

## **Pension Review Commission**

### **Members of the Committee**

Representative Shannon Bird, Chair  
Senator Jessie Danielson, Vice-Chair

Senator Leroy M. Garcia, Jr.  
Senator Dennis Hisey  
Senator Chris Kolker  
Senator Kevin Priola

Representative Tony Exum, Sr.  
Representative Shane Sandridge  
Representative Emily Sirota  
Representative Kevin Van Winkle

### **Legislative Council Staff**

Erin Reynolds, Principal Fiscal Analyst  
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### **Office of Legislative Legal Services**

Gregg Fraser, Assistant Director  
Jason Gelender, Managing Senior Attorney

*November 2021*

# Pension Review Commission

## Commission Charge

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The commission studies and proposes legislation related to public employee pensions, specifically those managed by the Fire and Police Pension Association (FPPA) and the Public Employees' Retirement Association (PERA).

## Commission Activities

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The Pension Review Commission met twice during the 2021 interim to receive presentations from the FPPA, PERA, and the Pension Review Subcommittee.

**Fire and Police Pension Association.** FPPA's executive director, deputy executive director, and chief investment officer provided an overview of the association, plan types, contribution rates, and funded status. The FPPA also presented two bill draft requests—one to merge the statewide defined benefit plan, the statewide hybrid plan, and the social security supplemental plan into one plan, and the other to require a state payment of \$33.2 million to the FPPA to account for an update of actuarial assumptions related to the state's obligation for death and disability benefits for FPPA members hired prior to 1997.

**Public Employees' Retirement Association.** PERA's board chair, executive director, and chief investment officer discussed PERA's governance, prior year performance, the automatic adjustment provision, plan funded status, investment program, investment performance, and changes to defined contribution plan management.

**Pension Review Subcommittee.** The Pension Review Subcommittee chair presented the subcommittee's legislative recommendation to restore the missed July 2020 direct distribution, plus missed investment gains, to PERA.

## Commission Recommendations

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As a result of committee discussion and deliberation, the Pension Review Commission recommends the following three bills for consideration in the 2022 legislative session.

**Bill A— FPPA Statewide Retirement Plan.** Effective January 1, 2023, the bill merges the assets and liabilities of the FPPA-administered Statewide Hybrid Plan and Statewide Defined Benefit Plan, including all plan components, into a new Statewide Retirement Plan.

**Bill B— State Payment Old Hire Death and Disability Benefits.** On January 31, 2022, the bill requires the state treasurer to pay \$33.191 million from the General Fund to the FPPA for deposit into the FPPA's Statewide Death and Disability Trust Fund.

**Bill C— Compensatory Direct Distribution to PERA.** The bill requires the State Treasurer to issue a warrant to PERA for \$303.57 million on July 1, 2022. This amount reflects the suspended direct distribution payment to PERA of \$225.0 million from July 1, 2020, plus an estimate of investment gains that would have accrued on that amount from July 1, 2020, through June 30, 2022.