



Reforms for Tier 1 Members (employees hired before 2011)

- Pensionable salary - the amount of salary used to calculate an employee's pension is limited to the greater of the Tier 2 pensionable salary cap, or the employee's salary during his last term of office preceding the effective date of this amendatory Act.
- COLAs will be the lesser of
  - 1) 3% of the annuitant's pension; or
  - 2) \$30 per year of service credit
- If a Judge already has enough service credit to earn the maximum pensionable % of salary and returns to service, he will receive an additional COLA for each extra year of service credit
  - Current law: 3% of current annuity
  - HB 1725, as amended by HA 1: new COLA calculation, as listed above
- Members (both active and inactive) who have yet to draw a pension as of July 1, 2016 must forfeit the following COLA's
  - All members: 2<sup>nd</sup> COLA
  - Members over 47 but under 50: 4<sup>th</sup> and 6<sup>th</sup> also
  - Members over 44 but under 47: 4<sup>th</sup>, 6<sup>th</sup>, and 8<sup>th</sup> also
  - Members under 44: 4<sup>th</sup>, 6<sup>th</sup>, 8<sup>th</sup>, and 10<sup>th</sup> also
- Minimum retirement age is increased by 4 months for every year the member is under the age of 46
  - Based on the member's age on June 1, 2016.

Reforms for Tier 2 Members (employees hired after January 1, 2011)

- COLA is reduced, bringing it in line with the other pension systems
  - Current law: Lesser of 3% or the % increase in the CPI-U
  - HB 1725, as amended by HA 1: Lesser of 3% or *half* the % increase in the CPI-U

DC Plan for Tier 1 Members

- Members may opt into the DC plan via irrevocable election
- Available only to the first 5% of membership that apply
- If DC plan folds for whatever reason, all participants will be re-admitted to the DB plan and receive appropriate service credits
- Contributions
  - Employee: same as DB
  - State: an amount equal to the normal cost of the DB plan, but no less than 3% of salary
  - Vesting requirement: 5 years

Miscellaneous

- Not a "new benefit increase" per P.A. 94-0004.