

H. 4967-- State Retirement Bill Provisions Summary

As Passed by House and Senate on June 21, 2012

<i>Effective July 1, 2012</i>	
<u>Benefit Adjustment-</u>	Automatic 1% Benefit Adjustment for SCRS and PORS yearly up to a maximum of \$500 – regardless of investment earnings
<u>Minimum Retirement Age for Full Benefits-</u>	New employees in SCRS must be age 60 or satisfy Rule of 90 (age plus service years must equal 90); PORS, 27 years of service – new employees only; current employees stay at 28 years of service for SCRS and 25 years of service for PORS
<u>Average Final Compensation-</u>	Still use 3 highest years for current employees; changes to 5 highest years for new employees; anti-spiking provisions for new employees
<u>Annual Sick Leave-</u>	Current employees can still apply it to their calculation, new employees cannot
<u>Employee Contribution Rates-</u>	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.
<u>TERI-</u>	Closed to new employees and phases out for current employees so eliminated by July 1, 2018
<u>General Assembly Retirement System (GARS)-</u>	Closes GARS for newly elected officials in the 2012 General Assembly and 1% increase in contribution rates for existing GARS participants; newly elected legislators will participate in either SCRS or ORP
<u>Vesting-</u>	Current employees stay at 5 years; Increase to 8 years for new employees
<i>Effective January 2, 2013</i>	
<u>Service Purchase-</u>	Makes purchase of time actuarially neutral
<u>Return to Work-</u>	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.
<i>Effective January 1, 2014</i>	
<u>Disability-</u>	Conforms state disability standards to federal Social Security disability provisions

Additional Provisions

<u>Public Employee Benefit Authority (PEBA)-</u>	Creates the AGENCY and the AUTHORITY
<u>Governance-</u>	11 members -- four of whom are current state employees or retirees
<u>Administration-</u>	PEBA will administer the day-to-day operations of both the Retirement Systems and the Employee Health Insurance Program
<u>Policy-</u>	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 or successor entity can only vote up or down PEBA’s recommendation. The Board cannot create their own policy regardless of vote.
<u>Pay-</u>	Pays PEBA members \$12,000/year
<u>Executive Director-</u>	The initial executive director of PEBA will be jointly appointed by the Governor, Chairman of Ways and Means, and Chairman of Senate Finance
<u>Deferred Compensation Commission-</u>	PEBA replaces this Commission
<u>Retirement and Pre-Retirement Advisory Board-</u>	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.
<u>Investment Commission-</u>	Provides the Commission an annual salary of \$20,000/year and alters qualifications to serve on the Commission.