



During our discussions with Rep. Massey and the education stakeholder groups re: TRS reform, these are the principles that we used as our guide. The final product had to meet these requirements, all of which are consistent with KEA's legislative program and our past positions.

### **Guiding Principles Regarding Non-University TRS new tier discussion**

1. No changes for current active or retired TRS members. As the first guiding principal, this limited the discussion to new hires only.
2. Maintain a defined benefit pension for new hires that will guarantee reliable income for life after retirement. This is consistent with KEA Legislative Program, which is approved each year by the KEA Delegate Assembly.
3. The TRS Board of Trustees will be protected from reorganization by the Executive Branch.
4. Any new tier for new hires must meet the legal requirements to be a Social Security replacement plan (that is the standard for all TRS benefit tiers).
5. All funds, meaning employer contributions, employee contributions, interest earned and investment income earned must be within the control and management of TRS.
6. Any new tier members must have the same retiree health insurance benefits as current TRS members.
7. Any changes to total benefits (the essential defined benefit plus any defined contribution portion) must provide a total package substantially equivalent to current TRS benefits.
8. Maintain other aspects of the current TRS plan design, including, but not limited to, vesting period, maintain the medical investment fund, defined benefit portability with associated interest, other retirement age eligibility options, defined benefit COLA, disability retirement, and life insurance.
9. Any new plan must be designed to remain 100% funded, and must require the employer contributions be made as promised.
10. Specify that the TRS Board is authorized to make prospective adjustments to the system if the defined benefit falls below 90% funded. The TRS Board will also be able to restore changes made as part of risk control.
11. Specify that if the defined benefit portion of the new tier plan exceeds an appropriate funding level, the TRS Board is authorized to make additional contributions to the defined contribution plan for new tier members during that plan year.