

SCOMM

#51:30

July 6, 1983

HB 53: Prohibiting duplicate Teachers' Retirement benefits for Alaska
BIA service

History - IN THE HOUSE

L & C Hearings on 2/7/83 and 4/18/83. Passed with individual recommendations. Ken Humphries, Director of Retirement & Benefits, testified that the division had no need for this legislation since it has the power to adopt regulations of this sort without additional authorization but the committee passed the bill anyway. (I responded that the commission chairman recommended the bill because future directors might see the matter differently.)

State Affairs Hearings 4/29 and 5/10/83. A technical amendment was proposed by Ken Humphries at the earlier meeting but the committee did not amend the bill.

Finance No hearings were held before adjournment.

Companion bill: SB 58 had one hearing in Senate HESS and then came to a stop. With regulations in place, the justification for either bill is that it will insure that future directors do not change their minds and rescind the regulations. Copies of the regulations are in the file and also are attached to my memo to House Finance. That committee got 12 or 15 copies of the memo.

Introduced: 1/18/83
Referred: Labor & Commerce, State
Affairs and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Blue
Ribbon Commission on the
State Personnel Act)

1 IN THE HOUSE

2

HOUSE BILL NO. 53

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act prohibiting duplicate teachers' retirement
7 benefits for Alaska BIA service."

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

9 * Section 1. AS 14.25.107 is amended to read:

10 Sec. 14.25.107. CREDIT FOR ALASKA BIA SERVICE. A member who
11 joins the system on or after July 1, 1978, who has Alaska BIA service
12 may claim all of that service as credited service. [A RETIREMENT
13 BENEFIT PAYABLE UNDER THIS CHAPTER FOR ALASKA BIA SERVICE SHALL BE
14 REDUCED BY AN AMOUNT EQUAL TO THE RETIREMENT BENEFITS PAID TO THE
15 MEMBER BY THE UNITED STATES GOVERNMENT FOR THE SAME SERVICE.]

16 * Sec. 2. AS 14.25.169 is amended to read:

17 Sec. 14.25.169. DUPLICATE BENEFITS. (a) If payments from this
18 retirement system are due to a teacher or to the teacher's spouse
19 under more than one provision of this plan, the teacher or spouse
20 shall elect under which provision and which benefit the teacher or
21 spouse wishes to receive and no payments may be made under any other
22 provision. However, benefits under AS 14.25.155, 14.25.157, 14.25.-
23 160, 14.25.162, 14.25.164, and 14.25.167 shall be paid in addition to
24 those benefits or that service credit a person is entitled to receive
25 because of the person's own membership in the retirement system.

26 (b) A teacher may not receive

27 (1) duplicate credit under this system for the same period
28 of service,

29 (2) more than one year of service credit in the course of a

1 school year, or

2 (3) a benefit while accruing service credit under this
3 system, except as provided in this section.

4 (c) A retirement benefit payable under this chapter for Alaska
5 BIA service shall be reduced by an amount equal to the retirement
6 benefits paid to the member by the United States government for the
7 same service. Before appointment to retirement under this chapter,
8 and once each year thereafter, the administrator may require a member
9 who has received credit for Alaska BIA service under AS 14.25.107 to
10 produce verification of the benefit amount the member is receiving
11 from the United States government for that same service or verifica-
12 tion that the member is not entitled to receive a benefit from the
13 United States government for that same service.



JUNEAU, ALASKA

Alaska State Legislature

BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT

Senator Bill Ray, Chairman

Pouch YG
Mail Stop 3123
Juneau, Alaska 99811
(907) 465-4442

MEMORANDUM

May 17, 1983

TO: House Finance Committee

FROM: Teresa B. Cramer *Teresa B. Cramer*
Administrative Assistant

SUBJECT: House Bill 53 - Prohibiting Duplicate Teachers' Retirement Benefits for Alaska BIA Service

The Blue Ribbon Commission heard testimony from the Division of Retirement and Benefits that a loophole exists in the Teachers' Retirement System statutes which permit receiving TRS credited service for federal employment in Alaska BIA schools. Teachers who qualified for federal retirement from a BIA school and who then worked for the state in a position covered by the Teachers' Retirement System could receive benefits for the same years of service from each system.

Under TRS, teachers may receive credit for Alaska BIA service by contributing 7% of their entry TRS salary for each year of BIA service to be credited. The law provides that state retirement benefits for Alaska BIA service will be reduced by the amount received from the federal government for the same service. However, this is verified only at the time of applying for retirement.

Credit from both retirement systems is possible if the teacher who has worked for both employers buys TRS credited service for BIA employment and takes a lump sum payment of his or her federal retirement contributions before retiring from the state. At the time of state retirement, the teacher reports being eligible to receive no federal retirement benefits for Alaska BIA service. After establishing state benefits, the teacher could repay the lump sum to the federal government and claim a federal retirement. The teacher would then be drawing from two retirement systems for the same period of service.

The commission recommends that language be added to the TRS statutes to permit the Division of Retirement to require retired members to verify annually any federal benefits received for Alaska BIA service. The division has adopted regulations which permit requiring members of TRS and PERS to report annually about whether they are receiving a

retirement benefit from the United States Government for the same period of service for which they are receiving a state retirement benefit. Copies of the regulations are attached. The commission continues to recommend passage of HB 53 to place authorization for the regulation in statute.

Bill Analysis

Page 1	The first section of the bill deletes material concerning
Line 9	treatment of duplicate benefits from the current authorization for claiming BIA service.
Page 2	The language deleted in section 1 is moved to AS 14.25.169
Line 4	by the second section of the bill.
Line 7	Section 2 also provides authorization for the Division of Retirement and Benefits to request annual verification of the amount of any federal retirement benefits for Alaska BIA service for which state benefits are also received.

House State Affairs Committee Amendment

At the request of the Director of Retirement and Benefits, the House State Affairs Committee adopted the following amendment:

Page 2, line 5: Between the words "service" and "shall" insert:
claimed under AS 14.25.107

The amendment makes clear that those who qualified for TRS benefits before July 1, 1978, when the statutes were amended to require offsetting state benefits by the amount of any federal benefits received, are not affected by this amendment.

DRAFT

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Regulation No. 83-1

Verification of Federal Benefit

Before being appointed to retirement, and once a year thereafter, a member who has been credited with service under AS 39.35.360 may be required to provide the administrator with confirmation from the United States Government of the benefit amount the member is receiving from the United States Government for that same period of service or confirmation that the member is not entitled to receive a benefit from the United States Government for that same period of service.

Approved: _____
C.R. "Steve" Hafling, Chairman
Public Employees' Retirement Board

Dated this ____ day of _____, 1983

DRAFT

TEACHERS' RETIREMENT SYSTEM

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Verification of Federal Benefit

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Approved: _____

Dated this ____ day of _____, 1983

Introduced: 1/18/83
Referred: Labor & Commerce, State
Affairs and Finance

4/29 Hold

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Blue
Ribbon Commission on the
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6 benefits paid to the member by the United States government for the
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8 and once each year thereafter, the administrator may require a member
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BLUE RIBBON COMMISSION ON THE
STATE PERSONNEL ACT

Senator Bill Ray, Chairman

Pouch YG
Mail Stop 3123
Juneau, Alaska 99811
(907) 465-4442

MEMORANDUM

April 25, 1983

TO: House State Affairs Committee

FROM: Teresa B. Cramer *Teresa B. Cramer*
Administrative Assistant

SUBJECT: House Bill 53 - Prohibiting Duplicate Teachers' Retirement
Benefits for Alaska BIA Service

The Blue Ribbon Commission heard testimony from the Division of Retirement and Benefits that a loophole exists in the Teachers' Retirement System statutes which permit receiving TRS credited service for federal employment in Alaska BIA schools. Teachers who qualified for federal retirement from a BIA school and who then worked for the state in a position covered by the Teachers' Retirement System could receive benefits for the same years of service from each system.

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Approved: _____

C.R. "Steve" Hafling, Chairman
Public Employees' Retirement Board

Dated this ____ day of _____, 1983

DRAFT

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Approved: _____

Dated this ____ day of _____, 1983

MEMORANDUM**March 24, 1983****TO: Senator Bill Ray, Chairman****FROM: Teresa B. Cramer
Administrative Assistant****SUBJECT: SB 58 and HB 53 - Prohibiting Duplicate Teachers' Retirement
Benefits for Alaska BIA Service**

I spoke with Ken Humphreys, director of the division of retirement. He advised me that the PERS and TRS boards have adopted regulations to require continued reporting from retired members about the amounts of any federal benefits they receive. These regulations are available for comment until March 31st, at which time they will become final unless amended by the appropriate retirement board. The regulations were promulgated because of the questions raised by the Blue Ribbon Commission bills on this issue. Copies of the proposed regulations are attached.

**TBC:lmk
Attachments**

February 8, 1983

The Honorable Joe Josephson, Chairman
Senate Health, Education and Social
Services Committee
Pouch V
Juneau, Alaska 99811

RE: SB 58 - Prohibiting Duplicate Teachers' Retirement
Benefits for Alaska BIA Service

Dear Senator Josephson:

I have spoken with Senator Ray, chairman of the Blue Ribbon Commission, concerning the committee's question of whether this legislation is necessary given the possibility that the same thing can be accomplished by regulation. Senator Ray pointed out that, in fact, the Division of Retirement and Benefits has not yet adopted regulations on this issue. Therefore it appears to him to be advisable for the Legislature to act to make its wishes known.

Please let me know if I can be of further assistance.

Yours very truly,

Teresa B. Cramer
Administrative Assistant

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