



Date: April 2, 2023
To: Rep. Kaohly Her, LCPR Chair
Sen. Nick Frentz, LCPR Vice Chair
From: Doug Anderson, PERA Executive Director
Amy Streng, PERA Policy Coordinator
Cc: Susan Lenczewski, LCPR Executive Director
Subject: PERA's Share of the Pension Funding Target

While PERA does not have an official Board position, HF3100/SF3162 as amended in most provisions reflects favorably PERA's long standing Board positions and funding values. Given this, PERA is supportive of the Bill. Representative Her, we greatly appreciate the work you and Senator Frentz have done to secure the funding and the thoughtful allocation. We also want to thank all the staff who have contributed to the proposal.

- Thank you for including a change in the investment return assumption to 7.0%. This is consistent with the Board's position to support lowering the assumption closer to our actuary's recommend range.
- We believe you wisely chose to use the Actuarial Accrued Liability measurement as the basis to allocate funds between systems and plans.
- We support the Governor's proposed Cost of Living Adjustment for the General and Police & Fire Plan as well as the additional increase applicable to the Police & Fire Plan and appreciate that it is a fully funded response to offset some of the high inflation experienced by our retirees. We do note that the increase applicable only to PERA basic and MERF retirees is not consistent with the Board's long-term position to generally oppose legislation that provides an exception with respect to the benefits made available to one or a group of individuals.
- For the General Plan and Correctional Plan, we value that the proposal focuses on the highest priority, which is to improve the funding health. We are comfortable with the Plans absorbing the negligible costs of the delayed COLA changes. In addition, the General Plan may absorb the negligible cost of the vesting change. PERA appreciates deferring consideration of a Correctional Plan vesting change so our Board can consider a position on that issue.
- We appreciate revising the Correctional Plan to restore the 2.5% postretirement adjustment cap if the plan's health can support it. This change further emphasizes the methodology PERA strives to use in the future for all plans to provide inflation-based postretirement increases.
- For the Statewide Volunteer Firefighter (SVF) Plan the funds allocated to promote departments to join will allow PERA to expand the SVF Plan. PERA will work diligently to bring forth a plan to the LCPR that will meet the intended goals of the legislation.
- Finally, we appreciate the allocation for HF1234/SF1959. While this money is not directly put into the P&F Plan, we do expect it to have a positive impact on our members facing mental health issues. This in turn will have a positive impact on the Plan's health.

Thank you again for your excellent work and for listening to and responding to PERA's priorities.