

EMPLOYER MANUAL



PERS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

ALASKA DIVISION OF
Retirement
and **Benefits**



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I. Overview of the PERS

Welcome to the State of Alaska Public Employees' Retirement System (PERS) Employer Manual. This manual is intended to be your resource guide for any questions regarding the PERS, and to identify who to contact for additional questions.

Division of Retirement and Benefits – Who to Contact

Reporting Contact – Finance Section

[Alaska.gov/drb/employer](https://alaska.gov/drb/employer)

- Payroll reporting
- Payroll payment
- Employer contribution rates
- Late fees
- Employer on-behalf
- eReporting questions

You can find each employer's payroll processing point of contact with the Division of Retirement and Benefits (Division or DRB) at [Alaska.gov/drb/employer/ereporting/employer-ereporting-contacts.html](https://alaska.gov/drb/employer/ereporting/employer-ereporting-contacts.html)

PERS Payroll Processing

- Section group phone number: (800) 821-2251, follow instructions:
 - ~ Press 0 for operator.
 - ~ Request transfer to Finance/Active Payroll Processing Section.
- Email address: doa.drb.activepayroll@alaska.gov
- Group fax number: (907) 465-3363
- Send Summary Reports to: doa.drb.employerpayroll@alaska.gov

DRB Layoff Resource Center Contacts and Information

[Alaska.gov/drb/pdf/layoffcontactsheet.pdf](https://alaska.gov/drb/pdf/layoffcontactsheet.pdf)

Division of Retirement and Benefits

If you are unable to find the information you need at [Alaska.gov/drb](https://alaska.gov/drb), please write, call, or email us. When contacting the Division, please address your request to the appropriate section or unit.

- Benefit Processing: doa.drb.retirementprocessing@alaska.gov
- Counseling & Education: doa.drb.retirement@alaska.gov
- Active Payroll: doa.drb.activepayroll@alaska.gov
- Accounting: doa.drb.accountants@alaska.gov
- Member Service Center (MSC): doa.drb.msc@alaska.gov
- Audit: doa.drb.accountants@alaska.gov

Office Hours of Operation:

Monday through Friday, 8 a.m. to 5 p.m.
(Alaska time)
(800) 821-2251 (toll-free)
(907) 465-4460 (in Juneau)

Mailing Address:

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99801-0203

Employer Confirmations for Auditors

Email the Finance Section Accounting Unit at doa.drb.accountants@alaska.gov to request an employer confirmation. Confirmation request must be either on employer letterhead or be requested by an authorized employer representative. Such requests must provide the following minimum information:

- Employer name and number
- Time period for which confirmation is requested (typically the employer's fiscal year)
- Name and email address for the auditor to whom the confirmation should be sent
- Anyone else who should be cc'd when the confirmation is sent to the auditor

Employer confirmations only provide information about the contributions made during the year. Other information, such as contribution rates or plan funded status, can be found online at the below links:

- Actuarial Valuations (plan funding status): [Alaska.gov/drb/retirement/valuations_portal](https://alaska.gov/drb/retirement/valuations_portal)
- PERS Comprehensive Annual Financial Reports (CAFR): [Alaska.gov/drb/resources/cafrPortal](https://alaska.gov/drb/resources/cafrPortal)
- Employer Contribution Rates: [Alaska.gov/drb/employer/employer_contribution_rates/index](https://alaska.gov/drb/employer/employer_contribution_rates/index)
- Financial Statements: [Alaska.gov/drb/resources/financialStatements](https://alaska.gov/drb/resources/financialStatements)
- Governmental Accounting Standards Board (GASB) Support Documents: [Alaska.gov/drb/employer/resources/gasb](https://alaska.gov/drb/employer/resources/gasb)

Financial Education, Advice, and Deferred Compensation Catch-up Services

Empower Retirement Services

301 W. Northern Lights Blvd, Suite 406
Anchorage, AK 99503

(800) 526-0560 (outside Anchorage)
(907) 276-1500 (in Anchorage)

- Investment Advice: advisedassetsgroup@retirementpartner.com
- Financial Education or Investment Advice: (800) 232-0859 or akdrb.empower-retirement.com
- Deferred Compensation Catch-up: Anchorage_empower_office@empower-retirement.com

Retirement Counseling Services

Retirement Counseling: doa.drb.retirement@alaska.gov

For appointments with counselors in Juneau or Anchorage, go online to schedule an in-person appointment or a teleconference appointment anywhere: [Alaska.gov/drb/reps/makeAppointment](https://alaska.gov/drb/reps/makeAppointment)

For information regarding regional counselor visits to your area, please check [Alaska.gov/drb/reps/travel](https://alaska.gov/drb/reps/travel). Appointments can be made in field areas by contacting your regional counselor.

AlaskaCare Health Plans

[AlaskaCare.gov](https://alaskacare.gov)

Contact information: [AlaskaCare.gov/contact](https://alaskacare.gov/contact)

Phone Hours of Operation:

Monday through Friday, 7 a.m. to 6 p.m. (Alaska Time)
(855) 784-8646 (toll-free)

Report a Death

Information and form: [Alaska.gov/drb/death](https://alaska.gov/drb/death)

(800) 821-2251 (toll-free)
(907) 465-4460 (in Juneau)

Benefits Contact – Regional Counselor

[Alaska.gov/drb/reps](https://alaska.gov/drb/reps)

The link above will take you to the Regional Counselor Index, where you can:

- Schedule appointments
- Find your counselor
- Register for seminars
- Print seminar materials
- Review the counselor travel schedule

Regional counselors assist employers with:

- Eligibility and Entitlement
- Member Classification
- Participation Agreements and Amendments
- Retirement Education

Plan Summaries

The following summaries provide a brief overview of the PERS system, including both the Defined Benefit (DB) and Defined Contribution Retirement (DCR) plans. **Throughout this manual, a “member” is one who participates in and is eligible for coverage under the PERS system.**

Defined Benefit Retirement 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 the member’s retirement years.

The original plan established in 1961 is a Defined Benefit (DB) plan.

Employees who first entered the PERS prior to July 1, 2006 are members of the PERS DB plan.

Members are those 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, but before July 1, 2006, are in Tier III

Both the member and their employer make contributions to the retirement system during the member’s employment to cover the cost of the member’s retirement benefit.

The benefits under this plan are defined in Alaska Statute, and the pension is based on a formula. Included with the monthly pension are medical benefits also paid by the retirement system and optional benefits the member can elect at retirement. The plan also offers disability and death benefits.

Defined Contribution Retirement Plan

The second plan, established on July 1, 2006, is a Defined Contribution Retirement (DCR) plan.

Members are those who first entered the PERS:

- On or after July 1, 2006, are a DCR plan member
- Non-vested members who elected to convert to the DCR plan
- DB members working for a DCR plan-only employer
- Former members as defined in AS Sec.39.35.680 (20)

The DCR plan is a comprehensive plan that includes benefits for occupational death, occupational disability, and retiree health care in addition to the defined contribution retirement income benefit. Members can elect to participate in the State of Alaska’s retiree major medical insurance plan. Additional health benefits include a health reimbursement arrangement account (HRA), funded entirely by employer contributions. The State of Alaska retirement systems provide comprehensive benefits under the AlaskaCare Retiree Benefit Plan for DCR plan retirees and family. The health plan includes the medical plan, the dental plan, the vision plan, and audio plan. The PERS DCR plan offers voluntary Long-Term Care (LTC) coverage for retired plan participants and their spouses. The LTC plan provides a range of health and social services for people who, because of chronic condition(s), need help with the basic activities of daily living. Retired participants may choose between three levels of coverage, a plan with no cost of living indexing, with a 5% simple index or one with a 5% compounded per year index. The plan is intended to be a qualified long-term care plan

under section 7702(B) of the Internal Revenue Code of 1986 as amended. Terms and conditions may change when necessary to maintain plan qualification. Written notices of any changes will be provided to participants as soon as possible.

Statutes and Regulations

Alaska.gov/drb/pers/employee/resources/statsRegs.html

NOTE: For detailed information regarding the PERS, please refer to Alaska Statute 39.35 and Alaska Administrative Code 2 AAC.35. This manual is only a summary. The PERS statutes and regulations will prevail whenever there is a difference in interpretation between this manual and the statutes or regulations.

- All State of Alaska Statutes: www.akleg.gov/basis/statutes.asp
- All State of Alaska Regulations: www.akleg.gov/basis/aac.asp

Administration of the PERS

The Division Director serves as the Administrator of the PERS by appointment of the Commissioner of Administration. The Administrator oversees the day-to-day operation of the system.

The Alaska Retirement Management Board (ARMB) assumed fiduciary responsibility for the assets of the state's retirement systems as of October 1, 2005.

Alaska Retirement Management Board (ARMB)

Treasury.dor.alaska.gov/armb/

- Meeting minutes archive:
treasury.dor.alaska.gov/armb/Meetings-and-Minutes/Meetings-and-Minutes-Archive.aspx
- Upcoming meetings: treasury.dor.alaska.gov/armb/Meetings-and-Minutes.aspx

As of October 1, 2005, the systems and plans for which the ARMB manages and invests funds are:

- Public Employees' Retirement System (PERS)
- Teachers' Retirement System (TRS)
- Judicial Retirement System (JRS)
- National Guard/Naval Militia Retirement System (NGNMRS)
- Alaska Supplemental Annuity Plan (SBS-AP)
- Alaska Deferred Compensation Plan (DCP)
- Alaska Defined Contribution Retirement Plan (DCR)

ARMB Contact

Alysia Jones, ARMB Liaison Officer

P.O. Box 110405
Juneau, AK 99811-0405
(907) 465-3749 • Fax: (907) 465-2389
Dor.trs.armb@alaska.gov

The board consists of nine trustees and is staffed by the Department of Revenue, Treasury Division. The board appoints an Investment Advisory Council (IAC) composed of three members who possess experience and expertise in financial investments and management of investment portfolios. The ARMB also contracts with an external consulting firm for assistance with asset allocation, strategy, performance measurement, general consulting purposes and with a consulting firm for assistance with investing the real estate portfolio.

State of Alaska Audit

The Division's Audit Unit performs compliance audits of the State's political subdivisions participating in the State's retirement plans. The Audit Unit also houses the position of the State Social Security Administrator (SSSA). The SSSA is a State of Alaska position, mandated by the federal government, to oversee state and local government implementation of Sections 210 and 218 of the Social Security Act (voluntary and mandatory Social Security and Medicare withholding).

What are the functions of the Audit Unit?

For the retirement systems, auditors confirm, on a test basis, that political subdivision participation in the retirement systems comply with the statutes, regulations, contracts, and policies of the system.

How can an employer prepare for an audit?

Employer audits begin with an information request. Auditors review and analyze the information provided and select items for testing. Auditors provide the list to the employer and request the employer send the files via a secure State drop box (desk audits), or that files be ready for review when the auditors arrive for onsite fieldwork.

Employers can prepare for audits by responding timely to audit information requests and having requested information sent to or be ready for auditors when they arrive for fieldwork. Auditors perform as many audits as possible in a location to make the most of their time and travel cost and often have limited time for onsite fieldwork.

Auditors do not audit for Social Security and Medicare compliance. As the SSSA, auditors maintain and update the State's Section 218 Social Security Agreement and mediate and resolve issues between state and local governments and the Social Security Administration (SSA) or the Internal Revenue Service (IRS). By reviewing Social Security and Medicare withholding during system audits, auditors work to ensure all political subdivisions are compliant with SSA and IRS policies and regulations.

Audit Goals

Division auditors review accuracy and compliance with laws and regulations of the systems, and are responsible for assisting in evaluating, analyzing, and making recommendations for the correction of the systems.

Auditors identify system noncompliance matters and recommend employers to correct all errors. The goal of the Audit Unit is to help employers become and stay compliant.

II. Participation Agreements

Each employer in the PERS has a participation agreement on file with the Division. The participation agreement identifies the date of the employer’s entry into the PERS, members by group or type eligible to participate, and current or past-service recognition. You should maintain a copy of your original participation agreement and all amendments to the agreement in your files. Contact your Regional Counselor with questions regarding your participation agreement or amendments to the agreement.

Designation of Covered Members

You may designate departments, groups, or other classifications of members eligible to participate in the system. It is possible to include or exclude certain groups of members from coverage, if desired. If the inclusion or exclusion is not contained in the original participation agreement, an amendment must be submitted and approved by the Administrator of the plan.

If you decide not to cover a department, group, or other classification of members, all members of that group will be removed from the plan as of the effective date of the amendment. An employer is not allowed to exclude only certain members of a group from plan coverage while allowing others in the group to continue to participate.

For example, you may not exclude only elected officials who are elected after a certain date but continue to cover existing elected officials. Nor may you exclude specific members; you must exclude the entire department, group, or other classification. For example, if you have a job class series of Police Officer I, II, and III positions, you may not exclude just the Police Officer I positions from participation in the PERS. You would be required to exclude the entire job class series.

If a singular position exists, for example the Chief of Police, you may choose to exclude this position from participation in the PERS.

Elected Official PERS Participation

Employers That Included Elected Officials in Participation Agreements Prior to June 6, 2007

If the employer **included** elected officials in their participation agreement prior to June 6, 2007, enrollment of newly elected officials is dependent upon the tier of benefits under which the new officer is eligible.

Defined Benefit Elected Officials (PERS Tiers I, II, III)

Newly elected officials who are already members of the PERS defined benefit plans (first entered the PERS prior to July 1, 2006) can be enrolled in PERS as long as they are compensated for their services. Defined Benefit elected officials with a participating employer who included elected officials prior to June 6, 2007 do not have to meet the \$2,001 monthly compensation requirement to remain in PERS.

Elected Official Participation/Waiver

A compensated elected official of a PERS-covered employer has the opportunity to participate in the PERS. After being elected, they must decide to either waive membership rights or become a contributing member of the PERS. Under Alaska Statute 39.35.125, *Participation of Elected Officials*, the employer must enroll the elected official in the PERS unless they waive PERS membership by signing a written waiver, which is filed with the Division.

If the elected official is currently employed as a full-time PERS or TRS member, or they are retired, please direct the elected official to contact the Division to find out if this participation will benefit them. The *Elected Official Participation/Waiver* form for PERS DB plan members is located at: [Alaska.gov/drb/pdf/forms/02-1832.pdf](https://alaska.gov/drb/pdf/forms/02-1832.pdf)

Defined Contribution Elected Officials (PERS DCR)

Newly elected officials who have not previously been members of the PERS or who are DCR PERS members must be compensated at a rate of \$2,001 per month to be eligible for PERS participation.

Elected Official Participation/Waiver

A compensated elected official of a PERS-covered employer that participates in the DCR plan has the opportunity to participate in the PERS DCR plan. Within 30 days after their term of office begins, the elected official must decide to either waive membership rights or become a contributing member of the PERS DCR plan. Under Alaska Statute 39.35.725, *Participation of Elected Officials*, the employer must enroll the elected official in the PERS DCR plan unless:

- the covered employer has not designated elected officials under AS 39.35.957 as a classification of employees entitled to participate in the plan, or
- the employee waives PERS DCR plan membership by signing a written waiver which is filed with the Division. To be eligible to waive participation in the PERS DCR plan, the elected official must have had no previous employment under the system with this political subdivision or have retired under the system.

If the elected official is currently employed as a full-time PERS or TRS member, or they are retired, please direct the elected official to contact the Division to find out if this participation will benefit them. The *Elected Official Participation/Waiver* form for PERS DCR plan members is located at: [Alaska.gov/drb/pdf/forms/dcr006.pdf](https://alaska.gov/drb/pdf/forms/dcr006.pdf)

Employers That Included Elected Officials in Participation Agreements On or After June 6, 2007

If the employer **did not include** elected officials in their participation agreement prior to June 6, 2007, amended their agreement to add elected officials on or after June 6, 2007, or is presently amending their participation agreement to include elected officials, **all** elected officials, both DB and DCR, must be compensated at the rate of \$2,001 per month to be eligible for PERS participation.

Probationary Periods Before Enrollment

Some employers require members to serve a probationary period before they are eligible to enroll in the PERS. This requirement is identified in the employer’s participation agreement.

Please be aware that if you require a probationary period before enrolling the member in the PERS, the service period is not PERS-eligible and cannot be claimed. In addition, it does not meet the definition of full-time temporary employment and the member may not claim it for credit in the system. There are no probationary periods identified in PERS statutes or regulations. Unless a probationary period is identified in the employer’s participation agreement, all eligible PERS employees should be reported to the system.

Part-Time and Seasonal Members

Part-time and seasonal members are eligible to participate in the PERS and should be reported to the system. The only exception to this is if you have amended your participation agreement to exclude these position types.

Amendment Process

- Contact Regional Counselor
- Participation Amendment forms submitted
- Resolution passed by governing body
- Approval by the Plan Administrator

The employer may request that its participation agreement be amended. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person authorized to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A **certified** copy of the resolution will be filed with the PERS Administrator.

The resolution must state the effective date of the amendment, identify which members by group or type that will be included or excluded, and the name and title of the person authorized to sign the agreement on behalf of the governing body. The provisions stated in the resolution must match the provisions outlined in the participation agreement. **Any discrepancy between the participation agreement and the resolution will result in a delay in acceptance of the agreement until a revised agreement or resolution is received by the PERS.**

The amendment to the participation agreement must be submitted on the required amendment form. Be sure to complete and submit two amendment forms with original signatures. When approved, one original of the amendment will be returned to you for your records.

The effective date of amended coverage is designated in the amendment. It must be the first of a month and must be prospective. The amendment must also be numbered.

Process and Cost of Removing Members From Coverage

There is a process and differing costs to remove members from coverage depending upon when the employer began participation in the PERS.

Employers That Began Participation in the System On or Before June 30, 2006

- Contact Regional Counselor
- Resolution passed by the governing body
- Termination study completed
- Amendment to participation agreement submitted

If you are considering excluding coverage of a department, group, or other classification of members, you must contact Buck Global, LLC to have a termination study done. This study will tell you what your one-time termination cost is. This cost represents the amount necessary to fully fund the costs to the plan for members who become vested through this process and for other changes in actuarial assumptions, like earlier than expected retirement, that arise because of the act of termination from coverage. Benefits due to terminated members must be funded by the employer and the employer must either pay the amount in a lump sum within 60 days of termination or enter into a payment plan that is acceptable to the PERS Administrator.

In addition to this cost, you will continue to make contributions toward the unfunded liability each pay period by the amount determined by applying the past-service rate times the salary of the individuals you are removing. The current past-service rate is 18.23%. This rate will change with each new fiscal year.

- Each member whose coverage is terminated is considered fully vested in the accrued retirement benefits effective the date of termination.
- Each member affected by termination has a choice of taking a refund of their contributions or receiving a vested benefit in the PERS. The member has 60 days to submit their decision in writing to the administrator of the plan.
- If the member elects to receive a refund, they will forfeit all service with the terminating employer and the service cannot be reinstated at a later date.

If, upon review of the termination study, it is decided to move forward with separation from the PERS, written notice requesting termination of participation from the PERS must be provided in the form of a resolution approved by the governing body. The termination date must provide at least 90 days' notice from the date the resolution is submitted to the Division. An amendment must be submitted to the PERS coinciding with the language contained in the resolution. The PERS will require two signed originals of the amendment and one signed original of the approved resolution.

Employers That Began Participation in the System On or After July 1, 2006

- Contact Regional Counselor
- Resolution passed by the governing body
- Termination cost assessed
- Amendment to participation agreement submitted

If you are considering excluding coverage of a department, group, or other classification of members, the Plan Administrator will assess a termination cost that is determined to be actuarially required to fully fund the costs to the plan for members whose coverage is terminated. This cost includes the employer's share of retiree health benefits, occupational death and disability benefits and continuing lifetime pension benefits elected by qualifying peace officers or firefighters.

The termination cost is borne by the employer. Benefits due to terminated members must be funded by the employer and the employer must either pay the amount in a lump sum within 60 days of termination or enter into a payment plan that is acceptable to the PERS Administrator.

- Each member whose coverage is terminated is considered fully vested in the employer contributions and in their own contributions effective the date of termination.
- If the member is later employed with a participating employer, all service earned during the employment period with the terminated employer is credited for purposes of determining vesting in employer contributions and eligibility for medical benefits.

Supplemental Benefit System Annuity Plan Participation

In order to participate in the Supplemental Benefit System Annuity Plan (SBS-AP), a political subdivision or public organization employer must belong to the PERS. In addition, employees of the employer must meet eligibility requirements for participating in the Federal Social Security system. However, employees of an employer cannot belong to both the SBS-AP and Social Security at the same time. If a class of employee working for the employer participates in Social Security, this class of employees must drop participation in Social Security prior to being eligible to participate in the SBS-AP. If an employer has a Social Security section 218 participation agreement, that employer will not be able to withdraw from Social Security participation employees who are covered by this agreement.

Participation Requirements

Participation requirements are outlined in the Alaska Statutes, starting with Sec. 39.30.150.

Alaska Statute Sec. 39.30.170(b) details the administrative steps required in order for an employer to become a member of the SBS-AP. If an employer qualifies for SBS-AP participation, it could join the SBS-AP by resolution of the subdivision's governing board or counsel. A participation agreement would then need to be signed by the subdivision's chief administrator. The SBS-AP is only available to newly created state entities or newly created political subdivisions or public organizations.

For more information or prior to beginning the process of joining the SBS-AP, please contact the Division at (907) 465-4460 or (800) 821-2251 or by email at doa.drb.msc@alaska.gov.

Termination of Participation

Employers That Began Participation in the System On or Before June 30, 2006

- Contact Regional Counselor
- Resolution passed by the governing body
- Termination study completed
- Termination cost paid within 60 days or payment plan entered into

The employer may request that its participation agreement be terminated. The employer must give the Plan Administrator 90 days notice prior to termination. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person required by law to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A **certified** copy of the resolution will be filed with the PERS Administrator.

If you are considering terminating participation, you must contact Buck Global, LLC to have a termination study done. This study will tell you what your one-time termination cost is. This cost represents the amount necessary to fully fund the costs to the plan for members who become vested through this process and for other changes in actuarial assumptions, such as earlier-than-expected retirement, that arise because of the act of termination from coverage. Benefits due to terminated members must be funded by the employer and the employer must either pay the amount in a lump sum within 60 days of termination or enter into a payment plan that is acceptable to the PERS Administrator.

Termination studies are valid only up to the termination date identified in the study. Non-utilization of the study from within the prescribed period of time will result in an invalid study where another study must be requested if the employer is to proceed with termination.

Termination of participation by an employer does not prohibit future participation by the same employer as long as the cost of the prior termination has been paid in full.

Termination of participation can involuntarily occur if the employer fails to make its mandatory contributions to the PERS within the established time limits. Should this occur, an extension of the payment of contributions may be granted. If at the end of the extension period the employer is still in default, their participation in the plan will be terminated. Notice of termination will be sent to the employer.

- All current or deferred members of a terminated employer are considered fully vested in the accrued retirement benefits effective the date of termination, providing they have not received a refund of their contributions.
- Each member affected by termination of participation has a choice of taking a refund of their contributions or receiving a vested benefit in the PERS. The member has 60 days to submit their decision in writing to the administrator of the plan.
- If the member elects to receive a refund, they will forfeit all service with the terminating employer and the service cannot be reinstated at a later date.

Employers That Began Participation in the System On or After July 1, 2006

- Contact Regional Counselor
- Resolution passed by the governing body
- Termination cost assessed

The employer may request that its participation agreement be amended. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person authorized to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A **certified** copy of the resolution will be filed with the PERS Administrator.

The Plan Administrator will assess a termination cost that is determined to be actuarially required to fully fund the costs to the plan for members whose coverage is terminated. This cost includes the employer's share of retiree health benefits, occupational death and disability benefits and continuing lifetime pension benefits elected by qualifying peace officers or firefighters. The termination cost is borne by the employer. Benefits due to terminated members must be funded by the employer and the employer must either pay the amount in a lump sum within 60 days of termination or enter into a payment plan that is acceptable to the PERS Administrator.

Termination of participation by an employer does not prohibit future participation by the same employer as long as the cost of the prior termination has been paid in full.

Involuntary termination of participation can also occur if the employer fails to make its mandatory contributions to the PERS within the established time limits. Should this occur, an extension of the payment of contributions may be granted. If at the end of the extension period the employer is still in default, their participation in the plan will be terminated. Notice of termination will be sent to the employer.

- Each member whose coverage is terminated is considered fully vested in the employer contributions and in their own contributions effective the date of termination.
- If the member is later employed with a participating employer, all service earned during the employment period with the terminated employer is credited for purposes of determining vesting in employer contributions and eligibility for medical benefits.

III. Payment of Contributions for eReporting

Requirements for Timely Reporting

Employer and member contributions should be transmitted to the plan for deposit in the retirement fund within 15 days following the close of each pay period.

- General reporting information and instructions for new users:
Alaska.gov/drb/employer/ereporting/instructions.html
- The State of Alaska Login ID form will allow human resources or payroll employees access to our reporting systems “eReporting” and “Employer Access.” Find the form at: Alaska.gov/drb/pdf/forms/gen012-state.pdf.
- The Political Subdivision login ID form will allow human resources or payroll employees access to our reporting systems “eReporting” and “Employer Access.” Find the form at: Alaska.gov/drb/pdf/forms/gen012-poli-sub.pdf.

If the contributions are not submitted within 15 days of the close of each payroll period, interest will be assessed on the outstanding contributions at one and one-half times the most recent actuarially determined rate, which is currently 8.00%; therefore, the annual fee assessed on late contributions is currently 12.00%.

Late Reporting

- All payrolls, including the funding, are due to be transmitted to the plan no later than 15 days after the payroll issue date.
- An email reminder will be sent to the payroll contact once a payroll is considered late
- **30 days late:** A certified letter will be sent to the payroll contact with a courtesy copy to the Administrator
- **60 days late:** A certified letter will be sent to the Administrator.

Employers who have not paid their contributions to the plan may be terminated from participation in the plan.

If you have any questions regarding the reporting requirements, please contact your Division payroll processing point of contact listed in the Reporting Contacts section of this manual or send an email to doa.drb.activepayroll@alaska.gov.

Technical Difficulties

If you experience any technical difficulties, first contact your programmers directly for system errors. Then, if technical difficulties are still occurring, please report errors via email to your Division payroll contact. Additional information such as screen prints and error messages are most appreciated and will assist us in quickly resolving any issues. Please include your employer number and name as well as a phone number for you and/or your programmers when emailing this correspondence. You may contact your Division payroll processing point of contact listed in the Reporting Contacts section of this manual if you are unsure of the nature of the errors.

Consequences to the DCR Member and Employer for Late Reporting

The DCR member’s account balance is comprised of contributions and investment gains and losses. If the contributions are reported late, the member may suffer substantial financial losses with market fluctuations and the employer may be assessed interest for late payment.

Effect of Enrolling DCR Members in Error

The employer is responsible for administrative fees, investment fees, and investment losses charged to accounts resulting from contribution adjustments because the employer enrolled a member in the DCR plan in error.

Refer to eReporting Manual for Other Questions ·····

This web-based application provides employers who participate in the PERS an electronic method for reporting required information. This application allows employers to report required information for both DB and DCR members as defined by Alaska Statutes and Regulations.

- eReporting User’s Guide: Alaska.gov/drb/employer/ereporting/user_guide.html
- New reporting instructions will be provided when you are onboarded to the new employer reporting system.



IV. Employer Responsibility for Member Plan Education

Paid for Through Employer Contributions

Funding to provide information and education to members of the PERS is included in the employer contribution rate. This includes both DB and DCR members.

It is important that members of the PERS receive education and counseling on their retirement benefits as soon as they enter the plan. This education should continue throughout their employment to ensure they have the tools they need to appropriately prepare for retirement.

Members should be encouraged to take advantage of additional savings plans the employer may offer, such as 401 tax sheltered annuity plans or 457(b) deferred compensation plans.

Importance of Initial Seminars for DCR Members

When a DCR member retires, they will pay themselves in retirement based on the money accumulated in their accounts. With this in mind, it is important that plan participants understand the investment options available to them and the suite of services offered through Reality Investing Advisory Services.

Plan members should be encouraged to attend the various retirement seminars presented by both the Division and Empower Retirement Services. These seminars will provide them with valuable information on DCR plan entitlements and financial education on their retirement accounts.

Importance of Work Release Time for Seminar Attendance

As an employer, part of the full benefit package that you offer members is a retirement system. The Division strives to educate your members on this valuable benefit you provide.

Employers are encouraged to allow members time off work to attend the various educational seminars presented by the Division and Empower Retirement Services on their retirement accounts. This can be done by implementing a liberal leave policy or allowing a flexed work week when local seminars are offered.

Importance of Field Visits

Regional Counselors provide regular onsite visits to areas throughout Alaska. The field visit is a valuable tool to provide accurate and complete information to both the employer and the member. In addition, the Division offers benefits fairs in various areas of the state on a regular basis.

Regional Counselors provide the following services to the employers:

- Training in the benefits and entitlements of the PERS
- Interpretation of PERS statutes and regulations
- Classification of members
- Process of amending participation agreements
- Assistance with audit findings

Regional Counselors provide the following services for members:

- Individual counseling appointments
- Seminars for large groups
- Job-site visits and small group meetings

Employers can request and are encouraged to contact their Regional Counselor if they would like an onsite visit to their location. If it is not possible for a Regional Counselor to physically visit a community, they can provide seminars, group meetings, individual counseling via teleconference, and video conferences via the Internet.

Assistance for Field Visits – What the Counselor Needs

When a Regional Counselor is visiting sites in the field, the employer's help is required to make the visit a success. The employer should advertise and encourage their members to attend the seminars and set up individual counseling appointments. Where possible, the employer should allow employees time from work to attend.

It is the employer's responsibility to designate an employer contact that will coordinate the visit with the Regional Counselor by securing a meeting space and scheduling the individual counseling appointments for members. It is important that the employer notify all their members of the date and time of the onsite visit. This will ensure that all members have the opportunity to meet with the retirement representative. This can be done by posting flyers in common areas, sending emails to all members, and announcing the visit in work site publications.

V. Beneficiary Designations

The employer is required to provide newly hired members with the appropriate beneficiary forms for their applicable accounts. The most current beneficiary forms can be found on the Division website.

- Beneficiary Forms Packet: [Alaska.gov/drb/forms/beneficiary-forms.html](https://alaska.gov/drb/forms/beneficiary-forms.html)

There are separate PERS beneficiary forms for DB and DCR members. In addition, there are beneficiary forms for the State of Alaska's SBS-AP and Deferred Compensation (DCP) plans.

It is important that beneficiary forms are submitted timely for new members and updated on a regular basis for existing members. In the event of a death, the member's account will be paid based on their most recent valid beneficiary designation that the Division or its designee, Empower Retirement Services, has on file.

All married members who name someone other than their spouse as the primary beneficiary of their accounts must have the spouse's signature on the Spousal Consent section on the form. Spouses may waive entitlement to benefits by completing and signing the *Spousal Waiver of Death Benefits* form (gen054) located on the Division's website at: [Alaska.gov/drb/pdf/forms/gen054.pdf](https://alaska.gov/drb/pdf/forms/gen054.pdf).

If more than one beneficiary is named in the primary or contingent beneficiary category, the surviving beneficiaries in that category will share equally unless otherwise indicated.

If the primary and contingent beneficiaries die before the member does, or if no beneficiary is named, the account will be paid based on the terms of the Plan Document or appropriate state law.

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 your beneficiary, regardless of your written designation, unless:

- Your spouse consents to another beneficiary, or
- Another person (such as a former spouse) is eligible for the benefits under a qualified domestic relations order (QDRO). That person would be entitled to the portion of the benefit that is ordered by the QDRO.

If a member fails to designate a beneficiary, or if no designated beneficiary survives the member, the administrator will pay the death benefit:

1. to the surviving spouse or, if there is no surviving spouse,
2. to the surviving children in equal parts or, if there is none surviving,
3. to the surviving parents in equal parts or, if there is none surviving,
4. to the member's estate.

Members should use caution when designating a minor child as a beneficiary. When a minor child is designated as the beneficiary, the death benefit will be paid to the child's parent or legal guardian. Members may want to consider establishing a Trust for their minor child and designate the trust as the beneficiary. They should provide the name and contact information of the Trustee on the form.

Changes to the designated beneficiary can be made by submitting a new beneficiary designation form at any time.

DB Process

[Alaska.gov/drb/pdf/forms/gen053.pdf](https://alaska.gov/drb/pdf/forms/gen053.pdf)

The DB member will complete the *Beneficiary Designation* form (gen053) and submit it directly to the Division address listed at the top of the form.

DCR Process

DCprovider.com/PDF/alaska//98214-04/98214-04_Beneficiary.pdf

The DCR member will complete either the *Beneficiary Designation 401(a) Plan State of Alaska Public Employees' Tier IV Defined Contribution Retirement Plan* form (PERS Defined Contribution Retirement Plan Beneficiary Designation) and submit it directly to Empower Retirement Services at the address listed in Section D of the form or designate beneficiaries online at Participant.empower-retirement.com. Submitting beneficiary designations online is Empower Retirement's preferred method. The employee must wait until their first payroll has processed with the Division or until they have received their welcome flyer/postcard from Empower Retirement before setting up their beneficiary designations online or submitting a hard copy form to Empower Retirement. Members can update their beneficiaries at any time.

SBS-AP Process

DCprovider.com/PDF/alaska//98214-03/98214-03_Beneficiary.pdf

The DB or DCR member will complete the *Beneficiary Designation 401(a) Plan State of Alaska Supplemental Annuity Plan* form (Supplemental Annuity Plan Beneficiary Designation) and submit it directly to Empower Retirement Services at the address listed in Section D of the form or designate beneficiaries online at Akdrb.gwrs.com. Members can update their beneficiaries any time.

DCP Process

DCprovider.com/PDF/alaska/98214-01/98214-01_Beneficiary.pdf

If you are a State of Alaska employer or a participating employer in the Deferred Compensation Plan through the State of Alaska, the member will complete the *Beneficiary Designation Governmental 457(b) Plan State of Alaska Deferred Compensation Plan* form (Deferred Compensation Plan Beneficiary Designation) and submit it directly to Empower Retirement Services at the address listed in Section D of the form or designate beneficiaries online at Participant.empower-retirement.com. Submitting beneficiary designations online is Empower Retirement's preferred method. The employee must wait until their first payroll has processed with the Division or until they have received their welcome flyer/postcard from Empower Retirement before setting up their beneficiary designations online or submitting a hard copy form to Empower Retirement. Members can update their beneficiaries any time.

Employer is Not the Agent or Designee of the Plan Administrator

Only beneficiary designation forms filed with the Division or directly with Empower Retirement Services are considered valid. If your members submit forms to you and these forms are not forwarded to either the Division or to Empower Retirement Services, whichever is appropriate, we cannot use the information provided on them. Only forms that have been received by the Division or its designee will be used in the event of a member's death.

VI. The Defined Contribution Retirement Plan Member

Enrollment

DCR plan members are:

- employees who first entered the PERS on or after July 1, 2006,
- non-vested DB members who elected to convert to the DCR plan,
- DB members working for a DCR plan-only employer, and
- former members as defined in AS Sec.39.35.680 (20).

Membership in either the DB or DCR plans, and tier status for the DB plan, is established when an employee first begins making contributions to the PERS. Your new member may have participated in the PERS prior to their employment with you. Before reporting new members to the system, be sure to confirm the correct plan and tier status for them. This can be done by using the New Employee Tier Look-Up on the Division's Employer Access website at [Myrnb.alaska.gov/EmployerAccess/form/login.html](https://myrnb.alaska.gov/EmployerAccess/form/login.html) or by contacting your Regional Counselor.

Those not covered under the PERS DCR Plan are:

- temporary (nonpermanent),
- those who work less than 15 hours per week,
- those who participate in the University of Alaska's Optional Retirement Plan (ORP),
- those who first entered PERS before July 1, 2006 and did not convert to the DCR plan,
- those excluded from the employer's participation agreement, or
- elected officials (if designated as a classification of employees who participate) who are compensated less than \$2,001 per month.

Enrollment of New Employees for Human Resource Staff

Employers must take the following steps for new employees hired into the PERS on or after July 1, 2006.

New employees hired on or after July 1, 2006 and existing employees who have elected to convert to the new plans will be automatically enrolled in an age-based target fund managed by T. Rowe Price. As the employer, you are required to provide the employee with a copy of the *PERS Defined Contribution Retirement Plan Features and Highlights* brochure and the *Empower Retirement Advisory Services* brochure. You will find these brochures at:

- docs.empower-retirement.com/EE/AlaskaWR/DOCS/98214-04/Plan-Highlights-98214-04.pdf
- Alaska.gov/drb/pdf/employer/employerToolkit/AdvisoryServicesFlyer.pdf, and
- on the Division's Employer Services/Resources/Employer Toolkit web page.

Employees who do not wish to be enrolled into Target Funds may opt out by telephone by contacting Empower Retirement Services at (800) 232-0859 or online at Akdrb.gwrs.com.

Employees new to the PERS DCR plan must complete a beneficiary designation and submit the original to the Division's recordkeeper, Empower Retirement Services, or make their designations online once logged into their profile. Upon the death of the employee, payments from the employee account will be paid according to the last beneficiary designation held by the Division's recordkeeper.

Hiring a PERS DCR Retired Member

There are IRC codes that prohibit a retired member from making “in service” contributions to their retirement account while they are receiving a distribution from that account. Employers should encourage the DCR retired member to seek the advice of a qualified tax consultant for guidance on the IRC codes. **Failure to inform the retired member of this could result in significant financial repercussions for the retired member.** Employers are encouraged to reference the Bona Fide Termination information contained in this section for further information on “in service” distributions.

PERS DCR retired members who come back to PERS-eligible employment retain the amount of service that they had accrued prior to retirement. Upon reemployment in the PERS, the service counts toward vesting in employer contributions, medical eligibility, Health Reimbursement Arrangement (HRA), and for retirement eligibility. The exception is if the retiree has taken distribution from their DCR plan account. In such a case, they will have to complete another five years to become fully vested in the employer’s contributions.

Classification

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

- Permanent full-time or part-time and seasonal members of the State of Alaska, and
- Permanent full-time or part-time and seasonal members of participating political subdivisions or public organizations, unless specific member group or type, or job classifications are excluded by Alaska statutes or participation agreements.

A full-time member is one who is occupying a permanent position that regularly requires working 30 or more hours a week. A part-time member 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 a minimum of \$2,001 a month for their services may be covered by the PERS DCR plan if the employer includes elected officials in their participation agreement.

An elected official can waive their participation in the PERS by filing a written waiver of coverage, *PERS Elected Official Participation/Waiver* form (dcr006) within 30 days of the date that the elected official’s term of office begins. A waiver is irrevocable for the remainder of the elected official’s service as an elected official or other member of the employer.

- PERS Elected Official Waiver Form: [Alaska.gov/drb/pdf/forms/dcr006.pdf](https://alaska.gov/drb/pdf/forms/dcr006.pdf)

Occupation Code

The occupation codes identify various member types in the PERS. The employer will be reporting the correct code for members with each payroll processing. The most common ones used are listed below.

PERS	A	All Others
PERS	C	Masters, Mates and Pilots (State of Alaska only)
PERS	E	Elected Officials
PERS	F	Fire Fighter
PERS	M	IBU (Inland Boatmen’s Union) (State of Alaska only)
PERS	P	Peace Officer

The following definitions will help in determining the correct occupational code for your members.

“P” Peace Officer

A member occupying a position as a peace officer, chief of police, regional public safety officer, probation officer, correctional officer or correctional superintendent. It does not include a village public safety officer.

“F” Fire Fighter

A member occupying a position as a fire fighter or a fire chief. It does not include volunteer fire fighters.

No Claimed Additional Service

With the exception of a call to active military duty, DCR members may not claim other types of service for credit in the PERS.

Calls to Active Military Duty While Employed in the PERS

Per the 1994 Uniformed Services Employment and Reemployment Rights Act (USERRA), military personnel who are currently working for a PERS employer and called out to a period of active duty may be entitled to claim the period as regular service credit upon their return to the employer. In most cases, the cumulative period(s) of call to active duty cannot exceed five years. This service may be voluntary or involuntary and members must leave the military in good standing to qualify for reemployment. If a member is called to active duty, they must notify their employer in advance, either verbally or in writing, unless giving notice is impossible, unreasonable, or precluded by military necessity.

The member is to be granted reasonable time off prior to the beginning of the active duty period to take care of personal affairs and to travel to the reporting site. In addition, the member is to be granted a period of rest before returning to work. The period of time the member has to report back to work varies depending upon the length of the active duty period. For example:

- for service of more than 180 days, members must submit an application for reemployment within 90 days of honorable discharge from active duty,
- for service of more than 30 days but less than 181 days, members must submit an application for reemployment within 14 days of release from service, and
- for service of less than 31 days, the time period for submitting an application is very short.

This time frame may be extended due to medical circumstances. If the member suffers a disability upon their return to employment, the employer is required to make reasonable accommodations to return the member to active employment.

USERRA provides that members are reemployed in the job that they would have attained had they not been absent for military service, with the same seniority, status, and pay, as well as other rights and benefits determined by seniority. USERRA also requires that reasonable efforts (such as training or retraining) be made to enable returning service members to refresh or upgrade their skills to help them qualify for reemployment. Administrative order 213 allows state employees to continue health benefits when called to active duty in support of conflicts in Iraq and Afghanistan.

If you have a member who is called to active duty:

- Contact Regional Counselor
- Inform the member of right to claim service upon return to employment
- Report the leave of absence through payroll reporting per eReporting or Employer Services instructions
- Inform the member of the process to claim service upon return to employment

Calls to active duty must be claimed for credit in the PERS by the member once they return to employment. The member is required to write a memo requesting to claim the period of active duty for service credit in the PERS. The memo plus documentation verifying the release from active duty with an honorable discharge, typically a DD214, is sent to the Division for processing.

Once claimed, the entire period of the military leave of absence (prior days and up to 90 days after discharge) is credited as regular service in the PERS. The service counts toward vesting in the employer contributions, medical eligibility, the Health Reimbursement Arrangement (HRA), and for retirement eligibility.

DCR members may elect to make up all or part of their contributions for the period of military leave of absence once they have returned to the employer. The employer will make their contributions to the member's account proportionate to what the member contributes. If the member does not elect to make up their contributions, they will not receive the employer match to their accounts.

DCR members who participate in the State of Alaska's Supplemental Annuity Plan (SBS-AP) and/or the State of Alaska's Deferred Compensation Plan (DCP) may elect to make up all or part of their contributions for the period of active duty once they have returned to the employer.

Members of other tax-sheltered plans offered through their employers should contact their human resource or payroll staff for information on how to make up missed contributions in those plans.

The allowable time frame for making up contributions is up to three times the length of the period of the military leave of absence, not to exceed five years. Missed contributions must be made through direct payroll deductions.

Employers and members are encouraged to contact their Regional Counselor for information on calls to active military service.

For questions about USERRA contact:

- **USERRA:** Federal Register 20 CFR Part 1002
[DOL.gov/vets](https://www.dol.gov/vets)
- **ESGR:** Employer Support of the Guard and Reserves is a Department of Defense agency established to gain and maintain active support from all public and private employers.
(800) 336-4590 (toll-free)
[ESGR.mil](https://www.esgr.mil)

Service Accrual

A year of service is the equivalent of 52 weeks of permanent full-time PERS employment, which may consist of a combination of permanent full-time or permanent part-time membership service.

A permanent full-time PERS member earns a day of service credit for each day they are actively employed in a PERS-covered (eligible) position. This includes holidays or regularly scheduled days off (RDO), as long as members are in pay status the day before and the day after the holiday or RDO.

A PERS permanent part-time member, one working at least 15 hours but less than 30 hours a week, receives proportionate credit for the number of hours they work compared to a full-time member. A total of 1,560 hours must be earned to receive a year of service credit. However, service accrued for a stated period of part-time service may not exceed the full-time equivalent.

A permanent full-time or part-time seasonal member earns service credit for the period of time they are actually working. Seasonal leave without pay periods do not earn PERS service credit.

Simultaneous PERS and TRS Credit

Members working in both the PERS DCR plan and the TRS DCR plan at the same time may receive partial service credit under both systems. To be eligible, they must be employed at least half-time in both systems concurrently and making the required contributions.

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

Vesting

DCR members are immediately and fully vested in their own contributions and related earnings beginning with their first contribution. They become vested in the employer contributions based on years of service in the PERS.

- After 2 full years of service - 25% vested
- After 3 full years of service - 50% vested
- After 4 full years of service - 75% vested
- After 5 full years of service - 100% vested

Effects of LWOP and Reporting Process

For a full-time member, a leave of absence without pay (LWOP) that does not exceed 10 accumulated days in any calendar year is not considered an interruption or break in service. However, if the leave of absence exceeds 10 accumulated days, whether taken consecutively or through intermittent hours scattered throughout the calendar year, their service credit for that year will be reduced by the equivalent number of days they were on leave of absence without pay.

For example, a full-time member scheduled to work a 40-hour work week (8 hours a day) could accumulate up to 80 hours of LWOP each calendar year and still receive a full year of service credit. However, once the accumulated LWOP exceeds 80 hours in the calendar year, the entire period of LWOP will not be credited PERS service, including the 80 hours.

Continuous periods of LWOP for full-time members should be reported to the PERS with each payroll processing. Currently, scattered LWOP for full-time members is not reported to the PERS; however, this reporting option may become available in the future. The employer will be required to verify all hours of LWOP for full-time members when completing the *Verification of Service* form (02-1883). If an employee disagrees with the employer's verification of salaries or service, he/she will be referred to the employer to resolve the discrepancy.

- *Verification of Service* form (02-1883): [Alaska.gov/drb/pdf/forms/02-1883.pdf](https://alaska.gov/drb/pdf/forms/02-1883.pdf)

Instructions for completing the *Verification of Service* form (02-1883) are:

1. SECTION I. Personal Data (self-explanatory)
2. SECTION II. Service Verification
 - a. Verify the type of service rendered: Full-time (FT), part-time (PT) (15-30 hours per week), or leave of absence without pay (LWOP). In cases where workers' compensation and paid leave are combined, only the hours that the employee is on paid leave are creditable; the remainder is LWOP.
 - b. Verify the number of hours worked for PT employees only. PT hours must be reported on a calendar year basis (January 1 through December 31).

- c. Verify the Occupational Code: P = Peace Officer, F = Firefighter, E = Elected Official, M = Inland Boatmen's Union of the Pacific (IBU), D = PERS Alternate Option, C = Master, Mates and Pilots (MMP), or A = All other.
- d. Verify the actual service of LWOP beginning and ending dates. Sequential service of LWOP segments may not begin or end on the day of another segment.

EXAMPLE: Correct: FT 8/19/2006 through 5/31/2007; LWOP 6/1/2007 through 8/31/2007
 Incorrect: FT 8/19/2006 through 5/31/2007; LWOP 5/31/2007 through 8/31/2007

- e. Do not include casual, emergency, nonpermanent employment or temporary employees, contracted employees, part-time employees who work less than 15 hours per week.

3. SECTION III. Leave of Absence Without Pay (LWOP)

LWOP that exceeds 10 days per year is not creditable in the PERS. Often, LWOP is take a few hours or days at a time but adds up to more than 10 days during the year. Please verify the total number of hours of LWOP taken by the employee during each payroll year and enter the number of hours required per day for full-time employment. If a LWOP segment has already been verified in Section II, do not list the total hours under this section.

Part-time members receive credit in the PERS based on the number of hours worked and the 10-day rule is not applicable.

Workers' Compensation Procedures

If you have a member on a period of workers' compensation (WKC) LWOP, the LWOP time should be reported through the payroll process.

The period of WKC LWOP cannot be claimed for credit in the Defined Contribution Plan. With the exception of a call to active military duty, DCR members may not claim other types of service for credit in the PERS.

Occupational Disability

A member that is injured and becomes totally and presumably permanently disabled because of a physical or mental condition caused by an injury or hazard that happens while performing their job may be eligible to receive a monthly occupational disability benefit from the PERS up to the date the member becomes eligible for normal retirement benefits.

The cost for providing occupational disability benefits to members is borne by the employer and is included in the employer contribution rates.

If the member has already met the requirements for a normal retirement based on age or years of service, they are not eligible to receive occupational disability benefit. Those on disability benefits convert to a regular retirement benefit once they meet the age or years of service requirements.

Receiving an occupational disability benefit is not automatic. There is an application process, medical certification requirements, and the disability must be approved by the administrator of the plan.

The member must file an application for the occupational disability benefit with the Division within 90 days after termination of their employment. Members can file the disability application while they are still working.

The monthly occupational disability benefit will be equal to 40% of their gross monthly compensation immediately before they terminated employment due to the disability. Members receiving occupational disability benefits continue to earn PERS service credit while they are receiving the occupational disability benefits. **No medical insurance is provided until the member is eligible for a normal retirement.**

The member is immediately vested in the employer contributions once they are appointed to occupational disability regardless of the total years of service. The employer continues to make all required employer contributions on the member's behalf as if the member were still working. These include HRA contributions and the member's required contributions to an account established for the member in the Occupational Death and Disability Trust. Members cannot elect a refund of their member account balance or elect a distribution option of the account while they are receiving occupational disability benefits.

Disability benefits cease when the member becomes eligible for normal retirement with 10 years of service and Medicare-eligible age, or at any age with 25 years of peace officer or firefighter service, or at any age with 30 years of service for all others.

When a member converts to normal retirement, they have access to their account balance and can elect when and how to take distribution on their DCR account. There are various distribution options available, which include lump-sum payments, annuities, and rollovers to other qualified pre-tax plans.

NOTE: When a peace officer or firefighter becomes eligible for a normal retirement, the member may choose between a continuing lifetime pension benefit based on high salaries and years of service, or access to their account balance.

Medical insurance is available to members who have reached normal retirement eligibility.

Occupational Death

If a member dies due to an occupational reason, the survivor will receive 40% of the member's gross monthly salary at the time of death as an all other participant at the time of death, or 50% of the member's gross monthly salary as a peace officer or fire fighter. Survivors include spouse and dependent children. Survivors who are receiving monthly benefits are not eligible for medical benefits until the member would have met the eligibility requirements for normal retirement benefits had they lived.

The employer continues to make the employer and member contributions into the Occupational Death and Disability Trust for the survivor and the Health Reimbursement Arrangement (HRA) account until the participant would have reached normal retirement eligibility. Survivors cannot elect a refund of the member's account balance or elect a distribution option of the account while they are receiving occupational death benefits.

Occupational death benefits cease beginning the last day of the month when the member would have become eligible for normal retirement:

- with 10 years of service and Medicare-eligible age,
- at any age with 25 years of peace officer or firefighter service, or
- at any age with 30 years of service for all others.

When the member would have converted to normal retirement, the survivor has access to the member's account balance and the contributions paid to the Occupational Death and Disability Trust account on their behalf. The survivor will elect when and how to take distribution on the DCR account. Various distribution options are available, including lump-sum payments, annuities, and rollovers to other qualified pre-tax plans. The surviving spouse also will be eligible to elect retiree medical benefits at that time. Once eligible for medical benefits, the surviving spouse will receive a premium subsidy based on the member's accrued years of service at the time the member would have been eligible for Medicare, had they lived.

No medical insurance is provided until the member would have been eligible for retirement and medical benefits.

Non-Occupational Death

When a member dies from non-occupational causes before retiring, the spouse or other eligible beneficiary is entitled to the member's contributions, the vested portion of the employer contributions, plus investment earnings. They elect when and how to take distribution on the DCR account. Various distribution options are available, including lump-sum payments, annuities, and rollovers to other qualified pre-tax plans. Beneficiaries will not be able to elect a joint and survivor annuity.

If the member dies after distribution payments from their retirement account have begun, the beneficiary will receive further payments only to the extent provided with the form of payment chosen at the time the member began annuity payments, if any.

Divorce or Dissolution

Retirement accounts are marital assets and if there is a divorce or dissolution during any period of a member's PERS employment, the member is required to submit court certified copies of the divorce or dissolution documents and the property settlement to the Division. These documents will be placed in their permanent record with the Division.

If the documents stipulate or contain an order by the judge entitling the former spouse to a portion of an account, a Qualified Domestic Relations Order (QDRO) must also be submitted.

If the documents indicate there was an agreement about the division of retirement benefits, but no separate agreement is included in the documents, the member must provide a court-certified copy of the separate agreement or the magistrate or judge's notes from the court hearing.

If the documents are silent on the retirement plans, the account will be considered free from attachment. All DCR member divorce/dissolution documents should be forwarded to Empower Retirement Services for review of attachment.

Where To Get Help

All the legal requirements involving a member's benefits must be resolved before any amount can be paid. No funds will be disbursed from any accounts until all issues have been resolved—even if the responsibility to file the necessary documents rest with the former spouse. The Division has a booklet available containing useful information regarding how a member's benefits may be affected by divorce. The booklet also includes sample language that may help in drafting QDROs. The booklet is available on request.

In Alaska, the court may include the retirement benefits and plans earned by both spouses as marital assets available for division. The Division does not provide valuation calculation services. If calculations are needed, an independent actuary or CPA must be retained. However, the Division can provide benefit information as needed for calculations. If account details are to be sent other than directly to the member, the member must sign a release authorizing another person access to their account.

Different methods of valuation are used to determine the value of a marital asset. When the spouses agree, courts usually accept what they say about the value of an asset. Absent an agreement, third-party experts, including accountants and pension valuers, may be retained by the parties or by the courts to determine the value of marital assets.

Third parties may be authorized to request information regarding a member's retirement accounts and other benefits. Retirement benefits, which vary greatly, may potentially include accumulated employee leave time. In some cases, information regarding an active employee's benefits must be relayed directly through the employer.

Ending a marriage is considered a “status change” event. A member must contact their human resources office to advise them of:

- a change in marital status,
- any address changes,
- inquire about changing or updating beneficiaries, and
- any necessary changes to their health insurance coverage.

A change in status is reported to the Division through payroll reporting.

Whether the marriage ended in divorce or dissolution distinguishes the types of documents required. In Alaska and other applicable states, the documentation is specific:

- court-certified copies of the Decree of Divorce, Findings of Facts and Conclusions of Law, Property Settlement, and any other attachments or court documents that may address the PERS account, or
- court-certified copies of the Decree of Dissolution, Petition for Dissolution, and any other attachments or court documents that may address the PERS account.

In Alaska, court-certified copies are usually distinguished from photocopies by either a raised, embossed or blue-ink seal of the court. Members should contact the Alaska Trial Court to obtain certified copies of divorce documents:

[Courts.alaska.gov](https://courts.alaska.gov).

Members should note, an agreement regarding the PERS is not effective until the Decree and Order are filed with the Plan Administrator and the parties receive notice it is accepted. If divorce documents are filed with the member’s human resource office, please remind them to submit their court documents to the Division if they have not done so already.

A member’s divorce documents must be reviewed to determine if any interest in their PERS benefit was awarded to the former spouse, before they may access their account or be appointed to retirement.

If a prior spouse is deceased, the Division requires a copy of the death certificate for the member’s file.

Terminations

It is the employer’s responsibility to report terminations of employment timely to the PERS. The termination action should be reported as soon as possible after the member’s last day of work. The termination date is a member’s last day on the job.

Distribution Elections

When a member terminates employment, they elect when and how to take distribution on their DCR account. There are various distribution options available, including lump-sum payments, annuities, periodic payments, and rollovers to other qualified pre-tax plans.

The refundable amount to a terminated member includes:

- the member’s mandatory contributions,
- the vested portion of employer contributions, and
- investment gains and losses.

Members must be terminated from employment for at least 60 days before distribution can occur. They must complete and submit the *Empower Retirement Services Transfer/Rollover Contribution 401(a) 98214-05 Plan* form or the *Separation from Employment Withdrawal Request 401(a) 98214-05 Plan* form to commence distribution. The forms are available on the Empower Retirement Services website at Akdrb.gwrs.com or by calling toll-free at (800) 232-0859.

Terminated members who are married may not receive a refund of their member contribution account (if balance is greater than \$5,000) unless their spouse gives written consent. Terminated members who are divorced may not receive a refund of their member 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 member's contribution account as a lump-sum pay out.

All accrued service in the PERS remains in the account and should the member return to work for a PERS employer in the future, the service will be reinstated for eligibility in the retiree major medical plan and the Health Reimbursement Arrangement (HRA). The member's service accrual for vesting in employer contributions will restart at zero.

Waiver of 60-day Waiting Period Due to Financial Hardship

This request form is only available to a terminated employee. The waiver must be accompanied by a Distribution Request form. The amount allowed to be paid earlier than the 60-day period is limited to the amount related to the actual hardship and not the entire account balance.

The eligibility for payment of an account of a terminated employee may take place with the approval of the Plan Administrator earlier than the 60 days subsequent to termination of employment due to an immediate and heavy financial need. Please see the *Waiver of 60-day Waiting Period Due to Financial Hardship* form (sbs005) for valid reasons to waive the 60-day waiting period.

Alaska Deferred Compensation Plan

Who is eligible to be in the plan?

Any permanent employee, long-term nonpermanent employee, or elected official of the State of Alaska.

What is a Deferred Compensation Plan?

The State of Alaska 457(b) Deferred Compensation plan (DCP) allows participants to voluntarily set aside a portion of their income before it is taxed. The amount set aside, plus any change in value (interest, gains and losses), is payable to them or their beneficiary at a future date. Upon becoming eligible to participate in the plan, participants can elect to defer their income on a pre-tax basis. By doing so, participants are agreeing to reduce their salary by an agreed upon amount. This amount may not exceed certain requirements. There is also a post-tax Roth 457(b) option.

There is a maximum amount of compensation a participant can defer. The regular contribution limit for those under age 50 is \$19,500 in 2020. Participants are allowed to contribute an additional \$6,500 in the years they turn age 50 or greater for an annual maximum of \$26,000 in 2020. This represents the annual allowable of \$19,500, plus the additional \$6,500.

What type of plan is the DCP and when may a person join the plan?

The DCP is an eligible deferred compensation plan under Internal Revenue Code section 457(b). Participants may join any time after they are eligible and complete the necessary enrollment forms. Participants can also enroll directly online on Empower Retirement Services website at Akdrb.gwrs.com.

What is the Roth 457(b) option?

The Roth 457(b) option for governmental deferred compensation plans was authorized by Congress effective January 1, 2011. A Roth 457(b) is not a Roth IRA. Neither is a Roth 457(b) a separate plan; it is simply a way for participants to control the taxation of their deferred wages when they are disbursed in the future. This option allows participants to elect after-tax salary deferrals into a Roth option. Roth elective deferrals are accounted for separately from pre-tax contributions made to the plan. Distributions from the Roth 457(b) are tax-free if the contributions have been in the Roth elective deferral account for at least 5 years and the participant is at least 59-1/2 years of age.

Participants can contribute to both the pre-tax and Roth 457(b) post-tax at the same time. However, Roth 457(b) contributions count towards the IRS limitations on deferred compensation contributions. Roth 457(b) contributions can either replace or complement traditional pre-tax contributions subject to the IRS limits of \$19,500 per year (2020) plus an additional \$6,500 in 2020 if the participant is age 50 or older at the end of the year. Contributions to a Roth 457(b) have no effect on contributions to a Roth IRA.

The Division is responsible for the overall administration of this plan. To contact the Division's DCP specialist, call (800) 821-2251 toll-free or (907) 465-4460 in Juneau, or by email at doa.drb.dcp@alaska.gov.

Special Catch-Up Provisions of the DCP

The catch-up provision is available to participants no more than three years prior to their eligibility for a normal retirement (either by age or years of service). It allows making up prior deferred compensation contributions that were less than their allowable maximum in years since January 1, 1979.

If members are interested in knowing their total available catch-up balance or have any other questions regarding the catch-up provision, please email Empower Retirement Services at anchorage_empower_office@empower-retirement.com or call Empower at (800) 526-0560 outside the Anchorage area or (907) 276-1500 in Anchorage.

Leave Cash-Ins or Taking DCP from Final Check

Employees can request a leave cash-in to their DCP account or, if leaving state service, can request to have a final deferred compensation contribution taken on their final payroll check. Please direct all State of Alaska employees interested in leave cash-ins or making a final contribution at termination to the Division's DCP Specialist at doa.drb.dcp@alaska.gov or call (800) 821-2251 toll-free or (907) 465-4460 in Juneau.

Employees with a participating political subdivision in the State's DCP should contact Empower Retirement Services in the Anchorage office at anchorage_empower_office@empower-retirement.com or call Empower at (800) 526-0560 outside the Anchorage area or (907) 276-1500 in Anchorage.

DCP Hardship Withdrawals

There are strict provisions for hardship withdrawals. They can be requested from Empower Retirement Services, but members must prove they are experiencing an unforeseen and extreme financial emergency and provide evidence demonstrating that they have exhausted all other reasonable alternatives. This includes stopping their deferrals and cashing out the maximum allowable annual/personal leave.

An unforeseeable emergency which results in a severe financial hardship can result from any of the following developments:

- an illness or accident of the participant, the participant's spouse, or the participants dependent,

- the loss of the participant's property due to a casualty, including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance (such as a natural disaster), or
- similar extraordinary and unforeseeable circumstances arising as a result of events beyond the participant's or beneficiary's control.

All hardship withdrawals are subject to the applicable requirement of the Internal Revenue Code and regulations.

It takes an average of one to two months to obtain all the necessary information for a hardship withdrawal. Payments are usually issued within two weeks from the date the withdrawal is approved by the plan.

In the event of an unforeseeable emergency which is beyond the control of the participant and which causes extreme financial hardship, a participant may request Empower Retirement Services to distribute all or a portion of the participant's DCP account. Such requests shall be made by completing and submitting all required forms for this purpose. The participant must, prior to his/her application, cease deferring compensation in accordance with Paragraph F Article III. If the application for the payment is approved by Empower Retirement Services, payments shall be effective as soon as possible after the date specified in the participant's application or the date of approval by Empower Retirement Services, if later.

The withdrawal shall be limited to an amount sufficient only to meet the emergency and shall in no event exceed the value of the participant's DCP account. Any money remaining in the account shall be distributed in accordance with the provisions of this plan.

The method of distribution of any allowed withdrawal shall be determined by Empower Retirement Services. For more information, contact Empower Retirement Services at (800) 232-0859.

Required Minimum Distribution

Required minimum distribution is the minimum amount participants must withdraw from their account each year after they are no longer employed. Participants usually must start taking withdrawals from their Deferred Compensation 457 (b) account when they reach age 72 (70-1/2 if they reached that age before January 1, 2020). Withdrawals will be included as taxable income, except any part that was previously taxed (the basis) or that can be received tax-free (such as qualified distributions from designated Roth accounts).

Rules for participants are as follows:

- Participants must begin taking minimum distributions by their required beginning date. The required beginning date is April 1 of the calendar year following the later of:
 - ~ the calendar year in which the participant reaches age 72, or
 - ~ the calendar year in which the participant retires from the employer sponsoring their plan, unless the plan specifies otherwise.
- If the participant elects to defer their first distribution to April 1 of the calendar year following the calendar year in which they turn age 72 or retire, they will be required to take two payments that year: one by April 1 following the year in which they turned age 72 or retired and one by December 31 of that same year. The participant must take a minimum distribution by December 31 of every calendar year thereafter.

Participants should be directed to contact Empower Retirement Services at [Akdrb.gwrs.com](https://www.akdrb.gwrs.com) or toll-free at (800) 232-0859 for assistance with their required minimum distributions.

Retirement

Normal retirement is the age set for Medicare eligibility at the time the member retires. A retired member in the DCR plan is a person who has elected to participate in the retiree major medical insurance plan.

Bona Fide Termination

Separation of employment is a requirement of eligibility to receive retirement benefits. Both the Alaska statutes governing the retirement plans and the Internal Revenue Service (IRS)—which allows contributions to the retirement plans to be made on a pre-tax basis—require a bona fide separation of employment before any disbursement of retirement funds can occur.

A bona fide separation of employment is a total separation of the employer-employee relationship. Reduction of hours worked, a change in status from full-time to part-time, from permanent to non-permanent, or to a fee-for-service arrangement do not meet the separation requirement.

Members and their employers cannot have a prearrangement to return to work prior to separating from service to retire.

The retirement systems require a break in service before a member can return to work with the same employer. If a member reemploys with the same employer before the required break period has elapsed, the member's retirement will be reviewed to determine if a valid separation occurred. **If a prearrangement for reemployment is discovered, the member's separation of employment will be invalid and all retirement benefits, including retiree medical claims, must be repaid to the retirement system.**

The requirements for bona fide termination apply to both PERS/TRS DB and DCR plans. If a member intends to withdraw retirement funds or participate in the DCR retiree medical plan, there can be no prearrangement for reemployment with the same employer prior to termination of employment. If a PERS/TRS DCR member terminates employment and withdraws their funds or participates in the medical plan, they must fulfill the required break in service before reemploying with the same employer.

If no prearrangement is evident, but the member returns to the same employer without fulfilling the required break in service period, the member's benefit will be coded as an early distribution and an additional 10% tax penalty will be applied by the IRS on benefits received.

- **If a member is under age 62 at retirement**, they are required to have a 6-month break in service before returning to work for the same employer.
- **If a member is age 62 or older at retirement**, they are required to have a 60-day break in service before returning to work for the same employer.

Again, no prearrangement for reemployment can occur prior to the member's retirement. Please see [Alaska.gov/drb](https://alaska.gov/drb) for consequences for violations.

Effects of PERS on Social Security Benefits

Not all PERS employers participate in Social Security. If you need information on whether you participate in Social Security, contact the State Social Security Administrator in the Division's Audit Unit.

Employees of employers who do not participate in Social Security may have their Social Security benefit reduced. Two laws affect Social Security benefit entitlement: the Windfall Elimination Provision and the Government Pension Offset.

Windfall Elimination Provision

The Windfall Elimination Provision affects people who have earned a pension from the PERS and did not pay Social Security taxes during their PERS employment, but who also worked at other jobs where they paid Social Security taxes long enough to qualify for retirement benefits. If a member is subject to the Windfall Elimination Provision, a different formula is used to calculate their Social Security retirement benefits to prevent a windfall in benefits.

The Windfall Elimination Provision does not apply if the member first became eligible to retire prior to 1985, or if they have 30 years of “substantial” earnings during their Social Security-covered employment.

Governmental Pension Offset

The Governmental Pension Offset affects the Social Security benefits members may be eligible to receive as a spouse or widow(er). Under the offset provisions, some or all of the Social Security spouse’s or widow(er)’s benefit may be offset by the member’s PERS pension if they did not pay Social Security taxes during their PERS employment.

For information on these federal provisions, employers and members are encouraged to contact the Social Security Administration toll-free at (800) 772-1213 or visit the Social Security Administration website at [SSA.gov](https://www.ssa.gov) and request Publication No. 05-10045 for the Windfall Elimination Provision or Publication No. 05-10007 for the Governmental Pension Offset.

Retired Member Medical Benefits ·····

DCR members may have access to a retiree medical plan when they retire. To access their medical benefits plan, the member must:

- retire directly from the plan, and
- have been active at least 12 months prior to separation, and
- have at least 30 years of service as a teacher or “all other” member, or
- have at least 25 years as a peace officer or firefighter, or
- have at least 10 years of service and be eligible for Medicare.

If the DCR retired member has not yet reached Medicare-eligible age, they must pay the full premium for the medical benefits plan to receive coverage. Once the retired member reaches Medicare-eligible age, they will pay a percentage of the monthly premium based on years of service, as follows:

- 10 percent with 30 or more years of service
- 15 percent with 25 to 29 years of service
- 20 percent with 20 to 24 years of service
- 25 percent with 15 to 19 years of service
- 30 percent with 10 to 14 years of service

The Defined Contribution Retiree AlaskaCare Health Plan is supplemental to Medicare. Eligible members are not required to enroll in the medical plan. However, they must make an election to participate or not by age 70-1/2 years old, either during an annual open enrollment period or upon application for retirement benefits, whichever is later.

Members should be directed to contact the Division for assistance with enrolling in the Medical plan.

The DCR retired member medical benefits plan is available to employers and members online at the Division website.

Health Reimbursement Arrangement

The employer is responsible for making contributions to the Health Reimbursement Arrangement (HRA). The contribution amount is based on the average salary of all PERS and TRS members in the DCR plans and is calculated as a flat monthly dollar amount. This amount is deposited into a separate account for each member while they are employed in the PERS.

The balance in the HRA account consists of the employer contributions and any interest that has accrued.

DCR retired members will have access to this account when they meet one of the following requirements:

- 30 years of service as a teacher or all-other employee, or
- 25 years of service as a peace officer or firefighter, or
- at least 10 years of service and are eligible for Medicare.

Members do not have to retire directly from the system to access their HRA.

The money in the HRA can be used to pay for medical expenses for the retired member and their eligible dependents, or it can be used to pay premiums for supplemental medical coverage plans.

If the member terminates employment prior to accruing at least 10 years of service, they will not have access to the HRA. Should they come back to employment with a PERS employer, the HRA is reinstated, with interest added for the period of time they were not contributing to the PERS.

Optional Health and Life Plans

DCR retired members may elect to pay a premium for additional health and life coverage as follows:

- Dental-Vision-Audio (DVA) coverage for self, spouse, and eligible dependent children,
- Long-Term Care (LTC) coverage for self and spouse, and
- Select Life Insurance (if participating in the state-sponsored Select Life Insurance Plan at retirement).

Retired members must pay the monthly premiums for as long as they desire coverage.

Members seeking more information regarding the optional health plans should contact the Division's health plan administration section or refer to the *Defined Contribution Retiree AlaskaCare Health Plan Booklet*.

- *Defined Contribution Retiree AlaskaCare Health Plan Booklet*: [AlaskaCare.gov/retiree2/](https://alaskacare.gov/retiree2/)

For more information regarding the optional LTC plans, including enrollment restrictions, refer to the *State of Alaska Long-Term Care Booklet*.

- *State of Alaska Long-Term Care Booklet*: [AlaskaCare.gov/retiree/publications/booklets.html](https://alaskacare.gov/retiree/publications/booklets.html)
- Retiree Health Care Premiums: [AlaskaCare.gov/retiree/information/premiums.html](https://alaskacare.gov/retiree/information/premiums.html)

Members should contact their Regional Counselor for more information on the retired member's medical coverage, DVA, and LTC, and the requirements to continue Select Life Insurance.

Medicare

Members should contact Medicare about three months before their 65th birthday to sign up for Medicare. They can sign up with Medicare even if they do not plan to retire at age 65. Members who are still working and covered by an employer-sponsored health insurance plan may be able to defer enrollment in Medicare. However, if members do not

enroll in Medicare, the estimated amount Medicare would have paid will be deducted from the claim before any benefits available under the DCR Health Plan are processed by the Plan. Employers should encourage their members to contact Medicare to ensure they comply with the current requirements. The State of Alaska Medicare Information Office can also offer one-on-one counseling to Medicare beneficiaries and their families, seminars for those new to Medicare, and other resources at (800) 478-6065 in Alaska or (907) 269-3680 in Anchorage.

There are several parts to Medicare and there are time limit requirements to enroll timely to avoid penalty at a later date.

For more information regarding Medicare benefits, employers and members should contact the local Medicare office, call the toll-free number at (800) 772-1213, or visit the Medicare website at [Medicare.gov](https://www.medicare.gov).

Retired Member AlaskaCare Benefits Are Supplemental to Medicare

When a retired member turns 65, Medicare becomes the primary health plan and the retired member's AlaskaCare plan becomes a supplemental plan. For services covered by both plans, the claims are paid first by Medicare and then by AlaskaCare.

When the DCR plan is secondary, the medical plan shall apply the allowable expense, reduced by the amount paid by the primary plan for those expenses. This will be done before benefits, such as deductible and coinsurance, under the medical plan are determined. When the medical plan is secondary the combined payment calculated after coordination of benefits, may be less than 100% of the allowable expenses. For retired members who have not enrolled in Medicare at age 65, the AlaskaCare Plan will estimate what Medicare would have paid.

Members seeking more information on coordination between Medicare and the AlaskaCare Retiree Health Plan please contact the Division's third-party claims administrator (TPA), Aetna, toll-free at (855) 784-8646.

Additional information is available from the federal Medicare website at [Medicare.gov](https://www.medicare.gov). If members have questions about Medicare, have them contact the nearest Social Security office, call toll-free at (800) 772-1213 or visit the Social Security website at [SSA.gov](https://www.ssa.gov).

The State of Alaska Medicare Information Office can also offer one-on-one counseling to Medicare beneficiaries and their families, seminars for those new to Medicare, and other resources. Call toll-free at (800) 478-6065 in Alaska or (907) 269-3680 in Anchorage.

VII. The Defined Benefit Retirement Plan Member (Tiers I, II, and III)

Enrollment

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, but before July 1, 2006 are in Tier III.

Membership in either the DB or DCR plans, and tier status for the DB plan, is established when an employee first begins making contributions to the PERS. Your new member may have participated in the PERS prior to their employment with you. Before reporting new members to the system, be sure to confirm the correct plan and tier status for them. This can be done by using the New Employee Tier Look-Up on the Division's Employer Access website at Myrnb.alaska.gov/EmployerAccess/form/login.html or by contacting your Regional Counselor.

Employees Not Covered Under the PERS DB Plan

- Temporary (nonpermanent)
- Those who work less than 15 hours per week
- Those who participate in the University of Alaska's Optional Retirement Plan (ORP)
- Those who first entered PERS on or after July 1, 2006
- Former members
- Persons compensated on a contractual or fee basis
- Casual or emergency workers
- Those excluded from the employer's participation agreement

Please contact your Regional Counselor if you have further questions on excluded or non-covered positions.

Hiring a PERS DB Retired Member

Retired members may come back to work in the PERS under the Standard Option, however, their retirement benefit must be stopped. To avoid an overpayment of benefits it is important to:

- contact a Regional Counselor,
- provide the member with appropriate form, and
- provide the member with COBRA information, if applicable.

Alaska Statute 39.35.150 prohibits a member from working in a PERS-covered position while receiving PERS retirement benefits. If a member returns to work in a PERS-covered position, their retirement benefit will be suspended until they terminate employment. PERS contributions will be deducted from their paycheck and they will accrue PERS service.

It is important that retirees who have returned to work in a PERS-covered position be reported as back to work to avoid benefit overpayment. Members are required to pay back any retirement benefits they receive while simultaneously earning PERS credit. This amount must be paid in full before they retire again.

A PERS retired member who comes back to PERS-eligible employment must complete the *PERS Standard Option – Reemployed Retiree* form (pers018). It is the member's responsibility to submit this form to the Division.

- *PERS Standard Option – Reemployed Retiree* form: [Alaska.gov/drb/pdf/forms/pers018.pdf](https://alaska.gov/drb/pdf/forms/pers018.pdf)

When a retired member becomes reemployed in a PERS position, their pension check is suspended for the period of reemployment. If medical coverage with the employer is not available, the retired member may continue the AlaskaCare Retiree Health Plan using COBRA coverage. If medical coverage with the employer is available, the AlaskaCare Retiree Health Plan is suspended during the period of reemployment. If the employer medical coverage is not effective immediately upon reemployment, the member may need to be advised of COBRA coverage. The Division will provide the member with the form and information when we are notified of the member's return to work.

If the retired member participated in the AlaskaCare Dental-Vision-Audio (DVA) program while retired, they have a choice to suspend the coverage during the period of reemployment, or to self-pay the premiums of the plan while they are reemployed.

If the retired member participated in the Long-Term Care (LTC) program while retired, they must self-pay the premiums of the plan during the period of reemployment to continue the coverage. Failure to self-pay the premiums will result in permanent loss of coverage.

Failure to inform the Division of a return to work could result in significant financial repercussions for a retired member.

Classification

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

- permanent full-time or part-time and seasonal members of the State of Alaska, and
- permanent full-time or part-time and seasonal members of participating political subdivisions or public organizations, unless specific member group or type, or job classifications are excluded by Alaska Statutes or participation agreements.

A full-time member is one who is occupying a permanent position that regularly requires working 30 or more hours a week. A part-time member is one who is occupying a permanent position that regularly requires working at least 15 hours but less than 30 hours a week. When reporting an employee's status to the PERS, PERS statutes apply regardless of any contrary designation by employers.

Elected Officials

Elected officials who are compensated for their services may be covered by the PERS DB plan providing the employer includes elected officials in their participation agreement. Please see *Section II, Elected Officials Hired After June 7, 2007*, for more details.

A compensated elected official of a PERS-covered employer has the opportunity to participate in the PERS. After they are elected, they must decide to either waive membership rights or become a contributing member of the PERS. Under Alaska Statute 39.35.125, *Participation of Elected Officials*, the employer must enroll elected officials in the PERS unless they waive PERS membership by signing a written waiver filed with the Division. If the elected official is currently employed as a full-time PERS or TRS member, or is retired, please direct them to contact the Division to find out if this participation will benefit them.

An elected official can waive participation in the PERS by filing a written waiver of coverage, *PERS Elected Official Participation/Waiver* form (02-1832). An elected official cannot receive credited service while the waiver is in effect.

- PERS Elected Official Waiver Form: [Alaska.gov/drb/pdf/forms/02-1832.pdf](https://alaska.gov/drb/pdf/forms/02-1832.pdf)

An elected official who has waived coverage can choose to have future service covered by revoking the waiver.

IMPORTANT NOTE: There are special provisions for elected public officials who are concurrently employed in the TRS DB plan. Please contact your Regional Counselor for more information on this provision.

Occupation Code

The occupation code identifies the various member types in the PERS. The employer is to report the correct code for members with each payroll processing. The occupation code for each individual identifies to our system what contribution rate is to be used—both the employee mandatory rate and the employer matching rate. The most common codes used are listed below:

PERS	A	All Others
PERS	C	Masters, Mates and Pilots (State of Alaska only)
PERS	D	Special School District
PERS	E	Elected Officials
PERS	F	Fire Fighter
PERS	M	IBU (Inland Boatmen’s Union) (State of Alaska only)
PERS	P	Peace Officer
PERS	W	Rehired Retirees (All except hired in a police/fire position) (not State of Alaska or Municipality)
PERS	X	Alternate Elected Officials
PERS	Y	Retired Retirees in “P” or “F” positions (ONLY for State of Alaska or Municipality)

The following definitions will help in determining the correct occupational code for your members.

Employee Status Codes

The following status codes are now available:

- F = Full-time (normally scheduled to work 30 or more hours a week)
- P = Part-time (normally scheduled to work 15 hours a week, but less than 30 hours a week) part-time payroll records must have hours reported on each payroll submitted
- W = Workers’ compensation (must have hours for what the employer pays employee on each payroll)

Always remember, if in doubt, contact your PERS payroll contact.

The following definitions will help in determining the correct occupational code for your members.

“D” Special School District Alternate Option (SB9)

A non-certified member of a school district first hired after July 1, 1999 may elect to pay a higher contribution rate to receive a full year of service credit in the PERS. Service is credited using the teacher’s definition of a school year. This option is available for full-time and part-time members who are scheduled to work less than a full year, typically 10-month members. Eligible employees are those who are employed by a school district, regional educational

attendance area, special education service agency, Alaska vocational technical center, or a state boarding school covered under the PERS. If a timely election is not received, noncertificated service will be entered based on the actual dates of service.

To receive a full year of service credit, the full-time member must work a minimum of 172 days each school year. To receive .5 years of service credit, the part-time member must work a minimum of 172 days each school year. This option may or may not benefit part-time members depending upon the number of scheduled work hours each day. Part-time members cannot receive more than .5 of a day of credit for each day worked.

To be eligible to participate in the alternate option, the 10-month member must elect it within 90 days of entering the plan. Once enrolled, the member will continue to participate in the alternate option, even if they change school districts.

If the member's work schedule changes from 10 months to 12 months, they can revoke the election of the alternate option only between July 1 and September 30 of the following school year. Likewise, if the member changes from 12 months to 10 months, they can elect the alternate option only between July 1 and September 30 of the following school year. Changing from part-time to full-time or vice versa does not allow the opportunity to revoke or enroll in the alternate option. Contact your Regional Counselor for more information on the alternate option.

“P” Peace Officer

A member occupying a position as a peace officer, chief of police, regional public safety officer, probation officer, correctional officer or correctional superintendent. It does not include a village safety officer.

“F” Fire Fighter

A member occupying a position as a fire fighter or a fire chief. It does not include volunteer fire fighters.

“X” Alternate Elected Officials

An elected public official that is retired under the TRS and working in the PERS.

Claimed Additional Service

Members of the PERS may be eligible to claim other types of service for credit in the system. Claimed service may serve to increase the amount of the member's pension check upon the final calculation of their retirement benefit but is rarely used to determine vesting or retirement eligibility.

The process to claim the service and the cost for the service differs depending on the type of service the member is claiming. Typically, the member completes a claim form and submits that form to the employer where the service was performed. The employer will verify the type of service and the specific dates of the service.

The most common types of service claimed for credit include:

- Full-time temporary service with a PERS employer
- Active military service prior to PERS entry
- Active military service served while an active PERS member
- Leave without pay due to Workers' Compensation

Temporary Service

What is Temporary Service Credit?

PERS members may receive additional service credit for full-time temporary work with a PERS employer. Temporary service may be used to:

- increase the amount of your final retirement benefit, and/or,
- meet either the 20 or 30-year service retirement requirement.

The cost of each of these options is a different and separate amount. Electing to purchase temporary service, however, does not change a member's retirement tier. The membership date remains the same.

Members may receive PERS credit for their full-time temporary service with a PERS employer, however, temporary employment with the State of Alaska before January 1, 1961 or a political subdivision before it joined the PERS is not creditable. Since retirement benefits calculations are based on total service and salaries, this may potentially increase benefits by claiming this additional service.

The cost to claim temporary service is based on a member's age when they become vested and their vesting year salary (annualized). When members file their temporary service claim, the cost will be calculated and they will become indebted to the system.

If the cost of their temporary service exceeds the value of the additional benefit, the service will not be used in the calculation of the benefit.

Seven percent interest will begin accruing on the indebtedness balance on:

- July 1, 1981, or one year after the member's initial vesting date, whichever is later, if the service is claimed no more than one year after vesting,
- the member's vesting date if they vested after June 30, 1980 and the service occurred before they vested and it is claimed more than one year after vesting,
- one year after completing the service, if the member were vested on the last day of their temporary employment and the service is claimed no more than one year after it was completed, or
- on the date the member completed the temporary service, if they were vested on the last day of their temporary employment and the service is claimed more than one year after it was completed.

Members may decide to make payments on their indebtedness balance, or they may decide to pay the indebtedness by taking a lifetime reduction to their retirement benefit. Seven percent interest compounded semi-annually will continue to accrue on the balance until it is completely paid, or they retire, whichever occurs first.

If at retirement there is an outstanding balance due, members can:

- elect a lifetime actuarial reduction which will reduce their retirement benefit, or
- receive a refund of the principal and interest paid on the indebtedness, if any, and forfeit the claimed service if the related temporary service does not result in an increased retirement benefit.

To claim full-time temporary service, members need to complete the *PERS Temporary Service Verification/Claim* form (02-1882) and submit it to their employer for verification. When the verification is completed, the form can be filed with the PERS. Claims will then be processed in 30-60 days.

The verification/claim and other forms are available at [Alaska.gov/drb](https://alaska.gov/drb), by calling the Member Service Center at (800) 821-2251 toll-free or (907) 465-4460 in Juneau, or by email at doa.drb.mscc@alaska.gov.

Retiring Earlier

If members are planning or retiring at any age with 30 years of service or 20 years with police/fire service, temporary service may also be claimed to be used towards retirement eligibility.

Temporary service used to meet the service requirements for retirement can only be claimed at the time you retire. The cost for the service is based on the present value, including health insurance cost, of the additional benefits you will receive by retiring early. Estimates of the cost can be obtained from your regional counselor approximately 12 months prior to the member's desired retirement date.

The cost to claim temporary service for retirement eligibility must be paid in full prior to retirement.

Prior Active Military Service

How to Receive Credit for Your Military Service When You Are Vested

Members must be vested in the PERS and can claim up to five years of active military service served prior to PERS entry for credit in the system. The cost is based on the vesting year salary times a percentage for each year claimed. Interest begins to accrue one year after vesting date and accrues until the indebtedness is paid in full, or the date of retirement, whichever comes first. This claimed service will not count toward vesting and retirement eligibility.

Members may be eligible to receive up to five years of PERS credit for active military service in the U.S. Armed Forces, if they are vested and were honorably discharged. PERS retirees, deferred vested members, and surviving spouses of members who had served in the armed forces may also be eligible to receive this credit.

Members first hired under the PERS after June 30, 1986, are not eligible for PERS military credit if they are retired from regular military service and eligible for a federal benefit for the same service. Retired National Guard and Reserve Unit members may be eligible to claim active military service even though they are eligible to receive a federal retirement benefit for the same service.

Military credit does not count towards retirement eligibility, however, it is used in the calculation of your monthly benefits.

Military service also includes active service as:

1. a foreign service officer, foreign service reserve officer, or limited foreign service reserve officer with the U.S. Department of State in Vietnam, Cambodia or Laos from August 4, 1964, through November 7, 1975, and
2. a member of the U.S. Merchant Marines from December 1941, through September 30, 1945.

Members may claim their military service by:

- completing side one of the *Application for Military Service Credit* form (02-1895), and
- attaching the required military documentation.

The application and other forms are available on the Division website at [Alaska.gov/drb](https://alaska.gov/drb), by calling the Member Service Center at (800) 821-2251 toll-free or (907) 465-4460 in Juneau, or by email at doa.drb.mscc@alaska.gov.

After an application is received and accepted, an indebtedness will be established and members may begin making payment.

The Cost

The cost for claiming military service (indebtedness) will depend on when members are first eligible (date first vested) to claim it.

- Members first eligible after December 31, 1986, will be charged 8.5% of their annualized vesting year salary for each year claimed.
- Members first eligible before January 1, 1987, will be charged 6% of their 1976 salary or their annualized vesting year salary, whichever is later, for each year claimed.

Interest on an indebtedness for the previously mentioned active military service under (1) and (2) begins accruing on July 1, 1987 or one year following the member's vesting date, whichever is later. For other military service, interest begins accruing on July 1, 1997 or one year following vesting, whichever is later. Seven percent interest will continue to accrue until the indebtedness is completely paid or you retire, whichever occurs first.

The total military credit that may be claimed in the PERS and TRS is five years for those persons who have served in both systems.

If a member is employed by a PERS employer on the date that they are called to active military duty and they return to a PERS employment within 90-days following discharge, the member is not required to pay contributions for that period of military service. Members are required to contact the Division to claim this time.

PLEASE NOTE: Call to active duty does not count towards the five-year limit of claimed military service.

Military Service Credit for Medical Benefit Eligibility

House Bill 116 (HB116) was passed by the Alaska Legislature on April 18, 2014 and signed into law by Governor Parnell on July 11, 2014. This bill provides additional benefits under AS 39.35.340 to peace officers and firefighters who previously served in the military and are members of the PERS DB plan.

Prior to HB 116, qualifying members could purchase up to 5 years of military service credit only to increase their retirement benefit. However, under HB 116, qualifying members may now also claim up to 5 years of military service in order to qualify for premium free retiree medical benefits. Claimed military service may not be used to satisfy the credited service requirements for normal retirement.

Members eligible to claim military service for purposes of receiving premium-free retiree medical benefits must:

- be a member of the PERS DB,
- occupy a position as a peace officer, chief of police, regional public safety officer, correctional officer, correctional superintendent, firefighter, fire chief or probation officer, and
- not be receiving, or eligible to receive, a federal retirement benefit for the same military service being claimed.

HB 116 allows peace officers and firefighters in the PERS DB to use claimed service to meet the 25-year service requirement necessary to obtain premium-free retiree medical benefits. Claimed military service must be active duty service in the armed forces of the United States for which the member received an honorable discharge. (Members called to active duty directly from PERS employment who return to employment within 90 days of discharge receive PERS service credit. This is not considered "claimed military service" but actual PERS membership service.)

The cost to claim military service to meet the 25-year service credit requirement to obtain premium free retiree medical benefits is separate from the cost to claim military service to increase a retirement benefit. Members must file a separate request to claim military service for purposes of obtaining premium free retiree medical coverage. Total claimed military service may not exceed 5 years. The cost for the claim will be calculated at the time the member retires. Members may pay all or part of the cost prior to appointment to retirement. Any balance due can be paid for in the form of an actuarially determined reduction to the member's retirement benefit thereby allowing the member to pay to cost over his/her lifetime after retirement.

While the legislation was effective immediately upon signature by the Governor, there is no provision for retroactive application. An employee cannot claim military service for either an increased pension benefit or for premium free retiree medical benefits if the employee is entitled to receive retirement from the United States government for the same service.

Members can claim only that amount of military service needed to meet the 25-year eligibility for obtaining premium free retiree medical benefits. The maximum number of years that may be claimed is 5. Eligible members will apply on the *Application for Peace Officer/Firefighter Military Service Credit for Medical Benefit Eligibility* form (02-1897), available on the PERS Purchasing Service Credit webpage at [Alaska.gov/drb/pers/employee/service/purchasingcredit.html](https://alaska.gov/drb/pers/employee/service/purchasingcredit.html). Estimates of the cost can be obtained in the year the member is retiring. Estimates will typically be provided within 10 days of the member requesting the cost estimate. Members must complete an application form and must provide a copy of their DD214 showing the dates of military service being claimed and an honorable discharge.

Workers' Compensation and Leave Without Pay

Periods of Workers' Compensation (WKC) leave without pay (LWOP) occurring after June 12, 1987 are eligible to be claimed for credit in the PERS. If a member had a leave of absence that exceeded 10 days while they were receiving WKC benefits, they may claim the service by completing a *Workers' Compensation and LWOP Claim and Verification* form (pers008) available on the Division website at [Alaska.gov/drb](https://alaska.gov/drb), by calling the Member Service Center at (800) 821-2251 toll-free or (907) 465-4460 in Juneau, or by email at doa.drb.msc@alaska.gov.

An indebtedness will be established for the contributions that the member would have made had they remained an active employee during the period of LWOP for WKC, less an amount equal to contributions that would have been made for the first 10 days of LWOP. Interest will begin to accrue on the day they return to work or terminate employment.

Other types of claimed service include:

- Alaska Bureau of Indian Affairs
- Territorial service
- Village Public Safety Officer service
- Rural Public Safety Officer service
- Temporary Legislative service prior to July 1, 1979

Contact your Regional Counselor for information on these types of service and for specific instructions on how to claim service for credit in the system.

Calls to Active Military Duty While Employed in PERS

Per the 1994 Uniformed Services Employment and Reemployment Rights Act (USERRA), military personnel who are currently working for a PERS employer and called out to a period of active duty may be entitled to claim the period as regular service credit upon their return to the employer. This service may be voluntary or involuntary and you must leave the military in good standing to qualify for reemployment. If you are called to active duty, you must notify your employer in advance, either verbally or in writing unless giving notice is impossible, unreasonable, or precluded by military necessity.

The member is to be granted reasonable time off prior to the beginning of the active duty period to take care of personal affairs and to travel to the reporting site. In addition, the member is to be granted a period of rest before returning to work. The period of time the member has to report back to work varies depending upon the length of the active duty period.

For example:

- for service of more than 180 days, members must submit an application for reemployment within 90 days of honorable discharge from active duty,
- for service of more than 30 days but less than 181 days, members must submit an application for reemployment within 14 days of release from service, and
- for service of less than 31 days, the time period for submitting an application is very short.

USERRA provides that members are reemployed in the job that they would have attained had they not been absent for military service, with the same seniority, status, and pay, as well as other rights and benefits determined by seniority. USERRA also requires that reasonable efforts (such as training or retraining) be made to enable returning service members to refresh or upgrade their skills to help them qualify for reemployment. Administrative order 213 allows state employees to continue health benefits when called to active duty in support of conflicts in Iraq and Afghanistan.

This time frame may be extended due to medical circumstances. If the member suffers a disability upon their return to employment, the employer is required to make reasonable accommodations to return the member to active employment.

If you have a member who is called to active duty, you should:

- Contact your Regional Counselor
- Inform the member of their right to claim service upon return to employment
- Report the leave of absence through payroll reporting per eReporting or Employer Services instructions
- Inform the member of the process to claim service upon return to employment

Calls to active duty must be claimed for credit in the PERS by the member once they return to employment. The member is required to write a memo requesting to claim the period of active duty for service credit in PERS. The memo plus documentation verifying the release from active duty with an honorable discharge, typically a DD214, is sent to Retirement and Benefits for processing.

PLEASE NOTE: A call to active duty does not count towards the five-year limit of claimed military service.

Once claimed, the entire period of the military leave of absence is credited as regular service in the PERS. There are no member contributions required for this period of service. The claimed military leave of absence period will count toward vesting and retirement eligibility.

PERS members that participate in the State of Alaska's Supplemental Annuity Plan (SBS-AP) and or the State of Alaska's Deferred Compensation Plan (DCP) may elect to make up all or part of their contributions for the period of active duty once they have returned to the employer.

Members of other tax-sheltered plans offered through their employers should contact their human resource or payroll staff for information on how to make up missed contributions in those plans.

The allowable time frame for making up the contributions is up to three times the length of the period of the military leave of absence, not to exceed five years. Missed contributions must be made through direct payroll deductions.

Employers and members are encouraged to contact their Regional Counselor for information on calls to active military service.

For questions about USERRA, contact:

- **USERRA:** Federal Register 20 CFR Part 1002
[DOL.gov/vets](https://www.dol.gov/vets)
- **ESGR:** Employer Support of the Guard and Reserves is a Department of Defense agency established to gain and maintain active support from all public and private employers.
(800) 336-4590 (toll-free)
[ESGR.mil](https://www.esgr.mil)

Service Accrual

A PERS permanent full-time member earns one day of service credit for each day they are actively employed in a PERS-covered (eligible) position. This includes holidays or regularly scheduled days off (RDO), as long as the member is in pay status the day before and the day after the holiday or RDO.

A PERS permanent part-time member (those who work at least 15 hours per week but less than 30 hours per week) receives proportionate credit for the number of hours they work compared to a full-time member. A total of 1,560 hours must be earned to receive one full year of service credit. However, service accrued for a stated period of part-time service may not exceed the full-time equivalent.

A permanent full-time or part-time seasonal member earns service credit for the period of time they are actually working. Seasonal leave without pay periods do not earn PERS service credit.

The PERS issues member benefit statements once each year. The statement includes the member's total service accrual as of the date of the statement as well as an accounting of all the contributions, indebtedness payments made, and interest earned for the year.

Employers report the member's service, salaries and contributions to the PERS each pay period. If a member believes their service is in error, they will be directed to contact their employer first. If the employer agrees that there has been an error in reporting, they can correct the error on their next payroll processing or, if they are not able to make the correction that way, the employer can contact the Division for assistance.

Special School District Alternate Option (SB9)

During the 1999 Legislative session, a law was passed (Senate Bill 9) allowing PERS members who work less than 12 months in a school year to earn a full year of credited employment service. This means eligible employees covered under PERS may work a minimum of 172 days and still earn a full year's worth of credited service.

A non-certified member of a school district first hired after July 1, 1999 may elect to pay a higher contribution rate to receive a full year of service credit in the PERS. Service is credited using the teacher's definition of a school year. This option is available for full-time and part-time members who are scheduled to work less than a full year, typically 10-month members. See the Occupation Codes section on page 38 for more information regarding Alternate Option employment.

Understanding Leave of Absence and Furlough

Working a Reduced Work Week

Whether members work a reduced work day or work fewer days in the week, if they are regularly scheduled to work 30 or more hours a week, they will continue to accrue service as a full-time member. However, if they are in the DB plan, this reduction to their work may have an impact on the Average Monthly Salary (AMS) used to calculate their

retirement benefit. For Tiers I and II and peace officers/fire fighters, the AMS is based on the three high consecutive salaries. (All tiers must work at least 115 days in the last year of employment for that year's salary to be considered one of the high salaries.)

Taking a Leave of Absence or Furlough From Your Position

A leave of absence with pay authorized by the employer is not considered an interruption in service. If the member is a permanent part-time employee, the credited service granted is proportionate to that which would have been earned as a full-time employee.

For a full-time member, a leave of absence without pay (LWOP) that does not exceed 10 accumulated days in any calendar year is not considered an interruption or break in service. However, if the leave of absence exceeds 10 accumulated days, whether taken consecutively or through intermittent hours scattered throughout the calendar year, the service credit for that year will be reduced by the equivalent number of days the member was on leave of absence without pay.

A part-time member has their service calculated on actual hours in pay status; therefore, any reduction in hours paid would reduce the service credit earned.

Members are unable to claim this service unless the LWOP was because the member was unable to work due to an on-the-job injury or occupational illness for which they received benefits under the provisions of workers' compensation, or if the LWOP was due to a call to active duty service in the armed forces.

LWOP While Receiving Workers' Compensation

If the member did have LWOP that exceeded 10 days while they were receiving workers' compensation (WKC) benefits, they may claim the service by completing the Workers' Compensation Claim and Verification form (pers008). For assistance with this form, direct members to contact the Pre-Retirement Services Unit by phone at (907) 465-5700 or by email at doa.drb.preretirement@alaska.gov. An indebtedness will be established for the contributions that the member would have made had they remained an active employee during the period of leave of absence without pay for WKC, less an amount equal to contributions that would have been made for the first 10 days of leave of absence without pay. Interest will begin to accrue on the day they member returns to work or terminate employment.

- *Workers' Compensation Claim and Verification form (pers008):* [Alaska.gov/drb/pdf/forms/pers008.pdf](https://alaska.gov/drb/pdf/forms/pers008.pdf)

Leave of Absence for a Call to Active Duty

If the member is voluntarily or involuntarily called to active duty in the armed forces of the United States while in the employ of the employer and returns to work with the employer within 90 days after the date of discharge from the military service, they are not required to make retroactive contributions to receive credited service for the period of leave of absence. The member must have been discharged in good standing in order to claim the service. To claim the service, please have the member submit a written request, along with a copy of their discharge papers or a copy of the active duty orders showing the date of release, to the Division.

Simultaneous PERS and TRS Credit

Members working in both the PERS DB plan and the TRS DB plan at the same time may receive partial credit under both systems. To be eligible, they must be employed concurrently at least half-time in both systems and making the required contributions.

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

Vesting

To vest in the PERS requires five years of accrued paid-up service. Once a member is vested, they are entitled to a lifetime defined retirement benefit based on their salary and service in the system. Vesting also allows members to claim some types of service in the PERS and expands their death and disability benefits to include non-occupational causes.

If there has been a refund of any prior service and an indebtedness was established prior to July 1, 2010, that service cannot be used in calculating a vesting date until the indebtedness for the refund is paid in full. If a member has over five years of service, but indebtedness exists for all or part of that service, the member's vesting date will be the date the refund is paid or the date the member has accumulated additional service equal to five years, whichever occurs first. Members cannot reinstate previously refunded service after July 1, 2010.

Once members are vested, they may terminate employment and still receive a monthly retirement benefit when they reach retirement age. However, members must leave their contributions in the PERS to stay vested. Vested members who have terminated PERS employment and reach normal retirement age will not receive a larger monthly benefit by waiting until they are older to retire.

CAUTION: If a member requests a refund of their PERS contributions and interest, they will not be eligible for PERS retirement benefits.

Effects of LWOP and Reporting Process

When status events are not reported to the Division, vesting dates and retirement eligibility dates are miscalculated resulting in serious consequences to the member.

For a full-time member, LWOP that does not exceed 10 accumulated days in any calendar year is not considered an interruption or break in service. However, if the leave of absence exceeds 10 accumulated days, whether taken consecutively or through intermittent hours scattered throughout the calendar year, their service credit for that year will be reduced by the equivalent number of days they were on leave of absence without pay, including the 10 days.

For example; a full-time member scheduled to work a 40-hour work week (eight hours a day) could accumulate up to 80 hours of LWOP each calendar year and still receive a full year of service credit. However, once the accumulated LWOP exceeds 80 hours in the calendar year, the entire period of LWOP will not be credited PERS service.

Continuous periods of LWOP for full-time members should be reported to the PERS with each payroll processing. The employer will be required to verify all hours of LWOP for full-time members when completing the *Verification of Service* form (02-1883). If an employee disagrees with the employer's verification of salaries or service, he/she will be referred to the employer to resolve the discrepancy.

- *Verification of Service* form (02-1883): [Alaska.gov/drb/pdf/forms/02-1883.pdf](https://alaska.gov/drb/pdf/forms/02-1883.pdf)

Instructions for completing the *Verification of Service* form (02-1883) are:

1. SECTION I. Personal Data
2. SECTION II. Service Verification
 - a. Verify the type of service rendered: Full-time (FT), part-time (PT) (15-30 hours per week), or leave of absence without pay (LWOP). In cases where workers' compensation and paid leave are combined, only the hours that the employee is on paid leave are creditable; the remainder is LWOP.
 - b. Verify the number of hours worked for PT employees only. PT hours must be reported on a calendar year basis (January 1 through December 31).

- c. Verify the Occupational Code: P = Peace Officer, F = Firefighter, E = Elected Official, M = Inland Boatmen's Union of the Pacific (IBU), D = PERS Alternate Option, C = Master, Mates and Pilots (MMP), or A = All other.
- d. Verify the actual service of LWOP beginning and ending dates. Sequential service of LWOP segments may not begin or end on the day of another segment.

EXAMPLE: Correct: FT 8/19/2006 through 5/31/2007; LWOP 6/1/2007 through 8/31/2007
 Incorrect: FT 8/19/2006 through 5/31/2007; LWOP 5/31/2007 through 8/31/2007

- e. Do not include casual, emergency, nonpermanent employment or temporary employees, contracted employees, part-time employees who work less than 15 hours per week.

3. SECTION III. Leave of Absence Without Pay (LWOP)

LWOP that exceeds 10 days per year is not creditable in the PERS. Often, LWOP is take a few hours or days at a time but adds up to more than 10 days during the year. Please verify the total number of hours of LWOP taken by the employee during each payroll year and enter the number of hours required per day for full-time employment. If a LWOP segment has already been verified in Section II, do not list the total hours under this section.

Part-time members receive credit in the PERS based on the number of hours worked and the 10-day rule is not applicable.

Workers' Compensation Procedures

If you have a member on a period of WKC LWOP, the LWOP time should be reported through the payroll process.

Should the member elect to claim the period of WKC LWOP, they will submit the *Workers' Compensation and LWOP Claim and Verification* form (pers008) to the employer for completion. The member will need to complete the top portion of the form, sign, date and submit to the employer for verification. The employer completes the lower portion of the form certifying that the employee was unable to work due to:

- an on-the-job injury, or an occupational illness, and
- received benefits under AS 23.30.
- *Workers' Compensation and LWOP Claim and Verification* form: [Alaska.gov/drb/pdf/forms/pers008.pdf](https://alaska.gov/drb/pdf/forms/pers008.pdf)

The employer will verify the date the WKC began and ended for each calendar year, the hourly rate of pay, the scheduled hours per week, and the hours the member was on WKC for each segment. The time the employer is verifying for the WKC claim is the period of time the member was paid by the WKC carrier and no contributions were paid to the system.

Disability

If a member becomes totally and presumably permanently disabled from performing their duties or the duties of a comparable position for which the employer makes available and for which they are qualified by training or education, they may be eligible to receive a monthly disability benefit from the PERS.

The cost for providing disability benefits to members is borne by the employer and is included in the employer contribution rates. Employers should attempt accommodations or placement in a comparable job before terminating a member because of disability.

If the member has already met the requirements for a normal retirement based on age or years of service, they are not eligible to receive a disability benefit. Those on disability benefits revert to a regular retirement benefit once they meet the age or years of service requirement.

Members who are age-eligible to retire early may apply simultaneously for early retirement and disability benefits. If the disability is later approved, they will be appointed to a disability benefit retroactive to the first of the month following termination of employment due to the disability and benefits will be adjusted accordingly. If the disability is denied, the member will remain on early retirement.

Receiving a disability benefit is not automatic. Members do not have to be terminated from employment to apply for benefits. There is an application process, medical certification requirements, and the disability must be approved by the administrator of the plan.

CAUTION: A member may choose to receive a refund of their accumulated member contributions in a lump sum, rather than apply for a disability retirement benefit. However, if they do refund their contributions instead of applying for a disability retirement, they are no longer eligible for that benefit or any future PERS retirement benefit or associated system-paid medical insurance benefits.

There are two types of PERS disability benefits: occupational and non-occupational.

Members should contact the Regional Counselor for more information on disability benefit requirements.

Occupational Disability Benefits

A member that is injured and becomes totally and presumably permanently disabled because of a physical or mental condition caused by an injury or hazard that happens while performing their job may be eligible for an occupational disability benefit. Disability benefits are intended to provide a means of economic survival if a member must terminate their PERS employment because of a disability. Disability benefits provide a monthly benefit payment and major medical insurance and are not intended to supplement income should the member recover from their disability and return to work.

There are no minimum service requirements for occupational disability benefits. Members are eligible for benefits the first day on the job if they are hurt or injured. All members are eligible for occupational disability regardless of tier level. In addition, the disabling condition must be permanent and prevent the member from performing the usual duties of their job or any other comparable job the employer makes available for which they are qualified by training or experience.

Members should be directed to contact the Division and request a disability packet. Disability applications must be received by the Division or postmarked within 90 days after termination of their employment. Members can file the disability application while they are still working. If the member misses the 90-day deadline, contact the Division for assistance. It can take approximately six to eight weeks to process an application. It can take longer if the member does not provide adequate medical documentation or other required information to support the application. It is the member's responsibility to provide complete information to the Division so a determination can be made.

Members must provide physician statements and complete medical records along with an employer's statement of disability to the Division. A consulting physician, who will make a recommendation to the PERS Administrator, then reviews the completed file. The Administrator will then make a final determination and notify the member. If a member is denied disability benefits, they can appeal to the Department of Administration Office of Administrative Hearings.

Once the member's disability application is approved, they will begin receiving monthly benefits. Benefits accrue from the first day of the month following termination of employment and are paid at the end of the month. If appointment to disability is delayed to allow time for the PERS Administrator to obtain and review records, retroactive payment will be made.

The monthly disability benefit will be equal to 40% of their gross monthly compensation immediately before they terminated employment due to the disability. If the member was hired and first enrolled in the PERS before July 1, 1976, the benefit amount will depend on when they were first enrolled in PERS and whether they are classified as a “peace officer/fire fighter” or an “all other” member. If they are a peace officer or fire fighter, or were first hired before July 1, 1976, please have the member contact the Division for further information.

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.

Members continue to accrue PERS service while receiving occupational disability benefits. When the member becomes eligible for a normal benefit, the disability benefit will cease and they will be appointed to a normal retirement. The monthly benefit will be based on the member’s total PERS service and average monthly compensation.

Normal retirement eligibility is determined as follows:

- Tier I members, age 55 or 30 years of paid-up service
- Tier II and III members, age 60 or 30 years of paid-up service
- Tier I peace officer or firefighter, age 55 or 20 years of paid-up service
- Tier II and III peace officer or firefighter, age 60 or 20 years of paid-up service

NOTE: Tier II and III peace officers and firefighters must have 25 years of paid-up service to be eligible for the system-paid medical coverage at normal retirement. Occupationally disabled peace officers and firefighters with less than 25 years of paid-up service who are appointed to a normal retirement can apply for system-paid medical premiums at the time of retirement. The member must provide medical documentation with the application for system-paid premiums that will be reviewed by the Division’s consulting physicians to determine if the member is presumable permanently disabled and there is an occupational cause. Once the determination is made, the member will be notified, and if approved, system-paid premiums will be retroactive to the retirement appointment date. If denied, the member has the option to continue paying premiums or discontinue the coverage.

Non-Occupational Disability Benefits

Non-occupational disability benefits may be paid to a vested PERS member who becomes totally and permanently disabled because of a physical or mental condition that is unrelated to their employment.

Disability benefits provide a means of partial income replacement if a member must terminate their PERS employment because of a disability. Disability benefits provide a monthly benefit payment and major medical insurance and are not intended to supplement a member’s income should they recover from their disability and return to work.

Receiving a disability benefit is not automatic. Members do not have to be terminated from employment to apply for benefits. There is an application process, medical certification requirements, and the disability must be approved by the administrator of the plan.

To qualify, a member must be vested, meaning they must have at least five years of paid-up PERS membership service. They must also be totally and permanently disabled and unable to perform the usual duties of their job, or the duties of another job the employer makes available for which they are qualified by training or experience.

Members should be directed to contact the Division and request a disability packet. Disability applications must be received by the Division or postmarked within 90 days after termination of their employment. Members can file the disability application while they are still working. If they have missed the 90-day deadline, contact the Division for

assistance. It can take approximately six to eight weeks to process an application. It can take longer if the member does not provide adequate medical documentation or other required information to support the application. It is the member's responsibility to provide complete information to the Division so a determination can be made.

Members must provide physician statements and complete medical records along with an employer's statement of disability to the Division. A consulting physician, who will make a recommendation to the PERS Administrator, then reviews the completed file. The Administrator will then make a final determination and notify the member. If a member is denied disability benefits, they can appeal to the Department of Administration Office of Administrative Hearings.

Once the member's disability application is approved, they will begin receiving monthly benefits. Benefits accrue from the first day of the month following termination of employment and are paid at the end of the month. If appointment to disability is delayed, to allow time for the PERS Administrator to obtain and review records, retroactive payment will be made.

Members do not earn PERS service while they are receiving non-occupational disability benefits; however, family medical coverage is provided.

When the member becomes eligible for a normal benefit, the disability benefit will cease and they will be appointed to a normal retirement. The monthly benefit will be based on the member's total PERS service at the time they terminate employment because of the disability and average monthly compensation.

The monthly disability benefit will be calculated based on the member's average monthly salary and total PERS service at the time they terminate employment because of the disability. The benefit is calculated the same as a normal retirement benefit. If there is any unpaid indebtedness for any of the member's PERS service at the time they are appointed to nonoccupational disability, that service will not be included in their disability benefit calculation unless they pay the indebtedness in full. If they do not pay the indebtedness at the time they are appointed, but elect to pay it later, their nonoccupational disability benefit will recalculate to include the additional paid-up service. Their benefit will be increased on the first of the month following the date their indebtedness is paid. The benefit increase will not be paid retroactively.

Major medical coverage is available for the member, spouse, and dependent children at no cost to the member as long as they are receiving disability benefits. Dependent children up to age 19 are covered and may be included up to age 23 if enrolled full-time in an accredited college or university. The medical coverage will continue once the disability benefit converts to a normal retirement. There are also optional insurance coverages for dental-vision-audio (DVA) and long-term care (LTC) insurance, which members can elect and pay premiums for. Members must elect optional coverages when they are appointed to disability benefits or they will not have the opportunity to elect them at any future time, including when the disability benefit converts to a normal retirement.

Normal retirement eligibility is determined as follows:

- Tier I members, age 55 or 30 years of paid-up service
- Tier II and III members, age 60 or 30 years of paid-up service
- Tier I peace officer or firefighter, age 55 or 20 years of paid-up service
- Tier II and III peace officer or firefighter, age 60 or 20 years of paid-up service

NOTE: Tier II and III peace officers and firefighters must have 25 years of paid-up service to be eligible for the system-paid medical coverage at normal retirement. Peace officers and firefighters with less than 25 years of paid-up service who are appointed to a normal retirement can elect to pay the premiums of the medical coverage until they reach age eligibility for the system-paid medical coverage.

Death

When a member dies before they have retired, there may be death benefits payable to their survivors. Survivors include spouses and, in some cases, dependent children.

There are two types of PERS death benefits: occupational and non-occupational.

Members or survivors should contact their Regional Counselor for more information on death benefits.

Occupational Death Before Retirement

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

The spouse is automatically the designated beneficiary if they were married during part of the member's employment unless, in the case of the spouse, the Division received a *Spousal Waiver of Death Benefits* form (gen054). 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 end of employment due to occupational disability.

For a peace officer or firefighter, 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.

At the member's normal retirement date (by age or service) the benefit changes. The benefit will then be paid as if the member had worked until normal retirement.

Normal retirement eligibility is determined as follows:

- Tier I members, age 55 or 30 years of paid-up service
- Tier II and III members, age 60 or 30 years of paid-up service
- Tier I peace officer or firefighter, age 55 or 20 years of paid-up service
- Tier II and III peace officer or firefighter, age 60 or 20 years of paid-up service

Non-Occupational Death Before Retirement

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

Non-vested Member Death Benefits

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

- the balance of their contribution account, including 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 not yet vested, the death benefit is:

1. the balance of the employee contribution account, which includes mandatory contributions, indebtedness principal and interest payments, supplemental contributions, and interest credited to the account,
2. a lump sum payment of \$1,000, and
3. \$100 times the number of years of PERS membership service at the time of death.

Vested Member Death Benefits

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

Spouse Beneficiary

Either the non-vested member death benefits for members with at least one year of service, or a monthly 50% joint and survivor benefit based on the member's average monthly compensation and years of PERS credited service at the time of death.

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, this one-year requirement does not apply.

Non-Spouse Beneficiary

If someone other than the spouse is the designated beneficiary, that person will receive the non-vested member death benefits for members with at least one year of service.

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

Beneficiary Designation

Remember: Payment of PERS death benefits is based on the last designation received by the PERS.

An up-to-date *Beneficiary Designation* form (gen053) should always be on file with the PERS. If no beneficiary is designated, or if the beneficiary is deceased, the benefits will be paid:

1. to the surviving spouse or, if there is none,
2. in equal parts to the surviving children or, if there are none,
3. in equal parts to the surviving parents or, if there are none,
4. to the member's estate.

Report a Death

To report the death of a member or surviving spouse of the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), Judicial Retirement System (JRS), or Elected Public Officers' Retirement System (EPORS), please have the following information ready:

- Name of the deceased
- Date of birth
- Name and contact information for the surviving spouse
- A contact name and phone number or email address

Complete the *Death Notification* form (gen055) and email it to: doa.drb.survivorbenefits@alaska.gov.

You may also report a death by calling the Member Service Center at (800) 821-2251 toll-free or (907) 465-4460 in Juneau, or by email at doa.drb.mscc@alaska.gov.

What to expect:

- Information about any benefits payable and any forms required for payment will be mailed to beneficiaries within 5 business days of a report of death. Please allow 5-7 additional days for mailing.
- The Division must receive a certified copy of the death certificate before any benefits can be paid.
- Due to confidentiality requirements, only beneficiaries will receive information on benefits payable. An exception can be the executor of the estate. Executors should be prepared to provide:
 - ~ Acceptance of Duties by Personal Representative
 - ~ Letters of Testamentary by Court

Please note: Depending on the age and tier of the deceased member, system-paid medical coverage may end, even if a survivor option was elected.

Divorce or Dissolution

Retirement accounts are marital assets and if there is a divorce or dissolution during any period of a member's PERS employment, the member is required to submit court certified copies of the divorce or dissolution documents and the property settlement to the Division. These documents will be placed in their permanent record with the Division.

If the documents stipulate or contain an order by the judge entitling the former spouse to a portion of an account, a Qualified Domestic Relations Order (QDRO) must be filed as well.

If the documents indicate there was an agreement about the division of retirement benefits, but no separate agreement is included in the documents, the member must provide a court certified copy of the separate agreement or the magistrate or judge's notes from the court hearing.

If the documents are silent on the retirement plans, the account will be considered free from attachment.

Where To Get Help

All the legal requirements involving a member's benefits must be resolved before any amount can be paid. No funds will be disbursed from any accounts until all issues have been resolved—even if the responsibility to file the necessary documents rest with the former spouse. The Division has a booklet available containing useful information regarding how a member's benefits may be affected by divorce. The booklet also includes sample language that may help in drafting QDROs. The booklet is available on request.

In Alaska, the court may include the retirement benefits and plans earned by both spouses as marital assets available for division. The Division does not provide valuation calculation services. If calculations are needed, an independent actuary or CPA must be retained. However, the Division can provide benefit information as needed for calculations. If account details are to be sent other than directly to the member, the member must sign a release authorizing another person access to their account.

Different methods of valuation are used to determine the value of a marital asset. When the spouses agree, courts usually accept what they say about the value of an asset. Absent an agreement, third-party experts, including accountants and pension valuers, may be retained by the parties or by the courts to determine the value of marital assets.

Third parties may be authorized to request information regarding a member's retirement accounts and other benefits.

Retirement benefits, which vary greatly, may potentially include accumulated employee leave time. In some cases, information regarding an active employee's benefits must be relayed directly through the employer.

Ending a marriage is considered a "status change" event. A member must contact their human resources office to advise them of:

- a change in marital status,
- any address changes,
- inquiries about changing or updating beneficiaries, and
- any necessary changes to their health insurance coverage.

A change in status is reported to the Division through payroll reporting.

Whether the marriage ended in divorce or dissolution distinguishes the types of documents required. In Alaska and other applicable states, the documentation is specific:

- Court-certified copies of the Decree of Divorce, Findings of Facts and Conclusions of Law, Property Settlement, and any other attachments or court documents that may address the PERS account, or
- Court-certified copies of the Decree of Dissolution, Petition for Dissolution, and any other attachments or court documents that may address the PERS account.

In Alaska, court-certified copies are usually distinguished from photocopies by either a raised, embossed or blue-ink seal of the court. Members should contact the Alaska Trial Court to obtain certified copies of divorce documents:

[Courts.alaska.gov](https://courts.alaska.gov).

Members should note, an agreement regarding the PERS is not effective until the Decree and Order are filed with the Plan Administrator and the parties receive notice it is accepted. If divorce documents are filed with the member's human resource office, please remind them to submit their court documents to the Division if they have not done so already.

A member's divorce documents must be reviewed to determine if any interest in their PERS benefit was awarded to the former spouse, before they may access their account or be appointed to retirement.

If a prior spouse is deceased, the Division requires a copy of the death certificate for the member's file.

Terminations

It is the employer's responsibility to report terminations of employment timely to the PERS. The termination action should be reported as soon as possible after the member's last day of work and include the final salary that was earned.

Bona Fide Termination

Separation of employment is a requirement of eligibility to receive retirement benefits. Both the Alaska statutes governing the retirement plans and the Internal Revenue Service (IRS)—which allows contributions to the retirement plans to be made on a pre-tax basis—require a bona fide separation of employment before any disbursement of retirement funds can occur.

A bona fide separation of employment is a total separation of the employer-employee relationship. Reduction of hours worked, a change in status from full-time to part-time, from permanent to non-permanent, or to a fee-for-service arrangement do not meet the separation requirement.

Members and their employers cannot have a prearrangement to return to work prior to separating from service to retire.

The retirement systems require a break in service before a member can return to work with the same employer. If a member reemploys with the same employer before the required break period has elapsed, the member's retirement will be reviewed to determine if a valid separation occurred. **If a prearrangement for reemployment is discovered, the member's separation of employment will be invalid and all retirement benefits, including retiree medical claims, must be repaid to the retirement system.**

The requirements for bona fide termination apply to both PERS/TRS DB and DCR plans. If a member intends to withdraw retirement funds or participate in the DCR retiree medical plan, there can be no prearrangement for reemployment with the same employer prior to termination of employment. If a PERS/TRS DCR member terminates employment and withdraws their funds or participates in the medical plan, they must fulfill the required break in service before reemploying with the same employer.

If no prearrangement is evident, but the member returns to the same employer without fulfilling the required break in service period, the member's benefit will be coded as an early distribution and an additional 10% tax penalty will be applied by the IRS on benefits received.

- **If a member is under age 62 at retirement**, they are required to have a 6-month break in service before returning to work for the same employer.
- **If a member is age 62 or older at retirement**, they are required to have a 60-day break in service before returning to work for the same employer.

Again, no prearrangement for reemployment can occur prior to the member's retirement. Please see [Alaska.gov/drb](https://alaska.gov/drb) for consequences for violations.

Refunds

When a member terminates employment, they may request a refund of their account by completing the *Refund Election* form (gen008). The form is available on the Division's website.

- PERS Defined Benefit Refund Election form: [Alaska.gov/drb/pdf/forms/gen008.pdf](https://alaska.gov/drb/pdf/forms/gen008.pdf)

If a member refunds their PERS account, they forfeit all retirement benefits, including tier status, future pension, and medical coverage.

The refundable amount to a terminated member includes:

- Member mandatory contributions,
- Any indebtedness principal and interest payments, and
- Interest earned on the contributions

Members must be terminated from employment for at least 60 days before a refund will be issued.

There are two ways to receive a refund payment:

- A one-time payment
- A direct rollover

Members may rollover their refund only into a qualifying plan. Please advise the member to read the *Refund Election* form instructions on their choices for payment or rollover. Members may want to speak to a tax advisor before making a decision. The Division does not give tax advice.

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

Terminated members who are married may not receive a refund of their member contribution account (if balance is greater than \$5,000) unless their spouse gives written consent. Terminated members who are divorced may not receive a refund of their member contribution account unless they can show that their former spouse was not granted an entitlement to the account. The member will need to send court-certified copies of the divorce decree and property settlement to the Division if they have not already done so.

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 member's contribution account as a lump-sum pay out.

Terminated Members

If no application for benefits or for refund has been filed with the administrator by July 1 following the date on which an inactive member—except an employee on LWOP or layoff status—would attain age 75, or, if no application for benefits or for refund has been filed with the administrator within the 50 years following the most recent date on which the employee was an active member, benefits or refunds may not be paid under AS 39.35.095 – 39.35.680 and the member's records may be destroyed.

Taxes

If the member's contributions have already been taxed, no more taxes or penalties will be taken from them. This includes indebtedness payments which may have been made with after-tax dollars.

Contributions which have already had taxes paid on them may not be rolled over into an Individual Retirement Arrangement (IRA).

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

The PERS and TRS must withhold 20 percent federal income tax on all untaxed, lump-sum accounts directly refunded to members. The 20 percent tax does NOT apply to PERS or TRS refunds that are rolled DIRECTLY into an IRA or other qualified plans.

The following have NOT been taxed at the time of contribution:

- PERS members' mandatory employee contributions made after December 31, 1986 and all interest earned on those employee contribution accounts.

Please direct questions about taxes to the IRS or a tax expert. The Division cannot give tax advice.

Retirement

Providing the member is vested in the system, they are first eligible to retire based on either age or years of service requirements. Three things must happen for a member to retire: they must be eligible to retire, they must terminate their employment, and they must submit a completed retirement application to the Division postmarked no later than the last day of the month prior to when benefits are to begin. The Division recommends applications be submitted 60 days in advance of retirement to enable timely payment of benefits. If the Division does not receive applications by this requested time, eligibility reporting to the health carrier may be delayed.

Retirements are always effective the first day of the month. If a member works any day in the month they intend to retire, they are not eligible to retire until the first day of the following month.

For example, to retire May 1, the completed retirement application should be submitted to the Division in March. The last day a retirement application can be accepted for a May 1 retirement is if it is postmarked or received no later than April 30.

Minimum Requirements for Age-Based Retirement

- Vested (5 years of credited service) and age 55 for normal retirement or age 50 for early retirement if member first entered the PERS before July 1, 1986 (Tier I), or
- Vested (5 years of credited service) and age 60 for normal retirement or age 55 for early retirement if member first entered the PERS on or after July 1, 1986 (Tier II or Tier III).
- Two paid-up years of PERS service if the member is vested in the TRS.

Under early retirement, the monthly pension check is actuarially reduced based on the member's age at the time of retirement. The reduction is six percent for each full year (or .5 percent for each month) prior to the normal age requirement. The early retirement reduction is effective for the lifetime of the pension benefit.

Minimum Requirements for Service-Based Retirement

- 20 paid-up years of PERS service as a peace officer or fire fighter, or
- 30 paid-up years of PERS service as an all-others member.

Members retiring based on years of service are encouraged to have their service verified by the employer before terminating employment to ensure they have the required amount of service. This is important if they are terminating right on the date of reaching the 20 or 30 years, if they have part-time or seasonal employment, or if they have periods of leave without pay during their employment. Members should not leave employment until they are absolutely certain they are eligible to retire. It is the member's responsibility to be sure they are eligible for retirement before they terminate employment.

Military credit for service prior to PERS entry 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.

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

Employers and members are encouraged to contact their Regional Counselor for more information on retirement eligibility.

Benefit Calculation

The pension benefit calculation is dependent on the member's years of service as well as their Average Monthly Salary (AMS). The salary history during the member's PERS employment is reviewed to determine which consecutive set of salary years will be used for the calculation of their AMS. Once determined, the total salary is divided by the number of months and partial months they worked to determine the monthly average.

To include the last year's salary as one of their high years, members must have worked at least 115 days of creditable service during that year. If the member terminates employment before working 115 days in their last year of employment, their last year's salary will not be included in their AMS.

Employers and members are encouraged to contact their Regional Counselor for more information on retirement eligibility.

Checklist for Pre-Retirement Planning

Members should be encouraged to:

- contact the Member Service Center (MSC) and request an estimate of benefits and retirement application packet at least 120 days before the member's prospective date of retirement,
- arrange for a counseling appointment, and
- fill out their packet and mail it to the Division at least 60 days before their retirement effective date.

Conditional Service Benefit

Members may be eligible for a conditional service benefit from the PERS if:

- they are vested in the TRS in either the DB plan or the DCR plan,
- are eligible for a TRS retirement benefit, and
- have at least two paid-up years of PERS membership service.

Conditional service benefits, when both plans are DB plans, are calculated based on the highest salaries the member earns in either system. For example, if the TRS salary is higher than the PERS salary, the TRS salary will be used to calculate the PERS conditional benefit amount.

Conditional service benefits, when the vested TRS plan is a DCR plan, are calculated using only the PERS salaries. Due to the defined contribution plans having no average salary definition, the salaries earned in the conditional service plan will be used for calculation. No defined contribution salaries will be used.

For deferred members who elected to have their service reinstated prior to July 1, 2010, conditional service benefits will not be paid unless the reinstatement indebtedness is paid in full.

Also eligible for a conditional service benefit from the PERS are members who were first hired as a legislative member:

- 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.

Contact your Regional Counselor for more information on conditional service benefits.

Public Service Benefit

If a member has service in both the PERS and the TRS Defined Benefit plans and is not vested in either one, they may be able to combine their PERS and TRS service under the public service benefit provision in the PERS. They must have a minimum of two years in the PERS, and when combined with the TRS service, must have a total of five or more years to be eligible. There is a cost that is borne by the member for this benefit.

Exception: A member of the PERS DB plan employed by an employer who only participates in the PERS DCR plan will accrue DCR benefits in addition to their PERS DB plan benefits.

Members should be encouraged to contact their Regional Counselor or the Division's Member Service Center toll-free at (800) 821-2251 or in Juneau at (907) 465-4460, or by email at doa.drb.mscc@alaska.gov for more information.

A to P Conversion

When an employee in the plan who was employed as a dispatcher in a state trooper office, police or fire department, or correctional facility (other than as a correctional officer or correctional superintendent), applies for appointment to retirement, the employee may convert the credited service for that position to credited service as a peace officer by claiming the service as peace officer service. An employee who has converted credited service to peace officer service under this subsection shall be treated as a peace officer for purposes of AS 39.35.095 – 39.35.680.

When the member claims this credited service as peace officer service, an indebtedness of the member to the plan shall be established. The indebtedness is equal to the full actuarial cost of the conversion of the credited service to treatment as a peace officer service. Any outstanding indebtedness that exist at the time the member is appointed to retirement shall require an actuarial adjustment to the benefits payable based upon the conversion of the credited service.

For further information, please contact the Division.

Effects of PERS on Social Security Benefits

Not all PERS employers participate in Social Security. If you need information on whether you participate in Social Security, contact the State Social Security Administrator in the Division's Audit Unit.

A PERS pension benefit may reduce the benefit amount a member is entitled to under Social Security if the member did not pay Social Security taxes during their PERS employment. If the member pays into Social Security during their PERS employment, their Social Security benefits will not be reduced. ***Not all PERS employers participate in Social Security.***

For members who did not pay Social Security taxes while working for the State of Alaska or a local government or school district, there are two laws that may reduce their Social Security benefits: the Windfall Elimination Provision and the Government Pension Offset.

Windfall Elimination Provision

The Windfall Elimination Provision affects people who have earned a pension from the PERS and did not pay Social Security taxes during their PERS employment, but who also worked at other jobs where they paid Social Security taxes long enough to qualify for retirement benefits. If a member is subject to the Windfall Elimination Provision, a different formula is used to calculate their Social Security retirement benefits to prevent a windfall in benefits.

The Windfall Elimination Provision does not apply if the member first became eligible to retire prior to 1985, or if they have 30 years of "substantial" earnings during their Social Security-covered employment.

Governmental Pension Offset

The Governmental Pension Offset affects the Social Security benefits members may be eligible to receive as a spouse or widow(er). Under the offset provisions, some or all of the Social Security spouse's or widow(er)'s benefit may be offset by the member's PERS pension if they did not pay Social Security taxes during their PERS employment.

For information on these federal provisions, employers and members are encouraged to contact the Social Security office and request Publication No. 05-10045 for the Windfall Elimination Provision or Publication No. 05-10007 for the Governmental Pension Offset. Contact the Social Security Administration toll-free at (800) 772-1213 or visit the Social Security Administration website at [SSA.gov](https://www.ssa.gov).

Retired Member Medical Benefits.....

Along with a monthly pension check, retirement benefits may include a major medical plan for retired members, disabled members, and survivors who are receiving a monthly PERS benefit. The retiree medical plan is a different plan than the coverage that you provide as an employer.

Medical Coverage at Retirement

The following benefit recipients, their spouse and eligible dependent children will be covered by the system-paid 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.
- 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**.

Credited service includes all service claimed in the system as long as that service is used in the final calculation of the retired member's pension check.

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

Retired members who do not qualify for the system-paid medical coverage may purchase medical coverage for themselves, spouse, and eligible dependent children. These members will pay the monthly premium for as long as they want the coverage.

The retiree AlaskaCare plan covers major medical services and prescription drugs. There are limited preventative services covered under the plan. For more information regarding the medical plan including a current description of the benefits, please refer to the *AlaskaCare Retiree Health Insurance Information Booklet*.

- *AlaskaCare Retiree Health Insurance Information Booklet*: [AlaskaCare.gov/retiree/publications/booklets.html](https://www.alaskacare.gov/retiree/publications/booklets.html)

Optional Health and Life Plans

PERS benefit recipients may elect to pay a premium for additional health and life coverage as follows:

- Dental-Vision-Audio (DVA) coverage for self, spouse, and eligible dependent children,
- Long-Term Care (LTC) coverage for self and spouse, and
- Select Life Insurance (if participating in the State-sponsored Select Life Insurance Plan at time of retirement).

Benefit recipients must pay the monthly premium for as long as they desire coverage.

For more information regarding the optional health plans, including enrollment restrictions, please refer to the *AlaskaCare Retiree Health Insurance Information Booklet*.

- *AlaskaCare Retiree Health Insurance Information Booklet*: [AlaskaCare.gov/retiree/publications/booklets.html](https://www.alaskacare.gov/retiree/publications/booklets.html)

Members seeking more information regarding the optional LTC plans, including enrollment restrictions, please refer to the *State of Alaska Long-Term Care Booklet*.

- *State of Alaska Long-Term Care Booklet*: [AlaskaCare.gov/retiree/publications/booklets.html](https://alaskacare.gov/retiree/publications/booklets.html)

The premium amounts for the retiree medical coverage, DVA and LTC, and the Select Life Insurance will be deducted from the retired members monthly pension check. If the amount of the pension check is less than the total of the premiums due, the benefit recipient must pay the premiums directly to the claims administrator.

Contact your Regional Counselor for more information on the retiree medical coverage, DVA and LTC, and the requirements to continue Select Life Insurance.

Medicare

The AlaskaCare Retiree health plan was created by statute to provide health coverage to eligible retirees and their dependents in 1975. Alaska Statute Sec. 39.35.535(b) requires that the retiree health plan become supplemental to federal old-age benefits available at age 65. This statute has been in effect since 1975. The *AlaskaCare Retiree Health Insurance Information Booklet* section titled, “Effects of Medicare” states: “If you do not enroll in Medicare coverage, the estimated amount Medicare would have paid will be deducted from your claim before processing by this plan.”

Members should contact Medicare about three months before their 65th birthday to sign up for Medicare. They can sign up with Medicare even if they do not plan to retire at age 65. Members who are still working and covered by an employer-sponsored health insurance plan may be able to defer enrollment in Medicare. Employers should encourage their members to contact Medicare to ensure they comply with the current requirements.

There are several parts to Medicare and there are time limit requirements to enroll timely to avoid penalty at a later date.

For more information regarding Medicare benefits, employers and members should contact the local Medicare office, or call the toll-free number (800) 772-1213, or visit the Medicare website at [Medicare.gov](https://www.medicare.gov).

Retired Member AlaskaCare Benefits Supplemental to Medicare

When a retired member turns 65, Medicare becomes the primary health plan and the retired member’s AlaskaCare plan becomes a supplemental plan. For services covered by both plans, the claims are paid first by Medicare and then by AlaskaCare. Most people are eligible for premium-free Part A. Social Security will send you a letter if you are not eligible for Part A. Members must provide a copy of that letter to the AlaskaCare health claims administrator and AlaskaCare will continue to pay as their primary plan for Part A services. If a retired member does not enroll in Medicare at age 65, AlaskaCare will estimate what Medicare would have paid and deduct that amount before paying expenses, regardless of any other insurance which you may have. Members will 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.

AlaskaCare coordination may provide up to 100% of covered expenses, less any deductible that has not been met. For retired members who have not enrolled in Medicare at age 65, the AlaskaCare plan will estimate what Medicare would have paid and deduct that amount before paying medical expenses.

- Medicare and the AlaskaCare Retiree Health Plan: [AlaskaCare.gov/retiree/medicare](https://alaskacare.gov/retiree/medicare)

Members seeking more information on coordination between Medicare and the AlaskaCare Retiree Health Plan should contact the Division’s Member Service Center at (800) 821-2251 toll-free or (907) 465-4460 in Juneau, or by email at doa.drb.mscc@alaska.gov.

More Information

Additional information is available from the federal Medicare website at [Medicare.gov](https://www.Medicare.gov). If members have questions about Medicare, have them contact the nearest Social Security office or call toll-free, (800) 772-1213 or visit the Social Security website at [SSA.gov](https://www.SSA.gov).

The State of Alaska Medicare Information Office can also offer one-on-one counseling to Medicare beneficiaries and their families, seminars for those new to Medicare, and other resources. Call toll-free at (800) 478-6065 in Alaska or (907) 269-3680 in Anchorage.

Voluntary Savings Plan

The Voluntary Savings Plan (VSP) is a separate post-tax account available to all DB members of the PERS.

Enrollment or changes in participation in the plan can occur at any time and will take effect the first of the month following receipt of the enrollment or change form. Members can terminate their enrollment at any time. Termination will take effect the first of the following month following receipt of the form to discontinue.

Members can contribute a minimum of \$5.00 and up to a maximum of 5% of their gross salary to the plan. The VSP provides an opportunity for employees of the PERS to invest their money in an account that will accrue 4.5% interest until the funds are disbursed to the employee in the form of a lump sum payment, life annuity, or installments over a designated period of time. Active employees can access their VSP account if experiencing a financial need. Employees can submit a payment request to the Division stating their financial need and receive either full payment of their account balance, including interest earned, or they can request a portion of their account to be distributed. If the employee is requesting a partial distribution, interest will be paid first then any remaining portion of the request will be paid from the post-tax contributions made.

Although the post-tax contributions that are made to a VSP account would not be taxed when payment is made, the interest that accrues on voluntary contributions is considered income and is taxable upon payment of the account.

For more information, members should contact their Regional Counselor.

For information regarding setting up this payroll deduction, employers should contact their PERS e-Reporting contact.

- Voluntary Savings Plan brochure and forms: Alaska.gov/drb/pers/employee/plan/voluntarySavingsPlan.html

VIII. Miscellaneous

Compensation

Member salaries in the PERS are based on 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. Salaries must be reported by payroll year even if the employer payroll year differs.

PERS salaries include payment for services provided to the employer such as:

- hours worked,
- overtime, and
- on-call and standby pay, not always what was paid.

PERS salaries do not include:

- payment for travel or per diem,
- uniform or tool allowance,
- payment for leave cash-ins,
- terminal leave payouts,
- payments representing an employer expense,
- severance pay or other separation bonuses,
- workers' compensation,
- retirement or welfare benefits, or
- cost-of-living differentials.

Leave Run Outs

To receive PERS service credit, members must be in pay status the regularly scheduled day before and the regularly scheduled day after the period of leave. Members are required to physically return to work after periods of paid leave to receive credit for the leave period in the PERS. Members cannot receive service credit, even if a return to work occurs, if the position the member occupied has been filled and the member effectively terminated employment the date leave began. The Division will investigate potential sham transactions.

Employers are responsible for correctly reporting member termination dates. If a member is on leave and terminates employment, the employer should back up the termination date to the last day the member actually worked.

This is in accordance with 2 AAC 08.110. *Separation and Terminal Leave*:

1. Payment for unused personal leave shall be allowed upon separation from service. The payment equals the cash value of the employee's personal leave balance at the time of separation from state service.
2. Employees who go on personal leave and subsequently give notice of resignation, or who do not return to work, will be considered to have separated on the last day worked. No additional leave will accrue after the last day worked.
3. Any exception to the policy stated in (b) of this section requires the prior written approval of the Commissioner of Administration.

For further information on leave run outs, please review the Alaska Administrative Manual or contact the Employee Call Center at (907) 465-3009 or by email at Employeecallcenter@alaska.gov.

Verifications of Service

The employer may receive a request to verify periods of employment in the PERS for their past or current members. The verification request can be made by the Division or the member. It is most often requested by the Division at the time of retirement or when an anomaly is found with a member's service records. The member most often requests the verification if they are retiring based on years of service in the system.

Members are encouraged to periodically review their service history as shown on their annual statements or in Member Services online to ensure it has been correctly reported to the PERS. If any discrepancies are noted, members should contact the employer they were serving with at the time for more information. If an error has occurred, employers will have to take action to correct service with the PERS. To correct service with your current employees, you will need to send the correction with your payroll report to the Division. To correct service with past employees, employers must send in a verification of the member's service on the approved forms.

- *Verification of Salary and Service (02-1883):* [Alaska.gov/drb/pdf/forms/02-1883.pdf](https://alaska.gov/drb/pdf/forms/02-1883.pdf)
- *Verification of Part-time Hours and Salaries (pers022):* [Alaska.gov/drb/pdf/forms/pers022.pdf](https://alaska.gov/drb/pdf/forms/pers022.pdf)

Instructions for completing the verifications of service are provided on the forms. If you require any assistance with completing the verification of salary and service forms, please contact your Regional Counselor.

If a member elected the Alternate Service Option under Alaska Statute 39.35.300 or 39.35.310, to correct service performed as a non-certificated employee of a school district, the Alaska Vocational Technical Center or a state boarding school, please verify service using the following form:

- *Alternate Option Verification of Service (pers021):* [Alaska.gov/drb/pdf/forms/pers021.pdf](https://alaska.gov/drb/pdf/forms/pers021.pdf)

It is important that the employer provide complete accurate information on salary and service for members. The information verified by the employer will be used to determine retirement eligibility and other retirement benefits.

Records Retention

As part of the employer's participation agreement, it is the responsibility of the employer to verify service and salaries and to keep accurate records for each member. PERS is a 20- to 30-year retirement system and when a member retires, the employer may be asked to verify salary and service dates that occurred up to 30 or more years in the past.

Information that may be requested from the Division includes: hire and termination dates, salaries, member occupational codes, part-time or full-time status, elected official waivers, part-time hours worked, payroll reporting, calendar year salaries, seasonal leave and return dates, and all periods of leave without pay.

Make-Whole Agreements and Grievance Settlements

- Contact your Regional Counselor
- Provide a tentative copy of agreement to the Division for approval of awards to member's retirement accounts
- Submit final agreement for service corrections

When the employer is entering into a make-whole agreement or a grievance settlement with a current or former member, the Division must approve any terms and conditions that affect the member's retirement accounts. This requirement is to ensure that the award is in compliance with the PERS statutes and regulations.





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