

HOUSE BILL NO. 11

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE RAUSCHER

Introduced: 1/7/19

Referred: Prefiled

A BILL

FOR AN ACT ENTITLED

"An Act relating to participation of certain peace officers in the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska; and providing for an effective date."

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

*** Section 1.** AS 39.35.095 is amended to read:

Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680. The [FOLLOWING] provisions of AS 39.35.095 - 39.35.680 [THIS CHAPTER] apply only to members first hired

(1) before July 1, 2006; or

(2) after June 30, 2006, who are state troopers and

(A) are former members of the defined contribution retirement plan under AS 39.35.700 - 39.35.990; or

(B) have not been members of the defined contribution retirement plan under AS 39.35.700 - 39.35.990 [: AS 39.35.095 -

1 39.35.680].

2 * **Sec. 2.** AS 39.35.370(a) is amended to read:

3 (a) Subject to AS 39.35.450, a terminated employee who first became a
4 member before July 1, 2006, is eligible for a normal retirement benefit

5 (1) at age 60 with at least five years of credited service;

6 (2) with at least 20 years of credited service as a peace officer or
7 firefighter; or

8 (3) with at least 30 years of credited service for all other employees.

9 * **Sec. 3.** AS 39.35.370 is amended by adding a new subsection to read:

10 (l) Subject to AS 39.35.450, a terminated employee who first becomes a
11 member after June 30, 2006, and who is a state trooper is eligible for a normal
12 retirement benefit

13 (1) at age 60 with at least five years of credited service as a peace
14 officer; or

15 (2) with at least 20 years of credited service as a peace officer.

16 * **Sec. 4.** AS 39.35.680 is amended by adding a new paragraph to read:

17 (44) "state trooper" means a peace officer who is employed by the
18 division of Alaska state troopers in the Department of Public Safety and charged with
19 the duties under AS 18.65.080.

20 * **Sec. 5.** AS 39.35.720 is amended to read:

21 **Sec. 39.35.720. Membership.** Except as provided in AS 39.35.095, an [AN]
22 employee who becomes a member on or after July 1, 2006, shall participate in the plan
23 set out in AS 39.35.700 - 39.35.990.

24 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 RETIREMENT PLAN ELECTION. (a) A state trooper or a former state trooper
27 employed by the state, who was first hired after June 30, 2006, and before the effective date
28 of this section, and who is a member of the defined contribution retirement plan of the public
29 employees' retirement system under AS 39.35.700 - 39.35.990, may, within 90 days after the
30 effective date of this section, make a one-time election to participate in the defined benefit
31 retirement plan under AS 39.35.095 - 39.35.680 and to transfer to that plan all contributions

1 that have been made or should be made to the defined contribution retirement plan for service
 2 the member completes before the effective date of the member's participation in the defined
 3 benefit retirement plan. The transferred contributions shall be used to purchase credited
 4 service in the defined benefit retirement plan on an actuarial equivalent basis determined by
 5 the Alaska Retirement Management Board established under AS 37.10.210.

6 (b) In this section, "state trooper" has the meaning given AS 39.35.680.

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

9 RETIREMENT PLAN ELECTION PROCEDURE. (a) An election made under sec. 6
 10 of this Act to participate in the defined benefit retirement plan under AS 39.35.095 -
 11 39.35.680 must be made in writing on one or more forms and in the manner prescribed by the
 12 administrator. Before an eligible member makes an election under sec. 6 of this Act, the
 13 administrator shall provide to the member

14 (1) written notice of the member's eligibility; and

15 (2) information about potential consequences of the member's election,
 16 including calculations that illustrate the effect of changing the member's retirement plan from
 17 the defined contribution retirement plan to the defined benefit retirement plan.

18 (b) An election made under sec. 6 of this Act to participate in the defined benefit
 19 retirement plan is irrevocable. On the effective date of the election, an eligible member who
 20 makes the election shall be enrolled in the defined benefit retirement plan, and the member's
 21 participation in the plan shall be governed by the applicable provisions of the defined benefit
 22 retirement plan. The member's enrollment in the defined benefit retirement plan is retroactive
 23 to the date of hire. An election made by an eligible member who is married is not effective
 24 unless the election is signed by the member's spouse.

25 (c) When an eligible member makes a one-time election under sec. 6 of this Act, the
 26 administrator shall cause the total amount of the member's employee and employer
 27 contributions, with investment earnings and losses through the day of the member's election to
 28 participate as a member in the defined benefit retirement plan, to be actuarially calculated
 29 and, subject to (d) of this section, transferred to the pension fund in the defined benefit
 30 retirement plan. On the effective date of the member's participation in the defined benefit
 31 retirement plan, the member shall be credited with service in the defined benefit retirement

1 plan that may be purchased under an actuarial equivalent purchase formula as determined by
 2 the board. The board shall establish transfer procedures by regulation, but the actual transfer
 3 may not occur later than 30 days after the date the administrator receives the member's
 4 completed forms under (a) of this section, unless the major financial markets for securities
 5 available for a transfer are seriously disrupted by an unforeseen event that also causes the
 6 suspension of trading on any national securities exchange in the country where the securities
 7 were issued. In that event, the 30-day period may be extended by a resolution of the board. A
 8 transfer is not commissionable or subject to other fees and may be in the form of cash or a
 9 security as determined by the board. A security shall be valued on the date of receipt in the
 10 member's account.

11 (d) If the value actuarially calculated under (c) of this section is insufficient to pay for
 12 service credit equal to the member's actual service, the administrator shall allow the member
 13 the option of creating an indebtedness up to the amount needed to eliminate the insufficiency;
 14 however, if that value exceeds the amount needed to pay for a service credit equal to the
 15 member's actual service, the administrator shall cause the excess to remain in the member's
 16 retirement plan established under AS 39.35.700 - 39.35.990. An excess under this subsection
 17 may not be used to purchase service credit in a retirement plan administered under AS 39.35.

18 (e) The provisions of this section are subject to the requirements of the Internal
 19 Revenue Code and the limitations under AS 39.35.115, 39.35.678, 39.35.710(c) and (d), and
 20 39.35.895.

21 (f) In this section,

22 (1) "administrator" means the commissioner of administration or the person
 23 designated by the commissioner of administration under AS 39.35.003 for a public
 24 employees' retirement plan;

25 (2) "board" means the Alaska Retirement Management Board established
 26 under AS 37.10.210;

27 (3) "defined benefit retirement plan" means the retirement plan established
 28 under AS 39.35.095 - 39.35.680 for a public employee;

29 (4) "defined contribution retirement plan" means the retirement plan
 30 established under AS 39.35.700 - 39.35.990 for a public employee;

31 (5) "Internal Revenue Code" has the meaning given in AS 39.35.990.

1 * **Sec. 8.** The uncoded law of the State of Alaska is amended by adding a new section to
2 read:

3 ADOPTION OF REGULATIONS. (a) The commissioner of administration may adopt
4 regulations necessary to implement secs. 1 - 7 of this Act. Regulations adopted by the
5 commissioner of administration under this Act relate to the internal management of a state
6 agency and are not subject to AS 44.62 (Administrative Procedure Act) under AS 39.30.098
7 and AS 39.35.005.

8 (b) Regulations adopted under this section may not take effect before the effective
9 date of the law being implemented by the regulation.

10 * **Sec. 9.** Section 8 of this Act takes effect immediately under AS 01.10.070(c).

11 * **Sec. 10.** Except as provided in sec. 9 of this Act, this Act takes effect July 1, 2019.