

Preliminary Areas of Review Recommended by the Benefit Study
Commission

PENSION BENEFITS

- 1) Raising retirement age – similar to Social Security structure
- 2) Early retirement
 - Age eligibility restrictions
 - Application of penalty based on actuarial cost
- 3) Increasing employee rates for all groups and review of appropriate contribution rates for different groups or plans
- 4) Define types of income eligible for calculation of average final compensation (AFC)
- 5) Impact of going from a three year to five year salary calculation for AFC
- 6) Review/impact of COLA changes and review definition of CPI
- 7) Review potential of limiting allowable earnings after retirement
- 8) Review of State benefits compared to private sector benefits
- 9) Review multiplier used to calculate benefits for all groups and plans
- 10) Review vesting period – possible increase from five years to ten years
- 11) Tie employee contributions to salary or age

FUNDING

- 1) Review of actuarial assumptions for
 - Salary rate
 - Cost of Living assumption
 - Interest rate of return
 - Review other factors with significant impact
- 2) Risk sharing for contribution levels based on true up of investment results
- 3) Assessing local education agencies – Federal Grants for pension overhead

DESIGN

- 1) Review DC and hybrid (including Cash Balance) options
 - Cash Balance
 - Federal Plan
- 2) Review options for implementation
 - Voluntary vs. mandatory
 - New members vs. existing members
- 3) Review transition issues for various models

HEALTH CARE/OPEBS

- 1) Funding for Teacher Health Plan
- 2) Review how to pay for teacher retiree health care and possible transition to new funding sources
- 3) Impact of health insurance premiums paid by local education agencies
 - Pay as you go for new or existing employees
 - Prefund new or existing employees and establish trust fund
 - Board of Trustee governance representation based on above
- 4) Review current tiered health care for new State hires and consideration of tiered health care for existing members
- 5) Pooling of health care, i.e. Catamount ✓
- 6) Eligibility requirements for health care
- 7) Potential transition to Medicare Plan and/or Medicare D
- 8) Create Health Care Savings Account
- 9) No health insurance for new hires
- 10) Create catastrophic discretionary account
- 11) Increase co-pays/deductibles
- 12) Eligibility of dependants (State)
- 13) Contributions tied to salary or age