



2019 Board Solvency Proposal

Employer/employee contribution increases based on funded status by Division

- Automatic increases (decreases) based on funded status and by Division
- State Police and Adult Correctional Officer Division members excluded from increases unless Division falls below 100%
- Members with annual salaries of \$20,000 or less are excluded from increases

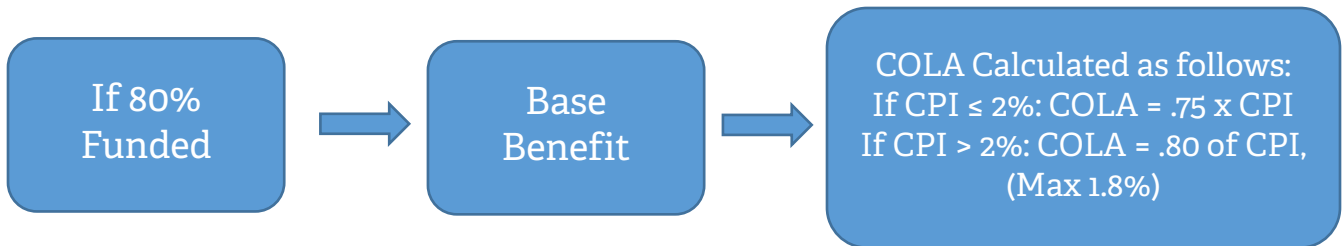
Division Funded Ratio	Contribution Rate Increase to Current Statutory Rate (calculated annually)	
	Employer Rate	Employee Rate
$x \leq 80\%$	1.75%	1.50%
$80\% < x < 85\%$	1.50%	1.35%
$85\% \leq x < 90\%$	1.25%	1.15%
$90\% \leq x < 95\%$	1.00%	0.75%
$95\% \leq x < 100\%$	0.50%	0.50%
$x \geq 100\%$	0.00%	0.00%

Future Cost-of-Living Adjustments (COLA)

- COLA suspended for 3 years (2019, 2020 and 2021)
- Effective July 1, 2022, provides for a COLA based on funded ratio of the Total Fund and CPI as follows:
 - **If Funded Ratio is less than 80%:**
 - If CPI is equal to or less than 2%, COLA = 50% of CPI, and
 - If CPI greater than 2%, COLA = 75% of CPI, but not to exceed 1.5
 - **If Funded Ratio is 80% or greater, but less than 90%:**
 - If CPI is equal to or less than 2%, COLA = 75% of CPI, and
 - If CPI greater than 2%, COLA = 80% of CPI, but not to exceed 1.8%
 - **If Funded Ratio is 90% or greater, but less than 95%:**
 - If CPI equal to or less than 2%, COLA = same as CPI, and
 - If CPI greater than 2%, COLA = 95% of CPI, but no more than 2.50%
 - **If Funded Ratio is 95% or greater, but less than 100%:**
 - If CPI equal to or less than 2%, COLA = 2%, and
 - if CPI greater than 2%, COLA = 95% of CPI, but not to exceed 2.5%
 - **If Funded Ratio is 100% or greater:**
 - If CPI equal to or less than 2%, COLA = 2% and
 - if CPI greater than 2%, COLA = 95% of CPI, but not to exceed 3.0%
 - ✓ Effective July 1, 2019, COLA deferred to age 65 for general members, age 60 for public safety members
 - ✓ COLA payable is 0% to 3%, not to exceed CPI in any given year
- Eliminates current 7-year COLA eligibility period for new retirees.
- Retirees with annual pension benefit of \$20,000 or less and disability retirees are excluded and retain current 2.5% COLA

COLA Example on the following page.

COLA Calculation Example at 80% Funded



If 80% Funded, and CPI = 2%,

COLA = 1.5%*

*Excess earnings pay down unfunded liability