

SB

212

<TARGET><BILL>SB 212</BILL><SUBJECT>SB
212</SUBJECT><COMM>SSTA30</COMM></TARGET>

Alaska State Legislature



SESSION:
Alaska State Capital
Juneau, AK 99801
Phone: (907) 465-3709
Fax: (907) 465-4714

INTERIM:
1292 Sadler Way Suite 308
Fairbanks, AK 99701
Phone: (907) 451-4347
Fax: (907) 451-4348

SENATE PRESIDENT PETE KELLY

Memorandum

February 21, 2018

TO: Senator Kevin Meyer, Chair
Senate State Affairs Committee

FROM: Senator Pete Kelly

RE: SB 212 – Peace Officer/Firefighter retirement benefits

I respectfully request that SB 212 “An Act relating to participation of certain peace officers and firefighters in the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska; relating to eligibility of peace officers and firefighters for medical benefits; and providing for an effective date” be scheduled for a hearing by the Senate State Affairs Committee at your earliest opportunity.

SB 212 would allow peace officers and firefighters hired after June 30, 2006 to participate in the defined benefit retirement plan and establishes mechanisms to ensure the plan remains funded.

Please find the following documents will be supplied electronically:

- Sponsor Statement
- Sectional Analysis
- Supporting Documentation
 - Department of Public Safety Recruitment and Retention Plan Overview 2018-2023
 - Department of Public Safety Employee Engagement Survey Results Overview – December 2017
 - NCSL State Comparison of Computation of State Retirement Benefits for Public Safety Personnel 2012
 - Pension Trustee Advisors Actuarial Cost Estimates for Public Safety Fix (Feb. 21, 2018)
 - Letters of Support

Please contact Joe Byrnes (465-2872) in my office with any further questions

SENATE BILL NO. 212

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY SENATOR KELLY

Introduced: 2/19/18

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to participation of certain peace officers and firefighters in the defined
2 benefit and defined contribution plans of the Public Employees' Retirement System of
3 Alaska; relating to eligibility of peace officers and firefighters for medical benefits; and
4 providing for an effective date."

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

6 * **Section 1.** AS 37.10.220(a) is amended to read:

7 (a) The board shall

Alaska Retirement Management Board (ARM)

8 (1) hold regular and special meetings at the call of the chair or of at
9 least five members; meetings are open to the public, and the board shall keep a full
10 record of all its proceedings;

11 (2) after reviewing recommendations from the Department of
12 Revenue, adopt investment policies for each of the funds entrusted to the board;

13 (3) determine the appropriate investment objectives for the defined
14 benefit plans established under the teachers' retirement system under AS 14.25 and the

1 public employees' retirement system under AS 39.35;

2 (4) assist in prescribing the policies for the proper operation of the
3 systems and take other actions necessary to carry out the intent and purpose of the
4 systems in accordance with AS 37.10.210 - 37.10.390;

5 (5) provide a range of investment options and establish the rules by
6 which participants can direct their investments among those options with respect to
7 accounts established under

8 (A) AS 14.25.340 - 14.25.350 (teachers' retirement system
9 defined contribution individual accounts);

10 (B) AS 39.30.150 - 39.30.180 (State of Alaska Supplementary
11 Annuity Plan);

12 (C) AS 39.35.730 - 39.35.750 (public employees' retirement
13 system defined contribution individual accounts); and

14 (D) AS 39.45.010 - 39.45.060 (public employees' deferred
15 compensation program);

16 (6) establish the rate of interest that shall be annually credited to each
17 member's individual contribution account in accordance with AS 14.25.145 and
18 AS 39.35.100 and the rate of interest that shall be annually credited to each member's
19 account in the health reimbursement arrangement plan under AS 39.30.300 -
20 39.30.495; the rate of interest shall be adopted on the basis of the probable effective
21 rate of interest on a long-term basis, and the rate may be changed from time to time;

22 (7) adopt a contribution surcharge as necessary under AS 39.35.160(c);

23 (8) coordinate with the retirement system administrator to have an
24 annual actuarial valuation of each retirement system prepared to determine system
25 assets, accrued liabilities, and funding ratios and to certify to the appropriate
26 budgetary authority of each employer in the system

27 (A) an appropriate contribution rate for normal costs; and

28 (B) an appropriate contribution rate for liquidating any past
29 service liability; in this subparagraph, the appropriate contribution rate for
30 liquidating the past service liability of the defined benefit retirement plan under
31 AS 14.25.009 - 14.25.220 or the past service liability of the defined benefit

1 retirement plan under AS 39.35.095 - 39.35.680 must be determined by a level
2 percent of pay method based on amortization of the past service liability for a
3 closed term of 25 years;

4 (9) review actuarial assumptions prepared and certified by a member
5 of the American Academy of Actuaries and conduct experience analyses of the
6 retirement systems not less than once every four years, except for health cost
7 assumptions, which shall be reviewed annually; the results of all actuarial assumptions
8 prepared under this paragraph shall be reviewed and certified by a second member of
9 the American Academy of Actuaries before presentation to the board;

10 (10) contract for an independent audit of the state's actuary not less
11 than once every four years;

12 (11) contract for an independent audit of the state's performance
13 consultant not less than once every four years;

14 (12) obtain an external performance review to evaluate the investment
15 policies of each fund entrusted to the board and report the results of the review to the
16 appropriate fund fiduciary;

17 (13) by the first day of each regular legislative session, report to the
18 governor, the legislature, and the individual employers participating in the state's
19 retirement systems on the financial condition of the systems in regard to

20 (A) the valuation of trust fund assets and liabilities;

21 (B) current investment policies adopted by the board;

22 (C) a summary of assets held in trust listed by the categories of
23 investment;

24 (D) the income and expenditures for the previous fiscal year;

25 (E) the return projections for the next calendar year;

26 (F) one-year, three-year, five-year, and 10-year investment
27 performance for each of the funds entrusted to the board; and

28 (G) other statistical data necessary for a proper understanding
29 of the financial status of the systems;

30 (14) submit quarterly updates of the investment performance reports to
31 the Legislative Budget and Audit Committee;

- 1 (15) develop an annual operating budget; [AND]
 2 (16) administer pension forfeitures required under AS 37.10.310 using
 3 the procedures of AS 44.62 (Administrative Procedure Act); **and**
 4 **(17) determine the amount of the monthly employer contribution**
 5 **under AS 39.35.257.**

6 * **Sec. 2.** AS 37.10.220(b) is amended to read:

- 7 (b) The board may
 8 (1) employ outside investment advisors to review investment policies;
 9 (2) enter into an agreement with the fiduciary of another state fund in
 10 order to assume the management and investment of those assets;
 11 (3) contract for other services necessary to execute the board's powers
 12 and duties;
 13 (4) enter into confidentiality agreements that would exempt records
 14 from AS 40.25.110 and 40.25.120 if the records contain information that could affect
 15 the value of investment by the board or that could impair the ability of the board to
 16 acquire, maintain, or dispose of investments;
 17 **(5) adjust the amount of the increase in benefits payable to a peace**
 18 **officer or firefighter who first becomes a member after June 30, 2006, as**
 19 **provided under AS 39.35.475;**
 20 **(6) adjust employee contribution rates under AS 39.35.160(e).**

21 * **Sec. 3.** AS 37.10.390 is amended by adding a new paragraph to read:

- 22 ^{NEW} (5) "peace officer" or "firefighter" has the meaning given in
 23 AS 39.35.680. ^{PERS}

24 * **Sec. 4.** AS 39.30.090(a) is amended to read:

- 25 (a) The Department of Administration may obtain a policy or policies of group
 26 insurance covering state employees, persons entitled to coverage under AS 14.25.168,
 27 14.25.480, AS 22.25.090, AS 39.35.535, **39.35.537**, 39.35.880, or former
 28 AS 39.37.145, employees of other participating governmental units, or persons
 29 entitled to coverage under AS 23.15.136, subject to the following conditions:
 30 (1) a group insurance policy shall provide one or more of the following
 31 benefits: life insurance, accidental death and dismemberment insurance, weekly

1 indemnity insurance, hospital expense insurance, surgical expense insurance, dental
2 expense insurance, audiovisual insurance, or other medical care insurance;

3 (2) each eligible employee of the state, the spouse and the unmarried
4 children chiefly dependent on the eligible employee for support, and each eligible
5 employee of another participating governmental unit shall be covered by the group
6 policy, unless exempt under regulations adopted by the commissioner of
7 administration;

8 (3) a governmental unit may participate under a group policy if

9 (A) its governing body adopts a resolution authorizing
10 participation and payment of required premiums;

11 (B) a certified copy of the resolution is filed with the
12 Department of Administration; and

13 (C) the commissioner of administration approves the
14 participation in writing;

15 (4) in procuring a policy of group health or group life insurance as
16 provided under this section or excess loss insurance as provided in AS 39.30.091, the
17 Department of Administration shall comply with the dual choice requirements of
18 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
19 transact business in the state under AS 21.09, a hospital or medical service corporation
20 authorized to transact business in this state under AS 21.87, or a health maintenance
21 organization authorized to operate in this state under AS 21.86; an excess loss
22 insurance policy may be obtained from a life or health insurer authorized to transact
23 business in this state under AS 21.09 or from a hospital or medical service corporation
24 authorized to transact business in this state under AS 21.87;

25 (5) the Department of Administration shall make available bid
26 specifications for desired insurance benefits or for administration of benefit claims and
27 payments to (A) all insurance carriers authorized to transact business in this state
28 under AS 21.09 and all hospital or medical service corporations authorized to transact
29 business under AS 21.87 who are qualified to provide the desired benefits; and (B)
30 insurance carriers authorized to transact business in this state under AS 21.09, hospital
31 or medical service corporations authorized to transact business under AS 21.87, and

1 third-party administrators licensed to transact business in this state and qualified to
2 provide administrative services; the specifications shall be made available at least once
3 every five years; the lowest responsible bid submitted by an insurance carrier, hospital
4 or medical service corporation, or third-party administrator with adequate servicing
5 facilities shall govern selection of a carrier, hospital or medical service corporation, or
6 third-party administrator under this section or the selection of an insurance carrier or a
7 hospital or medical service corporation to provide excess loss insurance as provided in
8 AS 39.30.091;

9 (6) if the aggregate of dividends payable under the group insurance
10 policy exceeds the governmental unit's share of the premium, the excess shall be
11 applied by the governmental unit for the sole benefit of the employees;

12 (7) a person receiving benefits under AS 14.25.110, AS 22.25,
13 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in
14 effect under this section at the time of termination of employment with the state or
15 participating governmental unit;

16 (8) a person electing to have insurance under (7) of this subsection
17 shall pay the cost of this insurance;

18 (9) for each permanent part-time employee electing coverage under
19 this section, the state shall contribute one-half the state contribution rate for permanent
20 full-time state employees, and the permanent part-time employee shall contribute the
21 other one-half;

22 (10) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
23 or former AS 39.37 may obtain auditory, visual, and dental insurance for that person
24 and eligible dependents under this section; the level of coverage for persons over 65
25 shall be the same as that available before reaching age 65 except that the benefits
26 payable shall be supplemental to any benefits provided under the federal old age,
27 survivors, and disability insurance program; a person electing to have insurance under
28 this paragraph shall pay the cost of the insurance; the commissioner of administration
29 shall adopt regulations implementing this paragraph;

30 (11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
31 or former AS 39.37 may obtain long-term care insurance for that person and eligible

1 dependents under this section; a person who elects insurance under this paragraph
2 shall pay the cost of the insurance premium; the commissioner of administration shall
3 adopt regulations to implement this paragraph;

4 (12) each licensee holding a current operating agreement for a vending
5 facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that
6 applies to governmental units other than the state.

7 * **Sec. 5.** AS 39.30.097(a) is amended to read:

8 (a) The commissioner of administration is authorized to prefund medical
9 benefits provided by AS 14.25.168, AS 22.25.090, AS 39.35.535, and 39.35.537
10 [AND AS 39.35.535] by establishing an irrevocable trust that is exempt from federal
11 income tax under 26 U.S.C. 115 and subject to the applicable financial reporting,
12 disclosure, and actuarial requirements of the Governmental Accounting Standards
13 Board.

*This needs to be
71 deleted*

14 * **Sec. 6.** AS 39.30.300 is amended to read:

15 **Sec. 39.30.300. State of Alaska Teachers' and Public Employees' Retiree**
16 **Health Reimbursement Arrangement Plan established.** The State of Alaska
17 Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is
18 established for teachers who first become members of the defined contribution plan of
19 the teachers' retirement system under AS 14.25.310 - 14.25.590 on or after July 1,
20 2006, and employees of the state, political subdivisions of the state, and public
21 organizations of the state who first become members [OF THE DEFINED
22 CONTRIBUTION PLAN] of the Public Employees' Retirement System of Alaska
23 (AS 39.35) [PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDER
24 AS 39.35.700 - 39.35.990] on or after July 1, 2006.

25 * **Sec. 7.** AS 39.30.380 is amended to read:

26 **Sec. 39.30.380. Termination of employment.** A person who terminates
27 employment before meeting the eligibility requirements of AS 14.25.470,
28 AS 39.35.537, or 39.35.870 [OR AS 39.35.870] loses any right to the contributions
29 made on behalf of the person to the teachers' and public employees' retiree health
30 reimbursement arrangement trust fund. If a person returns to employment with a
31 participating employer by December 31 of the year in which the person reaches 65

1 years of age, the person's account balance shall be restored in the amount recorded on
 2 the date of termination from the trust, adjusted for inflation at the rate of the Consumer
 3 Price Index for Anchorage, Alaska. The earlier period of employment with a
 4 participating employer shall be credited toward eligibility for medical benefits.

5 * **Sec. 8.** AS 39.30.390 is amended to read:

6 **Sec. 39.30.390. Eligibility and reimbursement.** Persons who meet the
 7 eligibility requirements of AS 14.25.470, AS 39.35.537, or 39.35.870 [AND
 8 AS 39.35.870] are eligible for reimbursements from the individual account established
 9 for a member under the plan, except members do not have to retire directly from the
 10 system. A person who is the dependent child of an eligible member is eligible for
 11 reimbursements if the eligible member and surviving spouse have both died so long as
 12 the person meets the definition of dependent child.

13 * **Sec. 9.** AS 39.30.400(a) is amended to read:

14 (a) The administrator may deduct the cost of monthly premiums from the
 15 individual account for retiree major medical insurance on behalf of an eligible person
 16 who elected retiree major medical insurance under AS 14.25.480, AS 39.35.537, or
 17 39.35.880 [OR AS 39.35.880].

18 * **Sec. 10.** AS 39.30.495(5) is amended to read:

19 (5) "eligible person" means a person who meets the eligibility
 20 requirements of AS 14.25.470, AS 39.35.537, or 39.35.870 [OR AS 39.35.870];

21 * **Sec. 11.** AS 39.35.095 is amended to read:

22 **Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680.** The following
 23 provisions of this chapter apply only to members first hired before July 1, 2006, and,
 24 regardless of the date of hire, members who are peace officers or firefighters:
 25 AS 39.35.095 - 39.35.680.

This may be problematic

26 * **Sec. 12.** AS 39.35.160(a) is amended to read:

27 (a) **Subject to (e) of this section, beginning** [BEGINNING] January 1, 1987,
 28 each peace officer or firefighter shall contribute to the plan an amount equal to seven
 29 and one-half percent of the peace officer's or firefighter's compensation. Except as
 30 provided in (d) **and (e)** of this section, beginning January 1, 1987, each other
 31 employee shall contribute to the plan an amount equal to six and three-quarters percent

1 of the employee's compensation. [THE CONTRIBUTIONS SHALL BE DEDUCTED
2 BY THE EMPLOYER AT THE END OF EACH PAYROLL PERIOD. THE
3 CONTRIBUTIONS SHALL BE DEDUCTED FROM EMPLOYEE
4 COMPENSATION BEFORE COMPUTATION OF APPLICABLE FEDERAL
5 TAXES, AND THE CONTRIBUTIONS SHALL BE TREATED AS EMPLOYER
6 CONTRIBUTIONS UNDER 26 U.S.C. 414(h)(2). A MEMBER MAY NOT HAVE
7 THE OPTION OF MAKING THE PAYROLL DEDUCTION DIRECTLY INSTEAD
8 OF HAVING THE CONTRIBUTION PICKED UP BY THE EMPLOYER.]

9 * **Sec. 13.** AS 39.35.160 is amended by adding new subsections to read:

10 (e) Except as provided in (a) of this section, a peace officer or firefighter who
11 first participates in the plan after June 30, 2006, shall contribute to the plan an amount
12 equal to eight percent of the employee's compensation. The board may, from time to
13 time, adjust the employee contribution under this subsection to an amount that is

14 (1) not less than eight percent of the employee's compensation; and

15 (2) not more than 10 percent of the employee's compensation.

16 (f) Contributions under (a) and (e) of this section shall be deducted by the
17 employer at the end of each payroll period. The contributions shall be deducted from
18 employee compensation before computation of applicable federal taxes, and the
19 contributions shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A
20 member may not have the option of making the payroll deduction directly instead of
21 having the contribution picked up by the employer.

22 * **Sec. 14.** AS 39.35.255 is amended by adding a new subsection to read:

23 (i) The requirements of this section are in addition to the requirements under
24 AS 39.35.257.

25 * **Sec. 15.** AS 39.35 is amended by adding a new section to read:

26 **Sec. 39.35.257. Employer contributions for peace officers and firefighters.**

27 An employer that employs a peace officer or firefighter who first participates in the
28 plan after June 30, 2006, shall contribute monthly to the plan a per capita amount,
29 determined by the board, that is equal to

30 (1) not less than 12 percent of the total monthly compensation that the
31 employer pays to all peace officers and firefighters combined;

1 (2) not more than 22 percent of the total monthly compensation that
2 the employer pays to all peace officers and firefighters combined.

3 * **Sec. 16.** AS 39.35.282 is amended to read:

4 **Sec. 39.35.282. Contributions for medical benefits.** Contributions made by
5 an employer under AS 39.35.255 and 39.35.280 **must** [SHALL] be separately *conforming*
6 computed for benefits provided by AS 39.35.535 **and 39.35.537. The contributions**
7 **computed for benefits provided by AS 39.35.535 must** [AND SHALL] be deposited
8 in the Alaska retiree health care trust established under AS 39.30.097(a), **and the**
9 **contributions computed for benefits provided by AS 39.35.537 must be deposited**
10 **in the teachers' and public employees' retiree health reimbursement arrangement**
11 **plan trust fund established under AS 39.30.340.**

12 * **Sec. 17.** AS 39.35.340(i) is amended to read: *military service credit*

13 (i) Notwithstanding (d) of this section, a member who retires as a peace officer
14 or firefighter may elect to use five or fewer years of credited service granted under this
15 section in computing years of credited service under AS 39.35.535(c) or 39.35.537.

16 When eligibility for credited service for military service has been established and an
17 election under this subsection has been made, an indebtedness in addition to the
18 indebtedness determined under (b) of this section shall be determined for each year of
19 military service used under this subsection, in an amount based on the increase, if any,
20 in the present value of future benefits for that year as determined by the department.

21 * **Sec. 18.** AS 39.35.370(a) is amended to read:

22 (a) Subject to AS 39.35.450, a terminated employee ^{*survivor*} **who first became a**
23 **member before July 1, 2006,** is eligible for a normal retirement benefit

24 (1) at age 60 with at least five years **of** credited service;

25 (2) with at least 20 years of credited service as a peace officer or
26 firefighter; or

27 (3) with at least 30 years of credited service for all other employees.

28 * **Sec. 19.** AS 39.35.370 is amended by adding a new subsection to read:

29 (l) Subject to AS 39.35.450, a terminated employee who first becomes a
30 member after June 30, 2006, is eligible for a normal retirement benefit

31 (1) at age 60 with at least five years of credited service as a peace

1 officer or firefighter; or

2 (2) at age 55 with at least 20 years of credited service as a peace
3 officer or firefighter.

4 * **Sec. 20.** AS 39.35.381(e) is amended to read:

5 (e) A person who retires under this section is not entitled to disability or death
6 benefits under AS 39.35.400 - 39.35.440, a minimum benefit under AS 39.35.485, or
7 to medical benefits under AS 39.35.535 or 39.35.537. Service earned under this
8 section may not be used for vesting under AS 39.35.095 - 39.35.680.

9 * **Sec. 21.** AS 39.35.475(a) is amended to read:

10 (a) Subject to (g) of this section, once [ONCE] each year the administrator
11 shall increase benefit payments to eligible disabled members, to persons age 60 or
12 older receiving benefits under this plan in the preceding calendar year, and to persons
13 who have received benefits under this plan for at least five years who are not
14 otherwise eligible for an increase under this section.

15 * **Sec. 22.** AS 39.35.475(b) is amended to read:

16 (b) Subject to (h) of this section, the [THE] increase in benefit payments
17 applies to total benefit payments except for the cost-of-living allowance under
18 AS 39.35.480. The amount of the increase is a percentage of the current benefit equal
19 to

20 (1) the lesser of 75 percent of the increase in the cost of living in the
21 preceding calendar year or nine percent, for recipients who on July 1 are at least 65
22 years old and for members receiving disability benefits; and

23 (2) the lesser of 50 percent of the increase in the cost of living in the
24 preceding calendar year or six percent, for recipients who on July 1 are at least 60 but
25 less than 65 years old or for recipients who are less than 60 years old on July 1 but
26 who have received benefits from the plan for at least five years.

27 * **Sec. 23.** AS 39.35.475 is amended by adding new subsections to read:

28 (g) A person who receives a benefit under AS 39.35.370(l) ~~is~~ not eligible to
29 receive an increase in benefits under this section.

30 (h) If the board determines that the plan has an unfunded liability greater than
31 10 percent, the board may reduce the amount of the increase under (b) of this section

peace officer or firefighter

1 that is payable to a ~~protective occupation employee~~ who first becomes a member after
 2 June 30, 2006. At any time, the board may terminate a reduction made under this
 3 subsection.

4 * **Sec. 24.** AS 39.35.535(a) is amended to read:

5 (a) Except as provided in (d) **and (g)** of this section, the following persons are
 6 entitled to major medical insurance coverage under this section:

7 (1) for employees first hired before July 1, 1986,

8 (A) an employee who is receiving a monthly benefit from the
 9 plan and who has elected coverage;

10 (B) the spouse and dependent children of the employee
 11 described in (A) of this paragraph;

12 (C) the surviving spouse of a deceased employee who is
 13 receiving a monthly benefit from the plan and who has elected coverage;

14 (D) the dependent children of a deceased employee who are
 15 dependent on the surviving spouse described in (C) of this paragraph;

16 (2) for members first hired on or after July 1, 1986,

17 (A) an employee who is receiving a monthly benefit from the
 18 plan and who has elected coverage for the employee;

19 (B) the spouse of the employee described in (A) of this
 20 paragraph if the employee elected coverage for the spouse;

21 (C) the dependent children of the employee described in (A) of
 22 this paragraph if the employee elected coverage for the dependent children;

23 (D) the surviving spouse of a deceased employee who is
 24 receiving a monthly benefit from the plan and who has elected coverage;

25 (E) the dependent children of a deceased employee who are
 26 dependent on the surviving spouse described in (D) of this paragraph if the
 27 surviving spouse has elected coverage for the dependent children.

28 * **Sec. 25.** AS 39.35.535(c) is amended to read:

29 (c) A benefit recipient **who became a member before July 1, 2006, or the**
 30 **surviving spouse of the person** may elect major medical insurance coverage in
 31 accordance with regulations and under the following conditions:

1 (1) a person, other than a disabled member or a disabled member who
 2 is appointed to normal retirement, shall [MUST] pay an amount equal to the full *confirm*
 3 monthly group premium for retiree major medical insurance coverage if the person is

4 (A) younger than 60 years of age and has less than

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

7 (ii) 30 years of credited service under AS 39.35.360 and
 8 39.35.370 that is not service as a peace officer; or

9 (B) of any age and has less than 10 years of credited service;

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

12 (A) is a disabled member;

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

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

17 (D) has at least

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

20 (ii) 30 years of credited service under AS 39.35.360 and
 21 39.35.370 not as a peace officer. *deletion*

22 * **Sec. 26.** AS 39.35.535 is amended by adding a new subsection to read:

23 (g) A benefit recipient who is a peace officer or firefighter and who first
 24 becomes a member after June 30, 2006, or a benefit recipient who is the surviving
 25 spouse of a person who is a peace officer or firefighter and who first becomes a
 26 member after June 30, 2006, may elect medical benefits under AS 39.35.537.

27 * **Sec. 27.** AS 39.35 is amended by adding a new section *section* to read:

28 **Sec. 39.35.537. Medical benefit; eligibility of peace officers or firefighters**
 29 **first hired after June 30, 2006; surviving spouses and dependents.** (a) A member
 30 who is a peace officer or firefighter hired after June 30, 2006, is entitled to medical
 31 benefits under this section. A member who applies for medical benefits under this

1 section shall apply on the forms and in the manner prescribed by the administrator.

2 (b) The member's surviving spouse is eligible to elect medical benefits if the
3 member had retired or was eligible for retirement and medical benefits at the time of
4 the member's death.

5 (c) The medical benefits available to eligible persons are access to the retiree
6 major medical insurance plan and to the health reimbursement arrangement plan under
7 AS 39.30.300. Access to the retiree major medical insurance plan means that an
8 eligible person may not be denied insurance coverage except for failure to pay the
9 required premium.

10 (d) Retiree major medical insurance plan coverage elected by an eligible
11 member under this section covers the eligible member, the spouse of the eligible
12 member, and the dependent children of the eligible member.

13 (e) Retiree major medical insurance plan coverage elected by a surviving
14 spouse of an eligible member under this section covers the surviving spouse and the
15 dependent children of the eligible member who are dependent on the surviving spouse.

16 (f) Participation in the retiree major medical insurance plan is not required in
17 order to participate in the health reimbursement arrangement plan.

18 (g) A person eligible for medical benefits under this section is not required to
19 participate in the health reimbursement arrangement plan in order to participate in the
20 retiree major medical insurance plan.

21 (h) A person who is eligible for medical benefits under this section must make
22 the irrevocable election to participate or not participate in the retiree major medical
23 insurance plan by reaching 70 1/2 years of age, or upon application for retirement and
24 medical benefits, whichever is later.

25 (i) Major medical insurance coverage takes effect on the first day of the month
26 following the date of the administrator's approval of the election and stops when the
27 person who elects coverage dies or fails to make a required premium payment.

28 (j) The coverage for persons 65 years of age or older is the same as that
29 available for persons under 65 years of age. The benefits payable to those persons 65
30 years of age or older supplement any benefits provided under the federal old age,
31 survivors and disability insurance program.

*does this
add?*

1 (k) The medical and optional insurance premiums owed by the person who
2 elects coverage may be deducted from the health reimbursement arrangement. If the
3 amount of the health reimbursement arrangement becomes insufficient to pay the
4 premiums, the person who elects coverage under (a) of this section shall pay the
5 premiums directly.

6 (l) The cost of premiums for retiree major medical insurance coverage under
7 this section for an eligible member or surviving spouse who is

8 (1) not eligible for Medicare is an amount equal to the full monthly
9 group premiums for retiree major medical insurance coverage;

10 (2) eligible for Medicare is the following percentage of the premium
11 amounts established for retirees who are eligible for Medicare:

12 (A) 30 percent if the member had 10 or more, but less than 15,
13 years of service;

14 (B) 25 percent if the member had 15 or more, but less than 20,
15 years of service;

16 (C) 20 percent if the member had 20 or more, but less than 25,
17 years of service;

18 (D) 15 percent if the member had 25 or more, but less than 30,
19 years of service;

20 (E) 10 percent if the member had 30 or more years of service.

21 (m) The eligibility for retiree major medical insurance coverage for an
22 alternate payee under a qualified domestic relations order shall be determined based
23 on the eligibility of the member to elect coverage. The alternate payee shall pay the
24 full monthly premium for retiree major medical insurance coverage.

25 (n) A person who is entitled to retiree major medical insurance coverage under
26 this section shall

27 (1) be informed by the administrator in writing

28 (A) that the health insurance coverage available to retired
29 members may be different from the health insurance coverage provided to
30 employees;

31 (B) of time limits for selecting optional health insurance

1 coverage and whether the election is irrevocable; and

2 (2) indicate in writing on a form provided by the administrator that the
3 person has received the information required by this subsection and whether the
4 person has chosen to receive optional health insurance coverage.

5 (o) The monthly group premiums for retiree major medical insurance coverage
6 under this section are established by the administrator in accordance with
7 AS 39.30.095. Nothing in this chapter guarantees a person who elects coverage under
8 (a) of this section a monthly group premium rate for retiree major medical insurance
9 coverage other than the premium in effect for the month in which the premium is due
10 for coverage for that month.

11 (p) In this section, "health reimbursement arrangement plan" means the plan
12 established in AS 39.30.300.

DEFINITIONS

13 * **Sec. 28.** AS 39.35.680(4) is amended to read:

14 (4) "average monthly compensation" means the result obtained by
15 dividing the compensation earned by an employee during a considered period by the
16 number of months, including fractional months, for which compensation was earned;
17 an employee must have at least 115 days of credited service in the last payroll year in
18 order for that year to be used as part of the consecutive payroll years; the considered
19 period consists of

20 (A) for employees first hired before July 1, 1996, the three
21 consecutive payroll years during the period of credited service that yield the
22 highest average;

23 (B) for employees first hired on or after July 1, 1996, the five
24 consecutive payroll years during the period of credited service that yield the
25 highest average;

26 (C) if the employee does not have the number of consecutive
27 payroll years required by (A) or (B) of this paragraph, the actual number of
28 months, including fractional months, that the employee worked;

29 (D) for an employee who has made an election under
30 AS 39.35.300(c) or 39.35.310(c), the actual number of months, including
31 fractional months, that the employee worked;

1 (E) for a peace officer or firefighter hired **before July 1, 2006**
 2 [AT ANY TIME], the three consecutive payroll years during the period of
 3 credited service that yield the highest average;

4 **(F) for a peace officer or firefighter hired after June 30,**
 5 **2006, the five consecutive payroll years during the period of credited**
 6 **service that yield the highest average;**

7 * **Sec. 29.** AS 39.35.680(18) is amended to read:

8 (18) "employer" means

9 (A) the State of Alaska;

10 (B) a political subdivision or public organization of the state
 11 that participates in the plan based on a resolution to participate in the plan that
 12 was approved by the administrator

13 **(i) on or before July 1, 2006; or**

14 **(ii) for peace officers and firefighters; or**

15 (C) a political subdivision or public organization of the state
 16 that **assumes liability for participation in the plan by another political**
 17 **subdivision or public organization of the state** [,] as a result of consolidation
 18 or reorganization that occurs

19 **(i) at any time, with respect to peace officers or**
 20 **firefighters;**

21 **(ii) on or after July 1, 2006, with respect to employees**
 22 **who are not peace officers or firefighters** [ASSUMES LIABILITY
 23 UNDER THE PLAN OF A POLITICAL SUBDIVISION OR PUBLIC
 24 ORGANIZATION DESCRIBED IN (B) OF THIS PARAGRAPH];

25 * **Sec. 30.** AS 39.35.680(26) is amended to read:

26 (26) "normal retirement" means retirement for a member who is
 27 eligible to receive benefits under AS 39.35.370(a) ^{terminated} **or (l)** or under 39.35.385(a) or (f);

28 * **Sec. 31.** AS 39.35.720 is amended to read:

29 **Sec. 39.35.720. Membership. Except as provided in AS 39.35.095, an** [AN]
 30 employee who becomes a member on or after July 1, 2006, shall participate in the plan
 31 set out in AS 39.35.700 - 39.35.990.

1 * **Sec. 32.** AS 39.35.750 is amended by adding a new subsection to read:

2 (f) This section does not apply to contributions made under AS 39.35.257 and
3 does not require an employer who makes a contribution for an employee under
4 AS 39.35.257 to make another contribution for that employee.

5 * **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

*If I wanted to go from Defined Contribution to Defined Benefit this is
the section*

7 RETIREMENT PLAN ELECTION. (a) A peace officer or firefighter who was first
8 hired after June 30, 2006, and before the effective date of this section, and who is a member
9 of the defined contribution retirement plan of the public employees' retirement system under
10 AS 39.35.700 - 39.35.990, may, within 90 days after the effective date of this section, make a
11 one-time election to participate in the defined benefit retirement plan under AS 39.35.095 -
12 39.35.680 and to transfer all contributions that have been made or should be made to the
13 defined contribution retirement plan for service the member completes before the effective
14 date of the member's participation in the defined benefit retirement plan. The transferred
15 contributions shall be used to purchase credited service in the defined benefit retirement plan
16 on an actuarial equivalent basis determined by the Alaska Retirement Management Board
17 established under AS 37.10.210.

18 (b) In this section, "peace officer" or "firefighter" has the meaning given in
19 AS 39.35.680.

20 * **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 RETIREMENT PLAN ELECTION PROCEDURE; REGULATIONS REQUIRED.

23 (a) An election made under sec. 33 of this Act to participate in the defined benefit retirement
24 plan under AS 39.35.095 - 39.35.680 must be made in writing on one or more forms and in
25 the manner prescribed by the administrator^{DOA?}. Before accepting an election to participate in the
26 defined benefit retirement plan, the administrator shall provide the employee who plans on
27 making an election to participate in the defined benefit retirement plan with information,
28 including calculations to illustrate the effect of moving the employee's retirement plan from
29 the defined contribution retirement plan to the defined benefit retirement plan as well as other
30 information that informs the employee of potential consequences of the employee's election.

31 (b) An election made under sec. 33 of this Act to participate in the defined benefit

1 retirement plan is irrevocable. On the effective date of the election, an eligible employee who
2 makes the election shall be enrolled as a member of the defined benefit retirement plan, and
3 the employee's participation in the plan shall be governed by the applicable provisions of the
4 defined benefit retirement plan. The employee's enrollment in the defined benefit retirement
5 plan is retroactive to the date of hire. An election made by an eligible employee who is
6 married is not effective unless the election is signed by the employee's spouse.

7 (c) When an eligible employee makes a one-time election under sec. 33 of this Act,
8 the administrator shall cause the total amount of the employee's employee and employer
9 contributions, with investment earnings and losses through the day of the employee's election
10 to participate as a member in the defined benefit retirement plan, to be actuarially calculated
11 and, subject to (d) of this section, transferred to the pension fund in the defined benefit
12 retirement plan. On the effective date of the employee's participation in the defined benefit
13 retirement plan, the employee shall be credited with service in the defined benefit retirement
14 plan that may be purchased under an actuarial equivalent purchase formula as determined by
15 the board. The board shall establish transfer procedures by regulation, but the actual transfer
16 may not occur later than 30 days after the date the administrator receives the employee's
17 completed forms under (a) of this section, unless the major financial markets for securities
18 available for a transfer are seriously disrupted by an unforeseen event that also causes the
19 suspension of trading on any national securities exchange in the country where the securities
20 were issued. In that event, the 30-day period may be extended by a resolution of the board. A
21 transfer is not commissionable or subject to other fees and may be in the form of cash or a
22 security as determined by the board. A security shall be valued on the date of receipt in the
23 employee's account.

24 (d) If the value actuarially calculated under (c) of this section is insufficient to pay for
25 service credit equal to the employee's actual service, the administrator shall allow the
26 employee the option of creating an indebtedness up to the amount needed to eliminate the
27 insufficiency; however, if that value exceeds the amount needed to pay for a service credit
28 equal to the employee's actual service, the administrator shall cause the excess to remain in
29 the employee's retirement plan established under AS 39.35.700 - 39.35.990. An excess under
30 this subsection may not be used to purchase service credit in a retirement plan administered
31 under AS 39.35.

1 (e) The provisions of this section are subject to the requirements of the Internal
2 Revenue Code and the limitations under AS 39.35.115, 39.35.678, 39.35.710(c) and (d), and
3 39.35.895.

4 (f) In this section,

5 (1) "administrator" means the commissioner of administration or the person
6 designated by the commissioner of administration under AS 39.35.003 for a public
7 employees' retirement plan;

8 (2) "board" means the Alaska Retirement Management Board established
9 under AS 37.10.210;

10 (3) "defined benefit retirement plan" means the retirement plan established
11 under AS 39.35.095 - 39.35.680 for a public employee;

12 (4) "defined contribution retirement plan" means the retirement plan
13 established under AS 39.35.700 - 39.35.990 for a public employee;

14 (5) "Internal Revenue Code" has the meaning given in AS 39.35.990.

15 * **Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 **ADOPTION OF REGULATIONS.** The commissioner of administration shall adopt
18 regulations necessary to implement the changes made by this Act. The regulations take effect
19 under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law
20 implemented by the regulation.

21 * **Sec. 36.** Section 35 of this Act takes effect immediately under AS 01.10.070(c).

22 * **Sec. 37.** Except as provided in sec. 36 of this Act, this Act takes effect July 1, 2018.

~~troopers testify~~

Paul
mit Andri

- Why Public Safety - ?

- high turnover

- why turnover

- retirement

~~- military - optional~~

- AK Firefighters brought this forward

- Troopers not involved - ?

- have not taken a position

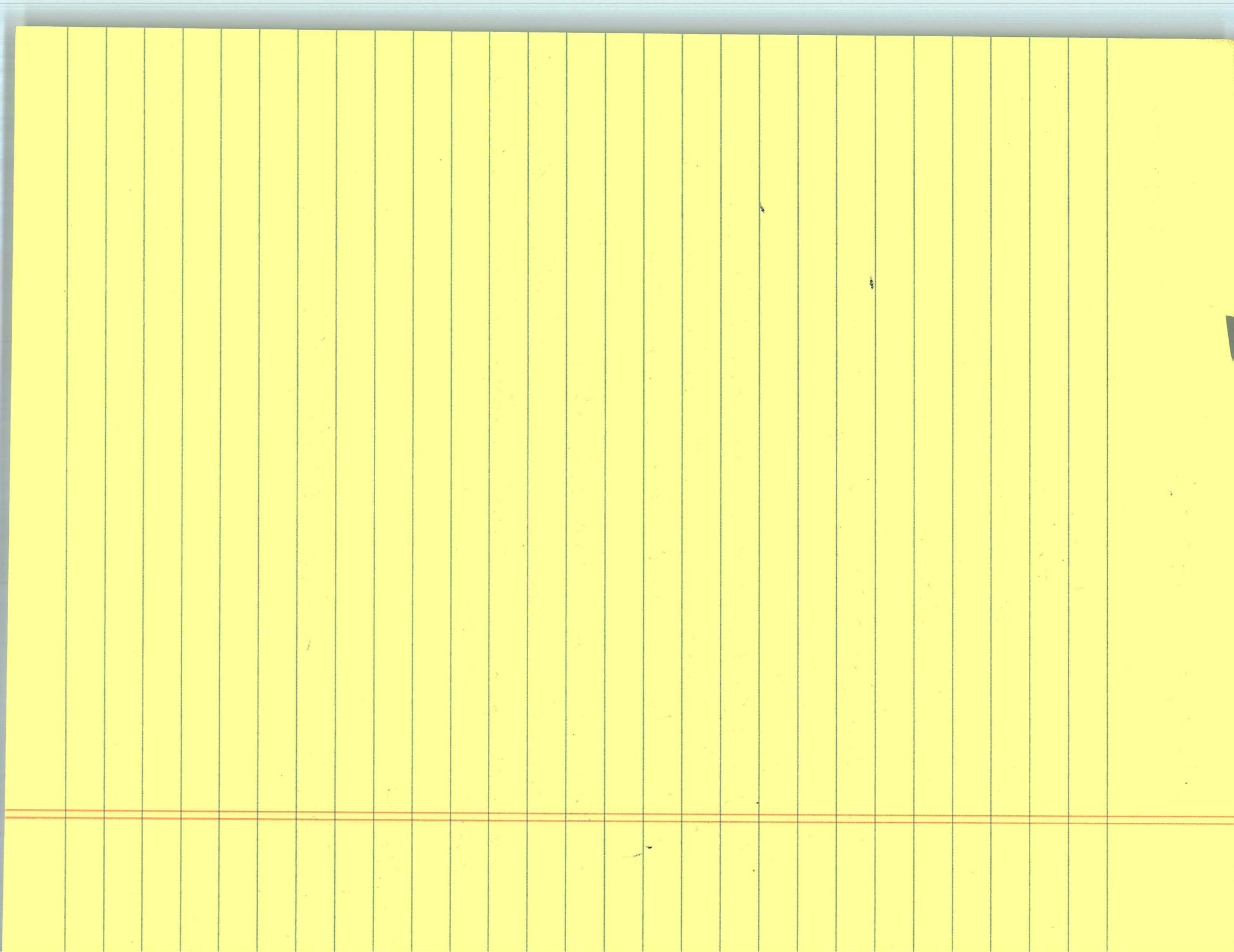
- Recruit new fire fighters

- reasons for leaving - Pay / Defined Benefit
over worked / training budget / wellness program

- Ast - 5th Highest Pay

- Tier 4

\$ 160,000 - Fire Fighter / EMT



- Turnover - 6.4 million

~~Lane WRA:ix~~

~~SB-212~~

- Where do you get your recruits? -?

- 435 full compliment - How many

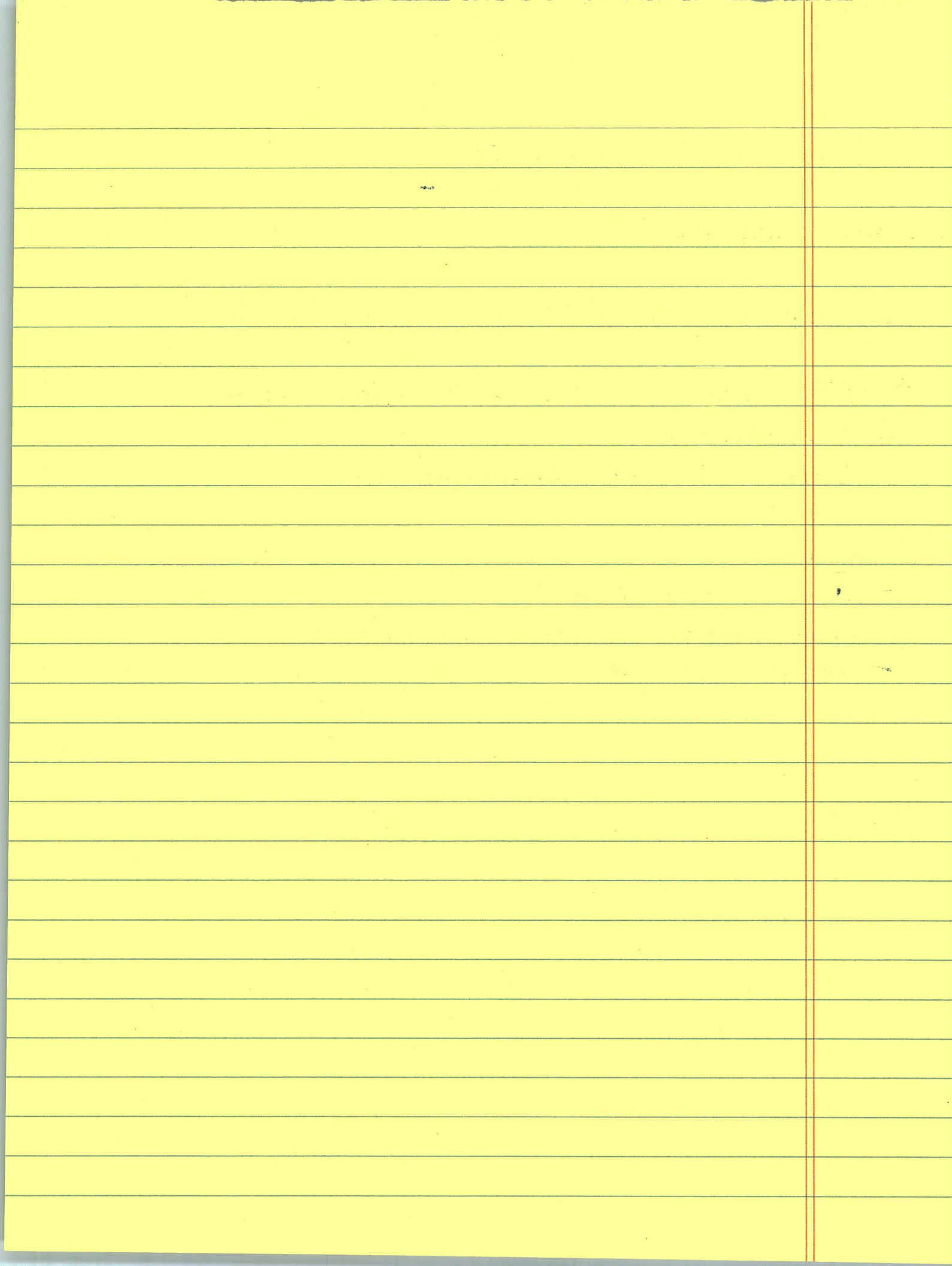
Did you hire

- Defined Benefit keeps people

- Turnover Rate - ??

- Thank-you for your service

- Age Tlooper



SB 212 PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS

Senator Pete Kelly

SB 212 Peace Officer/Firefighter Retire Benefits

This legislation carves out a defined benefit pension option for state and municipal peace officers and firefighters in the Alaska Public Employees Retirement System (PERS). The bill would allow future peace officers and firefighters under the PERS system and current ones under the PERS Tier IV plan to join the defined benefit plan.

There are 37 sections of this bill, most of the sections are conforming. Here are a few highlights:

- The first three sections deal with the Alaska Retirement Management Boards powers and duties in terms of determining the amount of the monthly employer contributions and adjusting the contribution rates.
- Section 13 sets the employee contribution rate to 8% of the employee's compensation but the ARM board may adjust that rate up to 10%
- Section 15 adds a new section basically allowing peace officers and firefighters to participate in the defined benefit plan.
- Section 19 details the service requirements for peace officers and firefighters participating in the defined benefit plan
- Section 23 I believe has a typo. I think they meant "are eligible"
- Section 27 adds a section creating an HRA medical benefit for peace officers and firefighters if they were hired after June 30, 2006.
- Section 33 is transition language and sets out that once the bill has become effective that within 90 days there would need to be a transfer.

Potential Issues:

The most obvious potential issue is this: Once you adjust a retirement plan/system to accommodate people—as wonderful as firefighters and peace

officers are--into a defined benefit plan, what is to stop the teachers, the other state workers, and people who were hired in Tier IV from wanting the same thing? If we treat one group of state of employees different than another, would we then be vulnerable to a court case being filed? Would this mean more cost to the state, how does this bill save the state money?

DPS will argue that this bill is needed because recruitment and retention rates are low and benefits are a significant factor in encouraging people to join and current employees to stay. However, according to their own report, 21% of their employees in Dept. of Public Safety count, "improve department leadership and culture" as a factor that needs improving. Is the recruitment and retention rate more a factor of 1) increased wages elsewhere and 2) the aging of the current employees?

Fiscal Impact:

We JUST received fiscal notes today (noon). Both from DOA, one is indeterminate and the second one is 850.9 UGF in 2019 and 106.6 in the out years.

QUESTIONS:

- DPS: Is it the benefits that is really driving the separations or is it the increased salary that someone could get somewhere else? (page four of the DPS Recruitment and Retention Plan Overview).
- DPS: In your report you estimate that it takes \$190,000 and 12-18 months to recruit, train and certify a Trooper. How does this compare to other organizations?
- DPS: Have there been changes in the way you recruit and train in the last three to five years?
- DPS: In your Commissioned Employee Engagement Survey from December 2017, on page seven it looks like 21% of your employees would like to, "improve department leadership and culture" as an improvement in employment with the Department of Public Safety. What steps has the department been taking to address this?
- Who contracted the Pension Trustee Advisors and how were they paid?
- Is there someone from Retirement Benefits Division? Will there be an actuarial study from Buck?

- How does this bill save the state money?
- How many people does this bill cover?
- Teachers would want to be included with this bill, what is your response to those other employees who would also want to be part of the defined benefit plan?
- Would the state incur a lawsuit if we did this carve out?
- In the first three sections of the bill the Alaska Retirement Management Board has the power to determine the amount of the monthly employer contributions and adjust the contribution rates, please walk me through that process. How would the contributions be set and if the rate is 8% and ARM was going to adjust it to 10% what would prompt that and how would that be handled?
- Please go over the HRA medical benefit for peace officers and firefighters hired after June 30, 2006 in section 34 and actual years of service vs equivalent years of service. Is this for employees that maybe work for the state in a different capacity and as a peace officer/firefighter?
- Department of Administration: I see we have not received fiscal notes for this bill, can someone from the department address why we don't have them and when we can expect them?
- Please walk me through the transition language in section 33. If this bill were to pass, there would be 90 days when people would need to opt in? How would this work?
- DOA/Retirement & Benefits: How soon could we get an actuarial valuation?
- DOA/Retirement & Benefits: Why doesn't page two of the fiscal note for OMB component 64 add up? You have 84.3 and not 86?

Alaska State Legislature

SESSION:
Alaska State Capital
Juneau, AK 99801
Phone: (907) 465-3709
Fax: (907) 465-4714



INTERIM:
1292 Sadler Way Suite 308
Fairbanks, AK 99701
Phone: (907) 451-4347
Fax: (907) 451-4348

SENATE PRESIDENT PETE KELLY Sponsor Statement Senate Bill 212

"An Act relating to participation of certain peace officers and firefighters in the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska; relating to eligibility of peace officers and firefighters for medical benefits; and providing for an effective date."

SB 212 would create a new defined benefit pension option for state and municipal peace officers and firefighters under the Alaska Public Employees' Retirement System (PERS) with new protections for the state against unforeseen future pension liabilities. ?

Since ending defined benefit plans in 2006, one of Alaska's greatest public safety challenges has become employee retention and recruitment. Alaska is one of the few jurisdictions that does not presently offer a defined benefit type retirement for new public safety employees. Additionally, many municipal public employees do not participate in Social Security or the Supplemental Annuity Plan (SBS-AP).

Since 2011, 126 State Troopers have left state service, and 72 percent of them moved to law enforcement agencies with better pay and benefits. Recruitment remains one of the greatest challenges facing the Department of Public Safety today. With an average cost of \$190,000 per Trooper to recruit, train, and send out into our communities, these separations have an enormous cost to Alaska. Similarly, in Fairbanks, the average length of service for each new firefighter is 1.9 years.

SB 212 is crafted to retain and attract quality peace officers and firefighters while protecting the state from undue financial risks in the future. The proposed option would allow future peace officers and firefighters under the PERS system and current ones under the PERS Tier IV plan to join the defined benefit plan. The proposal includes several safeguards modeled after the most fiscally responsible plans in the nation. These safeguards provide stability and would help protect the state from undue financial risks in the future. These provisions include a minimum retirement age of 55 with 20 years of service, flexibility setting employee contribution rates, minimum 12 percent employer contribution rates, mechanisms to prevent costly "pension spiking," and the ability to withhold post-pension retirement adjustments should the plan's funding drop below 90 percent. The plan mirrors much of the PERS Tier III benefits for public safety, though it retains the current Tier IV defined contribution retirement plan's health reimbursement arrangement (HRA) and absence of cost of living adjustments as an important cost savings measures. *

Alaska smartly ended the defined benefit plan in 2006 after we discovered how underfunded those accounts were to meet anticipated retiree obligations. Knowing that Alaska must meet our obligation to retirees, we cannot afford to return to defined benefit retirements workforce wide. However, the nature of the jobs that peace officers and firefighters hold are uniquely physically demanding and hazardous compared to other public employees, and all Alaskans pay the cost for understaffed public safety agencies.

Alaska State Legislature



SESSION:
Alaska State Capital
Juneau, AK 99801
Phone: (907) 465-3709
Fax: (907) 465-4714

INTERIM:
1292 Sadler Way Suite 308
Fairbanks, AK 99701
Phone: (907) 451-4347
Fax: (907) 451-4348

SENATE PRESIDENT PETE KELLY

Sectional Analysis

Senate Bill 212

“An Act relating to participation of certain peace officers and firefighters in the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska; relating to eligibility of peace officers and firefighters for medical benefits; and providing for an effective date.”

Please note that this is a sectional summary and not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 (pages 1-4)

Amends AS 37.10.220(a) regarding the powers and duties that the Alaska Retirement Management (ARM) board shall carry out, adding determining the amount of the monthly employer contributions under the newly added AS 39.35.257 for peace officers and firefighters participating in the defined benefit plan after June 30, 2006 (found in section 15)

Section 2 (page 4)

Amends AS 37.10.220(b) regarding the powers and duties that the Alaska Retirement Management (ARM) board may carry out, adding the ability to adjust the post-retirement pension adjustment (PRPA) amounts and the employee contribution rates for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 3 (page 4)

Adds to the ARM board statute definitions a meaning for “peace officer” and “firefighter” being the existing definitions found in AS 39.35.680 (the PERS defined benefit definitions section)

Section 4 (pages 4-7)

Amends the AS 39.30.090(a) regarding the Department of Administration's power to procure group insurance. Adds the new AS 39.35.537 (found in section 27) which creates a health reimbursement arrangement (HRA) medical benefit for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 5 (page 7)

Amends AS 39.30.097(a) regarding Alaska retiree health care trusts. Adds the new AS 39.35.537 (the peace officer/firefighter HRA found in section 27) to the list of medical benefit programs that the Department of Administration commissioner is authorized to prefund. ? NO

should delete

Conforming
Section 6 (page 7)

Amends AS 39.30.300 which created the Public Employees' Retirement System (PERS) and Teachers Retirement System (TRS) Health Reimbursement Arrangement (HRA) Plan for retirees under the teachers and public employee defined contribution plans. Language that specified that the HRA plan is only for members of the defined contribution plan (Tier IV) under PERS is removed.

Section 7 (pages 7-8)

Amends AS 39.30.380 regarding how the HRA medical benefits are handled for terminated employees who leave prior to retiring. A person who terminates employment prior to meeting the eligibility requirements under the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) lose rights to their contribution to the HRA trust fund, likewise with the other HRAs.

Section 8 (page 8)

Amends AS 39.30.390 regarding eligibility for reimbursement under the HRA. Adds the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) as eligible for reimbursements from the HRA.

Section 9 (page 8)

Amends AS 39.30.400(a) regarding benefits payable from individual HRA accounts. The new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) is added as a plan from which the administrator may deduct the cost of monthly premiums.

Section 10 (page 8)

Amends AS 39.30.495 which contains the definitions for the HRA statutes. Adds the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) to the definition of "eligible person" found in AS 39.30.495(5).

Section 11 (page 8)

Amends AS 39.35.095 which lays out the applicability of the defined benefit retirement plan statutes found in AS 39.35.095-39.35.680 to include peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 12 (page 8-9)

Conforming amendment to AS 39.35.160(a) which outlines the employee contribution rates for peace officers or firefighters hired before June 30, 2006, excepting the new AS 39.35.160(e) (found in section 13). Deletes material on page 9, lines 1-8 that is reproduced in a new AS 39.35.160(f) (found in section 13).

Section 13 (page 9)

★ Sets the employee contribution rate for peace officers and firefighters participating in the defined benefit plan after June 30, 2006, to be equal to 8 percent of the employee's compensation. The ARM board may adjust the contribution rate from 8 to 10 percent. Subsection (f) reproduces the deleted material from page 9, lines 1-8 in section 12 of the bill, ensuring that contributions conform with the federal Internal Revenue Code.

Section 14 (page 9)

Amends AS 39.35.255 concerning the contributions of employers to the PERS defined benefit retirement plan, adding a new subsection (i) stating that the contribution requirements are also subject to the new AS 39.35.257 (found in section 15) concerning employer contributions for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 15 (page 9-10)

Adds a new section AS 39.35.257 concerning employer contributions for peace officers and firefighters participating in the defined benefit plan after June 30, 2006. Employers are to contribute a rate, set by the ARM board, between 12 and 22 percent of the total monthly compensation the employer pays to all peace officers and firefighters combined.

Section 16 (page 10)

Amends AS 39.35.282 regarding employer contributions for medical benefits, conforming that section to changes in the bill affecting peace officers and firefighters first participating in the defined benefit plan after June 30, 2006.

Section 17 (page 10)

Amends AS 39.35.340(i) regarding the use of military service as credit toward the years of service requirements under the PERS defined benefit retirement plan. It adds the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) as a plan that credit service can be computed toward.

Section 18 (page 10)

Conforming amendment to AS 39.35.370(a) which outlines the years of service requirements to become eligible for retirement benefits under the defined benefit retirement plan. The conforming language specifies that the credit service requirements in subparagraphs 1-3 only apply to persons who became members of the defined benefit retirement plan prior to July 1, 2006.

Section 19 (page 10-11)

Amends AS 39.35.370 by adding a new subsection (l) detailing the service requirements for peace officers and firefighters participating in the defined benefit plan after June 30, 2006. Members are eligible for a normal retirement benefit:

- At age 60 with at least five years of credited service as a peace officer or firefighter, or
- At age 55 with at least 20 years of credited service as a peace officer or firefighter.

Section 20 (page 11)

Amends AS 39.35.381 concerning the alternative benefits for elected public officials. The new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) is added to the list of plans that elected public officials are not entitled to under the alternative benefit for elected public officials.

Section 21 (page 11)

Conforming amendment to AS 39.35.475(a) concerning the schedule for making the annual post-retirement pension adjustments (PRPA), making those payments subject to the exceptions in the new subsection (g) (found in section 23).

Section 22 (page 11)

Conforming amendment to AS 39.35.475(b) concerning the calculation of the annual post-retirement pension adjustments (PRPA), making those payments subject to the new subsection (h) (found in section 23).

Section 23 (pages 11-12)

Amends AS 39.35.475 regarding the post-retirement pension adjustments (PRPA), adding new subsections:

- (g) states that persons receiving benefits under the new AS 39.35.370(l) are not eligible to receive PRPA increases.
- (h) allows the ARM board to reduce PRPA payments to peace officers and firefighters participating in the defined benefit plan after June 30, 2006, if the plan has an unfunded liability greater than 10 percent.

Section 24 (page 12)

Conforming amendment to AS 39.35.535(a) concerning the medical benefits for employees under the defined benefit retirement plan. Adds a new subsection (g) (found in section 26) as an exception to the defined benefit retirement plan medical benefits for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 25 (pages 12-13)

Conforming amendment to AS 39.35.535(c) concerning the major medical insurance coverage for those under the defined benefit retirement plan. It specifies that the section only applies to those members or their surviving spouse who joined prior to July 1, 2006.

Section 26 (page 13)

Amends AS 39.35.535 by adding a new subsection (g) that states peace officers and firefighters participating in the defined benefit plan after June 30, 2006, are to receive benefits under the HRA as allowed under the new AS 39.25.537 (found in section 27).

Section 27 (pages 13-16)

Adds a new section AS 39.35.537 creating an HRA medical benefit for peace officers and firefighters first participating in the defined benefit plan after June 30, 2006. The section specifies the eligibility, cost of premiums for the major medical insurance, and procedures for participation.

Section 28 (pages 16-17)

Amends AS 39.35.680 which contains the definitions for the defined benefit retirement plan statutes. Adds a new paragraph (F) under the definition of “average monthly compensation” that states the calculation for peace officers and firefighters first participating in the defined benefit plan after June 30, 2006, will be based on the highest five consecutive payroll years during the employee’s career.

Section 29 (page 17)

Conforming amendment to the definition of “employer” under AS 39.35.680(18) to include peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 30 (page 17)

Conforming amendment to the definition of “normal retirement” under AS 39.35.680(26) to include AS 39.35.370(l) detailing the service requirements for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 31 (page 17)

Conforming amendment to AS 39.35.720 regarding the membership in the defined contribution retirement system, stating that all employees who become members on or after July 1, 2006, except as provided in AS 39.35.095, are part of the defined contribution plan, thus excepting peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 32 (page 18)

Adds a new subsection to AS 39.35.750 regarding employer contributions to the defined contribution retirement plan, stating those contribution requirements do not apply to peace officers and firefighters participating in the defined benefit plan after June 30, 2006, whose employer contribution requirements are found in the new AS 39.35.257 (found in section 15).

Section 33 (page 18)

Adds a new section to the uncodified law of the State of Alaska allowing peace officers and firefighters hired after June 30, 2006 and before the bill’s effective date to elect, within 90 days of the effective date of this section, to transfer their contributions to their defined contribution retirement plan to the defined benefit retirement plan. Those transfers will be used to purchase credited service under the defined benefit retirement plan on an actuarially equivalent basis set by the ARM board.

transition
language

Section 34 (pages 18-20)

Adds a new section to the uncodified law of the State of Alaska creating procedures set out by the Department of Administration for employees to transition their contributions under the defined contribution retirement plan to the defined benefit retirement plan. This section also states that the election to transition from the defined contribution to the defined benefit plan is irrevocable. If there is a difference between the actual years of service and the equivalent years of service calculated by an employee's contributions to the defined benefit retirement plan, then the Department of Administration will allow persons to buy the difference. If the equivalent years of service are in excess of the actual years of service, then the excess remains under the defined contribution retirement plan.

Section 35 (page 20)

Adds a new section to the uncodified law of the State of Alaska instructing the Department of Administration commissioner to make conforming regulations.

Section 36 (page 20)

States that section 35 takes immediate effect under AS 01.10.070(c).

Section 37 (page 20)

States that all other sections take effect July 1, 2018.

SESSION:
Alaska State Capital
Juneau, AK 99801
Phone: (907) 465-3709
Fax: (907) 465-4714



INTERIM:
1292 Sadler Way Suite 308
Fairbanks, AK 99701
Phone: (907) 451-4347
Fax: (907) 451-4348

SENATE PRESIDENT PETE KELLY
Sectional Analysis - Detailed
Senate Bill 212

“An Act relating to participation of certain peace officers and firefighters in the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska; relating to eligibility of peace officers and firefighters for medical benefits; and providing for an effective date.”

Section 1 (pages 1-4)

Amends AS 37.10.220(a) regarding the powers and duties that the Alaska Retirement Management (ARM) board *shall* carry out, adding determining the amount of the monthly employer contributions under the newly added AS 39.35.257 for peace officers and firefighters participating in the defined benefit plan after June 30, 2006 (found in section 15)

Section 2 (page 4)

Amends AS 37.10.220(b) regarding the powers and duties that the Alaska Retirement Management (ARM) board *may* carry out, adding

1. (b)(5) adjusting the post-retirement pension adjustment (PRPA) benefits payable to peace officers or firefighters participating in the defined benefit plan after June 30, 2006, under the new AS 39.35.475 (found in section 23)
2. (b)(6) adjust the employee contribution rates under the new AS 39.35.160(e) (found in section 13) for peace officers or firefighters participating in the defined benefit plan after June 30, 2006, from 8-10%

Section 3 (page 4)

Adds to the ARM board statute definitions a meaning for “peace officer” and “firefighter” being the existing definitions found in AS 39.35.680 (the PERS defined benefit definitions section)

AS 39.35.680(30) "peace officer" or "firefighter" means an employee occupying a position as a peace officer, chief of police, regional public safety officer, correctional officer, correctional superintendent, firefighter, 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;

Section 4 (pages 4-7) – conforming change

Amends the AS 39.30.090(a) regarding the Department of Administration’s power to procure group insurance. Adds the new AS 39.35.537 (found in section 27) which creates a health reimbursement arrangement (HRA) medical benefit for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 5 (page 7) – conforming change, but recommended for removal. The other health plans listed are the DB medical plans, the HRA does not require prefunding.

Amends AS 39.30.097(a) regarding Alaska retiree health care trusts. Adds the new AS 39.35.537 (the peace officer/firefighter HRA found in section 27) to the list of medical benefit programs that the Department of Administration commissioner is authorized to prefund. AS 14.25.168 are TRS medical benefits. AS 22.25.090 are judicial branch medical benefits. AS 39.35.535 are the Public Employees' Retirement System (PERS) medical benefits.

Section 6 (page 7) – conforming change

Amends AS 39.30.300 which created the Public Employees' Retirement System (PERS) and Teachers Retirement System (TRS) Health Reimbursement Arrangement (HRA) Plan for retirees under the teachers and public employee defined contribution plans. Language that specified that the HRA plan is only for members of the defined contribution plan (Tier IV) under PERS is removed such that the HRA statutes are applicable to any member under any of the PERS plans (including the proposed peace officer and firefighter plan).

Section 7 (pages 7-8) – conforming change

Amends AS 39.30.380 regarding how the HRA medical benefits are handled for terminated employees. Under this section, a person who terminates employment prior to meeting the eligibility requirements under AS 14.25.470 (TRS Tier II HRA), AS 39.35.870 (PERS Tier IV HRA), and the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) lose rights to their contribution to the HRA trust fund.

Section 8 (page 8) – conforming change

Amends AS 39.30.390 regarding eligibility for reimbursement under the HRA. Adds the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) to AS 14.25.470 (TRS Tier II HRA) and AS 39.35.870 (PERS Tier IV HRA) detailing who is eligible for reimbursements from the HRA.

Section 9 (page 8) – conforming change

Amends AS 39.30.400(a) regarding benefits payable from individual HRA accounts. The new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) is added as a plan from which the administrator may deduct the cost of monthly premiums, along with AS 14.25.470 (TRS Tier II HRA) and AS 39.35.870 (PERS Tier IV HRA).

Section 10 (page 8) – conforming change

Amends AS 39.30.495 which contains the definitions for the HRA statutes. Adds to the definition of "eligible person" found in AS 39.30.495(5) the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) to AS 14.25.470 (TRS Tier II HRA), and AS 39.35.870 (PERS Tier IV HRA). To be considered an eligible person, one must meet the eligibility requirements outlined in his or her respective HRA plan statutes.

Section 11 (page 8) – conforming change

Amends AS 39.35.095 which lays out the applicability of the defined benefit retirement plan statutes found in AS 39.35.095-39.35.680 to include peace officers and firefighters participating in the defined

benefit plan after June 30, 2006. Since the inception of the PERS Tier IV defined contribution retirement plan in 2006, no new public employees have been added to the defined benefit retirement plan. As such, there are several changes to separate the systems to ensure that this new DB plan does not diminish the existing DB benefits for Tiers I-III.

Section 12 (page 8-9) – conforming change (ensure non-dimishment)

Conforming amendment to AS 39.35.160(a) which outlines the employee contribution rates for PERS Tier III peace officers and firefighters (those hired before June 30, 2006), excepting the new AS 39.35.160(e) (found in section 13). Deletes language detailing that contributions are to be deducted from employees at the end of the payroll period and the contributions are to be treated as employer retirement contributions under the federal internal revenue code. The deleted material on page 9, lines 1-8 is reproduced in a new AS 39.35.160(f) (found in section 13).

Section 13 (page 9)

Amends AS 39.35.160 regarding the employee contribution rates for PERS Tier III peace officers and firefighters (those hired before June 30, 2006), adding new subsections (e) and (f).

Subsection (e) states that peace officers and firefighters participating in the defined benefit plan after June 30, 2006, are to contribute an amount equal to 8 percent of the employee's compensation. The ARM board may adjust the contribution rate from 8 to 10 percent. This is one of the mechanisms to ensure the plan remains fully funded.

Subsection (f) reproduces the deleted material from page 9, lines 1-8 in section 12 of the bill. This section states that contributions are to be deducted from employees at the end of the payroll period and not calculated as part of employee compensation for the purposes of federal income taxes. The contributions are to be treated as employer retirement contributions under the federal Internal Revenue Code. It also states that members cannot make the payroll deduction directly instead of having it picked up by the employer.

Section 14 (page 9) – conforming change (ensure non-dimishment)

Amends AS 39.35.255 concerning the contributions of employers to the PERS defined benefit retirement plan, adding a new subsection (i) stating that the contribution requirements are also subject to the new AS 39.35.257 (found in section 15) concerning employer contributions for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 15 (page 9-10)

Adds a new section AS 39.35.257 concerning employer contributions for peace officers and firefighters participating in the defined benefit plan after June 30, 2006. Employers are to contribute a rate, set by the ARM board, between 12 and 22 percent of the total monthly compensation the employer pays to all peace officers and firefighters combined.

Section 16 (page 10) – conforming change (ensure non-dimishment)

Amends AS 39.35.282 regarding contributions for medical benefits. Employer contributions to the defined benefit retirement plan under AS 39.35.255 and the additional annual contributions by the state to under AS 39.35.280 are to be accounted separately for medical benefits under AS 39.35.535 (PERS Tiers I-III medical benefits) and the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27). The contributions for the medical benefits under AS 39.35.535 (PERS Tiers I-III medical benefits) are to be deposited in the Alaska retiree health care trust and the contributions for the medical benefits under the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) are to be deposited in the teachers' and public employees' retiree health reimbursement arrangement plan trust fund (found in section 6).

Section 17 (page 10) – conforming change

Amends AS 39.35.340(i) regarding the use of military service as credit toward the years of service requirements under the PERS defined benefit retirement plan. It adds the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) as a plan that credit service can be computed toward.

Section 18 (page 10) – conforming change (ensure non-dimishment)

Conforming amendment to AS 39.35.370(a) which outlines the years of service requirements to become eligible for retirement benefits under the defined benefit retirement plan. The new conforming language specifies that the credit service requirements in subparagraphs 1-3 only apply to persons who became members of the defined benefit retirement plan prior to July 1, 2006.

Section 19 (page 10-11)

Amends AS 39.35.370 by adding a new subsection (l) detailing the service requirements for peace officers and firefighters participating in the defined benefit plan after June 30, 2006. Members are eligible for a normal retirement benefit:

- At age 60 with at least five years of credited service as a peace officer or firefighter, or
- At age 55 with at least 20 years of credited service as a peace officer or firefighter.

Section 20 (page 11) – conforming change

Amends AS 39.35.381 concerning the alternative benefits for elected public officials. The new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 27) is added to the list of plans that elected public officials are not entitled to under the alternative benefit for elected public officials.

Section 21 (page 11) – conforming change (ensure non-dimishment)

Conforming amendment to AS 39.35.475(a) concerning the schedule for making the annual post-retirement pension adjustments (PRPA) to eligible disabled members, persons 60 or older, and persons receiving benefits under the plan for at least five years who are not otherwise eligible for an increase, making those payments subject to the exceptions new subsection (g) (found in section 23).

Section 22 (page 11) – conforming change (ensure non-dimishment)

Conforming amendment to AS 39.35.475(b) concerning the calculation of the annual post-retirement pension adjustments (PRPA), making those payments subject to the new subsection (h) (found in section 23).

Section 23 (pages 11-12)

Amends AS 39.35.475 regarding the post-retirement pension adjustments (PRPA), adding new subsections:

- (g) states that persons receiving benefits under the new AS 39.35.370(l) are not eligible to receive PRPA increases – this is a drafting error; it should say that they *are* eligible
- (h) allows the ARM board to reduce PRPA payments to peace officers and firefighters participating in the defined benefit plan after June 30, 2006, if the plan has an unfunded liability greater than 10 percent

This is one of the mechanisms to ensure the fund remains fully funded.

Section 24 (page 12) – conforming change (ensure non-dimishment)

Conforming amendment to AS 39.35.535(a) concerning the medical benefits for employees under the defined benefit retirement plan. Adds a new subsection (g) (found in section 26) as an exception to the defined benefit retirement plan medical benefits for the proposed HRA for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 25 (pages 12-13) – conforming change (ensure non-dimishment)

Amends AS 39.35.535(c) concerning the major medical insurance coverage for those under the defined benefit retirement plan. It specifies that the section only applies to those members or their surviving spouse who joined prior to July 1, 2006, thus excluding peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 26 (page 13) – conforming change (ensure non-dimishment)

Amends AS 39.35.535 by adding a new subsection (g) that states peace officers and firefighters participating in the defined benefit plan after June 30, 2006, are to receive benefits under the peace officer and firefighter HRA as allowed under the new AS 39.25.537 (found in section 27).

Section 27 (pages 13-16) – the proposed peace officer and firefighter HRA

Adds a new section AS 39.35.537 creating an HRA medical benefit for peace officers and firefighters first participating in the defined benefit plan after June 30, 2006. The section specifies the eligibility, cost of premiums for the major medical insurance, and procedures for participation. The HRA medical benefit is the same as the medical benefit for PERS Tier IV and TRS Tier II employees.

Section 28 (pages 16-17)

Amends AS 39.35.680 which contains the definitions for the defined benefit retirement plan statutes. Adds a new paragraph (F) under the definition of “average monthly compensation” that states the calculation for peace officers and firefighters first participating in the defined benefit plan after June 30, 2006, will be based on the highest five consecutive payroll years during the employee’s career.

Section 29 (page 17) – conforming change

Conforming amendment to the definition of “employer” under AS 39.35.680(18) to include peace officers and firefighters participating in the defined benefit plan after June 30, 2006, who are employed by a political subdivision or public organization.

Section 30 (page 17) – conforming change

Conforming amendment to the definition of “normal retirement” under AS 39.35.680(26) to include AS 39.35.370(l) detailing the service requirements for peace officers and firefighters participating in the defined benefit plan after June 30, 2006

Section 31 (page 17) – conforming change

Conforming amendment to AS 39.35.720 regarding the membership in the defined contribution retirement system, stating that all employees who become members on or after July 1, 2006, except as provided in AS 39.35.095, are part of the defined contribution plan, thus excepting peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 32 (page 18) – conforming change

Adds a new subsection to AS 39.35.750 regarding employer contributions to the defined contribution retirement plan, stating those contribution requirements do not apply to peace officers and firefighters participating in the defined benefit plan after June 30, 2006 whose employer contribution requirements are in the new AS 39.35.257 (found in section 15).

Section 33 (page 18) – transition language

Adds a new section to the uncodified law of the State of Alaska allowing peace officers and firefighters hired after June 30, 2006 and before the bill’s effective date to elect, within 90 days of the effective date of this section, to transfer their contributions to their defined contribution retirement plan to the defined benefit retirement plan. Those transfers will be used to purchase credited service under the defined benefit retirement plan on an actuarially equivalent basis set by the ARM board.

Section 34 (pages 18-20) – transition language

Adds a new section to the uncodified law of the State of Alaska creating procedures set out by the Department of Administration for employees to transition their contributions under the defined contribution retirement plan to the defined benefit retirement plan. This section also states that the election to transition from the defined contribution to the defined benefit plan is irrevocable. If there is a difference between the actual years of service and the equivalent years of service calculated by an employee’s contributions to the defined benefit retirement plan, then the Department of Administration will allow persons to buy the difference. If the equivalent years of service are in excess of the actual years of service, then the excess remains under the defined contribution retirement plan.

Section 35 (page 20)

Adds a new section to the uncodified law of the State of Alaska instructing the Department of Administration commissioner to make conforming regulations.

Section 36 (page 20)

States that section 35 takes immediate effect under AS 01.10.070(c).

Section 37 (page 20)

States that all other sections take effect July 1, 2018.

Alaska State Legislature

SESSION:
Alaska State Capital
Juneau, AK 99801
Phone: (907) 465-3709
Fax: (907) 465-4714



INTERIM:
1292 Sadler Way Suite 308
Fairbanks, AK 99701
Phone: (907) 451-4347
Fax: (907) 451-4348

SENATE PRESIDENT PETE KELLY

PERS Tier Comparisons

	PERS Tier III Public Safety	PERS Tier IV Public Safety	SB 212 Peace Officer/Firefighter Tier	SB 212 Bill Section
Employee Contribution	7.50%	8.00%	Range of 8-10% set by the ARM Board	Section 13
Employer Contribution	22%	22%	22% with not less than 12% set by the ARM Board	Section 15
Vesting	5 years	5 years	5 years	AS 39.35.680(43) (applicable through Section 11)
Years of Service Qualifications	Any age with 20 years of service	None specified	55 years old with 20 years of service or 60 years old if vested with less than 20 years of service	Section 19
Benefit Calculation Formula	2% for the first 10 years 2.5% per year thereafter	Unknown	2% for the first 10 years 2.5% per year thereafter	AS 39.35.370(c) (applicable through Section 11)
Final Average Salary Calculation	High 3 years	N/A	High 5 years	Section 28
Cost of Living Adjustment (COLA)	\$50 or 10% of the base benefit, whatever is greater	None provided	None provided	
Post-Retirement Pension Adjustments (PRPA)	<i>Automatic</i> PRPA adjustments to disabled members, retirees age 60 and over, and those who have received benefits for 5 years.	None provided	PRPA may be withheld if funding is less than 90%	Section 23
Retirement Medical Coverage	Provided after 25 years at any age or age 60 with 10 years of service	HRA - 3% average PERS salary	HRA - 3% average PERS salary	Section 27
Disability Benefits	Non-occupational calculated as normal retirement, Occupational is 40% of gross monthly compensation	40% of gross monthly compensation, must be permanent and total.	Same as Tier III Public Safety	AS 39.35.400 and 39.35.410 (applicable through Section 11)



February 21, 2018

Alaska Professional Fire Fighters Association

Subject: Actuarial cost estimates for "Public Safety Fix" potential pension plan design

We have reviewed the "Public Safety Fix" potential plan changes for Tier 4 public safety workers in Alaska and estimated the cost impact for the potential changes.

Public Safety Fix

As discussed and has been sketched out in various presentations, it is being considered to offer public safety employees currently in the Tier 4 defined contribution retirement (DCR) the ability to join a new plan "Public Safety Fix" (PSF). The table below compares certain provisions between the Tier 3 public safety defined benefit plan, Tier 4 DCR, and new PSF.

Plan Provision	Tier 3 Public Safety	Tier 4	Public Safety Fix
Employee Contributions	7.50%	8.00%	Range of 8-10%
Employer Contributions	22%	22%	22% with no less than 12% going to PSF
Vesting	5 years	5 years	5 years
Retirement eligibility	Any age with 20 years	None specified	55 with 20 years or age 60
Benefit Calculations	2% of average pay for first ten years, 2.5% thereafter	Based on account balance	2% of average pay for first ten years, 2.5% thereafter
Final average pay	Highest three years	Not applicable	Highest five years
COLA	10%, beginning at age 65	None	None
Post Retirement Pension Adjustment (PRPA)	Based on CPI	None	Same as Tier 3, but can be withheld if below 90% funded
Medical Coverage	Provided after 25 years or age 60 with 10 years	HRA 3% average PERS salary	HRA 3% average Public Safety salary
Occupational Disability	40% of Gross Compensation	40%. Must be permanent and total	Same as Tier 3

How does this apply to dependents

Costs

We have calculated the anticipated cost savings of the various changes in plan provisions. These are based on the actuarial valuations performed by the plan actuary. Page 14 of the PERS Actuarial Valuation as of June 30, 2016 indicates that the pension total Normal Cost for Tier 3 public safety workers is 17.38% of public safety pay. We were able to validate that figure within a reasonable degree. Based on this, we calculated the cost savings for the various plan changes discussed above. Additionally, we estimated the costs based on a more conservative expected rate of investment return, to show the impact of funding on a more conservative basis. We modelled a reduction in the assumed rate of return decreasing by 1% from 8.0% to 7.0%. We assumed that the inflation and salary growth rates would decrease also. Where the return assumption was reduced by 1.0%, the salary growth was reduced by 0.5%. In addition, we determined the margin available from the impact of suspending the PRPA and increasing member contributions.

These findings are summarized in the following table.

Plan Provision	Based on 8% return	Based on 7% return & 0.5% drop in inflation
Baseline Tier 3 Public Safety Plan	17.4%	19.3%
Minimum Age 55 Retirement Eligibility	-1.2%	-1.4%
Average Earnings Period to Five Years	-0.7%	-0.7%
Eliminate COLA	-0.6%	-0.7%
Withhold PRPA if Underfunded	Up to 2.2%	Up to 2.2%
Increase Employee Contributions	Up to 2.0%	Up to 2.0%
Public Safety Fix Pension Cost	14.8%	16.5%
Additional Margin for Adverse Experience	4.2%	4.2%

We also estimated the impact of changing the Medical HRA contribution from 3% of average PERS salary for public safety workers under Tier 4 to 3% of average public safety salary for PSF. The average salary for all PERS members was \$65,876, while the average salary for Public Safety members is \$105,317. This means that the current 3% HRA contribution only represents about 1.9% of public safety salary. So a change to the HRA based on public safety salaries would add about 1.1% of public safety pay. Note that if the other PERS HRA contribution were reduced to be based on their average salary (excluding public safety), the change would be cost neutral.

Actuarial calculations were made under my direction. I am a Member of the American Academy of Actuaries and qualified to render this actuarial opinion. I am happy to answer any questions on this estimate and look forward to discussing this with you further.

Sincerely,



February 21, 2018

Senator Pete Kelly
State Capitol Room 111
Juneau AK, 99801

Senator Pete Kelly,

I have worked in Fire & Emergency services in Alaska since 2011. When I was 18-years-old, I was working on the BP oilfield with CH2MHILL. This is where I got my start in the fire service. I started Volunteering with the BP Fire Department in North Slope, Alaska. After some time, I realized Firefighting appeared to be a desirable and fulfilling path, and being young and eager I sought out to chase it. Shortly after a year working on the oilfield, I resigned and immediately began my journey through the UAF Fire Science program in Fairbanks AK. Spending nearly 3 years in Fairbanks and also working with the University Fire Department and Volunteering at other local departments. I left Fairbanks with a countless number of certifications, qualifications and about 6 years of training and experiences packed into 3. My time there was nothing short of phenomenal. This dense educationally rich environment, primed me, a 22-year-old, from being a know nothing kid, to someone worth hiring at the Anchorage Fire Department.

At the time getting hired the AFD seemed nothing short of dream come true. I say, "at the time" because when you first start, nothing other than simply receiving the job seems important. However, after spending 2 and a half years with the AFD, I realized there is more to this career than "*perform firefighting activities*", as it says in the application. After time, you learn about long term job related health issues and it starts to widen your view of what's important. Important to you and your family. Some of these health issues to include: increased mental health instability, increased chances of many cancers, increase chances in heart disease, decrease hormone sensitivity including testosterone, adrenaline, cortisol and insulin. With all that to think about, the importance of good secure retirement was something that I realized was not just benefit to firefighters, but a necessity. Too many firefighters retire far earlier than most civilian's, due to being run down either mentally, physically or both.

All that being said, I'm not writing asking for sympathy towards firefighters, we are a strong dedicated group of people, and are extremely proud to do what we do. Daily we get to work in the best job in the world, and often have moments of absolute fulfillment in serving our communities. We thank all the people in the government that support us and even the ones who don't, we appreciate everything we have received. Being said, the Tier 4 retirement is not a feasible option for Alaska Firefighters. As you may know, many Fire Departments that have

poor retirements in the lower 48 and especially the east coast, face high employee turnaround. As well as underqualified candidates/ employees. The Fire service is a career, not a job with the means of just making money. The public expects well qualified, well trained, skilled and experienced professionals working day in and day out. In order to have that, departments must combat increasing turnaround. With the retirement system the way it is, turnaround will increase as time moves forward.

Additionally, potential applicants from programs like the UAF Fire Science and others, will begin to look outside of Alaska for work. Thus, losing qualified potential employees to other systems that offer better retirements. Speaking to that as proof, a majority of the people I worked with in the UAF Fire Science program now have career jobs in other states that offer defined benefit retirements. I myself have recently resigned my position as Firefighter with the AFD, in order to accept another job with a department that has a good retirement program. I don't suspect I will be the last. I understand that politics is similar to playing 'Whac-A-Mole', there is always something popping up that needs to be taken care of, and it's certainly never ending. I believe that the retirement system needs be in the center of the radar for our firefighters. I thank you for taking the time to read this letter, and I would like to thank you and all the others for your dedication to Alaskan Politics. I hope this letter finds you well.

Respectfully,

A handwritten signature in black ink, appearing to read 'Hunter Bomar', with a long horizontal flourish extending to the right.

Hunter Bomar

February 21, 2018

Senator Pete Kelly
State Capitol Room 111
Juneau AK, 99801

Dear Senator Kelly,

My name is John Jones, and I spent the last 9 years of my life living in Fairbanks, AK. I moved to Fairbanks my sophomore year in high school and fell in love with the state of Alaska. When I graduated from high school I decided to continue my education at the University of Alaska Fairbanks. All of my immediate family lives in Fairbanks, so living in Alaska seemed like a no-brainer. I started my career in the fire service at UAF CTC's Fire Academy and immediately fell in love with the job. I began to volunteer at the Steese Fire Dept and work at the University Fire Department. After working at the University Fire Dept, I received a job opportunity at Fairbanks Fire Dept (FFD). I took the job because I love firefighting, I love Fairbanks, AK, and I couldn't imagine that there would be a more perfect opportunity for me.

My first day at FFD I felt like part of the family. They gave me numerous opportunities to grow and improve as a firefighter paramedic. The longer I worked there, I started to hear that it was very important to start investing in retirement at a young age. I began to look more and more into what I would need to contribute to retire. The job of a firefighter paramedic can be hard on your body, and working in Fairbanks in -20 temperatures on a regular basis does not make it any easier. Retirement at an earlier age was becoming more important. Many of the guys I worked with had been hurt on the job at one point or another, so it was a serious consideration. The risk of hurting yourself increases with age and that became a big consideration with retirement.

I lived at home during my employment at FFD, allowing me to save more money. However, I still was not able to put enough money away to retire. I began to tell myself that I was okay with working forever. I believed that I could make ends meet (even if just barely) if I found a desk job after my retirement from the fire department and worked into my 70's.

Although I love my career, my real dream is to raise a family. My fiancée and I knew from the start that we want to have children. With this in mind, I had to decide whether I could afford to continue my job as a firefighter at FFD and still support a family. That was when it became clear that I would need to go to a different department.

My first consideration was Anchorage Fire Department, because my fiancée's family lives there. After talking with some friends at the Anchorage Fire Department, I learned that even moving there would not alleviate my concerns for starting a family and still being able to retire. I realized that it was an issue with the state. If my fiancée and I wanted to have the family we always dreamed of, we would need to look outside of Alaska.

I consulted my Union President about different jobs in other states, and he recommended WA. It was not long after that I received a job offer from the Tacoma Fire Department. The first day that I started working in WA I couldn't believe the benefits I was now receiving. I was a part of a defined benefits retirement plan LEOFF 2. In this plan you receive 2% per year of the average of your highest five salaries, and can retire at the age of 53. It was an immediate weight taken off of my chest, because with my PERS Tier 4 retirement I never thought I would be able to retire in my 50's. I would never have taken the leap to a new state had it not been for the State

of Alaska's retirement in place. It was not manageable for a man in his 20's that had aspirations of having a family.

It was not an easy decision moving out of the state I love. I can still remember the day I told my dad that I wouldn't be living in the same city, or even the same state as him. I have always been close to my family and still am to this day. I wish I could be closer to them. Instead, I am writing to you from my new home in Washington, where I can comfortably raise and provide for my family without concern for what the future holds. I know that by the end of my fire service career I will be able to actually retire, a surety I did not have in Alaska.

Respectfully,

John Jones

Date: February 19, 2018
To: Senator Kelly
Subject: PERS Tier IV

Dear Senator Kelly,

This letter is in regard to the current retirement system in place for newly hired firefighters starting with the Anchorage Fire Department. I am a Captain with AFD and am fortunate enough to have been employed for almost 18 years. I have instructed at every new hire fire academy the past 16 years. I have had an active part in most of the firefighter's development that were hired after me, and I am professionally and emotionally invested in all of them. Although my concern is for public safety in Alaska as a whole, the direct impact to AFD is what I find most noticeable.

When I tested in 2000, AFD had to rent the Egan Center to accommodate upwards of 800 applicants for the written exam. It was a very competitive process, offering AFD a large pool of qualified candidates to offer jobs. Over the years I have seen the testing pool noticeably diminish to where AFD is lucky to have several hundred applicants. This results in a much narrower hiring pool for AFD. Getting a firefighter hired, through an eight week academy, and a year and a half probation period is a very expensive and labor intensive effort for AFD and the candidate. When and if they do make it off of probation, they are a highly qualified and able employee for AFD. These employees are a very valuable asset to AFD, and (unfortunately) to other outside departments.

It is virtually guaranteed that any firefighter hired under the SOA Tier III retirement system will give the city/ state at least 20 years of service if not 25 years plus. AFD has seen a significant number of highly trained Tier IV employees leave for jobs outside of Alaska the past ten years. Currently there are upwards of 22 Tier IV firefighters that have tested and/ or already left for other departments outside Alaska. As an officer for AFD, I find this very alarming. I need highly trained and experienced firefighters to do my job safely and to provide the best service for the citizens of Anchorage. This proves very difficult when our time is spent training new firefighters because of a high turnover rate of experienced fire fighters leaving AFD for better retirement systems.

As Alaska's largest city and largest fire department, this effects everyone in the state. All Alaska residents eventually pass through here and could potentially need the services of AFD. They deserve the best possible service by the most experienced employee. We can't keep losing our Tier IV firefighters and provide this service. It is costing the tax payers too much money to constantly be replacing our employee pool. Anchorage and Alaska's public safety workers deserve better, as do the constituents. Please fix the retirement to a Defined Benefit System so AFD can attract and retain qualified employees. Thank you for your time.

Mark Stephens

Captain

Anchorage Fire Department



Ethan Berkowitz
Mayor

ANCHORAGE POLICE DEPARTMENT

Headquarters
4501 Elmore Road
Anchorage, Alaska 99507-1599
Telephone (907) 786-8500 / Fax (907) 786-8638



Justin Doll
Chief

The Honorable Pete Kelly
Senate President
Alaska State Capitol, Room 111
Juneau, Alaska 99801-1182

February 26, 2018

RE: Senate Bill 212

Dear Senator Kelly,

As Chief of Alaska's largest law enforcement agency, I am writing in strong support of Senate Bill 212. Over the past two years the Anchorage Police Department (APD) has been fortunate to run consecutive police academies to rebuild the force after years of understaffing. During this process we faced an uphill battle to retain our extremely qualified officers as well as recruit new applicants due to Alaska's defined-contribution retirement system.

As applicants evaluate departments across the county, Alaska cannot compete with almost all other agencies offering defined-benefit plans. This has left us with vacancies in multiple academies as applicants decide to pursue their careers elsewhere.

Aside from difficulties in recruiting new officers, we are seeing our highly trained, qualified, and experienced officers leave APD to work out of state for other law enforcement agencies offering competitive defined-benefit retirement systems. We are paying the cost of training these officers just to see them walk out the door after a few years of valuable experience is gained.

Senate Bill 212 is a step in the right direction to help recruit and retain law enforcement officers. Anchorage residents, as well as residents across Alaska, are concerned about public safety. One way to help Alaska residents is to ensure they have adequately staffed law enforcement agencies with experienced, well trained officers. The Anchorage Police Department strongly supports passage of this bill and a return to a defined-benefit retirement system for Alaska's public safety employees.

I thank you for your support of law enforcement and public safety officials across the State of Alaska, but especially here in Anchorage, and I urge you to pass this important piece of legislation.

Sincerely,

Chief Justin Doll
Anchorage Police Department



North Pole Fire Department

125 Snowman Lane - North Pole, Alaska 99705

Phone: 907.488.2232 Fax: 907.488.3747

Date: February 21, 2018

To: Senator Kelly

Subject: PERS Tier 4 Employee Retention

Dear Senator Kelly,

This letter is in regards to the difficulties the North Pole Fire Department has had in the retention of employees. Since 2006 when the State of Alaska changed its Defined Benefit retirement system (Tiers 1-3) to a Defined Contribution system (Tier 4), this department has had continual turnover in personnel and it is extremely hard for a department of our size which currently has 15 paid positions to maintain and keep employees.

Since the change in retirement system to Tier 4, our department has not been able to retain fully trained employees. Prior to Tier 4 our department was able to compete with other higher paying fire departments because we could offer the best retirement and benefit package. Having a good defined benefit retirement is why numerous applicants have put in for our very few open positions. Giving up higher pay for a competitive retirement is what has kept long term employees with the department. Now firefighters are leaving after a couple of years of experience to other departments because they offer a better retirement.

2006 brought about a drastic change to the North Pole Fire Department. The department has hired, trained and lost 25 personnel to other positions inside and outside the fire service. The turnover is not just limited to the firefighters, senior members have also left for other positions that have a better retirement system. At this rate of turnover, we will have no members with the training or experience to take over when our last Tier 2 and 3 officers retire. On average employees are staying for two years gaining training and experience with our department before moving on. With it taking up to three months to advertise, interview and hire new employees, this leaves large parts of the year where the department is working with reduced staff.

Having a stable and reliable future retirement is of great importance to firefighters and the departments they work for. Thank you for your time and consideration into this very important matter that is affecting the State of Alaska.

Sincerely,

Geoff Coon, Fire Chief
City of North Pole Fire Department



Fairbanks Fire Department

1101 Cushman Street, Fairbanks, AK. 99701-4620
(907) 450-6600 Fax (907) 450-6666
fire@fairbanks.us



Jim Styers, Fire Chief

DATE: February 21, 2018
TO: Senator Pete Kelly
SUBJECT: Non-Retirement Retention

Prior to the year 2006, the Fairbanks Fire Department was a job that was in high demand. The department would test for hiring only a single time every other year. The applicant numbers were always over 100. Today we have to test every year. In the past three years our highest applicant count was only at 30. Less than half of our current applicants make it on the hiring list. The number of individuals wanting to work at Fairbanks Fire Department has declined drastically over the last several years.

Of the individuals that Fairbanks Fire does hire, we are seeing them leave to other employment not only in the State of Alaska but also outside the state. For example in 2016 we had six individuals leave Fairbanks Fire, one did retire, three went to better pay and benefits jobs in Alaska, and two found jobs outside Alaska with better pay and benefits. Losing a single firefighter costs an estimated \$45,000. The City will invest six months to train the firefighter to operate as part of the crew. In 2016 this total cost was \$270,000, and of this cost, ONLY \$45,000 was due to retirement.

One main reason Fire Fighters are seeking employment out of State is the lack of a Defined Benefit retirement. Fire fighters have a shortened career due to the physical nature of the work. It doesn't take long for the employees to realize the realities of their future retirement options. With the current retirement structure the firefighters are unable to envision a stable and reliable future.

As a Fire Chief it is my job to ensure the safety and security of the firefighters. Just as I make sure that the day to day operations run safely, I make sure that their futures are protected, from small details like purchasing new hoods that reduce the cancer causing risks to advocating for retirement security. I feel that it's my job to not only protect the firefighters during their careers but to ensure they have a life afterwards to enjoy.

This is not only a City of Fairbanks Fire Department issue. If you would ask around the State, I believe you would find the same issues taking place around the entire State of Alaska.

Sincerely,


James N. Styers, Fire Chief
City of Fairbanks



4001 Denali Street
P.O. Box 230330, Anchorage, AK 99523
907-561-7500 | www.apdea.net

February 23, 2018

The Honorable Pete Kelly
Senate President
Alaska Legislature
Alaska State Capitol
Juneau, Alaska 99801

RE: Senate Bill 212

Dear Senator Kelly,

I'm writing to you on behalf of more than 400 sworn officers of the Anchorage Police Department, I am writing to wholeheartedly support Senate Bill 212. Alaska is in the middle of the most significant law enforcement recruiting and retention crisis any of us have faced in our careers. One of the roots of the crisis is Alaska's defined-contribution retirement system, which stands in stark contrast to the defined-benefit plans offered by virtually every other law enforcement agency in the country.

On one hand, our applicant pools have been greatly diminished since the change in Alaska's pension laws. On multiple occasions, the Anchorage Police Department has simply been unable to fill all the slots in its police academy. Our recruiters have been repeatedly told that the retirement system is an important factor in the decisions of potential recruits as to whether to pursue a career in Alaska.

On the other hand, since Alaska moved away from a defined-benefit retirement system, there has been no long-term incentive to keep qualified, marketable, and mobile officers employed in the state. We've seen some of our most educated, professional officers come to Alaska, receive exceptional training at the expense of Alaska's law enforcement employers, only to leave within a few short years for work with out-of-state law enforcement agencies offering defined-benefit retirement systems.

Senate Bill 212 gives the legislature an excellent opportunity to support public safety by passing the bill forthwith. The APDEA strongly supports a return to a defined benefit retirement for public safety workers in Alaska. The passage of this bill will bolster not only the initial recruiting process but will increase our retention of experienced officers. This increased retention will save the State of Alaska money, but also enhance the overall safety of its citizens by keeping these highly qualified and well-trained officers in state.

Again, on behalf of the employees of the largest police department in the state, I urge you to pass this much needed legislation.



4001 Denali Street
P.O. Box 230330, Anchorage, AK 99523
907-561-7500 | www.apdea.net

Thank you for continued support of public safety in Alaska.

Respectfully,

Sergeant Brian Wilson
President
Anchorage Police Department Employees Association
PO Box 230330
Anchorage, AK 99523

Alaska State Senate



Chairman: Senator Kevin Meyer
Senator John Coghill
Senator Cathy Giessel
Senator David Wilson
Senator Dennis Egan

State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-4945 Phone
Senator.Kevin.Meyer@akleg.gov
Senate.State.Affairs@akleg.gov

SENATE STATE AFFAIRS

Thursday, March 1, 2018
AGENDA NOTES

- I. CALL THE MEETING TO ORDER
 - a. I call the Senate State Affairs meeting to order. Today is Thursday, March 1, 2018, and the time now is 3:_.

- II. MEMBERS PRESENT
 - a. Roll Call: Senator Giessel, Senator Coghill, Senator Wilson, and Senator Egan.
 - b. Committee Staff Christine Marasigan, Senate Records Christopher Dickrell, and LIO moderator LEAH KRAFFT.

- III. TODAY'S AGENDA
 - a. SB 212 PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS

- IV. SB 212 PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS
 - a. Bill Introduction: Senate President Pete Kelly and Staff Joe Byrnes
 - b. Questions
 - c. Public Testimony
 - i. Invited testimony:
 - ✓1. *Fire Chief Doug Schrage –University Fire Department, President of Western Fire Chiefs Assoc. *(only available between 4:15-4:30)
 - ✓2. Colonel Hans Brinke, Director of the Alaska State Troopers (calling in from Anchorage)
 - ✓3. Colonel Steven Hall, Director of the Alaska Wildlife Troopers (calling in from Anchorage)

- ✓ 4. Major Bernard Chastain - Deputy Director of the Alaska Wildlife Troopers (calling in from Anchorage)

ii. Public testimony:

- 1. Ron Templeton, Assistant Fire Chief, Fairbanks Fire Department – calling from LIO
- ✓ 2. Tyler Stuart, State Trooper – calling in (unknown from where)
- ✓ 3. Alex Boyd, Assistant Chief of Training, Anchorage Fire Department – calling in (not from LIO)
- ✓ 4. APD Captain/Recruitment Officer – calling in (unknown where from)
- ✓ 5. Paul Miranda, Southcentral Vice President, Alaska Professional Firefighters Association – in person testimony
- ✓ 6. Justin Doll, Chief of Police, Anchorage Police Department - calling in
- ✓ 7. Mike Jensen, Sergeant - Backgrounds and Recruiting, Anchorage Police Department - calling in
- ✓ 8. Hunter Bomar, Firefighter, Boise Fire Department (former AFD and UFD Firefighter) – calling in from Boise

d. Committee Discussion

e. Review Fiscal Notes:

- i. OMB Component 64: 850.9 UGF in 2019 and 106.6 in the out years
- ii. OMB Component 45: Indeterminate

f. Committee Action: HOLD!

V. ANNOUNCEMENTS/ADJOURN

- a. Do committee members have anything they want to bring up at this time?
- b. Our next meeting will be Tuesday, March 6th. It is my intent to hear SB 196 APPROPRIATION LIMIT and then SB 186 VOTER REGISTRATION & PFD APP REGISTRATION on Thursday, March 8th.
- c. Thank you, the time now is ___:___ we are adjourned.

SB 212 PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS

Senator Pete Kelly

SB 212 Peace Officer/Firefighter Retire Benefits

This legislation carves out a defined benefit pension option for state and municipal peace officers and firefighters in the Alaska Public Employees Retirement System (PERS). The bill would allow future peace officers and firefighters under the PERS system and current ones under the PERS Tier IV plan to join the defined benefit plan.

There are 37 sections of this bill, most of the sections are conforming. Here are a few highlights:

- The first three sections deal with the Alaska Retirement Management Boards powers and duties in terms of determining the amount of the monthly employer contributions and adjusting the contribution rates.
- Section 13 sets the employee contribution rate to 8% of the employee's compensation but the ARM board may adjust that rate up to 10%
- Section 15 adds a new section basically allowing peace officers and firefighters to participate in the defined benefit plan.
- Section 19 details the service requirements for peace officers and firefighters participating in the defined benefit plan
- Section 23 I believe has a typo. I think they meant "are eligible"
- Section 27 adds a section creating an HRA medical benefit for peace officers and firefighters if they were hired after June 30, 2006.
- Section 33 is transition language and sets out that once the bill has become effective that within 90 days there would need to be a transfer.

Potential Issues:

The most obvious potential issue is this: Once you adjust a retirement plan/system to accommodate people—as wonderful as firefighters and peace

officers are--into a defined benefit plan, what is to stop the teachers, the other state workers, and people who were hired in Tier IV from wanting the same thing? If we treat one group of state of employees different than another, would we then be vulnerable to a court case being filed? Would this mean more cost to the state, how does this bill save the state money?

DPS will argue that this bill is needed because recruitment and retention rates are low and benefits are a significant factor in encouraging people to join and current employees to stay. However, according to their own report, 21% of their employees in Dept. of Public Safety count, "improve department leadership and culture" as a factor that needs improving. Is the recruitment and retention rate more a factor of 1) increased wages elsewhere and 2) the aging of the current employees?

Fiscal Impact:

We JUST received fiscal notes today (noon). Both from DOA, one is indeterminate and the second one is 850.9 UGF in 2019 and 106.6 in the out years.

QUESTIONS:

- DPS: Is it the benefits that is really driving the separations or is it the increased salary that someone could get somewhere else? (page four of the DPS Recruitment and Retention Plan Overview).
- DPS: In your report you estimate that it takes \$190,000 and 12-18 months to recruit, train and certify a Trooper. How does this compare to other organizations?
- DPS: Have there been changes in the way you recruit and train in the last three to five years?
- DPS: In your Commissioned Employee Engagement Survey from December 2017, on page seven it looks like 21% of your employees would like to, "improve department leadership and culture" as an improvement in employment with the Department of Public Safety. What steps has the department been taking to address this?
- Who contracted the Pension Trustee Advisors and how were they paid?
- Is there someone from Retirement Benefits Division? Will there be an actuarial study from Buck?

- How does this bill save the state money?
- How many people does this bill cover?
- Teachers would want to be included with this bill, what is your response to those other employees who would also want to be part of the defined benefit plan?
- Would the state incur a lawsuit if we did this carve out?
- In the first three sections of the bill the Alaska Retirement Management Board has the power to determine the amount of the monthly employer contributions and adjust the contribution rates, please walk me through that process. How would the contributions be set and if the rate is 8% and ARM was going to adjust it to 10% what would prompt that and how would that be handled?
- Please go over the HRA medical benefit for peace officers and firefighters hired after June 30, 2006 in section 34 and actual years of service vs equivalent years of service. Is this for employees that maybe work for the state in a different capacity and as a peace officer/firefighter?
- Department of Administration: I see we have not received fiscal notes for this bill, can someone from the department address why we don't have them and when we can expect them?
- Please walk me through the transition language in section 33. If this bill were to pass, there would be 90 days when people would need to opt in? How would this work?
- DOA/Retirement & Benefits: How soon could we get an actuarial valuation?
- DOA/Retirement & Benefits: Why doesn't page two of the fiscal note for OMB component 64 add up? You have 84.3 and not 86?



February 21, 2018

The Honorable Kevin Meyer
Chair, Senate State Affairs Committee
Alaska State Capitol
Juneau, AK 99801

RE: Senate Bill 212; Defined benefits and medical insurance for peace officers and firefighters

Dear Senator Meyer,

Senate Bill 212 was introduced in the Senate and referred to the Senate State Affairs Committee earlier this week; I would urge you to schedule it for hearings as soon as practical. This bill may be one of the most significant opportunities seen in many years for the legislature to support public safety and, as odd as it may seem, lower long-term public safety costs associated with recruiting, hiring, training, and retention for peace officers and firefighters.

I am confident other agency heads will strongly support the bill, as we have frequently discussed the difficulties in recruiting, hiring, and retaining qualified applicants. The loss of a defined benefit retirement plan and retirement medical benefits are major contributors to this increasing problem.

As an example of how reduced benefits impact recruiting: Before the July 1, 2006, change to a defined contribution plan, the Alaska Department of Public Safety (DPS) recruited and hired an average of 41 troopers each year¹. Since the implementation of the defined contribution plan the number decreased to an average of only 30 each year. For the past five years, the numbers declined to less than 25 each year. In FY 2018, DPS was only able to hire 14 new recruits. Despite its reputation as one of the nation's leading law enforcement agencies, DPS simply cannot attract enough qualified applicants because their benefits are no longer competitive with other agencies. The situation is even more dire for smaller Alaskan agencies.

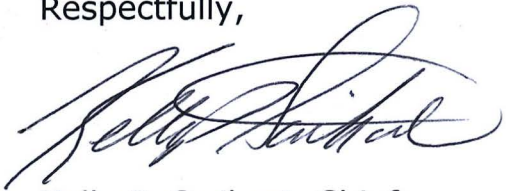
¹ FY 1998 through 2006, per APSC records.

It is an often-expressed position of Alaska's law enforcement leaders that the loss of defined retirement benefits and medical insurance led to higher officer attrition rates. The Council's numbers are now proving this to be correct: 48% of troopers hired in 1998, and 54% of troopers hired in 2003 under the defined benefit plan, are still officers with the DPS². Of the troopers hired in 2009, less than ten years ago under the defined contribution plan, only 32% remain with DPS.

High attrition equates to increased costs for law enforcement agencies. DPS's 40% attrition rate for officers hired in the past five years equates to the loss of over \$9M in training investments made in those officers. Recruiting, hiring and training their replacements will cost an additional \$9M. Lowering attrition by providing competitive benefit packages will certainly lower both costs.

Please feel free to contact me if you need additional information or have any questions.

Respectfully,



Kelly P. Swihart, Chief
Petersburg Police Department

² APSC records, utilizing DPS' approximate \$190,000 cost of recruiting, hiring, and training each new trooper.



Alaska Department of Public Safety

*Recruitment and Retention Plan Overview:
2018-2023*

Introduction

The Alaska Department of Public Safety (DPS) is at a crossroads of critical internal challenges and external demands for public safety service. The state's fiscal crisis has impacted funding for department programs and services and necessitated the net reduction of 36 trooper positions since FY2015. Such significant shifts in the department's framework impact the morale and job satisfaction of all department employees, and particularly troopers in the field carrying out the department's public safety mission on a daily basis. The department has struggled to be an employer of choice due to internal and external perceptions of the department being underfunded and understaffed, combined with the lack of a competitive pay and benefits package.

Article I, Section 12, of the Alaska Constitution sets forth that criminal administration shall be based on the need for protecting the public. The department's ability to adequately fulfill its public safety mission hinges on an adequately staffed workforce of professional troopers. As such, the department is committed to taking proactive steps surrounding retention of current employees and regaining status as an employer of choice. Such steps are underway and significant effort is needed as the department plans for effective change over the next five years. A key requirement involves the legislature and DPS aligning efforts to effectively overcome the impediments identified herein.

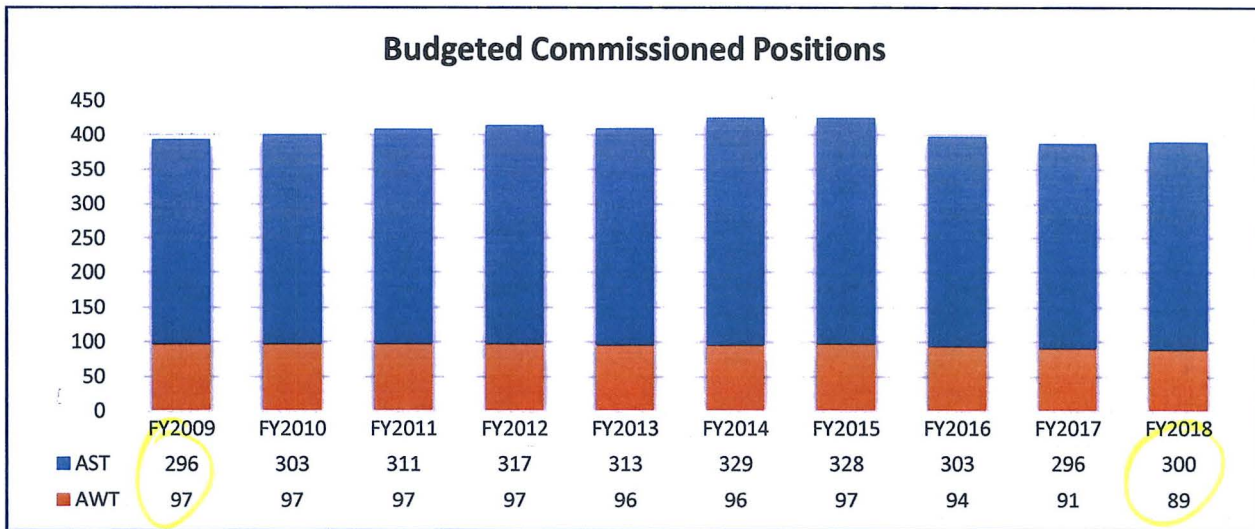
The Alaska legislature requested a report identifying potential barriers to recruitment and drivers of attrition. As such, this document intends to provide a comprehensive overview of current gaps and impediments, as well as critical needs to impact positive change in recruitment and retention. The end goal is to fully staff trooper positions to meet the public safety needs of Alaska and recruit and retain the highest quality workforce.

Coverage Gaps

Over the last five years, the department has experienced increased attrition from the trooper job class, as well as rising vacancy rates. The high attrition rate is primarily attributed to the following:

- Increased retirement rate;
- Increased number of troopers leaving for other departments with better pay and benefits; and
- Lack of fiscal stability in Alaska. *fiscal deficit*

In addition to increased attrition, recruitments have not yielded adequate numbers to backfill vacancies. DPS is currently authorized 300 Alaska State Trooper (AST) and 89 Alaska Wildlife Trooper (AWT) positions. Over the last 10 years the number of authorized positions has fluctuated based on constitutional mandates, legislative actions, and authorized budgets as shown by the chart below:



The department currently has 42 trooper posts throughout Alaska (see **Appendix A** for trooper post distribution map). This number reflects the closure of 8 trooper posts since 2015. The department currently does not have the staffing to meet its goal of providing a trooper presence in every community that desires full service law enforcement.

As of November 2017, the department is operating with approximately 40 vacant trooper positions. Reduced trooper positions, combined with the inability to fully staff all budgeted positions has negatively impacted morale, reduced in-service training, and increased overtime costs for routine shift coverage. Further, gaps in the department's ability to deliver public safety services include reduced ability to respond to routine calls for service (including not responding to some calls that are deemed lower priority), slower response times, reduced travel for proactive law enforcement, and a lack of equipment (e.g. aircraft and boats) to effectively respond to calls for service in rural Alaska.

Impediments to Success

The department's recruitment and retention efforts face impediments stemming from decreased overall funding, lack a defined benefits retirement system, noncompetitive pay, and understaffing. The factors detailed below are projected to impact retention over the next five years.

Retirement is only one component

Recruitment Difficulty for Law Enforcement

Agencies nationwide report an overall downturn in applicants for law enforcement positions, which is readily felt within the Alaska Department of Public Safety. An overall downturn in law enforcement applicants creates a more competitive recruitment climate for law enforcement agencies. The unique demands of the Alaska State Troopers create an extra hurdle as the department competes with agencies both within and outside of Alaska to find qualified candidates. Further, prospective candidates report they find agencies outside of Alaska more appealing due to the defined benefit retirement package offered by other some other states. The demands of the state trooper job class render only about 5% of applicants successful in the selection process.

Projected Retirements

The department's ability to fully staff trooper positions is impeded by large numbers of retirement-eligible troopers over the next five years. Retirement projections indicate 33% of employees at the ranks of trooper, corporal, and sergeant, and 94% of command staff will be eligible to retire within the next five years. Retirements from the command series have a cascading effect as internal promotions are done to backfill the command position, ultimately creating a vacancy at the trooper level.

Job Class Title	Now	% Now	Less than 1 year	% Less than 1 year	1-5 Years	% 1-5 years	5-10 Years	Over 10 Years	Tier IV	Total
MAJOR	2	67%			1	33%				3
CAPTAIN	9	82%			1	9%	1			11
LIEUTENANT	15	71%	2	10%	3	14%	1			21
SERGEANT	13	19%	5	7%	27	40%	17	1	6	68
CORPORAL									4	4
TROOPER	16	7%	5	20%	40	16%	66	6	112	245
RECRUIT									9	9
Total	55	15%	12	3%	72	20%	85	7	131	361

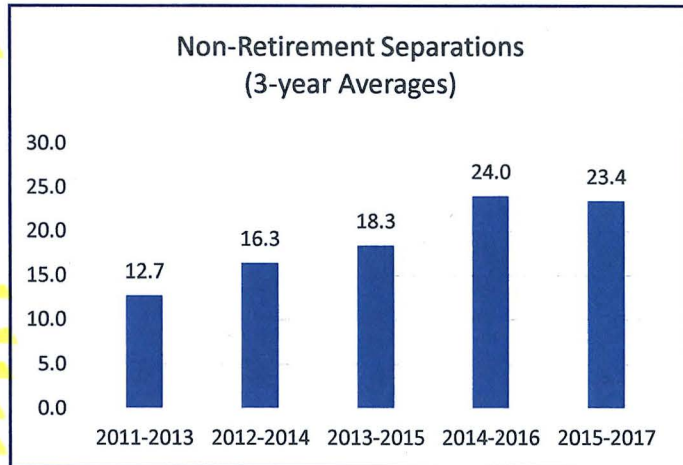
Source: State of Alaska, Division of Retirement and Benefits (12/31/2016)

The State's Fiscal Crisis and Low Staffing

The state's fiscal crisis has increased the perception of a lack of support for the department and ultimately, the work of troopers in the field. Chronic low staffing and high vacancies lead to burnout, leave denials, the inability to allocate staff time and resources to training, and increased overtime and standby demands causing work to infringe on troopers' off-duty hours. Further, the department cut the trooper recruitment unit's budget in 2015 based on uncertainty about the department's ability to hire new troopers due to budget cuts. This has resulted in a significant decline in the number of recruits being hired and ultimately providing coverage to mitigate the impact of increasing attrition.

Non-Retirement Attrition

In addition to retirement separations, non-retirement separations have increased over the last six years, contributing to a rising attrition rate from the trooper job class. Of the non-retirement, voluntary separations over the last four years approximately 72% of employees left DPS for employment with another law enforcement agency. Often other agencies offer increased salary and benefits, higher geographical job assignment certainty, increased back-up due to a higher density of officers in a single geographic area, and a



defined benefits retirement package (outside Alaska). Losing a single trained and certified Alaska State Trooper results in the loss of an estimated \$190,000 the department invests upfront to recruit, train, and certify a trooper. In addition to the cost, it takes 12-18 months to recruit and fully train new troopers to backfill vacancies.

Lack of Internal Career Progression

There is a perceived lack of career progression within DPS due to the known wage regression when promoting into command series (the ranks of Lieutenant and above). Promotions into the command series are internal, but require current sergeants to leave the PSEA union, resulting in fewer opportunities for premium pay, salary and benefits based on a 37.5-hour workweek (rather than the 40-hour workweek for PSEA), and the loss of overtime eligibility. Potential applicants for command series positions will not leave their current job for increased responsibility, increased personal liability, and longer hours for less pay and benefits.

✓ so is PSEA holding wages up and reducing workweek.

Inability to market the Department of Public Safety as an Employer of Choice

Retention drives recruitment and entrance surveys indicate that current troopers are the department's best recruiters. However, a workforce that experiences understaffing and burnout does not stimulate troopers to initiate independent recruitment efforts. Additionally, the department's wage and benefit package is not competitive, both within and outside Alaska. The department's current advertised starting salary for a recruit at DPS ranks fifth amongst other agencies in Alaska (agencies offering a higher starting salary include: North Slope Borough Police Department, Anchorage Police Department, Kenai Police Department, and Soldotna Police Department). Further, the geographic uncertainty and requirement to attend an 18-week paramilitary academy dissuades some candidates.

But isn't public safety, like teaching or religious, life a 'calling'?

Steps to Successfully Recruit and Retain Alaska State Troopers

Recruitment and retention efforts share the goal of keeping the department staffed at a level that allows it to effectively deliver its mission. The department has taken affirmative steps over the last two years to assess factors contributing to the increasing attrition rate from the trooper job class, as well as identify factors that positively impact retention. Such efforts included exit survey outreach to former employees, increasing alternate work schedule options for urban and rural trooper posts, and conducting an engagement survey of current troopers.

Beginning in 2017, the department re-prioritized recruitment with the understanding that fully staffing the department positively impacts retention. Over the last two years, the department has taken steps to reduce lengthy delays in the hiring process, increase personal contact throughout the selection process, increase the starting wage for trooper recruits and lateral hires, increase department presence at job fairs and community events, and improve social media, digital advertising, and internet content.

The department's recruitment efforts target diverse candidates, as well as factors that are known to positively impact retention, such as Alaska residency and prior military service. The department has historically been unable to effectively leverage the Village Public Safety Officer (VPSO) program as a feeder program for the trooper job class. Many VPSOs are not interested in a career as a trooper due to a lack of interest in full-time law enforcement work and a desire for the geographic certainty provided by the VPSO program. Other factors include the high turnover rate in the VPSO program and some barrier crimes that render VPSOs unable to qualify for the state trooper job class. However, the department, in partnership with VPSO program grantees, is examining the viability of placing a VPSO in the department's recruitment unit to work alongside commissioned troopers to recruit troopers and VPSOs.

Recruitment and retention are among the department's top priorities for the next five years. The ***Recruitment and Retention Initiatives*** on page six include external factors impacting recruitment and retention, the department's needs to resolve each factor, and internal initiatives to strengthen retention and recruitment.

Recruitment and Retention Initiatives: 2018-2023

Factors Impacted by External Needs	
Issue	Critical Needs
Lack of a defined benefit retirement program is a source of attrition and applicant disinterest	Defined benefit retirement package for law enforcement job classes
Inadequate staffing impedes service delivery, increases overtime expenditures, and causes burnout of existing staff	Ongoing funding for staffing study (partnering with UAA justice center) to determine appropriate staffing levels in accordance with population growth and public safety needs
Wage regression encountered when promoting out of the Public Safety Employees Association into the DPS Command Series dissuades promotional candidates and is a source of attrition of command staff	Labor-Management agreement to rectify wage and benefit losses when entering the DPS Command Series
Inadequate funding and lack of fiscal stability negatively impacts employee morale and creates a negative perception of potential employment with DPS	Fully fund the DPS budget to avoid the issuance of layoff notices to employees
Absence of internal full service dispatch and records support unit results in a lack of unified technology systems and diminished trooper field presence due to time spent on administrative tasks	Funding to establish regional dispatch centers, fully leverage technology, and create a statewide records section to improve administrative and fiscal efficiencies and free up trooper time
Inadequate state housing at rural posts causes troopers to hesitate to move their families to rural Alaska	Funding to establish a facilities manager position, as well as renovate and replace existing state housing facilities

Internal Initiatives
<p>The department's effort to maintain core services during the fiscal crisis has necessitated a high-level focus on providing adequate law enforcement with fewer resources. Further, the external factors noted above have had a compounding impact on morale and attrition.</p> <p>The department is committed to re-focusing on strengthening internal programs that improve recruitment and retention. Such initiatives both planned and underway include:</p> <ul style="list-style-type: none"> • Evaluating the viability of recruitment programs targeted at youth and prospective candidates who are pursuing continuing education before entering the full-time workforce. Such programs may include public safety internships, reimbursement for college tuition for students who commit to a defined length of state trooper service after graduation, and Explorer programs • Re-assessing approaches to staffing deployment • Establishing ongoing in-service and leadership development training • Bolstering employee recognition programs • Improving employee wellness resources, including family support resources • Developing a 5- and 10-year strategic plan to provide unified vision and direction for all levels of the department • Evaluating the potential of establishing a position dedicated to coordinating internal retention efforts

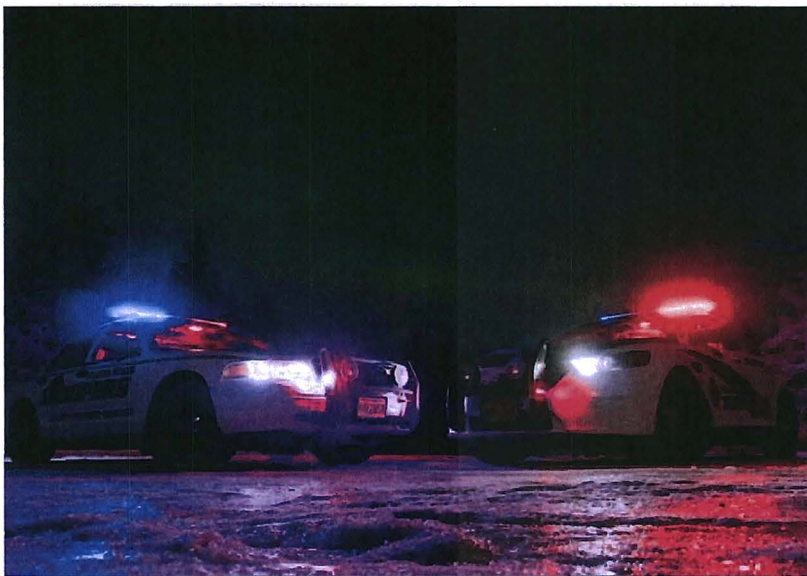
Conclusion

Budget cuts and reductions since the state's fiscal crisis have proven that professional and comprehensive law enforcement services require adequate funding and support. An unstable budget climate impedes the stability of the current workforce and creates significant challenges in attracting prospective applicants. The budget climate, reduced resources, inadequate wages, and the inability to provide a defined benefits retirement system have placed the department at critically low staffing levels. Low staffing and reduced funding is detrimental to the department's ability to effectively deliver core public safety services.

The 2018-2023 Recruitment and Retention Plan Overview sets forth internal initiatives to improve retention, and well as critical components that hinge on support from the legislature. Attrition from the trooper ranks results in the loss of a significant investment in training. Improving the department culture will result in improved public safety services and fiscal efficiency for the department. Retaining even five troopers translates to saving an investment of up to one million dollars to train and certify their replacements. An effective, stable, and well trained workforce of professional state troopers directly translates to improved public safety service across Alaska.

Recruitment of state troopers is a long-term investment that must be sustained. Even the most aggressive recruitment efforts do not yield an independent, fully trained trooper on the road for up 18 months. Therefore, support for and commitment to this plan must be a priority for the next five years and beyond. Investing in public safety builds a safer Alaska into the future.

The department appreciates the legislature's interest in the complex factors surrounding recruitment and retention of state troopers and looks forward to working cooperatively on this issue.



Alaska Department of
Public Safety



Commissioned
Employee
Engagement
Survey:
Results Overview
December 2017

Introduction

Survey Purpose:

The Department of Public Safety (DPS) conducted a Commissioned Employee Engagement Survey (CEES) to:

- Gather data on employee perceptions of the work environment
- Identify job satisfaction levels
- Identify areas of strength and opportunities for improvement
- Solicit input on how to improve retention of commissioned staff members

The survey gathered data in the following areas:

- Job satisfaction
- Motivation factors for remaining employed with DPS
- Factors that could cause employees to leave DPS
- Factors that would improve employment at DPS
- Incentives to retain troopers
- Perceptions of the culture and brand of the agency

The survey also requested input for the department's strategic plan and offered an opportunity for respondents to provide ideas and comments.

Methodology:

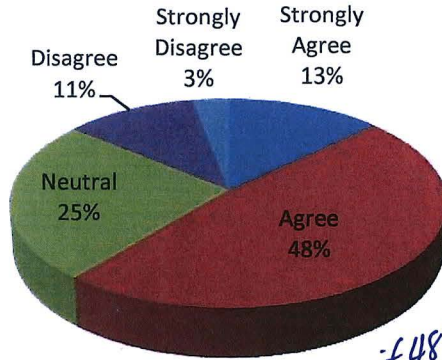
The CEES was conducted using Survey Monkey to collect web-based survey results. Employees were notified by email of the survey by their Division Director on the day the survey opened. The survey period was October 6 – 22, 2017.

The survey consisted of 22 questions, including 11 multiple choice demographic questions, one Likert scale question, and 10 open-ended questions. Data was compiled by the department's Human Resource office.

Response Rate:

There was a 91% response rate (371 of 406 total commissioned employees). Ten percent (37) of the surveys were started but not fully completed; however, available information from the incomplete surveys was included with the survey results.

Results Summary

<p>Employees reporting agree or strongly agree with the statement: “Overall, I am satisfied with my job”</p>	 <p>Disagree 11% Strongly Disagree 3% Strongly Agree 13% Agree 48% Neutral 25%</p> <p><i>So if 48% are satisfied on cite top for staying in is the problem.</i></p>
<p>Top reasons for remaining employed with the Department of Public Safety</p>	<ul style="list-style-type: none"> • <u>Job stability/satisfaction</u> • <u>Compensation</u> • <u>Retirement</u>
<p>Top factors that would most improve employment with the Department of Public Safety</p>	<ul style="list-style-type: none"> • <u>Improve department leadership</u> ✓ • <u>More training</u> ✓ • <u>Increased staffing</u>
<p>Top factors that could cause commissioned employees to leave the Department of Public Safety</p>	<ul style="list-style-type: none"> • <u>Political/reduced funding and staffing</u> • <u>Leadership/department culture</u> • <u>Better pay and benefits at another job</u>
<p>Top incentives that would help retain troopers</p>	<ul style="list-style-type: none"> • <u>Return to defined benefit retirement program</u> • <u>Better pay</u> • <u>More training</u>
<p>Top three words used to describe the culture of the department</p>	<ul style="list-style-type: none"> • Proud • Stagnant • Overworked

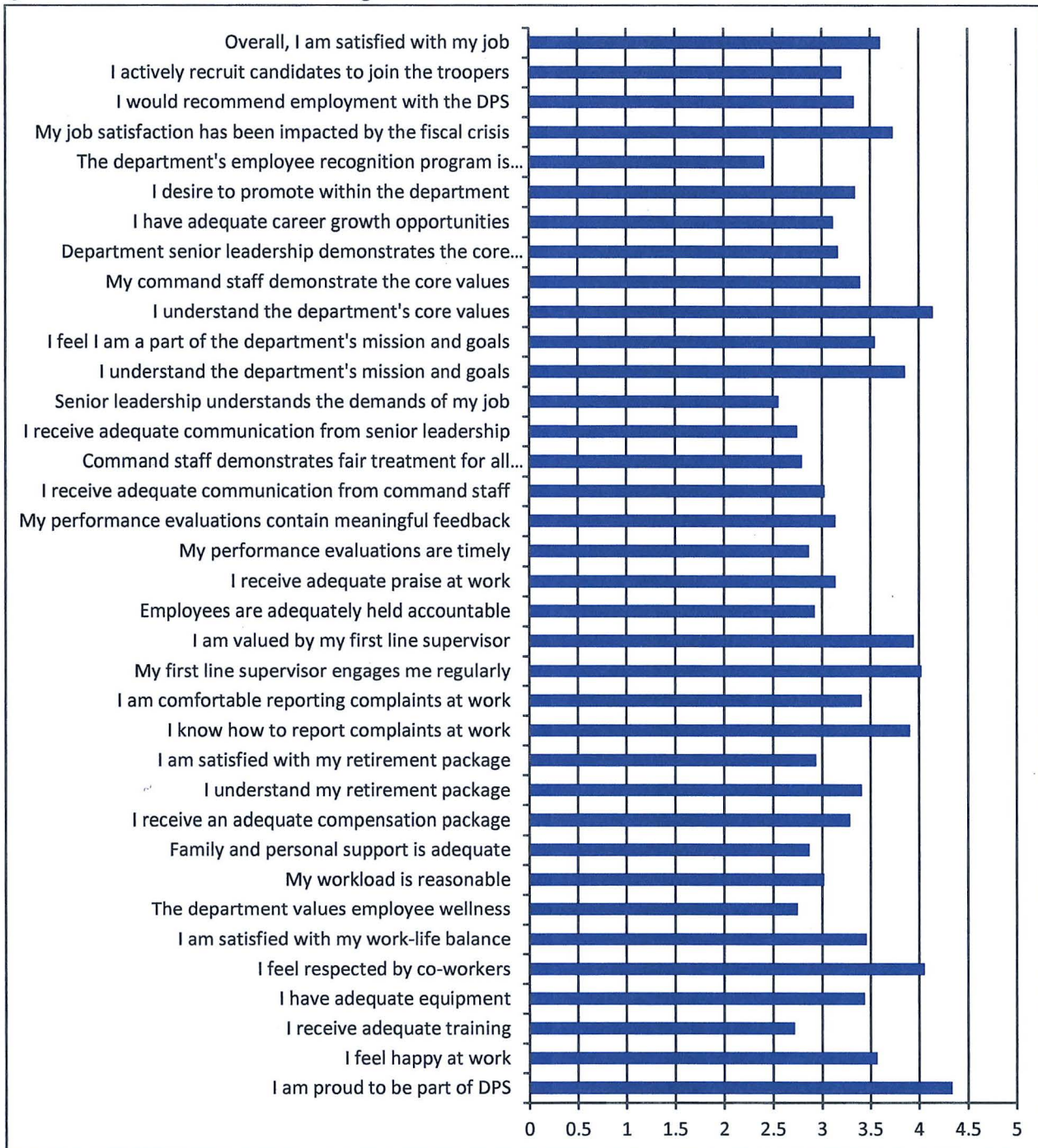
Respondent Demographics

Age	• 21-29	9.97%
	• 30-39	33.15%
	• 40-49	40.97%
	• 50+	15.90%
Gender	• Female	5.12%
	• Male	93.53%
	• Other/ prefer not to disclose	1.35%
How long have you been a commissioned officer with DPS?	• 0-4 years	18.33%
	• 5-9 years	21.56%
	• 10-14 years	24.80%
	• 15-19 years	23.99%
	• 20-24 years	9.97%
	• 25-29 years	1.08%
	• 30+ years	0.27%
What is your current rank?	• Court Services Officer	13.21%
	• Trooper Recruit	1.89%
	• Trooper	49.60%
	• Investigator	11.05%
	• Corporal	1.08%
	• Sergeant	15.9%
	• Lieutenant	5.12%
	• Captain	1.89%
	• Major	0.27%
What is your retirement tier?	• PERS Tier I	0.81%
	• PERS Tier II	13.48%
	• PERS Tier III	43.67%
	• PERS Tier IV	40.70%
	• I'm not sure	1.35%
What is your current division?	• Alaska State Troopers	77.35%
	• Alaska Wildlife Troopers	18.87%
	• Commissioner's Office/ Academy	1.89%
	• Other	1.89%
What type of post do you work at?	• Urban (Anchorage, Girdwood, Fairbanks, Juneau, Kenai/Soldotna, Palmer/Wasilla)	65.23%
	• Remote (all other)	34.77%

*Note: Due to rounding not all categories will total exactly 100%

Detailed Results

Question 12: Please rate the following statements



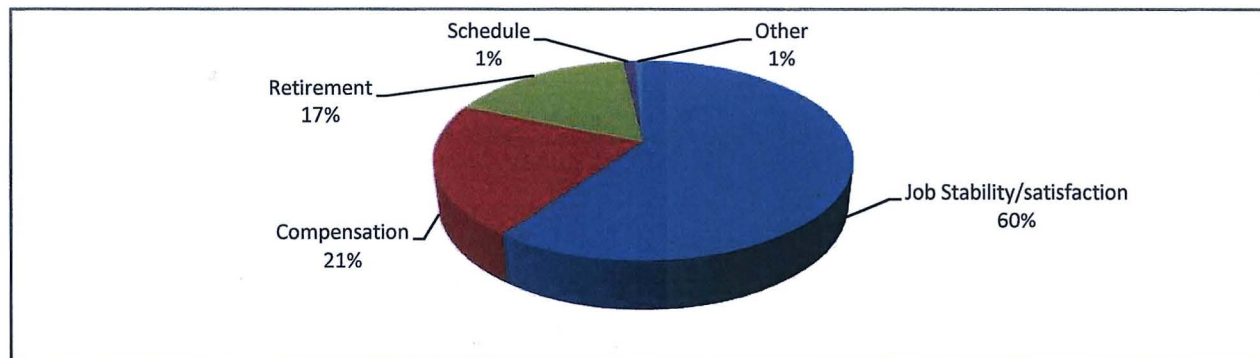
Scale:

1 – Strongly Disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly Agree

What are the three most important reasons you continue working for the Department of Public Safety?

Responses to this open-ended question were reviewed and placed in following categories, which broadly represented the majority of answers:

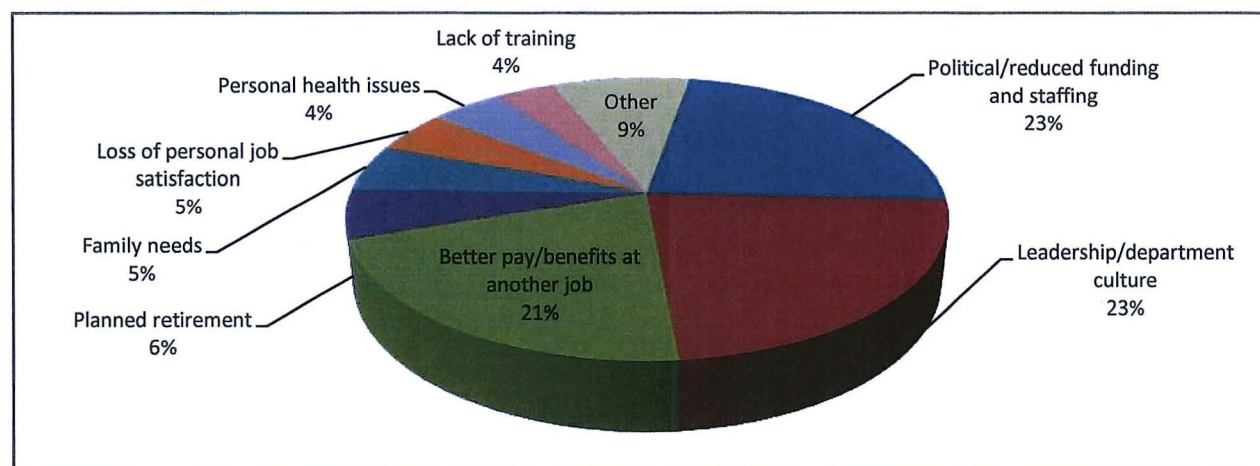
Job Stability/satisfaction: calling to law enforcement or the department’s mission, personal job satisfaction, a desire to serve the public, and loyalty to co-workers	Compensation: the job provides adequate compensation, a need for health insurance	Retirement: remaining employed until I can retire or until a planned retirement date	Schedule: enjoyment of the flexibility offered by the work schedule	Other: life circumstances, training, good leadership
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------	----------------------------------------------------------------------------	-------------------------------------------------------------



What are the top three factors that could cause you to leave the Department of Public Safety?

Responses to this open-ended question were reviewed and placed in following categories, which broadly represented the majority of answers:

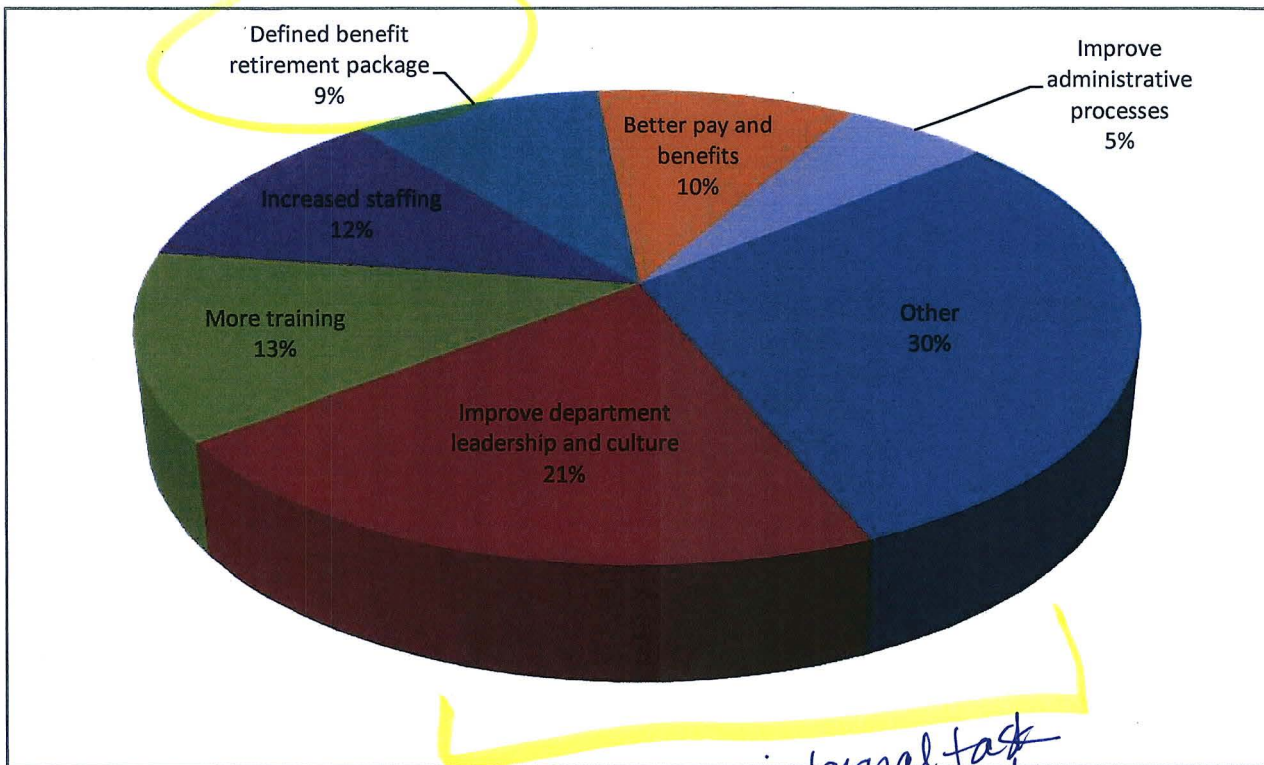
Political/reduced funding and staffing: positions eliminated and insufficient staffing, lack of back-up due to positions not being filled, the impacts of SB91, and a lack of support from elected officials	Leadership/department culture: lack of support and direction, lack of integrity in leadership, unfair/inconsistent treatment, and an environment in which troopers do not feel recognized or valued	Better pay/benefits at another job: better pay at other agencies, health care premiums too high, and the lack of a pension offered by the state of Alaska	Planned retirement: eligibility for normal or early retirement	Other: administrative overhead (e.g. ARMS, report writing, stats), dissatisfaction with current assignment, force transfer, leave denials, and lack of career progression
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



What are three factors that would most improve your employment with the Department of Public Safety?

Responses to this open-ended question were reviewed and placed in following categories, which broadly represented the majority of answers:

Improve department leadership: more transparency, direction, and communication, more support and recognition, more command accountability, command demonstrate the core values, more presence in the field, consistent and equitable treatment	More training: increased in service and training for the field, more first line supervisor and management training	Increased staffing: more troopers to reduce individual workload, more troopers so personal leave can be approved and standby requirements reduced to avoid burnout	Better pay and benefits: higher, more competitive pay, more pay for rural troopers, and reduced health care premium costs	Improve administrative processes: improve requirements associated with ARMS, report writing, and statistics	Other: more alternate schedule options, employee recognition program, wellness program/the ability to work out on duty, more opportunities for specialty assignments and promotion
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

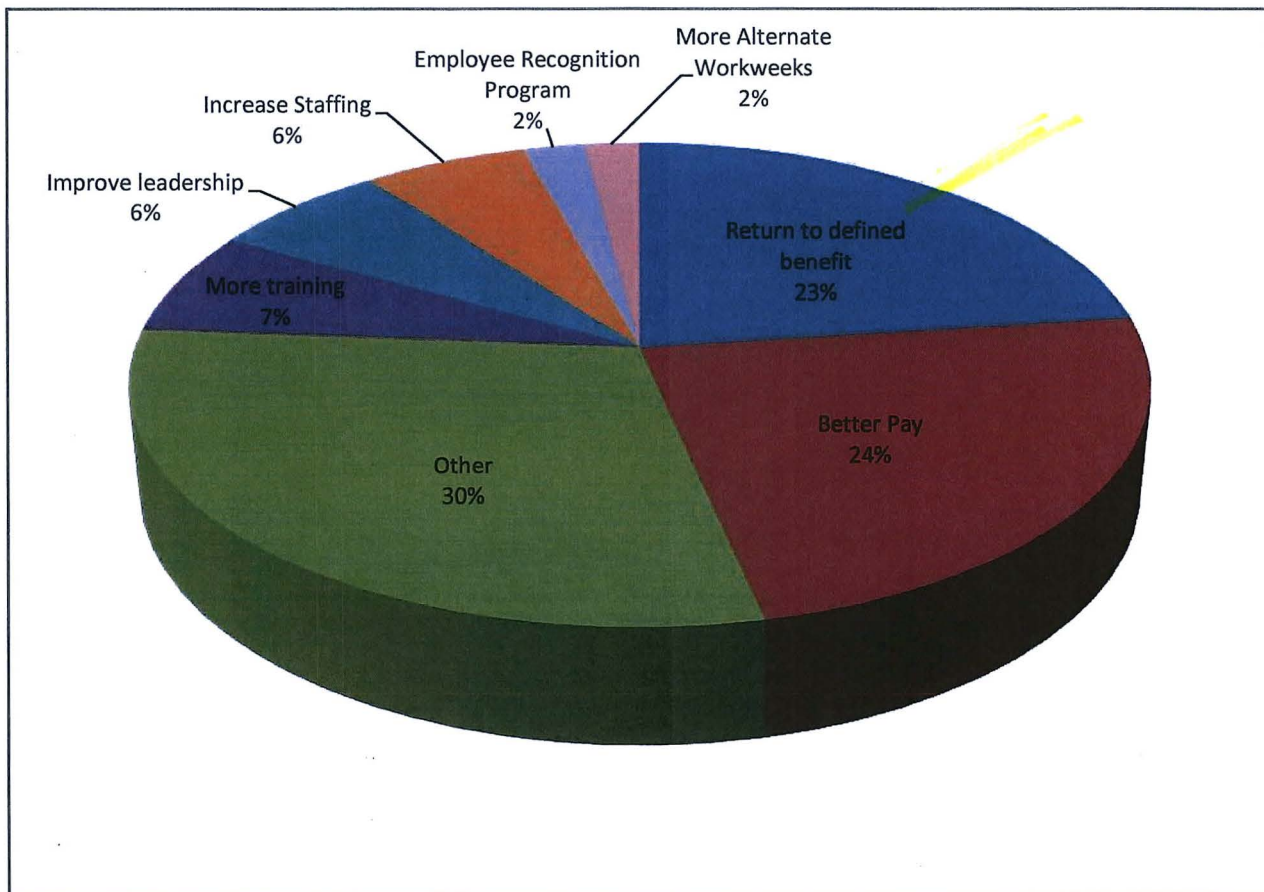


This is more an internal task to improve DPS employment

What three incentives do you think would help retain troopers?

Responses to this open-ended question were reviewed and placed in following categories, which broadly represented the majority of answers:

Return to defined benefit: eliminate the current Tier IV defined contribution retirement package	Better pay and benefits: higher salary, more incentives for rural troopers, lower health insurance premiums, monetary incentives at defined benchmarks (e.g. bonuses at 5, 10, 15, & 20 years), and monetary performance incentives	More training: more ongoing, post-academy training	Increase staffing: more troopers in the field to ensure adequate backup, more troopers to allow for approval of time away for leave and training, and more troopers to share the workload and reduce burnout	Improve leadership: more communication and direction from upper management, more command staff presence in the field, less favoritism, and more support and recognition from management	Other: improve technology and equipment, improve state housing, reduced administrative requirements for troopers, education benefits, and eliminate force transfers
---------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------



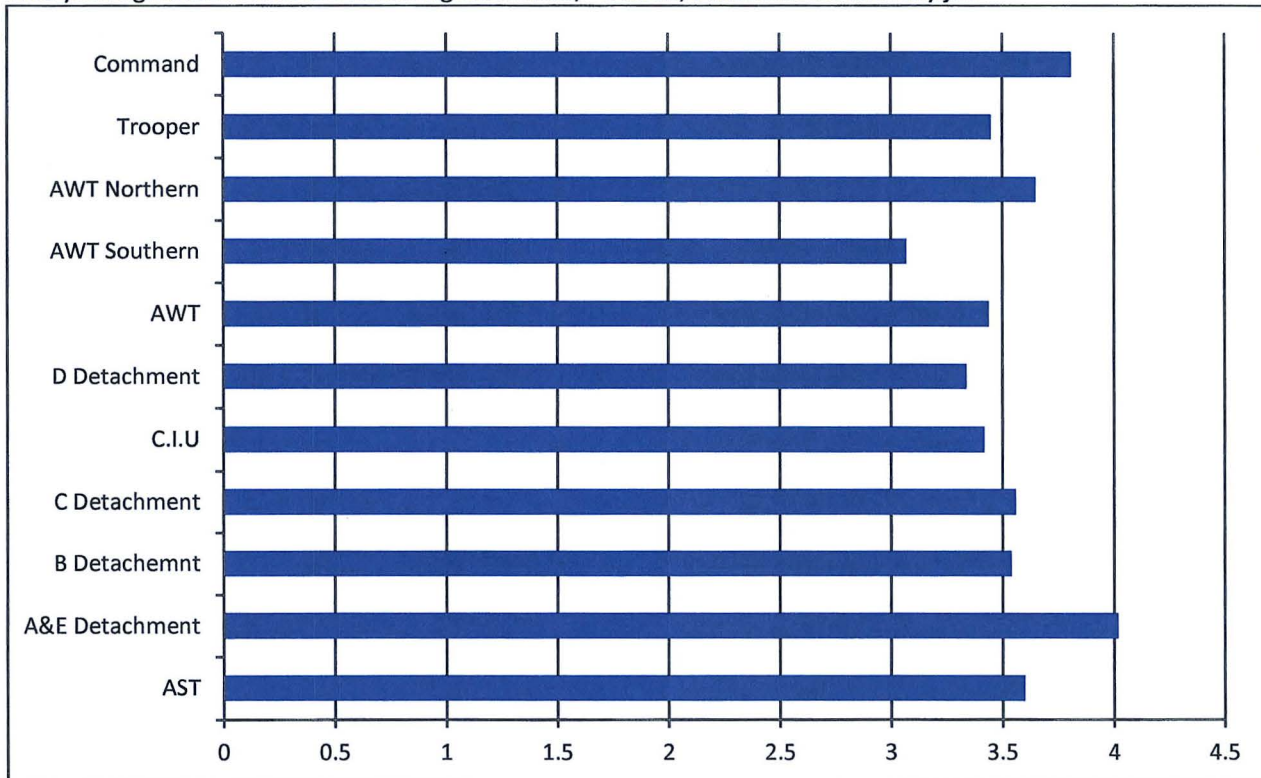
Analysis of Subgroups

Survey results were analyzed by division and subgroups in the areas of overall job satisfaction ratings and factors that would most improve employment with the department.

Overall Job Satisfaction Levels

The weighted average of responses to the question, “Overall I am satisfied with my job” were assessed by division, detachment, and the subgroups of Trooper (including troopers and investigators) and Command (including lieutenants, captains, and majors). The three groups reporting the highest satisfaction levels included: A&E Detachments, command, and AWT Northern Detachment.

Rate your agreement with the following statement, “Overall, I am satisfied with my job”



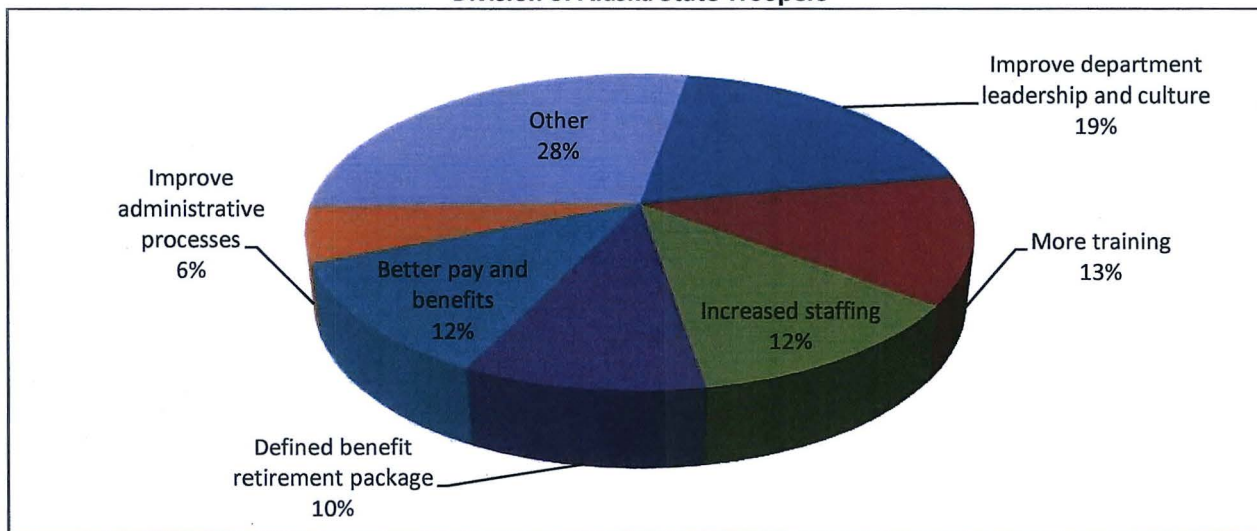
Scale:

1 – Strongly Disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly Agree

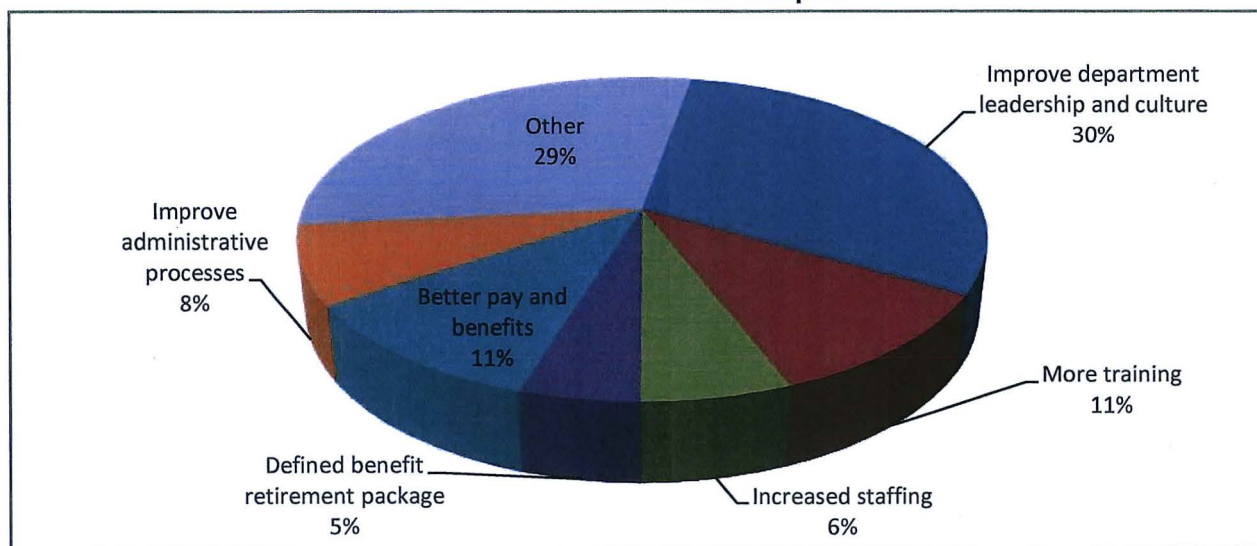
What are three factors that would most improve your employment with DPS?

Improve department leadership: more transparency, direction, and communication, more support and recognition, more command accountability, command demonstrate the core values, more presence in the field, consistent and equitable treatment	More training: increased in service and training for the field, more first line supervisor and management training	Increased staffing: more troopers to reduce individual workload, more troopers so personal leave can be approved and standby requirements reduced to avoid burnout	Better pay and benefits: higher, more competitive pay, more pay for rural troopers, and reduced health care premium costs	Other: improve administrative processes, more alternate schedule options, employee recognition program, wellness program/the ability to work out on duty, more opportunities for specialty assignments and promotion
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Division of Alaska State Troopers



Division of Alaska Wildlife Troopers



Conclusion

The Commissioned Employee Engagement Survey indicates that overall, 61% of respondents report they are satisfied with their job.

The top reason respondents reported remaining employed with the Alaska Department of Public Safety is for job stability and satisfaction, largely derived from a calling to serve the public, camaraderie amongst co-workers, and an enjoyment for the variety of work.

The top factor that could improve employment with the department is improving leadership and the support for commissioned employees serving in the field. Employees largely report desiring more communication and positive contact with command staff. Further, returning to a defined benefit retirement system was reported as a key factor in retaining commissioned staff, along with more competitive pay, lower health insurance premiums, and more monetary retention incentives.

The results overview and a comprehensive table of comments provided with the survey will be provided to department senior leadership. Suggestions from the survey will be used to inform the department's recruitment and retention initiatives, as well as a strategic plan.

STATE GOVERNMENTS' PUBLIC SAFETY RETIREMENT PLANS

TABLES

Explanation of Table: In the column headed "Age and Service Requirements for Normal Retirement," the first number before a slash is a minimum age requirement and the second number is a minimum service requirement. Thus, in the first Alabama entry, members are eligible for regular service requirement at a minimum age of 56 with a minimum of 10 years of service. An entry such as "Any/25" (for example, the second Alaska entry) means that a member meets normal retirement criteria at any age with 25 years of service. Normal and Early Retirement are defined in the text of the introduction.

FAS stands for "Final Average Salary," and is equivalent to the term some plans employ, "Final Average Compensation."

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Alabama Employees' Retirement System As of 1/1/13	State and local police and firefighter members	56/10 Vesting: 10 years	N/A	1.65% times FAS times years of service Social Security Coverage: Yes	Average of 5 highest years of the last 10	7%
Alabama Employees' Retirement System As of 1/1/13	State police (includes investigators)	56/10 Vesting: 10 years	N/A	2.3 75% times FAS times years of service Social Security Coverage: No	Average of 5 highest years of the last 10	10%
Alaska Public Employees' Retirement System: Defined Benefit Plan	Peace officers and firefighters statewide who entered service before July 1, 2006	20 years of contributory service in the plan Vesting: 5 years	Age 55 for employees entering the plan on or after July 1, 1986	2% times first 10 years times FAS; plus 2.5% times all years after 10 times FAS Social Security Coverage: No	Average of 3 highest consecutive years	7.5%
Alaska Public Employees' Retirement System: Defined Contribution Plan	Peace officers and firefighters statewide who entered service on or after July 1, 2006	Any/25 Vesting: 100% at 5 years; 75% at 4 years; 50% at 3 years; 25% at 2 years	N/A	Not applicable. Benefit is based on the value of the member's account. Social Security Coverage: No	N/A	8%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Arizona Correction Officers' Retirement Plan as of 1/1/12	Designated employees in the state departments of corrections and juvenile justice and certain dispatchers and probation and detention officers	62/10; 52.5/25 Vesting: 5 years	N/A	62.5% of member's FAS plus 2.5% of FAS for each year of credited service over 25, including fractional years; Members who are 52.5 with 25 years of service but not 25 years of credited service: 2.5% times FAS times years of credited service Social Security Coverage: Yes	Average of 60 highest consecutive months in the last 10 years	Non-dispatchers: 8.41%; Dispatchers: 7.96%, or 50% of the member's total contribution from the previous fiscal year and the combined employer contribution rate, whichever is lower. The employee contribution rate shall not be less than 7.65% of the member's salary.
Arizona Public Safety Personnel Retirement System as of 1/1/2012	Certified state and local police officers and firefighters	52.5/25; Any/25 Vesting: 5 years	Age 52.5 Benefit reduction of 4% for each year the member is short 25 years of service.	62.5% of the average monthly benefit compensation for the first 25 years of credited service plus 2.5% of the average monthly benefit compensation for each year over 25 years of credited service to a maximum of 80% of FAS Social Security Coverage: Varies by local government	Average of 60 highest consecutive months in the last 20 years of credited service	8.65% after June 30, 2011
Arkansas Local Police and Fire Retirement System	Employees of political subdivisions of the state	Any/28; 55/20; 60/5 Vesting: 5 years	Any/25 years of earned credit; 50/20 Benefit reduction of ½ of 1% of benefit for each month applicant is below age 55	Service not covered by Social Security: 2.94% times FAS times years of service; Service covered by Social Security: Until reaching the age of unreduced Social Security benefits—2.94% times FAS times years of service, thereafter—1.94% times FAS times years of service; Local employers may provide enhanced benefits. Social Security Coverage: Varies by local government	Average of 36 highest consecutive months in the last 10 years	Covered by Social Security: 2.5% Not covered by Social Security: 8.5%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Arkansas State Police Retirement System: Tier 2	State police	65/5; 30 years of service Vesting: 5 years	With 20 years of service if within 5 years of normal retirement age (65)	1.55% times FAS times years of service, plus a temporary benefit of 0.513% times FAS time years of service for those who retire before the age of 62 until they reach that age. Social Security Coverage: Yes	Average of 4 highest years, including partial years	Noncontributory
California Public Employee Retirement System	Local Safety Members: law enforcement, fire suppression, other public safety	50/5 Vesting: 5 years (10 years for Tier II members)	N/A	Various formulas apply depending on category of employee and on employer's choice of plan. Ranges in broad summary are 2% or 2.5% at age 50 to 3% at 50 or 3% at 55. Benefits are capped, variously, at 80% or 90% of final salary. Social Security Coverage: Varies by local government	Average of 12 highest months or 36 highest months, depending upon employer choice of plan	For FY 2011, 8% to 11% depending on type of plan and whether employees are covered by Social Security
California Public Employee Retirement System	State Highway Patrol, Safety Members from Department of Forestry, Highway Patrol, Youth Authority, and Department of Corrections	50/5 Vesting: 5 years (10 years for Tier II members)	N/A	Various formulas apply to various categories of employees, generally in the range of 2% or 2.5% at age 50 to 3% at 50 or 3% at 55. Benefits are capped, variously, at 80% or 90% of final salary. Social Security Coverage: Varies by local government	Depending on classification of employee, average of 12 highest months or 36 highest months	For FY 2011, 9% to 11% depending on plan type and whether employees are covered by Social Security. Highway Patrol, 10%
Colorado Fire and Police Pension Association: Standard Defined Benefit Plan	Statewide plan for police and firefighters whose employers choose to affiliate	55/25 Vesting: 5 years	30 years of service credit; Age 50 Benefit reduction will apply.	2% times FAS for first 10 years of service credit plus 2.5% times FAS for ensuing years of service credit Social Security Coverage: Varies by local government	Average of 3 highest years	Standard Defined Benefit Plan: 8%
Colorado Public Employee Retirement Association:	State trooper and Bureau of Investigation provisions	Any/30; 50/25; 55/20; 65/5 Vesting: 5 years	50/20; 60/5 Benefit reduction will apply.	For normal retirement for those becoming eligible to retire after January 1, 2011, 2.5% times FAS times years of service Social Security Coverage: No	Average of 3 highest 12-month periods of service – not necessarily consecutive nor necessarily the last 36 months of employment	12.5% through June 30, 2012; 10.0% thereafter

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Connecticut Hazardous Duty Plan Tier IIA	Hazardous Duty: various state and local police, fire, other public safety, protective services and institutional personnel	Any/20 Vesting: 5 years	55/10 years of vested service	50% of final average salary for first 20 years, plus 2% of FAS for each additional year Social Security Coverage: Yes	Average of 3 highest years	5%
Delaware County and Municipal Police and Firefighters Pension Plan	Various local government fire and public safety members	62/10; 20 years of credited service ; Rule of 75 Vesting: 5 years	N/A	2.5% times FAS times years of service for the first 20 years of service, plus 3.5% times FAS multiplied for any additional years of service Social Security Coverage: Varies by local government	Average of 36 highest months	7%
Delaware New State Police Plan	State police officers	62/10; 20 years of credited service ; Rule of 75 Vesting: 10 years	N/A	Sum of 2.5% times FAS multiplied by up to 20 years of credited service under the New State Police Plan, plus 3.5% of FAS multiplied by all years of service exceeding 20 under the New State Police Plan Social Security Coverage: No	Average of 36 highest months	7%
Florida Retirement System Special Risk Class as of July 1, 2011	Various state and local police, fire, other public safety, protective services and institutional personnel	Age 60 and vested (8 years); 25 years of creditable service; Age 57 with 30 years of creditable and military service; 33 years of creditable service Vesting: 8 years	At any age: benefit is reduced by 5% for each year the applicant is short of normal retirement age (60).	3% times FAS times years of service. Benefit factor for certain purchased service is 2% Social Security Coverage: Yes	Average of 8 highest fiscal years	3%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Georgia Employees' Retirement System State Employees' Pension and Savings Plan, a hybrid plan; the DB component is described here	State Corrections Probation officers; Natural Resources Conservation Officers; Bureau of Investigation Officers; State Parole; State Revenue Agents and Investigators; State Patrol and Public Safety	55/10; 30 years of service Vesting: 10 years	25 years of creditable service Benefit reduction will apply.	1% times FAS times years of service Employees may also contribute to the 401(k) component of the hybrid, earning a partial employer match for contributions up to 5% of salary. Employees may opt out of the 401(k) component if they choose. Social Security Coverage: Yes	Average of 24 highest months	FY 2012: 1.25%
Hawaii Employees' Retirement System: New members as of 7/1/12	State and local police officers, firefighters, and a wide range of other public safety personnel	55/25; 60/10 Vesting: 10 years	N/A	Multiplier reduced to 2.25% and vesting extended from 5 years to 10 Social Security Coverage: No	Average of 5 highest 12-month periods	14.2%
Idaho Public Employees' Retirement System	Police officers and firefighters	60/5; Rule of 80 between ages 60 and 65 for members with mixed fire/police and general service credit Vesting: 5 years	Age 50; Ages 50-55 for those with mixed service Benefit reduction factors apply.	2.3% times FAS times years of service Social Security Coverage: Yes	Average of 42 highest consecutive months	7.69%
Illinois State Employees' Retirement System: Alternative Formula, Tier 2	State police, firefighters and corrections officers	60/20 Vesting: 10 years	N/A	Not covered by Social Security: 3% times FAS times years of service Covered by Social Security: 2.5% times FAS times years of service Social Security Coverage: Varies by local government	Average of highest 96 months of last 108, with FAS capped at \$106,800, which is annually adjusted for inflation	Covered by Social Security: 8.5%; Not covered by Social Security: 12.5%; Contribution base capped at \$106,800 for FY2012, cap annually adjusted
Indiana State Police Benefit System: 1987 Plan	State police officers	25 years of service, no later than age 55 Vesting: 5 years	50 with benefit reduction for less than 25 years of service	For 25 years of service: 50% of FAS, plus accrual rates of 5% to 8% for additional years to a total of 32 years or a maximum of 70% of FAS Social Security Coverage: No	Average of highest 36 consecutive months	6% of salary

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Indiana 1977 Police Officers' and Firefighters' Pension and Disability Fund	Local governments' police and firefighters, park rangers and certain other law enforcement personnel	52/20 Vesting: 20 years	50 Benefit reduction will apply.	Benefit is 50% of the salary of a first-class officer (as determined by the city in which the applicant was employed) at the time of retirement, plus an additional benefit of 1% for each 6 months of service over 20 years, to a maximum benefit of 74%. Social Security Coverage: No in most cases—varies by local government.	N/A	6% of the salary of a first-class officer (as determined by the city employing the member) Members with more than 32 years of service are not required to contribute.
Iowa Municipal Fire and Police Retirement System	Local governments' police and firefighters	55/22 Vesting: 4 years if termination before age 55 or at least 4 years but less than 22 years after age 55	N/A	66% of FAS, plus 2% additional benefit for each year of service in excess of 22, with the benefit capped at 82% of FAS Social Security Coverage: No	Average of 36 highest months	9.4%
Iowa Peace Officers' Retirement System	State Patrol, Capitol Police, state investigative force and State Fire Marshal	55/22 Vesting: 4 years	50 Benefit reduction will apply.	60.5% of FAS, plus 2.75% for each year in excess of 22 years, to a maximum benefit of 88% of FAS Social Security Coverage: No	Average of 36 highest months	9.35% May be increased by administrative action to a maximum of 11.3% if certain conditions apply.
Iowa Public Employee Retirement System	Protection occupations: correctional officers, emergency medical technicians, conservation officers, fire and police in smaller cities	55 Vesting: 4 years or age 55	N/A	Approximately 2.73% of FAS for each year of service through 22 years plus 1.5% of FAS for each subsequent year of service through 30; Benefits are capped at 72% of FAS Social Security Coverage: Yes	Average of 3 highest calendar years, with anti-spiking controls	For FY 2012: 6.65% For FY 2013: 6.84%
Iowa Public Employees' Retirement System	Sheriffs and deputies	55; 50/22 if member is a sheriff or deputy at time of retirement. Vesting: 4 years or age 55	N/A	2.73% of FAS for each year of service through 22 years plus 1.5% of FAS for each subsequent year of service through 30; Benefits are capped at 72% of FAS. Social Security Coverage: Yes	Average of 3 highest calendar years, with anti-spiking controls	For FY 2012: 9.83% For FY 2013: 9.90%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Kansas Police and Firemen's Retirement System Tier II members	Highway patrol, Bureau of Investigation, regents, county and municipal public safety personnel and EMT	50/25; 55/20; 60/15 Vesting: 15 years (Tier II members)	Age 50 with 20 years of service Benefit reduction will apply.	2.5% times FAS times years of service, capped at 32 Social Security Coverage: No	Average of 3 highest of last 5 years	7%; 5% after 32 years of membership
Kentucky Retirement Systems	State police and state or county employees with hazardous duty	20 years of service; 55 with 5 years hazardous duty service Vesting: 5 years if under age 65; 4 years if over 65	Age 55 with less than 5 years hazardous duty service; 50 with 15 years of hazardous duty service Benefit reduction will apply.	2.5% times FAS times years of service for state police and county hazardous employees; 2.49% for state employees with hazardous duties Social Security Coverage: Yes	Average of 3 highest fiscal year' salaries; must include at least 24 months of service; need not be consecutive	8%
Louisiana Firefighters' Retirement System as of 1/1/12	Municipal firefighters	62/12; 60/20; 55/30 Vesting: 12 years	60/10 Benefit reduction will apply.	3.5% times FAS times years of service; total benefit cannot exceed 100% of FAS Social Security Coverage: No	Average of highest 60 months	8%
Louisiana State Police Retirement System	Police employed after 9/8/78	50/10; 25 years of service Vesting: 25 years	N/A	3.33% times FAS times years of service Social Security Coverage: No	Average of highest 36 months	8.5%
Louisiana Sheriffs' Pension and Relief Fund, as of 1/1/12	Sheriffs, deputies, and sheriffs' non-deputized employees with salaries above \$800 per month	62/12; 60/20; 55/30 Vesting: 12 years	Reduced retirement available at 60/10 with actuarial and early retirement (ages 50-55) available only to members of earlier tiers	3% times FAS times years of service; Benefit cannot exceed 100% of FAS. Social Security Coverage: No	Average of 60 highest months	9.8% to 10.25% as determined by the Board of Trustees
Maine Public Employees' Retirement System: Participating Local Districts Plans	Local government employees other than teachers	There are numerous plans with substantial variations, available to local governments' public safety employees at the discretion of the local government. See note. Social security coverage: No			Average of 3 highest years	3% to 8%; 8.65% for the first 25 years of service in the plan, 7.65% thereafter
Maine Public Employees' Retirement System	State police and investigators hired on or after 9/18/84	25 years of service Vesting: 5 years or 1 year if at retirement age	N/A	50% of AFC for 25 years under the plan and 2% of AFC for each additional year Social Security Coverage: No	Average of 3 highest years	8.65% for the first 25 years of service in the plan; 7.65% thereafter

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Maine Public Employees' Retirement System	Inland Fisheries and Wildlife Wardens and Marine Resources Wardens	25 years of service Vesting: 5 years or 1 year if at retirement age	N/A	50% of AFC for 25 years under the plan and 2% of AFC for each additional year Social Security Coverage: No	Average of 3 highest years	8.65% for the first 25 years of service in the plan; 7.65% thereafter
Maryland State Retirement and Pension System: Correctional Employees as of 7/1/11	Correctional officers, other security officers, specified other corrections employees	55/5 for most members; 60/5 for certain institutional employees 20 years of service, five of which must be in covered employment Vesting: 10 years	Available for those entering the Plan on or after June 30, 2006: At least 10 but less than 20 years of service; Same benefit formula applies	1/55 of the product of FAS and years of service Social Security Coverage: Yes	Average of 5 highest years	5%
Maryland State Retirement and Pension System: Law Enforcement Officers as of 7/1/11	Wide variety of law enforcement and protective occupations, mainly state government	25 years of service; or age 50 Vesting: 10 years	N/A	2% times FAS times years of service, capped at 60% of FAS Social Security Coverage: Yes	Average of 5 highest years; Salary increases of more than 20% are not automatically included in the calculation of FAS, unless due to promotion.	7%
Maryland State Retirement and Pension System: State Police Plan as of 7/1/11	Sworn officers and cadets only	25 years of service; or age 50; Mandatory retirement at 60 Vesting: 10 years	N/A	2.55% times FAS times years of service, with a maximum of 28 years of service credit Social Security Coverage: No	Average of 5 highest years	8%
Massachusetts State Employee Retirement System: Group 3 as of 4/2/12	State Police	55/10; 20 years; Mandatory retirement at 65 unless a member needs to serve longer to meet 20-year requirement Vesting: 10 years	N/A	At 20 years of service, 50% of final year's compensation, plus 2.5% for each additional year of service to a maximum of 75% of final salary Social Security Coverage: No	Final 12 months in classification	12% plus 2% of salary in excess of \$30,000 per year

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Massachusetts State Employee Retirement System: Group 4 as of 4/2/12	State and local public safety officers, officials, and certain correction officers	50 Vesting: 10 years	N/A	Benefit factors depend upon age at retirement. 2011 legislation provides a benefit factor of 1.45% of FAS at age 50 for each year of service, up to a benefit factor of 2.5% of FAS at 57 or older. Social Security Coverage: No	Average of 5 highest years	9% plus 2% of salary in excess of \$30,000 per year
Michigan State Police Retirement System	Enlisted officers but not other employees	Any age, 25 years of service credit; Age 50 with 10 years of service credit Vesting: 10 years	Deferred benefits available for those who leave service with between 10 and 25 years of service	Regular retirement (after 25 years of service): 60% of FAS Social Security Coverage: No	Average of last 2 years' compensation	Noncontributory
Michigan local governments: See notes	See notes					
Minnesota Public Employee Retirement Association, Police and Fire Fund	Local government police and firefighters and Hennepin County paramedics and EMTs	55/10; 65/1 Vesting: Gradual, ranging from 50% at five years of service to 100% at 10 years of service	50/10; Any/30	3% times FAS times years of police & fire service Social Security Coverage: Yes	Average of 5 highest years	6.25%
Minnesota State Patrol Plan	State patrol and other state officers who have the power of arrest	55/5 Vesting: 5 years	50/5 Benefit reduction will apply.	3% times FAS times years of service Social Security Coverage: No	Average of 5 highest years	12.4%
Minnesota State Retirement System Correctional Plan as of 7/1/10	Correctional and other employees responsible for inmate care	Age 55 Vesting: Gradual, ranging from 50% at five years of service to 100% at 10 years of service	Age 50 Benefit reduction will apply.	2.4% times FAS times years of service Social Security Coverage: Yes	Average of 5 highest years	8.6%
Mississippi Highway Safety Patrol Retirement System	Sworn officers	55/5; Any/25 Vesting: 5 years	45/20, with an actuarial reduction for each year below 25 or age 55, whichever is less	2.5% times FAS times years of service, capped at 100% of FAS Social Security Coverage: Yes	Average of 4 highest consecutive years	7.25%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Mississippi Public Employee Retirement System Tier 4	All other public safety members	65/8; Any/30 Vesting: 8 years	60/8, with an actuarial reduction for each year below 30 or age 65, whichever is less	2% times FAS times years of service, plus 2.5% times FAS times years of service in excess of 30 Social Security Coverage: Most—varies by local government	Average of 4 highest years	9%
Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Uniformed patrol employees	60/5; Rule of 80 with a minimum age of 48 Vesting: 5 years	57/5 Benefit reduction will apply.	1.7% times FAS times years of service; Supplement of 0.8% of FAS for members who retire under the 80-and-out option until they reach age 62. Social Security Coverage: Yes	Average of 3 highest years	Noncontributory
Missouri Local Government Employees' Retirement System	Police and firefighters	55; Rule of 80 if employer chooses to offer it. Vesting: 5 years	50 Benefit reduction will apply.	The system provides a number of benefit factors among which the employing government may choose. These include programs that provide a temporarily higher benefit until the recipient reaches 65. Social Security Coverage: Optional with employing agency	Average of 3 or 5 highest years, as determined by employing government	Member employers choose whether plans will be contributory or noncontributory. Contributory plan member employees pay 4%.
Montana Public Employee Retirement Administration	Firefighters' Unified Retirement System	20 years of service; 50/5 Vesting: 5 years	N/A	2.5% times FAS times years of service Social Security Coverage: No	Average of 3 highest consecutive years	10.7%
Montana Public Employee Retirement Administration	Game Wardens and Peace Officers' Retirement System	50/20; 55/5 Vesting: 5 years	N/A	2.5% times FAS times years of service Social Security Coverage: Yes	Average of 5 highest consecutive years	9%
Montana Public Employee Retirement Administration	Highway Patrol Officers' Retirement System	20 years of service Vesting: 5 years	N/A	2.5% times FAS times years of service Social Security Coverage: No	Average of 3 highest consecutive years	9.05%
Montana Public Employee Retirement Administration	Municipal Police Officers' Retirement System	20 years of service; 50/5 Vesting: 5 years	N/A	2.5% times FAS times years of service Social Security Coverage: No	Last consecutive 36 months	9%
Montana Public Employee Retirement Administration	Sheriffs' Retirement System	20 years of service Vesting: 5 years	50/5 Benefit reduction will apply.	2.5% times FAS times years of service Social Security Coverage: Yes	Average of 5 highest consecutive years	10.115%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Nebraska Public Employees' Retirement Systems Nebraska State Patrol Retirement Plan	State Patrol: sworn officers only	50/25; Any/30 Vesting: Gradual ranging from 10% at 6 years to 100% at 10 years Mandatory retirement at 60	50/10 Benefit reduction will apply.	3.0% times FAS times years of service; Capped at 75% of FAS Social Security Coverage: No	Average of 3 highest years	19% through June 30, 2013; 16% thereafter
Nevada Public Employees' Retirement System Plan for Police and Fire Members as of 1/1/10	Highway Patrol; local governments' police and firefighters; some game wardens, park rangers and corrections officers, depending on responsibilities	50/20; 60/10; 65/5; Any/30 Vesting: 5 years	Any age with 5 years of service Benefit reduction will apply.	2.5% times FAS times years of service Social Security Coverage: No	Average of 36 highest consecutive months; anti-spiking provisions apply	Employer-paid plan (local government employees and optional for state employees: employer makes entire contribution. 39.75% Employee/employer paid: Contribution is split 50/50 and employee account is refundable on termination of employment. 20.25% employee share.
New Hampshire Retirement System: Group II as of 7/1/11	State and local police and firefighters, correctional officers, other public safety	Age 60; Latter of age 52.5 or 25 years of service Vesting: 10 years	50/25 Benefit reduction will apply.	2 % times FAS times years of creditable service for those who are not vested on 1/1/12 Social Security Coverage: No	Average of 3 highest years	Police: 11.55% Firefighters: 11.8% Member contributions cease for members vested before January 1, 2012 with creditable service in excess of 40 years. Member contributions cease for all other fire and police members with creditable service in excess of 42.5 years.
New Jersey Police and Firemen's Retirement System: Tier III as of 6/28/11	State, county and municipal police and firefighters	Age 55; Mandatory at age 65 Vesting: 10 years	N/A	Less than 20 years of service, 2% of FAS for each year of service; 20 to 25 years, 50% of FAS; At least 25 years of service, 60% of FAS plus 1% per year for additional years, not to exceed 65% of FAS Social Security Coverage: Most: Varies by local government	Average salary upon which pension contributions were based for any three fiscal years that provide the highest average	10%. The contribution rate for Tier II members is applied to the pensionable salary up to a limit based on the annual maximum wage for Social Security deductions \$110,100 in 2012). Tier II members who earn in excess of the annual compensation limit will be enrolled in the Defined Contribution Retirement Program in addition to the SPRS. A contribution of 5.5% of the salary in excess of the limit (plus 3% from the employer) will be deposited in a DCRP account.

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
New Jersey State Police Retirement System: Tier II (members as of May 21, 2010)	Troopers and officers of the Division of State Police	20 years of service Mandatory at 55 Vesting: 10 years	Deferred retirement is available before 55/10	At 20 to 25 years, 50% of FAS; With 25 years or more of service credit, 65% of FAS plus 1% for each year of creditable service over 25 years but not to exceed 30 years. The maximum benefit is 70% of FAS. Social Security Coverage: No	Average salary upon which pension contributions were based for any three fiscal years that provide the highest average	9%. The provisions described above for NJ Police and Firefighters also apply to state police.
New Mexico Public Employees' Retirement Association	Local governments' police and fire members	Generally, 20 years Vesting: 5 years	N/A	A variety of plans with retirement multipliers ranging from 2% to 3.5% Social Security Coverage: No in most cases—varies by local government	Average of 36 highest months	A variety of plans provide for employee contribution rates that range from 7% to 16.3% for police and fire members
New Mexico Public Employees' Retirement Association: State Police and Adult Correctional Officers Plan I as of 7/1/11	State Police and adult correctional officers	25 years of service credit Vesting: 5 years	N/A	3% times FAS times years of service times 1.2, capped at 80% of FAS The 1.2 is a "service enhancement factor." Social Security Coverage: No	Average of 36 highest months	10.35%
New York State and Local Retirement System: State Police Tier 5 effective 1/9/10:	State Police	20 years of service Vesting: 10 years	Before 20 years of service, a lower benefit calculation applies. See the cell to the right. Vesting is at 10 years and members may receive vested benefits at 55/10	With 20 years of State Police service credit, 50% of FAS plus 1.66% of FAS for each year of creditable service in excess of 20 years. For Tier 5, the benefit is capped at 70% of FAS. For those with less than 20 years of service, the benefit equals 2.5% of FAS for each year of creditable service and 1/60th (1.66%) of FAS for each year of non-State Police service, capped at 50% of FAS. Social Security Coverage: Yes	Average of 36 highest consecutive months. Includes overtime earned in the period, holiday pay, longevity bonuses earned in the 36-month period, and payment for sick leave in excess of 165 days.	3%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
New York State and Local Retirement System: State and Local Police and Firefighters Tier 6: 20-year plan and 25 years plan, effective for members who joined after 4/1/12	Local governments' police and fire employees	20 years of service in plan or other specified police or military service (depending on local government's choice of plan). 25 year-plan has similar provisions based on 25 years of service Vesting: 10 years	63 with less than 20 or 25 years of service, depending on local government's choice of plan	Unchanged from above, except for substitution of age 63 for age 62 in the paragraph above Social Security Coverage: Yes	Average of 60 highest consecutive months with a 10% anti-spiking provision and overtime limited to \$15,000 in 2012. FAS is capped at the governor's salary (\$179,000 in 2012).	Employee contributions would be required for entire career based upon the member's gross salary (not including excludable overtime), as follows: 3% for those earning \$45,000 or less; 3.5% for those earning \$45,001 up to \$55,000; 4.5% for those earning \$55,001 up to \$75,000; 5.75% for those earning \$75,001 up to \$100,000; and 6% for those earning over \$100,000
North Carolina Retirement Systems	Firemen's and Rescue Squad Workers' Pension Fund	55/20; Members must contribute to plan for 20 years to receive a benefit.		\$170 per month after 20 years Social Security Coverage: Yes	N/A	\$10 per month
North Carolina Retirement Systems	Local law enforcement officers	55/5; Any/30 Vesting: 5 years	50/15 Reduced benefit will apply. Vested benefit at 55/5	1.85% times FAS times years of service Social Security Coverage: Yes	Average of 4 consecutive highest years of salary plus accrued annual leave	6%
North Carolina Retirement Systems	State Law Enforcement Officers—state employees with the power of arrest	55/5; Any/30 Vesting: 10 years (member on or after 8/1/11); 5 years (member before 8/1/11)	50/15 Reduced benefit will apply. Vested benefit at 55/5	1.85% times FAS times years of service Social Security Coverage: Yes	Average of 4 consecutive highest years of salary plus accrued annual leave	6%
North Dakota Public Employees' Retirement System	Highway Patrol Retirement System	55; Rule of 80 Vesting: 10 years	50/10	3.6% times FAS times service for first 25 years worked plus 1.75% times FAS for additional years worked Social Security Coverage: No	Average of 36 highest of last 180 months worked	11.3%
North Dakota Public Employees' Retirement System: Law Enforcement Retirement Plan	State and local law enforcement and correctional employees	55/3 continuous years of service; Rule of 85 Vesting: 3 years	50/3 continuous years of service;	2% times FAS times years of credited service Social Security Coverage: Yes	Average of 36 highest of last 180 months worked	4.5%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Ohio Police and Fire Pension Fund	Local governments' police and fire employees	48/25; 62 with between 15 and 25 years of service Vesting: 15 years	N/A	2.5% times FAS for first 20 years, plus 2.2% times FAS for years 21 through 25, plus 1.5% times FAS years 26 through 33; Capped at 72% of FAS Social Security Coverage: No	Average of 3 highest years	10%
Ohio Public Employees' Retirement System: Law Enforcement Division	Law Enforcement Officers: state and local employees whose primary duties are to preserve the peace, to protect life and property and to enforce the laws of Ohio, including state Highway Patrol	48/25; 62/15 Vesting: 5 years	N/A	2.5% times FAS times years of service for the first 25 years, plus 2.1% times FAS for each year of service thereafter; The benefit cannot exceed 90% of FAS. Social Security Coverage: No	Average of 3 highest years	11.6%
Ohio Public Employees' Retirement System: Law Enforcement Division	Public Safety Officers: state and local employees whose primary duties other than the law enforcement responsibilities described above, including various court and other institutional employees	Age 52; 62/15 Vesting: 5 years	Age 48 with 25 years of service Benefit reduction will apply for each year age is below 52.	2.5% times FAS times years of service for the first 25 years, plus 2.1% times FAS for each year of service thereafter; The benefit cannot exceed 90% of FAS. Social Security Coverage: No	Average of 3 highest years	11.0%
Oklahoma Firefighters Pension and Retirement System	Paid and volunteer firefighters of participating districts	20 years of service Vesting: 10 years	N/A	Paid: 2.5% times FAS times years of service to a maximum of 30 years Volunteers: \$7.53 per month for each year Social Security Coverage: No	Average of 30 highest consecutive months of last 60 months	Paid Members: 8% Volunteer Firefighters: no contribution
Oklahoma Law Enforcement Retirement System	Highway Patrol, Capitol Patrol, other state and university law enforcement officers	62/10; 20 years of service Vesting: 10 years	N/A	2.5% times FAS times years of creditable service Social Security Coverage: Highway Patrol—No; Other Members—Yes	Average of 30 highest consecutive months	8%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Oklahoma Police Pension and Retirement System	Municipal police officers	20 years of service Vesting: 10 years	50/10	2.5% times FAS times years of creditable service Social Security Coverage: Yes	Average of 30 highest consecutive months of last 60 months	8%
Oklahoma Public Employees' Retirement System: Plan for Hazardous Duty Employees	Corrections Security Officers and Pardon & Parole Officers; specified others	62/6; 20 years of service in plan; Rule of 90 Vesting: 6 years	55/10 Benefit reduction will apply.	2.5% times FAS times years of service in plan plus 2% times FAS times years of other creditable service Social Security Coverage: Yes	Average of highest 3 years of the last 10 years in service	8%
Oregon Public Service Retirement Plan Hybrid plan. Details refer to DB component benefits	State and local government police, other law enforcement, and firefighters	Age 60; Age 53 with 25 or more years of service, including 5 years of service immediately preceding retirement Vesting: 5 years	Age 50, but must have 5 years of service immediately preceding retirement.	1.8% time FAS times years of creditable service; In addition, members have DC accounts to which 6% of salary is contributed by employees or picked up by employers Social Security Coverage: Yes	Higher of (1) Average of last 36 months, or (2) the 3 years in which an employee was paid the highest total salary, even if one year was an incomplete calendar year.	Hybrid plan. No member contribution to DB component. Employee contribution of 6% to DC component, which employers may pick up.
Pennsylvania State Employees' Retirement System: Classes of Service A-3 and A-4, effective 1/1/11. See note.	Enforcement officers, corrections officers, psychiatric security aides, Delaware River Port Authority and Capitol police and park rangers	55/20 years of credited service in the classification; Rule of 92 with a minimum of 35 years of credited service Vesting: 10 years	10 years of credited service (vesting requirement) Benefit reduction will apply.	2% or 2.5% times FAS times years of creditable service. The multiplier is determined by the member's choice of Plan A-3 or A-4. Plan A-4 has a higher contribution requirement. Social Security Coverage: Yes	Highest average compensation received during any three non-overlapping periods of four consecutive calendar quarters	A-3: 6.25% to earn a benefit multiplier of 2% A-4: 9.3% to earn a benefit multiplier of 2.5% Employees choose between the plans at beginning of employment; A-3 is the default. Within limits, required employee contributions can be adjusted according to actuarial requirements for funding the plan.

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Pennsylvania State Employees' Retirement System: Classes of Service A-3 and A-4	State Police Officers See note.	20 years of credited service Vesting: 10 years	10 years of credited service Benefit reduction will apply.	For 20 to 25 years of credited service, 50% of highest year's earnings For 25 years of service or longer, 75% of highest year's earnings Social Security Coverage: No	Highest year of service (excludes the last calendar year of service).	A-3: 6.25% to earn a benefit multiplier of 2% A-4: 9.3% to earn a benefit multiplier of 2.5% Employees choose between the plans at beginning of employment; A-3 is the default. Within limits, required employee contributions can be adjusted according to actuarial requirements for funding the plan.
Rhode Island Retirement Security Act of 2011 Hybrid plan	Provisions for municipal fire and police members of the state retirement plan	DB component: 55/25 Current employees aged at least 45 with 10 years of service may retire at 52. Vesting in DB plan: 5 years. For members without Social Security and in DC plan: 3 years for employer contributions to DC; immediately for employee contributions to DC	N/A	2% times FAS times years of service Social Security Coverage: No	Average of 5 highest consecutive years	DB Component: With COLA option: 8% With no COLA option: 7% DC Component: 3%
Rhode Island State Police Retirement Benefits Trust	State police	When benefit reaches 50% of FAS; mandatory when benefit reaches 65% of FAS Vesting: 5 years	N/A	2% times FAS times years of service Social Security Coverage: No	Average of 5 highest years	8.75%
South Carolina Retirement Systems: Police Officers Retirement System As of 7/1/12	State and local police, firefighters, coroners, magistrates and probate judges	27 years, 5 years of which must be earned service credit; Age 55 with 8 years of earned service credit Vesting: 8 years	N/A	2.14% times FAS times years of service Social Security Coverage: Yes	Average of 20 highest consecutive quarters of earned compensation	Beginning 7/1/2012: 7.3% Beginning 7/1/2104: 13%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
South Dakota Retirement System	Class B Public Safety Membership: state law enforcement officers, municipal police and firefighters, county sheriffs, correctional staff, parole agents, campus security conservation officers, and park rangers.	55/ 3 years of earned service credit; Rule of 75 with minimum age of 45 Vesting: 3 years	45/ 3 years of earned service credit Benefit reduction will apply.	2.4% times FAS times years of service before 7/1/02, plus 2.0 % times FAS times years of service after 7/1/02 Social Security Coverage: Yes	Average of highest 12 consecutive calendar quarters in the last 40 quarters of covered employment	8%
Tennessee Consolidated Retirement System	Highway Patrol, wildlife officers, specified other state law enforcement personnel	Age 60 with 5 years of service; Any age with 30 years of service; Mandatory retirement at age 60 Vesting:: 5 years	55/25 Benefit reduction will apply.	1.575% times FAS times years of service plus (if FAS is above the Social Security integration level, \$46,200 in FY 2006) 1.8375 times the excess times years plus bridge payment until recipient reaches Social Security eligibility at age 62 of 0.75% times FAS times years of service; Benefits are capped at 94.5% of FAS. Social Security Coverage: Yes	Average of 5 highest years	Noncontributory
Texas County and District Retirement System Cash-balance Plan	Local government employees	60 or older. Employers choose among plans that include 5-, 8- or 10-year vesting, and may choose various eligibility options including Rules of 75 and 80, and 20- or 30-year eligibility. Vesting: 5, 8 or 10 years depending upon local government's choice of plan provisions	N/A	Cash-balance plan that provides lifetime annuities based upon the employee's account balance, which includes employee and employer contributions and investment earnings. Benefits will at least equal the retiree's account balance at the time of retirement. Social Security Coverage: Some	N/A	Contribution rate is set by employer and may range from 4% to 7%. Matched by employer at least dollar for dollar, up to \$2.50 per employee dollar. Account interest is guaranteed at 7% annually and may be higher. Employers make contributions necessary to fund the plan on an actuarial basis.

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Texas Employee Retirement System: Law Enforcement and Custodial Officers' Supplemental Retirement Fund	State law enforcement officers, custodial employees of the corrections system and parole officers or caseworkers	50/20; Rule of 80 with 20 years of service; Service must be in plan. Vesting: 5 years	20 years of service before age 50 Benefit reduction will apply.	2.8% times years of service times FAS Capped at 100% of FAS Social Security Coverage: Yes	Average of 36 highest months	7%
Texas Municipal Retirement System Cash-balance Plan	Local government employees	Employers choose among plans that include 5- or 10-year vesting, and may choose various eligibility options including 60/5 and 6/10, and 20- or 25-year eligibility. Vesting: 5 years or, in fewer municipal plans, 10 years	N/A	Cash-balance plan that provides lifetime annuities based upon the employee's account balance, which includes employee and employer contributions and investment earnings. Benefits will at least equal the retiree's account balance at the time of retirement. Social Security Coverage: Varies by local government	N/A	Contribution rate is set by employer and may range from 5% to 7%, and is matched by employer at least dollar for dollar, up to \$2.00 per employee dollar. Account interest is guaranteed at 5% annually and may be higher. Employers make additional contributions necessary to fund the plan on an actuarial basis.
Utah Retirement System Tier 2 Hybrid Plan As of July 1, 2011, new employees choose between this plan and the one described below. The hybrid is the default.	State and local government public safety and firefighter members	65/4; 62/10; 60/20; Any age/25 Vesting: 4 years	60 with fewer than 25 years of service Benefit reduction will apply to DB plan.	Defined Benefit component: 1.5 times FAS times years of service plus distributions from the defined contribution component of the plan Social Security Coverage: State employees—yes; Local employees—varies by local government	Average of 5 highest years	Noncontributory plan, except that if the employer's annual contribution of 12% of employee compensation is inadequate to amortize the liabilities of the DB component of the plan, employees will contribute to make up the shortfall. When the 12% contribution exceeds the actuarial requirements of the DB plan, the excess is deposited in the employee's defined contribution account.
Utah Retirement System Tier 2 Defined Contribution Plan (a 401(k) plan)	State and local government public safety and firefighter members	401(k) plan regulations apply; Employer contributions are vested after 4 years.	401(k) plan regulations apply	401(k) plan regulations apply Social Security Coverage: State employees—yes; Local employees—varies by local government	N/A	Noncontributory; 12% employer contribution

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Vermont Municipal Employees Retirement System	Four plans among which employers may choose for groups of employees; See note.	Varies, depending on employer's plan selection: 55/5 to 65/5 Vesting: 5 years	Varies, depending on employer's plan selection, available in most plans	Varies, depending on employer's plan selection, from 1.4% times years of service times FAS to 2.5% times years of service times FAS Social Security Coverage: Yes	Varies, depending on employer's plan selection, from average of 2 highest consecutive years of earnings to 5 highest consecutive years of earnings	6.98%
Vermont State Retirement System Group C Plan	State police officer or public safety employee assigned to law enforcement duties	Age 55; or Age 50 with 20 years of service Vesting: 5 years	Age 50 with 20 years of service No reduction for early retirement	2.5% times years of service times FAS; Benefit is capped at 50% of final average salary. Social Security Coverage: Yes	Average of 2 highest consecutive years of earnings	5%
Virginia Retirement System Enhanced Benefits for Eligible Political Subdivision Hazardous Duty Employees Plan 2 as of 7/1/10	Local government employees: sheriffs, deputies, police, firefighters, EMT's	60/5; 50/25; Mandatory retirement at 70, except for sheriffs, regional jail superintendents and jail farm superintendents Vesting: 5 years	Age 50 with 5 years of credited service; Benefit reduction will apply.	Sheriffs and Jail Superintendents: 1.85% times FAS times years of service; Others: 1.7% times FAS times years of service; Employers may select a higher multiplier. Some employees are eligible for a hazardous duty supplement to bridge years between retirement and early Social Security eligibility. Social Security Coverage: Yes	Average of 60 highest consecutive months	5%
Virginia Retirement System Law Officers' Retirement System: Plan 2 as of 7/1/10	Various state law enforcement officers, correctional and parole officers; campus police	60/5; 50/25 Vesting: 5 years	Age 50 with 5 years of credited service; Benefit reduction will apply.	2% times FAS times years of service Social Security Coverage: Yes	Average of 60 highest consecutive months	5%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Virginia Retirement System State Police Officers' Retirement System Plan 2 as of 7/1/10	State Police officers	60/5; 50/25 Mandatory retirement at 70 Vesting: 5 years	Age 50 with 5 years of credited service Benefit reduction will apply.	1.85% times FAS times years of service plus Hazardous duty supplement paid to those who retire with at least 20 years of hazardous duty service until they are eligible for Social Security. It is not available to those who retire at or after their normal Social Security retirement age. Social Security Coverage: Yes	Average of 60 highest consecutive months	5%
Washington Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2	State, county and municipal sheriffs, police, firefighters, marshals and public safety officers	53/5 Vesting: 5 years	50/20 Benefit reduction will apply.	2% times FAS times years of service Social Security Coverage: Varies by local government. Yes for about 6% of fire and 58% of police	Average of 60 highest consecutive months	Effective 7/1/11: 8.46%
Washington State Patrol Retirement System Plan 2	Full-time officers only	Any/25; 55/any; Mandatory retirement at age 65 Vesting: 5 years	55 with 5 years of service credit Benefit reduction will apply.	2% times FAS times years of service; Maximum of 75% of FAS Social Security Coverage: No	Average of 60 highest consecutive months	Effective 7/1/11: 6.59%
Washington Public Safety Employees' Retirement System Plan 2	State and local employees whose jobs contain a high degree of physical risk, but who are not eligible for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)	65/5 60/10 Vesting: 5 years	53/20 Benefit reduction will apply.	2% times FAS times years of service Social Security Coverage: Yes	Average of 60 highest consecutive months	Effective 7/1/11: 6.36%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
West Virginia Consolidated State Retirement Board	Deputy Sheriff's Retirement System; some sheriffs are included	In service at retirement: Rule of 70 with minimum age of 50 or 60/5; Out of service at retirement: 50/20; 62/5 Vesting: 5 years	At age 40, if covered service has ended; Benefit reduction will apply.	2.25% times FAS times years of service Social Security Coverage: Yes	Average of 5 highest consecutive years within the last 10	8.5%
West Virginia Consolidated State Retirement Board	Emergency Medical Services Retirement System	In service at retirement: Rule of 70 with minimum age of 50 or 60/10; Out of service at retirement: 52/20; 62/5 Vesting: 5 years	45/20 Benefit reduction will apply.	For years 1-20: 2.75% times FAS times years of service; For years 21-25: 2.0% times FAS times years of service; For years 26-30: 1% times FAS times years of service Social Security Coverage: Yes	Average of 5 highest consecutive years within the last 10	8.5%
West Virginia Consolidated State Retirement Board	Municipal Police Officers' and Firefighters' Retirement System See note.	In service at retirement: Rule of 70 with minimum age of 50 or 60/10; Out of service at retirement: 50/20; 62/5 Vesting: 5 years	N/A	For years: 2.6% times FAS times years of service; For years 21-25: 2.0% times FAS times years of service; For years 26-30: 1% times FAS times years of service Social Security Coverage: No, see note.	Average of 5 highest consecutive years within the last 10	8.5%
West Virginia Consolidated State Retirement Board	State Police Retirement System Plan B	50/25; 52/20 Excluding military service credit Vesting: 5 years	Less than age 52 with 20 years of credited service excluding military service Benefit reduction will apply.	2.75% times FAS times years of service Social Security Coverage: No	Average of 5 highest years within the last 10; need not be consecutive. Includes overtime payments	13%

STATE AND PLAN	EMPLOYEES COVERED	AGE AND SERVICE REQUIREMENTS FOR NORMAL RETIREMENT	REQUIREMENTS FOR EARLY RETIREMENT WITH REDUCED BENEFITS	BENEFIT FORMULA FOR NORMAL SERVICE RETIREMENT AND SOCIAL SECURITY COVERAGE	COMPUTATION OF FINAL AVERAGE SALARY (FAS)	EMPLOYEE CONTRIBUTION
Wisconsin Retirement System	Protective Employees covered by Social Security: state police, other state and local public safety employees	53/25; 54 with less than 25 years of service Vesting: 5 years	50 Benefit reduction will apply.	2% times years of service times FAS An alternative "money purchase" formula is also applied in each case, and the higher benefit of the two results is paid. See note. Social Security Coverage: Yes	Average of 3 highest 3 years; need not be consecutive	5.9%
Wisconsin Retirement System	Protective Employees not covered by Social Security: some local government firefighters	53/25; 54 with less than 25 years of service Vesting: 5 years	50 Benefit reduction will apply. Vesting: 5 years	2.5% times years of service times FAS An alternative "money purchase" formula is also applied in each case, and the higher benefit of the two results is paid. See note. Social Security Coverage: No	Average of 3 highest 3 years; need not be consecutive	5.9%
Wyoming Retirement System	Game Warden, Highway Patrol and Criminal Investigation Pension Plan	50/6 Vesting : 6 years	N/A	2.5% times FAS times years of service, not to exceed 75% of FAS Social Security Coverage: Yes	Average of 36 highest consecutive months	12.64
Wyoming Retirement System	Law Enforcement Pension Plan: sheriffs, municipal police, corrections system officers and parole agents, and various other state and local law enforcement personnel	60/4 Any/20 Vesting: 4 years	50/4	2.5% times FAS times years of service, not to exceed 75% of FAS Social Security Coverage: Some, most police positions are not covered	Average of 60 highest consecutive months	8.6%
Wyoming Retirement System	Paid Fire Plan B: local government professional firefighters	50/4 Vesting: 4 years	N/A	2.8% times FAS times years of service for up to 25 years of service; Benefit is capped at 70% of FAS. Social Security Coverage: No	Average of 36 highest consecutive months	8.5%

NOTES:

Maine. MPERS offers a variety of plan designs among which local participating districts (local government employers) may choose. All plans are open to public safety employees, although some are limited to them. The plan designs are summarized in the Maine PERS Handbook:

http://www.maineprs.org/PDFs/handbooks/State_Booklet_web.pdf

and in the system's CAFR at page 100:

<http://www.maineprs.org/PDFs/other%20publications/11CAFR.pdf>



Michigan. There is no statewide retirement plan for local governments' public safety employees. There are approximately 130 local government retirement plans in Michigan. The Municipal Employees Retirement System is a voluntary multi-employer plan encompassing more than 700 local governments' plans for their employees. It is described in Citizens' Research Council of Michigan, *Michigan State and Local Government Retirement Systems* (Livonia, Mich.: 2009). <http://crcmich.org/PUBLICAT/2000s/2009/rprt356.pdf>

Pennsylvania State Employees' Retirement System. The effective dates for Plans A-3 and A-4 may vary according to the expiration of current collective bargaining agreements. For Capitol Police Officers and Park Rangers, the effective date is July 1, 2011. For State Police Officers, the effective date is July 1, 2012. Also, the collective bargaining agreement known as the DiLauro Award affects the benefits of State Police Officers. See the SERS Handbook: <http://www.portal.state.pa.us/portal/server.pt?open=514&objID=594007&mode=2>

Vermont Municipal Employees' Retirement System. The system provides four plans among which municipal employers may select. A municipality is not required to cover all employees with the same plan. Plan details are available at <http://www.vermonttreasurer.gov/retirement/muni-group-comparisons>

West Virginia Municipal Police Officer and Firefighters: Pursuant to WV Code § 8-22A-28(b) "On or before October 1, 2015, the participating employers shall jointly submit a plan to the State Auditor ... to extend Social Security benefits to members of the retirement system."

West Virginia Police Officers' and Firefighters' Retirement System. The Municipal Police Officers and Firefighters Retirement System (MPFRS) was established January 1, 2010. All paid police officers and firefighters first employed in covered employment by a participating municipality or municipal subdivision after the date the municipality or municipal subdivision elected to join MPFRS are required to be members of MPFRS as a condition of employment. If there are fewer than 100 members of MPFRS on January 1, 2014, all members will be merged into the Emergency Medical Services Retirement System. MPFRS currently has 22 active members (in 2012).

Wisconsin Retirement System. The alternative "money purchase" calculation is described in Wisconsin Legislative Fiscal Bureau, *Wisconsin Retirement System: Information Paper 84* (2011) p. 58 ff. http://legis.wisconsin.gov/lfb/publications/Informational-Papers/Documents/2011/84_Wisconsin%20Retirement%20System.pdf

SOURCES:

Links were valid as of July 31, 2012.

Alabama retirement systems: <http://www.rsa-al.gov/ERS/Pubs%20and%20forms/ERS%20Pubs/ERS%20Member%20Handbook.pdf>

Alabama state police: <http://www.rsa-al.gov/ERS/Pubs%20and%20forms/ERS%20Pubs/State%20Police%20Member%20Handbook.pdf>

Alaska DB plan: http://doa.alaska.gov/drb/pdf/pers/handbook/2011/PERS_handbook_2011_08_pension_benefits.pdf

Alaska DC plan: http://doa.alaska.gov/drb/dcrp/dcr_plan/dcrp_booklet.html

Arkansas Police and Fire: <http://www.lophi-prb.com/LinkClick.aspx?fileticket=j2DDx7QSmCs%3d&tabid=84>

Arkansas State Police: http://www.apers.org/asprs/ASPRS_HB09.pdf

Arizona Correction Officers Retirement Plan: http://www.psprs.com/sys_corp/Forms/CORP%202011-12/2011-CORP-SummaryOfBenefits-Final.pdf
http://www.psprs.com/Admin_Investments_and_Finance/CAFR%202011/2011%20CAFR%20CORP.pdf

Arizona Public Safety Officers' Retirement System: http://www.psprs.com/sys_psprs/Forms/PS%202011-12/2011-PSPRS-SummaryOfBenefits-Final.pdf
http://www.psprs.com/Admin_Investments_and_Finance/CAFR%202011/2011%20CAFR%20PSPRS.pdf

California Public Employees' Retirement System <http://www.calpers.ca.gov/eip-docs/about/pubs/comprehensive-annual-fina-report-2011.pdf>

California public safety: <http://www.calpers.ca.gov/eip-docs/about/pubs/member/your-benefits-your-future-state-safety-benef.pdf>

California local safety members: <http://www.calpers.ca.gov/eip-docs/about/pubs/member/your-benefits-your-future-local-safety.pdf>

Colorado Fire and Police Pension Association: <http://www.fppaco.org/pdfs/Handbooks/EE%20handbook%202010.pdf>
 Colorado State Trooper Plan: <https://www.copera.org/PDF/5/5-16.pdf>

Connecticut Hazardous Duty: <http://www.osc.ct.gov/empret/tier2asumm/tier2asumm.htm#HAZARDOUS>

Delaware New State Police Plan: http://delawarepensions.com/pensionplans/newstatepolice/nsp_benefits.shtml

Florida Special Risk Class: <https://www.rol.frs.state.fl.us/forms/special-risk.pdf>

Georgia Peace Officers' Fund: <http://poab.georgia.gov/>
 Georgia Employees' Retirement System: http://www.ers.ga.gov/plans/ers/gseps/formspubs/GSEPS_Plan_Highlights.pdf
 and http://www.ers.ga.gov/plans/ers/formspubs/ERS_Handbook.pdf

Hawaii Employee Retirement System: [http://ers.hawaii.gov/resources/all-publications#Your Retirement System](http://ers.hawaii.gov/resources/all-publications#Your_Retirement_System)

Idaho Police and Firefighters Plans: http://www.persi.idaho.gov/handbook/PERSI_Member_Handbook.pdf
 and http://www.persi.idaho.gov/members/early_retirement.cfm

Illinois Alternative Formula Tier 2: http://www.state.il.us/srs/PDFILES/Tier%202/tier2_active.pdf

Indiana plans: http://www.in.gov/legislative/pdf/2010_PENSION_WEBDOC.PDF

Iowa Municipal Fire and Police: <http://www.mfprsi.org/>

Iowa Peace Officers Retirement System: <http://www.dps.state.ia.us/asd/por/por.shtml>

Iowa Protection Occupations: http://www.ipers.org/publications/members/pdf/brochures/newmembers_occupation.pdf
 Iowa Sheriffs & Deputies: http://www.ipers.org/publications/members/pdf/brochures/newmembers_sheriffs.pdf

Kansas Policy and Firemen's: <http://www.kpers.org/membershipguidekpf.pdf>

Kentucky plans: [http://www.klc.org/UserFiles/InfoHandbookHaz\(1\).pdf](http://www.klc.org/UserFiles/InfoHandbookHaz(1).pdf)

Louisiana Firefighters: <http://www.lafirefightersret.com/pdf/handbook1129.pdf>
 Louisiana State Police: <http://www.lsprs.state.la.us/regular.htm>
 Louisiana Sheriffs' Pension & Relief Fund: <http://www.lsprf.com/MemberHandbook%20rev%20Oct%202011.pdf>

Maine PERS plans: http://www.maineper.org/PDFs/handbooks/State_Booklet_web.pdf

Maryland Correctional Employees: <http://www.sra.state.md.us/Participants/Members/Downloads/Handbooks/BenefitHandbook-Cor.pdf>
 Maryland Law Enforcement Officers: <http://www.sra.state.md.us/Participants/Members/Downloads/Handbooks/BenefitHandbook-LEO.pdf>
 Maryland State Police: <http://www.sra.state.md.us/Participants/Members/Downloads/Handbooks/BenefitHandbook-MSP.pdf>

- Massachusetts plans: <http://www.mass.gov/treasury/docs/retirement/retguide.pdf>
 Chapter 176, Public Acts of 2011: <http://www.mass.gov/mtrs/1news/1ch176legis.htm>
- Michigan State Police: http://www.michigan.gov/documents/ormsmp/StatePoliceR159H_174206_7.pdf
- Minnesota PERA police and fire: http://www.mnpera.org/index.asp?Type=B_BASIC&SEC=%7B17E89BDA-4D0A-4693-A24A-1CD486D34E7A%7D
 Minnesota State Patrol: <http://www.msrs.state.mn.us/prtl/index.html>
 Minnesota SERA correctional plan: <http://www.msrs.state.mn.us/corr/index.html>
- Mississippi Highway Patrol: <http://www.pers.state.ms.us/retirementplans/MHSP/mhspretireplan.html#MHSPcoverage>
 Mississippi PERS: http://www.pers.state.ms.us/pdf/memberservices/handbooks/Member_Handbook_2011_2.pdf
- Missouri DOT and Highway Patrol: <http://www.mpers.org/files/DDF/2007%20Year%202000%20Plan%20w%20Cover.pdf>
 Missouri Local Government plans: http://www.molagers.org/Portals/0/50822_Text.pdf
- Montana plans: <http://leg.mt.gov/content/Publications/fiscal/Pensions/MT-Pensions-Summary-Tables.pdf>
<http://mpera.mt.gov/index.shtml>
- Nebraska State Patrol Plan: <https://npers.ne.gov/whalecomfb0318c98356c576f7c4/whalecom0/Service/public/howto/handbooks/handbookPatrol.pdf>
 and Legislative Bill 382 of the 2011 Legislative Session: <http://nebraskalegislature.gov/FloorDocs/Current/PDF/Intro/LB382.pdf>
- Nevada local police and fire: <http://www.nvpers.org/>
 and <http://www.nvpers.org/public/aboutus/>
- New Hampshire Retirement System: <http://www.nhrs.org/Members/PlanDetails.aspx>
- New Jersey Policy and Firemen: <http://www.state.nj.us/treasury/pensions/epbam/exhibits/handbook/pfrsbook.pdf>
 New Jersey State Police: <http://www.state.nj.us/treasury/pensions/epbam/exhibits/handbook/sprsbook.pdf>
- New Mexico PERA plans: <http://www.pera.state.nm.us/pdf/Web2011MemberHandbook.pdf>
- New York State Police: http://www.osc.state.ny.us/retire/publications/vo1518/about_your_membership/becoming_eligible.php
 New York State & Local: Police and Firefighters: <http://www.osc.state.ny.us/retire/publications/vo1517/index.php>
- North Carolina Fireman's Fund: <https://www.nctreasurer.com/ret/Benefits%20Handbooks/NCFiremen.pdf>
 North Carolina Local Law Enforcement: <https://www.nctreasurer.com/ret/Benefits%20Handbooks/NCLocalLEO.pdf>
 North Carolina State Law Enforcement: <https://www.nctreasurer.com/ret/Benefits%20Handbooks/NCStateLEO.pdf>
- North Dakota Highway Patrol: <http://www.nd.gov/ndpers/forms-and-publications/publications/hp.pdf>
 North Dakota Law Enforcement: <http://www.nd.gov/ndpers/forms-and-publications/publications/law-enforcement.pdf>
- Ohio Police and Fire Pension Fund: <http://www.op-f.org/Files/memberGuide.pdf>
 Ohio Public Employee Retirement System, Law Enforcement and Public Safety Officers: <https://www.opers.org/pubs-archive/leaflets/ISL-E.pdf#zoom=80>

Ohio Highway Patrol Retirement System: <https://www.ohprs.org/ohprs/retirementBenefits.jsp>

Oklahoma Firefighters Pension and Retirement System: <http://www.ok.gov/fprs/documents/2011%20Actuary%20Report.pdf>

Oklahoma Law Enforcement Retirement System: <http://www.olars.state.ok.us/LinkClick.aspx?fileticket=YYKYcyURsjM%3d&tabid=62&mid=396>

Oklahoma Police Pension and Retirement System: <http://www.ok.gov/OPPRS/documents/OPPRS%20Overview.pdf>

Oklahoma Public Employees Retirement System Hazardous Duty Employees: http://www.opers.ok.gov/Websites/opers/Images/pdfs/hazard_book_06.pdf

Oregon Public Service Retirement Plan: http://www.oregon.gov/PERS/MEM/section/forms/plan_definitions.shtml

Pennsylvania State Employees' Retirement System: <http://www.portal.state.pa.us/portal/server.pt?open=514&objID=594007&mode=2>

Rhode Island State Police Retirement: <http://www.treasury.ri.gov/secure-path-ri/faq/state-police.php>

Rhode Island Retirement Security Act of 2011, Municipal Police and Fire provisions: <http://www.treasury.ri.gov/secure-path-ri/faq/mers-pf.php>

South Carolina Retirement System, PORs: <http://www.retirement.sc.gov/publications/porshandbook.pdf>

South Dakota Class B Public Safety: http://www.sdrs.sd.gov/publications/documents/ClassB-PublicSafety2010_002.pdf

Tennessee Retirement System Benefits for Law Enforcement Officers: <http://treasury.tn.gov/tcrs/PDFs/StateEmp.pdf>

Texas County and District Retirement System: <https://www.tcdrs.org/TCDRS%20Publications/GuidetoMemberBenefits.pdf>

<https://www.tcdrs.org/TCDRS%20Publications/2010CAFR.pdf>

Texas Employee Retirement System, Law Enforcement Supplemental plan: http://www.ers.state.tx.us/Employees/Your_ERS_Retirement/

Texas Municipal Retirement System: http://www.tmrns.org/down/pubs/pubs_bene_guide_08.pdf

http://www.tmrns.org/down/pubs/CAFR_2010/CAFR10_web_intro.pdf

Utah Retirement Systems Tier 2 plans for public safety members: <https://www.urs.org/pdf/RetirementSystems/tier2Safety.pdf>

Vermont Municipal Employees Retirement System: <http://www.vermonttreasurer.gov/retirement/muni-group-plans>

Vermont Retirement System Group C: <http://www.vermonttreasurer.gov/retirement/state-group-c>

Virginia Retirement System Enhanced Benefits for Subdivision Hazardous Duty Employees: <http://www.varetire.org/Pdf/Publications/hazardous-duty-plan-2.pdf>

Virginia Retirement System Law Enforcement Officers: <http://www.varetire.org/Pdf/Publications/valors-plan-2.pdf>

Virginia Retirement System State Police: <http://www.varetire.org/Pdf/Publications/spors-plan-2.pdf>

Washington Law Enforcement Officers: <http://www.drs.wa.gov/member/handbooks/leoff/plan-2/default.htm>

Washington State Patrol: <http://www.drs.wa.gov/member/handbooks/wsprs/plan-2/wsprs2hbk.pdf>

Washington State Public Safety Employees; Retirement System: <http://www.drs.wa.gov/member/handbooks/psers/plan-2/psershbk.pdf>

Washington State Retirement System required contributions effective July 1, 2011: <http://www.drs.wa.gov/employer/drsn/11014.htm>

West Virginia Deputy Sheriffs: <http://www.wvretirement.com/DSRS%20Plan%20Description.html>

West Virginia Emergency Medical Services: <http://www.wvretirement.com/EMSRs%20Plan%20Description.html>

West Virginia Municipal Police Officers' and Firefighters' Retirement System: <http://www.wvretirement.com/MPFRS%20Plan%20Description.html>

West Virginia State Police: <http://www.wvretirement.com/planb%20plan%20description.html>

Wisconsin Retirement System: http://legis.wisconsin.gov/lfb/publications/Informational-Papers/Documents/2011/84_Wisconsin%20Retirement%20System.pdf

Wyoming Retirement System various plans' handbooks: <http://retirement.state.wy.us/pension/index.html>

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 212
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB212-DOA-COM-02-28-18
Title: PEACE OFFICER/FIREFIGHTER RETIRE
BENEFITS
Sponsor: KELLY
Requester: Senate State Affairs

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Office of the Commissioner
OMB Component Number: 45

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 06/30/19

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By:	Ajai Desai, Director	Phone:	(907)465-4471
Division:	Division of Retirement and Benefits	Date:	02/28/2018
Approved By:	Leslie Ridle, Commissioner	Date:	02/28/18
Agency:	Department of Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB 212

Analysis

An actuarial valuation must be completed by the plan actuary to determine the cost of the proposed plan changes and the affects on any future unfunded liability. Until this analysis is completed, the costs are indeterminate. The administrative cost related to SB 212 has been calculated and submitted under a separate fiscal note.

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 212
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB212-DOA-DRB-02-27-17
Title: PEACE OFFICER/FIREFIGHTER RETIRE
BENEFITS
Sponsor: KELLY
Requester: Senate State Affairs

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Retirement and Benefits
OMB Component Number: 64

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services	491.6		100.1	100.1	100.1	100.1	100.1
Travel							
Services	84.3		6.5	6.5	6.5	6.5	6.5
Commodities	275.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	850.9	0.0	106.6	106.6	106.6	106.6	106.6

Fund Source (Operating Only)

1004 Gen Fund (UGF)	850.9						
1029 PERS Trust (Other)			74.6	74.6	74.6	74.6	74.6
1034 Teach Ret (Other)			32.0	32.0	32.0	32.0	32.0
Total	850.9	0.0	106.6	106.6	106.6	106.6	106.6

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary	5.0						

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **06/30/19**

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

Prepared By: Ajai Desai, Director Phone: (907)465-4471
Division: Division of Retirement and Benefits Date: 02/28/2018 02:45 PM
Approved By: Leslie Ridle, Commissioner Date: 02/28/18
Agency: Department of Administration

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SB 212

Analysis

This bill would provide a new Defined Benefit (DB) tier for Peace Officer/Firefighter (P/F) employees first hired on or after July 1, 2006. Existing P/F Defined Contribution (DC) members (PERS Tier IV) will be afforded an opportunity to transfer to the new DB tier.

This administrative fiscal note reflects the costs to the Division of Retirement and Benefits (Division) to implement the new tier. An actuarial analysis performed by the plan actuary will need to be completed to determine the actual costs of the bill to the plans, and the effects on any future unfunded liability. This analysis will be included in a separate fiscal note.

The Division anticipates costs to implement the education, reporting, and accounting requirements of the bill. The Division will need to program an online DB/DC benefit comparison tool for P/F employees contemplating conversion to use in order to meet the 20-day requirement in the bill to deliver this information. Other Division systems will need to be reprogrammed and updated with the new tier information for contribution reporting, benefit calculation and for tracking elections. Additionally, all division pension and annuity publications for the PERS and TRS will need to be recreated with the new information as well as extensive web site changes.

The Division anticipates increased personnel costs to draft regulations regarding the manner and timing of election as well as the election itself. Due to the short timeframe until the effective date, these will likely be emergency regulations.

Additional personnel is needed to implement the new plan: 4 non-permanent call center RB technician I positions to respond to phone inquiries and produce comparison projects, 1 permanent RB Specialist II position to provide counseling and information regarding both plans to new employees and employees who elect to transfer from the DC to the DB plan, and 1 non-permanent Accountant III to reconcile the contributions transferred and contributions due when existing DC members choose to transfer to the DB plan or new members choose to transfer to the DC plan after initial hire.

First year costs are for the implementation of the new tier. IRS designates these as settlor's costs that cannot be paid from the trust. Therefore, the FY19 fund source is UGF.

(In thousands)	FY19	FY20	FY21	FY22	FY23	FY24
Personnel						
Permanent RBS II (1)	100.1	100.1	100.1	100.1	100.1	100.1
LTNP RB Tech I (4)	290.0	0	0	0	0	0
LTNP Accountant III (1)	101.5	0	0	0	0	0
Sub Total	491.6	100.1	100.1	100.1	100.1	100.1
Services						
Publications	60.0	3.0	3.0	3.0	3.0	3.0
Cubicle	10.0	0	0	0	0	0
Phone	7.0	3.5	3.5	3.5	3.5	3.5
Computers	9.0	0	0	0	0	0
Sub Total	84.3	6.5	6.5	6.5	6.5	6.5
Contractual Services						
Comparison Calculator	75.0	0	0	0	0	0
Other Systems	200.0	0	0	0	0	0

days?

5 non perm
1 perm
positions

How many
people
does this
cover?

Adding error

These numbers are suspiciously similar to FN2 for HB 83, a measure in the House which would put ALL teachers & public employees in a defined benefit plan. Kito's bill, Tarr, Tuck, Barish, Ledoux, Kawasaki cospons.

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 212
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB212-DOA-DRB-04-26-18
Title: PEACE OFFICER/FIREFIGHTER RETIRE
BENEFITS
Sponsor: KELLY
Requester: Senate State Affairs

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Retirement and Benefits
OMB Component Number: 64

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/18

Why this fiscal note differs from previous version/comments:

Updated with actuarial information.

Prepared By:	Ajay Desai, Director	Phone:	(907)465-4471
Division:	Division of Retirement and Benefits	Date:	04/27/2018
Approved By:	Leslie Ridle, Commissioner	Date:	04/27/18
Agency:	Department of Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO.

SB 212

Analysis

This bill creates a defined benefit tier in the Public Employees' Retirement System (PERS) for peace officer and firefighter (P/F) members. The new tier would provide pension benefits similar to PERS Tiers III. Retiree health benefits would be the same as currently provided to PERS Defined Contribution Retirement (DCR) Plan members with earlier eligibility and would include a Health Reimbursement Arrangement (HRA).

The bill provides existing P/F members an opportunity to convert from the PERS DCR to the new defined benefit tier by making an irrevocable election to transfer within 90 days of the effective date of the bill. Upon transfer to the PERS P/F DB tier, the total of the employee and employer contributions and any investment gains will be transferred to purchase DB service on an actuarially determined basis. The transferring PERS DCR member will purchase as much service as their account balance will allow. Any shortfall will result in an indebtedness to the member. If there are excess funds in the PERS DCR member account, the excess will remain in the PERS DCR account. There is no cost to the employer or the State for the transfer of pension credited service. (See attached letter from the plan actuary, Conduent.)

However, because the bill does not provide for the transfer of PERS DCR health plan assets and provides earlier eligibility for normal retirement than the PERS DCR Plan, there is a cost to the move from the PERS DCR health plan to the PERS P/F DB tier health plan. The number of P/F member who will transfer to the new DB tier is unknown, therefore the cost is indeterminate. Three scenarios were analyzed:

- >100% of eligible members elect to transfer
- >75% of eligible members elect to transfer
- >50% of eligible members elect to transfer

Actual costs will be based on the actual number and demographics of the members who elect to transfer.

The table below shows the impact on assets, liabilities and unfunded liabilities for healthcare benefits under the PERS DB plan (in millions).

<u>% Transferring</u>	<u>Increase in PERS DB Healthcare Actuarial Accrued Liability</u>	<u>Increase in PERS DB Healthcare Unfunded Actuarial Accrued Liability</u>
100%	\$14.4	\$14.4
75%	\$10.8	\$10.8
50%	\$ 7.2	\$ 7.2

After the transfer, there will be a corresponding decrease in PERS DCR Health and Occupational Death and Disability liabilities as shown in the table below (in millions).

<u>% Transferring</u>	<u>Decrease in PERS DCR Actuarial Accrued Liability for Occ D&D Benefits</u>	<u>Decrease in PERS DCR Actuarial Accrued Liability for Retiree Medical Benefits</u>	<u>Decrease in PERS DCR Total Actuarial Accrued Liability</u>
100%	\$(2.4)	\$(10.8)	\$(13.2)
75%	\$(1.8)	\$(8.1)	\$(9.9)
50%	\$(1.2)	\$(5.4)	\$(6.6)

The increase in PERS DB healthcare Actuarial Accrued Liability is greater than the corresponding decrease in PERS DCR retiree healthcare Actuarial Accrued Liability because the actuarial assumptions for retirement and termination that are used to measure the liabilities are different in PERS DB than in PERS DCR. These assumptions predict more P/F members will receive retiree medical benefits in PERS DB than in PERS DCR, which results in a net increase in liabilities.

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2018 LEGISLATIVE SESSION**

BILL NO:

SB 212

Analysis

The employer/state contribution rates and projected additional State contribution for PERS DB are impacted by SB 212 starting in FY21 due to (1) the increase in PERS DB Healthcare Unfunded Actuarial Accrued Liability, and (2) the employer/state funding for the increases in PERS DB Actuarial Accrued Liability and PERS DB Normal Cost accruals for the transferred individuals. FY 21 represents the first PERS DB valuation that will include the transferred individuals. The projected Unfunded Actuarial Accrued Liability and employer/state contribution rates for PERS DB will increase as show below for the 100% scenario:

	<u>PERS DB Unfunded Actuarial Accrued Liability Increase (\$000's)</u>	<u>PERS DB Employer/State Contribution Rate Increase (as % of DB/DCR pay)</u>
FY 21	\$53,853	0.99%
FY 22	\$47,376	0.91%
FY 23	\$40,378	0.84%
FY 24	\$32,726	0.78%
FY 25	\$24,742	0.72%

The effects shown above result in the following increase in projected Additional State Contributions for PERS DB for FY21-FY25 under SB 212 (in millions).

<u>% of Eligible Members Transfer</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>5 YR Total</u>
100%	\$21.7	\$19.5	\$17.6	\$15.7	\$13.9	\$88.4
75%	\$16.5	\$14.4	\$13..5	\$12.0	\$10.9	\$67.3
50%	\$10.1	\$ 8.6	\$ 7.8	\$ 6.6	\$ 6.3	\$39.4

internal document

Section 15 - employer contributions

Section 19 - Age of retirement benefits

Section 27 - PSF HRA

30-LS1398\D

SENATE BILL NO. 212

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY SENATOR KELLY

Introduced: 2/19/18

Referred: State Affairs, Finance

DBR Plan ended in 2006. This grafts a specific carve out for public safety employees into the DBR plan statutes (AS 39.35.095-AS 39.35.680)

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to participation of certain peace officers and firefighters in the defined**
2 **benefit and defined contribution plans of the Public Employees' Retirement System of**
3 **Alaska; relating to eligibility of peace officers and firefighters for medical benefits; and**
4 **providing for an effective date."**

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

6 *** Section 1.** AS 37.10.220(a) is amended to read:

7 (a) The board shall the Alaska Retirement Management (ARM) Board

8 (1) hold regular and special meetings at the call of the chair or of at
9 least five members; meetings are open to the public, and the board shall keep a full
10 record of all its proceedings;

11 (2) after reviewing recommendations from the Department of
12 Revenue, adopt investment policies for each of the funds entrusted to the board;

13 (3) determine the appropriate investment objectives for the defined
14 benefit plans established under the teachers' retirement system under AS 14.25 and the

1 public employees' retirement system under AS 39.35;

2 (4) assist in prescribing the policies for the proper operation of the
3 systems and take other actions necessary to carry out the intent and purpose of the
4 systems in accordance with AS 37.10.210 - 37.10.390;

5 (5) provide a range of investment options and establish the rules by
6 which participants can direct their investments among those options with respect to
7 accounts established under

8 (A) AS 14.25.340 - 14.25.350 (teachers' retirement system
9 defined contribution individual accounts);

10 (B) AS 39.30.150 - 39.30.180 (State of Alaska Supplementary
11 Annuity Plan);

12 (C) AS 39.35.730 - 39.35.750 (public employees' retirement
13 system defined contribution individual accounts); and

14 (D) AS 39.45.010 - 39.45.060 (public employees' deferred
15 compensation program);

16 (6) establish the rate of interest that shall be annually credited to each
17 member's individual contribution account in accordance with AS 14.25.145 and
18 AS 39.35.100 and the rate of interest that shall be annually credited to each member's
19 account in the health reimbursement arrangement plan under AS 39.30.300 -
20 39.30.495; the rate of interest shall be adopted on the basis of the probable effective
21 rate of interest on a long-term basis, and the rate may be changed from time to time;

22 (7) adopt a contribution surcharge as necessary under AS 39.35.160(c);

23 (8) coordinate with the retirement system administrator to have an
24 annual actuarial valuation of each retirement system prepared to determine system
25 assets, accrued liabilities, and funding ratios and to certify to the appropriate
26 budgetary authority of each employer in the system

27 (A) an appropriate contribution rate for normal costs; and

28 (B) an appropriate contribution rate for liquidating any past
29 service liability; in this subparagraph, the appropriate contribution rate for
30 liquidating the past service liability of the defined benefit retirement plan under
31 AS 14.25.009 - 14.25.220 or the past service liability of the defined benefit

1 retirement plan under AS 39.35.095 - 39.35.680 must be determined by a level
2 percent of pay method based on amortization of the past service liability for a
3 closed term of 25 years;

4 (9) review actuarial assumptions prepared and certified by a member
5 of the American Academy of Actuaries and conduct experience analyses of the
6 retirement systems not less than once every four years, except for health cost
7 assumptions, which shall be reviewed annually; the results of all actuarial assumptions
8 prepared under this paragraph shall be reviewed and certified by a second member of
9 the American Academy of Actuaries before presentation to the board;

10 (10) contract for an independent audit of the state's actuary not less
11 than once every four years;

12 (11) contract for an independent audit of the state's performance
13 consultant not less than once every four years;

14 (12) obtain an external performance review to evaluate the investment
15 policies of each fund entrusted to the board and report the results of the review to the
16 appropriate fund fiduciary;

17 (13) by the first day of each regular legislative session, report to the
18 governor, the legislature, and the individual employers participating in the state's
19 retirement systems on the financial condition of the systems in regard to

20 (A) the valuation of trust fund assets and liabilities;

21 (B) current investment policies adopted by the board;

22 (C) a summary of assets held in trust listed by the categories of
23 investment;

24 (D) the income and expenditures for the previous fiscal year;

25 (E) the return projections for the next calendar year;

26 (F) one-year, three-year, five-year, and 10-year investment
27 performance for each of the funds entrusted to the board; and

28 (G) other statistical data necessary for a proper understanding
29 of the financial status of the systems;

30 (14) submit quarterly updates of the investment performance reports to
31 the Legislative Budget and Audit Committee;

1 (15) develop an annual operating budget; [AND]

2 (16) administer pension forfeitures required under AS 37.10.310 using
3 the procedures of AS 44.62 (Administrative Procedure Act); **and**

4 **(17) determine the amount of the monthly employer contribution**
5 **under AS 39.35.257.**

6 * **Sec. 2.** AS 37.10.220(b) is amended to read:

7 (b) The board may

8 (1) employ outside investment advisors to review investment policies;

9 (2) enter into an agreement with the fiduciary of another state fund in
10 order to assume the management and investment of those assets;

11 (3) contract for other services necessary to execute the board's powers
12 and duties;

13 (4) enter into confidentiality agreements that would exempt records
14 from AS 40.25.110 and 40.25.120 if the records contain information that could affect
15 the value of investment by the board or that could impair the ability of the board to
16 acquire, maintain, or dispose of investments;

17 **(5) adjust the amount of the increase in benefits payable to a peace**
18 **officer or firefighter who first becomes a member after June 30, 2006, as**
19 **provided under AS 39.35.475;**

20 **(6) adjust employee contribution rates under AS 39.35.160(e).**

21 * **Sec. 3.** AS 37.10.390 is amended by adding a new paragraph to read:

22 **ARM Statutes Definitions** (5) "peace officer" or "firefighter" has the meaning given in
23 AS 39.35.680. **PERS Statutes Definitions**

24 * **Sec. 4.** AS 39.30.090(a) is amended to read:

25 (a) The Department of Administration may obtain a policy or policies of group
26 insurance covering state employees, persons entitled to coverage under AS 14.25.168,
27 14.25.480, AS 22.25.090, AS 39.35.535, **39.35.537**, 39.35.880, or former
28 AS 39.37.145, employees of other participating governmental units, or persons
29 entitled to coverage under AS 23.15.136, subject to the following conditions:

30 (1) a group insurance policy shall provide one or more of the following
31 benefits: life insurance, accidental death and dismemberment insurance, weekly

1 indemnity insurance, hospital expense insurance, surgical expense insurance, dental
2 expense insurance, audiovisual insurance, or other medical care insurance;

3 (2) each eligible employee of the state, the spouse and the unmarried
4 children chiefly dependent on the eligible employee for support, and each eligible
5 employee of another participating governmental unit shall be covered by the group
6 policy, unless exempt under regulations adopted by the commissioner of
7 administration;

8 (3) a governmental unit may participate under a group policy if

9 (A) its governing body adopts a resolution authorizing
10 participation and payment of required premiums;

11 (B) a certified copy of the resolution is filed with the
12 Department of Administration; and

13 (C) the commissioner of administration approves the
14 participation in writing;

15 (4) in procuring a policy of group health or group life insurance as
16 provided under this section or excess loss insurance as provided in AS 39.30.091, the
17 Department of Administration shall comply with the dual choice requirements of
18 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
19 transact business in the state under AS 21.09, a hospital or medical service corporation
20 authorized to transact business in this state under AS 21.87, or a health maintenance
21 organization authorized to operate in this state under AS 21.86; an excess loss
22 insurance policy may be obtained from a life or health insurer authorized to transact
23 business in this state under AS 21.09 or from a hospital or medical service corporation
24 authorized to transact business in this state under AS 21.87;

25 (5) the Department of Administration shall make available bid
26 specifications for desired insurance benefits or for administration of benefit claims and
27 payments to (A) all insurance carriers authorized to transact business in this state
28 under AS 21.09 and all hospital or medical service corporations authorized to transact
29 business under AS 21.87 who are qualified to provide the desired benefits; and (B)
30 insurance carriers authorized to transact business in this state under AS 21.09, hospital
31 or medical service corporations authorized to transact business under AS 21.87, and

1 third-party administrators licensed to transact business in this state and qualified to
2 provide administrative services; the specifications shall be made available at least once
3 every five years; the lowest responsible bid submitted by an insurance carrier, hospital
4 or medical service corporation, or third-party administrator with adequate servicing
5 facilities shall govern selection of a carrier, hospital or medical service corporation, or
6 third-party administrator under this section or the selection of an insurance carrier or a
7 hospital or medical service corporation to provide excess loss insurance as provided in
8 AS 39.30.091;

9 (6) if the aggregate of dividends payable under the group insurance
10 policy exceeds the governmental unit's share of the premium, the excess shall be
11 applied by the governmental unit for the sole benefit of the employees;

12 (7) a person receiving benefits under AS 14.25.110, AS 22.25,
13 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in
14 effect under this section at the time of termination of employment with the state or
15 participating governmental unit;

16 (8) a person electing to have insurance under (7) of this subsection
17 shall pay the cost of this insurance;

18 (9) for each permanent part-time employee electing coverage under
19 this section, the state shall contribute one-half the state contribution rate for permanent
20 full-time state employees, and the permanent part-time employee shall contribute the
21 other one-half;

22 (10) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
23 or former AS 39.37 may obtain auditory, visual, and dental insurance for that person
24 and eligible dependents under this section; the level of coverage for persons over 65
25 shall be the same as that available before reaching age 65 except that the benefits
26 payable shall be supplemental to any benefits provided under the federal old age,
27 survivors, and disability insurance program; a person electing to have insurance under
28 this paragraph shall pay the cost of the insurance; the commissioner of administration
29 shall adopt regulations implementing this paragraph;

30 (11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
31 or former AS 39.37 may obtain long-term care insurance for that person and eligible

1 dependents under this section; a person who elects insurance under this paragraph
 2 shall pay the cost of the insurance premium; the commissioner of administration shall
 3 adopt regulations to implement this paragraph;

4 (12) each licensee holding a current operating agreement for a vending
 5 facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that
 6 applies to governmental units other than the state.

7 * **Sec. 5.** AS 39.30.097(a) is amended to read:

remove Section 5 since
the HRA doesn't need to
be prefunded

8 (a) The commissioner of administration is authorized to prefund medical
 9 benefits provided by AS 14.25.168, AS 22.25.090, AS 39.35.535, and 39.35.537
 10 [AND AS 39.35.535] by establishing an irrevocable trust that is exempt from federal
 11 income tax under 26 U.S.C. 115 and subject to the applicable financial reporting,
 12 disclosure, and actuarial requirements of the Governmental Accounting Standards
 13 Board.

HRA
eligibility

14 * **Sec. 6.** AS 39.30.300 is amended to read:

15 **Sec. 39.30.300. State of Alaska Teachers' and Public Employees' Retiree**
 16 **Health Reimbursement Arrangement Plan established.** The State of Alaska
 17 Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is
 18 established for teachers who first become members of the defined contribution plan of
 19 the teachers' retirement system under AS 14.25.310 - 14.25.590 on or after July 1,
 20 2006, and employees of the state, political subdivisions of the state, and public
 21 organizations of the state who first become members [OF THE DEFINED
 22 CONTRIBUTION PLAN] of the Public Employees' Retirement System of Alaska
 23 (AS 39.35) [PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDER
 24 AS 39.35.700 - 39.35.990] on or after July 1, 2006.

opening up the HRA to
public safety fix since they
are under the Tier III
statutes

25 * **Sec. 7.** AS 39.30.380 is amended to read:

26 **Sec. 39.30.380. Termination of employment.** A person who terminates
 27 employment before meeting the eligibility requirements of AS 14.25.470,
 28 AS 39.35.537, or 39.35.870 [OR AS 39.35.870] loses any right to the contributions
 29 made on behalf of the person to the teachers' and public employees' retiree health
 30 reimbursement arrangement trust fund. If a person returns to employment with a
 31 participating employer by December 31 of the year in which the person reaches 65

1 years of age, the person's account balance shall be restored in the amount recorded on
 2 the date of termination from the trust, adjusted for inflation at the rate of the Consumer
 3 Price Index for Anchorage, Alaska. The earlier period of employment with a
 4 participating employer shall be credited toward eligibility for medical benefits.

5 * **Sec. 8.** AS 39.30.390 is amended to read:

6 **Sec. 39.30.390. Eligibility and reimbursement.** Persons who meet the
 7 eligibility requirements of AS 14.25.470, AS 39.35.537, or 39.35.870 [AND
 8 AS 39.35.870] are eligible for reimbursements from the individual account established
 9 for a member under the plan, except members do not have to retire directly from the
 10 system. A person who is the dependent child of an eligible member is eligible for
 11 reimbursements if the eligible member and surviving spouse have both died so long as
 12 the person meets the definition of dependent child.

13 * **Sec. 9.** AS 39.30.400(a) is amended to read:

14 (a) The administrator may deduct the cost of monthly premiums from the
 15 individual account for retiree major medical insurance on behalf of an eligible person
 16 who elected retiree major medical insurance under AS 14.25.480, AS 39.35.537, or
 17 39.35.880 [OR AS 39.35.880].

18 * **Sec. 10.** AS 39.30.495(5) is amended to read:

19 (5) "eligible person" means a person who meets the eligibility
 20 requirements of AS 14.25.470, AS 39.35.537, or 39.35.870 [OR AS 39.35.870];

21 * **Sec. 11.** AS 39.35.095 is amended to read:

22 **Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680.** The following
 23 provisions of this chapter apply only to members first hired before July 1, 2006, and,
 24 regardless of the date of hire, members who are peace officers or firefighters:
 25 AS 39.35.095 - 39.35.680.

26 * **Sec. 12.** AS 39.35.160(a) is amended to read:

27 (a) Subject to (e) of this section, beginning [BEGINNING] January 1, 1987,
 28 each peace officer or firefighter shall contribute to the plan an amount equal to seven
 29 and one-half percent of the peace officer's or firefighter's compensation. Except as
 30 provided in (d) and (e) of this section, beginning January 1, 1987, each other
 31 employee shall contribute to the plan an amount equal to six and three-quarters percent

Section 11 might need a change. Problem with somebody being able to choose later with an internal conflict since they only have a 90 day window but here it says regardless of the day of hire they are included. there is a legal ambiguity

1 of the employee's compensation. [THE CONTRIBUTIONS SHALL BE DEDUCTED
 2 BY THE EMPLOYER AT THE END OF EACH PAYROLL PERIOD. THE
 3 CONTRIBUTIONS SHALL BE DEDUCTED FROM EMPLOYEE
 4 COMPENSATION BEFORE COMPUTATION OF APPLICABLE FEDERAL
 5 TAXES, AND THE CONTRIBUTIONS SHALL BE TREATED AS EMPLOYER
 6 CONTRIBUTIONS UNDER 26 U.S.C. 414(h)(2). A MEMBER MAY NOT HAVE
 7 THE OPTION OF MAKING THE PAYROLL DEDUCTION DIRECTLY INSTEAD
 8 OF HAVING THE CONTRIBUTION PICKED UP BY THE EMPLOYER.]

9 * **Sec. 13.** AS 39.35.160 is amended by adding new subsections to read:

10 (e) Except as provided in (a) of this section, a peace officer or firefighter who
 11 first participates in the plan after June 30, 2006, shall contribute to the plan an amount
 12 equal to eight percent of the employee's compensation. The board may, from time to
 13 time, adjust the employee contribution under this subsection to an amount that is

- 14 (1) not less than eight percent of the employee's compensation; and
 15 (2) not more than 10 percent of the employee's compensation.

16 (f) Contributions under (a) and (e) of this section shall be deducted by the
 17 employer at the end of each payroll period. The contributions shall be deducted from
 18 employee compensation before computation of applicable federal taxes, and the
 19 contributions shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A
 20 member may not have the option of making the payroll deduction directly instead of
 21 having the contribution picked up by the employer.

22 * **Sec. 14.** AS 39.35.255 is amended by adding a new subsection to read:

23 (i) The requirements of this section are in addition to the requirements under
 24 AS 39.35.257.

25 * **Sec. 15.** AS 39.35 is amended by adding a new section to read:

26 **Sec. 39.35.257. Employer contributions for peace officers and firefighters.**

27 An employer that employs a peace officer or firefighter who first participates in the
 28 plan after June 30, 2006, shall contribute monthly to the plan a per capita amount,
 29 determined by the board, that is equal to

- 30 (1) not less than 12 percent of the total monthly compensation that the
 31 employer pays to all peace officers and firefighters combined;

1 (2) not more than 22 percent of the total monthly compensation that
2 the employer pays to all peace officers and firefighters combined.

3 * **Sec. 16.** AS 39.35.282 is amended to read:

4 **Sec. 39.35.282. Contributions for medical benefits.** Contributions made by
5 an employer under AS 39.35.255 and 39.35.280 **must** [SHALL] be separately
6 computed for benefits provided by AS 39.35.535 **and 39.35.537. The contributions**
7 **computed for benefits provided by AS 39.35.535 must** [AND SHALL] be deposited
8 in the Alaska retiree health care trust established under AS 39.30.097(a), **and the**
9 **contributions computed for benefits provided by AS 39.35.537 must be deposited**
10 **in the teachers' and public employees' retiree health reimbursement arrangement**
11 **plan trust fund established under AS 39.30.340.**

technical change to
conform with drafted
standards

12 * **Sec. 17.** AS 39.35.340(i) is amended to read: **military service credit**

13 (i) Notwithstanding (d) of this section, a member who retires as a peace officer
14 or firefighter may elect to use five or fewer years of credited service granted under this
15 section in computing years of credited service under AS 39.35.535(c) **or 39.35.537.**
16 When eligibility for credited service for military service has been established and an
17 election under this subsection has been made, an indebtedness in addition to the
18 indebtedness determined under (b) of this section shall be determined for each year of
19 military service used under this subsection, in an amount based on the increase, if any,
20 in the present value of future benefits for that year as determined by the department.

21 * **Sec. 18.** AS 39.35.370(a) is amended to read:

22 (a) Subject to AS 39.35.450, a terminated employee **who first became a**
23 **member before July 1, 2006,** is eligible for a normal retirement benefit

- 24 (1) at age 60 with at least five years **of** credited service;
25 (2) with at least 20 years of credited service as a peace officer or
26 firefighter; or
27 (3) with at least 30 years of credited service for all other employees.

28 * **Sec. 19.** AS 39.35.370 is amended by adding a new subsection to read:

29 (l) Subject to AS 39.35.450, a terminated employee who first becomes a
30 member after June 30, 2006, is eligible for a normal retirement benefit

- 31 (1) at age 60 with at least five years of credited service as a peace

because of
PSF being
added to
DBRP
statutes

1 officer or firefighter; or

2 (2) at age 55 with at least 20 years of credited service as a peace
3 officer or firefighter.

4 * **Sec. 20.** AS 39.35.381(e) is amended to read: *alternative benefits for elected public officials*

5 (e) A person who retires under this section is not entitled to disability or death
6 benefits under AS 39.35.400 - 39.35.440, a minimum benefit under AS 39.35.485, or
7 to medical benefits under AS 39.35.535 or 39.35.537. Service earned under this
8 section may not be used for vesting under AS 39.35.095 - 39.35.680.

*just says that
elected public
officials are
eligible for
PSF HRA*

9 * **Sec. 21.** AS 39.35.475(a) is amended to read: *Post Retirement Pension Adjustments (PRPA)*

10 (a) Subject to (g) of this section, once [ONCE] each year the administrator
11 shall increase benefit payments to eligible disabled members, to persons age 60 or
12 older receiving benefits under this plan in the preceding calendar year, and to persons
13 who have received benefits under this plan for at least five years who are not
14 otherwise eligible for an increase under this section.

15 * **Sec. 22.** AS 39.35.475(b) is amended to read:

16 (b) Subject to (h) of this section, the [THE] increase in benefit payments
17 applies to total benefit payments except for the cost-of-living allowance under
18 AS 39.35.480. The amount of the increase is a percentage of the current benefit equal
19 to

20 (1) the lesser of 75 percent of the increase in the cost of living in the
21 preceding calendar year or nine percent, for recipients who on July 1 are at least 65
22 years old and for members receiving disability benefits; and

23 (2) the lesser of 50 percent of the increase in the cost of living in the
24 preceding calendar year or six percent, for recipients who on July 1 are at least 60 but
25 less than 65 years old or for recipients who are less than 60 years old on July 1 but
26 who have received benefits from the plan for at least five years.

27 * **Sec. 23.** AS 39.35.475 is amended by adding new subsections to read:

28 (g) A person who receives a benefit under AS 39.35.370(I) is ~~not~~ eligible to
29 receive an increase in benefits under this section.

30 (h) If the board determines that the plan has an unfunded liability greater than
31 10 percent, the board may reduce the amount of the increase under (b) of this section

Remove "not"

change to "peace officer or firefighter"

1 that is payable to a protective occupation employee who first becomes a member after
2 June 30, 2006. At any time, the board may terminate a reduction made under this
3 subsection.

4 * **Sec. 24.** AS 39.35.535(a) is amended to read:

5 (a) Except as provided in (d) **and (g)** of this section, the following persons are
6 entitled to major medical insurance coverage under this section:

7 (1) for employees first hired before July 1, 1986,

8 (A) an employee who is receiving a monthly benefit from the
9 plan and who has elected coverage;

10 (B) the spouse and dependent children of the employee
11 described in (A) of this paragraph;

12 (C) the surviving spouse of a deceased employee who is
13 receiving a monthly benefit from the plan and who has elected coverage;

14 (D) the dependent children of a deceased employee who are
15 dependent on the surviving spouse described in (C) of this paragraph;

16 (2) for members first hired on or after July 1, 1986,

17 (A) an employee who is receiving a monthly benefit from the
18 plan and who has elected coverage for the employee;

19 (B) the spouse of the employee described in (A) of this
20 paragraph if the employee elected coverage for the spouse;

21 (C) the dependent children of the employee described in (A) of
22 this paragraph if the employee elected coverage for the dependent children;

23 (D) the surviving spouse of a deceased employee who is
24 receiving a monthly benefit from the plan and who has elected coverage;

25 (E) the dependent children of a deceased employee who are
26 dependent on the surviving spouse described in (D) of this paragraph if the
27 surviving spouse has elected coverage for the dependent children.

28 * **Sec. 25.** AS 39.35.535(c) is amended to read:

29 (c) A benefit recipient **who became a member before July 1, 2006, or the**
30 **surviving spouse of the person** may elect major medical insurance coverage in
31 accordance with regulations and under the following conditions:

conform with drafting standards

30-LS1398D

1 (1) a person, other than a disabled member or a disabled member who
2 is appointed to normal retirement, **shall** [MUST] pay an amount equal to the full
3 monthly group premium for retiree major medical insurance coverage if the person is

4 (A) younger than 60 years of age and has less than

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

7 (ii) 30 years of credited service under AS 39.35.360 and
8 39.35.370 that is not service as a peace officer; or

9 (B) of any age and has less than 10 years of credited service;

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

12 (A) is a disabled member;

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

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

17 (D) has at least

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

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

22 * **Sec. 26.** AS 39.35.535 is amended by adding a new subsection to read:

23 (g) A benefit recipient who is a peace officer or firefighter and who first
24 becomes a member after June 30, 2006, or a benefit recipient who is the surviving
25 spouse of a person who is a peace officer or firefighter and who first becomes a
26 member after June 30, 2006, may elect medical benefits under AS 39.35.537.

27 * **Sec. 27.** AS 39.35 is amended by adding a new subsection to read:

change to "section"

28 **Sec. 39.35.537. Medical benefit; eligibility of peace officers or firefighters**
29 **first hired after June 30, 2006; surviving spouses and dependents.** (a) A member
30 who is a peace officer or firefighter hired after June 30, 2006, is entitled to medical
31 benefits under this section. A member who applies for medical benefits under this

1 section shall apply on the forms and in the manner prescribed by the administrator.

2 (b) The member's surviving spouse is eligible to elect medical benefits if the
3 member had retired or was eligible for retirement and medical benefits at the time of
4 the member's death.

5 (c) The medical benefits available to eligible persons are access to the retiree
6 major medical insurance plan and to the health reimbursement arrangement plan under
7 AS 39.30.300. Access to the retiree major medical insurance plan means that an
8 eligible person may not be denied insurance coverage except for failure to pay the
9 required premium.

10 (d) Retiree major medical insurance plan coverage elected by an eligible
11 member under this section covers the eligible member, the spouse of the eligible
12 member, and the dependent children of the eligible member.

13 (e) Retiree major medical insurance plan coverage elected by a surviving
14 spouse of an eligible member under this section covers the surviving spouse and the
15 dependent children of the eligible member who are dependent on the surviving spouse.

16 (f) Participation in the retiree major medical insurance plan is not required in
17 order to participate in the health reimbursement arrangement plan.

18 (g) A person eligible for medical benefits under this section is not required to
19 participate in the health reimbursement arrangement plan in order to participate in the
20 retiree major medical insurance plan.

21 (h) A person who is eligible for medical benefits under this section must make
22 the irrevocable election to participate or not participate in the retiree major medical
23 insurance plan by reaching 70 1/2 years of age, or upon application for retirement and
24 medical benefits, whichever is later.

25 (i) Major medical insurance coverage takes effect on the first day of the month
26 following the date of the administrator's approval of the election and stops when the
27 person who elects coverage dies or fails to make a required premium payment.

28 (j) The coverage for persons 65 years of age or older is the same as that
29 available for persons under 65 years of age. The benefits payable to those persons 65
30 years of age or older supplement any benefits provided under the federal old age,
31 survivors and disability insurance program.

1 (k) The medical and optional insurance premiums owed by the person who
2 elects coverage may be deducted from the health reimbursement arrangement. If the
3 amount of the health reimbursement arrangement becomes insufficient to pay the
4 premiums, the person who elects coverage under (a) of this section shall pay the
5 premiums directly.

6 (l) The cost of premiums for retiree major medical insurance coverage under
7 this section for an eligible member or surviving spouse who is

8 (1) not eligible for Medicare is an amount equal to the full monthly
9 group premiums for retiree major medical insurance coverage;

10 (2) eligible for Medicare is the following percentage of the premium
11 amounts established for retirees who are eligible for Medicare:

12 (A) 30 percent if the member had 10 or more, but less than 15,
13 years of service;

14 (B) 25 percent if the member had 15 or more, but less than 20,
15 years of service;

16 (C) 20 percent if the member had 20 or more, but less than 25,
17 years of service;

18 (D) 15 percent if the member had 25 or more, but less than 30,
19 years of service;

20 (E) 10 percent if the member had 30 or more years of service.

21 (m) The eligibility for retiree major medical insurance coverage for an
22 alternate payee under a qualified domestic relations order shall be determined based
23 on the eligibility of the member to elect coverage. The alternate payee shall pay the
24 full monthly premium for retiree major medical insurance coverage.

25 (n) A person who is entitled to retiree major medical insurance coverage under
26 this section shall

27 (1) be informed by the administrator in writing

28 (A) that the health insurance coverage available to retired
29 members may be different from the health insurance coverage provided to
30 employees;

31 (B) of time limits for selecting optional health insurance

1 coverage and whether the election is irrevocable; and

2 (2) indicate in writing on a form provided by the administrator that the
3 person has received the information required by this subsection and whether the
4 person has chosen to receive optional health insurance coverage.

5 (o) The monthly group premiums for retiree major medical insurance coverage
6 under this section are established by the administrator in accordance with
7 AS 39.30.095. Nothing in this chapter guarantees a person who elects coverage under
8 (a) of this section a monthly group premium rate for retiree major medical insurance
9 coverage other than the premium in effect for the month in which the premium is due
10 for coverage for that month.

11 (p) In this section, "health reimbursement arrangement plan" means the plan
12 established in AS 39.30.300.

definitions

13 * **Sec. 28.** AS 39.35.680(4) is amended to read:

14 (4) "average monthly compensation" means the result obtained by
15 dividing the compensation earned by an employee during a considered period by the
16 number of months, including fractional months, for which compensation was earned;
17 an employee must have at least 115 days of credited service in the last payroll year in
18 order for that year to be used as part of the consecutive payroll years; the considered
19 period consists of

20 (A) for employees first hired before July 1, 1996, the three
21 consecutive payroll years during the period of credited service that yield the
22 highest average;

23 (B) for employees first hired on or after July 1, 1996, the five
24 consecutive payroll years during the period of credited service that yield the
25 highest average;

26 (C) if the employee does not have the number of consecutive
27 payroll years required by (A) or (B) of this paragraph, the actual number of
28 months, including fractional months, that the employee worked;

29 (D) for an employee who has made an election under
30 AS 39.35.300(c) or 39.35.310(c), the actual number of months, including
31 fractional months, that the employee worked;

1 (E) for a peace officer or firefighter hired **before July 1, 2006**
 2 [AT ANY TIME], the three consecutive payroll years during the period of
 3 credited service that yield the highest average;

4 **(F) for a peace officer or firefighter hired after June 30,**
 5 **2006, the five consecutive payroll years during the period of credited**
 6 **service that yield the highest average;**

7 * **Sec. 29.** AS 39.35.680(18) is amended to read:

8 (18) "employer" means

9 (A) the State of Alaska;

10 (B) a political subdivision or public organization of the state
 11 that participates in the plan based on a resolution to participate in the plan that
 12 was approved by the administrator

13 (i) on or before July 1, 2006; or

14 **(ii) for peace officers and firefighters; or**

15 (C) a political subdivision or public organization of the state
 16 that **assumes liability for participation in the plan by another political**
 17 **subdivision or public organization of the state** [,] as a result of consolidation
 18 or reorganization that occurs

19 **(i) at any time, with respect to peace officers or**
 20 **firefighters;**

21 **(ii) on or after July 1, 2006, with respect to employees**
 22 **who are not peace officers or firefighters** [ASSUMES LIABILITY
 23 UNDER THE PLAN OF A POLITICAL SUBDIVISION OR PUBLIC
 24 ORGANIZATION DESCRIBED IN (B) OF THIS PARAGRAPH];

25 * **Sec. 30.** AS 39.35.680(26) is amended to read:

26 (26) "normal retirement" means retirement for a member who is
 27 eligible to receive benefits under AS 39.35.370(a) ^{terminated} **or (I)** or under 39.35.385(a) or (f);

28 * **Sec. 31.** AS 39.35.720 is amended to read:

29 **Sec. 39.35.720. Membership. Except as provided in AS 39.35.095, an** [AN]
 30 employee who becomes a member on or after July 1, 2006, shall participate in the plan
 31 set out in AS 39.35.700 - 39.35.990.

contributions by employees

1 * **Sec. 32.** AS 39.35.750 is amended by adding a new subsection to read:

2 (f) This section does not apply to contributions made under AS 39.35.257 and
3 does not require an employer who makes a contribution for an employee under
4 AS 39.35.257 to make another contribution for that employee.

5 * **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read: allowing for transition from DC to DB

7 RETIREMENT PLAN ELECTION. (a) A peace officer or firefighter who was first
8 hired after June 30, 2006, and before the effective date of this section, and who is a member
9 of the defined contribution retirement plan of the public employees' retirement system under
10 AS 39.35.700 - 39.35.990, may, within 90 days after the effective date of this section, make a
11 one-time election to participate in the defined benefit retirement plan under AS 39.35.095 -
12 39.35.680 and to transfer all contributions that have been made or should be made to the
13 defined contribution retirement plan for service the member completes before the effective
14 date of the member's participation in the defined benefit retirement plan. The transferred
15 contributions shall be used to purchase credited service in the defined benefit retirement plan
16 on an actuarial equivalent basis determined by the Alaska Retirement Management Board
17 established under AS 37.10.210.

18 (b) In this section, "peace officer" or "firefighter" has the meaning given in
19 AS 39.35.680.

20 * **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 RETIREMENT PLAN ELECTION PROCEDURE; REGULATIONS REQUIRED.

23 (a) An election made under sec. 33 of this Act to participate in the defined benefit retirement
24 plan under AS 39.35.095 - 39.35.680 must be made in writing on one or more forms and in
25 the manner prescribed by the administrator. Before accepting an election to participate in the
26 defined benefit retirement plan, the administrator shall provide the employee who plans on
27 making an election to participate in the defined benefit retirement plan with information,
28 including calculations to illustrate the effect of moving the employee's retirement plan from
29 the defined contribution retirement plan to the defined benefit retirement plan as well as other
30 information that informs the employee of potential consequences of the employee's election.

31 (b) An election made under sec. 33 of this Act to participate in the defined benefit

1 retirement plan is irrevocable. On the effective date of the election, an eligible employee who
2 makes the election shall be enrolled as a member of the defined benefit retirement plan, and
3 the employee's participation in the plan shall be governed by the applicable provisions of the
4 defined benefit retirement plan. The employee's enrollment in the defined benefit retirement
5 plan is retroactive to the date of hire. An election made by an eligible employee who is
6 married is not effective unless the election is signed by the employee's spouse.

7 (c) When an eligible employee makes a one-time election under sec. 33 of this Act,
8 the administrator shall cause the total amount of the employee's employee and employer
9 contributions, with investment earnings and losses through the day of the employee's election
10 to participate as a member in the defined benefit retirement plan, to be actuarially calculated
11 and, subject to (d) of this section, transferred to the pension fund in the defined benefit
12 retirement plan. On the effective date of the employee's participation in the defined benefit
13 retirement plan, the employee shall be credited with service in the defined benefit retirement
14 plan that may be purchased under an actuarial equivalent purchase formula as determined by
15 the board. The board shall establish transfer procedures by regulation, but the actual transfer
16 may not occur later than 30 days after the date the administrator receives the employee's
17 completed forms under (a) of this section, unless the major financial markets for securities
18 available for a transfer are seriously disrupted by an unforeseen event that also causes the
19 suspension of trading on any national securities exchange in the country where the securities
20 were issued. In that event, the 30-day period may be extended by a resolution of the board. A
21 transfer is not commissionable or subject to other fees and may be in the form of cash or a
22 security as determined by the board. A security shall be valued on the date of receipt in the
23 employee's account.

24 (d) If the value actuarially calculated under (c) of this section is insufficient to pay for
25 service credit equal to the employee's actual service, the administrator shall allow the
26 employee the option of creating an indebtedness up to the amount needed to eliminate the
27 insufficiency; however, if that value exceeds the amount needed to pay for a service credit
28 equal to the employee's actual service, the administrator shall cause the excess to remain in
29 the employee's retirement plan established under AS 39.35.700 - 39.35.990. An excess under
30 this subsection may not be used to purchase service credit in a retirement plan administered
31 under AS 39.35.

1 (e) The provisions of this section are subject to the requirements of the Internal
2 Revenue Code and the limitations under AS 39.35.115, 39.35.678, 39.35.710(c) and (d), and
3 39.35.895.

4 (f) In this section,

5 (1) "administrator" means the commissioner of administration or the person
6 designated by the commissioner of administration under AS 39.35.003 for a public
7 employees' retirement plan;

8 (2) "board" means the Alaska Retirement Management Board established
9 under AS 37.10.210;

10 (3) "defined benefit retirement plan" means the retirement plan established
11 under AS 39.35.095 - 39.35.680 for a public employee;

12 (4) "defined contribution retirement plan" means the retirement plan
13 established under AS 39.35.700 - 39.35.990 for a public employee;

14 (5) "Internal Revenue Code" has the meaning given in AS 39.35.990.

15 * **Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 **ADOPTION OF REGULATIONS.** The commissioner of administration shall adopt
18 regulations necessary to implement the changes made by this Act. The regulations take effect
19 under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law
20 implemented by the regulation.

21 * **Sec. 36.** Section 35 of this Act takes effect immediately under AS 01.10.070(c).

22 * **Sec. 37.** Except as provided in sec. 36 of this Act, this Act takes effect July 1, 2018.