State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

S.F. 506
(Betzold, by request)

H.F. 592
(Thissen)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s):	TRA, DTRFA, and SPTRA
Relevant Provisions of Law:	Minnesota Statutes, Chapters 354, 354A, and 356
General Nature of Proposal:	Benefit Accrual Rates, Member and Employer Contribution Rates, and State Education Aid Increases
Date of Summary:	March 17, 2009

Specific Proposed Change(s)

The proposed legislation makes the following changes:

1. Increase in School Operating State Aid. Starting in Fiscal Year 2012, state aid payments to school operating funds would be increased by a total of two percent of Fiscal Year 2012 covered salaries, in four equal one-half percent of salary increments, for employing units qualified to received state aid and covered by the Teachers Retirement Association (TRA), by the Duluth Teachers Retirement Fund Association (DTRFA), and by the St. Paul Teachers Retirement Fund Association (SPTRFA) (Section 1);
2. Reduces Normal Retirement Age From Age 66 to Age 65. In 2011, the normal retirement age is reduced from age 66 to age 65 for those teachers who have a Social Security age 66 or age 67 full benefit receipt age and the age 62 with 30 years of service credit normal retirement age applicable to teachers hired before July 1, 1989, is extended to all teachers (Sections 2, 9, 10, 18, and 19);
3. Increases Coordinated Program Member Contribution. In four annual installments beginning in 2011, the Coordinated program member contribution rate is increased by two percent of covered salary (Sections 3 and 11);
4. Increases Coordinated Program Employer Contribution. In four annual installments beginning in 2011, the Coordinated Program employer contribution rate is increased by two percent of covered salary (Sections 4 and 12);
5. Adds Retirement Plan Board Authority for Contribution Rate Adjustments. If the actuarial report of the retirement plan indicates a contribution deficiency or a contribution sufficiency after 2014, the applicable retirement board has authority to adjust member and employer contribution rates by one-quarter of one percent annual increments (Sections 5 to 8 and 13 to16); and
6. Increases the Coordinated Program Benefit Accrual Rates. The benefit accrual formula percentage rate for TRA and the two first class city teacher retirement plans for post-2011 service credit for the uniformity tier of benefits is increased from 1.9 percent per year to 2.1 percent per year and the benefit accrual formula percentage rates for the first class city teacher retirement fund associations' Coordinated Programs are increased to the post-2006 TRA benefit accrual formula percentage rates for the Rule-of-90 benefit tier for service rendered after July 1, 2011 (Sections 17, 18 and 20).

Policy Issues Raised by the Proposed Legislation

1. Current actuarial condition of the three teacher retirement funds.
2. Actuarial cost of benefit increase.
3. Affordability of the state education aid increase associated with the proposed employer contribution increase.
4. Conformity with Commission Pension Policy Principles in funding.
5. Conformity with Commission Pension Policy Principles – uniformity.
6. Alternate benefit increase and funding modifications – plan consolidation.

Potential Amendments

No technical or substantive amendments suggested by the Commission staff.

Commission Assumption Change Approval Motion

Resolution 09-1, a motion approving a change in the TRA retirement rate actuarial assumption, is attached.

State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

TO:	Members of the Legislative Commission on Pensions and Retirement
FROM:	Lawrence A. Martin, Executive Director
RE:	S.F. 506 (Betzold, by request); H.F. 592 (Thissen): Teacher Retirement Plans; Normal Retirement Age, Contribution Rate, and Benefit Accrual Rate Changes
DATE:	March 16, 2009

General Summary of S.F. 506 (Betzold, by request); H.F. 592 (Thissen)

S.F. 506 (Betzold, by request); H.F. 592 (Thissen) amends portions of Minnesota Statutes, Chapters 127A, 354, 354A, and 356, the laws governing or affecting the Teachers Retirement Association (TRA) and the first class city teacher retirement fund associations, by making the following changes:

1. Increase in School Operating State Aid. Starting in Fiscal Year 2012, state aid payments to school operating funds would be increased by a total of two percent of Fiscal Year 2012 covered salaries, in four equal one-half percent of salary increments, for employing units qualified to received state aid and covered by the Teachers Retirement Association (TRA), by the Duluth Teachers Retirement Fund Association (DTRFA), and by the St. Paul Teachers Retirement Fund Association (SPTRFA) (Section 1);
2. Reduces Normal Retirement Age From Age 66 to Age 65. In 2011, the normal retirement age is reduced from age 66 to age 65 for those teachers who have a Social Security age 66 or age 67 full benefit receipt age and the age 62 with 30 years of service credit normal retirement age applicable to teachers hired before July 1, 1989, is extended to all teachers (Sections 2, 9, 10, 18, and 19);
3. Increases Coordinated Program Member Contribution. In four annual installments beginning in 2011, the Coordinated program member contribution rate is increased by two percent of covered salary (Sections 3 and 11);
4. Increases Coordinated Program Employer Contribution. In four annual installments beginning in 2011, the Coordinated Program employer contribution rate is increased by two percent of covered salary (Sections 4 and 12);
5. Adds Retirement Plan Board Authority for Contribution Rate Adjustments. If the actuarial report of the retirement plan indicates a contribution deficiency or a contribution sufficiency after 2014, the applicable retirement board has authority to adjust member and employer contribution rates by one-quarter of one percent annual increments (Sections 5 to 8 and 13 to16); and
6. Increases the Coordinated Program Benefit Accrual Rates. The benefit accrual formula percentage rate for TRA and the two first class city teacher retirement plans for post-2011 service credit for the uniformity tier of benefits is increased from 1.9 percent per year to 2.1 percent per year and the benefit accrual formula percentage rates for the first class city teacher retirement fund associations' Coordinated Programs are increased to the post-2006 TRA benefit accrual formula percentage rates for the Rule-of-90 benefit tier for service rendered after July 1, 2011 (Sections 17, 18 and 20).

Relevant Background Information

- **Attachment A** contains background information on teacher retirement coverage.
- **Attachment B** contains background information on the Teachers Retirement Association (TRA).
- **Attachment C** contains background information on the history of the Duluth Teachers Retirement Fund Association (DTRFA).
- **Attachment D** contains background information on the history of the St. Paul Teachers Retirement Fund Association (SPTRFA).
- **Attachment E** contains background information on benefit accrual rates and their function within benefit calculations.

Commission Motion to Approve Assumption Changes

A potential motion for the Commission to approve the use of a revised retirement rate assumption for TRA is attached. The consulting actuary retained by TRA indicates an expectation that future retirement frequency will change as a result of the proposed legislation and has suggested a revised actuarial assumption based on that expectation.

Analysis and Discussion

S.F. 506 (Betzold, by request); H.F. 592 (Thissen), relating to the Teachers Retirement Association (TRA), the Duluth Teachers Retirement Fund Association (DTRFA), and the St. Paul Teachers Retirement Fund Association (SPTRFA), would reduce the normal retirement age for post-1989 hires covered by the applicable plan's Coordinated Program, increase the benefit accrual rate of the first class city teacher retirement fund association Coordinated Programs to match the post-2006 service credit TRA Coordinated Program benefit accrual rates for post-2011 service credit, increase the benefit accrual rate of TRA by two-tenths of one percent for post-2011 service credit, reduce the teacher Coordinated Program normal retirement ages from age 66 to age 65, extend the age 62 with 30 years of service credit early normal retirement age to post-1989 hires in the teacher retirement plans, increase member and employer contribution rates by two percent over four years after 2011, increase state education aid by two percent in four equal annual installments after 2012, and provide each retirement fund's board authority to adjust member and employer contribution rates by one-quarter of one percent increments if the most recent actuarial work indicates a contribution deficiency or contribution sufficiency.

The proposed legislation raises a number of pension or related public policy issues for Commission consideration and potential Commission discussion, as follows:

1. Current Actuarial Condition of the Three Teacher Retirement Funds. The policy issue is the current actuarial condition of the three teacher retirement funds to which the proposed legislation applies. The following sets forth the July 1, 2007, and the July 1, 2008, actuarial valuation results for the three teacher retirement funds:

	TRA				DTRFA			
	2007		2008		2007		2008	
Membership								
Active Members		77,694		76,515		1,150		1,140
Service Retirees		42,679		43,041		1,119		1,128
Disabilitants		636		641		15		17
Survivors		3,223		3,299		93		98
Deferred Retirees		12,636		12,168		321		310
Nonvested Former Members		22,914		22,115		682		676
Total Membership		159,782		157,779		3,380		3,369
Funded Status								
Accrued Liability		$21,470,314,497		$22,230,841,000		$332,216,981		$363,044,284
Current Assets		$18,794,389,076		$18,226,985,000		$288,264,749		$298,067,085
Unfunded Accrued Liability		$2,675,925,421		$4,003,856,000		$43,952,232		$64,977,199
Funding Ratio	87.54%		81.99%		86.77%		82.10%	
Financing Requirements								
Covered Payroll		$3,814,373,772		$3,846,190,000		$58,666,809		$59,548,231
Benefits Payable		$1,273,093,384		$1,330,837,000		$20,065,048		$21,579,521
Normal Cost	9.37%	$357,343,265	8.77%	$337,281,000	9.23%	$5,416,358	8.43%	$5,022,602
Administrative Expenses	0.29%	$11,061,684	0.27%	$10,385,000	0.79%	$463,468	0.83%	$494,250
Normal Cost & Expense	9.66%	$368,404,949	9.04%	$347,666,000	10.02%	$5,879,826	9.26%	$5,516,852
Normal Cost & Expense	9.66%	$368,404,949	9.04%	$347,666,000	10.02%	$5,879,826	9.26%	$5,516,852
Amortization	3.78%	$144,183,329	6.04%	$232,310,000	4.51%	$2,645,873	6.60%	$3,930,183
Total Requirements	13.44%	$512,588,278	15.08%	$579,976,000	14.53%	$8,525,699	15.87%	$9,447,035
Employee Contributions	5.51%	$210,143,378	5.50%	$211,704,000	5.50%	$3,226,675	5.50%	$3,275,153
Employer Contributions	5.72%	$218,013,895	5.69%	$218,752,000	5.79%	$3,396,808	5.79%	$3,447,843
Employer Add'l Cont.	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0
Direct State Funding	0.49%	$18,819,110	0.50%	$19,170,000	0.00%	$0	0.58%	$346,000
Other Govt. Funding	0.07%	$2,500,000	0.06%	$2,500,000	0.00%	$0	0.00%	$0
Administrative Assessment	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0
Total Contributions	11.78%	$449,476,383	11.75%	$452,126,000	11.29%	$6,623,483	11.87%	$7,068,996
Total Requirements	13.44%	$512,588,278	15.08%	$579,976,000	14.53%	$8,525,699	15.87%	$9,447,035
Total Contributions	11.78%	$449,476,383	11.75%	$452,126,000	11.29%	$6,623,483	11.87%	$7,068,996
Deficiency (Surplus)	1.65%	$63,111,895	3.33%	$127,850,000	3.24%	$1,902,216	4.00%	$2,378,039
Amortization Target Date	2037		2037		2032		2032	
Actuary	Segal		Mercer		Segal		Segal	

	SPTRFA 2007		SPTRFA 2008	
Membership				
Active Members		3,999		4,142
Service Retirees		2,413		2,514
Disabilitants		24		26
Survivors		284		290
Deferred Retirees		1,693		1,695
Nonvested Former Members		1,538		1,403
Total Membership		9,951		10,070
Funded Status				
Accrued Liability		$1,391,297,918		$1,432,040,000
Current Assets		$1,015,722,034		$1,075,951,000
Unfunded Accrued Liability		$375,575,884		$356,089,000
Funding Ratio	73.01%		75.13%	
Financing Requirements				
Covered Payroll		$233,099,133		$247,291,000
Benefits Payable		$82,809,201		$88,272,000
Normal Cost	9.05%	$21,099,816	8.66%	$21,396,000
Administrative Expenses	0.30%	$699,297	0.29%	$717,000
Normal Cost & Expense	9.35%	$21,799,113	8.95%	$22,113,000
Normal Cost & Expense	9.35%	$21,799,113	8.95%	$22,113,000
Amortization	14.75%	$34,382,122	8.68%	$21,465,000
Total Requirements	24.10%	$56,181,235	17.63%	$43,578,000
Employee Contributions	5.64%	$13,139,595	5.61%	$13,864,000
Employer Contributions	8.52%	$19,861,736	8.48%	$20,972,000
Employer Add'l Cont.	0.00%	$0	0.00%	$0
Direct State Funding	1.91%	$4,451,216	1.64%	$4,057,000
Other Govt. Funding	0.00%		0.00%	
Administrative Assessment	0.00%	$0	0.00%	$0
Total Contributions	16.07%	$37,452,547	15.73%	$38,893,000
Total Requirements	24.10%	$56,181,235	17.63%	$43,578,000
Total Contributions	16.07%	$37,452,547	15.73%	$38,893,000
Deficiency (Surplus)	8.03%	$18,728,688	1.90%	$4,685,000
Amortization Target Date	2021		2033	
Actuary	Segal		Gabriel Roeder Smith	

2. Actuarial Cost of Benefit Increase. The policy issue is the amount of the actuarial cost increase associated with the benefit increases provided by the proposed legislation and adequacy of the contribution increase provided by the proposed legislation. The following sets forth the results for the Teachers Retirement Association (TRA) of a February 2, 2009, actuarial cost benefit increase estimate by the consulting actuary retained by TRA, Mercer, the impact of the delayed statutory contribution rate increase provided in the proposed legislation, and the consequent actuarial condition of TRA:

	7/1/2008 Results		Actuarial Effect of S.F. 506; H.F. 592		Resulting TRA Actuarial Condition	
Membership						
Active Members		76,515				76,515
Service Retirees		43,041				43,041
Disabilitants		641				641
Survivors		3,299				3,299
Deferred Retirees		12,168				12,168
Nonvested Former Members		22,115				22,115
Total Membership		157,779				157,779
Funded Status						
Accrued Liability		$22,230,841,000		$502,000,000		$22,732,841,000
Current Assets		$18,226,985,000		---		$18,226,985,000
Unfunded Accrued Liability		$4,003,856,000		$502,000,000		$4,505,856,000
Funding Ratio	81.99%				80.18%	
Financing Requirements						
Covered Payroll		$3,846,190,000		---		$3,846,190,000
Benefits Payable		$1,330,837,000		---		$1,330,837,000
Normal Cost	8.77%	$337,281,000	1.00%	$41,000,000	9.77%	$378,281,000
Administrative Expenses	0.27%	$10,385,000	---	---	0.27%	$10,385,000
Normal Cost & Expense	9.04%	$347,666,000	1.00%	$41,000,000	10.04%	$388,666,000
Normal Cost & Expense	9.04%	$347,666,000	1.00%	$41,000,000	10.04%	$388,666,000
Amortization	6.04%	$232,310,000	0.90%	$34,616,000	6.94%	$266,926,000
Total Requirements	15.08%	$579,976,000	1.90%	$75,616,000	16.98%	$655,592,000

	7/1/2008 Results		Actuarial Effect of S.F. 506; H.F. 592		Resulting TRA Actuarial Condition	
Employee Contributions	5.50%	$211,704,000	2.00%	$76,924,000	7.50%	$288,628,000
Employer Contributions	5.69%	$218,752,000	2.00%	$76,924,000	7.69%	$295,676,000
Employer Add'l Cont.	0.00%	$0	---	---	---	---
Direct State Funding	0.50%	$19,170,000	---	---	---	---
Other Govt. Funding	0.06%	$2,500,000	---	---	---	---
Administrative Assessment	0.00%	$0	---	---	---	---
Total Contributions	11.75%	$452,126,000	4.00%	$153,848,000	15.75%	$605,974,000
Total Requirements	15.08%	$579,976,000	1.90%	$75,616,000	16.98%	$655,592,000
Total Contributions	11.75%	$452,126,000	4.00%	$153,848,000	15.75%	$605,974,000
Deficiency (Surplus)	3.33%	$127,850,000	(2.10%)	($78,232,000)	1.23%	$49,618,000
Amortization Target Date	2037					

No actuarial cost estimate for the benefit increase was provided to the Commission by the Duluth Teachers Retirement Fund Association (DTRFA) or by the St. Paul Teachers Retirement Fund Association (SPTRFA) before March 16, 2009, and consequently no comparison similar to the TRA actuarial cost impact comparison is possible.

3. Affordability of the State Education Aid Increase Associated With the Proposed Employer Contribution Increase. The policy issue is the affordability of the State Education Aid increase provided for in the proposed legislation. The proposed legislation provides for four one-half of one percent Fiscal Year 2012 covered salary annual state aid increases beginning in Fiscal Year 2012 for all school districts and charter schools. Assuming that the State Education Aid increase would apply to 95 percent of the total salaries of the three teacher retirement funds (the state aid increase does not apply to Minnesota State Colleges and Universities System (MnSCU) members covered by one of the teacher retirement plans, the State Department of Education employees covered by TRA, or the staff members of the retirement plans) and assuming that the generally applicable 4.5 percent payroll growth assumption for the four-year gap between the most recent actuarial work and Fiscal Year 2012 is accurate, the covered salary figure in 2012 would be $4.7 billion and the annual state aid increase would be $23.5 million (or $23.5 million additional aid for 2012, $47.0 million additional aid for 2013, $70.5 million additional aid for 2014, and $94.0 million additional aid for each year after 2014). Any additional employer contribution under the special retirement board authority to adjust member and employer contribution rates if the retirement plan has a contribution deficiency after 2014 would not be accompanied by any additional state aid.

4. Conformity With Commission Pension Policy Principles in Funding. The policy issue is the extent of compliance with the Commission's Principles of Pension Policy relating to adequate pension funding. Principle III.A. provides for the following:

III. Procedural Principles of Pension Policy

A. Adequate Pension Funding

1. Pre-Existing Funding

   No proposed increase in pension benefits for any public pension plan should be recommended by the Legislative Commission on Pension and Retirement until there is established adequate financing to cover the pre-increase normal cost, administrative expense, and amortization contribution requirements of the defined benefit public pension plan calculated according to the applicable actuarial reporting law.

2. Funding Increase

   No proposed increase in pension benefits for any defined benefit public pension plan should be recommended by the Legislative Commission on Pensions and Retirement unless there is included, in the proposal, adequate financing to meet any resulting increase in the normal cost and amortization contribution requirements of the defined benefit public pension plan that are estimated by the applicable actuary to result from adopting the proposed benefit increase.

For the TRA, the funding for the existing benefit plan is insufficient as of July 1, 2008, contrary to Principle III.A.1., and the funding of the benefit plan after the benefit increase and the contribution rate increases is projected to be insufficient, contrary to Principle III.A.2. Although no actuarial cost estimates for the DTRFA and SPTRFA were provided to the Commission, the first class city teacher retirement fund associations currently have significant contribution deficiencies, meaning a lack of compliance with Principle III.A.1., and could be expected to have a contribution deficiency after the benefit increases and contribution increases proposed in the legislation, contrary to Principle III.A.2.

5. Conformity With Commission Pension Policy – Uniformity. The policy issue is the lack of comparability between the three teacher retirement plans and the other general employee retirement plans coordinated with Social Security, the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), and the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General). Principle II.C.6. of the Commission's Principles of Pension Policy provides for the following:

    Uniformity and Equal Benefit Treatment Among Plans

    There should be equal pension treatment in terms of the relationship between benefits and contributions among the various plans and, as nearly as practicable, within the confines of plan demographics, retirement benefits and member contributions should be uniform.

   Before 1989, PERA-General had an unlimited "Rule of 90" and had it limited in 1989 to pre-1989 hires, and MSRS-General, TRA, and the first class city teacher retirement fund associations were granted in 1989 the "Rule of 90" for pre-1989 hires, placing all of the general employee pension plans on a par. In 1997 (Laws 1997, Chapter 233, Articles 1 and 3), the self-described "uniformity" pension legislation, all of the general employee retirement plans received identical benefit improvements and remained largely comparable. That comparability was disrupted in 2006, with the benefit accrual rate increase for TRA, and would be further disrupted if the 2006 TRA benefit increase was extended to the first class city teacher retirement fund associations, if an additional benefit accrual rate increase was implemented for the teacher retirement plans for post-2011 service credit, and if the teacher normal retirement age was lowered for all members to age 65 or at age 62 with 30 years of service. The Combined Service Annuity, the inter-Minnesota public pension coverage portability provision, works optimally when each pension plan includes comparable benefit eligibility provisions and identical benefit computation provisions. Differences in normal retirement ages do complicate the portability mechanism.

6. Alternate Benefit Increase and Funding Modifications – Plan Consolidation. The policy issue is whether or not a more straightforward mechanism for achieving teacher retirement benefit comparability exists in consolidating the three teacher retirement plans into a single teacher retirement plan. Attempting to replicate TRA benefit coverage within the confines of funding for two additional, very small, risk pools, DTRFA and SPTRFA, is more difficult than utilizing a single large risk pool achieved through consolidation. TRA is a huge risk pool compared to DTRFA or SPTRFA. Larger risk pools are more likely to have more predictable experience and are more likely to have accurate actuarial assumptions, especially mortality. TRA is the only one of the three retirement plans that has regular experience studies, because of its size, which also makes consolidation a potentially beneficial alternate approach to providing all teachers with comparable benefits. Because DTRFA and SPTRFA were established in 1910, five years before the establishment of the predecessor of TRA and 21 years before TRA was created, a consolidation of those plans would overturn a long history and could be expected to be opposed by the applicable plan memberships.

Attachment A

Basic Background Information on Teacher Retirement Coverage

A. Number of Teacher Retirement Plans

Minnesota has three teacher retirement plans:

(1) the Teachers Retirement Association (TRA), which covers K-12 teachers outside the Duluth or St. Paul school districts and most faculty employed by the Minnesota State Colleges and Universities System (MnSCU) who are not covered by the MnSCU Individual Retirement Account Plan (IRAP) defined contribution program (71,690 active members in 2002);

(2) the Duluth Teachers Retirement Fund Association (DTRFA), which covers K-12 teachers for Independent School District No. 709 and some faculty members at the Lake Superior College, a MnSCU institution (1,276 members in 2002); and

(3) the St. Paul Teachers Retirement Fund Association (SPTRFA), which covers K-12 teachers for Independent School District No. 625 and some St. Paul College faculty members (4,306 active members in 2002).

B. Creation of Teacher Retirement Plans

TRA was created in 1931, to replace the Teachers Insurance and Retirement Plan that was created in 1915. The first class city teacher retirement fund associations were authorized by state law in 1909 and actually created in 1910.

C. Teacher Retirement Plan Governance

TRA is a quasi-state agency/instrumentality and is administered by an eight-member board (four active teachers, one retired teacher, and three state officials). The first class city teacher retirement fund associations are nonprofit corporations organized under Minnesota law and are separate from the applicable school district. DTRFA has a nine-member board (five active teachers, two retired teachers, and two school district officials). SPTRFA has a ten-member board (nine active teachers and one school district official).

D. Teacher Retirement Benefit Programs

TRA and the first class city teachers retirement fund associations are all defined benefit (i.e. formula) retirement plans.

TRA converted from a defined contribution (i.e. individual retirement account) retirement plan beginning in 1969. From 1969 to 1973, the plan utilized a career average salary formula. In 1973, the plan shifted to a highest five successive years average salary formula (high-five). The current per year of allowable service credit formula benefit accrual rate is 1.7 percent for pre-2007 service credit and 1.9 percent for post-2006 service credit. Normal retirement age is generally age 65 or age 66, although pre-1989 teachers are covered by the "Rule of 90." TRA was previously covered by the Minnesota Post Retirement Investment Fund (MPRIF) for post-retirement adjustments, which was created in 1969 and revised in 1973, 1980, 1992, and 1997, and which was dissolved under 2008 legislation, and is now covered by an automatic 2.5 percent annual post-retirement adjustment. The Minneapolis Teachers Retirement Fund Association (MTRFA) was consolidated into TRA in 2006.

DTRFA converted from a defined contribution retirement plan in 1971 and uses a highest five successive years average salary formula, with a 1.7 percent per year of allowable service benefit accrual rate. The normal retirement age is generally age 65 or age 66, with the "Rule of 90" available for pre-1989 hires. DTRFA has a separate investment-related post-retirement adjustment mechanism, established in the late 1980s.

SPTRFA shifted from a defined contribution retirement plan in the mid-1950s and has utilized a highest five years average salary formula since then. It has a 1.7 percent per year of allowable service credit benefit accrual rate. It has an age 65 or age 66 normal retirement age, although pre-1989 hires have the "Rule of 90." SPTRFA had a separate investment-related post-retirement adjustment mechanism, established in the late 1970s, and has had a demonstration Consumer Price Index-based post-retirement adjustment mechanism for the 2007 and 2008 calendar years.