



# 2018 session – Senate File 2620

Investment return assumption = 7.5%

Proposal affecting TRA	Savings/ revenue as % of pay	Liability Reduction	Impacts
a. COLA: 1.0% for 5 years (2019-2023), then increase by 0.1% per year in each of next five years (2024-2028) to 1.5%	2.80%	\$1.682 B	Actives & Retirees
b. COLA delay to age 66 (eff. 7/1/2024) (exempt: Rule of 90, disability, survivors, age 62/30 years)	0.29%	\$0.120 B	Actives
c. Early retirement – increase penalties, 5-year phase in (fiscal years 2020-2024), age 62/30 years exempt	0.25%	\$0.118 B	Actives
d. Deferred augmentation – reduce to 0% (eff. 7/1/2019)	0.22%	\$0.127 B	Actives
e. EE contribution increase: +0.25% beginning in FY2024 (7.5% to 7.75%)	0.25%		Actives
f. ER contribution increases: +1.25% phased in over 6 years, FY19-24 (7.5% to 8.75%)	1.25%		Employers
g. Re-amortization over 30 years, (2039 to 2048)	1.10%		
<b>TOTAL</b>	<b>6.16%</b>	<b>\$2.047 B</b>	



## TRA Financial Status

### June 30, 2017 & 30-year projection\*

	Current Status June 30, 2017	June 30, 2017 With SF2620
Actuarial accrued liability	\$30.3 billion	\$28.3 billion
Assets at market value	\$21.3 billion	\$21.3 billion
Unfunded liability	\$9.1 billion	\$7.0 billion
<b>Funded ratio in 2017</b>	<b>70.1%</b>	<b>75.2%</b>
<b>Projected funded ratio in 30 years</b>	<b>52%</b>	<b>92%</b>

Total required contribution, as % of pay	23.07%	18.44%
Statutory employee + employer contributions	15.93%	17.43%
<b>Contribution deficiency, as % of pay</b>	<b>(7.14%)</b>	<b>(1.01%)</b>

\* Using 7.5% investment return assumption and other economic assumptions adopted by LCPR, February 2018

Source: TRA actuary, Cavanaugh MacDonald