

Section 2. An emergency is hereby declared to exist and this Act shall be effective immediately upon its passage and approval. ^{Emergency clause.}

Approved March 14, 1949.

CHAPTER 41

AN ACT

[S. B. 4]

To create a Public Employees Retirement System; to establish a fund to provide retirement benefits for employees of the Territory of Alaska, and providing for inclusion of municipalities on an optional basis; to provide for the financing, maintenance and administration of the Fund; defining offenses and prescribing penalties; providing special allowances for veteran employees to be retired at the outset hereof and making an appropriation.

Be it enacted by the Legislature of the Territory of Alaska:

Section 1. CREATION OF FUND. There shall be and is hereby created a Fund to be known and designated as ^{Title of fund.} the Public Employees Retirement Fund of Alaska for officials and employees of the Territory of Alaska and for employees of municipalities, to be used and applied in the payment of retirement benefits and withdrawals to such officials and employees after stated periods of service and upon fulfillment of conditions as are hereinafter set forth. The Fund shall be a fund separate and distinct from all other funds.

Section 2. PURPOSE OF FUND. The purpose of ^{Purpose.} such Fund is to provide an orderly means whereby officers and employees of the Territory of Alaska, and of

municipalities therein, may be retired from active service, stabilizing employment in the public service and effecting economy and greater efficiency thereby.

Establishment.

Section 3. COMMENCEMENT OF FUND. The Fund shall be established as of July 1, 1949, and shall become operative on January 1, 1950, hereinafter referred to as the effective date, when contributions by members and payment of benefits shall begin. The period from July 1, 1949, to December 31, 1949, shall be designated as the period of organization. The effective date with respect to a municipality shall be the date on which such municipality becomes a participant in the Fund.

Definitions.

Section 4. DEFINITIONS. The words and phrases as used in this Act, unless a different meaning is plainly required by the context, shall have the following meanings:

(a) "Accumulated Contributions" shall mean the total of amounts contributed by a member through compensation deductions or otherwise.

(b) "Actuarial Equivalent" means a benefit equal in value to the accumulated contributions, when computed upon the basis of the actuarial tables used by the Fund.

(c) "Actuarially Funded Basis" shall mean a method of financing based on such mortality and service tables as shall be adopted by the Board.

(d) "Average Final Compensation" shall mean the average annual earnable compensation of a member during his last three years of creditable service, provided that the employer shall credit membership and prior service upon a minimum average final compensation rate of not less than one thousand eight hundred dollars per year and a maximum amount of four thousand eight hundred dollars per year.

(e) "Beneficiary" shall mean any person in receipt of benefits under this Act.

(f) "Board" shall mean the Board of Trustees of the Public Employees Retirement Fund of Alaska.

(g) "Compensation" shall mean the salary or wages payable on a regular payroll out of funds controlled by the employer, plus the monetary value, as determined by the Board, of maintenance provided by the employer, if any, to a member in partial payment of services, i.e. living quarters, board, lodging, fuel, laundry and similar allowances.

(h) "Creditable Service" shall consist of membership service and prior service.

(i) "Department" shall mean any department, institution, board, commission or agency of the territorial government.

(j) "Earnable Compensation" shall mean the full rate of compensation that would be payable to a member if he worked the full normal working time in his position, including the value of any maintenance allowance, but before deductions are made for purposes of the Fund.

(k) "Employee" shall mean any person, including officials, in the employ of the Territory whose compensation is paid out of funds of the Territory, and shall include employees of any department, institution, board, commission, officer, or agency of the territorial government having power to certify payrolls authorizing payments of salary or wages out of territorial appropriations or earmarked funds or trust funds held by the Treasurer of the Territory. "Employee" shall also mean any person in the employ of a municipality, or any person in the employ of the Board of Trustees herein created, but shall not include the following: (1) the Delegate or

members of the legislature or of a city council; (2) employees occupying positions normally requiring performance of duty of less than nine hundred hours, one hundred days or four months during a calendar year; (3) independent contractors or persons engaged as consultants or otherwise wholly on a fee basis; (4) employees who are members or are eligible to membership in other retirement or pension funds maintained in whole or in part by contributions by the Territory.

(l) "Employer" shall mean the Territory of Alaska or any municipality which has entered into the retirement system, and, for the purpose of allowing not more than a total of ten years of prior service credits based on service rendered on station in Alaska, shall mean also the Federal government.

(m) "Fund" shall mean the Public Employees Retirement Fund of Alaska.

(n) "Membership Service" shall mean service rendered as a member of the Fund subsequent to the effective date thereof.

(o) "Municipality" shall mean an incorporated city in Alaska.

(p) "Prior Service" shall mean all service as an employee of the Territory of Alaska or municipality thereof prior to the effective date for which credit is provided under Section 6 of this Act, and for not more than ten years of service rendered for the Federal government, on station in Alaska, prior to the effective date of the Fund.

(q) "Retirement Benefit" shall mean annual payments for life as provided in this Act, payable in twelve equal monthly installments beginning as of the date fixed by the Board.

(r) "Actuarial Tables" shall mean such tabular standards as shall be adopted by the Board in accordance with recommendations of the actuary; provided, that until the system has been in operation for at least three years from July 1, 1949, the Combined Annuity Table of Mortality for male lives shall be used.

(s) "Territory" means the Territory of Alaska.

(t) "Withdrawal from Service" shall mean complete severance of employment of any member as an employee of the Territory or municipality.

(u) The masculine pronoun, wherever used, shall include the feminine.

Section 5. MEMBERSHIP IN FUND.

(a) Any person who is an employee of the Territory on the effective date shall become a member of the Fund as of that date. Persons who shall be absent from service on the effective date, on an approved or authorized leave of absence not extending for more than one year continuously, shall become members upon return to service. Present employees eligible.

(b) Persons who are employees of a municipality shall become members of the Fund at such time as the employing municipality commences participation in this retirement system as hereinafter set forth. Municipal employees.

(c) Any person who becomes an employee on or after the effective date or after commencement of participation by the municipality for which he works, as the case may be, shall, upon completion of six months of continuous service uninterrupted by a break of more than one month, become a member of the Fund as a condition of employment. New employees.

(d) Contributions by such employees under this Act shall begin with the first payroll period after such six months of service shall have been completed, and creditable service shall then begin to accrue. Any such employee may elect to make contributions for such six months of service prior to membership in the Fund under rules established by the Board and thus receive credit for such service.

Contributions
for prior
service.

(e) Each department and municipality participating under the Act shall submit to the Board statements, properly certified, showing the names, titles, rates of compensation, dates of birth, length of service and such other pertinent information on the employees becoming members of the Fund at such times and in such manner as the Board prescribes.

Contents of
certificates.

Section 6. PRIOR SERVICE CREDITS.

(a) Each officer or employee in service on the effective date or on an approved leave of absence as above provided, who shall become a member of the Fund, shall receive credit for prior service for all service rendered an employer prior to the effective date, in any position and in any department for which the employee shall have received compensation. Persons employed subject to this Act after effective date shall not be entitled to prior service credit. In the computation of prior service, only time actually worked, including periods of leave with pay, shall be considered.

Credit for prior
service.

(b) Each member entitled to prior service credit shall file with the Board of Trustees, on a form prescribed by the Board and under such rules as shall be adopted by the Board, a detailed statement of all service rendered prior to the effective date for which the employee claims credit. The Board may seek to verify such statement or such portions thereof as it deems advisable, but the

Proof filed with
Board.

burden of proof shall be upon the employee. As soon as practicable, the Board shall cause to be issued a prior service certificate certifying to each member the length of prior service for which credit has been granted or recognized. Such certificate shall be final and conclusive for the purposes of the Fund as to such service; Provided, that any member may, within one year from the date of original issuance of such certificate or modification thereof, request the Board to modify or correct his prior service certificate. Such certificate shall become void upon death of a member, and shall automatically be cancelled upon withdrawal by a member of his accumulated contributions, but may be reinstated only under the conditions specified in Section 14 hereof.

Board issues certificates.

(c) The Board shall establish rules to govern the determination of service in cases not specifically provided for herein.

Section 7. CREDIT FOR MILITARY SERVICE. Anything in this Act to the contrary notwithstanding, any person becoming a member of the Fund on or after the effective date, who shall enter the military, naval, marine, coast guard or other armed service of the United States during time of war, either as the result of enlistment or induction, who shall not withdraw his accumulated contributions, if any, from the Fund, shall receive credit for such armed service for any and all purposes of this Act.

Military credit.

Section 8. BENEFITS UPON WITHDRAWAL.

(a) Any member upon withdrawal from service, upon or after attainment of the age of sixty years, who shall have completed at least ten years of creditable service, shall be entitled to receive a retirement benefit which shall begin as of the date specified by the member in his application for such benefit but in no event before withdrawal from service.

Withdrawal.

Prior to 60 years. (b) Any member whose withdrawal from service occurs prior to his attainment of the age of sixty years who shall have completed at least ten years of service and shall not have received a refund of his accumulated contributions, shall be entitled to receive a retirement benefit beginning upon attainment of the age of sixty years, of the amount earned and accrued as of such date.

20 year service. (c) Any member who has completed at least twenty years of service and who is fifty-five years of age shall be entitled to receive a retirement benefit as of his attained age beginning on the date of his withdrawal from service.

Section 9. GENERAL RETIREMENT BENEFITS.
Upon retirement from service, a member shall receive a service retirement benefit which shall consist of:

(a) An annuity which shall be the actuarial equivalent of the accumulated contributions standing to his credit in the Fund at the time of retirement; and

(b) A basic pension of \$120.00 per annum; and

Benefits. (c) A membership service allowance equal to 1/120 of his average final compensation or that portion thereof not in excess of \$4800.00 per annum, for each year of membership service credited to his account; and

(d) A prior service allowance equal to 1/60 of his average final compensation or that portion thereof not in excess of \$4800.00 per annum, for each year of prior service credited to his service account.

Section 10. COMPULSORY RETIREMENT.

(a) With the exception of elective officials, any member who shall have attained the age of sixty-five years

or more upon January 1, 1950, and who shall have completed at least ten years of service, shall be compulsorily retired, and shall be entitled to the retirement benefit herein provided. Thereafter any member, except elective officials, upon attainment of age sixty-five shall be compulsorily retired and shall be entitled to a retirement benefit, provided the member shall have completed at least ten years of service. If ten years of service shall not have been completed by the member upon attainment of age sixty-five, retirement of the member shall occur upon completion of ten years of service or upon attainment of the age of seventy years, whichever event shall first occur, and such member shall be entitled to receive a retirement benefit, any provisions herein to the contrary notwithstanding. Provided, that any member who has completed twenty-five years of prior and membership service shall be entitled to and shall receive a retirement benefit of not less than \$100.00 per month.

Compulsory retirement.

Service after age limit reached.

(b) The provisions of this Act are hereby modified, however, to the extent that if any member who shall be compulsorily retired at the age of sixty-five years shall have less than five years of service, such member may elect to receive a refund of accumulated contributions as provided in Section 14 hereof in lieu of a retirement benefit.

Refunds of payments.

(c) The provisions hereof are modified further to permit the services of a member to be continued after attainment of age sixty-five but not after the attainment of age seventy on a year-to-year basis upon written application therefor of the employing department or municipality and approval of the Board.

Service after age limit of 65.

Section 11. REFUNDS UPON DISCHARGE. If a member who is not entitled to a retirement benefit be discharged by an employer, he shall, upon written application, be entitled to a refund of the amount of his accumulated contributions to the Fund.

Refunds after discharge.

Section 12. REFUND UPON DEATH.

(a) Upon death of a member, from any cause, while in service, there shall be paid to his estate, or to such person as he shall have designated by written direction duly acknowledged and filed with the Board, a refund of the accumulated contributions of the member as of the date of death.

Payments to estates.

(b) Upon death of a member receiving retirement benefits, there shall be paid in a single cash sum to his estate, or to such person as he shall have designated by written direction duly acknowledged and filed with the Board, the excess, if any, of the accumulated contributions of the member at time of retirement over the total amount of all retirement benefit payments received by the retired member prior to his death.

Single cash payment to estate.

Section 13. DISABILITY BENEFITS. Any member with five years or more of creditable service who for any reason becomes totally disabled shall, if he so elects, be entitled to immediate retirement and the granting of retirement benefits in proportion to the amount earned and accrued. The Board shall be the sole judge on the question of total disability and may require such medical examination and other proof as it sees fit. Such benefit payment shall commence after the member has exhausted his accrued sick leave and annual leave, if the disability is not job connected, and after termination of temporary disability status with payment of the permanent disability settlement or award under the Workmens Compensation Act, if the disability is job connected.

Disability benefits.

Board is judge.

Section 14. REFUND UPON WITHDRAWAL.

(a) Upon withdrawal from service, any member who shall not be entitled to a retirement benefit under the provisions hereof, shall be entitled to receive, upon written application, a refund of the amount of his accumu-

Refund of contributions.

lated contributions to the Fund. The Board is authorized, in its discretion, to withhold payment of a refund for a period not to exceed six months after a member has ceased to be an employee.

(b) Any member receiving a refund of contributions shall thereby ipso facto forfeit, waive and relinquish all accrued rights in the Fund, including all accrued creditable service; Provided, however, that if he shall re-enter the service of an employer and becomes a member of the Fund and remains a contributor for five years, he may restore all amounts previously received by him as refund, plus interest at the rate of 3 percent per annum for the period of time during which he was not a member of the Fund. Upon such restoration, such member shall again receive credit for the period of creditable service which he forfeited by the acceptance of the refund.

Refund severs rights.

Re-establishment.

Section 15. BOARD OF TRUSTEES.

(a) The general administration and responsibility for the proper operation of the Fund and for making effective this Act is vested in a Board of Trustees which is hereby established. The Board shall consist of seven members as follows: the Attorney General, the Auditor, the Commissioner of Labor, the Welfare Director, and the Treasurer, and two members who shall be appointed by the Governor for four-year terms, one of whom shall be an employee of the Territory and one of a municipality participating in the Fund, who shall be appointed as soon as a municipality commences participation. The first five trustees herein designated shall be ex-officio members and shall serve as trustees during their respective terms of office. Any vacancies occurring in the office of trustee shall be filled in the same manner as the office was filled previously.

Board membership.

(b) The first board of trustees shall take office as of July 1, 1949, and the terms of office shall begin as of

Terms of office.

that date. The trustees shall serve without compensation, but be allowed transportation and per diem in lieu of subsistence for time away from place of residence in the performance of their official duty.

(c) Each trustee shall take the oath of office required for territorial officers.

(d) The first meeting of the board of trustees shall be held in Juneau on or before August 1, 1949, for the purposes of organization.

Successors.

(e) A trustee shall serve until his successor qualifies, except that a trustee who is a member of the Fund shall be disqualified as a trustee immediately upon withdrawal from service of the employer. Each trustee shall be entitled to one vote on the board of trustees, and four trustees shall constitute a quorum for the transaction of any business. Four votes shall be necessary for the adoption of a resolution or other action by the Board at any regular or special meeting.

Section 16. POWERS AND DUTIES OF BOARD.**Powers.**

(a) The board of trustees shall, from time to time, establish rules and regulations for the administration of the Fund and for the transaction of its business consistent with law as it deems necessary to carry out this Act. The Board shall employ a secretary, and secure the services of an actuary from time to time and such other help as may be required to transact its business. The compensation of all persons employed by the Board and all other expenses of the Board necessary for the proper and efficient operation of the Fund shall be paid at such rates and in such amounts as the Board shall determine.

(b) The Board shall have in addition to such duties and other duties arising out of this Act not otherwise

specifically reserved or assigned to others, the following powers and duties:

(1) Establish an office at Juneau; provide for the installation of a complete and adequate system of books, accounts and records in conformity with this Act. All books, accounts and records shall be kept in the general office of the Board. Office.

(2) Hold regular meetings at least every three months and such special meetings at other times as may be deemed necessary. All meetings shall be open to the public. The Board shall keep a record of all its proceedings. Meetings.

(3) Prescribe rules for the determination of the value of maintenance, board, lodging, laundry and other allowances to employees in lieu of money; maintain a separate account of each member's contribution, and submit a statement of account to each member annually; adopt all necessary actuarial tables to be used in the operation of the system as prepared by the actuary and compile such additional data as may be necessary for required actuarial valuations and actuarial studies of the operating experience of the Fund. Adopt rules.
Actuarial tables.

(4) Credit contributions by members to individual accounts. Credits.

(5) Consider and pass on all applications for benefits. Applicants.

(6) Invest all cash not required for current payments in securities eligible for investment under this Act, and re-invest proceeds from sale or redemption of investments, as provided in Sub-Section 9 of this section. Invest.

(7) Submit to the Board of the Budget on or before November 1st of each even-numbered year, an estimate Report to Budget Board.

of the amount of appropriation required for the purposes of the Fund for the following biennium.

(8) Have the accounts of the Fund audited at least biennially by a certified public accountant and submit a complete report to the Legislature not later than two weeks after it convenes.

(9) Determine, from time to time, the current requirements for benefit payments and administrative expenses, which shall be maintained as a cash working balance except that such cash working balance shall not exceed at any time an amount necessary to meet the current obligations of the Fund for a period of ninety days. Any amounts in excess of such cash working balances shall be invested by the Board of Trustees in the following classes of securities: 1—Bonds, notes, certificates and other valid obligations of the United States; 2—bonds, notes, debentures and other securities issued by any Federal instrumentality and fully guaranteed by the United States; 3—bonds, notes, certificates and other valid general obligations of the Territory of Alaska, or of a municipality or school district; and 4—interest bearing bonds or notes which are general obligations of any state in the United States. Any limitations herein set forth shall be applicable only at the time of purchase and shall not require the liquidation of any investment at any time. All investments shall be clearly marked to indicate ownership by the system and to the extent possible shall be registered in the name of the Fund. The total amount of investments, at par value, in the securities of any one state or territory not including the Territory of Alaska shall not at any time exceed ten percent of the total amount of investments of the Fund at par value. Subject to the above terms, conditions, limitations and restrictions, the Board shall have full power to sell, assign, transfer and dispose of any of the securities and investments of the system on either a

Audit of accounts.

Type of investments for excess cash.

Board authority.

bid basis or negotiated basis, or otherwise. Except as otherwise provided herein, no trustee and no employee of the Board shall have any direct interest in the income, gains or profits of any investments made by the Board, nor shall any such person receive any pay or emolument for services in connection with any investment. No trustee or employee of the Board shall become an endorser or surety or in any manner an obligor for money loaned by or borrowed from the system. Proof that any such person shall have violated any of these restrictions shall make such person guilty of a misdemeanor punishable under the penalty clause hereinafter set forth. All interest derived from investments and any gains from the sale or exchange of investments shall be covered into the Fund.

(10) Exercise such other authority as may be necessary or advisable to carry out the purposes of this Act.

Section 17. BOARD SECRETARY. The secretary, who shall not be a member of the Board, shall be the executive officer of the Board and shall receipt for all payments made to the Fund and deposit the same with the Treasurer of the Territory to be covered into the Fund; shall sign vouchers for the payment of moneys by the Fund in accordance with the authorization of the Board; and shall perform such other duties as may be assigned by the Board.

Duties of
Secretary.

Section 18. ACTUARY. An actuary engaged by the Board shall make a general investigation during the first year of operation of the Fund or as soon as practicable thereafter, and at least once every three years thereafter, of the mortality, retirement, disability, employment, turnover, interest and earnable compensation; shall recommend tables to be used for all required actuarial calculations; shall prior to the sessions of the legislature make a valuation of the liabilities and reserves of the Fund and determination of the amount of contributions

Duties of
Actuary.

required from the employer under the Act, and certify the results thereof to the Board; and shall perform such other duties as may be assigned by the Board.

Section 19. **TREASURER OF THE FUND.** The Territorial Treasurer shall be ex-officio, the Treasurer of the Fund and shall (1) act as official custodian of the cash and securities belonging to the Fund and provide adequate safe deposit facilities for the preservation of such securities and hold such cash and securities subject to the order of the Board; (2) receive all items of cash belonging to the Fund, collect the interest on, and the principal of, all securities belonging to the Fund as such interest or principal becomes due and payable, deposit all such amounts in the Fund, and submit a quarterly report to the Board of all such transactions. The Treasurer shall furnish a corporate surety bond, acceptable to the Board, of such amount as the Board shall designate, unless the bond of the Treasurer already in effect be deemed sufficient. All reasonable charges incidental to the procuring and giving of such bond shall be paid by the Board.

Duties of
Treasurer.

Bond required.

Section 20. **LEGAL ADVISOR.** The Attorney General of the Territory shall be the legal advisor of the Board.

Section 21. **WITHHOLDING OF CONTRIBUTIONS.** Each department is authorized and directed in the preparation of payrolls covering payments of salary and wages to employees on and after January 1, 1950, to report in duplicate on forms furnished by the Board, in addition to other things, (1) the amount of contributions specified in Section 23 which are to be deducted from the salary of each employee who is a member of the system; and (2) the net amount payable to each such employee after deduction of such contributions.

Withholding
from members.

Section 22. **PARTICIPATION BY MUNICIPALITY-**

TIES. Any municipality, pursuant to the affirmative vote of a majority of its electors on a referendum presented at a general or special election and pursuant to an appropriate ordinance or resolution of its city council, may become a participant in the fund established by this Act, in the following manner:

Municipal participation after election.

(a) A certificate showing the outcome of such referendum and copy of such ordinance or resolution, duly certified, electing to join the Fund and to make the required contributions thereto under the provisions of this Act, shall be filed with the Board of Trustees of the Public Employees Retirement Fund of Alaska. Such ordinance or resolution shall designate by departmental, divisional, occupational or other definable classification, such employees who are to become members of the Fund as meet the definition of "employee" contained in this Act. Membership in the Fund of any municipality shall be subject to the acceptance and approval of the Board. The effective date of participation of any such municipality shall be January 1 of the year following the approval of the Board. All persons within the group of employees originally designated shall be required to become members of the Fund subject to the conditions as to membership imposed by the provisions of this Act, shall be entitled to participate in the benefits prescribed by the provisions of this Act, inclusive of benefits for prior service, and shall make the necessary contributions in accordance with the provisions hereof.

Certificate to be filed.

(b) Persons entering the service of such municipality after the effective date applicable to the municipality shall not receive prior service credit, but will become members for all other purposes under this Act.

New municipal employees.

(c) When a municipality is once admitted into this system, its city council may not withdraw the city therefrom without consent of the voters as above required for putting the municipality under the system.

Termination by city council.

Section 23. CONTRIBUTIONS BY EMPLOYEES.

(a) Beginning on the effective date each employee who is a member of the system shall contribute 5 percent of compensation earned and accruing on and after such date. This contribution shall be made in the form of a deduction from compensation and shall be made notwithstanding that the compensation paid in cash to such employee shall be reduced thereby below any minimum that might be prescribed by law. Every employee who is a member of the Fund shall be deemed to consent and agree to deductions made from his compensation as provided for in this Act, and payment to such employee of compensation less such deduction shall constitute a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by the employee during the period covered by such payment except as to the benefits provided for under this Act.

Amount of
employee
contributions.

(b) The employee shall also be required, as a prerequisite to obtaining any benefits, to contribute for prior service credit in an amount equal to 5 percent of his total compensation earned during the period or periods for which prior service credit is allowed. He shall have the privilege of making payments on such previous service arrearage at any time in such manner as the Board may prescribe, but may, in the alternative, let monthly benefits otherwise payable to him after retirement be credited against such arrearage for such length of time and in such amount as is necessary to discharge such obligation.

Prior service
credit.

Employer
Contributions.

Section 24. CONTRIBUTIONS BY EMPLOYER. Contributions by the employer shall be made to meet the requirements of this Act and shall consist of annual contributions to the Fund of such amounts which, together with contributions made by members and regular accretions, will be sufficient to meet the cost of the benefits to employees, and the cost of administration, in accordance with the provisions of this Act.

(a) The amounts to be contributed by the employer for benefits shall be on an actuarially funded basis covering all creditable services of the employees including prior service as hereinafter set forth, in accordance with the determinations of the Board upon the recommendations of the actuary. Contributions by the employer for benefits, refunds and administration expenses shall represent the current requirements for these purposes, as determined by the Board based upon the experience of the Fund. Matching of contributions by employees who are paid out of the general fund of the Territory shall be appropriated for at the end of each biennium and paid into the Fund within one month after adjournment of the legislature.

How amount determined.

(b) Each department paying employees out of earmarked funds, trust funds or federally allotted funds under its control is authorized and directed, to the extent not inconsistent with the terms of trust agreements governing any such Federal funds, to make department contributions with respect to such employees out of such funds in an amount fully matching such employees' contributions for the purposes herein stated. This shall include matching of such employees' contributions covering prior service; provided, that matching money as to such item need not be paid into the Fund until the employee has fully paid his arrearage thereon.

Deductions where Federal funds involved.

(c) The actuary shall determine the amounts which shall be contributed each year by such municipality participating in the Fund for service credits of original and new members and administrative expense connected therewith, subsequent to the time the municipality joins the Fund, to the end that the liabilities of the Territory and municipalities, respectively, may be funded on an actuarially-funded basis, but not to exceed the amount contributed by its members. The amounts so determined may be expressed as a percentage of the payroll of the unit of government covering its contributing members,

Municipal contributions.

and if approved by the Board, shall be certified to such unit each year as its contributions to the Fund. The Board shall keep a separate account for each municipality and individual accounts on the employees thereof, in the same manner as on other members of the Fund, to which contributions made by such unit and by the employees for retirement benefit purposes shall be credited. In case of failure by a participating municipality to make contributions as required by this Act, the Board may recover any sums due to the Fund by suit at law, or other remedy.

Employee
transfer within
Fund.

(d) Where a member leaves the employ of an employer which is included in the Fund and enters the employ of another employer included in the Fund, his service credits shall remain unimpaired, but in such a case the unliquidated liability for prior service shall be prorated by the Board between the units concerned, on a basis determined by the Board.

Section. 25. MONTHLY BENEFIT PAYMENTS.

Benefit payments.

Any benefit provided by this Act shall be paid in equal monthly installments, and shall not be increased, decreased, revoked or repealed, except for error or unless a member receiving benefits shall become reemployed under this system, in which event benefit payments shall be suspended for the period of such reemployment.

Section 26. EXEMPTION OF BENEFIT PAYMENTS FROM ATTACHMENT, ETC. All benefits provided under this Act, the contributions of the members to the Fund, accumulated contributions returnable to contributors under the provisions hereof, and all moneys in the Fund created by this Act shall be exempt from any territorial, municipal or other unit of government tax and from any levy, sale, garnishment, attachment or other legal process whatsoever, and shall be unassignable except to a beneficiary as prescribed in this Act.

Fund exempt
from taxes, etc.

Section 27. OBLIGATION OF EMPLOYER. The intention of the legislature is that the payments of the required territorial and municipal contributions are made obligations of the employers according to the need as actuarially determined but not to exceed the amount contributed by the members. Employer obligation.

Section 28. INSEPARABILITY OF FUND. Investments by the Board under this Act shall be solely for the Fund, and no particular person, group of persons or entity shall have any right in any specific security or property, or in any item of cash other than an undivided interest in the whole.

Section 29. LIMITATION ON PRIOR SERVICE CREDIT. Credit for prior service shall not be allowed for such service of an employee as is covered by benefits from some other retirement system applicable to such prior service.

Section 30. PENALTY CLAUSE. Any person who knowingly makes any false statement, or falsifies or permits to be falsified any record or records of this system, in any attempt to defraud the system, is guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding \$500.00, or imprisonment in jail for not more than six months, or by both such fine and imprisonment. False statements.

Section 31. BONUS BENEFITS FOR VETERAN EMPLOYEES. In recognition of long service by veteran territorial employees who become retired upon the effective date of the fund at the age of 65 years or greater, provision is hereby made to meet their obligation for prior service contributions as follows: The money hereinafter appropriated shall be immediately paid into the Fund and be available to the Board. Upon the effective date of the Fund, such money shall be applied to payment of arrearages of such veteran employees who will Current retirement benefits.

thereby become immediately eligible for receiving monthly benefits. Pending such effective date and during the organization period, the Board may use such money for any proper purpose, provided that same, or so much thereof as is required, is credited to such employees' accounts upon their retirement. Any amount not so credited shall remain in the Fund as initial organizational assistance.

Savings clause.

Section 32. SEPARABILITY CLAUSE. If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the remainder of the Act and such application to other persons or circumstances shall not be affected thereby.

Appropriation.

Section 33. APPROPRIATION. The sum of \$20,000.00 or so much thereof as may be necessary, is hereby appropriated out of the monies in the Treasury of the Territory of Alaska not otherwise appropriated, for the purpose of carrying into effect the provision of this Act.

Approved March 15, 1949.

CHAPTER 42

AN ACT

[H. B. 53]

Levying a tax on tobacco products sold or offered for sale in Alaska; providing for collection of same; establishing procedures; defining offenses; prescribing penalties; and fixing an effective date.

Be it enacted by the Legislature of the Territory of Alaska:

Section 1. This Act may be cited as the "Alaska Tobacco Tax Act."