

Outline of PERS Reform Initiatives

401(k)-style Plan + Employee Cost Sharing @ 6%	2-1 Employer/Employee Cost Sharing + 401(k) Plan Study
<p><u>401(k)-Style Option for New Hires</u> Creates optional 401(k)-style plan for new hires, financed by employer contributions of 6% and employee contributions of 6%. New hires may choose the 401(k) or the pension program, but not both, beginning 7/1/21.</p>	<p><u>401(k)-style Study for New Hires</u> Requires Oregon Treasury to study options for an optional 401(k) style plan for new hires and submit recommendations to the Legislature for implementation on 7/1/22. Excludes Police and Fire members from the study.</p>
<p><u>Employee Cost Sharing</u> Requires all employees participating in the pension plan to contribute 6% of salary to share in the cost of future benefits, beginning 7/1/21</p>	<p><u>Employee Cost Sharing</u> Requires employees participating in the pension plan to contribute one third of the going forward costs of pension, averaging 2.8% to 6.0% of salary, based on benefit levels, beginning 7/1/21</p>
	<p><u>Pension Benefit Protections</u> As long as employee contributions continue in effect, prohibits any reduction in future pension benefits based on the years-of-service formula</p>
<p><u>Redirection of Employee Contributions from Supplemental Plan to Pension Plan</u> Redirects future employee contributions of 6% from the supplemental retirement savings plan to support the pension plan.</p>	<p><u>Redirection of Employee Contributions from Supplemental Plan to Pension Plan</u> Allows employees to redirect future contributions from the supplemental retirement savings plan to support the pension plan.</p>
<p><u>Employer Savings</u> Offsets half of projected pension plan cost increases over next decade for employers.</p>	<p><u>Employer Savings</u> Offsets one third of projected pension plan cost increases over the next decade for employers. Savings must be applied to preserve and enhance services.</p>
<p><u>Effect on Employees</u> Current employees incur no reduction in pay to support the pension plan. Pension benefits for career employees equal or exceed 45-50% of final average salary + prior supplemental accounts + Social Security.</p>	<p><u>Effect on Employees</u> Current employees have option to avoid any reduction in pay to support the pension plan. Pension benefits + supplemental accounts for career employees equal or exceed 50% of final average salary + Social Security.</p>
<p><u>Limitation of Future Liabilities</u> Requires study by PERS of mechanism to limit growth for future liabilities.</p>	
<p>Exempts Police and Fire and employees with optional alternative plans.</p>	<p>Exempts employees with optional alternative plans in place.</p>
<p><u>Savings</u> Would reduce future employer cost increases by half.</p>	<p><u>Savings</u> Would reduce future employer cost increases by one third.</p>