

SUBCOMMITTEE RECOMMENDATION

Item 50: Public Employees Retirement System Preliminary Changes to Actuarial Methods and Assumptions

To: Ways and Means Full Committee
From: General Government Subcommittee
Carrier: Representative Gomberg

The General Government Subcommittee recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of a report from the Public Employees Retirement System on preliminary changes to actuarial methods and assumptions.

The Board operates under broad administrative authority to adopt actuarial methods and assumptions, which impact both the cost and the financing of benefits. Statute directs that PERS report on changes at least 30 days prior to the Board's final adoption.

The Board's preliminary recommendations update demographic assumptions but leave unchanged most other major actuarial methods and assumptions for the 2025-27 employer rate setting cycle. There are, however, three exceptions: the addition of a two percent special select demographic salary increase, the re-amortization of select side accounts balances that are set to expire on December 31, 2027, and higher administrative costs.

The Board's preliminary recommendations will increase accrued liabilities by \$1.2 billion with a resulting increase in employer contribution rates of 1.4%. Of this amount, the special select period demographic salary assumption change is estimated to increase accrued liabilities by \$1.1 billion.

The General Government Subcommittee recommends approval.