



## **Representative Lindsey Holmes**

### **House Bill 247**

#### **Variable Benefit Retirement System Tools & Safeguards**

Protecting the state from liability in the event of market shortfalls comes down to having secure methods of protecting the health of the fund. In this bill we have several tools and safeguards that protect the state from accumulating any unfunded liability:

- The board has the ability to adjust the amount of the health care premium based on the health of the fund. Each year the board can determine if funding allows for them to grant the next year's premium amount.
- Employee contributions are adjustable. They can be raised if the additional funding is needed.
- The board has control over a certain percentage of an individual's actual benefit. They can choose to grant this portion based on funding status.
- Awarding cost of living increases is up to the board and based on funding status.
- Overtime does not count in final calculations, which eliminates "OT spiking" or "payroll deception".
- Minimum age requirements are 55 with 20 years for Police and Fire, 60 with 30 years for others.
- We use a more conservative rate of return, e.g. a 7% rate of return as opposed to 8%.