

PENSION PLAN PROPOSAL SUMMARY COMPARISON TO FRS

All employees retiring after 9/30/2011 will receive a pension that has two parts: one frozen benefit for service as of 9/30/2011 (that is based on AFC 5 and total compensation, payable on an unreduced basis at age 62 which receives a COLA) and a second benefit for service worked after 9/30/2011 (that is based on AFC 8, and restricted compensation excluding OT, pay supplements, payouts and cashouts payable on an unreduced basis at age 65, which would not be subject to increase after retirement for a COLA). **This portion of summary only applies to PHT Retirement.**

- **Employee Contributions:** Employees currently eligible and enrolled in the PHT pension program, which includes employees in all job classifications and statuses, **except per diem pool**, must now contribute 3% of respective pensionable earnings on a pre- tax basis toward pension. **Same as FRS, however, FRS implemented effective July 1, 2011.**
- **Cost of Living Adjustment:** The benefit earned before 9/2011 is frozen and WILL be paid with a COLA. The new benefit earned after 9/2011 will not receive a COLA. **Proposal same as FRS, however, FRS implemented effective July 2011 vs. our effective date.**
- **Retirement Age** – Normal Retirement Age is changing for everyone with respect to their benefit accrued after October 1, 2011. What this means is that the pre-October 1, 2011 accrued benefit is payable at the current normal retirement age, and the accrued benefit for service on or after October 1, 2011 is payable at the new normal retirement age (later of age 65 with 6 years of service). Therefore, a vested participant who retires at age 62 will have the pre-10/1/2011 accrued benefit payable on an unreduced basis and the post-10/1/2011 benefit is payable at age 62 on a reduced basis. **The age increase from 62 to 65 proposal is identical to FRS, EXCEPT the FRS changes only applied to New Hires as of July 1, 2011 and in our proposal for PHT Retirement, we are proposing for all pension eligible employees which includes current members effective with implementation date (we are assuming 10/1/11),**
- **The average final compensation (AFC):** The AFC used in calculating retirement benefits will be the highest 8 years of salary. This is currently at highest 5 years. **Proposal same as FRS, however, FRS implemented changes for new hires only, effective July 1, 2011 whereas we are proposing for all pension eligible employees which includes current members effective with implementation date (we are assuming 10/1/11),**
- **Narrowing the definition of Compensation:** Pensionable pay would exclude OT, cash-outs, payouts and pay supplements. **This is NOT included in the FRS changes.**

Changes to FRS NOT proposed for PHT Retirement:

- **Changing vesting requirement from 6 to 8 years for all new hires.**
- **Increase “Normal Retirement Date” minimum Years of Service requirement from 30 years to 33 years.**