

# Pension and benefit legislation: How the changes affect you

Summary of changes under P.L. 2011, c.78. effective June 28, 2011

		PROVISIONS	PREVIOUS LAWS	P.L. 2011, c.78.
HEALTH BENEFITS		<b>Post-retirement medical benefits – premium sharing and eligibility</b>	No premium sharing for post-retirement medical benefits.	No premium sharing for members with 20 or more years of service as of effective date. For members with fewer than 20 years of service as of effective date, mandatory premium sharing based on pension. See <b>attached chart</b> for amounts. Members must still obtain at least 25 years of creditable service and be eligible for retirement to qualify for post-retirement medical benefits.
		<b>Premium sharing for active members</b>	1.5% of salary, pursuant to P.L. 2010, c. 2.	3% - 35% of premium, based on salary and level of coverage. Phased in over 4 years for current employees. Cannot be less than 1.5% of salary. See <b>attached chart</b> for amounts and phase-in schedule.
		<b>Section 125 plans (allows payment of premium with pre-tax dollars)</b>	Optional for districts. A subject of negotiation.	Mandatory. Districts are required to set up Section 125 plans for employees.
		<b>“Sunset” provision</b>	No expiration for mandatory contribution of 1.5% of salary.	After full implementation of mandatory premium sharing in each district, the current level becomes the starting point for future negotiations.
		<b>Normal retirement age</b>	60, for members hired before November 2, 2008. 62, for members hired on or after November 2, 2008.	65 for new members of the retirement system as of June 28, 2011.
PENSIONS		<b>Early retirement</b>	Eligible after 25 years of service. Penalty for early retirement varies based on age and date of entry into the retirement system.	Eligible after 30 years of service. Penalty of 3% per year for every year under age 65. Applies to new members of the retirement system as of June 28, 2011.
		<b>Final Average Salary</b>	3 highest years for members hired on or before May 21, 2010. 5 highest years for members hired after May 21, 2010.	No change.
		<b>Formula</b>	N/55 before for members hired on or before May 21, 2010. N/60 after for members hired after May 21, 2010.	No change.
		<b>Cost of Living Adjustment (COLA)</b>	60% of CPI after 25th pension check, and each February subsequent.	No COLA for future retirees. No additional COLA for current retirees. Cannot be reinstated until the system meets certain funding targets, which are not projected to be met for 30 years or more for TPAF.
		<b>Employee contribution</b>	5.5% of base salary.	6.5% of base salary immediately, rising to 7.5% over 7 years.
		<b>State contribution</b>	Phase in full contribution at a rate of 1/7 per year from 2012 to 2018. Not legally enforceable.	Phase in full contribution at a rate of 1/7 per year from 2012 to 2018. New language is intended to create a legal requirement for the state to make its phase-in payments through 2018 and full payments each year subsequently.
			rev 7/5/11	