



## Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability

System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
<b>Retirement Systems of Alabama</b>	<p>Raised contribution rates for current and future employees, as follows:</p> <ul style="list-style-type: none"> <li>• general state employees and teachers, from 5% to 7.5%;</li> <li>• firefighters, law enforcement officers and correctional officers, from 6% to 8.25% and 8.5%</li> </ul> <p>Employer rates will be reduced commensurate with the increase in employee rates.</p>					Changes approved in 2011.
<b>Arizona State Retirement System</b>	<p>Employee and employer contributions are matched and adjusted annually based on actuarial results; they rose on 7/1/10 from 9.0% to 9.6%; this includes the retiree health insurance benefit.</p>	<p>For new hires:</p> <ul style="list-style-type: none"> <li>• Change from Rule of 80 to Rule of 85</li> <li>• Change FAS from high 3 years to high 5</li> <li>• Eliminate access to ER contributions for terminating participants</li> </ul> <p>Also,</p> <ul style="list-style-type: none"> <li>• Made service purchases cost-neutral</li> <li>• Decreased interest rate paid on refunds</li> <li>• Requiring ERs to pay ASRS for early retirement incentives</li> <li>• Rescinded modified DROP Program</li> </ul>	<p>Early retirement provisions revised commensurate with change in normal retirement eligibility</p>			Changes approved in 2010

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<b>Arizona statewide plans</b>	Increased employee contributions for participants in the Public Safety Personnel Retirement System (firefighters and police officers), rising gradually from current level of 7.65% to 11.65%. Also, requires employers to contribute for retirees who return to work.	Changed terms of the investment-performance-based COLA for participants in the Correctional Officers, Public Safety Personnel, and Elected Officials plans. A COLA may be paid only if the funds' total return exceeds 10.5 percent, and the amount of the COLA is linked to the plans' funding condition.				Changes approved in 2011
<b>California PERF</b>	<ul style="list-style-type: none"> <li>• Capped the amount of compensation used to calculate benefits to 100% of the Social Security contribution cap (for employees eligible for Social Security) or 120% (for employees ineligible for Social Security)</li> <li>• Required new members to contribute 50% of the annual Normal Cost</li> </ul>	<ul style="list-style-type: none"> <li>• Created a new defined benefit formula for non-public safety employees hired on or after 1/1/13 (2% multiplier at age 62 with a maximum benefit of 2.5% at age 67)</li> <li>• Created three new formulas for new public safety employees hired on or after 1/1/13 with benefit multipliers ranging from 1.5%-2.7% and retirement ages ranging from 50 to 57</li> <li>• Calculates benefits based on an average of the highest three years of salary for new employees</li> </ul>				Changes approved in 2012

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California PERF	State employee contributions, which for most workers are set in labor contracts, are rising by 2% to 5% of pay for most employees, depending on bargaining unit and employee classification.	For new hires: <ul style="list-style-type: none"> <li>Increased final average salary period from one year to three</li> <li>For general state employees, higher normal retirement age, from 55 to 60</li> <li>For state public safety employees, lower retirement multiplier, from 3.0% to 2.5% or 2.5% to 2.0%; and higher retirement age, from 50 to 55, depending on employee classification</li> </ul>				Changes approved in 2010. PERF is an agent plan with many state and local employers. The changes shown here affect state employees; other employers have also made changes to benefits and/or contributions.
California STRS	<ul style="list-style-type: none"> <li>Required new members to contribute 50% of the annual Normal Cost of the DB benefit</li> <li>Required the contribution rate for public employers to equal at least the Normal Cost rate (less the member contribution)</li> </ul>	For employees hired on or after 1/1/13: <ul style="list-style-type: none"> <li>Required that final compensation be calculated based on the highest average three year salary rate</li> <li>Increased the minimum retirement age (now 55 with 5 years of service with no retirements permitted before age 55) and the normal retirement age (age 62, up from 60)</li> <li>Reduced the retirement factor (corresponding to retirement age) from 1.4%-2.4% (age 55-67) to 1.16%-2.4% (age 55-67)</li> </ul>				Changes approved in 2012
Colorado PERA	Employee and employer contribution rates will rise incrementally for several years. Also, the legislature approved	<ul style="list-style-type: none"> <li>Lower auto-COLA for existing retirees, to lesser of CPI-W or 2.0%</li> <li>Require future retirees to be retired for 1 year before</li> </ul>	Increased actuarial reduction for early retirement.		Changes were preceded by a statewide listening tour	Changes approved in 2010 and 2011.

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	temporary increases in contribution rates for state employees by 2.5%, for FY 2012 only, and reduced employer rates by a commensurate amount.	receiving a COLA <ul style="list-style-type: none"> <li>5-year service credit required on 50% employer match on contribution refunds, effective 1/1/11</li> </ul>				
<b>Delaware PERS</b>	Increased employee contribution rates from 3% to 5% on salaries above \$6,000, effective 1/1/12.	For new hires as of 1/1/12: <ul style="list-style-type: none"> <li>10-year vesting period, from 5;</li> <li>Raised normal retirement eligibility to 65 years of age with 10 years of service, 60/20, or any/30, up from 62/5, 60/15, or any/30</li> <li>Overtime will be excluded from final average salary calculation</li> </ul>	Increased actuarial reduction for early retirement.			Changes approved in 2011.
<b>Florida Retirement System</b>	FRS, which previously was a non-contributory plan, began requiring participants to contribute 3% of pay beginning 7/1/11.	For new hires as of 7/1/11: <ul style="list-style-type: none"> <li>8-year vesting period, from 6</li> <li>8-year final average salary period, from 5</li> <li>Raised normal retirement age, from 62 to 65, and 55 to 60 for public safety workers</li> </ul> Also, eliminates COLA for all service earned after 6/30/11.				Changes approved in 2011. FRS participants maintain option to select a DB or DC plan as their primary retirement benefit.
<b>Hawaii ERS</b>	Increased EE contribution rates for those hired after 6/30/12, as follows: general EEs and teachers, from 7.8% to 9.8%, and public safety personnel, from 12.2% to 14.2%. Higher ER rates will be phased in over several years, from 15% to 17% for general EEs and 19.7%	For new hires after 6/30/12: <ul style="list-style-type: none"> <li>Normal retirement at age changed to 60 with 10 years of service or at age 55 with 25 years of service. Police and firefighters eligible to retire after 25 years of service</li> <li>Vesting period increased from 5 to 10 years</li> <li>Final average salary calculated from the highest 5 years (up</li> </ul>				

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	to 25% for public safety.	from highest 3) <ul style="list-style-type: none"> <li>Retirement multiplier reduced from 2 percent to 1.75 percent</li> <li>COLA reduced from 2.5% to 1.5%</li> </ul>				
<b>Illinois statewide plans (except judges and legislators)</b>		For new hires as of 1/1/11: <ul style="list-style-type: none"> <li>Normal retirement age increases to 67, from 60</li> <li>Minimum retirement age of 62</li> <li>FAS basis is now highest 8 of last 10 years, up from final 4</li> <li>Limits pension benefit to 75% of FAS or \$106,800, indexed to the lesser of 3% or half of CPI</li> <li>COLAs will be lesser of 3% or half of CPI, non-compounded, from current auto 3% compounded</li> <li>COLAs begin at age 67</li> </ul>	Early retirement provisions revised commensurate with change in normal retirement eligibility			Changes approved in 2010. Suspends pension benefits for those who return-to-work for another public employer in the state.
<b>Iowa PERS</b>	Contribution rates will rise incrementally, from 4.7% to 5.3% for EEs and 7.25% to 8.15% for ERs. Thereafter, the board has authority to adjust the total rate by up to 1%.	<ul style="list-style-type: none"> <li>Vesting period for those not vested (currently 4 years) on 7/1/12 will increase to 7 years.</li> <li>Increased FAS period from 3 years to 5</li> </ul>	Increased actuarial reduction for early retirement			Changes approved in 2010.
<b>Kansas PERS</b>	Cap on permissible annual increase in employer rates will rise gradually from 0.6% to 1.2% by 2017. Participants employed before 1/1/09 may choose to keep the 4% contribution rate with a lower future benefit	See KPERS Contributions column entry. Also, those employed after 12/31/08 will be permitted to choose to retain their 1.75% multiplier and forfeit accrual of their COLA (for all service), or to retain their COLA and reduce future accrual rate from 1.75% to 1.4%. All changes would become effective in 2014.			Established a commission to study alternative plan designs and recommend a plan for System sustainability. Commission report due Jan 2012. Recommendations must be voted on in	Changes approved May 2011. The legislation also directs that 80% of proceeds from excess real estate property sales will be used to pay down KPERS'

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	accrual, or opt for 6% rate and keep the same benefit accrual rate.				the 2012 Legislature for the other parts of the bill to take effect.	unfunded liability.
<b>Kansas PERS</b>		New hires as of 1/1/15 will participate in a new cash balance plan. Employees will contribute 6% and employers will contribute pay credits that grow with increasing employee service length. Accounts will grow at an annual rate of 5.25% which may be higher if investment returns permit.				Changes approved May 2012.
<b>Kentucky RS</b>		Created a cash balance plan for members hired after January 1, 2014. Employee accounts guarantee 4% annual return with the accounts receiving 75% of returns above 4%				Changes approved in 2013
<b>Kentucky TRS</b>		For new hires after 6/30/08: <ul style="list-style-type: none"> <li>Increased normal retirement eligibility from 55/5 to 55/10; retained 60/27</li> <li>Established graduated retirement factor schedule that is lower for those who accrue less than 30 years of service, beginning with 1.7% for 10 years and less</li> </ul>	Increased actuarial reduction for early retirement			Changes were approved in 2008.
<b>Maine PERS</b>		<ul style="list-style-type: none"> <li>Increased age when most new hires and those with less than 5 years of service on 7/1/11 are eligible to retire, from 62 to 65. Members may be able to purchase other types of service to remain in the Age 62 plan.</li> </ul>				Changes approved June 2011.

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		<ul style="list-style-type: none"> <li>The retiree COLA will be frozen for 3 years, then based on CPI up to 3%. Retirees will receive a COLA only on their first \$20,000 of benefits, indexed each year by the CPI.</li> <li>State employees or teachers who are 1) normal retirement age; 2) retire after 7/11, and, 3) return to work in a position covered by the State/Teacher plan may work no more than 5 years and only at a salary not more than 75% of that established for the position.</li> </ul>				
<b>Maryland State Retirement Agency</b>	For existing state workers and teachers not yet paying 7%, raised contribution rate to that level. Establishes 7% employee contribution rate for all new hires as of 7/1/11.	<p>For new state workers and teachers as of 7/1/11:</p> <ul style="list-style-type: none"> <li>Increased vesting period from 5 years to 10</li> <li>Increased FAS period from 3 years to 5</li> <li>Increased normal retirement eligibility to Rule of 90 or 65/10</li> </ul> <p>For existing state workers and teachers and new hires as of 7/1/11, reduced auto-COLA to CPI up to 2.5% when assumed investment return is achieved; 1% when it's not. Also, approved changes to DROP and other benefit provisions affecting state and local police and corrections officers.</p>	For new state workers and teachers as of 7/1/11, Increased early retirement eligibility to age 60 or 15 years of service			Changes were approved in 2011.
<b>Massachusetts teachers, state, and local</b>		For teachers and employees of the state and political subdivisions hired after March				Changes were approved in 2011

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		2012, not including public safety officers: <ul style="list-style-type: none"> <li>Increased minimum retirement age from 55 to 60</li> <li>Reduced retirement multipliers</li> <li>Increased final average salary period from 3 years to 5</li> <li>Made changes reducing benefits for newly-hired public safety officers</li> </ul>				
	New hires on or after 7/1/10 participate in a hybrid plan featuring higher EE contributions to the DB plan and mandatory participation in the DC plan.	New school system hires have a hybrid plan instead of the current DB plan. Hybrid plan features the same multiplier as the legacy DB plan, but requires higher EE contributions and mandatory participation in DC plan.				Changes approved in 2010.
<b>Michigan Public School ERS</b>	Employees hired between 1990-2010 must elect to either pay increased contributions, receive reduced benefits, or move to a defined contribution plan: <ul style="list-style-type: none"> <li>Contribution rates increased from either 0% to 4% or from 3-6.4% to 7% depending on what plan they are in. Employees electing to increase contributions will keep current pension multipliers</li> </ul>	Employees hired between 1990-2010 must elect to either pay increased contributions, receive reduced benefits, or move to a defined contribution plan: <ul style="list-style-type: none"> <li>If an employee elects to maintain current contribution rates existing benefits are frozen at the 1.5% multiplier and accrue at 1.25% for future years of service</li> <li>Employees may elect to move into a defined contribution plan with a flat 4% employer contribution rate for future service</li> </ul> For employees hired after 9/26/12: <ul style="list-style-type: none"> <li>Employees have the option of</li> </ul>			Commissioned a study on the costs of eliminating defined benefit pensions for new school employees	Changes approved in 2012

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		choosing between the existing DB/DC hybrid plan and a defined contribution plan				
<b>Minnesota PERA</b>	Employer contribution rates increased from 7.0% to 7.25% and employee contributions increased from 6.0% to 6.25%, on 1/1/11.	<ul style="list-style-type: none"> <li>Reduction in COLA for existing retirees from 2.5% to 1.0%, until funding ratio=90%</li> <li>Reduction in interest paid on inactive and terminating accounts.</li> <li>Increase in vesting period, from 3 years to 5</li> </ul>			Directors of the 3 statewide systems were directed to conduct study of cost, benefits, and feasibility of DB, DC, and other plans, and report back by 6/11.	Changes approved in 2010.
<b>Minnesota SRS</b>		<ul style="list-style-type: none"> <li>Reduction in COLA for existing retirees from 2.5% to 2.0%, until funding ratio=90%</li> <li>Reduction in interest paid on inactive and terminating accounts.</li> <li>Increase in vesting period, from 3 years to 5</li> </ul>		Extended amortization period from 2020 to 2040.	Directors of the 3 statewide systems were directed to conduct study of cost, benefits, and feasibility of DB, DC, and other plans, and report back by 6/11.	Changes approved in 2010.
<b>Minnesota Teachers</b>	Employer and employee contributions will rise by 0.5% each year, from 5.5% each to 7.5%, phased over 4 years. After the phase-in, the TRA board has authority to adjust future rates (within limits) should the system have a contribution deficiency or sufficiency.	<ul style="list-style-type: none"> <li>For existing retirees, 2-yr suspension of COLA followed by permanent reduction in COLA from 2.5% to 2.0%, until funding ratio=90%</li> <li>Reduction in interest paid on inactive and terminating accounts.</li> </ul>			Directors of the 3 statewide systems were directed to conduct study of cost, benefits, and feasibility of DB, DC, and other plans, and report back by 6/11.	Changes approved in 2010.
<b>Mississippi PERS</b>	Raised contribution rates for all employees by 1.75%.	For new hires after 7/1/11: <ul style="list-style-type: none"> <li>Retirement eligibility raised to 30 years of service or age 65.</li> <li>Effective 7/1/11, ERs will be</li> </ul>				Changes approved in 2010 and 2011.

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		<p>required to pay contributions on any re-employed retiree, and a 90-day break in service will be required (up from 45, with an emergency provision).</p> <ul style="list-style-type: none"> <li>Increased age when COLA begins compounding, from 55 to 60.</li> </ul>				
<b>Missouri State ERS</b>	New hires as of 1/1/11 are required to contribute 4% of pay. Plan is non-contributory for those hired before.	<p>For new hires as of 1/1/11:</p> <ul style="list-style-type: none"> <li>10-year vesting (from 5)</li> <li>Normal retirement at age 67 or Rule of 90 at age 55 (from 62 or Rule of 80, minimum age 48)</li> </ul>	<p>For new hires as of 1/1/11:</p> <ul style="list-style-type: none"> <li>Age 62 with 10 yrs of service (from 57/5), with reduced benefit</li> </ul>			Changes were approved in 2010.
<b>Missouri Highway Patrol &amp; DOT RS</b>	New hires as of 1/1/11, excluding uniformed patrol employees, are required to contribute 4% of pay. Plan is non-contributory for those hired before.	<p>For new hires as of 1/1/11, excluding uniformed state employees:</p> <ul style="list-style-type: none"> <li>10-year vesting (from 5)</li> <li>Normal retirement at age 67 or Rule of 90 at age 55 (from 62 or Rule of 80, minimum age 48)</li> </ul>	<p>For new hires as of 1/1/11, excluding uniformed state employees:</p> <ul style="list-style-type: none"> <li>Age 62 with 10 yrs of service (from 57/5), with reduced benefit</li> </ul>			Changes were approved in 2010.
<b>Montana PERA</b>	Contributions for employees hired after 7/1/11 increased from 6.9% to 7.9%	<p>For new hires after 6/30/11:</p> <ul style="list-style-type: none"> <li>Highest average compensation calculated based on 60 months (up from 36)</li> <li>Normal retirement eligibility at 65 with five years of service, or age 70</li> <li>Calculation for retirement multiplier changed according to length of membership service.</li> </ul>				Changes were approved in 2011.

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	All PERS members will contribute 7.9% (an increase of 1% for members hired prior to 7/1/11)	Cost-of-living adjustment reduced to 1.5% for all current and future retirees as long as the system is funded at 90%. COLA is reduced 0.1% for each 2% below a 90% funding level. If amortization period is 40 years or greater, the COLA is 0%.				Changes approved in 2013
Montana TRS	<p>For current TRS members</p> <ul style="list-style-type: none"> <li>Adds a 1% supplemental contribution to the existing 7.15% rate, for an aggregate rate of 8.15%</li> </ul> <p>For TRS members hired on or after 7/1/13</p> <ul style="list-style-type: none"> <li>Increases contribution rate to 8.15% with triggers for supplemental increases up to 1% if necessary</li> </ul>	<p>For current and future TRS members</p> <ul style="list-style-type: none"> <li>Cost-of-living adjustment reduced to 0.5% if the plan is less than 90% funded; if 90% funded or above (and COLA provision would not cause plan to fall below 85% funded), COLA to be granted at an amount not to exceed 1.5%</li> </ul> <p>For TRS members hired on or after 7/1/13</p> <ul style="list-style-type: none"> <li>Modifies eligibility for normal retirement to age 60 with 5 full years or age 55 with 30 or more years of service</li> <li>Calculates average compensation based on 5 years instead of 3 years</li> <li>Changes early retirement eligibility to 55 with at least 5 full years of service</li> <li>Increases multiplier to 2% for members age 60 and older with at least 30 full years of service</li> </ul>				Changes approved in 2013
Nebraska PERS	Rates for teachers and other school employees					Changes were approved in 2011.

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	will rise from 8.28% to 9.78%, phased in over 2 years beginning 9/1/11. Rates are scheduled to return to 7.28% in 2017. The state contribution of 1%, up from 0.7%, to teacher plans is extended to 2017. Also, state patrol employee and employer rates are increased from 16% to 19% for a 2-year period beginning 7/1/11.					
<b>Nebraska Schools</b>		For new hires as of 1/1/10: <ul style="list-style-type: none"> <li>Increased period used to calculate FAS from 3 years to 5 years</li> <li>Maximum COLA reduced from 2.5% to 1%</li> </ul>				Changes approved by legislature in 2013; Legislature overrode executive veto
<b>Nevada PERS</b>		For new hires as of 1/1/10: <ul style="list-style-type: none"> <li>New minimum retirement age</li> <li>Lower multiplier</li> <li>Anti-spiking provision</li> </ul>	Increased actuarial reduction for early retirement			Changes were approved in 2009.
<b>New Hampshire Retirement System</b>	Rates for general employees and teachers will rise from 5% to 7%; for police, from 9.3% to 11.55%; and firefighters, from 9.3% to 11.8%.	For new hires as of 7/1/11, normal retirement eligibility for firefighters and police will change from age 45 with 20 years of service to age 50 with 25 years of service.				Changes were approved in June 2011. Also placed limits on return-to-work.
<b>New Jersey Division of Pension and Benefits</b>	For general employees and teachers, raises employee contribution rates from 5.5% to 6.5%, then phases in to 7.5% over 7 years. For public safety officers, increases	<ul style="list-style-type: none"> <li>Future COLAs are suspended for all existing and future retirees until plans reach a funding level of 80%.</li> <li>For new hires after 6/29/11, a new tier is established with a retirement age of 65.</li> </ul>	For new hires after 6/28/11, early retirement eligibility with 30 years at any age, with a 3% reduction in benefit for each year of age			Changes approved in 2011.

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	employee rate from 8.5% to 10.0%. The state police rate will rise from 7.5% to 9.0%.		under 65.			
New Mexico Educational Retirement Board	Increased employee contributions from 9.4% to 10.1% in FY14 (10.7% in FY15 and thereafter). Employees earning less than \$20,000 will contribute 7.9%.	<p>For employees hired on or after 7/1/2013</p> <ul style="list-style-type: none"> <li>Established a minimum retirement age of 55</li> <li>Delayed COLA until age 67</li> </ul> <p>For current employees and retirees</p> <ul style="list-style-type: none"> <li>Reduced current retirees' COLA to 1.8% for retirees' with 25 years of service and 1.6% for all others. These reductions will be in place until ERB is 90% funded, at which point COLA reduced COLAs will equal 1.9% for retirees' with 25 years of service and 1.8% for all others. Once ERB is 100% funded COLA reductions will cease.</li> </ul>				Changes approved in 2013
	For EEs earning \$20k and more, increased EE contribution rate by 1.5% and reduced ER rate by same amount.	<p>For new hires after 6/30/09:</p> <ul style="list-style-type: none"> <li>Increased normal retirement eligibility from any age w/25 years of service to any/30, from Rule of 75 to Rule of 80, and 65/5 to 67/5</li> </ul>				Changes approved in 2009.
New Mexico PERA	Increased contributions by 1.5% for all employees, except those earning \$20,000 or less annually	<p>For newly hired general employee members:</p> <ul style="list-style-type: none"> <li>Increased vesting period from five years to eight</li> <li>Increased period used to calculate FAS from three years to five</li> <li>Increased retirement eligibility</li> </ul>				Changes approved in 2013

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		<p>to Rule of 85 For newly hired public safety members</p> <ul style="list-style-type: none"> <li>Instituted a seven-year COLA eligibility (waiting) period upon retirement</li> <li>Increased period used to calculate FAS from three years to five</li> <li>Increased vesting period from five years to six</li> </ul> <p>For current retirees</p> <ul style="list-style-type: none"> <li>Reduced COLAs from 3% to 2% compounding for retirees (retirees earning \$20,000 or less will receive a COLA of 2.5%)</li> </ul>				
	Increased EE contribution rate by 1.5% and reduced ER rate by same amount.	<p>For new hires after 6/30/10:</p> <ul style="list-style-type: none"> <li>Increased normal retirement eligibility from any age w/25 years of service to any/30. Retained retirement eligibility of Rule of 80 and 67/5</li> </ul>				Changes approved in 2009.
New York State & Local RS	Most new hires as of 1/1/10 must now make contributions of 3% their entire career, instead of only first 10 yrs.	<p>For new hires as of 1/1/10:</p> <ul style="list-style-type: none"> <li>10-year vesting, from 5</li> <li>Limit on use of OT in benefit calculation</li> </ul>	Increased actuarial reduction for early retirement.			Changes approved in 2009 and 2011. 2011 changes also included anti-spiking provisions.
	New hires as of 4/1/12 must contribute based on a sliding salary scale, beginning at 3%, up to 6%	<p>For new hires as of 4/1/12:</p> <ul style="list-style-type: none"> <li>Normal retirement age rises to 63 from 62 Final average salary period increases from 3 years to 5</li> </ul>	Retirement age increased from 62 to 63 with an early retirement penalty of 6.5% for each year of retirement			Changes approved in 2012

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			prior to 63			
New York State TRS	New hires must now make contributions of 3.5% their entire career, instead of only first 10 years	For new hires as of 1/1/10: <ul style="list-style-type: none"> <li>• 10-year vesting, from 5</li> <li>• Full retirement factor of 2.0% after 25 years of service, up from 20</li> <li>• Normal retirement at age 57 with 30 years of service, up from age 55</li> <li>• Limit on use of OT in benefit calculation</li> </ul>				Changes approved in 2009. Changes approved in 2009 and 2011. 2011 changes also included anti-spiking provisions.
	New hires as of 4/1/12 must contribute based on a sliding salary scale, beginning at 3%, up to 6%	For new hires as of 4/1/12: <ul style="list-style-type: none"> <li>• Normal retirement age rises to 63 from 62</li> <li>• Final average salary period increases from 3 years to 5</li> <li>• Pension multiplier adjusted to 1.75% for the first 20 years of service and 2% for each year after 20; Any employee who works 30 years receives 55% of FAS (as opposed to 60% under Tier V)</li> </ul>	Increased actuarial reduction for early retirement			Changes approved in 2012
North Dakota PERS	Increased employee and employer rates by 2% over 2 years beginning 1/1/12. EE rates will rise to 6% and ER rates will reach 6.12%.					Changes were approved in 2011.
North Dakota Teachers	Increased employee rates from 7.75% to 11.75%, in 2 increments of 2% each, effective 7/1/12 and 7/1/14. Raised employer rates from 8.75% to					Changes were approved in 2011.

## Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability



System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
	12.75%. EE and ER rates will return to 7.75% when funding level is 90%.					
<b>Ohio PERS</b>		<ul style="list-style-type: none"> <li>• Members eligible to retire in 10 years or with 20 years of service will be eligible to retire at 1) 32 years of service; 2) 52/31 (age/years of service) or 3); 66/5</li> <li>• All other members are eligible for full retirement at 55/32 or 67/5</li> <li>• Law enforcement officers retiring in the next 5 years are eligible at age 48; all others are eligible at age 50 or 52</li> <li>• Employees eligible to retire in 10 years or with 20 years of service see no change in benefit formula. All other employees will receive benefits based on a final average salary of the highest 5 years (up from 3 years)</li> <li>• Those set to retire in the next 5-10 years see no changes in benefit calculations. Others will receive 2.2% of FAS for each year of service up to 35 (up from 30). For each year of service above 35 2.5% becomes the multiplier</li> </ul>				Changes approved in September 2012
<b>Ohio State Teachers</b>	Contribution rates will increase from 10% to 14% over the next four years	<ul style="list-style-type: none"> <li>• After 8/1/15 benefits will be calculated for all members using the average of the highest 5 years of salary (up from 3 years)</li> <li>• Changes to retirement eligibility will be phased in through</li> </ul>				Changes approved in September 2012

# Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability



System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
		<p>8/1/26, at which time age 60 and 35 years of service will be required for normal retirement eligibility</p> <ul style="list-style-type: none"> <li>Members who retire before 7/1/13 will not receive a COLA during the 2014 fiscal year; members who retire effective 7/1/13 will not receive a COLA on 7/1/14. After missing one COLA, retirees will resume COLA at 2% per year</li> <li>Members who retire after 7/1/13 will receive a 2% COLA beginning on the fifth anniversary of retirement</li> </ul>				
Ohio School Employees		<ul style="list-style-type: none"> <li>For employees with less than 25 years of service as of 8/1/17 eligibility to retire with full benefits is increased to 67/10 or 57/30 (age/years of service)</li> </ul>				Changes approved in September 2012
Ohio Police & Fire	Contribution rates will rise incrementally over three years from 10% to 12.25% of salary	<ul style="list-style-type: none"> <li>For employees with less than 15 years of service as of 7/2/13 average annual salary will be based on an average of the highest 5 years of salary (up from highest 3 years)</li> <li>New employees are eligible to retire at 52/25 (age/years of service) up from 48/25</li> <li>For new members and members with &lt; 15 years of service COLA is changed from 3% to the lesser of 3% or the CPI. COLA is delayed until age 55 for all members except survivors and</li> </ul>				Changes approved in September 2012

# Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability



System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
		permanent disabilitants.				
<b>Oklahoma statewide plans</b>		Raised normal retirement eligibility criteria for teachers and state employees. Also, requires provision of a funding source to fund future COLAs.				Changes approved in 2011. Required COLA provision is estimated to reduce PERS and TRS unfunded liabilities by ~30%
<b>Oregon Public Employees Retirement System</b>		Lowered the maximum cost-of-living adjustment for retirees. COLA will be capped at 1.5% (down from 2%) on annual benefits in excess of \$20,000. Retirees will receive COLA as follows: <ul style="list-style-type: none"> <li>• 2% on the first \$20,000 in benefits</li> <li>• 1.5% for benefits between \$20,000-\$40,000</li> <li>• 1% for benefits between \$40,000 and \$60,000</li> <li>• 0.25% for benefits above \$60,000</li> </ul>				Changes approved in 2013
<b>Pennsylvania Public Schools ERS</b>	For new hires as of 7/1/11, reform bill establishes a “shared-risk” provision that could result in higher future employee contribution rates, depending on fund investment performance, and creates a floor for employee rates at their present levels. Also,	For new hires as of 7/1/11: <ul style="list-style-type: none"> <li>• Reduced retirement multiplier, from 2.5% to 2.0%</li> <li>• Permits option to retain 2.5% multiplier with employee contribution rate of 10.3%, rather than 7.5% current rate.</li> <li>• 10-year vesting, up from 5</li> <li>• Replaces retirement provision of any age with 65 years of age and 3 years of service (from</li> </ul>		Increases asset smoothing period from five years to 10 and increases amortization period to 24 years.		Changes were approved in 2010. Reform bill prohibits future use of pension obligation bonds to pay down unfunded pension liabilities.

## Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability



System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
	creates cap on amount employer rates may increase in any year.	60/30, 62/3 or any/35); or 35 years of svc with Rule of 92, i.e., age and years of service must total 92				
<b>Pennsylvania State ERS</b>	For new hires as of 1/1/11, reform bill establishes a “shared-risk” provision that could result in higher future employee contribution rates, depending on fund investment performance, and creates a floor for employee rates at their present levels. Also, creates cap on amount that employer rates may increase in any year.	For new hires as of 1/1/11: <ul style="list-style-type: none"> <li>• Reduced retirement multiplier, from 2.5% to 2.0%</li> <li>• Permits option to retain 2.5% multiplier with employee contribution rate of 9.3%, rather than 6.25% current rate</li> <li>• 10-year vesting, up from 5</li> <li>• Raises normal retirement age to 65 from 60, and to 55 from 50, depending on class</li> <li>• Replaces retirement provision of any age w/ 35 years of svc with Rule of 92, i.e., age and years of service must total 92</li> <li>• Prohibits payment of lump-sum withdrawals with interest for those eligible for an annuity.</li> </ul>		Restarts amortization period to 30 years.		Changes were approved in 2010. Reform bill prohibits future use of pension obligation bonds to pay down unfunded pension liabilities.
<b>Puerto Rico Government Employees</b>	Increased employee contributions from 8.275% to 10%	<ul style="list-style-type: none"> <li>• Created a hybrid plan for new and active members (effective July 1, 2013)</li> <li>• Increased the retirement age to 67 and 58 for new general employees and public safety employees, respectively (applies to those hired after July 1, 2013)</li> </ul>				
<b>Rhode Island</b>	As part of new hybrid plan for most current participants, employee contributions will be split between the DB and DC	New hybrid effective 7/1/12 for current active members features a retirement multiplier of 1.0% with 5% employee contributions and 1% employer made to a DC plan.	Now 62/20	Reduced investment return assumption from 8.25% to 7.50%, with commensurate reduction in inflation		Changes were approved in 2011. A group of public employee unions has filed suit.

# Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability



System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
	components.	For teachers without Social Security, an additional 2% employee and 2% employer contribution. Also, revoked automatic COLA up to 3%, in lieu of risk-adjusted COLA targeting 2%, calculated as a 5-year smoothed investment return less 5.50% with a 0% floor and 4% cap, applied to first \$25,000 of benefit, indexed. COLA delayed until later of SS NRA or 3 years after retirement.		assumption to 2.75%.		
<b>South Dakota RS</b>		<ul style="list-style-type: none"> <li>• New COLA format, affecting existing retirees, based on plan funding level</li> <li>• Eliminate first-year pro-rated COLAs</li> <li>• Reduce refunds of ER contributions</li> </ul>				Changes were approved in 2010. New limits on return-to-work
<b>Tennessee Consolidated Retirement System</b>	All employee groups will contribute 5% to the DB plan; 2% to the DC plan.	<p>Created hybrid (combo DB/DC) plan for new state, higher education employees, and teachers hired after July 1, 2014. The new hybrid plan is optional for local government entities.</p> <ul style="list-style-type: none"> <li>• Defined benefit multiplier of 1%</li> <li>• Immediate vesting in DC plan; 5 years required to vest in DB plan</li> </ul>				Changes approved in 2013
<b>Texas ERS</b>		For new hires, retirement eligibility increases to age 65 with 10 years of service, from 60/5.				Changes were approved in 2009.

## Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability



System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
	Increases contributions for ERS members from 6.5% gradually over the next four years <ul style="list-style-type: none"> <li>• FY14: 6.6%</li> <li>• FY15: 6.9%</li> <li>• FY16: 7.2%</li> <li>• FY17: 7.5%</li> </ul>	For new hires as of 9/1/13: <ul style="list-style-type: none"> <li>• Benefit based on highest 60 months of compensation, rather than current 48 or 36-month calculations</li> <li>• Minimum age to retire without a 5% annual reduction set at 62 (general employees) or 57 (law enforcement)</li> <li>• Sick and annual leave are eliminated from calculations for retirement eligibility</li> </ul>				Changed approved in 2013
Texas TRS	Increases contributions for TRS members from 6.4% gradually over the next four years <ul style="list-style-type: none"> <li>• FY14: 6.4%</li> <li>• FY15: 6.7%</li> <li>• FY16: 7.2%</li> <li>• FY17: 7.7%</li> </ul>					Changes approved in 2013
Utah RS	Plan currently is non-contributory. New hybrid plan is projected to cost 7.5%. ERs will fund first 10% of the hybrid or DC plan. Difference between the cost of the hybrid and 10% is deposited into EEs' DC account. If cost of the hybrid exceeds 10%, EEs will pay the difference.	New hires as of 7/1/11 will have their choice of DC or hybrid, and employers will fund the first 10% of either.			State will be studying projected costs of approved changes and may make additional changes.	Changes were approved in 2010. Employer liabilities for new hires as of 7/1/11 are effectively capped at 10% of pay.
Vermont SERS	Raised contribution rates for current employees					Changes approved in 2011

## Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability



System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
	from 5% to 6.3% from 7/1/11 through 6/30/16 (rates lowered to 5% if 100% funding is achieved before 6/30/16).					
Vermont TRS	Raises contributions for current employees from 3.54% to 5.0%.	<p>For current teachers 5 years or more from normal retirement eligibility:</p> <ul style="list-style-type: none"> <li>raises normal retirement to 65 or Rule of 90, from 62 or any/30</li> <li>increases max benefit to 60% of FAS, from 50%</li> <li>increases multiplier for those w/20 years of service, to 2.0 from 1.67</li> </ul>	Increases penalties for early retirement			Changes were approved in 2010. Also increases limits on maximum permissible benefit and includes anti-spiking provision.
Virginia RS	<p>Effective FY11:</p> <ul style="list-style-type: none"> <li>Employees are required to contribute 5% of compensation to fund their benefits. Contributions had been previously picked up by employers (under the new law only local employers will be allowed to pick up contributions.</li> </ul> <p>For new hires as of 1/1/14:</p> <ul style="list-style-type: none"> <li>New hybrid plan requiring contributions of 5%; 4% to the DB component of a new hybrid plan and a</li> </ul>	<p>For new hires as of 1/1/14:</p> <ul style="list-style-type: none"> <li>New hybrid plan featuring a DB plan with a multiplier of 1.0% and mandatory participation in a DC plan.</li> </ul> <p>For members not vested as of 1/1/13 (<i>excluding</i> public safety):</p> <ul style="list-style-type: none"> <li>Lower retirement multiplier for from 1.70% to 1.65%</li> <li>Normal retirement age tied to Social Security retirement age, from 65, or Rule of 90 (age and service)</li> </ul> <p>For members not vested as of 1/1/13 (<i>including</i> public safety):</p> <ul style="list-style-type: none"> <li>Final average salary period of 5 years, up from 3</li> </ul> <p>For all non-vested members (excluding those within 5 years of eligibility for early retirement):</p>	Early retirement provisions revised commensurate with change in normal retirement eligibility	Statutorily committed the General Assembly and governor to gradually adopt the same method of calculating retirement rates for teachers and state employees as the VRS Board of Trustees. Currently, the state's rates represent about 70 percent of the certified rates; by 2018-2020, the state would have to fully fund the VRS rates.		Changes were approved in 2010 and 2012.

## Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability



System	Contributions	Benefits	Early Retirement	Actuarial Methods/Processes	Study Commission	Notes
	minimum of 1% to the DC component. EEs may contribute up to 5% to the DC component, which would be matched at 3.5% by the employer.	<ul style="list-style-type: none"> <li>Lower COLA, from auto based on CPI up to 5% to auto based on 1<sup>st</sup> 2% of CPI plus half of next 2% of CPI, for total not to exceed 3%. Also, delayed COLA until age 65 for those who retire with less than 20 years of service</li> </ul>				
Wyoming RS	Raised contribution rates for employers and employees, and required that employees pay the additional amount of 1.43%.	<p>For new hires as of 8/31/12:</p> <ul style="list-style-type: none"> <li>Raised normal retirement eligibility from age 60 with 4 years of service to 65/4</li> <li>Reduced retirement multiplier to 2.0%, from 2.125% for first 15 years of service and 2.25% for years thereafter</li> <li>Increased final average salary period from highest 3 years of continuous service to highest 5</li> </ul> <p>The legislature also passed a resolution expressing its intent that no COLA be paid until the system is fully funded with an expectation that it remain so given expected market volatility.</p>	For new hires as of 8/31/12, raised early retirement eligibility from age 50 and 4 yrs of service or any age with 25 years of service, to 55/4 or 50/25. Authorized the WRS board to establish an actuarial reduction for early retirement.			Changes to contribution rates were approved in 2010; other changes were approved in 2011.