.25.061(c), 14.25.062; and AS 39.35.350 are repealed.

7 \* Sec. 114. The uncodified law of the State of Alaska is amended by adding a new section  
8 to read:

9 TRANSITION: INITIAL STAGGERED TERMS OF TRUSTEES OF THE  
10 ALASKA RETIREMENT MANAGEMENT BOARD. Notwithstanding AS 37.10.210(c), as  
11 repealed and reenacted by sec. 41 of this Act, the terms of the initially appointed trustees of  
12 the Alaska Retirement Management Board who are not commissioners shall be set by the  
13 governor to achieve staggered terms in the manner provided for nine-member boards by  
14 AS 39.05.055(7).

15 \* Sec. 115. The uncodified law of the State of Alaska is amended by adding a new section  
16 to read:

17 TERMS OF MEMBERS OF THE ALASKA TEACHERS' RETIREMENT BOARD,  
18 AND THE PUBLIC EMPLOYEES' RETIREMENT BOARD. The terms of all board  
19 members appointed to the Alaska Teachers' Retirement Board, and the Public Employees'  
20 Retirement Board expire on the effective date of this section.

21 \* Sec. 116. The uncodified law of the State of Alaska is amended by adding a new section  
22 to read:

23 TERMS OF MEMBERS OF THE ALASKA STATE PENSION INVESTMENT  
24 BOARD. The terms of all board members appointed to the Alaska State Pension Investment  
25 Board expire on September 30, 2005.

26 \* Sec. 117. The uncodified law of the State of Alaska is amended by adding a new section  
27 to read:

28 TRANSITION OF DUTIES BETWEEN ALASKA STATE PENSION  
29 INVESTMENT BOARD AND THE ALASKA RETIREMENT MANAGEMENT BOARD.

30 (a) After the effective date of this section and until September 30, 2005, the Alaska State  
31 Pension Investment Board shall continue to exercise the powers and duties assigned in this

1 Act to the Alaska Retirement Management Board. The Alaska State Pension Investment  
2 Board shall take actions to facilitate the transition of duties formerly assigned to the Alaska  
3 State Pension Investment Board to the duties assigned in this Act to the Alaska Retirement  
4 Management Board. A member of the Alaska Retirement Management Board appointed to  
5 serve as a trustee before September 30, 2005, shall be invited to observe and train with the  
6 Alaska State Pension Investment Board.

7 (b) The Alaska Retirement Management Board may not assume the duties and  
8 responsibilities assigned to the Alaska Retirement Management Board in this Act until  
9 October 1, 2005.

10 \* Sec. 118. The uncodified law of the State of Alaska is amended by adding a new section  
11 to read:

12 TRANSITION. Hearings and other proceedings pending under a law amended or  
13 repealed by this Act or in connection with functions transferred by this Act continue in effect  
14 and may be continued and completed notwithstanding a transfer or amendment or repeal  
15 provided for in this Act. Orders and regulations issued or adopted under authority of a law  
16 amended or repealed by this Act remain in effect for the term issued, or until revoked,  
17 vacated, or otherwise modified under the provisions of this Act. Contracts, rights, liabilities,  
18 and obligations created by or under a law amended or repealed by this Act, and in effect on  
19 the effective date of this section, remain in effect notwithstanding this Act's taking effect.  
20 Records, equipment, appropriations, funds, and other property of boards or agencies of the  
21 state whose functions are transferred under this Act shall be transferred to implement the  
22 provisions of this Act.

23 \* Sec. 119. The uncodified law of the State of Alaska is amended by adding a new section  
24 to read:

25 TRANSITION: REGULATIONS. (a) The Department of Administration may  
26 proceed to develop and adopt regulations required to implement this Act.

27 (b) Regulations adopted by the Department of Administration under this Act relate to  
28 the internal management of a state agency, and the adoption of the regulations is not subject to  
29 AS 44.62 (Administrative Procedure Act).

30 \* Sec. 120. The uncodified law of the State of Alaska is amended by adding a new section  
31 to read:

1 INSTRUCTION REGARDING ALASKA TEACHERS' RETIREMENT SYSTEM  
2 BOARD, ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD, AND  
3 ALASKA STATE PENSION INVESTMENT BOARD. Wherever in the Alaska Statutes and  
4 the Alaska Administrative Code the terms "Alaska Teachers' Retirement System Board,"  
5 "Alaska Public Employees' Retirement System Board," or "Alaska State Pension Investment  
6 Board" are used, they shall be read as "Alaska Retirement Management Board" when to do so  
7 would be consistent with the changes made by this Act.

8 \* Sec. 121. The uncodified law of the State of Alaska is amended by adding a new section  
9 to read:

10 SPECIFIC INSTRUCTIONS TO REVISOR OF STATUTES CONCERNING  
11 SPECIFIC REFERENCES. (a) The revisor of statutes shall change references to "this  
12 chapter" to "AS 14.25.009 - 14.25.220" in the following statutes: AS 14.25.040(b),  
13 14.25.040(c), 14.25.045(a), 14.25.047, 14.25.061(a), 14.25.062, 14.25.063(a), 14.25.075(c),  
14 14.25.105, 14.25.107, 14.25.110(k), 14.25.150(b), 14.25.153, 14.25.160(h), 14.25.165(f),  
15 14.25.166, 14.25.177, 14.25.195, 14.25.200(b), 14.25.205, and 14.25.210, and in 14.25.220 in  
16 each place that the phrase appears.

17 (b) The revisor of statutes shall change the reference to "board" to "administrator" in  
18 the following statutes: AS 14.25.075 and 14.25.130(f).

19 (c) The revisor of statutes shall change the reference to "system" to "plan" in the  
20 following statutes: AS 14.25.040(b), 14.25.040(c), 14.25.045, 14.25.047, 14.25.055,  
21 14.25.060, 14.25.061(a), 14.25.062, 14.25.063(a), 14.25.065, 14.25.070, 14.25.075(c),  
22 14.25.075(d), 14.25.075(g), 14.25.075(h), 14.25.075(i), 14.25.100(a), 14.25.105(c),  
23 14.25.107, 14.25.110, 14.25.125(c), 14.25.143, 14.25.163, 14.25.165(i), 14.25.167(g),  
24 14.25.168, 14.25.169, 14.25.173(a), 14.25.173(d), 14.25.181, 14.25.200, 14.25.210,  
25 14.25.220(1), 14.25.220(4), 14.25.220(7), 14.25.220(14), 14.25.220(20), 14.25.220(22),  
26 14.25.220(23), 14.25.220(31), 14.25.220(34), 14.25.220(36), 14.25.220(37), 14.25.220(42);  
27 AS 39.35.120, 39.35.125, 39.35.160, 39.35.165(a), 39.35.165(c), 39.35.165(d), 39.35.165(e),  
28 39.35.165(g), 39.35.165(h), 39.35.165(i), 39.35.170, 39.35.180, 39.35.195(b), 39.35.195(c),  
29 39.35.250, 39.35.280, 39.35.300(c), 39.35.310(a), 39.35.310(e), 39.35.340(a), 39.35.342(a),  
30 39.35.342(d), 39.35.345(a), 39.35.345(d), 39.35.360(a), 39.35.360(g), 39.35.360(h),  
31 39.35.360(k), 39.35.370(f), 39.35.370(h), 39.35.370(i), 39.35.370(j), 39.35.370(k),

1 39.35.371(i), 39.35.381(b), 39.35.381(g), 39.35.385(c), 39.35.400(e), 39.35.450(g),  
2 39.35.475(a), 39.35.475(d), 39.35.500(a), 39.35.505, 39.35.520(a), 39.35.520(d),  
3 39.35.522(d), 39.35.527(a), 39.35.527(b), 39.35.530, 39.35.535(a), 39.35.535(d), 39.35.550,  
4 39.35.560, 39.35.570, 39.35.580, 39.35.590, 39.35.600, 39.35.610, 39.35.620(a),  
5 39.35.620(h), 39.35.650, 39.35.670, 39.35.675(a), 39.35.680(1), 39.35.680(5), 39.35.680(9),  
6 39.35.680(12), 39.35.680(15), 39.35.680(16), 39.35.680(17), 39.35.680(20),  
7 39.35.680(21)(A), 39.35.680(29), 39.35.680(32), 39.35.680(33), and 39.35.680(35).

8 (d) The revisor of statutes shall change the reference to "board" to "commissioner" in  
9 the following statutes: AS 39.35.290, 39.35.522(a), 39.35.522(b), and 39.35.522(d).

10 (e) The revisor of statutes shall change references to "this chapter" to "AS 39.35.095 -  
11 39.35.680" in the following statutes: AS 39.35.165, 39.35.200, 39.35.250, 39.35.300,  
12 39.35.340, 39.35.350, 39.35.360, 39.35.370, 39.35.371, 39.35.375, 39.35.381, 39.35.490,  
13 39.35.495, 39.35.505, 39.35.530, 39.35.546, 39.35.547, 39.35.615(c), 39.35.620(e),  
14 39.35.660, 39.35.675(b), 39.35.677, and 39.35.680.

15 (f) The revisor of statutes shall renumber AS 39.35.690 to follow AS 39.35.990.

16 \* Sec. 122. The uncodified law of the State of Alaska is amended by adding a new section  
17 to read:

18 IMPLEMENTATION OF SECTIONS 120 and 121 OF THIS ACT. Under  
19 AS 01.05.031, the revisor of statutes shall implement secs. 120 and 121 of this Act in the  
20 Alaska Statutes, and, under AS 44.62.125(b)(6), the regulations attorney shall implement secs.  
21 120 and 121 of this Act in the administrative code.

22 \* Sec. 123. Sections 11, 12, 14, 15, 18, 71 - 76, 89, 97, and 113 of this Act take effect  
23 June 30, 2010.

24 \* Sec. 124. Section 122 of this Act takes effect immediately under AS 01.10.070(c).

25 \* Sec. 125. Except as provided in secs. 123 and 124 of this Act, this Act takes effect July 1,  
26 2005.

UNIVERSITY OF ALASKA  
Statewide Office of Human Resources

Comment of Fiscal Impact of Proposed University Amendments to the Optional  
Retirement Program

April 5, 2005

With passage of this bill, as amended at the request of the University, it is anticipated that avoided cost up to \$200,000 can be achieved in FY06.

In subsequent years, subject to consultation and decision by the University's Board of Regents to modify the plan with added discretion provided by the bill, it is anticipated the cost avoidance will reach \$1 million per year, for cumulative cost avoidance nearing \$10 million over the next several years.

Respectfully Submitted by:



Jim Johnson  
Vice President for Faculty and Staff Relations

FAX TO : 907-465-3805

**SB**

**141**

**(FILE 2)**

SFIN

FILE

Senate Finance Committee  
SB 141 - PERS/TRS  
AMENDMENTS

AMEND #	SPONSOR	TOPIC	MOVED	OBJECT	AMEND	VOTE	ADOPT
1	Olson	G.I Board	Olson	Green		2-5 Failed	
2	Green	tech. commissions Pg 4 lines 22-31 ...	Green	Stedman/ removed			✓
3	Green	COLA	Green	Green/ removed			✓
4	Green	Rest by pol. subv. + Pub. organization for resolution	Green	Stedman/ removed			✓
5	Stedman	recognized competence	Stedman	Green/ removed	*		✓
6	Green	"the same" "participating"	Green	Bundel/ removed			✓
7	Green	non-vested TRS	Green	Green/ removed	*		✓
8	Green	list of members	Green	Green/ removed			✓
9	Stedman	fiscal note	Stedman	Green	Withdrawn		
10	Wilken	contract annual review	Wilken	Green	Withdrawn		
11	Stedman	financial condition	Stedman	none			✓
12	Stedman	intent language	Stedman	Green/ removed	*		✓
13	Stedman	contribute	Stedman	Green/ removed			✓
14	Hoffman + Olson	delete "three" insert "two" re. amend. #1	Olson	Green		3-5 Failed	
10A	Wilken		Wilken	none			✓
15	Hoffman	conceptual	Hoffman	Green		2-4-1 Failed	✓
16	Green		Green	none			✓
17	Green	"new paragraphs"	Green	Green/ removed			✓
18	Green	Pg 92 22-25	Green	Green/ removed			✓
19	Green	Pg 11 Ins	Green	Green/ removed			✓
20	Green	University	Green	Green/ removed			✓
X							

SENATE FINANCE  
COMMITTEE

Amendment Number: #1  
Bill Number: SB 141  
Sponsor: Olson Date: 4/3/05  
Logged In By: Mindy

24-LS0637\G.1  
Craver  
4/1/05

AMENDMENT

Conform. to  
Version "F"

OFFERED IN THE SENATE

BY SENATOR OLSON

TO: SB 141

1 Page 36, line 27, through page 38, line 6:

2 Delete all material and insert:

3 "(b) The Alaska Retirement Management Board consists of nine trustees. The  
4 commissioner of administration and the commissioner of revenue shall serve on the  
5 board. Four trustees shall be appointed by the governor and three shall be elected  
6 from the membership of state retirement systems.

7 (c) The governor shall appoint four trustees who meet the eligibility  
8 requirements for an Alaska permanent fund dividend and who are professionally  
9 credentialed or have recognized competence in investment management, finance,  
10 banking, economics, accounting, pension administration, or actuarial analysis as  
11 follows:

12 (1) two trustees shall be appointed from the general public; a trustee  
13 appointed under this paragraph may not hold another state office, position, or  
14 employment and may not be a member or beneficiary of a retirement system managed  
15 by the board;

16 (2) one trustee shall be employed as a finance officer for a political  
17 subdivision participating in the public employees' retirement system;

18 (3) one trustee shall be employed as a finance officer for a political  
19 subdivision participating in the teachers' retirement system.

20 (d) Two trustees shall be members of the public employees' retirement system  
21 elected by members of the public employees' retirement system. One trustee shall be a  
22 member of the teachers' retirement system elected by members of the teachers'  
23 retirement system. Elections shall be conducted by the board. The candidate who

1 receives the most votes cast in the election is elected to the seat. If two seats are to be  
2 filled at the election, the candidate who receives the highest number of votes cast and  
3 the candidate who receives the second highest number of votes cast are elected to the  
4 seats. The term of office of an elected member is three years. The governor shall fill  
5 a vacancy in an unexpired elective term by appointment for the period remaining  
6 before the next regularly scheduled election held under this subsection. The term  
7 limitations of (e)(1) of this section do not apply to trustees elected under this  
8 subsection.

9 (e) The trustees appointed under (c) of this section

10 (1) shall serve for staggered terms of three years and may be  
11 reappointed to the board for a total of three consecutive terms, a person who has  
12 served three consecutive terms may not be reappointed to the board for at least one  
13 year;

14 (2) may be removed by the governor for cause by written notice, after  
15 a trustee receives written notice of removal, the trustee may not participate in board  
16 business and may not be counted for purposes of establishing a quorum.

17 (f) A vacancy on the board of trustees appointed to the board under (e)(2) of  
18 this section shall be promptly filled. A person filling a vacancy holds office for the  
19 balance of the unexpired term of the person's predecessor, and the balance of the  
20 unexpired term served is not included in the three-term limitation under (e)(1) of this  
21 section. A vacancy on the board does not impair the authority of a quorum of the  
22 board to exercise all the powers and perform all the duties of the board.

23 (g) Five trustees constitute a quorum for the transaction of business and the  
24 exercise of the powers and duties of the board.

25 (h) A trustee may not designate another person to serve on the board in the  
26 absence of the trustee.

27 (i) The board shall provide annual training to its members on the duties and  
28 powers of a fiduciary of a state fund and other training as necessary to keep the  
29 members of the board educated about pension management and investment.

30 (j) The board shall elect a trustee to serve as chair and a trustee to serve as  
31 vice-chair for one-year terms. A trustee may be reelected to serve additional terms as

1 chair or vice-chair."

2

3 Page 90, lines 19 - 26:

4 Delete all material and insert:

5 "\*\* Sec. 112. The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 TRANSITION: INITIAL STAGGERED TERMS OF TRUSTEES OF THE  
8 ALASKA RETIREMENT SECURITY AND PORTABILITY BOARD. (a) Notwithstanding  
9 AS 37.10.210(e), as repealed and reenacted by sec. 40 of this Act, in making the initial  
10 appointments under AS 37.10.210(c), as repealed and reenacted by sec. 40 of this Act, the  
11 governor shall appoint one member for one year, one member for two years and two members  
12 for three years.

13 (b) Notwithstanding AS 37.10.210(d), as repealed and reenacted by sec. 40 of this  
14 Act, the initial term of the candidate who receives the highest number of votes cast in a two-  
15 seat election shall be elected to a three-year term, and the candidate in a two-seat election who  
16 receives the second highest number of votes cast shall be elected to a one-year term. The  
17 initial term of a candidate who receives the highest number of votes cast in a one seat election  
18 shall be two years."

## OLSON AMENDMENT TO SB 141

### RATIONALE

I offer my amendment to SB 141 for two purposes.

The first would adjust the membership on the new Alaska Retirement Management Board to increase number of trustees who are simply members of the PERS from one to two (page 37, line 11) and correspondingly decrease the number of general public trustees from three to two (page 37, line 3). This part of the amendment, I believe, brings more balance to the board. Furthermore, the relative numbers in the attached tabulation of the current membership in the PERS and TRS systems more than justifies an additional PERS trustee.

The second part of the amendment would continue the practice of active and retired employees selecting their own representation on retirement boards. The election process has worked well in the past in finding people who have the interest, ability and experience to serve on this type of board.

I believe the adoption of this amendment will greatly improve the management and labor partnership that is absolutely necessary for the successful operation of our public employees' retirement systems.

## PUBLIC EMPLOYEES' / TEACHERS' RETIREMENT SYSTEM INFORMATION BRIEFING

SUBJECT: PERS / TRS Tier Classification Medical Benefits

DATE: JANUARY 10, 2005

NOTE: AS OF DECEMBER 2004 THERE ARE 27,095 PERS/TRS MEMBERS RECEIVING A RETIREMENT AND MEDICAL BENEFIT. IN ADDITION, THERE ARE 24,947 COVERED DEPENDENTS FOR A TOTAL OF 52,042 MEMBERS AND DEPENDENTS WITH MEDICAL COVERAGE.

PERS	Tier 1	Tier 2	Tier 3	Total
Active	7,916	9,086	16,878	33,880
Deferred Vested	2,864	2,785	393	6,042
Deferred	1,871	3,079	7,188	12,138
Retired	17,352	2,041	101	19,494
<b>Total</b>	<b>30,003</b>	<b>16,991</b>	<b>24,560</b>	<b>71,554</b>
Medical Benefits	System paid medical benefits for all benefit recipients and their eligible dependents.  Eligible after vesting and normal retirement age of 55 or early retirement at age 50.	System paid medical benefits for Police / Firefighters after 25 years or "all others" at 30 years of service.  Eligible after vesting and age 60. Under 60 must pay premium.  Disabilitants, regardless of age receive medical coverage.	System paid medical benefits for Police and Firefighters after 25 years or "all others" at 30 years of service.  Eligible at age 60 after vesting; 10 years of credited service to qualify. Under age 60 must pay premium.  Disabilitants, regardless of age receive medical coverage.	

TRS	Tier 1	Tier 2	Total
Active	3,204	7,037	10,241
Deferred Vested	404	259	663
Deferred	601	1,947	2,548
Retired	8,462	184	8,646
<b>Total</b>	<b>12,671</b>	<b>9,427</b>	<b>22,098</b>
Medical Benefits	System paid Medical benefits for all benefit recipients and their eligible dependents.  Eligible after vesting and normal retirement age of 55 or early retirement at age 50.	System paid medical benefits for teachers after 25 years of service.  Eligible after vesting and age 60. Under 60 must pay premium. Disabilitants, regardless of age receive medical coverage.	

(Above member counts for both systems are as of October 11, 2004)

Note: Medical benefits account for a significant portion of the Systems liabilities.

PERS: 40% of accrued liability and 28% of accrued liability for TRS.

# LEGAL SERVICES

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

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

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

## MEMORANDUM

April 1, 2005

**SUBJECT:** Amendment G.1 to SB 141 (Work Order No. 24-LS0637\G.1)

**TO:** Senator Donny Olson  
Attn: David Gray

**FROM:** Barbara R. Craver *BRC*  
Legislative Counsel

Enclosed is the amendment to SB 141 you requested. Please be aware that the "public employees' retirement system" (PERS) under this bill will consist of members in two distinctly different retirement plans: the defined benefits plan and the defined contribution plan. This is also true of the members of the teachers' retirement system (TRS). Under this amendment the membership of PERS and TRS will each elect two and one trustee respectively. If you felt that the interests of members of defined benefit and defined contribution plans were different enough to require separate representation, the PERS trustees could be elected by members of each plan separately. With only one TRS representative, this solution would not work. Also, the transition under sec. 112 has been modified; please let me know if you would prefer different transition provisions.

If I may be of further assistance, please advise.

BRC:med  
05-227.med

Enclosure

SENATE FINANCE COMMITTEE  
4 / 3 / 2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	# 1		
Motion	adopt		
<u>Motion by</u>	Olson		
<u>Objection by</u>	Green		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Bunde			✓
Senator Dyson			✓
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stedman			✓
Co-Chair Wilken			✓
Co-Chair Green			✓
<u>Tally</u>			
Yea		2	
Nay		5	
Absent		1	
<b>MOTION</b>			<b>Fail</b>

AMENDMENT

OFFERED IN THE SENATE  
TO: CSSB 141(FIN) WORK DRAFT VERSION "F"

BY SENATOR GREEN

Page 14, lines 22-31:

Delete all material.

Page 16, line 28, following "a":

Delete: "contribution to a member's individual account"

Insert: "member's defined contribution plan contributions"

Page 21, line 11, following "AS":

Delete: "14.25.410"

Insert: "14.25.430"

Page 31, line 26, following "14.25.490,":

Delete: "determined on the basis of actuarial value;

Page 33, line 28, following "AS 14.25.150(b),":

Delete: "14.25.390"

Insert: "14.25.360"

Page 46, line 8, following "AS 37.10.210":

Insert: "AS 37.10.220"

Page 49, line 11, following "before":

Delete: "application and eligibility for normal retirement"

Insert: "meeting the eligibility requirements of AS 14.25.470 or AS 39.35.870"

Page 49, following line 20:

Insert: "Dependent children of an eligible member, until such time as those persons no longer meet the definition of a dependent child, are eligible for reimbursements if the eligible member and surviving spouse have both died."

Page 70, line 23, following "account":

Delete: "in"

Page 71, following line 22:

Insert: "entering the plan"

Page 77, line 20, following "AS":

Delete: "39.35.830"

Insert: "39.35.810"

Page 83:

Re-letter subsections (i), (j), (k), and (l) to (h), (i), (j), and (k).

Page 85, line 26, following "AS":

Delete: "39.30.730"

Insert: "39.35.730"

Page 92, line 25, following "Administration":

Insert: "and the Department of Revenue"

Page 92, line 27, following "Administration":

Insert: "and the Department of Revenue"

SENATE FINANCE COMMITTEE  
4 / 3 / 2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment:	#2		
Motion	adopt		
<u>Motion by</u>	Green		
<u>Objection by</u>	Stedman		
Removed	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stedman			
Senator Bunde			
Co-Chair Wilkerson			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>	<b>Pass</b>		

Amendment Number: #3  
Bill Number: SB 141  
Sponsor: Green Date: 4/3/08  
Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 141(FIN), Draft Version "F"

adopted

Cost of Living Adjustment

References to AS 14.25.142 and AS 39.35.480 should be removed from the Repealer Instruction in Sec. 112. The Reviser of Statutes is instructed to make conforming amendments in order to continue COLA payments.

SENATE FINANCE COMMITTEE  
4 / 3 / 2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	# 3		
Motion	<del>adopt</del>		
<u>Motion by</u>	Green		
<u>Objection by</u>	Green		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Hoffman			
Senator Olson			
Senator Stedman			
Senator Bunde			
Senator Dyson			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>	Pass		

SENATE FINANCE  
COMMITTEE  
Amendment Number: #4  
Bill Number: SB 141  
Sponsor: Green Date: 4/3/05  
Logged In By: Mindy

24-LS0637/F.1  
Craver  
4/2/05

*adopted*

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 141(FIN), Draft Version "F"

1 Page 1, line 8, following "hearings;":

2 Insert "providing for political subdivisions and public organizations to request to  
3 participate in the public employees' defined contribution retirement plan;"

4

5 Page 85, following line 5:

6 Insert new sections to read:

7 "Sec. 39.35.940. Request by political subdivision to participate and  
8 adoption of resolution. A municipality or other political subdivision of the state may  
9 request to become an employer in this plan. The request shall be made after adoption  
10 of a resolution by the legislative body of the political subdivision and after approval of  
11 the resolution by the person required by law to approve the resolution. A certified  
12 copy of the resolution shall be filed with the administrator. If the administrator  
13 approves the request for participation, the political subdivision is an employer of the  
14 plan.

15 Sec. 39.35.945. Request by public organization to participate and  
16 adoption of resolution. A public organization may request to become an employer in  
17 this plan. The request shall be made after adoption of a resolution by the governing  
18 body of the public organization. A certified copy of the resolution shall be filed with  
19 the administrator. If the administrator approves the request for participation, the  
20 public organization is an employer of the plan."

SENATE FINANCE COMMITTEE  
4/13/2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	#4		
Motion	adopt		
<u>Motion by</u>	Green		
<u>Objection by</u>	Stedman		
Removed	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Olson			
Senator Stedman			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>	<b>Pass</b>		

Amended  
AMENDMENT

SENATE FINANCE  
COMMITTEE  
Amendment Number: #5  
Bill Number: SB 141  
Sponsor: Stedman Date: 4/3/05  
Logged In By: Minda  
adopted  
BY SENATOR STEDMAN

OFFERED IN THE SENATE FINANCE COMMITTEE

TO: CS SB 141 (FIN) (Version F)

Page 42 following Line 6, insert new subsection to read:

(3) "recognized competence" means a minimum of ten years professional experience in the fields of investment management, finance, banking, economics, accounting, pension administration or actuarial analysis.

insert "Working or teaching"

SENATE FINANCE  
COMMITTEE

Amendment Number: #5  
Bill Number: SB 141  
Sponsor: Stedman Date: 4/3/05  
Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE FINANCE COMMITTEE

BY SENATOR STEDMAN

TO: CS SB 141 (FIN) (Version F)

Page 42 following Line 6, insert new subsection to read:

(3) "recognized competence" means a minimum of ten years professional experience in the fields of investment management, finance, banking, economics, accounting, pension administration or actuarial analysis.

SENATE FINANCE COMMITTEE  
4 / 3 / 2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	# 5		
Motion	adopt		
<u>Motion by</u>	Stedman		
<u>Objection by</u>	Green		
Removed	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Stedman			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Co-Chair Wilken			
Co-Chair Green			
<u>Ta..y</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>			

SENATE FINANCE COMMITTEE  
4/3/2005 COMMITTEE ACTION

Bill Number	SB KI		
Amendment	#5		
Motion	amend		
<u>Motion by</u>	Stedman		
<u>Objection by</u>			
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Stedman			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

SENATE FINANCE  
COMMITTEE

Amendment Number: #6  
Bill Number: SB 141  
Sponsor: Green Date: 4/3/05  
Logged In By: Mindy

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 141(FIN) WORK DRAFT VERSION "F"

Page 49, line 14, following "with":

Delete: "the same"

Insert: "a participating"

Page 49, following line 15:

Delete: "and if the employer is still a participating employer."

SENATE FINANCE COMMITTEE  
4/3/2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	#6		
Motion	adopt		
<u>Motion by</u>	Green		
<u>Objection by</u>	Bunde		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stedman			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>	<b>Pass</b>		

SENATE FINANCE  
COMMITTEE #7  
Amendment Number: 7  
Bill Number: SB 141  
Sponsor: Green Date: 4/3/05  
Logged In By: Mindy

24-LS0637\F.2\*  
Craver  
4/2/05

AMENDMENT

adopted  
as amended\*

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSHB 141(FIN), Draft Version "F"

1 Page 1, line 8, following "hearings;":

2 Insert "providing for non-vested members of the teachers' retirement system  
3 defined benefit plans to transfer into the teachers' retirement system defined  
4 contribution plan; and for non-vested members of the public employees' retirement  
5 system defined benefit plans to transfer into the public employees' retirement system  
6 defined contribution plan;"

7

8 Page 13, line 11, following "July 1, 2005":

9 Insert ", or to members who transfer into the defined contribution plan under  
10 AS 14.25.540"

11

12 Page 28, following line 26:

13 Insert a new section to read:

14 "Sec. 14.25.540. Transfer into defined contribution plan by non-vested  
15 members of defined benefit plan. (a) An active member of the defined benefits  
16 retirement plan of the teachers' retirement system is eligible to participate in the  
17 defined contribution retirement plan established under AS 14.25.310 - 14.25.590, if  
18 that member has not vested. Participation in the defined contribution retirement plan  
19 is in lieu of participation in the defined benefits plan established under AS 14.25.009 -  
20 14.25.220.

21 (b) A member who has vested in a defined benefits retirement plan is not  
22 eligible to transfer under this section.

23 (c) Each eligible member who elects to participate in the defined contribution

\* NOTE: amendment submitted with handwritten changes  
also: 'conceptual changes made' on the record

1 retirement plan shall have transferred to a new account the present value of the  
2 member contribution account balance held in trust for the member under the defined  
3 benefits retirement plan of the teachers' retirement system. A matching employer  
4 contribution shall be made on behalf of that employee to the new account. Upon  
5 transfer of the member contribution account balance, all service credit previously  
6 earned under the defined benefits plan shall be nullified for purposes of entitlement to  
7 a future benefit under the defined benefits plan, but shall be credited for purposes of  
8 eligibility to elect medical benefits under AS 14.25.470. An eligible member whose  
9 accounts are subject to a qualified domestic relations order may not make an election  
10 to participate in the defined contribution retirement plan under this section unless the  
11 qualified domestic relations order is amended or vacated and court-certified copies of  
12 the order are received by the administrator.

13 (d) As directed by the participant, the board shall transfer or cause to be  
14 transferred the appropriate amounts to the designated account. The board shall  
15 establish transfer procedures by regulation, but the actual transfer may not be later  
16 than 30 days after the effective date of the member's participation in the defined  
17 contribution retirement plan unless the major financial markets for securities available  
18 for a transfer are seriously disrupted by an unforeseen event that also causes the  
19 suspension of trading on any national securities exchange in the country where the  
20 securities were issued. In that event, the 30-day period of time may be extended by a  
21 resolution of the board of trustees. Transfers are not commissionable or subject to  
22 other fees and may be in the form of securities or cash as determined by the board.  
23 Securities shall be valued as of the date of receipt in the participant's account.

24 (e) If the board or the administrator receives notification from the United  
25 States Department of the Treasury, Internal Revenue Service, that this section or a  
26 portion of this section will cause the retirement system, or a portion of the retirement  
27 system, to be disqualified for tax purposes under the Internal Revenue Code, the  
28 portion that will cause the disqualification does not apply and the board and the  
29 administrator shall notify the presiding officers of the legislature.

30 (f) The election to participate in the defined contribution retirement plan must  
31 be made in writing on forms and in the manner prescribed by the administrator.

1 Before accepting an election to participate in the defined contribution plan, the  
 2 administrator must provide the employee planning on making an election to participate  
 3 in the defined contribution plan with information including calculations to illustrate  
 4 the effect of moving the employee's retirement plan from the defined benefit plan to  
 5 the defined contribution plan as well as other information to clearly inform the  
 6 employee of the potential consequences of the employee's election. An election made  
 7 under this section to participate in the defined contribution retirement plan is  
 8 irrevocable. Upon making the election, the participant shall be enrolled as a member  
 9 of the defined contribution retirement plan, the member's participation in the plan shall  
 10 be governed by the provisions of AS 14.25.310 - 14.25.590 and the member's  
 11 participation in the defined benefits retirement plan under AS 14.25.009 - 14.25.220  
 12 shall terminate. The participant's enrollment in the defined ~~retirement~~<sup>contribution</sup> ~~contribution~~  
 13 plan shall be effective the first day of the month after the administrator receives the  
 14 completed enrollment forms. An election made by an eligible member who is married  
 15 is not effective unless the election is signed by the individual's spouse.

16 (g) In this section,

17 (1) "defined benefits retirement plan" means the retirement plan  
 18 established in AS 14.25.009 - 14.25.220;

19 (2) "defined contribution retirement plan" means the retirement plan  
 20 established in AS 14.25.310 - 14.25.590."

21  
 22 Page 70, line 2 following "July 1, 2005":

23 Insert ", or to members who transfer into the defined contribution plan under  
 24 AS 39.35.940"

25  
 26 Page 85, following line 5:

27 Insert a new section to read:

28 "Sec. 39.35.940. Transfer into defined contribution plan by non-vested  
 29 members of defined benefit plan. (a) Subject to (g) of this section, an active  
 30 member of the defined benefits retirement plan of the public employees' retirement  
 31 system is eligible to participate in the defined contribution retirement plan established

1 under AS 39.35.700 - 39.35.990, if that member has not vested. Participation in the  
2 defined contribution retirement plan is in lieu of participation in the defined benefits  
3 plan established under AS 39.35.095 - 39.35.680.

4 (b) A member who has vested in a defined benefits retirement plan is not  
5 eligible to transfer under this section.

6 (c) Each eligible member who elects to participate in the defined contribution  
7 retirement plan shall have transferred to a new account the present value of the  
8 member contribution account balance held in trust for the member under the defined  
9 benefits retirement plan of the public employees' retirement system. A matching  
10 employer contribution shall be made on behalf of that employee to the new account.  
11 Upon transfer of the member contribution account balance, all service credit  
12 previously earned under the defined benefits plan shall be nullified for purposes of  
13 entitlement to a future benefit under the defined benefits plan, but shall be credited for  
14 purposes of eligibility to elect medical benefits under AS 39.35.870. An eligible  
15 member whose accounts are subject to a qualified domestic relations order may not  
16 make an election to participate in the defined contribution retirement plan under this  
17 section unless the qualified domestic relations order is amended or vacated and court-  
18 certified copies of the order are received by the administrator.

19 (d) As directed by the participant, the board shall transfer or cause to be  
20 transferred the appropriate amounts to the designated account. The board shall  
21 establish transfer procedures by regulation, but the actual transfer may not be later  
22 than 30 days after the effective date of the member's participation in the defined  
23 contribution retirement plan unless the major financial markets for securities available  
24 for a transfer are seriously disrupted by an unforeseen event that also causes the  
25 suspension of trading on any national securities exchange in the country where the  
26 securities were issued. In that event, the 30-day period of time may be extended by a  
27 resolution of the board of trustees. Transfers are not commissionable or subject to  
28 other fees and may be in the form of securities or cash as determined by the board.  
29 Securities shall be valued as of the date of receipt in the participant's account.

30 (e) If the board or the administrator receives notification from the United  
31 States Department of the Treasury, Internal Revenue Service, that this section or a

1 portion of this section will cause the retirement system, or a portion of the retirement  
2 system, to be disqualified for tax purposes under the Internal Revenue Code, the  
3 portion that will cause the disqualification does not apply, and, the board and the  
4 administrator shall notify the presiding officers of the legislature.

5 (f) The election to participate in the defined contribution retirement plan must  
6 be made in writing on forms and in the manner prescribed by the administrator.  
7 Before accepting an election to participate in the defined contribution plan, the  
8 administrator must provide the employee planning on making an election to participate  
9 in the defined contribution plan with information including calculations to illustrate  
10 the effect of moving the employee's retirement plan from the defined benefit plan to  
11 the defined contribution plan as well as other information to clearly inform the  
12 employee of the potential consequences of the employee's election. An election made  
13 under this section to participate in the defined contribution retirement plan is  
14 irrevocable. Upon making the election, the participant shall be enrolled as a member  
15 of the defined contribution retirement plan, the member's participation in the plan shall  
16 be governed by the provisions of AS 39.35.700 - 39.35.990, and the member's  
17 participation in the defined benefits retirement plan under AS 39.35.095 - 39.35.680  
18 shall terminate. The participant's enrollment in the defined retirement contribution  
19 plan shall be effective the first day of the month after the administrator receives the  
20 completed enrollment forms. An election made by an eligible member who is married  
21 is not effective unless the election is signed by the individual's spouse.

22 (g) A member may make an election under this section only if the member's  
23 employer participates in both the defined benefits retirement plan and the defined  
24 contribution retirement plan and consents to transfers under this section. The  
25 employer shall notify the administrator if the employer consents to allowing the  
26 employer's members to chose to transfer from the defined benefits retirement plan to  
27 the defined contribution retirement plan under this section. An employer's notice to  
28 allow transfers is irrevocable and applicable to all eligible employees of the employer.

29 (h) In this section,

30 (1) "defined benefits retirement plan" means the retirement plan  
31 established in AS 39.35.095 - 39.35.680;

1 (2) "defined contribution retirement plan" means the retirement plan  
2 established in AS 39.35.700 - 39.35.990."

SENATE FINANCE COMMITTEE  
4/3/2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	#7		
Motion	adopt - as amended		
	partially conceptual		
<u>Motion by</u>	Green		
<u>Objection by</u>	Green		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stedman			
Senator Bunde			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

AMENDMENT

OFFERED IN THE SENATE

adopted  
BY SENATOR GREEN

TO: CSSB 141(FIN) WORK DRAFT VERSION "F"

Instruct the legislative drafter to duplicate the following sections of AS 14.25 and AS 39.35 specific to the existing retirement tiers that should also be applied to the new tier:

- AS 14.25.040(b) and (c). Legislators who were teachers.
- AS 14.25.045. Participation by National Education Association employees.
- AS 14.25.047. Participation by Special Education Service Agency employees.
- AS 39.35.131. Membership in teachers' and public employees' retirement systems.
- AS 39.35.153. Army and air national guard employees.
- AS 39.35.154. North Pacific Fishery Management Council employees.
- AS 39.35.158. Administrative director of courts.

The legislative drafter is granted the discretion to make these sections conform to the concept of the defined contribution retirement plan and to make any other changes necessary as a result of adding these new sections.

**Sec. 14.25.040. Membership.**

(b) A state legislator who was an active member of this system under other sections of this chapter within the 12 months immediately preceding election to office may elect to be an active member of this system for as long as the state legislator serves continuously as a state legislator subject to the requirements of (c) of this section, if, within 90 days after taking the oath of office,

(1) the state legislator directs the employer in writing to

(A) pay into this system the employer contributions required for a member under this chapter; and

(B) deduct from the state legislator's salary and pay into this system

(i) the employee contributions required for a member under this chapter; and

(ii) an amount equal to the difference between the total employer and state contributions required for a member under this chapter and the employer contributions which would be required under the public employees' retirement system (AS 39.35) if the legislator were covered under that system; and

(2) notice is given the administrator in writing.

(c) A state legislator is not entitled to elect membership under (b) of this section if the state legislator is covered for the same period of service under the public employees' retirement system (AS 39.35). An election of membership under (b) of this section is retroactive to the date the state legislator took the oath of office. A state legislator may not receive membership credit under (b) of this section for legislative service performed before the legislative session during which the state legislator elected membership under (b) of this section. In order to continue in membership service under (b) of this section, the state legislator must earn at least 0.3 years of membership service under other sections of this chapter during each five-year period.

**Sec. 14.25.045. Participation by National Education Association employees.**

(a) An employee or former employee of the National Education Association of Alaska may participate in the system under this chapter if

(1) the employee or former employee possesses or is eligible to possess a teacher certificate under AS 14.20.020; and

(2) the employee or former employee of the National Education Association of Alaska pays all retroactive contributions required to be made under this chapter.

(b) For purposes of computing the period of time for which retroactive contributions may be due, an employee or former employee may count employment with the National Education Association of Alaska since July 1, 1956.

**Sec. 14.25.047. Participation by Special Education Service Agency employees.**

An employee of the Special Education Service Agency may participate in the system under this chapter if

(1) the employee possesses or is eligible to possess a teacher certificate under AS 14.20.020; and

(2) the employee pays all retroactive contributions required to be made under this chapter.

**Sec. 39.35.131. Membership in teachers' and public employees' retirement systems.**

(a) A person who is employed at least half-time in the system during the same period that the person is employed at least half-time in a position in the teachers' retirement system under AS 14.25 shall receive credited service under each system for half-time employment. However, the amount of credited service a person receives under the system during a school year may not exceed the amount necessary, when added to the amount of credited service earned during the school year under the teachers' retirement system, to equal one year of credited service.

(b) A person who was employed at least half-time in a position in the teachers' retirement system under AS 14.25 in the same period that the person was employed at least half-time in a position in this system may claim credited service in both systems for employment before May 31, 1989. To obtain this credited service, the person shall claim the service and verify the period of half-time employment. When eligibility for half-time service credit has been established, an indebtedness shall be determined to the retirement system in which the person did not participate. The amount of the indebtedness is the full actuarial cost of providing benefits for the credited service claimed. Interest prescribed by regulation accrues on that indebtedness beginning on the later of July 1, 1989, or the date on which the member is first eligible to claim the service. Any outstanding indebtedness existing at the time the person retires will require an actuarial adjustment to the benefits payable based on that service.

**Sec. 39.35.153. Army and air national guard employees.**

A regular full-time civilian employee of the Alaska Army National Guard and Air National Guard, whose entire salary is paid from allotted federal funds, is included in this system, if the federal or state government pays the employer's contributions. If the amount that the federal government may legally contribute to the system is lower than the required employer's contribution, the state government shall contribute the difference. If

the employer's contributions are not paid when due, service credit for the period of delinquency may not be granted until the contributions are paid.

**Sec. 39.35.154. North Pacific Fishery Management Council employees.**

An employee of the North Pacific Fishery Management Council appointed under 16 U.S.C. 1852(f)(1) (Sec. 302(f)(1) of P. L. 94-265), whose compensation is paid from allotted federal funds, is included in the system if the council pays the employer's contributions. If the employer's contributions are not paid when due, credited service for the period of delinquency may not be granted until the contributions are paid.

**Sec. 39.35.158. Administrative director of courts.**

An administrative director of the Alaska court system who withdraws from the judicial retirement system under AS 22.25.012 is eligible for membership in the system and shall receive credited service in the system for service rendered as administrative director. To be eligible for membership in the system under this subsection, the administrative director must contribute to the system

(1) the amount the director would have contributed if the director had been a member during the director's period of membership in the judicial retirement system; and

(2) any contributions for services as administrative director refunded by the system at the time the director became a member of the judicial retirement system.

SENATE FINANCE COMMITTEE  
4 / 3 / 2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	#8		
Motion	adopt		
<u>Motion by</u>	Green		
<u>Objection by</u>	Green		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Hoffman			
Senator Olson			
Senator Stedman			
Senator Bunde			
Senator Dyson			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>	<b>Pass</b>		

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: CS SB 141 (FIN) (Version F)

Withdrawn

Page 34, following Line 12:

Insert new sections to read:

\* Sec \_\_. AS 24.08.035(a) is amended to read:

(a) Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease that would result from enactment of the bill for the current fiscal year and five succeeding fiscal years or, if the bill has no fiscal impact, a statement to that effect shall be attached. The fiscal note of a bill that makes any change to the benefit structure of the state's retirement system shall include the additional analysis required in AS 24.08.036. The fiscal note or statement shall be prepared in conformity with the requirements of this section by the department or departments affected and may be reviewed by the office of management and budget. Except as allowed in AS 24.08.036, [T] the fiscal note or statement shall be delivered to the committee requesting it within five days of the request or within two days if the request is made after the 90th day of a regular session, or during a special session of the legislature. If the bill is presented by the governor for introduction in accordance with AS 24.08.060(b) and the uniform rules of the legislature, the fiscal note or statement shall be attached to the bill before the bill is introduced. An amendment or a substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

\* Sec \_\_. AS 24.08.035(b) is amended to read:

(b) In addition to the fiscal note required by this section and AS 24.08.036, the sponsor of a bill or resolution may prepare a fiscal note in conformity with the requirements of this section, and submit it to the committee of first referral or the finance committee. A committee may prepare an additional fiscal note in conformity with the requirements of this section.

\* Sec \_\_ AS 24.08.036 is repealed and reenacted to read:

**Sec. 24.08.036. Fiscal notes on bills affecting the benefit structure of state retirement systems.** (a) In addition to the requirements of AS 24.08.035, the fiscal note of a bill that makes any change to the benefit structure of the state's retirement system shall include an actuarial analysis of the bill's affect on the assets and liabilities of the retirement systems. This analysis shall be prepared and certified by a member of the American Academy of Actuaries and coordinated through the division of retirement and benefits.

(b) The completed fiscal note shall be reviewed by the Commissioner of Administration and forwarded to the chair of the Alaska Retirement Management Board for comment and recommendations.

(c) A committee of referral proposing an amendment or a substitute bill that changes the inputs or assumptions used by the actuary in preparing the fiscal note required in this section must obtain a revised actuarial analysis prior to reporting the amended bill or committee substitute from committee. This revised actuarial analysis shall be preformed in accordance with this section.

Amendment Number: # 9  
Bill Number: SB 141  
Sponsor: Stedman Date: 4/3/05  
Introduced In By: Robin

AMENDMENT  
as amended

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: CS SB 141 (FIN) (Version F)

Page 34, following Line 12:

Insert new sections to read:

\* Sec \_\_. AS 24.08.035(a) is amended to read:

(a) Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease that would result from enactment of the bill for the current fiscal year and five succeeding fiscal years or, if the bill has no fiscal impact, a statement to that effect shall be attached. The fiscal note of a bill that makes any change to the benefit structure of the state's retirement system shall include the additional analysis required in AS 24.08.036. The fiscal note or statement shall be prepared in conformity with the requirements of this section by the department or departments affected and may be reviewed by the office of management and budget. Except as allowed in AS 24.08.036, [F] the fiscal note or statement shall be delivered to the committee requesting it within five days of the request or within two days if the request is made after the 90th day of a regular session, or during a special session of the legislature. If the bill is presented by the governor for introduction in accordance with AS 24.08.060(b) and the uniform rules of the legislature, the fiscal note or statement shall be attached to the bill before the bill is introduced. An amendment or a substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

See page 2 →

\* Sec \_\_. AS 24.08.035(b) is amended to read:

(b) In addition to the fiscal note required by this section and AS 24.08.036, the sponsor of a bill or resolution may prepare a fiscal note in conformity with the requirements of this section, and submit it to the committee of first referral or the finance committee. A committee may prepare an additional fiscal note in conformity with the requirements of this section.

\* Sec \_\_. AS 24.08.036 is repealed and reenacted to read:

**Sec. 24.08.036. Fiscal notes on bills affecting the benefit structure of state retirement systems.** (a) In addition to the requirements of AS 24.08.035, the fiscal note of a bill that makes any change to the benefit structure of the state's retirement system shall include an actuarial analysis of the bill's affect on the assets and liabilities of the retirement systems. This analysis shall be prepared and certified by a member of the American Academy of Actuaries and coordinated through the division of retirement and benefits.

(b) The completed fiscal note shall be reviewed by the Commissioner of Administration and forwarded to the chair of the Alaska Retirement Management Board for comment and recommendations.

(c) A committee of referral proposing an amendment or a substitute bill that changes the inputs or assumptions used by the actuary in preparing the fiscal note required in this section must obtain a revised actuarial analysis prior to reporting the amended bill or committee substitute from committee. This revised actuarial analysis shall be performed in accordance with this section.

Insert →

(d) The 5 day and 2 day requirement specified in AS 24.08.35 does not apply to bills affecting the benefit structure of state retirement systems.

SENATE FINANCE COMMITTEE  
4/3/2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	# 9		
Motion	Amend		
<u>Motion by</u>	Stedman		
<u>Objection by</u>			
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Olson			
Senator Stedman			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Co-Chair Wilken			
Co-Chair Greer			
<u>Tally</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>	Withdrawn		

SENATE FINANCE COMMITTEE  
4/3/2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	#9		
Motion	adopt		
<u>Motion by</u>	Stedman		
<u>Objection by</u>	Green		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Olson			
Senator Stedman			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>	Withdrawn		

SENATE FINANCE  
COMMITTEE

Amendment Number: #10  
Bill Number: SB 141  
Sponsor: Wilken Date: 4/3/05  
Logged In By: Mindy

AMENDMENT

OFFERED IN THE SENATE  
TO: CSSB 141(FIN), Draft Version "F"

BY SENATOR WILKEN  
Withdrawn

Page 39, following line 30:

Insert "(8) contract for annual review of the primary actuarial valuation and the primary actuarial assumptions by a secondary nationally recognized actuarial firm. The review shall be prepared no later than 90 days after the primary actuarial recommendations are received by Alaska Retirement Management Board. Alaska Retirement Management Board shall consider substantial concerns raised by the second firm within 60 days of receiving the review and shall make rate adjustments or take other appropriate actions in order to fulfill their fiduciary duties under this section.

Renumber sections accordingly.

SENATE FINANCE COMMITTEE  
4/3/2005 COMMITTEE ACTION

Bill Number	SB 141		
Amendment	# 10		
Motion	adopt		
<u>Motion by</u>	Wilken		
<u>Objection by</u>	Green		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Stedman			
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Co-Chair Wilken			
Co-Chair Green			
<u>Tally</u>			
Yea			
Nay			
Absent			
<b>MOTION</b>			