

II. GENERAL PRINCIPLES

These general principles are established by the Public Employees' Retirement Board to provide a framework for the consistent evaluation of legislative proposals. The Board's position on proposed changes to benefits or systems will be determined on a case-by-case basis using these principles as guides. Some principles may not apply to the Public Employees' Retirement System's Defined Contribution Retirement Plan.

A. LEGISLATION

1. Proposals for increases or changes to retirement benefits must include an actuarially sufficient funding mechanism. Proposals must provide funding from sources sufficient to cover future costs and to amortize any unfunded liabilities created by the proposal over a period of time appropriate to the retirement system, but not more than 30 years.
2. Pension funding should be a contemporary obligation. Whenever possible, pension funding should be the responsibility of the public employers, taxpayers and employees at the time services are provided. The Board will promote advanced funding of all benefits to ensure costs are not shifted to future taxpayers or contributors.
3. Benefit enhancements should be equitably allocated among active members and retirees. Any increased cost should be distributed among the generation of employers, taxpayers, and employees who receive the greatest benefit. Proposals should not discriminate against certain groups of members or retirees in favor of others or expend system assets disproportionately.
4. A primary goal of a retirement system must be to provide financial security in retirement. "Financial security in retirement" refers to basic financial protection for those who are beyond their normal working years and whose ability to be gainfully employed and earn other income is limited or non-existent.
5. Public retirement plans should provide portability of benefits for workers who change jobs within the state and its political subdivisions. Portability provisions must assure that actuarial costs will be paid for when transferring service between the systems.
6. The level of benefits and eligibility for benefits should be equitable across the state's public employee retirement systems. Differences in benefit levels and eligibility criteria should be based on objective differences in the nature of the covered occupations or differences in coordination with other benefits such as social security.
7. Proposals should promote consistent administration of public retirement systems. The Board promotes consistent administrative provisions between the public retirement systems.