



## 2018 PERA LEGISLATIVE UPDATE

The 2018 Omnibus Retirement Bill will reduce the State's pension liabilities by \$3.4 billion immediately with an additional estimated reduction of \$2.7 billion recognized over the next 30 years. This legislation puts PERA retirement plans on a better path toward full funding and safeguards the retirement security of public employees.

This document provides a summary of legislative changes that may impact your PERA benefit. Your personal benefit information in MY PERA reflects these changes.

### GENERAL PLAN

**CONTRIBUTIONS** No changes

**COST-OF-LIVING ADJUSTMENT (COLA)** Beginning in 2019, the COLA will be equal to 50 percent of the increase announced by Social Security Administration (SSA), with a minimum increase of at least 1 percent and a maximum of 1.5 percent.

IF SSA INCREASE IS...	2% or lower	2–3%	Higher than 3%
<b>THE COLA WILL BE...</b>	1%	50% of inflation	1.5%

For members retiring on January 1, 2024, or later, the COLA will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 (Step formula) are exempt from the delay to normal retirement.

**EARLY RETIREMENT** Benefits beginning July 1, 2019, or later, will have actuarial reduction factors phased in over five years that reflect the true actuarial cost of early retirement (under the Level formula). These factors recognize recent updates to plan assumptions, including mortality and investment expectations, as well as the removal of the augmentation subsidy.

All members, including deferred members, will have an early retirement factor based on the benefit effective date beginning July 1, 2019, and later.

### POLICE & FIRE PLAN

**CONTRIBUTIONS** Beginning January 1, 2019, there will be a two-year phase-in of a 1 percent increase in member contributions and a 1.5 percent increase in employer contributions.

	Member	Employer
<b>Current</b>	10.8%	16.2%
<b>Jan. 1, 2019</b>	11.3%	16.95%
<b>Jan. 1, 2020</b>	11.8%	17.7%

The Plan will receive an annual state aid payment of \$4.5 million in fiscal years 2019 and 2020, and \$9 million annually thereafter until 2048 (or until fully funded).

**COST-OF-LIVING ADJUSTMENT (COLA)** Beginning in 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law.

**EARLY RETIREMENT** No changes

### CORRECTIONAL PLAN

**CONTRIBUTIONS** No changes

**COST-OF-LIVING ADJUSTMENT (COLA)** Beginning in 2019, the COLA will be equal to 100 percent of the increase announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5 percent. If the Plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.5 percent to 1.5 percent.

**EARLY RETIREMENT** Early retirement actuarial reduction factors will be phased in under the same manner as the General Plan (see above).

# ALL DEFINED BENEFIT PLANS

## SURVIVOR OPTION BENEFIT

Plan assumptions, including mortality and investment expectations, were updated and resulted in minimal changes to survivor option reduction factors. All PERA Plans' survivor factors will be updated for benefits beginning July 1, 2019, or later.

## MEMBER REFUNDS

Beginning July 1, 2018, interest on member contributions will be:

6% until June 30, 2011,  
4% July 1, 2011 through June 30, 2018,  
3% July 1, 2018 forward

## DEFERRED BENEFITS

Beginning January 1, 2019, interest applied to deferred benefits for all members will be zero percent prospectively. Any deferred member who terminated public service prior to January 1, 2012, will continue to receive deferred interest through December 31, 2018.

Beginning June 30, 2018, if a deferred member returns to the same PERA plan, deferred interest will no longer apply to the entire benefit calculation.

## PRIVATIZED MEMBER BENEFITS

Beginning June 30, 2018, if a privatized member returns to work in the General Plan, enhanced augmentation will no longer apply to the entire benefit calculation.

Beginning June 30, 2018, if a privatized entity is sold to an entity other than the one that made the initial purchase from the public employer, enhanced benefits will no longer accrue.

## MEMBER PURCHASES

Beginning July 1, 2018, interest on member purchases (repaying a refund, leave of absence, etc.) will be:

8.5% until June 30, 2015,  
8.0% July 1, 2015 through June 30, 2018,  
7.5% July 1, 2018 forward

Members may only restore a period of forfeited service credit one time by repaying a refund.

### **Voluntary Authorized Leave Purchases (excludes Military Leaves)**

Beginning June 30, 2018, the leave period of salary and/or service credit may not exceed 12 months (excludes workers' compensation). The purchase cost of an authorized leave is now based on the rate of pay, excluding overtime, in effect during the leave period. Members must pay for the leave period within one year of returning from the leave, or within 30 days of termination or disability benefit start date, whichever is sooner. Actuarial purchases for a leave of absence after the purchase period expires are no longer available.

## RETROACTIVE BENEFITS

Beginning June 30, 2018, deferred retirement benefits may begin retroactively a maximum of 6 months prior to the completion of a valid application. A bounce back to the Single Life benefit due to the death of a designated survivor is also limited to 6 months retroactively, if eligible.



PUBLIC EMPLOYEES  
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