Retire-
ment

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
DIVISION OF RETIREMENT & BENEFITS
POUCH CR
JUNEAU, ALASKA 99811

Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental-Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

Bill Sheffield, Governor

Appendix IV

(907) 465-4460

September 15, 1983

These letters were sent to all PERS and TRS employers. The numbers in the spaces on questions 1 and 2 represent a tally of the responses.

Dear PERS Employer:

We are in the process of reviewing the benefit structure in the Public Employees' Retirement System (PERS). As you know, the statutory goal (AS 39.35.010) of the PERS is to attract and retain qualified employees. The purpose of the review is to determine the extent to which the statutory goal is being achieved at a reasonable cost to employers. We expect this review to have an impact on future legislative proposals and thus on future benefits to PERS employees and costs to you and the other PERS employers.

Recognizing that it is the benefits provided by the system that help to attract and retain qualified employees but at the same time determine the ultimate costs to participating employers, we are soliciting your help in this review. Please take a few minutes to answer the questions below and on the back. We would appreciate you returning this letter to us by October 1 if possible. Please feel free to call Tom Linklater at 465-4461 if you have any questions.

Thank you.

Sincerely,

J.K. Humphreys

J.K. Humphreys
Director

1.(a) Do you feel that the benefits currently provided in the PERS are sufficient to attract qualified employees to your organization? YES 26 NO 6

(b) If "yes" in (a) above, do you feel that benefits (and therefore costs) might be reduced in some areas without unduly sacrificing that effectiveness? YES 18 NO 15

(c) If "no" in (a) above, do you feel that benefits (and therefore costs) should be enhanced in some areas to improve effectiveness? YES 4 NO 2

02-84LH

NOTE: Please Include Your Social Security Number In All Correspondence & Requests

(over)

2.(a) Do you feel that the benefits currently provided in the PERS are sufficient to retain qualified employees in your organization? YES 37 NO 5

(b) If "yes" in (a) above, do you feel that benefits (and therefore costs) might be reduced in some areas without unduly sacrificing that effectiveness? YES 16 NO 17

(c) If "no" in (a) above, do you feel that benefits (and therefore costs) should be enhanced in some areas to improve effectiveness? YES 3 NO 2

3. Suggestions for possible benefit/cost reductions, if any.

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4. Suggestions for possible benefit enhancements/cost increases, if any.

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5. General comments (if more space is required, please attach additional sheets).

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6. Name of person completing this form: ____________________

Please return this completed form by October 1, 1983, to the Division of Retirement & Benefits, Pouch CR, Juneau, AK 99811. Thank you.

JKH/mm

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT & BENEFITS
POUCH CR
JUNEAU, ALASKA 99811

Teachers' Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees' Voluntary Dental Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

Bill Sheffield, Governor

(907) 465-4460

September 15, 1983

Dear TRS Employer:

We are in the process of reviewing the benefit structure in the Teachers' Retirement System (TRS). As you know, the statutory goal (AS 14.25.012) of the TRS is to attract and retain qualified employees. The purpose of the review is to determine the extent to which the statutory goal is being achieved at a reasonable cost to employers. We expect this review to have an impact on future legislative proposals and thus on future benefits to TRS employees and costs to you and the other TRS employers.

Recognizing that it is the benefits provided by the system that help to attract and retain qualified employees but at the same time determine the ultimate costs to participating employers, we are soliciting your help in this review. Please take a few minutes to answer the questions below and on the back. We would appreciate you returning this letter to us by October 1 if possible. Please feel free to call Tom Linklater at 465-4461 if you have any questions.

Thank you.

Sincerely,

J.K. Humphreys

J.K. Humphreys
Director

1.(a) Do you feel that the benefits currently provided in the TRS are sufficient to attract qualified employees to your organization? YES 26 NO 5

(b) If "yes" in (a) above, do you feel that benefits (and therefore costs) might be reduced in some areas without unduly sacrificing that effectiveness? YES 4 NO 19

(c) If "no" in (a) above, do you feel that benefits (and therefore costs) should be enhanced in some areas to improve effectiveness? YES 5 NO ____

2.(a) Do you feel that the benefits currently provided in the TRS are sufficient to retain qualified employees in your organization? YES 29 NO 2

(b) If "yes" in (a) above, do you feel that benefits (and therefore costs) might be reduced in some areas without unduly sacrificing that effectiveness? YES 3 NO 2

(c) If "no" in (a) above, do you feel that benefits (and therefore costs) should be enhanced in some areas to improve effectiveness? YES 2 NO ____

3. Suggestions for possible benefit/cost reductions, if any.

____

____

4. Suggestions for possible benefit enhancements/cost increases, if any.

____

____

5. General comments (if more space is required, please attach additional sheets).

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6. Name of person completing this form: ______________________

Please return this completed form by October 1, 1983, to the Division of Retirement & Benefits, Pouch CR, Juneau, AK 99811. Thank you.

JKH/mm

Review of Benefits in the

State of Alaska Retirement Systems

Division of Retirement & Benefits

October 1983

Introduction

The purpose of this report is to review and compare the retirement benefits provided by the State of Alaska. It was prepared in response to a recommendation of the Legislative Budget and Audit Committee in the course of a performance audit of the Division of Retirement and Benefits conducted by the Legislative Auditor.

Retirement benefits comprise an important part of total compensation which, from an employer's point of view, should be sufficient to attract and retain qualified employees. From an employee's point of view, an increase in benefits is desirable even though existing benefits may be sufficient to attract and retain that employee. The efficiency of the state's retirement systems is important since the cost of any excesses is ultimately borne by the citizens of the state. Retirement benefits must be judged according to their effectiveness in achieving objectives; removing benefits that are not effective produces savings to reduce the overall cost of the program and help fund other worthwhile benefits.

Retirement benefits are provided by the state through four separate systems: the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the Judicial Retirement System (JRS), and the Elected Public Officers Retirement System (EPORS). This report will provide background information which applies generally to all of the systems and then briefly describe the history and purpose of each system individually. The next section will outline and compare the benefits provided in these systems and give an indication of the benefits provided in other states.

The study of death and disability benefits presents a complex challenge in its own right; to limit the scope of this report to manageable proportions, pending review by the PERS and TRS Disability Re iew Board, these benefits are not included in this initial review.

Having reviewed the benefit structures, we will provide estimates of the cost impact of selected changes and recommend areas in which we believe further discussion and possible change are indicated.

Hopefully, this report will provide a basis for deliberation and discussion by the many interested parties and groups. Benefits in the Alaska retirement systems are generous, effective and costly. The ultimate objective is to develop legislation which will balance the interests of all concerned, institute an automatic, actuarially funded post retirement pension adjustment (PRPA) mechanism, and improve the cost effectiveness of the systems in achieving the goal of attracting and retaining qualified employees.

General Background

All four of the retirement systems discussed in this report are defined benefit plans; that is, the benefits provided are defined in statute and do not directly depend on the amount of contributions made by or on behalf of the employee. This is in contrast to a "defined contribution" plan such as the annuity plan in the state's Supplemental Benefits System (SBS) where the amount of the benefit an employee may receive at any given time is completely dependent on the balance in that employee's individual benefit account.

The PERS, the TRS, and the JRS are actuarially funded. Each year the actuary computes the amount, in addition to employee contributions, that will be required from the state and other employers to pay for benefits in the system. This is in contrast to pay-as-you-go systems such as the EPORS and social security where current benefits are paid out of current revenues on a year-to-year basis and no attempt is made to balance assets and liabilities. Even if pay-as-you-go systems do not find themselves in real financial difficulty because of accumulating unfunded liabilities, they certainly pass the buck to future generations and present a misleading picture of the costs. The object of actuarial funding is to pay for benefits as they accrue at a stable percentage of payroll. Funding for retirement benefits over each employee's working years avoids the necessity of cutting benefits for future members or, in some cases, a bankrupt system which defaults on obligations. Ideally, a system could be discontinued and the accumulated assets would be sufficient to pay all the accrued benefits.

When an actuary determines the amount of employer contributions, it is intended to cover current costs of benefits as they accrue and to reduce any unfunded liability that may exist in a system. The term unfunded liability refers to an excess of accrued liabilities over assets and may be produced by such things as benefit increases with a retroactive effect, fund earnings which fall short of expectations, or a shortfall in employer contributions.

Without regard to the funding mechanism, the ultimate costs of a retirement system depend on the benefits that are provided. When considering benefit changes and their cost impact it is important to be aware of the legal restrictions on change. Retirement benefits provided under the state plans may not be collectively bargained and can only be changed by statute. In addition, Article XII, Section 7 of the Constitution of the State of Alaska reads: "Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired." This provision has been broadly construed by the courts to mean not only that benefits that have accrued (in the past) cannot be diminished but also that the right to accrue benefits under a given statute cannot be abridged unless the reduction is offset by a simultaneous increase. This clearly limits the power to make significant changes and also means that changes in the law that do take place tend to create new classes of members and complicate administration.

A striking application of the constitutional prohibition against the diminishment of benefits involved the Elected Public Officers Retirement System. The system was established on January 1, 1976, and then repealed by referendum on October 14, 1976. However, the Alaska Supreme Court held that under the Alaska Constitution all 62 people who had been members of the EPORS during its 10½ months of existence were entitled to continue their participation. Although there can be no new members of the EPORS, the EPORS continues to be administered for this original group.

Another landmark decision was issued by the Alaska Supreme Court in May, 1981 in the Hoffbeck v. Hammond case. This decision stated that an employee gains a right to benefits on the date of hire rather than on the date the employee becomes vested or eligible to receive benefits; benefits may be increased but not decreased for existing employees. A decrease in retirement benefits (for example, an increase in contribution rate without an offsetting increase elsewhere) can only apply to new employees; statutory amendments that operate to a given employee's disadvantage must be offset by comparable new advantages to that employee. The result is the "ratchet effect", a principle of "no turning back" in employee benefits; what has been granted to an employee may not be removed.

The factors mentioned in this section must be kept in mind when considering amendments to the state retirement plans. The task of designing benefits that are equitable, effective and affordable in systems that are actuarially sound becomes even more challenging when many otherwise viable alternatives are foreclosed.

Overview of the Systems

This section will address each of the four systems individually. For each system we will provide general information, an historical outline of significant events that have affected the system and a review of employer contributions.

Teachers' Retirement System (TRS):

The TRS became effective July 1, 1955. Under AS 14.25.012, the purpose is "... to encourage qualified teachers to enter and remain in service with participating employers by establishing a system for the payment of retirement, disability, and death benefits to or on behalf of the members." Qualified members of the TRS include:

a) Certificated full- or part-time teachers, certificated school nurses or a certificated person in a position requiring a teaching certificate as a condition of employment in a public school of the state;

b) The Commissioner of Education and all supervisory positions in the Department of Education;

c) Full- or part-time teachers of the University of Alaska or a person occupying an approved full-time administrative position at the University of Alaska; and

d) State legislators who elect membership under AS 14.25.040(b).

An administrator is appointed by the Commissioner of Administration and serves as secretary of the Alaska Teachers' Retirement Board. The Board consists of five members appointed by the Governor [illegible] oping three-year terms.

A. Significant events in the TRS

1955	TRS created Normal retirement age 60 Employee contribution rate of 5% of salary not to exceed $300 per year Benefit Multiplier 1½%
1966	Ad hoc PRPA's - maximum of 1½%
1968	Vesting reduced from 15 years of membership service to 10 years of membership service
1970	Employer contribution rate actuarially determined Employee contribution rate increased to 7% Multiplier increased to 2%
1971	Vesting reduced to 8 years of membership service
1974	Ad hoc PRPA maximum increased to 4%
1975	Normal retirement age lowered from 60 to 55 and "20-and-out" provision added Health insurance provided for benefit recipients and their dependents

B. TRS Contribution Rate History

School Year	Member Contribution Rate	Employer Matching Contribution Rate	State Matching Contribution Rate
1955-70	5%	2.50%*	2.50%*
1970-71	7%	4.5425%	4.5425%
1971-72	7%	4.91%	4.91%
1972-73	7%	4.91%	4.91%
1973-74	7%	5.61%	5.61%
1974-75	7%	5.61%	5.61%
1975-76	7%	6.82%	6.82%

B. TRS Contribution Rate History (continued)

School Year	Member Contribution Rate	Employer Matching Contribution Rate	State Matching Contribution Rate
1976-77	7%	7.09%	7.09%
1977-78	7%	6.70%	6.70%
1978-79	7%	7.06%	7.06%
1979-80	7%	7.45%	7.45%
1980-81	7%	7.37%	7.37%
1981-82	7%	8.42%	8.42%
1982-83	7%	8.45%	8.45%
1983-84	7%	8.71%	8.71%

* Contribution rate not actuarially determined

Public Employees' Retirement System (PERS):

Under AS 39.35.010, the PERS became effective January 1, 1961, with a purpose "...to encourage qualified personnel to enter and remain in the service of the state or a political subdivision or public organization of the state by establishing a system for the payment of retirement, disability, and death benefits to or on behalf of the employees."

The PERS is composed of two subsystems: Peace Officer/Fireman (P/F) coverage and All Other (PERS) coverage. Qualified members of the PERS include:

a) All permanent state employees unless included in another retirement system, and

b) All permanent employees of participating political subdivisions and public organizations in compliance with their participation agreement, and

c) peace officers, chiefs of police, correctional officers, correctional superintendents, and firemen and fire chiefs.

An administrator is appointed by the Commissioner of Administration and serves as secretary to the Alaska Public Employees' Retirement Board. The Board is composed of five members, three of whom are members of the state personnel board and the other two are members of the system and are elected by the members of the system.

A. Significant Events in the PERS

1961 PERS created
PERS normal retirement age 65, P/F 60

1968 Employee contribution rate set at 3.5%
Multiplier 1% (1-10 yrs.), 1¼% (11-20 yrs.), 1½% (over 20 yrs.)
Ad hoc PRPA's - maximum 1½%

1970 P/F contribution rate separated and increased to 5%
P/F multiplier separated and increased to 2% (1-10 yrs.), 2½% (over 10 years)
PERS multiplier increased to 1% (1-10 years), 1½% (11-20 yrs.), 2% (over 20 yrs.)
PERS normal retirement age reduced to 60, P/F reduced to 55

1972 PERS employee contribution rate increased to 4.25%
Ad hoc PRPA maximum increased to 4%
Vesting requirement reduced from 8 years to 5 years
PERS multiplier increased to 1½% (1-10 yrs.), 1 3/4% (11-20 yrs.), 2% (over 20 yrs.)

1974 PERS multiplier increased to 2% for all years of service

1975 PERS normal retirement age reduced to 55
Health insurance provided for benefit recipients and their dependents

B. State PERS Contribution Rates

	Peace Officer/Fireman		All Other	
Effective Date	Employee Rate	Employer Rate	Employee Rate	Employer Rate
01/01/61	1.5%*	4.000	1.5%*	4.000
01/01/62	1.375%*	3.875	1.375%*	3.875
01/01/63	0.875%*	3.375	0.875%*	3.375
01/01/66	0.3%*	2.800	0.3%*	2.800
01/01/67	0.1%*	2.600	0.1%*	2.600
07/01/67	0.1%*	4.363	0.1%*	4.363
07/01/68	3.5%	7.000	3.5%	7.000
07/01/69	3.5%	3.500	3.5%	3.500
07/01/70	5.0%	8.000	3.5%	8.000
07/01/71	5.0%	7.840	3.5%	7.840
07/01/72	5.0%	11.210	4.25%	11.210

B. State PERS Contribution Rates (continued)

	Peace Officer/Fireman		All Other	
Effective Date	Employee Rate	Employer Rate	Employee Rate	Employer Rate
07/01/73	5.0%	5.410	4.25%	5.410
07/01/75	5.0%	8.320	4.25%	8.320
07/01/76	5.0%	11.180	4.25%	11.180
07/01/77	5.0%	11.580	4.25%	11.580
07/01/78	5.0%	12.580	4.25%	12.580
07/01/79	5.0%	12.240	4.25%	12.240
07/01/80	5.0%	13.660	4.25%	13.660
07/01/81	5.0%	14.000	4.25%	14.000
08/01/81	5.0%	22.350	4.25%	12.690
07/01/82	5.0%	22.360	4.25%	12.710
07/01/83	5.0%	19.990	4.25%	13.200

* The total employee rate of 4.5% included FICA contributions; the rate shown in this table is net of FICA contributions.

Judicial Retirement System (JRS):

The JRS became effective July 1, 1963. No statement of purpose was enacted. Members of the JRS include all supreme court justices, judges of the court of appeals, superior court or district court, and the Administrative Director of the Alaska Court System appointed under art. IV, sec. 16 of the state constitution.

Responsibility for the administration of the JRS has been delegated by the Commissioner of Administration to the Director of the Division of Retirement and Benefits. The Commissioner of Administration adopts regulations as required for the JRS.

A. Significant Events in the JRS

1963 JRS created
Employee contribution rate of 5%
Normal retirement at age 65 with 10 years of service or when age plus service equals 75
Benefit Multiplier 4% with maximum 50% of salary at retirement
Vesting requirement 5 years

1967 Employee contributions repealed
Multiplier increased to 5% with maximum 75% of authorized salary; benefits automatically increase with salaries

1972 Normal retirement age decreased to 60
Health insurance provided for benefit recipients and their dependents

1978 Employee contributions reinstated; 7% for members appointed on or after 7-1-78

1981 System placed under administrative responsibility of Division of Retirement & Benefits
System placed on actuarially funded basis; employer contribution rate figured on <u>gross salary</u>

1982 Employer contribution rate figured on <u>base salary</u>

B. JRS Contribution Rates

Year	Employee Rate	Employer Rate
1963	5.0%	*
1964	5.0%	*
1965	5.0%	*
1966	5.0%	*
1967	0	*
1968	0	*
1969	0	*
1970	0	*
1971	0	*
1972	0	*
1973	0	*
1974	0	*
1975	0	*
1976	0	*
1977	0	*
1978	7.0%**	*
1979	7.0%**	*
1980	7.0%**	*
1981	7.0%**	*
1981	7.0%**	96.02%
1982	7.0%**	104.78%

* Employer contribution funded through a single Court System operating appropriation each year

** Employee contribution rate applies only to members appointed after 7-1-78

Elected Public Officers Retirement System (EPORS):

The EPORS became effective January 1, 1976, and was repealed by referendum in October 1976. The system covers a defined group of elected officials and is closed to new members. Members of the EPORS included the governor, lieutenant governor, and members of the legislature during the period between January and October 1976. Elected public officers are now covered under the PERS.

Responsibility for the administration of the EPORS has been delegated by the Commissioner of Administration to the Director of the Division of Retirement and Benefits. The Commissioner of Administration adopts regulations as required for the EPORS.

A. Significant events in the EPORS

1976 EPORS created effective in January
Employee contribution rate of 7%
Normal retirement at age 60
Benefit Multiplier 5% for membership service; 2% for other credited service
Vesting requirement 5 years of membership service
Benefits automatically increase with salaries
Health insurance provided for benefit recipients and their dependents
EPORS repealed by referendum effective in October

1981 System reinstituted by State Supreme Court for all members participating when the repeal became effective

B. EPORS Contributions

Year	Employee Rate	Appropriations for Benefits
1976	7.0%	$ 15,900
1977-1980	7.0%	$ 15,900/yr
1981	7.0%	$225,100

B. EPORS Contributions (continued)

Year	Employee Rate	Appropriations for Benefits
1982	7.0%	$225,900
1983	7.0%	$292,900
1984	7.0%	$547,400

Benefit Comparisons

This section of the report will be structured in two parts. The first part will compare benefits in the Alaska PERS, TRS, EPORS and JRS; Appendix I provides a comparison in chart form. The second part will compare benefits in the TRS, PERS, and JRS with those provided in other states; Appendix II gives further information on benefits in other states.

This report will concentrate on a few major items which can be easily compared among the Alaskan systems and with the other states. These items are:

(1) vesting requirements,

(2) minimum eligibility requirements for normal retirement,

(3) retirement benefit formula,

(4) employee contribution rate,

(5) post retirement pension adjustments, and

(6) health insurance.

Comparison between Alaska's Systems:

Vesting

Vesting is the term used to describe an employee's right to receive a retirement benefit regardless of whether the employee remains in the service of the employer. Members of the PERS, EPORS and JRS vest with five years of service. The TRS requires eight years to vest.

Minimum Eligibility For Normal Retirement

Most public retirement systems require a combination of age and service credit to qualify for normal (unreduced) retirement benefits. Basic requirements in the Alaska systems are:

PERS	Age 55 and vested or any age with 30 years of service.
PERS-P/F	Age 55 and vested or any age with 20 years of P/F service.
TRS	Age 55 and vested or any age with 20 years of membership service.
EPORS	Age 60 and vested.
JRS	Age 60 and vested.

Retirement Benefit Formula

Most retirement systems use a straightforward formula which uses a benefit multiplier, years of service, and salary. The exact meaning of salary is important and varies from system to system.

PERS (2%) X (years of service) X (salary)

PERS-P/F	(2%) X (years of service) X (salary) for years 1-10 plus (2½%) X (years of service) X (salary) for all years greater than 10
TRS	(2%) X (years of service) X (salary)
EPORS	(5%) X (years of EPORS service) X (salary) plus (2%) X (years of other service) X (salary)
JRS	(5%) X (years of service) X (salary)

Employee Contribution Rate

Employee contribution rates for the Alaska systems are as follows:

PERS	4.25%
PERS-P/F	5%
TRS	7%
EPORS	7%
JRS	7% only for judges appointed on or after 7/1/78

Post Retirement Pension Adjustment (PRPA)

Ad hoc PRPA's in the PERS and TRS are provided if the cost of living has increased and if the condition of the fund permits. Alaska JRS and, in most cases, EPORS retirement benefits automatically increase as salaries for judges and elected officials increase.

Health Insurance

Health insurance is provided to benefit recipients and their dependents in the PERS, TRS, EPORS and JRS. The current monthly cost is $156.07 for each benefit recipient.

Comparison with Systems in other States:

This section compares the PERS and TRS with systems in other states. Twenty-four states have a single retirement system covering both teachers and public employees. We have used data from the "1982 Comparative Survey of Major Public Pension Plans" which is Appendix II. A recent survey comparing Judicial Systems in sixteen western states is included as Appendix III. The majority of states (39) provide benefits to judges that are more generous than the benefits provided to regular state employees. Only six states provide judges the same benefits as regular state employees.

Vesting

In comparing the Alaska PERS with other state employee systems, twenty-five states allow employees to vest after ten years of service.

Nineteen states, including Alaska, allow employees to vest with five years of service. The remaining states vest employees after 15 years (one state), eight years (one), four years (three) and one state allows employees to vest immediately.

In comparing the Alaska TRS with other separate state teacher systems, fourteen states allow employees to vest after ten years of service. Ten states vest employees after five years with New Jersey vesting after fifteen years and Alaska vesting after eight years.

Minimum Eligibility For Normal Retirement

The Alaska PERS standard for normal retirement is among the most liberal in the country. Half the states set normal retirement at age 65 with minimum service requirements ranging from four years to ten years. Another five states allow employees to retire without reduction at age 62; 17 states at age 60; and one state at age 58. Only Alaska and Hawaii allow normal retirement at age 55 with minimum service of five years. Other states which allow normal retirement at age 55 require service of 25 or 30 years. Of the 50 public employee retirement plans, 16 have a "30-and-out" provision, and four have a "35-and-out" provision.

The Alaska TRS is the most liberal of all the teachers' systems with retirement at age 55 or with only 20 years of service. Thirteen of the other teacher systems have a minimum eligibility requirement of age 60 with six of those requiring five years service, four requiring ten years, one requiring 20 years, and two having no service requirements. Eight systems have age 65 with from five to ten years service. Four systems have age 62 with two of those requiring ten years, one requiring 20 years, and one having no service requirement.

Retirement Benefit Formula

Comparing benefit formulas nationwide is not straightforward. Many state retirement plans are integrated with Social Security. Currently, 43 states participate in Social Security. Twenty-three of these have a benefit multiplier of less than 2%, one has a 2.0125 multiplier, and the remainder have variable multipliers. Of the seven states which do not participate in Social Security, three have a multiplier of 2.5%; three, including Alaska, use a multiplier of 2%; and one uses a variable multiplier with a maximum of 2.5%. Of the four states with a fixed multiplier higher than Alaska's, three do not provide Social Security or other supplemental benefits. Most employees of the State of Alaska are eligible to receive additional retirement income through the Supplemental Benefits System.

The benefit multipliers in other state teachers' systems range from 1% to 2.5%. Twelve states have benefit multipliers less than 2%, twelve (including Alaska) have multipliers equal to 2%, and two have multipliers greater than 2%. Please refer to Appendix II for more information.

Employee Contribution Rate

Employee contribution rates in Public Employees' systems vary from .25% to 8.95%. Six states do not require any employee contributions and one has a variable rate based on age. Of the states which require employee contributions, 30 have rates greater than 4.25%, and 12 have rates less than 4.25%.

Contribution rates in systems for teachers only range from 3% to 9.5% with one state having a variable rate. Five of the states having a defined rate have rates greater than 7%, and 19 have rates less than 7%.

Appendix II contains information about employee rates and also has information about the rates which employers pay.

Post Retirement Pension Adjustments

With the runaway inflation of the '70's, a major concern of most public retirement systems was to protect the purchasing power of benefits. Most public plans have adopted some method of increasing benefits. Twenty-two states increase benefits annually in response to changes in the Consumer Price Index (CPI). Seven states increase benefits annually from 1% to 6% independent of changes in the CPI. The remaining 21 states, Alaska included, provide ad hoc increases which depend on available funding.

Most teachers' systems have also adopted some method of increasing benefits. Ten of the systems increase benefits annually based on changes in the CPI; most of these place a maximum on the increase of 2% through 5% with one state, New Jersey, having a 66% of CPI formula. Three systems have automatic increases ranging from 1% to 3% with one state adjusting benefits annually in proportion to investment returns. The remaining twelve states, Alaska included, have ad hoc PRPA provisions.

Health Insurance

According to a survey published by Martin E. Segal Co., Alaska ranks at the top of the thirteen states which pay the full cost of at least one option of insurance coverage for retirees. In sixteen states the retiree pays the full cost while the state pays nothing.

Conclusions and Recommendations

Overall, benefits for employees in the retirement systems of the State of Alaska are more generous than those provided in the majority of other states. In general, the Alaska systems seem to be achieving the goal of attracting and retaining qualified employees but equity and efficiency could be improved. The results of our survey of PERS and TRS employers (see Appendix IV) support the conclusion that current benefits in those systems are adequate to achieve their purposes. We feel that consideration should be given to legislation in the following areas:

1. Post Retirement Pension Adjustments (PRPA's). Continuing to grant "ad hoc" PRPA's in the PERS and TRS will result in continuing increases in employer contribution rates, growth in unfunded liabilities, and reduced actuarial soundness of the funds. Also, we feel that retirees have a right to know in advance what protection they may expect from inflation. PRPA's should be automatic and actuarially funded. In order to contain costs, they should be provided to older retirees rather than those who are able to continue working or who are actually pursuing second careers. Enacting an automatic PRPA to replace 75% of the loss from inflation for retirees 65 and older would require approximately 4.9% of payroll in the PERS and 8% in the TRS.

   The JRS contains a provision (AS 22.25.020) which ties benefits to the salary of office and amounts to full cost of living protection. Considerable cost savings would result from applying the same automatic PRPA mechanism to the JRS that might be enacted for the PERS and TRS.

.2. Cost Containment. We feel retirement cost savings could be achieved in the following areas to at least partially offset the cost of an automatic PRPA with the least impact on the systems' ability to attract and retain qualified employees. About half of the PERS employers responding to our survey felt some cutbacks could be accomplished without unduly impairing effectiveness, but most TRS employers felt that benefit/cost reductions would unduly impair effectiveness.

- Requirements for normal retirement. Requirements for normal retirement in the Alaska PERS and TRS are lower than those in virtually all systems in other states. Providing lifetime retirement benefits to relatively young retirees is very expensive, particularly when medical coverage is included. Early retirement options provide an incentive for members to seek employment outside the system rather than remaining in the system. Life expectancy is increasing and the Social Security system is increasing the normal retirement age from 65 to 67. In light of all this, it is difficult to understand what public purpose is served by paying a retiree benefits for thirty or forty years in consideration of as little as twenty years of service.

  Increasing normal retirement age from 55 to 60 (early retirement at age 55) would cut costs by approximately 3.54% of pay in the PERS and 5.25% in the TRS. Eliminating the 20-and-out and other provisions which allow normal retirement at any age in the TRS with less than 30 years of service would reduce costs by about 1.65%.

Peace officers and firemen in the PERS also have the option to retire at any age with 20 years of service. While it is common to have special retirement provisions for police and fire members, a 20-and-out provision still counters the retention objective and consideration should be given to a temporary, retraining benefit in lieu of a lifetime benefit.

o Employee Contributions. Increasing the share of system costs borne by employees is an obvious way to help contain employer costs in a retirement system. Until 1971, the employee rate in the TRS equaled the sum of the employer and state matching rates; now it is less than half that amount. The employee contribution rate in the PERS was half the employer rate in 1968 when the FICA contribution was separated; now it is less than a third as much.

If an employer "pick up" arrangement were instituted, employee contributions could be increased quite a bit without any significant decrease in current take-home pay for the average employee. Appendix V shows the projected impact on take-home pay at various contribution rates under a "pick up" scheme. Taxes on picked up employee contributions would usually be deferred until retirement when the retiree is typically in a lower tax bracket.

- Cost of Living Allowance (COLA). The 10% COLA paid to retirees who reside in Alaska should at least be limited to retirees over the age of 65. This would save about 0.5% in the TRS and 0.8% in the PERS. Depending on the solution that emerges for the Longevity Bonus Program, the COLA might be eliminated altogether and reduce costs by 0.9% in the TRS and 1.2% in the PERS.

- Military Service Credit. Employees can now claim military service in the PERS and the TRS regardless of when the service was rendered, and even if a federal pension is being paid for the same service. Eliminating the "double dipping" on military service would improve equity and save an estimated 0.5% of pay in the PERS and 0.1% in the TRS.

- Medical Benefits. The premium paid in Alaska to provide lifetime major medical coverage for retirees in the PERS, TRS, JRS and EPORS is among the highest in the nation. These costs could be reduced by 1.8% of pay in the PERS and 2.0% in the TRS if these benefits were not provided until age 65; a retiree could be allowed to purchase insurance at the group rate prior to age 60, or at one-half the group rate between the ages of 60 and 65, or with 20 years of service.

3. Unified system. Ideally, members of the PERS, TRS and JRS should be covered by a single retirement system that incorporated an automatic, funded PRPA and cost-containment features such as those mentioned in this report. At this juncture, there do not appear to be any compelling reasons why the same basic features - PRPA, vesting,

contributions and qualifications for retirement - should not apply to all public employees. In the long run, a unified system would be more efficient and avoid questions of service portability and "leap-frogging". The political consensus necessary to create such a system would be difficult to achieve.

It is hoped that the background and recommendations in this report will prove useful to those concerned with legislation affecting state retirement systems in Alaska. The most desirable legislative proposal would feature an automatic, actuarially funded PRPA with an acceptable cost achieved by using some of the cost containment suggestions discussed in this report. It should be emphasized that the cost containment figures given are an indication of potential savings, but accurate fiscal information can't be produced until a specific proposal is formulated. For example, the cost savings for increasing the normal retirement age and increasing the age at which medical benefits begin are not additive because the benefits are interdependent. The Division of Retirement and Benefits will continue to provide whatever assistance it can in resolving the difficult issues that confront the legislature and the State of Alaska.

STATE OF WISCONSIN

RETIREMENT RESEARCH COMMITTEE

STAFF REPORT NO. 60

1982 COMPARATIVE SURVEY OF MAJOR PUBLIC PENSION PLANS

Prepared by RRC Staff
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June 22, 1982

122 W. Washington Ave.
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I. MAJOR PUBLIC PENSION PLANS - COVERAGE - SOCIAL SECURITY

A. Pension Plan Descriptions

Survey. Nearly every two years the RRC staff updates a comparison of pension plan provisions for the Wisconsin state-administered retirement funds with many major public pension plans. The 1982 survey includes 80 public plans from all of the other 49 states. In addition, comparative information has been tabulated for the Milwaukee pension plans (City and County) which operate under homerule powers, and also the Federal Civil Service Retirement System and the OASDI program.

Data. The RRC office maintains files on most major public retirement systems across the country, and we actively seek annual reports, employee handbooks, statutes, actuarial information, etc. Prior to this study the various state plans were asked for their most current information, and about 80% reponded. For those that did not respond, information was obtained from national surveys such as those published by the National Association of State Retirement Administrators (NASRA), the National Education Association (NEA), the Wyatt Company survey, etc. For nearly all funds listed, the information is current to the 1981-82 period.

Employee Coverage. The type of employees covered under the pension plans surveyed is designated on charts found on pages 3 and 4 of this report as "S" - state, "L" - local, and "T" - teachers. In some state plans there is some overlapping between these employee categories. Of the 80 states surveyed, the following summary of employee coverage is noted:

- State employees only	12 funds	15.0% of total
- Teachers only	26 funds	32.5% of total
- Local employees only	5 funds	6.3% of total
- State & local	15 funds	18.7% of total
- State & teacher	3 funds	3.8% of total
- State, local & teacher	19 funds	23.7% of total

With the recent passage of Chapter 96, Laws of 1981, the Wisconsin state-administered retirement funds have been merged into a single system called the Wisconsin Retirement System (WRS) which includes state, local, and teacher employees.

Active Employees. The 80 pension plans surveyed include 8.2 million public employees across the nation. The funds range in size from 6,050 in the Nebraska SERS to 609,434 in the New York ERS. Wisconsin's WRS after merger numbers about 193,000 active employees. The 80 public pension plans can be categorized by size as follows:

Active Employees	# of Funds	% of Total
Less than 50,000	34	42.5%
50,000 to 100,000	19	23.75%
100,000 to 150,000	12	15.0%
150,000 to 200,000	2	2.5%
Over 200,000	13	16.25%
Total	80 funds	100.0%

For comparison purposes, the Milwaukee City and County Funds have 14,381 and 11,214 active employees respectively. Also, the Federal Civil Service has about 2.7 million active employees and the OASDI has about 91.4 million contributing participants.

Social Security. OASDI coverage for public employee pension plans is voluntary instead of compulsory as found in the private sector. Of the 80 major pension plans surveyed, social security coverage is as follows:

- Funds with coverage 65 funds 81.25% of total
- Funds without coverage 15 funds 18.75% of total

Of the 15 funds without social security, 8 apply to pension plans with teachers only, and 7 have varied employee coverage. The Wisconsin WRS has Social Security coverage for nearly all of the covered participants, with minor exceptions for fire, separate teachers, etc.

Integration. Integration refers to the recognition of social security benefits in the design of private or public pension plans. Integration is very common in the private sector, but much less common in the public sector. Of the 65 public pension plans with social security coverage, the integration or lack thereof is as follows:

- No integration	51 funds	78.4% of total
- Step-up formulas	5 funds	7.7% of total
- Offset Integration	7 funds	10.8% of total
- Coordinated maximum	2 funds	3.1% of total
	65 funds	100.0%

"Step-up formula" integration means that a different multiplier is applied to various levels of salary. "Offset integration" means that the final benefit is offset in some manner by all or part of the recognized social security benefit. "Coordinated maximum" integration refers to plans which provide that benefits from the retirement system and social security cannot exceed some specified level. As noted, most public pension plans have no integration, and social security benefits are supplemental (in addition) to the benefits provided by the pension plan. The Wisconsin WRS has a "coordinated maximum" of 85% of final average salary relative to the pension benefit and the primary social security benefit.

B. CHART - PUBLIC RETIREMENT SYSTEMS SURVEYED

No.	State	Fund	EE Coverage	Actives	S.S Coverage	Soc. Sec. Integration
1.	Alab.	ERS	S-L	52,720	Yes	None
2.	Alab.	TRS	T	102,435	Yes	None
3.	Alas.	PERS	S-L	21,565	No	-
4.	Alas.	TRS	T	7,473	No	-
5.	Ariz.	SRS	S-L-T	125,978	Yes	None
6.	Arka.	PERS	S-L	36,633	Yes	Offset Benefit
7.	Arka.	TRS	T	35,352	Yes	None
8.	Cal.	PERS	S-L	561,547	Yes	Offset F.A.S.
9.	Cal.	TRS	T	264,108	No	-
10.	Col.	PERS	S-L-T	99,134	No	-
11.	Conn.	SERS	S	45,900	Yes	None
12.	Conn.	TRS	T	42,026	No	-
13.	Del.	SEPP	S-T	25,136	Yes	Maximum Limit (75% F.A.S.)
14.	Flor.	FRS	S-L-T	382,968	Yes	None
15.	Geor.	ERS	S	51,759	Yes	None
16.	Geor.	TRS	T	110,000	Yes	None
17.	Haw.	ERS	S-L-T	48,868	Yes	None
18.	Idaho	ERS	S-L-T	40,722	Yes	None
19.	Ill.	SERS	S	79,130	Yes	None
20.	Ill.	TRS	T	104,121	No	-
21.	Ill.	MRF	L	104,842	Yes	None
22.	Ind.	PERS	S-L	128,117	Yes	None
23.	Ind.	STRF	T	66,870	Yes	None
24.	Iowa	PERS	S-L-T	152,000	Yes	None
25.	Kans.	PERS	S-L-T	86,238	Yes	None
26.	Ken.	ERS	S-L	40,483	Yes	None
27.	Ken.	TRS	T	42,198	No	-
28.	Lous.	SERS	S	68,231	No	-
29.	Maine	SRS	S-L-T	42,292	No	-
30.	Mary.	SRS	S-L-T	80,309	Yes	Step-Up Formula
31.	Mass.	ERS	S	76,012	No	-
32.	Mass.	TRS	T	76,000	No	-
33.	Mich.	ERS	S	63,300	Yes	None
34.	Mich.	MERS	L	29,528	Yes	Step-Up Formula
35.	Mich.	PSERS	T	305,000	Yes	None
36.	Minn.	MSRS	S & Elec.	48,200	Yes	None
37.	Minn.	PERS	L	8[illegible],249	Yes	None
38.	Minn.	TRA	T	65,189	Yes	None
39.	Miss.	PERS	S-L-T	122,303	Yes	None
40.	Mou.	SER	S	34,106	Yes	None
41.	Mou.	PSRS	T	55,707	No	-
42.	Mont.	PERS	S-L	34,000	Yes	None
43.	Mont.	TRS	T	13,000	Yes	None
44.	Nebr.	SERS	S	6,050	Yes	Step-Up M.P. Plan
45.	Nebr.	TRS	T	27,731	Yes	None

(State-S; Local-L; Teacher-T)

PUBLIC RETIREMENT SYSTEMS SURVEYED
(continued)

No.	State	Fund	EE Coverage	Actives	SS Coverage	S.S. Integration
46.	Nev.	PERS	S-L-T	43,437	No	-
47.	N.H.	NHRS	S-L-T	26,693	Yes	Offset Benefit - Age 65
48.	N.J.	PERS	S-L	205,038	Yes	None
49.	N.J.	TRS	T	111,987	Yes	None
50.	N.M.	PERA	S-L	25,540	Yes	None
51.	N.M.	TRA	T	41,204	Yes	None
52.	N.Y.	ERS	S-L	609,434	Yes	Offset Benefit
53.	N.Y.	TRS	T	203,330	Yes	Offset Benefit
54.	N.C.	TSERS	S-T	242,972	Yes	None
55.	N.C.	LGERS	L	66,123	Yes	None
56.	N.D.	PERS	S-L	9,481	Yes	None
57.	N.D.	TRF	T	10,282	Yes	None
58.	Ohio	PERS	S-L	258,539	No	-
59.	Ohio	STRS	T	179,733	No	-
60.	Okla.	PERS	S-L	37,599	Yes	None
61.	Okla.	TRS	T	54,764	Yes	None
62.	Oreg.	PERS	S-L-T	101,094	Yes	None
63.	Penn.	SERS	S	121,973	Yes	None
64.	Penn.	PSERS	T	216,333	Yes	None
65.	R.I.	ERS	S-T	27,394	Yes	None
66.	S.C.	SRS	S-L-T	231,069	Yes	Step-Up Formula ($4,800)
67.	S.D.	SRS	S-L-T	26,854	Yes	Offset Benefit
68.	Tenn.	CRS	S-L-T	141,725	Yes	Step-Up Formula
69.	Tex.	ERS	S	94,477	Yes	None
70.	Tex.	TRS	T	388,458	Yes	None
71.	Tex.	MRS	L	56,231	Yes	None
72.	Utah	SRS	S-L-T	62,911	Yes	Maximum Limit (100% F.A.S.)
73.	Vert.	SRS	S	6,763	Yes	None
74.	Vert.	TRS	T	7,584	Yes	None
75.	Virg.	SRS	S-L-T	222,000	Yes	Offset F.A.S. ($1,200)
76.	Wash.	PERS	S-L	113,202	Yes	None
77.	Wash.	TRS	T	47,064	Yes	None
78.	W.V.	PERS	S-L	34,106	Yes	None
79.	W.V.	TRS	T	49,747	Yes	None
80.	Wyom.	WRS	S-L-T	26,616	Yes	None
81.	Wis.	WRS	S-L-T	192,843	Yes	Maximum Limit (85% F.A.S.)
82.	Milw. City		L	14,381	Yes	Maximum Limit (85% F.A.S.)
83.	Milw. County		L	11,214	Yes	None
84.	Fed. Civ. S.		Federal	2.7 Mill.	No	-
85.	Soc. Sec.		All	91.4 Mill.	-	-

II. NORMAL AND EARLY RETIREMENT REQUIREMENTS

A. Retirement Requirements

Normal Requirements. Most public retirement systems require age and/or service minimums to qualify for retirement benefits without actuarial discount. Actually, most state plans have adopted multiple combinations of age and years of service such as 65 and 5 years; 62 and 10 years; 55 and 30 years. The requirements for the 80 pension plans surveyed is summarized on pages 7 and 8 of this report, along with the requirements for Wisconsin's WRS, the two Milwaukee funds, the Federal Civil Service and the OASDI program.

Age 62 Normal. Most of the discussion in Wisconsin concerning normal retirement has been relative to establishing an age 62 normal which is the earliest age at which participants may also retire under social security. Previous RRC surveys have noted the number of plans which permit normal retirement at age 62 with 10, 20, 30, and 35 years of service. This table updated to include the survey as of 1982 is as follows:

Age & Service	S.R. #26 (1974)	S.R. #34 (1976)	S.R. #53 (1980)	S.R. #60 (1982)
Systems permitting N.R. at 62 & 10 years	-	-	51%	52%
Systems permitting N.R. at 62 & 20 years	58%	65%	67%	65%
Systems permitting N.R. at 62 & 30 years	74%	80%	82%	82%
Systems permitting N.R. at 62 & 35 years	78%	85%	86%	86%

The above table clearly indicates that the majority of major public pension plans surveyed permit normal retirement at age 62 with 10 years of service, and that the percentage at 30 and 35 years of service includes more than four-fifths of the pension plans surveyed. Wisconsin's WRS has a normal retirement age of 65 without any specific service requirement.

X Years and Out. There is also a trend towards "X years and out" provisions in which participants may retire at any age after X number of years of service. Of the 80 pension plans surveyed, 36 plans (45% of the total) permit retirement at any age after X number of years of service as follows:

35 years and any age	--	10 plans
30 years and any age	--	24 plans
23 years and any age	--	1 plan
20 years and any age	--	1 plan

Early Retirement. The charts on pages 7 and 8 indicate that nearly all of the major pension plans surveyed permit retirement before the normal retirement age with actuarial discount. The majority of plans have established age 55 as the earliest retirement age possible, but some have used age 50 or 60. Some of the funds have adopted multiple age and service requirements for early retirement. The Wisconsin WRS permits early retirement at age 55 with actuarial discount, but the WRS does not require a minimum service period as is required by most other public funds. Hence, the WRS meets or exceeds the early retirement provisions of most other public pension plans.

Actuarial Discounts. The actuarial discounts applied for early retirement are to compensate for the longer pay-out period than the plans are normally funded for. The charts on pages 7 and 8 indicate that the actuarial discounts applied by the various pension plans vary greatly. A number of funds use a reduction table which often reflects the "actuarial equivalent" adjustment required so that there is no loss to the pension plan for early retirement. A number of funds have established by rule or statute a specific percentage for the discount, and for many, this is 6% or higher. On the other hand, the charts indicate that about 20% of the plans provide yearly discounts of 3% or less, which represents a policy of subsidizing early retirement. Wisconsin's WRS has adopted, by rule, a 6% discount for years between 60 and 65, and a 4.8% discount for years between 55 and 60.

WRS Requirements. The WRS clearly is more conservative than the majority of public pension plans surveyed in establishing a normal retirement age of 65, and in requiring a yearly discount which is at or close to the actuarial equivalent if retirement occurs before age 65. However, the WRS is more lenient than most plans in requiring no minimum service for early or normal retirement. The WRS also has two temporary plans in effect concerning early retirement. There is an election (subject to bargaining) for employers of teachers to provide benefits as if age 62 were the normal retirement age, but this plan terminates on June 30, 1984. In addition, there is an "age 62 plan" for state employees only, which terminates on June 30, 1983. For comparison purposes, the Milwaukee City and County plans have a normal retirement age of 60.

B. CHARTS - NORMAL AND EARLY RETIREMENT REQUIREMENTS

No.	State	Fund	EE Coverage	Normal Retire. Requirements	E.R. Require.	Actuarial Discount
1.	Alab.	ERS	S-L	60 & 10y; X & 30y	None	-
2.	Alab.	TRS	T	60 & 10y; X & 30y	None	-
3.	Alas.	PERS	S-L	55 & 5y; X & 30y	50 & vested	6%
4.	Alas.	TRS	T	55 & 8y; X & 20y	50 & vested	6%
5.	Ariz.	SRS	S-L-T	65 & Xy; 62 & 10y; 60 & 25y	50 & 5y	3%/5%
6.	Arka.	PERS	S-L	65 & 10y; 55 & 35y	55 & 10y	Table
7.	Arka.	TRS	T	60 & 10y; X & 35y	X & 25y	1%
8.	Cal.	PERS	S-L	60 & 5y	50 & 5y	Table
9.	Cal.	TRS	T	60 & 5y	55 & 5y; 50 & 30y	6%
10.	Col.	PERS	S-L-T	60 & 20y; 55 & 30y; 65 & 5y	55 & 20y; 60 & 5y	6%
11.	Conn.	SERS	S	55 & 25y; 65 & 10y; 70 & 5y	55 & 10y	Table
12.	Conn.	TRS	T	60 & 20y; X & 35y	60 & 10y; X & 25y	6%
13.	Del.	SEPP	S-T	62 & 10y; 60 & 15y; X & 30y	55 & 15y	4.8%
14.	Flor.	FRS	S-L-T	62 & 10y; X & 30y	X & 10y	5%
15.	Geor.	ERS	S	65; X & 30y	60 & 5y	5%
16.	Geor.	TRS	T	62 & 10y; X & 30y	60 & 10y	3%
17.	Haw.	ERS	S-L-T	55 & 5y	X & 25y	5%
18.	Idaho	ERS	S-L-T	65 & 5y; 60 & 30y	55 & 5y	Table
19.	Ill.	SERS	S	60 & 8y; X & 35y	55& 30y	6%
20.	Ill.	TRS	T	62 & 5y; 60 & 10y; 55 & 35y	55 & 20y	6%
21.	Ill.	MRF	L	60 & 8y; 55 & 35y	55 & 8y	6%
22.	Ind.	PERS	S-L	65 & 10y	50 & 15y	1.1%/5%
23.	Ind.	STRF	T	65 & 10y	50 & 15y	1.2%
24.	Iowa	PERS	S-L-T	65	55	4%/6%
25.	Kans.	PERS	S-L-T	65	60 & 10y	7.2%
26.	Ken.	ERS	S-L	65 & 4y; X & 30y	55 & 5y	5%
27.	Ken.	TRS	T	X & 30y; 60 & 5y	55 & 5y	5%
28.	Lous.	SERS	S	60 & 10y; 55 & 25y; X & 30y	None	None
29.	Maine	SRS	S-L-T	60 & X years	X & 25y	Table
30.	Mary.	SRS	S-L-T	62 & 5y; X & 30y	55 & 15y	6%
31.	Mass.	ERS	S	65 & 10y	55 & Xy; X & 20y	Table
32.	Mass.	TRS	T	65 & 10y	55 & Xy; X & 20y	Table
33.	Mich.	ERS	S	60 & 10y; 55 & 30y	55 & 15y	6%
34.	Mich.	MERS	L	60 & 10y	55 & 15y	6%
35.	Mich.	PSERS	T	60 & 10y; 55 & 30y	55 & 15y	6%
36.	Minn.	MSRS	S & Elec.	65 & 10y; 62 & 30y	58 & 20y; 62 & 10y	Table
37.	Minn.	PERS	L	65 & 10y; 62 & 30y	58 & 20y; 62 & 10y	Table
38.	Minn.	TRA	T	65 & 10y; 62 & 30y	55 & 10y	6%/3%
39.	Miss.	PERS	S-L-T	65 & X yrs; X & 30y	60 & 10y	3%
40.	Mou.	SER	S	65 & 4y; 60 & 15y	55 & 15y	Table
41.	Mou.	PSRS	T	60 & 5y; X & 30y	X & 25y	Table
42.	Mont.	PERS	S-L	60 & 5y; 65 & X; X & 30y	55 & 5y	Table
43.	Mont.	TRS	T	60 & 5y; X & 30y	50 & 5y	6%/3%
44.	Nebr.	SERS	S	65 & X yrs.	60	Table
45.	Nebr.	TRS	T	65 & 5y; X & 35y	60 & 5y	Table

(Years - Y; Any - X)

NORMAL AND EARLY RETIREMENT REQUIREMENTS
(continued)

No.	State	Fund	EE Cov.	Normal Retire. Requirements	Early Ret. Req.	Actuarial Discount
46.	Nev.	PERS	S-L-T	60 & 10y; 55 & 30y	X & 10 y	6%
47.	N.H.	NHRS	S-L-T	60 & X yrs.	50 & 10y	6 2/3%
48.	N.J.	PERS	S-L	60; 55 & 25y; X & 35y	X & 25y	3%
49.	N.J.	TRS	T	60; 55 & 25y	X & 25y	3%
50.	N.M.	PERA	S-L	X & 30y; 60 & 20y; 65 & 5y	X & 25y	4.8%
51.	N.M.	TRA	T	65 & 5y; 60 & 15y; X & 35y	X & 25y	4.8%
52.	N.Y.	ERS	S-L	62 & 20y	55& 10y	Table
53.	N.Y.	TRS	T	62 & 20y; 55 & 30y	55 & 10y	Table
54.	N.C.	TSERS	S-T	65; X & 30y	50 & 20y; 60 & X yr	5%/6%/3%
55.	N.C.	LGERS	L	65; X & 30y	50 & 20y; 60 & X yr	5%/6%/3%
56.	N.D.	PERS	S-L	65	55 & 10y	6%
57.	N.D.	TRF	T	65 & 10y; 60 & 35y	55 & 10y	6%
58.	Ohio	PERS	S-L	65 & 5y; X & 30y	55 & 25y; 60 & 5y	Table
59.	Ohio	STRS	T	60 & 5y; X & 30y	55 & 25y	Table
60.	Okla.	PERS	S-L	62 & X; 58 & 30y	55 & 10y	6.75%
61.	Okla.	TRS	T	62 & 10y; 55 & 30y	58 & 10y; X & 30y	Table
62.	Oreg.	PERS	S-L-T	58 & any; 55 & 30y	55	8%
63.	Penn.	SERS	S	60 & 3y; X & 35y	10y	Table
64.	Penn.	PSERS	T	62 & X; 60 & 30y; X & 35y	55 & 25y	3%
65.	R.I.	ERS	S-T	55 & 30y; 60 & 10y; X & 35y	X & 30y	6%
66.	S.C.	SRS	S-L-T	65; X & 30 yrs.	60	5%
67.	S.D.	SRS	S-L-T	65 & 5y	55 & 5y	3%
68.	Tenn.	CRS	S-L-T	60 & X yrs.; X & 30y	55 & 4y	4.8%
69.	Tex.	ERS	S	60 & 10y; 55 & 30y	55 & 25y; 50 & 30y	Table
70.	Tex.	TRS	T	65 & 10y; 60 & 20y; age + y =95	55 & 10y	Table
71.	Tex.	MRS	L	50 & 25y; X & 28y; 60 & 15y	?	?
72.	Utah	SRS	S-L-T	65 & 4y; X & 30y	62 & 10y; 60 & 20y	3%
73.	Vert.	SRS	S	65; 62 & 20y	55 & 10y; X & 30y	Table
74.	Vert.	TRS	T	60 & X yr; X & 30y	55 & X	Table
75.	Virg.	SRS	S-L-T	65 & X yr; 60 & 30y	55 & 5y; 60 & X yr.	6%
76.	Wash.	PERS	S-L	65 & 5y	55 & 20y	7%
77.	Wash.	TRS	T	65 & 5y	55 & 20y	7%
78.	W.V.	PERS	S-L	60 & 5y	55 & 10y	Table
79.	W.V.	TRS	T	60 & 5y; 55 & 30y; X & 35y	55 & 10y	Table
80.	Wyom.	WRS	S-L-T	60 & 4y	50 & 4y	?
81.	Wis.	WRS	S-L-T	65 & any	55 & any	6%/4.8%
82.	Milw. City		L	60	-	-
83.	Milw. County		L	60 & X; 55 & 30y	55 & 15y	5%
84.	Fed. Civ. Se.		Federal	62 & 5y; 60 & 20y; 55 & 30y	50 & 20y; x & 25y	2%
85.	Soc. Sec.		All	65	62	6.67%

III. VESTING AND CONTRIBUTION REQUIREMENTS

A. Provision Description

Vesting. The term "vesting" is usually defined as an employee's right to receive a pension benefit after meeting the age requirements of the plan regardless of whether the employee remains in the service of the employer. The vesting requirements for the plans surveyed are reflected in the charts on pages 11 and 12, and can be summarized as follows:

5 years or less required	32 plans	40.0% of total
6-10 years required	46 plans	57.5% of total
Over 10 years required	2 plans	2.5% of total
TOTAL	80 plans	100.0%

Wisconsin's WRS is unique among all the plans surveyed in that the WRS vests immediately. This literally means that if an employee terminates with even one year of service, the employee has a vested right to a pension benefit payable at normal or early retirement.

Soc. Sec. Contributions. Except for the self-employed and a few other groups, the OASDHI program is financed by equal contributions from the employees and employers involved. The contribution rate in 1982 is 6.7% on a wage base of $32,400, payable by both the employee and employer. Both the rate of contribution and the salary base to which the rate is applied have been increasing over time, which is partially reflected in the following 5-year table:

Year	EE/ER Rate	Wage Base
1978	6.05%	$17,700
1979	6.13%	22,900
1980	6.13%	25,900
1981	6.65%	29,700
1982	6.70%	32,400

The contribution rate is projected to increase to 7.65% by 1990, applied to an earnings base that will be increased as average earnings in the country increase. Although often discussed, the employer rarely "picks up" the required employee contributions to social security. RRC staff is aware of only one state where this has been attempted in the public sector--Texas. The reason that there is little employer "pick-up" is that any such "pick-up" of employee contributions are deemed additions to gross wages resulting in little or no advantage to the employees and employers involved.

Employee Contributions. Although most pension plans in the private sector are non-contributory, most public pension plans require employee contributions. The employee contributions information found on pages 11 and 12 may be summarized as follows:

Employee rate over 5%	38 plans	47.5%
Employee rate of 0-5%	33 plans	41.3%
Employee rate variable (age)	2 plans	2.5%
Non-contributory	7 plans	8.7%
TOTALS	80 plans	100.0%

Of the 80 plans surveyed which require contributions, two plans (Illinois and Oregon) permit the employer to "pick-up" the required employee contributions. Wisconsin's WRS also permits the employer to "pick-up" employee contributions at the local level, and establishes by statute a 4% "pick-up" for state employees under the WRS. A recent DETF survey indicated that about 94% of all employee contributions to the WRS are, in fact, paid by the employer under the "pick-up" provisions. It should also be noted that 13 of the plans requiring contributions of 5% or more are plans that do not have social security coverage and the accompanying required contributions.

Employer Contributions. The data reflected in the charts on pages 11 and 12 relative to employer contributions is somewhat incomplete and confusing. Often, employer contributions in the annual reports for the various plans are stated in dollars instead of as a percentage of payroll. Also, the employer cost usually varies each year depending upon the results of periodic actuarial valuations of the plan's benefit program. Also, the total employer costs may include several categories of charges such as the payment of administrative costs, the normal cost of the retirement plan, amortization charges, and payments for ad hoc benefit increases for those already retired. The employer costs for Wisconsin's WRS are determined each year by Board action based upon current actuarial analysis, plus an amortization charge expressed as a level percent of payroll. The administrative costs of the WRS are charged against investment income from the DETF trust fund.

B. CHARTS - CONTRIBUTION & VESTING REQUIREMENTS

No.	State	Fund	Soc. Sec.	E.E. Retirement Contribution	E.R. Retirement Contribution	Vesting Period
1.	Alab.	ERS	Yes	5%	10.23 %	10 yrs.
2.	Alab.	TRS	Yes	5%	12.5%	10 yrs.
3.	Alas.	PERS	No	4.25%	13.78%	5 yrs.
4.	Alas.	TRS	No	7%	7% + 7% - State & school	8 yrs.
5.	Ariz.	SRS	Yes	7%	7% - matching	5 yrs.
6.	Arka.	PERS	Yes	Non-contributory	12% +	10 yrs.
7.	Arka.	TRS	Yes	6%	12.9%	10 yrs.
8.	Cal.	PERS	Yes	5% - 7%	Varies by contract	5 yrs.
9.	Cal.	TRS	No	8%	8%- matching	5 yrs.
10.	Col.	PERS	No	7 3/4%	12.2% average	5 yrs.
11.	Conn.	SERS	Yes	5%	?	10 yrs.
12.	Conn.	TRS	No	6%	?	10 yrs.
13.	Del.	SEPP	Yes	3%/5% (split)	14.2%	10 yrs.
14.	Flor.	FRS	Yes	Non-contributory	10.93%	10 yrs.
15.	Geor.	ERS	Yes	.25%	?	10 yrs.
16.	Geor.	TRS	Yes	6%	11.71%	10 yrs.
17.	Haw.	ERS	Yes	7.8%	23.47%	5 yrs.
18.	Idaho	ERS	Yes	5.01%	9.5%	5 yrs.
19.	Ill.	SERS	Yes	4% - pick-up allowed	7.5%	8 yrs.
20.	Ill.	TRS	No	8% gross	?	5 yrs.
21.	Ill.	MRF	Yes	4 1/2%	?	8 yrs.
22.	Ind.	PERS	Yes	3%	?	10 yrs.
23.	Ind.	STRF	Yes	3%	?	10 yrs.
24.	Iowa	PERS	Yes	3.7%	5.75%	4 yrs.
25.	Kans.	PERS	Yes	4%	5.2%	10 yrs.
26.	Ken.	ERS	Yes	4%	7.25%	5 yrs.
27.	Ken.	TRS	No	7.84%	11.9%	5 yrs.
28.	Lous.	SERS	No	7%	9%	10 yrs.
29.	Maine	SRS	No	6.5%	12.78%	10 yrs.
30.	Mary.	SRS	Yes	5% over S.S. base	5.16%	5 yrs.
31.	Mass.	ERS	No	5%-7%	?	10 yrs.
32.	Mass.	TRS	No	5%-7%	?	10 yrs.
33.	Mich.	ERS	Yes	Non-contributory	?	10 yrs.
34.	Mich.	MERS	Yes	5%	?	10 yrs.
35.	Mich.	PSERS	Yes	Non-contributory	5% +	10 yrs.
36.	Minn.	MSRS	Yes	4%	4% plus amortization	10 yrs.
37.	Minn.	PERS	Yes	4%	4% plus amortization	10 yrs.
38.	Minn.	TRA	Yes	4.5%	4 1/2 + amortization	10 yrs.
39.	Miss.	PERS	Yes	6%	8.75%	10 yrs.
40.	Mou.	SER	Yes	Non-contributory	?	10 yrs.
41.	Mou.	PSRS	No	9.5%	9.5% - Matching	10 yrs.
42.	Mont.	PERS	Yes	6%	6.2%	5 yrs.
43.	Mont.	TRS	Yes	6 3/16%	6.46%	5 yrs.
44.	Nebr.	SERS	Yes	3%/6% (split)	?	5 yrs.
45.	Nebr.	TRS	Yes	3 1/2%	?	5 yrs.

CONTRIBUTION & VESTING REQUIREMENTS
(continued)

No.	State Fund	Soc. Sec.	E.E. Retirement Contribution	E.R. Retirement Contribution	Vesting Period
46.	Nev. PERS	No	Non-contributory	15%	10 yrs.
47.	N.H. NHRS	Yes	4.6%/9.2% (split)	?	10 yrs.
48.	N.J. PERS	Yes	Variable by age	?	15 yrs.
49.	N.J. TRS	Yes	Variable by age	?	15 yrs.
50.	N.M. PERA	Yes	6.15%	6.15% - matching	5 yrs.
51.	N.M. TRA	Yes	6.5%	6.5% - matching	5 yrs.
52.	N.Y. ERS	Yes	3%	8.8%	10 yrs.
53.	N.Y. ERS	Yes	3%	?	10 yrs.
54.	N.C. TSERS	Yes	6%	9.92%	5 yrs.
55.	N.C. LGERS	Yes	6%	?	5 yrs.
56.	N.D. PERS	Yes	4%	5.12%	10 yrs.
57.	N.D. TRF	Yes	6.25%	6.25% - matching	10 yrs.
58.	Ohio PERS	No	8.5%	13.95%	5 yrs.
59.	Ohio STRS	No	8.5%	13.5%	5 yrs.
60.	Okla. PERS	Yes	5%	14%	10 yrs.
61.	Okla. TRS	Yes	5%	?	10 yrs.
62.	Oreg. PERS	Yes	6% (pickup allowed)	?	5 yrs.
63.	Penn. SERS	Yes	5%	14.67%	10 yrs.
64.	Penn. PSERS	Yes	5 1/4%	16%	10 yrs.
65.	R.I. ERS	Yes	6%-7%	11.3 (S) to 14.6% (T)	10 yrs.
66.	S.C. SRS	Yes	4%/6% (split)	7%	5 yrs.
67.	S.D. SRS	Yes	5%	?	5 yrs.
68.	Tenn. CRS	Yes	Non-contributory	?	10 yrs.
69.	Tex. ERS	Yes	6% gross	8%	10 yrs.
70.	Tex. TRS	Yes	6.65%	8 1/2%	10 yrs.
71.	Tex. MRS	Yes	5% gross	5% - matching	10 yrs.
72.	Utah SRS	Yes	8.95%	8.95% - matching	-
73.	Vert. SRS	Yes	5%	7.07%	10 yrs.
74.	Vert. TRS	Yes	5.5%	8.7%	10 yrs.
75.	Virg. SRS	Yes	5%	4.67 (S) to 7.33% (T)	5 yrs.
76.	Wash. PERS	Yes	5.51%	?	5 yrs.
77.	Wash. TRS	Yes	6.4%	?	5 yrs.
78.	W.V. PERS	Yes	4.5%	9.5% (S) to 10.5% (L)	5 yrs.
79.	W.V. TRS	Yes	6%	?	5 yrs.
80.	Wyom. WRS	Yes	5.57%	5.57% - matching	4 yrs.
81.	Wis. WRS	Yes	5%	5.5% + amortization	0 yrs.
82.	Milw. City	Yes	5 1/2% (ER-picked up)	9.3%	4 yrs.
83.	Milw. County	Yes	Non-contributory	21.1%	10 yrs.
84.	Fed. C.S.	No	7%	26% +	5 yrs.
85.	Soc. Sec.	-	6.7%	6.7%	-

IV. POST-RETIREMENT ADJUSTMENTS AND TAXES

A. Post-Retirement Provisions

Social Security. Beginning in 1975, benefits under social security have been automatically adjusted according to changes in the CPI. If the CPI for a particular base quarter increases by at least 3% from what it was in the previous base quarter, the benefits then paid are in eased by the percent rise effective the next following June. e automatic adjustments that have come into effect in the most recent five-year period ar as follows:

Year	Percent
1978	6.5%
1979	9.9%
1980	14.3%
1981	11.2%
1982	7.4%

Hence, to the degree that the social security program is part of the total retirement planning for a particular system, at least that part keeps pace with inflation. In addition, social security benefits are not subject to either state or Federal taxes, which increases the value on a net vs. gross analysis.

Post-Retirement Increases. With the runaway inflation of the 1970 decade, the "number one" problem of most public pension plans was to protect the purchasing power of the benefits paid. Most public retirement systems have now adopted various "automatic" plans for increasing benefits which may be directly or indirectly linked to inflation. The types of post-retirement increase plans are noted on pages 15 and 16, and can be summarized as follows:

-Increases based on CPI changes (usually with cap)	34 plans	42.5%
- Annual automatic increases	10 plans	12.5%
- Increases based on investment returns	3 plans	3.75%
- Board or employer discretion	2 plans	2.5%
- Ad Hoc Increases	31 plans	38.75%

The table above notes that 58.75% of the plans surveyed provide an automatic post-retirement increase in benefits which participants may rely upon in their retirement planning. On the other hand, 38.75% of the plans provide only Ad Hoc increases which allows an employer advantage of determining when increases will be paid based upon the funding available. Wisconsin's WRS uses the so-called "dividend" process for providing benefit increases after retirement. This process relies upon the generation of surplus earnings on those assets dedicated to pay annuities in force. The WRS presumably will be able to pay increases in the 5%-6% range annually for the next several years--a rate which exceeds the CPI or annual automatic provisions of most other public pension plans. Hence, the WRS is now providing equal or greater protection during the post-retirement years than the majority of plans surveyed.

State Taxes. In establishing the goals for a retirement plan, the desired level of retirement benefits partially depends on the tax status at the state and Federal level of the benefits paid. As to Federal taxes, the amount of benefits provided by the employer and investment earnings which have not been previously taxed will be included as income for Federal tax purposes. Employee contributions to the retirement plan have already been subject to Federal tax and are not taxed again. Concerning state income tax laws, the majority of states either exempt benefits (totally or partially) that are payable from the public retirement systems of that state, or have no personal income tax law. The tax provisions for each plan noted on pages 15 and 16 may be summarized as follows:

No income tax law	15 plans	18.73% of total
Benefits totally exempt	35 plans	43.75% of total
Benefits partially exempt	14 plans	17.5% of total
Benefits taxable	16 plans	20.02% of total
TOTAL	80 plans	100.0%

Hence, this survey indicates that the majority of states do not tax part or all of the pension benefits payable from the public retirement system, and presumably may provide lower benefits and still maintain the replacement goal for that system.

Wisconsin Tax Laws. Section 71.03 (2)(d) of Wisconsin statutes provides an exemption for participants of some of the public retirement systems of the state, but no tax exemption for participants of others. This section of law states that participants of Milwaukee pension funds and the State Teachers Retirement System (STRS) who were participants on Dec. 31, 1963, (active or retired) shall have their benefits excluded from state income tax considerations. All other participants including those who are participants of the old WRF and those hired after December 31, 1963, receive no tax exemption on their pension benefits. Those that are covered by this "grandfather clause" receive a significant advantage not extended to other public employees of the state, and yet there is no difference reflected in the calculation of benefits to recognize this advantage.

POST-RETIREMENT INCREASES & STATE TAX PROVISIONS

No.	State	Fund	Soc. Sec.	Post-Retirement Increases	State Taxes
1.	Alab.	ERS	Yes	Ad Hoc increases only	Benefits exempt
2.	Alab.	TRS	Yes	Ad Hoc increases only	Benefits exempt
3.	Alas.	PERS	No	CPI adjustments-4% cap	No income tax law
4.	Alas.	TRS	No	CPI adjustments-4% cap	No income tax law
5.	Ariz.	SRS	Yes	Ad Hoc increases only	Benefits exempt
6.	Arka.	PERS	Yes	Automatic 3% annual adjustment	Exempt to $6,000
7.	Arka.	TRS	Yes	CPI adjustments-3% cap	Benefit exempt
8.	Cal.	PERS	Yes	Automatic 2% annual adjustment	Benefits taxable
9.	Cal.	TRS	No	Automatic 2% annual adjustment	Benefits taxable
10.	Col.	PERS	No	CPI adjustments-3% cap	Benefits exempt
11.	Conn.	SERS	Yes	CPI adjustments-3% cap	No income tax law
12.	Conn.	TRS	No	CPI adjustments-5% cap	No income tax law
13.	Del.	SEPP	Yes	Ad Hoc increases only	Exempt to $2,000
14.	Flor.	FRS	Yes	CPI adjustments-3% cap	No income tax law
15.	Geor.	ERS	Yes	CPI adjustments-3% cap	Benefits exempt
16.	Geor.	TRS	Yes	CPI adjustments-3% cap	Benefits exempt
17.	Haw.	ERS	Yes	Automatic 2 1/2% annual increase	Benefits exempt
18.	Idaho	ERS	Yes	1%-6% annual--Board discretion	Benefits taxable
19.	Ill.	SERS	Yes	Automatic 3% annual increase	Benefits exempt
20.	Ill.	TRS	No	Automatic 3% annual increase	Benefits exempt
21.	Ill.	MRF	Yes	Automatic 2% increase	Benefits exempt
22.	Ind.	PERS	Yes	Ad Hoc increases only	Benefits taxable
23.	Ind.	STRF	Yes	Ad Hoc increases only	Benefits taxable
24.	Iowa	PERS	Yes	Ad Hoc increases only	Benefits exempt
25.	Kans.	PERS	Yes	Ad Hoc increases only	Benefits exempt
26.	Ken.	ERS	Yes	Ad Hoc increases only	Benefits exempt
27.	Ken.	TRS	No	Automatic 1% annual increase	Benefits exempt
28.	Lous.	SERS	No	CPI adjustments-3% cap	Benefits exempt
29.	Maine	SRS	No	CPI adjustments-4% cap	Benefits taxable
30.	Mary.	SRS	Yes	CPI adjusments-3% cap	Exempt to $6,400
31.	Mass.	ERS	No	CPI adjustments-3% cap	Benefits exempt
32.	Mass.	TRS	No	CPI adjustments-3% cap	Benefits exempt
33.	Mich.	ERS	Yes	Ad Hoc increases only	Exempt to $10,000 - jt.
34.	Mich.	MERS	Yes	CPI adjustments-2.5% cap	Exempt to $10,000 - jt.
35.	Mich.	PSERS	Yes	Employer option	Exempt to $10,000 - jt.
36.	Minn.	MSRS	Yes	Investment return increases	Exempt to $11,000
37.	Minn.	PERS	Yes	Investment return increases	Exempt to $11,000
38.	Minn.	TRA	Yes	Investment return increases	Exempt to $11,000
39.	Miss.	PERS	Yes	1/2 CPI adjustments-2 1/2% cap	Benefits exempt
40.	Mou.	SER	Yes	Automatic 4% annual increase	Benefits taxable
41.	Mou.	PSRS	No	CPI adjustments-4% cap	Benefits taxable
42.	Mont.	PERS	Yes	Ad Hoc increases only	Benefits exempt
43.	Mont.	TRS	Yes	Ad Hoc increases only	Benefits exempt
44.	Nebr.	SERS	Yes	Ad Hoc increases only	Benefits taxable
45.	Nebr.	TRS	Yes	Ad Hoc increases only	Benefits taxable

POST-RETIREMENT INCREASES AND STATE TAX PROVISIONS
(continued)

No.	State	Fund	Soc. Sec.	Post-Retirement Increases	State Taxes
46.	Nev.	PERS	No	Ad Hoc increases only	No income tax law
47.	N.H.	NHRS	Yes	Ad Hoc increases only	No income tax law
48.	N.J.	PERS	Yes	60% of CPI adjustments	Exempt to $10,000 - jt.
49.	N.J.	TRS	Yes	66% of CPI adjustments	Exempt to $10,000 - jt.
50.	N.M.	PERA	Yes	CPI adjustments-2% cap	Benefits exempt
51.	N.M.	TRA	Yes	CPI adjustments-2% cap	Benefits exempt
52.	N.Y.	ERS	Yes	CPI adjustments-3% cap	Benefits exempt
53.	N.Y.	TERS	Yes	CPI adjustments-3% cap	Benefits exempt
54.	N.C.	TSERS	Yes	CPI adjustments-4% cap	Benefits exempt
55.	N.C.	LGERS	Yes	Ad Hoc increases only	Benefits exempt
56.	N.D.	PERS	Yes	Ad Hoc increases only	Benefits taxable
57.	N.D.	TRF	Yes	Ad Hoc increases only	Benefits taxable
58.	Ohio	PERS	No	CPI adjustments-3% cap	Exempt to $4,000
59.	Ohio	STRS	No	CPI adjustments-3% cap	Exempt to $4,000
60.	Okla.	PERS	Yes	Ad Hoc increases only	Benefits exempt
61.	Okla.	TRS	Yes	Ad Hoc increases only	Benefits exempt
62.	Oreg.	PERS	Yes	CPI adjustments-2% cap	Benefits exempt
63.	Penn.	SERS	Yes	Ad Hoc increases only	Benefits exempt
64.	Penn.	PSERS	Yes	Ad Hoc increases only	Benefits exempt
65.	R.I.	ERS	Yes	Automatic 3% annual increase	Benefits taxable
66.	S.C.	SRS	Yes	CPI adjustments-4% cap	Benefits exempt
67.	S.D.	SRS	Yes	50% of CPI adjustments-3% cap	No income tax law
68.	Tenn.	CRS	Yes	CPI adjustments-3% cap	No income tax law
69.	Tex.	ERS	Yes	Ad Hoc increases only	No income tax law
70.	Tex.	TRS	Yes	Ad Hoc increases only	No income tax law
71.	Tex.	MRS	Yes	Ad Hoc increases only	No income tax law
72.	Utah	SRS	Yes	CPI adjustments-4% cap	Exempt to $6,000
73.	Vert.	SRS	Yes	CPI adjustments-5% cap	Benefits taxable
74.	Vert.	TRS	Yes	CPI adjustments-5% cap	Benefits taxable
75.	Virg.	SRS	Yes	CPI adjustments-5% cap	Benefits taxable
76.	Wash.	PERS	Yes	Ad Hoc increases only	No income tax law
77.	Wash.	TRS	Yes	Ad Hoc increases only	No income tax law
78.	W.V.	PERS	Yes	Ad Hoc increases only	Benefits exempt
79.	W.V.	TRS	Yes	Ad Hoc increases only	Benefits exempt
80.	Wyom.	WRS	Yes	Ad Hoc increases only	No income tax law
81.	Wis.	WRS	Yes	Investment return increases	Teachers exempt
82.	Milw. City		Yes	Ad Hoc only	Benefits exempt
83.	Milw. County		Yes	Automatic 2% annual increase	Benefits exempt
84.	Fed. Civ. Se.		No	CPI adjustments-no cap	-
85.	Soc. Sec.		-	CPI adjustments-no cap	Benefits exempt

V. RETIREMENT BENEFIT CALCULATIONS

A. Calculation Provisions

Final Average Salary. Most public pension plans may be defined as "final average salary plans" because they base their calculations on the highest earnings over a specified period. Final average salary plans, thusly, provide a great deal of protection against inflation, at least during the working careers. The FAS periods used by the various plans surveyed are reflected on pages 19 and 20, and may be summarized as follows:

2-year FAS periods	2 plans	2.50%
3-year FAS periods	36 plans	45.0%
4-year FAS periods	5 plans	6.25%
5-year FAS periods	35 plans	43.75%
Money purchase plans	2 plans	2.50%
	80 plans	100.0%

This summary indicates that the majority of plans use a three or five-year period for determining the highest average salary for benefit calculation purposes. Most plans also require that the high years be consecutive, and may also require that the years be within the last five or ten-year period. Wisconsin's WRS uses a three-high year average with no requirement that they be consecutive or within the last X number of years. Hence, the WRS meets or exceeds the majority of other public retirement systems relative to the final average salary period.

Limitations. The charts on pages 19 and 20 also reflect that many plans establish some limit on benefits that may be payable. The limits may be based upon integration with social security, a maximum number of creditable years that may be recognized, a maximum salary level for benefit calculation purposes, or a maximum expressed as a percentage of final average salary--with or without inclusion of social security benefits. Wisconsin's WRS has no maximum as to years of service or recognized salary, but it does have a maximum of 85% of final average salary, including the primary social security benefit.

Benefit Formulas. The chart on pages 19 and 20 also reflects the benefit formulas of the surveyed funds. The stars before the benefit formula indicate those plans which do not have social security, and hence, presumably provide a higher benefit to compensate for that lack. Looking primarily at those plans with social security coverage, the formulas indicate that the majority of plans provide a multiplier of 1.5% per year or higher. Wisconsin's WRS uses a multiplier of 1.3% per each year of service, and this results in benefits which rank in the lowest quartile of those pension plans surveyed which have social security. Actual calculations were carried out in Staff Report #57 (1980) reflecting three salary levels (low, medium, high), three lengths of service (25,30,35 years), and two ages at retirement (62 and 65). The following is the "comparative ranking" table which was found on page 7 of the 1980 report, reflecting the percent of surveyed funds providing higher benefits than the WRS.

COMPARATIVE RANKING -- 1974-1976-1980

Variables	Funds Higher in 1974	Funds Higher in 1976	Funds Higher in 1980
20 yrs. & low FAS	73%	76%	79%
20 yrs. & medium FAS	75%	79%	79%
20 yrs. & high FAS	80%	79%	79%
30 yrs. & low FAS	72%	74%	81%
30 yrs. & medium FAS	77%	76%	81%
30 yrs. & high FAS	80%	76%	81%
35 yrs. & low FAS	70%	73%	76%
35 yrs. & medium FAS	75%	75%	76%
35 yrs. & high FAS	78%	81%	76%

In fact, several pension plans have improved their benefit formulas since the 1980 survey including Georgia, Iowa, North Carolina, Oregon, and South Dakota. Hence, the WRS ranking would even be lower in 1982. It would appear that only benefit plans in Kansas, Maryland, Missouri, Nebraska, and North Dakota may provide lower benefits than the WRS.

B. CHART - FINAL AVERAGE PERIODS - FORMULAS - LIMITATIONS

No.	State	Fund	FAS Period	Benefit Formula	Limitation
1.	Alab.	ERS	5H-10	2.0125% x yrs. x FAS	None
2.	Alab.	TRS	5H-10	2.0125% x yrs. x FAS	None
3.	Alas.	PERS	3H-C	*2% x yrs. x FAS	None
4.	Alas.	TRS	3H	*2% x yrs. x FAS	None
5.	Ariz.	SRS	5H-10	2% x yrs. x FAS	None
6.	Arka.	PERS	5H-10	1.625% x yrs. x FAS - partial S.S.	100% FAS including S.S.
7.	Arka.	TRS	5H	1.59% x yrs. x FAS	None
8.	Cal.	PERS	3H-C	2.418% - age 65 x yrs. x FAS discrepancy w/ survey	FAS-$133.33 @ month
9.	Cal.	TRS	3H-C	*2% x yrs. x FAS	None
10.	Col.	PERS	3H	*2.5% x 20 yrs. + 1% x remaining yrs.	70% FAS
11.	Conn.	SERS	3H	2% x yrs. x FAS	None
12.	Conn.	TRS	3H	*2% x yrs. x FAS	75% of FAS
13.	Del.	SEPP	5H	1.6% x yrs. x FAS	75% FAS including S.S.
14.	Flor.	FRS	5H	1.68% (age 65) x yrs. x FAS	None
15.	Geor.	ERS	2H	Benefit tables	None
16.	Geor.	TRS	2H-C	1.92% x yrs. x FAS	40 years credit
17.	Haw.	ERS	5H	2% x yrs. x FAS	None
18.	Idaho	ERS	5H	1.67% x yrs. x FAS	None
19.	Ill.	SERS	4H-C	1% x 1st 10 yr. to 1.5% yrs. over 30	75% FAS
20.	Ill.	TRS	4H-C	*1.67% x 1st 10 yr. to 2.3% x yrs. over 30	75% FAS
21.	Ill.	MRF	4H	Calculation tables	75% FAS
22.	Ind.	PERS	5H	1.1% x yrs. x FAS + ee annuity	None
23.	Ind.	STRF	5H	1.1% x yrs. x FAS + ee annuity	None
24.	Iowa	PERS	5H-C	1.67% x yrs. x FAS	30 yrs. + $70,000 sal. ma:
25.	Kans.	PERS	5H	1.25% x yrs. x FAS	None
26.	Ken.	ERS	5H	1.6% x yrs. x FAS	None
27.	Ken.	TRS	5H	*2% x yrs. x FAS	None
28.	Lous.	SERS	3H-C	*2.5% x yrs. x FAS	100% FAS
29.	Maine	SRS	3H	*2% x yrs. x FAS	None
30.	Mary.	SRS	3H-C	(.8% x SS + 1.5% over SS) x yrs.	None
31.	Mass.	ERS	3H	*2.5% (age 65) x yrs. x FAS	85% FAS
32.	Mass.	TRS	3H	*2.5% (age 65) x yrs. x FAS	85% FAS
33.	Mich.	ERS	5H	1.5% x yrs. x FAS	None
34.	Mich.	MERS	5H-C	Cafeteria System	None
35.	Mich.	PSERS	5H-C	1.5% x yrs. x FAS	None
36.	Minn.	MSRS	5H-C	1%-first 10 yrs; 1.5%-added yrs.	40 years
37.	Minn.	PERS	5H-C	1%-first 10 yrs; 1.5%-added yrs.	40 years
38.	Minn.	TRA	5H-C	1%-first 10 yrs; 1.5%-added yrs.	40 years
39.	Miss.	PERS	5H-C	1.63% x 1st 20 yrs. to 2% x yrs. over 30	None
40.	Mou.	SER	5H-C	-1.2% x yrs. x FAS	None
41.	Mou.	PSRS	5H	*2% x yrs. x FAS	80% FAS
42.	Mont.	PERS	3H	1.67% x yrs. x FAS	None
43.	Mont.	TRS	3H	1.67% x yrs. x FAS	None
44.	Nebr.	SERS	-	Money purchase	None
45.	Nebr.	TRS	3H	1.25% x yrs. x FAS	None

(C=Consecutive; 10-last 10 years)

(* - No social security)

FINAL AVERAGE PERIODS - FORMULAS - LIMITATIONS
(continued)

No.	State	Fund	FAS Period	Benefit Formula	Limitation
46.	Nev.	PERS	3H	* 2.5% x yrs. x FAS	75% FAS
47.	N.H.	NHRS	3H	1.67% x yrs. x FAS-S.S. offset	None
48.	N.J.	PERS	3H	1.67% x yrs. x FAS	None
49.	N.J.	TRS	3H	1.67% x yrs. x FAS	None
50.	N.M.	PERA	3H-C10	2% x yrs. x FAS	50% FAS
51.	N.M.	TRA	5H-C	2% x yrs. x FAS	None
52.	N.Y.	ERS	3H-C	2% x yrs. x FAS-S.S. offset	30 years credit
53.	N.Y.	ERS	3H-C	2% x yrs. x FAS-S.S. offset	75% FAS
54.	N.C.	TSERS	4H-C	1.57% x yrs. x FAS	None
55.	N.C.	LGERS	4H-C	1.57% x yrs. x FAS	None
56.	N.D.	PERS	5H-C10	1.04% x yrs. x FAS	None
57.	N.D.	TRF	5H-10	1% x yrs. x FAS	None
58.	Ohio	PERS	3H	*2% x yrs. x FAS	90% FAS
59.	Ohio	STRS	3H	*2% x yrs. x FAS	90% FAS
60.	Okla.	PERS	5H-10	2% x yrs. x FAS	$18,900 salary maximum
61.	Okla.	TRS	5H	2% x yrs. x FAS	None
62.	Oreg.	PERS	3H-10	1.67% x yrs. x FAS	None
63.	Penn.	SERS	3H	2% x yrs. x FAS	None
64.	Penn.	PSERS	3H	2% x yrs. x FAS	None
65.	R.I.	ERS	3H-C	1.7% 1st 10 yrs. to 2.4% over 20 yrs.	80% FAS
66.	S.C.	SRS	3H-C	1.25% x $4,800 + 1.65% x excess wage	None
67.	S.D.	SRS	3H-10	2% x yrs. x FAS less S.S. offset	None
68.	Tenn.	CRS	5H-C	Table-integrated	75% FAS
69.	Tex.	ERS	3H-5	1.5%-first 10 yrs.; 2%-added years	80% FAS
70.	Tex.	TRS	3H	2% x yrs. x FAS	None
71.	Tex.	MRS	--	Money purchase cafeteria	None
72.	Utah	SRS	5H-10	2% x yrs. x FAS	100% FAS including S.S.
73.	Vert.	SRS	5H-C	1.67% x yrs. x FAS	30 years
74.	Vert.	TRS	5H-C	1.67% x yrs. x FAS	30 years
75.	Virg.	SRS	3H-C	1.65% x yrs. x (FAS)-$1,200	None
76.	Wash.	PERS	5H	2% x years x FAS	None
77.	Wash.	TRS	5H	2% x years x FAS	None
78.	W.V.	PERS	3H-10	2% x years x FAS	None
79.	W.V.	TRS	5H-15	2% x years x FAS	None
80.	Wyom.	WRS	3H-C	2% x years x FAS	None
81.	Wis.	WRS	3H	1.3% x years x FAS	85% FAS including S.S.
82.	Milw. City		3H	2% x years x FAS	85% FAS including S.S.
83.	Milw. County		3H	2% x years x FAS	80% FAS
84.	Fed. Civ. Se.		3H	* 1.5% 1st 5 yrs. to 2% yrs. over 10	80% FAS
85.	Soc. Sec.		Career	-	-

SURVEY OF JUDGES' RETIREMENT SYSTEMS OF 16 WESTERN STATES AS OF JANUARY 1, 1983

Appendix III

PLAN PROVISIONS	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA
1. Judges Covered	District Superior Supreme Appellate	Supreme Superior Court of Appeals	Supreme, District, Circuit. (Bill introduced to include Court of Appeals - established in 1979.)	Supreme; Appellate Superior; Municipal
2. Social Security Coverage	No	Yes	Yes	No
3. Service Retirement Benefit Formula	5% of Salary per year. Limited to 75% of <u>current</u> monthly salary.	3-1/3% x FAS x 1st 20 years + 2% x FAS x years after 20.	Benefit set by statute. ½ current salary	Retired <u>by</u> 70 with 20 years worked and contributed, 75% of salary; otherwise 65%. Retired after 70, 50% of salary.
4. Final Average Salary Basis (FAS)	Current monthly salary	Monthly pay at time leaves office.	No dollar limit. Current salary.	Current salary
5. Covered Salary	Supreme $77,760 District 60,600 Superior 70,116 Appellate 72,564	All salary covered.	<u>1979-80</u> / <u>1980-81</u> Chief Sup.Crt. $42,048 / $44,991 Supreme Crt. 38,545 / 41,243 Trial Crt. 35,856 / 38,366	<u>Most</u> judges are the following: Supreme Court $77,000 Appellate Court 72,000 Superior Court 63,000 Municipal Court 58,000
6. Normal Retirement	Age 60 and 5 years	Age 65 and 20 years.	At age 65 with 14 or more years.	60 and 20; 70 with 10 of last 15 years.
7. Early Service Retirement	Age 55 <u>or</u> after 20 years	Age 65 and 12 years.	a) With at least 18 years, regardless of age. Benefit = yrs/20 x ½ salary. b) 14 years and age 62; 6% reduction in ½ salary per year retired before age 65.	None before age 60.
8. Mandatory Retirement Age	Age 70	None	Retire by 70 or forfeit pension.	Retire by 70 <u>or</u> benefit is ½ salary
9. Disability Requirement	Involuntary - 2 years Voluntary - 5 years	5 years of service	Permanent physical or mental incapacity - by 2 doctors.	a) If hired before 1/80; no years b) Judge hired after 1/80; 2 years
10. Disability Benefit	5% per year of service No reduction for age.	10 or more years, 2/3 of pay. For 5-10 years, use proportion of 10.	Same benefit as for regular retirement	If at least 20 years service, 75% of salary. If less than 20 years service, 65% of salary.
11. Widow Benefit-Retired Death	50% of his benefit	2/3 of his benefit.	½ of his benefit.	½ of his benefit if retired by 70. No benefit on death of vested member unless optional settlement elected.
12. Widow Benefit-Active Death	50% of his vested interest with a minimum of 30% of salary	2/3 of his benefit at age 65.	½ of benefit regardless of retirement eligibility.	If eligible to retire, ½ of benefit or 25% of salary. If 10-20 years, benefit to widow is 1.625%/yr. of service.
13. Vesting Requirements	5 years; benefit paid at 60	12 years; benefit paid at 65. Under 12 years, refund w/o int.	14 years; benefit paid at age 62. Under 14 years, refund without interest.	With at least 12 years, 3.75% of salary per year (Max. 75%). With 5-11 years, lesser graded percentages. Paid at 63 except at age 60, if at least 20 years <u>or</u> refund w/o interest.

SURVEY OF JUDGES' RETIREMENT SYSTEMS OF 16 WESTERN STATES AS OF JANUARY 1, 1983

PLAN PROVISIONS	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA
14. Judges' Contribution	7%	7%	4% of salary - all years	8% of salary
15. Employer Contribution	104.78% of salary	25% of 1st $20,000 of Judges' salary. Also 40% over $20,000 of fees from Superior Court. 40% of all fees from Appeals and Supreme	Pay as you go. Biennial appropriation.	8% of salary and additional funding if needed.
16. Interest Credited Members	4½% per annum	None	None	None
17. Cost of Living Benefit	Increases as active salary	One time increase of 15% in 1982	None	Increases as active salary
18. Major Amendments	None	None	(see Item #1)	Possible 2nd Tier for new Judges.

SUMMARY OF JUDGES' RETIREMENT SYSTEMS OF 16 WESTERN STATES AS OF JANUARY 1, 1983

PLAN PROVISION	COLORADO	HAWAII	IDAHO	MONTANA
1. Judges Covered	All but Magistrate	All but District Court Judges	Supreme, District, Court of Appeals	District and Supreme Court
2. Social Security Coverage	No	Yes	Yes	Yes
3. Service Retirement Benefit Formula	2½% x FAS x 1st 20 yrs. + 1% for each year after. Max. 70% FAS	(Annuity + 3½% x FAS x yrs.) Maximum 75% FAS	2½% x Current Salary x Yrs. (Maximum of 62½%)	3-1/3% x Annual Sal. x 1st 15 years + 1% for each year after 15
4. Final Average Salary (FAS)	Highest 3 years with a 15% year-over-year limitation	3 Highest	Current salary	Current salary
5. Covered Salary	All of it. Salary reaches $53,000 annually.	All of it.	All of it. Salary reaches $47,300.	Chief Supreme Crt $48,204 Supreme Court 47,023 District Court 44,841 (through 6/30/83)
6. Normal Retirement	60 and 20 years; 65 and 5	Age 55 and 5 years; any age with 10 years	8 to 15 years and age 70	65 and 5 years; or 12 years any age, if voluntary
7. Early Service Retirement	55 and 20; 60 and 5	None	65 and 4 years; 20 years at any age	5 years any age
8. Mandatory Retirement Age	Age 72	Age 70	Age 70 or end of elected term	Age 70 or end of elected term
9. Disability Requirement	No age or service requirement	Non-Duty-10 yrs; any age Duty-any age, no years	4 years and any age	No age or service requirement
10. Disability Benefit	50% x FAS + 1% x FAS x for years over 20. Less than 50% if member could not have put in 20 years in total.	Non-Duty-same as serv. ret. Duty-(1) from gainful employment, 2/3 FAS + member's annuity. (2) occupational-same as above for three years, then 1/3 FAS	2½% x Current Sal. x yrs; 62½% maximum	Non-Duty - Service Ret. Benefit actuarially reduced below age 60 Duty - 50% of Salary or Serv. Retirement, if greater
11. Widow Benefit - Retired Death	Optional Election only	Optional election only	30% of Judge's benefit	Optional election. Refund Option provides recalculated benefit of reserve residual
12. Widow Benefit - Active Death	25% of FAS; usually higher if more than 10 years of service.	a) ord. death (not elig.)-contrib. and % of sal. x years. b) ord. death (elig.) -50% of serv. benefit. c) duty death -1/2 FAS + contrib.	30% of Judge's benefit	Actuarial equivalent of Judge's benefit
13. Vesting Requirements	5 years; paid at age 60; or refund w/o interest	5 years; paid at 55	4 years; paid at 65 or 70; or refund with interest	5 years; paid at 65
14. Judges' Contribution	8% of salary.	7.8% of sal. until 75% benefit limit	6% of salary; all years	6% of salary; all years
15. Employer Contribution	15% of salary.	Normal cost and unfunded cost as calculated by actuary	% of filing fees; and 7% of salary. Legislative appropriation if needed.	6% of salary; 20% of salaries from District Court Fees; about 25% from Supreme Court fees

SUMMARY OF JUDGES' RETIREMENT SYSTEMS OF 16 WESTERN STATES AS OF JANUARY 1, 1983

PLAN PROVISION	COLORADO	HAWAII	IDAHO	MONTANA
16. Interest Credited Members	None	4½% per annum	4½% per annum	7½% per annum
17. Cost of Living Benefit	Lower of 1.5%/year or CPI. Add'l ad hoc benefits to retired improved effective 7/1/82.	Automatic 2½% increases annually of original benefit.	Increases as active salaries	Increases as active salaries
18. Major Amendments Contemplated	Establish pre-funded group plan for health insurance after retirement.	None	None	1) Possible funding increase 2) Possible raise in employee's contribution rate

SUMMARY OF JUDGES' RETIREMENT SYSTEMS OF 16 WESTERN STATES AS OF JANUARY 1, 1983

PLAN PROVISION	NEVADA	NEW MEXICO	OKLAHOMA	OREGON
1. Judges Covered	District and Supreme Court	District, Supreme Court of Appeals	All but Magistrate Judges	All but County Judges
2. Social Security Coverage	No	Yes	Yes	Yes
3. Service Retirement Benefit Formula	2/3 x Curr. Sal. if 60 and 20 yrs.; 1/3 x Curr. Sal. if 60 and 12 yrs. For years over 12 but less than 20, 4.1666% for each additional year.	a) Old Plan – 7½% x Sal x full years (Max. 75%) b) New Plan (affects new Judges after 7/1/80 and old Judges electing) – 18.75% of Sal + Yrs. x 3.75% x Sal. where years = 5 to 15 years	4% x 5 year Avg. Sal. x years. (Maximum of 70% of 5 year average).	45% of FAS
4. Final Average Salary Basis (FAS)	Current Salary (1 year)	Salary for last year in office	Last 5 years of active service	5 highest of last 10 yrs.
5. Covered Salary	Supreme Court $61,500 District Court $56,000	All Salaries	All Salaries	Supreme $53,308 Appellate 52,039 District and Circuit 48,356
6. Normal Retirement	12 years minimum and age 60.	a) Old Plan: 64 and 5 yrs; 60 and 16 yrs. b) New Plan: 64 and 5 yrs; 60 and 15 yrs.	Age 70 and 8 years; Age 65 and 10 years.	Age 70 and 12 years; Age 65 and 16 years.
7. Early Service Retirement	None	None	Age 60 and 20 years.	None
8. Mandatory Retirement Age	None	None	None	Age 75
9. Disability Requirement	-	At least 5 years of service.	Age 55 and 15 years.	a) 6 yrs. any age. b) Former Judges – 16 yrs. any age.
10. Disability Benefit	No disability provision.	Benefit is the same as for Service Retirement.	The amount is left to the discretion of the Court of Judicial Awards but a maximum of the service retirement benefit.	Same as service retirement benefit but reduced actuarially if a Former Judge.
11. Widow Benefit – Retired Death	If widow 60, $600 per month	75% of member's benefit	When spouse is age 60 – 50% of Judge's benefit	If 14 years, ½ of his benefit. Under 14 years, less.
12. Widow Benefit – Active Death	If eligible to retire, same as above.	If at least 5 years, 75% of member's benefit.	When spouse is age 60 –50% of Judge's benefit (Judge must have 8 yrs. service)	If eligible to retire, same as above.
13. Vesting Requirements	12 years; paid at 60.	5 years	8 yrs – paid at 70; 10 yrs – paid at 65; 20 yrs – paid at 65; or refund w/o interest.	16 years; paid at 65. Under 16 years, no refund
14. Judges' Contribution	None	Old Plan = 10% Sal.; New Plan = 7% Sal.	5% of Sal; 8% of Sal. if spouse covered.	7% of Sal. for 16 years.
15. Employer Contribution	By appropriation.	$22.25 from each civil case docket fee.	% of State Judicial Fund	7% of Salary + biennial appropriation to fund liability

SUMMARY OF JUDGES' RETIREMENT SYSTEMS OF 16 WESTERN STATES AS OF JANUARY 1, 1983

PLAN PROVISION	NEVADA	NEW MEXICO	OKLAHOMA	OREGON
16. Interest Credited Members	-	None	None	None
17. Cost of Living Benefit	2% to 5%. Begins at 2%/year and goes to 5%/yr. after 12 years on retirement.	None	Ad hoc 10% increase 10/1/82	None
18. Major Amendments Contemplated	1) Raise widow benefits (level and coverage). 2) Early service retirement. 3) Disability retirement	None	None	Under consideration

SUMMARY OF JUDGES' RETIREMENT SYSTEMS OF 16 WESTERN STATES AS OF JANUARY 1, 1983

PLAN PROVISION	TEXAS	UTAH	WASHINGTON	WYOMING
1. Judges Covered	District Appeals Supreme	Supreme District Circuit Juvenile	Supreme Appelate Superior	Supreme District
2. Social Security Coverage	Yes	Yes	Yes	Yes
3. Service Retirement Benefit Formula	50% of current salary + extra 10% of salary to those retiring before age 71.	a) 2½% x FAS x 1st 10 years + 2% x FAS x next 10 + 1% x FAS x Yrs. over 20), or b) (3% x FAS x 1st 10 years + 2% x FAS x next 10 + 1% x FAS x Yrs. over 20) x Early Ret. Factor if under Age 70 less (smaller of $120 or $67/mo./year)	a) With at least 15 yrs. service, 3½% of salary per year (75% salary maximum) b) Otherwise, 3% of salary per year	50% of current salary
4. Final Average Salary Basis (FAS)	Current monthly salary	Highest salary in 3 consecutive years.	Salary at retirement	Current salary
5. Covered Salary	District $50,900 Civil Appeals 60,100 Supreme and Criminal Appeals 71,400	$44,800 - $50,000	All salary covered	District $61,500 Supreme 63,000
6. Normal Retirement	10 years Age 65 (active); or 65 and 12 years	Age 70 with 6 years.	Age 60 and 15 years	Any age and 18 years; 65 and 15 years; 70 and 6 years.
7. Early Service Retirement	20 yrs. any age; Age 60 + 10 yrs. (active); Age 60 and 12 Yrs. (active or not)	Age 65 with 10 years	Age 50 and 12 years	65 and 6 consecutive years; 6/13 of basic benefit
8. Mandatory Retirement Age	Age 75	Age 70 (Trial); Age 72 (Supreme)	Age 75	None
9. Disability Requirement	7 Yrs. of service at any age.	a) Line of Duty - No min. service b) Ordinary - 5 years	10 years of service at any age.	-
10. Disability Benefit	60% of FAS, if under age 71 50% of FAS, otherwise.	a) Duty - 50% of FAS - 50% of S.S. b) Ordinary - Regular service retire. formula. With 5 years, minimum allowance is 20% FAS - 50% of S.S.	Accrued serv. ret. benefit w/o early reduction.	No disability provision.
11. Widow Benefit - Retired Death	Optional election and $5,000 lump sum.	50% of his benefit	50% of his benefit	None
12. Widow Benefit - Active Death	Reduced annuity to widow with 10 Yrs. (active); 12 Yrs. Service (active or not)	50% of his benefit as if member had not died and was age 70 at time of death.	½ of his accrued benefit or 25% of salary	None
13. Vesting Requirements	10 years active; 12 years active or not	6 years - paid at 70; 10 years - paid at 65.	12 years; under 12 years, nothing (No refund under any circumstances)	6 years; paid at 65

COATES, HERFURTH & ENGLAND, INC.

PLAN PROVISION	TEXAS	UTAH	WASHINGTON	WYOMING
14. Judges' Contribution	6% of salary	8% of sal; 6% paid by employer. (6.75% eff. 7/1/83).	7½% of salary; all years	None
15. Employer Contribution	Pay as you go. Legislative appropriations	8.95% of sal. + fees (about equal to 6% of sal.) plus members' 6% contrib.	In practice, State funding has been Pay as you go.	Pay as you go. Legislative appropriations
16. Interest Credited Members	None	7½%	None	-
17. Cost of Living Benefit	Increases as active salary	Maximum 4% per year after 1st year of retirement	Lower of 3% or C.P.I.	Increases as active salary
18. Major Amendments Contemplated	None	1) Eliminate social security offset 2) Eliminate distinction between ordinary and duty disability - 50% FAS 3) Improve service retirement formula to 3 ½%, 2 ½%, 1% and reduction if under 65. 75% max benefit. Amendments passed and effective 7/1/83.	None	Still contemplating. No action yet.

	PERS PO/F	PERS All Other	TRS	JRS	EPORS	NGRS
Benefit Multiplier	2% on years 1-10 2½% on years over 10	2%	2%	5%	5% membership 2% other creditable service	$100.00 x no. of months NGRS service
Vesting	5 years	5 years	8 years	5 years	5 years	5 NG out of 20 MIL
Normal Retirement Age	55 w/5 years service OR 20 years PO/F service	55 w/ 5 years service OR 30 years service	55 w/8 years membership service; OR 5 years membership service and 3 years AK BIA; OR 15 years credited service if hired prior to 7/1/75, last 5 years membership service; OR at any age: 20 years membership service; OR 20 years combined membership and AK BIA, last 5 years membership service; OR 25 years credited service, last 5 years membership service.	60 w/ 5 years service	60 w/ 5 years service	N/A
Conditional Retirement	55 w/2 years service if if vested in the TRS	55 w/2 years service if vested in the TRS	55 w/2 years membership service if vested in the PERS	N/A	N/A	N/A
Employee Contributions	5%	4.25%	7%	7% for Judges hired after 7/01/78; 0% for Judges hired before 7/01/78	7%	N/A
Employer Cont. (actuarially determined)	22.36% consolidated rate; FY 83	12.71% consolidated rate; FY 83	8.45%; FY 83	104.70%; FY 83 and FY 84	Unfunded System, Annual Appropriation	Funded System, $1,202,000 FY 83 and FY 84
Nonmembership Service	Military (max. of 5 years) Territorial Service (must have 3 years service w/State after 1961) Temporary Service	Military (max. of 5 years) Territorial Service (must have 3 years service w/State after 1961) Temporary Service	Military (max. of 5 years) Outside (max. of 10 years; military & outside not to exceed 10 years) AK BIA (no max.)	Magistrate Pre 7/01/67 N/A N/A	PERS Covered Employment	N/A
COLA	10% (or $50.) if domiciled in AK	10% (or $50.) if domiciled in AK	10% if domiciled in AK	NO	NO	NO
Post Retiremen Pension Adjustments	Ad Hoc	Ad Hoc	Ad Hoc	Benefits Increase with Last Position's Salary Increase	Benefits Increase With Last Positions Salary Increase	NO
Health Insurance Coverage After Retirement	Yes	Yes	Yes	Yes	Yes	NO

Appendix I

Appendix V

EFFECT OF "PICKED UP" CONTRIBUTIONS

ON TAKE-HOME PAY

	After-Tax Contributions 7%	"Picked Up" Before-Tax Contributions 7%	8%	9%	10%	11%	12%
TRS Example							
Gross Monthly Pay*	$3,100	$3,100	$3,100	$3,100	$3,100	$3,100	$3,100
Taxes Withheld**	721	641	629	618	608	597	587
Contributions	217	217	248	279	310	341	372
Take-Home Pay	$2,162	$2,242	$2,223	$2,203	$2,182	$2,162	$2,141
Increased Take-Home		80	61	41	20	0	- 21
Increase as a Percent of Gross		2.6%	2.0%	1.3%	0.6%	0%	- 0.7%

	After-Tax Contributions 4.25%	"Picked Up" Before-Tax Contributions 4.25%	5%	6%	7%
PERS Example					
Gross Monthly Pay	$2,300	$2,300	$2,300	$2,300	$2,300
Taxes Withheld**	445	417	411	404	397
Contributions	96	96	115	138	161
Take-Home Pay	$1,759	$1,787	$1,774	$1,758	$1,742
Increased Take-Home		28	15	- 1	- 17
Increase as a Percent of Gross		1.2%	0.7%	0%	- 0.7%

* Systemwide Average
** Based on single person with one exemption