

## Summary of the Benefit Reforms, Contribution Increases, and State Aids in the 2017 Pension Bills

### MSRS Plans

#### **MSRS General**

- Elimination of the COLA trigger
- Reduction of the COLA from 2% to 1% for five years, 1.5% thereafter
- Elimination of augmentation effective for all former and current employees
- Elimination of augmentation adjustment in the calculation of early retirement benefits, effective July 1, 2018, with a 5-year phase-in
- Deferral of the payment of the first COLA until normal retirement age, effective January 1, 2023, but not applicable to Rule of 90 retirees
- Reduction of the interest rate on payments, refunds, etc., from 4% to 3%
- Employee contribution increase of 0.5% phased in over two years
- Employer contribution increase of 0.75% phased in over two years
- Extension of the amortization period to 2047
- Decrease in the assumed investment rate of return from 8% to 7.5%

#### **MSRS Correctional**

- Elimination of the COLA trigger
- Reduction of the COLA from 2% to 1.5%
- Elimination of augmentation effective for all former and current employees
- Reduction of the interest rate on payments, refunds, etc., from 4% to 3%
- Employee contribution increase of 0.5%
- Employer contribution increase of 1.55% and new 4.45% supplemental contribution, 6% total, phased in over four years
- Extension of the amortization period to 2047
- Decrease in the assumed investment rate of return from 8% to 7.5%

#### **MSRS State Patrol**

- Elimination of the COLA trigger
- Elimination of augmentation effective for all former and current employees
- Reduction of the interest rate on payments, refunds, etc., from 4% to 3%
- Employee contribution increase of 1.0% phased in over two years
- Employer contribution increase of 1.5% and new 7.0% supplemental contribution, 8.5% total, phased in over four years
- Extension of the amortization period to 2047
- Decrease in the assumed investment rate of return from 8% to 7.5%

### PERA Plans

#### **PERA General**

- Elimination of the COLA trigger
- Elimination of augmentation effective for all former and current employees
- Elimination of augmentation adjustment in the calculation of early retirement benefits, effective July 1, 2018, with a 5-year phase-in
- Deferral of the payment of the first COLA until normal retirement age, effective January 1, 2023, but not applicable to Rule of 90 retirees
- Reduction of the interest rate on payments, refunds, etc., from 4% to 3%
- Extension of the amortization period to 2047
- Decrease in the assumed investment rate of return from 8% to 7.5%

### **PERA P&F**

- Elimination of the COLA trigger
- Elimination of augmentation effective for all former and current employees
- Reduction of the interest rate on payments, refunds, etc., from 4% to 3%
- Employee contribution increase of 1%, phased in over 2 years
- Employer contribution increase of 1.5%, phased in over 2 years
- Additional state aid beginning 7/1/2018, of \$4.5 million annually for 2 years, increasing to \$9 million annually until 7/1/2047 or 100% funded
- Extension of the amortization period to 2047
- Decrease in the assumed investment rate of return from 8% to 7.5%

### **PERA Correctional**

- Elimination of the COLA trigger
- Reduction of the COLA from 2.5% to 1.5%
- Elimination of augmentation effective for all former and current employees
- Reduction of the interest rate on payments, refunds, etc., from 4% to 3%
- Extension of the amortization period to 2047
- Decrease in the assumed investment rate of return from 8% to 7.5%

### **TRA**

- Elimination of the COLA trigger
- Reduction of the COLA from 2% to 1% for five years, increasing by .1% each year thereafter until the COLA reaches 1.5%, effective January 1, 2027
- Elimination of augmentation effective for all former and current employees
- Elimination of augmentation adjustment in the calculation of early retirement benefits, effective July 1, 2018, with a 5-year phase-in, except for retirees under the 62/30 rule
- Deferral of the payment of the first COLA until normal retirement age, effective January 1, 2023, but not applicable to Rule of 90 retirees and retirees under the 62/30 rule
- Reduction of the interest rate on payments, refunds, etc., from 4% to 3%
- Employee contribution increase of 0.25% effective July 1, 2023
- Employer contribution increase of 1.25%, phased in over six years
- Extension of the amortization period to 2047
- Decrease in the assumed investment rate of return from 8.5% to 7.5%

### **SPTRFA**

- Elimination of the COLA trigger
- Two-year COLA freeze, return to 1% COLA effective January 1, 2020
- Elimination of augmentation effective for all former and current employees
- Elimination of augmentation adjustment in the calculation of early retirement benefits, effective July 1, 2018, with a 5-year phase-in, except for retirees under the 62/30 rule
- Deferral of the payment of the first COLA until normal retirement age, effective January 1, 2023, but not applicable to Rule of 90 retirees and retirees under the 62/30 rule
- Reduction of the interest rate on payments, refunds, etc., from 4% to 3%
- Employee contribution increase of 0.25% effective July 1, 2021
- Employer contribution increases of 2.5% phased in over four years
- Additional state aid of \$5 million per year
- Extension of the amortization period to 2047
- Decrease in the assumed investment rate of return from 8.0% to 7.5%