

COMMENT: HB 5557 has major provisions affecting the 5 State-funded systems as a whole as well as the employees participating in the systems.

State Retirement Systems:

- Closed DB package to new-hires (on or after the date this bill is signed into law)
- Shall establish a DC self-directed plan for all active members and new hires.
 - Retirement age: equal to Social Security's requirement
 - DC pensionable salary capped at \$110,100
 - Starting annually on January 1, 2017: Pensionable salary cap increased by 3% or ½ CPI-U
 - Employee contribution rates
 - SURS, TRS, JRS, SERS (non-covered): 8%
 - SERS (covered): 3%
 - GARS: up to the federal limit
 - Employer Contribution/Match rates
 - SURS, TRS, JRS, SERS (non-covered): 7%
 - SERS (covered): 3%
 - GARS: 0%
- Funding goal: 100% by 2047 with level-dollar contributions beginning 2016
 - Once a system has reached 100% funded, contributions only need be sufficient enough to maintain a 90% funded ratio.

Current Members/Annuitants:

- Closure of DB plan includes:
 - Frozen service credit accrual
 - Frozen pensionable salary at current level
 - Frozen annuity (no more COLA's)
 - For anyone currently ineligible to retire: The DOI will produce a calendar that takes into account current service credit and age to provide delayed retirement ages.
 - Minimum retirement age for those affected: at least age 59

Application of P.A. 98-0599:

- The provisions of P.A. 98-0599 that affect the 5 State-funded retirement systems will be repealed, and this bill's proposals shall then take effect.

MD:dkb

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