

We had our actuary go back through retirement systems and see whether or not, in fact, they were in conformity with those principles and this bill is an effort to adjust the plans to make them conform. For the State Employees Plan it changes the contribution rates so that, in fact, the final benefit is a little lower. If an employee now is contributing at our current rates they would retire at about an 85% of final salary figure. Now based on the committee principles that was a little high so we adjusted the contribution rates downward and I think the reason that the benefit level has turned out higher has been higher salary and a higher return on interest. So, for the state employees we adjust the rate downward slightly. We also slightly changed the ratio as far as contribution between the employee and the employer. The county system, however, we found that the benefit level was too low for the committee principles and, therefore, we adjusted that upward and to work out so that an employee will retire at about 78% of their final salary. Currently it would be 66% of the final salary if you were a county employee. And for the judges there are really two judges' plans and I pretty well explained what we did with the judges, that is to allow them to move up to a 60% maximum as far as the judges' retirement and if you added the Social Security to that, the judges get about a 15% to 18% benefit Social Security so they would retire at about 75%, 78% of their final salary. Those are the changes as I indicate. They are to conform with principles that were established by the committee. I will be glad to answer any questions that people may have with regards to these three changes.

SPEAKER MARVEL: Senator Vard Johnson.

SENATOR V. JOHNSON: Senator Fowler, I have just a few questions on this bill. I don't purport to understand state and county retirement programs but I would like to know, first, how state and county retirement programs relate or dovetail with Social Security Act.

SENATOR FOWLER: Okay, there is no automatic dovetail or integration but in arriving at a calculation as far as benefit it has been a principle of this committee that the Social Security benefit should be counted towards what is called a replacement rate, that is the percentage of your final salary that you receive. So, in developing calculations we looked at the range as far as Social Security that would be available as far as retirement and looked at the range that was available in the county or state retirement and added those two together as a projection but there is no automatic coupling of the benefits.