



2025 PERA Legislative Agenda Informational Item



Plan: PERA General

COLA Proposal:

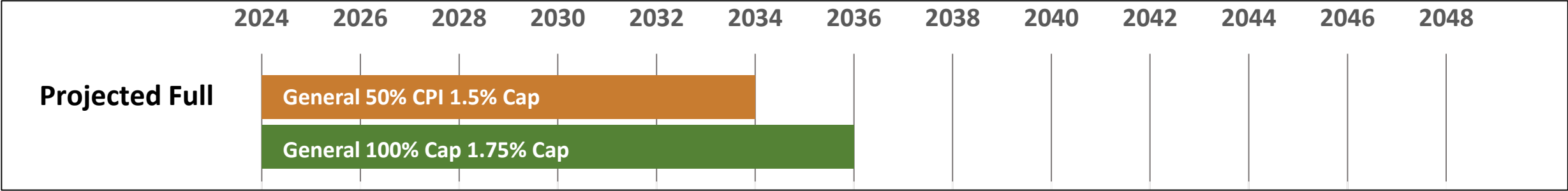
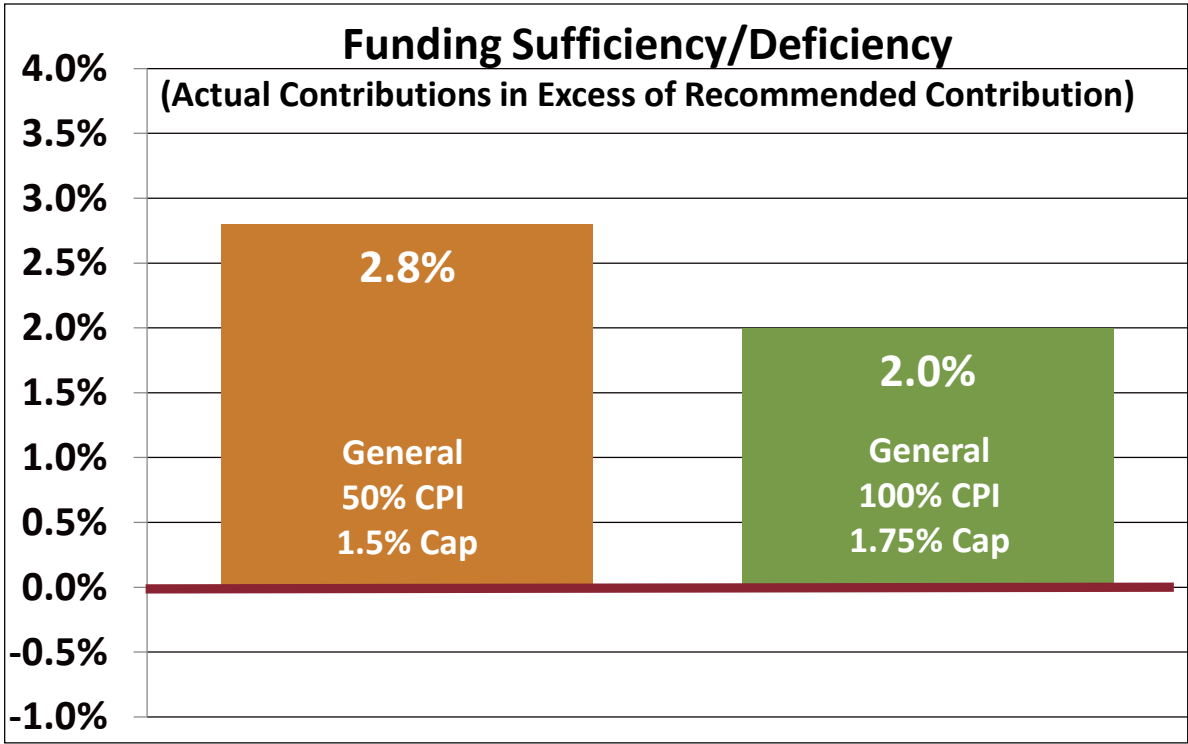
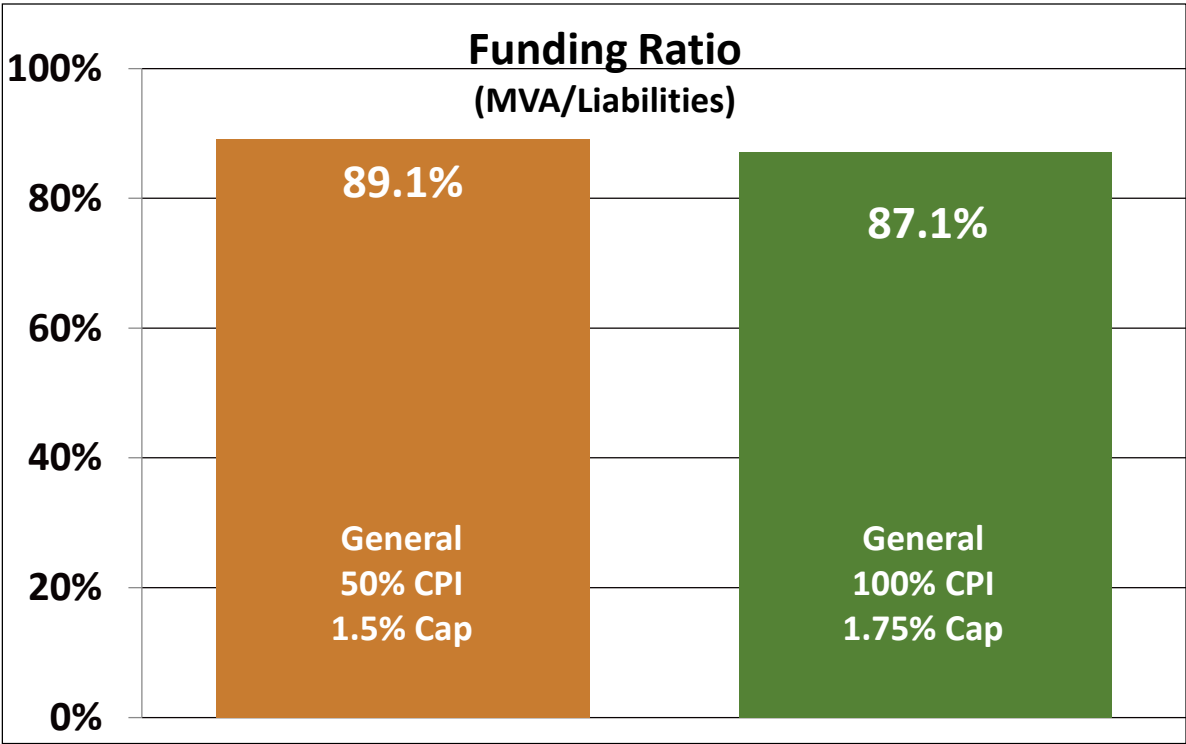
- Increase CPI cap from 50% of CPI to 100% of CPI
- Increase COLA max from 1.5% to 1.75%
- Modify employer's 1% from 100% funding status to 98% funding status.
- Add language that reduces the COLA in the plan reaches 85% funding status for 2 years or 80% for 1 year. COLA would increase if Plan improves.



Metrics	Questions to Consider	General 50% CPI 1.5% Cap	General 100% CPI 1.75% Cap
Assumptions	Are the economic & demographic assumptions appropriate?	7.0% is reasonable	7.0% is reasonable
Funding Status	Is the Plan expected to achieve and maintain fully funded status?	89% now, 100% by 2034	87% now, 100% by 2036
Benefit Amount & Retirement Age	Does the Plan provide a reasonable benefit at a reasonable retirement age for a career member*?	68% + Social Security	68% + Social Security
Contributions	Do employees & employers contribute the appropriate amount?	Contributions 158% of Normal Cost	Contributions 155% of Normal Cost
Benefits	Do retirees have sufficient inflation protection?	50% CPI, 1.0% Min 1.5% Max	100% CPI, 1.0% Min 1.75% Max



PERA General Plan Funded Status as of June 30, 2024

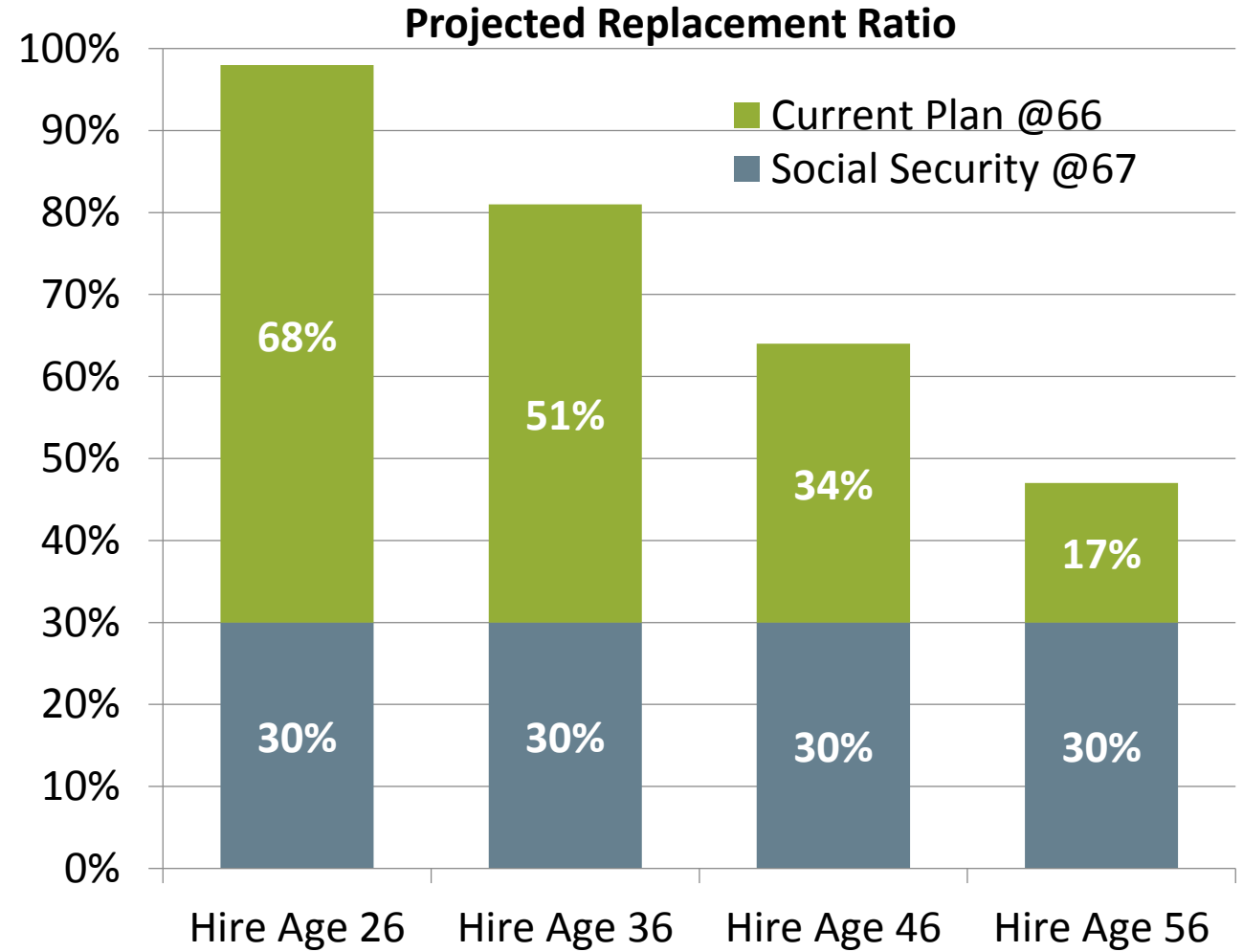


General Plan Replacement Ratios

Assumptions

- Retirement Age 66
- Multiplier 1.7%
- Final Average Earnings \$50,000

Hypothetical Employee	Hire Age	Years of Service at Retirement	1.7%*Service
1	26	40	68%
2	36	30	51%
3	46	20	34%
4	56	10	17%



General Plan Replacement Ratios

Assumptions:

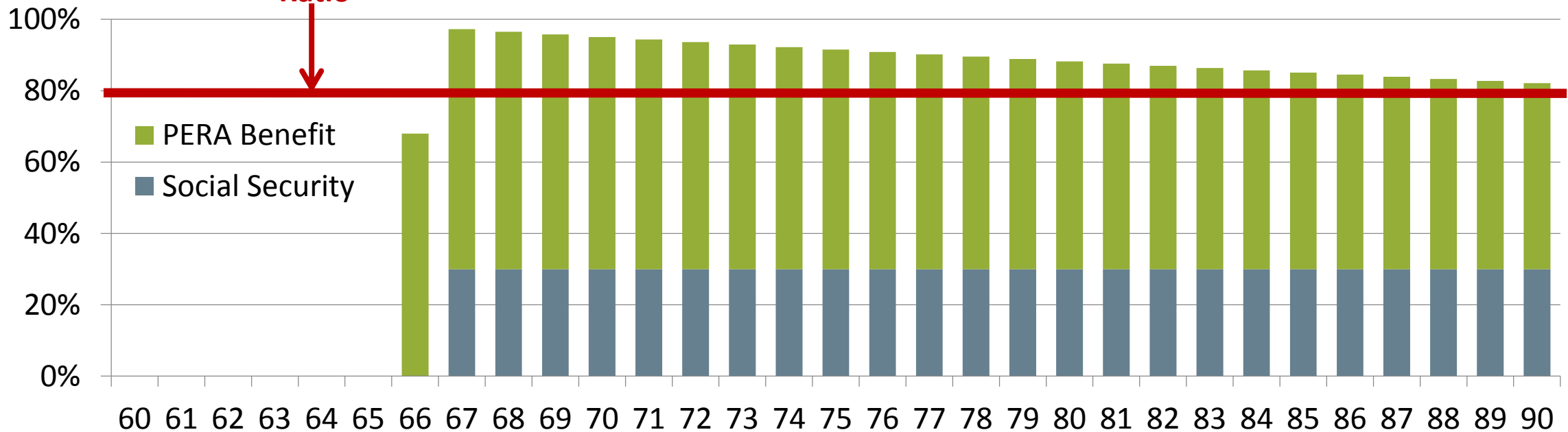
■ Hire Age	26
■ PERA Full Retirement Age	66
■ PERA Benefit Commencement Age	66
■ SS Commencement Age	67

Assumptions:

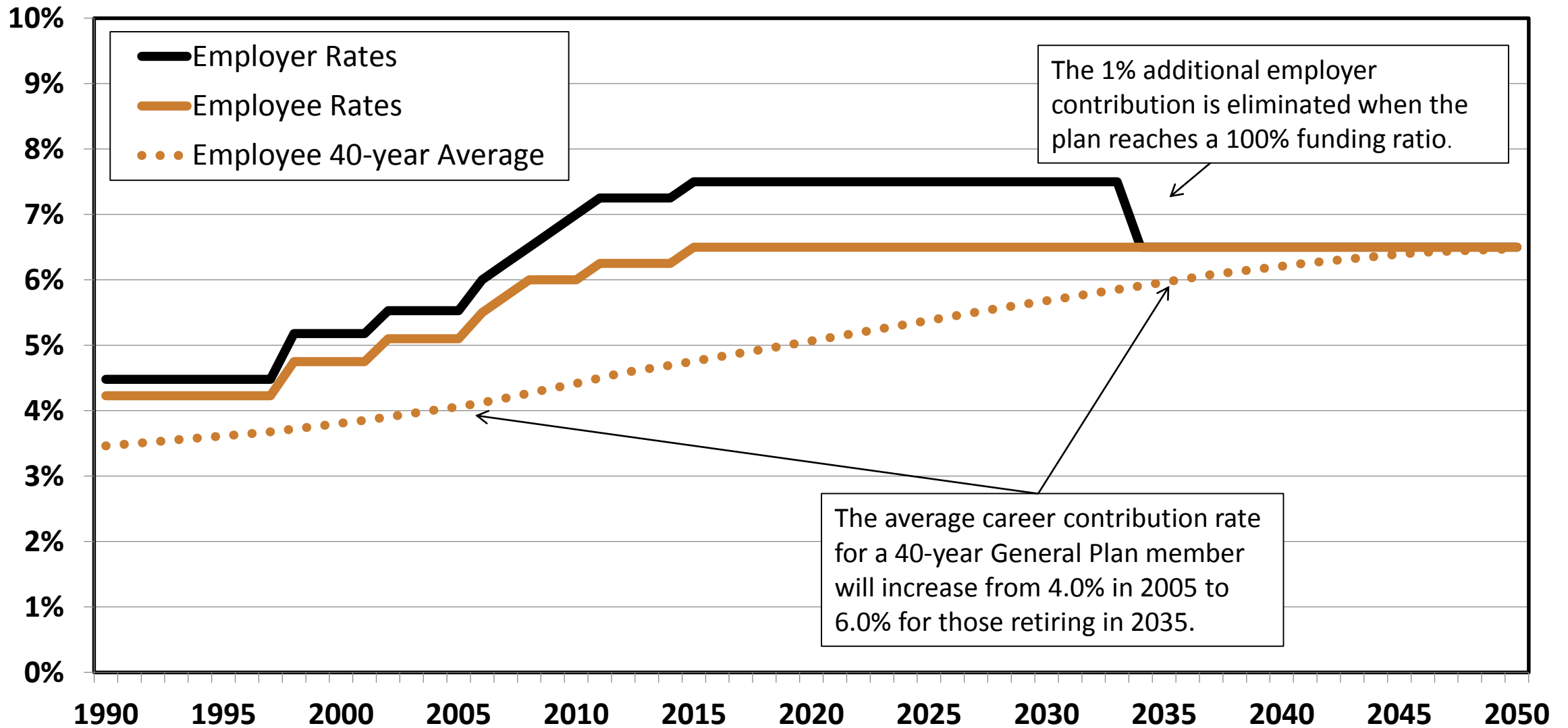
■ Final Pay Before Retirement	\$50,000
■ Post Retirement Earnings	None
■ PERA Post Retirement Increase	1.25%
■ Inflation Assumption	2.25%

**Recommended
Ratio**

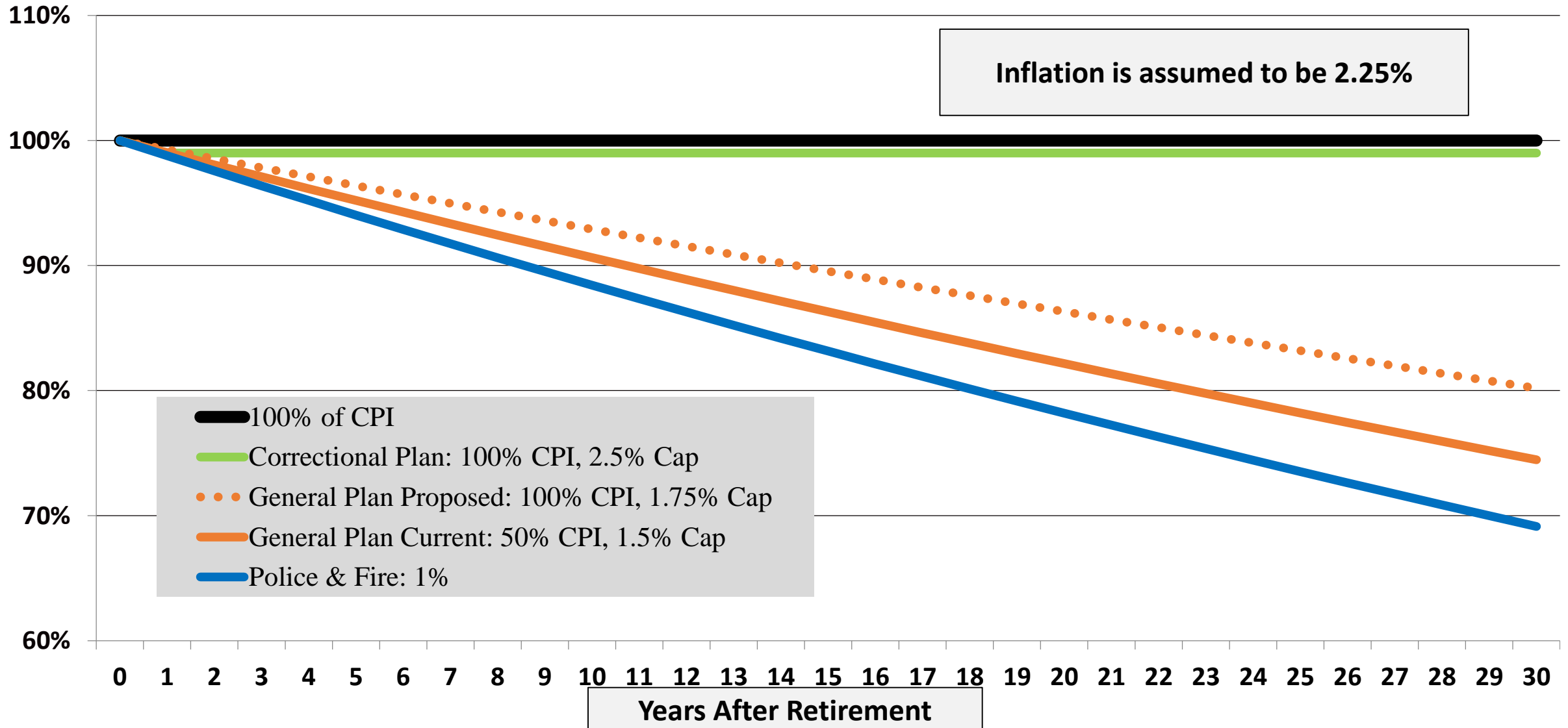
Projected Replacement Ratio



General Plan Contribution Trend



Purchasing Power Protection



Parameters for Potential New PERA Plan Cost Study

	PERA General	PERA Correctional	PERA Police & Fire	Potential New PERA Plan
Eligibility	Employees of cities, counties, and school districts	Members responsible for the security, custody and control of the correctional facilities and the inmates.	Members include most local governmental firefighters and law enforcement officers who meet job-related duties specified by statute.	As determined by the Legislature: Tele-communicators, probation officers, and parole officers.
Normal (Unreduced) Retirement Age	66	55	55	60
Earliest (Reduced) Retirement Age	55	50	50	50
Early Retirement Reduction	Actuarial Equivalence	Actuarial Equivalence	5% per year	Actuarial Equivalence
EE Contribution Rate	6.5%	5.83% before 7/1/2025 6.83% after 6/30/2025	11.8%	To Be Determined
ER Contribution Rate	7.5%	8.75% before 7/1/2025 10.25% after 6/30/2025	17.7%	To Be Determined
Benefit Multiplier	1.7%	1.9% for service before 7/1/25 2.2% for service after 6/30/25	3.0%	2.2%
Disability Benefit*	Accrued Benefit if unable to do any occupation	Accrued Benefit, but not less than 45% FAS if unable to do own occupation for at least 12 months	Accrued Benefit, but not less than 60% FAS if unable to do own occupation for at least 12 months. Accrued Benefit, but not less than 99% FAS if unable to do any occupation.	<ul style="list-style-type: none"> • General Plan Disability Benefit • P&F Plan Disability Benefit
Termination Benefit - Vested	Accrued Benefit @ Retirement	Accrued Benefit @ Retirement	Accrued Benefit @ Retirement	Accrued Benefit @ Retirement
Termination Benefit – Non-vested	Employee Contributions with Interest	Employee Contributions with Interest	Employee Contributions with Interest	Employee Contributions with Interest
Post-retirement Increases	50% of CPI, 1.0% Min, 1.5% Max	100% of CPI, 1.0% Min, 2.5% Max	1% fixed	100% of CPI, 1.0% Min, 2.5% Max

PERA's Board position is to support an actuarial study. The Board does not have a position beyond performing a study. The approved scope of the study includes a baseline and two alternate scenarios. PERA staff requests that stakeholders help ensure staying within scope by determining an agreed upon baseline for the study. The parameters presented in the final column are for discussion purposes only and do not reflect a PERA recommendation.

