

NEW HIRES NEED A NEW PLAN

- Only 5% of members in current plan will receive full unreduced benefit.
- 70% will receive no benefit, only a refund of their employee contributions.
- Members are leaving at increasingly higher rates.
- New plan includes a portability component.

PROPOSED PLAN IS BETTER FOR THE STATE

- Reduces risk of future Unfunded Accrued Liability (UAL).
- Maintains responsible payment plan for the existing UAL.

PROPOSED PLAN: RETIREMENT SECURITY AND PORTABILITY

- Includes a defined benefit (DB) component with an income replacement ratio comparable to Social Security.
- Includes a defined contribution (DC) component of which at least 75% must be annuitized to a lifetime monthly benefit upon retirement from LASERS.
- DC component allows members to choose professionally managed investment options (e.g. target date funds).

PLAN STRUCTURE: DEFINED BENEFIT + DEFINED CONTRIBUTION

- DB component benefit formula: **final average compensation** × **years of service** × **1.5%**.
- Member contribution is **8% of pay**; 4% applied to the DB component and 4% applied to the DC component.
- **Employers pay an actuarially determined percent of payroll** to the DB component, including payment toward the existing UAL and 3% of payroll of those in the Plan to the DC component.
- Members would have **individual accounts** in the DC component, with the ability to manage those accounts.
- Includes pre-funded **periodic cost-of-living adjustments**.
- Includes disability and survivor benefits.

MEMBERS OF THE PROPOSED PLAN

- **Mandatory for new hires after January 1, 2020**, in LASERS rank-and-file positions.
- Plan would not apply to members in hazardous duty positions or judges.
- Plan would not apply to retirement systems other than LASERS.
- LASERS members hired between July 1, 2006 and December 31, 2019, will have the **option of joining** the Plan for future service, while maintaining their current retirement eligibility.