





















































































































































## Appendix C: Summary of Plan Provisions

---

### Benefit Tier

Effective July 1, 2013, Senate Bill 27 establishes two tiers of benefits under each PERA coverage plan:

#### Tier 1

- Current active members employed by a PERA affiliate on June 30, 2013
- Inactive members who did not receive a refund and have employee contributions on account on June 30, 2013
- Currently retired or will retire on or before June 30, 2013

*Note: State and Municipal General members hired between July 1, 2010 and June 30, 2013 are grandfathered into Tier 1 coverage plans.*

#### Tier 2

- Active members first hired on or after July 1, 2013
- Members who received a refund of employee contributions on or before June 30, 2013 and return to work for a PERA affiliate on or after July 1, 2013

### Normal Retirement Eligibility Conditions

#### Tier 1

Applicable to all members:

- Any age with 25 or more years of credited service; or
- Age 60 or older with 20 or more years of credited service; or
- Age 61 or older with 17 or more years of credited service; or
- Age 62 or older with 14 or more years of credited service; or
- Age 63 or older with 11 or more years of credited services or
- Age 64 or older with 8 or more years of credited service; or
- Age 65 or older with 5 or more years of credited service.

Applicable to Municipal Police (Plans 3, 4, & 5) and Municipal Fire (Plans 3, 4, & 5) members:

- Any age with 20 or more years of credited service



## **Appendix C: Summary of Plan Provisions**

---

### **Normal Retirement Eligibility Conditions (cont.)**

#### **Tier 2**

Applicable to State General and Municipal General (Plan 1-4) members:

- Age 65 or older with 8 or more years of credited service; or
- Any age if the sum of the member's age and years of credited service equals at least 85, provided member has at least 8 years of credited service.

Applicable to State Police Officers, Adult Correctional Officers, Peace Officers, Juvenile Correctional Officers, Municipal Police, Municipal Fire, and Municipal Detention Officers:

- Age 60 or older with 6 or more years of credited service; or
- Any age with 25 or more years of credited service

### **Normal Retirement Pension Amount**

The amount of normal retirement pension is based on:

- Final average salary:
  - For Tier 1 members, the average of salary for the 36 consecutive months of credited service producing the largest average;
  - For Tier 2 members, the average of salary for the 60 consecutive months of credited service producing the largest average;
- Credited service (years and months); and the
- Coverage plan.



## Appendix C: Summary of Plan Provisions

The pension accrual factor and maximum pension, as a percent of final average salary, under each coverage plan are shown below:

Coverage Plan	Pension Factor Per Year of Credited Service		Maximum Pension as Percent of Final Average Salary
	Tier 1	Tier 2	Tier 1 & Tier 2
State General Member Coverage Plan 3	3.0%	2.5%	90%
Peace Officers Coverage Plan 3	3.0	3.0	90
State Police and Adult Corrections Officers Member Coverage Plan 1	3.0	3.0	90
Hazardous Duty (Juvenile Corrections Officer) Coverage Plan 2	3.0	3.0	90
Municipal General Member Coverage Plan 1	2.0	2.0	90
Municipal General Member Coverage Plan 2	2.5	2.0	90
Municipal General Member Coverage Plan 3	3.0	2.5	90
Municipal General Member Coverage Plan 4	3.0	2.5	90
Municipal Detention Officer Coverage Plan 1	3.0	3.0	90
Municipal Police Member Coverage Plan 1	2.0	2.0	90
Municipal Police Member Coverage Plan 2	2.5	2.0	90
Municipal Police Member Coverage Plan 3	2.5	2.0	90
Municipal Police Member Coverage Plan 4	3.0	2.5	90
Municipal Police Member Coverage Plan 5	3.5	3.0	90
Municipal Fire Member Coverage Plan 1	2.0	2.0	90
Municipal Fire Member Coverage Plan 2	2.5	2.0	90
Municipal Fire Member Coverage Plan 3	2.5	2.0	90
Municipal Fire Member Coverage Plan 4	3.0	2.5	90
Municipal Fire Member Coverage Plan 5	3.5	3.0	90



## **Appendix C: Summary of Plan Provisions**

---

### **Vested Termination of Membership (Employment)**

Termination of employment and membership with at least 5 years of credited service for Tier 1 members. For Tier 2 State General and Municipal General (Non-Public Safety) members, vesting is 8 years. Tier 2 Public Safety members (State Police Officers, Adult Correctional Officers, Peace Officers, Juvenile Correctional Officers, Municipal Police, Fire, Detention Officers) are vested with at least 6 years of credited service. Accumulated member contributions must be left on deposit. Payment of the pension is available upon eligibility for normal retirement. In addition, certain disability and survivor pension provisions apply.

### **Normal and Optional Forms of Payment**

The normal form of payment is for life. Optional contingent survivor beneficiary forms of payment are available on an actuarial equivalent basis. Total pension payments can never be less than the member's accumulated contributions.

### **Survivor Pensions – Death in the Line of Duty**

Pensions are paid to the eligible spouse and eligible children if survivor coverage has not been elected under the Elective Survivor Pension Beneficiary provision. The amount of pension payable for life to an eligible spouse is the greater of 1) 50% of final average salary or 2) the accrued normal retirement pension reduced for option B election. The amount of pension payable to each eligible child is an equal share of 25% of final average salary. If there is not an eligible spouse or the eligible spouse dies, and if there are 2 or more eligible children, the amount of pension payable to each eligible child is an equal share of 50% of final average salary. An eligible child is an unmarried natural or adopted child who is under age 18. A child's pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child's pension is terminated.



## **Appendix C: Summary of Plan Provisions**

---

### **Survivor Pensions – Death Not in the Line of Duty**

Requires 5 years of credited service for Tier 1 members, 6 years for Tier 2 Public Safety, and 8 years for Tier 2 Non-Public Safety. Benefit applies to members and vested former members who have not elected coverage under the Elective Survivor Pension Beneficiary provision. Pensions are paid to an eligible spouse OR eligible children. The amount of pension payable for the life of an eligible spouse is the greater of 1) 30% of final average salary or 2) accrued normal retirement pension reduced for option B election. An eligible child pension is paid if there is not an eligible spouse or following the death of an eligible spouse. The pension is payable to each child in equal shares. An eligible child is an unmarried natural or adopted child who is under age 18. A child's pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child's pension is terminated.

### **Elective Survivor Beneficiary Pension**

Applicable to Tier 1 members with 5 years of credited service, Tier 2 Public Safety with 6 years, and Tier 2 Non-Public Safety with 8 years. Also applicable to vested former members who have elected option B and designated a survivor pension beneficiary who has an insurable interest. The amount of pension is the amount of accrued normal retirement pension under optional form of payment B (100% continuation to beneficiary).

### **Disability Retirement**

Applicable to Tier 1 members with 5 years of credited service, Tier 2 Public Safety with 6 years, and Tier 2 Non-Public Safety with 8 years. Also applicable to vested former members. The credited service requirement is waived if the disability is incurred in line of duty. The amount of disability pension is the accrued normal retirement pension at time of disability retirement. If the disability is in line of duty, the credited service used is the amount that would have been acquired when first eligible for normal retirement.



## **Appendix C: Summary of Plan Provisions**

---

### **Cost-of-Living Increases**

For Tier 1 Members, pensions are increased each July 1 by 2% subject to the following eligibility periods:

- If member retires prior to July 1, 2014, Cost-of-Living Adjustment (COLA) is payable after retirement has been in effect for at least 2 full calendar years.
- If member retires on or after July 1, 2014 but prior to July 1, 2015, COLA is payable after retirement has been in effect for at least 3 full calendar years.
- If member retires on or after July 1, 2015 but prior to July 1, 2016, COLA is payable after retirement has been in effect for at least 4 full calendar years.
- If member retires on or after July 1, 2016, COLA is payable after retirement has been in effect for at least 7 full calendar years.
- If retired on account of disability or if at least age 65, the waiting period is reduced to 1 full calendar year.

For Tier 2 Members, pensions are increased each July 1 by 2% subject to the following eligibility periods:

- COLA is payable after retirement has been in effect for at least 7 full calendar years.
- If retired on account of disability or if at least age 65, the waiting period is reduced to 1 full calendar year.

For certain Tier 1 and Tier 2 retirees, pensions are increased each July 1 by 2.5% subject the eligibility periods listed above, provided the conditions below are met:

- Retirees who retired with at least 25 years of service and whose annual pension is \$20,000 or less.
- Disabled retirees whose annual pension is \$20,000 or less.

### **Service Credit**

Tier 1 Members in the State Police and Adult Corrections Officers Coverage Plan and members in the Municipal Detention Officers Coverage Plan receive 1.2 years of credited service for each year of service rendered. All other members receive 1.0 year of credited service for each year of service rendered.



## Appendix C: Summary of Plan Provisions

### Contributions by Members and Employers

Contributions by members and affiliated public employers are at the following rates shown below.

Coverage Plan	Percent of Salary Member*	Contribution Rate Employer
State General Member Coverage Plan 3	8.92%	16.99%
State Police Member and Adult Correctional Officer Member Coverage Plan 1	9.10	25.50
Hazardous Duty (Juvenile Corrections) Member Coverage Plan 2	6.28	26.12
Municipal General Member Coverage Plan 1	8.50	7.40
Municipal General Member Coverage Plan 2	10.65	9.55
Municipal General Member Coverage Plan 3	14.65	9.55
Municipal General Member Coverage Plan 4	17.15	12.05
Municipal Detention Officer Member Coverage Plan 1	18.15	17.05
Municipal Police Member Coverage Plan 1	8.50	10.40
Municipal Police Member Coverage Plan 2	8.50	15.40
Municipal Police Member Coverage Plan 3	8.50	18.90
Municipal Police Member Coverage Plan 4	13.85	18.90
Municipal Police Member Coverage Plan 5	17.80	18.90
Municipal Fire Member Coverage Plan 1	9.50	11.40
Municipal Fire Member Coverage Plan 2	9.50	17.90
Municipal Fire Member Coverage Plan 3	9.50	21.65
Municipal Fire Member Coverage Plan 4	14.30	21.65
Municipal Fire Member Coverage Plan 5	17.70	21.65

Interest is credited to member contributions on each June 30 at the rates set annually by the Retirement Board. Effective July 1, 2012, the interest crediting rate for member contributions is 2%.

\* For employees whose annual salary is \$20,000 or less, the employee contribution rates shown above are reduced by 1.5%