

# ALASKA STATE LEGISLATURE

Session  
State Capitol Building, Room 125  
Juneau, Alaska 99801-1182  
Phone (907) 465-2995  
Fax (907) 465-6592

Interim  
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Anchorage, Alaska 99501  
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Co-Chair  
Senate Resources Committee

Chair  
Senate Special Committee on Energy  
Senate Special Committee on World Trade,  
Technology & Innovation

Member  
Senate Judiciary Committee  
Joint Armed Services Committee

## SENATOR LESIL MCGUIRE

### MEMORANDUM

To: Senator Joe Paskvan  
Chair, Senate Labor & Commerce Committee

From: Senator Lesil McGuire

Date: February 24, 2009

Re: Hearing Request: SB 79: MEDICAL BENEFITS OF DISABLE PEACE OFFICERS

I respectfully request that SB 79: MEDICAL BENEFITS OF DISABLE PEACE OFFICERS be scheduled for a hearing in the Senate Labor & commerce Committee at your earliest convenience. Attached you will find the most current version of the bill, sponsor statement, fiscal note, and all backup information.

If you have any questions or concerns, please feel free to contact me personally or my staff, Trevor Fulton, at x3579. Thank you for your time and consideration.

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## SENATOR LESIL MCGUIRE

### SPONSOR STATEMENT

#### **SB 79: Medical Benefits of Disabled Police Officers**

SB 79 corrects an incongruity in PERS statute that denies major medical coverage to public safety employees disabled between their 20<sup>th</sup> and 25<sup>th</sup> years of service.

Everyday, Alaska's public safety employees – our police officers, firefighters, and correctional officers – risk their lives and health to protect the lives and property of our citizens. The state gratefully recognizes this by making public safety employees eligible for retirement at 20 years of service instead of the standard 30 years. Unfortunately, this discrepancy in service required for retirement poses a problem for a small number of public safety employees that become disabled between their 20<sup>th</sup> and 25<sup>th</sup> years of service.

Alaska Statute provides that, if disabled, state employees receive major medical coverage prior to reaching their normal retirement and that coverage continues when employees transition to normal retirement. At first glance it would appear that all PERS Tier II and III employees disabled on the job would receive major medical coverage from time of disability through retirement, but this is not true for public safety employees.

As current statute is written, public safety employees who are disabled between their 20<sup>th</sup> and 25<sup>th</sup> years of service would not be eligible for major medical coverage until age 60.

SB 79 corrects this oversight by making the necessary change to AS 39.35.535 to allow disabled public safety employees to qualify for major medical benefits should they be injured during their 20th through 25th year.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101


State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 13, 2009

**SUBJECT:** Draft CSSB 79( ): peace officer and fire fighter retirement  
(Work Order No. 26-LS0389\E)

**TO:** Senator Linda Menard  
Chair of the Senate State Affairs Committee

**FROM:** Dan Wayne   
Legislative Counsel

Enclosed is a draft of the proposed committee substitute for SB 79 that you have requested on behalf of the Senate State Affairs Committee.

On page 1, line 2, I amended the title for clarity by deleting "**for disabled peace officers who**" and inserting "**who are disabled and**". I also added a second bill section, as requested, to make the Act retroactive to July 1, 2006 -- the first day upon which a disabled employee with 20 - 25 years of credited service as a peace officer might have been required, because of the "benefits gap" addressed by the bill, to pay for retiree major medical insurance coverage. Sound drafting practice requires that bills with retrospective effect also have an immediate effective date. *Manual of Legislative Drafting*, page 34.

If amended as proposed in the enclosed draft bill, AS 39.35.535(c) will close the perceived "benefits gap" that is the focus of SB 79, for all peace officers, including fire fighters and correctional officers. The term "peace officer" used in the draft bill is defined in AS 39.35.680(30), which reads:

(30) "peace officer" or "fire fighter" means an employee occupying a position as a peace officer, chief of police, regional public safety officer, correctional officer, correctional superintendent, fire fighter, fire chief, or probation officer, but does not include a village public safety officer employed by a village public safety officer program established under AS 18.65.670.

DCW:plm  
09-094.plm

Enclosure

**CS FOR SENATE BILL NO. 79(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 2/20/09

Referred: Labor and Commerce, Finance

Sponsor(s): SENATORS MCGUIRE, Paskvan

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act waiving payment of premiums for major medical insurance under the defined**  
2 **benefit retirement plan for public employees who are disabled and have at least 20 years**  
3 **of credited service as peace officers; and providing for an effective date."**

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

5 \* **Section 1.** AS 39.35.535(c) is amended to read:

6 (c) A benefit recipient may elect major medical insurance coverage in  
7 accordance with regulations and under the following conditions:

8 (1) a person, other than a **person described in (2) of this subsection**  
9 [DISABLED MEMBER OR A DISABLED MEMBER WHO IS APPOINTED TO  
10 NORMAL RETIREMENT], must pay an amount equal to the full monthly group  
11 premium for retiree major medical insurance coverage [IF THE PERSON IS

12 (A) YOUNGER THAN 60 YEARS OF AGE AND HAS LESS  
13 THAN

14 (i) 25 YEARS OF CREDITED SERVICE AS A

1 PEACE OFFICER UNDER AS 39.35.360 AND 39.35.370; OR

2 (ii) 30 YEARS OF CREDITED SERVICE UNDER  
3 AS 39.35.360 AND 39.35.370 THAT IS NOT SERVICE AS A  
4 PEACE OFFICER; OR

5 (B) OF ANY AGE AND HAS LESS THAN 10 YEARS OF  
6 CREDITED SERVICE];

7 (2) a person is not required to make premium payments for retiree  
8 major medical coverage if the person

9 (A) is a disabled member;

10 (B) is a disabled member who is appointed to normal  
11 retirement;

12 (C) is 60 years of age or older and has at least 10 years of  
13 credited service; or

14 (D) has at least

15 (i) 20 years of credited service as a peace officer  
16 under AS 39.35.360 and 39.35.370 and was disabled after the  
17 person's 19th year of service but before the person's 25th year of  
18 service;

19 (ii) 25 years of credited service as a peace officer under  
20 AS 39.35.360 and 39.35.370; or

21 (iii) [(ii)] 30 years of credited service under  
22 AS 39.35.360 and 39.35.370 not as a peace officer.

23 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25 RETROACTIVITY. This Act is retroactive to July 1, 2006.

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

**SENATE BILL NO. 79**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY SENATORS MCGUIRE, Paskvan

Introduced: 1/26/09

Referred: State Affairs, Labor and Commerce, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act waiving payment of premiums for major medical insurance under the defined  
2 benefit retirement plan for public employees for disabled peace officers who have at  
3 least 20 years of credited service as peace officers."

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

5 \* **Section 1.** AS 39.35.535(c) is amended to read:

6 (c) A benefit recipient may elect major medical insurance coverage in  
7 accordance with regulations and under the following conditions:

8 (1) a person, other than a person described in (2) of this subsection  
9 [DISABLED MEMBER OR A DISABLED MEMBER WHO IS APPOINTED TO  
10 NORMAL RETIREMENT], must pay an amount equal to the full monthly group  
11 premium for retiree major medical insurance coverage [IF THE PERSON IS

12 (A) YOUNGER THAN 60 YEARS OF AGE AND HAS LESS  
13 THAN

14 (i) 25 YEARS OF CREDITED SERVICE AS A

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PEACE OFFICER UNDER AS 39.35.360 AND 39.35.370; OR

(ii) 30 YEARS OF CREDITED SERVICE UNDER AS 39.35.360 AND 39.35.370 THAT IS NOT SERVICE AS A PEACE OFFICER; OR

(B) OF ANY AGE AND HAS LESS THAN 10 YEARS OF CREDITED SERVICE];

(2) a person is not required to make premium payments for retiree major medical coverage if the person

(A) is a disabled member;

(B) is a disabled member who is appointed to normal retirement;

(C) is 60 years of age or older and has at least 10 years of credited service; or

(D) has at least

(i) 20 years of credited service as a peace officer under AS 39.35.360 and 39.35.370 and was disabled after the person's 19th year of service but before the person's 25th year of service;

(ii) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

(iii) [(ii)] 30 years of credited service under AS 39.35.360 and 39.35.370 not as a peace officer.

# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSB 79(STA)  
 (S) Publish Date: 2/20/09

Identifier (file name): SB079-DOA-DRB-02-06-09 Dept. Affected: Administration  
 Title: An Act waiving payment of premiums for major medical insurance under the defined benefit retirement plan for public employees for disabled peace officers.... RDU: Centralized Administrative Services  
 Component: Retirement and Benefits  
 Sponsor: Senator McGuire, Senator Paskvan  
 Requester: Senate State Affairs Committee Component Number: 64

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>								
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	12.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>12.4</b>	<b>0.0</b>	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE** (Thousands of Dollars)

1029 PERS	12.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>12.4</b>	<b>0.0</b>	*	*	*	*	*	*

Estimate of any current year (FY2009) cost: \$12.8

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

This bill would provide medical insurance to Tier II and III Public Employees Retirement System (PERS) disabled peace officers and firefighters (P/F) who are currently eligible for normal retirement with 20 years of P/F service but are not eligible for system-paid medical premiums which requires they have 25 years of P/F service or be age 60. Under current statute, a peace officer or firefighter must have become disabled before the 20th year of service in order to receive system-paid medical premiums. This bill will provide Tier II and III PERS disabled peace officers and firefighters who are currently eligible for normal retirement with 20 years of P/F service to also be eligible for system-paid medical premiums. A breakdown of the costs for this bill are contained on page two of this fiscal note.

Prepared by: Patrick Shier, Director Phone 465-4817  
 Division: Retirement and Benefits Date/Time 02-06-09 1:22 p.m.  
 Approved by: Rachael Petro Date 2/6/2009  
Deputy Commissioner, Department of Administration



FISCAL NOTE #1

STATE OF ALASKA  
2009 LEGISLATIVE SESSION

BILL NO. CSSB 79(STA)

**ANALYSIS CONTINUATION**

ACTUARIAL COSTS

Buck Consultants used draft data from the State of Alaska Public Employees' Retirement System draft valuation for the period ending June 30, 2008 to arrive at the cost estimate as shown below:

The population affected by this bill are 2,275 Tier II and III Peace Office/Firefighter members.

This change will add \$567,000 to the unfunded liability of the retirement system, which will be amortized over 25 years. The table below shows the installments for fiscal years 2009 through 2014. Dollars are in thousands.

	FY 09	FY10	FY11	FY12	FY13	FY 14	FY 15
Increase in Annual Employer Contribution Amount	\$0.0	\$0.0	\$67.0	\$70.0	\$73.0	\$76.0	\$79.0

OPERATIONS COST

The following one-time programming costs will be incurred to add the requirements of this bill to the division's computer systems (CRS). Programming must begin in FY 09 in order to be operational by the effective date of the bill. No follow up activities are needed after the initial programming/testing phase has been completed.

FY 09

CRS Programming (basic edits for adding new group) 80 hrs @ \$120.00 per hour = \$ 9,600.00

CRS Testing 40 hrs @ \$ 80.00 per hour = \$ 3,200.00  
\$12,800.00

FY 10

Statement adaptation (modifications for new group) 80 hrs @ \$120.00 per hour = \$ 9,600.00

CRS/Statement testing 35 hrs @ \$ 80.00 per hour = \$ 2,800.00  
\$12,400.00

Total: \$25,200.00

□

**Public Safety Employees Association, Inc.**  
***“Representing Alaska’s Finest”***

**Public Safety Employees Association**  
**Position Paper in Support of SB 79**

The Public Safety Employees Association supports SB 79 correcting what many feel is an oversight in AS 39.35.535(c). SB 79 sponsored by Senator Lesil McGuire will allow disabled public safety employee members to qualify for major medical benefits if injured between the twentieth to twenty-fifth year of service.

Under PERS Tier II and III a gap in retiree medical coverage is created that affects a public safety employee disabled in their 20<sup>th</sup> to 25<sup>th</sup> year of service. An irregularity between the eligibility for disability and eligibility for normal retirement after 20 years of credited service results in a disabled public safety employee having no retiree medical benefits if the employee becomes disabled within the window.

If a public safety employee with 19 years of service is disabled as a result of service, the employee would be eligible for PERS disability benefits including medical benefits. A Tier II and III employee who is eligible for normal retirement after 20 years of service does not receive retiree major medical coverage until 25 years of service. If a public safety employee attains their normal retirement date but becomes disabled in their 20<sup>th</sup> to 25<sup>th</sup> year of service, the disabled employee would not be considered technically disabled but instead normally retired with no medical benefits. Even though the public safety employee has worked 20 years, he or she must have 25 years of service credit to receive retiree medical.

The service performed by public safety employees is filled with risk. Eliminating this gap will provide some reassurance to employees and their families that they will not be caught without medical benefits at a point in their life when the benefits are critically needed.

2/5/2009

John Cyr, PSEA

Executive Director

4300 Boniface Parkway, Suite 116

Anchorage, Alaska



# Anchorage Firefighters Local 1264

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P.O. Box 242041 • Anchorage, AK 99524-2041  
907-349-1264 • 907-349-5580 (fax)

January 26, 2009

Senator Lesil McGuire  
State Capitol Room 125  
Juneau, Alaska 99801-1182

Ref: SB 79 – Medical Benefits of Disabled Peace Officers

Dear Senator McGuire:

The International Association of Fire Fighters (IAFF) Local 1264 is in support of SB 79 in regards to the lack of medical benefits to Alaska's peace officers who are injured on the job during their twentieth to twenty fifth year of service.

This bill fixes a major discrepancy in the PERS system that has a direct result of harming Alaska's firefighters, correction officers, and public safety officers in general within their twenty to twenty fifth year of service. These individuals will put in entire careers of service only to have all the benefits they have worked for as a state employee taken away for the last five years of service. Please don't hesitate to contact us should you have any questions in regards to this legislation.

Sincerely,

Tom Wescott  
President, IAFF Local 1264

# ALASKA PROFESSIONAL FIRE FIGHTERS ASSOCIATION

## LEGISLATIVE FACT SHEET

### CLOSING THE PERS GAP FOR PUBLIC SAFETY EMPLOYEES

**H.B. 87      Medical Benefits of Disabled Peace Officers**  
**Sponsor: Representative Charisse Millett**

**S.B. 79      Medical Benefits of Disabled Peace Officers**  
**Sponsor: Senator Lesil McGuire**

*The Alaska Professional Fire Fighters Assoc. Strongly Supports H.B. 87 and S.B.79*

#### **BACKGROUND**

The Alaska Professional Fire Fighters Association has identified a serious problem in the PERS II & III retirement plans as they relate to major medical coverage for disabled public safety employees, i.e: fire fighters, police officers, correction officers. Under current Alaska law, if a public safety employee is disabled in their 20<sup>th</sup> to 25<sup>th</sup> year of service, they and their family do not receive major medical coverage until they are 60 years old.

Alaska Statutes provide that disabled employees receive major medical coverage prior to reaching their normal retirement and continue to receive coverage when appointed to normal retirement. At first glance it would appear that all PERS Tier II & III employees disabled on the job receive major medical coverage at time of disability and on into retirement. That is true for non public safety employees. However, such is not the case with public safety employees.

This gap in coverage occurs because under definitions, "disabled member" is defined as an employee receiving a disability benefit from the plan. PERS II & III public safety employees are eligible for normal retirement at 20 years of service, but do not receive retiree major medical coverage until 25 years of service. A public safety employee disabled in their 20<sup>th</sup> to 25<sup>th</sup> year of service has attained their normal retirement date and therefore not technically disabled, but instead retired. Under statute definitions they must be receiving a disability benefit to be technically disabled – therefore, they never received a disability benefit.

Under current law, a public safety employee with 19 years of service, disabled on the job, is eligible for PERS disability benefits which include major medical coverage for self and family. The disabled employee, upon reaching their normal retirement, at what would have been 20 years of service, would be "appointed to normal retirement" and be eligible for medical coverage. A public safety employee with 26 years of service, disabled on the job, is "appointed to normal retirement" and since had 25+ years of service they would receive major medical coverage. However, a public safety employee with 21 years of service, disabled on the job, would be "appointed to normal retirement" and since they had fewer than 25 years of service they would not be eligible for major medical coverage until they reach age 60.

Closing this five year gap in disability health care coverage requires a change in State law.

#### **CURRENT LEGISLATION**

Passage of H.B. 87 and S.B. 79 will correct this situation and close the 'PERS gap' for Alaska's Public Safety Employees.

#### **ALASKA PROFESSIONAL FIRE FIGHTERS ASSOCIATION**

Mark Drygas, President  
907-322-7808  
drygas@alaskapffa.org

Jeff Briggs, Legislative Director  
907-441-2469  
briggs@alaskapffa.org

**Alaska Division of Retirement and Benefits  
Public Employees' Retirement System (PERS) Plan Comparison Chart**

Feature	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
<b>Employee Contribution (% of pay)</b>	Pre-tax employee contribution: 6.75% beginning 1/1/87—all others 7.5% beginning 1/1/87—police and fire 9.6% beginning 7/1/99—school district  22% Cost Share	Pre-tax employee contribution: 6.75% beginning 1/1/87—all others 7.5% beginning 1/1/87—police and fire 9.6% beginning 7/1/99—school district  22% Cost Share	Pre-tax employee contribution: 6.75% beginning 1/1/87—all others 7.5% beginning 1/1/87—police and fire 9.6% beginning 7/1/99—school district  22% Cost Share	Pre-tax employee contribution: 8% all employees
<b>Employer Contribution (% of payroll)</b>	22% Cost Share	22% Cost Share	22% Cost Share	5% DCR Plan Account 0.99% Health Plan - determined by annual actuarial valuation, <b>plus</b> Health Reimbursement Arrangement (HRA) - Flat dollar amount per employee based on 3% of the average annual compensation of all employees of all employers in the system. Occupational Death & Disability: 1.33% - Police/Fire; .58% All others
<b>Vesting</b>	Employees vest with 5 years of service.	Employees vest with 5 years of service.	Employees vest with 5 years of service in the pension plan and with 10 years of service for the medical plan.	100% vested in employee contributions immediately. Vested in employer contributions based on the following schedule: 25% after 2 years of service, 50% after 3 years, 75% after 4 years and 100% after five years.
<b>Qualifications for Retirement</b>	Normal retirement age is 55, with early retirement at age 50; <ul style="list-style-type: none"><li>• police/fire members can retire at any age after 20 years of police/fire service;</li><li>• all other members can retire at any age after 30 years of membership service.</li></ul> Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	Normal retirement age is 60, with early retirement at age 55; <ul style="list-style-type: none"><li>• police/fire members can retire at any age after 20 years of police/fire service;</li><li>• all other members can retire at any age after 30 years of membership service.</li></ul> Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	Normal retirement age is 60, with early retirement at age 55; <ul style="list-style-type: none"><li>• police/fire members can retire at any age after 20 years of police/fire service;</li><li>• all other members can retire at any age after 30 years of membership service.</li></ul> Early retirement reduction will be 1/2% per month or 6% per year for every year less than the required normal retirement age.	None for investment account. Taxes and penalties may apply if withdrawn before age 59-1/2. See requirements for Retirement Medical Coverage.
<b>Benefit Calculation Formula</b>	Benefit formula: 2% for first 10 years and <b>all years of service prior to July 1, 1986</b> , 2.25% for the next 10 years, 2.5% per year thereafter. Benefit calculation is determined on the average of the <b>high three</b> consecutive years' salary. Police/Fire - 2% X 10, 2.5% over 10.	Benefit formula: 2% for first 10 years, 2.25% for the next 10 years, and 2.5% per year thereafter. Benefit calculation is determined on the average of the <b>high three</b> consecutive years' salary. Police/Fire - 2% X 10, 2.5% over 10.	Benefit formulas did not change; however, the benefit calculation is determined on the average of the <b>high five</b> consecutive years' salary. The benefit calculation for police and fire members is the average of the <b>high three</b> consecutive years regardless of tier (effective 2002).	DC account balance plus investment earnings. May be received in several different payment options. Payout options include lump sum payments, rollovers to another qualified plan, or annuities. Annuities may be taken as a lifetime annuity, joint and survivor annuity, or for a period certain.

More detailed information may be found on the Division website, [www.state.ak.us/drb](http://www.state.ak.us/drb), or in the [PERS Information Handbook](#).  
\*Credited service includes all service used in the calculation of a retirement benefit.

Feature	Tier I 1/1/61 - 6/30/86	Tier II Entered after 6/30/86	Tier III Entered after 6/30/96	Tier IV Entered after 6/30/2006
<b>Alaska Cost-of-living Increases (COLA)</b>	An Alaska Cost-of-Living Allowance is payable to benefit recipients who remain domiciled in Alaska after retirement. The allowance is \$50 or 10% of the base benefit, whichever is greater.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is \$50 or 10% of the base benefit, whichever is greater.	An Alaska Cost-of-Living Allowance is payable to benefit recipients 65 or older or disability benefit recipients regardless of age who remain domiciled in Alaska after retirement. The allowance is \$50 or 10% of the base benefit, whichever is greater.	None provided.
<b>Post Retirement Pension Adjustments (PRPA) (Inflation Protection)</b>	PRPA increases granted on an ad hoc basis. If an ad hoc is not granted, tier I employees must be age 60 or over or receiving benefits for 5 years to qualify for the automatic PRPA. The automatic PRPA legislated in 1986 applied to all members regardless of hire date.	Automatic PRPA adjustments to disabled members, retirees age 60 and over, and those who have received benefits for 5 years.	Automatic PRPA adjustments to disabled members, retirees age 60 and over, and those who have received benefits for 5 years.	None provided.
<b>Retirement Medical Coverage</b>	Medical coverage is provided to all benefit recipients and their eligible dependents for life. The AlaskaCare retiree medical plan premium is paid by the retirement system. 5 year vesting.	Medical coverage is provided to disabled recipients, regardless of age, and benefit recipients age 60 and over or, <ul style="list-style-type: none"> <li>Peace officer/fire members with 25 years of police/fire service</li> <li>all other members with 30 years of membership service</li> </ul> and their eligible dependents for life. The retirement system pays the AlaskaCare retiree medical plan premium. Retirees and survivors under age 60 must pay the full premium cost if they want coverage. 5 year vesting.	Same as Tier II. However, employees must accrue a minimum of 10 years of <b>credited service</b> <sup>*</sup> , to have system-paid coverage at age 60. Employees with less than 10 years must pay the full premiums as long as they wish to continue medical coverage. 100% vested with 10 years of credited service.	Access to medical coverage at Medicare eligible age with 10 years of service or at any age with 25 years of service for peace officers and firefighters or with 30 years of service for all others. Must retire directly from the system. If not eligible for Medicare, must pay full premium. May use health reimbursement arrangement (HRA) account to pay premiums. Once the HRA is exhausted, member self-pays premiums. When eligible for Medicare, the percentage of premium paid by the retiree or surviving spouse is: <ul style="list-style-type: none"> <li>10-14 years of service - 30%</li> <li>15-19 years - 25%</li> <li>20-24 years - 20%</li> <li>25-29 years - 15%</li> <li>30 years or more - 10%</li> </ul>
<b>Disability Benefits</b>	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation. Different occupational disability formula available before 7/1/76.	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation.	Nonoccupational disability benefits are calculated as a normal retirement. Occupational disability provides 40% of the gross monthly compensation.	Must be a total and presumably permanent disability whose cause is directly related to performance of duties of the job or an on the job injury. Benefit is 40% of salary, earns service while on occupational disability. Employer continues to make all required contributions as if the member were working, plus the member's required contributions to the DC account, without deduction from the member's disability payment. Disability benefits cease when the member becomes eligible for normal retirement at Medicare eligible age and 10 years of service or at any age with 25 years of service for peace officers and firefighters or with 30 years of service for all others. Medical insurance is available to members receiving disability when member is eligible for a normal retirement.

More detailed information may be found on the Division website, [www.state.ak.us/drb](http://www.state.ak.us/drb), or in the [PERS Information Handbook](#).

\*Credited service includes all service used in the calculation of a retirement benefit.