HB 2003: The PERS Reform and Stabilization Act of 2003

Standards Set by the Governor	Attributes of HB 2003
Retiree benefits must be preserved.	Retiree benefits are protected in full; no Retiree would have his or her benefit reduced.
The new program should be a defined benefit plan.	A defined benefit plan.
It must be "fair, sustainable and affordable."	HB 2003 would eliminate the current chasm among Tier 1 employees, Tier 2 employees, and older retirees who retired before the excesses of the 1990s. Everyone would be eligible for the Full Formula Pension, which, since 1981, has been the intent of PERS. Eliminating the 6% employee contribution is the key to making PERS' costs sustainable and affordable. The cost for local employers is expected to drop by $450 million annually from this change alone. Contribution rates for local employers would return to sustainable, historical levels. Eliminating the 6% employee contribution adds stability to employer contribution rates by eliminating unintended consequences associated with the Money Match Formula.
It must provide a fair standard of living for workers.	The typical career retiree can expect to retire from PERS and Social Security together with retirement income of 80-90% of what she or he earned before retirement. This is higher than national and Oregon norms.
It must substantially reduce the escalating and unsustainable costs of the current system.	PERS estimates that, without reform, employer contribution rates will increase to 30% of payroll by 2020. Under HB 2003, employer contribution rates will decrease to closer to 10% of payroll and the impact will be immediate.
It must have new governance, accountable to the taxpayers, employers and employees.	HB 2003 proposes a five-member board, three of which would not be PERS members; it proposes independent legal counsel who is not a PERS member.

It must eliminate uncertainty for taxpayers, employers and employees.	A defined benefit plan is the best way to provide certainty to employees. Benefits are set by formula and not subject to the vagaries of the stock market. Costs and taxes paid by Oregonians toward PERS are more predictable under HB 2003 because it phases out the unpredictable and expensive consequences of the Money Match Formula.
Current employees keep what they have earned. No reductions should be made to accounts of current members.	Existing accounts are protected in full; no reductions would be imposed.
Use of accurate and up-to-date mortality tables, as of January 1, 2003.	Up-to-date mortality tables would be applied from January 1, 2003 forward. Requires the tables to be updated in each biennial valuation.