



National Trends in Public Pensions

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- **Employee contribution increases happened in 16 states in 2011**
- **Employee contribution increases happened in 10 states in 2010**



- **In 8 of the 16 states this year that increased employee contributions - will be offset in part or wholly by reduced employer contributions**



- **The shift towards so called equalizing of contributions will continue and expect to see more changes and pressure**



Eligibility for Retirement Benefits

- **15 states increased the age and service requirements for normal retirement benefits for state employees and teachers**
- **Legislation generally applies only to people hired after the effective date of the legislation. A few states also applied it to non-vested employees**



Major Changes

- **Moving retirement age to 65 or 67 in some states**
- **Increasing the amount of service credit a person must have to meet retirement.**
- **Changes went from 5 or 6 year vesting to 8 or 10 year vesting**



Calculation of Retirement Benefits

- **6 states lengthened the period over which final average salary is averaged to provide the base on which the pension is calculated**



- **8 states made similar changes in 2010**
- **In most cases, the change was from a persons highest 36 months to the highest 60 months**
- **Florida changed it's provision from the highest 5 to the highest 8**



- **Such changes applied in all cases hired after the effective date of the legislation**
- **The measures are usually the highest paid months or years rather than the latest to avoid penalizing people who move to part time employment before retiring**



Post-Retirement Benefit Increases (COLA's)

- In 2011, 10 states revised their provisions for automatic cost of living adjustments.**
- In 3 states changes affected current retirees**
- In 2010 8 states addressed this benefit**
- In all cases state actions reduced future commitments**



COLA Changes by State

- **Arizona: Requires pension fund to have a total return over 10.5% for there to be a COLA**
- **Connecticut: Minimum changed from 2.5% to 2%**
- **Florida: Eliminates the COLA for service earned after 07-01-2011**



- **Kansas: 2 options regarding COLA's, to all Tier 2; the default option would continue employee 6% contribution rate of salary and eliminate the COLA. Alternative option would also continue the 6% contribution rate. It would return the COLA but reduce the benefit multiplier from 1.75% to 1.4%**



- **New Jersey eliminated the post-retirement COLA's for all current and future retirees. COLA's could be reinstated if retirement plan meets specified funding ratios in the future**



Deferred Retirement Option Plans (DROP)

- **Alabama: Prohibits new membership in the DROP for state employees and teachers on April 1, 2011**
- **Arizona: Limits eligibility for DROP in the public safety personnel retirement system to those who become a member of the system before January 1, 2012**



Military Service Credit

- Arkansas: Provides that any active member of the Arkansas local police and fire retirement system may purchase service, not to exceed 5 years for service rendered by the member while on active duty in the armed forces**



Public Pension Lawsuits

- **New Hampshire retirement system sues to block implementation of a new law that sets employer contribution rates**
- **Prichard, Alabama recent court compromise that will restore about 1/3 of the pensioners benefits. No payments to retirees since 2009.**



Nebraska Trooper Lawsuit

- **Nebraska State Patrolmen file lawsuit challenging increase in what they are required to pay into their pension plan**
- **Contribution rate jumped to 19% which was a 46% increase over the past 2 years**
- **Average trooper paying nearly \$1000 a month into retirement plan**



Wisconsin Nurses Union Lawsuit

- **WI Federation of Nurses and Health Professionals Local 5001 AFT AFL-CIO suing Milwaukee County and pension board**
- **Reduced the number of years of service multiplier used to calculate their pension from 2% to 1.6% without permission**
- **The new ordinance would apply to current and new hires**



Collier Co. Deferred Retirement

- In 2011 legislation was passed reducing the amount of interest earned by participants and requiring active members of the FL Retirement System to contribute
- In 2007, **eight** people enrolled in FL Deferred Retirement Program within five years the number rose to **nineteen**
- 1,300 eligible employees enrolled in the program in May 2011, one month later that number jumped to 7,215
- Program allows participants to have retirement benefits deferred up to 5 years into a separate account



Top 12 Legislative Issues of 2012

1. Federal Deficit, Reduction Affect on State Budgets
2. Budgets
3. Jobs and State Economies
4. Pensions
5. Medicaid: Efficiencies and Quality
6. Elections: ID and Early Voting
7. Health: Reform in the States, Health Care Exchanges, Technology and Benefits
8. Criminal Justice: Reducing Crime, Managing Resources and Reexamining Juvenile Justice Systems
9. Education: Funding and Compliance
10. Transportation: Funding and Drugged Driving
11. Environment: Implementing New Federal Regulations
12. Natural Gas



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