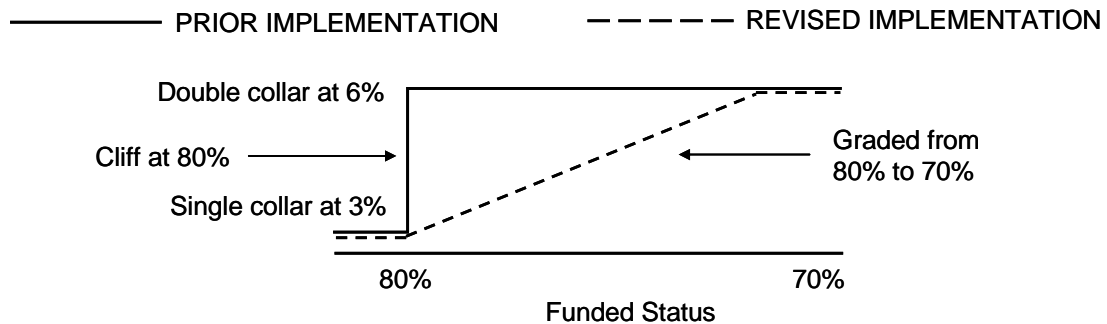


Revised Rate Collar Implementation

At its January 29, 2010 meeting, the PERS Board adopted a revised rate collar for employer rates effective July 1, 2011- June 30, 2013. Employer rates for the 2011-2013 biennium will be based on investment results for calendar years 2008-2009.

Under the prior methodology, an employer's contribution rate would have risen by 6 percent of covered payroll if that employer was less than 80 percent funded. Rates are capped at 3 percent if an employer's funded status is 80 percent or above. The revised rate collar will use a sliding scale for employers who are between 70 and 80 percent funded to a maximum of 6 percent, not including any side account offsets. If an employer is funded below 70 percent, the rate will increase by 6 percent or 40 percent of the current rate.



This eliminates the arbitrary “cliff” at 80 percent. For a sample employer, decreasing from 80 percent to 79 percent would:

- Under prior implementation, the collar width would increase by 3 percent of payroll
- With the revised implementation, the collar width would increase by 0.3 percent of payroll. The collar would widen by 0.3 percent of payroll for each additional 1 percent decrease in funded status until funded status reached 70 percent.

Employer rates for the 2011-2013 biennium are expected to be adopted at the September 24, 2010 PERS Board meeting.