[LR101 LR102]

SENATOR WHITE: Welcome to the Nebraska Retirement Systems Committee. We will be hearing two bills today, LR101 and LR102. I guess I can see the committee has made this a very popular place to be today, so...but nevertheless, we will look forward to your testimony. I will introduce the other members of the committee as they arrive. Please do keep in mind that the senators have other duties and hearings, and so they may come and go during the period of this hearing. If you do plan on testifying on a bill, please fill out a sign-up sheet which is located on a table at the back of the room. When you come forward to testify, please place the sheet in the box at the table at which you will testify. Print your information legibly so that it is readable and can be entered accurately into the permanent record. Following the introduction of each bill I will ask for a show of hands to see how many people plan to testify on the bill. We will hear first proponent testimony, followed by opponent testimony, and then any neutral testimony. When you come forward to testify, please clearly state and spell your first and last name for the benefit of the transcribers. All of our hearings are taped and transcribed for the permanent record. The rules of the Legislature are that cell phone usage is not permitted inside of the committee hearing room. Please turn your phone off if you have not already done so, and also, finally, reading someone else's testimony is not allowed, but if you wish to submit it we can make it part of the permanent record. At this time, we will commence the hearing on LR101. [LR101 LR102]

JEREMY NORDQUIST: Good morning. My name is Jeremy Nordquist, N-o-r-d-q-u-i-s-t, and I'm the research analyst for the Nebraska Retirement Systems Committee. Today I'm here to open on committee interim study resolution, LR101. The purpose of LR101 is to review the actuarial assumptions used to perform the annual actuarial valuation for the retirement systems administered by the Public Employees Retirement Board. The actuarial assumptions include the investment return, inflation, salary increase, interest on employee contributions, increases on compensation and benefit limits, mortality, retirement and disability ages. The Legislature grants the Public Employees Retirement

Board the authority to administer the retirement plans under Sec. 84-1503, and the setting of such assumptions falls under that authority. This year the Public Employees Retirement Board undertook a review of the actuarial assumptions. In the past some of these assumptions have been discussed or have been questioned during Retirement Committee hearings. This interim study was introduced in order to give the Retirement Committee an overview of the current actuarial assumptions. Dave Slishinsky of Buck Consultants is here to present. [LR101]

SENATOR WHITE: Before we begin, how many people intend to testify with regard to this matter? Senator Karpisek, welcome. [LR101]

SENATOR KARPISEK: Senator White, how are you? [LR101]

SENATOR WHITE: Less lonely. (Laughter) How many people intend to testify on this bill? Okay, thank you. Go ahead. [LR101]

DAVE SLISHINSKY: (Exhibit 1) Thank you, Senator. My name is Dave Slishinsky with Buck Consultants. I'm the consulting actuary for the Nebraska Public Employees Retirement Systems. What I'd like to... [LR101]

SENATOR WHITE: Would you please spell your name? It will help. [LR101]

DAVE SLISHINSKY: It's spelled S-l-i-s-h-i-n-s-k-y, okay? [LR101]

SENATOR WHITE: Thank you. [LR101]

DAVE SLISHINSKY: There's a handout. I'd like to go through some information on LR101, and it concerns an experience analysis study that we performed for the Nebraska Retirement Systems. It's a review of the actuarial assumptions used for the actuarial valuations of the retirement systems. The purpose, page 2, is to compare the

actual experience with the actuarial assumptions that are used in the valuation. We collect information over a five-year period, from 2002 through 2006, and compare the actual retirements, withdrawals, deaths, and compare those to the assumptions that we were using. Changes in those assumptions are recommended if there is sufficient data available that shows that there's a material difference between what is expected and the actual experience, and whether or not there's any future experience that's likely to be different, given recent trends. It provides a better measurement of the pension plan's actuarial position and projected costs when we look at the actual experience and make some changes based upon what is really happening. Page 3, the frequency--the last time this was done was back in 2002. We did this in the spring of 2007 and used information from 2002 through 2006. The policy is to perform this every four or five years, and most systems do this kind of analysis...larger systems do this analysis every three to six years. So it's pretty standard, and the Nebraska Retirement Systems is following those standards. A little bit about the actuarial assumptions themselves: They're used to quantify the amount and the value of future benefit payments. These benefit payments are based on unknown future events--what salaries are going to be in the future, when people are going to retire, how long they're going to receive benefits. So we use these assumptions in an attempt to predict the patterns of those benefit payments and the amount of those benefit payments. They should be a realistic "Best Guess" based upon this past history and future expectations; appropriately conservative, given the Board's fiduciary responsibility. We will have some margins in the mortality tables and have some termination rates that are a little bit lower than the experience, just to build in some of that conservatism. They should be explicit; in other words, when we look at the mortality, we're setting mortality rates that are based upon that experience. When we're setting retirement rates and for retirement patterns, we're looking at retirement. So each of these assumptions are individually reasonable. Now setting actuarial assumptions is a blend of art and science. What I like to say is that actuarial mathematics is a science, but it's application in the real world is an art. We're looking at four or five years of experience, and then we're applying that to future benefit payments that go out 40 or 50 years. There isn't one right answer, but we like to look at

a range of acceptable answers to make sure that our assumptions overall are reasonable. Page 5, a little bit about the economic assumptions: We set investment return based upon inflation and real rates of return, given the asset allocation policy of the pension fund. Inflation should be consistently applied to that investment return, also to salary increases, cost of living adjustments, interest credit rates, and interest on member contributions. Real rates of return should reflect the asset mix, that asset allocation policy used by the Investment Council. One of the reasons is that 92 percent of return is the result of that asset allocation decision. The assumptions reflect the benefit payment period; in other words, a long period of time. When you think about these pension funds, average age for active members ranges anywhere from 38 under the Patrols to 45 or 46 for the schools, and in the mid-50s for the judges. These active members are expected to work until they're 60 or 65 years of age, and then they're going to collect benefits for possibly another 20 or 25 years. So that's a long period of time. We do consider recent trends and any future expectations that may be different. The investment return on page 6 gives you a little history going back to 2000. You can see by looking at the red line that the market value...there was a bear market from basically 2000 to 2002. These returns are as of June 30, so the returns on market value were low during that bear market period. It has turned around. The last four years the market returns, since 2004, have been above our 8 percent assumption. The blue line shows the actuarial value of assets that we use when we determine the unfunded liabilities, and we use a methodology that smooths those gains and losses. Any returns above or below the 8 percent assumed are smoothed; in other words, they're recognized over a five-year period instead of immediately. Market value immediately recognizes any of those gains or losses, the actual returns. And what this does is it smooths out the peaks and valleys of the market value returns and stabilizes...cuts out some of the volatility that you would see in the calculation of the unfunded liability, the actuarial contribution rates, and the funded ratios. But most recently the returns for year ending June 30, 2007, for market value was 17.7 percent, so it was a very strong investment year. And as a result, the return on the actuarial value of assets exceeded the 8 percent assumption, so there are investment gains that are impacting the actuarial

valuation in 2007. Page 7 shows the economic assumptions for the school, Patrol, and judges' plan. We're using an 8 percent assumption. That was not changed. The state and county cash balance plans we were using a 7.6 percent assumption, and that has been increased slightly to 7.75 percent. There's a little bit of conservatism there because of the newness of those plans. They were established in 2003. Inflation, underlying inflation long term is 3.5 percent, and none of the other assumptions that we're using were changed. The annuitization rate used in the cash balance plans ties back to the assumed investment return; therefore, those were increased slightly to 7.75 percent. Page 8: The remainder of this presentation shows exhibits and goes through the various actuarial assumptions that are being used and shows what the prior or current assumptions were and what was adopted, whether or not there were any changes adopted, and what impact that has on the calculation of the pension liabilities. These changes now have an effect of either increasing or decreasing that liability. There was no change in the investment return assumption on the school retirement system. Salary increases were changed. They were reduced early on. They were changed from age based to a service-based scale. The resulting impact on the liabilities is a slight decrease. Retirement rates were slightly changed, resulting in a decrease to the liabilities. Mortality had a slight decrease. Withdrawal rates were reduced and had the impact of increasing liabilities. Disability rates were also modified, and there was a slight increase due to those changes. Page 9, for the State Patrol retirement system--here again, no change on the investment return assumption. There was a slight change in the salary scale, the salary increases that are assumed, and there was a decrease in the liabilities because of that change; same thing in regards to retirement rates, slight reduction in retirement rates that decreased projected liabilities. Mortality was improved slightly on the State Patrol system, and that resulted in an increase in the liabilities. Withdrawal rates were changed and decreased slightly from the assumption that was being used, and that resulted in an increase in the liabilities. There was no change in disability rates. Page 10 on the judges, there was no change in the investment return assumption. Salary increases were reduced .5 percent per year; that resulted in a decrease in the liabilities. Retirement rates were modified, which resulted in a slight

decrease in the liabilities. Mortality was changed, resulting in a decrease in the liabilities, and there was no change in the withdrawal or disability. The state cash balance plan on page 11, there was a change in the investment return to 7.75 percent, and that's a slight decrease in the liabilities. There was no change in the interest credit rate. With the cash balance plan the account values are assumed to increase with interest credits that are defined under state statute, and we use a 7 percent assumption for that interest credit rate, going forward. Salary increases were slightly changed, resulting in a decrease in the liabilities. Some modification to the retirement rates resulted in a decrease. Mortality, even though it was changed, there was a very insignificant impact on the liabilities for the change in mortality. And for withdrawal, there was also some modification to the withdrawal rates that resulted in a decrease, and there were no changes to disability. With regards to the county cash balance benefit, the same change was made to the investment return assumption, 7.75 percent, resulting in a slight decrease in liabilities. No change in the interest credit rate, slight changes to the salary increases, that resulted in an increase in the liabilities for the county plan; modification to retirement rates that resulted in a decrease to the liabilities. Same change with regards to mortality. That mortality table, we're using a '94 table that is projected, using improved mortality through 2010. And we're using that for all the plans. The withdrawal assumptions were slightly changed and resulted in a decrease in the liabilities, and there was no change in the disability rates. So that gives you a flavor of the changes that were made and the process that we went through to review the assumptions that we're using, and comparing that to the actual experience. With that I'll entertain any questions. [LR101]

SENATOR WHITE: I have none. Thank you. [LR101]

JEREMY NORDQUIST: Good morning. My name is Jeremy Nordquist. I'm the research analyst for the Nebraska Retirement Systems Committee. I'm here to open on committee interim study resolution, LR102. The purpose of LR102 is to examine the Public Employees Retirement Systems administered by the Public Employees

Retirement Board, including the state employees' retirement system, the county employees' retirement system, the school employees' retirement system, the Nebraska State Patrol retirement system, and the judges' retirement system. The hearing may also examine the Omaha schools' employees' retirement system. The primary purpose for this hearing, though, is to enable the Nebraska Retirement Systems Committee to review the funding needs for the Public Employees Retirement Systems administered by the Public Employees Retirement Board prior to the beginning of the 2008 legislative session. Again, Dave Slishinsky of Buck Consultants is here to present the 2007 actuarial reports to the committee. [LR102]

SENATOR WHITE: Anyone intend to testify on this bill? Thank you. [LR102]

DAVE SLISHINSKY: Okay, in your handout there's a summary of the actuarial valuation results from 2007. On page 14, I'd just like to spend a little bit of time just reviewing the process that we go through in an actuarial valuation. The purpose is to quantify the amount of the benefit obligation. We oftentimes refer to that as the actuarial liability or the present value of future benefits. In essence we collect information on all the members that are participating in the plans. We use those actuarial assumptions and project out the expected benefit payments for all the members, whether they're active, inactive, retired, or beneficiaries. So we get these projected benefit payment streams going out into the future. We take those amounts, we add them up for everybody, and we discount those back at the investment return assumption to come up with a calculation of the total present value of benefits. This process determines the amount of liability under the plans, and it's split between past and future service. Now this process determines the actuarial soundness of the current statutory contributions. If those contributions are not enough to meet an actuarial contribution rate to pay for the benefit obligation, then there's an additional contribution that's required by the state. This process measures the funded status, so we're looking at the value of accrued benefits as of the valuation date. We're comparing that to the assets to see whether or not the funding of the plan is ahead or behind, as scheduled, under the valuation method. This

provides an early warning system for any potential future funding problems. If there is an additional contribution required by the state, it doesn't mean that there isn't enough money to pay the benefits under the pension plan; you just want to make sure that all of those future obligations are funded, and there's going to be enough money to pay all of those future benefits. Page 15 is a little graph of this funding process. If you look at the bottom we have date of hire, and at any point between date of hire and date of retirement, as of the valuation date we're determining the value of these benefits and we're breaking it down between what has accumulated due to past service and what's expected to be accrued going forward into the future. As of the valuation date, we determine the amount of the accrued liability. On the left hand side is a percentage of pay contribution. We refer to that rate as the "normal cost" rate, and if that rate is paid on a level percentage of pay basis from date of hire to date of retirement, then...and all of our assumptions are realized, all of these actuarial assumptions, then enough money will accumulate in the pension fund so that when each of these members retires, there's going to be that money there available to pay their promised benefit for their lifetime. And that's the process. The accrued liability is compared to the assets. If it's greater than the assets there's an unfunded liability and there's a payment that's required to pay off that unfunded liability. If the assets exceed the accrued liability, then there's a reserve and that reserve is used to reduce the future cost. The normal cost that is determined here is that level percentage of pay contribution needed to pay for the accruing benefits for active members. So when we determine the total contribution rate on an actuarial basis, we're determining the annual accrual cost for the benefits for all the members, and if there's an unfunded liability, we're taking an amortization payment of that unfunded liability, adding that to the normal cost to come up with the total actuarial required contribution. Then we'll compare that to the statutory contribution. Page 16--some review of the economic assumptions being used that we saw before. Now the changes since the last year...here again, we made changes in the assumptions, due to the experience analysis. With regards to plan provisions there were no changes for the judges. For the Patrol under LB234, it made permanent the contribution rates, which were 15 percent employer and 13 percent member contribution

rates, and it added a deferred retirement option plan. Now that plan is scheduled to be implemented next year, so it was not considered in this year's valuation. That plan is expected to be cost neutral, so we don't anticipate, in implementing that, that that's going to change the total contribution requirements to the Patrol's plan. The schools, under LB596, there was a one-time adjustment to annuities for the school that was not less than 85 percent of the original benefit, in essence. That was a one-time increase to retiree benefits, for retirees that have been retired for quite awhile. And there was also a change in the member contribution rate. The member contribution rate was scheduled to be reduced to 7.25 percent as of September 1 of '07, and it was changed to 7.28 percent. There were no other changes in any of the methodology that we used. Page 18 is a review of the results of these calculations under the actuarial valuation. I want to go through that last column, July 1, 2007, which is the date of the actuarial valuation. In using these new assumptions, the projected total value of future benefits payable for all the members of the plan on that date is $8,427,000,000. That future value of those future normal cost payments is a little bit more than $1.3 billion, so we subtract that out. We take the total, subtract out the future piece, to get that accrued or past value piece, which is the accrued liability, and that is $7,070,000,000. The actuarial value of the assets was almost $6.4 billion, so the difference between those is an unfunded liability of $674 million. When we compare that to last year, last year's unfunded liability of $845 million. So that's a drop in the unfunded liability--a significant drop, due to investment gains and also some of these changes in the assumptions. You can see that under the old assumptions, the unfunded would have dropped to $721 million, so the majority of that change was due to the experience and primarily due to investment return being better than our assumption for the year. The funded ratio, therefore, increased from 87 to 90 percent with the change in assumptions. There was no change in the funded ratio. In calculating the normal cost amount, it's $161 million, compared to $146 million last year. Then we amortized that unfunded liability, take an amortization payment over a 30-year period of $58 million and add that to the normal cost to get an actuarial contribution of $219 million. That represents 15.64 percent of pay. Then we compare that to the expected contribution for the year, the rate of pay contributions expected of

$217 million, and a state appropriation of $6 million, so there's a total expected contribution of $223 million versus the $219 million actuarial, and that's 15.91 percent of pay. Since the expected contribution coming in is greater than the actuarial requirement, there's no additional required state contribution for the school retirement system. We do a separate calculation of the value of the service annuity for the Omaha Public Schools retirement system, and that requirement is a little bit over $600,000. It's about $643,000 this year versus $684,000 last year. On the Patrol's retirement system, we go through the same process calculating the same values, and we start with the present value of all benefits under the plan, which was almost $334 million. That compares to $307 million last year. That future cost piece is $68 million, so when we subtract that we get the past or accrued liability of almost $266 million this year. Actuarial value of assets is almost $255 million, so there's an unfunded liability of $11.1 million. That compares to $13.7 million last year. There were investment gains for the year that reduced the unfunded to $5.4 million, and then with the change in assumptions, there's an increase to the unfunded to $11.1 million, still below what the unfunded was last year. [LR102]

SENATOR WHITE: Stop just for a moment there. [LR102]

DAVE SLISHINSKY: Um-hum? [LR102]

SENATOR WHITE: What the change in assumption that caused that difference from the old to the new; do you know? [LR102]

DAVE SLISHINSKY: Well, if we go back to the previous bill and we look at the State Patrol, the change in the mortality...there was an improvement in the mortality for both healthy and disability, and change in the withdrawal rates, and... [LR102]

SENATOR WHITE: Okay. So, I mean, in other words, people are living longer so that's a good thing. [LR102]

DAVE SLISHINSKY: Right. Well, yeah. [LR102]

SENATOR WHITE: I mean, not to an actuary, but to the rest of us. (Laughter) [LR102]

DAVE SLISHINSKY: And less withdrawals, as well, so. [LR102]

SENATOR WHITE: Fair enough. Sorry to interrupt you. Please go ahead. [LR102]

DAVE SLISHINSKY: That's okay. That's fine. Unfunded ratio was up. Last year it was 94 percent and this year it's 96 percent. In calculating the annual actuarial contribution, the normal cost amount is $7 million. The amortization of the unfunded is a million, so the total annual contribution is $8 million, which is 30.6 percent of pay. When we look at the expected contributions to come in, there is an expected rate of pay contribution--the 15 percent employer rate, the 13 percent member rate--coming in, which is expected to be $7.3 million, and state appropriations of $300,000. So the total coming in is $7.6 million, which is 29.2 percent of pay, so there's a contribution shortfall in the Patrol system of a little less than $400,000 a year, which is a required state contribution for the next fiscal year. Page 20, the judges' retirement system: The present value of all benefits under the plan is about $128 million. That future cost is about $24 million, so there's an accrued liability of almost $104 million. The actuarial value of assets is $111 million, so it exceeds the value of the accrued liability. So there's a reserve of $7.3 million. That compares to an unfunded liability last year of $872 million. With the investment return, strong investment return for the year, the unfunded was...the reserve was $3.8 million, so there was a reduction in the unfunded liability due to that experience, and there was also, with regards to the change in the assumptions, there was a further reduction in that unfunded, or an increase in the reserve to $7.3 million. So this year the funded ratio is 107 percent, compared to 99 percent last year. Going through the calculation of the annual contribution, the normal cost payment is about $3.4 million, slightly less than last year. There's an amortization of that reserve of $624,000, so the total actuarial required contribution for the year is a little bit more than

$2.7 million, or 16.2 percent of pay. When we compare that to the expected contributions coming in, members are contributing about a million dollars--a little more than a million dollars a year. We're estimating court fees coming in at $3.1 million and some additional state appropriations for a total of almost $4.3 million, and since that amount exceeds the actuarial rate, then there's no additional state contributions for judges. Now I just want to brief you on cash balance funding. This is a plan that provides retirement benefits to state and county employees. These valuations are done at the beginning of the year. They use the same actuarial methodology that we use on the other more traditional defined benefit plans. This entry age normal cost basis we smooth the investment gains and losses, just like we do in the traditional plans, and we amortize the unfunded liability over 25 years. Recently in the other plans that was changed to 30 years. Here again the actuarial assumptions that we're using are reasonable based upon that experience. We use an interest credit rate of 7 percent, and the valuation interest rate that was used for these valuations in 2007 was 7.6 percent. [LR102]

SENATOR WHITE: May I ask, did you say 30 years is the... [LR102]

DAVE SLISHINSKY: Amortization for the school, the Patrol, and the judges. [LR102]

SENATOR WHITE: And this one is 25; why the difference? [LR102]

DAVE SLISHINSKY: Well, it was 25, and then last year there was a bill that changed that to a 30-year amortization. [LR102]

SENATOR WHITE: Oh, so we decided, okay. [LR102]

DAVE SLISHINSKY: Um-hum. You decided to extend that an additional five years. [LR102]

SENATOR WHITE: Okay, which reduced the obligation, obviously. [LR102]

DAVE SLISHINSKY: Yeah, which reduces the amortization payment... [LR102]

SENATOR WHITE: Right. [LR102]

DAVE SLISHINSKY: ...and reduces the contribution as a rate of pay. [LR102]

SENATOR WHITE: Okay. Thank you. [LR102]

DAVE SLISHINSKY: There is a 10 percent funding cushion that is required before there can be any benefit improvements. There is some built-in leverage in the cash balance plan. The interest credit rate that is defined under statute is less than what the investments, long term, can be expected to earn. Therefore, each year there can be an element of additional investment return that can be provided to the accounts. And the PERB board determines whether or not there's any additional allocations to those accounts. For 2006, the interest credit that's defined under statutes was 6.3 percent, so it was less than the 7 percent, long term, that we're assuming. The board granted a dividend of 2.7 percent that resulted in a total interest credit to the accounts under the cash balance plan of 9 percent for 2006. Page 22--the actual contributions that go into those accounts, the member contributions and the employer contributions, are defined under statute, so those balances are increased each year, are credited with those contributions, as well as the interest credit. There's a benefit improvement threshold rate that's defined--this 10 percent cushion--as 90 percent of the actual contributions that are being paid. And here again, that cushion creates positive leverage, so there is a built-in expectation that there's going to be some additional dividends or credits above state statutes. But that's done so that only returns are credited if there's available assets. And the advantages of that cushion is, is that it decreases the risk of additional contributions because you've got that cushion in place. And because it maintains a well-funded plan, it increases the chance of benefit improvements. Page 23: As the result of the 2007

actuarial valuations for the state and county plans, since we're using the same methodology you'll see the same pattern. Under the state plan, the total value of those future benefits is $694 million. The future piece is $315 million, so there's an accrued liability of about $380 million. Actuarial value of assets is $394 million, so there's a reserve of almost $13 million, the funded ratio of 103 percent. And these values are before the dividend was granted for 2006. The annual contribution, actuarial contribution, was a normal cost of $35 million, and amortization of that reserve of $1 million, so the total contribution was a little less than $34 million or 10.4 percent of pay. The statutory contribution coming in is 12.29 percent, so that's greater than the actuarial rate; therefore, there's no additional state contribution. Same general result on the county plan. The county plan is 105 percent funded. The annual contribution rate is 9.19 percent. The actual statutory contribution coming in is 11.25 percent, and since that statutory rate coming in is greater than the actuarial requirement, there's no additional required. Page 24--a little bit more about this benefit improvement threshold rate. It's based on 90 percent of the statutory rate for state--that's 12.29 percent, so 90 percent of that is 11.06 percent. The actuarial rate was 10.4 percent, so there was an amount available for benefit improvements or for a dividend of about $2.1 million in the actuarial contribution. On the county side, contributions coming in are 11.25 percent; 90 percent of that is 10.13 percent. The actuarial rate is 9.19 percent, and that allows for benefit improvement to be paid by annual contributions of a little bit more than a million dollars a year. So after the board approved a 2.7 percent dividend for 2006, the funded ratios were reduced by approximately 2 percent in both the state and county plans, but the funded ratios are still above 100 percent--101 percent for state, 103 percent for county. The annual contributions are increased but not above the 90 percent benefit threshold rate, as required by statute. And here again, the actual contributions exceed that; therefore, there's still no additional state contributions. Do you have any questions? [LR102]

SENATOR WHITE: If you're familiar, how do our funds generally compare with how other states are doing with regard to their fiscal stability? [LR102]

DAVE SLISHINSKY: The National Association on State Retirement Systems did a study earlier this year and collected information on 126 statewide retirement systems. The average funded ratio of those systems was 86 percent, so...that was based on 2006 data. The school system was 87 percent last year, so the school system is slightly better funded, I'd say, than the average state system. Both judges and Patrols are even better funded than that, so they're even better funded than the average. [LR102]

SENATOR WHITE: So generally speaking, we're doing well? [LR102]

DAVE SLISHINSKY: You're doing quite well, um-hum. [LR102]

SENATOR WHITE: Thank you. [LR102]

SENATOR KARPISEK: I have a couple questions, not on this, but I'd like to know what it would cost for us to do a study on 1) the changing the mandatory retirement from 60 to 65 on the State Patrol, how much that would do. And the other thing would be making available a buy-out plan for all state employees. [LR102]

DAVE SLISHINSKY: A buy-out plan? What exactly do you mean by that? [LR102]

SENATOR KARPISEK: If they were nearing their...I'm not real sure how we get to the 50 and 25 and all those sort of numbers, but if they were one or two years short, they could buy off those years for a certain amount of money, back to the system to start getting their benefits. [LR102]

DAVE SLISHINSKY: Purchase of service possibly? [LR102]

SENATOR KARPISEK: Possibly, yes. [LR102]

DAVE SLISHINSKY: Okay. I think it's hard for me to come up with a fee quote right now, but I can provide one to you. [LR102]

SENATOR KARPISEK: Okay. If you could do that sometime and get it to all of the members on the board or on the committee, I'd appreciate that. [LR102]

DAVE SLISHINSKY: Give it to...okay. [LR102]

SENATOR KARPISEK: Just a couple of things that have been brought up, and it's been later than we could have got it in, so I'd appreciate that. [LR102]

DAVE SLISHINSKY: Um-hum, okay. The school retirement system does have purchase of service available to those members, and that purchase is based on an actuarial equivalent. So I would recommend looking at an actuarial equivalent approach to the purchase of service. [LR102]

SENATOR KARPISEK: To all of the rest of the groups. [LR102]

DAVE SLISHINSKY: Right, and any kind of study would show you how that would be set up, okay? [LR102]

SENATOR KARPISEK: Wonderful. Great! Thank you. [LR102]

SENATOR WHITE: Thank you, sir. Any further testimony? Then this hearing is closed. Thank you very much. [LR102]