

MEMORANDUM

To: Public Employers

From: Tina Leiss, Operations Officer

Date: December 27, 2006

Subject: Retirement Contribution Rates – Guidelines for
Implementing Changes in Rates of Retirement
Contributions Beginning July 1, 2007

The Retirement Board at its November 15, 2006, meeting approved the June 30, 2006, actuarial valuation report submitted by the System's actuary. The report reflects the actuarially determined contribution rates needed to fund the System on an actuarial reserve basis for both employer-pay (EPC) and employee/employer contribution plans.

Contribution rates for regular members contributing under EPC are scheduled to increase. There will be no change to the contribution rate for regular members contributing under the employee/employer contribution plan or volunteer fire departments. Rates for police/fire members contributing under EPC and the employee/employer contribution plans are scheduled to increase. All rate changes are effective with your first monthly retirement reporting period beginning on or after July 1, 2007.

Beginning with the above-referenced reporting period, the contribution rate for regular members contributing under EPC shall be increased from 19.75% to 20.50%. The matching employee/employer contribution rate for regular members will remain at 10.50%. The contribution rate for police/fire members contributing under EPC shall be increased from 32.00% to 33.50%. The matching employee/employer contribution rate for police/fire members shall be increased from 16.50% to 17.25%. The guidelines below should be used for implementing changes in rates of retirement contributions and for any adjustments necessary to your EPC compensation schedules.

Contribution Rate Changes – Employee/Employer Contribution Plan

- No change is necessary for regular members.

Contribution Rate Changes – EPC

- For regular members increase EPC contributions to 20.50%.
- For police/fire members increase EPC contributions to 33.50%.

EPC Compensation Schedule Adjustments

For regular members if, on the effective date of the retirement contribution rate increase:

1. Regular members are not receiving a pay increase, your current EPC compensation schedule should be reduced by .00375. The member in this case is paying his portion of the rate increase by salary reduction.
2. Regular members are to receive a pay increase or .00375, which is being offset by an equivalent (.00375) increase in the retirement contributions, do not adjust your current EPC compensation schedule. The member in this case is paying his portion of the rate increase in lieu of an equivalent pay increase.
3. Regular members are receiving a pay increase greater than .00375.
 - (a) First, raise your current EPC compensation schedule by the percentage or dollar amount of the pay increase, and then,
 - (b) Reduce the schedule by .00375.

The member in this case is paying his portion of the rate increase by salary reduction.

For police/fire members if, on the effective date of the retirement contribution rate increase:

1. Police/fire members are not receiving a pay increase, your current EPC compensation schedule should be reduced by .0075. The member in this case is paying his portion of the rate increase by salary reduction.

2. Police/fire members are to receive a pay increase of .0075, which is being offset by an equivalent (.0075) increase in the retirement contributions, do not adjust your current EPC compensation schedule. The member in this case is paying his portion of the rate increase in lieu of an equivalent pay increase.
3. Police/fire members are receiving a pay increase of greater than .0075.
 - (a) First, raise your current EPC compensation schedule by the percentage or dollar amount of the pay increase, and then,
 - (b) Reduce the schedule by .0075.

The member in this case is paying his portion of the rate increase by salary reduction.

Please direct any questions you may have regarding the changes to the rates of retirement contributions or adjustments to your EPC compensation schedule to Patti Keyes, Director of Employer and Production Services or Kabrina Feser, Manager of Employer Services.