SF1986/HF1779 Unreduced Early Retirement for Probation Agency Employees

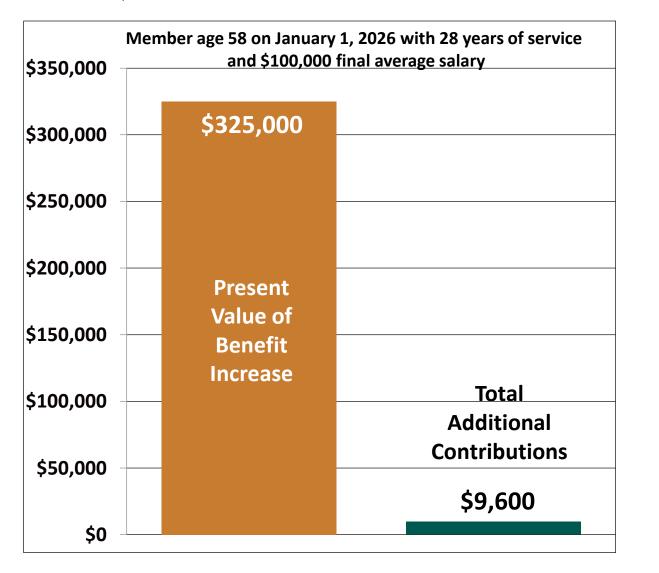
PERA Testimony for April 22, 2025 LCPR Hearing

Public Employees Retirement Association

SF1986/HF1779 – Current Members & Future Members

	Current Members	Future Members
Unreduced Retirement Age	Age 60 or 35 Years of Service	Age 60 or 35 Years of Service
Applies to Future Service after January 1, 2028?	Yes	Yes
Member Contribution Rate for Future Service	1.41%	1.41%
Applies to Past Service prior to January 1, 2028?	Yes	Νο
Value of Past Service Benefits (PERA Unfunded Liability)	\$49M	\$0
Member Contribution Rate for Past Service	2.88% paid until a member retires	2.88% paid until 2048
PV of Member Past Service Contributions	\$24M	\$25M

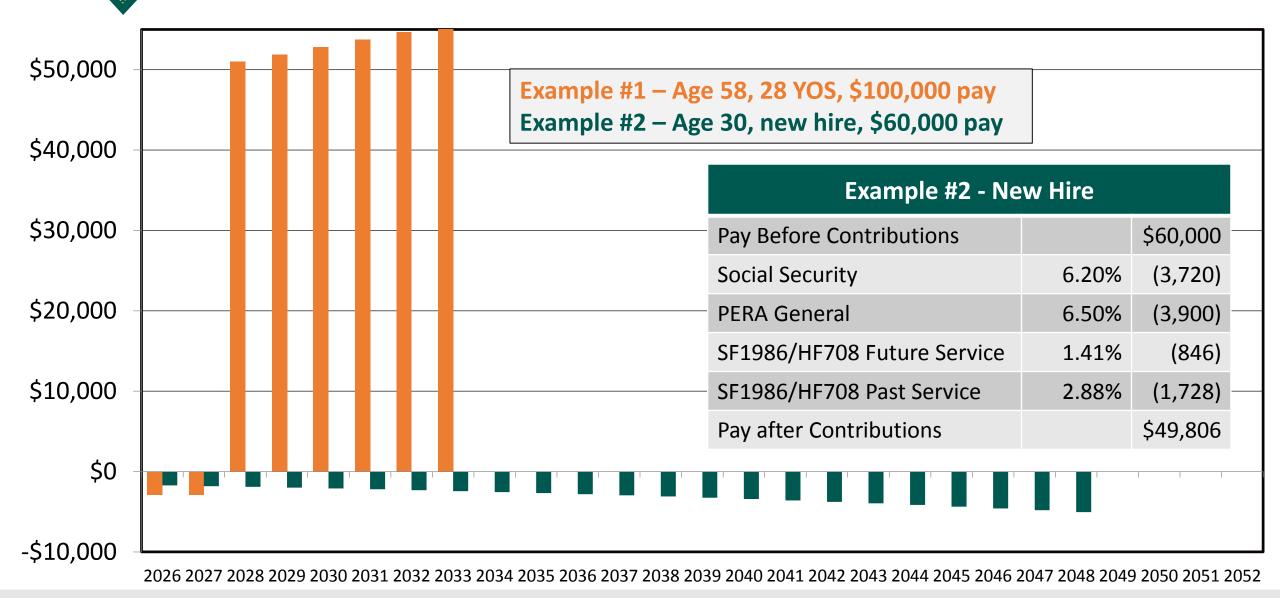




\$350,000	New hire age 30 on January 1, 2026 with \$60,000 starting salary, 5% salary increases and 7% personal investment return				
\$300,000		\$330,000			
\$250,000					
\$200,000					
\$150,000		Accumulated Value of Past			
\$100,000	Present Value of Past	Service			
\$50,000	Service Increase				
\$0	\$0				



SF1986/HF1779 – Examples of Member Impact



Public Employees Retirement Association

SF1986/HF1779 – Age & Service Distribution

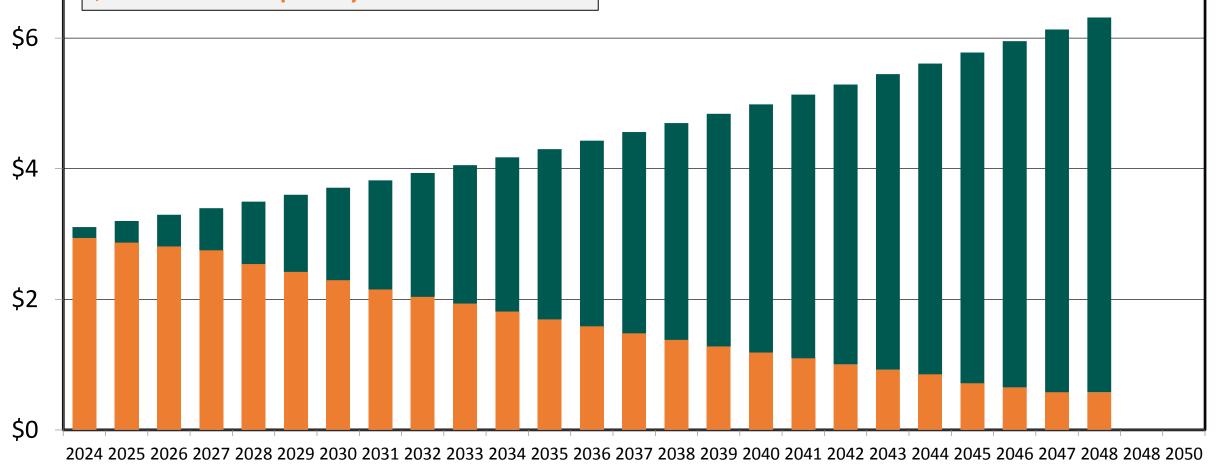
	Years of Past Service							
Age	<5	5-9	10-14	15-19	20-24	25-29	>30	
<30	101	19						120
30-34	80	93	2					175
35-39	48	77	34	7	1			167
40-44	25	50	48	61	12			196
45-49	21	26	25	61	65	5		203
50-54	12	15	17	30	53	89	13	229
55-59	7	10	4	16	22	53	57	169
>60		4	2	6	8	18	17	55
	294	294	132	181	161	165	87	1,314

418 Members (32%) Benefit < 10 Years of Prior Service Contribute > 20 years 335 Members (25%) Benefit > 20 Years of Prior Service Contribute < 10 years

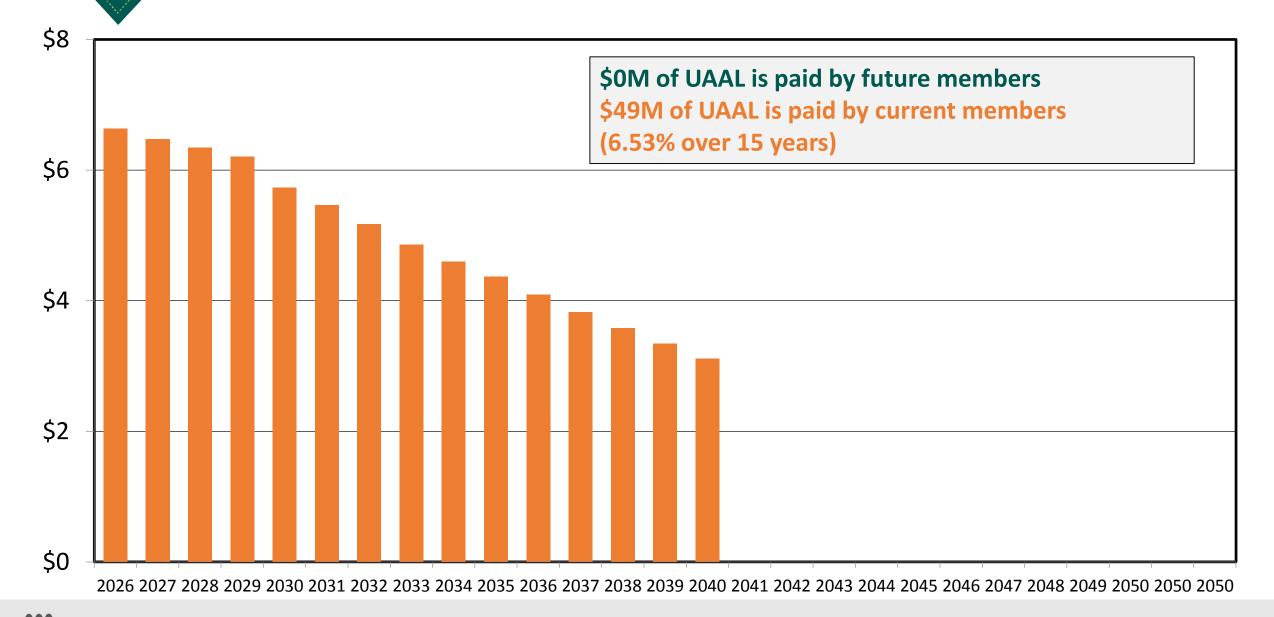
SF1986/HF1779 – Required Past Service Contributions (\$M)



\$25M of UAAL is paid by future members \$24M of UAAL is paid by current members



SF1986/HF1779 – Required Past Service Contributions (\$M)



SF1986/HF1779 – PERA Plan Comparison

	General Plan	Probation Officers* SF1986/HF1779	Correctional	Police & Fire
Employee Contribution	6.50%	10.79% = 6.50% + 1.41% + 2.88% or 11.97% = 6.50% + 1.41% + 4.06% or 14.44% = 6.50% + 1.41% + 6.53%	6.83%	11.80%
Employer Contribution	7.50%	7.50%	10.25%	17.70%
Unreduced Retirement	66	60 or 35	55	55
Benefit Multiplier	1.7%	1.7%	2.2%	3.0%
Postretirement Increases	100% CPI, 2	L.0% Min, 1.75% Max	100% CPI, 2.5% Max	1.0%



*shown using (1) 2048 amortization – all members, (2) 15 amortization – all members, and (3) 15-year amortization for current members only.