

28-LS0398\U
Wayne
2/25/14

CS FOR HOUSE BILL NO. 116()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES MILLETT, Holmes, Hawker, Foster, Costello, Lynn, Johnson, Hughes, LeDoux, Kerttula, Chenault, Muñoz, Thompson

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

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

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

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

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

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

* **Sec. 3.** AS 39.35.541 is amended by adding a new subsection to read:

(b) This section does not apply to an election to use service credit and a corresponding indebtedness under AS 39.35.340(j).

* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).