

# Comparison of PROPOSALS

The PERA Board's proposal compared with Senate Bill (SB) 18-200 as passed by the General Assembly.

	PERA's Recommendation	SB 18-200 (as amended and passed by Senate on 3/27/18)	SB 18-200 (as amended and passed by the House on 5/1/18)	SB 18-200 (as passed by the General Assembly on 5/9/18)
<b>INCREASE CONTRIBUTIONS</b>				
Increase contributions for current members and working retirees	Additional 3% of pay	Additional 3% of pay phased in starting 7/1/2018	N/A	Additional 2% of pay phased in starting 7/1/2019
Increase contributions for future/new members	Additional 2% of pay	Additional 3% of pay	N/A	Additional 2% of pay
Increase employer contribution rates	Additional 2% of pay	N/A	N/A	Additional 0.25% of pay starting 7/1/2019 except for Local Government Division employers
Allocate approximately 3% of payroll (excluding payroll in the Local Government Division) from state budget to PERA starting 7/1/2018, and continuing thereafter	N/A	N/A	✓	Allocation of \$225 million annually
<b>MODIFY BENEFITS</b>				
Reduce the Annual Increase (AI) cap	1.5%	1.25%	1.25%	1.5%
Suspend the AI for two years for current retirees (effective 2018 and 2019)	✓	✓	✓	✓
Extend the AI waiting period to three years for new retirees receiving first annual increase	✓	✓	✓	✓
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	Full: » Age 60 + 30 yrs service Reduced: » Age 60 + 5 yrs service » Age 55 + 25 yrs service	Full: » Age 64 + 30 yrs service Reduced: » Age 60 + 5 yrs service » Age 55 + 25 yrs service
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)	5-year HAS (3-year HAS for Judicial Division)	5-year HAS (3-year HAS for Judicial Division)
<b>ALIGN CONTRIBUTIONS WITH BENEFITS</b>				
Redefine PERA-includable salary to include deductions to tax-advantaged plans (Section 125 and 132 plans) and sick leave pay for all PERA members upon enactment of the bill	✓	✓	Change PERA-includable salary to include tax-advantaged plans for new employees hired after 7/1/2019 Change PERA-includable salary to include sick leave pay for all employees upon enactment of the bill	Change PERA-includable salary to include tax-advantaged plans for new employees hired after 7/1/2019 Change PERA-includable salary to include sick leave pay for all employees upon enactment of the bill

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<b>ALIGN CONTRIBUTIONS WITH BENEFITS (CONTINUED)</b>				
Redefine the basis for accruing service credit from a salary standard to a standard based on the ratio of time worked for new members as of 1/1/2020	✓	✓	N/A	N/A
<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>				
<b>Automatic Adjustment Provision</b> —Adjusts member and employer contributions as well as the AI to keep PERA on a path to full funding in 30 years	✓	Auto-adjustments would only apply to member contributions and the AI	✓	Auto-adjustments would also apply to allocation from State budget
<b>Expanded Choice</b> —Allow new PERA members in other divisions 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	For members hired on or after 1/1/2019, expand access to PERA DC Plan to the School, DPS, and Local Government, and Judicial Divisions	N/A	For members hired on or after 1/1/2019, expand access to PERA DC Plan to the Local Government Division and classified college and university employees
<b>Legislative Oversight Committee</b> —Establish a public pension legislative oversight committee	N/A	Establish a new oversight committee that would include members from the House and Senate as well as external experts in relevant industries. This new committee would also have oversight of the Fire & Police Pension Association	Expand the existing Police Officers' and Firefighters' Pension Reform Commission to include oversight of PERA and create a subcommittee exclusively focused on PERA	Expand the existing Police Officers' and Firefighters' Pension Reform Commission to include oversight of PERA and creates a subcommittee exclusively focused on PERA. The 14-member subcommittee will include four legislators appointed from the Commission and 10 appointed external experts from relevant industries
<b>Safety Officer Rate and Benefit</b> —Apply the state trooper contribution rate, retirement age, and benefits to other safety officers, including sheriff deputies and corrections officers hired on or after 1/1/2020	N/A	N/A	✓	✓
<b>Private Equity and Real Estate Investments</b> —Allows PERA to share details on these investments in an executive session of the legislators in the legislative oversight subcommittee unless confidentiality prohibits such disclosure	N/A	N/A	N/A	✓