

Draft
PSEA position paper language

State and municipal police officers and firefighters vested in Alaska defined benefit retirement system (Tier II and Tier III), with past military service, are eligible to “purchase” up to 5 years of military service credit to put towards their retirement benefit. However, when a fire-fighter or police officer purchases military service credit in this manner, he or she does not get to count the time they have purchased toward retiree medical benefits. Many of these police and firefighter employees who purchased military retirement time assume that it counts toward retiree medical benefits, but at retirement are disappointed to learn it doesn't. HB 116 will correct this problem. It will allow those purchasing military service time the option to also purchase retiree medical benefits. The bill requires the employee to **fully pay** for the medical benefit to be used at retirement. There is **no cost** to the State of Alaska.

In 2012, only 235 currently employed state or municipal Alaska police and fire-fighter employees had claimed military service, so the number of employees currently eligible for this benefit is small. If this legislation becomes law, it is not clear how many of the estimated 235 would also purchase retiree medical benefits. However, it is clear that the cost associated with the retiree medical benefit will be paid fully by the state or municipal police officer or fire-fighter employee. It is difficult to calculate if additional police and fire-fighters in the defined benefit plans would purchase *both* the military time and medical benefit. But if they choose to purchase time and medical benefits the State of Alaska will only provide the option and will not pay the costs. We feel that the most likely group to purchase the medical benefit will come from those who have already purchased their military time.

After serving our country in the military, and a career in public service as a police officer or firefighter, this option to purchase medical coverage allows a police officer or firefighter to move one step closer to retirement for each year purchased. This option comes at a time in their lives when chasing criminals or climbing ladders becomes more difficult, subjecting them to an increasing likelihood of on the job injuries. The nature of their public service work is physical and demanding. Their service to our country was equally physical, so allowing the option to buy is a complementary action by the State to recognize service in the military and public safety.

We commend Representative Millett for introducing legislation that is good public policy and corrects a problem at no cost to the State of Alaska