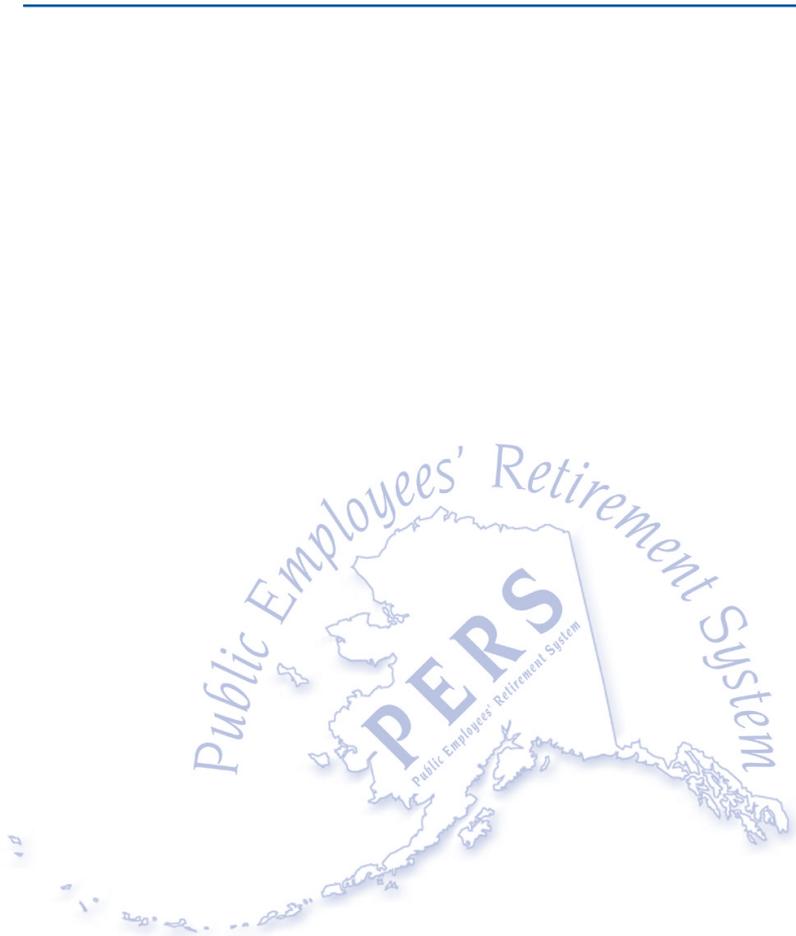

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Introduction to the PERS Defined Benefit Plan

The purpose of the Alaska Public Employees' Retirement System (PERS) is to attract qualified public employees by offering a variety of benefits to members and their survivors. These benefits, when combined with other income, are designed to provide members with the basis for financial security during their retirement years.

The PERS is a defined benefit (DB) plan. Both you and your employer make contributions to the retirement system during your employment to cover the cost of your retirement benefit.

This handbook is designed to provide a brief summary of your PERS benefits, which include pension, medical, disability, and death benefits. The PERS provides more detailed information in booklets, brochures, and inserts related to specific topics. A list of these additional resources is found in the Appendix.

For detailed information regarding the PERS, please refer to Alaska Statute 39.35.

This handbook is only a summary. The PERS statutes and regulations will prevail whenever there is a difference in interpretation between this handbook and the statutes or regulations.



General Information

Administration of the PERS

The Director of the Division of Retirement and Benefits serves as the administrator of the PERS by appointment of the Commissioner of Administration. The PERS administrator oversees the day-to-day operation of the system.

Funding of the PERS DB Plan

The PERS DB Plan fund consists of employee and employer contributions and investment earnings. The Alaska Retirement Management Board (ARMB) is responsible for overseeing the management and investment of the PERS fund.

Appeals

Appeals of a final decision of the Administrator are heard by the Office of Administrative Hearings.



Services for PERS Members

Retirement and Benefits Online

To better serve our members, we established a website at **www.state.ak.us/drb** with a goal of providing easy access to information.

Members can communicate with PERS staff over the Internet and download PERS member and retiree forms. Division Section or Unit email addresses are published on the website. From the home page click on the “contact us” button.

Member Services Online

Information about your personal PERS DB Plan account is available online through the Division of Retirement and Benefits website, www.state.ak.us/drb. Go to the link, *My Account Information*, enter your PIN or apply for a new one on the Member Services logon screen. The information available 24 hours a day, seven days a week includes:

- ◆ Tier status
- ◆ Service accrual
- ◆ Benefit information
- ◆ Annual benefit statements
- ◆ Indebtedness balance
- ◆ Pension calculator

Counseling Services

Regional counselors provide benefit seminars, workshops, on-site visits, and individual retirement counseling on PERS benefits in the different regions of the state of Alaska. Employees or employers interested in a seminar or workshop reviewing the provisions of the PERS or planning for retirement from the PERS should contact the Division of Retirement and Benefits. For more information call (907) 465-4460, or outside of Juneau, call toll-free 1-800-821-2251.

Communicating with the PERS

Members may contact the PERS in writing, by telephone, fax, or email or make an appointment to visit the PERS. Be sure to address your concerns to the appropriate customer service unit listed below.

Accounting Section

Phone: (907) 465-1444

doa.drb.accountingsection@alaska.gov

- ◆ Address and personal information changes for terminated nonre-tired employees
- ◆ Contributions
- ◆ Indebtedness balance
- ◆ Indebtedness payments
- ◆ Refunds
- ◆ Service Corrections
- ◆ Credited service statements
- ◆ Statements of Account and account information
- ◆ Paying back refunded service

Benefit Attachments Unit

Phone: (907) 465-4460

doa.drb.qdro@alaska.gov

- ◆ Divorce and dissolution claims
- ◆ Qualified Domestic Relations Orders
- ◆ Child Support attachments
- ◆ IRS levies

Benefits Section

Phone: (907) 465-8600

doa.drb.benefits@alaska.gov

- ◆ Dental-Vision-Audio coverage
- ◆ Optional Life insurance
- ◆ Long-term care coverage
- ◆ Medical coverage

Disability Unit

Phone: (907) 465-4460

doa.drb.disability@alaska.gov

- ◆ Application for PERS disability benefits

Pension Adjustments Unit

Phone: (907) 465-1400

doa.drb.pensionadjustments@alaska.gov

- ◆ Alaska Cost-of-Living Allowance (COLA)
- ◆ Post Retirement Pension Adjustments (PRPA)
- ◆ Tax-excludable information

Pre-Retirement Services Unit

Phone: (907) 465-5700

doa.drb.preretirementservices@alaska.gov

- ◆ Benefit projections for members within 3–5 years of retirement;
- ◆ Claiming service
- ◆ Reinstating refunded service
- ◆ Retirement application packets
- ◆ Service credit and vesting

Retiree Payroll Section

Phone: (907) 465-1447

doa.drb.retireepayroll@alaska.gov

- ◆ Address changes for retired members. All active members must contact their human resources, personnel or payroll office to change their address. Employers electronically report these changes to the PERS.
- ◆ Start, change, or stop electronic direct deposit of benefits
- ◆ W-4P (Withholding Certificate for Pension Payments) for benefit recipients
- ◆ 1099-R (distributions from defined benefit plans administered by the Division)

Retirement Processing Unit

Phone: (907) 465-1477

doa.drb.retirementprocessing@alaska.gov

- ◆ Retirement application processing

Survivor Benefits Unit

Phone: (907) 465-4460

doa.drb.survivorbenefits@alaska.gov

- ◆ Death and survivor benefit processing
- ◆ Beneficiary designations for active and deferred employees
- ◆ Beneficiary designation changes for retirees

Writing the PERS

- ◆ Print your full name and address on your letter
- ◆ Include your retirement identification number or the last four digits of your social security number
- ◆ Sign any requests for information or action
- ◆ Include the member's name and retirement identification number or social security number when reporting a death

Send correspondence to:

Division of Retirement and Benefits

PO Box 110203

Juneau, AK 99811-0203

Visiting and Calling the PERS

If you plan on visiting the Juneau Office or the Anchorage Field Office, please call for an appointment so we can be prepared for your visit and provide you with the best service.

Juneau Office location:

State Office Building

333 Willoughby Avenue, 6th floor

Juneau, Alaska

Telephone: In Juneau, 465-4460 or toll-free: **1-800-821-2251**

Fax: (907) 465-3086

TDD for the hearing impaired: (907) 465-2805

Anchorage Office location: (by appointment only)

Robert B. Atwood Building
550 West 7th Avenue, Suite 1690
Anchorage, Alaska

Telephone: 465-1443 or toll-free: **1-800-821-2251**
Fax: (907) 269-0280

The PERS also maintains a field office located in downtown Anchorage. They assist members residing in the Anchorage and South Central area with retirement counseling and technical services by appointment only. Call 1-800-821-2251 to schedule an appointment in the Anchorage area.

Office hours in both locations are 8 a.m. to 5 p.m. Monday through Friday. A limited staff works during the noon hour in the Juneau office.

The Alaska Department of Administration complies with Title II of the Americans with Disabilities Act (ADA) of 1990. This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits at (907) 465-4460 or outside Juneau, call 1-800-821-2251. Contact the TDD for the hearing impaired at (907) 465-2805.

Confidentiality of Records

Most information on members of the PERS is considered confidential. The PERS is prohibited by law from releasing any confidential information unless the member consents in writing or we are otherwise required to release the information, such as through a court order.

Information may be released:

- ◆ Directly to you; or
- ◆ To another person designated by you in writing.

Services for PERS Members

When authorizing information to be released, please include your name, current address, retirement identification number or last four digits of your social security number, information to be released, the name and address of the individual who is to receive the information, and your signature.

Organizations representing retired members of the PERS may obtain membership lists containing names and addresses.

Membership

Who is a Member of the PERS DB Plan?

Membership begins when you are employed by a PERS employer in a qualified position, are receiving PERS-eligible compensation, and are eligible to make PERS contributions. Individuals who first entered the PERS before July 1, 2006, are members of this plan. Members who first entered on or after July 1, 2006, are members of the Defined Contribution Plan.

The following individuals are covered under the PERS and earn membership service in the PERS:

- ◆ Permanent full-time or part-time employees of the State of Alaska; and
- ◆ Permanent full-time or part-time employees of participating political subdivisions or public organizations, unless specific employee or job classifications are excluded by Alaska Statutes or participation agreements.

A permanent full-time employee is one who is occupying a permanent position that regularly requires working 30 or more hours a week. A permanent part-time employee is one who is occupying a permanent position that regularly requires working at least 15 hours but less than 30 hours a week.

Elected Officials

Elected officials who are compensated at the rate of at least \$2,001 per month for their services may be covered by the PERS DB Plan if the political subdivision has agreed to include elected officials. An elected official can waive their participation in the PERS by filing a written waiver of coverage, *PERS Elected Official Participation/Waiver* (form 02-1832). An elected official who has waived coverage can choose to have future service covered by revoking the waiver.

WARNING

An elected official cannot receive credited service while the waiver is in effect.

Special Provision for Elected Public Officials

Retired Teachers' Retirement System (TRS DB Plan) members may receive PERS DB retirement benefits for their elected public official service with municipalities and political subdivisions.

Employers Participating in the PERS DB Plan

The list of PERS employers, including municipalities and political subdivisions, is found in the Appendix.

Employees Not Covered Under the PERS DB Plan

These employees are not members of the PERS:

- ◆ Temporary (nonpermanent) employees. Employees may be able to claim their temporary service for additional credit when they become vested;
- ◆ Employees who work less than 15 hours per week;
- ◆ Employees who participate in the University of Alaska's Optional Retirement Plan (ORP);
- ◆ Individuals who first entered PERS on or after July 1, 2006;
- ◆ Former members who have not reinstated their PERS DB plan service before July 1, 2010; or
- ◆ Employees excluded from the employer's participation agreement.

Membership Tiers

Members who first entered the PERS:

- ◆ Before July 1, 1986, are in Tier I;
- ◆ On or after July 1, 1986, but before July 1, 1996, are in Tier II;
- ◆ On or after July 1, 1996, are in Tier III;
- ◆ On or after July 1, 2006, are members of the PERS DCR Plans.

Simultaneous PERS and TRS Credit

If you are a member of the PERS DB Plan and the TRS DB Plan at the same time, you may receive partial credit under both systems. To be eligible, you must be employed at least half-time in both the PERS DB and the TRS DB concurrently and you must make the required contributions.

The total PERS DB and TRS DB credit that you may earn during a school year (July 1 through June 30 of the following year) may not exceed one year.

Contributions

Most PERS DB Plan employees contribute 6.75% of their gross PERS eligible salary to PERS. If you are a peace officer or fire fighter, then you contribute 7.5% of your gross salary. If you are a noncertificated school district employee, you work less than 12 months a year, and you've selected the alternate service option, you contribute 9.6%.

The contributions you make to the PERS DB Plan are deducted from your gross salary and sent to the PERS at the end of each pay period. You earn 4.5% interest a year, compounded semi-annually, on your employee contribution account. This interest is posted to your account on June 30 and on December 31 of each year.

PERS DB Plan employee mandatory contributions are pretax deductions from your salary.

Your employer contributes a percentage of your salary each pay period. This amount may change each year based on actuarial funding requirements. The employer contributions are not part of the employee contribution account.

NOTE

When you retire from the PERS DB Plan, your pension benefit is not based on your contributions. Your pension is calculated by a formula using your average salary and years of service.

Voluntary Savings Plan

The Voluntary Savings Plan, also known as the Employee's Savings Account, is an account funded solely by your post-tax, voluntary contributions. Contributions made to the Voluntary Saving Plan are separate and completely independent of the mandatory contributions that you are required to make to the PERS.

Any active PERS Tier I, II, or III employee making mandatory contributions to the PERS is eligible to enroll in the Voluntary Savings Plan.

Enrollment into the plan can occur at any time and will take effect the first of the month following receipt of your enrollment form. You are eligible to contribute a minimum of \$5.00 and up to a maximum of 5% of your eligible gross salary to the plan. Your voluntary contributions earn 4.5% interest annually. When you are eligible to withdraw the account after retirement or termination, you may take your withdrawal in the form of a lump sum payment, life annuity or in installments over a designated period of time.

Generally, there is a 60-day waiting period after retirement or termination from employment before payment from the savings plan can be made. Exceptions can be made for hardship.

For more information, please see the brochure "Voluntary Savings Plan" available from the division or from the division's Internet site at www.state.ak.us/drpb/publications.

Refunds

Voluntary PERS Refunds

If you terminate employment, you may request a refund of your employee contribution account by completing the *Refund Election* form (GEN008).

Terminated members who are married may not receive a refund of their employee contribution account unless their spouse gives written consent or the requirement for spousal consent is waived by the PERS

DB Plan administrator. Terminated members who are divorced may not receive a refund of their employee contribution account unless they can show that their former spouse was not granted an entitlement to the account.

If a qualified domestic relations order (QDRO) has been filed awarding the former spouse a monthly benefit, the court would have to amend the QDRO to allow for a refund of the employee contribution account as a lump-sum pay out. See *Rights of Spouses and Dependents* for the special rules affecting refunds in these circumstances.

You may only refund your employee contribution account which includes:

- ◆ Your mandatory contributions;
- ◆ Any indebtedness principal and interest payments; and
- ◆ Interest earned.

PERS DB Plan members must be terminated from employment for at least 60 days before a refund will be issued.

A refund of contributions does not include the employer contributions that have been made or the investment income earned.

WARNING

If you refund, you forfeit all your retirement benefits, including future pension and medical coverage. You will not be eligible for PERS DB Plan benefits unless you return to PERS or TRS employment and reinstate the refunded service before July 1, 2010.

Involuntary PERS Refunds

PERS DB Plan employee contribution accounts are not subject to execution, garnishment, or other claims by creditors, except under certain circumstances and then only when a member has terminated

PERS employment. Contributions cannot be garnished while you are an active member. Employee contribution accounts for terminated members may be garnished to satisfy claims for:

- ◆ Child support;
- ◆ State, local, or federal taxes;
- ◆ Unpaid earnings of up to one month's compensation or the full-time equivalent for the personal services of an individual who is employed by a PERS member; or
- ◆ Other reasons established under AS 09.38.065.

If a portion of your account is garnished, the balance will be refunded to you. It is important to keep your mailing address current in order to receive refund checks.

If your account is garnished, you may reinstate your refunded service by paying back the total refund plus interest. You do not have to be reemployed in the PERS to reinstate service if your account is involuntarily refunded.

WARNING

Unless the PERS receives a termination of garnishment, any payment you make to reinstate your service will be forwarded to the appropriate agency or person.

Time Limit for Refund or Benefit

Inactive (terminated) PERS DB Plan members forfeit their contributions and rights to PERS benefits if they do not apply for a refund or a benefit by one of the following:

- ◆ Before July 1 following their 75th birthday; or
- ◆ Within 50 years of the last date that they were active members.

Tax Considerations

If you made contributions to the PERS DB Plan prior to January 1, 1987, those contributions have already been taxed and will not be

subject to further taxes or early withdrawal penalties. Any indebtedness payments you may have made with after-tax dollars are also not subject to further taxes or penalties upon withdrawal from the PERS. Any taxed contributions are not eligible to be rolled over into an Individual Retirement Arrangement (IRA) or other tax qualified plans.

The federal government may impose a penalty when untaxed PERS contributions and interest are withdrawn in a lump sum before age 59-1/2.

The PERS is required to withhold 20% federal income tax on all untaxed, lump-sum PERS accounts directly refunded to the member. The 20% withholding does NOT apply to PERS refunds that are rolled DIRECTLY through a plan-to-plan transfer into an IRA, other qualified plan, or a fixed period certain annuity under qualified conditions.

Division employees do not give tax advice. You are encouraged to obtain advice from the Internal Revenue Service or a tax expert on how a refund of contributions would affect you. You may wish to contact the PERS for other important information that may affect your lump-sum distribution.

Annual Statement

Every year you will receive an Annual Statement of Account for the prior year. The statement you receive in the fall of 2008 for example, is for the period July 1, 2007, through June 30, 2008.

Your PERS DB Plan statement provides you with information regarding your mandatory contributions, interest earned, indebtedness principal, and indebtedness interest paid. The Statement of Credited Service shows your employer, occupation, status, begin date, end date, total years of service (both credited and claimed), and your personal information. The years of service and account balance reflect what has been reported to the PERS by your employer. Contact your employer if you believe there is a discrepancy on your Annual Statement. Your statement also includes general estimates of benefits you

may be eligible for in the future. These estimates are designed to provide you with an idea of the value of your PERS DB Plan benefit and are not a promise of benefits to be paid.

WARNING

It is the member's responsibility to check their annual statement for accuracy.

Beneficiary Designation

Your Beneficiary Designation is IMPORTANT!

Any benefits payable upon your death will be paid to your primary beneficiary or, if that person is deceased, benefits will be paid to your contingent beneficiary.

If you are married at the time of your death and you were married to the same person during part of your PERS employment, your spouse is automatically the primary designated beneficiary. If you wish to elect another person as your primary beneficiary, your spouse must provide written consent on the *Beneficiary Designation for Active and Deferred Members* (form 02-822) or *Retiree Beneficiary Designation* (form 02-822a). Consent is not required if you were married for less than two years and you and your spouse were not living together when the designation was changed.

If a member designates a spouse as a beneficiary and is subsequently divorced or a dissolution or legal annulment of the marriage is granted, the beneficiary designation is void and the former spouse is no longer the beneficiary. If after the divorce, dissolution, or annulment, the member wishes to name the former spouse as a beneficiary, a new beneficiary form must be completed and submitted.

If you have been divorced and a former spouse is entitled to benefits under the terms of a QDRO, that person would be eligible to receive whatever portion of the benefit the court has ordered. The QDRO must be filed with the court and accepted by the PERS as a qualified order before it becomes effective. In the event of a QDRO, benefits that would normally be paid to other beneficiaries would be affected.

Membership

Please review *Divorce, Taxes, and Other Legal Issues* and *Death Benefits* before completing your beneficiary designation.

WARNING

Payment of PERS death benefits is based on the last designation received by the PERS. An up-to-date beneficiary form must be on file with the PERS Administrator.

If no beneficiary is designated, or the beneficiary is deceased, the benefits will be paid:

- ◆ To the surviving spouse or, if there is none;
- ◆ In equal parts to the surviving children or, if there are none;
- ◆ In equal parts to the surviving parents or, if there are none;
- ◆ To the member's estate.

Designating a Minor Child

If you are a single parent, there are nonoccupational and occupational death benefits that may be payable to your children if you die before retirement. **However, these benefits are only payable to your children if they are your designated beneficiaries.**

When a minor child is designated as the beneficiary, the death benefit will be paid to the child's parent or legal guardian (the PERS cannot pay benefits directly to a minor). If you do not want the child's benefit to be paid to that person, have your attorney set up a trust and designate the trust as the beneficiary. Be sure to include the name of the trustee on the beneficiary form.

WARNING

You should NOT designate another person as beneficiary to receive your child's benefit.

Changing Your Beneficiary Designation

You should review your beneficiary designation when you marry, divorce, your spouse dies, or your beneficiary's address changes. To change your designation, you must send the PERS a new *Beneficiary*

Membership

form. Forms are available from the Division website at www.state.ak.us/drb, from your human resources, personnel or payroll office, or from the Division.

Service Credit

The cornerstone of the PERS DB Plan retirement benefit is a pension calculated using a formula that includes your entry date, years of service, and final average salary. Service can include direct PERS membership service and other forms of service credit that can be claimed by members.

Credited Service

You receive credit for each day of PERS-covered employment. To receive credit for holidays and weekends you must work the day before and the day after. Permanent part-time employees who work at least 15 hours per week, but less than 30 hours, receive credit on a proportionate basis.

The following types of paid PERS service count toward vesting and retirement eligibility but have to be claimed for credit:

- ◆ Permanent full-time and part-time employment with a PERS employer while the employer is participating in the PERS. Some PERS employers have agreed to pay additional contributions to allow employees to receive credit for their earlier service before the employer joined the PERS;
- ◆ Part-time State of Alaska service from 1961–1975;
- ◆ Earlier service before January 1, 1961;
- ◆ Past peace and correctional officer, fire fighter, and special officer service;
- ◆ Elected official service;
- ◆ Alaska Bureau of Indian Affairs service in an Alaskan School; and
- ◆ Leave Without Pay (LWOP) service after June 12, 1987, while receiving Workers' Compensation.

LWOP that exceeds 10 working days in any calendar year is not creditable under the PERS. If you have inappropriately received credit for LWOP on your PERS Statement of Credited Service, you should notify your employer immediately so your records may be corrected.

Military service does not count toward retirement eligibility, but the service will increase your PERS credit.

Temporary service can count toward retirement eligibility in certain circumstances. Contact the Division for more information.

Reinstatement of Refunded Service

If you refunded your PERS contribution account either voluntarily or involuntarily, you may reinstate your refunded service by requesting a reinstatement indebtedness be established for you. The reinstatement indebtedness will include the full amount of the refund plus interest.

If you elected a voluntary refund, you must be reemployed in the PERS in order to reinstate your refunded service.

If your account was refunded involuntarily, you do not have to be reemployed to reinstate your refunded service.

Reinstated service cannot count towards vesting or retirement eligibility unless your reinstatement indebtedness is paid in full.

WARNING

You must request reinstatement of your refunded service prior to July 1, 2010. If you have not requested reinstatement on July 1, 2010, you will forfeit your service and your benefit tier (see page 12).

Refund of Contributions on Cost-of-Living Differential

If you first entered the PERS on or after July 1, 1986 (Tier II or Tier III), and if you receive a higher salary based on the cost of living in a geographic region, then you will make contributions to the PERS based on that increased salary. You must serve one-half of your service time in an area with differential pay for that salary to count towards your retirement calculation. If you haven't met this requirement, then the contributions based on the differential portion of your salary will be refunded when you retire.

Call to Active Duty Military Service

If you are called to active duty either voluntarily or involuntarily during your active PERS service and you return to PERS employment within 90 days of honorable discharge from active duty, your military service is considered membership service time. You will need to submit a written request, along with a copy of your military discharge papers, to have this service time credited. There is no cost for this service.

Claimed Service

You may purchase certain types of service credit in order to increase the number of service years used in the calculation of your retirement benefit. The cost differs depending on the type of service you are eligible to claim.

The following types of service credit can be purchased in the PERS:

- ◆ Full-time temporary service;
- ◆ Military service;
- ◆ Alaska Bureau of Indian Affairs;
- ◆ Unlicensed Vessel Participant Annuity Retirement Plan;
- ◆ Village Public Safety Officer service;
- ◆ Rural Public Safety Officer service;
- ◆ Workers' Compensation; and
- ◆ Temporary Legislative service prior to July 1, 1979.

For more information on specific service purchases, please refer to the individual brochures. Brochures may be downloaded from our website at www.state.ak.us/drb.

Indebtedness Payments

After your indebtedness is established, you may make payments over time or in a lump sum. Automatic payroll deductions may be arranged through your payroll office or payments may be sent directly to the PERS. Interest, at the prescribed rate, will be added each month to

your indebtedness until it is paid in full or you start receiving benefits, whichever occurs first.

For information on making your indebtedness payments, please contact the Division.

You may make payments even if you terminate PERS employment. If you request a refund of your PERS account, payments will not be accepted unless you become reemployed by a PERS employer. There are exceptions under the Conditional Service Benefit and the Special Provision for Elected Public Officers.

Unless otherwise stated in this handbook, if your indebtedness is not completely paid when you retire, your monthly benefits will be actuarially reduced over your lifetime.

The actuarial indebtedness factors that are used to calculate reductions are subject to change based on the system's experience and anticipated future trends. The initial date you entered PERS employment will determine the actuarial factor that will be used in your case. If you need specific information, contact the Division.

You are entitled to the best set of factors in effect during your PERS employment. Sample factors are found in the Appendix. If you need specific factor information, contact the Division.

If the reduction for your claimed service causes your benefit to be less than it would be without the service, that service will not be included in the benefit calculation and any indebtedness payments that you made will be refunded to you.

NOTE

Indebtedness for refunded service must be paid in full prior to retirement if the service will be used to meet retirement eligibility requirements (see Minimum Requirements for service-based retirement on page 34).

Interest on Indebtedness

Interest at the prescribed rate will be added each month to your unpaid indebtedness balance until it is paid in full or you retire, whichever occurs first.

Using Pretax Dollars to Pay Your Indebtedness or Purchase Service Credits

Under certain circumstances, you can pay your indebtedness and purchase service credits (i.e., military service) in the PERS through the use of a pretax transfer of money from certain plans. Please contact the Division for more information.



Disability Benefits

If you become totally and presumably permanently disabled while working for a PERS employer, you may be eligible to receive a monthly disability benefit from the PERS.

There are two types of PERS disability benefits—occupational and nonoccupational.

Occupational Disability Benefits

To qualify for a PERS occupational disability benefit, you must meet the following requirements:

- ◆ Have a total and apparently permanent disability because of a physical or mental condition caused by a bodily injury sustained, or a hazard undergone, while in the performance and within the scope of your duties and not the result of your wilful negligence;
- ◆ Have a physical or mental condition that presumably permanently prevents you from satisfactorily performing your usual duties for an employer or the duties of another comparable position or job that an employer makes available for which you are qualified by training or education;
- ◆ Terminate PERS employment because of the disability (you can apply for disability benefits while you are still working); and
- ◆ File a timely application for the disability benefit with the PERS administrator. The application is timely if it is filed within 90 days after the termination of your employment.

There is no service requirement under the occupational disability provision. You continue to earn PERS service credit while you are receiving occupational disability benefits.

The PERS administrator will review your medical reports and other evidence to determine if you qualify. If you are found to be ineligible, you may appeal the denial to the Office of Administrative Hearings.

Disability Benefits

Your monthly disability benefit will be equal to 40% of your gross monthly compensation immediately before you terminated employment due to the disability.

EXCEPTION

Members who first entered the PERS before July 1, 1976, will be allowed to choose whether they want to receive benefits under the current law or old law. The amount payable will depend on the date the member first entered the PERS and whether they were classified as “peace officer or fire fighter” or “all other” members.

Medical coverage will be provided to you, your spouse, and your eligible dependent children as long as you are receiving PERS occupational disability benefits.

You may be required by the PERS administrator to undergo a medical examination once a year to show proof of continuing eligibility.

If you return to PERS employment, at any time while receiving PERS occupational disability benefits, you must send a copy of your job description and a verification of your earnings and number of hours worked per week to the division. If a position requires similar physical strengths and abilities or pays a comparable wage, your occupational disability benefit could be ended. The division considers a comparable wage to be 75 percent of your earnings prior to when you terminated employment due to the disability. This salary base is adjusted annually for inflation.

Nonoccupational Disability Benefits

To qualify for a PERS nonoccupational disability benefit, you must meet the following requirements:

- ◆ Have at least five paid-up years of PERS membership service;
- ◆ Have a physical or mental condition that presumably permanently prevents you from satisfactorily performing your usual duties for an employer or another position or job that an employer makes available for which you are qualified by training or education;
- ◆ Terminate PERS employment because of the disability (you can apply for disability benefits while you are still working); and
- ◆ File a timely application for the disability benefit with the PERS administrator. The application is timely if it is filed within 90 days after your termination of employment.

The PERS administrator will review your medical reports and other evidence to determine if you qualify. If you are found to be ineligible, you may appeal the denial to the Office of Administrative Hearings.

Your monthly disability benefit will be based on your average monthly compensation and years of paid-up PERS service at the time you terminated employment because of the disability.

Medical coverage will be provided to you, your spouse, and your eligible dependent children as long as you are receiving PERS nonoccupational disability benefits.

You may be required by the PERS administrator to provide medical evidence once a year to show proof of continuing eligibility.

If you return to work any time while receiving nonoccupational disability benefits, you must notify the Division. If you become employed in a part-time position, your continuing eligibility for nonoccupational disability benefits will be reviewed. If you become employed in a full-time position, you will no longer be eligible to receive nonoccupational disability benefits from PERS.

Vocational Rehabilitation Requirements

If you first entered the PERS on or after July 1, 1986 (Tier II or Tier III), and you are appointed to occupational or nonoccupational disability, you must:

- ◆ Apply to the Division of Vocational Rehabilitation within 30 days of the date disability benefits begin; and
- ◆ Enroll in a rehabilitation program if you meet the eligibility requirements of the Division of Vocational Rehabilitation.

You will become ineligible and disability benefits will stop at the end of the first month that you meet any of the following:

- ◆ Fail to report to the Division of Vocational Rehabilitation;
- ◆ Are certified by the Division of Vocational Rehabilitation as failing to cooperate in a vocational rehabilitation program;
- ◆ Fail to interview for a job; or
- ◆ Fail to accept a position offered.

Members who first entered the PERS before July 1, 1986 (Tier I), are not required to comply with these vocational rehabilitation requirements.

Continuing Eligibility Requirements

Members with a nonoccupational disability who first entered the PERS on or after July 1, 1976, must provide the PERS administrator with proof of continuing eligibility to receive disability payments under the Social Security Act one year from the date of appointment to disability and annually thereafter. If the member is not eligible for Social Security because they do not meet the earnings requirement, then the member must annually provide medical evidence to establish that disability payments under the Social Security Act would have been payable.

Converting to a Normal Retirement Benefit

Your disability benefit will be converted to a normal retirement benefit when you reach either age or service eligibility, whichever is first. You continue to earn PERS service credit while receiving occupational disability benefits. You do not accrue PERS service credit while on nonoccupational disability.

You must apply for your normal retirement benefit. Payment of normal retirement benefits after disability is not automatic.

For more information regarding disability benefits, please see the brochures *PERS Nonoccupational Disability Benefits* or *PERS Occupational Disability Benefits*.

Peace Officers and Fire Fighters Receiving Occupational Disability Benefits

A peace officer or fire fighter receiving occupational disability benefits can elect the higher of their occupational disability benefit or their normal retirement benefit upon reaching normal retirement age or service eligibility, whichever is first.

WARNING

If you refund your PERS contributions and interest, you will not be eligible for PERS disability benefits.



Death Benefits

Nonoccupational and occupational death benefits are designed to provide some financial security to survivors when members die. Your beneficiary designation may determine who receives your death benefit.

Nonoccupational Death Before Retirement

When a member dies from nonoccupational causes before retiring, the spouse or other eligible beneficiary is entitled to the death benefit described below.

Nonvested Member Death Benefits

For members with less than one year of PERS service the death benefit is:

- ◆ The balance of the employee contribution account, which includes mandatory contributions, voluntary contributions, indebtedness principal and interest payments, and interest credited to the account.

For members with at least one year of PERS service, but before becoming vested, the death benefit is the sum of:

- ◆ The balance of the employee contribution account, which includes mandatory contributions, voluntary contributions, indebtedness principal and interest payments, and interest credited to the account; and
- ◆ A lump-sum death benefit of \$1,000 plus \$100 times the years of credited service.

Vested Member Death Benefits

For a member vested in the PERS, the death benefit is:

- ◆ The nonvested member death benefits described in the previous section for members with at least one year of service; or
- ◆ A monthly 50% joint and survivor benefit (spouse only).

If someone other than the spouse is the designated beneficiary, that person will receive the nonvested member death benefits described in the previous section for members with at least one year of service.

The spouse must have been married to the member for at least one year to be eligible to receive the 50% joint and survivor benefit. If the death is accidental or occupational, then this one-year requirement does not apply.

The 50% joint and survivor benefit will be calculated on the member's average monthly compensation and years of PERS credited service at the time of death.

Occupational Death Before Retirement

When a member dies from occupational causes before retirement or while receiving occupational disability benefits, the spouse or other eligible beneficiary is entitled to the death benefit described in this section. **The member does not have to be vested to qualify for occupational death benefits.**

The spouse is automatically the designated beneficiary provided that the spouse was married to the member during part of the member's employment and a waiver of benefits was not received by the Division. If there is no surviving spouse, and the member has dependent children, the monthly survivor's pension will be divided equally among those children.

The monthly survivor's pension is equal to 40% of the member's gross salary at the time of death or termination of employment because of occupational disability.

For a peace officer or fire fighter, the monthly survivor's pension is the greater of 50% of the gross salary or 75% of the normal retirement benefit they would have earned when they retired.

EXCEPTION

The pension amount payable to survivors of members who first entered the PERS before July 1, 1976, will depend on the date the member first entered the PERS and whether they were classified as “peace officer or fire fighter” or “all other” members. These survivors will be allowed to choose whether they want to receive benefits under the current law or old law.

Death Benefit Payments

Benefits accrue from the first day of the month following the member’s death and are payable at the end of the month.

For a nonoccupational death, monthly death benefits cease when the spouse dies.

For an occupational death, benefits stop when there is no longer a surviving spouse or eligible dependent child.

Death Benefits for Retired Members

When a member dies after they have retired, the beneficiary is entitled to the benefit check for the month in which the member dies. However, a check payable to a deceased member must be returned to the Division and reissued in the beneficiary’s name. It is illegal to cash a deceased member’s check.

If the member selected a joint and survivor option at retirement, then the beneficiary will start receiving that benefit.

If the member did not select a joint and survivor option, then the beneficiary will receive the balance remaining in the employee contribution account, if any.



Pension Benefits

You will be eligible to retire and receive monthly benefits when you are vested and reach retirement age or when you meet the minimum service requirements.

Vesting

You will be vested when you have at least five paid-up years of creditable PERS service.

Once you are vested, you may terminate PERS employment and still receive a monthly retirement benefit when you reach retirement age. You must leave your contributions in the PERS to stay vested.

Minimum Requirements for Age-Based Retirement

You will be eligible to retire and receive a monthly pension benefit if you are vested and meet the following age requirements:

- ◆ Age 55 for normal retirement or age 50 for early retirement if you first entered the PERS before July 1, 1986 (Tier I); or
- ◆ Age 60 for normal retirement or age 55 for early retirement if you first entered the PERS on or after July 1, 1986 (Tier II or Tier III).

Under early retirement your monthly benefit is actuarially reduced based on your age. The closer you are to normal retirement age, the smaller the reduction. The early retirement reduction is effective for the lifetime of the benefit. Sample early retirement factors are provided in the Appendix.

Vested members who have terminated PERS employment and have reached normal retirement age will not receive larger monthly benefits by waiting until they are older to retire.

WARNING

If you refund your PERS contributions and interest, you will forfeit your PERS pension benefit.

Minimum Requirements for Service-Based Retirement

You will be eligible to retire and receive a monthly pension benefit after you reach retirement age and satisfy the following service requirements.

You must have at least:

- ◆ Five paid-up years of PERS service;
- ◆ Two paid-up years of PERS service if you are vested in the Teachers' Retirement System (TRS). See *Conditional Service Benefit* for more information;
- ◆ Two paid-up years of PERS service and your transferred nonvested TRS service combined equals a minimum of five years. See *Public Service Benefit*;
- ◆ If you were first hired as a legislative employee before May 30, 1987, you may retire with 60 days of paid-up service during each of five legislative sessions; or
- ◆ If you were first hired as an employee of the legislature after May 29, 1987, you may retire with 80 days of paid-up service during each of five legislative sessions.

You may be eligible to retire at any age and receive a normal, unreduced monthly pension benefit if you have:

- ◆ Thirty paid-up years of PERS membership service; or
- ◆ Twenty paid-up years of PERS service as a peace officer or fire fighter.

Military credit may not be used to satisfy the 20 or 30 years needed to retire. **Temporary credit** may be used to satisfy the 20 or 30 years needed to retire under certain circumstances. Contact the Division for more information.

Refunded service that has not been fully repaid cannot count towards retirement eligibility.

CAUTION

If you plan to retire under the service based provision, you are strongly advised to have your service verified by your employer to confirm there has been no error in the service reported to the PERS on your behalf. You should not terminate your employment until your eligibility has been confirmed.

Pension Benefit Calculation

Your normal retirement benefit will be calculated by multiplying the percentage multiplier times your average monthly compensation (AMC) times your PERS credit.

If you are a peace officer or fire fighter, then your pension benefit will be calculated based on the three highest consecutive payroll years regardless of when you first entered the PERS.

If you first entered the PERS before July 1, 1996 (Tier I or Tier II):

Your AMC is determined by adding together the compensation that you earned during your three highest consecutive payroll years and dividing the total by the number of months and partial months worked during that same time period. You must have at least 115 days of credited service in the last payroll year worked to include that year as one of your three highest.

EXAMPLE

In this example, your AMC for your three highest consecutive salaries would be \$2,500.

| Year | Salary | Months |
|-------------|------------------|---------------|
| 2000 | \$ 30,000 | 12 |
| 2001 | 27,500 | 11 |
| 2002 | <u>15,000</u> | <u>6</u> |
| | \$ 72,500 | 29 |

\$72,500 divided by 29 months equals \$2,500

Pension Benefits

If you first entered the PERS on or after July 1, 1996 (Tier III):

Your AMC is determined by adding together the compensation you earned during your five highest consecutive payroll years and dividing the total by the number of months and partial months worked during that same time period. You must have at least 115 days of credited service in the last payroll year worked to include that year as one of your five highest.

EXAMPLE

In this example, your AMC for your five highest consecutive salaries would be \$2,500.

| Year | Salary | Months |
|-------------|-------------------|---------------|
| 1998 | \$ 30,000 | 12 |
| 1999 | 27,500 | 11 |
| 2000 | 30,000 | 12 |
| 2001 | 15,000 | 6 |
| 2002 | <u>15,000</u> | <u>6</u> |
| | \$ 117,500 | 47 |

\$117,500 divided by 47 months equals \$2,500

Cost-of-Living Differential

For those members who first entered the PERS on or after January 1, 1987, a cost-of-living differential will be included in calculating the AMC only if they received a comparable differential during at least 50% of their credited service.

If you first entered the PERS before January 1, 1987, and you received a cost-of-living differential during your three highest years, the differential will automatically be included as part of your salary.

Percentage Multipliers for “All Other” Members

PERS benefits for “all other” members will be calculated using the following percentage multipliers:

- ◆ 2% per year for all service earned up to 10 years; plus

- ◆ 2-1/4% per year for all service over 10 years, but less than 20 years; plus
- ◆ 2-1/2% per year for all service over 20 years.

All service earned before July 1, 1986, will be calculated using the 2% multiplier.

The following example demonstrates how the percentage multipliers will affect a retiring member who earned 30 years of service after June 30, 1986. The multiplier increases to 2-1/4% for service between 10 and 20 years, and increases again to 2-1/2% for over 20 years.

EXAMPLE

Assuming the average monthly compensation is \$2,500.

| | | | | | | |
|--------|---|-----------------|---|---------|---|--------------------|
| 2% | x | first 10 years | x | \$2,500 | = | \$ 500.00; plus |
| 2-1/4% | x | second 10 years | x | \$2,500 | = | \$ 562.50; plus |
| 2-1/2% | x | third 10 years | x | \$2,500 | = | <u>\$ 625.00</u> |
| | | | | | | \$ 1,687.50 |

If the same member has 30 years of service, with 17 years earned before July 1, 1986, and 13 years after, the monthly benefit will be \$1,643.75.

| | | | | | | |
|--------|---|----------|---|---------|---|--------------------|
| 2% | x | 17 years | x | \$2,500 | = | \$ 850.00; plus |
| 2-1/4% | x | 3 years | x | \$2,500 | = | \$ 168.75; plus |
| 2-1/2% | x | 10 years | x | \$2,500 | = | <u>\$ 625.00</u> |
| | | | | | | \$ 1,643.75 |

Percentage Multipliers for Peace Officers or Fire Fighters

The percentage multipliers for peace officers and fire fighters are:

- ◆ 2% per year for their first 10 years of service; and
- ◆ 2-1/2% per year for service over 10 years.

Noncertificated School District Employees

PERS school district employees who have elected the alternate service option under Alaska Statute 39.35 should contact the Division for detailed information specific to benefit calculation under this provision.

Deferred Vested (Terminated) Members

The percentage multiplier in effect at the time you terminate PERS employment will be used to calculate your future retirement benefits. The current percentage multipliers will not be used to calculate benefits for deferred vested members who terminated PERS employment before July 1, 1986.

Retirement Benefit Options

If you select early retirement or one of the joint and survivor options, the normal retirement benefit amount will be reduced. Sample early retirement and joint and survivor factors are provided in the Appendix.

When you are eligible to retire, you can choose among the following options:

- ◆ Normal or Early Retirement;
- ◆ Level Income Option (available if you entered the PERS before July 1, 1996);
- ◆ Joint and Survivor Options (50% or 75%); or
- ◆ Last Survivor Option (available if you entered the PERS before July 1, 1996).

If you are married, you are required to select a joint and survivor option unless your spouse consents to another form of benefit.

Before selecting an option, you should be aware of the advantages and disadvantages of each option. We recommend you contact the Division prior to applying for retirement benefits.

WARNING

Once you begin receiving pension benefits, your selection cannot be changed!

Normal Retirement

This option provides an unreduced lifetime monthly benefit for you. It will NOT provide a continuing lifetime monthly benefit to your spouse after you die unless you also select a joint and survivor option. All benefits, including retiree medical benefits, cease at your death.

If you don't choose a joint and survivor option, your beneficiary will receive the balance of your contribution account, if any, at the time of your death. If the benefits that you received before your death exceeded the amount in your account, your beneficiary will receive your last month's retirement check.

Your beneficiary would receive the balance of your contribution account, if any, at the time of your death or your last pension check.

If you select a joint and survivor option, your normal retirement benefit will be reduced.

Early Retirement

Early retirement allows you to retire up to five years earlier. Your lifetime monthly benefit will be reduced to offset the additional years of benefit you will receive. It will NOT provide a continuing lifetime monthly benefit to your spouse after you die unless you also select a joint and survivor option.

If you don't choose a joint and survivor option, your beneficiary will receive the balance of your contribution account, if any, at the time of your death. If the benefits that you received before your death exceeded the amount in your account, your beneficiary will receive your last month's retirement check.

The younger you are when you retire early, the more your monthly benefits are reduced. You would, however, begin receiving benefits earlier than normal and would receive them for a longer period of time.

If you select a joint and survivor option, your early retirement benefit will be further reduced.

Sample actuarial factors for the early retirement option are found in the Appendix.

Level Income Option

If you first entered the PERS before July 1, 1996 (Tier I or Tier II), you can choose the Level Income Option. You will receive a higher retirement benefit until age 65, and a reduced amount for the rest of your life. You cannot select this option if you wish to choose a joint and survivor option.

Joint and Survivor Options

If you are married, you are required to elect a joint and survivor option unless your spouse consents to another form of benefit.

You may also be required to elect a joint and survivor option under the terms of a qualified domestic relations order (QDRO).

50% Joint and Survivor Option

Your retirement benefit is actuarially reduced from what it would be normally. After your death your spouse would receive a lifetime monthly benefit equal to 50% of your reduced benefit. If your spouse dies first, your benefit does not change.

75% Joint and Survivor Option

Your retirement benefit is actuarially reduced from what it would be normally. After your death your spouse would receive a lifetime monthly benefit equal to 75% of your reduced benefit. If your spouse dies first, your benefit does not change.

66-2/3% Last Survivor Option

If you first entered the PERS before July 1, 1996 (Tier I or Tier II), you may elect the 66-2/3% last survivor option. Your retirement benefit is actuarially reduced from what it would be normally.

The last survivor option differs from the joint and survivor options in that whoever is the last survivor between you and your spouse receives the reduced retirement benefit. If your spouse dies first, your

benefit reduces to 66-2/3rds for the rest of your lifetime. If you die first your spouse would receive a lifetime monthly benefit equal to 66-2/3% of your reduced benefit.

If you elect a joint and survivor or last survivor option, your spouse or eligible dependent may qualify for continuing retiree medical coverage after your death.

Sample actuarial factors for the joint and survivor and last survivor options are found in the Appendix.

Rights of Spouses and Dependents

The provisions recognizing the rights of spouses and dependents under the PERS:

- ◆ Require the benefit payable to a married member who retires be in the form of a joint and survivor annuity, unless the spouse consents to another form of benefit. A joint and survivor annuity will provide a continuing lifetime monthly benefit to your spouse or other eligible dependent if you die before your spouse;
- ◆ Require a joint and survivor annuity be provided to the surviving spouse of a vested member who dies before retirement if the spouse does not waive the joint and survivor annuity; and
- ◆ Allow a former spouse to be treated as a spouse or surviving spouse of a member to the extent required in a divorce decree and contained in a qualified domestic relations order (QDRO). Rights under a QDRO do not take effect until the QDRO is filed with and accepted by the PERS administrator.

WARNING

If you have been divorced during your PERS employment, you must provide court-certified copies of your divorce decree and property settlement to the PERS. Your retirement benefit cannot commence until it is determined whether your former spouse has any entitlement.

Pension Benefits

A spouse may provide written consent to the PERS administrator for another type of benefit and forfeit a joint and survivor benefit. If the spouse provides this consent, all benefits, including continuing medical coverage, cease at the member's death.

A spouse may provide written consent to waive rights to a joint and survivor benefit to allow an incapacitated, dependent child to receive the lifetime monthly benefit. Medical documentation establishing incapacity must be provided to the PERS administrator for approval before a waiver can be accepted.

The PERS administrator may waive the required written consent before retirement if documentation is provided supporting that:

- ◆ The member was not married to the spouse during any part of the member's PERS employment;
- ◆ The spouse has no rights to benefits because of the terms of a divorce decree;
- ◆ The spouse cannot be located; or
- ◆ The member and spouse have been married less than two years and are not living together.

Refund Rights

Terminated members who are married may not receive a refund of their employee contribution account unless their spouse gives written consent or the requirement for spousal consent is waived by the PERS administrator. Terminated members who have divorced at any time during their PERS employment may not receive a refund of their employee contribution account unless they can show that their former spouse was not granted an entitlement to the account.

If a QDRO has been filed awarding the former spouse a monthly benefit, the court would have to amend the QDRO to allow for a refund of the employee contribution account as a lump-sum pay out. For detailed information regarding QDROs, please contact the Division for a copy of the *Qualified Domestic Relation Orders Divorce and Dissolution Information Packet*.

Establishing Benefit Entitlement

Individuals who are entitled to benefits because of marriage or a QDRO must file evidence of their entitlement in the form of a marriage certificate, divorce or dissolution decree, or QDRO with the PERS administrator to protect their rights.

If evidence of entitlement has not previously been filed, evidence must be filed with the PERS administrator within ten days of the member's death.

WARNING

If notice is not provided within ten days and benefits are paid to another person before a claim is filed, no benefits will be paid to the individual filing evidence of entitlement. If any benefits remain to be paid at the time evidence is received, they will be paid according to entitlement.

How to Apply for Benefits

Contact the Pre-Retirement Services Unit at the Division and request an estimate of benefits and a retirement application packet a minimum of 120 days in advance of your prospective retirement date. Once you have received the estimate and the retirement packet, you can arrange to meet with your regional counselor either in person during a field visit to your area, by an appointment in either our Anchorage or Juneau office, or by telephone to discuss any questions you might have about the process.

You will need to provide copies of your marriage certificate, proof of age, proof of spouse's age, and, if you have been divorced at any time during your PERS employment, a court-certified copy of your divorce decree and property settlement if you have not already provided this to the Division.

Your application should be sent to the Division at least 60 days before you terminate employment.

WARNING

If you are meeting retirement eligibility requirements by years of service, be sure to have your service verified prior to terminating employment.

Pension Benefit Payments

You will be appointed to retirement and be eligible for medical benefits on the first of the month following the date:

- ◆ You meet the minimum service and age requirements for retirement; however if your birthday falls on the first day of the month, you are eligible to retire that month rather than the following month;
- ◆ You terminate PERS employment; and
- ◆ Your completed *Application for Retirement Benefits* (form pers035) is either received by the Division or postmarked.

Benefits Start

Pension benefits are paid once per month at the end of the month. The processing of your first benefit check can take up to six weeks. For more information regarding application for retirement, please read the brochure *PERS Guidelines to Apply for Retirement*.

The Final Check

The beneficiary may be entitled to the benefit check for the month in which a benefit recipient dies. However, a check payable to a deceased recipient must be returned to the Division and reissued in the beneficiary's name. It is illegal to cash a deceased member's check.

Minimum Benefit

The minimum monthly benefit for eligible members is \$25 for each year of PERS service. For example, a member with 10 years of service is eligible for a minimum monthly benefit of at least \$250 per month.

The minimum monthly benefit will be reduced if an actuarial adjustment is necessary for early retirement, indebtedness, or a joint

and survivor option. The minimum benefit will be increased if the member is eligible for the Alaska Cost-of-Living Allowance (COLA) or a Post Retirement Pension Adjustment (PRPA).

Conditional Service Benefit

You may be eligible for a conditional service benefit from the PERS if you are vested in the Teachers' Retirement System (TRS), are eligible for a TRS retirement benefit, and you have at least two paid-up years of PERS membership service.

Conditional service benefits are calculated based on the highest salaries that are earned in either system. For example, TRS salaries (if higher) will be used to calculate PERS conditional benefits and PERS salaries (if higher) will be used to calculate TRS conditional benefits. However, TRS salaries may not be used to calculate regular PERS retirement benefits, unless the member is vested in both systems.

It is not necessary to be reemployed in the PERS to reinstate service credit under the conditional service provision. Conditional service benefits will NOT be paid unless the reinstatement indebtedness is paid in full.

Members who are eligible to receive conditional service benefits are NOT vested unless they satisfy the vesting requirements.

Also eligible for conditional service benefits are those who were first hired as a legislative employee:

- ◆ Before May 30, 1987, who have at least 60 days of paid-up service during each of five legislative sessions; or
- ◆ After May 29, 1987, who have at least 80 days of paid-up service during each of five legislative sessions.

Eligible legislative employees receive credit for each day that they work.

You may be eligible for a conditional service benefit from the TRS if you are eligible to retire from the PERS and have two years of TRS service. If you are retired from the PERS, you may receive a conditional service benefit from the TRS with only one year of TRS service.

WARNING

Your right to reinstate refunded service for conditional service benefits ends on June 30, 2010. If you haven't reinstated your service by that date you forfeit the refunded service and the associated benefits.

Public Service Benefit

If you are not vested in either the PERS or the TRS, you may be able to combine your PERS and TRS service under the public service benefit provision in the PERS. This allows you to combine your PERS and TRS service to reach the minimum of five years of employment required to receive a benefit under the PERS. You must have a minimum combined total of five years service in both the PERS and the TRS with a minimum of two years in the PERS. Contact the Division to find out if this provision applies to you and what the cost will be.

Duplicate Benefits

The PERS prohibits payment of PERS benefits under more than one provision, such as:

- ◆ Duplicate PERS credit for the same period of service;
- ◆ PERS credit exceeding more than one year during any calendar year;
- ◆ Payment of PERS benefits at the same time PERS credit is accruing; or
- ◆ Participation in both the PERS and the TRS at the same time unless a member is eligible under AS 14.25.040(d), AS 39.35.131, or for elected public official credit under AS 39.35.381.

EXCEPTION

A member of the PERS defined benefit plans (Tiers I, II, III) who employs with an employer who only participates in the PERS defined contribution plan (Tier IV) will accrue Tier IV benefits in addition to their PERS defined benefit plan benefits.

PERS and Your Social Security Pension Benefits

Many factors go into determining your Social Security eligibility and benefits. The following information comes from Social Security publications explaining how a retirement benefit received from the PERS can reduce any Social Security benefits.

If you worked for a federal, state, or local government where you did not pay Social Security taxes, the pension you receive from that agency may reduce any Social Security benefit for which you are qualified.

Your Social Security benefit can be reduced in one of two ways. One is called the “governmental pension offset” and applies to persons eligible to receive Social Security benefits as a surviving spouse.

The other is called the “windfall elimination provision” and affects how your retirement or disability benefits from Social Security are calculated if you receive a pension from work not covered by Social Security.

For more information regarding how your PERS benefits may affect any Social Security benefits you may be entitled to, please contact the Social Security Administration by calling their toll-free number (800) 772-1213. Recorded information is available 24 hours a day including holidays and weekends.

People who are hearing impaired may call the toll-free TTY number (800) 325-0778 between 7 a.m. and 7 p.m. on business days.

You can also access Social Security information through the Internet at www.ssa.gov.

After-Retirement Benefit Increases

Cost-of-Living Allowance

If you reside in Alaska after you retire, you may be eligible to receive the Alaska Cost-of-Living Allowance (COLA) in addition to your regular monthly benefit. COLA is equal to 10% of your base benefit or a minimum of \$50, whichever is greater.

The following benefit recipients are eligible for COLA:

- ◆ Members who first entered the PERS before July 1, 1986 (Tier I), and their survivors;
- ◆ Members who first entered the PERS on or after July 1, 1986 (Tier II or Tier III), and their survivors if they are at least age 65; and
- ◆ All members receiving a disability benefit.

Residing in Alaska means principally domiciled and physically present in Alaska. You may be absent from the state for a continuous period of up to 90 days and still be eligible to receive COLA. You may also be eligible to receive COLA if you are absent from the state for up to six months if you submit a physician's certificate to the division.

For details regarding COLA, please read the brochure *PERS Alaska Cost-of-Living Allowance*.

Post Retirement Pension Adjustment (PRPA)

Eligible PERS benefit recipients will receive an automatic annual PRPA when the cost of living increases, based on the consumer price index for urban wage earners and clerical workers for Anchorage. The amount of the PRPA will depend upon the recipient's age, how long the recipient has been receiving PERS benefits, and whether the recipient is receiving PERS disability benefits.

PRPAs are calculated effective July 1 each year by multiplying the recipient's base pension benefit, including any prior PRPAs, times:

- ◆ 75% of the cost-of-living increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least age 65 or on PERS disability on July 1; or

Pension Benefits

- ◆ 50% of the cost-of-living increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least age 60 or has been receiving PERS benefits for at least five years as of July 1.

Eligible recipients who have not received pension benefits during the entire preceding calendar year will receive a prorated PRPA.

Members who entered PERS prior to July 1, 1986, may be eligible for an alternate PRPA calculation. Unlike the automatic PRPA, the “ad hoc” PRPA must be authorized by the Commissioner of Administration. The Commissioner may only authorize an ad hoc PRPA when the fund balance exceeds 105 percent of which is necessary for the PERS to meet its obligations.



Retiree Health Benefits

Along with a monthly pension, retirement benefits may include medical coverage for retirees, disabled members, and survivors who are receiving monthly PERS benefits and their new spouse and eligible dependent children of the member. Coverage under the AlaskaCare Retiree Health Plan differs from coverage you have with your current employer.

Medical Coverage at Retirement

The following benefit recipients, their spouse, and eligible dependent children will be covered automatically by the AlaskaCare Retiree Health Plan when they start receiving monthly benefits:

- ◆ All members regardless of date of hire if they are receiving PERS disability benefits;
- ◆ Members who retire after 30 years of membership service (25 years if a peace officer or fire fighter), and their survivors;
- ◆ Members who first entered the PERS before July 1, 1986 (Tier I), and their survivors.
- ◆ Members who first entered the PERS on or after July 1, 1986, but before July 1, 1996 (Tier II), and their survivors if they are at least age 60; and
- ◆ Members who first entered the PERS on or after July 1, 1996 (Tier III), and their survivors if they are at least age 60 and have at least 10 years of credited service;

This coverage ends when the member or survivor dies or is no longer eligible to receive monthly benefits.

Members who do not qualify for system-paid health premiums may purchase medical coverage for themselves, spouse, and eligible dependent children and pay the monthly premium.

Retiree Health Benefit

These members and their survivors have the option of selecting and paying for medical coverage for:

- ◆ The benefit recipient only;
- ◆ The benefit recipient and spouse or same-sex partner;
- ◆ The benefit recipient and eligible dependent children; or
- ◆ The benefit recipient and family, which includes spouse, or same-sex partner, and any eligible dependent children.

Premiums for the medical coverage will be deducted from the monthly benefit payment. If the amount of the benefit is less than the total of the premiums due, the benefit recipient must pay the premiums directly to the claims administrator.

For more information regarding the medical plan including a current description of the benefits, please refer to the *AlaskaCare Retiree Health Insurance Information Booklet*.

Optional Health and Life Plans

PERS benefit recipients may purchase additional coverage for:

- ◆ Dental-Vision-Audio coverage for self, spouse, or same-sex partner, and eligible dependent children;
- ◆ Long-Term Care coverage for self and spouse or same-sex partner; and
- ◆ Optional Life Insurance (if you are participating in the state-sponsored Optional Life Insurance Plan at retirement).

Premiums for the optional plans listed above will be deducted from the monthly benefit payment. If the amount of the benefit is less than the total of the premiums due, the benefit recipient must pay the premiums directly to the claims administrator.

For more information regarding the optional health and life plans, including enrollment restrictions, please refer to the *State of Alaska Retiree Group Insurance Information Booklet*.

Medicare and Your PERS Medical Coverage

There are four parts to Medicare health coverage. They are:

- ◆ Part A Hospitalization or “inpatient expenses;”
- ◆ Part B Physician or “outpatient expenses;”
- ◆ Part C Medicare Advantage (health plan approved by Medicare like an HMO but run by a private company. Contact Medicare for more information); and
- ◆ Part D Medicare Prescription Drug Coverage. (We do not address Medicare Part D in our publications because the prescription drug benefits you have through AlaskaCare are **at least as good as** the required benefits offered under Medicare Part D.) If you do not enroll in Part D, AlaskaCare Plan continues to be your primary drug coverage.

Medicare Enrollment

Social Security will send you a letter approximately three months before you turn age 65, telling you whether or not you are eligible for Social Security and premium-free Medicare Part A. Contact Social Security during this time if you think you should have received your letter but have not. If you receive Social Security payments, Medicare Part B premiums can be deducted from your check after you enroll. Even if you aren’t eligible for Social Security, you can still enroll in Medicare Part B during this three month window and arrange to pay the premium directly to Medicare.

AlaskaCare Benefits Supplemental to Medicare

The benefits under AlaskaCare are supplemental to Medicare beginning at age 65. For services covered by both plans, the claims are paid first by Medicare and then by AlaskaCare—with AlaskaCare coordinating to pay up to 100% of covered expenses, less any deductible you have not yet met.

NOTE

If you are working and receive health insurance from your employer, Medicare will tell you it is not necessary to enroll until your active employee health insurance terminates. However, the AlaskaCare Retiree Health Plan still recommends that, in certain situations, you enroll at age 65, even if Medicare does not. Please contact the Benefits Section for more information (see page ____ for contact information).

Medicare Part A

Who is eligible?

Most people are eligible for premium-free Part A coverage. This includes those who are eligible for a Social Security benefit. It also includes those who paid the Medicare tax while employed.

A few people are not eligible for premium-free Part A because they don't have enough Social Security or Medicare covered employment. If you are not eligible for Part A, Social Security will send you a letter confirming that. You must send a copy of that letter to the claims administrator. AlaskaCare will then continue to pay for Part A services just as it did before you turned age 65.

Medicare Part B

Who is eligible?

Everyone is eligible and must pay a premium for Part B coverage, whether or not you are eligible for Part A.

Failure to Enroll on Time

If you do not enroll in Medicare at age 65, AlaskaCare will estimate what Medicare would have paid and deduct that amount before paying medical expenses. You'll have a larger part of the bill to pay. Remember: Everyone is eligible to enroll in Medicare Part B and should do so at age 65 to avoid paying for uncovered expenses.

If you do not enroll in Medicare when you first become eligible you have to wait until the next Medicare General Enrollment Period. If that happens, there may be a period of time when most of your

Retiree Health Benefit

medical expenses are not reimbursed by the AlaskaCare Retiree Health Plan or Medicare.

For more information regarding Medicare benefits, please contact your local Medicare office or visit the Medicare information site on the Internet at www.medicare.gov. For more information on coordination between Medicare and the AlaskaCare Retiree Health Plan, please see our brochure *Medicare Parts A & B and the AlaskaCare Retiree Health Plan* available on the Division of Retirement and Benefits website at www.state.ak.us/drb or by mail by request.



Working After Retirement

When you return to work in a PERS-covered permanent full-time or part-time position after a normal retirement—not early retirement and not Retirement Incentive Program (RIP)—you have two options available: the Standard Option and the Waiver Option.

When you return to work in a permanent full-time or part-time position after an early retirement, you can only choose the Standard Option.

There are special restrictions on returning to employment in the PERS, the Teachers' Retirement System (TRS), Judicial Retirement System (JRS), and the University Optional Retirement Program if you retired under a RIP or retired early.

Standard Option

When you go back to work, your retirement benefit will be suspended until you terminate employment. PERS contributions will be deducted from your paycheck and you will accrue PERS service. Health coverage will also end.

If you have reemployed in a PERS-covered position and are once again making PERS contributions, you will earn an additional retirement benefit calculated on the service and salaries earned by your second period of employment.

Waiver Option

You will continue to receive your retirement benefit payments during reemployment. You will not pay any PERS contributions and you will not accrue PERS service. Your retiree health coverage will end.

This legislation was enacted during the 2005 legislative session to attract and retain a strong Alaska workforce. The law is effective July 1, 2005, and ends June 30, 2009. If the legislature does not extend this special legislation, as of July 1, 2009, if you continue in PERS-covered employment your retirement benefit will stop and you will begin making contributions to PERS.

Retirement Incentive Programs

If you retired under a RIP and are considering returning to work in a position covered by either the PERS, the TRS, or the JRS, please contact the Division before accepting employment because you will:

- ◆ Forfeit the three years of incentive credit you received;
- ◆ For the 1986 and 1989 RIPs, owe the PERS 110% of the additional benefits you received as a result of your participation in the RIP, including any costs for health insurance if you were not otherwise eligible to retire;
- ◆ For the 1996–2000 PERS classified school district RIP, owe the PERS 110% of the additional benefits you received as a result of your participation in the RIP, including any costs for health insurance if you were not otherwise eligible to retire; and
- ◆ For the 1996–2000 PERS (nonschool district) RIP, owe the PERS 150% of the benefits you received as a result of your participation in the RIP, including any costs for health insurance if you were not otherwise eligible to retire.

An indebtedness will be established for what you owe and will be reduced by the amount that you paid to participate in the RIP.

Interest (currently 7%) will accrue on your indebtedness from the date you become reemployed until the indebtedness is either completely paid or you retire again. Any balance remaining when you retire again will result in an actuarial reduction to your future retirement benefits.

If you retired under the 1996–2000 RIP, you are prohibited from entering into professional services contracts within the University of Alaska or a state agency or returning to state employment in a temporary or nonpermanent capacity for:

- ◆ Public employees—five years after you retire; or
- ◆ School district PERS employees—three years after you retire.

State of Alaska RIP retirees cannot contract with the state agency from which they were employed at the time of appointment to retirement.

Exceptions

- ◆ Personal services contracts may be allowed by the University Board of Regents for the University, and the Commissioner of Administration for the State, when there is a compelling reason to hire an employee who has specialized or extensive experience relating to a particular program or project;
- ◆ Personal services contracts with the legislature are allowed during legislative sessions for hourly individuals who are not eligible for retirement, health, or leave benefits;
- ◆ Personal services contracts with the University of Alaska may be allowed for individuals who are employed to teach or perform research duties; or
- ◆ Personal services contracts during the three or five year restrictions with a state agency or the University of Alaska if it is determined that there is a compelling reason to do so because of an individual's specialized or extensive experience that relates to a particular program or project.

Earlier Retirement Incentive Programs

If you retired under the 1986 RIP or 1989 RIP and return to PERS-covered employment, you will owe the PERS 110% of the additional benefits that you received as a result of your participation in the program, as well as any costs for health insurance. That amount will be reduced by the amount that you paid to participate in the RIP. All other provisions apply as listed in the 1996–2000 RIP, except:

- ◆ No time restriction before reemployment can occur under the 1986 program and one year restriction under the 1989 program;
- ◆ No restriction on rehiring with the same agency from which you retired; and
- ◆ Under the 1986 or 1989 RIP, participants will lose the three-year RIP credit if they are hired under the University Optional Retirement Program.

For more information please read the brochure *PERS Working After Retirement*.



Divorce, Taxes, and Other Legal Issues

Divorce

If you divorced or dissolved your marriage at any time after you first entered the PERS, your former spouse may be entitled to a portion of your PERS benefits under federal and Alaska laws.

Former Spouse With No Entitlement

If you divorce and your former spouse has no entitlement to any portion of your PERS benefits or contributions, you must file a court-certified copy of all divorce or dissolution documents with the PERS to establish that your benefit is free from attachment. Documentation will be required before any refunds or applications for monthly retirement benefits can be processed.

Former Spouse Awarded an Entitlement

If your former spouse is awarded an entitlement to any portion of your PERS benefits or contributions, in addition to a court-certified copy of all divorce or dissolution documents, a qualified domestic relations order (QDRO) must be filed and accepted by the PERS administrator in order to establish those rights. A QDRO is a specialized court order that sets out the portion of your benefit that must be paid to your former spouse. The PERS administrator must accept the order before it is enforceable.

A former spouse who is entitled to benefits under a QDRO has to have the court amend the order before the member is allowed to select another form of benefit other than that required by the QDRO.

WARNING

Do not wait until just before you plan to retire or until just before you request a refund to submit the documentation to the Division. Waiting will delay your request until the appropriate documentation is received and approved.

You are responsible for submitting the required forms to the PERS administrator. The court or your attorneys do not automatically file these forms for you.

The PERS has specialized staff to help you if you have any questions about divorce or dissolution. Please read the *Qualified Domestic Relations Orders Divorce and Dissolution Information Packet* for more information regarding the federal and state requirements after a divorce, changes to beneficiary designations, and medical benefits for former spouses.

Local, State, and Federal Taxes

Although Alaska does not currently have a state income tax, PERS benefit recipients who live outside Alaska may be required to pay other state and local income taxes on the benefits they receive. Check with a tax expert in your area for more information.

Monthly pension and survivor benefits are taxable by the federal government upon receipt. However, a portion of each monthly benefit may be tax-excludable depending on the member's circumstances. Detailed information will be provided to members or survivors when they begin receiving monthly benefits.

Monthly PERS disability benefits for a nonoccupational disability are taxable by the federal government upon receipt. Because disability benefits are not paid from the employee contribution account, the entire disability benefit is taxable. Monthly PERS disability benefits for an occupational disability are generally not taxable.

Benefit recipients may choose whether or not to have federal income tax withheld from their monthly PERS benefits by submitting a W-4P (Withholding Certificate for Pension or Annuity Payments).

Benefit recipients receive a 1099-R (Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.) each January showing the annual benefit, the taxable amount, and the gross federal income tax withheld during the previous calendar year.

For more information regarding taxation of your benefits and any tax-excludable portions, please read the insert *Taxes and Your Benefits*.

Other Legal Issues

Under Alaska Statute 39.35.670 a person who knowingly makes a false statement, falsifies, or permits to be falsified, any record of this system in an attempt to defraud this system, is guilty of a Class A misdemeanor and forfeits all rights under the system.



Appendix

Employers Participating in the PERS and Date Entered

| | |
|--|-------------------|
| Akutan, City of | (1/1/85) |
| Alaska, State of | (1/1/61) |
| Alaska Gateway School District | (7/1/90) |
| Alaska Housing Finance Corporation | (11/1/75) |
| Alaska Municipal League | (8/1/71) |
| Alaska, University of | (2/1/69) |
| Alaska Geophysical Institute, University of | (2/1/69) |
| Aleutian Housing Authority | (11/1/93) |
| Aleutian Region School District | (7/1/76) |
| Aleutians East Borough | (2/1/88) |
| Aleutians East Borough School District | (7/1/89) |
| Aleutians West Coastal Resource Service Area | (7/1/89) |
| Allakaket, City of | (7/1/91) |
| Anchorage, Municipality of | (1/1/74) |
| Anchorage Parking Authority | (2/1/84) |
| Anchorage School District | (1/1/68) |
| Anderson, City of | (2/1/01) |
| Angoon, City of | (1/1/02) |
| Annette Island School District | (7/1/76) |
| Atka, City of | (7/1/89) |
| Baranof Island Housing Authority | (4/1/99) |
| Barrow, City of | (1/1/80) |
| Bartlett Regional Hospital | (7/1/70) |
| Bering Straits Coastal Resource Service Area | (7/1/88) |
| Bering Straits Regional Housing Authority | (2/1/95) |
| Bering Strait School District | (7/1/76) |
| Bethel, City of | (12/1/73) |
| Bristol Bay Borough | (12/1/73, 2/1/75) |
| Bristol Bay Borough School District | (7/1/79) |
| Bristol Bay Housing Authority | (4/1/87) |

Appendix

| | |
|---|-----------|
| Chatham School District | (7/1/76) |
| Chugach School District | (9/1/76) |
| Cook Inlet Housing Authority | (4/1/92) |
| Copper River Basin Regional Housing Authority | (5/1/87) |
| Copper River School District | (7/1/76) |
| Cordova, City of | (7/1/75) |
| Cordova Community Medical Center | (7/1/75) |
| Cordova City School District | (7/1/75) |
| Craig, City of | (7/1/79) |
| Craig City School District | (8/1/84) |
| Delta-Greely School District | (7/1/89) |
| Delta Junction, City of | (11/1/99) |
| Denali Borough | (12/1/90) |
| Denali Borough School District | (7/1/76) |
| Dillingham, City of | (7/1/78) |
| Dillingham City School District | (10/1/84) |
| Eek, City of | (8/1/03) |
| Egegik, City of | (8/1/95) |
| Elim, City of | (1/1/89) |
| Fairbanks, City of | (1/1/71) |
| Fairbanks North Star Borough | (7/1/69) |
| Fairbanks North Star Borough School District | (7/1/69) |
| Fort Yukon, City of | (7/1/79) |
| Galena, City of | (3/1/83) |
| Galena City School District | (9/1/73) |
| Haines Borough | (5/1/81) |
| Haines Borough School District | (7/1/89) |
| Homer, City of | (5/1/86) |
| Hoonah, City of | (7/1/84) |
| Hoonah City School District | (7/1/74) |
| Hooper Bay, City of | (3/1/01) |
| Huslia, City of | (9/1/88) |
| Hydaburg City School District | (9/1/82) |

| | |
|--|-------------------|
| Iditarod Area School District | (7/1/76) |
| Ilisagvik College | (7/1/96) |
| Interior Regional Housing Authority | (7/1/92) |
| Inter-Island Ferry Authority | (4/1/01) |
| Juneau School District, City and Borough | (1/1/67) |
| Juneau, City and Borough of | (7/1/70) |
| Kachemak, City of | (7/1/91) |
| Take, City of | (11/1/84, 4/1/98) |
| Take City School District | (7/1/81, 11/1/92) |
| Kaltag, City of | (1/1/89) |
| Kashunamiut School District | (1/1/86) |
| Kenai, City of | (7/1/69) |
| Kenai Peninsula Borough | (7/1/78) |
| Kenai Peninsula Borough School District | (7/1/78) |
| Ketchikan, City of | (7/1/78) |
| Ketchikan Gateway Borough | (7/1/70) |
| Ketchikan Gateway Borough School District | (7/1/78) |
| King Cove, City of | (12/1/74) |
| Kivalina, City of | (6/1/88) |
| Klawock, City of | (11/1/87) |
| Klawock City School District | (1/1/90) |
| Kodiak, City of | (9/1/70) |
| Kodiak Island Borough | (1/1/78) |
| Kodiak Island Borough School District | (7/1/76) |
| Kotzebue, City of | (7/1/74) |
| Koyuk, City of | (1/1/89, 6/1/01) |
| Kuspuk School District | (7/1/76) |
| Lake and Peninsula Borough | (5/1/89) |
| Lake and Peninsula Borough School District | (7/1/76) |
| Lower Kuskokwim School District | (7/1/76) |
| Lower Yukon School District | (7/1/76) |
| Matanuska-Susitna Borough | (1/1/68) |
| Matanuska-Susitna Borough School District | (1/1/68) |
| Mekoryuk, City of | (5/1/90) |

Appendix

| | |
|--|-----------|
| Nenana, City of | (12/1/80) |
| Nenana City School District | (7/1/81) |
| Nome, City of | (8/1/75) |
| Nome City School District | (7/1/75) |
| Nome Joint Utility System | (8/1/75) |
| Noorvik, City of | (4/1/89) |
| North Pacific Fishery Management Council | (7/1/77) |
| North Pacific Rim Housing Authority | (1/1/98) |
| North Pole, City of | (1/1/81) |
| North Slope Borough | (7/1/72) |
| North Slope Borough School District | (7/1/72) |
| Northwest Arctic Borough | (6/1/86) |
| Northwest Arctic Borough School District | (7/1/76) |
| Northwest Inupiat Housing Authority | (10/1/01) |
| Palmer, City of | (2/1/82) |
| Pelican, City of | (7/1/84) |
| Pelican City School District | (7/1/90) |
| Petersburg, City of | (1/1/75) |
| Petersburg General Hospital | (1/1/80) |
| Petersburg City School District | (1/1/75) |
| Pribilof School District | (7/1/76) |
| Quinhagak, City of | (1/1/93) |
| Ruby, City of | (5/1/86) |
| Saint George, City of | (2/1/91) |
| Saint Mary's, City of | (4/1/86) |
| Saint Mary's School District | (7/1/86) |
| Saint Paul, City of | (10/1/77) |
| Sand Point, City of | (1/1/78) |
| Saxman, City of | (3/1/83) |
| Saxman Seaport | (8/1/98) |
| Selawik, City of | (11/1/86) |
| Seldovia, City of | (6/1/01) |
| Seward, City of | (1/1/79) |
| Shaktoolik, City of | (10/1/02) |

| | |
|--|-----------|
| Sitka, City and Borough of | (1/1/70) |
| Sitka Community Hospital | (1/1/70) |
| Sitka Borough School District | (1/1/73) |
| Skagway, City of | (4/1/71) |
| Skagway City School District | (7/1/87) |
| Skagway, Municipality of | (10/1/07) |
| Soldotna, City of | (7/1/69) |
| Southeast Island School District | (7/1/76) |
| Southeast Regional Resource Center | (11/1/76) |
| Southwest Region School District | (10/1/76) |
| Special Education Service Agency | (9/1/86) |
| Tanana, City of | (6/1/82) |
| Tanana School District | (11/1/82) |
| Thorne Bay, City of | (10/1/84) |
| Tlingit-Haida Regional Housing Authority | (10/1/98) |
| Toksook Bay, City of | (12/1/98) |
| Unalakleet, City of | (9/1/89) |
| Unalaska, City of | (7/1/78) |
| Unalaska City School District | (1/1/85) |
| Upper Kalskag, City of | (6/1/02) |
| Valdez, City of | (1/1/72) |
| Valdez City School District | (7/1/74) |
| Wasilla, City of | (1/1/82) |
| Whittier, City of | (7/1/84) |
| Wrangell, City of | (1/1/74) |
| Wrangell Public School District | (2/1/75) |
| Yakutat, City and Borough of | (7/1/89) |
| Yakutat School District | (7/1/92) |
| Yukon Flats School District | (7/1/76) |
| Yukon-Koyukuk School District | (7/1/76) |
| Yupit School District | (9/1/02) |

Early Retirement Factors

The following tables contain sample early retirement factors. The earlier you retire from the regular retirement age of 55 or 60, the more your benefit is reduced.

Early Retirement Factors

If you first entered the PERS before July 1, 1986 (Tier I)

| Month | Member's Age | | | | |
|-------|--------------|-------|-------|-------|-------|
| | 50 | 51 | 52 | 53 | 54 |
| 0 | 0.700 | 0.760 | 0.820 | 0.880 | 0.940 |
| 1 | 0.705 | 0.765 | 0.825 | 0.885 | 0.945 |
| 2 | 0.710 | 0.770 | 0.830 | 0.890 | 0.950 |
| 3 | 0.715 | 0.775 | 0.835 | 0.895 | 0.955 |
| 4 | 0.720 | 0.780 | 0.840 | 0.900 | 0.960 |
| 5 | 0.725 | 0.785 | 0.845 | 0.905 | 0.965 |
| 6 | 0.730 | 0.790 | 0.850 | 0.910 | 0.970 |
| 7 | 0.735 | 0.795 | 0.855 | 0.915 | 0.975 |
| 8 | 0.740 | 0.800 | 0.860 | 0.920 | 0.980 |
| 9 | 0.745 | 0.805 | 0.865 | 0.925 | 0.985 |
| 10 | 0.750 | 0.810 | 0.870 | 0.930 | 0.990 |
| 11 | 0.755 | 0.815 | 0.875 | 0.935 | 0.995 |

Early Retirement Factors

If you first entered the PERS on or after July 1, 1986 (Tier II or Tier III)

| Month | Member's Age | | | | |
|-------|--------------|-------|-------|-------|-------|
| | 55 | 56 | 57 | 58 | 59 |
| 0 | 0.700 | 0.760 | 0.820 | 0.880 | 0.940 |
| 1 | 0.705 | 0.765 | 0.825 | 0.885 | 0.945 |
| 2 | 0.710 | 0.770 | 0.830 | 0.890 | 0.950 |
| 3 | 0.715 | 0.775 | 0.835 | 0.895 | 0.955 |
| 4 | 0.720 | 0.780 | 0.840 | 0.900 | 0.960 |
| 5 | 0.725 | 0.785 | 0.845 | 0.905 | 0.965 |
| 6 | 0.730 | 0.790 | 0.850 | 0.910 | 0.970 |
| 7 | 0.735 | 0.795 | 0.855 | 0.915 | 0.975 |
| 8 | 0.740 | 0.800 | 0.860 | 0.920 | 0.980 |
| 9 | 0.745 | 0.805 | 0.865 | 0.925 | 0.985 |
| 10 | 0.750 | 0.810 | 0.870 | 0.930 | 0.990 |
| 11 | 0.755 | 0.815 | 0.875 | 0.935 | 0.995 |

Joint and Survivor Options

This table contains sample joint and survivor factors. The younger your spouse is at retirement time, the more your benefit is reduced.

Joint and Survivor Sample Actuarial Factors

Effective July 1, 1983

50% Joint and Survivor Option

| Spouse's Age | Member's Age | | | |
|-----------------|--------------|---------|---------|---------|
| | 50 | 55 | 60 | 65 |
| 50 | 0.95428 | 0.93186 | 0.90108 | 0.86022 |
| 55 | 0.96254 | 0.94303 | 0.91548 | 0.87788 |
| 60 | 0.97058 | 0.95436 | 0.93074 | 0.89742 |
| 65 | 0.97797 | 0.96517 | 0.94596 | 0.91787 |

75% Joint and Survivor Option

| Spouse's Age | Member's Age | | | |
|-----------------|--------------|---------|---------|---------|
| | 50 | 55 | 60 | 65 |
| 50 | 0.93295 | 0.90116 | 0.85862 | 0.80403 |
| 55 | 0.94485 | 0.91691 | 0.87837 | 0.82736 |
| 60 | 0.95651 | 0.93306 | 0.89958 | 0.85364 |
| 65 | 0.96731 | 0.94865 | 0.92107 | 0.88167 |

66-2/3% Last Survivor Option (Tiers I and II only)

| Spouse's Age | Member's Age | | | |
|-----------------|--------------|---------|---------|---------|
| | 50 | 55 | 60 | 65 |
| 50 | 0.96905 | 0.93466 | 0.89037 | 0.83500 |
| 55 | 0.99399 | 0.96129 | 0.91860 | 0.86446 |
| 60 | 1.02379 | 0.99320 | 0.95273 | 0.90057 |
| 65 | 1.05865 | 1.03059 | 0.99299 | 0.94371 |

Joint and Survivor Option Examples

In the example a “normal” \$1,000 benefit is reduced to show the joint and survivor benefit under three options for a 60-year-old member and a 55-year-old spouse. The actual reduction to your benefit will be based on your age and the age of your spouse when you retire.

50% Joint and Survivor

Using the actuarial age factor from the Joint and Survivor Sample Actuarial Factors table, the benefit is reduced from \$1,000 to \$915.48. When the member dies, the spouse will receive a lifetime monthly benefit equal to 50% of \$915.48 or \$457.74.

$$\$1,000 \times 0.91548 = \$915.48 \text{ (member's benefit)}$$

$$\$915.48 \times .50 = \$457.74 \text{ (spouse's benefit)}$$

75% Joint and Survivor

The benefit is reduced from \$1,000 to \$878.37. When the member dies, the spouse will receive a lifetime monthly benefit equal to 75% of \$878.37 or \$658.78.

$$\$1,000 \times 0.87837 = \$878.37 \text{ (member's benefit)}$$

$$\$878.37 \times .75 = \$658.78 \text{ (spouse's benefit)}$$

66-2/3% Last Survivor (Tiers I and II only)

This benefit is reduced from \$1,000 to \$918.60. When either the member or the spouse dies, the survivor receives 66-2/3% of that benefit, or \$612.40 a month for life. This option is available to those who entered the PERS before July 1, 1996 (Tier I or II).

$$\$1,000 \times 0.91860 = \$918.60 \text{ (member's benefit until spouse dies)}$$

$$\$918.60 \times 0.66667 = \$612.40 \text{ (spouse's benefit or member's benefit if spouse dies first)}$$

Indebtedness Factors

These sample factors may be used to estimate your benefit reduction if you have an indebtedness when your benefits begin. To estimate your monthly benefit reduction, multiply the sample factor for your age at retirement times your total indebtedness.

Sample Indebtedness Factors

Effective July 1, 1983

| Age | Factor | Age | Factor |
|-----|---------|-----|---------|
| 40 | .007062 | 60 | .008874 |
| 41 | .007108 | 61 | .009039 |
| 42 | .007157 | 62 | .009216 |
| 43 | .007210 | 63 | .009405 |
| 44 | .007266 | 64 | .009607 |
| 45 | .007326 | 65 | .009822 |
| 46 | .007390 | 66 | .010050 |
| 47 | .007458 | 67 | .010293 |
| 48 | .007531 | 68 | .010551 |
| 49 | .007609 | 69 | .010824 |
| 50 | .007691 | 70 | .011114 |
| 51 | .007779 | 71 | .011425 |
| 52 | .007872 | 72 | .011761 |
| 53 | .007972 | 73 | .012121 |
| 54 | .008078 | 74 | .012510 |
| 55 | .008190 | 75 | .012929 |
| 56 | .008309 | 76 | .013379 |
| 57 | .008437 | 77 | .013862 |
| 58 | .008573 | 78 | .014379 |
| 59 | .008719 | 79 | .014932 |

If the reduction for your claimed service causes your benefit to be less than it would be without the service, that service will not be included in the benefit calculation and your indebtedness payments will be refunded to you.

Publication Resources

These and other resources are available online from the Division website. You may also order them by contacting the Division.

Brochures

- ◆ Alaska Cost-of-Living Allowance (COLA)
- ◆ Death Benefits and Beneficiary Designation
- ◆ Divorce or Dissolution
- ◆ Guidelines to Apply for Retirement
- ◆ Leaving State Employment
- ◆ Military Service Credit
- ◆ Refunding Your Contributions
- ◆ Social Security, Medicare, and Your PERS Retirement Benefit
- ◆ Taxes and Your Benefits
- ◆ Temporary Service Credit
- ◆ Voluntary Savings Plan
- ◆ Working After Retirement
- ◆ Your Retirement Benefit Projection

Other Resource Material

- ◆ Minimum Requirements for Retirement and Service Credit
- ◆ PERS Retirement Application Instruction Booklet
- ◆ PERS Rights of Spouses and Dependents
- ◆ Qualified Domestic Relations Order (QRDO) Packet

Glossary

Active Member

A member who is employed by a PERS employer and receiving compensation for seasonal, permanent full-time, or permanent part-time services. A member must be making contributions to the PERS to be considered active.

Actuarial Adjustment

Equality in value of the aggregate expected payments under two different forms of pension payments, considering expected mortality and interest earnings on the basis of tables adopted from time to time by the Public Employees' Retirement Board.

Alternate Service Option

Membership service calculated under the provisions of the Teachers' Retirement System based on a full year of credit for a minimum of 172 days of service. The maximum allowable credit for service between July 1 and June 30 is one year even if the number of days worked exceeds 172. Permanent part-time service will be credited based on 50% of the number of days. The employee contributions due to the PERS under this election are currently 9.6% of salary. This election is irrevocable for all periods of school district employment except in certain circumstances.

Average Monthly Compensation or AMC

The result obtained by dividing the compensation earned by an employee during a considered period by the number of months, including fractional months, for which compensation was earned; an employee must have at least 115 days of credited service in the last payroll year in order for that year to be used as part of the consecutive payroll years; the considered period consists of:

- ◆ For employees first hired before July 1, 1996 (Tier I or II), the three consecutive payroll years during the period of credited service that yield the highest average;

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- ◆ For employees first hired on or after July 1, 1996 (Tier III), the five consecutive payroll years during the period of credited service that yield the highest average;
- ◆ If the employee does not have the number of consecutive payroll years required, the actual number of months, including fractional months, that the employee worked;
- ◆ For an employee who has made an election under the Alternate Service Option, the actual number of months, including fractional months, that the employee worked.

Beneficiary

The person designated by a member to receive the benefit that may be due from the PERS upon the member's death. It is important that the beneficiary designation be kept up to date.

BIA

Bureau of Indian Affairs.

Board

The Alaska Retirement Management Board.

Calendar Year

The period beginning on January 1 and ending on December 31.

Compensation

The remuneration earned by an employee for personal services rendered to an employer, including employee contributions, cost-of-living differentials, payments for leave that is actually used by the employee, the amount by which the employee's wages are reduced and any amount deferred under an employer-sponsored deferred compensation plan, but does not include retirement benefits, severance pay or other separation bonuses, welfare benefits, per diem, expense allowances, workers' compensation payments, or payments for leave not used by the employee whether those leave payments are scheduled payments, lump-sum payments, donations, or cash-ins; for a member first hired on or after July 1, 1996, compensation does not include remuneration in excess of the limitations set out in Internal Revenue Code.

Court-Certified Document

The clerk's act of copying an original document on file with the court and swearing in writing that it is a full, true, and correct copy of the original document which is on file with the court.

Credited Service

The number of years, including fractional years, recognized for computing benefits that may be due from the system.

Deferred Vested Member

An inactive member who meets the five-year credited service requirement to qualify for a retirement benefit.

Defined-benefit plans

Pensions based on years of service and salaries. Retirees receive a defined monthly check, with the employer taking on the investment risk of the retirement funds. Most state, municipal and school employees around the nation belong to such plans.

Defined-contribution plans

Retirement savings accounts based on employee and matching employer contributions. If the employee's investment choices perform poorly, or if the employee contributes little to the account, the employee receives less money at retirement. More private employers are switching to defined contribution plans to lessen their financial risk and to allow their workers to take the money with them when they change jobs.

Dependent Child

An unmarried child of a member, including an adopted child, who is dependent upon the member for support and less than 19 years old, or less than 23 years old and is registered at and attending on a full-time basis an accredited educational or technical institution recognized by the Department of Education and Early Development. There is no age restriction if the child is totally and permanently disabled.

Glossary

Disabled Member

An employee who is terminated, who has not received a refund from the system and is receiving a disability benefit from the system.

Early Retirement

A member is eligible for an early retirement benefit upon completing the service requirements and attaining either age 50 years (Tier I) or age 55 years (Tier II and III).

Elected Official

A person whose compensation results from personal services rendered to an employer as an elected representative.

Employee Contribution Account

The total maintained by the system of the employee's mandatory contributions, voluntary contributions, indebtedness principal and interest contributions, interest credited to each of those accounts, and adjustments to the accounts.

Employer

- ◆ The State of Alaska;
- ◆ A nonprofit regional corporation, but only with respect to village public safety officers employed by the corporation who have not terminated participation in the system; or
- ◆ A political subdivision or public organization of the state that participates in the system.

Entry Date

The date when a person who is employed by a PERS employer begins receiving compensation on a full-time or part-time basis and is making contributions to the PERS.

Fiscal Year

The period beginning on July 1 and ending on June 30 of the following calendar year.

Former Member

An employee who is terminated and who has received a total refund of the balance of the employee contribution account, or who has requested in writing a refund of the balance in the employee contribution account, or who is eligible for a refund under AS 39.35.200(b).

Inactive Member

An employee who is terminated and who has not received a refund from the PERS or an employee on leave-without-pay status or layoff status. An inactive member does not make contributions to the PERS.

JRS

Judicial Retirement System.

Member or Employee

A person eligible to participate in the system and who is covered by the system. Includes:

- ◆ An active member;
- ◆ An inactive member;
- ◆ A vested member;
- ◆ A deferred vested member;
- ◆ A nonvested member;
- ◆ A disabled member;
- ◆ A retired member; and
- ◆ An elected public officer.

Does not include:

- ◆ Former members;
- ◆ Persons compensated on a contractual or fee basis;
- ◆ Casual or emergency workers or nonpermanent employees;
- ◆ Persons covered by the Alaska Teachers' Retirement System, or persons covered by the optional university retirement program;
- ◆ Employees of the division of marine transportation engaged in operating the state ferry system who are covered by a union or group retirement system to which the state makes contributions;

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- ◆ Justices of the supreme court or judges of the court of appeals or of the superior or district courts of Alaska;
- ◆ Employees excluded from coverage in the employer's participation agreement.
- ◆ The administrative director of courts unless the director becomes a member;
- ◆ Members of the Elected Public Officers' Retirement System; and
- ◆ Contractual employees of the legislative branch of state government.

Military Service

Active duty service in the armed forces of the United States.

Nonoccupational Disability

A physical or mental condition that, in the judgment of the administrator, presumably permanently prevents an employee from satisfactorily performing the employee's usual duties for an employer or the duties of another position or job that an employer makes available and for which the employee is qualified by training or education, not including a condition resulting from a cause that the Board, in its regulations has excluded.

Nonvested Member

An active or inactive member who does not meet the five-year credited service requirement to qualify for a retirement benefit.

Normal Retirement

Retirement for a member who is eligible to receive unreduced benefits.

Occupational Disability

A physical or mental condition that, in the judgment of the administrator, presumably permanently prevents an employee from satisfactorily performing the employee's usual duties for an employer or the duties of another comparable position or job that an employer makes available and for which the employee is qualified by training or education; however, the proximate cause of the condition must be a bodily injury sustained, or a hazard undergone, while in the performance and within the scope of the employee's duties and not the proximate result of the wilful negligence of the employee.

ORP

University of Alaska Optional Retirement Program.

Payroll Year

The period that includes the first pay period ending in January of a year through the last pay period ending in December of that year.

Peace Officer or Fire Fighter

An employee occupying a position as a peace officer, chief of police, regional public safety officer, correctional officer, correctional superintendent, fire fighter, fire chief, or probation officer, but does not include a village public safety officer employed by a village public safety officer program.

Pension Fund “Fund”

The fund in which the assets of the system, including income and interest derived from the investment of money, are deposited and held.

Permanent Full-time

An employee who is occupying a permanent position that regularly requires working 30 or more hours a week.

Permanent Part-time

An employee who is occupying a permanent position that regularly requires working at least 15 hours but less than 30 hours a week.

PERS

Public Employees’ Retirement System.

PERS Administrator

The person appointed by the Commissioner of Administration.

Prescribed Rate of Interest

The rate of interest used for computing employer contributions, for preparing actuarial tables used by the system and for crediting interest to employee contributions and savings accounts, and for charging interest on employee indebtedness accounts.

PRPA

Post Retirement Pension Adjustment.

Public Organization

An organization or entity:

- ◆ Created by the constitution or laws of the state for the purpose of administering state programs;
- ◆ Whose officers and employees are paid by a method other than by the state payroll prepared by the Department of Administration; and
- ◆ Whose employees are not required by law to participate in the system.

Qualified Domestic Relations Order

A QDRO is a specialized court order that sets out the portion of your benefit that must be paid to your former spouse.

Retired Member

An employee who is terminated, who has not received a refund from the system and is receiving a benefit other than disability, from the system.

Retirement

That period of time from the first day of the month following the date of termination and application for retirement, in which a person is appointed to receive a retirement benefit, other than an occupational or nonoccupational disability benefit.

Seasonal

Refers to an employee who is occupying a position for less than 12 months each year where it is anticipated that the same employee will return to the position when needed and includes a temporary employee of the legislature if part of the service for the legislature during each calendar year is performed during a legislative session.

Standard Service Option

Membership service calculated based on actual dates of employment in accordance with PERS regulations. This election grants credit on a day-for-day basis for the actual time worked between January 1 and December 31 of each year. Part-time service will be credited on a pro-rata basis of hours worked. The employee contribution to PERS are currently 6.75% of salary. This election is irrevocable for all periods of school district employment except in certain circumstances.

Surviving Spouse

The spouse of an employee who has been married to the employee for at least one year at the time of the employee's death; the one-year marriage requirement does not apply when the employee's death was an occupational or accidental death.

System

The Public Employees' Retirement System of Alaska.

Tier

Members who first entered in a PERS position:

- ◆ Before July 1, 1986, are in Tier I;
- ◆ On or after July 1, 1986, but before July 1, 1996, are in Tier II;
- ◆ On or after July 1, 1996, are in Tier III.

TRS

Teachers' Retirement System.

UVPARP

Unlicensed Vessel Participant Annuity Retirement Plan.

Vested Member

An active member who meets the five-year credited service requirement to qualify for a retirement benefit.



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