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Sponsor Statement CSHB 475

HB 475 is a clean up bill to the Retirement Security Act (SB 141) that passed in 2005. Due to the length of SB 141, a handful of errors and oversights were made that need to be changed for a smooth transition to Tier IV. HB 475 is a technical bill. It is not intended to include any policy changes.

Revisions encompassed in HB 475:

1. Clarifies the procedure for an appeal to the Office of Administrative Hearings
2. Requires employer to contribute at least the normal cost rate starting in 2008
3. Changes the requirements to receive a conditional service benefit
4. Clarifies provisions regarding PERS/TRS death and disability benefits, including how those benefits will be funded
 - a. Funding death and disability benefits
 - b. The structure of death and disability benefits
 - c. Survivor benefit
5. Clarifies the eligibility requirements for medical benefits
6. Clarifies requirements for non-vested Tier II or Tier III employees who wish to transfer to Tier IV
7. Clarifies the basis for calculating employer contribution rates
8. Gives regulatory authority to the appropriate party
9. Changes the basis for calculating HRA employer contributions to meet IRS tax qualifications
10. Definitions
11. Disallows employment with NEA as counting towards Tier IV retirement eligibility
12. Establishes provisions for employer termination of participation in the plan
13. Clarifies defined benefit and defined contribution components of the plan
14. Establishes adherence to IRS limitations

The above listed changes are not absolutely necessary for Tier IV to come on line July 1, 2006. However, these revisions clarify many aspects of the statutes, providing a benefit both to the plan and members. If changes are not made, many crucial decisions will be left to the Administrator of the plan without proper guidance from the legislature.