

## PERA REFORM LEGISLATION

## Comparison of PROPOSALS

Both the PERA Board's proposal and Senate Bill (SB) 18-200 achieve the following goals of:

- » 100 percent funding in 30 years
- » Shared responsibility among employers, employees, and retirees
- » Preservation of the PERA Defined Benefit Plan

	PERA's Recommendation	SB 18-200 (as introduced)
<b>INCREASE CONTRIBUTIONS</b>		
Increase contributions for current members and working retirees	Additional 3% of pay effective 1/1/2020	Additional 3% of pay phased in starting 7/1/2018
Increase contributions for future/new members as of 1/1/2020	Additional 2% of pay effective 1/1/2020	Additional 3% of pay
Increase employer contribution rates	Additional 2% of pay effective 1/1/2020	Additional 2% of pay phased in starting 7/1/2018
<b>MODIFY BENEFITS</b>		
Reduce the Annual Increase (AI) cap	1.5%	1.25%
Suspend the AI for current retirees	2-year hiatus effective 2018 and 2019	2-year hiatus effective 2018 and 2019
Extend the AI waiting period for new retirees receiving first annual increase	3-year wait	3-year wait
Increase eligibility requirements (age and service) for full service and reduced service retirements for future/new members as of 1/1/2020	Full: » Age 65 + 5 yrs service Reduced: » Age 60 + 5 yrs service » Age 55 + 25 yrs service	Full: » Age 65 + 5 yrs service Reduced: » Age 60 + 5 yrs service » Age 55 + 25 yrs service
Modify eligibility requirements for full service and reduced service retirements for current members under the age of 46 by 2020	N/A	Full: Add one year to retirement eligibility for every four years less than 46 on 1/1/2020 not to exceed 65 years Reduced: Add one year to retirement eligibility for every four years less than 46 on 1/1/2020 not to exceed 60 years
Increase number of years used in the Highest Average Salary (HAS) calculation for nonvested members as of 1/1/2020 and new members hired on or after 1/1/2020	5-year HAS (3-year HAS for Judicial Division)	7-year HAS (3-year HAS for Judicial Division)
<b>ALIGN CONTRIBUTIONS WITH BENEFITS</b>		
Redefine PERA-includable salary as gross salary, before any deductions are made to tax-advantaged plans for all PERA members starting in January 2020	✓	✓
Redefine the basis for accruing service credit from a salary standard to an hourly standard for all future hires	✓	✓
<b>TERMINATE AFFILIATION</b>		
Determine the discount rate for the amount of an employer's obligation using the actuarial investment assumption rate set by the Board minus 200 basis points	✓	✓
<b>OTHER PROVISIONS</b>		
Implement an automatic-adjustment provision that adjusts employer and employee contributions as well as the AI to keep PERA on a path to full funding in 30 years	✓	✓
Allow all new PERA employees hired after 1/1/2020, the option to participate in either the PERA Defined Benefit (DB) Plan or the PERA Defined Contribution (DC) Plan with no negative impact on the unfunded liability by adjusting employer contribution rates	N/A	✓
Establish a public pension legislative oversight committee of four senators, six representatives, and four experts in public pension	N/A	✓