

**Updated Comparative Summary of Board-Approved Funding Plans  
(April 24, 2012)**

	<b>PERS<sup>i</sup></b>	<b>STRS</b>	<b>SERS</b>	<b>OP&amp;F</b>	<b>HPRS</b>
<b>Contributions</b>  (Legislation required)	No proposed changes.	Employee rate increased from 10% to 14% beginning 7/1/2013 phased in by 1% per year.	No proposed changes.	Employee rate increased from 10% to 12.25% phased in by 0.75% increments from 2012 to 2014.	Employee rate increased from 10% to 11%. (Employer rate increased from 25.5% to 26.5% pursuant to board action effective 7/1/2009; H.B. 1 capped the employer rate at 26.5%.)
<b>Retirement Eligibility</b>  (Legislation required)	<p><u>State/Local:</u> Normal retirement increased from 65 to 67 with 5 YOS and from 30 to 32 YOS at age 55; Early retirement increased from 60 to 62 with 5 YOS and from 55 to 57 with 25 YOS, with actuarially-reduced benefits.<sup>ii</sup></p> <p><u>Law Enforcement:</u> Normal retirement increased from age 48 to age 52 with 25 YOS or age 64 with 15 YOS; Early retirement at age 48 with 25 YOS or age 56 with 15 YOS with actuarially-reduced benefits.</p> <p><u>Public Safety:</u> Normal retirement increased from age 52 to age 56 with 25 YOS; Early retirement increased from age 48 to</p>	<p>Normal retirement increased from 30 YOS at any age to 35 YOS at age 60 (retains age 65 with 5 YOS).</p> <p>Early retirement increased from 25 YOS at age 55 to 30 YOS at any age (retains age 60 with 5 YOS), with actuarially-reduced benefits.<sup>iii</sup></p>	<p>Normal retirement increased from 65 to 67 with 10 YOS and from 55 to 57 with 30 YOS.</p> <p>Early retirement retained at age 62 with 10 YOS and age 60 with 25 YOS, with actuarially-reduced benefits, and applied to members hired prior to S.B. 148 (eff. 5/14/08)<sup>iv</sup></p>	<p>Normal retirement increased from 48 to 52 with 25 YOS for <i>new hires</i> only.</p> <p>Early retirement available at age 48 with 25 YOS, with actuarially-reduced benefits for <i>new hires</i>.</p>	No proposed changes.

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	age 52 with 25 YOS or age 56 with 15 YOS with actuarially-reduced benefits.				
<b>Benefit Accrual Rate</b> (Legislation required)	Benefit formula changed to 2.2% for the first 35 YOS, plus 2.5% for YOS after 35 (instead of 30). Minimum benefit of \$86 per YOS eliminated.	Benefit formula changed to flat 2.2% for all YOS effective 7/1/15; 35-year incentive of 88.5% of FAS eliminated. <sup>v</sup>	No proposed changes.	No proposed changes.	No proposed changes.
<b>FAS</b> (Legislation required)	FAS changed from average 3 to 5 years.	FAS changed from average 3 to 5 years.	No proposed changes.	FAS changed from average 3 to 5 years for members with < 15 YOS.	FAS changed from average 3 to 5 years.
<b>COLA</b> (Legislation required)	Lesser of actual change in CPI-W or 3% for <i>future</i> retirees only.	COLA deferred 60 months for new retirees on or after 8/1/13; all retirees as of 7/1/13 will not receive a COLA for one year; 2% COLA effective 7/1/14 for all retirees.	No proposed changes.	COLA deferred until age 55 for <i>current</i> and <i>future</i> retirees, except surviving beneficiaries (12 months after effective date of benefit); COLA lesser of CPI or 3% for new hires and active members with < 15 YOS.	COLA decreased from 3% to 2% for <i>current</i> and <i>future</i> retirees, except for retirees who are age 65 and receiving a pension of less than 185% of federal poverty level (\$26,000). COLA deferred until age 60 for benefit recipients (currently age 53). Board authority to increase COLA up to 3% when funds are available.
<b>Allocation to Retiree Health Care Benefits</b> (Board may determine amount allocated to retiree health care.)	Reduced from 7% to 5.5% in 2009 and, in 2010, to 4%.	No proposed changes.	Reduced from 4.16% to estimated 1.43%, <i>excluding</i> employer health care surcharge of 1.5%.	Reduced from 6.75% to 4.69% to achieve 30-year pension funding; Ties health care premium subsidy to years of service.	Reduced from 5.5% to an amount necessary to bring plan to a 30-year funding period (estimated 0.3% reduction)

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<b>Part-Time/Full-Time Service Credit</b>  (Legislation required)	Increased from \$250 to \$1,000 per month to earn one month of credit, indexed to wage inflation.	No proposed changes.	No proposed changes.	Not applicable	Not applicable
<b>Purchased Service Credit</b>  (Legislation required)	Require member to pay 100% of liability resulting from purchase.	Require member to pay 100% of liability resulting from purchase.	Require member to pay 100% of liability resulting from purchase.	Require member to pay 100% of liability resulting from purchase.	Require member to pay 100% of liability resulting from purchase.
<b>DROP Plans</b>  (Legislation required, <i>except Board may determine interest rate.</i> )	Not applicable	Not applicable	Not applicable	Interest reduced from 5% to 10-year Treasury rate with 5% cap; Minimum period (no penalty) increased from 3 to 5 years; Eliminate COLA during DROP; Reduce percentage of member contribution that is credited to DROP accruals: 50% years 1-3, 75% years 4-5, 100% years 6-8.	Additional 1% employee contribution paid to HPRS, not DROP account.
<b>Disability Modifications</b>  (Legislation required)	Change from “own occupation” to “any occupation” standard after three years on disability (up to maximum five years if continued treatment though active case management). <sup>vi</sup> Exclude disabilities that were the result of a	No proposed changes.	No proposed changes.	No proposed changes.	No proposed changes.

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	<p>voluntary commission of a felony or elective cosmetic surgery.</p> <p>Prohibit post-separation eligibility unless disability began during employment or is work-related.</p> <p>Mandate application for Social Security Disability and offset any benefits received from SSDI, except for those who maintained two jobs for at least five years prior to disability.<sup>vii</sup></p> <p>Limit employer duty to reinstate member to former job to 3 years after disability, <i>except if member is on continued treatment, then up to maximum 5-year period.</i></p>				

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<b>Disability Modifications (Continued)</b>  (Legislation required)	Limit service credit while on disability to matching years of service based on the actual time member returned to covered public employment, with a minimum of 2 years and a maximum of 5 years. Make members ineligible for disability benefits who are working at their own job after approval of disability benefits, <i>except for members with modified duties or hours or with future-dated treatment that will create incapacity.</i>	No proposed changes.	No proposed changes.	No proposed changes.	No proposed changes.
<b>Membership Determination</b>  (Legislation required)	Establish a five-year limit for individuals to initiate a request for membership determination in PERS.	No proposed changes.	No proposed changes.	No proposed changes.	No proposed changes.
<b>Retroactive Benefits</b>  (Legislation required)	Limit retroactive benefit payments for inactive members to within 90 days of application (currently retroactive to date member first eligible for retirement)	No proposed changes.	No proposed changes.	No proposed changes.	No proposed changes.
<b>Inter-System Transfers</b>  (Legislation required)	Actuarially-determined cost for inter-system transfers, with credit either prorated or	No proposed changes.	No proposed changes.	No proposed changes.	No proposed changes.

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	purchased by member.				
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<b>Mitigating Rate for Participants in DC Plan</b>  (Legislation required)	Authorize the board rather than the actuary to determine the rate to mitigate any negative impact upon the DB plan as a result of participants electing the DC plan.	No proposed changes.	No proposed changes. (SERS Board has not yet established a DC Plan as required by statute.)	Not applicable	Not applicable

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- <sup>i</sup> The PERS Board recommended the following three group phase-in once legislation is enacted: Group A – Must be eligible to retire within five years after the effective date of the legislation – grandfathered in under the current plan, except for COLA provision; Group B – must have 20 or more years of service by the effective date of the legislation or be eligible to retire within 10 years after the effective date of the legislation – grandfathered except for the COLA provision, age and service eligibility, and the actuarial reduction factors for early retirement; and Group C – all others - all elements of the new plan design apply.
- <sup>ii</sup> Group B would be eligible to retire under the following schedule: State/Local – normal retirement at age 52 with 31 YOS, any age with 32 YOS, age 65 with 5 YOS; early retirement at age 55 with 25 YOS or age 60 with 5 YOS with actuarially-reduced benefits. Law Enforcement – Normal retirement at age 50 with 25 YOS or age 64 with 15 YOS; early retirement at age 50 with 25 YOS, age 64 with 15 YOS; early retirement at age 48 with 25 YOS or age 52 with 15 YOS with actuarially-reduced benefits. Public Safety – Normal retirement at age 54 with 25 YOS or age 64 with 15 YOS; early retirement at age 48 with 25 YOS or age 52 with 15 YOS with actuarially-reduced benefits.
- <sup>iii</sup> The eligibility for normal retirement for STRS members would be phased in until August 1, 2026. The eligibility for early retirement would be phased in until August 1, 2023.
- <sup>iv</sup> Members with 25 or more YOS before August 1, 2017 may retire under the current eligibility requirements; members with less than 25 YOS as of August 1, 2017 may retire under the current plan if they pay the actuarial difference.
- <sup>v</sup> STRS members who are eligible to retire as of July 1, 2015 would receive the greater of the following: The benefit as of July 1, 2015 under the current formula; OR the benefit upon retirement under the new formula.
- <sup>vi</sup> Definition of “any occupation” is that the employee is not capable of gainful employment that would replace 75% of FAS, that could reasonably be found in the employee’s regional job market, and for which the employee is qualified by experience, education and station in life.
- <sup>vii</sup> Increase FAS by CPI in calculation of income before taking offset.