

Major Changes in State Public Retirement Plan Provisions, 2005 - 2009
March 15, 2010

The changes listed in this chart affect only new hires unless otherwise stated.

Employee Contributions	Alaska Public Employees and Teachers' Defined Contribution Plans: 2006	Increased employee contribution from defined benefit plan level to 8 % of salary, and provided for a flat employer contribution of 5%.
	Colorado Public Employees: 2006.	Additional 1% of salary to fund post-retirement benefit increases
	Iowa Public Employees: 2006	To increase 0.5% a year, 2008-2012, if needed to fully fund the system by 2016
	Kansas Public Employees: 2007	Contribution for new employees was increased from 4% to 6%.
	New Jersey Public Employee System, Teachers' Fund, and defined contribution plan: 2007	Increased to 5.5% (from 5%) for all members, and caps the base on which contributions are made at the maximum amount on which Social Security contributions are levied. Effective for current and future employees.
	Iowa Public Employees: 2008.	Re-enacts the 2006 legislation on employee contributions and caps the annual increase at 0.5%
	Kentucky Public Employee Retirement Plan: 2008.	Additional 1% of salary dedicated to the retiree health insurance plan.

	Michigan Public School Employees Retirement System: 2008	For new hires after July 1, 2008, the employee contribution rate on income over \$15,000 was raised from 4.3% to 6.4%
	Nebraska School Employees: 2009	Increase of 1% for five years (current employees).
	New Hampshire Retirement System: 2009	Increased from 5% to 7% of salary for new employees.
	Georgia Public Employees Retirement System: 2009.	For new hybrid plan, employee contribution to the defined benefit portion is 1.25% of salary; for personal account may range from 0% to 5% of salary.
	New Mexico Public Employee plan and teachers' plan: 2009	Increase of 1.5% of salary for fiscal years 2010 and 2011, affecting current employees.
Calculation of final average salary, and percentage factor for calculating benefits	Alaska Public Employees and Teachers' Defined Contribution Plans: 2006.	No defined retirement benefit; the benefit will depend upon the accumulations in a member's account.
	Louisiana Teachers: 2005.	Base for final average salary increased from 36 months to 60 months.

Rhode Island Public Employees: 2005.	Rhode Island applies different multipliers to groups of years of service. As service grows longer, the multiplier increases. The scale was reduced for shorter mounts of service in 2005. The former highest multiplier was 3.0%; under new law, the highest multiplier is 2.5%. The cap of benefits as a percent of final average salary was reduced from 80% to 75%.
Kansas Public Employees: 2007.	Base for final average salary increased from four years to five years.
New Jersey State and Local Plans: 2007.	For new members, limited to salary on which Social Security tax is levied. Members may contribute additional amounts to a new defined contribution plan.
North Dakota Teachers: 2007.	Base for final average salary increased from 36 months to 60 months.
Kentucky Public Employees 2008.	Benefit percentage previously was 1.97%; changed to range from 1.1% to 1.7 percent depending on years of service. For years in excess of 30, a factor of 2% applies.
Georgia Public Employees: 2009.	For the member account, the benefit base will be the accumulation in the account. For the defined benefit portion, the multiplier was reduced from 2% to 1%.
Nevada Public Employees Retirement System: 2009.	Formerly allowed a benefit factor of 2.67% for service after July 1, 2001. This was reduced to 2.5%.

	Rhode Island Public Employees System: 2009.	Base for final average salary increased from three highest consecutive years to five highest consecutive years.
	New York State & Local Employees: 2009.	Increased the minimum retirement age from 55 to 62; increased the minimum retirement age for the NY State Teachers system from 55 to 57 with 30 years of service.
Age and Service Requirements for Normal Retirement	Alaska Public Employees and Teachers' Defined Contribution Plans: 2006.	No state restrictions, but receipt of benefits is subject to federal rules governing withdrawals from individual retirement accounts.
	Colorado Public Employees: 2006.	Rule of 85 replaces the Rule of 80.
	Louisiana Teachers: 2005.	Minimum age of 60, up from 55.
	Rhode Island Public Employees System: 2005.	Previous law allowed general employees to retire at age 60 with 10 years of service or any age with 28 years. New law for new and non-vested employees allows normal retirement at age 65 with 10 years of service or age 59 with 29 years of service. For current employees, the minimum age of eligibility for retirement will vary with length of service.
	Kansas Public Employees: 2007.	Increased from age 65, or age 62 with 10 years of service, or the Rule of 85, to age 65 with five years of service or age 60 with 30 years of service; the Rule of 85 will not apply.

	New Jersey State and Local: 2007 and 2008.	Prohibited contractual employees from earning service credit. Raised normal retirement age for public employees and teachers' systems from 60 to 62 for those who become members after the effective date of the bill (previously 55/25 or age 60 with any number of years of service).
	North Dakota Teachers: 2007.	Rule of 90 instead of the Rule of 85; 5 year service minimum for benefits.
	Kentucky Public Employees Retirement System: 2008	Previously allowed general employees to retire at age 65 with four years of service, or any age with 27 years of service. For subsequent hires, it will be age 57 with 30 years of service; rule of 87 (with minimum age of 57); 65 with five years of service.
	Nevada Public Employee Retirement System: 2009.	Previously allowed general members to retire at age 60 with 10 years of service; revised to age 62 with 10 years of service. For new police and firefighter members, the eligible age for retirement after 10 years of service is raised from age 55 to age 60 and the former option to retire at any age after 25 years of service was eliminated.

	New Mexico: 2009	Created new retirement plans for state and municipal general members of the Public Employee Retirement Association (PERA) other than peace officers. Retirement eligibility under the new plans is any age and 30 or more years of service credit, age 67 or older and five or more years of service credit or the "rule of 80". The bill also contains a new retirement plan for members of the Education Retirement Board (ERB). Retirement eligibility under the new ERB plan is the same as under the new PERA plans, except benefits are reduced for a member retiring under the rule of 80 if the member is under 60 years old. The new retirement plans are effective July 1, 2011 and will apply to employees hired on or after July 1, 2010.
	Texas Employee Retirement System: 2009.	Minimum eligibility at age 65 with 10 years of service rather than 60/5; or the Rule of 80.
Anti-Spiking Provisions	Colorado Public Employees: 2006.	Annual salary growth for calculation of benefit capped at 8%.
	Iowa Public Employees: 2006.	Annual salary growth for calculation of benefit capped at about 7%
	Louisiana State Employee System: 2005.	Annual salary growth for calculation of benefit capped at 15%, down from 25%
	Kansas Public Employees: 2007.	Annual salary growth for calculation of benefit capped at 7.5%, down from 15%

	New Hampshire, all members: 2008.	If compensation in the final year of service exceeds 125% of final average compensation, the retiree's last employer will be assessed the cost of the excess benefit.
	Nevada Public Employees Retirement System: 2009.	Annual salary growth for calculation of benefit capped at 10% for last five years of service.
	Georgia all systems: 2009.	For all members, the employer must pay the system the actuarial cost of benefits whose calculation includes a pay increase of more than 5% in the last 12 months before retirement; for future employees, such salary increases will not be included in the benefit calculation.
Post-Retirement Increases	Alaska Public Employees and Teachers' Defined Contribution Plans: 2006.	DB plan provided annual automatic adjustments; no provision for post-retirement increases in the defined contribution plans.
	Colorado Public Employees: 2006.	Capped at 3% per year (previously 3.5%) or less depending on the consumer price index (CPI).
	Missouri local government plans: 2006.	Allowable only in plans that are at least 80% funded; must be amortized over 20 years.
	Kansas Public Employees: 2007.	For all pre-retirement employees, provided an annual adjustment of 2% in place of ad hoc adjustments.
	Georgia, all systems: 2009.	Future post-retirement increases are prohibited for public employees hired after July 1, 2009.

	Iowa Public Employees: 2006.	No future benefit increases without increases in contribution rates.
	Kentucky Public Employee Retirement Plan: 2008.	Replaced a COLA at the rate of the consumer price index, capped at 5%, with an annual 1.5%, for all future retirees.
	Louisiana State Employees and Teachers: 2009.	Future permanent benefit increases require age of 60 for eligibility (previously age 55) and link them to the system's actuarial funding level and investment return.
	Vermont Retirement System: 2008.	Replaces the existing-law COLA, which is an annual adjustment equal to 50% of the CPI, whether positive or negative. For active members as of June 30, 2008 who retire after July 1, 2008, the COLA will be the CPI percentage or at least 1%, to a maximum of 5%, beginning on January 1, 2014. Members' contribution rates are increased from 3.25% to 5% until July 1, 2019, when the contribution rate will fall to 4.75%. The additional cost of the COLA will be amortized separately from the existing UAAL over 30 years.
Vesting	Alaska defined contribution plans: 2006.	Employee contributions to the individual account are immediately vested and employer contributions are vested gradually with 100% vesting after five years of service.
	Mississippi Public Employees: 2007.	Vesting period increased from four years to eight years.

	North Dakota Teachers: 2007	Vesting period increased from three years to five years.
	Kentucky Public Employee Retirement Plan: 2008.	Vesting period for retiree health insurance benefits increased from 10 years to 15 years.
	Georgia hybrid plan: 2009.	Vesting for the defined benefit portion of the plan remains at 10 years. Employee contributions to the individual account are immediately vested and employer contributions are vested gradually with 100% vesting after five years of service.
	New York State and Local Employees System, and the State Teachers System: 2009.	Increased vesting requirement for new employees from five years to 10 years.

SOURCES

This report is based on NCSL's annual compilation of state legislation concerning pensions and retirement plans. The annual reports are available on the NCSL website at <http://www.ncsl.org/default.aspx?tabid=13399>