

Proposed 2007 Session Legislation

Agency Name & No: Teachers' Retirement System 6105

Priority Number: 3 Filename: 610501003

Short Title: Study New TRS Plan Design

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1. Purpose:

As responsible stewards of the TRS, we owe it to future beneficiaries and recipients to periodically revisit our needs and assess whether the plan is still a good fit. Should we change the System for future hires? The purpose of this proposal is to study during the 2007-09 interim alternate defined benefit or hybrid plan designs that will more adequately provide retirement benefits for future TRS members, provide for stable contribution rates and not exacerbate the actuarial funding of the current TRS plan.

2. Background:

The current TRS was amended in 1983 to provide an incentive for members to retire at any age with 25 or more of service. This has resulted in members retiring as early as 47, with an average age of 56 and long before they are ready for true retirement, or at the end of a productive career. This incentive has also created severe retention problems for school districts resulting in creative solutions which have increased the unfunded liabilities of the TRS.

3. Fiscal Impact by Fund Type: This impact should be as specific as possible.

Legislative Pre diem and travel, and actuarial services not expected to exceed \$20,000.

4. Summary Checklist [Check & complete all that apply]--

- Housekeeping Only, Federal Requirement, Audit Recommendation (Audit No.), Major Legislation, Anticipated to be Controversial Legislation, Bill Draft has been included in Legislation Submittal (if available), Supports Submitted EPP Item Number, Local Government Fiscal Impact, Increases FTE, or Decreases FTE by, List FTE amount and program, Increases Existing Revenue, Decreases Existing Revenue, Establishes New Revenue, Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):, Legislation would affect other state agencies (list):, Special Interest Groups Affected (list):, Other: