High-level summary of City of Austin pension reform bill for Austin Firefighters Retirement Fund (AFRF)

- **Senator Flores/Representative Bucy** are the authors in their respective chambers. Bucy sponsored the House version of the City of Austin Employees Retirement System (COAERS) bill last session.

- **Board Composition**: The bill proposes board expansion and a change to both current City positions. The Mayor's position would be converted to a City Council member and the Treasurer's position would be converted to the CFO. The bill would also add two citizen positions: one appointed by City Council and one appointed by the board, both with 3-year terms.

- **Board Officers**: The bill would either allow a City trustee to retain the title of presiding officer or would grant the City authority to appoint the title.

- **Experience Study** and Risk Sharing Valuation Study requirements included.

- **Group B -** The bill removes the ability for Group B vested terminated members to retire at such a point that they would have attained 25 Years of Service regardless of age.

- **Group B - Single Life Annuity (SLA):** The bill proposes SLA as the retirement option for Group B.

- **Group B - DROP:** The bill proposes the following limits to the DROP program for Group B:
  - Only 5-year DROP
  - Only Forward-DROP
  - No contributions will be added to DROP
  - 3% DROP interest rate if the Fund's Rate of Return (RoR) is positive;
  - 0% DROP interest rate if the Fund's RoR is zero or negative

- **COLA:** The bill maintains the current **ad hoc COLA** structure but adds an escalating threshold test built into statute. Similar to the current structure, the COLA would be funded entirely by AFRF investment gains but would require City Council approval.

- **Key ADC Changes:** For the Actuarially Determined Contribution (ADC), the bill would reduce the amortization period to 25 years; add a 5% corridor up and down; and require a contribution midpoint payment until 90% funded.

- **Member Contribution Increase:** The bill includes up to a 2% increase in member contributions (maximum of 20.70%), which could be further increased through a majority vote of members. With an ADC contribution structure that includes an ad hoc COLA, the member contribution is expected to increase due to additional volatility in the plan.