

Pension Reform Changes Effective July 1, 2011

Employees Pension System / Teachers Pension System (EPS / TPS)

Current Actives – Changes effective for service earned after 7/1/2011

	Currently	Approved Reforms - Effective 7/1/11
Employee contribution	5% of salary	7%
Benefit multiplier	1.8%	1.8%
Cost of Living Adjustment	Annual Retiree COLA linked to Consumer Price Index (CPI) with a cap of 3% per year	COLA remains linked to CPI but capped at: 2.5% if target rate of return for investments in prior year is achieved. 1% if investment target not met <i>applies to credit earned by current and new employees after 7/1/2011</i>

New Hires -- employed on or after 7/1/2011

	Currently	Approved Reforms - Effective 7/1/11
Employee contribution	5% of salary	7%
Benefit multiplier	1.8%	1.5%
Average Final Compensation	Calculated based on highest 3 consecutive years	Calculate using highest 5 consecutive years
Full Service Retirement	30 years or: age 65 with 2 years age 64 with 3 years age 63 with 4 years age 62 with 5 years	Rule of 90 (sum of age and service must equal 90) or age 65 with 10 years
Early Service Retirement	Age 55 with 15 years	Age 60 with 15 years
Vesting	5 years	10 years
Cost of Living	Annual Retiree COLA linked to	COLA remains linked to CPI but capped at:

Adjustment (COLA)	Consumer Price Index (CPI) with a cap of 3% per year	2.5% if target rate of return for investments in prior year is achieved. 1% if investment target not met <i>applies to credit earned by current and new employees after 7/1/2011</i>
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State Police Retirement System (SPRS)

	Currently	Approved Reforms - Effective 7/1/11
Average Final Compensation	Calculate using 3 years of highest compensation	Calculate using 5 years of highest compensation (<i>new hires only</i>)
Full Service Retirement	Age 50 or 22 years	Age 50 or 25 years (<i>new hires only</i>)
Vesting	5 years	10 years (<i>new hires only</i>)
Cost of Living Adjustment	Unlimited annual COLA linked to Consumer Price Index (CPI)	COLA remains linked to CPI but capped at: 2.5% if target rate of return for investments in prior year is achieved. 1% if investment target not met <i>applies to credit earned by current and new employees after 7/1/2011</i>
Deferred Retirement Option Program	Accounts earn interest at rate of 6% compounded monthly Eligibility up to 28 years of service	Accounts earn interest at rate of 4% compounded annually Eligibility up to 29 years of service <i>both apply to new accounts 7/1/2011</i>

Correctional Officers Retirement System (CORS)

	Currently	Approved Reforms - Effective 7/1/11
Average Final Compensation	Calculate using 3 years of highest compensation	Calculate using 5 years of highest compensation (<i>new hires only</i>)

Vesting	5 years	10 years (<i>new hires only</i>)
Cost of Living Adjustment	Unlimited annual COLA linked to Consumer Price Index (CPI)	COLA remains linked to CPI but capped at: 2.5% if target rate of return for investments in prior year is achieved. 1% if investment target not met <i>applies to credit earned by current and new employees after 7/1/2011</i>

Law Enforcement Officers Pension System (LEOPS)

	Currently	Approved Reforms - Effective 7/1/11
Employee Contribution	4% of Salary	6% FY 2012 / 7% FY 2013 and beyond <i>(current and new hires)</i>
Average Final Compensation	Calculate using 3 highest consecutive years of compensation	Calculated using 5 highest consecutive years of compensation (<i>new hires only</i>)
Vesting	5 years	10 years (<i>new hires only</i>)
Cost of Living Adjustment	Annual Retiree COLA linked to Consumer Price Index (CPI) with a cap of 3% per year	COLA remains linked to CPI but capped at: 2.5% if target rate of return for investments in prior year is achieved. 1% if investment target not met <i>applies to credit earned by current and new employees after 7/1/2011</i>
Deferred Retirement Option Program (DROP)	Accounts earn interest at rate of 6% compounded monthly	Accounts earn interest at rate of 4% compounded annually <i>applies to new accounts only 7/1/2011</i>