

March 1999

# STATE PENSION PLANS

## Similarities and Differences Between Federal and State Designs



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**General Government Division**

B-279261

March 19, 1999

The Honorable Thad Cochran  
Chairman  
The Honorable Daniel Akaka  
Ranking Minority Member  
Subcommittee on International Security,  
Proliferation and Federal Services  
Committee on Governmental Affairs  
United States Senate

The Honorable Joe Scarborough  
Chairman  
The Honorable Elijah E. Cummings  
Ranking Minority Member  
Subcommittee on Civil Service  
Committee on Government Reform  
House of Representatives

This report describes the design components of retirement programs that states offer to their general employees and compares them to the design components of the two principal retirement programs for federal employees. It also describes changes states have considered and made to their retirement programs. We prepared the report at our initiative to complement our earlier reports on the approaches private sector employers were using to provide retirement benefits to their employees and the extent to which these approaches were changing.<sup>1</sup> We have addressed the report to you because the issues discussed are within your Subcommittees' areas of oversight.

We defined federal general employees as employees who were covered by the Federal Employees' Retirement System (FERS) and the Civil Service Retirement System (CSRS), excluding those who were covered by special retirement provisions—notably law enforcement officers, firefighters, air traffic controllers, Members of Congress, and congressional staff.<sup>2</sup> We defined state general employees as employees who were not classified as

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<sup>1</sup>Private Pensions: Most Employers That Offer Pensions Use Defined Contribution Plans (GAO/GGD-97-1, Oct. 3, 1996). Private Pensions: Plan Features Provided By Employers That Sponsor Only Defined Contribution Plans (GAO/GGD-98-23, Dec. 1, 1997).

<sup>2</sup>FERS is open and available to new federal employees. CSRS has been closed to new employees since December 31, 1983.

law enforcement officers, firefighters, legislative staff, or elected or judicial officials. We also excluded teachers in those states in which teachers were covered by different retirement plans than the ones that covered general employees.

We used the term “design” to characterize which of four components—defined benefit (DB); defined contribution, with and without an employer contribution (DC); and Social Security—made up a state’s retirement program.<sup>3</sup> In determining what design component a state had, we further distinguished DC components according to whether they included an employer contribution because FERS and CSRS are different in this respect.

Our specific objectives were to determine

- how many state retirement programs currently open to general employees include the same design components as FERS and CSRS and what design components the others include; and
- what design changes states have made to their retirement programs since the programs were established and what design changes they have recently considered and why.

Also, because of continuing congressional interest in how the features of nonfederal retirement programs compare to those of federal programs, the appendixes to this report present information about key eligibility, benefits, and contribution features of the state programs, which we categorized to reflect differences in how the programs were designed (see apps. I through VI).

## Results In Brief

All states used two or more of the four design components, but few of their retirement programs had all of the same components as FERS or CSRS. The majority of states—35—included three components (DB, DC with no employer contribution, and Social Security) and differed by only one component from either FERS or CSRS. The lack of employer contributions to DC plans distinguished these programs from FERS, and the inclusion of Social Security coverage distinguished them from CSRS. In the final analysis, three state programs had the same components as FERS and six had the same components as CSRS. Table 1 shows the design components for each of the 50 states’ retirement programs.

<sup>3</sup>For a DB plan, the employer determines retirement benefit amounts for individual employees using specific formulas that consider certain factors, such as age, years of service, and salary levels. For a DC plan, the employee’s retirement benefits depend on the total of employer and/or employee contributions in the employee’s individual account and the investment experience of those accounts.

**Table 1: Design Components of Retirement Programs for State General Employees**

States	Design components				Number of states
	Defined contribution			Social Security	
	Defined benefit	With employer contribution	With no employer contribution		
MN, MO, OK	●	●		●	3
CO, LA, MA, ME, NV, OH	●		●		6
AL, AR, AZ, CA, CT, DE, FL, GA, HI, IA, ID, IL, KS, KY, MD, MS, MT, NC, ND, NH, NJ, NM, NY, OR, PA, RI, SC, SD, TX, VA, VT, WA, WI, WV, WY	●		●	●	35
IN, TN, UT	●	●	●	●	3
AK	●	●	●		1
MI, NE		●	●	●	2

Source: GAO analysis of state retirement data.

Our review showed that all states have in some way changed the design components of their retirement programs since the programs were established. Developments in federal law that might enhance employee benefits prompted most of these changes—notably, the extension of Social Security eligibility to state employees in the early 1950s and the adoption of tax provisions in the 1970s allowing state employees to contribute on a pretax basis to a DC plan. By 1969, 44 states had provided Social Security coverage to their employees. In 1980, Alaska discontinued its Social Security coverage. Thus, 43 states now provide Social Security coverage to their employees. By 1988, all states had a voluntary DC plan available to their employees.

Officials representing 21 of the 48 state retirement programs with a DB component told us that their states had recently considered dropping their DB plan component in favor of a program consisting solely of a DC component with an employer contribution and Social Security. However, only two states have no DB plan, and one of these states—Michigan—recently dropped its DB plan and switched to a DC plan with an employer contribution for its state-sponsored retirement benefits. Officials from the 21 states cited reducing government costs, enhancing portability, and/or lobbying by special interests as the major reasons for considering such a change. They also cited a number of reasons for not dropping their DB plans, the most common of which were that (1) studies showed no need for the change, (2) further study was needed, (3) labor unions opposed the change, and/or (4) there was lack of interest or support for the change.

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Officials representing the other 27 state programs told us that their states had never considered dropping their DB component. The most common reasons state officials gave for not considering such a change were that (1) the DB component provided greater benefits, including survivor and disability benefits; and/or (2) they regarded the DB plan as a better way to retain employees.

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## Background

FERS consists of three parts: a DB component, a DC component with employer contribution, and Social Security. CSRS consists of two parts: a DB component and a DC component with no employer contribution. The DC component differs between FERS and CSRS. Under FERS, federal agencies automatically contribute an amount equal to 1 percent of salary to the Thrift Savings Plan (TSP) for each covered employee whether or not the employee contributes. In addition, the employer will contribute \$1.00 for each \$1.00 the employee contributes up to 3 percent of salary; and \$.50 for each \$1.00 the employee contributes on the next 2 percent of salary, for a maximum total employer contribution of 5 percent. FERS employees may contribute an additional 5 percent of salary with no employer contribution. The DC component in CSRS has no employer contribution; however, employees may contribute up to a total of 5 percent of their salary to the TSP and up to 10 percent of their salary to a separate voluntary contribution account. Except for certain employees who were rehired after December 31, 1983, employees in CSRS are not covered by Social Security through their federal employment.<sup>4</sup>

State retirement programs vary widely—not only in their details but also because most jurisdictions have separate programs for special categories of employees, such as law enforcement officers, firefighters, teachers, and elected or judicial officials.<sup>5</sup> Employees who do not fall into one of these categories are usually covered by a retirement system for general employees. In 1911, Massachusetts became the first state to develop a

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<sup>4</sup>Employees covered under the CSRS-Offset plan are covered by Social Security. The CSRS-Offset plan is a version of CSRS established for employees who were rehired after December 31, 1983, following a break in CSRS covered service of more than 1 year and who, as of the date of their last separation from service, had completed at least 5 years of creditable civilian service.

<sup>5</sup>Some states have one retirement plan that covers all state and local employees, including teachers, public safety workers, and elected officials.

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retirement program for general service state employees;<sup>6</sup> and by 1947, every state provided retirement benefits.<sup>7</sup>

In addition to Social Security benefits,<sup>8</sup> employers may provide retirement benefits to their employees using two basic types of design components—DB and DC. Under a DB plan, employers bear the full responsibility for providing sufficient funding to guarantee that the benefits promised by the formulas will be paid. A DC plan differs in that there is no guaranteed annual benefit amount at retirement. Therefore, the employee bears the risk of whether the funds available at retirement will provide a desired level of benefits. Because employers may choose to offer a combination of these design components, that is—DB, DC with employer contribution, DC with no employer contribution, and Social Security—retirement programs can differ not only by the benefits they provide, but also by the design components they include.

Among the arrangements used by state governments to augment regular employee retirement plans are three DC plans authorized under the Internal Revenue Code at sections 401(k), 403(b), and 457(b).<sup>9</sup> These DC plans are voluntary, supplemental, long-term retirement programs that give employees an opportunity to defer receipt of income until retirement or termination of employment.<sup>10</sup> The key attraction of these plans can be the potential tax savings for employees. Income tax is generally deferred on

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<sup>6</sup>In 1945, the Commonwealth of Massachusetts Legislature revised Chapter 32 of the General Laws to create a uniform statutory framework governing the rights and benefits available to public employees and their beneficiaries. That is, Massachusetts consolidated its various retirement plans into one retirement system.

<sup>7</sup>U.S. Congress. House Committee on Post Office and Civil Service. Designing a Retirement System for Federal Workers Covered by Social Security. Prepared by the Congressional Research Service. Committee Print 98-17, 98<sup>th</sup> Congress, 2d Sess., Dec. 1984. Washington. U.S. Government Printing Office, 1985, p. 54

<sup>8</sup>The Social Security system was established in 1935 to cover certain workers in the private sector. Congress explicitly excluded state and local government workers, partly because the early objective of Social Security was first to include employees most in need of coverage. Many state and local workers were already included in other pension plans, and it was not until Social Security amendments of the early 1950s that state and local governments were permitted to elect coverage.

<sup>9</sup>The Tax Reform Act of 1986 prohibits state governments from establishing any new 401(k) plans after May 6, 1986, although existing plans may continue. Federal law generally limits participation in 403(b) plans to employees of public school systems, colleges, and universities. As a result, most state government employees have only section 457(b) plans available to augment their regular government pensions.

<sup>10</sup>The concept of public deferred compensation developed from private letter rulings of the Internal Revenue Service for individual private sector deferred compensation plans. In 1972, the Internal Revenue Service issued the first of its private letter rulings holding that tax may be deferred on employee contributions where a state or local government was the employer.

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contributions made to these plans and the associated earnings during an employee's career. Taxes are due when the individual receives benefits from the plan, usually after retirement.

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## Scope and Methodology

To determine the numbers of state retirement programs open and available to general employees as of July 1, 1998, that included the same design components as FERS and CSRS, and what design components were included in the remaining state retirement programs, we obtained preliminary information from a database developed by the Public Pension Coordinating Council (PPCC) for its report, 1997 Survey of State and Local Government Employee Retirement Systems.<sup>11</sup> We also obtained summary plan documents (e.g., employee handbooks and information brochures) for each of the 50 states and interviewed state retirement officials knowledgeable about the programs. We did not review the underlying statutes that set forth the specific provisions of state retirement plans. We relied on our prior work to identify the design components of FERS and CSRS, which we then used to categorize the state retirement plans.

On the basis of our prior work, we defined federal general employees as employees who were covered by FERS and CSRS, excluding those who were covered by special retirement provisions—notably law enforcement officers, firefighters, air traffic controllers, Members of Congress, and congressional staff. We defined state general employees as employees who were not classified as law enforcement officers, firefighters, legislative staff, or elected or judicial officials. We also excluded teachers in those states in which teachers were covered by different retirement plans than the ones that covered general employees.

As shown in table 2, we categorized state retirement plans according to the major design components found in FERS and CSRS—specifically DB, DC with employer contribution, DC with no employer contribution, and Social Security.

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<sup>11</sup>According to PPCC, the information collected for its 1997 survey constitutes the most detailed single source of data on state and local government retirement systems in existence at that time. Members of PPCC include the Government Finance Officers Association, the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.

**Table 2: Design Components of FERS and CSRS**

Federal retirement plans	Design components			
	Defined benefit	Defined contribution		Social Security
		With employer contribution	With no employer contribution	
FERS	●	●		●
CSRS	●		●	

Source: GAO analysis of Office of Personnel Management data.

On the basis of the four design components shown above, we classified the states' design components into six category types as shown in table 3.

**Table 3: Categorization of State Retirement Programs Using FERS and CSRS Design Components**

Category types	Design components			
	Defined benefit	Defined contribution		Social Security
		With employer contribution	With no employer contribution	
I (FERS-like)	●	●		●
II (CSRS-like)	●		●	
III	●		●	●
IV	●	●	●	●
V	●	●	●	
VI		●	●	●

Source: GAO analysis of state retirement data.

Our approach was designed to provide the most up-to-date information (as of July 1, 1998) on the current design components and features of state retirement plans; however, it was not designed to provide information on some tiers of multitiered and/or closed plans that states also may be operating.<sup>12</sup> We offset this limitation to some extent by describing the changes that have occurred in the design components of state programs since the programs were established. We also asked retirement officials in each state to confirm the accuracy of the information about their programs used in our report.

<sup>12</sup>Some states create more than one level or tier of benefits under a retirement system when they modify the benefits. Employees hired after a new tier is created become members of the new tier and are subject to the modified plan provisions. When making major modifications to their retirement programs, such as changing design components or consolidating several plans, some states close the established retirement plan to new members and create an entirely new system for new employees. In addition, states with closed plans have allowed members of the old plan to transfer to the new plan. Similarly, CSRS employees were allowed to transfer to FERS after it was established. Employees were provided another opportunity to transfer during an open season held during the latter half of calendar year 1998.

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To describe the changes, if any, that have been made to the design of state retirement programs open and available to state general employees since the programs were established, what design changes states were considering, and the reasons for these changes, we interviewed cognizant state retirement officials. We used this information to determine what design components were previously available to state general employees, as well as those components that would be available if states made the changes they were considering.

To provide detailed information on the features of state retirement programs, we also used the database developed by PPCC to obtain specific data regarding eligibility, benefits, and contributions. As a supplement to the database, we reviewed state retirement program summary plan documents and financial reports, and/or we contacted state retirement officials. Plan profiles for each state are presented in appendixes I through VI. The profiles are grouped by type according to their design components and are preceded by summary data we selected to facilitate comparisons with FERS and CSRS.

We requested comments on a draft of this report from the Director, Office of Personnel Management (OPM). OPM responded that it had no comments. We did our review from February 1998 to March 1999 in accordance with generally accepted government auditing standards.

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## **Few State Retirement Programs Had Exactly the Same Component Mix as FERS or CSRS**

All of the 50 state retirement programs had two or more of the four design components but few of them had all of the same design components as FERS or CSRS. All states had a DC component, but only nine states contributed to the plan. A defined benefit component was included by 48 states and 43 states included Social Security coverage. A majority of states included three of the design components, but these were not the same components included in either FERS or CSRS. A total of nine states had exactly the same component mix as FERS or CSRS.

Of the nine states like FERS or CSRS, three—Minnesota, Missouri, and Oklahoma—had programs similar in design to FERS. These programs included a DB component, a DC component with an employer contribution, and Social Security. The other six states—Colorado, Louisiana, Maine, Massachusetts, Nevada, and Ohio offered retirement programs with the same design components as CSRS to their general

employees. That is, these programs included a DB component<sup>13</sup> and a DC component with no employer contribution.

The vast majority—35—of the states had retirement programs that included a DB component, a DC component with no employer contribution, and Social Security. The lack of employer contributions distinguished these programs from FERS, and the inclusion of Social Security coverage distinguished them from CSRS. The remaining six states offered retirement programs that included other combinations of the FERS and CSRS design components. For example, Indiana, Tennessee, and Utah had programs with a DB component, a DC component with employer contribution, a DC component with no employer contribution, and Social Security. Michigan and Nebraska had programs that included a DC component with employer contribution, a DC component with no employer contribution, and Social Security. Alaska had a retirement program with a DB component, a DC component with employer contribution, and a DC component with no employer contribution.

## All States Made Design Changes to Their Retirement Programs Since They Were Established

All states have in some way changed the design components of their retirement programs since the programs were established. For the most part, developments in federal law that might enhance employee benefits prompted these changes—notably, the extension of Social Security eligibility to state employees in the early 1950s and the adoption of tax provisions beginning in the 1970s allowing state employees to contribute on a pretax basis to a DC plan.

The vast majority, or 44, of the states provided Social Security coverage after it became available to state employees. Of these states, 43 had provided Social Security coverage by the late 1950s; the last state to add Social Security did so in 1969. Alaska discontinued its Social Security coverage in 1980 after state employees elected to add a DC component with employer contribution to the state's retirement program. Thus, 43 states currently provide Social Security coverage to their employees. Six states have never added Social Security coverage to their retirement programs.

States began establishing deferred compensation plans—voluntary DC plans—to augment their retirement programs in 1972. By 1978, when Congress passed Public Law 95-600, which created a statutory basis for

<sup>13</sup>Colorado and Ohio have DB programs with some DC characteristics; i.e., the normal retirement benefit is calculated using the higher of a DB formula or a money purchase annuity. A money purchase annuity is a specific type of DC component wherein contributions are stated as a percentage of the employee's salary. Retirement benefits are equal to the amount in the employee's individual account.

Section 457 of the Internal Revenue Code, almost half of the states had a voluntary DC plan. By 1988, all states had voluntary DC plans available to state employees. Although most state employers did not contribute to these plans, as of July 1998, five states did provide an employer contribution. Table 4 shows the design component changes states have made since their retirement programs were established.

**Table 4: Design Changes Made Since State Retirement Programs Were Established**

States	Design component changes	Number of states
All	Established a voluntary, supplemental DC plan	50
All except CO, LA, MA, ME, NV, OH	Provided Social Security coverage	44
AZ, IA, NC, ND, WY	Established a DB plan and discontinued the DC plan	5
MN, MO, OK, TN, UT	Added an employer contribution to the voluntary, supplemental DC plan	5
MT, OH, OR, WI	Added a DB component to the DC component <sup>a</sup>	4
AK, CO	Added a DC component to the DB plan <sup>b</sup>	2
MI	Established a DC plan and discontinued the DB plan <sup>c</sup>	1
HI	Discontinued the DC component	1
AK	Discontinued Social Security coverage	1

<sup>a</sup>When this modification occurred, the design changed to a DB plan with DC characteristics wherein employees are paid the higher of the DB formula or the amount of contributions in the member's account.

<sup>b</sup>Alaska provides a benefit based on both the DB formula and the amount in the member's account. Colorado pays the higher of the DB formula or the amount in the member's account.

<sup>c</sup>Employees hired prior to April 1997 remain covered under the DB plan unless they chose to transfer to the DC plan.

Source: GAO analysis of state retirement data.

## Recently Considered Design Changes to State Retirement Programs

According to state retirement officials, design component changes under discussion by one or more states during their last legislative sessions included (1) discontinuing the DB plan and establishing a DC plan, (2) adding a DC component to the DB plan, (3) adding an employer contribution to the employee's voluntary DC plan, and/or (4) adding Social Security coverage.

Of the 48 state retirement programs with a DB component, officials representing 21 states told us that they had considered dropping their DB component in favor of a program consisting of a DC component with an employer contribution and Social Security. As shown in table 5, reducing government costs, enhancing portability, and/or lobbying by special interests or group(s) were among the reasons cited for considering such a change. However, no such change was made by these states during their last legislative sessions. Only one state had made this change in recent years. In 1997, Michigan modified its retirement program in this way,

which Michigan officials said was done largely as a means of reducing government cost.

**Table 5: Reasons Cited by Retirement Officials for Why States Considered Changing to a DC Only Plan**

States	Reasons cited				
	Reduce costs/save money	Portability	Remove/reduce unfunded liability	Lobbying by special interest of one person or particular interest groups	Take advantage of better investment or returns
Alaska	●				
Arizona	●	●			
California				●	
Colorado				●	
Connecticut				●	
Florida	●	●		●	
Idaho	●		●		
Indiana			●		
Iowa	●		●		
Kansas				●	
Maine	●				
Maryland	●				
Mississippi		●		●	●
Montana		●			●
New Mexico	●				
New York			●	●	
Oklahoma					●
Vermont		●			
Virginia		●			
Washington		●			
West Virginia			●		
<b>Total</b>	<b>8</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>3</b>

Source: GAO analysis of state retirement data.

The most common reasons officials cited for their states not making the change to a DC plan during their past legislative sessions were that (1) studies done by the states showed there was no need to change, (2) further study was needed, (3) the state’s labor unions opposed the change, and/or (4) there was a lack of interest or support. Table 6 shows the reasons state retirement officials gave for not adopting a DC plan.

**Table 6: Reasons Cited by State Retirement Officials for Why the DC Only Plan Under Consideration Was Not Adopted**

States	Reasons cited												
	Further study was needed	Study showed no need/support for DC plan	Labor unions opposed	DB plan adequately funded	Costs would be higher under a DC plan	Investment risk would shift to employee	DC plan would not provide adequate survivor/disability benefits	May establish money purchase annuities	Benefits may not be sufficient under a DC plan	Current benefits good	Unfunded liability would still need to be paid off	Lack of interest/support	
Alaska												•	
Arizona	•												
California			•										
Colorado				•	•		•	•					
Connecticut			•										
Florida	•												
Idaho		•											
Indiana	•												
Iowa		•											
Kansas	•												
Maine						•			•			•	
Maryland					•							•	
Mississippi										•			
Montana		•											
New Mexico											•		
New York		•	•										
Oklahoma				•									
Vermont		•	•		•								
Virginia												•	
Washington						•							
West Virginia				•									
<b>Total reasons</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>4</b>	

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<sup>a</sup>A money purchase plan is a specific type of DC component wherein contributions are stated as a percentage of the employee's salary. Retirement benefits are equal to the amount in the individual account of the employee.

Source: GAO analysis of state retirement data.

Officials representing the remaining 27 state retirement programs with a DB component told us that their states had never considered dropping the DB component. The most common reasons state officials gave for not considering the change from a DB to a DC plan were that (1) the DB component provided greater benefits, including survivor and disability benefits; (2) they regarded the DB plan as a better way to retain employees; and/or (3) there was little or no support for the change. Table 7 shows the states that had not considered changing their current retirement plans to a DC plan and the reasons why a DC plan had not been considered.

**Table 7: Reasons Cited by State Retirement Officials for Why a DC Only Plan Was Never Considered**

States	Reasons cited															
	<i>DB plan provides better benefits</i>	<i>Plan designed to retain employees</i>	<i>Little or no interest/support</i>	<i>DB plan is adequate/good</i>	<i>Plan adequately/fully funded</i>	<i>Working on other improvements</i>	<i>Lack of investment knowledge of employees</i>	<i>Social contract to keep DB</i>	<i>Prior DC only plan too costly to make livable for retirees</i>	<i>Considering adding a nominal employer DC plan</i>	<i>Portability not an important consideration/already available</i>	<i>DC plan not good for career employees</i>	<i>DC plan administrative costs higher</i>	<i>DC plan would shift investment risk to employee</i>	<i>Did not know</i>	
Alabama		•	•	•												
Arkansas	•				•							•				
Delaware						•										
Georgia			•									•				
Hawaii	•															
Illinois									•							
Kentucky	•				•						•					
Louisiana							•						•			
Massachusetts															•	
Minnesota	•		•													
Missouri		•	•													
North Carolina	•	•														
North Dakota															•	
New Hampshire	•													•		
New Jersey															•	
Nevada		•		•							•					
Ohio	•				•			•								
Oregon			•													
Pennsylvania					•											
Rhode Island	•															
South Carolina	•	•														
South Dakota						•										
Tennessee			•													
Texas		•		•							•					
Utah									•							
Wisconsin	•													•		
Wyoming									•							
<b>Total reasons</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>	

Source: GAO analysis of state retirement data.

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We are sending copies of this report to Senator Fred Thompson, Chairman, and Senator Joseph I. Lieberman, Ranking Minority Member, Senate Committee on Governmental Affairs; Representative Dan Burton, Chairman, and Representative Henry A. Waxman, Ranking Minority Member, House Committee on Government Reform; the Honorable Janice R. Lachance, Director, OPM; and other interested parties. Copies will also be made available to others upon request.

Major contributors to this report are listed in appendix VII. Please contact me on (202) 512-8676 if you have any questions concerning this report.



Michael Brostek  
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Federal Management and  
Workforce Issues

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**Abbreviations**

CSRS	Civil Service Retirement System
DB	defined benefit
DC	defined contribution
FERS	Federal Employees' Retirement System
OPM	Office of Personnel Management
FAS	final average salary calculation
PPCC	Public Pension Coordinating Council

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# Type I Plans: Selected Features and Plan Profiles

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Type I plans include three design components: DB, DC with employer contribution, and Social Security. These components are similar to the components found in the Federal Employees' Retirement System (FERS).

The appendix consists of a summary of key features that we selected to facilitate comparisons with FERS and an individual profile for each state plan we categorized as Type I.

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**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

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**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

**Table I.1: Selected Features of Type I State Retirement Plans as of July 1, 1998**

<b>State</b>	<b>Vesting period</b>	<b>Minimum age plus service requirement for unreduced, normal retirement benefits</b>	<b>Final average salary calculation<sup>a</sup></b>	<b>Benefit formula</b>
FERS	5 years	Minimum retirement age <sup>b</sup> and 30 years of service	Highest 3 years	1.0% X FAS X years <sup>c</sup>
Minnesota	3 years	Age 65 with 3 years of service if born before 1943; age 66 with 3 years of service if born in 1943 or later	Highest 5 years	1.7% X FAS X years
Missouri	5 years	Minimum age of 50 (Rule of 80) <sup>d</sup>	Highest 3 years	1.6% X FAS X years
Oklahoma	8 years	No minimum age (Rule of 90) <sup>e</sup>	Highest 3 of last 10 years	2.0% X FAS X years

<sup>a</sup>Some states use months or quarters to calculate final average salaries. For comparison purposes, we converted these time frames to years. In addition, some states use consecutive service while others use nonconsecutive service. However, we did not distinguish between these two types of service.

<sup>b</sup>Minimum retirement age (MRA) is the minimum optional retirement age. The FERS MRA is age 55 for employees born before 1948. The MRA increases until it reaches age 57 for employees born after 1969.

<sup>c</sup>The benefit formula is 1.0 percent of final average salary calculation (FAS) for each year of service if under age 62, or age 62 or older with less than 20 years of service. Alternatively, the benefit formula is 1.1 percent of FAS for each year of service if age 62 or older with 20 years of service.

<sup>d</sup>Unreduced annuity at 80 years of combined age and service.

<sup>e</sup>Unreduced annuity at 90 years of combined age and service.

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

**Table I.1: (cont.)**

<b>Were cost of living adjustments (COLAs) provided in the years 1992 to 1996?</b>	<b>Early retirement benefits</b>	<b>Are survivor benefits provided after retirement?</b>	<b>Are disability benefits provided?</b>	<b>Are members required to contribute?</b>	<b>Employer contribution rate in 1996 as a percent of covered payroll</b>
Yes, in all 5 years	Yes <sup>f</sup>	Yes	Yes	Yes	11.4
Yes, in all 5 years	Yes <sup>g</sup>	Yes	Yes	Yes <sup>h</sup>	4.2
Yes, in all 5 years	Yes <sup>i</sup>	Yes	Yes	No	10.69
Yes, in 1 year	Yes <sup>j</sup>	Yes	Yes	Yes <sup>k</sup>	11.5

<sup>f</sup>The early retirement option is available in certain involuntary separation cases and in cases of voluntary separations during major reorganizations or reductions in force. No reduction in annuity applies under these circumstances.

<sup>g</sup>Members are allowed to retire early with reduced benefits at age 55 with 3 years of service.

<sup>h</sup>Members are required to contribute 4 percent of pay.

<sup>i</sup>Members are allowed to retire early with reduced benefits at age 55 with 10 years of service.

<sup>k</sup>Members are required to contribute 3 percent of the first \$25,000 of pay plus 3.5 percent above \$25,000.

Source: GAO analysis of FERS summary plan description data and state plan features.

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

**Table I.2: FERS: Provisions of the Federal Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	No
Social Security	Yes
Year Social Security coverage was provided	1987
Year original plan was established	1987
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Immediately <sup>a</sup>
Age and service requirements for normal unreduced benefits	Minimum retirement age (MRA) <sup>b</sup> with 30 years of service, age 60 with 20 years of service, age 62 with 5 years of service <sup>c</sup>
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	Not applicable. This is a federal plan.
<b>Benefits</b>	
Annual benefit formula	1.0% X FAS X years of service if under age 62, or age 62 or older with less than 20 years of service <sup>d</sup>
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes <sup>e</sup>
Minimum age and years of service for early retirement	Age 50 with 20 years of service or any age with 25 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.0%
1995 COLA	2.0%
1994 COLA	2.0%
1993 COLA	2.0%
1992 COLA	2.7%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes <sup>f</sup>

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>g</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>h</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	7.0% <sup>i</sup>
What was the actual employer's contribution as a percent of covered payroll in 1996?	11.4%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Except for the government's automatic 1.0 percent contribution and its associated earnings, which requires 3 years of service.

<sup>b</sup>The MRA is age 55 for an individual born before 1948, and gradually increases until it reaches age 57 for employees born after 1969. For example, an individual born in 1950 has a MRA of 55 years and 6 months.

<sup>c</sup>FERS also has a normal retirement option of MRA with 10 to 29 years of service. However, there is a reduction of 5 percent for each year under age 62. This option is similar to the early retirement option available under CSRS.

<sup>d</sup>Members receive 1.1 percent of high 3 for each year of service if age 62 or older with 20 years of service.

<sup>e</sup>The early retirement option is available in certain involuntary separation cases and in cases of voluntary separations during major reorganizations or reductions in force. No reduction in annuity applies under these circumstances.

<sup>f</sup>If inflation is under 2.0 percent, same as CPI; if inflation is between 2.0 and 3.0 percent, the COLA is 2.0 percent; if inflation is 3.0 percent or more, the COLA is the CPI minus 1 percent. FERS COLAS generally do not apply to annuitants who are under age 62.

<sup>g</sup>The "pop-up" provision allows a retiree's monthly annuity to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>h</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit. Under FERS and CSRS, deposits can be made for creditable service during which no retirement deductions were made.

<sup>i</sup>Member's contribution is the difference between 7 percent of basic pay and the Social Security tax rate—i.e., 0.8 percent to the DB component and 6.2 percent to Social Security. Employees covered by FERS will pay an additional 0.25 percent in 1999, another 0.15 percent in 2000, and a final extra 0.1 percent in 2001.

Source: GAO analysis of summary plan description data.

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

**Table I.3: Minnesota: Provisions of the Minnesota State Retirement System – General Employees’ Plan**  
**General design and features of plan** **Provision provided**

**Design components**

Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	No
Social Security	Yes
Year Social Security coverage was provided	1956
Year original plan was established	1929

**Eligibility**

Number of years to vest in DB component	3
Number of years to vest in employer’s contribution to DC component	Immediate
Age and service requirements for normal unreduced benefits	Age 65 with 3 years of service if born before 1943; age 66 with 3 years of service if born in 1943 or later
Final average salary (FAS) calculation	Highest 5 years
Does plan only include state general employees?	Yes

**Benefits**

Annual benefit formula	1.7% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 3 years of service

**Cost of living adjustments (COLAs)**

Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	8.03%
1995 COLA	6.39%
1994 COLA	3.98%
1993 COLA	6.01%
1992 COLA	4.60%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	Yes
Variable rate based on the Consumer Price Index	Yes

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	No
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	4.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	4.2%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly annuity to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

**Table I.4: Missouri: Provisions of the Missouri State Employees' Retirement Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	No
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1957
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Immediate
Age and service requirements for normal unreduced benefits	Rule of 80 at a minimum age of 50 (any combination of age and years of service that add up to 80), age 60 with 15 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state public safety, legislative, and other state employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.6% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	4.0%
1995 COLA	4.0%
1994 COLA	4.0%
1993 COLA	4.0%
1992 COLA	4.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	10.69%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly annuity to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

**Table I.5: Oklahoma: Provisions of the Oklahoma Public Employees' Retirement System**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	No
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1964
<b>Eligibility</b>	
Number of years to vest in DB component	8
Number of years to vest in employer's contribution to DC component	Immediate
Age and service requirements for normal unreduced benefits	Rule of 90 (any combination of age and years of service that adds up to 90), or age 62 with 6 years of service
Final average salary (FAS) calculation	Highest 3 of last 10 years
Does plan only include state general employees?	No, the plan also includes local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service
Is there a maximum benefit?	Internal Revenue Code Section 415(b)(10) limits for members who joined after January 1, 1990
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	0%
1995 COLA	0%
1994 COLA	2.0%
1993 COLA	0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No

**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Neither
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	3% of the first \$25,000 of pay plus 3.5% above \$25,000
What was the actual employer's contribution as a percent of covered payroll in 1996?	11.5%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly annuity to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

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**Appendix I**  
**Type I Plans: Selected Features and Plan Profiles**

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# Type II Plans: Selected Features and Plan Profiles

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Type II plans include two design components: DB and DC with no employer contribution. These components are similar to the components found in the Civil Service Retirement System (CSRS).

The appendix consists of a summary of key features that we selected to facilitate comparisons with CSRS and an individual profile for each state plan we categorized as Type II.

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

**Table II.1: Selected Features of Type II State Retirement Plans as of July 1, 1998**

State	Vesting period	Minimum age plus service requirement for unreduced, normal retirement benefits	Final average salary calculation <sup>a</sup>	Benefit formula
CSRS	5 years	Age 55 with 30 years of service	Highest 3 years	1.5% X FAS X years (first 5 years), 1.75% X FAS X years (next 5 years), 2.0% X FAS X years (years over 10)
Colorado	5 years	Age 50 with 30 years of service	Highest 3 years	2.5% X FAS X years <sup>b</sup>
Louisiana	10 years	No minimum age - Any age with 30 years of service	Highest 3 years	2.5% X FAS X years
Maine	10 years	Age 62 with 10 years of service <sup>c</sup>	Highest 3 years	2.0% X FAS X years
Massachusetts	10 years	No minimum age - Any age with 20 years of service	Highest 3 years	Varies by age <sup>d</sup>
Nevada	5 years	No minimum age - Any age with 30 years of service	Highest 3 years	2.5% X FAS X years
Ohio	5 years	No minimum age - Any age with 30 years of service	Highest 3 years	2.1% X FAS X years <sup>e</sup>

<sup>a</sup>Some states use months or quarters to calculate final average salaries. For comparison purposes, we converted these time frames to years. In addition, some states use consecutive service, and others use nonconsecutive service. However, we did not distinguish between these two types of service.

<sup>b</sup>A retiring member receives the higher of the DB calculation or a money purchase benefit. The money purchase benefit equals the value of member contributions, a 50 percent employer match, and accumulated interest on the contributions.

<sup>c</sup>If the member is at least age 62, the vesting period is reduced from 10 years to 1 year as long as that year of service immediately precedes retirement.

<sup>d</sup>The benefit formula varies by age from 0.1% X FAS X years of service at age 41 to 2.5% X FAS X years of service at age 65.

<sup>e</sup>The benefit formula is 2.1% X FAS X years of service for the first 30 years of service and is 2.5% X FAS X years of service for service greater than 30 years. A retiring member receives the higher of the DB calculation or a money purchase benefit. The money purchase benefit equals the value of member contributions and a 100 percent employer match.

Source: GAO analysis of CSRS summary plan description data and state plan features.

**Appendix II  
Type II Plans: Selected Features and Plan Profiles**

**Table II.1: (cont.)**

<b>Were cost of living adjustments (COLAs) provided in the years 1992 to 1996?</b>	<b>Early retirement benefits</b>	<b>Are survivor benefits provided after retirement?</b>	<b>Are disability benefits provided?</b>	<b>Are members required to contribute?</b>	<b>Employer contribution rate in 1996 as a percent of covered payroll</b>
Yes, in all 5 years	Yes <sup>f</sup>	Yes	Yes	Yes <sup>g</sup>	7.0
Yes, in all 5 years	Yes <sup>h</sup>	Yes	Yes	Yes <sup>i</sup>	11.6
Yes, in 1 year	Yes <sup>j</sup>	Yes	Yes	Yes <sup>k</sup>	12.8
Yes, in all 5 years	Yes <sup>l</sup>	Yes	Yes	Yes <sup>m</sup>	16.13
Yes, in 3 years	No	Yes	Yes	Yes <sup>n</sup>	17.71
Yes, in all 5 years	Yes <sup>o</sup>	Yes	Yes	No	17.04
Yes, in all 5 years	Yes <sup>p</sup>	Yes	Yes	Yes <sup>q</sup>	13.31

<sup>f</sup>The early retirement option is available in certain involuntary cases and in cases of voluntary separations during major reorganizations or reductions in force. The annuity is reduced by one-sixth of 1 percent for each month the employee is under age 55 (2 percent a year).

<sup>g</sup>Members are required to contribute 7 percent of pay. Employees covered by CSRS will pay an additional 0.25 percent in 1999, another 0.15 percent in 2000, and a final extra 0.1 percent in 2001.

<sup>h</sup>Members are allowed to retire early with reduced benefits at age 50 with 25 years of service.

<sup>i</sup>Members are required to contribute 8 percent of pay.

<sup>j</sup>Members are allowed to retire early with reduced benefits at any age with 20 years of service.

<sup>k</sup>Members are required to contribute 7.5 percent of pay.

<sup>l</sup>Members are allowed to retire early with reduced benefits at any age with 25 years of service.

<sup>m</sup>Members are required to contribute 7.65 percent of pay.

<sup>n</sup>Members are required to contribute 9 percent of pay.

<sup>o</sup>Members are allowed to retire early with reduced benefits at any age with 5 years of service.

<sup>p</sup>Members are allowed to retire early with reduced benefits at age 60 with 5 years of service.

<sup>q</sup>Members are required to contribute 8.5 percent of pay.

Source: GAO analysis of state plan features.

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

**Table II.2: CSRS: Provisions of the Civil Service Retirement System**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	No <sup>a</sup>
Year Social Security coverage was provided	Not applicable <sup>a</sup>
Year original plan was established	1920
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 55 with 30 years of service, age 60 with 20 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	Not applicable. This is a federal plan.
<b>Benefits</b>	
Annual benefit formula	1.5% X FAS X first 5 years of service, 1.75% X FAS X next 5 years of service, 2.0% X FAS X years of service over 10
Is there a maximum benefit?	80% of FAS <sup>b</sup>
Are early retirement benefits provided?	Yes <sup>c</sup>
Minimum age and years of service for early retirement	Age 50 with 20 years of service, any age with 25 years of service <sup>d</sup>
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.6%
1995 COLA	2.8%
1994 COLA	2.6%
1993 COLA	3.0%
1992 COLA	3.7%
<b>How the post-retirement COLA is determined:</b>	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is a "pop-up" provision included in the survivor's benefit options? <sup>e</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>f</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	7.0% <sup>g</sup>
What was the actual employer's contribution as a percent of covered payroll in 1996?	7.0%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>CSRS-Offset employees are covered by Social Security. These employees were separated from CSRS covered federal employment for more than a year and returned to a position in which they were covered by CSRS after 1983. Social Security coverage for CSRS-Offset employees began in 1984.

<sup>b</sup>Excluding credit for unused sick leave. An employee's full months of unused sick leave accumulated is included in the total years and months of creditable service but not in determining retirement eligibility or the high 3.

<sup>c</sup>The early retirement option is available in certain involuntary cases and in cases of voluntary separations during major reorganizations or reductions in force.

<sup>d</sup>Annuity reduced by one-sixth of 1.0% for each month the employee is under age 55 (2.0% a year).

<sup>e</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>f</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit. Under FERS and CSRS, deposits can be made for creditable service during which no retirement deductions were made.

<sup>g</sup>The 7 percent does not include the 1.45 percent contribution to Medicare. Employees covered by CSRS as well as those covered by FERS will pay an additional 0.25 percent in 1999, another 0.15 percent in 2000, and a final extra 0.1 percent in 2001.

Source: GAO analysis of summary plan description data.

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

**Table II.3: Colorado: Provisions of the Public Employees' Retirement Association of Colorado**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	No
Year Social Security coverage was provided	Not applicable, no Social Security
Year original plan was established	1931
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component <sup>a</sup>	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 50 with 30 years of service, age 60 with 20 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state public safety and judicial employees; and local general and school employees (except for Denver schools) <sup>b</sup>
<b>Benefits</b>	
Annual benefit formula	2.5% X FAS X years of service <sup>c</sup>
Is there a maximum benefit	100% of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 50 with 25 years of service; age 55 with 20 years; age 60 with 5 years
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.84%
1995 COLA	2.53%
1994 COLA	2.82%
1993 COLA	2.90%
1992 COLA	6.7%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>d</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>e</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	8.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	11.6%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Colorado also provides a money purchase option in which members fully vest at retirement.

<sup>b</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>c</sup>A retiring member receives the higher of the DB calculation or a money purchase benefit. The money purchase benefit equals the value of member contributions, a 50 percent employer match, and accumulated interest on the contributions.

<sup>d</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>e</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

**Table II.4: Louisiana: Provisions of the Louisiana State Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	No
Year Social Security coverage was provided	Not applicable, no Social Security
Year original plan was established	1946
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 55 with 25 years of service, age 60 with 10 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state public safety, legislative, and judicial employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.5% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 100% of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Any age with 20 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.5%
1995 COLA	0%
1994 COLA	0%
1993 COLA	0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No
Variable rate based on investment performance	Yes

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Neither
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	7.5%
What was the actual employer's contribution as a percent of covered payroll in 1996?	12.8%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

**Table II.5: Maine: Provisions of the Maine State Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	No
Year Social Security coverage was provided	Not applicable, no Social Security
Year original plan was established	1942
<b>Eligibility</b>	
Number of years to vest in DB component	10 <sup>a</sup>
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 62 with 10 years of service <sup>a</sup>
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state teachers and local general employees <sup>b</sup>
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Any age with 25 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.8%
1995 COLA	3.1%
1994 COLA	2.4%
1993 COLA	3.0%
1992 COLA	3.1%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	7.65%
What was the actual employer's contribution as a percent of covered payroll in 1996?	16.13%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>A member can retire at age 62 or after, upon meeting one of the following conditions: (1) the member has 10 years of service on account with the plan whether or not he/she is in plan-covered service at the age of 62, and he/she has not withdrawn the contributions; or (2) the member has accumulated at least 1 year of service immediately prior to retirement.

<sup>b</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

**Table II.6: Massachusetts: Provisions of the Massachusetts State Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	No
Year Social Security coverage was provided	Not applicable, no Social Security
Year original plan was established	1946
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 20 years of service, age 55 with 10 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes local teachers and state hazardous materials and public safety employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	Benefit factor varies by age: (0.1% at age 41 to 2.5% at age 65) X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 80% of FAS
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	0%
1994 COLA	3.0%
1993 COLA	0%
1992 COLA	5.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	No
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	9.0% <sup>d</sup>
What was the actual employer's contribution as a percent of covered payroll in 1996?	17.71%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

<sup>d</sup>Members contribute an additional 2 percent of amount of salary over \$30,000.

Source: GAO analysis of state plan features.

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

**Table II.7: Nevada: Provisions of the Public Employees' Retirement System of Nevada General Employees' Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	No
Year Social Security coverage was provided	Not applicable, no Social Security
Year original plan was established	1947
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 65 with 5 years of service, age 60 with 10 years of service, any age with 30 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes local general employees and local teachers <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.5% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 75% of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Any age with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2 – 3.5% <sup>b</sup>
1995 COLA	2 – 3.5% <sup>b</sup>
1994 COLA	2 – 3.5% <sup>b</sup>
1993 COLA	2 – 3.5% <sup>b</sup>
1992 COLA	2 – 3.5% <sup>b</sup>
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes <sup>b</sup>
Variable rate based on investment performance	No

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	17.04%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>Retirees are to receive annual benefit increases ranging from 2 to 5 percent based on the number of years since retirement. However, increases are limited to the average change in the Consumer Price Index for the preceding 3 years.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

**Table II.8: Ohio: Provisions of the Public Employees' Retirement System of Ohio**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	No
Year Social Security coverage was provided	No applicable, no Social Security
Year original plan was established	1933
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state legislative and non-certified school employees; and local general, public safety, legislative, and non-certified school employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.1% X FAS X years of service (years 1 – 30) + 2.5% X FAS X years of service (>30 years) <sup>b</sup>
Is there a maximum benefit?	Yes, the maximum benefit is 100% of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 60 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	3.0%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes

**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Original
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	8.5%
What was the actual employer's contribution as a percent of covered payroll in 1996?	13.31%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>A retiring member receives the higher of the DB calculation or a money purchase benefit. The money purchase benefit equals the value of member contributions and a 100-percent employer match.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

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**Appendix II**  
**Type II Plans: Selected Features and Plan Profiles**

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# Type III Plans: Selected Features and Plan Profiles

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Type III plans include three design components: DB, DC with no employer contribution, and Social Security.

The appendix consists of a summary of key features that we selected to facilitate comparisons with FERS and CSRS, and an individual profile for each state plan we categorized as Type III.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.1: Selected Features of Type III State Retirement Plans as of July 1, 1998**

State	Vesting period	Minimum age plus service requirement for unreduced, normal retirement benefits	Final average salary calculation <sup>a</sup>	Benefit formula
Alabama	10 years	No minimum age - Any age with 25 years of service	Highest 3 of last 10 years	2.0125% X FAS X years <sup>b</sup>
Arizona	Immediate	No minimum age (Rule of 80) <sup>c</sup>	Highest 3 of last 10 years	2.0% X FAS X years
Arkansas	5 years	No minimum age - Any age with 30 years of service	Highest 4 years	1.7% X FAS X years
California	10 years	Age 65 with 10 years of service	Highest 1 year	1.25% X FAS X years
Connecticut	5 years	Age 60 with 25 years of service	Highest 3 years	1.33% X FAS X years <sup>d</sup>
Delaware	5 years	No minimum age - Any age with 30 years of service	Highest 3 years	1.67% X FAS X years
Florida	10 years	No minimum age - Any age with 30 years of service	Highest 5 years	1.60% X FAS X years <sup>e</sup>
Georgia	10 years	No minimum age - Any age with 30 years of service	Highest 2 years	1.70% X FAS X years
Hawaii	10 years	Age 55 with 30 years of service	Highest 3 years	1.25% X FAS X years
Idaho	5 years	No minimum age (Rule of 90) <sup>f</sup>	Highest 3 years, 6 months	1.917% X FAS X years
Illinois	8 years	No minimum age - Any age with 35 years of service	Highest 4 of last 10 years	1.67% X FAS X years
Iowa	4 years <sup>g</sup>	No minimum age (Rule of 88) <sup>h</sup>	Highest 3 years <sup>i</sup>	60% X (years of service/30) <sup>j</sup>

<sup>a</sup>Some states use months or quarters to calculate final average salaries. For comparison purposes, we converted these time frames to years. In addition, some states use consecutive service while others use nonconsecutive service. However, we did not distinguish between these two types of service.

<sup>b</sup>Service retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit.

<sup>c</sup>Unreduced annuity at 80 years of combined age and service.

<sup>d</sup>The benefit formula is 1.33% X FAS X years of service for the first 35 years plus 0.5% X (FAS over \$27,300) X years of service for the first 35 years of service plus 1.625% X FAS X years of service for service greater than 35 years.

<sup>e</sup>The benefit formulas are: 1.60% X FAS X years of service at age 62 or 30 years of service; 1.63% X FAS X years of service at age 63 or 31 years of service; 1.65% X FAS X years of service at age 64 or 32 years of service; 1.68% X FAS X years of service at age 65 or 33 years of service.

<sup>f</sup>Unreduced annuity at 90 years of combined age and service.

<sup>g</sup>Immediate vesting at age 55.

<sup>h</sup>Unreduced annuity at 88 years of combined age and service.

<sup>i</sup>If highest average 3-years' salary exceeded \$52,000 in 1998, the plan was to use the average of the highest 5 years' salary or \$52,000, whichever was larger, to calculate the final average salary.

<sup>j</sup>The benefit formula is 60% X (years of service/30) plus 1.0% X FAS X years of service (years 30 to 35).

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.1: (cont.)**

<b>Were cost of living adjustments (COLAs) provided in the years 1992 to 1996?</b>	<b>Early retirement benefits</b>	<b>Are survivor benefits provided after retirement?</b>	<b>Are disability benefits provided?</b>	<b>Are members required to contribute?</b>	<b>Employer contribution rate in 1996 as a percent of covered payroll</b>
Yes, in 3 years	No	Yes	Yes	Yes <sup>k</sup>	6.99
Yes, in 4 years	Yes <sup>l</sup>	Yes	Yes	Yes <sup>m</sup>	3.85
Yes, in all 5 years	Yes <sup>n</sup>	Yes	Yes	No	10
Yes, in all 5 years	Yes <sup>o</sup>	Yes	Yes	No	9.89
Yes, in all 5 years	Yes <sup>o</sup>	Yes	Yes	Yes <sup>p</sup>	14.33
Yes, in 3 years	Yes <sup>q</sup>	Yes	Yes	Yes <sup>r</sup>	5.62
Yes, in all 5 years	Yes <sup>s</sup>	Yes	Yes	No	16.77
Yes, in all 5 years	No	Yes	Yes	Yes <sup>t</sup>	13.63
Yes, in all 5 years	Yes <sup>u</sup>	Yes	Yes	No	7.76
Yes, in all 5 years	Yes <sup>n</sup>	Yes	Yes	Yes <sup>v</sup>	11.61
Yes, in all 5 years	Yes <sup>w</sup>	Yes	Yes	Yes <sup>x</sup>	5.1
Yes, in 3 years	Yes <sup>y</sup>	Yes	Yes	Yes <sup>z</sup>	5.92

<sup>k</sup>Members are required to contribute 5 percent of pay.

<sup>l</sup>Members are allowed to retire early with reduced benefits at age 50 with 5 years of service.

<sup>m</sup>Members are required to contribute 2.85 percent of pay.

<sup>n</sup>Members are allowed to retire early with reduced benefits at age 55 with 5 years of service.

<sup>o</sup>Members are allowed to retire early with reduced benefits at age 55 with 10 years of service.

<sup>p</sup>Members are required to contribute 2 percent of pay.

<sup>q</sup>Members are allowed to retire early with reduced benefits at age 55 with 15 years of service.

<sup>r</sup>Members are required to contribute 3 percent of pay.

<sup>s</sup>Members are allowed to retire early with reduced benefits at any age with 10 years of service.

<sup>t</sup>Members are required to contribute 1.5 percent of pay.

<sup>u</sup>Members are allowed to retire early with reduced benefits at age 55 with 20 years of service.

<sup>v</sup>Members are required to contribute 6.97 percent of pay.

<sup>w</sup>Members are allowed to retire early with reduced benefits at age 55 with 30 years of service.

<sup>x</sup>Members are required to contribute 4 percent of pay.

<sup>y</sup>Members are allowed to retire early with reduced benefits at age 55 with any years of service.

<sup>z</sup>Members are required to contribute 3.7 percent of pay.

Source: GAO analysis of state plan features.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.2: Selected Features of Type III State Retirement Plans as of July 1998**

<b>State</b>	<b>Vesting period</b>	<b>Minimum age plus service requirement for unreduced, normal retirement benefits</b>	<b>Final average salary calculation<sup>a</sup></b>	<b>Benefit formula</b>
Kansas	10 years <sup>b</sup>	No minimum age (Rule of 85) <sup>c</sup>	Highest 3 years	1.75% X FAS X years
Kentucky	4 years	Age 65 with 4 years of service	Highest 5 years	1.97% X FAS X years
Maryland	5 years	No minimum age - Any age with 30 years of service	Highest 3 years	1.4% X FAS X years 1.875% X FAS X years <sup>d</sup>
Mississippi	4 years	No minimum age - Any age with 25 years of service	Highest 4 years	years <sup>d</sup>
Montana	5 years <sup>e</sup>	No minimum age - Any age with 30 years of service	Highest 3 years	1.786% X FAS X years <sup>f</sup>
New Hampshire	10 years	Age 60 with 10 years of service	Highest 3 years	1.67% X FAS X years <sup>g</sup>
New Jersey	10 years <sup>h</sup>	Age 60 with any service	Highest 3 years	1.67% X FAS X years
New Mexico	5 years	No minimum age - Any age with 25 years of service	Highest 3 years	3.0% X FAS X years
New York	10 years	Age 55 with 30 years of service	Highest 3 years	1.67% X FAS X years <sup>i</sup>
North Carolina	5 years	No minimum age - Any age with 30 years of service	Highest 4 years	1.80% X FAS X years
North Dakota	5 years <sup>b</sup>	No minimum age (Rule of 85) <sup>c</sup>	Highest 3 of last ten years	1.77% X FAS X years
Oregon	5 years <sup>j</sup>	No minimum age - Any age with 30 years of service	Highest 3 years	1.67% X FAS X years <sup>k</sup>

<sup>a</sup>Some states use months or quarters to calculate final average salaries. For comparison purposes, we converted these time frames to years. In addition, some states use consecutive service while others use nonconsecutive service. However, we did not distinguish between these two types of service.

<sup>b</sup>Immediate vesting at age 65.

<sup>c</sup>Unreduced annuity at 85 years of combined age and service.

<sup>d</sup>The benefit formula is 1.875% X FAS X years of service for the first 25 years plus 2.0% X FAS X years of service greater than 25 years.

<sup>e</sup>Immediate vesting at age 65 while an active member.

<sup>f</sup>The normal retirement benefit is calculated using the higher of a DB formula or a money purchase annuity. A money purchase annuity is a specific type of DC component wherein contributions are stated as a percentage of the employee's salary. Retirement benefits are equal to the amount in the employee's individual account.

<sup>g</sup>The benefit formula is 1.67% X FAS X years of service for ages 60 to 64 or 1.51% X FAS X years of service for age 65 and older.

<sup>h</sup>Immediate vesting at age 60.

<sup>i</sup>The benefit formula is 1.67% X FAS X years of service for the first 25 years plus 2.0% X FAS X years of service for the next 5 years plus 1.5% X FAS X years of service for service greater than 30 years.

<sup>j</sup>Immediate vesting at age 50 while working in a covered position.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.2: (cont.)**

<b>Were cost of living adjustments (COLAs) provided in the years 1992 to 1996?</b>	<b>Early retirement benefits</b>	<b>Are survivor benefits provided after retirement?</b>	<b>Are disability benefits provided?</b>	<b>Are members required to contribute?</b>	<b>Employer contribution rate in 1996 as a percent of covered payroll</b>
Yes, in 3 years	Yes <sup>k</sup>	Yes	Yes	Yes <sup>l</sup>	3.2
Yes, in all 5 years	Yes <sup>m</sup>	Yes	Yes	Yes <sup>n</sup>	8.89
Yes, in all 5 years	Yes <sup>o</sup>	Yes	Yes	Yes <sup>p</sup>	13.61
Yes, in all 5 years	No	Yes	Yes	Yes <sup>q</sup>	9.75
Yes, in 3 years	Yes <sup>r</sup>	Yes	Yes	Yes <sup>s</sup>	6.7
Yes, in 3 years	Yes <sup>t</sup>	Yes	Yes	Yes <sup>n</sup>	3.14
Yes, in all 5 years	Yes <sup>u</sup>	Yes	Yes	Yes <sup>n</sup>	2.13
Yes, in all 5 years	No	Yes	Yes	Yes <sup>v</sup>	16.59
Yes, in all 5 years	Yes <sup>k</sup>	Yes	Yes	Yes <sup>w</sup>	2.2
Yes, in all 5 years	Yes <sup>x</sup>	Yes	Yes	Yes <sup>y</sup>	8.15
Yes, in 2 years	Yes <sup>m</sup>	Yes	Yes	Yes <sup>l</sup>	4.12
Yes, in all 5 years	Yes <sup>z</sup>	Yes	Yes	Yes <sup>y</sup>	9.15

<sup>k</sup>Members are allowed to retire early with reduced benefits at age 55 with 10 years of service.

<sup>l</sup>Members are required to contribute 4 percent of pay.

<sup>m</sup>Members are allowed to retire early with reduced benefits at age 55 with 5 years of service.

<sup>n</sup>Members are required to contribute 5 percent of pay.

<sup>o</sup>Members are allowed to retire early with reduced benefits at age 55 with 15 years of service.

<sup>p</sup>Members are required to contribute 2 percent of pay.

<sup>q</sup>Members are required to contribute 7.25 percent of pay.

<sup>r</sup>Members are allowed to retire early with reduced benefits at age 50 with 5 years of service.

<sup>s</sup>Members are required to contribute 6.8 percent of pay.

<sup>t</sup>Members are allowed to retire early with reduced benefits at age 50 with 10 years of service.

<sup>u</sup>Members are allowed to retire early with reduced benefits at age 55 with 25 years of service.

<sup>v</sup>Members are required to contribute 7.42 percent of pay.

<sup>w</sup>Members are required to contribute 3 percent of pay.

<sup>x</sup>Members are allowed to retire early with reduced benefits at age 50 with 20 years of service.

<sup>y</sup>Members are required to contribute 6 percent of pay.

<sup>z</sup>Members are allowed to retire early with reduced benefits at age 55 with less than 30 years of service.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.3: Selected Features of Type III State Retirement Plans as of July 1 1998**

State	Vesting period	Minimum age plus service requirement for unreduced, normal retirement benefits	Final average salary calculation <sup>a</sup>	Benefit formula
Pennsylvania	10 years <sup>b</sup>	No minimum age - Any age with 35 years of service	Highest 3 years	2.0% X FAS X years
Rhode Island	10 years	No minimum age - Any age with 28 years of service	Highest 3 years	1.7% X FAS X years <sup>c</sup>
South Carolina	5 years	No minimum age - Any age with 30 years of service	Highest 3 years	1.82% X FAS X years
South Dakota	3 years	Age 55 with 30 years of service <sup>d</sup>	Highest 3 of last 10 years	1.3% X FAS X years <sup>e</sup>
Texas	5 years	No minimum age (Rule of 80) <sup>f</sup>	Highest 3 years	2.25% X FAS X years
Vermont	5 years <sup>g</sup>	No minimum age - Any age with 30 years of service	Highest 3 years	1.67% X FAS X years
Virginia	5 years	Age 55 with 30 years of service	Highest 3 years	1.5% X FAS X years <sup>h</sup>
Washington	5 years	Age 65 with 5 years of service	Highest 5 years	2.0% X FAS X years
West Virginia	5 years	Age 55 with 25 years of service <sup>i</sup>	Highest 3 of last 10 years	2.0% X FAS X years
Wisconsin	Immediate	Age 57 with 30 years of service	Highest 3 years	1.6% X FAS X years <sup>j</sup>
Wyoming	4 years	No minimum age (Rule of 85) <sup>k</sup>	Highest 3 years	2.0% X FAS X years

<sup>a</sup>Some states use months or quarters to calculate final average salaries. For comparison purposes, we converted these time frames to years. In addition, some states use consecutive service while others use nonconsecutive service. However, we did not distinguish between these two types of service.

<sup>b</sup>Vesting after 3 years at age 60.

<sup>c</sup>The benefit formula is 1.7% X FAS X years of service for the first 10 years plus 1.9% X FAS X years of service for the next 10 years plus 3.0% X FAS X years of service for the next 14 years plus 2.0% X FAS X years of service for years of service greater than 34.

<sup>d</sup>Unreduced annuity at 85 years of combined age and service with minimum age of 55.

<sup>e</sup>The benefit formula is 1.475% X FAS X years of service X ½ credited service before July 1, 1998 plus 1.3% X FAS X years of service for all other creditable service. Alternatively, the formula is 2.0% X FAS X years of service minus primary Social Security benefits.

<sup>f</sup>Unreduced annuity at 80 years of combined age and service with minimum of 10 years service.

<sup>g</sup>Immediate vesting at age 62.

<sup>h</sup>The benefit formula is 1.5% X FAS X years of service for the first \$13,200 of FAS plus 1.65% X FAS X years of service for FAS above \$13,200. If service exceeds 35 years then the formula is 1.65% X FAS X years of service.

<sup>i</sup>Unreduced annuity at 80 years of combined age and service with minimum age of 55.

<sup>j</sup>The normal retirement benefit is calculated using the higher of a DB formula or a money purchase annuity. A money purchase annuity is a specific type of DC component wherein contributions are stated as a percentage of the employee's salary. Retirement benefits are equal to the amount in the employee's individual account.

<sup>k</sup>Unreduced annuity at 85 years of combined age and service with minimum of 4 years service.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.3: (cont.)**

<b>Were cost of living adjustments (COLAs) provided in the years 1992 to 1996?</b>	<b>Early retirement benefits</b>	<b>Are survivor benefits provided after retirement?</b>	<b>Are disability benefits provided?</b>	<b>Are members required to contribute?</b>	<b>Employer contribution rate in 1996 as a percent of covered payroll</b>
Yes, in 1 year	Yes <sup>l</sup>	Yes	Yes	Yes <sup>m</sup>	7.28
Yes, in all 5 years	No	Yes	Yes	Yes <sup>n</sup>	11.32
Yes, in all 5 years	Yes <sup>o</sup>	Yes	Yes	Yes <sup>p</sup>	7.55
Yes, in all 5 years	Yes <sup>q</sup>	Yes	Yes	Yes <sup>m</sup>	5.5
No, none provided	No	Yes	Yes	Yes <sup>p</sup>	6.1
Yes, in all 5 years	Yes <sup>q</sup>	Yes	Yes	Yes <sup>r</sup>	9.6
Yes, in all 5 years	Yes <sup>s</sup>	Yes	Yes	Yes <sup>m</sup>	4.75
Yes, in all 5 years	Yes <sup>t</sup>	Yes	Yes	Yes <sup>u</sup>	7.42
Yes, in 1 year	Yes <sup>v</sup>	Yes	Yes	Yes <sup>w</sup>	9.5
Yes, in all 5 years	Yes <sup>x</sup>	Yes	Yes	Yes <sup>p</sup>	7.1
Yes, in all 5 years	Yes <sup>y</sup>	Yes	Yes	Yes <sup>z</sup>	5.68

<sup>l</sup>Members are allowed to retire early with reduced benefits at any age with 10 years of service.

<sup>m</sup>Members are required to contribute 5 percent of pay.

<sup>n</sup>Members are required to contribute 9.5 percent of pay.

<sup>o</sup>Members are allowed to retire early with reduced benefits at age 55 with 25 years of service.

<sup>p</sup>Members are required to contribute 6 percent of pay.

<sup>q</sup>Members are allowed to retire early with reduced benefits at age 55 with 5 years of service.

<sup>r</sup>Members are required to contribute 2.75 percent of pay.

<sup>s</sup>Members are allowed to retire early with reduced benefits at age 50 with 10 years of service.

<sup>t</sup>Members are allowed to retire early with reduced benefits at age 55 with 20 years of service.

<sup>u</sup>Members are required to contribute 5.08 percent of pay.

<sup>v</sup>Members are allowed to retire early with reduced benefits at age 55 with 10 years of service.

<sup>w</sup>Members are required to contribute 4.5 percent of pay.

<sup>x</sup>Members are allowed to retire early with reduced benefits at age 55.

<sup>y</sup>Members are allowed to retire early with reduced benefits at age 50 with 4 years of service.

<sup>z</sup>Members are required to contribute 5.57 percent of pay.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.4: Alabama: Provisions of the Employees' Retirement Systems of Alabama**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1945
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 25 years of service, age 60 with 10 years of service
Final average salary (FAS) calculation	Highest 3 years of last 10 years
Does plan only include state general employees?	No, the plan also includes state public safety and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.0125% X FAS X years of service <sup>b</sup>
Is there a maximum benefit?	No
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	4.0%
1995 COLA	0%
1994 COLA	7.0%
1993 COLA	5.0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	6.99%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>Service retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.5: Arizona: Provisions of the Arizona State Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1953
<b>Eligibility</b>	
Number of years to vest in DB component	Immediate
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 80 (any combination of age and years of service that add up to 80), age 62 with 10 years of service, age 65 with any years of service
Final average salary (FAS) calculation	Highest 3 years in last 10 years
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 50 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.0%
1995 COLA	2.5%
1994 COLA	1.4%
1993 COLA	0%
1992 COLA	5.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	Yes

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	2.85%
What was the actual employer's contribution as a percent of covered payroll in 1996?	3.85%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.6: Arkansas: Provisions of the Arkansas Public Employees' Retirement System - Noncontributory Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1957
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 4 years
Does plan only include state general employees?	No, the plan also includes state legislative employees and local general, public safety, and legislative employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.7% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 100 percent of final pay
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.8%
1995 COLA	2.6%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes <sup>c</sup>
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	10%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>Applicable only when beneficiary is a spouse.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.7: California: Provisions of the California Public Employees' Retirement System – Tier II**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1956
Year original plan was established	1931
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 65 with 10 years of service
Final average salary (FAS) calculation	Highest 1 year
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	1.25% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.0%
1995 COLA	2.0%
1994 COLA	2.0%
1993 COLA	2.0%
1992 COLA	2.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes
Variable rate based on investment performance	No

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**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Original
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	9.89%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.8: Connecticut: Provisions of the Connecticut State Employees' Retirement Plan - Tier 2**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1956
Year original plan was established	1939
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 60 with 25 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	1.33% X FAS X the first 35 years of service (salary less than \$27,300) + 0.5% X FAS X the first 35 years of service (salary above \$27,300) + 1.625% X FAS X years of service (for service greater than 35 years)
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	3.0%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No

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**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	2.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	14.33%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.9: Delaware: Provisions of the Delaware State Employees' Pension Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1953
Year original plan was established	1945
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 60 with 15 years of service, age 62 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state teachers, higher education, and legislative employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.67% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 15 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.0%
1995 COLA	2.0%
1994 COLA	3.0%
1993 COLA	0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	3.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	5.62%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.10: Florida: Provisions of the Florida Retirement System**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1927
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 62 with 10 years of service
Final average salary (FAS) calculation	Highest 5 years
Does plan only include state general employees?	No, the plan also includes state and local public safety employees, elected and state and local judicial officials, senior level management, local general, school district employees, and state higher education employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.60% X FAS X years of service at age 62 or 30 years of service 1.63% X FAS X years of service at age 63 or 31 years of service 1.65% X FAS X years of service at age 64 or 32 years of service 1.68% X FAS X years of service at age 65 or 33 years of service
Is there a maximum benefit?	Yes, the maximum benefit is 100 percent of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Any age with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	3.0%
1994 COLA	3.0%

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	16.77%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.11: Georgia: Provisions of the Employees' Retirement System of Georgia – General Plan**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1952
Year original plan was established	1949
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 60 with 10 years of service
Final average salary (FAS) calculation	Highest 2 years
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	1.70% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 90 percent of FAS
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	3.0%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	1.5%
What was the actual employer's contribution as a percent of covered payroll in 1996?	13.63%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.12: Hawaii: Provisions of the Hawaii Employees' Retirement System - Non-Contributory**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1956
Year original plan was established	1925
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 55 with 30 years of service, age 62 with 10 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state public safety employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.25% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 100 percent of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 20 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.5%
1995 COLA	2.5%
1994 COLA	2.5%
1993 COLA	2.5%
1992 COLA	2.5%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes
Variable rate based on investment performance	No

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**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Original
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	7.76%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.13: Idaho: Provisions of the Public Employees' Retirement System of Idaho – General Members**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1956
Year original plan was established	1963
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 90 (any combination of age and service that add up to 90), age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years, 6 months
Does plan only include state general employees?	No, the plan also includes local teachers, state higher education, state non-certified school, and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.917% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is the Internal Revenue Code section 415 limit
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.6%
1995 COLA	2.9%
1994 COLA	2.8%
1993 COLA	3.1%
1992 COLA	3.8%
How the post-retirement is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	Yes

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	Yes
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	No
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	6.97%
What was the actual employer's contribution as a percent of covered payroll in 1996?	11.61%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.14: Illinois: Provisions of the Illinois State Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1969
Year original plan was established	1944
<b>Eligibility</b>	
Number of years to vest in DB component	8
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 35 years of service, age 60 with 8 years of service
Final average salary (FAS) calculation	Highest 4 of last 10 years
Does plan only include state general employees?	No, the plan also includes state public safety, and other state employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.67% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 75 percent of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 30 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	3.0%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes
Variable rate based on investment performance	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	4.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	5.1%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different than those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.15: Iowa: Provisions of the Iowa Public Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1953
Year original plan was established	1953
<b>Eligibility</b>	
Number of years to vest in DB component	4 <sup>a</sup>
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 88 (any combination of age and service that add up to 88 years), age 62 with 20 years of service, age 65 with any years of service
Final average salary (FAS) calculation	Highest 3 years <sup>b</sup>
Does plan only include state general employees?	No, the plan also includes state teachers in higher education and legislative employees; local general employees, local teachers, local higher education teachers, and local public safety officials <sup>c</sup>
<b>Benefits</b>	
Annual benefit formula	60% X (years of service/30) X FAS + 1.0% X FAS X years of service (years 30 to 35)
Is there a maximum benefit?	Yes, the maximum benefit is 65% of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with any years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	1.9%
1995 COLA	1.56%
1994 COLA	3.39%
1993 COLA	0%
1992 COLA	0%
How the post-retirement COLA is determined:	

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Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>d</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>e</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	3.7%
What was the actual employer's contribution as a percent of covered payroll in 1996?	5.92%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Immediate vesting at age 55.

<sup>b</sup>In 1998, if the member's highest average 3-years' salary was over \$52,000, the average highest 5-years' salary, or \$52,000—whichever was larger—was used to calculate the final average salary.

<sup>c</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>d</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>e</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.16: Kansas: Provisions of the Kansas Public Employees' Retirement Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1962
<b>Eligibility</b>	
Number of years to vest in DB component	10 <sup>a</sup>
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 85 (any combination of age and years of service that add up to 85), age 62 with 10 years of service, age 65 with any years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state legislative employees and local teachers and general employees <sup>b</sup>
<b>Benefits</b>	
Annual benefit formula	1.75% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	0%
1995 COLA	0%
1994 COLA	3.0%
1993 COLA	14.5%
1992 COLA	3.6%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No

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Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	4.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	3.2%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	No
If no, what percent was actually contributed in 1996?	79.5%

<sup>a</sup>Immediate vesting at age 65.

<sup>b</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.17: Kentucky: Provisions of the Kentucky Employees' Retirement System – Non-Hazardous**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1956
<b>Eligibility</b>	
Number of years to vest in DB component	4
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 65 with 4 years of service
Final average salary (FAS) calculation	Highest 5 years
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	1.97% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.8%
1995 COLA	2.11%
1994 COLA	2.11%
1993 COLA	1.0%
1992 COLA	1.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	8.89%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	No
If no, what percent was actually contributed in 1996?	92%

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

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Type III Plans: Selected Features and Plan Profiles**

**Table III.18: Maryland: Provisions of the State Employees' Retirement System of Maryland**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	Not available
Year original plan was established	1941
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 62 with 5 years of service, age 63 with 4 years of service, age 64 with 3 years of service, age 65 or older with 2 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state teachers, state public safety, state judicial, state other, local general and local public safety employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.4% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 15 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.81%
1995 COLA	2.61%
1994 COLA	2.95%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	2.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	13.61%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.19: Mississippi: Provisions of the Public Employees' Retirement System of Mississippi - General Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1952
<b>Eligibility</b>	
Number of years to vest in DB component	4
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 25 years of service, age 60 with 4 years of service
Final average salary (FAS) calculation	Highest 4 years
Does plan only include state general employees?	No, the plan also includes state teachers; state higher education; county and city employees; state non-certified school; state legislative, and other state employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.875% X FAS X years of service (years 1 – 25) + 2.0% X FAS X years of service greater than 25 years
Is there a maximum benefit?	No
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	4.0%
1995 COLA	4.0%
1994 COLA	2.5%
1993 COLA	3.0%
1992 COLA	2.75%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	Yes
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Original
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	7.25%
What was the actual employer's contribution as a percent of covered payroll in 1996?	9.75%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.20: Montana: Provisions of the Montana Public Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1955
Year original plan was established	1945
<b>Eligibility</b>	
Number of years to vest in DB component	5 <sup>a</sup>
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 60 with 5 years of service, age 65 while in service with no service requirement
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes school district, local general and state higher education employees <sup>b</sup>
<b>Benefits</b>	
Annual benefit formula	1.786% X FAS X years of service <sup>c</sup>
Is there a maximum benefit?	Yes, the maximum benefit is 100 percent of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 50 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	0%
1995 COLA	0%
1994 COLA	5.0%
1993 COLA	1.42%
1992 COLA	1.3%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	Yes
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>d</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>e</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	6.8%
What was the actual employer's contribution as a percent of covered payroll in 1996?	6.7%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Immediate vesting at age 65 while an active member.

<sup>b</sup>The provisions for other groups of employees may be different from those shown for state general employees.

<sup>c</sup>The normal retirement benefit is calculated using the higher of a DB formula or a money purchase annuity. A money purchase annuity is a specific type of DC component wherein contributions are stated as a percentage of the employee's salary. Retirement benefits are equal to the amount in the employee's individual account.

<sup>d</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>e</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.21: New Hampshire: Provisions of the New Hampshire Retirement System – General Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1955
Year original plan was established	1945
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 60 with any years of service (10 years required to vest)
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	1.67% X FAS X years of service (ages 60 to 64) or 1.51% X FAS X years of service (age 65 and older)
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 50 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	0%
1995 COLA	2.0%
1994 COLA	2.5%
1993 COLA	3.0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	Yes

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	3.14%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.22: New Jersey: Provisions of the Public Employees' Retirement System of New Jersey**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1921
<b>Eligibility</b>	
Number of years to vest in DB component	10 <sup>a</sup>
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 60 with any years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state legislative and local general employees <sup>b</sup>
<b>Benefits</b>	
Annual benefit formula	1.67% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 25 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	1.98%
1995 COLA	1.5%
1994 COLA	1.62%
1993 COLA	1.62%
1992 COLA	1.74%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Original
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	2.13%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Immediate vesting at age 60.

<sup>b</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.23: New Mexico: Provisions of the Public Employees' Retirement Association of New Mexico**

General design and features of plan	Provision provided
<b>Design Components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1956
Year original plan was established	1947
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 25 years of service, age 60 with 20 years of service, age 61 with 17 years of service, age 62 with 14 years of service, age 63 with 11 years of service, age 64 with 8 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes volunteer fire fighters, magistrates, and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	3.0% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 80 percent of FAS
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	3.0%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Fixed rate from year to year	Yes
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	7.42%
What was the actual employer's contribution as a percent of covered payroll in 1996?	16.59%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.24: New York: Provisions of the New York State & Local Employees' Retirement System – General Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1921
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 55 with 30 years of service, age 62 with 10 years of service, age 70 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes local general and local non-certified school employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.67% X FAS X years of service (years 1 – 25) plus 2.0% X FAS X years of service (years 25 – 30) plus 1.5% X FAS X years of service (> 30 years)
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.77% <sup>b</sup>
1995 COLA	2.63% <sup>b</sup>
1994 COLA	3.06% <sup>b</sup>
1993 COLA	3.54% <sup>b</sup>
1992 COLA	4.20% <sup>b</sup>
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Original
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	3.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	2.2%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	No
If no, what percent was actually contributed in 1996?	55.9%

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The COLAs shown for 1992 through 1996 represent the average of the COLAs paid during those years.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.25: North Carolina: Provisions of the Teachers' and State Employees' Retirement System of North Carolina**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1941
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 60 with 25 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 4 years
Does plan only include state general employees?	No, the plan also includes state teachers and state public safety employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.80% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 50 with 20 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	4.4%
1995 COLA	2.0%
1994 COLA	3.5%
1993 COLA	1.6%
1992 COLA	1.6%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	6.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	8.15%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.26: North Dakota: Provisions of the North Dakota Public Employees' Retirement System - General Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1955
Year original plan was established	1965
<b>Eligibility</b>	
Number of years to vest in DB component	5 <sup>a</sup>
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 85 (any combination of age and years of service that add up to 85), age 65 with any years of service
Final average salary (FAS) calculation	Highest 3 of last 10 years
Does plan only include state general employees?	No, the plan also includes state judicial and other employees <sup>b</sup>
<b>Benefits</b>	
Annual benefit formula	1.77% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	0%
1995 COLA	0%
1994 COLA	1.0%
1993 COLA	2.0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	4.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	4.12%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Immediate vesting at age 65.

<sup>b</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.27: Oregon: Provisions of the Oregon Public Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1953
Year original plan was established	1945
<b>Eligibility</b>	
Number of years to vest in DB component	5 <sup>a</sup>
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 60 with any service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state teachers, state higher education, state public safety, state legislative, state judicial and local general employees <sup>b</sup>
<b>Benefits</b>	
Annual benefit formula	1.67% X FAS X years of service <sup>c</sup>
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with less than 30 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.0%
1995 COLA	2.0%
1994 COLA	2.0%
1993 COLA	2.0%
1992 COLA	2.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes
Variable rate based on investment performance	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>d</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>e</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	6.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	9.15%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Immediate vesting at age 50.

<sup>b</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>c</sup>The normal retirement benefit is calculated using the higher of a DB formula or a money purchase annuity. A money purchase annuity is a specific type of DC component wherein contributions are stated as a percentage of the employee's salary. Retirement benefits are equal to the amount in the employee's individual account.

<sup>d</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>e</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.28: Pennsylvania: Provisions of the Pennsylvania State Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1956
Year original plan was established	1923
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 35 years of service, age 60 with three years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state public safety, legislative, and judicial employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 100 percent of FAS for employees who became members before March of 1974
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Any age with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	0%
1995 COLA	0%
1994 COLA	6.48%
1993 COLA	0%
1992 COLA	0%
How the post-retirement is determined:	
Ad hoc at the discretion of the governing body	Yes

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	7.28%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.29: Rhode Island: Provisions of the Rhode Island Employees' Retirement System – State Employees**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1956
Year original plan was established	1936
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 28 years of service, age 60 with 10 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	1.7% X FAS X years of service (years 1 – 10) plus 1.9% (years 11 – 20) plus 3.0% X FAS X years of service (years 21 – 34) + 2.0% X FAS X years of service (for service greater than 34 years)
Is there a maximum benefit?	Yes, the maximum benefit is 80 percent of FAS
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	3.0%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	9.5%
What was the actual employer's contribution as a percent of covered payroll in 1996?	11.32%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.30: South Carolina: Provisions of the South Carolina Retirement System – General Plan**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1954
Year original plan was established	1945
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state higher education employees and local teachers and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.82% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 25 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.5%
1995 COLA	2.7%
1994 COLA	2.7%
1993 COLA	2.7%
1992 COLA	4.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	6.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	7.55%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.31: South Dakota: Provisions of the South Dakota Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1974
<b>Eligibility</b>	
Number of years to vest in DB component	3
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 85 at age 55 (any combination of age and service that add up to 85 starting at age 55), age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 of last 10 years
Does plan only include state general employees?	No, the plan also includes local teachers and state higher education, state non-certified school, state and local public safety, state judicial, and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.475% X FAS X years of service X ½ of credited service before July 1, 1998 + 1.3% X FAS X years of service for all other creditable service. Or, 2.0% X FAS X years of service minus primary Social Security benefit
Is there a maximum benefit?	Yes, the maximum benefit is the Internal Revenue Code Section 415 limit
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.1%
1995 COLA	3.1%
1994 COLA	3.1%
1993 COLA	3.1%

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	5.5%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.32: Texas: Provisions of the Employees' Retirement System of Texas**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1955
Year original plan was established	1947
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 80 (any combination of age and years of service that add up to 80), age 60 with 10 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	2.25% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 100 percent of FAS
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	No
1996 COLA	0%
1995 COLA	0%
1994 COLA	0%
1993 COLA	0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Neither
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	6.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	6.1%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.33: Vermont: Provisions of the Vermont State Retirement System**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1944
<b>Eligibility</b>	
Number of years to vest in DB component	5 <sup>a</sup>
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 62 with any years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	1.67% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is 50 percent of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	1.5%
1995 COLA	1.3%
1994 COLA	1.5%
1993 COLA	1.6%
1992 COLA	2.4%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	2.75%
What was the actual employer's contribution as a percent of covered payroll in 1996?	9.6%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Immediate vesting at age 62.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.34: Virginia: Provisions of the Virginia Retirement System**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1952
Year original plan was established	1942
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 55 with 30 years of service, age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state public safety, state legislative, and state judicial employees, and local teachers and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.5% X FAS X years of service (first \$13,200) + 1.65% X FAS X years of service (FAS above \$13,200). Years 35 and above: 1.65% X FAS X years of service
Is there a maximum benefit?	Yes, the maximum benefit is the Internal Revenue Code Section 415 limit
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 50 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.8%
1995 COLA	2.65%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.6%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	4.75%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	No
If no, what percent was actually contributed in 1996?	89.47%

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.35: Washington: Provisions of the Washington State Public Employees' Retirement System – Plan II**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1957
Year original plan was established	1949
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 65 with 5 years of service
Final average salary (FAS) calculation	Highest 5 years
Does plan only include state general employees?	No, the plan also includes state higher education and local higher education and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 20 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	3.0%
1995 COLA	3.0%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.08%
What was the actual employer's contribution as a percent of covered payroll in 1996?	7.42%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

**Table III.36: West Virginia: Provisions of the West Virginia Public Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1961
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 80 with a minimum age of 55 (any combination of age and years of service that add up to 80 with a minimum age of 55), age 60 with 5 years of service
Final average salary (FAS) calculation	Highest 3 of last 10 years
Does plan only include state general employees?	No, the plan also includes local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 10 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	COLA was based on dollars per year of service with retirees with longer service periods receiving greater benefits
1995 COLA	0%
1994 COLA	0%
1993 COLA	0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Neither
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	4.5%
What was the actual employer's contribution as a percent of covered payroll in 1996?	9.5%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.37: Wisconsin: Provisions of the Wisconsin Retirement System**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1943
<b>Eligibility</b>	
Number of years to vest in DB component	Immediately
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Age 57 with 30 years of service, age 65 with any years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state teachers and state higher education, state public safety, state legislative, and judicial employees, other state; and local teachers, local higher education, local public safety, local legislative, and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	1.6% X FAS X years of service <sup>b</sup>
Is there a maximum benefit?	Yes, the maximum benefit is 65 percent of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with any years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	6.6%
1995 COLA	5.6%
1994 COLA	2.8%
1993 COLA	4.9%
1992 COLA	4.4%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Fixed rate from year to year	No
Variable rate based on investment performance	Yes
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	6.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	7.1%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The normal retirement benefit is calculated using the higher of a DB formula or a money purchase annuity. A money purchase annuity is a specific type of DC component wherein contributions are stated as a percentage of the employee's salary. Retirement benefits are equal to the amount in the employee's individual account.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

**Table III.38: Wyoming: Provisions of the Wyoming Retirement System's Public Employees' Pension Plan**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	No
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1953
Year original plan was established	1949
<b>Eligibility</b>	
Number of years to vest in DB component	4
Number of years to vest in employer's contribution to DC component	Not applicable, no employer contribution
Age and service requirements for normal unreduced benefits	Rule of 85 (any combination of age and service that add up to 85), age 60 with 4 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes state higher education employees, local teachers, local public safety, and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 50 with 4 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past five years?	Yes
1996 COLA	1.0%
1995 COLA	1.0%
1994 COLA	1.0%
1993 COLA	1.0%
1992 COLA	1.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	Yes
Variable rate based on investment performance	No

**Appendix III  
Type III Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Original
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	5.57%
What was the actual employer's contribution as a percent of covered payroll in 1996?	5.68%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

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**Appendix III**  
**Type III Plans: Selected Features and Plan Profiles**

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# Type IV Plans: Selected Features and Plan Profiles

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Type IV plans include four design components: DB, DC with employer contribution, DC without employer contribution, and Social Security.

The appendix consists of a summary of key features that we selected to facilitate comparisons with FERS and CSRS, and an individual profile for each state plan we categorized as Type IV.

**Appendix IV**  
**Type IV Plans: Selected Features and Plan Profiles**

**Table IV.1: Selected Features of Type IV State Retirement Plans as of July 1, 1998**

<b>State</b>	<b>Vesting period</b>	<b>Minimum age plus service requirement for unreduced, normal retirement benefits</b>	<b>Final average salary calculation<sup>a</sup></b>	<b>Benefit formula</b>
Indiana	10 years	Age 55 with 30 years of service <sup>b</sup>	Highest 5 years	1.1% X FAS X years
Tennessee	5 years	No minimum age - Any age with 30 years of service	Highest 5 years	1.5% X FAS X years of service X 1.05 plus 0.25% X (FAS minus Social Security integration level) X years of service X 1.05. <sup>c</sup>
Utah	4 years	No minimum age - Any age with 30 years of service	Highest 3 years	2.0% X FAS X years

<sup>a</sup>Some states use months or quarters to calculate final average salaries. For comparison purposes, we converted these time frames to years. In addition, some states use consecutive service while others use nonconsecutive service. However, we did not distinguish between these two types of service.

<sup>b</sup>Unreduced annuity at 85 years of combined age and service with a minimum age of 55.

<sup>c</sup>The Social Security integration level is an average of Social Security wage bases. It allows the benefit formula to provide a slightly higher benefit rate on a portion of the FAS.

**Appendix IV**  
**Type IV Plans: Selected Features and Plan Profiles**

**Table IV.1: (cont.)**

<b>Were cost of living adjustments (COLAs) provided in the years 1992 to 1996?</b>	<b>Early retirement benefits</b>	<b>Are survivor benefits provided after retirement?</b>	<b>Are disability benefits provided?</b>	<b>Are members required to contribute?</b>	<b>Employer contribution rate in 1996 as a percent of covered payroll</b>
Yes, in 3 years	Yes <sup>d</sup>	Yes	Yes	Yes <sup>e</sup>	5.9
Yes, in all 5 years	Yes <sup>f</sup>	Yes	Yes	No	7.3
Yes, in all 5 years	Yes <sup>g</sup>	Yes	Yes	No	12.51

<sup>d</sup>Members are allowed to retire early with reduced benefits at age 50 with 15 years of service.

<sup>e</sup>Members are required to contribute 3 percent of pay.

<sup>f</sup>Members are allowed to retire early with reduced benefits at age 55 with 5 years of service.

<sup>g</sup>Members are allowed to retire early with reduced benefits at any age with 25 years of service, age 62 with 10 years or age 60 with 20 years.

Source: GAO analysis of state plan features.

**Appendix IV**  
**Type IV Plans: Selected Features and Plan Profiles**

**Table IV.2: Indiana: Provisions of the Public Employees' Retirement Fund of Indiana**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1954
Year original plan was established	1945
<b>Eligibility</b>	
Number of years to vest in DB component	10
Number of years to vest in employer's contribution to DC component	Immediate
Age and service requirements for normal unreduced benefits	Rule of 85 (any combination of age and years of service that add up to 85 starting at age 55), age 60 with 15 years of service, age 65 with 10 years of service
Final average salary (FAS) calculation	Highest 5 years <sup>a</sup>
Does plan only include state general employees?	No, the plan also includes local teachers and general employees <sup>b</sup>
<b>Benefits</b>	
Annual benefit formula	1.1% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 50 with 15 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	1.5%
1995 COLA	1.5%
1994 COLA	1.0%
1993 COLA	0%
1992 COLA	0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Yes
Fixed rate from year to year	No

**Appendix IV  
Type IV Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	No
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	3.0%
What was the actual employer's contribution as a percent of covered payroll in 1996?	5.9%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>Indiana calculates final average salaries using the highest five groups of four consecutive quarters.  
<sup>b</sup>The provisions for other employee groups may be different than those shown for state general employees.  
<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.  
<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.  
Source: GAO analysis of state plan features.

**Appendix IV**  
**Type IV Plans: Selected Features and Plan Profiles**

**Table IV.3: Tennessee: Provisions of the Tennessee Consolidated Retirement System – Group I**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1947
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Immediate
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 60 with 5 years of service
Final average salary (FAS) calculation	Highest 5 years
Does plan only include state general employees?	No, the plan also includes state teachers and higher education employees and local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	$(1.50\% \times \text{FAS} \times \text{years of service} \times 1.05)$ plus $.25\% \times (\text{FAS} \text{ minus Social Security integration level}) \times \text{years of service} \times 1.05^b$
Is there a maximum benefit?	Yes, the maximum benefit is 78.75 percent of FAS
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.5%
1995 COLA	2.7%
1994 COLA	2.7%
1993 COLA	2.7%
1992 COLA	3.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No

**Appendix IV**  
**Type IV Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>c</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>d</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	7.3%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The Social Security integration level is an average of Social Security wage bases. It allows the benefit formula to provide a slightly higher benefit rate on a portion of the FAS.

<sup>c</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>d</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

**Appendix IV**  
**Type IV Plans: Selected Features and Plan Profiles**

**Table IV.4: Utah: Provisions of the Utah Public Employees' Non-Contributory Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1949
<b>Eligibility</b>	
Number of years to vest in DB component	4
Number of years to vest in employer's contribution to DC component	Immediate
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 65 with 4 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes local general employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Any age with 25 years of service, age 62 with 10 years, age 60 with 20 years
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	2.8%
1995 COLA	2.6%
1994 COLA	3.0%
1993 COLA	3.0%
1992 COLA	4.0%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes

**Appendix IV  
Type IV Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Original
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	Yes
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	12.51%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

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**Appendix IV**  
**Type IV Plans: Selected Features and Plan Profiles**

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# Type V Plan: Selected Features and Plan Profile

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The Type V plan includes three design components: DB, DC with employer contribution, and DC without employer contribution.

The appendix consists of a summary of key features that we selected to facilitate comparisons with FERS and CSRS, and the state plan's profile.

**Appendix V**  
**Type V Plan: Selected Features and Plan Profile**

**Table V.1: Selected Features of the Type V State Retirement Plan as of July 1, 1998**

<b>State</b>	<b>Vesting period</b>	<b>Minimum age plus service requirement for unreduced, normal retirement benefits</b>	<b>Final average salary calculation<sup>a</sup></b>	<b>Benefit formula</b>
Alaska	5 years	No minimum age with 30 years of service	Highest 3 years	2.0% X FAS X years of service for the first 10 years plus 2.25% X FAS X years of service for the next 10 years plus 2.5% X FAS X years of service for service greater than 20 years.

<sup>a</sup>Some states use months or quarters to calculate final average salaries. For comparison purposes, we converted these time frames to years. In addition, some states use consecutive service, and others use nonconsecutive service. However, we did not distinguish between these two types of service.

**Appendix V**  
**Type V Plan: Selected Features and Plan Profile**

**Table V.1: (cont.)**

<b>Were cost of living adjustments (COLAs) provided in the years 1992 to 1996?</b>	<b>Early retirement benefits</b>	<b>Are survivor benefits provided after retirement?</b>	<b>Are disability benefits provided?</b>	<b>Are members required to contribute?</b>	<b>Employer contribution rate in 1996 as a percent of covered payroll</b>
Yes, in all 5 years	Yes <sup>b</sup>	Yes	Yes	Yes <sup>c</sup>	14.08

<sup>b</sup>Members are allowed to retire early with reduced benefits at age 55 with 5 years of service.

<sup>c</sup>Members are required to contribute 6.75 percent of pay.

Source: GAO analysis of state plan features.

**Appendix V**  
**Type V Plan: Selected Features and Plan Profile**

**Table V.2: Alaska: Provisions of the Alaska Public Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	Yes
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	Yes
Social Security	No
Year Social Security coverage was provided	Not applicable, no Social Security
Year original plan was established	1961
<b>Eligibility</b>	
Number of years to vest in DB component	5
Number of years to vest in employer's contribution to DC component	Immediate
Age and service requirements for normal unreduced benefits	Any age with 30 years of service, age 60 with 5 years of service
Final average salary (FAS) calculation	Highest 3 years
Does plan only include state general employees?	No, the plan also includes local general employees and local police and fire department employees <sup>a</sup>
<b>Benefits</b>	
Annual benefit formula	2.0% X FAS X years of service (the first 10 years) + 2.25% X FAS X years of service (years 11 – 20) + 2.5% X FAS X years of service (> 20 years)
Is there a maximum benefit?	No
Are early retirement benefits provided?	Yes
Minimum age and years of service for early retirement	Age 55 with 5 years of service
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	Yes
1996 COLA	1.35%
1995 COLA	1.1%
1994 COLA	2.03%
1993 COLA	2.77%
1992 COLA	2.68%
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	No
Fixed rate from year to year	No

**Appendix V  
Type V Plan: Selected Features and Plan Profile**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on investment performance	No
Variable rate based on the Consumer Price Index	Yes
Is the COLA based on the "original" or "current" benefit?	Current
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	6.75%
What was the actual employer's contribution as a percent of covered payroll in 1996?	14.08%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Yes
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The provisions for other employee groups may be different from those shown for state general employees.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

Source: GAO analysis of state plan features.

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**Appendix V**  
**Type V Plan: Selected Features and Plan Profile**

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# Type VI Plans: Selected Features and Plan Profiles

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Type VI plans include three design components: DC with employer contribution, DC without employer contribution, and Social Security.

The appendix consists of a summary of key features that we selected to facilitate comparisons with FERS and CSRS, and an individual profile for each state plan we categorized as Type VI.

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**Appendix VI**  
**Type VI Plans: Selected Features and Plan Profiles**

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**Table VI.1: Selected Features of Type VI State Retirement Plans as of July 1, 1998**

<b>State</b>	<b>Vesting period</b>	<b>Minimum age plus service requirement for unreduced, normal retirement benefits</b>	<b>Final average salary calculation</b>	<b>Benefit formula</b>
Michigan	4 years	Age 55 with 4 years of service	Not applicable	Not applicable
Nebraska	5 years <sup>a</sup>	Age 55 with any years of service <sup>a</sup>	Not applicable	Not applicable

<sup>a</sup>Vesting is immediate at age 55.

**Appendix VI**  
**Type VI Plans: Selected Features and Plan Profiles**

**Table VI.1: (cont.)**

<b>Were cost of living adjustments (COLAs) provided in the years 1992 to 1996?</b>	<b>Early retirement benefits</b>	<b>Are survivor benefits provided after retirement?</b>	<b>Are disability benefits provided?</b>	<b>Are members required to contribute?</b>	<b>Employer contribution rate in 1996 as a percent of covered payroll</b>
Not applicable	No	Yes	Yes	No	Not applicable <sup>b</sup>
Not applicable	No	Yes	Yes	Yes <sup>c</sup>	6.0

<sup>b</sup>The employer contribution rate is not applicable in 1996 because the current plan was signed into law in December 1996 and became open to new members after March 31, 1997. Under the current plan, the employer automatically contributes 4 percent of salary, regardless of employee contributions. The employer also matches contributions dollar for dollar on the first 3 percent the employee contributes.

<sup>c</sup>Members are required to contribute 3.6 percent of pay. After member contributes \$864 during the plan year, the member contribution rate rises to 4.8 percent of pay.

Source: GAO analysis of state plan features.

**Appendix VI  
Type VI Plans: Selected Features and Plan Profiles**

**Table VI.2: Michigan: Provisions of the Michigan State Employees' Retirement System**

<b>General design and features of plan</b>	<b>Provision provided</b>
<b>Design components</b>	
Defined benefit (DB)	No
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1955
Year original plan was established	1943
<b>Eligibility</b>	
Number of years to vest in DB component	Not applicable, no DB component
Number of years to vest in employer's contribution to DC component	4 years
Age and service requirements for normal unreduced benefits	Age 55 with 4 years of service
Final average salary (FAS) calculation	Not applicable, no DB component
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	Not applicable, no DB component
Is there a maximum benefit?	No
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	No, COLAs are not applicable to DC plans
1996 COLA	Not applicable
1995 COLA	Not applicable
1994 COLA	Not applicable
1993 COLA	Not applicable
1992 COLA	Not applicable
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Not applicable
Fixed rate from year to year	Not applicable
Variable rate based on investment performance	Not applicable
Variable rate based on the Consumer Price Index	Not applicable

**Appendix VI**  
**Type VI Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Is the COLA based on the "original" or "current" benefit?	Not applicable
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>a</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>b</sup>	Yes
<b>Contributions</b>	
Are members required to contribute?	No
If so, at what rate of pay?	Not applicable
What was the actual employer's contribution as a percent of covered payroll in 1996?	Not applicable <sup>c</sup>
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Not applicable
If no, what percent was actually contributed in 1996?	Not applicable

<sup>a</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>b</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

<sup>c</sup>The employer contribution rate is not applicable in 1996 because the current plan was signed into law in December 1996 and became open to new members after March 31, 1997. Under the current plan, the employer automatically contributes 4 percent of salary, regardless of employee contributions. The employer also matches contributions dollar for dollar on the first 3 percent the employee contributes.

Source: GAO analysis of state plan features.

**Appendix VI**  
**Type VI Plans: Selected Features and Plan Profiles**

**Table VI.3: Nebraska: Provisions of the Nebraska State Employees' Retirement System**

General design and features of plan	Provision provided
<b>Design components</b>	
Defined benefit (DB)	No
Defined contribution (DC) with employer contribution	Yes
DC with NO employer contribution	Yes
Social Security	Yes
Year Social Security coverage was provided	1951
Year original plan was established	1964
<b>Eligibility</b>	
Number of years to vest in DB component	Not applicable, no DB component
Number of years to vest in employer's contribution to DC component	5 <sup>a</sup>
Age and service requirements for normal unreduced benefits	Age 55 with any years of service <sup>a</sup>
Final average salary (FAS) calculation	Not applicable, no DB component
Does plan only include state general employees?	Yes
<b>Benefits</b>	
Annual benefit formula	Not applicable, no DB component
Is there a maximum benefit?	No
Are early retirement benefits provided?	No
Minimum age and years of service for early retirement	Not applicable
<b>Cost of living adjustments (COLAs)</b>	
Has the plan provided post-retirement COLAs in the past 5 years?	No, COLAs are not applicable to DC plans
1996 COLA	Not applicable
1995 COLA	Not applicable
1994 COLA	Not applicable
1993 COLA	Not applicable
1992 COLA	Not applicable
How the post-retirement COLA is determined:	
Ad hoc at the discretion of the governing body	Not applicable
Fixed rate from year to year	Not applicable
Variable rate based on investment performance	Not applicable

**Appendix VI  
Type VI Plans: Selected Features and Plan Profiles**

<b>General design and features of plan</b>	<b>Provision provided</b>
Variable rate based on the Consumer Price Index	Not applicable
Is the COLA based on the "original" or "current" benefit?	Not applicable
<b>Supplemental/auxiliary benefits</b>	
Are survivor benefits provided after retirement?	Yes
Is a "pop-up" provision included in the survivor's benefit options? <sup>b</sup>	No
Are disability benefits provided?	Yes
Does the plan allow for the purchase of service credits? <sup>c</sup>	No
<b>Contributions</b>	
Are members required to contribute?	Yes
If so, at what rate of pay?	3.6% <sup>d</sup>
What was the actual employer's contribution as a percent of covered payroll in 1996?	6.0%
Was 100 percent of the employer's actuarially required contribution actually contributed in 1996?	Not applicable to a DC plan
If no, what percent was actually contributed in 1996?	Not applicable to a DC plan

<sup>a</sup>Vesting is immediate at age 55.

<sup>b</sup>The "pop-up" provision allows a retiree's monthly payment to be restored to 100 percent of his or her standard annuity if the beneficiary predeceases the retiree.

<sup>c</sup>The purchase of service credit allows plan members to buy credit for years in which they did not otherwise earn a pension benefit.

<sup>d</sup>After a member contributes \$864 during the plan year, the member contribution rate rises to 4.8 percent of pay.

Source: GAO analysis of state plan features.

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