

ALASKA LEGISLATURE COMMITTEE FILES 1985-1988 00/2

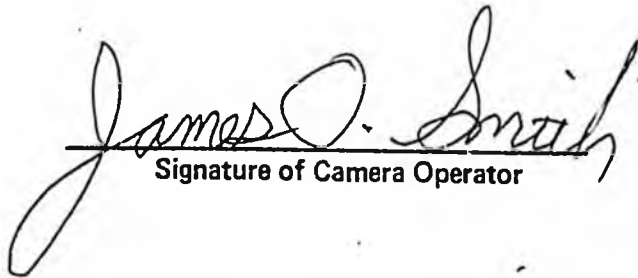
4056 SJUD SB 56 (FILE 1) 933



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Signature of Camera Operator


Date

SB

56

(FILE 1)

Senator Bill Ray
Room 103, Capitol
4922

(Paula Scavera)

Senator Mitch Abood
Chair, Senate State Affairs Committee
Room 423, Capitol
4522

Marsha Hubbard
Office of the Governor
M/S 0101
3500

Pouch A 99811

Debra Vogt
Assistant Attorney General
M/S 0300
3600

Pouch K 99811

Ken Humphreys
Director, Division of Retirement and Benefits
Department of Administration
M/S 0203
4460

Pouch CR 99811

John George
Director, Division of Insurance
Department of Commerce and Economic Development
M/S 0800
2515

Pouch D 99811

Keith Levy
Legislative Legal Counsel
Court Bldg., 6th Floor
2450

Division of Legal Services
Pouch Y 99811

Milton Barker
Deputy Commissioner,
Department of Revenue
M/S 0400
2350

Pouch SB 99811

Sally Smith
Director, Division of Public Services
Department of Revenue
M/S 0400
2393

Pouch SA 99811

Ervin Jones
Director, Division of Administrative Services
Department of Revenue
M/S 0400
2313

Pouch SA 99811

MESSAGE

Date 2-19 Time 12:45

For: Roger Lewis

From: Gomez

of S. Sec. Regional Office

Phone No. 206-442-4476

Telephoned Called to see you ()
Please call Will call again ()
Returned your call () Urgent ()

Message Re: Longevity Bonus -

128 stair
[Local Gomez
2901 3rd Ave # 308
SEA 98121]

Operator JP

2/21 LAA-16 sent (SSBS6 (SA),
sectional analysis,
letter of intent, + fiscal notes
+ REPORT

Rest Olson
Benefit
Breaks
Anchorage

Louis Keller
Director, Division of Pioneers' Benefits
Department of Administration
M/S 0211
4400

Pouch C 99811

John Pugh
Commissioner
Department of Health and Social Services
M/S 0600
3030

Pouch H-01
99801

David Teal
Director, House Research Agency
M/S 3100
3991

Pouch 4

Thomas D. Terry
Tax Consultant
Morrison and Foerster
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Spear Street Tower
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Stephen K. Woodruff
Equitable Life Assurance Society of the United States
9309 Glacier Highway, Suite A202
Juneau, Alaska 99801
789-3161

Governor Jay Hammond
Lake Clark Lodge
Port Alsworth, AK 99653

Gregg Erickson
Principal Analyst
Office of Management
& Budget

Room 512 Court Bldg

Pouch AM 99811

3568

Jon Tillinghast
Birch, Horton, Bittner,
Pestinger & Anderson

130 Seward, Suite 411

Juneau 99801

586-2890

BILL FILE LOG

BILL # 56

1/30 Bill received in Committee
letter of intent + fiscal notes

* 1/31 Paula Deavers - contact when
bill heard

1/31 Committee minutes requested from
Clare - S.A.

2/6 - Letter from J.K. Humphreys,
Division of Retirement + Benefits

2/8 Keith Levy memo

2/8 Older Alaskans Commission survey info

2/8 Best's Aircraft Compand annuity info

2/30 Actuarial Analysis - per Paula

2/21 Letters sent - expected participants

2/21 Hess, Administration + Revenue
Position Papers for CSSB 56 (S.A.)

2/21 O.M.B. - A.L.B. Cases with zero
Front Loading and zero Escalator

SENATE JUDICIARY COMMITTEE
SB56 HEARING SCHEDULE

Senator Pat Rodey, Chairman
Butrovich, Capitol Room 205
1:30 p.m.

Further Information
Roger Lewis (3717)

HEARING #1: OVERVIEW

Thursday, February 21, 1985

Expected Participants

- * Ken Humphreys, Director, Division of Retirement and Benefits, Department of Administration
- * Jon Tillinghast, Attorney with Birch, Horton, Bittner, Pestinger, and Anderson
- * Paula Scavera, Senate Minority Aide
- * Debra Vogt, Assistant Attorney General

HEARING #2: THE ANNUITY PROGRAM; WHAT IT IS, AND WHAT IT MEANS TO THE INDIVIDUAL INVESTOR

Wednesday, February 27, 1985

Expected Participants

- * Ken Humphreys, Director, Division of Retirement and Benefits, Department of Administration
- yes * Steve Woodruff, Equitable Life Assurance Agent
- yes * John George, Director, Division of Insurance, Department of Commerce and Economic Development
- yes * Debra Vogt, Assistant Attorney General
- yes * Keith Levy, Legislative Legal Counsel

HEARING #3: THE ANNUITY PROGRAM; WHAT IT MEANS TO THE STATE AS AN INVESTOR

Thursday, February 28, 1985

Expected Participants

- yes * Milton Barker, Deputy Commissioner, Department of Revenue
- yes * Sally Smith, Director, Division of Public Services, Department of Revenue
- yes * Ervin Jones, Director, Division of Administrative Services, Department of Revenue
- * Ken Humphreys, Director, Division of Retirement and Benefits, Department of Administration
- yes * Louis Keller, Director, Division of Pioneers Benefits, Department of Administration
- yes * Keith Levy, Legislative Legal Counsel

HEARING #4: IMPACT ON PUBLIC ASSISTANCE ELIGIBILITY/
INTRODUCTION TO LONGEVITY BONUS PHASE-OUT OPTIONS
Tuesday, March 5, 1985

Expected Participants

- * John Pugh, Commissioner, Department of Health and Social Services
 - * Marsha Hubbard, Special Assistant, Office of the Governor
 - * David Teal, Director, House Research Agency
 - * Jon Tillinghast, Attorney with Birch, Horton, Bittner, Pestinger, and Anderson
-

HEARING #5: LONGEVITY BONUS PHASE-OUT OPTIONS/COSTS OF ALL
ALTERNATIVES
Thursday, March 7, 1985

Expected Participants

- * John Pugh, Commissioner, Department of Health and Social Services
 - * David Teal, Director, House Research Agency
 - * Gregg Erickson, Principal Analyst, Office of Management and Budget
 - * Marsha Hubbard, Special Assistant, Office of the Governor
-

HEARING #6: PUBLIC HEARING TO BE HELD IN ANCHORAGE
Saturday, March 9, 1985

Hearing will be chaired from the Legislative Information Office in Anchorage, and teleconferenced to Capitol Room 205 in Juneau. Public testimony will be taken from 1:30 to 4:00 p.m.

HEARING #7: MARK-UP OF COMMITTEE SUBSTITUTE
Tuesday, March 12, 1985

HEARING #8: MARK-UP COMPLETION
Thursday, March 14, 1985

Senator Vic Fischer

Alaska State Legislature
1024 W. 6th Avenue, Suite 204C
Anchorage, Alaska 99501 (907) 278-3654
During Session • Pouch V • Juneau, Alaska 99811 (907) 465-4954



October 15, 1985

Senator Patrick Rodey
1024 W 6th Avenue, #308
Anchorage, Alaska 99501

Dear Senator Rodey:

I am writing to request your help in addressing a problem arising from SB 56 (Chapter 99) Longevity Bonus, passed by the legislature last session.

Specifically, SB 56 contained a provision that disqualified nursing home residents from receiving the longevity bonus. This provision was deemed necessary because of a federal ruling regarding income eligibility for Medicaid and other public assistance benefits.

On November 9, 1984, the feds ruled that Alaskans who qualified under the "old" longevity bonus program (i.e. had 25 years or more of residency) would not have to count the bonus as income for the purposes of determining income eligibility for Medicaid and other benefits. Those bonus recipients who qualified under the "new" program (one or more years of residency) would have to count it as income. The bonus was counted as income whether or not eligible Alaskans apply for and receive the bonus.

In order to protect Alaskans from certain harm by loss of Medicaid and other benefits, the legislature chose to disqualify them from receiving the bonus. Because the law requires that we treat "private" and "public" nursing home residents equally, Pioneer Home nursing wing residents were also disqualified from receiving the bonus, even though they do not receive Medicaid.

The result? On July 1, 447 Alaskans lost their longevity bonus because they live in nursing homes. About 235 are Pioneer Home residents (see attached). Since July, 49 Pioneer Home nursing wing residents have been unable to pay their monthly rent, primarily because they lost their longevity bonus.

Many of these Pioneers feel they are being discriminated against and punished because they are ill. Through no fault of their own, in their view, they are suddenly on "welfare" and are unable to pay their bills for the first time in their life. A hard blow for anyone, particularly an elderly citizen coping with debilitating illness.

So, what can we do? It appears we have three options:

- do nothing and wait for the outcome of the 1986 advisory vote to find out whether Alaskans want to retain the longevity bonus program and, if so, in what form
- repeal the provision disqualifying nursing home residents and let those who lose medicaid benefits as a result "fend for themselves"
- repeal the provision and establish a "hold harmless" clause, funded annually by legislative appropriation, to cover those Alaskans who will lose benefits by receiving the bonus.

There may be other options, and I'd truly like to hear your ideas about how best to address this situation. Please let me know what you think, by the end of this month, if possible.

Thanks for your help.

Best regards,



Senator Vic Fischer

Enclosure

cc: All legislators

October 14, 1985

To: Vic Fischer
From: Ginger Baim
Re: Longevity bonus/medicaid benefits

The new longevity bonus bill (SB 56, Chapter99) adopted by the legislature last session, disqualified anyone living in a nursing home from receiving the longevity bonus.

You have asked me to research the effects of this provision. Below is pertinent background information:

- 14,000 Alskans receive the longevity bonus
- 2,450 of those receive SSI and Old Age Assistance
- 1,700 have been residents 25 years or longer,
- 750 are affected by the federal ruling requiring that their longevity bonus be counted as income in determining eligibility for medicaid and other public assistance.
(see attached Nov. 9, 1985 memorandum from Rod Betit, Division of Public Assistance, DHSS)

Effects of SB 56 (Chapter99):

- 477 Alaskans became disqualified to receive the longevity bonus on July 1, 1985. They are:

25	Ketchikan Pioneer Home	19	Island View Hospital
34	Sitka Pioneer Home	73	Anchorage Pioneer Home
47	Fairbanks Pioneer Home	50	Palmer Pioneer Home
31	Denali Center	5	Cordova
12	Kodiak Hospital	87	Our Lady of Compassion
6	Norton Sound Hospital	10	Petersburg General
35	St. Ann's (Juneau)	1	Palmer Valley Hospital
12	South Penninsula (Kenai)	30	Others *

- Since becoming ineligible for bonus benefits in July, 49 residents of the state Pioneer Home nursing wings have been unable to pay their monthly rent. They are:

15	Anchorage Pioneer Home	15	Fairbanks Pioneer Home
5	Ketchikan Pioneer Home	9	Palmer Pioneer Home
5	Sitka Pioneer Home		

* Others disqualified for non-SB56 reasons (death, absence from the state, changed residency etc.)

STATE OF ALASKA
 LONGEVITY BONUS IMPACT ANALYSIS
 (MEDICAL ASSISTANCE AND PUBLIC ASSISTANCE)

November 9, 1984
 Rod Betit
 465-3355

On November 7, 1984 a decision was made by the U.S. Department of Health and Human Services that all elderly public assistance recipients in Alaska must apply for the Longevity Bonus, even if its receipt would cause the individual to lose eligibility for Old Age Assistance and Medicaid. Under present federal law, Bonus recipients with less than 25 years Alaska residence must have the Bonus counted as income when computing their eligibility for Medicaid and Old Age Assistance. The adverse impact of this federal decision is presented below. These estimates are in FY85 benefit terms and represent a full 12 months of financial harm.

	<u>Total Annual Value to clients of lost benefits</u>	<u>\$ Lost in Federal Benefits</u>	<u>\$ Lost in State Benefits</u>
I. <u>Lost State and Federal Cash Benefits:</u>			
Approximately 2450 elderly Alaskans receive federal Supplemental Security Income and state Old Age Assistance. 1700 of these Alaskans are residents of 25 years duration or longer, and therefore their Bonus payment is exempt and not counted as income. The remaining 750 Alaskans are affected by the November 7, 1984 federal decision. The annual loss to these individuals in financial assistance is as follows:			
750 individuals X \$240/month reduced Federal and State cash benefits X 12 months =	\$2,160,000	\$1,400,000	760,000
II. <u>Lost Medicaid Benefits:</u>			
A. Approximately 314 of the 750 affected Old Age Assistance recipients will also lose Medicaid coverage since the Bonus will place them over the qualifying limit for Medicaid. Medicaid spends approximately \$2500 per year to meet the non-nursing home needs for each of these individuals (state pays half of these costs). The annualized cost to maintain these benefits is as follows:			
314 individuals X \$2500/year =	785,000	392,500	392,500
B. In addition, approximately 36 elderly Alaskans in nursing homes will also exceed Medicaid qualifying limits, once they begin receiving the Bonus. These individuals' nursing home care costs approximately \$50,000 each annually (\$135/day). =			
	<u>1,800,000</u>	<u>720,000</u>	<u>1,080,000</u>
TOTALS	\$4,745,000	\$2,512,500	2,232,500

***III. Cost to State of Alaska:**

Any State level hold harmless program would cost \$2,512,500 annually under present Bonus program rules.



- SENATOR PATRICK RODEY -

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF PIONEERS' BENEFITS
PIONEERS' HOME--LONGEVITY BONUS

Bill Sheffield, Governor

POUCH CL (MS 0211)
JUNEAU, ALASKA 99811
PHONE: (907) 465-4416

June 20, 1985

Honorable Patrick M. Rodey
Senator
1024 W. Sixth, Suite 308
Anchorage, AK 99501

Dear Senator ^{Pat} Rodey:

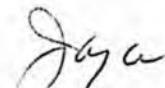
On June 7 the Governor signed CCSSB 56, relating to the longevity bonus. With the passage of this bill, the "hold harmless" clause was immediately effective. Those people residing in nursing homes or the skilled nursing wings of the Pioneers' Homes will no longer be eligible for the longevity bonus.

To help answer any questions posed to you by your constituents or those affected by the change, we are sending you copies of letters we have sent to the nursing home administrators, residents or guardians, and all other recipients of the longevity bonus.

Also enclosed is a copy of the emergency regulations for the Longevity Bonus Program.

If you have any questions, please call me at 465-4400 or Marian Schafer at 465-4416.

Sincerely,


Joyce Munson
Director

JM/vd
Enclosures

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF PIONEERS' BENEFITS PIONEERS' HOME--LONGEVITY BONUS

BILL SHEFFIELD, GOVERNOR

POUCH CL (MS 0211)
JUNEAU, ALASKA 99811
PHONE: (907) 465-4416

June 21, 1985

Dear Alaskan,

As you may know, the legislature passed legislation this year that results in the discontinuation of the Alaska Longevity Bonus to residents of nursing homes. This exclusion applies both to residents of private nursing homes and to residents of the nursing home wings of the Pioneers' Homes. Our records show that you are such a resident; as a result, we will be unable to continue sending you bonus payments.

The decision to exclude nursing home residents from receipt of the bonus was a difficult one for the legislature, and we thought we should explain as fully as possible the reasons for this decision. The nursing home exclusion appeared to be the most equitable solution to a very difficult problem--the lesser of a number of potential evils.

Due to a special exemption in federal law, the original longevity bonus was not counted as income when determining eligibility for assistance programs such as Supplemental Social Security (SSI), Old Age Assistance (OAA) and medicaid. As a result, when needy persons received the bonus, they would not lose these other protections. After the original bonus program was found unconstitutional, federal law was changed so that the bonus must now be counted as income for these programs. This change in federal law presented an extremely dangerous problem for certain nursing home residents: if receipt of the bonus made them ineligible for medicaid, they would be unable to remain in nursing homes, but receipt of the bonus would not be nearly enough to pay for the care they needed. To aggravate the problem, the federal government determined that even if an individual eligible for the bonus chose not to apply for it, he or she nonetheless would be deemed to have received it and would therefore be ineligible for medicaid. Thus, the bonus would harm these individuals severely.

The State Special Committee on the Alaska Longevity Bonus and the legislature sought a solution to this difficult problem which would be the least harmful all the way around, but there was no perfect solution. The legislature recognized that by and large residents of nursing homes receive substantial State assistance for their care, either through State participation in medicaid in private nursing homes, or through direct support in the Pioneers' Homes. The cost of care for each recipient in these homes is between \$40,000 and \$50,000 per year. The loss of federal participation for medicaid recipients is an expense

greater than the State could afford. While the legislature recognized that some individuals contribute to these expenses (those Pioneers' Home residents who are able to pay the monthly rent), these contributions do not approach the full cost of care. Thus, State support of nursing home residents is high, even without the bonus.

The legislature was also aware that the bonus has historically been unavailable to certain individuals who are not living independently: those in mental institutions, and those who are incarcerated. Part of the reason for these exclusions is that the State is already contributing to the cost of supporting these individuals; another part is that the bonus is intended to assist senior Alaskans in living independently. The nursing home exclusion is an extension of these ideas.

As a result of all these considerations, the legislature concluded that the most equitable solution would be to exclude nursing home residents from receipt of the bonus. For equal protection reasons, the legislature concluded that it must deny the bonus to all nursing home residents, whether they received medicaid or not. As a result of the exclusion, the bonus cannot have the effect of disqualifying individuals from critical medical care.

We recognize that loss of the bonus may seem harsh to those of you who have received it in the past, and we regret that we are unable to continue sending it to you. However, the primary motivation of the legislature was to ensure that no one lost medical care that was critical to survival. Exclusion from the bonus program does not alter the State's dedication to ensure that each senior Alaskan is provided with the basic necessities of life. If loss of the bonus means that you are no longer able to pay the monthly rent at a Pioneers' Home, the home manager will adjust the rate with you.

You will not qualify for further longevity bonus payments. The last payment you are entitled to receive is for the month of June 1985, which was mailed about the first of June. If a bonus payment is mistakenly issued to you for a month after June 1985, it must be returned to the program for cancellation. If your bonus is terminated and if you are not a resident of a nursing home, please contact the program immediately.

The members of the staff of the Longevity Bonus Program have enjoyed our association and contact with you in the past. If you have questions regarding your eligibility please feel free to contact our office at 465-4416. Please let us know if your circumstances change in the future, and you again become eligible for the bonus.

Sincerely,



Joyce Munson, Director
Division of Pioneers Benefits

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

*DIVISION OF PIONEERS' BENEFITS
PIONEERS' HOME—LONGEVITY BONUS*

BILL SHEFFIELD, GOVERNOR

POUCH CL (MS 0211)
JUNEAU, ALASKA 99811
PHONE: (907) 465-4416

June 21, 1985

Dear Alaskan,

As you may know, the Alaska Legislature passed legislation this year affecting the Longevity Bonus Program. The Governor signed the bill on June 7, 1985, and it became effective immediately.

Without legislation this year, the Longevity Bonus Program would have ended on July 1, 1985. The new law extends the program, so that bonus payments will continue to be made. The law makes certain changes in the bonus program that take effect immediately (discussed in detail below). It also sets up a procedure by which the voters will express their approval or non-approval of an annuity program at the general election in 1986.

After the election, the legislature will presumably adopt either the annuity program, if it receives voter approval, or the so-called "stairstepping" approach. Under either program any senior who has reached age 65 on or before January 1, 1988, will continue to receive the full bonus of \$250 per month. Under the "stairstepping" approach, the program would simply be phased out by not granting the bonus to any individual younger than age 65 on that date. Under the annuity approach, those younger individuals would be given the opportunity to set up individual annuity accounts by depositing their permanent fund dividends with the state. The longevity bonus, for those individuals, would be decreased each year by the amount of the available annuity (whether or not an individual had contributed to the annuity program) so that eventually the bonus would disappear altogether. As you can see, neither approach would affect current bonus recipients, who will all be older than age 65 by 1988.

The provisions that do affect you, and that take effect immediately, are as follows:

1. Reduction in allowable absences. The old law provided that an individual would not lose eligibility for the bonus if he or she were out of the state for less than 180 days. The new law reduces that period to 90 days. The legislature felt that the purpose of the bonus program was not served by granting the bonus to those who spent nearly half the year outside Alaska. Our department will adopt emergency regulations shortly to implement this provision. The provision will not apply to travel that began before the effective date of the Act (June 7, 1985), but will be applied to any travel starting after that date. If eligibility for the bonus is lost because of an absence exceeding

90 days, an individual must requalify for the bonus by residing in the state for 12 months. The provision applies to both consecutive and cumulative absences--thus an absence of 45 days followed more than 30 days later by an absence of 46 days will result in disqualification. Absences of less than 30 days do not affect eligibility. If you have questions about this provision, contact the Longevity Bonus Program in Juneau at 465-4416.

2. "Hold harmless" provisions. Before the lawsuit concerning the longevity bonus program, federal law provided that the original bonus was not counted as income in determining eligibility for assistance programs such as Supplemental Social Security (SSI), Old Age Assistance (OAA) and medicaid. After the lawsuit, the federal law was changed to provide that the bonus must be counted as income in these programs. The new federal law continues to exempt all Alaskans who were on the original program, and in addition those newer bonus recipients who would have met the old 25 year residency requirement, and who begin receiving the bonus before September 1, 1985. For the others, whose bonus must now be counted, the change can result in the loss of some or all of these benefits. The legislation passed by the State this year provides that these individuals (except residents of nursing homes--see below) will be "held harmless" by the State for lost benefits. This means that if you lose SSI, OAA or medicaid because you receive the bonus, the State will pay your lost benefits. If you have questions about this provision, contact your nearest State Division of Public Assistance office.

3. Nursing home residents. Because of the problems outlined in the preceding paragraph, certain nursing home residents were in danger of losing their nursing home care as a result of receiving the bonus. The legislature determined that the most equitable solution to this grave problem was to discontinue the bonus for all residents of nursing homes. This course was adopted so that these persons could continue to receive medicaid if required. This exclusion applies both to residents of private nursing homes and to residents of the nursing home wings of the Pioneers' Homes. If you are a resident of a nursing home, you are not entitled to further longevity bonus payments; if one is mistakenly sent to you, it must be returned to the program for cancellation. Residents of nursing homes have been sent a separate letter explaining this change in more detail. If you have questions about this provision, contact the Division of Medical Assistance in Juneau at 465-3355.

If you have questions about any of the Longevity Bonus Program changes or your eligibility please feel free to contact our office at 465-4416.

Sincerely,



Joyce Munson, Director
Division of Pioneers Benefits

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF ADMINISTRATION

POUCH CL (MS 0211)
JUNEAU, ALASKA 99811
PHONE: (907) 465-4416

DIVISION OF PIONEERS' BENEFITS PIONEERS' HOME-LONGEVITY BONUS

June 19, 1985

THIS LETTER WAS SENT TO ALL NURSING HOME ADMINISTRATORS:

Dear :

This will confirm our recent telephone request for a list of all persons at least age 65 who reside at your nursing home facility.

The list is required so that we may comply with legislation passed this year which results in the discontinuation of the Alaska Longevity Bonus to residents of nursing homes. (CCSSB 56, CH. 99 SLA 1985) To allow the necessary time to discontinue payments effective July 1, 1985, it is essential that the first list of names be in our hands no later than Friday, June 21, 1985, and thereafter you should send us a current listing by the 15th day of each month.

Your list should include all residents who are at least 65 years old, whether or not they are known by you to be a bonus recipient. Some recipients do not receive their payments at your facility.

The individuals affected by the change will be advised by letter, and to ensure that each person is informed, the letters will be sent to you for distribution within a few days.

The legislature amended AS 47.45.070 to disqualify individuals residing in nursing homes, as that term is defined in AS 08.07.180. This amendment is a so-called "hold harmless" provision and applies both to individuals residing in private nursing homes, who generally are supported by medicaid, and to those residing in the nursing home wings of the Pioneers' Homes, who do not receive medicaid. Both classes of individuals generally receive substantial state assistance for their care, either through state participation in medicaid or through direct state support in the Pioneers' Homes. By denying the bonus to these individuals, the problem of losing medical assistance because of mandatory receipt of the bonus is avoided.

Under the original statute, the federal government did not count the bonus as income in determining eligibility for supplemental social security (SSI), and, as a result, it was also exempt under the state's old age assistance program (OAA). An individual eligible for these programs is also eligible for medicaid.

After the original Longevity Bonus Program was invalidated a year ago, the legislature revised the residency requirements of the program, making it available to all persons at least 65 years of age who have lived in the state one year immediately preceding application. Shortly after the residency requirements of the bonus program were amended and a new class of individuals became eligible, the federal law exempting the bonus was changed. It now provides that only those individuals who meet the 25-year residency requirement of the former law, and who become eligible for the bonus by September 30, 1985, may disregard the bonus in determining eligibility for SSI/OAA. Further, the federal Department of Health and Human Services has ruled that an individual eligible for the bonus must apply for the bonus before seeking SSI/OAA. As a result, individuals whose bonus is not exempt would have their benefits under OAA and SSI reduced by the amount of the bonus, so that although they receive the bonus they would not receive the benefit of the bonus. More importantly, since medicaid eligibility is a function of SSI/OAA eligibility, if the bonus results in disqualification for those programs, the individual would lose medical support as well.

Historically the bonus has been unavailable to certain individuals who are not living independently: those in mental institutions, and those who are incarcerated. Part of the reason for these exclusions is that the state is already contributing to the cost of supporting these individuals, and part of the reason is that the bonus is intended to assist senior Alaskans in living independently. The nursing home exclusion is an extension of these ideas.

As a result of all these considerations, the legislature concluded that the most equitable solution would be to exclude nursing home residents from receipt of the bonus. For equal protection reasons, the legislature concluded that it must deny the bonus to all nursing home residents, whether they received medicaid or not. As a result of the exclusion, the bonus cannot have the effect of disqualifying individuals from critical medical care.

The last payment the nursing home residents are qualified to receive is that which was issued for the month of June 1985 and mailed about June 1, 1985. If by chance a bonus is mistakenly issued to a nursing home resident for a month

June 19, 1985

after June 1985, the warrant must be returned to us for cancellation.

Some administrators have requested a copy of the bill, and we are therefore providing a copy to each of you. The amendment is on page 11 of the enclosed CCSSB 56. (CH. 99, SLA 1985)

We look forward to receiving your monthly report of residents who are at least age 65 and we thank you for helping us to comply with the law. Please let us know if you have any questions.

Sincerely,

/s/ Joyce Munson

Joyce Munson
Director

JM/MS/afl
3/7FL1/0612-02
Enclosure

Mr. Ronald J. Olthoff
Denali Center
1949 Gillam Way
Fairbanks, AK 99701

Mr. Jim Walsh
Valley Hospital
P.O. Box H
Palmer, AK 99645

Mr. Edward Zeine
Cordova Community Hospital
P.O. Box 160
Cordova, AK 99574

Ms. Mildred Pelch
Wesleyan Nursing Home
P.O. Box 456
Seward, AK 99664

Sister Barbara Haase
Island View Manor
3100 Tongass Avenue
Ketchikan, AK 99901

Ms. Janet Bunes
Wrangell General Hospital
and LTC
P.O. Box 80
Wrangell, AK 99929

Mr. James H. Gingerich
Kodiak Island Hospital
P.O. Box 1187
Kodiak, AK 99615

Ms. Donna M. Stephens
Anchorage Pioneers' Home
Pouch 7-027
Anchorage, AK 99510

Mr. Tom Boling
Our Lady of Compassion
Care Center
4895 Cordova Street
Anchorage, AK 99503

Ms. Barbara Bathony
Fairbanks Pioneers' Home
2221 Eagan
Fairbanks, AK 99701

Ms. Jane Sabes, MPH
Norton Sound Regional
Hospital
P.O. Box 966
Nome, AK 99762

Mr. Max LaMare
Ketchikan Pioneers' Home
141 Bryant
Ketchikan, AK 99901

Mr. Craig S. Slater
Petersburg General Hospital
P.O. Box 589
Petersburg, AK 99833

Mrs. Arleen Davis
Palmer Pioneers' Home
250 East Fireweed
Palmer, AK 99645

Mr. Michael Herring
South Peninsula Hospital
4300 Bartlett Street
Homer, AK 99603

Ms. Roberly Potter
Sitka Pioneers' Home
P.O. Box 198
Sitka, AK 99835

Mr. Jack Buck
St. Ann's Nursing Home
415 Sixth Street
Juneau, AK 99801

FINDING OF EMERGENCY

The Alaska Longevity Bonus Program, Division of Pioneer Benefits, Department of Administration, finds that an emergency exists and that the attached regulations are necessary for the immediate preservation of the public peace, health, safety or general welfare. A statement of the facts constituting the emergency is:

Chapter 99, SLA 1985, relating to the Alaska Longevity Bonus, took effect on June 8, 1985. Certain provisions of the Act, affecting rights and benefits under the Longevity Bonus Program, took effect immediately. Emergency regulations are necessary to assure consistency with the new statute, to avoid public confusion, and to properly implement the new legislation. Additionally, the considerations leading to the new legislation have caused the Department to reassess and change a related regulation; in order to avoid confusion and provide consistency this change must be made in conjunction with the changes required by statute.

ADOPTION ORDER

Under the authority of AS 47.45, these amendments are therefore adopted as emergency regulations to take effect immediately upon filing by the lieutenant governor as provided in AS 44.62.180(3).

This action is not expected to require an increased appropriation.

DATE: June 19, 1985
Juneau, Alaska

Ski Olsonoski
Ski Olsonoski
Acting Commissioner
Department of Administration

FILING CERTIFICATION

Jim Robison for
I, Stephen A. McAlpine, Lieutenant Governor for the State of Alaska, certify that on *June 19*, 1985, at *1:50 p.m.*, I filed the attached regulations according to the provisions of AS 44.62.

Jim Robison
for Lieutenant Governor

Effective *June 19, 1985*.
Register *195, October 1985*.

Expires October 16, 1985 unless made permanent by the adopting agency

STATE OF ALASKA
LIEUTENANT GOVERNOR
JUNEAU

CERTIFICATE

FOR DELEGATION OF LIEUTENANT GOVERNOR'S AUTHORITY

I, STEPHEN McALPINE, LIEUTENANT GOVERNOR OF THE STATE OF ALASKA, as authorized by AS 44.19.026, designate Norman Gorsuch, Attorney General, as temporary custodian of the state seal and as the officer to perform the Administrative Procedure Act filing functions and the authenticating functions of the lieutenant governor during such time as I succeed to the office of governor, act as governor, am absent from the state, or am otherwise unavailable at the state capital to perform these functions.

In the absence of Attorney General Gorsuch, I designate Esther Wunnicke, Commissioner of Natural Resources, to perform the functions stated above.

In the absence of Commissioner Wunnicke, I designate Jim Robison, Commissioner of Labor, to perform the functions stated above.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed hereto the Seal of the State of Alaska, at Juneau, the Capital.

This *tenth* day of *June*
A.D. 19. *85*


LIEUTENANT GOVERNOR



2 AAC 40.010(a) is amended by adding a new paragraph to read:
(7) he or she is not unqualified by reason of residence in a nursing home. (Eff. 9/13/81, Register 79; am / /85, Register)

Authority: AS 47.45.010
AS 47.45.070
AS 47.45.100(1)

2 AAC 40.010 (b) is amended to read:
(b) The spouse of an applicant who satisfies (a)(1) -- (4) of this section but is unqualified for a bonus by reason of confinement in a state or federal mental health institution or residence in a nursing home is eligible to receive a bonus payable directly to the spouse if

(1) ...
(2) ...
(3) (Eff. 9/13/81, Register 79; am / /85, Register)

Authority: AS 47.45.010
AS 47.45.070
AS 47.45.100(1)

2 AAC 40.100(a) is amended by adding a new paragraph to read:
(4) residence in a nursing home as provided in AS 47.45.070(2). (Eff. 9/13/81, Register 79; am / /85, Register)

Authority: AS 47.45.030
AS 47.45.070
AS 47.45.100(1)

2 AAC 40.110(a) is amended to read:
2 AAC 40.110. CAUSES FOR DISQUALIFICATION. (a) The commissioner of administration will disqualify a recipient for a period of 12 months after the date on which the recipient would otherwise be qualified to receive bonuses if the recipient is absent from the state for one or more of the following periods unless the commissioner of administration determines that the absence was beyond control of the recipient:

(1) absence from the state for more than 90 consecutive days;
(2) interrupted absence from the state over a period of more than 90 days without being present in the state for at least 30 consecutive days between the first day of the first absence and the last day of the last absence, except that no absence of 30 days or less will be considered in calculating total absence;
(3) absence from the state for more than 90 days in a 12-month period, except that no absence of 30 days or less will be considered in calculating total absence.
(Eff. 9/13/81, Register 79; am / /85, Register)

Authority: AS 47.45.030
AS 47.45.040
AS 47.45.070(4)
AS 47.45.100(1)

2 AAC 40 is amended by adding a new section to read:

2 AAC 40.115. TRANSITION RULES REGARDING ABSENCES. (a)
A recipient whose absence from the state began before June 9, 1985 will not be disqualified under 2 AAC 40.110(a)(1) or (2) unless the absence exceeds 180 days.

(b) For the purpose of calculating the 12-month period in 2 AAC 40.110(a)(3), a recipient will be disqualified for absence exceeding 180 days during a 12-month period ending before June 9, 1985, or, if the recipient was out of the state on June 8, 1985, the 12-month period ending with the recipient's return to the state; a recipient will be disqualified for absence exceeding 90 days during the 12-month period beginning on June 9, 1985, or, if the recipient was out of the state on June 8, 1985, beginning the day after the recipient's return to the state. (Eff. / /85, Reg.)

Authority: AS 47.45.030
AS 47.45.070(4)
AS 47.45.100(1)

2 AAC 40.130 is amended by adding a new subsection to read:

(f) A recipient whose benefits were interrupted because of residence in a nursing home must reapply to the administrator within 30 days after leaving the nursing home in order to be eligible for a bonus during the first month after that change of residence. (Eff. 9/13/81, Register 79; am / /85, Register)

Authority: AS 47.45.070(2)
AS 47.45.100(1)

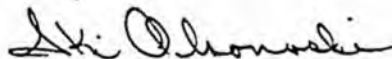
NOTICE OF ADOPTION OF EMERGENCY REGULATIONS

As required by AS 44.62.250, notice is given that, under the authority vested by AS 47.45, the Department of Administration adopted on this date, as emergency regulations, changes in Title 2 of the Alaska Administrative Code dealing with the Longevity Bonus Program, as necessitated by certain provisions of Ch. 99 SLA 1985, which are effective immediately, amending 2 AAC 40.010, 2 AAC 40.100 (a), 2 AAC 40.110 and 2 AAC 40.130 and adopting 2 AAC 40.115, relating to the disqualification of nursing home residents and absences from the state.

This action is not expected to require an increased appropriation.

Copies of these regulations may be obtained by writing the Longevity Bonus Program, Pouch CL, Juneau, Alaska 99811.

Date: June 19, 1985
Juneau, Alaska



Ski Olsonoski
Acting Commissioner
Department of Administration

ADMINISTRATION'S TESTIMONY
BEFORE THE SENATE JUDICIARY COMMITTEE
on 2/21/85

Thank you Mr. Chairman. For the record, my name is Ken Humphreys, I am Director of the Division of Retirement and Benefits. Governor Sheffield has asked that I deliver a brief statement on behalf of the Administration.

Right now, there's only one sure thing about the Alaska Longevity Bonus program: The courts have changed the original intent, and we have to change our program.

The debate about what form that program will take is far from over. It may be a annuity program, a "stair-stepping" approach, a program with a special emphasis on helping low- and middle-income senior citizens - or any combination of the three. Each approach has its advocate. The Administration is not choosing sides yet; as long as the final proposal is sound, Governor Sheffield will sign the bill.

The important thing is to debate the proposals, choose the best one, and get it done this year. We can't keep older Alaskans in limbo any longer. To get the longevity program out of limbo, we've got to get the debates out of the fog.

What's clear is that Alaska has a long tradition of respecting senior citizens. Today, a wide variety of benefits, tax credits, health care and other programs for seniors are backed up by more than \$100 million in state funds. About half of that goes to the Longevity Bonus program.

These benefits date back to the 1st Territorial Legislature, which set up the first Pioneer Home in 1913. Two years later, the territory decided that older Alaskans who were in need should get \$12.50 a month (about \$145 in current dollars) to help them stay in Alaska. Later, former Gov. Ernest Gruening called it "the first old-age pension in the United States."

That pension was revived in 1972, with a similar intent. The \$100-per-month bonus (later increased to \$250 monthly) was targeted specifically for a group of older Alaskans who had lived and worked in the state for many years.

Last year the Alaska Supreme Court struck down that residency requirement. Citing federal court decisions, the justices said "pioneer" status can't be used as a standard for a benefit program. As a result, we now have various plans for replacing the current stop-gap longevity program under debate in the Legislature. Each answers the residency question, but other questions remain.

The "stair-stepping" approach, proposed last year by Rep. Al Adams, D-Kotzebue, comes close to meeting the intent of the original Longevity Bonus program. Simply put, the bill limits the number of recipients by setting a cut-off date (to be eligible, you must turn 65 by 1992) and raising the age of eligibility each year (65 in 1992, 66 in 1993, 67 in 1994, and so on). That way, seniors who are now eligible would remain eligible for the rest of their lives; in addition, seniors between the ages of 60 and 65 (who may have been planning on the bonus to supplement retirement income) would also be "protected" for life. As that group of older Alaskans dwindled over the years, the program would eventually phase itself out.

The annuity program, introduced as a bill with 17 co-sponsors in the Alaska State Senate, combines the "stair-stepping" approach with a retirement insurance program. Like the "stair-stepping" program, the current group of older Alaskans would continue to receive a Longevity Bonus, but the amount would get smaller every year, and eventually disappear. Payments from the annuity fund would take the place of the bonus - but only if you bought into the annuity program. The price is your annual Permanent Fund dividend.

In short, if you're 40 years old now and want a full longevity payment after the age of 65, you must defer your Permanent Fund dividend each year and put it in your retirement

account. If you choose to keep your dividends each year, you'll get no annuity from the state.

It's an intriguing idea. However, some questions remain.

Senior Voice, the newspaper serving the community of older Alaskans, raised a number of those questions in a recent editorial. Among them were these: Will enough younger Alaskans give up their dividends, join the plan and make the annuity financially sound? Will the plan provide any benefit to the poor and near-poor who can't afford to give up their dividends? Will the program with no guarantees offer a secure investment for younger Alaskans? And what will happen to the approximately 800 needy senior citizens who will lose federal benefits because the Alaska program isn't based on need?

Good questions, and we should have the answers before we make a decision.

The Sheffield Administration has similar concerns. First of all, there's no guarantee people will contribute their Permanent Fund dividends to the annuity program. The incentive to join the program is a tax break: If you put your check in now, you won't have to pay federal income tax on it until you retire. However, according to the federal tax code, the annuity would clearly not be a tax-exempt investment without the state's \$79 million "front-loading."

Without the "front-loading," there's no tax break; without the tax break, many people would probably choose to invest their Permanent Fund dividends differently.

Like the editorial writer at the Senior Voice, the Administration is concerned that tying the annuity to Permanent Fund dividends could make it difficult for many Alaskans to invest in the program. Low-income families, working single mothers and rural Alaskans might have a hard time giving up needed cash now for a long-term investment.

Then there's a question the Voice didn't ask: What about the \$79 million in state money needed to build up the annuity fund over the first three years? If we decide that the annuity program is best, we may be faced with some serious changes in our spending priorities over the next several years. Considering the recent downturn in our revenue forecasts - and the continuing downward pressure on the price of oil - that three-year, \$79 million commitment could reduce our financial flexibility, along with our ability to meet other needs. What about the future beyond the three years?

Are we tying ourselves to a program that might prove practically impossible to stop? Should we include a three percent annual increase in the Alaska Longevity Bonus which is not a result of cost of living increases in the annuity program?

Will the program be viable with no provisions for early withdrawals, even in cases of dire need? What about the concerns many have expressed that their families could not benefit from their contributions if they died soon after reaching age 65.

Finally, there is the concern that a program which starts out like the federal Social Security program, based on contributions, might end up like Social Security with defined benefits and a huge unfunded liability.

All these questions need to be answered before we create a new longevity program. But whatever we choose - an annuity program, a "stair-stepping" proposal, a needs-based program, or any combination of the three - it must be fair, it must be cost-effective, and it must be created this year.

It should also retain the spirit of the laws passed by the territorial Legislature in 1915, and the state Legislature in 1972. The Longevity Bonus is a way to help keep older Alaskans in the state. That's not welfare; it's an investment in Alaska's future. Because without the wisdom and experience of the past, we wouldn't have much of a future.



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Senator Pat Rodey, Chair
Senator Tim Kelly, Vice-Chair
Senator Jan Paika
Senator Rick Halford
Senator Robert Ziegler

Pouch V
State Capitol
Juneau, Alaska 99811

March 25, 1985

Dear Friend:

I'm sure you're aware that the solution to the longevity bonus dilemma is one of the most difficult decisions facing the Alaska Legislature this year. This dilemma was caused by last year's Alaska Supreme Court decision declaring our current program unconstitutional. There is much debate about what form the new program should take. Proposals include an annuity program, a "stair-stepping" approach, and a program with special emphasis on helping low and middle-income senior citizens.

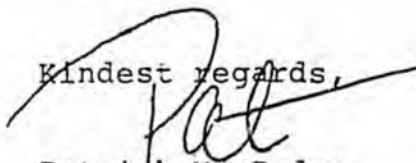
Please be assured that whatever form of longevity bonus replacement emerges from the legislature, my primary concern is to protect those seniors who are currently enrolled in the longevity bonus program. I am also committed to resolving the issue this year - - Alaska's seniors deserve the certainty of knowing their longevity bonus payments are secure.

The Senate Judiciary Committee, which I chair, recently held hearings on SB56, a bill which asks all Alaskans under age sixty-five to trade their annual permanent fund dividend checks for annuity shares which will produce monthly payments after sixty-five. Much work has gone into SB56, but some questions remain to be answered. The Senate favors the annuity approach and passed this bill on March 21.

The House appears to be headed towards approving a "stair-stepping" approach, which would limit the number of people who would participate in the future by raising the age of eligibility each year. As the group of eligible Alaskans dwindles over the years, the program would eventually phase itself out.

I am confident that by working with a spirit of cooperation, the House and Senate will work out a compromise bill this session which will also meet the Governor's approval. Meanwhile, I invite you to contact my office if you have questions or comments concerning SB56 or any other longevity bonus proposal.

Kindest regards,


Patrick M. Rodey



Telegram

02363

NL ANCHORAGE ALASKA 50 03-21 1413 AST

PMS

SEN RODEY

0527

JUNEAU AK

THE MUNICIPALITY OF ANCHORAGE SENIOR CITIZENS ADVISORY COMMISSION
ENDORSES THE CONCEPT OF AN ANNUITY BASED LONGEVITY BONUS AND
REQUESTS YOUR CONSIDERATION.

LED JOSEY, CHAIRMAN

VIRGINIA CARTER

CHRISTINA VONHDENE

FLORENCE ORR

THELMA LANGDON

NONA MCVICKAR

LUCIEN FOUSSARD

BETTY THIELSEN

VANEE ROBINSON

RENEE HANSEY, STAFF SUPPORT

85 MAR 21 PM 4 04

* * * * *
*
* DELIVER TO: JPOH *
* * * * *
* ORIGINAL *
* SENT: 04/01/85 TIME: 11:20 *
* FROM: LANA TRUJILLO *
* SUBJECT: POM *
* PRINT DATE: 04/01/85 TIME: 11:26 *
* * * * *

TO: SENATOR RODEY

FROM: GLORIA BOWMAN, 1355 CRESCENT, ANCHORAGE, 99508,
562-2718(HM)

RE: SB 56, LONGEVITY PROGRAM

WE APPROVE THE STAIRS STEP PROGRAM PHASING OUT LONGEVITY. NEW
PROGRAMS FOR OUR NEEDY PEOPLE SHOULD BE DEVELOPED WITH THEIR OWN
PARAMATERS.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

Page 1 of 2

REQUEST

Bill/Resolution No.: CSSB 56 (Jud)
 Title: An act amending the longevity bonus program
 Sponsor: State Affairs
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Department of Administration
 Program Category Affected: Centralized Administrative Services
 BRU, Program or Subprogram(s) Affected: BRU, Program or Subprogram(s) Affected:
Data Processing Services/Annuity Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 Personal Svcs		60.0	63.0	66.2	69.5	72.9
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual		20.0	21.0	22.0	23.2	24.3
400 Supplies		.5	.5	.6	.6	.6
500 Equipment		4.0	4.2	4.4	4.6	4.9
600 Land & Struct						
700 Grants, Claims						
700 IRS Match						
TOTAL OPERATING	-0-	84.5	88.7	93.2	97.9	102.7
CAPITAL		750.0				
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		834.5	88.7	93.2	97.9	102.7
TOTAL	-0-	834.5	88.7	93.2	97.9	102.7

POSITIONS:

	-0-					
FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys, Director
 Division: Retirement & Benefits

Phone: 465-4470
 Date: 3/12/85

Approved by Commissioner: Lisa Rudd
 Agency: Department of Administration

Date: 3-13-85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CS Senate Bill 56 (Judiciary)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

March 12, 1985

IV Analysis: This Fiscal Note addresses costs in the Data Processing Services BRU. We estimate that the annuity program will be fully automated to reduce the need for staff. We estimate that system analysis, development and construction costs would be \$750,000 and would be a capital appropriation from "other funds".

We anticipate the need for one full-time programmer/analyst IV to provide guidance in the development of the annuity systems with the contractors and, after implementation, to provide ongoing maintenance. We also estimate a cost of \$20.0 for computer records storage.

We estimated an inflation rate of 5%. Further, we assumed that "other funds" would be available for FY 86 costs.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 2

REQUEST
 Bill/Resolution No.: CSSB 56 (Jud)
 Title: An act amending the
longevity bonus program
 Sponsor: State Affairs
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Department of Administration
 Program Category Affected: _____
Labor services
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

Operating	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 Personal Svcs		124.5	164.7	173.0	181.6	190.7
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual		61.0	67.1	73.8	81.2	89.3
400 Supplies		10.6	12.7	15.3	18.3	22.0
500 Equipment		16.0				
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	212.1	244.5	262.1	281.1	302.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	-0-	212.1	244.5	262.1	281.1	302.0
TOTAL	-0-	212.1	244.5	262.1	281.1	302.0

POSITIONS: -0-

FULL-TIME						
PART-TIME		4	4	4	4	4
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys Director Phone: 465-4470
 Division: Retirement & Benefits Date: 3/12/85

Approved by Commissioner: Lisa Rudd Date: 3-13-85
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CS Senate Bill 56 (Judiciary)
Fiscal Note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration

March 12, 1985

IV: Analysis: This Fiscal Note addresses costs in the Labor Services Program Category. The cost of the annuity program is anticipated to be borne entirely by the participants. We estimate that approximately four full-time employees will be needed to administer this program on a continuing basis. We estimate that the program supervisor and chief accountant will be needed for the entire first year to assist in the development and analysis of the computer system needs with the other two staff members being needed for only half of FY 86 to assist with the implementation and testing.

We are basing this Fiscal Note on the assumption that the Department of Revenue will verify ages of those who elect to participate in the annuity program. This is critical.

We estimated an inflation rate of 5% in all categories. Further, we assumed that "other funds" would be available for FY 86 costs.

We estimate that four positions are needed to administer this program.

Supervisor: Retirement & Benefits Specialist III
Accountant: Accountant II
Technician: Retirement & Benefits Technician I/II
(6 months FY86, full-time thereafter)
Clerk: Accounting Clerk III
(6 months FY86, full-time thereafter)

We propose that a notification will be sent to all Alaska boxholders to inform them of the provisions of the bill and to advise them of the contact persons or agencies. We estimate an annual cost of \$20.0 for independent audits. We also propose that there will be annual statements of account that will be sent to approximately 150,000 participants. This cost is estimated to be \$41.0 for FY 86.

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/30/85

Date 3 1 85

Mr. President

The Committee on JUDICIARY considered SB 56

amending the longevity bonus program and the permanent fund dividend program, establishing an annuity program; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 56 (Jud)
- new title
- same title and recommends DISMISS + ADOPT STATE ATTORNS
- and attached a "LETTER OF INTENT" LETTER OF INTENT NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING

DO PASS

[Signature]

[Signature]

[Signature]

MEMBERS HAVING

OTHER RECOMMENDATIONS

[Signature]
Chairman

[Signature]
Chairman recommendation

Original sponsors: Ray, Halford,
Bennett, et al

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 56 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the longevity bonus program and the
7 permanent fund dividend program, establishing an
8 annuity program; and providing for an effective
9 date."

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

11 * Section 1. FINDINGS AND PURPOSE. The legislature finds and declares
12 that

13 (1) it is in the public interest to continue the longevity bonus
14 program; however, as oil reserves decline over the years, it will become
15 increasingly difficult to provide the benefits of the longevity bonus
16 program through the general fund; as a result, that program must be phased
17 out over the years;

18 (2) it is appropriate that individuals save for their own re-
19 tirement, and it is also appropriate that the state establish both means
20 and incentives for Alaska residents to set aside retirement funds; accord-
21 ingly, it is a purpose of this legislation to create an annuity program;

22 (3) many retired Alaskans have made their retirement plans in
23 reliance on the availability of both the existing longevity bonus and the
24 permanent fund dividend; accordingly, the legislature finds that it is
25 appropriate to continue both those programs for these individuals;

26 (4) the most suitable source of funds for the annuity program
27 created by this Act are those permanent fund earnings currently distributed
28 as dividends; therefore this Act applies the annual permanent fund dividend
29 of younger Alaskans to annuity accounts unless the individual alternatively

1 elects to receive cash; in so doing, this Act will promote wise stewardship
2 of the permanent fund by giving each participant a direct financial stake
3 in its long-term profitability; and

4 (5) neither the longevity bonus program, nor the annuity pro-
5 gram, should be viewed as a form of welfare; other state and federal pro-
6 grams are available to meet the basic necessities of life, and amounts
7 received by an individual under this Act are not calculated on the basis of
8 need.

9 * Sec. 2. AS 43.23.005(c) is amended to read:

10 (c) A parent, guardian, or other authorized representative may
11 claim a permanent fund dividend on behalf of an unemancipated minor or
12 on behalf of an incompetent individual who is eligible to receive a
13 dividend [PAYMENT] under this section and may elect to take the divi-
14 dend as an annuity share for the future benefit of the minor.

15 * Sec. 3. AS 43.23.005 is amended by adding a new subsection to read:

16 (d) A person who is eligible to receive a permanent fund divi-
17 dend under this section, or who is authorized to claim a dividend on
18 behalf of another under (c) of this section, may elect to receive cash
19 in lieu of an annuity share. Alternatively, a person may elect to
20 receive 25 percent, 50 percent, or 75 percent of the dividend in cash
21 and the remainder as an annuity share. A person who is 65 years of
22 age before January 1, 1986, may only receive cash and may not elect to
23 receive an annuity share.

24 * Sec. 4. AS 43.23.015(a) is amended to read:

25 (a) The commissioner shall adopt regulations under the Adminis-
26 trative Procedure Act (AS 44.62) establishing the process for de-
27 termining the eligibility of individuals for permanent fund dividends.
28 The commissioner may require an individual to provide proof of eli-
29 gibility, and the commissioner may use other information available

1 from other state departments or agencies to determine the eligibility
2 of an individual.

3 * Sec. 5. AS 43.23.015(b) is amended to read:

4 (b) The department shall prescribe and furnish an application
5 form for claiming a permanent fund dividend. The application must
6 contain a statement of eligibility and a certification of residency in
7 substantially the following form:

8 I certify that

9 () I am a state resident on the date of this application
10 and I have been a state resident for at least six months immediately
11 preceding the date of this application; or

12 () (name), the individual on whose behalf I am applying,
13 is a state resident and has been a state resident for at least six
14 months immediately preceding the date of this application.

15 I understand that a false claim of residency to obtain a perma-
16 nent fund dividend for myself or for another is a criminal offense and
17 that if convicted I will forfeit future permanent fund dividends and
18 that I will lose or must repay all permanent fund dividends that have
19 been credited or paid to me, appropriations allocated to my annuity
20 account in accordance with AS 43.23.110(b), and any accrued interest
21 in my annuity account. I understand that this penalty is in addition
22 to any criminal penalties imposed.

23
24 _____
25 (signature of individual, parent,
26 guardian, or other authorized
27 representative)

28 * Sec. 6. AS 43.23.015(e) is amended to read:

29 (e) If a public agency claims a [PERMANENT FUND] dividend on
30 behalf of an individual under this section, the public agency shall

1 elect 100 percent cash under AS 43.23.005(d) and hold the dividend in
2 trust for the individual. Money held in trust under this subsection
3 shall be invested by the commissioner in accordance with AS 37.10.070.

4 * Sec. 7. AS 43.23.015(f) is amended to read:

5 (f) A minor or an incompetent individual may not maintain a
6 claim against the state or an officer or employee of the state based
7 either on the manner in which the parent, guardian, or authorized
8 representative other than a public agency of the state managed or
9 disposed of permanent fund dividends received on behalf of the minor
10 or incompetent, or an election made or not made on that individual's
11 behalf under AS 43.23.005(d) [INDIVIDUAL].

12 * Sec. 8. AS 43.23.015 is amended by adding a new subsection to read:

13 (i) The permanent fund dividend application form shall be pre-
14 pared to allow an applicant, other than a person who is exempt under
15 AS 47.45.015(b), to elect to receive cash in lieu of a permanent fund
16 dividend.

17 * Sec. 9. AS 43.23.035 is amended to read:

18 Sec. 43.23.035. PENALTIES AND ENFORCEMENT. (a) In addition to
19 any criminal penalties imposed by state law, if an individual is
20 convicted of a crime in connection with a false statement made in a
21 certification required under AS 43.23.015, and the conviction is not
22 reversed, that individual forfeits all permanent fund dividends cred-
23 ited or paid, together with any additional credits to that individu-
24 al's annuity account and is not eligible for a future permanent fund
25 dividend.

26 (b) If the commissioner determines that a cash [PERMANENT FUND]
27 dividend should not have been claimed by or paid to an individual, the
28 commissioner may use all collection procedures or remedies available
29 for collection of taxes under this title to recover the payment of a

1 permanent fund dividend that was improperly made. A notice of an
2 improperly paid dividend must be sent to the individual within 10
3 years after the improper payment. If notice is not sent within the
4 10-year period, proceedings may not be commenced in court for recovery
5 of the improper payment.

6 * Sec. 10. AS 43.23.035 is amended by adding a new subsection to read:

7 (c) If the commissioner determines that a permanent fund divi-
8 dend should not have been credited to an individual's annuity account,
9 the commissioner may, after notice and opportunity for hearing, direct
10 the commissioner of administration to debit the individual's annuity
11 account for the amount wrongly credited. If the credit is the fault
12 of the individual, the debit must be made within 10 years. If the
13 credit is the fault of the state, the debit must be made within three
14 years.

15 * Sec. 11. AS 43.23.055 is amended to read:

16 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

17 (1) annually make payments to individuals who are 65 years
18 of age before January 1, 1986, and to individuals who elect to receive
19 cash under AS 43.23.005(d) [PAY PERMANENT FUND DIVIDENDS FROM THE
20 DIVIDEND FUND];

21 (2) adopt regulations under the Administrative Procedure
22 Act (AS 44.62) that establish procedures and time limits for claiming
23 a permanent fund dividend or for electing an annuity share; the de-
24 partment shall set the time limit for applications for permanent fund
25 dividends so that the number of eligible applicants is determined by
26 October 1 of the year for which the dividend is declared and permanent
27 fund dividends for a year are paid before April 30 of the year follow-
28 ing that year;

29 (3) adopt regulations under the Administrative Procedure

1 Act (AS 44.62) that establish procedures and time limits for an indi-
2 vidual upon emancipation or upon reaching majority to apply for perma-
3 nent fund dividends not credited or received during minority because
4 the parent, guardian, or other authorized representative did not apply
5 on behalf of the individual; [AND]

6 (4) assist residents of the state, particularly in rural
7 areas, who because of language, disability, or inaccessibility to
8 public transportation need assistance to establish eligibility and to
9 apply for permanent fund dividends; and

10 (5) provide the commissioner of administration with infor-
11 mation necessary to maintain individual annuity account records and
12 administer the annuity program.

13 * Sec. 12. AS 43.23.065 is amended to read:

14 Sec. 43.23.065. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty
15 percent of a cash [THE ANNUAL] permanent fund dividend payment [PAY-
16 ABLE TO AN INDIVIDUAL] is exempt from levy, execution, garnishment,
17 attachment, or any other remedy for the collection of debt. This
18 exemption applies to an eligible individual's permanent fund dividend
19 both before and after payment is made to the individual. An exemption
20 is not available under this section for cash permanent fund dividend
21 payments [DIVIDENDS] taken to satisfy (1) child support obligations
22 required by court order or decision of the child support enforcement
23 agency under AS 47.23.140 - 47.23.220; (2) a debt owed by an eligible
24 individual to an agency of the state, unless the debt is contested and
25 an appeal is pending, or the time limit for filing an appeal has not
26 expired; or (3) court ordered restitution under AS 12.55.045 - 12.55.-
27 051 or 12.55.100. A child support obligation under (1) of this sec-
28 tion has priority over a debt owed to an agency of the state, and a
29 permanent fund dividend may not be taken to satisfy a debt under (2)

1 of this section until any portion of the dividend necessary to satisfy
2 a child support obligation has been taken.

3 * Sec. 13. AS 43.23.065 is amended by adding new subsections to read:

4 (b) The department shall require an individual to take 100
5 percent of the permanent fund dividend in cash if the department
6 receives a levy, execution, garnishment, attachment or other legal
7 remedy for the collection of a past due debt described in (a)(1) or
8 (2) of this section.

9 (c) The courts of this state may, as a condition of any civil
10 judgment or restitution order under AS 12.55.045 - 12.55.051 or 12.-
11 55.100, require the defendant to take the defendant's permanent fund
12 dividend in cash.

13 * Sec. 14. AS 43.23.075 is amended to read:

14 Sec. 43.23.075. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) In
15 determining the eligibility of an individual under a public assistance
16 program administered by the Department of Health and Social Services
17 in which eligibility for assistance is based on financial need, the
18 Department of Health and Social Services may not consider a permanent
19 fund dividend as income or resources received by the recipient of
20 public assistance or by a member of the recipient's household unless
21 required to do so by federal law or regulation. The Department of
22 Health and Social Services shall notify all recipients of public
23 assistance of the effects of [RECEIVING] a permanent fund dividend
24 credit or cash payment.

25 (b) An individual who is denied medical assistance under 42
26 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) solely because of
27 the credit or receipt of a permanent fund dividend by the individual
28 or by a member of the individual's household is eligible for state-
29 funded medical assistance under the general relief assistance program

1 (AS 47.25.120 - 47.25.300). The individual is entitled to receive,
2 for a period not to exceed four months, the same level of medical
3 assistance as the individual would have received under 42 U.S.C.
4 1396 - 1396p (Social Security Act, Title XIX) had there been no perma-
5 nent fund dividend program.

6 (c) An individual who is denied assistance solely because perma-
7 nent fund dividends credited to or received by the individual or by a
8 member of the individual's household are counted as income or re-
9 sources under federal law or regulation is eligible for cash assis-
10 tance under the general relief assistance program (AS 47.25.120 -
11 47.25.300). Notwithstanding the limit in AS 47.25.130, the individual
12 is entitled to receive, for a period not to exceed four months, the
13 same amount as the individual would have received under other public
14 assistance programs had there been no permanent fund dividend program.

15 * Sec. 15. AS 43.23.095(6) is repealed and reenacted to read:

16 (6) "permanent fund dividend" means a credit to an annuity
17 account under this chapter except that, as applied to an individual
18 who may receive only cash under AS 43.23.005(d) or 43.23.065, it means
19 a cash payment under this chapter;

20 * Sec. 16. AS 43.23 is amended by adding new sections to read:

21 ARTICLE 2. ANNUITY PROGRAM.

22 Sec. 43.23.110. ANNUITY INVESTMENT FUND. (a) The annuity
23 investment fund is established as a separate fund in the state trea-
24 sury. The annuity investment fund consists of money transferred from
25 the dividend fund, money appropriated to the annuity investment fund,
26 and income earned by the annuity investment fund. Notwithstanding
27 AS 37.13.145, an amount equal to the permanent fund dividends taken as
28 annuity credits under this chapter shall be annually transferred from
29 the dividend fund to the annuity investment fund.

1 (b) The legislature may appropriate either general funds, or
2 earnings of the undistributed income account in the Alaska permanent
3 fund, to the annuity investment fund. Funds appropriated under this
4 subsection shall be allocated to the individual annuity accounts of
5 those who are eligible to receive a dividend for that year and do not
6 elect cash under AS 43.23.005(d). The allocation shall be made in the
7 following manner:

8 (1) a credit will be made to the account of each individual
9 who is at least 18 years old;

10 (2) the credit for each person from the age of 18 through
11 age 35 is the base amount; the size of the base amount is determined
12 according to the amount of the appropriation;

13 (3) the credit for persons over the age of 35 is the base
14 amount, increased for each year of age over 35 up to and including the
15 age of 65; the incremental increase for each year of age is a percent-
16 age over the credit for the prior year of age; that percentage shall
17 be established with due regard for historical and projected permanent
18 fund returns on investment;

19 (4) if a person elects to receive a portion of the dividend
20 in cash under AS 43.23.005(d), the allocation to which that person is
21 otherwise entitled will be reduced proportionately.

22 (c) Money in the annuity investment fund shall be invested by
23 the commissioner of revenue in investments authorized under AS 39.-
24 35.110. The commissioner of administration shall credit the net
25 income of the annuity investment fund to the individual annuity ac-
26 counts.

27 (d) The legislature may annually appropriate to the Department
28 of Administration an amount sufficient to pay monthly annuity payments
29 for the subsequent fiscal year under AS 43.23.130 from the annuity

1 investment fund. Funds appropriated under this subsection shall be
2 transferred from the annuity investment fund to the Department of
3 Administration in order to meet the current demands of the annuity
4 program.

5 (e) The legislature may annually appropriate from the annuity
6 investment fund an amount sufficient to administer the annuity pro-
7 gram. Any costs of administration funded under this subsection shall
8 be allocated equitably among all individual annuity accounts.

9 (f) Notwithstanding AS 39.35.110 or (c) of this section, the
10 commissioner of revenue may invest all or part of the annuity invest-
11 ment fund in commercial insurance contracts purchased from insurance
12 companies that have a Best's policyholders' rating of A or better and
13 belong to Best's financial size Group XV at the time of purchase.

14 Sec. 43.23.120. ANNUITY PROGRAM. (a) The annuity program is
15 administered by the commissioner of administration. The commissioner
16 of administration shall adopt regulations necessary to implement the
17 annuity program.

18 (b) The commissioner of administration shall maintain records of
19 individual annuity accounts and make annuity payments under AS 43.23.-
20 130.

21 Sec. 43.23.130. PAYMENT OF ANNUITIES. (a) An individual with
22 one or more annuity credits may receive an annuity upon reaching the
23 age of 65.

24 (b) An annuity under this section is a monthly payment based
25 upon the principal and accrued interest in the person's annuity ac-
26 count. An annuity shall be paid as a straight life annuity or other
27 payment plan authorized by the commissioner of the Department of
28 Administration. The size of the annuity may not vary on account of
29 the individual's sex.

1 (c) An individual need not be a resident of the state to be
2 eligible to received an annuity payment from the individual's account.

3 (d) Except as provided in (b) and (e) of this section, an annu-
4 ity account may not be assigned, sold, or otherwise transferred from
5 one individual to another.

6 (e) If a person dies before age 65, a lump sum payment shall,
7 subject to appropriation, be paid to the surviving spouse by right of
8 survivorship unless a different beneficiary was designated. When no
9 spouse survives and no beneficiary was designated, the lump sum shall
10 be paid to the decedent's estate. The lump sum payment shall include
11 all permanent fund dividend contributions made by the individual,
12 together with interest, but shall not include any credits to the
13 individual's account made pursuant to AS 43.23.110(b), or interest on
14 those credits.

15 (f) An individual does not receive a vested property right in an
16 annuity payment until that payment is made. Notwithstanding this
17 section, the state is not obligated to provide annuity payments for
18 annuity credits granted under AS 43.23.005.

19 * Sec. 17. AS 47.45.010(a) is amended to read:

20 (a) A person who is 65 years of age or over, who resides in the
21 state for at least one year immediately preceding application for a
22 longevity bonus under this chapter may apply to the commissioner of
23 administration for qualification to receive a monthly bonus [OF \$250].

24 * Sec. 18. AS 47.45 is amended by adding a new section to read:

25 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b)
26 of this section, the monthly longevity bonus is equal to \$250, in-
27 creased by three percent each year beginning in fiscal year 1987,
28 minus the maximum possible straight life annuity for a person 65 years
29 of age under the annuity program (AS 43.23.110 - 43.23.130), as

1 determined by the commissioner of administration.

2 (b) A person who is 65 years of age before January 1, 1986, is
3 entitled to the full longevity bonus payment without reduction for the
4 annuity program.

5 * Sec. 19. AS 47.45.070 is amended to read:

6 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is
7 one who

8 (1) does not meet the age or residence requirements as
9 provided for under this chapter;

10 (2) meets the age and residence requirements of this chap-
11 ter but either is confined in a state or federal mental health insti-
12 tution or facility and is certified by the state as unable to manage
13 personal affairs, or resides in a nursing home as that term is defined
14 in AS 08.70.180; however, if that person, at the time of commitment or
15 commencement of residence, provided the principal support of a spouse,
16 the commissioner of administration may determine to pay the confined
17 person's bonus to the person's spouse until the spouse is qualified
18 for a bonus;

19 (3) is otherwise qualified but confined in a penal or
20 correctional institution or facility; upon completion of sentence or
21 upon the conferral of a pardon, parole or probation, the person may
22 make application; confinement outside the state shall be considered as
23 residence in the state if a person was convicted and sentenced from a
24 court in Alaska; revocation of parole or probation shall be cause for
25 immediate disqualification until release from confinement is again
26 effected;

27 (4) voluntarily leaves the state and remains absent from
28 the state for a continuous period of more than 180 days.

29 * Sec. 20. Section 11, ch. 38, SLA 1984 is amended to read:

1 Sec. 11. Sections 7 and 9 of this [THIS] Act [AND AS 47.45] are
2 repealed June 30, 1985.

3 * Sec. 21. AS 43.23.045(c) is repealed.

4 * Sec. 22. This Act applies only to permanent fund dividends for years
5 beginning after December 31, 1985. Notwithstanding the amendments to
6 AS 43.23 made by this Act, permanent fund dividends for 1985 and prior
7 years shall be made under the law as it existed before the effective date
8 of this Act.

9 * Sec. 23. This Act takes effect immediately in accordance with AS 01.-
10 10.070(c).

157 C. 5.

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE BILL NO. 56 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending the longevity bonus program and the
7 permanent fund dividend program, establishing an
8 annuity program; and providing for an effective
9 date."

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

11 * Section 1. FINDINGS AND PURPOSE. The legislature finds and declares
12 that

13 (1) it is in the public interest to continue the longevity bonus
14 program; however, as oil reserves decline over the years, it will become
15 increasingly difficult to provide the benefits of the longevity bonus
16 program through the general fund; as a result, that program must be phased
17 out over the years;

18 (2) it is appropriate that individuals save for their own re-
19 tirement, and it is also appropriate that the state establish both means
20 and incentives for Alaska residents to set aside retirement funds; accord-
21 ingly, it is a purpose of this legislation to create an annuity program;

22 (3) many retired Alaskans have made their retirement plans in
23 reliance on the availability of both the existing longevity bonus and the
24 permanent fund dividend; accordingly, the legislature finds that it is
25 appropriate to continue both those programs for these individuals;

26 (4) the most suitable source of funds for the annuity program
27 created by this Act are those permanent fund earnings currently distributed
28 as dividends; therefore this Act applies the annual permanent fund dividend
29 of younger Alaskans to annuity accounts unless the individual alternatively

1 elects to receive cash; in so doing, this Act will promote wise stewardship
2 of the permanent fund by giving each participant a direct financial stake
3 in its long-term profitability; and

4 (5) neither the longevity bonus program, nor the annuity pro-
5 gram, should be viewed as a form of welfare; other state and federal pro-
6 grams are available to meet the basic necessities of life, and amounts
7 received by an individual under this Act are not calculated on the basis of
8 need.

9 * Sec. 2. AS 43.23.005(c) is amended to read:

10 (c) A parent, guardian, or other authorized representative may
11 claim a permanent fund dividend on behalf of an unemancipated minor or
12 on behalf of an incompetent individual who is eligible to receive a
13 dividend [PAYMENT] under this section.

14 * Sec. 3. AS 43.23.005 is amended by adding a new subsection to read:

15 (d) A person who is eligible to receive a permanent fund divi-
16 dend under this section, or who is authorized to claim a dividend on
17 behalf of another under (c) of this section, may elect to receive cash
18 in lieu of an annuity share. Alternatively, a person may elect to
19 receive 25 percent, 50 percent, or 75 percent of the dividend in cash
20 and the remainder as an annuity credit. A person who is 65 years of
21 age before January 1, 1986, may only receive cash.

22 * Sec. 4. AS 43.23.015(a) is amended to read:

23 (a) The commissioner shall adopt regulations under the Adminis-
24 trative Procedure Act (AS 44.62) establishing the process for de-
25 termining the eligibility of individuals for permanent fund dividends.
26 The commissioner may require an individual to provide proof of eli-
27 gibility, and the commissioner may use other information available
28 from other state departments or agencies to determine the eligibility
29 of an individual.

1 * Sec. 5. AS 43.23.015(b) is amended to read:

2 (b) The department shall prescribe and furnish an application
3 form for claiming a permanent fund dividend. The application must
4 contain a statement of eligibility and a certification of residency in
5 substantially the following form:

6 I certify that

7 () I am a state resident on the date of this application
8 and I have been a state resident for at least six months immediately
9 preceding the date of this application; or

10 () (name), the individual on whose behalf I am applying,
11 is a state resident and has been a state resident for at least six
12 months immediately preceding the date of this application.

13 I understand that a false claim of residency to obtain a perma-
14 nent fund dividend for myself or for another is a criminal offense and
15 that if convicted I will forfeit future permanent fund dividends and
16 that I will lose or must repay all permanent fund dividends that have
17 been credited or paid to me, appropriations allocated to my annuity
18 account in accordance with AS 43.23.110(b), and any accrued interest
19 in my annuity account. I understand that this penalty is in addition
20 to any criminal penalties imposed.

21 _____
22 (signature of individual, parent,
23 guardian, or other authorized
24 representative)

25 * Sec. 6. AS 43.23.015(e) is amended to read:

26 (e) If a public agency claims a [PERMANENT FUND] dividend on
27 behalf of an individual under this section, the public agency shall
28 elect 100 percent cash under AS 43.23.005(d) and hold the dividend in
29 trust for the individual. Money held in trust under this subsection

1 shall be invested by the commissioner in accordance with AS 37.10.070.

2 * Sec. 7. AS 43.23.015(f) is amended to read:

3 (f) A minor or an incompetent individual may not maintain a
4 claim against the state or an officer or employee of the state based
5 either on the manner in which the parent, guardian, or authorized
6 representative other than a public agency of the state managed or
7 disposed of permanent fund dividends received on behalf of the minor
8 or incompetent, or an election made or not made on that individual's
9 behalf under AS 43.23.005(d) [INDIVIDUAL].

10 * Sec. 8. AS 43.23.015 is amended by adding a new subsection to read:

11 (i) The permanent fund dividend application form shall be pre-
12 pared to allow an applicant, other than a person who is exempt under
13 AS 47.45.015(b), to elect to receive cash in lieu of a permanent fund
14 dividend.

15 * Sec. 9. AS 43.23.035 is amended to read:

16 Sec. 43.23.035. PENALTIES AND ENFORCEMENT. (a) In addition to
17 any criminal penalties imposed by state law, if an individual is
18 convicted of a crime in connection with a false statement made in a
19 certification required under AS 43.23.015, and the conviction is not
20 reversed, that individual forfeits all permanent fund dividends cred-
21 ited or paid, together with any additional credits to that individu-
22 al's annuity account and is not eligible for a future permanent fund
23 dividend.

24 (b) If the commissioner determines that a cash [PERMANENT FUND]
25 dividend should not have been claimed by or paid to an individual, the
26 commissioner may use all collection procedures or remedies available
27 for collection of taxes under this title to recover the payment of a
28 permanent fund dividend that was improperly made. A notice of an
29 improperly paid dividend must be sent to the individual within 10

1 years after the improper payment. If notice is not sent within the
2 10-year period, proceedings may not be commenced in court for recovery
3 of the improper payment.

4 * Sec. 10. AS 43.23.035 is amended by adding a new subsection to read:

5 (c) If the commissioner determines that a permanent fund divi-
6 dend should not have been credited to an individual's annuity account,
7 the commissioner may, after notice and opportunity for hearing, direct
8 the commissioner of administration to debit the individual's annuity
9 account for the amount wrongly credited. If the credit is the fault
10 of the individual, the debit must be made within 10 years. If the
11 credit is the fault of the state, the debit must be made within three
12 years.

13 * Sec. 11. AS 43.23.055 is amended to read:

14 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

15 (1) annually make payments to individuals who are 65 years
16 of age before January 1, 1986, and to individuals who elect to receive
17 cash under AS 43.23.005(d) [PAY PERMANENT FUND DIVIDENDS FROM THE
18 DIVIDEND FUND];

19 (2) adopt regulations under the Administrative Procedure
20 Act (AS 44.62) that establish procedures and time limits for claiming
21 a permanent fund dividend or for electing an annuity share; the de-
22 partment shall set the time limit for applications for permanent fund
23 dividends so that the number of eligible applicants is determined by
24 October 1 of the year for which the dividend is declared and permanent
25 fund dividends for a year are paid before April 30 of the year follow-
26 ing that year;

27 (3) adopt regulations under the Administrative Procedure
28 Act (AS 44.62) that establish procedures and time limits for an indi-
29 vidual upon emancipation or upon reaching majority to apply for

1 permanent fund dividends not credited or received during minority
2 because the parent, guardian, or other authorized representative did
3 not apply on behalf of the individual; [AND]

4 (4) assist residents of the state, particularly in rural
5 areas, who because of language, disability, or inaccessibility to
6 public transportation need assistance to establish eligibility and to
7 apply for permanent fund dividends; and

8 (5) provide the commissioner of administration with infor-
9 mation necessary to maintain individual annuity account records and
10 administer the annuity program.

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12 Sec. 43.23.065. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty
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15 attachment, or any other remedy for the collection of debt. This
16 exemption applies to an eligible individual's permanent fund dividend
17 both before and after payment is made to the individual. An exemption
18 is not available under this section for cash permanent fund dividend
19 payments [DIVIDENDS] taken to satisfy (1) child support obligations
20 required by court order or decision of the child support enforcement
21 agency under AS 47.23.140 - 47.23.220; (2) a debt owed by an eligible
22 individual to an agency of the state, unless the debt is contested and
23 an appeal is pending, or the time limit for filing an appeal has not
24 expired; or (3) court ordered restitution under AS 12.55.045 - 12.55.-
25 051 or 12.55.100. A child support obligation under (1) of this sec-
26 tion has priority over a debt owed to an agency of the state, and a
27 permanent fund dividend may not be taken to satisfy a debt under (2)
28 of this section until any portion of the dividend necessary to satisfy
29 a child support obligation has been taken.

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2 (b) The department shall require an individual to take 100
3 percent of the permanent fund dividend in cash if the department
4 receives a levy, execution, garnishment, attachment or other legal
5 remedy for the collection of a past due debt described in (a)(1) or
6 (2) of this section.

7 (c) The courts of this state may, as a condition of any civil
8 judgment or restitution order under AS 12.55.045 - 12.55.051 or 12.-
9 55.100, require the defendant to take the defendant's permanent fund
10 dividend in cash.

11 * Sec. 14. AS 43.23.075 is amended to read:

12 Sec. 43.23.075. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) In
13 determining the eligibility of an individual under a public assistance
14 program administered by the Department of Health and Social Services
15 in which eligibility for assistance is based on financial need, the
16 Department of Health and Social Services may not consider a permanent
17 fund dividend as income or resources received by the recipient of
18 public assistance or by a member of the recipient's household unless
19 required to do so by federal law or regulation. The Department of
20 Health and Social Services shall notify all recipients of public
21 assistance of the effects of [RECEIVING] a permanent fund dividend
22 credit or cash payment.

23 (b) An individual who is denied medical assistance under 42
24 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) solely because of
25 the credit or receipt of a permanent fund dividend by the individual
26 or by a member of the individual's household is eligible for state-
27 funded medical assistance under the general relief assistance program
28 (AS 47.25.120 - 47.25.300). The individual is entitled to receive,
29 for a period not to exceed four months, the same level of medical

1 assistance as the individual would have received under 42 U.S.C.
2 1396 - 1396p (Social Security Act, Title XIX) had there been no perma-
3 nent fund dividend program.

4 (c) An individual who is denied assistance solely because perma-
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6 member of the individual's household are counted as income or re-
7 sources under federal law or regulation is eligible for cash assis-
8 tance under the general relief assistance program (AS 47.25.120 -
9 47.25.300). Notwithstanding the limit in AS 47.25.130, the individual
10 is entitled to receive, for a period not to exceed four months, the
11 same amount as the individual would have received under other public
12 assistance programs had there been no permanent fund dividend program.

13 * Sec. 15. AS 43.23.095(6) is repealed and reenacted to read:

14 (6) "permanent fund dividend" means a credit to an annuity
15 account under this chapter except that, as applied to an individual
16 who may receive only cash under AS 43.23.005(d) or 43.23.065, it means
17 a cash payment under this chapter;

18 * Sec. 16. AS 43.23 is amended by adding new sections to read:

19 ARTICLE 2. ANNUITY PROGRAM.

20 Sec. 43.23.110. ANNUITY INVESTMENT FUND. (a) The annuity
21 investment fund is established as a separate fund in the state trea-
22 sury. The annuity investment fund consists of money transferred from
23 the dividend fund, money appropriated to the annuity investment fund,
24 and income earned by the annuity investment fund. Notwithstanding
25 AS 37.13.145, an amount equal to the permanent fund dividends taken as
26 annuity credits under this chapter shall be annually transferred from
27 the dividend fund to the annuity investment fund.

28 (b) The legislature may appropriate either general funds, or
29 earnings of the undistributed income account in the Alaska permanent

1 fund, to the annuity investment fund. Funds appropriated under this
2 subsection shall be allocated to the individual annuity accounts of
3 those who are eligible to receive a dividend for that year and do not
4 elect cash under AS 43.23.005(d). The allocation shall be made in the
5 following manner:

6 (1) a credit will be made to the account of each individual
7 who is at least 18 years old;

8 (2) the credit for each person from the age of 18 through
9 age 35 is the base amount; the size of the base amount is determined
10 according to the amount of the appropriation;

11 (3) the credit for persons over the age of 35 is the base
12 amount, increased for each year of age over 35 up to and including the
13 age of 65; the incremental increase for each year of age is a percent-
14 age over the credit for the prior year of age; that percentage shall
15 be established with due regard for historical and projected permanent
16 fund returns on investment;

17 (4) if a person elects to receive a portion of the dividend
18 in cash under AS 43.23.005(d), the allocation to which that person is
19 otherwise entitled will be reduced proportionately.

20 (c) Money in the annuity investment fund shall be invested by
21 the commissioner of revenue in investments authorized under AS 39.-
22 35.110. The commissioner of administration shall credit the net
23 income of the annuity investment fund to the individual annuity ac-
24 counts.

25 (d) The legislature may annually appropriate to the Department
26 of Administration an amount sufficient to pay monthly annuity payments
27 for the subsequent fiscal year under AS 43.23.130 from the annuity
28 investment fund. Funds appropriated under this subsection shall be
29 transferred from the annuity investment fund to the Department of

1 Administration in order to meet the current demands of the annuity
2 program.

3 (e) The legislature may annually appropriate from the annuity
4 investment fund an amount sufficient to administer the annuity pro-
5 gram. Any costs of administration funded under this subsection shall
6 be allocated equitably among all individual annuity accounts.

7 (f) Notwithstanding AS 39.35.110 or (c) of this section, the
8 commissioner of revenue may invest all or part of the annuity invest-
9 ment fund in commercial insurance contracts purchased from insurance
10 companies that have a Best's policyholders' rating of A or better and
11 belong to Best's financial size Group XV at the time of purchase.

12 Sec. 43.23.120. ANNUITY PROGRAM. (a) The annuity program is
13 administered by the commissioner of administration. The commissioner
14 of administration shall adopt regulations necessary to implement the
15 annuity program.

16 (b) The commissioner of administration shall maintain records of
17 individual annuity accounts and make annuity payments under AS 43.23.-
18 130.

19 Sec. 43.23.130. PAYMENT OF ANNUITIES. (a) An individual with
20 one or more annuity credits may receive an annuity upon reaching the
21 age of 65.

22 (b) An annuity under this section is a monthly payment based
23 upon the principal and accrued interest in the person's annuity ac-
24 count. An annuity shall be paid as a straight life annuity or other
25 payment plan authorized by the commissioner of the Department of
26 Administration. The size of the annuity may not vary on account of
27 the individual's sex.

28 (c) An individual need not be a resident of the state to be
29 eligible to received an annuity payment from the individual's account.

1 (d) Except as provided in (e) of this section, an annuity ac-
2 count may not be assigned, sold, or otherwise transferred from one
3 individual to another. The right to receive an annuity under this
4 section terminates upon the death of the person who is eligible for
5 the annuity and does not pass to that person's estate.

6 (e) If a person dies before age 65, a lump sum payment shall,
7 subject to appropriation, be paid to the surviving spouse by right of
8 survivorship unless a different beneficiary was designated. When no
9 spouse survives and no beneficiary was designated, the lump sum shall
10 be paid to the decedent's estate. The lump sum payment shall include
11 all permanent fund dividend contributions made by the individual,
12 together with interest, but shall not include any credits to the
13 individual's account made pursuant to AS 43.23.110(b), or interest on
14 those credits.

15 (f) An individual does not receive a vested property right in an
16 annuity payment until that payment is made. Notwithstanding this
17 section, the state is not obligated to provide annuity payments for
18 annuity credits granted under AS 43.23.005.

19 * Sec. 17. AS 47.45.010(a) is amended to read:

20 (a) A person who is 65 years of age or over, who resides in the
21 state for at least one year immediately preceding application for a
22 longevity bonus under this chapter may apply to the commissioner of
23 administration for qualification to receive a monthly bonus [OF \$250].

24 * Sec. 18. AS 47.45 is amended by adding a new section to read:

25 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b)
26 of this section, the monthly longevity bonus is equal to \$250, in-
27 creased by three percent each year beginning in fiscal year 1987,
28 minus the maximum possible straight life annuity for a person 65 years
29 of age under the annuity program (AS 43.23.110 - 43.23.130), as

1 determined by the commissioner of administration.

2 (b) A person who is 65 years of age before January 1, 1986, is
3 entitled to the full longevity bonus payment without reduction for the
4 annuity program.

5 * Sec. 19. AS 47.45.070 is amended to read:

6 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is
7 one who

8 (1) does not meet the age or residence requirements as
9 provided for under this chapter;

10 (2) meets the age and residence requirements of this chap-
11 ter but either is confined in a state or federal mental health insti-
12 tution or facility and is certified by the state as unable to manage
13 personal affairs, or resides in a nursing home as that term is defined
14 in AS 08.70.180; however, if that person, at the time of commitment or
15 commencement of residence, provided the principal support of a spouse,
16 the commissioner of administration may determine to pay the confined
17 person's bonus to the person's spouse until the spouse is qualified
18 for a bonus;

19 (3) is otherwise qualified but confined in a penal or
20 correctional institution or facility; upon completion of sentence or
21 upon the conferral of a pardon, parole or probation, the person may
22 make application; confinement outside the state shall be considered as
23 residence in the state if a person was convicted and sentenced from a
24 court in Alaska; revocation of parole or probation shall be cause for
25 immediate disqualification until release from confinement is again
26 effected;

27 (4) voluntarily leaves the state and remains absent from
28 the state for a continuous period of more than 180 days.

29 * Sec. 20. Section 11, ch. 38, SLA 1984 is amended to read:

1 Sec. 11. Sections 7 and 9 of this [THIS] Act [AND AS 47.45] are
2 repealed June 30, 1985.

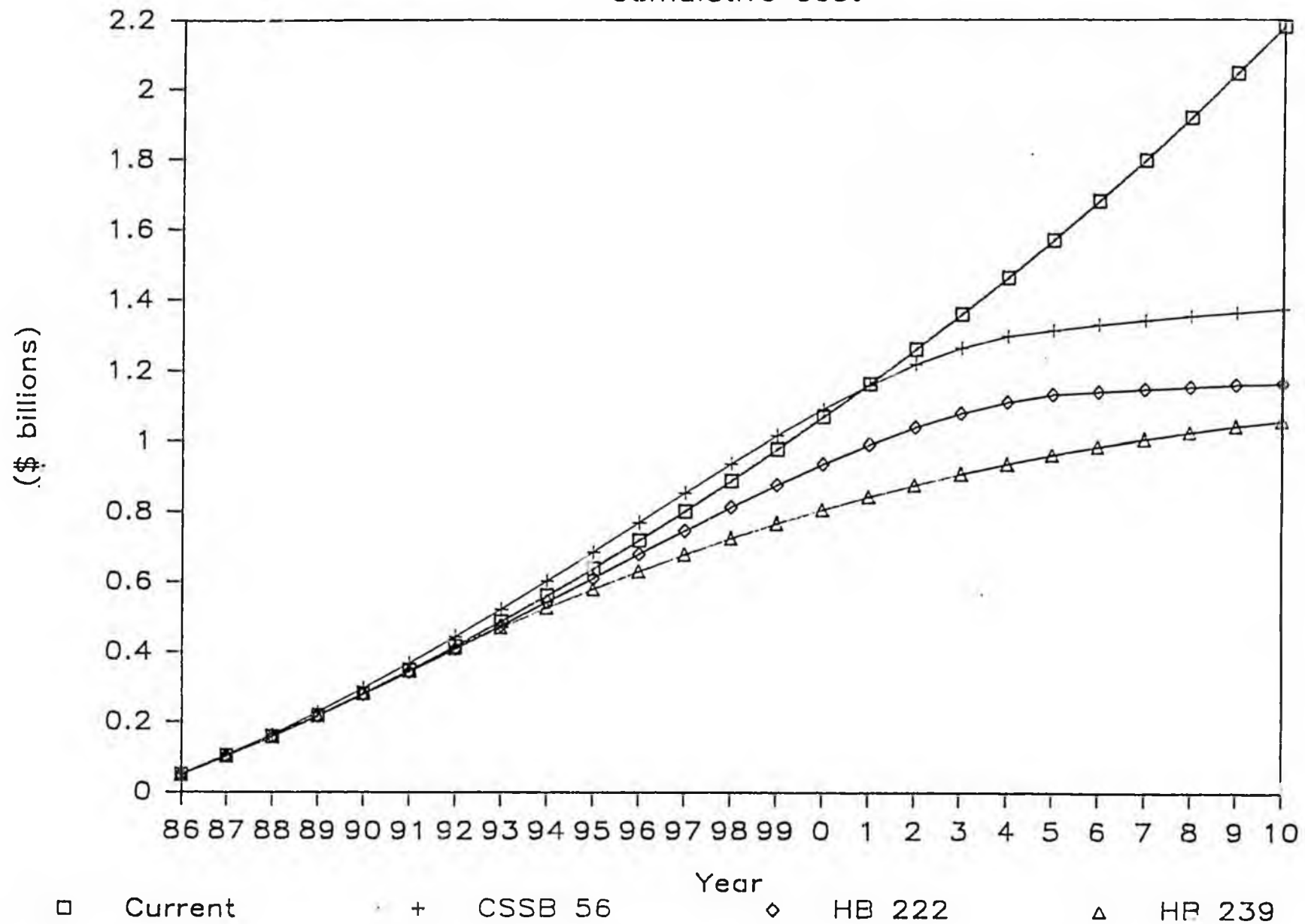
3 * Sec. 21. AS 43.23.045(c) is repealed.

4 * Sec. 22. This Act applies only to permanent fund dividends for years
5 beginning after December 31, 1985. Notwithstanding the amendments to
6 AS 43.23 made by this Act, permanent fund dividends for 1985 and prior
7 years shall be made under the law as it existed before the effective date
8 of this Act.

9 * Sec. 23. This Act takes effect immediately in accordance with AS 01.-
10 10.070(c).

LONGEVITY BONUS COST ANALYSIS

Cumulative Cost



LONGEVITY BONUS COST ANALYSIS

Current Program

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0		65	3,419	250	10.3	53.3	103.5
1988	13,660	250	41.0		65	5,109	250	15.3	56.3	159.8
1989	12,974	250	38.9		65	6,854	250	20.6	59.5	219.3
1990	12,293	250	36.9		65	8,620	250	25.9	62.7	282.1
1991	11,616	250	34.8		65	10,292	250	30.9	65.7	347.8
1992	10,943	250	32.8		65	11,906	250	35.7	68.5	416.3
1993	10,273	250	30.8		65	13,588	250	40.8	71.6	487.9
1994	9,606	250	28.8		65	15,193	250	45.6	74.4	562.3
1995	8,945	250	26.8		65	16,946	250	50.8	77.7	640.0
1996	8,291	250	24.9		65	18,572	250	55.7	80.6	720.6
1997	7,644	250	22.9		65	20,048	250	60.1	83.1	803.7
1998	7,012	250	21.0		65	21,645	250	64.9	86.0	889.6
1999	6,396	250	19.2		65	23,160	250	69.5	88.7	978.3
2000	5,799	250	17.4		65	24,712	250	74.1	91.5	1,069.8
2001	5,225	250	15.7		65	26,234	250	78.7	94.4	1,164.2
2002	4,676	250	14.0		65	27,764	250	83.3	97.3	1,261.5
2003	4,156	250	12.5		65	29,292	250	87.9	100.3	1,361.9
2004	3,666	250	11.0		65	30,817	250	92.5	103.4	1,465.3
2005	3,210	250	9.6		65	32,511	250	97.5	107.2	1,572.5
2006	2,788	250	8.4		65	34,342	250	103.0	111.4	1,683.9
2007	2,402	250	7.2		65	36,087	250	108.3	115.5	1,799.3
2008	2,050	250	6.2		65	38,259	250	114.8	120.9	1,920.3
2009	1,778	250	5.3		65	40,416	250	121.2	126.6	2,046.8
2010	1,449	250	4.3		65	42,563	250	127.7	132.0	2,178.9

Prepared by the House Research Agency

01-Mar-85

LONGEVITY BONUS COST ANALYSIS

CSSB 56 and HB 210

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	258	44.3		65	3,419	253	10.4	54.7	104.9
1988	13,660	265	43.5		65	5,109	255	15.6	59.1	164.0
1989	12,974	273	42.5		65	6,854	256	21.1	63.6	227.6
1990	12,293	281	41.5		65	8,620	256	26.5	68.0	295.6
1991	11,616	290	40.4		65	10,292	256	31.6	72.0	367.6
1992	10,943	299	39.2		65	11,906	254	36.2	75.4	443.0
1993	10,273	307	37.9		65	13,588	250	40.8	78.7	521.7
1994	9,606	317	36.5		65	15,193	245	44.6	81.1	602.8
1995	8,945	326	35.0		65	16,946	238	48.3	83.3	686.1
1996	8,291	336	33.4		65	18,572	228	50.9	84.3	770.4
1997	7,644	346	31.7		65	20,048	216	52.1	83.8	854.3
1998	7,012	356	30.0		65	21,645	202	52.5	82.5	936.7
1999	6,396	367	28.2		65	23,160	184	51.3	79.4	1,016.2
2000	5,799	378	26.3		65	24,712	163	48.5	74.8	1,091.0
2001	5,225	389	24.4		65	26,234	139	43.7	68.1	1,159.1
2002	4,676	401	22.5		65	27,764	110	36.6	59.1	1,218.2
2003	4,156	413	20.6		65	29,292	77	26.9	47.5	1,265.7
2004	3,666	426	18.7		65	30,817	38	14.1	32.9	1,298.6
2005	3,210	438	16.9		65	32,511	0	0.0	16.9	1,315.5
2006	2,788	452	15.1		65	34,342	0	0.0	15.1	1,330.6
2007	2,402	465	13.4		65	36,087	0	0.0	13.4	1,344.0
2008	2,050	479	11.8		65	38,259	0	0.0	11.8	1,355.8
2009	1,778	493	10.5		65	40,416	0	0.0	10.5	1,366.3
2010	1,449	508	8.8		65	42,563	0	0.0	8.8	1,375.1

LONGEVITY BONUS COST ANALYSIS

HB 222 (Larson's Bill -
mandatory)

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0		65	3,419	248	10.2	53.2	103.4
1988	13,660	250	41.0		65	5,109	245	15.0	56.0	159.4
1989	12,974	250	38.9		65	6,854	241	19.9	58.8	218.2
1990	12,293	250	36.9		65	8,620	237	24.6	61.4	279.6
1991	11,616	250	34.8		65	10,292	233	28.8	63.6	343.3
1992	10,943	250	32.8		65	11,906	228	32.5	65.3	408.6
1993	10,273	250	30.8		65	13,588	221	36.1	66.9	475.5
1994	9,606	250	28.8		65	15,193	214	39.0	67.8	543.3
1995	8,945	250	26.8		65	16,946	206	41.8	68.7	612.0
1996	8,291	250	24.9		65	18,572	196	43.7	68.6	680.6
1997	7,644	250	22.9		65	20,048	185	44.6	67.5	748.1
1998	7,012	250	21.0		65	21,645	173	44.9	65.9	814.0
1999	6,396	250	19.2		65	23,160	159	44.1	63.3	877.3
2000	5,799	250	17.4		65	24,712	143	42.3	59.7	937.0
2001	5,225	250	15.7		65	26,234	125	39.2	54.9	991.9
2002	4,676	250	14.0		65	27,764	104	34.8	48.8	1,040.7
2003	4,156	250	12.5		65	29,292	82	28.7	41.2	1,081.9
2004	3,666	250	11.0		65	30,817	56	20.8	31.8	1,113.7
2005	3,210	250	9.6		65	32,511	28	10.9	20.5	1,134.2
2006	2,788	250	8.4		65	34,342	0	0.0	8.4	1,142.6
2007	2,402	250	7.2		65	36,087	0	0.0	7.2	1,149.8
2008	2,050	250	6.2		65	38,259	0	0.0	6.2	1,155.9
2009	1,778	250	5.3		65	40,416	0	0.0	5.3	1,161.3
2010	1,449	250	4.3		65	42,563	0	0.0	4.3	1,165.6

LONGEVITY BONUS COST ANALYSIS

Begin Stairstep: FY 92
 Step Increment: 1
 Age Cap: None

HB 239

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0		65	3,419	250	10.3	53.3	103.5
1988	13,660	250	41.0		65	5,109	250	15.3	56.3	159.8
1989	12,974	250	38.9		65	6,854	250	20.6	59.5	219.3
1990	12,293	250	36.9		65	8,620	250	25.9	62.7	282.1
1991	11,616	250	34.8		65	10,292	250	30.9	65.7	347.8
1992	10,943	250	32.8		66	9,982	250	29.9	62.8	410.6
1993	10,273	250	30.8		67	9,665	250	29.0	59.8	470.4
1994	9,606	250	28.8		68	9,346	250	28.0	56.9	527.2
1995	8,945	250	26.8		69	9,029	250	27.1	53.9	581.2
1996	8,291	250	24.9		70	8,710	250	26.1	51.0	632.2
1997	7,644	250	22.9		71	8,388	250	25.2	48.1	680.3
1998	7,012	250	21.0		72	8,059	250	24.2	45.2	725.5
1999	6,396	250	19.2		73	7,720	250	23.2	42.3	767.8
2000	5,799	250	17.4		74	7,370	250	22.1	39.5	807.3
2001	5,225	250	15.7		75	7,008	250	21.0	36.7	844.0
2002	4,676	250	14.0		76	6,637	250	19.9	33.9	878.0
2003	4,156	250	12.5		77	6,255	250	18.8	31.2	909.2
2004	3,666	250	11.0		78	5,864	250	17.6	28.6	937.8
2005	3,210	250	9.6		79	5,466	250	16.4	26.0	963.8
2006	2,788	250	8.4		80	5,063	250	15.2	23.6	987.4
2007	2,402	250	7.2		81	4,657	250	14.0	21.2	1,008.5
2008	2,050	250	6.2		82	4,254	250	12.8	18.9	1,027.5
2009	1,778	250	5.3		83	3,857	250	11.6	16.9	1,044.4
2010	1,449	250	4.3		84	3,473	250	10.4	14.8	1,059.1

Prepared by the House Research Agency

04-Mar-85

ALB CASES WITH ZERO FRONT LOADING AND ZERO ESCALATOR

FISCAL YEAR	---MONTHLY PAYMENTS---			-----POPULATIONS-----					---PROGRAM COSTS (MILLIONS)---		
	TARGET	MAXIMUM POSSIBLE ANNUITY	ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1,85	65 BEFORE 1992	65 AFTER 1991	COMM. BILL stairstep in 1986	STAIRSTEP BILL*	CURRENT LAW
1986	\$250.00	\$.00	\$250.00	16,744	15,039	1,705	16,744	-0-	\$50.2	\$50.2	\$50.2
1987	\$250.00	\$4.37	\$245.63	17,768	14,349	3,419	17,768	-0-	\$53.1	\$53.3	\$53.3
1988	\$250.00	\$9.70	\$240.30	18,769	13,660	5,109	18,769	-0-	\$55.7	\$56.3	\$56.3
1989	\$250.00	\$16.03	\$233.97	19,828	12,974	6,854	19,828	-0-	\$58.2	\$59.5	\$59.5
1990	\$250.00	\$23.55	\$226.45	20,913	12,293	8,620	20,913	-0-	\$60.3	\$62.7	\$62.7
1991	\$250.00	\$32.50	\$217.50	21,908	11,616	10,292	21,908	-0-	\$61.7	\$65.7	\$65.7
1992	\$250.00	\$43.06	\$206.94	22,849	10,943	11,906	20,839	2,010	\$62.4	\$62.5	\$68.5
1993	\$250.00	\$55.44	\$194.56	23,861	10,273	13,588	19,890	3,971	\$62.5	\$59.7	\$71.6
1994	\$250.00	\$69.89	\$180.11	24,799	9,606	15,193	18,823	5,976	\$61.7	\$56.5	\$74.4
1995	\$250.00	\$83.72	\$163.28	25,891	8,945	16,946	17,940	7,951	\$60.0	\$53.8	\$77.7
1996	\$250.00	\$106.27	\$143.73	26,863	8,291	18,572	16,873	9,990	\$56.9	\$50.6	\$80.6
1997	\$250.00	\$128.70	\$121.30	27,692	7,644	20,048	15,819	11,873	\$52.1	\$47.5	\$83.1
1998	\$250.00	\$154.42	\$95.58	28,657	7,012	21,645	14,934	13,723	\$45.9	\$44.8	\$86.0
1999	\$250.00	\$183.86	\$66.14	29,556	6,396	23,160	13,969	15,587	\$37.6	\$41.9	\$88.7
2000	\$250.00	\$217.46	\$32.54	30,511	5,799	24,712	13,031	17,480	\$27.0	\$39.1	\$91.5
2001	\$250.00	\$255.10	\$.00	31,459	5,225	26,234	12,098	19,361	\$15.7	\$36.3	\$94.4
2002	\$250.00	\$298.96	\$.00	32,440	4,676	27,764	11,193	21,247	\$14.0	\$33.6	\$97.3
2003	\$250.00	\$347.74	\$.00	33,448	4,156	29,292	10,306	23,142	\$12.5	\$30.9	\$100.3
2004	\$250.00	\$492.63	\$.00	34,483	3,666	30,817	9,438	25,045	\$11.0	\$28.3	\$103.4
2005	\$250.00	\$464.27	\$.00	35,721	3,210	32,511	8,639	27,082	\$9.6	\$25.9	\$107.2
2006	\$250.00	\$533.39	\$.00	37,130	2,780	34,342	7,850	29,280	\$8.4	\$23.5	\$111.4
2007	\$250.00	\$610.77	\$.00	38,489	2,402	36,087	7,043	31,446	\$7.2	\$21.1	\$115.5
2008	\$250.00	\$697.21	\$.00	40,309	2,050	38,259	6,359	33,950	\$6.2	\$19.1	\$120.9
2009	\$250.00	\$793.66	\$.00	42,194	1,778	40,416	5,640	36,554	\$5.3	\$16.9	\$126.6
2010	\$250.00	\$901.13	\$.00	44,012	1,449	42,563	4,950	39,062	\$4.3	\$14.9	\$132.0
2011	\$250.00	\$1,020.72	\$.00	45,000	1,213	43,787	4,243	40,757	\$3.6	\$12.7	\$135.0
2012	\$250.00		\$.00	45,000	1,003	43,997	3,669	41,331	\$3.0	\$11.0	\$135.0
2013	\$250.00		\$.00	45,000	819	44,181	3,161	41,839	\$2.5	\$9.5	\$135.0
2014	\$250.00		\$.00	45,000	658	44,342	2,698	42,302	\$2.0	\$8.1	\$135.0
2015	\$250.00		\$.00	45,000	521	44,479	2,340	42,660	\$1.6	\$7.0	\$135.0
2016	\$250.00		\$.00	45,000	405	44,595	1,907	43,093	\$1.2	\$5.7	\$135.0
2017	\$250.00		\$.00	45,000	309	44,691	1,596	43,404	\$.9	\$4.8	\$135.0
2018	\$250.00		\$.00	45,000	231	44,769	1,320	43,680	\$.7	\$4.0	\$135.0
2019	\$250.00	continues	\$.00	45,000	169	44,831	1,078	43,922	\$.5	\$3.2	\$135.0
2020	\$250.00	continues	\$.00	45,000	114	44,886	866	44,134	\$.3	\$2.6	\$135.0
2021	\$250.00	to	\$.00	45,000	76	44,924	686	44,314	\$.2	\$2.1	\$135.0
2022	\$250.00	increase	\$.00	45,000	48	44,952	533	44,467	\$.1	\$1.6	\$135.0
2023	\$250.00		\$.00	45,000	31	44,969	407	44,593	\$.1	\$1.2	\$135.0
2024	\$250.00		\$.00	45,000	18	44,982	304	44,696	\$.1	\$.9	\$135.0
2025	\$250.00		\$.00	45,000	10	44,990	222	44,778	\$.0	\$.7	\$135.0
2026	\$250.00		\$.00	45,000	5	44,995	150	44,850	\$.0	\$.4	\$135.0
2027	\$250.00		\$.00	45,000	3	44,997	100	44,900	\$.0	\$.3	\$135.0
2028	\$250.00		\$.00	45,000	1	44,999	63	44,937	\$.0	\$.2	\$135.0
2029	\$250.00		\$.00	45,000		45,000	41	44,959	\$.0	\$.1	\$135.0
2030	\$250.00		\$.00	45,000		45,000	24	44,976	\$.0	\$.1	\$135.0
2031	\$250.00		\$.00	45,000		45,000	13	44,987	\$.0	\$.0	\$135.0
2032	\$250.00		\$.00	45,000		45,000	7	44,993	\$.0	\$.0	\$135.0
2033	\$250.00		\$.00	45,000		45,000	4	44,996	\$.0	\$.0	\$135.0
2034	\$250.00		\$.00	45,000		45,000	1	44,999	\$.0	\$.0	\$135.0

	NOMINAL DOLLARS, 1987-1989	\$.0	\$.0	\$.0
FRONT LOADING PAYMENTS	CONSTANT 1985 DOLLARS, 1987-1989	\$.0	\$.0	\$.0
	PRESENT VALUE IN 1985	\$.0	\$.0	\$.0

NOTES:

* Persons 65 before 1992 are grandfathered.

	NOMINAL DOLLARS	\$916.5	\$1,131.0	\$5,418.9
TOTAL COSTS	CONSTANT 1985 DOLLARS	\$566.1	\$625.0	\$1,391.1
	PRESENT VALUE IN 1985	\$464.1	\$496.9	\$879.8

ALB CASES WITH THREE YEAR FRONT LOADING AND ZERO ESCALATOR

FISCAL YEAR	---MONTHLY PAYMENTS---			-----POPULATIONS-----					---PROGRAM COSTS (MILLIONS)---		
	TARGET	MAXIMUM POSSIBLE ANNUITY	ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1985	65 BEFORE 1992	65 AFTER 1991	COMM. BILL stairstep in 1986	STAIRSTEP BILL**	CURRENT LAW
1986	\$250.00	\$ 00	\$250.00	16,744	15,039	1,705	16,744	-0-	\$50.2	\$50.2	\$50.2
1987	\$250.00	\$11.92	\$238.08	17,768	14,349	3,419	17,768	-0-	\$52.8*	\$53.3	\$53.3
1988	\$250.00	\$24.86	\$225.14	18,769	13,660	5,109	18,769	-0-	\$54.8*	\$56.3	\$56.3
1989	\$250.00	\$39.05	\$210.95	19,828	12,974	6,854	19,828	-0-	\$56.3*	\$59.5	\$59.5
1990	\$250.00	\$46.94	\$203.06	20,913	12,293	8,620	20,913	-0-	\$57.9	\$62.7	\$62.7
1991	\$250.00	\$56.27	\$193.73	21,908	11,616	10,292	21,908	-0-	\$58.8	\$65.7	\$65.7
1992	\$250.00	\$67.21	\$182.79	22,849	10,943	11,906	20,839	2,010	\$58.9	\$62.5	\$68.5
1993	\$250.00	\$79.93	\$170.07	23,861	10,273	13,588	19,850	3,971	\$58.5	\$59.7	\$71.6
1994	\$250.00	\$94.67	\$155.33	24,799	9,606	15,193	18,823	5,976	\$57.1	\$56.5	\$74.4
1995	\$250.00	\$111.73	\$138.27	25,891	8,945	16,946	17,940	7,951	\$55.0	\$53.8	\$77.7
1996	\$250.00	\$131.53	\$118.47	26,863	8,291	18,572	16,873	9,990	\$51.3	\$50.6	\$80.6
1997	\$250.00	\$154.20	\$95.80	27,692	7,644	20,048	15,819	11,873	\$46.0	\$47.5	\$83.1
1998	\$250.00	\$180.13	\$69.87	28,657	7,012	21,645	14,934	13,723	\$39.2	\$44.8	\$86.0
1999	\$250.00	\$209.76	\$40.24	29,556	6,396	23,160	13,969	15,587	\$30.4	\$41.9	\$88.7
2000	\$250.00	\$243.52	\$6.48	30,511	5,799	24,712	13,031	17,480	\$19.3	\$39.1	\$91.5
2001	\$250.00	\$281.92	\$0.00	31,459	5,225	26,234	12,098	19,361	\$15.7	\$36.3	\$94.4
2002	\$250.00	\$325.34	\$0.00	32,448	4,676	27,764	11,193	21,247	\$14.0	\$33.6	\$97.3
2003	\$250.00	\$374.26	\$0.00	33,448	4,156	29,292	10,206	23,142	\$12.5	\$30.9	\$100.3
2004	\$250.00	\$429.25	\$0.00	34,463	3,666	30,817	9,438	25,045	\$11.0	\$28.3	\$103.4
2005	\$250.00	\$490.97	\$0.00	35,721	3,210	32,511	8,639	27,082	\$9.6	\$25.9	\$107.2
2006	\$250.00	\$560.18	\$0.00	37,130	2,788	34,342	7,850	29,280	\$8.4	\$23.5	\$111.4
2007	\$250.00	\$637.63	\$0.00	38,489	2,402	36,087	7,043	31,446	\$7.2	\$21.1	\$115.5
2008	\$250.00	\$724.15	\$0.00	40,309	2,050	38,259	6,359	33,950	\$6.2	\$19.1	\$120.9
2009	\$250.00	\$820.68	\$0.00	42,194	1,778	40,416	5,640	36,554	\$5.3	\$16.9	\$126.6
2010	\$250.00	\$928.22	\$0.00	44,012	1,449	42,563	4,950	39,062	\$4.3	\$14.9	\$132.0
2011	\$250.00	\$1,047.88	\$0.00	45,000	1,213	43,787	4,243	40,757	\$3.6	\$12.7	\$135.0
2012	\$250.00		\$0.00	45,000	1,003	43,997	3,669	41,331	\$3.0	\$11.0	\$135.0
2013	\$250.00		\$0.00	45,000	819	44,181	3,161	41,839	\$2.5	\$9.5	\$135.0
2014	\$250.00		\$0.00	45,000	658	44,342	2,628	42,302	\$2.0	\$8.1	\$135.0
2015	\$250.00		\$0.00	45,000	521	44,479	2,340	42,660	\$1.6	\$7.0	\$135.0
2016	\$250.00		\$0.00	45,000	405	44,595	1,907	43,093	\$1.2	\$5.7	\$135.0
2017	\$250.00		\$0.00	45,000	309	44,691	1,596	43,404	\$0.9	\$4.8	\$135.0
2018	\$250.00		\$0.00	45,000	231	44,769	1,220	43,680	\$0.7	\$4.0	\$135.0
2019	\$250.00		\$0.00	45,000	169	44,831	1,078	43,922	\$0.5	\$3.2	\$135.0
2020	\$250.00	continues	\$0.00	45,000	114	44,886	866	44,134	\$0.3	\$2.6	\$135.0
2021	\$250.00	to	\$0.00	45,000	76	44,924	686	44,314	\$0.2	\$2.1	\$135.0
2022	\$250.00	increase	\$0.00	45,000	48	44,952	533	44,467	\$0.1	\$1.6	\$135.0
2023	\$250.00		\$0.00	45,000	31	44,969	407	44,593	\$0.1	\$1.2	\$135.0
2024	\$250.00		\$0.00	45,000	18	44,982	304	44,696	\$0.1	\$0.9	\$135.0
2025	\$250.00		\$0.00	45,000	10	44,990	222	44,778	\$0.0	\$0.7	\$135.0
2026	\$250.00		\$0.00	45,000	5	44,995	150	44,850	\$0.0	\$0.4	\$135.0
2027	\$250.00		\$0.00	45,000	3	44,997	100	44,900	\$0.0	\$0.3	\$135.0
2028	\$250.00		\$0.00	45,000	1	44,999	63	44,937	\$0.0	\$0.2	\$135.0
2029	\$250.00		\$0.00	45,000		45,000	41	44,959	\$0.0	\$0.1	\$135.0
2030	\$250.00		\$0.00	45,000		45,000	24	44,976	\$0.0	\$0.1	\$135.0
2031	\$250.00		\$0.00	45,000		45,000	13	44,987	\$0.0	\$0.0	\$135.0
2032	\$250.00		\$0.00	45,000		45,000	7	44,993	\$0.0	\$0.0	\$135.0
2033	\$250.00		\$0.00	45,000		45,000	4	44,996	\$0.0	\$0.0	\$135.0
2034	\$250.00		\$0.00	45,000		45,000	1	44,999	\$0.0	\$0.0	\$135.0

NOTES:	FRONT LOADING PAYMENTS	NOMINAL DOLLARS, 1987-1989	\$79.4	\$0	\$0
		CONSTANT 1985 DOLLARS, 1987-1989	\$66.6	\$0	\$0
		PRESENT VALUE IN 1985	\$61.3	\$0	\$0
* Plus annual "front loading" costs of \$25.2 in '87, \$26.5 in '88, and \$27.7 in '89.	TOTAL COSTS	NOMINAL DOLLARS	\$937.0	\$1,131.0	\$5,418.9
** Persons 65 before 1992 are grandfathered.		CONSTANT 1985 DOLLARS	\$600.4	\$625.0	\$1,391.1
		PRESENT VALUE IN 1985	\$500.8	\$496.9	\$879.8

ALB CASES WITH ZERO FRONT LOADING AND THREE PERCENT ESCALATOR

FISCAL YEAR	---MONTHLY PAYMENTS---			-----POPULATIONS-----					---PROGRAM COSTS (MILLIONS)---		
	TARGET	MAXIMUM POSSIBLE ANNUITY	ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1985	65 BEFORE 1992	65 AFTER 1991	COMM. BILL stairstep in 1986	STAIRSTEP BILL* with escalator	CURRENT LAW
1986	\$250.00	\$.00	\$250.00	16,744	15,039	1,705	16,744	-0-	\$50.2	\$50.2	\$50.2
1987	\$257.50	\$4.37	\$253.13	17,768	14,349	3,419	17,768	-0-	\$54.7	\$54.9	\$54.9
1988	\$265.23	\$9.70	\$255.53	18,769	13,660	5,109	18,769	-0-	\$59.1	\$59.7	\$59.7
1989	\$273.18	\$16.03	\$257.15	19,828	12,974	6,854	19,828	-0-	\$63.7	\$65.0	\$65.0
1990	\$281.38	\$23.55	\$257.83	20,913	12,293	8,620	20,913	-0-	\$68.2	\$70.6	\$70.6
1991	\$289.82	\$32.50	\$257.32	21,908	11,616	10,292	21,908	-0-	\$72.2	\$76.2	\$76.2
1992	\$298.51	\$43.06	\$255.45	22,849	10,943	11,906	20,839	2,010	\$75.7	\$74.6	\$81.8
1993	\$307.47	\$55.44	\$252.03	23,861	10,273	13,588	19,090	3,971	\$79.0	\$73.4	\$88.0
1994	\$316.69	\$69.89	\$246.80	24,799	9,606	15,193	18,823	5,976	\$81.5	\$71.5	\$94.2
1995	\$326.19	\$86.72	\$239.47	25,891	8,945	16,946	17,940	7,951	\$83.7	\$70.2	\$101.3
1996	\$335.98	\$106.27	\$229.71	26,863	8,291	18,572	16,873	9,990	\$84.6	\$68.0	\$108.3
1997	\$346.06	\$128.70	\$217.36	27,692	7,644	20,048	15,819	11,873	\$84.0	\$65.7	\$115.0
1998	\$356.44	\$154.42	\$202.02	28,657	7,012	21,645	14,934	13,723	\$82.5	\$63.9	\$122.6
1999	\$367.13	\$183.86	\$183.27	29,556	6,396	23,160	11,969	15,587	\$79.1	\$61.5	\$130.2
2000	\$378.15	\$217.46	\$160.69	30,511	5,799	24,712	13,031	17,480	\$74.0	\$59.1	\$138.5
2001	\$389.49	\$255.10	\$134.39	31,459	5,225	26,234	12,098	19,361	\$66.7	\$56.5	\$147.0
2002	\$401.18	\$298.96	\$102.22	32,440	4,676	27,764	11,193	21,247	\$56.6	\$53.9	\$156.2
2003	\$413.21	\$347.74	\$65.47	33,448	4,156	29,292	10,306	23,142	\$43.6	\$51.1	\$165.9
2004	\$425.61	\$402.63	\$22.98	34,483	3,666	30,817	9,438	25,045	\$27.2	\$48.2	\$176.1
2005	\$438.38	\$464.27	\$.00	35,721	3,210	32,511	8,639	27,082	\$16.0	\$45.4	\$187.9
2006	\$451.53	\$533.39	\$.00	37,130	2,708	34,342	7,850	29,280	\$15.1	\$42.5	\$201.2
2007	\$465.07	\$610.77	\$.00	38,489	2,402	36,087	7,043	31,446	\$13.4	\$39.3	\$214.8
2008	\$479.03	\$697.21	\$.00	40,309	2,050	38,259	6,359	33,950	\$11.8	\$36.6	\$231.7
2009	\$493.40	\$793.66	\$.00	42,194	1,778	40,416	5,640	36,554	\$10.5	\$33.4	\$249.8
2010	\$508.20	\$901.13	\$.00	44,012	1,449	42,563	4,950	39,062	\$8.0	\$30.2	\$268.4
2011	\$523.44	\$1,020.72	\$.00	45,000	1,213	43,787	4,243	40,757	\$7.6	\$26.7	\$282.7
2012	\$539.15	\$.00	\$.00	45,000	1,003	43,997	3,669	41,331	\$6.5	\$23.7	\$291.1
2013	\$555.32	\$.00	\$.00	45,000	819	44,181	3,161	41,839	\$5.5	\$21.1	\$299.9
2014	\$571.98	\$.00	\$.00	45,000	658	44,342	2,698	42,302	\$4.5	\$18.5	\$308.9
2015	\$589.14	\$.00	\$.00	45,000	521	44,479	2,340	42,660	\$3.7	\$16.5	\$318.1
2016	\$606.82	\$.00	\$.00	45,000	405	44,595	1,907	43,093	\$2.9	\$13.9	\$327.7
2017	\$625.02	\$.00	\$.00	45,000	309	44,691	1,596	43,404	\$2.3	\$12.0	\$337.5
2018	\$643.77	\$.00	\$.00	45,000	231	44,769	1,320	43,680	\$1.8	\$10.2	\$347.6
2019	\$663.08	\$.00	\$.00	45,000	169	44,831	1,078	43,922	\$1.3	\$8.6	\$358.1
2020	\$682.98	continues	\$.00	45,000	114	44,886	866	44,134	\$.9	\$7.1	\$368.8
2021	\$703.47	to	\$.00	45,000	76	44,924	686	44,314	\$.6	\$5.8	\$379.9
2022	\$724.57	increase	\$.00	45,000	48	44,952	533	44,467	\$.4	\$4.6	\$391.3
2023	\$746.31	\$.00	\$.00	45,000	31	44,969	407	44,593	\$.3	\$3.6	\$403.0
2024	\$768.70	\$.00	\$.00	45,000	18	44,982	304	44,696	\$.2	\$2.8	\$415.1
2025	\$791.76	\$.00	\$.00	45,000	10	44,990	222	44,778	\$.1	\$2.1	\$427.5
2026	\$815.51	\$.00	\$.00	45,000	5	44,995	150	44,850	\$.0	\$1.5	\$440.4
2027	\$839.97	\$.00	\$.00	45,000	3	44,997	100	44,900	\$.0	\$1.0	\$453.6
2028	\$865.17	\$.00	\$.00	45,000	1	44,999	63	44,937	\$.0	\$.7	\$467.2
2029	\$891.13	\$.00	\$.00	45,000		45,000	41	44,959	\$.0	\$.4	\$481.2
2030	\$917.86	\$.00	\$.00	45,000		45,000	24	44,976	\$.0	\$.3	\$495.6
2031	\$945.40	\$.00	\$.00	45,000		45,000	13	44,987	\$.0	\$.1	\$513.5
2032	\$973.76	\$.00	\$.00	45,000		45,000	7	44,993	\$.0	\$.1	\$525.8
2033	\$1,002.97	\$.00	\$.00	45,000		45,000	4	44,996	\$.0	\$.0	\$541.6
2034	\$1,033.06	\$.00	\$.00	45,000		45,000	1	44,999	\$.0	\$.0	\$557.9

FRONT LOADING PAYMENTS	NOMINAL DOLLARS, 1987-1989	\$.0	\$.0	\$.0
	CONSTANT 1985 DOLLARS, 1987-1989	\$.0	\$.0	\$.0
	PRESENT VALUE IN 1985	\$.0	\$.0	\$.0

NOTES:

* Persons 65 before 1992 are grand-fathered.

TOTAL COSTS	NOMINAL DOLLARS	\$1,401.7	\$1,603.2	\$13,086.7
	CONSTANT 1985 DOLLARS	\$783.7	\$801.9	\$2,501.1
	PRESENT VALUE IN 1985	\$616.9	\$615.7	\$1,392.6

FISCAL YEAR	---MONTHLY PAYMENTS---			-----POPULATIONS-----					---PROGRAM COSTS (MILLIONS)---		
	TARGET	MAXIMUM POSSIBLE ANNUITY	ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1985	65 BEFORE 1992	65 AFTER 1991	COMM. BILL stairstep in 1986	STAIRSTEP BILL** with escalator	CURRENT LAW with escalator
1986	\$250.00	\$.00	\$250.00	16,744	15,039	1,705	16,744	-0-	\$50.2	\$50.2	\$50.2
1987	\$257.50	\$11.92	\$245.58	17,768	14,349	3,419	17,768	-0-	\$54.4*	\$54.9	\$54.9
1988	\$265.23	\$24.86	\$240.37	18,769	13,660	5,109	18,769	-0-	\$58.2*	\$59.7	\$59.7
1989	\$273.18	\$39.05	\$234.13	19,828	12,974	6,854	19,828	-0-	\$61.8*	\$65.3	\$65.0
1990	\$281.38	\$46.94	\$234.44	20,913	12,293	8,620	20,913	-0-	\$65.8	\$70.6	\$70.6
1991	\$289.87	\$56.27	\$233.55	21,908	11,616	10,292	21,908	-0-	\$69.2	\$76.2	\$76.2
1992	\$298.5	\$67.21	\$231.30	22,849	10,943	11,906	20,839	2,010	\$72.2	\$74.6	\$81.8
1993	\$307.47	\$79.93	\$227.54	23,861	10,273	13,588	19,890	3,971	\$75.0	\$73.4	\$88.0
1994	\$316.69	\$94.67	\$222.02	24,799	9,606	15,193	18,823	5,976	\$77.0	\$71.5	\$4.2
1995	\$326.19	\$111.73	\$214.46	25,891	8,945	16,946	17,940	7,951	\$78.6	\$70.2	3
1996	\$335.98	\$131.53	\$204.45	26,863	8,291	18,572	16,873	9,990	\$79.0	\$68.0	108.3
1997	\$346.06	\$154.20	\$191.86	27,692	7,644	20,048	15,819	11,873	\$77.9	\$65.7	\$115.0
1998	\$356.44	\$180.13	\$176.31	28,657	7,012	21,645	14,934	13,723	\$75.8	\$63.9	\$122.6
1999	\$367.13	\$209.76	\$157.37	29,556	6,396	23,160	13,969	15,587	\$71.9	\$61.5	\$130.2
2000	\$378.15	\$243.52	\$134.63	30,511	5,799	24,712	13,031	17,480	\$66.2	\$59.1	\$138.5
2001	\$389.49	\$281.92	\$107.57	31,459	5,225	26,234	12,098	19,361	\$58.3	\$56.5	\$147.0
2002	\$401.18	\$325.34	\$75.84	32,440	4,676	27,764	11,193	21,247	\$47.8	\$53.9	\$156.2
2003	\$413.21	\$374.26	\$38.95	33,448	4,156	29,292	10,306	23,142	\$34.3	\$51.1	\$165.9
2004	\$425.61	\$429.25	\$.00	34,483	3,666	30,817	9,438	25,045	\$18.7	\$48.2	\$176.1
2005	\$438.38	\$490.97	\$.00	35,721	3,210	32,511	8,639	27,082	\$16.9	\$45.4	\$187.9
2006	\$451.53	\$560.18	\$.00	37,130	2,788	34,342	7,850	29,280	\$15.1	\$42.5	\$201.2
2007	\$465.07	\$637.63	\$.00	38,489	2,402	36,087	7,043	31,446	\$13.4	\$39.3	\$214.8
2008	\$479.03	\$724.15	\$.00	40,309	2,050	38,259	6,359	33,950	\$11.8	\$36.6	\$231.7
2009	\$493.40	\$820.68	\$.00	42,194	1,778	40,416	5,640	36,554	\$10.5	\$33.4	\$249.8
2010	\$508.20	\$928.22	\$.00	44,012	1,449	42,563	4,950	39,062	\$8.8	\$30.2	\$268.4
2011	\$523.44	\$1,047.88	\$.00	45,000	1,213	43,787	4,243	40,757	\$7.6	\$26.7	\$282.7
2012	\$539.15	\$.00	\$.00	45,000	1,003	43,997	3,669	41,331	\$6.5	\$23.7	\$291.1
2013	\$555.32	\$.00	\$.00	45,000	819	44,181	3,161	41,839	\$5.5	\$21.1	\$299.9
2014	\$571.98	\$.00	\$.00	45,000	658	44,342	2,690	42,302	\$4.5	\$18.5	\$308.9
2015	\$589.14	\$.00	\$.00	45,000	521	44,499	2,340	42,660	\$3.7	\$16.5	\$318.1
2016	\$606.82	\$.00	\$.00	45,000	405	44,595	1,907	43,093	\$2.9	\$13.9	\$327.7
2017	\$625.02	\$.00	\$.00	45,000	309	44,691	1,596	43,404	\$2.3	\$12.0	\$337.5
2018	\$643.77	\$.00	\$.00	45,000	231	44,769	1,320	43,680	\$1.8	\$10.2	\$347.6
2019	\$663.08	\$.00	\$.00	45,000	169	44,831	1,078	43,922	\$1.3	\$8.6	\$358.1
2020	\$682.98	continues	\$.00	45,000	114	44,886	866	44,134	\$.9	\$7.1	\$368.0
2021	\$703.47	to	\$.00	45,000	76	44,924	686	44,314	\$.6	\$5.8	\$379.9
2022	\$724.57	increase	\$.00	45,000	48	44,952	533	44,467	\$.4	\$4.6	\$391.3
2023	\$746.31	\$.00	\$.00	45,000	31	44,969	407	44,593	\$.3	\$3.6	\$403.0
2024	\$768.70	\$.30	\$.30	45,000	18	44,982	304	44,696	\$.2	\$2.8	\$415.1
2025	\$791.76	\$.00	\$.00	45,000	10	44,990	222	44,770	\$.1	\$2.1	\$427.5
2026	\$815.51	\$.00	\$.00	45,000	5	44,995	150	44,850	\$.0	\$1.5	\$440.4
2027	\$839.97	\$.00	\$.00	45,000	3	44,997	100	44,900	\$.0	\$1.0	\$453.6
2028	\$865.17	\$.00	\$.00	45,000	1	44,999	63	44,937	\$.0	\$.7	\$467.2
2029	\$891.13	\$.00	\$.00	45,000		45,000	41	44,959	\$.0	\$.4	\$481.2
2030	\$917.06	\$.00	\$.00	45,000		45,000	24	44,976	\$.0	\$.3	\$495.6
2031	\$945.40	\$.00	\$.00	45,000		45,000	13	44,987	\$.0	\$.1	\$510.5
2032	\$973.76	\$.00	\$.00	45,000		45,000	7	44,993	\$.0	\$.1	\$525.0
2033	\$1,002.97	\$.00	\$.00	45,000		45,000	4	44,996	\$.0	\$.0	\$541.6
2034	\$1,033.06	\$.00	\$.00	45,000		45,000	1	44,999	\$.0	\$.0	\$557.9

NOTES:

* Plus annual "front loading" costs of \$25.2 in '87, \$26.5 in '88, and \$27.7 in '89.

** Persons 65 before 1992 are grandfathered.

FRONT LOADING PAYMENTS	NOMINAL DOLLARS, 1987-1989	\$79.4	\$0	\$0
	CONSTANT 1985 DOLLARS, 1987-1989	\$66.6	\$0	\$0
	PRESENT VALUE IN 1985	\$61.3	\$0	\$0
TOTAL COSTS	NOMINAL DOLLARS	\$1,387.2	\$1,603.2	\$13,086.7
	CONSTANT 1985 DOLLARS	\$805.3	\$801.9	\$2,501.1
	PRESENT VALUE IN 1985	\$645.8	\$615.7	\$1,392.6

*with language
corrected by
Keith Almy*

CSSB56 (State Affairs)
AMENDMENTS OFFERED/ADOPTED 3/7/85

AMENDMENT #1 - ADOPTED

Page 2, line 23 after "receive":

Delete "not less than 25 percent" and insert "25 percent, 50 percent or 75 percent"

AMENDMENT #2 - FAILED

Page 2, line 26

Insert:

"(e) An election made under (d) of this section for a dividend year is binding and irrevocable for that year."

AMENDMENT #3 - ADOPTED

Page 3, line 29, after "(e)":

Insert:

"If a public agency claims a dividend on behalf of an individual under this section, the public agency shall elect 100% cash under AS 43.23.005."

AMENDMENT #4 - ADOPTED

Page 3, line 21

After "me," delete "including" and insert:

"appropriations allocated to my annuity account in accordance with AS.43.23.110(b), and"

AMENDMENT #5 - ADOPTED

Page 7, lines 5-7

Delete all material and insert:

"(b) The Department shall require an individual to take 100 percent of the permanent fund dividend in cash if the department receives a levy, execution, garnishment, attachment or other legal remedy for the collection of a past due debt described in a) (1) or (a) (2) of this section."

AMENDMENT #6 - ADOPTED

Page 10, lines 19, 20:

delete "during the life of the annuitant"

Page 10, line 20:

delete ". The amount of the monthly payment shall be"

Page 10, lines 22, 23, after "account":

delete remainder of sentence, and insert ". An annuity shall be paid in the form of a straight life annuity or other payment plan authorized by the Department of Administration."

Page 11, line 24, after "possible":

insert "straight life"

AMENDMENT #7 - ADOPTED

Page 1, line 21 after "program":

delete ", and to encourage Alaskans to participate in that program by authorizing general fund supplements that would result in annuity payments that are larger than an individual could earn through private investment of the permanent fund dividend"

AMENDMENT #8 - ADOPTED

Page 8, line 23, after first sentence:

insert "The annuity investment fund consists of amounts transferred from the dividend fund, amounts appropriated by law to the annuity investment fund, and income earned by the annuity investment fund."

Page 9, lines 21-23, after "credit":

delete all material and insert "the net income of the annuity investment fund to the individual annuity accounts."

Page 10, line 8, after "contracts":

insert "purchased from insurance companies that have a Best's Policyholders' rating of A or better and belong to Best's financial size Group XV at the time of purchase"

AMENDMENT #9 - ADOPTED (3/8/85)

Page 2, line 17

add: "and may elect to take the dividend as an annuity share for the future benefit of the minor."

Page 2, line 25

after "cash" add: "and may not elect to receive an annuity share."

Page 10, line 26

after "in" add: "(b) and"

Page 10, line 28

after "another." delete "The right to receive an annuity under this section terminates upon the death of the person who is eligible for the annuity and does not pass to that person's estate."

CSSB56 (State Affairs)
AMENDMENTS OF AS.43.23.110/ADOPTED 3/7/85

*As passed
3/7/85*

AMENDMENT #1 - ADOPTED

Page 2, line 23 after "receive":

Delete "not less than 25 percent" and insert "25 percent, 50 percent or 75 percent"

AMENDMENT#2 - FAILED

Page 2, line 26

Insert:

"(e) An election made under (d) of this section for a dividend year is binding and irrevocable for that year."

AMENDMENT #3 - ADOPTED

Page 3, line 29, after "(e)":

Insert:

"If a public agency claims a dividend on behalf of an individual, the agency shall elect 100% cash under AS 43.23.005."

AMENDMENT #4 - ADOPTED

Page 3, line 21

After "me," delete "including" and insert:

"general fund appropriations allocated to my annuity account in accordance with AS.43.23.110(b), and"

AMENDMENT #5 - ADOPTED

Page 7, lines 5-7

Delete all material and insert:

"(b) The Department shall require an individual to take 100% of his or her permanent fund dividend in cash if the Department receives a levy, execution, garnishment, attachment or other legal remedy for the collection of a past due debt described in subsections (a)(1) or (a)(2)."

AMENDMENT #6 - ADOPTED

Page 10, lines 19, 20:

delete "during the life of the annuitant"

Page 10, lines 22, 23, after "account":

delete remainder of sentence, and insert ". An annuity shall be paid in the form of a straight life annuity, or such other payment plan as is authorized by the Commissioner of Administration."

Page 11, line 24, after "possible":

insert "straight life"

AMENDMENT #7 - ADOPTED

Page 1, line 21 after "program":

delete ", and to encourage Alaskans to participate in that program by authorizing general fund supplements that would result in annuity payments that are larger than an individual could earn through private investment of the permanend fund dividend"