

SB 12 by Senator Huffman and Representative Bonnen TRS Pension Reform				
Fiscal Year	2020		2021	
% State Contribution (Current 6.80%)	7.50%		7.50%	
Additional Cost to State for increases in contribution	\$263M		\$261M	
% Active Contribution (Current 7.70%)	No change		No change	
% Public Education Employer Contribution (Current Non-Social Security public employers 1.50%)	No change except + Social Security public education employers		1.60%	
Additional Cost to Public Education Employer for increases	\$29M <i>(+ cost due to adding Social Security public education employers)</i>		\$59M	
Ultimate Contribution Rates	Fiscal Year	State	Pub Ed Employer	Active Employee
	2022	7.75%	1.70%	8.00%
	2023	8.00%	1.80%	8.00%
	2024	8.25%	1.90%	8.25%
	2025	8.25%	2.00%	8.25%
Total Additional Pension Cost to State for FY20/21	\$524M			

Estimates include anticipated increased payroll cost from HB 3

Supplemental Check for eligible retirees as of 12/31/18:

Supplemental Payment (13th check) capped at \$2,000
Cost: \$589M

Highlights:

- State is contributing an additional **\$1.113 billion** towards the pension plan and supplemental payments to retirees.
- All eligible members retired as of 12/31/18 will receive an extra matching annuity check capped at \$2,000.
- The pension fund becomes actuarially sound immediately -- down from 87 years. The unfunded liability is expected to be paid off within 29 years (assuming contribution rates don't change & investment return assumptions are met).
- Social Security contributing public education employers are no longer exempt from the 1.5% public education employer contribution.
- While raises for employees are expected as a result of HB 3, active employees will not have an increase in their contributions this upcoming biennium. Increases will take effect in FY 2022.
- Protections are included for the contribution rates. If a future Legislature reduces its state contribution, then the district and employee contributions will be reduced by an equivalent percentage.