

CURRENT LAW	SUMMARY REVIEW SB 72 PERA SOLVENCY
Increases Contributions for Active Employees	
Current rates in effect	<p>State General Plan 3 Increases employer and employee contributions effective July 1, 2020</p> <ul style="list-style-type: none"> • .5% increase over 4 fiscal year • Employee 10.92% (from 8.92%) • Employer 19.24% (from 17.24%) <p>No Increase for State Police and Adult Correction Officers in Plan 1 <i>(will include JCOs and Adult/Juvenile Probation and Parole)</i></p> <p>All Municipal (City and County) Coverage Plans <i>Delays Increases for Two Fiscal Years</i> Delays increases until July 1, 2022 to allow time for municipalities and counties to budget increases</p> <p>After two year delay, employer and employee contributions increase by 2% (phased in .5% over 4 fiscal years)</p> <p>Allows Municipal Employers to opt-out of “pick-up” of contribution increases Municipalities and counties allowed to negotiate “pick-up” proposed contribution rate hikes</p> <p>Exempts lowest income employees from contribution increases Contributions for employees earning less than \$25,000 will not increase</p>
Provides for Reductions to Contributions as Funding Levels Improve	
	<p>As funding status improves, employer contribution rates will decline:</p> <ul style="list-style-type: none"> • PERA required to certify each plan’s funded ratio on the preceding June 30: <ol style="list-style-type: none"> 1. If projected coverage plan ratio at least 80%, the employer contribution rate reduce by .5% 2. If projected coverage plan ratio at least 90%, the employer contribution rate reduced by an additional .5% 3. If projected coverage plan ratio at least 100%, the employer contribution rated reduced by 1.0%

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Provides Cost of Living Adjustments	
<p>7 year wait period for first COLA</p> <p>2% annual, compounding COLA</p> <p>2.5% annual, compounding COLA</p> <ul style="list-style-type: none"> • disability retirees under \$20,000 • normal retirees with 25-year service credit under \$20,000 	<p>1. Reduces Eligibility Period Restores 2 calendar year waiting period (from 7) for first COLA</p> <p>2. Provides for Three 2% 13th Checks: Effective July 1, 2020 provides 2% non-compounding 13th additional payment to qualified retirees for three years (FYs21, 22 and 23)</p> <p>3. Establishes Profit Sharing COLA in 2023 Effective July 1, 2023, implements a profit-share, compounding COLA based on funded status and investment returns available to finance the COLA:</p> <ul style="list-style-type: none"> • PERA funded ratio less than 100%, COLAs up to 3% • PERA funded ratio over 100%, COLAs up to 5% • Ensures minimum COLA of .5% <p>4. Increases COLA for Low Income and Elderly Retirees:</p> <ul style="list-style-type: none"> • Disability retirees under \$25,000 receive a 2.5%, compounding COLA • Retirees with 25 years of service and pensions under \$25,000 receive 2.5%, compounding COLA • Retirees age 75 years as of July 1, 2020 receive 2.5%, compounding COLA • These member would also be exempted from three year 13th check period and instead receive a 2.5% compounding COLA during that period
Appropriates Funds to Pay For 2% 13th Checks	
	\$55 million General Fund appropriation to cover the cost of the 13 th check payments to eligible retirees FY21, 22, 23

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Reduces Vesting Period for Tier 2 Employees (Hired after 7/1/13)	
<p>General Members</p> <p>Tier 2 8 years</p> <p>Public Safety Members</p> <p>Tier 2 6 years</p>	<p>Reduces vesting period for Tier 2 employees</p> <p>General Members</p> <p>Tier 2 5 years (matches vesting period for Tier 1 employees)</p> <p>Public Safety Members</p> <p>Tier 2 5 years (matches vesting period for Tier 1 employees)</p>
Eliminates COLA Suspension for Return to Work Employees	
<p>Effective July 1, 2013, COLAs for PERA retirees who return to work with ERB-covered employers are suspended during reemployment</p> <p>Effective July 1, 2013, COLAs for grandfathered PERA retirees who returned to work pre-2010 with PERA-covered employers are suspended during reemployment</p>	<p>Restores COLA to those PERA retirees who return to work with ERB-covered employers (e.g. Retired Police Officers who return to work as School Resource Officers)</p> <p>Restores COLA to those PERA retirees who returned to work with PERA-covered employers before July 1, 2010</p>

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Equalizes Juvenile Correctional, Adult & Juvenile Probation & Parole Officers	
<p>Juvenile Correction Officers <i>Covered by Juvenile Correctional Plan 2</i> Contribution Rates Employee 6.28% Employer 26.37%</p> <p><i>Retirement Eligibility</i> Tier 1 25 years Tier 2 25 years</p> <p>Probation and Parole Officers <i>Covered by State General Plan 3</i> Contribution Rates Employee 8.92% Employer 17.24%</p> <p><i>Retirement Eligibility</i> Tier 1 25 years Tier 2 Rule of 85</p>	<p><i>Juvenile Correctional, Adult and Juvenile Probation and Parole Officers moved into State Police and Adult Correctional Officer Plan 1</i></p> <p>Contribution Rates Employee 9.10% Employer 25.50%</p> <p>Retirement Eligibility Tier 1 25 years, 20 % service credit enhancement Tier 2 25 years actual service credit</p>