

## **Benefit Changes by HB 2802 / SB 2345**

### **Group A Actives (Hired before January 1, 2026)**

<b><u>Current Statutory Provisions</u></b>	<b><u>Provision</u></b>	<b><u>AFRF/COA Mod. HB2802/SB2345</u></b>
5.0%	Nonvested Termination Refund Interest Rate	0.00%

### **Group B Actives (Hired on or after January 1, 2026)**

<b><u>Current Statutory Provisions</u></b>	<b><u>Provision</u></b>	<b><u>AFRF/COA Mod. HB2802/SB2345</u></b>
3.30%	Multiplier	3.00%
Earlier of Age 45 with 10 YOS or Any Age with 20 YOS	Early Retirement Eligibility	No Early Retirement Eligibility (Normal Retirement Eligibility: Earlier of Age 50 with 10 YOS or Any Age with 25 YOS)
Eligible for Forward DROP and Retro DROP at member's election	DROP Option	Forward DROP only (No Eligibility for Retro DROP)
Includes annuity payments and member contributions during DROP period	DROP Account	Includes annuity payments during DROP period and 50% of member contributions during DROP
Up to 7 years	DROP Period	Up to 7 years
5.0%	DROP Interest - DROP Accumulation Period	4.0%
5.0%	DROP Interest - Post-Retirement	4%, with risk-sharing reduced to 2% following years of AFRF negative return
5.0%	Nonvested Termination Refund Interest Rate	0.00%
Joint and 75% Survivor Benefit	Normal Form	Straight Life Annuity
Highest 36-month average of pensionable compensation	Highest Average Salary	Highest 60-month average of pensionable compensation
18.70%	Member Contribution %	18.70%
100% CPI, subject to Financial Stability tests (funded ratio and amortization projections)	COLA Amount, Compounding	Performance-based COLA with 0% minimum and 2% maximum
Normal Retirement Eligibility	COLA Eligibility	Later of: 5 years of retirement and age 67. COLA Ineligible for years with a DROP Account balance.

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### GROUP A ACTIVES & RETIREES - COLA Tests/Guardrails

Current Statutory Provisions	Provision	AFRF/COA Mod. HB2802/SB2345	
100% CPI, subject to Financial Stability tests	COLA Amount, Compunding	Discretionary subject to tests	
Upon retirement	COLA Eligibility	Age 67 or 5 years after retirement. Early Retirement age requirement of 69	
Statute requires meeting Financial Stability Tests that are defined in Board Policy	Financial Stability Tests	Detailed Financial Stability Tests brought into Statute instead of Board Policy.	
Funded ratio must be at least 80% afor each of the next ten years, including the projected liability for the COLA.	Financial Stability Test 1: Funded Ratio	Time Period	Funded Ratio
		Prior to 2031	80%
		2031-2035	80%
		2036-2040	80%
		2041-2045	85%
		2046 or later	90%
Amortization period must not exceed 25 years for each of the next ten years, including the projected liability for the COLA.	Financial Stability Test 2: Amortization Period	Time Period	Amortization Period
		Prior to 2031	25
		2031-2035	25
		2036-2040	20
		2041-2045	15
		2046 or later	15
N/A	Investment Return Criteria 1: Single Year	Years following any year where the AFRF MVA return is negative (<0%), maximum COLA is 0%.	
N/A	Investment Return Criteria 2: Five-Year Average	Years following any year where the five-year rolling AFRF MVA return is below the applicable assumed ROR (currently 7.3%), 0% COLA.	
N/A	COA Contribution relative to Corridor Test	COA Contribution, including COLA liability, cannot exceed applicable Midpoint + 4%.	
N/A	COLA Maximum	1.50%	
0.00%	COLA Minimum	0.00%	
N/A	Council Approval	No approval necessary unless COLA is desired to be granted outside the Financial Stability Test	