



## Retired Public Employees of Alaska, APEA/AFT

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### WHY RPEA FILED THE LAWSUIT

Back in the 1970s, when the TransAlaska Pipeline was being built, the State and other public employers had a hard time finding and keeping good employees. The wages and benefits paid by the pipeline construction and oil companies made it very difficult for the public employers to compete for good employees. They had to find a way to entice those good employees to work for the public sector but they couldn't match the pipeline wages and benefits.

Then in 1975, the legislature passed several statutes that offered significant health care benefits -- both to current employees and as part of their retirement. These statutory promises made by the state and participating public employers was successful in attracting competent, well-trained, and dedicated individuals to work for the state, some for their entire working careers. It seems likely that most of these new public employees were drawn more by the combination of wages and health care benefits as active employees, rather than on the retirement benefits promised to them under these retirement statutes. After all, these retirement benefits were more like deferred compensation going into a savings account for their use many years in the future.

As these public employees began to retire, after many years in public employment, these retirement benefits promised under the statutes when they were hired began to take on a much greater importance. Through various court cases, these retiring public employees learned the health care benefits were vested benefits and were protected from diminishment or impairment. Overtime, these retiring public employees understood the higher salaries and wages they may have given up over the years to continue their public employment had accrued into a substantial part of their compensation for their years of public employment.

Unfortunately, many people began to feel like these retirement benefits for public employees were more than they deserved. These people misunderstood that the benefits were deferred compensation that had been building up like savings in an account -- they were not unearned gifts. Eventually, some people demanded that the public employees were "overpaid" and should not get these benefits, particularly when the health care benefits became more valuable and costly. As these feelings grew, public retirees eventually were forced to file lawsuits to obtain protection for these retirement benefits which they had earned and were entitled to receive.

Now, in 2018, RPEA has filed another lawsuit to protect these constitutionally protected health care benefits from diminishment and impairment. Despite continuing efforts to work with the state to address the changes imposed by the state in 2014, RPEA has been unsuccessful in convincing the state those changes were illegal. Due to this stalemate, retirees have no reasonable alternative other than return to the courts in order to obtain the promised health care benefits -- their deferred compensation. Each public retiree earned these benefits during their employment and the state must keep its statutory promise to them.

**Protecting and Enriching Your Retirement Years**