

Draft 2023 Pensions Budget Omnibus Proposal, 3/25/2023

*All benefit increase estimates calculated using 7% Rate of Return Assumption and Amortization End Date of 2048.

		MSRS					PERA			TRA	SPTRFA	Total	Additional Comments	
		General	Correctional	State Patrol	Judges	Legislators	General	Local Gov/ Correctional	Police & Fire					
	Amount Allocated for Distribution to Pension Plans	\$ 89,354,530	\$ 10,446,410	\$ 3,066,741	\$ 293,000	\$ 135,000	\$ 166,457,864	\$ 5,255,535	\$ 9,882,000	\$ 175,804,800	\$ 9,732,120	\$ 470,428,000	<i>All allocation percentages determined using Accrued Liability as the distribution standard.</i>	
	Governor's Cost of Living Adjustment	\$ 15,085,000	\$ 911,000	\$ 1,003,000	\$ 293,000	\$ 135,000	\$ 18,169,000		\$ 9,882,000	\$ 30,758,000	\$ 1,883,000	\$ 78,119,000	<i>If there is a Social Security Tax or Basic Pension Tax decrease, those receiving the elimination would not receive a COLA increase and that money would be given to Direct State Aids for the impacted member's plan.</i>	
MSRS	Buydown of Employee Contributions 0.5% Buydown for 2 Years (FY24 & FY25)	\$ 34,300,000										\$ 34,300,000	<i>Benefits active members.</i>	
	One-Time Cash Infusion for State Patrol Plan \$10,000,000 for Duty Disability	(\$7,936,259)		\$ 10,000,000								\$ 10,000,000	<i>Requested lump sum payment to shore up State Patrol Plan Duty Disability incurred liabilities.</i>	
	MSRS Increase of Direct State Aids	\$ 32,033,271	\$ 9,535,410										\$ 41,568,681	<i>Pays down general liabilities.</i>
	One-Time Lump Sum Payment													
PERA	PERA Increase of Direct State Aids One-Time Lump Sum Payment						\$ 148,288,864	\$ 5,255,535				\$ 153,544,399	<i>Pays down general liabilities.</i>	
TRA & SPTRFA	<u>TRA & SPTRFA Scenario #1</u>													
	Rule of 90 Adjustment Age 62 and 30 Year & NRA 65									\$ 145,046,800	\$ 7,849,120		\$ 152,895,920	<i>Increases Employee Contribution Rate for Benefit Improvement Costs. 1.91% ongoing employee increase for TRA and a roughly commensurate ongoing employee increase for SPTRFA. Lump sum payments will be delivered to offset Employer/State Funding increases for year one.</i>
	<u>TRA & SPTRFA Scenario #2</u>													
	Buy-Down of Employee Contributions 1.30% (TRA & SPTRFA) Buydown for 2 Years (FY24 & FY25)									\$ 145,046,800	\$ 7,849,120		\$ 152,895,920	<i>Numbers assume a 3% expected payroll increase on 2023 payroll of \$5.94 Billion (TRA) & \$304 Million (SPTRFA).</i>
<u>TRA & SPTRFA Scenario #3</u>														
	Increase of Direct State Aids One-Time Lump Sum Payment									\$ 145,046,800	\$ 7,849,120		\$ 152,895,920	<i>Pays down general liabilities.</i>

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		<u>MSRS</u>					<u>PERA</u>			<u>TRA</u>	<u>SPTREA</u>	<u>Total</u>	<u>Additional Comments</u>
		General	Correctional	State Patrol	Judges	Legislators	General	Local Gov/ Correctional	Police & Fire				
Other Bills Categories	Amount Allocated for Distribution to Pension Plans	\$ 89,354,530	\$ 10,446,410	\$ 3,066,741	\$ 293,000	\$ 135,000	\$ 166,457,864	\$ 5,255,535	\$ 9,882,000	\$ 175,804,800	\$ 9,732,120	\$ 470,428,000	<i>All allocation percentages determined using Accrued Liability as the distribution standard.</i>
	HF782/SF413 Secure Choice Retirement Program											\$ 5,000,000	<i>Funds distributed for start-up costs for the Secure Choice Retirement Program</i>
	HF1234/SF1959 PTSD Duty Disability Bill											\$ 100,000,000	<i>Funds will impact members of the MSRS State Patrol Plan & PERA Police and Fire Plan Directly for Benefits</i>
	Additional Supplemental State Aid Payment for Volunteer Firefighters (Retirement Benefits)											\$ 5,000,000	<i>Funds will increase state aid for approximately 300 volunteer firefighter retirement programs that get the smallest amount of state aid.</i>
	Flexible Spending Category Commensurate on Pending Fiscal Notes											\$ 19,572,000	<i>Funds will likely be distributed amongst HF1234/SF1959, increasing state aid to volunteer firefighter retirement programs (see above), or other legislative proposals.</i>

No Cost or Absorbable Cost, Fiscal-Related Benefit Improvements:

*Adjustment to 7% Rate-of-Return Assumption for All Pensions Plans

*Remove Delay in Start of COLAs Scheduled to Begin on January 1st, 2024 for All Pensions Plans

*Extend Sunset Date by 2-3 Years for Supplemental Contributions to the MSRS Correctional Plan, State Patrol Plan, and Judges Plan

*Revise COLA for PERA Correctional Plan to Restore the 2.5% Cap if the Funded Status Improves

*Reduce vesting from 5 years to 3 years to match the teacher plans for MSRS General Plan and PERA General Plan

*Reduce vesting from incremental 5 to 10 years to 3 year cliff like the teacher plans for MSRS Correctional Plan and PERA Correctional Plan