

- **Funding**

Addition of a Supplemental Amortization Equalization Disbursement (SAED) that will begin in January of 2008 at 0.5 percent per year until an additional 3 percent is implemented for a total of 6 percent. The shut-off mechanism for the AED and SAED will be changed to 100 percent funding status on a division-by-division basis. The Supplemental AED increases will be noted in statute as foregone wage increases from employees.

- **January 1, 2007, New Hire Provisions**

1. Maintain the current 2.5 percent of Highest Average Salary (HAS) as the multiplier factor with a 3-year HAS and an eight percent cap per year on the HAS years.
2. Change the Rule of 80 to a Rule of 85 with a minimum retirement age of 55.
3. Implement a new COLA fund dedicated for new hire retirement COLAs at the lower of 3 percent or the actual CPI if retired for one year and have reached age 60 or if the years of service plus age equals 85; all limited to available funds.

- **Amortization Period**

The statutorily prescribed amortization period would be reduced from 40 years to 30 years.

- **Actuarial Study Requirements**

A new statutory provision would be enacted that requires the General Assembly to contract for an independent actuarial study before future benefit increases could occur.

- **Purchase of Service Credit**

A new requirement to purchase service at full actuarial cost would be enacted.

- **Board Composition**

The new Board would total 15 members as compared to the existing Board of 16 members. There would be 11 elected members (4 School Division, 3 State Division, 1 Local Government Division, 1 Judicial Division, 2 retirees). The State Treasurer would remain on the Board. In addition, the Board would include three members appointed by the Governor. The appointees would be required to have relevant professional experience and would be subject to Senate confirmation. The ex officio position for the State Auditor would be eliminated.

- **Expansion of DC Choice to Higher Education Institutions**

All new employees as of January 1, 2008, who work in higher education institutions would be eligible to select the PERA DB Plan, PERA DC Plan, or the State DC Plan, in addition to their existing Optional Retirement Plans (ORPs) at the institutions that have ORPs. This includes faculty and administrators who have not previously had access to PERA DB, PERA DC or the State DC Plan. It also includes classified staff who have not been eligible for DC Choice. Current members of ORPs could not elect to participate in PERA DB, PERA DC or the State DC.