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EXECUTIVE DIRECTOR REPORT
November 17, 2016

Activities	Updates
Trustee Elections	On October 31, 2016, ballots were mailed to members qualified to vote in the Active Teacher and Retired Police Officer elections. Ballots for those elections will be counted and certified by the Election Administrator on November 29. Under the Board's Election Rules, since the Active Firefighter election is uncontested, no ballots are required to be cast. The winning candidates of all three elections will be presented to the Board for certification in December.
Audit Update	CliftonLarsonAllen conducted an interim audit during the week of August 15, 2016 and presented their Audit Plan for FY 2016 to the Audit Committee in October. The audit began on November 14.
Actuarial Experience Study	As noted last month, DCRB has received preliminary information from Cavanaugh Macdonald related to the actuarial experience study for the period October 1, 2010 through September 30, 2015. The results will be presented to the Board early next year after the adoption of a new asset allocation study.
Data Integration Project	In a significant milestone, DCRB and ODCP implemented an electronic member data integration. This accomplishment reduces the manual processing of retirements, limits user errors and improves data integrity.
Public Pension Coordinating Council Award	The District of Columbia Retirement Board has been presented once again with the Public Pension Coordinating Council's (the Council) Recognition Award for Funding for 2016 (see attached). The award is in recognition of meeting professional standards for plan funding as set forth in the Public Pension Standards. The Council is a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).
Visit by Australian Pension Board	On October 19, a trustee from Australia's New South Wales' (NSW) State Super Fund met with DCRB staff to discuss issues related to pension fund management and administration. The NSW fund has assets totaling approximately $41 billion (in Australian dollars).

Recent Retirement-Related Articles (attached)	"Will Pensions and OPEBs Break State and Local Budgets?," Center for Retirement Research at Boston College, Alicia H. Munnell and Jean-Pierre Aubry, October 2016. "Cost-of-Living Adjustments," NASRA Issue Brief, October 2016. "Employee Contributions to Public Pension Plans," NASRA Issue Brief, October 2016.

PPCC

Public Pension Coordinating Council

Recognition Award for Funding 2016

Presented to

District of Columbia Retirement Board

In recognition of meeting professional standards for
plan funding as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
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Alan H. Winkle

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Program Administrator

CENTER *for* RETIREMENT RESEARCH *at* BOSTON COLLEGE

STATE AND LOCAL PENSION PLANS

NUMBER 51, OCTOBER 2016

WILL PENSIONS AND OPEBS BREAK STATE AND LOCAL BUDGETS?

*By Alicia H. Munnell and Jean-Pierre Aubry**

INTRODUCTION

The costs of state pension plans are much in the news. Generally, people lump together these unfunded liabilities and make alarming claims that all state plans are about to go bankrupt. The evidence, though, suggests otherwise. On the other hand, looking just at pension plans and just at states doesn't give the full picture of costs facing states and localities.

This *brief*, based on a recent paper, provides a comprehensive accounting of state and local government liabilities for pensions and other post-employment benefits (OPEB) and the fiscal burden that they pose.[1] In accordance with new accounting guidelines, the analysis apportions the relevant liabilities of state-administered cost-sharing plans to local governments for a more accurate picture of where the burden lies. It also includes debt service costs to provide a full picture of government revenue commitments to long-term liabilities. To gauge the level of the burden, pension, OPEB, and debt service costs are compared to each jurisdiction's own-source revenue.

The discussion proceeds as follows. The first section describes the scope of the analysis. The second section explains the methodology used for calculating the costs and choosing the revenue base. The third section presents the results for states, counties, and cities. The final section concludes that the outlook at the state and local level is extremely heterogeneous; a small minority face dire circumstances, but many jurisdictions appear to have their costs under control.

GETTING THE FULL PICTURE

When it comes to public employee retirement costs, many commentators make sweeping claims in alarming language about the liabilities of state pension plans. For example, a quick Google search turns up phrases like "trillion-dollar hole" and "budget time bombs."[2] This assessment is both too sweeping and too narrow.

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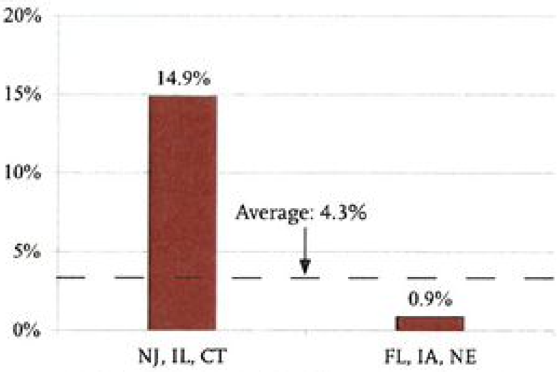
Looking at aggregate costs ignores the heterogeneity of the situation across governments. For example, New Jersey, Illinois, and Connecticut clearly have very large pension costs relative to their revenue base, but their situation is atypical (see Figure 1). The overall state average of 4.3 percent is far below that of the most troubled states; and Florida, Iowa, and Nebraska have a cost burden much lower than the average.

Figure 1. State Pension Costs as a Percentage of Own-Source Revenue for States with Highest and Lowest Burdens, 2014



Sources: Authors' calculations based on FY 2014 financial reports and actuarial valuations; and U.S. Census Bureau (2014).

At the same time, focusing only on pensions and only on states ignores both the pension costs facing *local* governments and the *non-pension* costs facing both state and local governments (see Table 1). This analysis checks all the boxes in Table 1 by presenting a comprehensive view of long-term cost burdens for a large sample of state, city, and county plans.

Table 1. Focus of Typical Commentary on Retirement Costs

Jurisdiction	Pensions	OPEBs	Interest costs
States	X		
Counties			
Cities			

Source: Authors' illustration.

Calculating the Cost Burden

Estimating the burden of pensions and OPEBs on government revenue requires three steps. The first is to allocate to cities and counties their share of the liabilities and assets of state-administered plans, following recent guidance from the Governmental Accounting Standards Board (GASB). The second is to calculate the true cost of pension and OPEB benefits, which includes choosing a reasonable discount rate and an adequate schedule for paying off the existing unfunded liability. The third is to select the appropriate revenue base to which to compare the costs.

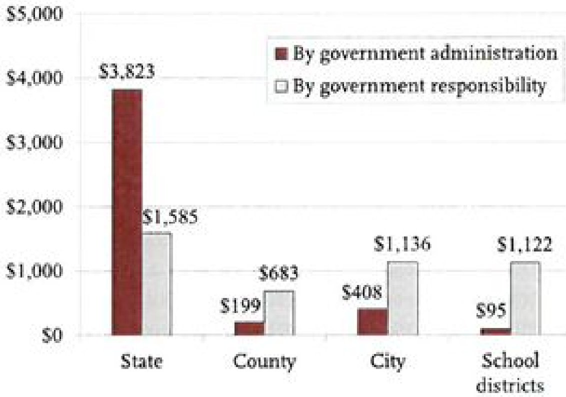
Applying GASB Guidance on Cost Sharing

As of 2015, GASB Statement 68 requires local governments that participate in "cost-sharing" plans administered at the state level to report their share of the plan assets and liabilities on their balance sheets.[3] Similar guidance will soon apply to OPEBs when GASB 75 goes into effect.[4]

While government financial reports began including cost-sharing data for pensions in 2015, our exercise uses 2014 data because it is the latest available for many cities and counties. As a result, we estimate the cost-share allocation based on a city's or county's Annual Required Contribution (ARC) for a given state plan as a percentage of the plan's total ARC. If ARC information is unavailable, the apportionment is based on the ratio of a locality's actual contributions to the state plan's total actual contributions.

Accounting for cost-sharing results in a dramatic reorganization of pension liabilities, with more than half the liabilities in state plans shifting to the local level (see Figure 2, on the next page). With respect to OPEBs, the shift (not shown) is much less dramatic because, unlike pensions, the responsibility for administering the OPEB plans that cover local workers generally rests at the local, rather than the state, level.

Figure 2. Distribution of Pension Liability Before and After GASB 68, in Billions



Sources: Authors' calculations based on FY 2014 financial reports and actuarial valuations; and U.S. Census Bureau (2014).

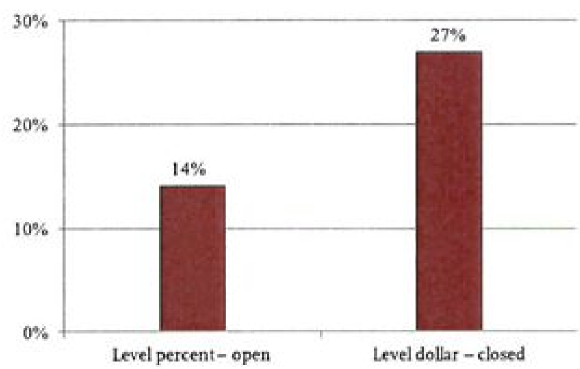
Calculating Costs of Pensions and OPEBs

Calculating annual pension and OPEB costs requires two steps. The first is selecting an interest rate for discounting future benefit promises. The second is determining a cost concept that leads to actually funding the plan. Based on these two decisions, the reported data are then adjusted accordingly, for an apples-to-apples comparison between pension and OPEB costs.

Choosing a discount rate. In 2014, the nominal, long-term return assumption used by state and local pension plans to discount promised benefits averaged 7.6 percent, ranging from 6.25 percent to 8.50 percent. These assumptions are well in line with historical returns, particularly over longer periods. However, many investment experts suggest that future equity returns could be considerably below historical averages, and returns on bonds are at historically low levels. To be conservative and consistent with a recent analysis of state retirement cost burdens by Michael Cembalest of J.P. Morgan, we adopt a nominal return of 6 percent for both pensions and OPEBs.[5]

Selecting the concept. For both pensions and OPEBs, the annual required payment consists of two components – one to cover costs of benefits accruing in the current year (the normal cost) and another to amortize the plan's unfunded actuarial liability. Two problems arise, however. First, many plans do not receive their required contribution, either as the result of a policy choice given competing priorities or because the plan is subject to a statutory contribution rate. Second, in a number of cases, the amortization payment is structured in such a way that the unfunded liability will never be paid off. Specifically, sponsors set the amortization payment as a fixed percentage of future payrolls, which results in low payments in the initial years of amortization that are scheduled to increase – typically over 30 years – with payroll growth. In a number of instances, however, sponsors annually reset the 30-year period so that they are always in the early years of the amortization, continually making low payments and very little progress against the unfunded liability. A better alternative is to use a closed 30-year amortization period with level dollar payments. Figure 3 shows how a more rigorous contribution requirement increases the funded ratio.

Figure 3. Percentage-Point Increase in State/Local Funded Ratios Starting from 73 Percent, After Paying Full ARC for 30 Years



Source: Authors' calculations.

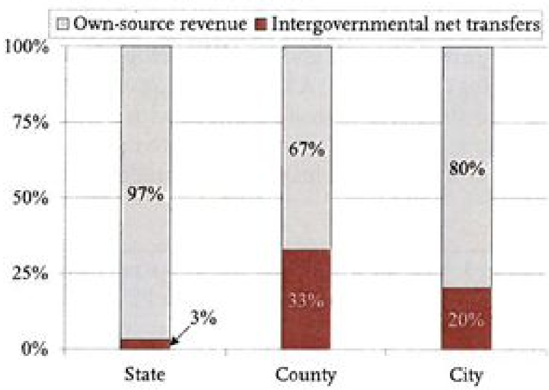
Selecting the Appropriate Revenue Base

The final step is to select the appropriate revenue base. The decision is more difficult than it first appears, because each level of government receives not only revenue it raises itself but also transfers from higher levels of government, and it pays money to lower levels. Thus, one could use either own-source revenue or net revenue (own-source plus net transfers). At the state level, the decision is relatively easy;

the money the states receive from the federal government roughly equals the amount the states pay to local governments. That is, own-source and net revenues are roughly the same. Therefore, we use own-source revenue at the state level.[6]

Deciding on a revenue base for counties and cities is more difficult, because these entities get, on average, 33 percent and 20 percent of their revenues from other governments (see Figure 4). For counties,

Figure 4. Sources of Total Net Revenue for States, Counties, and Cities



Source: Authors' calculations from U.S. Census Bureau (2014).

most of the money comes from the state; for cities, a substantial share also comes from the federal government. Using own-source revenue as the denominator overstates the drain on the locality's total resources, but provides a sense of the tax increase required if pension or OPEB costs come in higher than expected. Therefore, to be conservative and consistent across governmental entities, we report costs as a percentage of own-source revenue.[7]

Results

The results provide cost burdens for pensions, OPEBs, and debt service for each of the 50 states, for 178 counties, and for 173 cities in our sample.

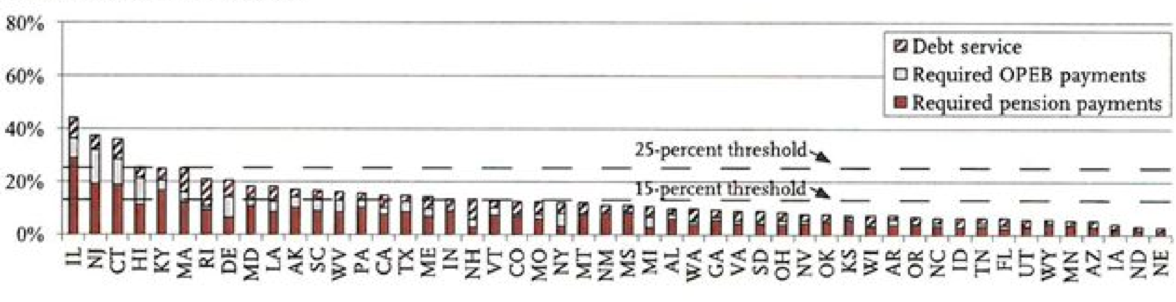
States

Figure 5 presents pension, OPEB, and debt service costs for states, ranked by the size of their total cost burden. Pensions (the red portion of the bars) show dramatic variation in the burden from a high of 29 percent of own-source revenue in Illinois to a low of 1 percent in Nebraska. Overall, pension cost burdens are clustered more in the lower range – they are less than 10 percent of revenue in all but nine states and less than 5 percent in 24 states.

OPEB costs (the gray portion of the bars) are considerably smaller than pension burdens. For example, only three states – New Jersey, Connecticut, and Hawaii – have costs that meet or exceed 10 percent of own-source revenue, and most state OPEB burdens are below 5 percent. In addition, several factors – such as greater flexibility in adjusting benefits and increasing retirement ages – limit the potential drain of OPEBs on state and local resources.[8] Not surprisingly, states with large required pension payments also tend to have large OPEB costs: four of the five states with the highest OPEB burdens also have pension costs exceeding 10 percent of own-source revenue.

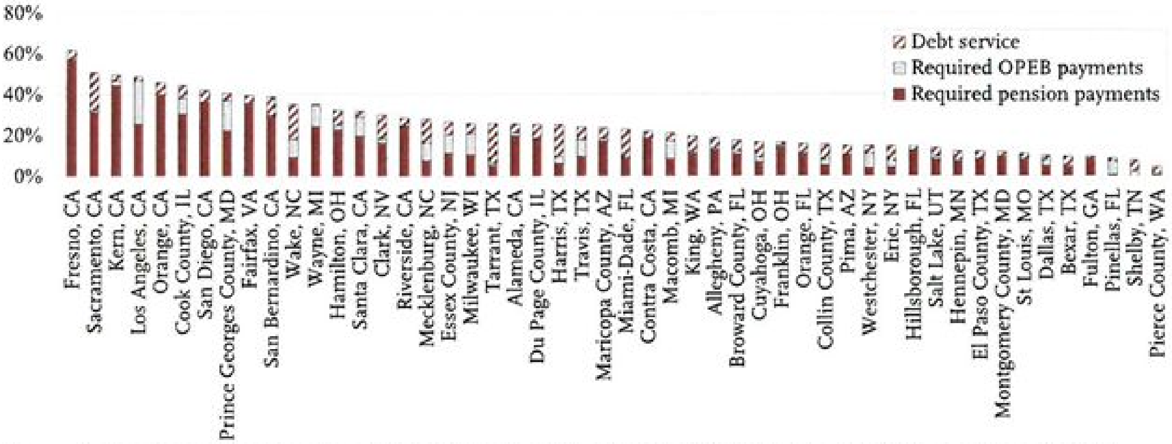
The last step is to add debt service (the striped portion of the bars), which comes directly from the Census of Governments, to provide a total cost burden estimate. To put these burdens into context, Figure 5 includes dashed lines at the 15-percent and 25-percent levels. The Cembalest study uses these thresholds to indicate potential trouble – cost burdens for states become a concern when they exceed

Figure 5. States: Required Payments for Pensions, OBEBs, and Debt Service as a Percentage of Own-Source Revenue, 2014



Sources: Authors' calculations based on FY 2014 financial reports and actuarial valuations; and U.S. Census Bureau (2014).

FIGURE 6. COUNTIES: REQUIRED PAYMENTS FOR PENSIONS, OBEBS, AND DEBT SERVICE AS A PERCENTAGE OF OWN-SOURCE REVENUE, 2014



Sources: Authors' calculations based on FY 2014 financial reports and actuarial valuations; and U.S. Census Bureau (2014).

15 percent and untenable when they exceed 25 percent.

The good news is that 36 states – about three quarters of all states – have required payments below 15 percent of own-source revenue and 23 of those states face payments below 10 percent. The bad news is that five states – Illinois, New Jersey, Connecticut, Hawaii, and Kentucky – face payments in excess of 25 percent of revenue; and Massachusetts, Rhode Island, and Delaware face payments in excess of 20 percent.

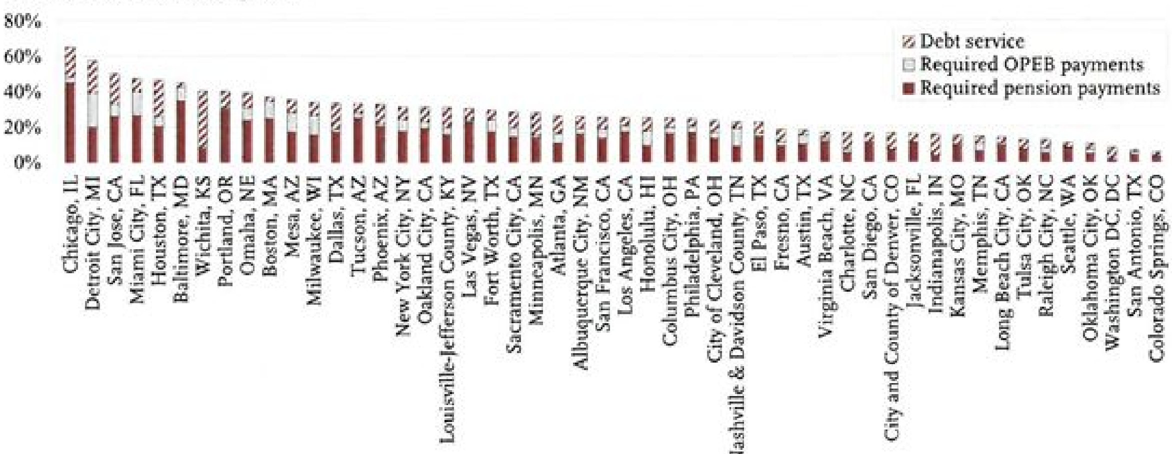
Counties

Figure 6 shows the cost burden for the 50 largest of the 178 sample counties. Even accounting for the fact that, on average, own-source revenue is only 67 percent of county net revenue, some counties face extremely high costs. Six counties in California have costs in excess of 40 percent or more of own-source revenue, along with Cook (IL), and Prince Georges (MD). On the other hand, costs for many of the other large counties pose a manageable burden.

Cities

Figure 7 provides the results for the 50 largest of the 173 sample cities. As with counties, even though own-source revenue is smaller than city net revenue, costs are extremely high for some localities. Chicago, Detroit, San Jose, Miami, Houston, Baltimore, Wichita, and Portland lead the list, all with costs in excess of 40 percent of revenue. On the other hand, as with counties, many of the other large cities face a manageable burden.

FIGURE 7. CITIES: REQUIRED PAYMENTS FOR PENSIONS, OBEBS, AND DEBT SERVICE AS A PERCENTAGE OF OWN-SOURCE REVENUE, 2014



Sources: Authors' calculations based on FY 2014 financial reports and actuarial valuations; and U.S. Census Bureau (2014).

Conclusion

The good news is that the total costs for long-term commitments – pensions, OPEBs, and debt service – appear to be under control in many jurisdictions. However, for a handful of states, counties, and cities, these costs are an extraordinarily high percentage of own-source revenue. These jurisdictions have only unpalatable options.

The question of course is what the worst-off states, counties, and cities can do to improve their situation. Four options exist. One is to pray for higher returns. Unfortunately returns would have to be consistently in the 10-15 percent range for the next 30 years to solve the problem – an unlikely outcome given today's financial markets. A second option is to raise taxes to meet the required commitments. Unfortunately, many of the states with the greatest burden already have relatively high taxes. A third option is to cut other spending by 10 to 20 percent. A final option is to raise employee contributions even beyond what they are already contributing to their plans. Clearly, those governments in the worst shape face an enormous challenge.

Endnotes

1 Munnell and Aubry (2016a).

2 Hennelly (2015); Hunter (2005).

3 Governmental Accounting Standards Board (2012). A cost-sharing plan is a type of multiple-employer plan in which both the benefit obligations and assets are pooled, and the assets can be used to pay the benefits of any participating employer. A separate type of multiple-employer arrangement is an "agent" plan. With respect to pensions, information on these agent plans was already required for the notes section of government financial statements; GASB 68 required this information to move up to the balance sheets. Agent plans also pool assets for investment purposes but, unlike cost-sharing plans, each plan maintains separate accounts, and benefits paid from each account can only be for each plan's employees.

4 Governmental Accounting Standards Board (2015).

5 Cembalest (2016).

6 In addition to revenue from own-sources, this measure includes other general revenue, interest on the general fund, and liquor store profits.

7 The results based on net revenues (own-source plus net transfers) are available in Appendix B of the full paper (Munnell and Aubry 2016a).

8 Munnell and Aubry (2016b).

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The mission of the Center for Retirement Research at Boston College is to produce first-class research and educational tools and forge a strong link between the academic community and decision-makers in the public and private sectors around an issue of critical importance to the nation's future. To achieve this mission, the Center sponsors a wide variety of research projects, transmits new findings to a broad audience, trains new scholars, and broadens access to valuable data sources. Since its inception in 1998, the Center has established a reputation as an authoritative source of information on all major aspects of the retirement income debate.

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The Center for Retirement Research thanks BlackRock, Capital Group, Citigroup, Fidelity & Guaranty Life, Goldman Sachs, MassMutual Financial Group, Prudential Financial, State Street, and TIAA Institute for support of this project.

The research reported herein was supported by the Center's Partnership Program. The findings and conclusions expressed are solely those of the authors and do not represent the opinions or policy of the partners or the Center for Retirement Research at Boston College.

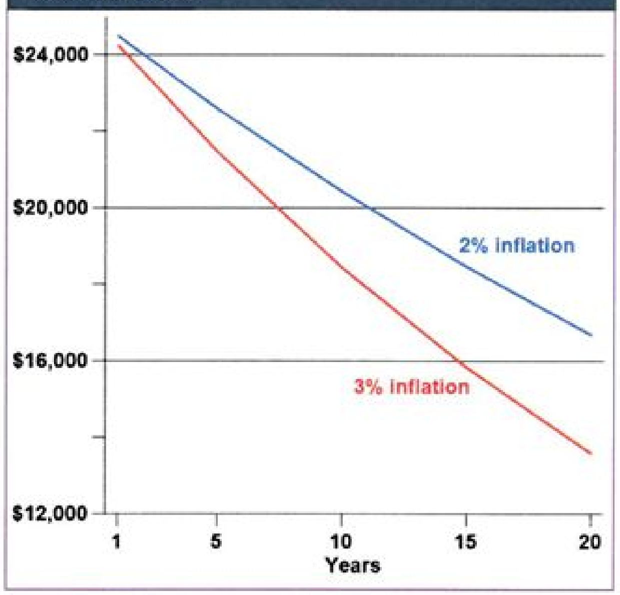
NASRA Issue Brief:
Cost-of-Living Adjustments

October 2016

NASRA

Periodic cost-of-living adjustments (COLAs) in some form are provided on most state and local government pensions. The purpose of a COLA is to offset or reduce the effects of inflation on retirement income. Considerable variation exists in the way COLAs are designed, and in many cases they are determined or affected by other factors, such as inflation or the financial condition of the plan. COLAs add both value and cost to a pension benefit. Public pension COLAs have received increased attention as many states look to make adjustments to the cost of benefits amid challenging fiscal conditions and the current low-inflationary environment. This brief presents a discussion about the purpose of COLAs, the different types of COLAs provided by government pension plans, and an overview of recent state changes to COLA provisions.

Figure 1: Impact of 20 Years of Inflation on Purchasing Power of $25,000



COLA Purpose

Most state and local governments provide a COLA for the purpose of offsetting or reducing the effects of inflation, which erodes the purchasing power[1] of retirement income, as illustrated in Figure 1. Using two hypothetical inflation rates, after 20 years, the real (inflation-adjusted) pension benefit in this example of $25,000 falls to $16,690 (67 percent of its original value) or $13,595 (54 percent of its original value), depending upon the actual rate of inflation used.

Such depreciation can affect the sufficiency of retirement benefits, particularly for those who are unable to supplement their income due to disability or advanced age. Social Security beneficiaries receive an annual COLA to maintain recipients' purchasing power. Similarly, most state and local governments provide an inflation adjustment to their retirees' pension benefits. This is particularly important for those public employees – including nearly half of public school teachers and most public safety workers – who do not participate in Social Security. Unlike Social Security, however, state and local retirement systems typically pre-fund the cost of a COLA over the working life of an employee to be distributed annually over the course of his or her retired lifetime.

Common COLA Types and Features

The way in which public pension COLAs are calculated and approved varies considerably. Appendix A presents a listing of COLA provisions for many state retirement plans, illustrating the variety that exists in COLA plan designs. In general, COLA types and features are differentiated in the following ways:

Automatic vs. Ad hoc

An overarching distinction among COLAs is whether they are provided automatically or on an ad hoc basis. An ad hoc COLA requires a governing body to actively approve a postretirement benefit increase. By contrast, an automatic COLA occurs without action, and is typically predetermined by a set rate or formula. In some cases, ad hoc COLAs are contingent on other factors, such as a maximum unfunded liability amortization period.

[1] Purchasing power refers to the effect of inflation on the value of currency over time, calculated for the purpose of determining the amount of goods or services a unit of currency can buy at different points in time

Simple vs. Compound

Another distinction between COLA types is whether the increase is applied in a simple or compound manner. Under a simple COLA arrangement, each year's benefit increase is calculated based upon the employee's original benefit at the time of his or her retirement. Under a compound COLA arrangement the annual benefit increase is calculated based upon the original benefit as well as any prior benefit increases. Some COLAs contain both features, i.e., they may be "simple" until the retiree reaches a certain age or year retired, at which point COLA benefits are calculated using a compound method.

Inflation-based

Many state and local governments provide a post-retirement COLA based on a consumer price index (CPI), which is a measure of inflation. Most provisions like this restrict the size of the adjustment, such as by "one-half of the CPI" and/or "not to exceed three percent." The most recognized CPI measures are calculated and published by the U.S. Bureau of Labor Statistics (BLS), and the CPI measures used by most public pension plans are either the CPI-U (based on all urban consumers) and the CPI-W (urban wage earners and clerical workers). Some states use state-or region-specific inflation measures to determine the amount of the COLA.

Table 1: Select Public Plans by COLA Type

	Linked to inflation	Linked to investment or funding condition	Fixed percentage or other factor	Total
Automatic	48	12	14	74
Ad-hoc	4	0	23	27
Total	52	12	37	101

Note: COLAs for some employees of local governments who participate in statewide systems are discretionary based on the decision of individual local government. See Appendix A for more details.

Performance-based

Some public pension plans tie their COLA to the plan's funding level or investment performance. In one statewide system, for example, the COLA is a range tied to CPI based on the funding level of the plan. Annuitants with another state system receive a permanent benefit increase tied to their length of service when the fund's actuarial investment return exceeds the assumed rate of investment return.

Delayed-onset or Minimum Age

Another characteristic contained in some automatic COLAs is to delay its onset, either by a given number of years or until attainment of a designated age. A COLA may also take on any of the characteristics stated above and will become available to a retiree once he or she meets the designated waiting period or age requirements.

Limited Benefit Basis

Some retirement systems award a COLA calculated on a portion of a retiree's annual benefit, rather than the entire amount. For example, one system provides a COLA of three percent applied to only the first $18,000 of benefit. In such cases, the COLA can also be tied to an external indicator, such as CPI, and factors such as delayed onset may also be present.

Self-funded Annuity Option

Some state retirement plans offer post-retirement benefit increases through an elective process known as a self-funded annuity account. Under this design a member effectively self-funds his or her COLA by choosing to receive a lower monthly benefit in exchange for a fixed rate COLA to be paid annually upon retirement.

Reserve Account

Other public retirement systems pay COLAs from a pre-funded reserve account. This is a variation on the COLA tied to investment performance since the reserve account is funded with excess investment earnings. Under this scenario a COLA is provided from the funds set aside in the reserve account. Sometimes there is a stipulation attached that the fund itself must reach a certain size for any COLA to be granted in a given year.

COLA Costs

The cost of a COLA predictably depends on the characteristics of the COLA benefit. Such factors as its size; the portion of the benefit to which the COLA applies; whether or not the COLA is paid annually or sporadically; whether the adjustment is simple or compounded, and other features, all affect its cost. It has been estimated that an automatic

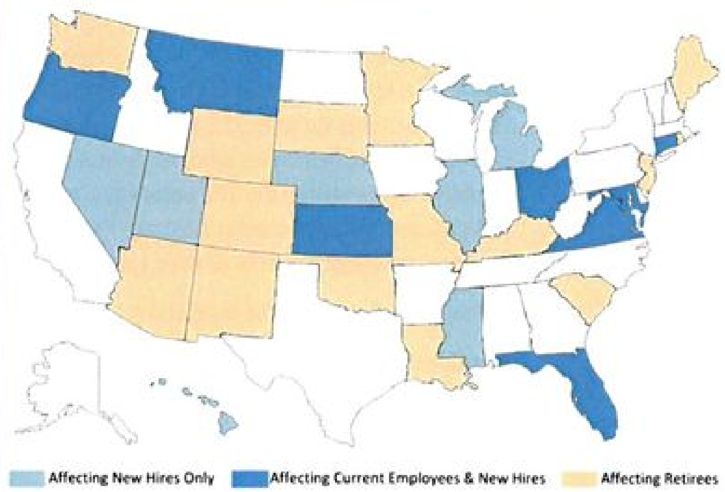
COLA of one-half of an assumed CPI of three percent, compounded, will add 11 percent to the cost of the retirement benefit. An automatic COLA of three percent, compounded, is estimated to add 26 percent to the cost of the benefit.[2]

The Governmental Accounting Standards Board (GASB) requires public pension plans to disclose assumptions regarding COLAs, including whether the COLA is automatic or ad hoc, and to include the cost of COLAs in projections of pension benefit payments. GASB considers an ad hoc COLA to be "substantively automatic" when a historical pattern exists of granting ad hoc COLAs or when there is consistency in the amount of changes to a benefit relative to an inflation index.

Recent Changes to COLAs

As part of efforts to contain costs and to ensure the sustainability of public pension plans, and in response to the current period of historically low inflation, many states have made changes to COLA provisions by adjusting one or more of the elements mentioned above[3] (see Figure 2). As described in Appendix A, since 2009, fifteen states have changed COLAs affecting current retirees, eight states have addressed current employees' benefits, and seven states have changed the COLA structure only for future employees. The legality of these modifications in several states has been, or is, being challenged in court, as noted in Appendix A.

Figure 2: State Retirement Systems Undergoing COLA Legislative Changes, 2009-2016



The pace of reforms to COLA provisions has slowed considerably in recent years. Since 2015 just four states – Arizona, Missouri, Nevada, and South Dakota – enacted COLA reductions affecting one or more major employee groups. Legal rulings issued over the same period upheld COLA reductions passed in New Jersey, and fully or partially rejected COLA reductions passed in Illinois, Montana, and Oregon. A 2015 legal settlement pronounced material changes to COLA provisions for public employees in Rhode Island.

Conclusion

The effects of a COLA can be consequential both in protecting purchasing power and in adding costs to a plan. As states consider measures to ensure the sustainability of their pension plans for both those currently retired or employed, and for future generations of workers, policymakers are reexamining all aspects of benefit design and financing, including the way COLAs are determined and funded. Just as high periods of inflation in the past placed pressure on states to add or adjust COLAs upward, the recent low rates of inflation, combined with rising pension plan costs, have spurred action to reduce COLA levels. Some states have included provisions that would enable COLAs to increase should inflation grow or funding status or fiscal conditions improve.

See also

1. Gary Findlay, "Addressing Inflation in the Design of Defined Benefit Pension Plans"
2. Gabriel, Roeder, Smith & Company, "Postemployment Cost-of-Living Adjustments: Concepts and Recent Trends," April 2011
3. Cost-of-Living Adjustments @NASRA.org

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[2] Gabriel, Roeder, Smith & Company, "Postemployment Cost-of-Living Adjustments: Concepts and Recent Trends," April 2011
[3] National Conference of State Legislatures

Appendix A: COLA Provisions by State-Level Plan and Recent Changes

Plan	COLA Provision	2009-2016 Changes
Alaska PERS	Automatic, lesser of 75% of CPI or 9%, simple, for those age 65 and above; lesser of 50% of CPI or 6% for those age 60 or having received benefits for at least 5 years; An additional in-state COLA is provided to beneficiaries who reside in Alaska. Members are eligible if they entered the PERS before 7/1/86 or entered after 6/30/86 and have attained at least age 65. The Alaska COLA is equal to the greater of 10% of their base benefits or $50.	
Alaska Teachers	Automatic, lesser of 75% of CPI or 9%, simple, for those age 65 and above; lesser of 50% of CPI or 6% for those age 60 or having received benefits for at least 5 years; An additional in-state COLA is provided to beneficiaries who reside in Alaska. Members are eligible if they entered the TRS before 7/1/86 or entered after 6/30/86 and have attained at least age 65. The Alaska COLA is equal to the greater of 10% of their base benefits or $50.	
Alabama ERS	Ad hoc as approved by the legislature.	
Alabama Teachers	Ad hoc as approved by the legislature.	
Arkansas PERS	Automatic 3% compounded.	
Arkansas State Highway Employees Retirement Plan	Automatic 3% compounded.	
Arkansas Teachers	Automatic 3%; compounded on an ad hoc basis as determined by the Board.	
Arizona Public Safety Personnel	Automatic, based on CPI for the Phoenix region, up to 2.0%. For new hires on or after 7/1/17, the cap is lowered to 1.5% if the system falls below 90% funded; 1.0% if below 80% funded; and the COLA is eliminated if below 70% funded.	Legislation approved in February 2016 replaces the Permanent Benefit Increase (PBI) with a traditional COLA for current and future retirees that is tied to CPI. For new hires on or after 7/1/17, the COLA is restricted or eliminated when the plan falls below 90% funded. The changes were affirmed by an amendment to the Arizona Constitution via voter referendum in May 2016.
Arizona SRS	For participants hired before 9/13/13, up to 4.0% annually, contingent on earnings associated with an actuarial investment return above 8%. For those hired thereafter, ad hoc as approved by the legislature.	2013 legislation eliminated the permanent benefit increase for members hired on or after 9/13/13.
California PERS	Automatic after two calendar years of receiving benefits and the lesser of CPI for the prior year or the employer elected COLA. Typically State retirees receive the 2% provision, while Public Agencies and Schools may have 2%, 3%, 4% or 5% COLA provisions.	

Plan	COLA Provision	2009-2016 Changes
California Teachers	Automatic 2% simple, plus adjustments designed to maintain retirees' purchasing power up to 85% of their original benefit, made through a "supplemental benefits maintenance account" financed with a state contribution of about 2.5% of total creditable compensation.	Members who performed creditable service on or after 1/1/14 will have their existing improvement factor guaranteed in exchange for contribution increases. The improvement factor cannot be reduced for these members. For members who retired prior to 1/1/14, the Legislature will continue to reserve the right to reduce the improvement factor, a right that has never been exercised.
University of California	Automatic, equal to the full increase in CPI up to 2%, plus 75% of the increase in CPI over 4%. The maximum COLA provided is 6%.	
Colorado Affiliated Local	Based on election of individual participating employers.	
Colorado Fire & Police Statewide	Ad hoc as approved by board.	
Colorado Local Government	Varies by date of hire; automatic 2% unless negative investment return in previous year, then lesser of average monthly CPI-W or 2% for three years, compounded. For those hired on or after 1/1/07, the sum of the COLA paid to benefit recipients cannot exceed 10% of the divisions' annual increase reserve.	2010 legislation reduced the COLA from automatic 3.5%. The law was challenged, and upheld by the CO Supreme Court in 2014.
Colorado School	Varies by date of hire, automatic 2% unless negative investment return in previous year, then lesser of average monthly CPI-W or 2% for three years, compounded. For those hired on or after 1/1/07, the sum of the COLA paid to benefit recipients cannot exceed 10% of the divisions' annual increase reserve.	2010 legislation reduced the COLA from automatic 3.5%. The law was challenged, and upheld by the CO Supreme Court in 2014.
Colorado State	Varies by date of hire, automatic 2% unless negative investment return in previous year, then lesser of average monthly CPI-W or 2%, compounded. For those hired on or after 1/1/07, the sum of the COLA paid to benefit recipients cannot exceed 10% of the divisions' annual increase reserve.	2010 legislation reduced the COLA from automatic 3.5%. The law was challenged, and upheld by the CO Supreme Court in 2014.
Connecticut SERS	Minimum of 2.0% up to a maximum 7.5% calculated based on the following formula: 60% of the annual increase in the CPI-W up to 6.0% and 75% of the annual increase in the CPI-W over 6.0%.	A 2011 agreement between the state and public-sector unions reduced the minimum COLA for employees who retire after October 1, 2011.
Connecticut Teachers	For members hired on or after7/1/07, COLA equal to Social Security COLA, with a maximum of 1.0% if investment return is <8.5%; a maximum of 3.0% if return is between 8.5% and 11.5%; and limited to 5.0% if return is >11.5%. For members who retired before 9/92, automatic, based on CPI, with 3% minimum and 5% max, compounded; for those who retired after 9/92, COLA is equal to the Social Security COLA, with a maximum of 1.5% if investment return is <8.5% and a maximum of 6.0% if returns are at least 8.5%.	

Plan	COLA Provision	2009-2016 Changes
DC Police & Fire	Automatic based on CPI, up to 3%, compounded, for members hired on or after 11/10/96. Automatic, based on CPI, compounded (uncapped) for members hired before 11/10/96.	
DC Teachers	Automatic based on CPI, up to 3%, compounded, for members hired on or after 11/1/96. Automatic, based on CPI, compounded (uncapped) for members hired before 11/1/96.	
Delaware State Employees	Ad hoc as approved by the general assembly.	
Florida RS	Automatic 3%, compounded.	2011 legislation terminated the automatic 3% compounded COLA for all service credits earned after 7/1/11.
Georgia ERS	Ad hoc as approved by the ERS board.	
Georgia Teachers	Automatic 1.5% every 6 months as long as CPI increases, compounded.	
Hawaii ERS	Automatic, 1.5% simple, for those hired on or after 7/1/12; 2.5% simple for those hired before 7/1/12.	The automatic COLA was reduced from 2.5% to 1.5%, simple, for those who become members of the system after 6/30/2012.
Iowa PERS	No COLA-type payments for members retiring after 6/30/90. Those who retired prior to 7/1/90 are eligible for "thirteenth check" that may be adjusted annually by the lesser of CPI or 3%.	
Idaho PERS	Automatic 1% compounded (as long as CPI rises at least 1%), plus discretionary COLA if the CPI is greater than 1%. Total COLA (mandatory plus discretionary) cannot exceed 6%. The Board also has the discretion to award a retroactive COLA to make up for prior years when the full CPI was not awarded.	
Illinois Municipal	Automatic 3%, simple, for those hired before 1/1/11; for those hired after 12/31/10, lesser of 3% or half of CPI, simple, upon attainment of the later of age 67 or one year after retirement.	2010 legislation reduced the COLA for new hires on or after 1/1/11 from automatic 3%, simple.
Illinois SERS	Those hired before 1/1/11 receive an automatic COLA of 3%, compounded, upon attainment of the latter of age 61 or one year after retirement. Those hired after 12/31/10 receive a COLA of the lesser of 3% or one-half of the CPI, not compounded, upon attainment of the later of age 67 or one year after retirement.	2010 legislation reduced the COLA for new hires from automatic, 3% compounded. 2013 legislation reduced the COLA formula for current workers and new hires. The law was challenged and rejected by the IL Supreme Court in 2015.
Illinois Teachers	Those hired before 1/1/11 receive an automatic COLA of 3%, compounded, upon attainment of the later of age 61 or one year after retirement. Those hired after 12/31/10 receive a COLA of the lesser of 3.0% or one-half of the CPI, not compounded, upon attainment of the later of age 67 or one year after retirement.	2010 legislation reduced the COLA for new hires from automatic, 3% compounded. 2013 legislation reduced the COLA formula for current workers and new hires. The law was challenged and rejected by the IL Supreme Court in 2015.

Plan	COLA Provision	2009-2016 Changes
Illinois Universities	Those hired before 1/1/11 receive an automatic COLA of 3%, compounded, upon attainment of the later of age 61 or one year after retirement. Those hired after 12/31/10 receive a COLA of the lesser of 3% or one-half of the CPI, not compounded, upon attainment of the later of age 67 or one year after retirement.	2010 legislation reduced the COLA for new hires from automatic, 3% compounded. 2013 legislation reduced the COLA formula for current workers and new hires. The law was challenged and rejected by the IL Supreme Court in 2015.
Indiana PERF	Ad hoc as approved by the legislature.	
Indiana Teachers	Ad hoc as approved by the legislature.	
Kansas PERS	Ad hoc as approved by the legislature; the new cash balance for employees hired after 12/31/14 provides for an optional self-funded COLA as an annuity payment option at retirement.	2012 legislation removed automatic 2% COLA originally provided for those hired after 6/30/09; also created optional self-funded COLA in cash balance plan for new hires after 12/31/14 .[4]
Kentucky County	Automatic, tied to CPI, not to exceed 1.5% after 12 months of retirement, compounded.	2011 legislation suspended retiree COLAs for 2012 and 2013; 2013 legislation mandates that a COLA be granted only if the system is over 100% funded or if the legislature prefunds the COLA. A challenge to the 2013 law was dismissed in 2014.
Kentucky ERS	Automatic, tied to CPI, not to exceed 1.5% after 12 months of retirement, compounded.	2011 legislation suspended retiree COLAs for 2012 and 2013; 2013 legislation mandates that a COLA be granted only if the system is over 100% funded or if the legislature prefunds the COLA. A challenge to the 2013 law was dismissed in 2014.
Kentucky Teachers	Automatic 1.5% compounded.	
Louisiana SERS	Subject to approval by the legislature and contingent upon funding available in COLA account consisting of excess investment returns; COLA amount is based on plan funded percentage and investment returns; COLA amount ranges from the lesser of 1.5% or CPI-U (55% funded) to 3.0% (80% funded), if certain actuarial rates of return are met; COLA applies only to first $60,000 of benefit, indexed to CPI; minimum COLA eligibility at age 60, if retired at least one year; COLAs may be granted only every other year until system is at least 85% funded; participants may elect retirement option providing an actuarially reduced benefit with auto annual 2.5% COLA beginning at age 55.	2014 legislation tied the amount of future COLAs to the plan's funded status, limited COLAs to every other year if funds are available, and capped deposits into the accounts from which COLAs are funded.

[4] Legislation creating Kansas PERS Tier 3 passed in 2012 eliminated the Tier 2 COLA. The only employees eligible to receive the Tier 2 COLA are those who were retired and returned to work on or after 6/30/09 and who will retire before 7/1/12.

Plan	COLA Provision	2009-2016 Changes
Louisiana Teachers	Subject to approval by the legislature and contingent upon funding available in COLA account consisting of excess investment returns; COLA amount is based on plan funded percentage and investment returns; COLA amount ranges from the lesser of 1.5% or CPI-U (55% funded) to 3% (80% funded), if certain actuarial rates of return are met; COLA applies only to first $60,000 of benefit, indexed to CPI; minimum COLA eligibility at age 60, if retired at least one year; COLAs may only be granted every other year until system is at least 85% funded; participants may elect retirement option providing an actuarially reduced benefit with auto annual 2.5% COLA beginning at age 55.	2014 legislation tied the amount of future COLAs to the plan's funded status, limited COLAs to every other year if funds are available, and capped deposits into the accounts from which COLAs are funded.
Massachusetts SERS	Ad hoc, typically based on CPI up to 3% applied to first $13,000 of benefit, subject to legislative approval and enactment. An individual must be retired one full fiscal year before being eligible for COLA.	Effective 2011, increased benefit to which COLA applies from first $12,000 of benefit to $13,000.
Massachusetts Teachers	Ad hoc, typically based on CPI up to 3% applied to first $13,000 of benefit, subject to legislative approval and enactment. An individual must be retired one full fiscal year before being eligible for COLA.	Effective 2011, increased benefit to which COLA applies from first $12,000 of benefit to $13,000.
Maryland PERS	For all service after 6/30/2011, automatic based on CPI, capped at 2.5% based on attainment of 7.55% rate of actuarial investment return. If that threshold is not met, COLA is 1.0%. COLA on service prior to 7/1/2011 is automatic based on CPI, capped at 3.0%.	For service earned after 6/30/2011, COLA was lowered from CPI up to 3%, compounded, to CPI capped at 2.5%, or 1%, depending on investment return.
Maryland Teachers	For all service after 6/30/2011, automatic based on CPI, capped at 2.5% based on attainment of 7.55% rate of actuarial investment return. If that threshold is not met, COLA is 1.0%. COLA on service prior to 7/1/2011 is automatic based on CPI, capped at 3.0%.	For service earned after 6/30/2011, COLA was lowered from CPI up to 3%, compounded, to CPI capped at 2.5%, or 1%, depending on investment return.
Maine Local	Based on individual employer election. If provided, based on CPI up to 3%. Those who retire on or after 9/1/2015 qualify for a COLA after twelve months of retirement.	Effective 7/1/2014, the COLA of CPI up to 4%, compounded, was reduced to up to 3%. Members who retire on or after 9/1/2015 qualify for a COLA beginning after twelve months of retirement rather than 6 months, as previously in effect.
Maine State and Teacher	COLA is based on the CPI up to 3% applicable to the first $20,000 of benefit, indexed for inflation beginning in 2011.	Effective 7/1/2011, the COLA of CPI up to 4%, compounded, was suspended for three years, after which the cap and portion of the benefit to which the COLA applies was reduced. A legal challenge to the law was dismissed in 2014. 2015 legislation provided a minimum COLA of 2.55% for FY 16 and FY 17. Beginning in FY 18 the CPI-based COLA is reinstated.

Plan	COLA Provision	2009-2016 Changes
Michigan Municipal	Employers may elect to provide a COLA, on a one-time basis or as an automatic adjustment.	
Michigan Public Schools	Automatic 3% simple; those hired after 6/30/10 are not eligible for a COLA.	Employees hired after 6/30/10 participate in a hybrid plan that does not provide a COLA.
Michigan SERS	Automatic 3% simple up to $300 annually.	
Minnesota PERF	1.0%, compounded, until the plan funding level reaches 90%; 2.5% thereafter. After returning to 2.5%, if the funding level falls below 85% for two consecutive years or 80% in one year, the COLA reverts to 1.0%.	Reduced auto-COLA from 2.5% in 2010. The law was challenged, and upheld in a final ruling issued in 2011.
Minnesota State Employees	Automatic 2.0% compounded, until the plan's funding level reaches 90%, after which it will increase to 2.5%. After returning to 2.5%, if the funding level falls below 85% for two consecutive years or 80% in one year, the COLA reverts to 2.0%.	Reduced auto-COLA from 2.5% in 2010. The law was challenged, and upheld in a final ruling issued in 2011.
Minnesota Teachers	Automatic 2.0% compounded, until the plan's funding level reaches 90%, when it returns to 2.5%. After returning to 2.5%, if the funding level falls below 85% for two consecutive years or 80% in one year, the COLA reverts to 2.0%.	Reduced auto-COLA from 2.5% in 2010. The law was challenged, and upheld in a final ruling issued in 2011.
Missouri DOT and Highway Patrol	80% of CPI up to 5% compounded; those hired before 8/28/97 receive a min. of 4% and a max. of 5% compounded, up to 65% of original benefit, and then 80% of CPI up to 5% thereafter.	
Missouri Local	Contingent upon investment return, with a max of the lower of 4% or cumulative CPI since retirement.	
Missouri Teachers and PEERS	When the Consumer Price Index for Urban Consumers (CPI-U) for the previous fiscal year is between 0% and 2%, no COLA is provided. A COLA is provided as follows: a COLA of two percent is paid when the change in the CPI is between two percent and five percent; and a COLA of five percent is paid when the CPI is five percent or greater; subject to a lifetime cap of 80%.	In 2016 the Board changed the auto, compounded COLA from compounded at 2% if CPI-U is between 0% and 5%; 5% if CPI-U is 5% or higher, and no COLA is given if CPI-U is less than 0%; subject to a lifetime cap.
Missouri State Employees	80% of CPI up to 5% compounded; those hired before 8/28/97 receive a min. of 4% and a max. of 5% compounded, up to 65% of original benefit, and then 80% of CPI up to 5% thereafter.	
Mississippi PERS	Automatic, 3% simple, until age 60, then compounded thereafter, for those hired on or after 7/1/11; Automatic, 3% simple, until age 55, then compounded thereafter, for those hired before 7/1/11.	2011 legislation increased the age at which COLA compounding begins from 55 to 60.
Montana PERS	Automatic, ranging from 0 to 1.5% compounded, depending on the plan's funded status, beginning 12 months after onset of annuity, for those hired on or after 7/1/13; 1.5% for those hired between 7/1/07 and 6/30/13; 3.0% compounded for those hired before 7/1/07.	2011 legislation reduced the automatic guaranteed annual benefit adjustment (GABA) for retired, active and newly hired members from 1.5% compounded and tied its provision to PERS' funding

Plan	COLA Provision	2009-2016 Changes
		ratio. The law was challenged in court, and a 2015 ruling reversed the changes for retired and active members and upheld for new hires.
Montana Teachers	Automatic, ranging from 0.5% to a maximum of 1.5%, compounded, depending on the plan's funded status, beginning 36 months after onset of annuity, for those hired on or after 7/1/13; 1.5% for those hired before 7/1/13. Automatic 1.5% compounded beginning 3 years after onset of annuity.	2011 legislation reduced the automatic guaranteed annual benefit adjustment (GABA) for retired, active and newly hired members from 1.5% compounded and tied its provision to TRS' funding ratio. The law was challenged in court, and a 2015 ruling reversed the changes for retired and active members and upheld for new hires.
North Carolina Local Government	Ad hoc as approved by the Board, with certain limitations. The Board may grant COLAs up to a maximum of 4%, provided that the COLA does not exceed the year-over-year increase in the CPI and that the cost of the increase is paid for with investment gains. COLAs in excess of these provisions must be approved by the legislature.	
North Carolina Teachers and State Employees	Ad hoc as approved by the legislature.	
North Dakota PERS	Ad hoc as approved by the legislature.	
North Dakota Teachers	Ad hoc as approved by the legislature.	
Nebraska Schools	Based on CPI, up to 1% compounded for employees hired on or after 7/1/13; Based on CPI, up to 2.5%, compounded for other members.	2013 legislation created a new tier for school employees hired on or after 7/1/13. This tier features a reduced maximum COLA.
New Hampshire Retirement System	Ad hoc as approved by the legislature.	
New Jersey PERS	COLA suspended until the plan funding level reaches 80%, after which a panel will assess the prudence of paying a COLA.	2011 legislation suspended the automatic COLA that was based on 60% of CPI. The law was challenged, and upheld in a final ruling issued in 2016..
New Jersey Police & Fire	COLAs suspended until the plan funding level reaches 80%, after which a panel will assess the prudence of paying a COLA.	2011 legislation suspended the automatic COLA that was based on 60% of CPI. The law was challenged, and upheld in a final ruling issued in 2016..
New Jersey Teachers	COLAs suspended until the plan funding level reaches 80%, after which a panel will assess the prudence of paying a COLA.	2011 legislation suspended the automatic COLA that was based on 60% of CPI. The law was challenged, and upheld in a final ruling issued in 2016..

Plan	COLA Provision	2009-2016 Changes
New Mexico PERA	Automatic 2.0% compounded. Retirees earning $20,000 or less receive a COLA of 2.5%.	2013 legislation reduced the automatic COLA from 3% compounded.
New Mexico Teachers	Automatic COLA of 1.8% for retirees' with 25 years of service and 1.6% for all others. These levels will be in place until ERB is 90% funded, at which point COLA levels will become 1.9% for retirees' with 25 years of service and 1.8% for all others.	2013 legislation reduced the automatic COLA from a range of 2%-4% depending on retiree length of service. All COLA reductions cease upon ERB's attainment of a 100% funding level. The law was challenged, and upheld by the NM Supreme Court in 2013.
Nevada Police Officer and Firefighter	After 3 years of receiving benefits, automatic COLA of 2% annually, rising gradually to 5% annually, compounded, after 14 years of benefits; the compounded COLA is capped by the lifetime CPI for the period of retirement, i.e., it may not exceed inflation.	2015 legislation reduced the COLA for employees hired on or after 7/1/15. Newly hired workers will receive a COLA of 2% after 3 years of receiving benefits, 2.5% after 6 years, and the lesser of 3% or the preceding year's increase in CPI after 9 years and thereafter.
Nevada Regular Employees	After 3 years of receiving benefits, auto 2% annually, rising gradually to 5% annually, compounded, after 14 years of benefits; the compounded COLA is capped by the lifetime CPI for the period of retirement, i.e., it may not exceed inflation.	2015 legislation reduced the COLA for employees hired on or after 7/1/15. Newly hired workers will receive a COLA of 2% after 3 years of receiving benefits, 2.5% after 6 years, and the lesser of 3% or the preceding year's increase in CPI after 9 years and thereafter.
New York State Teachers	Automatic, based on one-half of the increase in the annual CPI, applied to first $18,000 of annual pension, compounded; must be 62 and retired for 5 years, or 55 and retired for 10 years, to receive COLA; COLA is a minimum of 1% and a maximum of 3%.	
NY State & Local ERS	Automatic, based on one-half of the increase in the annual CPI, applied to first $18,000 of annual pension, compounded: must be 62 and retired for 5 years, or 55 and retired for 10 years, to receive COLA; COLA is a minimum of 1% and a maximum of 3%.	
NY State & Local Police & Fire	Automatic, based on one-half of the increase in the annual CPI, applied to first $18,000 of annual pension, compounded: must be 62 and retired for 5 years, or 55 and retired for 10 years, to receive COLA; COLA is a minimum of 1% and a maximum of 3%.	
Ohio PERS	Automatic, based on CPI, from 0% to 3%, simple. Retirees receive a COLA beginning 12 months after their effective date of retirement.	2012 legislation tied COLA to CPI, up to 3% for all active members. Legislation includes a five-year transition period. Members retiring within the first five years after 1/7/13 are eligible for a simple 3% COLA until 12/31/18.

Plan	COLA Provision	2009-2016 Changes
Ohio Police & Fire	Lesser of 3% or the CPI, automatic, simple; COLA delayed until age 55 for all members except survivors and those receiving permanent disability benefits.	Per 2012 legislation, COLA reduced and tied to CPI; onset delayed for nearly all members.
Ohio School Employees	Automatic 3% simple.	
Ohio Teachers	Automatic 2% simple.	Per 2012 legislation, members who retire on or after 8/1/13 qualify for a COLA beginning on the fifth anniversary of their retirement.
Oklahoma PERS	Ad hoc as approved by the legislature; subject to required funding.	The Legislature approved a provision in 2011 requiring future COLAs to be funded, which effectively rules out COLAs for the foreseeable future. Prior to this legislative action, a 2% COLA had regularly been approved.
Oklahoma Teachers	Ad hoc as approved by the legislature; subject to required funding.	The Legislature approved a provision in 2011 requiring future COLAs to be funded, which effectively rules out COLAs for the foreseeable future. Prior to this legislative action, a 2% COLA had regularly been approved.
Oregon PERS	Automatic, based on CPI, up to 2.0%, compounded, for benefits earned as of 5/1/13 or earlier. Automatic, based on CPI up to 1.25% on the first $60,000 in benefits and 0.15% on amounts above $60,000 for benefits earned after 6/1/13.	2013 legislation lowered the maximum COLA applied to future benefit accruals for retired members as well as current employees and new hires from 2% to 1.25% on the first $60,000 in benefits, and 0.15% on amounts above $60,000. The law also provided for supplementary COLA payments depending on benefit levels over six years The law was challenged and partially rejected as an unconstitutional adjustment to COLA as it pertains to benefits earned prior to the law's effective date. The court also invalidated the supplementary payments.
Pennsylvania School Employees	Ad hoc as approved by the general assembly.	
Pennsylvania State ERS	Ad hoc as approved by the general assembly.	

Plan	COLA Provision	2009-2016 Changes
Rhode Island ERS	Retirees with an effective retirement date on or before 6/30/12 receive a one-time COLA payment of 2% applied to the first $25,000 of benefits. Effective 7/1/15, COLA payment of 2% applied to the first $25,000 of benefits. Annual COLA comprised of the sum of two elements; 1) 50% of the 5-year average investment return of the retirement system, less 5.5%, with a floor of 0% and a cap of 4%., and 2) the lesser of 3% or the increase in CPI for the previous year. The COLA produced by the sum of these elements is subject to a floor of 0% and a cap of 3.5%. A COLA is granted annually as long as the plan is at least 80% funded. If the plan funding is below 80% the COLA is granted every four years until 80% funding is reached.	In late 2011, the Rhode Island Legislature revised COLA provisions from automatic 3% compounded, effective 7/1/12. A challenge to the law was settled in mediation in July 2015.
Rhode Island Municipal	Retirees with an effective retirement date on or before 6/30/12 receive a one-time COLA payment of 2% applied to the first $25,000 of benefits. COLA is comprised of the sum of two elements; 1) 50% of the 5-year average investment return of the retirement system, less 5.5%, with a floor of 0% and a cap of 4%., and 2) the lesser of 3% or the increase in CPI for the previous year. The COLA produced by the sum of these elements is subject to a floor of 0% and a cap of 3.5%. A COLA is granted annually as long as the plan is at least 80% funded. If the plan funding is below 80% the COLA is granted every four years until 80% funding is reached.	In late 2011, the Rhode Island Legislature revised COLA provisions from automatic 3% compounded, effective 7/1/12. A challenge to the law was settled in mediation in 2015.
South Carolina Police	Automatic, based on CPI up to 1% annually, subject to an annual cap of $500.	Per 2012 legislation, COLA is subject to an annual cap.
South Carolina RS	Automatic, 1% annually, subject to an annual cap of $500.	Per 2012 legislation, COLA is subject to an annual cap.
South Dakota PERS	For those hired before 7/1/17, indexed to CPI and funded status, with a minimum of 2.1%, when plan funding level is below 80%, and a maximum of 3.1%, when plan is funded above 100%. For those hired after 7/1/17, indexed to CPI, with a minimum of 1.0% to a maximum of 2.1% to 3.1% depending on the funded ratio.	2016 legislation reduced the COLA formula for new hires on or after 7/1/17, from a minimum of 2.1% to a maximum of 3.1% based on funded status and CPI, to a minimum of 1.0% to a maximum ranging from 2.1% to 3.1% based on funded status.
TN Political Subdivisions	Participating employers may choose from 1 of 3 options: a) no COLA; b) automatic based on CPI, up to 3%, compounded, or c) same as b), except simple.	
TN State and Teachers	Automatic based on CPI, up to 3% compounded.	
Texas County & District	Ad hoc, approved by individual employers.	

Plan	COLA Provision	2009-2016 Changes
Texas ERS	Ad hoc as approved by the legislature; per state law, plan's amortization period must be less than 31 years for legislature to approve a COLA.	
Texas LECOS	Ad hoc as approved by the legislature; per state law, plan's amortization period must be less than 31 years for legislature to approve a COLA.	
Texas Municipal	Based on individual employer election; employers may choose no COLA or one based on 30%, 50%, or 70% of CPI, compounded.	
Texas Teachers	Ad hoc, as approved by the legislature; per state law, plan's amortization period must be less than 31 years for legislature to approve a COLA.	
Utah Noncontributory	For those hired before 7/1/11, automatic based on CPI up to 4.0%, simple; for those hired after 6/30/11, based on CPI up to 2.5%, simple.	Legislature reduced maximum COLA for those hired after 6/30/11 from 4% to 2.5%.
Virginia Retirement System	Automatic based on CPI for the first 3%, and one-half of the next 4% of CPI, with an annual cap of 5%, compounded; effective 1/1/13, COLAs for non-vested active members are based on the first 2% of CPI and one-half of the next 1%, with an annual cap of 3%, compounded.	Effective 1/1/2013, COLAs for non-vested members are capped at 3% rather than 5%; for early retirees, COLA onset is delayed until July 1 one year following retirement.
Vermont State Employees	Automatic based on CPI, up to 5%, compounded.	
Vermont Teachers	Automatic based on one-half of CPI, up to 5%, compounded.	
Washington LEOFF Plan 1	Automatic, full CPI, compounded.	
Washington LEOFF Plan 2	Automatic based on CPI, up to 3% compounded.	
Washington PERS 1	None.	2011 legislation eliminated automatic COLA which provided a postretirement benefit increase based on a $/years of service calculation. The law was challenged and upheld by the WA Supreme Court in 2014.
Washington PERS 2/3	Automatic, based on CPI, up to 3%, compounded.	
Washington School Employees Plan 2/3	Automatic, based on CPI, up to 3%, compounded.	
Washington Teachers Plan 1	None.	2011 legislation eliminated automatic COLA which provided a postretirement benefit increase based on a $/years of service calculation. The law was challenged and upheld by the WA Supreme Court in 2014.

Plan	COLA Provision	2009-2016 Changes
Washington Teachers Plan 2/3	Automatic based on CPI up to 3%, compounded.	
Wisconsin Retirement System	Dividend adjustment provided based on investment returns, and can increase or decrease, but not below base benefit.	
West Virginia PERS	Ad hoc as approved by the legislature.	
West Virginia Teachers	Ad hoc as approved by the legislature.	
Wyoming Public Employees	Effective 7/1/12, the COLA is removed until the actuarial funded ratio reaches 100 percent "plus the additional percentage the retirement board determines is reasonably necessary to withstand market fluctuations."	Prior to 7/1/12, COLA was automatic tied to CPI up to 3%. 2012 legislation removed the COLA until plan funding reaches 100%.

COLA provisions listed above are in effect as of October 2016.

NASRA Issue Brief:
Employee Contributions to Public Pension Plans

October 2016

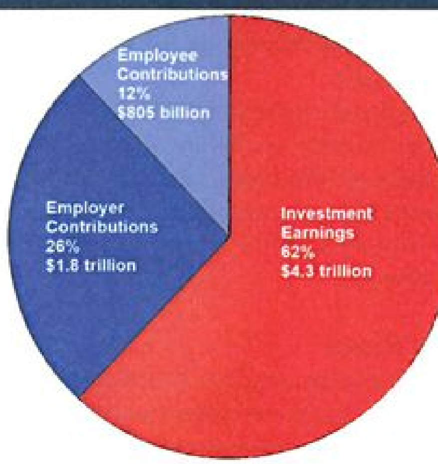
NASRA

Unlike in the private sector, nearly all employees of state and local government are required to share in the cost of their retirement benefit. Employee contributions typically are set as a percentage of salary by statute or by the retirement board. Although investment earnings and employer contributions account for a larger portion of total public pension fund revenues (see Figure 1), by providing a consistent and predictable stream of revenue to public pension funds, contributions from employees fill a vital role in financing pension benefits.[i] In the wake of the 2008-09 market decline, employee contribution rates in many states have increased. This issue brief examines employee contribution plan designs, policies and recent trends.

Mandatory Participation & Shared Financing

For the vast majority of employees of state and local government, both participation in a public pension plan and contributing toward the cost of the pension are mandatory terms of employment. Requiring employees to contribute distributes some of the risk of the plan between employers and employees. The primary types of risk in a pension plan pertain to investment, longevity, and inflation. Employees who are required to contribute toward the cost of their pension assume a portion of one or more of these risks, depending on the design of the plan.[ii]

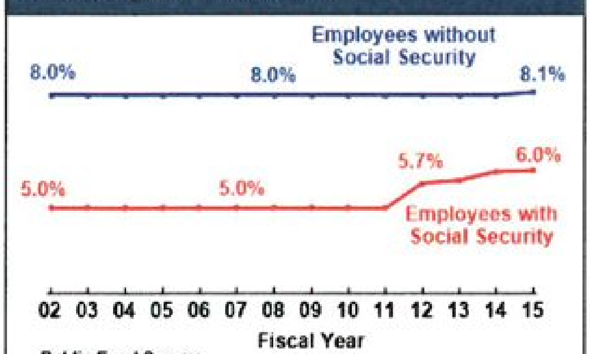
Figure 1: Public pension sources of revenue, 1986-2015



Source: Compiled by NASRA based on U.S. Census Bureau data

The prevailing model for employees to contribute to their pension plan is for state and local governments to collect contributions as a deduction from employee pay. This amount usually is established as a percentage of an employee's salary and is collected each pay period. As shown in Appendix A, employee contribution rates typically are between four and eight percent of pay, but are outside these levels for some plans. In some cases, required employee contributions are subject to change depending on the condition of the plan and other factors. In some plans, the employee contribution is actually paid by the employer in lieu of a negotiated salary increase or other fiscal offset.

Figure 2: Median employee contribution rate by Social Security eligibility, FY 02 to FY 15



Some 25 to 30 percent of employees of state and local government do not participate in Social Security. In most cases, the pension benefit—and required contribution—for those outside of Social Security is greater both than the typical benefit and the required contribution for those who do participate in Social Security[iii]. Appendix A identifies whether or not most plan members participate in Social Security.

Trends in Employee Contributions

Many states in recent years made changes requiring employees to contribute more toward their retirement benefits: since 2009, more than 35 states increased required employee contribution rates (see Figure 3). As a result of these changes, the median contribution rate paid by employees has increased. Figure 2 shows that the median contribution rate has risen, to 6.0 percent of pay, for employees who also participate in Social Security, and to 8.1 percent for those who do not participate in Social Security. Appendix A lists employee contribution requirements for state plans in the Public Fund Survey.

New Contributions

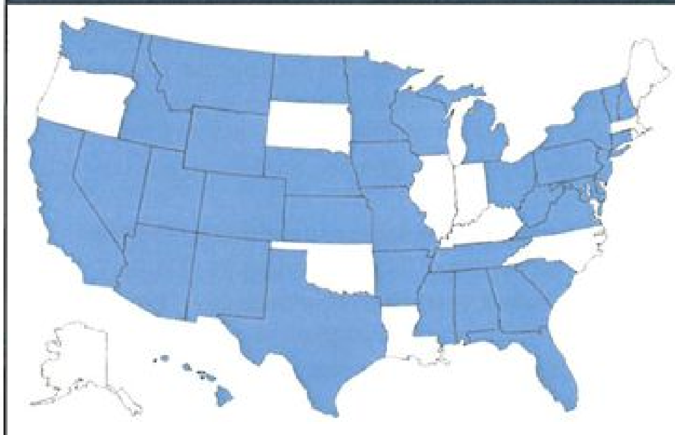
Contribution requirements for certain employee groups in some states, such as **Missouri** and **Florida,** which previously did not require some employees to make pension contributions, were established in recent years for newly hired employees, existing workers, or both.

Variable Contributions

Pennsylvania recently joined other states, such as **Arizona, Iowa, Kansas,** and **Nevada,** in maintaining an employee contribution rate that varies depending on the pension plan's actuarial condition. Because of the effect investment returns have on a pension plan's actuarial condition, employee contributions generally will rise following periods of sub-par investment returns and fall when investment returns exceed expectations. Changes approved in recent years in **Arizona** and **California** require many workers to pay one-half of the normal cost of the benefit, which can result in a variable contribution rate. And the **Utah** plan affecting new hires requires employees to contribute the full cost of the benefit above 10 percent of pay, which could become variable.

Increased Contributions for Current Plan Participants

Figure 3: States that increased employee contributions in at least one public pension plan since 2009



Most employee contribution rate increases affected all workers-current and future. In some states, such as **Virginia** and **Wisconsin**, new and existing employees are now required to pay the contributions that previously were made by employers in lieu of a salary increase.

Hybrid Plans

A growing number of public employees now participate in hybrid retirement plans, which combine elements of defined benefit and defined contribution plans, and that transfer some risk from the employer to the employee. In one type of hybrid plan, known as a combination defined benefit-defined contribution plan, employees in most cases are responsible for contributing all or most of the cost of the defined contribution portion of the plan. Contribution requirements to the DB component of combination plans vary: some are funded solely by employer contributions, while others require contributions from both employees and employers.[iv]

Collective Bargaining

Employee contributions in some cases are set by collective bargaining, and can be changed when labor agreements are negotiated. For example, required employee contribution rates for employee groups in **California** and **Connecticut** increased in recent years as a result of labor agreements in those states.

Legal Landscape

The legality of increasing contributions for current plan participants varies. Some states prohibit an increase in contributions for existing plan participants. For example, a 2012 ruling in **Arizona** found that legislative efforts to increase contributions for existing workers violated a state constitutional protection against impairment of benefits. In other states, however, such as in **Minnesota** and **Mississippi**, higher employee contributions either did not produced a legal challenge, or withstood legal challenges (such as in **New Hampshire** and **New Mexico**).

Conclusion

Employee contributions are a key component of public pension funding policies. The vast majority of employees of state and local government are required to contribute to the cost of their pension benefit, and this number has grown in recent years as most states that previously administered non-contributory plans now require worker contributions.

Many employees also are being required to contribute more toward the cost of their retirement benefit. In some cases, this requirement applies to both current and new workers; in other cases, only to new hires.

A growing number of states are exposing employee contributions to risk – either by tying the rate directly to the plan's investment return, or by requiring hybrid or 401k-type plans as a larger component of the employee's retirement benefit.

See Also

Information is available on public pension contributions at

- Contributions @NASRA.org
- Significant Reforms to State Retirement Systems, NASRA, June 2016
- Contribution Rates and Funding Issues @NASRA.org
- Public Fund Survey Summary of Findings for FY 2014, NASRA

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National Association of State Retirement Administrators, www.nasra.org

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[i] NASRA Issue Brief: Public Pension Plan Investment Return Assumptions
http://www.nasra.org/returnassumptionsbrief
[ii] NASRA Issue Brief: Shared Risk in Public Retirement Systems
http://www.nasra.org/sharedriskbrief
[iii] Social Security @NASRA.org
[iii] NASRA Issue Brief: State Hybrid Retirement Plans
http://www.nasra.org/hybridbrief

Appendix A: Employee contribution rates for statewide plans

State	Plan	Employee Contribution Rate (Percent of Pay)	Social Security Coverage
AK	Alaska PERS	6.75% for general employees; 7.5% for police and fire	No
AK	Alaska Teachers	8.65%	No
AL	Alabama ERS	6.0% to 7.5% depending on date of hire; state police contribute 10.0%; other law enforcement officers, correctional officers, and firefighters contribute 7.0% to 8.5% depending on date of hire	Yes
AL	Alabama Teachers	6.0% to 7.5%, depending on date of hire	Yes
AR	Arkansas PERS	5.0% for those hired since 7/1/05	Yes
AR	Arkansas State Highway Employees Retirement Plan	6.0%	Yes
AR	Arkansas Teachers	Most teachers contribute 6.0%; non-contributory for some hired before 7/1/99. Legislation enacted in 2013 authorizes the TRS board to set the employee contribution rate between 6.0% and 7.0%, depending on actuarial need.	Yes
AZ	Arizona Public Safety Personnel	11.65%	Yes
AZ	Arizona SRS	11.34%	Yes
CA	California PERF	Most state employees contribute 8.0%; state safety, firefighters, and police contribute 9% to 11%, depending on the benefits offered; school employees contribute 7.0%; most local agency miscellaneous, firefighters and police officers contribute between 7% and 9% depending on the benefits offered. Members hired since 1/1/13 contribute between 4.0% and 15.25%, depending on the employee classification and benefits offered.	Both
CA	California Teachers	For members first hired before 2013, 10.25%. For members first hired after 2012, 9.205% in FY 2016–17 (assuming no change in the normal cost.)	No
CA	University of California	8%, minus $19/month, for those hired before 7/1/13; 7% for those hired between 7/1/13 and 6/30/16; 9% for those hired as of 7/1/16; 9% for safety members	Yes (except safety members)
CO	Colorado Affiliated Local	Varies by plan; most employees contribute between 5% and 10% of pay	No
CO	Colorado Fire & Police Statewide	9.5%, rising by 0.5% annually until reaching 12.0% in 2022. This increase was approved by employee members via a 2014 election.	No
CO	Colorado Municipal	8.0%	No

Appendix A: Employee contribution rates for statewide plans

State	Plan	Employee Contribution Rate (Percent of Pay)	Social Security Coverage
CO	Colorado School	8.0%	No
CO	Colorado State	8.0%; state troopers contribute 10.0%	No
CT	Connecticut SERS	2.0% for those hired since July 1997; 5.0% for public safety personnel	Yes
CT	Connecticut Teachers	6.0%	No
DC	DC Police & Fire	8.0%; 7.0% for members hired before 11/1/96	No
DC	DC Teachers	8.0%; 7.0% for members hired before 11/1/96	No
DE	Delaware State Employees	3.0% of pay above $6,000; employees hired since 1/1/12 pay 5.0% of pay above $6,000	Yes
FL	Florida RS	3.0%	Yes
GA	Georgia ERS	1.25% to the DB plan. Workers hired since 2009 participate in a hybrid plan. The default employee contribution to the DC component of the hybrid plan for those hired from 2009 until 6/30/14 is 1.0%, and 5.0% for those hired since 7/1/14. All hybrid plan participants may increase or decrease their level of contribution, including to zero.	Yes
GA	Georgia Teachers	6.0%	Yes
HI	Hawaii ERS	7.8% for general employees and teachers; 12.2% for public safety officers; those hired after 6/30/12 pay 9.8% and 14.2%, respectively.	Yes
IA	Iowa PERS	5.95% for regular employees; 6.56% for protection occupations; 9.63% for sheriffs. The IPERS board has authority to adjust rates up to one percent in a given year.	Yes
ID	Idaho PERS	6.79%; 8.36% for public safety personnel	Yes
IL	Illinois Municipal	3.75% for general employees; 6.75% for law enforcement personnel. All members contribute an additional 0.75% for survivor's pension, for total contribution rates of 4.50% and 7.50%, respectively	Yes
IL	Illinois SERS	3.5% for those covered by Social Security, plus 0.5% for survivor's pension benefit, 7.0% for those not covered, plus 1.0% for survivor's pension benefit; public safety members contribute 8.5%	Yes
IL	Illinois Teachers	9.0%, allocated as follows: 7.5% for retirement; 0.5% for post-retirement increases; and 1% for death benefits	No
IL	Illinois Universities	8.0%; public safety personnel contribute 9.5%	No

Appendix A: Employee contribution rates for statewide plans

State	Plan	Employee Contribution Rate (Percent of Pay)	Social Security Coverage
IN	Indiana PERF	3.0%	Yes
IN	Indiana Teachers	3.0%	Yes
KS	Kansas PERS	6.0%	Yes
KY	Kentucky County	5.0%, and 8.0% for public safety workers; those hired since 9/1/08 must contribute an additional 1.0% for retiree health care	Yes
KY	Kentucky ERS	5.0%, and 8.0% for public safety workers; those hired since 9/1/08 must contribute an additional 1.0% for retiree health care	Yes
KY	Kentucky Teachers	Non-university members contribute 12.855%; University members contribute 8.185%	No
LA	Louisiana Parochial Employees	9.5% for members covered by Social Security; 3.0% for members not covered by Social Security	No, for approximately 85% of members
LA	Louisiana SERS	8.0% for regular employees hired as of 7/1/06; hazardous duty members contribute 9.5%; different contribution rates apply for other specialty plans	No
LA	Louisiana Teachers	8.0%	No
MA	Massachusetts SERS	5% - 9% of annual compensation depending on date of membership. For those whose membership began after 1/1/79, an additional 2% of any compensation above $30,000. State police contribute 12%.	No
MA	Massachusetts Teachers	5% to 11%, depending on member's date of entry; those hired after June 30, 2001 and participants in Retirement Plus benefit tier pay 11.0%; average rate is 10.0%.	No
MD	Maryland PERS	7.0%	Yes
MD	Maryland Teachers	7.0%	Yes
ME	Maine Local	4.5% to 9.5%, depending on employer election	Yes, for approximately half of the members
ME	Maine State and Teacher	7.65%; 8.65% for law enforcement officers	No
MI	Michigan Municipal	Participating employers may elect to require employee contributions of 0% to 20%	Both; varies by plan
MI	Michigan Public Schools	Employees hired since 7/1/10 choose between a hybrid plan with a graded contribution structure (3.0% of first $5,000, 3.6% of next $10,000, and 6.4% over $15,000) for the DB component and a zero to 2.0% optional contribution to the DC component (employees may contribute more, but receive only a 1:2 employer match on the first 2%), or a DC plan with	Yes

Appendix A: Employee contribution rates for statewide plans

State	Plan	Employee Contribution Rate (Percent of Pay)	Social Security Coverage
		a zero to 6.0% optional contribution (employees may contribute more, but are matched only 1:2 on the first 6.0%). Active DB members hired prior to 7/1/10 contribute based on their designated plan type, ranging from zero to 7.0%.	
MI	Michigan SERS	Employees hired since 1997 are enrolled in a DC plan with an optional contribution rate of zero to 3.0%; (active DB plan members contribute 4%)	Yes
MN	Minnesota PERA	6.5%; 10.8% for police and fire	Yes (except police and fire)
MN	Minnesota State Employees	5.5%; 9.1% for correctional officers	Yes
MN	Minnesota Teachers	7.5%	Yes
MO	Missouri DOT and Highway Patrol	4.0% for those hired after 12/31/10	Yes
MO	Missouri Local	Participating employers may elect to require employee contributions of 0% or 4%; most plans do not require employees to contribute	Yes
MO	Missouri PEERS	6.86%	Yes
MO	Missouri State Employees	4.0% for those hired after 12/31/10	Yes
MO	Missouri Teachers	14.50%	No
MS	Mississippi PERS	9.0%; Highway Patrol Officers contribute 7.25%	Yes
MT	Montana PERS	7.90%	Yes
MT	Montana Teachers	7.15%; those hired since 7/1/13 contribute 8.15%, which can be increased by the board by up to 1.0% based on designated triggers	Yes
NC	North Carolina Local Government	6.0%	Yes
NC	North Carolina Teachers and State Employees	6.0%	Yes
ND	North Dakota PERS	7.0%	Yes
ND	North Dakota Teachers	11.75%	Yes
NE	Nebraska County	4.5%	Yes
NE	Nebraska Schools	9.78%	Yes
NE	Nebraska State	4.8%	Yes
NH	New Hampshire Retirement System	7.0% for general employees and teachers; 11.8% for firefighters; 11.55% for police officers.	Yes, for general employees and teachers; No, for public

Appendix A: Employee contribution rates for statewide plans

State	Plan	Employee Contribution Rate (Percent of Pay)	Social Security Coverage
			safety
NJ	New Jersey PERS	7.21%, rising gradually to 7.50% by 2019	Yes
NJ	New Jersey Police & Fire	10.0%	Yes
NJ	New Jersey Teachers	7.21%, rising gradually to 7.50% by 2019	Yes
NM	New Mexico PERA	8.92% for state general members; rates vary for other groups, including public safety officers	Yes
NM	New Mexico Teachers	7.9% for those with a salary of $20,000 or less; 10.7% for those with a salary above $20,000	Yes
NV	Nevada Police Officer and Firefighter	20.43%	No
NV	Nevada Regular Employees	14.43%	No
NY	New York State Teachers	Those hired before 1/1/10 contribute 3.0% if <10 years of service, 0% if 10+ years of service; those hired on or after 1/1/10 but before 4/1/12 contribute 3.5% throughout membership; those hired on or after 4/1/12 contribute 3.0% to 6.0% salary, throughout membership	Yes
NY	NY State & Local ERS	Those hired before 1/1/10 contribute 3.0% if <10 years of service, 0% if 10+ years of service; Those hired on or after 1/1/10 but before 4/1/12 contribute 3.5%; Those hired on or after 4/1/12 contribute 3.0% to 6.0% depending on date of hire and salary	Yes
NY	NY State & Local Police & Fire	Those hired between 7/1/09 through 1/8/10 contribute 3.0%; Those hired since 1/9/10 contribute 3%-6% based on annual salary for most participants	Yes
OH	Ohio PERS	10% for general members; public safety division members contribute 12% and law enforcement members contribute 13%	No
OH	Ohio Police & Fire	12.25%	No
OH	Ohio School Employees	10.0%	No
OH	Ohio Teachers	14.0%	No
OK	Oklahoma PERS	3.5% for state employees; 3.5% to 8.5% for employees of county and local agencies; hazardous duty members pay 8.0%	Yes
OK	Oklahoma Teachers	7.0%	Yes

Appendix A: Employee contribution rates for statewide plans

State	Plan	Employee Contribution Rate (Percent of Pay)	Social Security Coverage
OR	Oregon PERS	Effective 1/1/04, non-contributory for the DB plan for all employees except Judges; 6.0% for individual accounts, which is the defined contribution component of the hybrid plan. For Judges only, employee contribution to the DB plan is 7.0%.	Yes
PA	Pennsylvania School Employees	Between 7.5% and 12.3%, depending on date of hire and plan selection. Rates for participants hired since 7/1/11 are subject to a limited graduating scale (200 bps) based on investment performance and the plan's funding level	Yes
PA	Pennsylvania State ERS	Between 6.25% and 9.3%, depending on date of hire and plan selection. Rates for those hired since 1/1/11 are subject to a limited graduating scale based on investment performance and the plan's funding level	Yes (except state police officers)
PR	Puerto Rico Government Employees	10% (except members selecting the Coordination Plan contribute 5.775% up to $6,600 plus 8.275% of compensation in excess of $6,600)	Yes (except police)
PR	Puerto Rico Teachers	9.0%	No
RI	Rhode Island ERS	State employees and teachers contribute 3.75% to the DB plan plus 5% to the DC plan; teachers who do not participate in Social Security contribute 7% to the DC plan (approximately one-half of teachers do not participate in Social Security)	Yes
RI	Rhode Island Municipal	1.0 to 2.0% for general employees; 7.0% to 10.0% for public safety personnel; 5% for general employees to the DC plan; 7% for public safety personnel (non-SS) to the DC plan	Yes
SC	South Carolina Police	9.24%	Yes
SC	South Carolina RS	8.66%	Yes
SD	South Dakota PERS	6.0%; public safety personnel contribute 8.0%	Yes
TN	TN Political Subdivisions	Participating employers may elect to require employee contributions of 0% or 5%; Local government employees of employers that have selected the hybrid plan hired since 7/1/14 contribute 5% to the DB plan and 2% to the DC plan; participants may opt out of DC plan contributions.	Yes
TN	TN State and Teachers	Non-contributory for most state and higher education employees; 5% for teachers. Employees hired since 7/1/14 participate in a hybrid plan with mandatory contribution rates of 5% to the DB plan and 2% to the DC plan; participants may opt out of DC plan contributions.	Yes

Appendix A: Employee contribution rates for statewide plans

State	Plan	Employee Contribution Rate (Percent of Pay)	Social Security Coverage
TX	Texas County & District	Employers set the employee contribution rate in a range from 4.0% to 7.0%	Both; varies by plan
TX	Texas ERS	9.5%	Yes
TX	Texas LECOS	LECOS is a supplementary plan to the Texas ERS, for law enforcement and custodial officers; participants contribute 0.5% plus the ERS contribution.	Yes
TX	Texas Municipal	5%, 6%, or 7%, depending on ER election	Both; varies by plan
TX	Texas Teachers	7.7%	No for 80% of TRS members, a figure that includes 95% of public school members
UT	Utah Noncontributory	Non-contributory for employees hired before 7/1/11; Employees hired after that date may elect participate in a hybrid plan or a DC plan. Employee contributions in the hybrid plan are required when the costs of the DB portion of the plan exceed 10% (12% for public safety). DC plan contributions are optional.	Yes
VA	Virginia Retirement System	5.0% for participants other than judges who were first appointed prior to 7/1/10; employees hired since 1/1/14 participate in a hybrid plan with mandatory contributions of 4% to the DB plan and 1% to the DC plan.	Yes
VT	Vermont State Employees	5.0%	Yes
VT	Vermont Teachers	5.0%	Yes
WA	Washington LEOFF Plan 1	0%	Yes
WA	Washington LEOFF Plan 2	8.41%	Yes
WA	Washington PERS 1	6.0%	Yes
WA	Washington PERS 2/3	6.12% for Plan 2 members; Plan 3 members contribute only to their defined contribution plan at between 5% and 15%	Yes
WA	Washington School Employees Plan 2/3	5.63% for Plan 2 members; Plan 3 members contribute only to their defined contribution plan at between 5% and 15%	Yes
WA	Washington Teachers Plan 1	6.0%	Yes
WA	Washington Teachers Plan 2/3	5.95% for Plan 2 members; Plan 3 members contribute only to their defined contribution plan at between 5% and 15%	Yes
WA	Washington Public Safety Employees Plan	6.59%	Yes

Appendix A: Employee contribution rates for statewide plans

State	Plan	Employee Contribution Rate (Percent of Pay)	Social Security Coverage
WI	Wisconsin Retirement System	6.8%	Yes
WV	West Virginia PERS	6.0%	Yes
WV	West Virginia Teachers	6.0%	Yes
WY	Wyoming Public Employees	8.25%; law enforcement personnel contribute 8.6%	Yes

Retirement Modernization Program: Phase VI

Spending Authority

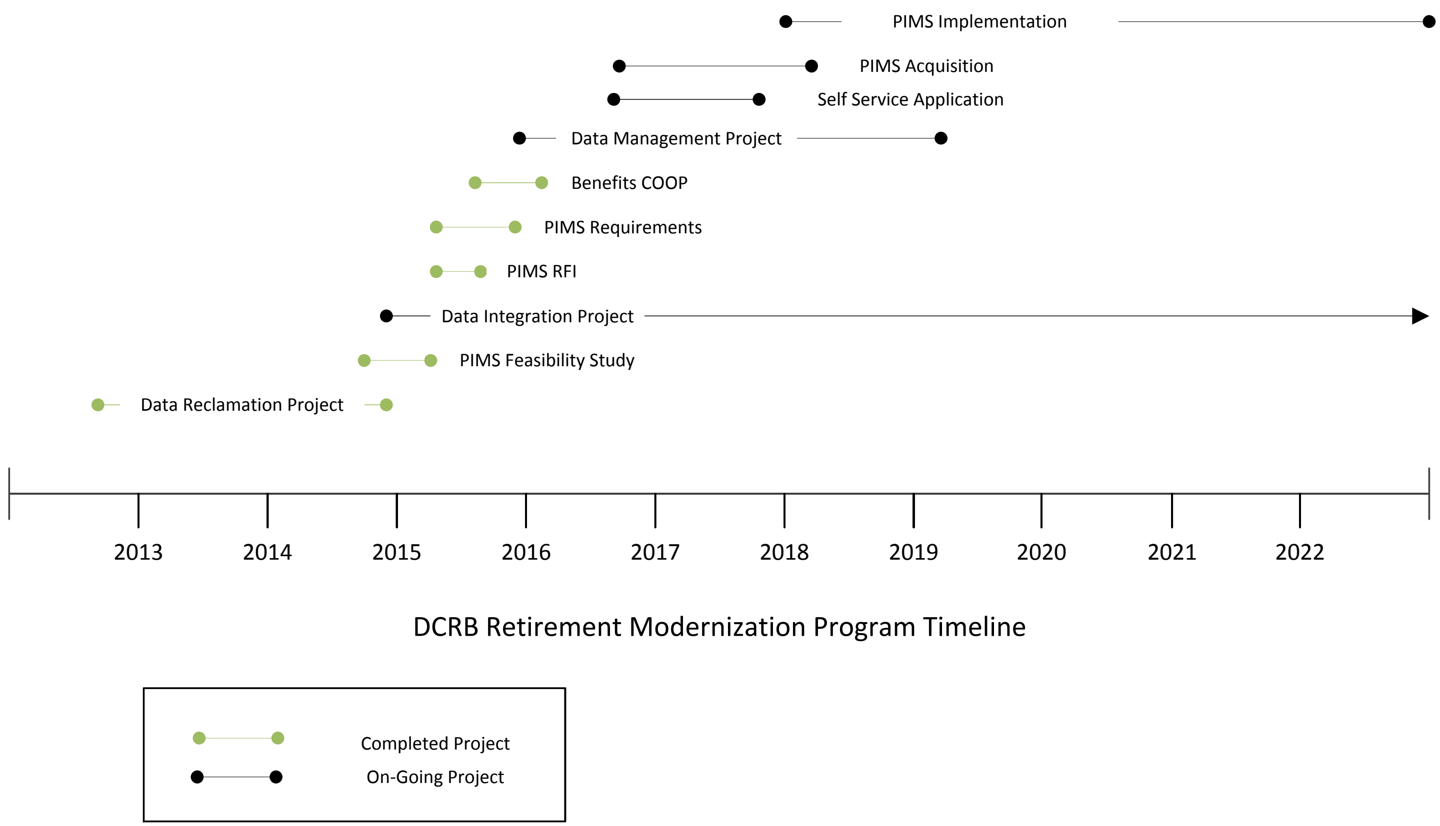
Program Goals

Decrease the DCRB member retirement process from 90 days to 30 days

Provide a statement of benefits to each active DCRB member

Provide additional services to members, including counseling, self service, and communications

Timeline



DCRB Retirement Modernization Program Timeline

Accomplishments

- ✓ Data Reclamation
- ✓ Benefits Department Continuity of Operations Plan
- ✓ Data Integration Project with OCTO
- ✓ Award of Data Management Contract & Project Kickoff
- ✓ Pension System Feasibility Study and Requirements Analysis
- ✓ Pension Information Management System:
  - ☑ RFI
  - ☑ Requirements
  - ☑ Preliminary Draft RFP
- ✓ Continued partnership with District Agencies

Retirement Modernization

Recent Accomplishments

- ✓ Implemented a data management solution
- ✓ Began automated data transmission for retirement processing implementation with STAR
- ✓ Released request for information (RFI) for a pension information management system (PIMS)
- ✓ Consolidated reclaimed active member data with feeds from the District
- ✓ Developed processes and implemented security requirements to ensure compliance with the Federal Information Security Management Act (FISMA) for data management solution
- ✓ Started design and development of self-service application
- ✓ Automated consolidation and transmission of retiree data to Treasury

Retirement Modernization

Future Objectives

- Member Self Service
  - Annuitant access via web and mobile devices
- Phone System
- On-Demand data feeds from the District (shift from bi-weekly)
- Release PIMS RFP
- Enhance Data Management Solution:
  - Continuous record cleansing
  - Data governance
  - Member Analytics

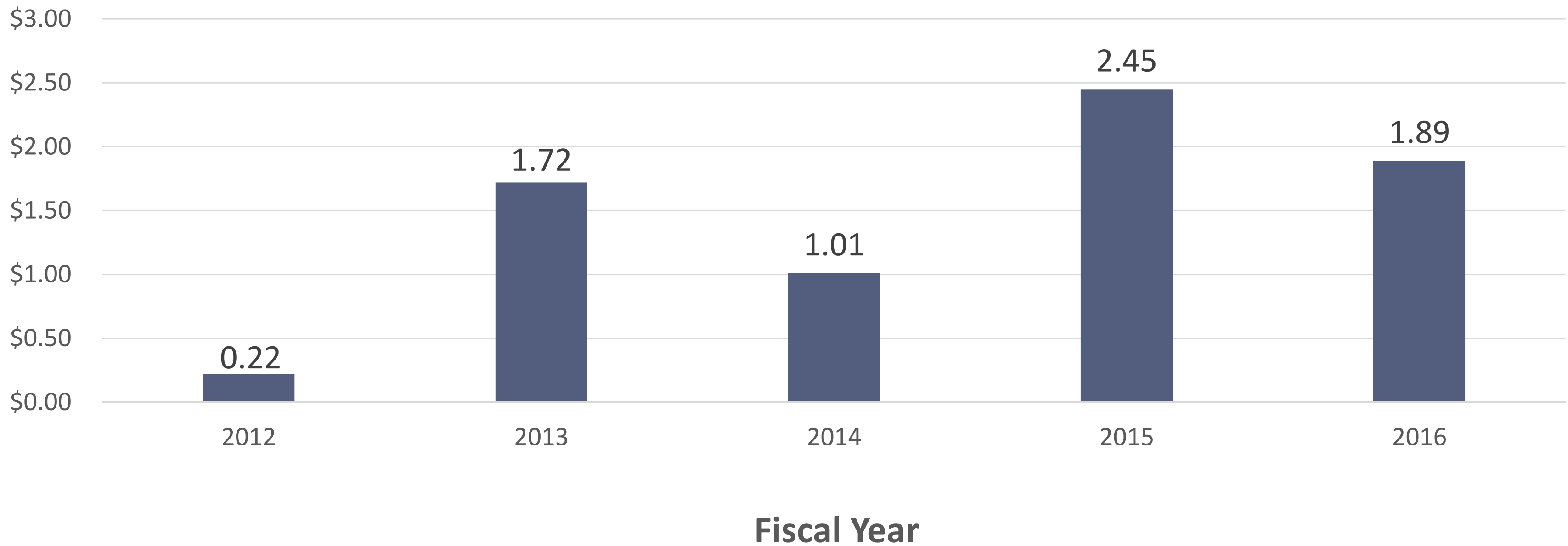
Retirement Modernization

Financial Analysis

Spending to Date

(Dollars in millions)

As of 10/14/2016



Approved FY 2017 Budget

- Unexpended budget remains in the Trust
- Utilizes Project Management Institute governance - the industry standard for project management
- Continue quarterly reporting to the Operations Committee and the Board
- Detailed financial accounting
- Internal DCRB project oversight

Authorization

***Motion*: To authorize the Executive Director to expend $3.40 million on Phase VI (FY17) of the DCRB Retirement Modernization Program with quarterly reporting to the Board**

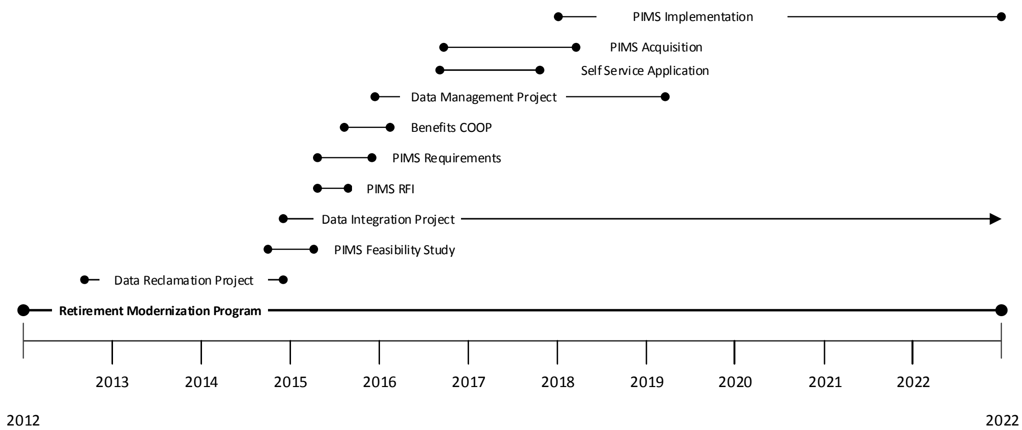
DCRB Retirement Modernization Program Quarterly Report

October 20, 2016

DCRB is responsible for administering the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers Retirement Plan (the "Plans"). In order for DCRB to effectively fulfill its mission of providing quality and efficient retirement services to members of the Plans, service and contribution data must be accessible and accurate. As a result, DCRB is currently modernizing the defined benefit retirement service process and providing enhanced member services through the DCRB Retirement Modernization Program (the "Program"). The Program's mission is to support DCRB retirement benefit services for all members, and to expand and improve benefit administration capabilities, resulting in the timely and accurate payment of benefits to retirees, survivors, and beneficiaries. This goal can only be accomplished with the cooperation of all agencies that are responsible for the collection, certification, and transmission to DCRB of the requisite human resources and payroll data and financial information used to calculate and pay retirement benefits. The Program currently consists of the following projects:

- **Data Reclamation Project**: one of the first initiatives within the Program; focused on cleansing, auditing, and certifying the data of active plan members (**100% complete**)
- **PIMS Feasibility Study**: determined what is required to obtain, staff, and manage a pension information management system (PIMS) (**100% complete**)
- **Data Integration Project**: phase 2 is on-going to shift the biweekly integration with OCTO (phase 1) to on-demand, allowing DCRB access to PeopleSoft data at any time (**Phase 2 - 65% complete**)
- **PIMS RFI and Market Research**: investigation into best-of-breed PIMS (**100% complete**)
- **PIMS Requirements Project**: specified in detail the functionality in a PIMS that is needed by the agency (**100% complete**)
- **Benefits Continuity (COOP) Project**: created a plan of operations in the event of an outage (**100% complete**)
- **Data Management Project**: collects data, performs validation and cleansing activities, and stores the active and retired member data in a single repository (**100% complete – in year 1 of 4**)
- **PIMS Acquisition Project**: will release an RFP to the vendor community, and with the assistance of an oversight vendor, will select the best product that meets DCRB's requirements (**25% complete**)
- **PIMS Implementation Project**: will enable DCRB to provide the entire suite of services to our members, in line with statutes that govern our operation, our contemporaries, and industry best practices (**0% complete – not started**)

- **Self Service Application**: will provide DCRB members with the ability to access their retirement accounts via web and mobile devices (**10% complete**)
- **FISMA and Cyber Security**: Federal Information and Security Management Act (FISMS) provides DCRB with a comprehensive framework to protect member data from cyber threats (**Ongoing**)



DCRB Retirement Modernization Program Timeline
(2012–2022)

Program Accomplishments to Date:

- Developed Gap Analysis Report containing known issues
- Completed data reclamation for records identified in Gap Analysis Report
- Coordinated involvement of six District agencies: DCHR, DCPS, MPD, FEMS, OCTO, and OPRS
- Received full historical data transfer from PeopleSoft
- Received (and continue to receive) regular bi-weekly data feeds from PeopleSoft
- Executed and finalized MPD, DCHR, and OCTO MOUs for FY15
- Identified (and continue to identify) data and process issues
- Transmitted data from OCTO to DCRB for active members
- Consolidated data feeds from PeopleSoft with reclaimed data
- Corrected (and continued to correct) data issues identified in secondary efforts
- Certified records by DCHR, MPD, and DCPS
- Issued data management request for proposal (RFP)
- Implemented data management solution
- Started automated data transmission for retirement processing implementation with STAR
- Released request for information (RFI) for a pension information management system (PIMS)
- Consolidated and cleansed information for all active and retired members
- Developed processes and implemented security requirements to ensure FISMA compliance for data management solution
- Started design and development of self-service application

Program Long Term Objectives:

- Continuous cleansing of service history, financial data, and demographic data through enhancements of data management solution

- Enhance data feed from District PeopleSoft to DCRB for use in Master Data Management System (MDM) and pension information management system (PIMS) by allowing real-time update capability
- Systemically validate data prior to import into DCRB databases
- Extend automated data feed to Treasury to decrease manual efforts and to increase data accuracy and efficiency
- Reduce the time for retirement preparation and processing (30 days goal)
- Minimize pension errors and areas for potential fraud
- Provide certified and accurate data that will ultimately be used to produce auditable data
- Provide annual benefit statements (including information about the members' pension contributions and service credits that will enhance pre-retirement counseling)
- Facilitate proactive process for retirement processing
- Provide retirement forecasting ability to members

Data Reclamation Project (100 % complete)

The Data Reclamation Project includes the examination, certification, and conversion to a digital format service history of plan members whose pre–2009 records were found to be missing from the District's PeopleSoft System. Overall, the reclamation effort is 100 percent complete across the member agencies, while certification is 100 percent complete for MPD and FEMS. The certification of DCPS records is still being performed by DCPS staff. The table below provides a breakdown of the number of member records that were reclaimed.

Table 1: Data Reclamation Indicator

Agency	Total Records Requiring Reclamation	Total Records Reclaimed	% Reclaimed	% Audited	Total Records Certified by Agency
All	5345	5345	100	100	3497
DCPS	2199	2199	100	100	351
MPD	2733	2733	100	100	2733
FEMS	413	413	100	100	413

Data Integration Project (**80% overall completion**)

Phase 1 of 2 – 100% Complete

As part of Phase 1, DCRB signed an MOU with the Office of the Chief Technology Officer (OCTO) to supply the Agency with bi-weekly data feeds of active member information. The feeds represent the latest payroll, service, and demographics activity that took place at that time, and will continue after every payroll is run. The composition of the data feeds is being updated to ensure that DCRB is receiving all of the information that is required to process a retirement. Once the accuracy and integrity of the data can be validated, it will be used to reduce the manual effort necessary to process a retirement.

Phase 2 of 2 – 65% Complete

Phase 2 includes enhancements to the data feed process to enable real-time update capabilities instead of the current bi-weekly feed. This feature will provide DCRB with the capability to be notified as soon as a pertinent retirement related HR action is approved in PeopleSoft.

Benefits Department Continuity of Operations Plan (**100% complete**)

DCRB developed a Continuity of Operations Plan (COOP) for the Benefits Department to identify and prioritize business processes that are essential for continuous member service during an outage. The COOP will be reviewed with internal and external stakeholders, such as the Information Technology (IT) Department and the Office of DC Pensions (ODCP), to ensure the recovery objective identified for each business process integrates with the existing IT and ODCP recovery plans.

Data Management Project (**30% overall completion – year 2 of 4**)

Phase 1 of 4 – 100% Complete

An award was made to SIRC to implement an integrated solution that receives shares, cleanses, and stores active and retired member information. The first phase of the project, which started July 1, 2015, implemented an Enterprise Service Bus (ESB), which provides a communication capability for all pension-related applications, an Enterprise Data Quality (EDQ) tool, to apply data quality business rules to ensure data cleanliness and integrity, and a Master Data Management (MDM) system to store all member-related information. As a result of this effort, all member files (active and annuitants) have been loaded into the MDM and are accessible to DCRB Staff.

Phase 2 of 4 – 35% Complete

Building upon Phase 1, DCRB intends to provide a file to the Office of DC Pensions that will be imported into the STAR system and be used to retire members. Additionally, this phase will expand on data governance techniques in efforts to increase communication with DCRB partners who transmit data to or receive data from the MDM.

Pension System Feasibility Study and Requirements Analysis (100% complete)

Linea performed a feasibility study and a requirements analysis for a PIMS at DCRB. These tasks started in October of 2014 and ended in July of 2015. The tasks included reviews of previous studies performed, integrating current business needs, evaluating DCRB's readiness, performing a market analysis, developing a complete business requirements inventory, developing an implementation strategy, and providing an updated cost analysis. At the completion of these projects, the agency was provided with a comprehensive RFP for a PIMS.

Table 2: Project Performance Summaries

Project Performance	Feasibility	Requirements: A*	Requirements: B**	Continuity	Totals
Total Project Percent Complete	100%	100%	100%	100%	100%
Planned Percent Complete	100%	100%	100%	100%	100%
Project Budgets	**Feasibility**	**Requirements: A***	**Requirements: B****	**Continuity**	**Totals**
Project Budget	$123,273	$341,658	*$142,463*	$122,147	$587,078

A* - PIMS Requirements: Develop a comprehensive set of recommendations and requirements for a PIMS by working with stakeholders. Create a traceability matrix for evaluating potential pension modernization systems. Note: This also includes the additional work of creating an RFI regarding the PIMS and a review of the responses from the vendors.

B** - PIMS RFP: Identify and prioritize the requirements in the traceability matrix for DCRB to review. Prepare an RFP for the PIMS.

Pension Information Management System (PIMS)

An RFI was released to the vendor community, with DCRB receiving six responses that represent a significant cross section of the industry. A summary of the responses was presented to the entire Board, along with an estimate of the cost for a PIMS. An oversight vendor is required to assist the agency in navigating the process of releasing the RFP, awarding a contract, and implementing a PIMS. A contract to an oversight vendor has been issued for a total contract amount between $2.5M-$2.6M over four years.

A follow up presentation to the Operations Committee is planned for December 2015 detailing short and long term goals and the plans for acquiring a PIMS. At that time, it is expected that a request will be made of the committee to approve the release of a PIMS RFP to the vendor community.

Member Self-Service (**10% complete**)

A project has been initiated to start the phased deployment of a member self-service application. Phase 1 will be focused on providing annuitants with the capability to login to their account to view and manage specified options. Annuitants will be able to access the application from both computer based and mobile based devices. A typical retiree will be able to view their annuity and download pay stubs and some tax forms. Some options for update will include, but are not limited to: address changes and health benefits enrollment. Future phases will extend this capability to active members of the plan for purposes of retirement estimates.

Federal Information and Security Management Act (FISMA) and Cyber Security (**Ongoing**)

FISMA compliance establishes a set of Federal standards defining a comprehensive framework to protect information stored electronically by DCRB. Achieving compliance is a two-step process. Step one, required DCRB to develop comprehensive and enforceable standards for securing and accessing valuable information. The second step requires an external auditor to evaluate DCRB's execution of the standards, that is, how effective is DCRB in following the prescribed security standards.

DCRB's ability to achieve compliance will help ensure necessary security protocols are in place to minimize exposure to cyber threats against member data. This compliance will provide a solid cyber threat risk mitigation strategy as DCRB prepares to implement a self-service application as well as the Pension Information Management System.

FISMA Policies and Protocols – 100% Complete

FISMA Documentation has been completed to support necessary policies and protocols to enhance the security of member data. This documentation is aligned to NIST 800-53 standards and meets security obligations recommended by the Office of D.C. Pensions. (100%)

FISMA Audit and Accreditation (A&A) – 35% Complete

A contract has been issued to perform FISMA A&A. Although this activity is on-going, DCRB has implemented a number of security protocols to improve compliance specifically around the data management system. The protocols will be expanded to the entire network during FY17. Currently, the data management system has received an interim authority to operate based on successful test results indicating that no high risk cyber threats are currently present.

Cyber Security – Ongoing

DCRB has taken a multi-pronged approach to mitigating cyber threats. The first approach involves FISMA compliance, as detailed above. Second, during FY16, DCRB successfully implemented a security information and event management (SIEM) system to analyze threats and an endpoint protection suite to further harden devices connected to the network. Finally, during FY16, external cyber security services (Mandient) were procured to perform an analysis of incidence response protocols and penetration (controlled hacking) tests to measure the effectiveness of DCRB procedures and security tools. Testing is on-going and security controls will be continuously reviewed and updated to respond to emerging threats.

Table 3: Retirement Modernization Program Financials

*FY16 Based on invoices received as of 10/14/2016

Spend To Date FY12 – FY16	
FY12	$215,415.86
FY 13	$1,722,031.72
FY 14	$1,011,250.36
FY 15	$2,453,973.17
FY 16*	$1,890,701.65
Total	$7,293,372.76

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Memorandum for	Mary Collins, Chair Operations Committee
From	Sheila Morgan-Johnson Chief Operations Officer
Date	November 14, 2016
Subject	Procurement Policy Initiatives

The purpose of this memorandum is to share with the Operations Committee, for informational purposes only, a series of changes to the DCRB Procurement Manual that reflect improvements in policy and procedures. These changes will result in DCRB conducting its procurements of goods and services more effectively and properly aligned with its mission.

Summary of Changes

Chapter	Explanation & Benefits
Chapter 3- Contracting Authority (attachment 1)	
- 3.2: CCO Authority	- Incorporates Board of Trustees October 2012's decision to permit the Executive Director/CCO to award contracts to GSA FSS and DC SS vendors up to $250,000. The previous threshold was $100,000.
- 3.8 Reviewing and Approving Solicitations and Contract Award Recommendations *(new)*	- Establishes the role of the General Counsel when submitting contract award recommendations to the Executive Director/CCO.
Chapter 7- Competitive Proposal (attachment 2)	
- 7.4.3.2 Proposal Evaluation	- Incorporates two best public procurement "source selection" best practices to improve best value award recommendations: 1) helps ensure diversity of Source Selection Evaluation Board (SSEB) membership by requiring at least one member of the SSEB be from a department other than

Chapter	Explanation & Benefits
	from the sponsoring department and 2) permits a non-DCRB subject matter specialist be appointed as a non-voting member/technical advisor to the SSEB.
Chapter 9- Simplified Acquisitions (attachment 3) 9.2.1 Use of Small Purchases Procedures 9.3.1 Commercial Items; 9.3.2 Use of Commercial Item Procedures; 9.3.3 Commercial Sources; 9.3.4 Commercial Item Offer 9.4.1 Use of Expedited Purchase Procedures 9.5 Evaluation and Award	- Creates streamlined procedures for small purchases, commercial items and expedited purchases over $5,000 but under $100,000. The procedures reduce administrative (Procurement) lead time but ensure competition and value. - Establishes competition thresholds based on the estimated dollar value of procurements including the Purchase Card. - Clarifies the nature and purpose of commercial items including how they are procured. - Establishes DCRB's preference for commercial items. - Clarifies that conducting market research is primarily the responsibility of DCRB program offices. - Requires the CCO's approval to use expedited/ small acquisition procedures for large purchases. - Establishes structured evaluation and award procedures for "best value" and "lowest price technically acceptable" procurements.

Attachment 1: DCRB Procurement Manual, Chapter 3- Contracting Authority
Attachment 2: DCRB Procurement Manual, Chapter 7- Competitive Proposal
Attachment 3: DCRB Procurement Manual, Chapter 9- Simplified Acquisitions

Note- Changes in Chapters 3, 7, and 9 appear in italics and are highlighted.

Attachment 1

CHAPTER 3

Contracting Authority

3.1 Policy
3.2 CCO Authority
3.3 Contracting Officer Authority
3.4 Authority and Responsibilities of Contracting Officers
3.5 Contracting Officer Delegations
3.6 Delegation of Authority to Contracting Officer's Technical Representative
3.7 Unauthorized Procurements
3.8 Reviewing and Approving Solicitations and Contract Award Recommendations

3.1 Policy

Only contracting officers appointed in writing by the Executive Director are authorized to enter into, administer, manage, terminate, and otherwise manage contracts subject to any approval thresholds of the Board.

3.2 CCO Authority

The Executive Director is the CCO for the Board. The CCO (CCO) is authorized to enter into, administer, manage and terminate contracts valued up to 1) $250,000 for contracts entered into with vendors on General Services Administration Federal Supply Schedules and D.C Federal Supply Schedules and 2) $100,000 for all other contracts. The CCO is required to obtain the Board's approval for contracts entered into with vendors on General Services Administration's Federal Supply Schedules and D.C Federal Supply Schedules in excess of $250,000 and 2) $100,000 for all other contracts.

The CCO has the authority to delegate contracting authority to one or more other contracting officers. The CCO determines the qualifications of other contracting officers. The CCO delegates contracting authority in writing, specifying the limits of the authority granted in whole or in part.

3.3 Contracting Officer Authority

A contracting officer has only that authority as delegated in writing by the CCO.

3.4 Authority and Responsibilities of Contracting Officers

Contracting officers have the authority to enter into, administer, manage and terminate, contracts, and make related determinations and findings subject to any approval thresholds or delegation of authority limitations. Contracting officers have the discretionary authority to determine procurement methods, project delivery, and contract types to use for each requirement subject to any delegation of authority limitations.

Contracting officers are responsible for ensuring performance of all necessary actions for effective procurement, ensuring compliance with the terms of the contract, and safeguarding the interests of the Board. Contracting officers are responsible for ensuring all requirements of law, regulations, and all other applicable procedures, including clearances and approvals, are met prior to entering into a contract on the Board's behalf.

3.5 Contracting Officer Delegations

Contracting officer delegations shall be made by the CCO in writing. The delegation shall clearly state any limits of the delegated authority. Delegations are effective the date signed by the CCO and remain in effect until terminated in writing, unless the contracting officer delegation contains other provisions for automatic termination. Contracting officer delegations may not be further delegated.

3.6 Delegation of Authority to Contracting Officer's Technical Representative

Contracting officers may appoint in writing a contracting officer's technical representative (COTR) to provide such management oversight and technical direction for particular goods or services procurement or contract as the contracting officer shall determine is necessary or useful. COTRs do not have the authority to amend or modify the contract. However, the COTRs shall recommend such changes to the contract officer.

3.7 Unauthorized Procurements

Only contracting officers are authorized to procure goods or services on behalf of the Board. The Board may not accept a financial obligation for transactions made pursuant to an unauthorized procurement.

Unauthorized procurements will require written ratification by the CCO. The appropriate procurement action, including a complete procurement record, must be developed in order for the vendor/contractor to receive compensation for goods or services provided.

Contractors are advised not begin or continue work without the benefit of a contract signed by a contracting officer with the appropriate level of contracting authority.

3.8 Reviewing and Approving Solicitations and Contract Award Recommendations

The Chief Operations Officer (COO) is responsible for oversight of the Procurement Office who conduct and manage all procurements, excluding procurements for Investment management and consulting services. In this role, the Procurement Office reviews solicitations, conducts procurements and prepares and submits contract award recommendations through the COO to the CCO for approval.

The CCO may request the General Counsel to review a procurement action when:

a. *The action requires Board of Trustees' approval because it exceeds the CCO's authority (see 3.2), or;*
b. *The action contains terms and conditions other than DCRB's standard or when a successful offeror has proposed their own terms and conditions; or*
c. *The action is of a special nature, for example, high risk contract type (cost reimbursable), complex or mission critical.*

Attachment 2

CHAPTER 7

COMPETITIVE PROPOSAL

7.1 Policy
7.2 Source Selection Authority
7.3 Solicitation of Proposals
7.3.1 Cancellation of Request for Proposal
7.3.2 Pre-Proposal Conferences
7.3.3 Amendment of Solicitations before Closing Date
7.3.4 Postponement of Proposal Receipt
7.4 Evaluation and Negotiation of Proposals
7.4.1 Receipt of Proposals
7.4.2 Late Proposals and Withdrawals
7.4.3 Evaluation and Negotiation
7.4.3.1 Evaluation Factors
7.4.3.2 Proposal Evaluation
7.4.3.3 Competitive Range
7.4.3.4 Pre-Negotiation Objectives
7.4.3.5 Communication with Offerors after Receipt of Proposals
7.4.3.6 Price Negotiation
7.4.4 Proposal Revisions
7.4.5 Disclosures of Mistakes before Award
7.4.6 Mistakes Disclosed After Award
7.4.7 Negotiation Memorandum
7.5 Contract Award
7.5.1 Basis of Contract Award
7.5.2 Notifications and Debriefing

7.1 Policy

The competitive proposal method is used when the selection is based on price and other factors, such as qualifications, quality, experience, design, past performance, or work approach. It includes a Request for Proposals (RFP), publicizing the solicitation, and the submission of the proposals to the Board in response to RFP. Depending on the particular requirements of the solicitation, technical considerations may be the more important criterion than price when evaluating the proposals and selecting the contractor. Discussions with the offerors may be conducted, but are not always necessary.

7.2 Source Selection Authority

The contracting officer is designated as the source selection authority, unless the Executive Director appoints another individual for a particular procurement or group of procurements. The source selection authority or designee establishes the evaluation committee and approves the evaluation factors.

7.3 Solicitation of Proposals

The solicitation of proposals, referred to as a RFP, is used when requirements are not well defined, discussion with proposers may be necessary, and/or selection is based on other factors as well as on price. The RFP shall clearly, accurately, and completely describe the requirements (specification or scope of work), evaluation factors, and instructions for preparing an offer. The RFP shall be publicized for 30 days, unless the contracting officer determines otherwise. The RFP or notice of availability of the RFP shall be mailed or otherwise furnished to an adequate number of prospective contractors to ensure full and open competition.

7.3.1 Cancellation of Request for Proposal

It may be in the Board's best interest to cancel an RFP before or after the closing date for reasons such as inadequate or ambiguous specifications, revised specifications, goods or services being contracted for are no longer required, or the RFP does not provide for consideration of all of the Board's evaluation factors.

7.3.2 Pre-Proposal Conferences

Pre-proposal conferences are generally used in complex acquisitions as a means of briefing prospective offerors and explaining complicated specifications and requirements. Although various aspects of the RFP and the requirements may be discussed, a statement during the pre-proposal conference by itself shall not change the RFP. All changes to the RFP shall be issued through an amendment.

7.3.3 Amendment of Solicitations before Closing Date

Amendments are issued in writing to formalize changes to the solicitation.

7.3.4 Postponement of Proposal Receipt

A proposal due date may be extended when the contracting officer determines that such extension is in the Board's best interest. An amendment shall be issued to all parties receiving the solicitation.

7.4 Evaluation and Negotiation of Proposals

7.4.1 Receipt of Proposals

Upon receipt at the location specified in the solicitation, proposals shall be marked with the date and time of receipt and shall be sent to the procurement office. Proposals shall be safeguarded from unauthorized disclosure from receipt, throughout the source selection process, and until award.

7.4.2 Late Proposals and Withdrawals

Proposal revisions received after the date and time designated in the RFP or subsequent amendments shall be considered late and shall not be opened or considered. If it is determined that the proposal was delayed in the mail, in the communications system specified for transmission of proposal, or for cause beyond the control due to no fault or negligence of the offeror, the proposal shall be received by the procurement office.

7.4.3 Evaluation and Negotiation

7.4.3.1 Evaluation Factors

Selection factors reflecting key areas of importance shall be identified in the solicitation document and must be considered in the selection decision.

7.4.3.2 Proposal Evaluation

Proposal evaluation is an assessment of the proposal and the offeror's ability to perform the proposed contract successfully. Competitive proposals are evaluated and their relative qualities assessed solely on the factors specified in the solicitation. Evaluations may be conducted using any rating method or combination of methods. The relative strengths, deficiencies, significant weaknesses, and risks supporting proposal evaluation shall be documented in the contract file.

When evaluating procurements in excess of the small purchase threshold of $100,000, the Procurement Office will work with the Program Office to use established Source Selection Procedures. The composition of the Source Selection Evaluation Board (SSEB) should generally consist of between 3-5 participants and shall include one staff member representing a program office other than from the sponsoring office. In addition and as needed, an individual other than a DCRB employee with specialized skills and expertise may serve as a "non-voting" SSEB technical advisor. When a non-DCRB technical advisor is used, that individual must sign the DCRB Conflict of Interest Statement and the DCRB Non-Disclosure Statement.

7.4.3.3 Competitive Range

The contracting officer shall establish a competitive range composed of the highly rated proposals. Discussions will be conducted only with offerors whose proposals are in the competitive range, as determined by the evaluation panel.

7.4.3.4 Pre-Negotiation Objectives

Pre-negotiation objectives shall be established prior to entering into negotiations with an offeror.

7.4.3.5 Communication with Offerors after Receipt of Proposals

Exchanges with offerors after receipt of proposals are allowed. These may take the form of clarifications, communications, or discussions. Exchanges shall take place as part of the formal selection process and only with the Board representative who is specifically identified to receive or transmit information.

7.4.3.6 Price Negotiation

All terms identified in the pre-negotiation objectives are subject to negotiation. If price is being negotiated, price negotiations shall be conducted to ensure that the final price is fair and reasonable.

7.4.4 Proposal Revisions

At the conclusion of discussions, all revisions to the proposal shall be submitted in writing. The final proposal shall be identified as such.

7.4.5 Disclosures of Mistakes before Award

Offerors may amend their proposal for any reason during the discussion period(s). After receipt of the offeror's "final" revision, correction of a mistake will be considered only if the contracting officer determines it to be in the Board's best interest. If the correction of the mistake will not be permitted, the offeror may be allowed to withdraw its proposal.

7.4.6 Mistakes Disclosed After Award

Correction of mistakes disclosed after award will not be considered, except if the mistake involves an administrative change (i.e., not affecting value, date of delivery, or requirement). A mistake disclosed after award that affects value, date of delivery, or requirement may result in cancellation of the award.

7.4.7 Negotiation Memorandum

An overview of the procurement process for a specific award shall be documented in a negotiation memorandum. The memorandum shall include key milestones, a brief explanation of exception occurrences, the negotiation strategy, the results of the negotiation, and a summary of the selection.

7.5 Contract Award

7.5.1 Basis of Contract Award

Award of a contract shall be made to the responsible offeror with whom negotiations have been successfully completed and whose proposal is determined to be the most advantageous for and in the best interest of the Board.

7.5.2 Notifications and Debriefing

After contract award, the unsuccessful offerors will be notified in writing and provided a debriefing upon written request made within five (5) calendar days from the date the notification was received. Information provided in the debriefing will consist of the following:

1. The source selection procedures
2. The weaknesses and deficiencies in the proposal of the offeror being debriefed
3. The overall evaluated technical rating and price of the successful offeror and the offeror being debriefed; and
4. The rationale for the award.

The debriefing shall not include point-by-point comparisons of the debriefed offeror's proposal with those of other offerors.

<u>Attachment 3</u>

CHAPTER 9

Simplified Acquisitions

9.1 Policy
9.2 Small Purchases
9.2.1 Use of Small Purchases Procedures
9.2.2 Purchase Orders
9.2.3 Revisions of Purchase Orders
9.2.4 Termination and Cancellation of Purchase Orders
9.3 Commercial Items
9.3.1 Use of Commercial Item Procedures
9.3.2 Commercial Items
9.3.3 Commercial Item Sources
9.3.4 Commercial Item Offer
9.4 Expedited Purchases
9.4.1 Use of Expedited Purchase Procedures
9.5. Evaluation and Award

9.1 Policy

The procurement process for simplified acquisition is streamlined and reduces the administrative time leading to award (simplified acquisition process). As in sealed bids and competitive negotiations, competition is still essential and is the basis for ensuring value. The small purchase method may be used for purchases under the large procurement threshold ($100,000). The small purchase method may also be used for purchases of commercial items, where price and terms are largely set by the marketplace, and for expedited purchases, where the cost of the delay outweighs any potential benefits from full and open competition.

Requests for quotes may be limited to certified business enterprise when there are at least two such businesses capable of providing the goods or services, that can satisfy all applicable requirements and conditions and in the Board’s best interest.

9.2 Small Purchases

9.2.1 Use of Small Purchases Procedures

Small purchase procedures may be used to procure goods or services that have an anticipated dollar value not exceeding $100,000.

- *Purchases of $10,000 up to $100,000 require a written solicitation and quotations from at least three qualified vendors.*
- *Purchases between $5,000 and $10,000 can be made using an oral solicitation and oral quotes from three vendors.*
- *Purchases below $5,000 can be made using the procedures contained in Chapter 27, Purchase Card.*

9.2.2 Purchase Orders

Purchase orders shall include pricing, a statement of work, delivery and acceptance information, and any clauses and conditions necessary for the particular procurement.

9.2.3 Revisions of Purchase Orders

Purchase orders may be modified in writing. Each purchase order modification shall identify the order it modifies and shall contain an appropriate modification number. A contractor's written acceptance of a purchase order modification may be required if it is determined to be necessary to ensure the contractor's compliance with the purchase order as revised.

9.2.4 Termination and Cancellation of Purchase Orders

Purchase orders may be canceled or terminated prior to the contractor beginning performance; however, if a contractor has begun performance, a purchase order should not be cancelled or terminated unless the cancellation is determined to be in the Board's best interest.

9.3 Commercial Items

9.3.1 Commercial Items

Commercial Items are items sold to the general public in the course of normal business operations that are competitively priced and based on established catalogue or market prices. Commercial products may include corresponding services for the installation, repair or maintenance associated with the item. DCRB has a preference for commercial items.

9.3.2 Use of Commercial Item Procedures

Commercial items are generally procured using Small Purchase procedures to the extent the documentation is appropriate to the nature of the procurement and extent of competition among the suppliers of the required commercial items. Sealed bids or competitive proposals may be used if appropriate for the particular procurement.

9.3.3 Commercial Item Sources

Market research is performed by the DCRB Program office and assisted by the Procurement Office to determine whether commercial items are available to meet the Board's requirements, and if so, to determine the appropriate procurement method.

9.3.4 Commercial Item Offer

Established procurement procedures including competitive, sealed bid and simplified acquisitions will be used for the solicitation, evaluation, and award of commercial items. Offerors may be allowed to propose more than one product that will meet the Board's need in response to solicitations for commercial items. In such cases, each product will be evaluated as a separate offer.

9.4 Expedited Purchases

9.4.1 Use of Expedited Purchase Procedures

The small purchase procurement method may be used for large purchases when other procurement methods do not meet the Board's time requirements. The use of the small purchase procurement method for large purchases must be justified in writing *and approved by the CCO, through the Procurement Office.*

9.5. Evaluation and Award

The price for purchases made under any of the procedures in the simplified acquisition method must be determined to be fair and reasonable. Purchase pricing resulting from competition is considered to be fair and reasonable. In addition, consideration must be given to the quality and acceptability of the proposed services or product. DCRB employs two techniques to ensure it receives quality products and services at fair market prices:

1. *"Best value" is used when DCRB evaluates technical and price proposals and bases the award decision on a combination of both price and technical.*

2. *"Lowest price technically acceptable" is used when DCRB evaluates all offers and selects the lowest price offer from those that have been determined to be technically acceptable.*

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To: Mary A. Collins, Chair
Operations Committee

Through: Eric O. Stanchfield
Executive Director

Sheila Morgan-Johnson
Chief Operations Officer

From: The DCRB Procurement Office

Date: November 14, 2016

Subject: Contract Awards

This report contains contracts awarded under the Executive Director's contracting authority from *July 15, 2016 through November 15, 2016*. This authority has been delegated by the Board of Trustees as follows:

- DCRB Procurement Regulations and corresponding DCRB Procurement Manual (i.e., all contracts up to $100,000), and
- Approval of motions, including:
  - contracts awarded using the District of Columbia Supply Schedule (DCSS) or Federal Supply Schedule (FSS) up to $250,000 (approved October 18, 2012);
  - contracts awarded pursuant to a Board motion, subject to contract negotiations, that were delegated to the Executive Director to execute; and
  - all contracts awarded as part of the Retirement Modernization Program up to the $3.4 million limit for FY 2016 (approved December 17, 2015).

Contractor Name	Synopsis	Contract Amount	Purpose of Contract
Contracts up to $100,000			
Dakota Consulting, Inc.	Professional services in support of the Phase 2 of the Information Technology (IT) Department's information security program.	$40,307.84	Consistent with FISMA certification industry practices, DCRB engaged a second FISMA and NIST compliance consultant to serve as a peer reviewer of, IT-CNP, Inc., the consultant engaged to prepare DCRB for official FISMA certification.

HBP Printing, Inc.	Printing services to support the agency's needs.	Not to exceed (NTE) $30,000 annually for three years	Printing and mailing services for agency newsletters, open season mailings, the CAFR and other printing and mailing services on an as needed basis.
John Newlin	Professional consulting services to assist with finance related operational tasks, as needed by the CFO.	NTE $100,000	Financial professional services to assist DCRB prepare and complete the FY 2016 audit and prepare the FY 2016 CAFR. Advise the CFO and Executive Director regarding finance, risk management and internal controls, with an emphasis on the development of compliance and regulatory reporting.
Steven VanRees	Consulting services required to ensure that appropriate and sufficient acquisition expertise and appropriate skills are available to assist DCRB with the impending Pension Information Management System (PIMS) RFP and acquisition process.	NTE $37,500	Acquisition consultant to serve as a subject matter expert to facilitate and guide the PIMS acquisition process.
Shred-It	Document destruction services needed to securely dispose of sensitive and Personally Identifiable Information (PII).	Year 1: $3,000 Year 2: $3,000 Total Contract Price: $6,000	Shred documents containing sensitive and PII in accordance with Federal and District laws and regulations.
District of Columbia Supply Schedule (DCSS) Contract			
Analytica	Software acquired to provide High Availability standards for the IBM FileNet application that supports retirement case processing.	$40,768	IBM WebSphere Application Server Network Deployment (WASND) licenses, including one year of maintenance and support services to provide new capabilities to increase its reliability within existing platforms that were not available when originally purchased.

Cavanaugh MacDonald Consulting	Actuarial services required by the Board pursuant to D.C. Code regulations and industry best practices.	Year 1: NTE $ 200,000 Year 2: NTE $200,000 Total Contract Price: NTE $400,000	Actuarial consulting services to assist the Board with funding policy, annual valuations and agency actuarial projects as required.
Insightful Pension Consulting Group	Professional services of an experienced investment consultant are needed to ensure adherence to DCRB's policies of risk management and compliance in the investment area are in accordance with regulatory requirements and industry standards.	Base Year: NTE $200,000 Option Year 1: NTE $200,000 Total Contract Price: NTE $400,000	Consultant shall oversee risk and control functions, as well as interact with corporate groups, to ensure that investment operations policies and procedures are compliant with analytics, data, and systems that achieve risk excellence.
Thomas Anderson	Special Projects Coordinator to provide specialized expertise and analysis on projects and issues focusing on strategic planning and organizational development.	Base term (6 months): $53,040 Option Period (6 months): $53,040 Total Contract Price: $106,080	To provide an analysis of the agency's strategic vision and plan; identify aspects of the agency's internal structure, succession plan, vision, mission and organizational goals; and develop a plan in support of the Board of Trustees' initiatives.
Retirement Modernization Contracts			
Linea Solutions	Project oversight consultant with public pension administration experience, familiarity with automating business processes, and the ability to use Agile methods in an advisory role, to provide assistance related to modernizating retirement services.	Base Year: $440,269.76 Option Year 1: $521,667.30 Option Year 2: $524,650.67 Option Year 3: $531,301.75 Option Year 4: $552,030.19 Total Contract Price: $2,569,919.67	Oversight project management and quality assurance consulting services to assist DCRB with acquiring a pension system integrator, serving as a liaison between the PIMS integrator and DCRB's IT and Benefits departments, and provide project management oversight throughout the implementation of PIMS.

900 7th Street, NW, 2nd Floor
Washington, DC 20001
www.dcrb.dc.gov

Telephone (202) 343-3200
Facsimile (202) 566-5001
E-mail: dcrb.@dc.gov

TO: BOARD OF TRUSTEES

FROM: EDWARD SMITH, CHAIRMAN

DATE: NOVEMBER 17, 2016

SUBJECT: BENEFITS COMMITTEE REPORT

The Benefits Committee did not meet during the month of October. The following report reflects Benefits Department activities and projects that occurred since the October report.

US Treasury Benefit Correction Project and Age-of- Error Standard

The US Department of Treasury, Office of DC Pensions (ODCP) has established an Age-of-Error Standard for debt collection and waiver of collection. This standard has been applied to the benefit correction project administered by ODCP in January 2015. A case-by-case review was recently completed to assess whether the annuitant was at fault for causing or contributing to the error that caused the overpayment. None of the annuitants from their January 2015 Collection Project were found to be at fault, and ODCP determined that all of the annuitants met the criteria for the AES. ODCP has approved waivers of collection for all 81 police, fire and teacher annuitants. Letters informing the annuitants of the decision to waive collection were mailed Friday, November 4.

Of the 81 project annuitants for whom collection has now been waived, 46 had repaid all or a portion of their debt. On or about December 1, 2016, these annuitants will be reimbursed for the amount they repaid and all related automatic collections will be stopped.

The Benefits Department has the following projects underway

2016 Health Benefits Open Enrollment

Federal and District Health Benefits Open Season will begin on Monday, November 14th and end on Monday, December 12, 2016. DCRB has also updated its website with up-to-date information and links as it is received.

New for 2017 will be **Medicare Healthcare Plans offered by** the DC Employees Health Benefits Program. These newly offered plans will offer lower retiree premiums for annuitants in the DC plans; however, they must be eligible for Medicare as their primary coverage. We are still awaiting the final details from the DC Department of Human Resources. We anticipate having all information in order to meet our DCRB hosted open season health fair dates, as we anticipate a considerable number of questions. Four open season fairs are tentative scheduled for December 1 & 2 and December 8 & 9 on the ML level of this building.

Equalization Increases

In accordance with D.C. Code § 5-745, Tier 1 Police/Fire Plan members who retired prior to February 15, 1980 are eligible for equalization pay in the same increase percentage active-duty police officers and firefighters. Since active union and nonunion police officers and nonunion firefighters received an FY 2017 pay increase of 3% on October 2, 2016, equalization increases will be paid to eligible retired union and nonunion police officers and retired nonunion firefighters, effective November 1, 2016 and payable December 1, 2016. This month, DCRB has worked with US Treasury in verifying the output to insure all eligible members receive the increase.

Benefits Operational Improvements

Attached is a document outlining several operational improvements undertaken by the Benefits Department presented at the Benefits Committee Meeting.

Benefits Department Monthly Statistics

Activity	October	September	August
Retirement Claims Received	82	119	154
Processed Retirements	171	167	117
Average Processing Days	68	52	54
Telephone Calls	3,516	2,695	2,898
Walk-in Customers	99	124	131
Scanned Documents	9,882	10,643	12,378
QDROs Approved	1 final	2 final	3 final
Purchase of Service	6 ($11,561)	16 ($279,864)	2 ($1,063)

You will find more details of the Benefits Department statistics in the attached reports.

MEMBER SERVICES CUSTOMER SATISFACTION SURVEY
October 2016

Background

The reported survey outcomes are the results of the September 2016 Member Services Customer Satisfaction Survey. The data collected are from active and retired members of the District of Columbia Police Officers and Firefighters' and Teachers' Retirement Plans, their survivors and beneficiaries. The purpose of the survey is to gather and measure the customer experience, gaging their satisfaction in an effort to improve our service to them, as necessary.

Survey Objective

The resulting feedback will be used to:

- Increase member satisfaction and confidence
- Deliver actionable data to decision-makers
- Reduce caller and in-person wait times for service
- Set reasonable service expectations

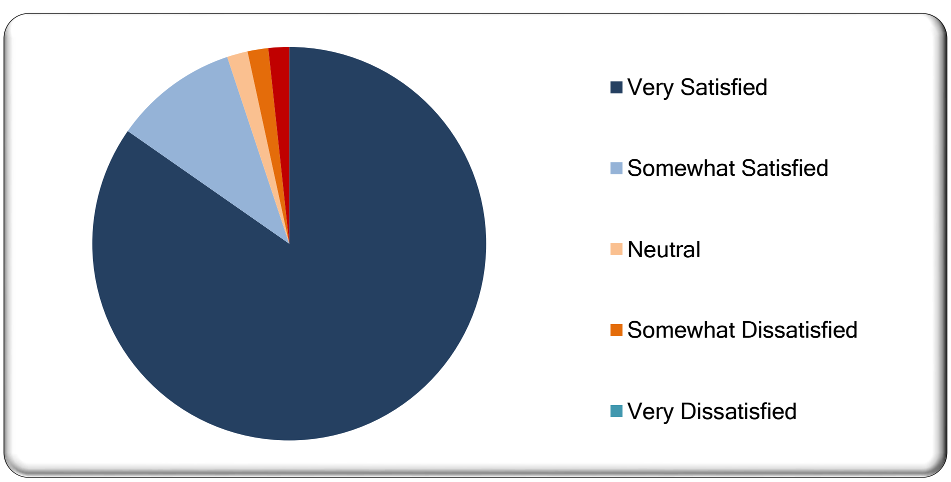
Methodology

- This month, survey participants were Plan members who made onsite visits to the DCRB member Service Center and members who contacted the center by email to the dcrb.benefits@dc.gov address. Some members arrived after having scheduled an appointment; others came in for assistance with updating their member information. The survey participants were randomly selected.

Participants

- 483 surveys were sent.
- 66 responses were received from members.

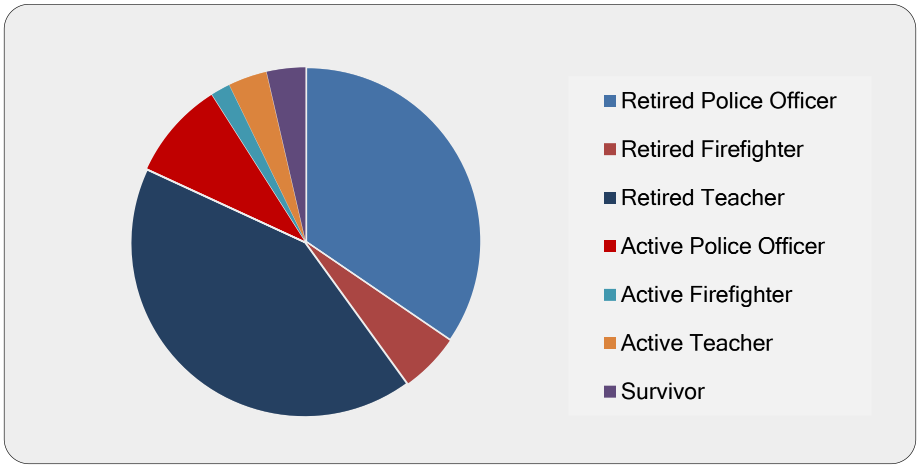
Overall DCRB Member Satisfaction



MEMBER SERVICES CUSTOMER SATISFACTION SURVEY
October 2016

Overall, how satisfied are you with the member service provided by DCRB?		
Answer Options	**Response Percent**	**Response Count**
Very Satisfied	84.7%	50
Somewhat Satisfied	10.2%	6
Neutral	1.7%	1
Somewhat Dissatisfied	1.7%	1
Very Dissatisfied	0.0%	0
N/A	1.7%	1
	answered question	**59**
	skipped question	**7**

Membership Type



Knowledge and Skills

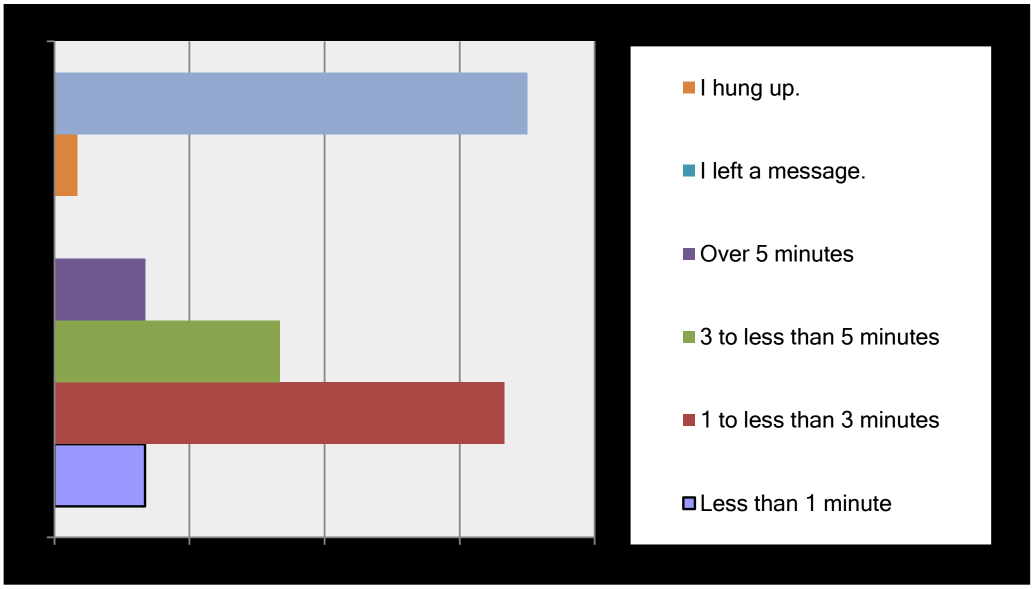
How satisfied were you with how the representative addressed your problem/inquiry?						
Answer Options	Strongly Agree	Agree	Neither Agree/Disagree	Disagree	Strongly Disagree	Response Count
Had the right information.	49	5	2	0	0	58
Understood your questions.	50	5	1	0	0	58
Provided clear answers.	51	4	2	0	0	59
Answered your questions.	52	4	0	0	0	58
Appeared well organized.	50	5	1	0	0	58
					answered question	59
					skipped question	7

MEMBER SERVICES CUSTOMER SATISFACTION SURVEY
October 2016

Reason for Contact

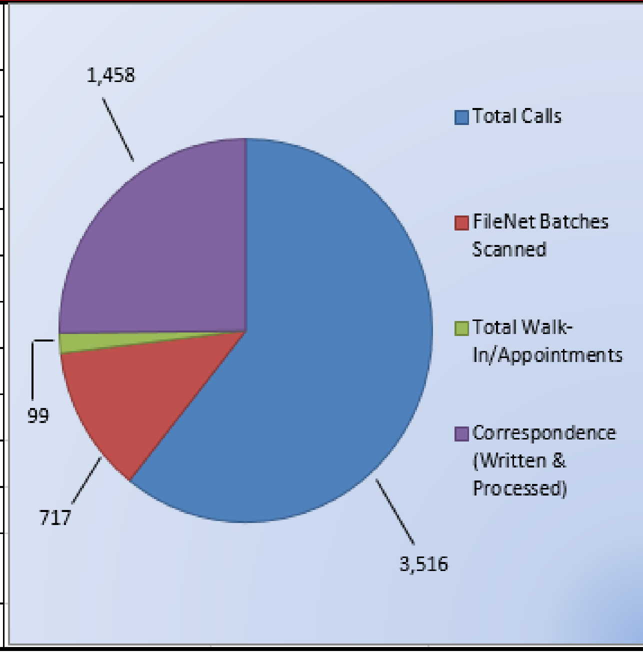
Answer Options	Response Percent	Response Count
Name/Address Change	2.1%	1
Direct Deposit	14.6%	7
Health/Life Insurance	25.0%	12
Redeposit/Purchase of Service	2.1%	1
Student Certification	0.0%	0
Beneficiary Change	10.4%	5
Retirement	16.7%	8
Tax Withholding Election	2.1%	1
Refund	14.6%	7
Death of Annuitant	14.6%	7
Disability	0.0%	0
I did not contact DCRB.	0.0%	0
Other (please specify)		17
	answered question	48
	skipped question	18

Contact Wait Time



DCRB Member Services Center Statistics for October 2016

Call Center Statistics	
Total Calls	**3,516**
Inbound Calls	2,438
Outbound Calls (Voicemails & Follow-up calls)	1,078
Average Talk Time	*3:46 minutes*
Average Caller Wait Time	*1:59 minutes*
Total Walk-In/Appointments	**99**
FileNet Batches Scanned	**717**
Documents Pages Scanned	9,882
Correspondence *(Written & Processed)*	**1,458**
Email & Fax	483
Processed Documents (EFTs, address & name changes, tax forms, 1099s, & 2809s , etc.)	975
Total	**5,790**



Top 3 Contact Trends	
Health Insurance	1. Questions regarding Open Enrollment 2017 premiums 2. Requests for Health Benefits Enrollment forms (District & Feds) 3. How to report Medicare Parts A & B during Open Enrollment Season
Death Benefits/Notification	1. Notification of a death of a member/annuitant 2. Requests for Designation of Beneficiary forms 3. Status of Benefits payment
Tax	1. Tax withholding changes 2. Requests for state and federal tax forms

Member Services October Statistical Comparison by Year

	2015	2016	Comments
Walk-Ins/Appointments	117	99	
Total Calls *(includes voice mails)*	2,330	3,516	
Emails	266	362	
Total	**2,713**	**3,977**	

RETIREMENT CASE PROCESSING - MONTHLY REPORT
NOVEMBER 1, 2016

CASES AVAILABLE FOR PROCESSING	CASES RECEIVED (but may not have been ready for payment)	CASES PROCESSED	CASE TYPE	PLAN		
				Fire	Police	Teacher
56	12	44	Beneficiary (One-Time Payments)	3	25	16
0	0	0	Beneficiary of Survivor	0	0	0
10	8	2	Deferred Annuity	0	0	2
0	0	0	Disability	0	0	0
3	0	3	Garnishment/Levy	1	2	0
2	0	2	Health/Life Benefit Adjustments	0	2	0
51	12	39	Optional/Voluntary & Involuntary Annuity	4	7	28
7	4	3	QDRO/QMSCO	0	3	0
15	1	14	Survivor Annuity	6	6	2
2	0	2	Student Certifications	0	2	0
12	1	11	Annuity Adjustments	1	9	1
8	0	8	Octo Review Monetary & Non-Monetary Adjustments	1	5	2
1	0	1	Disability Income Project Adjustments	0	1	0
5	0	5	Post 56 Adjustments	1	4	0
2	0	2	Conditional Approval Review	0	2	0
79	44	35	Refund of Contributions*	0	6	29
253	82	171		17	74	80
			Gross Dollar Value of Refunds*	$0	$126,018.85	$421,163.40

Retirement Case Processing Report – Prepared By S. Treadwell, Retirement Services Manager

DCRB Benefits Department Operational Improvements

November 2016

A Beginning of Change
November 2016 – A Productive Month

- Electronic Transmission of Pension Data to Star
- Refund Processing
- Pilot - Statement of Estimated Benefits
- Envoy – *Visitor Registration Tool*
- "Let's Talk" – *Chat Tool*
- *Coming Attractions!*

Electronic Transmission of Pension Data to STAR

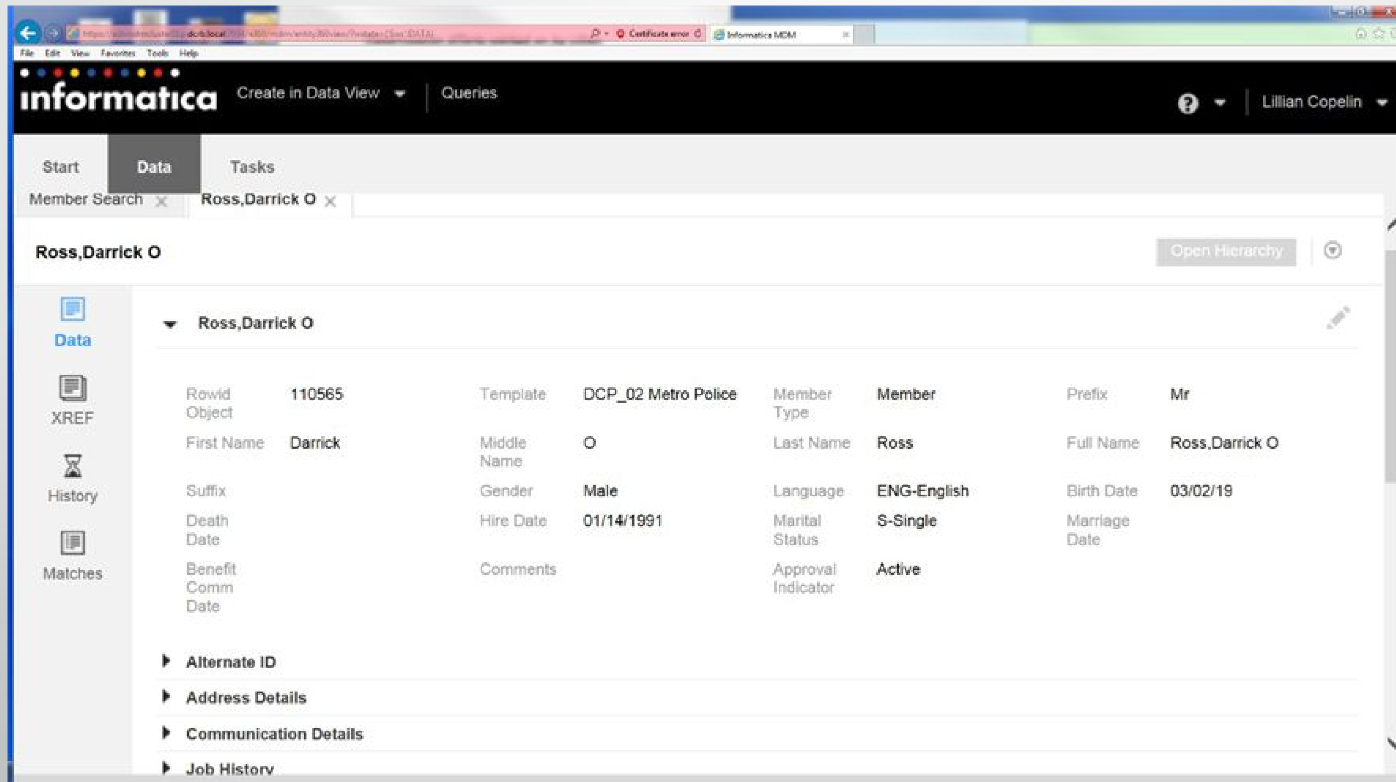
Electronic Transmission of Pension Data to STAR

Plan Member Data Right Before Our Very Eyes

- Prior to November, the Retirement Services Analysts (RSA's) had to manually key into STAR the data needed to set up new retirees.
- Now, using a tool called the IDD (Informatica Data Manager), RSA's can:
  - Rapidly retrieve Plan Member data from the Master Data Management (MDM) database,
  - Review the data, comparing it to the Certified Individual Retirement Record (IRR) for accuracy,
  - Assess whether the presented data is conclusive enough to determine eligibility and benefit amount for the member, and
  - Release the record to be automatically transmitted to STAR.

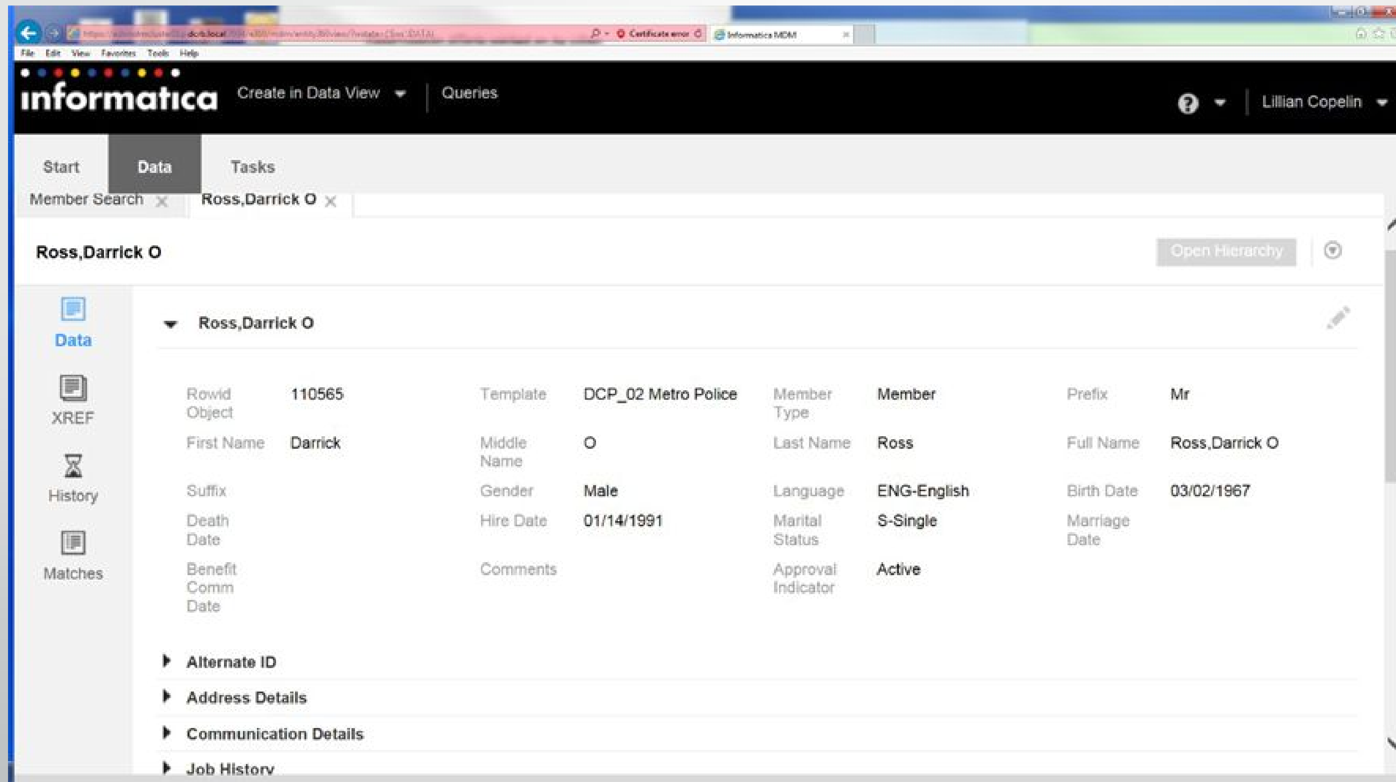
Electronic Transmission of Pension Data to STAR

Plan Member Demographic Data



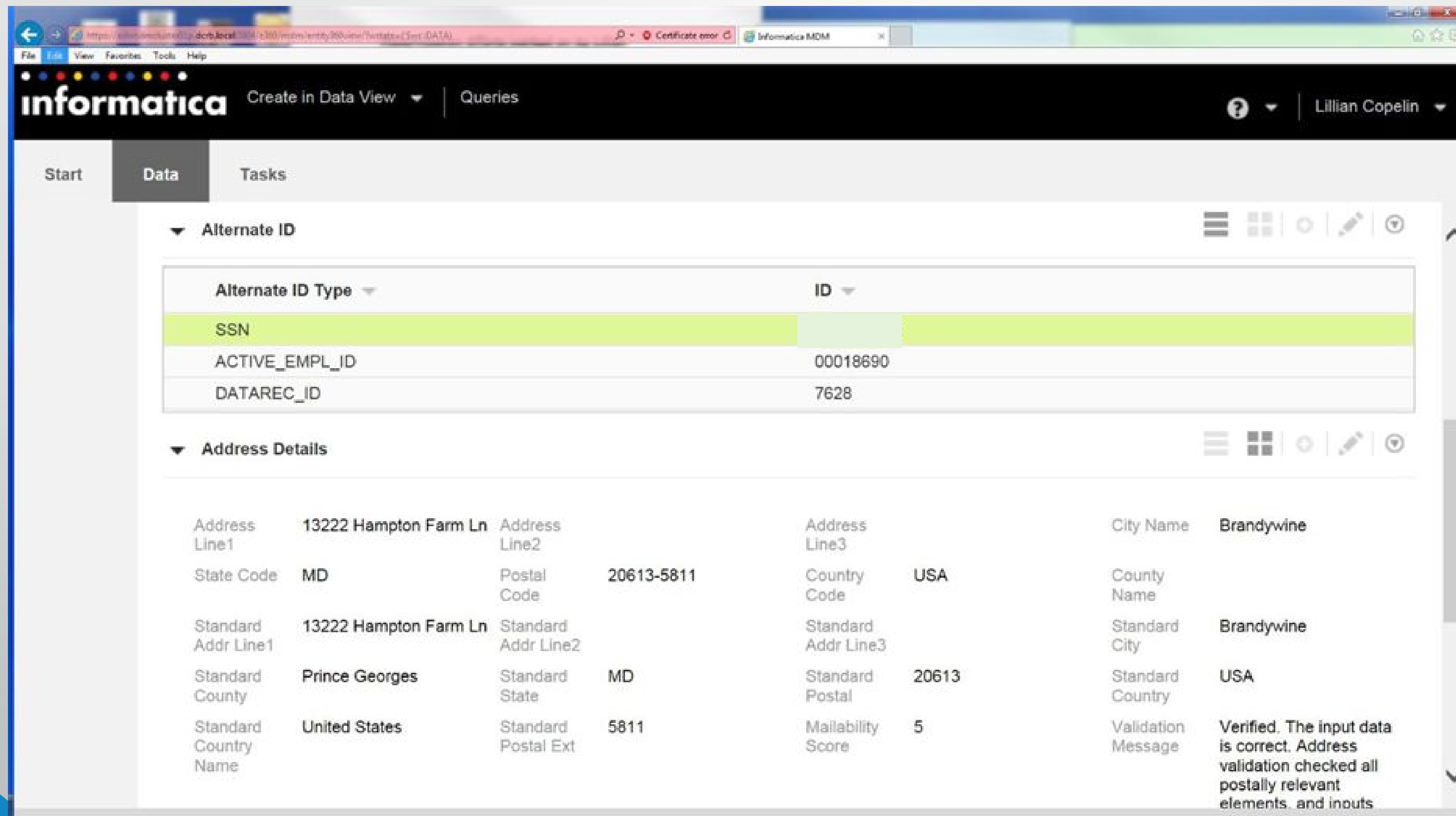
Electronic Transmission of Pension Data to STAR

Plan Member Demographic Data



Electronic Transmission of Pension Data to STAR

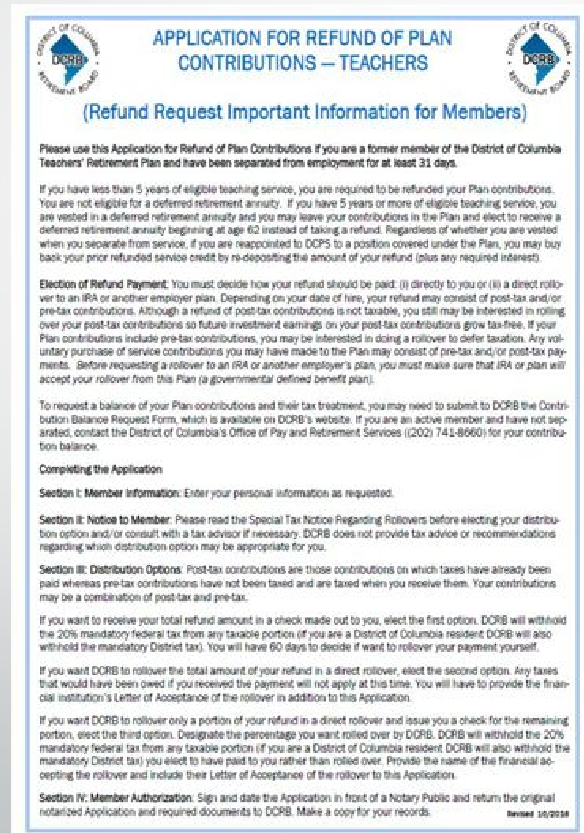
Plan Member Alternate ID's and Address Data



Refund Processing

Updated Refund Processing

Improved Refund Application Form



APPLICATION FOR REFUND OF PLAN CONTRIBUTIONS — TEACHERS

(Refund Request Important Information for Members)

Please use this Application for Refund of Plan Contributions if you are a former member of the District of Columbia Teachers' Retirement Plan and have been separated from employment for at least 31 days.

If you have less than 5 years of eligible teaching service, you are required to be refunded your Plan contributions. You are not eligible for a deferred retirement annuity. If you have 5 years or more of eligible teaching service, you are vested in a deferred retirement annuity and you may leave your contributions in the Plan and elect to receive a deferred retirement annuity beginning at age 62 instead of taking a refund. Regardless of whether you are vested when you separate from service, if you are reappointed to DCPS to a position covered under the Plan, you may buy back your prior refunded service credit by re-depositing the amount of your refund (plus any required interest).

Election of Refund Payment: You must decide how your refund should be paid: (i) directly to you or (ii) a direct rollover to an IRA or another employer plan. Depending on your date of hire, your refund may consist of post-tax and/or pre-tax contributions. Although a refund of post-tax contributions is not taxable, you still may be interested in rolling over your post-tax contributions so future investment earnings on your post-tax contributions grow tax-free. If your Plan contributions include pre-tax contributions, you may be interested in doing a rollover to defer taxation. Any voluntary purchase of service contributions you may have made to the Plan may consist of pre-tax and/or post-tax payments. *Before requesting a rollover to an IRA or another employer's plan, you must make sure that IRA or plan will accept your rollover from this Plan (a governmental defined benefit plan).*

To request a balance of your Plan contributions and their tax treatment, you may need to submit to DCRB the Contribution Balance Request Form, which is available on DCRB's website. If you are an active member and have not separated, contact the District of Columbia's Office of Pay and Retirement Services ((202) 741-8660) for your contribution balance.

Completing the Application

Section I: Member Information: Enter your personal information as requested.

Section II: Notice to Member: Please read the Special Tax Notice Regarding Rollovers before electing your distribution option and/or consult with a tax advisor if necessary. DCRB does not provide tax advice or recommendations regarding which distribution option may be appropriate for you.

Section III: Distribution Options: Post-tax contributions are those contributions on which taxes have already been paid whereas pre-tax contributions have not been taxed and are taxed when you receive them. Your contributions may be a combination of post-tax and pre-tax.

If you want to receive your total refund amount in a check made out to you, elect the first option. DCRB will withhold the 20% mandatory federal tax from any taxable portion (if you are a District of Columbia resident DCRB will also withhold the mandatory District tax). You will have 60 days to decide if want to rollover your payment yourself.

If you want DCRB to rollover the total amount of your refund in a direct rollover, elect the second option. Any taxes that would have been owed if you received the payment will not apply at this time. You will have to provide the financial institution's Letter of Acceptance of the rollover in addition to this Application.

If you want DCRB to rollover only a portion of your refund in a direct rollover and issue you a check for the remaining portion, elect the third option. Designate the percentage you want rolled over by DCRB. DCRB will withhold the 20% mandatory federal tax from any taxable portion (if you are a District of Columbia resident DCRB will also withhold the mandatory District tax) you elect to have paid to you rather than rolled over. Provide the name of the financial accepting the rollover and include their Letter of Acceptance of the rollover to this Application.

Section IV: Member Authorization: Sign and date the Application in front of a Notary Public and return the original notarized Application and required documents to DCRB. Make a copy for your records.

Revised 10/2018

Updated Refund Processing

Updated Communications

900 7th Street, NW, 2nd Floor
Washington, DC 20001
www.dcrb.dc.gov

Telephone (202) 343-3200
Facsimile (202) 566-5001
E-mail:dcrb.benefits@dc.gov

Date

First Name Last Name
Address 1
City, State Zip Code

RE: Non-Vested - Refund of Retirement Plan Contributions

Dear Former [DCPS/FEMS/MPD] Retirement Plan Participant:

The District of Columbia Retirement Board (DCRB) has been advised by [DCPS/FEMS/MPD] that your employment terminated on [date]. DCRB's records indicate that you terminated with less than five years of service with [DCPS/FEMS/MPD]. Therefore, under the terms of the [Plan], your employee Plan contributions must be refunded. *A copy of your estimated contribution record is enclosed.* Please note that the listed contribution amount will be confirmed with the District's Finance Department before the completion of the payment process.

Also enclosed is information about taking a refund of your contributions and instructions on how to obtain your refund. Should you subsequently return to employment with [DCPS/FEMS/MPD] in a position covered under the Plan, you may redeposit your refunded contributions, with applicable interest, at the time of your reemployment to have your prior service credited to you. In the event you are subsequently re-employed, please notify DCRB immediately.

Please be aware that if you do not have a *Beneficiary Designation Form* on file with DCRB, your refund will be paid out under the Plan's order of precedence (surviving spouse; surviving children; surviving parents; estate) if you pass away prior to receiving your refund. We have enclosed a copy of this form for your convenience.

You may return the completed *Refund/ Application* and mail, fax, or email the form to DCRB.

Thank you for your service to the District of Columbia. If you have any questions concerning this process, please contact the DCRB Member Services Center at (202) 343-3272 or toll-free at (866) 456-3272.

Sincerely,

DCRB Member Services

Attachments:
Contribution Record
Refund Brochure
Refund/ Application
Beneficiary Designation Form
Special Tax Notice Regarding Rollovers

Do I Have to Take a Refund When I Terminate Employment?

No – If you terminate employment with at least 5 years of service, you may choose to take a refund or to leave your contributions in the Plan and request a deferred retirement annuity beginning at age 62 (Teachers) or age 55 (Police and Fire).

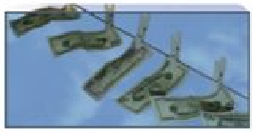
Yes - If you terminate employment with less than 5 years of service, your contributions must be refunded to you.

For Police & Fire Plan Members Only:

If you terminated with at least 5 years of service and took a refund of your contributions, you may redeposit your refunded amount (plus any required interest) prior to age 55 to re-establish your eligibility for a deferred retirement annuity. This option is available to you whether or not you have been rehired by MPD or FEMS.

When Will I Receive My Refund?

The refund process could take up to 60 days from the date your *Application* and all required documents are received by DCRB. Your agency must confirm your termination, and the District's Office of Pay and Retirement Services must verify the balance and tax treatment of your contributions before they can be paid to you.



What Are Plan Refunds?

Your refund includes the mandatory contributions deducted from your salary, and any voluntary purchase of service contributions you made during your employment. A refund does not include investment earnings or employer contributions. You cannot borrow against your contributions; if you are requesting a refund, it must be 100% disbursed.

How Do I Apply for a Refund?

You must complete and submit the *Application for Refund of Plan Contributions form* that is available at

Plan Refunds

Am I Eligible for a Refund of My Plan Contributions?

As a member of the District of Columbia Teachers' Retirement Plan or the District of Columbia Police Officers and Firefighters' Retirement Plan (the Plans), if you terminate your employment with DCPS, MPD or FEMS (or you transfer to a position that is not covered under the Plan) before you are eligible to retire, you may request a refund of your member contributions.

You can request a refund after you have terminated and are no longer on the payroll of your respective agency for at least 31 days.

If you terminate with less than 5 years of service, the Plans require that you receive a refund of your member contributions.

A publication of the District of Columbia Retirement Board (DCRB) Member Services Center

Last revised October 2016

dcrb.benefits@dc.gov • (202) 343-3272

Pilot – Statement of Estimated Benefits

Pilot – Statement of Estimated Benefits

Enhancing the Plan Member Experience

- Working with Cavanaugh Macdonald, this month, Statements of Estimated Benefits will be sent to a Pilot group of nearly 200 active Firefighters.
- Each Pilot participant will be asked to review his/her Statement of Estimated Benefits for accuracy and helpfulness in retirement planning.
- Pilot participants will be asked to submit feedback to DCRB Benefits via an online Survey.
- Upon review of the feedback, Benefits will make adjustments, as necessary, before sending statements to the remaining active Firefighters.

Envoy – *Visitor Registration Tool*

Envoy – Visitor Registration Tool

Enhancing the Visitor Experience

- With Envoy, DCRB
  - Has streamlined visitor sign-in using an iPad,
  - Makes a better first impression using a modern sign-in solution; and
  - Monitors visitor activity using a customized dashboard.

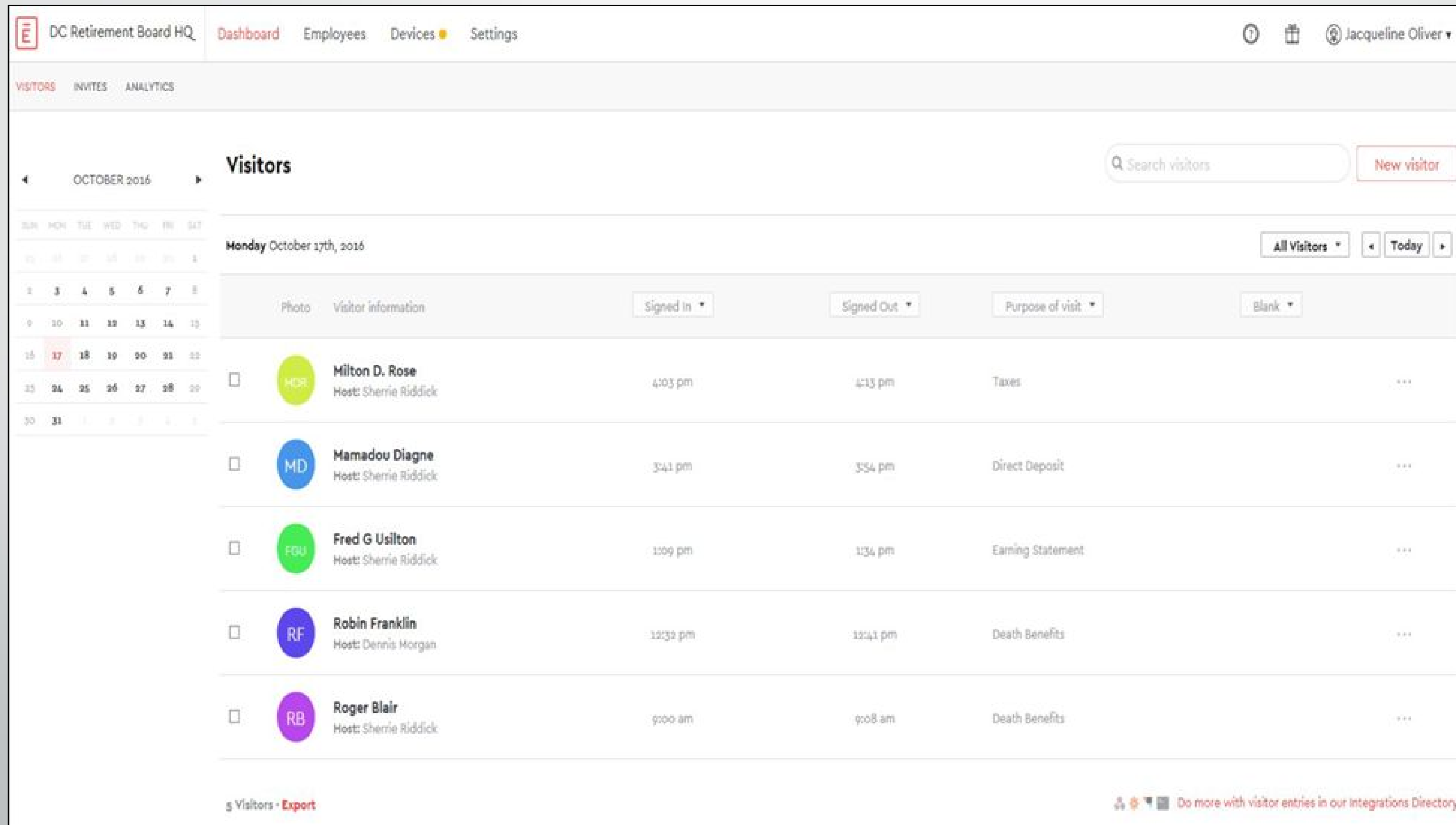
Envoy – Visitor Registration Tool

Modernizing the Member Services Center

- With Envoy, the Member Services Center is empowered to :
  - Maintain a calendar of appointments for walk-in visitors
  - Send real-time notifications of visitor arrivals
  - Manage the Dashboard from various locations
    - To sign a visitor in or out
    - Using an iPhone, Android device or the Internet to review records of visitor activity
  - Produce monthly statistics of visitor activity using Envoy Reports

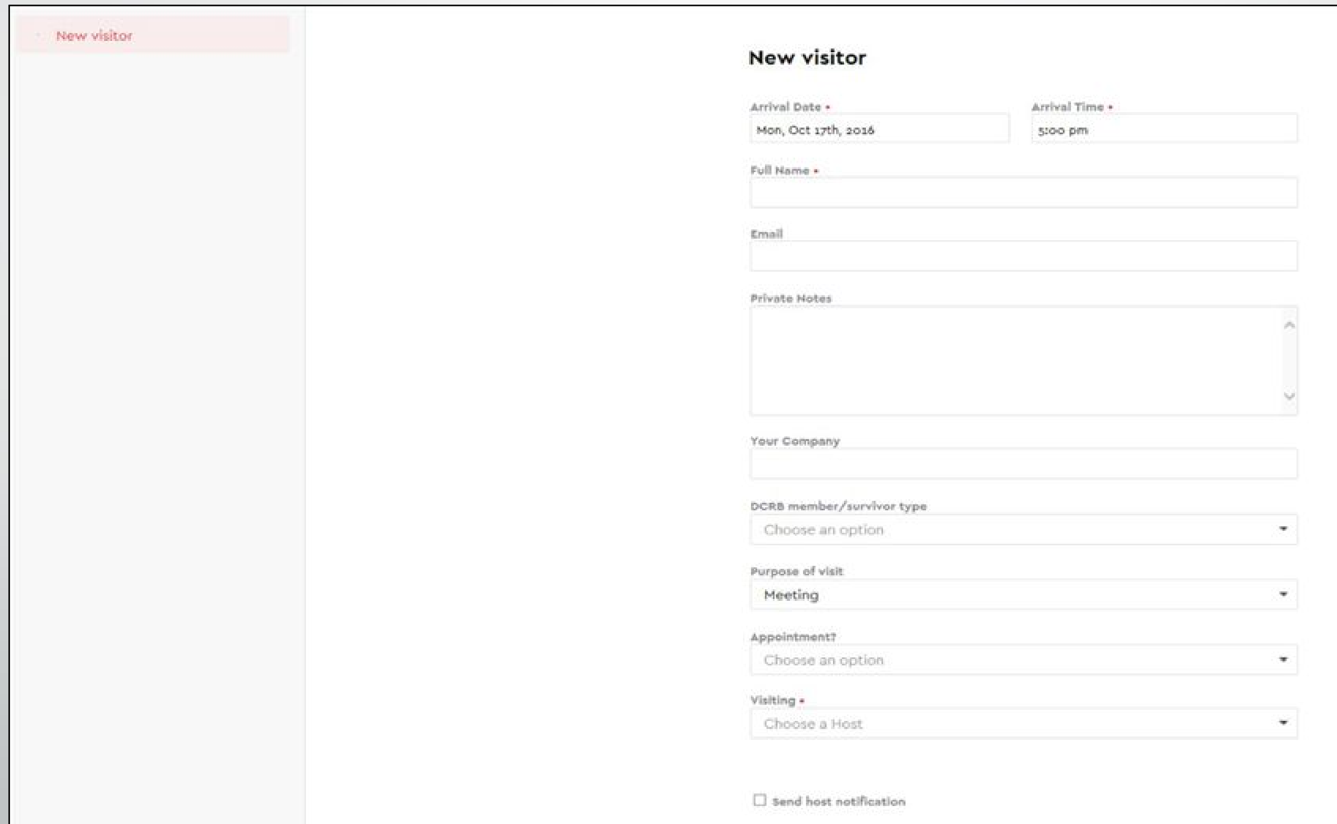
Envoy – Visitor Registration Tool

Visitors Dashboard



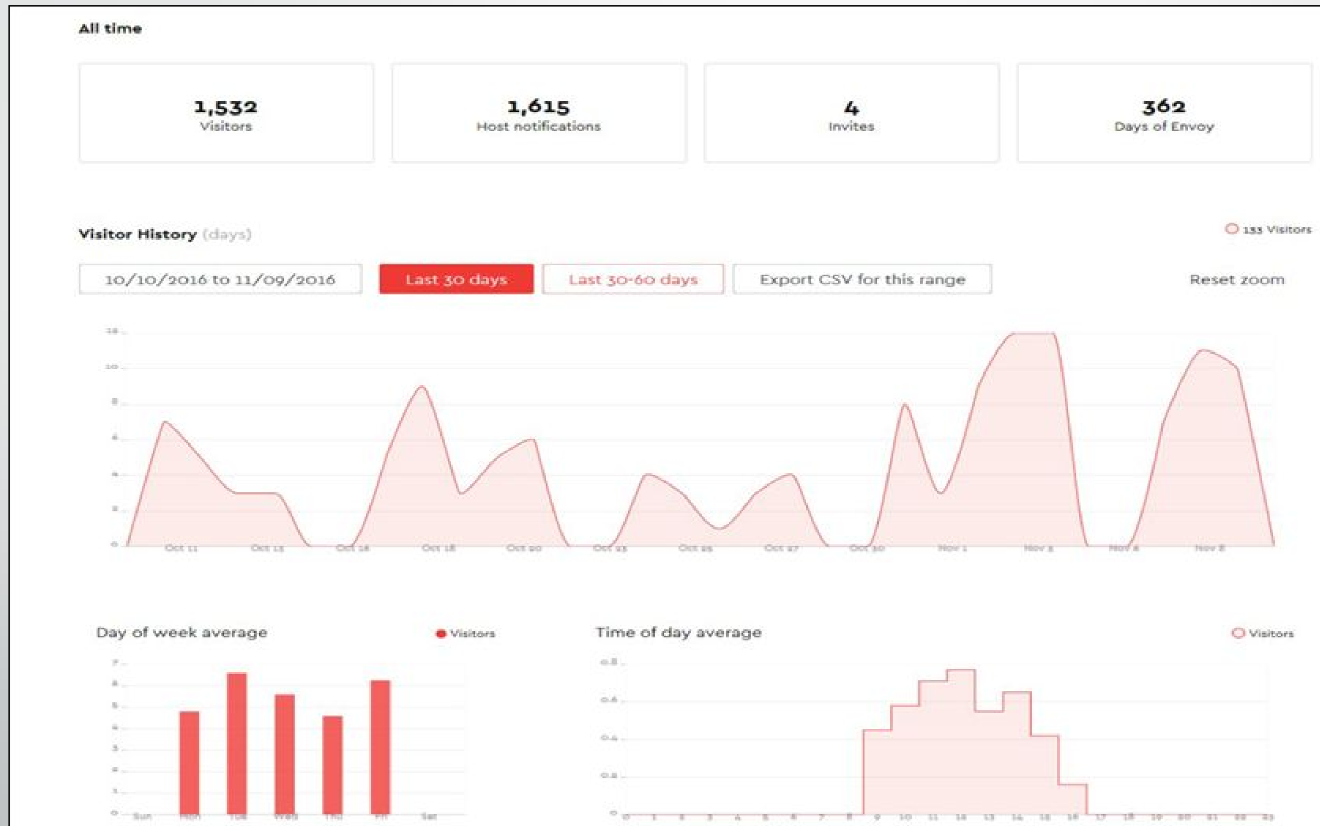
Envoy – Visitor Registration Tool

New Visitor Log In



Envoy – Visitor Registration Tool

Sample Report



“Let’s Talk”

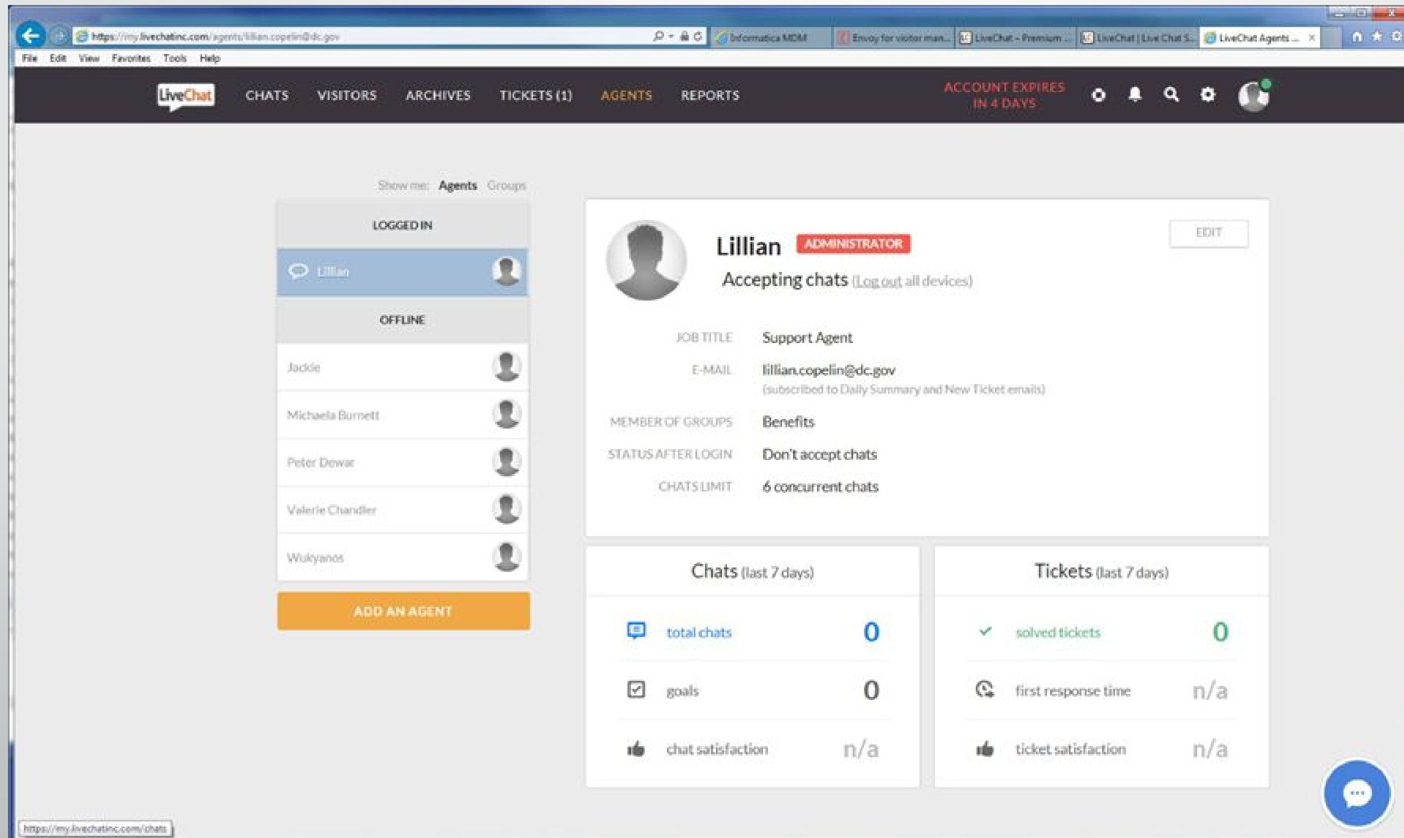
"Let's Talk" - Chat Tool

Help is Just a Chat Away

- DCRB's "Let's Talk" feature uses the LiveChat product.
- Visitors to our DCRB.Gov website will find "Let's Talk" to be just a click away. (iPhones, Android devices and the Internet)
- Real-time chats are available Mon – Fri from 9:00am – 5:00pm.
- Afterhours chats queue as messages to be addressed the next day.
- Documents can be attached.
- Customized surveys can be included.
- Member Services Representatives can address concurrent chats.

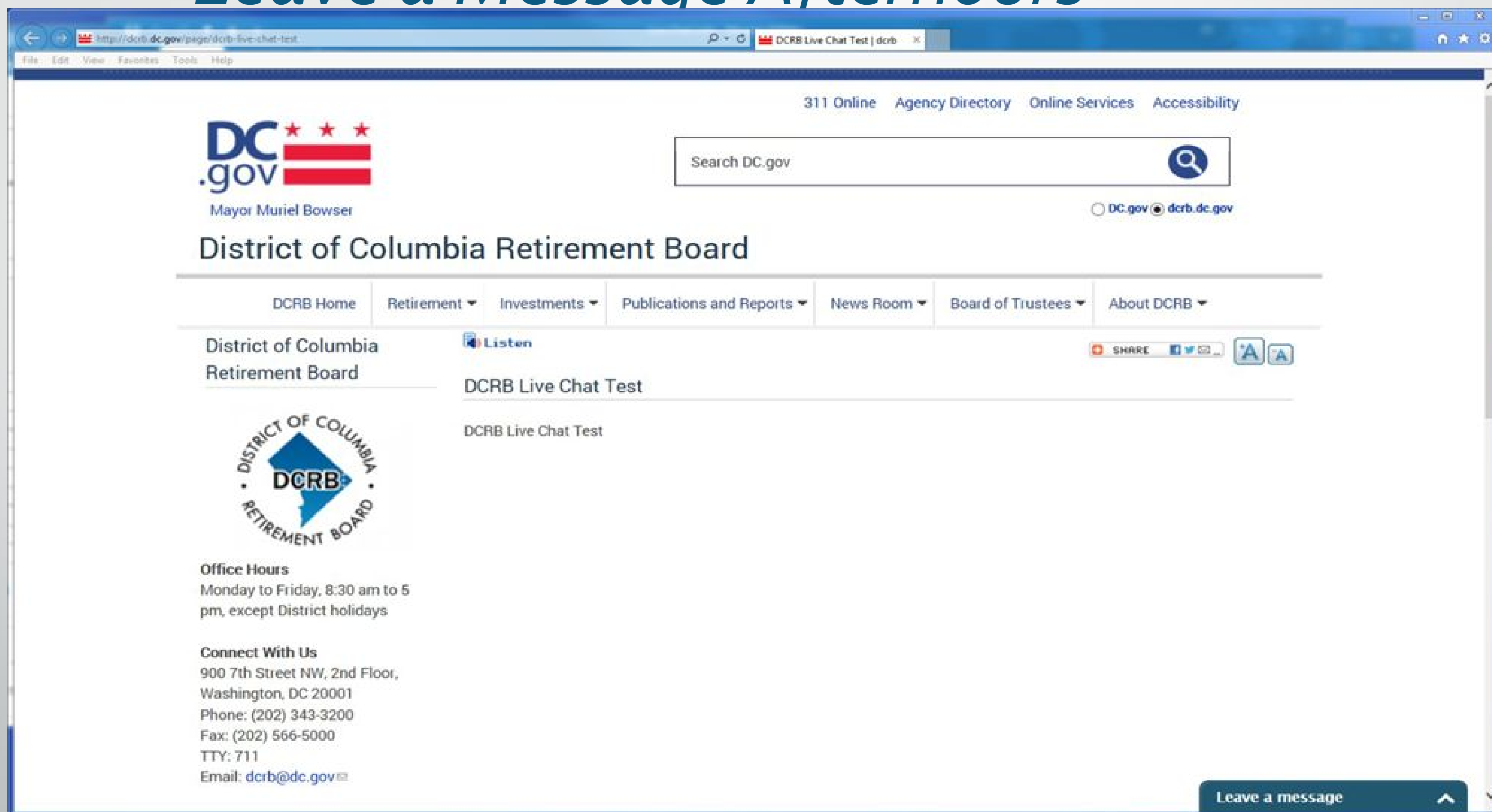
"Let's Talk" - Chat Tool

Chat Agent at the Ready



"Let's Talk" - Chat Tool

Leave a Message Afterhours



Coming Attractions

Coming Attractions!

FileNet Upgrade

- An upgraded FileNet will be implemented in January 2017.
- Staff will soon be able to search for stored documents by Agency, Active Employee ID, STAR Employee ID etc.
- Improved records management and document retrieval are on the horizon.

Coming Attractions!

Annuitant Self-Service

- Annuitant Self-Service will be coming in the 2nd Quarter of FY2017.
- Benefits Requirements have been defined and IT has developed sample screens for review.
- Stay tuned for further developments…

DISTRICT OF COLUMBIA RETIREMENT BOARD

ANNUAL OPEN PUBLIC MEETING SCHEDULE

As of 11/08/2016

The District of Columbia Retirement Board (DCRB) holds Open Board of Trustee meetings on the third Thursday of each month at 1:00 p.m., unless specified differently. The meetings will be held in the DCRB Board Room (2nd floor) at 900 7th Street, N.W., Washington, D.C 20001. The meeting place and time are subject to change without prior notice.

Please call one (1) business day prior to the meeting to ensure the meeting has not been cancelled or rescheduled. For additional information, please contact Deborah Reaves, Executive Assistant at (202) 343-3200 or Deborah.Reaves@dc.gov.

2017 Annual Open Board Meeting Schedule

January 19, 2017

February 16, 2017

March 16, 2017

April 20, 2017

May 18, 2017

June 15, 2017

July 20, 2017

August – No Meeting

September 21, 2017

October 19, 2017

November 16, 2017

December 21, 2017 **(May be rescheduled to accommodate holiday.)**

DC Retirement Board Conference Listing as of November 17, 2016					
Sponsor	**Name of Conference**	**Date**	**Location**	**Cost**	**Description**
International Foundation of Employee Benefit Plans	Certificate of Achievement in Public Plan Policy Part I (CAPPP)	November 12-13, 2016	Orlando, FL	After 10/2/2016 Member: 1,295	Expand your knowledge of the legal, legislative, plan design and fiduciary aspects of public sector employee pension plans by earning your CAPPP in Employee Pensions today! With curricula taught by distinguished faculty who are well versed on the real issues affecting your plans, the CAPPP program provides attendees with a solid foundation of education to help fulfill the duties of their roles.
International Foundation of Employee Benefit Plans	IFEBP'S Advanced Trustees and Administrators Institute	February 20-22, 2017	Lake Buena Vista, FL	Registration thru 01/09/2017 Member: $1, 445	The conference is designed to keep experienced trustees informed of the latest industry trends, legal and regulatory changes, and best practices as well as bring new ideas to light. Trustees will also gain a better understanding of how to run their pension and health and welfare funds.
Government Finance Officers Association	GFOA'S 111th Annual Conference	May 21-24, 2017	Denver, CO	Registration thru 01/26/2017 Member: $380 Registration thru 04/06/17 Member: $425 After 04/06/17 Member: $475	The GFOA's 111th Annual Conference is professional development that will feature unparalleled opportunities for sharing ideas, sharpening skills, discovering new tools and technologies, and networking with peers from across North American and around the world.

DISTRICT OF COLUMBIA RETIREMENT BOARD
Training & Travel Report
As of
November 17, 2016

Name	Description	Sponsor/Vendor	Location	Dates	
				From	To
Trustees					
Edward Smith	Conference	National Conference on Public Employee Retirement Services (NCPERS)	Las Vegas, NV	10/23/16	10/26/16
Staff					
Johnetta Bond	Conference	National Pension Education 36th Annual Conference (NPEA)	Newport Beach, CA	10/22/16	10/27/16
Johniece Harris	Education	University of Phoenix Organizational Leadership	Washington, DC	10/25/16	12/05/16
Sheila Morgan-Johnson	Meeting	Spectrum Equity 2016 Annual Meeting	San Francisco, CA	10/25/16	10/26/16
	Summit	Bridgewater and Women's Alternative Investment Summit	Bridgeport, CT and New York, NY	11/03/16	11/04/16
Patrick Sahm	Meeting	Shore Capital Partners 2016 Annual Meeting and with Channing Capital	Chicago, IL	10/19/16	10/19/16
	Meeting	CVC Partners, Bridgewater	Bridgeport, CT and New York, NY	11/02/16	11/03/16
Anthony Shelborne	Education	21st Annual Governmental GAAP Update (GFOA)	Web Steaming	11/03/16	11/03/16
Micheal Xanthopoulos	Meeting	2016 Encap Investments Annual Meeting	Phoenix, AZ	10/19/16	10/20/16
	Meeting	Spectrum Equity 2016 Annual Meeting	San Francisco, CA	10/25/16	10/26/16
	Meeting	Lime Rock 2016 Limited Partners Meeting and Centerbridge 2016 Annual Meeting	New York, NY	11/10/16	11/10/16
	Meeting	Harrison Street Annual Investor Meeting	Chicago, IL	11/03/16	11/03/16