

Senate Bill 88



A Shared Risk Retirement Plan



Senate Finance Presentation
Senator Cathy Giessel
May 2, 2023

CHALLENGE

Alaska's Recruitment and Retention Crisis

HISTORY

2005 Alaska implemented a Defined Contribution plan

SOLUTION

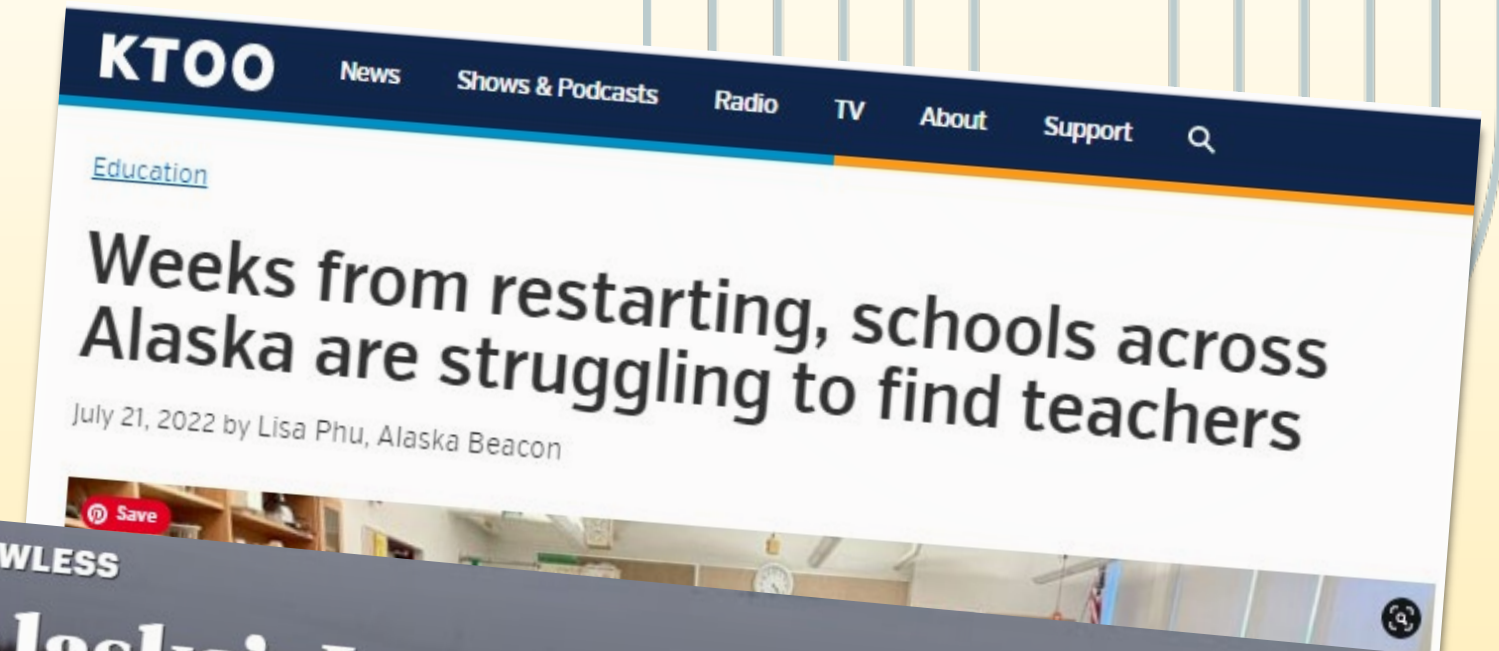
A retirement system with reasonable costs and fair benefits

WHY SB 88

- Alaska has a strong interest in ensuring quality public servants fill the ranks of our public service agencies

CHALLENGE

- Recruitment and Retention has collapsed
- Staggering vacancy rates



“We’re sending Troopers to domestic violence by themselves. Bad things happen. Either we end up hurting the person... or a Trooper gets assaulted and gets hurt. I mean this is ridiculous, really, when you think about it.”
DPS Commissioner James Cockrell, Joint House and Senate State Affairs, February 7, 2023

WHY IS THIS HAPPENING?

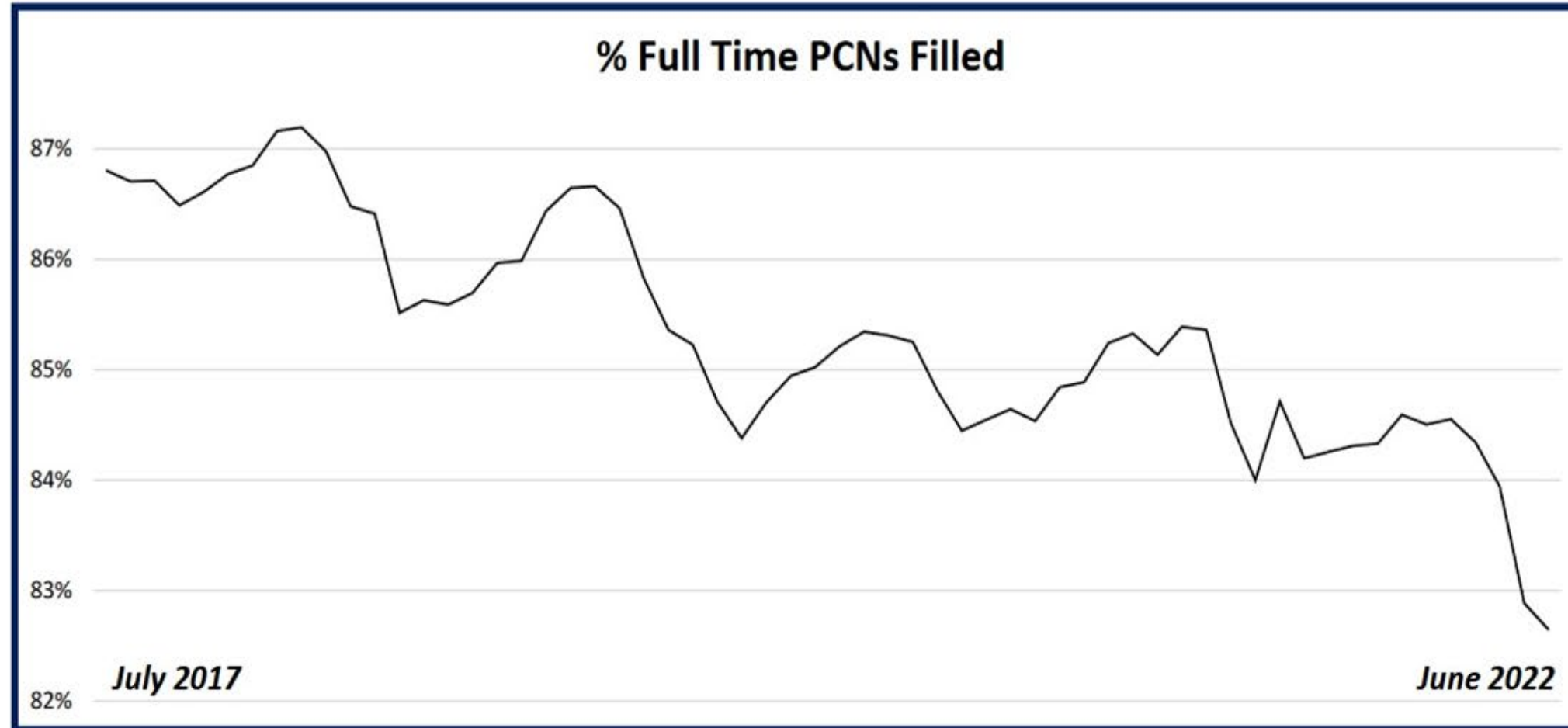
*“A lot of our vacancies and our cyclic throughput on employees really began increasing since 2006. If you remember that was the break point between Tier III and Tier IV employees for the State of Alaska so **once the pension benefits disappeared** and we became contribution or matching based employer, those benefits became transportable. **Our ability to retain employees, really much longer than four or five years anymore, and no more than ten years became largely impacted by trends and portability of those benefits.** ”*

*-Wolfgang Junge, DOT&PF Central Region Director,
House Finance, February 15, 2022*



Budget Challenges - Vacancy

% Vacant PCNs	December 2022
DOA	14.4%
DCCED	19.1%
DOC	17.8%
DEED	15.5%
DEC	15.6%
DFG	19.3%
Gov	14.0%
DOH	22.8%
DFCS	19.5%
DOL&WD	20.8%
Law	11.4%
DMVA	12.2%
DNR	23.4%
DPS	17.4%
DOR	21.1%
DOT&PF	16.5%
Total	17.6%



- Most departments are experiencing significantly greater vacancy than pre-pandemic levels.
- Recruitments are taking longer and are less likely to result in a hire.
- Recruitment incentives being used to address most critical public needs.

FY22 Unspent Personal Services	
Working Reserve	8.3
Group Health Life	9.5
Catastrophic Reserve	12.4
CBR	39.3

(Dollars in Millions)

*“...probably the biggest challenges that faces our state agencies right now in terms of executing on the programs in the appropriations they've been entrusted with, and that is **the challenge of recruiting and retaining the staff to actually do the work.**”*

*OMB Director Neil Steininger
S FIN 1-24-23*

DB vs DC Comparison

PERS - Tier III and Tier IV Comparison All Other Members

(From Slide# 7)

Hypothetical Salaries			V/S	Actual Salaries as of 2022					
PERS	DB Plan	DC Plan		Actual Plan Data (as of 2/1/2023)					
All Other		(Projected ROR=7%)		Comparable Salaries		All Salaries		RoR >= 7% Projection	
Total Service	A: Salary Replacement Ratio	B: Salary Replacement Ratio		Members	C: Salary Replacement Ratio	Members	D: Salary Replacement Ratio	Members	E: Salary Replacement Ratio
5	9.48%	5.75%		23	5.29%	296	5.27%	48	6.44%
6	11.37%	7.05%		25	6.53%	480	6.22%	53	8.46%
7	13.27%	8.40%		28	7.65%	445	7.39%	56	9.22%
8	15.17%	9.81%		24	9.34%	448	8.73%	59	11.46%
9	17.06%	11.27%		21	9.71%	419	9.91%	56	12.42%
10	18.96%	12.80%		28	11.68%	402	11.06%	56	13.97%
11	21.09%	14.38%		10	13.58%	324	12.84%	47	16.21%
12	23.22%	16.04%		18	13.96%	303	14.25%	55	17.63%
13	25.36%	17.76%		12	16.40%	215	15.80%	42	19.28%
14	27.49%	19.55%		10	16.69%	214	16.65%	27	21.20%
15	29.62%	21.42%		10	19.22%	207	17.96%	20	23.55%
16	31.75%	23.37%		5	20.11%	138	18.67%	8	25.84%
17	33.89%	25.39%		0		10	20.98%	1	25.99%
Total Actual Members:>				214		3,901		528	



Additional details for the analysis are shown in the appendix (Slides 23 and 24)

TRS - Tier II and Tier III Comparison Teachers

(From Slide# 8)

Hypothetical Salaries			V/S	Actual Salaries as of 2022					
PERS	DB Plan	DC Plan		Actual Plan Data (as of 2/1/2023)					
PO/FF		(Projected ROR=7%)		Comparable Salaries		All Salaries		RoR >= 7% Projection	
Total Service	A: Salary Replacement Ratio	B: Salary Replacement Ratio		Members	C: Salary Replacement Ratio	Members	D: Salary Replacement Ratio	Members	E: Salary Replacement Ratio
5	9.73%	5.75%		1	4.92%	48	4.90%	1	5.80%
6	11.68%	7.05%		3	6.16%	87	5.72%	3	7.71%
7	13.63%	8.40%		2	6.95%	81	6.58%	1	8.69%
8	15.58%	9.81%		1	7.81%	75	8.08%	7	10.54%
9	17.52%	11.27%		2	9.80%	67	8.98%	2	11.80%
10	19.47%	12.80%		4	10.27%	55	10.09%	3	14.49%
11	21.90%	14.38%		5	12.06%	56	12.21%	8	16.41%
12	24.34%	16.04%		3	15.14%	51	14.17%	12	17.32%
13	26.77%	17.76%		1	14.31%	22	14.24%	1	18.12%
14	29.20%	19.55%		1	18.39%	31	15.19%	2	19.76%
15	31.64%	21.42%		1	19.08%	65	16.87%	5	22.29%
16	34.07%	23.37%		2	19.17%	31	16.99%	2	24.78%
17	36.51%	25.39%		0		3	18.91%	0	
Total Actual Members:>				26		672		47	



Additional details for the analysis are shown in the appendix (Slides 23 and 24)

(From Slide# 9)

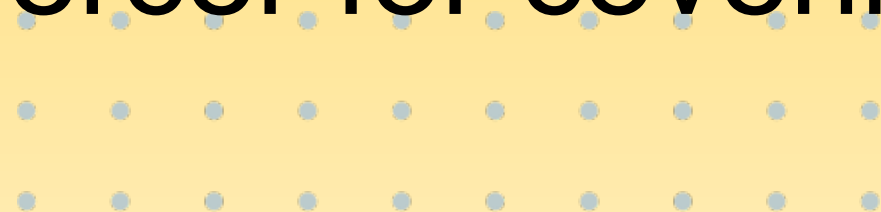
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TRS	DB Plan	DC Plan		Actual Plan Data (as of 2/1/2023)					
		(Projected ROR=7%)		Comparable Salaries		All Salaries		RoR >= 7% Projection	
Total Service	A: Salary Replacement Ratio	B: Salary Replacement Ratio		Members	C: Salary Replacement Ratio	Members	D: Salary Replacement Ratio	Members	E: Salary Replacement Ratio
5	9.73%	6.64%		2	6.28%	35	5.77%	2	7.44%
6	11.68%	8.13%		14	6.93%	226	6.66%	14	9.22%
7	13.63%	9.69%		28	8.18%	214	7.93%	7	10.92%
8	15.58%	11.31%		21	9.52%	252	9.49%	19	12.45%
9	17.52%	13.00%		18	11.22%	198	10.76%	8	14.21%
10	19.47%	14.76%		25	13.21%	196	12.48%	10	15.91%
11	21.42%	16.60%		22	15.03%	152	14.05%	10	18.12%
12	23.36%	18.51%		15	17.03%	153	15.90%	13	19.58%
13	25.31%	20.49%		8	19.05%	124	17.64%	8	22.46%
14	27.26%	22.56%		16	20.16%	149	19.25%	9	26.26%
15	29.20%	24.72%		15	19.59%	120	19.78%	3	27.09%
16	31.15%	26.96%		19	21.99%	109	21.08%	1	27.36%
17	33.10%	29.30%		12	23.70%	60	22.30%	1	29.89%
Total Actual Members:>				215		1,988		105	



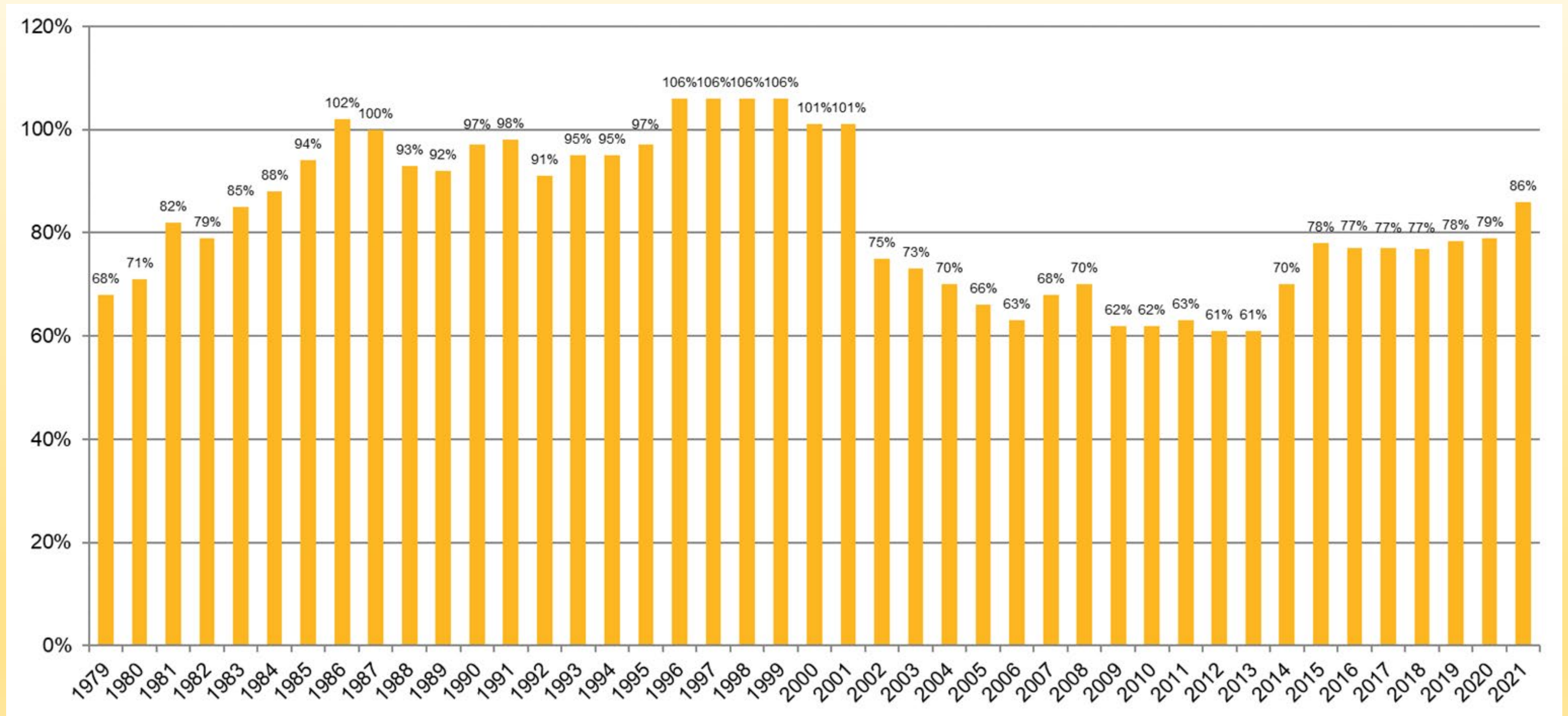
Additional details for the analysis are shown in the appendix (Slides 25 and 26)

HISTORY

- Prior to 2002 the DB system was well funded
- 2002 to 2004 - Erroneous actuarial advice by Mercer compromised the DB system
- 2006 - The Defined Contribution plan was implemented
- 2007 State of Alaska ARM Board filed suit against Mercer for covering up its malpractice, SOA prevailed



DB System Funded Ratio History



Source: Buck Actuarial Valuation Report - May 2022

Will this happen again?

**NOT
LIKELY!**

Triple Safeguards Since 2006

1. Buck Consulting, (State Actuary) provides annual review of pension assets and liabilities
2. ARM Board Actuary reviews Buck's work every year
3. Every 4th year a third Actuary reviews ARMB and Buck actuarial reports.

A Proposed Solution

Senate Bill 88

A retirement system with reasonable costs
and fair benefits



Structural Features of SB 88

- Builds on best practices of other states
- Shares risk between employees, employers, and retirees
- Ensures system will remain solvent



SB 88 Structure

EMPLOYEE CONTRIBUTION

PERS & TRS

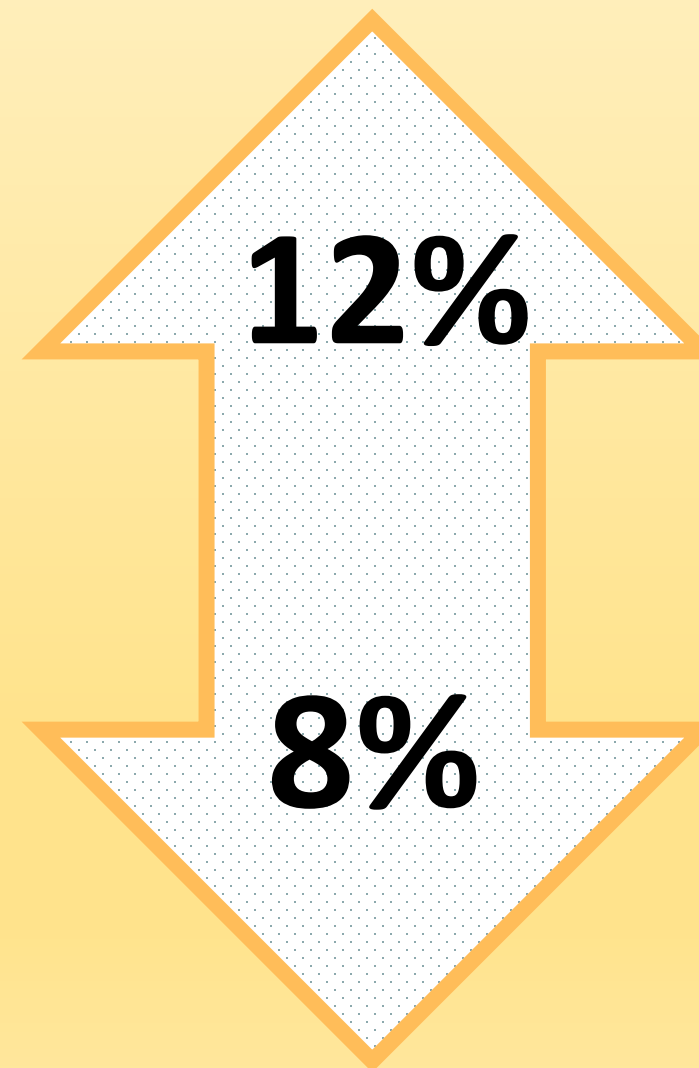
- 8- 12%adjustable by ARM Board
- Employees share the risk contributing more during poor market returns



EMPLOYEE CONTRIBUTION

States that use a Variable Employee Contribution Rate

- Arizona
- Colorado
- Idaho
- Iowa
- Maine
- Montana
- Nevada



SB 88 Structure

EMPLOYER CONTRIBUTION

PERS

- 22% is no longer fixed (22% - 12%)

TRS

- 12.56% is no longer fixed (12.56% - 12%)

- Provides relief when full actuarial cost drops below existing contribution rates, to a lower limit of 12%
- Remains the same and aligns with current rates set by DB and DC tiers



2024 ACTUAL EMPLOYER CONTRIBUTION RATES

	PERS				TRS			
	FY24 PERS Total Payroll *		\$ 2,437,619,000		FY24 TRS Total Payroll		\$ 762,084,000	
	Preliminary	Contribution	Adopted	Contribution	Preliminary	Contribution	Adopted	Contribution
DB Pension Plan - Normal Cost	2.14%	52,165,000	2.14%	52,165,000	2.05%	15,623,000	2.05%	15,623,000
DB Pension Plan - Past Service Cost	16.33%	398,063,000	16.33%	398,063,000	16.44%	125,287,000	16.44%	125,287,000
DB Health Plan - Normal Cost	2.50%	60,940,000	0.00%	-	2.41%	18,366,000	0.00%	-
DCR Plan	6.63%	161,614,000	6.63%	161,614,000	7.03%	53,575,000	7.03%	53,575,000
	27.60%	672,782,000	25.10%	611,842,000	27.93%	212,851,000	25.52%	194,484,000
State Of Alaska Contributions	27.60%	334,978,000	25.10%	304,636,000				
Non-State Employer Contributions	22.00%	269,264,000	22.00%	269,264,000	12.56%	95,718,000	12.56%	95,718,000
Additional State Contributions	5.60%	68,540,000	3.10%	37,942,000	15.37%	117,132,000	12.96%	98,766,000

* PERS Non-State Employers Total Payroll: \$ 1,223,929,000
 PERS State as an Employer Total Payroll: 1,213,690,000
 FY24 PERS Total Payroll: \$ 2,437,619,000

Total Savings: \$60,940,000 (PERS) + \$18,366,000 (TRS) = \$ 79,306,000

(NOTE: some totals may not add due to rounding)



Source: ARM Board packet, September 2022 (information consolidated for presentation and some amounts may be off due to rounding)

Source - Senate Finance Committee February 14, 2023

SB 88 Structure

EMPLOYER FEE FOR LATE CONTRIBUTIONS PERS and TRS

- Reduced to normal interest rate from current law of 1.5 x interest rate
- Intended to provide financial relief to employers

SB 88 Structure

VESTING

PERS and TRS

- Vested at 5 years for both PERS and TRS
- PERS is consistent with prior Defined Benefits (DB) plan
- Aligns TRS with PERS vesting period

QUALIFICATION FOR RETIREMENT

PERS(Public Safety only)

- 50 years of age with 25 years of service

OR

- 55 years of age with 20 years of service

- Allows Public Safety employees to reach retirement eligibility prior to 60 years of age



SB 88 Structure

QUALIFICATION FOR RETIREMENT

PERS (Non - Public Safety)

TRS (Teachers)

- 60 years of age OR 30 years of service
- Aligns TRS with PERS qualification for retirement.



SB 88 Structure

BENEFIT CALCULATION FORMULA

PERS(Public Safety only)

- 2.00% first 10 years
- 2.50% thereafter
- New plan is consistent with PS PERS Tier III



BENEFIT CALCULATION FORMULA

PERS(Non-Public Safety)

TRS (Teachers)

- 2.00% first 10 years
- 2.25% next 10 years
- 2.50% thereafter
- Aligns TRS with PERS benefit calculation

SB 88 Structure

FINAL AVERAGE SALARY

PERS

- Highest 5 consecutive years of service

TRS

- Highest 5 non-consecutive (contract) years of service





SB 88 Structure

ALASKA COST OF LIVING (COLA)

PERS and TRS

- No COLA is provided for new **PERS** or **TRS** Defined Benefit (DB) plans
- Keeps the plan solvent





SB 88 Structure

POST RETIREMENT PENSION ADJUSTMENTS (PRPA) aka Inflation Protection

- ARM Board may provide or withhold PRPA to retirees if Defined Benefit (DB) Trust Fund valuation drops below 90%
- Non-residents receive only 50% in PRPA
- This keeps the plan solvent regardless of funding level

SB 88 Structure

POST RETIREMENT PENSION ADJUSTMENTS (PRPA)

Inflation Protection

States with PRPA contingent on fund performance

Louisiana

Maryland

Massachusetts

Nebraska

South Dakota

Wisconsin

RETIREMENT MEDICAL COVERAGE

PERS & TRS

- Coverage is consistent with PERS Tier IV and TRS Tier III Defined Contributions (DC) Plans for all employees
- Employer makes contribution of 3% to employee Health Reimbursement Arrangement (HRA)
- HRA can be used for any qualifying medical need
- Keeps the plan solvent

DEATH & DISABILITY BENEFIT PERS

- Non-occupational disability benefits calculated as normal retirement, death benefit is provided
- Occupational disability or death provides 40% of the gross monthly compensation
- Added non-occupational benefits to provide minimal protection to employees and families should they have career ending injuries or disabilities occur off the job

DEATH & DISABILITY BENEFITS

TRS

- Non-occupational and occupational disability benefits are 50% of member's base salary immediately before disability plus 10% for each dependent child up to four
- Occupational death provides 40% of the average base salary until retirement age and then normal retirement
- Non-occupational death provides a lump sum or 50% joint & survivor option

SB 88 Structure

REQUIREMENT OF SEPARATE ACCOUNTING

- In the past, no separate accounting for prior DB tiers
- Plan administrator and ARM Board are required to account for and track contributions, assets, earnings, and liabilities of the members of the new plan
- This will maintain separate attribution of assets and liabilities



SB 88 Structure

REQUIREMENT OF SUBTRUSTS

- Creation of pension and medical sub - trusts for the new DB plans, along with existing HRA sub - trusts enable better tracking of assets and liabilities and increase protection from prior past service costs
- The ARM Board shall establish the sub - trust





SB 88 Structure

What will happen to NEW employees after SB 88 effective date?

PERS & TRS

- New employees would automatically be enrolled in the Defined Benefit (DB) system



What will happen to CURRENT employees hired after 2006?

PERS & TRS

- Current PERS IV and TRS III members would have the option to convert from their Defined Contribution (DC) plan to the new Defined Benefit (DB) system by November 1, 2024

SB 88 Structure

What happens to employees who convert to the new DB plan if service credit is different?

PERS & TRS


- If the DC account value provides fewer DB years than worked, the employee may elect to accept those service years or pay up to full - service time
- If the value is more than full - service time, the member maintains the remainder in the DC account



SB 88 Structure

What will happen to FORMER DC employees with active accounts who return to service ?

PERS & TRS

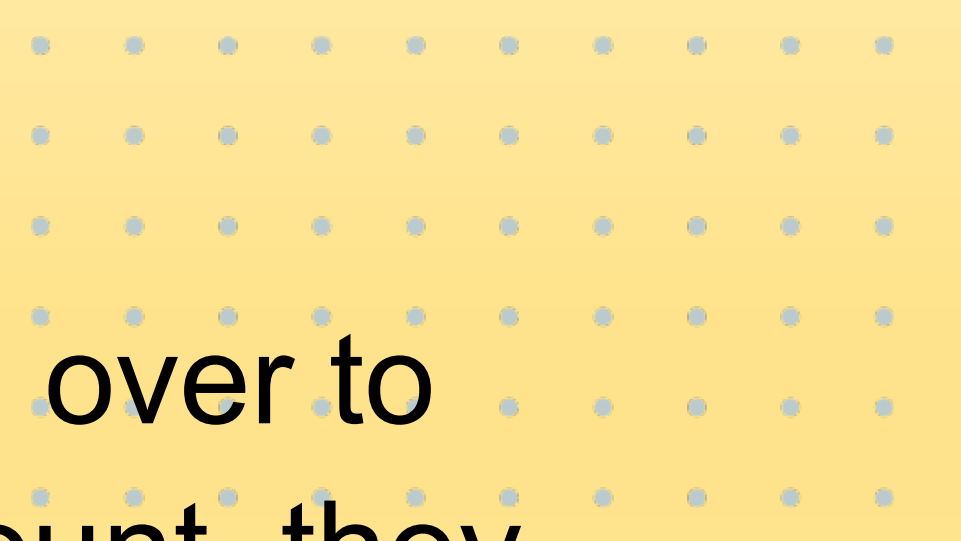
- These returning employees have the option to convert to the new DB plan within a four - month window
- 



SB 88 Structure

What will happen to FORMER DC employees with inactive accounts who return to service ?

PERS & TRS

- These returning employees will become members of the new DB plan
 - Option: if the employee account was rolled over to an IRA and is rolled back into their DC account, they may remain with DC
- 

SB 88 Structure

TRS Members w/ PERS Service

PERS Members w/ TRS Service

- Employees that are members of both TRS **AND** PERS may elect to have their earnings included in the base salary of their selected DB plan to potentially count toward their pension benefit calculation



Current DC Employee Trends

What's happening now...



Alaska Retirement Management Board

March 16-17, 2023 Board Meeting

Div. Of Retirement & Benefits

Supplement to the Treasury Report

- Over last 7 months, withdrawals of TRS DC and PERS DC are approximately \$62 million dollars
- 90% of these withdrawals came after 5 years, or 100% vesting
- On average \$12.4 million/month is being withdrawn from the DC systems
- Hundreds of millions of dollars are leaving the system and potentially the state each year

Alaska Retirement Management Board (ARMB) Schedule of Non-Investment Changes By Fund

ALASKA RETIREMENT MANAGEMENT BOARD SCHEDULE OF NON-INVESTMENT CHANGES BY FUND (Supplement to the Treasury Division Report) For the Seven Months Ending January 31, 2023

PARTICIPANT DIRECTED DISBURSEMENTS BY PLAN AND TYPE

Type	PERS DCR Plan	TRS DCR Plan	Supplemental Annuity Plan	Deferred Compensation	TOTAL	% of Total
Payment to Beneficiary	\$ 151,031	\$ 2,582	\$ 577,993	\$ 159,991	\$ 891,597	0.3%
Death Benefit	1,495,951	718,906	7,598,035	2,336,717	12,149,609	4.3%
Disability / Hardship	3,115	-	48,223	198,746	250,084	0.1%
Minimum Required Distribution	128,069	62,714	10,973,521	4,370,787	15,535,091	5.5%
Deminimus Acct Balance Distribution	-	-	-	4,856	4,856	0.0%
Qualified Domestic Relations Order	1,002,290	44,279	2,325,425	99,695	3,471,689	1.2%
Separation from Service / Retirement	47,806,411 *	15,126,867 *	125,976,100	38,882,266	227,791,644	80.1%
Purchase of Service Credit	10,390,551 *	1,493,575 *	2,447,301	24,862	14,356,289	5.1%
59-½ In-service Distribution	-	-	-	1,037,381	1,037,381	0.4%
Qualified Birth / Adoption Expense	-	-	-	22,627	22,627	0.0%
CARES Act Distributions	-	-	-	-	-	0.0%
DCR to DB Conversion	7,101,829 *	1,308,317 *	-	-	8,410,146	3.0%
TOTAL	\$ 68,079,247	\$ 18,757,240	\$ 149,946,598	\$ 47,137,928	\$ 283,921,013	100.0%

* Employer distributions sent to the DB plan are shown as "DCR to DB Conversion". Employee funds sent to the DB plan are included with "Purchase of Service Credit". Excess employee money sent to employee after conversion are included in "Separation from Service".

PERS & TRS PARTICIPANT DIRECTED DISBURSEMENTS BY PLAN AND VESTED PERCENTAGE

Vesting	PERS DCR Plan	TRS DCR Plan	TOTAL	% of Total
100% Vested	\$ 62,385,184	\$ 16,452,889	\$ 78,838,073	90.7%
75% Vested	1,064,359	811,555	1,875,914	2.2%
50% Vested	1,408,813	461,232	1,870,045	2.2%
25% Vested	1,136,679	499,981	1,636,660	1.9%
0% Vested	2,084,212	531,583	2,615,795	3.0%
TOTAL	\$ 68,079,247	\$ 18,757,240	\$ 86,836,487	100.0%

DEFINED BENEFIT REFUNDS BY PLAN, TIER, CONTRIBUTION TYPE AND VESTED STATUS

Contribution Type	PERS DB Pension Plan				TRS DB Pension Plan			JRS	TOTAL
	Tier 1	Tier 2	Tier 3	Total	Tier 1	Tier 2	Total	DB Pension Plan	DB Pension Plan
Mandatory Vested	\$ 30,829	\$ 638,049	\$ 1,002,442	\$ 1,671,320	\$ -	\$ 83,465	\$ 83,465	\$ -	\$ 1,754,785.00
Mandatory Non-Vested	107,694	172,848	471,736	752,278	222,034	600,419	822,453	-	1,574,731
Geographic Differential	-	142,534	62,514	205,048	-	-	-	-	205,048
Voluntary Full	211,010	924,533	1,115,387	2,250,930	-	-	-	-	2,250,930
Indebtedness, Lagging & Partial	14,050	83,347	174,949	272,346	-	54,310	54,310	-	326,656
TOTAL	\$ 363,583	\$ 1,961,311	\$ 2,827,028	\$ 5,151,922	\$ 222,034	\$ 738,194	\$ 960,228	\$ -	\$ 6,112,150

This report is only for the previous 7 months

But, it shows that \$227 million was withdrawn from the system. It shows withdrawals of PERS DC, TRS DC, Supplemental Annuity (SBS) and Deferred Compensation (voluntary)

Withdrawals from the TRS DC and PERS DC plans alone were north of \$62 million dollars

A very interesting and notable point is that 90% of these withdrawals came after 5 years, or 100% vested. People waited to leave until they could take all of their employer contributions?


Return to Social Security?

Legislative Research Report (Jan. 2011)

- PERS return to Social Security considered
- Alaska must alter its “Section 218” agreement with the Social Security Administration
- All employees must be allowed to vote
- High complexity to replace Supplemental Benefit System (SBS) with equivalent value Social Security

LEGISLATIVE RESEARCH REPORT

JANUARY 27, 2011



REPORT NUMBER 11.096

RETURNING ALASKA STATE EMPLOYEES TO SOCIAL SECURITY COVERAGE

BY CHUCK BURNHAM, LEGISLATIVE ANALYST

SUMMARY2

BACKGROUND ON SOCIAL SECURITY3

Public Employee Participation in Social Security4

Alaska State Employee Participation in Social Security5

Process for Rejoining Social Security5

OBSTACLES TO REJOINING SOCIAL SECURITY AND IMPACTS ON THE STATE OF ALASKA6

Table 1: PERS Membership, Salaries, and State SBS-AP Contributions, 20107

IMPACTS ON ALASKA STATE EMPLOYEES 10

Benefit Reduction Due to Government Pension Offset Provisions10

You asked us to examine the costs and consequences of returning the Alaska state employees who are members of the Public Employees’ Retirement System Tier IV defined contribution retirement plan to coverage under the federal Social Security program. Specifically, you were interested in the impact of making those employees eligible for Social Security’s “Old-Age, Survivors, and Disability Insurance” benefits.

Return to Social Security?

**VERY
DIFFICULT!**

- **Even with actuarial assessment of equivalency it would likely be left to courts to determine amounts**
- **The consistent message is extending Social Security to current non - covered employees raises overall cost of retirement plans substantially**

Supplemental Benefit System (SBS)

aka Alaska Supplemental Annuity Plan

- **Created by the State to replace Social Security**
- **Most School Districts and Municipalities did not join SBS**
- **Therefore, large number of Public Employees are without either SS or SBS**

Health Reimbursement Arrangement (HRA)

- A HRA must be funded solely by an employer per IRS
- Not paid through voluntary salary reduction agreement on the part of employee
- Employee pays no federal taxes or employment taxes on money put in HRA by employer
- Used tax free for qualified medical expenses, not included in employee's income
- Unused amounts can be carried forward for years

Safeguards in place

- **Protect against downside risk**
- **Triggers to increase contributions**
- **Adjust benefits if needed to keep plan solvent**
- **Conservative rate of return**

Cost Savings

- **Retain employees**
- **Save recruitment costs**
- **Save onboarding costs**
- **Retain experience & knowledge**



SB 88 Structure

CONCLUSION

- Alaska's workforce challenges, recruiting and retaining public workforce are the primary motivation driving this legislation.
- **Pensions remain the best fiscal choice for the state to meet these goals: recruitment and retention.**

THANK YOU



Questions ?

Senator Cathy Giessel

District E

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Addendum



PERS - Tier III and Tier IV Comparison

All Other Members

(From Slide# 7)

Hypothetical Salaries			V/S	Actual Salaries as of 2022					
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8	15.17%	9.81%		24	9.34%	448	8.73%	59	11.46%
9	17.06%	11.27%		21	9.71%	419	9.91%	56	12.42%
10	18.96%	12.80%		28	11.68%	402	11.06%	56	13.97%
11	21.09%	14.38%		10	13.58%	324	12.84%	47	16.21%
12	23.22%	16.04%		18	13.96%	303	14.25%	55	17.63%
13	25.36%	17.76%		12	16.40%	215	15.80%	42	19.28%
14	27.49%	19.55%		10	16.69%	214	16.65%	27	21.20%
15	29.62%	21.42%		10	19.22%	207	17.96%	20	23.55%
16	31.75%	23.37%		5	20.11%	138	18.67%	8	25.84%
17	33.89%	25.39%		0		10	20.98%	1	25.99%
Total Actual Members:>				214		3,901		528	



Additional details for the analysis are shown in the appendix (Slides 21 and 22)

11

PERS - Tier III and Tier IV Comparison

Peace Officers/Firefighters

(From Slide# 8)

Hypothetical Salaries			V/S	Actual Salaries as of 2022					
PERS PO/FF	DB Plan	DC Plan		Actual Plan Data (as of 2/1/2023)					
		(Projected ROR=7%)		Comparable Salaries		All Salaries		RoR >= 7% Projection	
Total Service	A: Salary Replacement Ratio	B: Salary Replacement Ratio		Members	C: Salary Replacement Ratio	Members	D: Salary Replacement Ratio	Members	E: Salary Replacement Ratio
5	9.73%	5.75%		1	4.92%	48	4.90%	1	5.80%
6	11.68%	7.05%		3	6.16%	87	5.72%	3	7.71%
7	13.63%	8.40%		2	6.95%	81	6.58%	1	8.69%
8	15.58%	9.81%		1	7.81%	75	8.08%	7	10.54%
9	17.52%	11.27%		2	9.80%	67	8.98%	2	11.80%
10	19.47%	12.80%		4	10.27%	55	10.09%	3	14.49%
11	21.90%	14.38%		5	12.06%	56	12.21%	8	16.41%
12	24.34%	16.04%		3	15.14%	51	14.17%	12	17.32%
13	26.77%	17.76%		1	14.31%	22	14.24%	1	18.12%
14	29.20%	19.55%		1	18.39%	31	15.19%	2	19.76%
15	31.64%	21.42%		1	19.08%	65	16.87%	5	22.29%
16	34.07%	23.37%		2	19.17%	31	16.99%	2	24.78%
17	36.51%	25.39%		0		3	18.91%	0	
Total Actual Members:>				26		672		47	



Additional details for the analysis are shown in the appendix (Slides 23 and 24)

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TRS - Tier II and Tier III Comparison

Teachers

(From Slide# 9)

Hypothetical Salaries			V/S	Actual Salaries as of 2022					
TRS	DB Plan	DC Plan (Projected ROR=7%)		Actual Plan Data (as of 2/1/2023)					
Total Service	A: Salary Replacement Ratio	B: Salary Replacement Ratio		Comparable Salaries		All Salaries		RoR >= 7% Projection	
				Members	C: Salary Replacement Ratio	Members	D: Salary Replacement Ratio	Members	E: Salary Replacement Ratio
5	9.73%	6.64%		2	6.28%	35	5.77%	2	7.44%
6	11.68%	8.13%		14	6.93%	226	6.66%	14	9.22%
7	13.63%	9.69%		28	8.18%	214	7.93%	7	10.92%
8	15.58%	11.31%		21	9.52%	252	9.49%	19	12.45%
9	17.52%	13.00%		18	11.22%	198	10.76%	8	14.21%
10	19.47%	14.76%		25	13.21%	196	12.48%	10	15.91%
11	21.42%	16.60%		22	15.03%	152	14.05%	10	18.12%
12	23.36%	18.51%		15	17.03%	153	15.90%	13	19.58%
13	25.31%	20.49%		8	19.05%	124	17.64%	8	22.46%
14	27.26%	22.56%		16	20.16%	149	19.25%	9	26.26%
15	29.20%	24.72%		15	19.59%	120	19.78%	3	27.09%
16	31.15%	26.96%		19	21.99%	109	21.08%	1	27.36%
17	33.10%	29.30%		12	23.70%	60	22.30%	1	29.89%
Total Actual Members:>				215		1,988		105	



Additional details for the analysis are shown in the appendix (Slides 25 and 26)

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