

Summary of Retirement Free Conference Report

Retirement Provisions

Effective July 1, 2012

Benefit Adjustment - automatic 1% BA yearly, maximum \$500 - regardless of investment earnings

Retirement Age - SCRS, Rule of 90 (age plus service years must equal 90); PORS, 27 years - new employees only; current stay at 28/SCRS and 25/PORS

Average Final Compensation - still 3 years for current employees, 5 years for new hires

Annual and Sick Leave - current employees can still apply it their calculation, new hires cannot

Employee Contribution Rates - increase 0.5%/year for three years (1.5% total increase), both SCRS and PORS. Any necessary future increases will require that both the employee and employer rates increase at a proportional rate.

TERI - closed to new hires and phases out for current employees

GARS - closes GARS for newly elected officials in the 2012 General and 1% increase in contribution rates for existing GARS participants; newly elected folks will participate in either SCRS or ORP

Vesting - increase to 8 years for new employees

Effective January 2, 2013

Service Purchase - makes purchase of time actuarially neutral

Return to Work - places a \$10,000 earnings limitation on retirees who return to work, if they exceed that limit their monthly annuity will end for that year. This does not apply to those who retire after 62 years of age in SCRS and 57 years of age in PORS. This applies to no one retired before Jan 1, 2013; the break in service between employment and re-employment increases from 15 days to 30 days.

Effective January 1, 2014

Disability - conforms state disability standards to Social Security provisions

Additional Provisions

Public Employee Benefit Authority - creates the AGENCY and the AUTHORITY

Governance - 11 members four of whom are current employees or retirees

Administration - PEBA will administer the day-to-day operations of both the Retirement Systems and the Employee Health Insurance Program.

Policy - will make recommendations of any required policy changes (both to Retirement and EIP) to the Budget and Control Board, or its successor entity - the Board can only vote up or down PEBA's recommendation. The Board *cannot* create their own policy regardless of vote.

Pay - pays PEBA members \$12,000/year

Executive Director - the initial executive director of PEBA will be jointly appointed by the Governor, Chairman of Ways and Means, and Chairman of Senate Finance

Deferred Compensation Commission - PEBA replaces this Commission

Retirement and Pre-Retirement Advisory Board - keeps this Board and gives the appointments to PEBA - effectively this creates a stake-holder board, advising a stake-holder board, which advises the B&C Board.

Investment Commission - provides the Commission an annual salary of \$20,000/year and alters qualifications to serve on the Commission.

Magistrates - if a current magistrate retires and returns to being a magistrate they do not have to meet the new qualifications for magistrates.

Legislator Pay - creates a study committee to study legislative pay.

Spiking - creates a study committee to study 'spiking.'

Disability - creates a study committee to study disability.