

Proposal for Amendments to Legislative Retirement Plan

Contingent on Adoption of House Joint Resolution 5 (Legislative Salaries)

- Create two options for Legislative Retirement Benefits
 - **Option 1**
 - **Applicable for Legislators who elect to decline a legislative salary.**
 - The current Legislative Retirement Plan was enacted with generous benefits to offset the reality that legislators were unpaid and is unique to all other plans because contributions and benefits cannot be based on non-existent salaries.
 - These legislators remain eligible for the current option under the current Legislative Retirement Plan (State Legislator Member Coverage Plan 2). Current Legislators have already either elected to become members of the plan or have declined that option.
 - The current plan will close for newly elected Legislators, but those who are current members may decide to remain in this plan if they elect to decline a salary. For newly elected Legislators, those individuals will have the options provided in Option 2, or to decline a salary as well as any retirement benefit.
 - **Contributions:**
 - Annual contribution of \$1,000 from Legislators
 - Remaining Contributions provided by Tax Distribution
 - **Eligible for retirement at:**
 - 65 years of Age + 5 years of Service; or
 - Any Age + 10 years of Service.
 - **Calculation for retirement:**
 - $(14\% * \text{Per Diem Rate at retirement}) * 90 * \text{Years of Service} = \text{Annual Benefit.}$

- **Option 2**

- **Applicable for Legislators who elect to accept a legislative salary**
- If a Legislator elects to receive a salary, the purpose and structure of the Legislative Retirement Plan will no longer apply as contributions and benefits can be based on salaries. Salaried Legislators will become eligible for the same plan provided to the Governor, other Statewide Elected Officials, District Attorneys, and Cabinet Secretaries (State Member Coverage Plan 3).
 - Salaried Legislator will be automatically placed under the State Plan but will be provided the option to opt-out of the plan that is provided to other elected officials. If a Legislator opts-out, they will make no contributions to the plan, but will not be eligible for any benefits under the plan.
- **Contributions:**
 - State contribution of 19.24% of Salary.
 - Member contribution of 10.92% of Salary.
- **Eligible for retirement at:**
 - 65 years of Age + 5 years of Service; or
 - Tier 1: Any Age + 25 Years of Service Credit; or
 - Tier 2: Any Age when Sum of Years of Service Credit (minimum 5) + Age = 85
- **Calculation for retirement:**
 - Tier 1: (Years of Service Credit * 3%) * Final Average Salary = Annual Benefit.
 - Tier 2: (Years of Service Credit * 2.5%) * Final Average Salary = Annual Benefit.

Option 2 maintains consistency with the benefits that are provided to other salaried, elected officials within the state, while recognizing that if a member elects to continue service without a salary, they may maintain the current plan. If a Legislator has service credit under both plans, that service credit will be calculated separately and the sum of the benefits earned under those plans will be combined to calculate a final total benefit.