

CS FOR SENATE BILL NO. 211(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/30/12

Referred: Finance

Sponsor(s): SENATORS MCGUIRE, Menard, Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the use of credited military service by retired peace officers and
2 firefighters to meet certain requirements for major medical insurance coverage; and
3 providing for an effective date."

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

5 * **Section 1.** AS 39.35.340(b) is amended to read:

6 (b) In order to obtain credited service under this section, an employee shall
7 make an election to do so and shall verify the period of military service. When
8 eligibility for credited service for military service has been established, an
9 indebtedness shall be determined as follows:

10 (1) **determine** the employee's actual compensation, or the calculated
11 annual compensation for those employees working less than 12 months, during the
12 calendar year 1976 or the year in which an employee first becomes vested under
13 AS 39.35.095 - 39.35.680, whichever is later; [, MULTIPLIED BY]

14 (2) **multiply the amount determined under (1) of this subsection by**

1 the number of years of military service credited under this section; [, AND THIS
2 PRODUCT MULTIPLIED BY]

3 (3) **multiply the product determined under (2) of this subsection by**
4 six percent for members who are first eligible to claim this military service before
5 January 1, 1987, or eight and one-half percent for members who are first eligible to
6 claim this military service on or after January 1, 1987. [INTEREST AS
7 PRESCRIBED BY REGULATION ACCRUES ON THIS INDEBTEDNESS
8 BEGINNING ON JULY 1, 1977, OR ONE YEAR FOLLOWING THE DATE A
9 PERSON FIRST BECOMES VESTED, WHICHEVER IS LATER. ANY
10 OUTSTANDING INDEBTEDNESS THAT EXISTS AT THE TIME A PERSON IS
11 APPOINTED TO RETIREMENT NECESSITATES AN ACTUARIAL
12 ADJUSTMENT TO THE BENEFITS PAYABLE BASED UPON THAT MILITARY
13 SERVICE.]

14 * **Sec. 2.** AS 39.35.340 is amended by adding new subsections to read:

15 (j) Notwithstanding (d) of this section, a member who retires as a peace officer
16 or firefighter may elect to use five or fewer years of credited service granted under this
17 section in computing years of credited service under AS 39.35.535(c). When
18 eligibility for credited service for military service has been established and an election
19 under this subsection has been made, an indebtedness in addition to the indebtedness
20 determined under (b) of this section shall be determined for each year of military
21 service used under this subsection, in an amount based on the increase, if any, in the
22 present value of future benefits for that year as determined by the department.

23 (k) For indebtedness determined under this section, interest as prescribed by
24 regulation accrues beginning on July 1, 1977, or one year following the date a person
25 first becomes vested, whichever is later. An outstanding indebtedness for pension
26 benefits that exists at the time a person is appointed to retirement necessitates an
27 actuarial adjustment to the pension benefits payable based on credited military service.

28 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).