

<u>Summary of Plan Changes</u>			
Plan Provision	Current Plan	HB 3158 as Passed by Senate and House	
1	Benefit Multiplier	<p>Start date before 3/1/11 : 3% per year Start date on or after 3/1/11: 2% first 20 years, 2.5% next 5 years, 3% thereafter</p>	<p>All participants: 2.5% for future service Start date before 3/1/11 : 3% for service prior to 9/1/17 Start date on or after 3/1/11: 2.5% from start date</p>
2	Normal Retirement Age	<p>Start date before 3/1/11 : 50; Start date on or after 3/1/11 : 55</p>	58
3	Early Retirement Age	<p>Start date before 3/1/11 : 45; Start date on or after 3/1/11 : N/A</p>	<p>Start date before 3/1/11: Age 45 as of 9/1/17 or age 53 after 9/1/17 Start date on or after 3/1/11: 53</p>
4	20 & Out Retirement	<p>Start date before 3/1/11 : 20 years of service; Start date on or after 3/1/11: N/A</p>	All participants : 20 years of service
5	20 & Out Retirement Benefit Multiplier	<p>Ages 48 and 49 : 2.75% Age 47 : 2.50% Age 46 : 2.25% Age 45 and younger : 2.00%</p>	<p>Age 57 : 2.40% Age 56 : 2.30% Age 55 : 2.20% Age 54: 2.10% Age 53 and younger : 2.00%</p>
6	Early Retirement Reduction	2/3 of 1% per month if retire after reaching age 45 and prior to age 50 without 20 years of service	<p>Start date before 3/1/11: 2/3 of 1% per month if retire after reaching 1) age 45 as of 9/1/17 and prior to age 50; or 2) age 53 after 9/1/17 and prior to age 58 Start date on or after 3/1/11: 2/3 of 1% per month if retire after reaching age 53 and prior to age 58</p>
7	Vesting for participants hired on or after 3/1/11	10 years	5 years

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8	Average computation pay for participants hired before 3/1/11	36-month averaging period	36-month averaging period for service prior to 9/1/17; 60-month averaging period for service after 9/1/17
9	Maximum Benefit	Start date before 3/1/11: 96% of computation pay	90% of computation pay for all members
10	COLA	Start date before 1/1/07 : 4.0% simple COLA on base benefit Start date on or after 1/1/07 : Ad hoc COLA not to exceed 4.0% simple COLA on base benefit	Ad hoc COLA not to exceed 4.0% simple COLA on base benefit; granting of COLA dependent on reaching certain financial benchmarks. Ad hoc COLA may not be granted until funding reaches 70% and is then subject to Board approval.
11	Supplemental Benefit	Greater of 3% of base benefit or \$75 per month; applied to members benefit at age 55 if requirements met	Eliminated prospectively; frozen for those for whom the supplement was already granted.
12	Active DROP - Interest	6% effective 10/1/2016; 5% effective 10/1/2017; based on funding ratio effective 10/1/2018 (estimated to be 0%)	No interest while in Active DROP. Upon retirement, balances in Active DROP accounts as of 9/1/17 will earn interest over the annuity period based on the member's life expectancy upon retirement, based on a Treasury-based interest rate determined by the Board
13	Active DROP - COLA	Included	Excluded
14	Limit on years in Active DROP	No limit	10 years (effective 1/1/18)
15	Retiree DROP deferrals	No limit	No future deferrals

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16	Retiree DROP - Distributions and Interest	<p>Participants can request a lump sum or Minimum Annual Distribution under the 1/12/17 DROP Policy Addendum or let their account stay in the plan receiving interest at the following rates:</p> <p>6% effective 10/1/2016; 5% effective 10/1/2017; based on funding ratio effective 10/1/2018 (estimated to be 0%)</p>	<p>Current Retiree DROP participants paid an annuity based on their life expectancy; interest paid based on Treasury-based rate to be determined by the Board.</p> <p>Minimum Annual Distributions under current policy are allowed to continue until the DROP annuity payments begin. No lump sum distributions are allowed other than hardships, those in compliance with court order, or to avoid early distribution tax penalty. If lump sums are paid other than for these reasons prior to 8/31/17, the bill is considered null and void.</p>
17	Employee Contributions	8.5% for non-DROP active participants; 4.0% for DROP active participants	Increase to 13.5% effective 9/1/17
18	Employer Contributions	27.5% of total pay	<p>34.5% of computation pay (effective 9/1/17) with a floor for 7 yrs, plus \$13 Million per year until 2024. The floor for the first 5 yrs is based on the original Flynn bill; floor for yrs 6-7 is based on City's hiring plan.</p> <p>In 2024, an independent actuarial analysis shall be conducted with the actuary making recommendations to the Board for changes to bring the plan in line with funding guidelines set by the Texas Pension Review Board if needed. The Board shall adopt changes based on the recommendations to meet the funding amortization period required by the Texas Government Code.</p>

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19	Board composition	8 service trustees (2 retired), 4 City Councilmembers	<p><u>11 trustees</u> Mayor appointed, in consultation with city council: 6 Police Representative (active or retired) elected by members: 1 Fire Representative (active or retired) elected by the members: 1 Appointed by Nominations Committee*: 3</p> <p><i>*Nominations Committee comprised of one representative from each of the 11 associations.</i></p> <p>A 2/3 vote is required to increase member contributions, decrease city contributions, reduce benefits, create a new/alternative benefit plan, or enact clawback.</p> <p>A former or retired employee of the city may not before the 2nd anniversary of the date the person terminated employment with the city serve the pension system in any capacity other than as a trustee. A current city employee may not serve in any capacity. Elected officials may not serve in any capacity. All trustees must have demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial expertise.</p>
20	Clawbacks/Equity Adjustments	N/A	Can be enacted by the Board with 2/3 vote
21	Overall Board authority to change the Plan	N/A	Board can change the Plan if funding period is >35 years