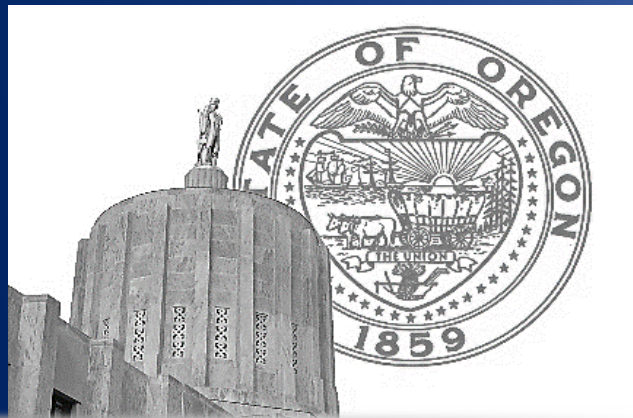


# *PERS Proposals*

*SB 559, SB 560 and SB 913*



## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 559

Changes calculation of final average salary under the Public Employees Retirement System (PERS) for purposes of determining member's full formula benefit.

- Calculates greater of member's average annual salary in five calendar years of member's highest annual salary before member's retirement, or one-fifth of total salary in last 60 months of active membership.
- Excludes from final average salary calculation any lump sum payment for accrued vacation pay. Requires recalculation of employer contribution rates to reflect savings attributable to Act and makes corrected rates effective July 1, 2017.

## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 560

Redirects employee contribution to IAP:

- Eliminates new memberships in individual account program (IAP) under the Public Employees Retirement System (PERS). Establishes new account for each active PERS member.
- Redirects employee contributions of six percent of the member's salary from member's IAP account to new account.
- Applies amounts in new account to costs of member's pension or other retirement benefits that accrue on or after January 1, 2018.
- Requires recalculation of employer contribution rates to reflect savings attributable to Act and makes corrected rates effective July 1, 2017.

*(continued)*

## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

*(continued)*

## SB 560

- Allows inactive member to receive distribution of amounts in member's new account in certain circumstances.
- Establishes cap of \$100,000 on amount of salary for calendar year included in calculation of final average salary (FAS) for purposes of determining member's PERS benefit. Provides exception for judge members.



## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 560-2

- Replaces bill. Changes calculation of benefits under the PERS full formula for service after January 1, 2018. Decreases pension multiplier from 1.67 percent to one percent of final average salary per year of service for general service members and from two percent to 1.20 percent for police and fire members.

## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 560-3

- Requires Public Employees Retirement Board to adopt actuarial equivalency factor tables for computing payments to PERS members and others as needed, and at least every two years.
- Establishes assumed interest rate of 3.5 percent to convert account balances to monthly lifetime annuities, decreasing the PERS Board's current long-term investment return assumption of 7.5 percent.

## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 560-4

- Changes definition of salary for purposes of calculating final average salary of Tier One and Tier Two PERS members.
- Adds exclusion to definition of salary or other advantages for any lump sum payment for accumulated unused vacation leave or other unused paid leave accrued on or after January 1, 2018.

## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 560-5

- For members of OPSRP, not including police officers or firefighters, who establish membership in pension program on or after effective date of Act, increases normal retirement age to 67 years of age, and early retirement age to 57 years of age, regardless of number of active service years.



## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 560-6

- Requires public employer that hires retired PERS member on or after effective date of Act to contribute percentage of retired member's salary to PERS that would have been contributed if retired member were active member.

## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 560-8

- Increases waiting period to become PERS member from six months to 12 months for eligible employee employed in qualifying position on or after effective date of Act.

## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 560-9

- Increases from 600 to 1000 service hours in a calendar that year that eligible employee employed in qualifying position on or after effect date of Act must complete to become PERS member.
- Requires PERS members establishing membership in pension program on or after effective date of Act to complete at least 1000 service hours in each of five calendar years to become vested in pension program.

## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 913

- Requires the PERS Board to adopt actuarial equivalency factor tables for computing payments to members and others as needed, at least every two years, and no later than January 1, 2018.
- Changes assumed interest rate to lesser of: rate determined by board **or** current rate at the time of adoption for valuing annuity benefits by federal Pension Benefit Guaranty Corporation.
- For new members of OPSRP, not including police officers or firefighters, increases normal retirement age to 67 years of age, and early retirement age to 57 years of age, regardless of number of active service years.

*(continued)*



## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

## SB 913

- Requires the PERS Board to establish member contribution accounts for each active PERS member. Redirects employee contributions to individual account program on or after January 1, 2018, to those accounts and applies amounts accruing on or after January 1, 2018, to costs of member's pension or other retirement benefits.
- Prohibits employers from contributing on employee's behalf on or after later of January 1, 2018, or after expiration of collective bargaining agreement in effect on January 1, 2018.
- For PERS members retiring on or after January 1, 2018, changes calculation of final average salary for purposes of determining member's full formula benefit.

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## Criteria

- Constitutionality
- Order of Magnitude in Savings
- Actuarial Soundness
- Impact on Employer Contribution Rates
- Impact on State and Local Budgets
- Impact on Public Employee Benefits
- Impact on Public Employee Workforce
- Equitability of Costs and Benefits to Public
- Administrative Feasibility

*(continued )*

## SB 913

- Establishes that a person, other than member of Legislative Assembly or judge, who is not a PERS member when appointed or elected to elected public office may not become a PERS member for purpose of that position, but may participate in a state deferred compensation plan in certain circumstances.
- Requires a recalculation of employer contribution rates to reflect the savings attributable to Act and makes the corrected rates effective July 1, 2017.