



Tier II Retirement Systems Update and Analysis

**Retirement and Independent
Entities Committee**

June 2, 2016

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- 
- **Part I: What is Tier II?**
 - **Part II: Five-Year Update on Tier II Systems**
 - **Part III: Tier II Systems' Elements, Analysis, and Options**



Part I: What is Tier II?

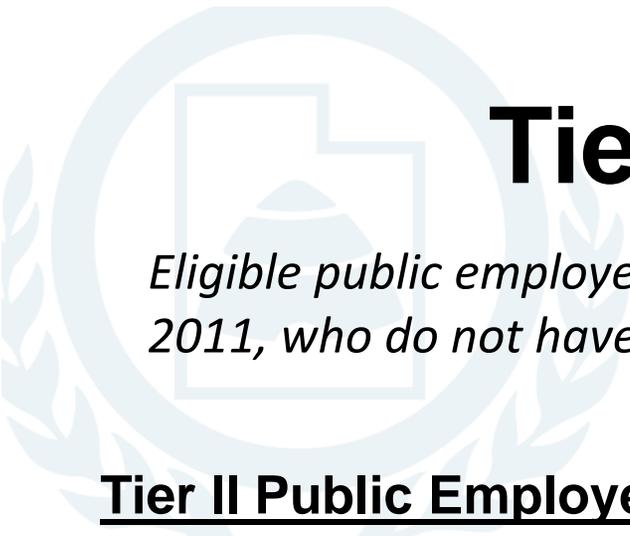


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Tier II Legislative Reform in Utah

- The Tier II Retirement Systems became effective on July 1, 2011, as enacted by 2010 S.B. 63, New Public Employees' Tier II Contributory Retirement Act.
- All eligible public employees beginning employment on or after July 1, 2011, who do not have previous service credit with URS, are members of a Tier II Retirement System.
- A Tier II member must make an election to participate in ***either*** the Tier 2 Hybrid Public Employees Retirement System or the Tier II Defined Contribution (DC) Plan, within one year of the member's initial employment hiring date. The election made is irrevocable.
- If no election is made, the Tier II employee automatically becomes a member of the Tier II Hybrid System.





Tier II Membership

Eligible public employees beginning employment on or after July 1, 2011, who do not have previous service credit with URS.

Tier II Public Employees Contributory Retirement System

Membership includes eligible employees of the State of Utah and its political subdivisions and public education employees of those entities covered by the System.

Tier II Public Safety and Firefighter Contributory Retirement System

Membership is for eligible state and local government employees directly involved in law enforcement (law enforcement officer, correctional officer, or eligible dispatcher) or firefighter assigned to a position of hazardous duty with a regularly constituted fire department.



URS Systems and Membership Information

As of December 31, 2015

Defined Benefit Systems

	Noncontributory	Contributory	Public Safety	Firefighters	Judges	Governors and Legislators	Tier 2 Public Employees	Tier 2 Public Safety and Firefighter	Tier 2 Defined Contribution Only	Averages and Totals All Systems
Membership Information										
Total Membership	156,081	6,170	14,741	3,275	256	415	21,838	1,824	4,254	208,854
Active	68,273	943	6,399	1,735	112	93	21,778	1,824	4,254	105,411
Terminated vested	39,066	1,005	3,178	207	4	81	59	—	—	43,600
Retired	48,742	4,222	5,164	1,333	140	241	1	—	—	59,843
Total 2015 Active Members	68,273	943	6,399	1,735	112	93	21,778	1,824	4,254	105,411
Average age	49.2	57.2	42.6	42.7	56.3	53.3	35.7	30.4	36.7	45.5
Average years of service	14.5	27.5	11.5	13.2	9.2	6.3	1.7	1.7	2.5	11.4
Average annual salary	\$ 50,002	56,747	53,488	62,628	145,112	10,099	34,031	37,051	40,409	46,899



Public Employees' Contributory Tier II Retirement System

Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	35	None
60-61	20	Full actuarial before age 65
62-64	10	Full actuarial before age 65
65.....	4.....	None

Service Benefit Formula

Number of years of service x 1.50% x FAS.*

**FAS (Final Average Salary) = highest five years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.*

Cost-of-Living Allowance

Up to 2.5% annually on original retirement benefit.



Public Safety and Firefighter Tier II Contributory Retirement System

Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	25	None
60-61	20	Full actuarial before age 65
62-64	10	Full actuarial before age 65
65.....	4.....	None

Service Benefit Formula

Number of years of service x 1.50% x FAS.*

*FAS (Final Average Salary) = highest five years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

Cost-of-Living Allowance

Up to 2.5% annually on original retirement benefit.



Utah Governors' and Legislators' Retirement Plan

- Governors and legislators are eligible for coverage under the Tier I Governors and Legislators Retirement Plan if they have service credit in any URS retirement plan through June 30, 2011.
- Elected officials who begin initial service on or after July 1, 2011 are only eligible to participate in the Tier II Public Employees Defined Contribution Plan.

Composite Picture

Total Membership	415
Active	93
Terminated Vested	81
Retired	241
2015 Active Members	93
Average Age	53.3
Average Years of Service.....	6.3
Average Annual Salary	\$10,099

2015 Retirees Number	11
Average Age	39.4
Average Years of Service.....	11.1
Final Average Annual Salary	N/A
Average Annual Benefit	\$3,267
Average Annual Benefit —	
All Retirees	\$3,311

Legislators' Retirement Comparison

Tier I

Service Retirement

Age	Years of Service	Allowance Reduction
65	4	None
62.....	10	3% each year before age 65

Service Benefit Formula

Governors — \$500*per month per term.

**Increased semi annually up to 2% based on the CPI.
The amount as of 12-31-15 is \$1,340.*

Legislators —

\$10**per month each year of service as a legislator.

***Increased semi annually up to 2% based on the CPI.
The amount as of 12-31-15 is \$29.20.*

Cost-of-Living Allowance

Up to 4% annually on original retirement benefit.

Contribution Rates *(as of 12-31-2015)*

There was a 2015-16 appropriation payable by June 30, 2016, to the Utah Governors and Legislators Retirement Plan of \$421,429.

Tier II

Membership Eligibility for Elected Officials

You qualify for membership if:

1. You are an elected official whose position is full time, as certified by your participating employer, or you are a Utah State Legislator; AND
2. You were initially elected into office on or after July 1, 2011, and do not have prior Tier 1 service.

Contributions

Tier 2 Employer Required Contributions

Your employer (or the State of Utah for legislators) contributes an amount equal to 10% of your eligible compensation to the URS 401(k) Plan. These contributions are referred to as Tier 2 *employer required contributions*.



Judges' Retirement System

- The Judges' Retirement System includes justices and judges of the courts of record as authorized in state statutes.
- If eligible for retirement benefits, Justice Court Judges participate in the Public Employees' Retirement System.
- The 2010 reforms did not change the Judges' Retirement System; There is not a Tier II system for those judges.



Composite Picture

Total Membership	256
Active	112
Terminated Vested	4
Retired	140
2015 Active Members	112
Average Age	56.3
Average Years of Service	9.2
Average Annual Salary	\$145,112

2015 Retirees Number	9
Average Age	66.2
Average Years of Service	21.7
Final Average Annual Salary	\$128,290
Average Annual Benefit	\$90,703
Average Annual Benefit —	
All Retirees	\$81,633

Judges' Retirement System

Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	25.....	None
55.....	20.....	Full actuarial reduction
62.....	10.....	None
70.....	6.....	None

Service Benefit Formula

1. $5.00\% \times \text{FAS}^* \times \text{years of service up to 10 years.}$
2. $2.25\% \times \text{FAS}^* \times \text{years of service between 10 and 20 years.}$
3. $1.00\% \times \text{FAS}^* \times \text{years of service over 20 years.}$
4. Monthly benefit = total of 1, 2, and 3.

**FAS (Final Average Salary) = highest two years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.*

Cost-of-Living Allowance

Up to 4% compounded annually.





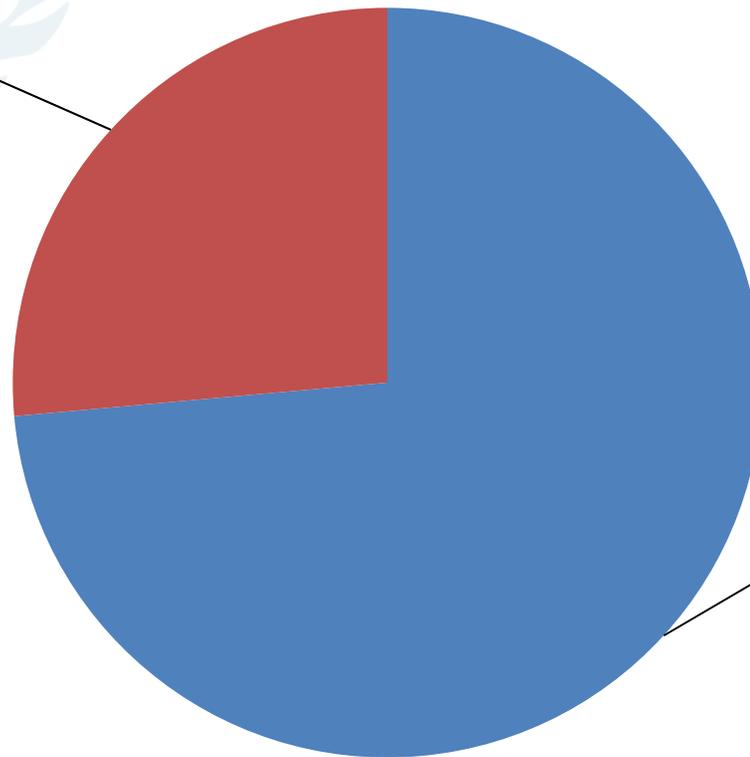
Part II: Five-Year Update on Tier II Systems

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Active Tier I and Tier II Employees

As of December 31, 2015

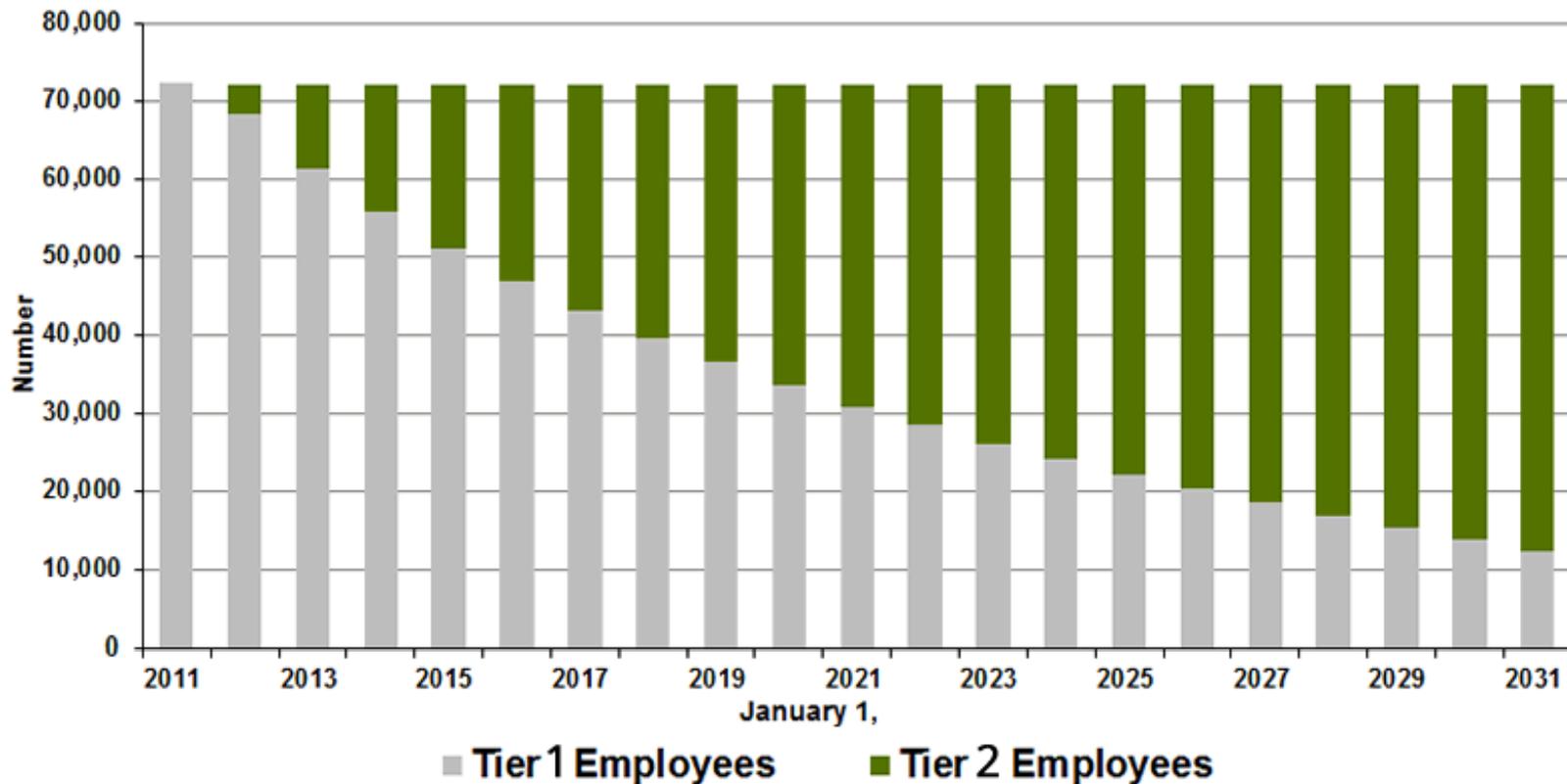
Tier II:
27,856
26%



Tier I:
77,555
74%

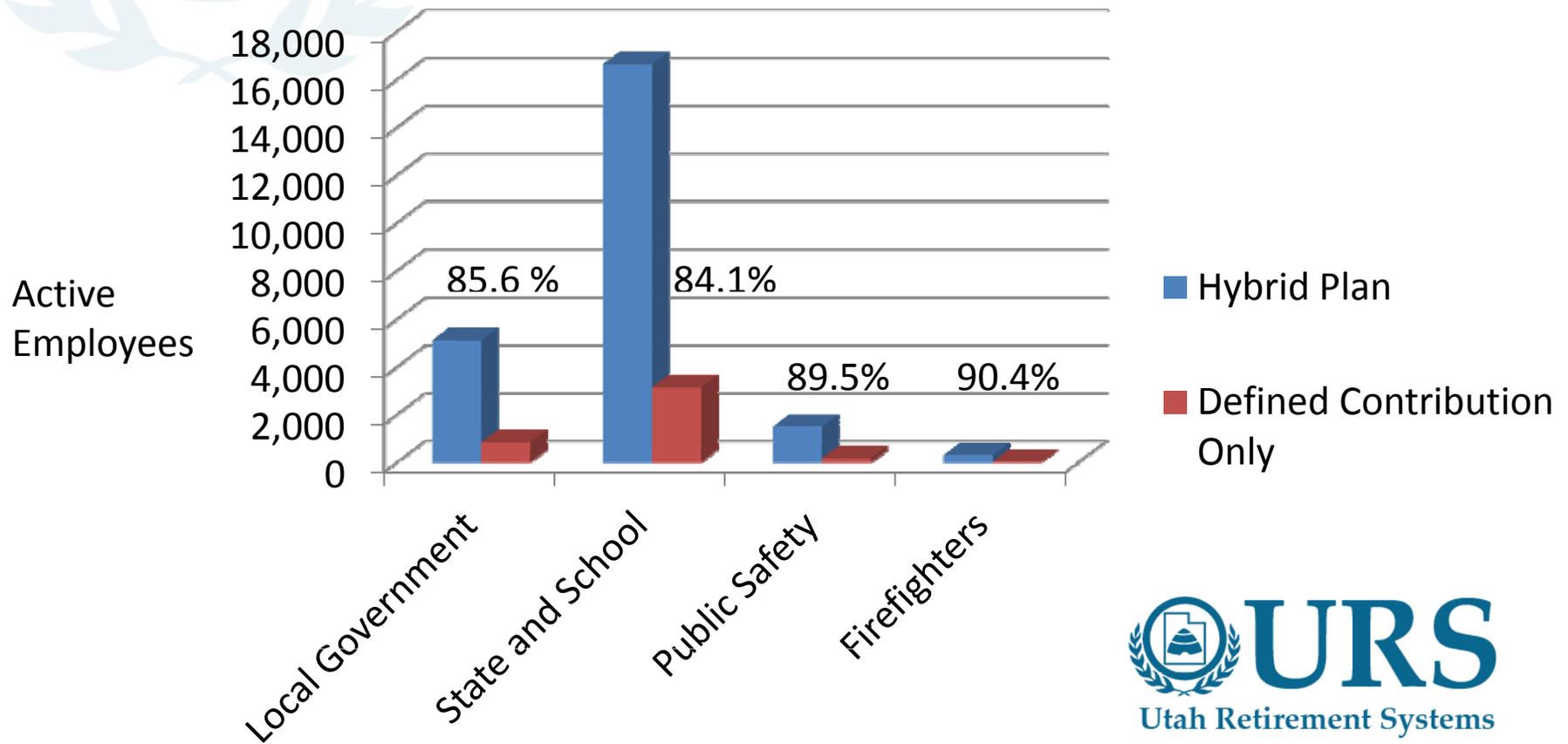


Projected Number of Tier I and Tier II Active Employees



Tier II Participation Elections

Percentage of Active Employees participating in the Hybrid Plan
as of December 31, 2015, by Groups



Tier II Composite Picture

As of December 31, 2015

Public Employees' Tier II Contributory Retirement System

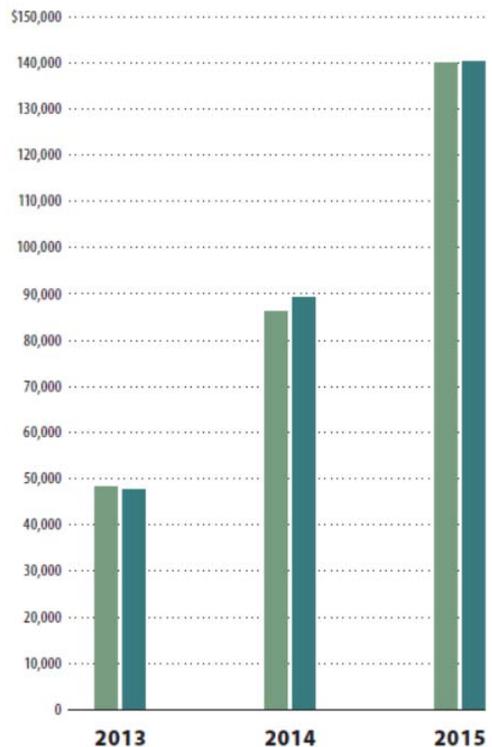
Total Membership	21,838	2015 Retirees Number	1
Active	21,778	Average Age	70.0
Terminated Vested	59	Average Years of Service.....	4.1
Retired	1	Final Average Annual Salary	\$1,480
2015 Active Members	21,778	Average Annual Benefit	\$865
Average Age	35.7	Average Annual Benefit —	
Average Years of Service.....	1.7	All Retirees	\$865
Average Annual Salary	\$34,031		

Public Safety and Firefighter Tier II Contributory Retirement System

Total Membership	1,824	2015 Retirees Number	—
Active	1,824	Average Age	—
Terminated Vested	—	Average Years of Service.....	—
Retired	—	Final Average Annual Salary	N/A
2015 Active Members	1,824	Average Annual Benefit	\$—
Average Age	30.4	Average Annual Benefit —	
Average Years of Service.....	1.7	All Retirees	\$—
Average Annual Salary	\$37,051		

Tier II Net Pension Liability

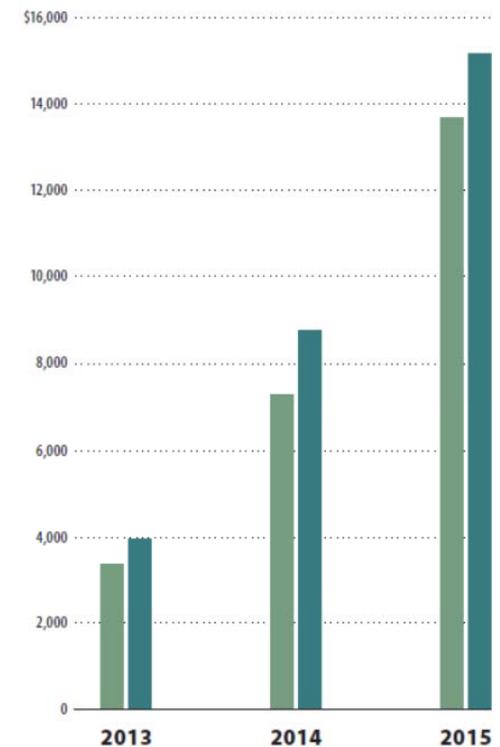
TIER 2 PUBLIC EMPLOYEES SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY
(in thousands)



Total pension liability	\$ 48,292	86,261	140,321
Statement of plan net position	47,690	89,291	140,539
Net pension liability/(asset)	\$ 602	(3,030)	(218)

Additional years will be added as they become available.

TIER 2 PUBLIC SAFETY AND FIREFIGHTER SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY*
(in thousands)



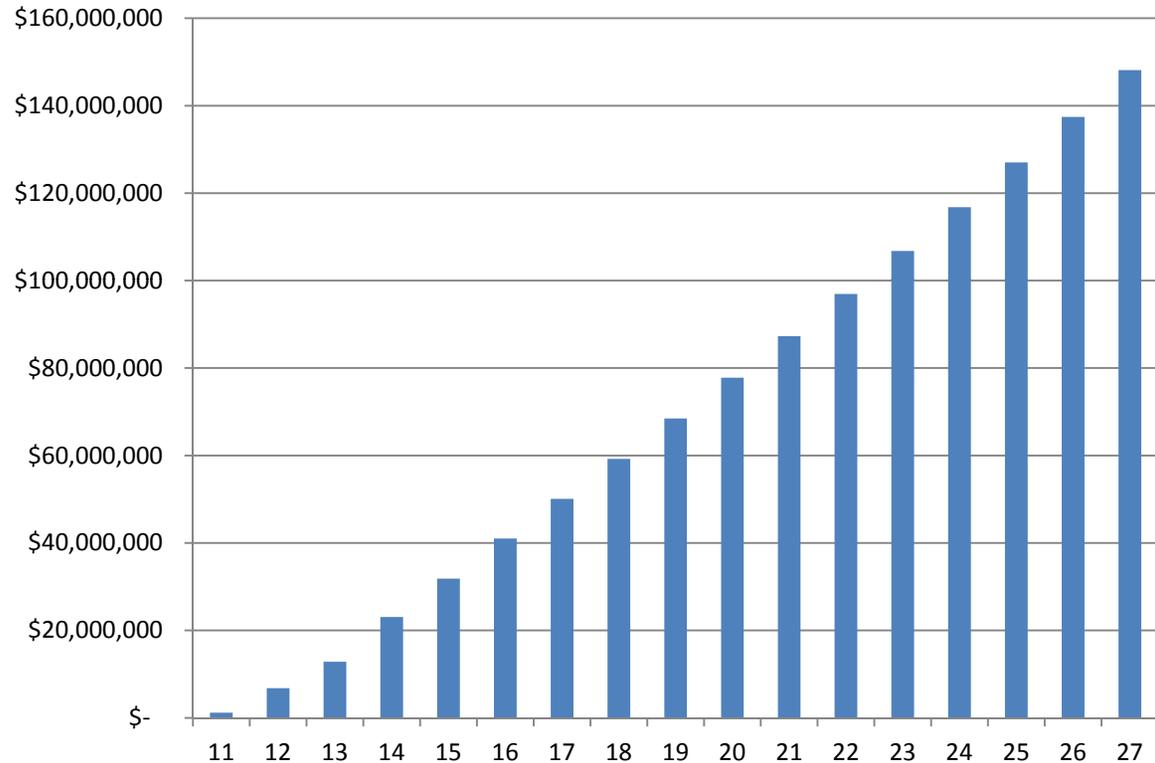
Total pension liability	\$ 3,345	7,226	13,628
Statement of plan net position	3,935	8,705	15,089
Net pension liability/(asset)	\$ (590)	(1,479)	(1,461)

**There are no retirees in the Tier 2 Retirement Systems.
Additional years will be added as they become available.*

Tier II Annual Employer Savings

2011	\$	1,122,000
2012	\$	7,735,000
2013	\$	15,333,000
2014	\$	23,373,000
2015	\$	32,087,000
2016	\$	41,024,000 *
2017	\$	50,099,000 *
2018	\$	59,241,000 *
2019	\$	68,472,000 *
2020	\$	77,811,000 *
2021	\$	87,290,000 *
2022	\$	96,950,000 *
2023	\$	106,793,000 *
2024	\$	116,803,000 *
2025	\$	127,026,000 *
2026	\$	137,447,000 *
2027	\$	148,142,000 *

*Estimate



Tier II savings since inception
\$79,651,000



2015 Tier II Employer Savings

Public Employees Noncontributory Retirement System, State and School Fund

Tier I Employer Contribution Rate	23.69%*
Tier II Employer Contribution Rate	<u>20.02%</u>
Savings	3.67%

* Includes the 1.5% mandatory 401(k) contribution

Public Safety Noncontributory Retirement System, Division A- State with 4% COLA

Tier I Employer Contribution Rate	41.35%
Tier II Employer Contribution Rate	<u>30.54%</u>
Savings	10.81%

Total savings for State and School employers in 2015 was \$21.7 Million

Total savings for Local Government employers in 2015 was \$3.5 Million

Total savings for all Public Safety and Firefighter employers in 2015 was \$6.8 Million

Total employer savings in 2015 was \$32.1 Million

All employer contribution rates shown above include the respective Unfunded Actuarial Accrued Liability amortization rate/Tier I amortization %





Part III: Tier II Systems' Elements, Analysis, and Options

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Plan Elements are Like Levers



Tier II Elements and Options Overview

- A. Retirement Eligibility**
- B. Benefit Formula**
- C. Benefit Limit**
- D. Contributions & Employer Cap**
- E. Vesting Period**
- F. Death Benefits**
- G. Cost-of Living Allowance (COLA)**

Some Final Thoughts

A. Retirement Eligibility—Big Systems

- Years of Service/Age required to receive an allowance
- Years of Service for an unreduced allowance at any age
- Years of Service/Age for an unreduced allowance
- Allowance reductions

Tier I

Public Employees' Noncontributory System

Service Retirement

Age	Years of Service	Allowance Reduction
Any age	30	None
Any age	25	Full actuarial before age 60
60-61	20	3% each year before age 65
62-64	10	3% each year before age 65
65	4	None

Tier II

Public Employees Contributory Retirement System

Service Retirement

Age	Years of Service	Allowance Reduction
Any age	35	None
60-61	20	Full actuarial before age 65
62-64	10	Full actuarial before age 65
65	4	None



A. Retirement Eligibility—PS/FF

- Years of Service/Age required to receive an allowance
- Years of Service for an unreduced allowance at any age
- Years of Service/Age for an unreduced allowance
- Allowance reductions

Tier I Public Safety

Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	20	None
60.....	10	None
65.....	4	None

Tier II Public Safety and Firefighter

Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	25	None
60-61	20	Full actuarial before age 65
62-64	10	Full actuarial before age 65
65.....	4.....	None

Tier I Firefighters

Service Retirement

Age	Years of Service	Allowance Reduction
Any age.....	20	None
60.....	10	None
65.....	4	None



A. Retirement Eligibility—Options

- A number of states have changed the eligibility requirements for normal retirement, including establishing or raising a:
 - Minimum retirement age; or
 - Rule of X, such as a Rule of 85 or Rule of 90, which is a combination of years of age and years of service requirement.
- These save money by requiring a new employee to work a couple of years longer to reach the benefit level available to employees hired previously, assuming other variables are held constant.



B. Benefit Formula—Big Systems

- Multiplier
- Final Average Salary (FAS)
- Yearly Salary Increase Limits

Tier I

Public Employees' Noncontributory System

Service Benefit Formula

Number of years of service x 2.00% x FAS.*

**FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.*

Tier II

Public Employees Contributory Retirement System

Service Benefit Formula

Number of years of service x 1.50% x FAS.*

**FAS (Final Average Salary) = highest five years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.*



B. Benefit Formula—PS/FF

- Multiplier
- Final Average Salary (FAS)
- Yearly Salary Increases

Tier I Public Safety

Service Benefit Formula

1. $2.5\% \times \text{FAS}^* \times \text{years of service up to 20 years.}$
2. $2.0\% \times \text{FAS}^* \times \text{years of service over 20 years.}$
3. Monthly benefit = total of 1 and 2.

**FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.*

Tier I Firefighters

Service Benefit Formula

1. $2.5\% \times \text{FAS}^* \times \text{years of service up to 20 years.}$
2. $2.0\% \times \text{FAS}^* \times \text{years of service over 20 years.}$
3. Monthly benefit = total of 1 and 2.

**FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.*

Tier II Public Safety and Firefighter

Service Benefit Formula

Number of years of service $\times 1.50\% \times \text{FAS}^*$

**FAS (Final Average Salary) = highest five years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.*



B. Benefit Formula—Options

- A number of states have changed the variables “Multiplier” and “Final Average Salary” (FAS).
- Nationally, these changes have typically been a reduction in the multiplier, lengthening the FAS period, or both, which result in a diminished retirement allowance.
- If the period used to calculate FAS is lengthened, it produces a reduced final average salary figure.
- From an actuarial perspective, a higher multiplier will result in members accruing benefits at a faster rate, which may also encourage many members to retire at a younger age (compared to the current plan), resulting in additional cost increases.



C. Benefit Limit

- A cap on service credit limits the retirement benefit that is provided by the defined benefit plan.
- Prior to the 2010 retirement reform:
 - The Public Safety and Firefighters' Systems Benefits paid could not exceed 70% of FAS (The maximum benefit was reached at 30 years of service).
 - The Judges' System Benefits paid could not exceed 75% of FAS (The maximum benefit was reached at 22.5 years of service).
- These limits were repealed in 2010 S.B. 63 for the Tier I Public Safety, Firefighters', and Judges' systems.
- No URS systems currently have a maximum years of service credit that limits the calculation of a retirement benefit.

C. Benefit Limit—Options

- If a limit is desired, benefits could be limited to a percentage of FAS, such as the pre-2010 limits or something else.
- From an actuarial perspective, a cap on service credit will limit the retirement benefit that is provided by the defined benefit plan, but will also encourage many members to retire at a younger age or seek reemployment after commencing their retirement benefit (compared to the current plan).
- The actuary would especially anticipate these behaviors to occur for the public safety and firefighter system that has retirement eligibility attained after 25 years since they were observed when the Tier I public safety and firefighter system had the service cap in effect prior to 2010.
- Because retirement eligibility for public employees is 35 years, a cap would be anticipated to have a smaller impact on changes in retirement and reemployment behavior in that plan.



D. Contributions

- Employer contributions rates of covered salary:
 - Tier II Public Employees' System Currently:
 - Hybrid Plan: 8.7% contribution for the hybrid plan and active member death benefit, leaving 1.3% for the employee's DC 401(k) plan
 - DC Only Plan: 10% employer contribution to the employee's DC 401(k) plan
 - Tier II Public Safety and Firefighter
 - Hybrid Plan: 10.75% contribution for the hybrid plan and active member death benefit, leaving 1.25% for the employee's DC 401(k) plan
 - DC Only Plan: 12% employer contribution to the employee's DC 401(k) plan
- Employer cap: 10% for Tier II Public Employees; 12% for Tier II Public Safety and Firefighters

Total Tier II System employer contribution rates also include the respective employer Tier I amortization rate, ranging from 6.61% to 26.27%



D. Contributions—Options

- Tier II systems have shared risk between employers and employees.
- Participating employers currently assume all the costs of contributions up to the cap. Employee contributions for hybrid plan members will be required if the required contribution rate exceeds the employer cap.
- Minor benefit changes may reduce the portion of employer DC contributions for hybrid plan members.
- Raising the employer contribution caps should be considered if significant benefit changes are made and employee contributions are not wanted. This will also raise the DC Only members' employer contributions to their 401(k) plan.
- Employee contributions may also be considered as a potential funding source for benefit changes.



E. Vesting Period

- For all but one URS defined benefit (DB) systems, a retirement benefit becomes vested upon the member's completion of 4 years of qualifying service.
- For the Judges' DB system, a retirement benefit becomes vested upon the member's completion of 6 years of service credit.
- For contributory DB systems and DC plans, eligible member contributions vest immediately.
- For Tier II Hybrid Plans, the DB retirement benefit is vested upon the member's completion of four years of qualifying service credit. The employer contributions to the employee's 401(k) account become vested upon completion of 4 years of qualifying service. If the employee terminates employment prior to the vesting period, all employer contributions will be reinstated if the employee is re-employed with a participating employer within 10 years.
- For the Tier II Defined Contribution Only Plan, employer contributions to the 401(k) DC plan become vested upon four years of eligible employment.

E. Vesting Period—Options

Options include changing the vesting period for DB retirement benefits and/or changing the vesting period relating to employer contributions to the employee's DC plan.



F. Death Benefits

Current Tier II member death benefits include:

- Lump sum:
 - Return of any member contributions; and
 - 75% of pay death benefit to the designated beneficiary of active members of all Tier II Systems — 0.08% employer contribution rate addition).
- Allowance:
 - Monthly benefit to the surviving spouse of a married member with qualifying years of service credit.
- Line-of-duty death benefit for active Public Safety or Firefighter members:
 - If less than 20 years of service credit, a lump sum equal to six months of the member's FAS and a surviving spouse allowance equal to 30% of the member's FAS; or
 - If 20 or more years of service credit, a surviving spouse allowance equal to that which would have been payable to the member.
- Non-vested, active employee Defined Contribution (DC) plan distribution:
 - If an active DC plan member dies, there's an exemption from vesting requirements for employer contributions to the DC plan.

F. Death Benefits—Options

- Lump sum payments, monthly allowances, or line-of-duty death benefits could be changed, but will likely have costs.
- There may be other death benefit sources, such as life insurance workers' compensation benefits, or other coverage that should be considered in this context.



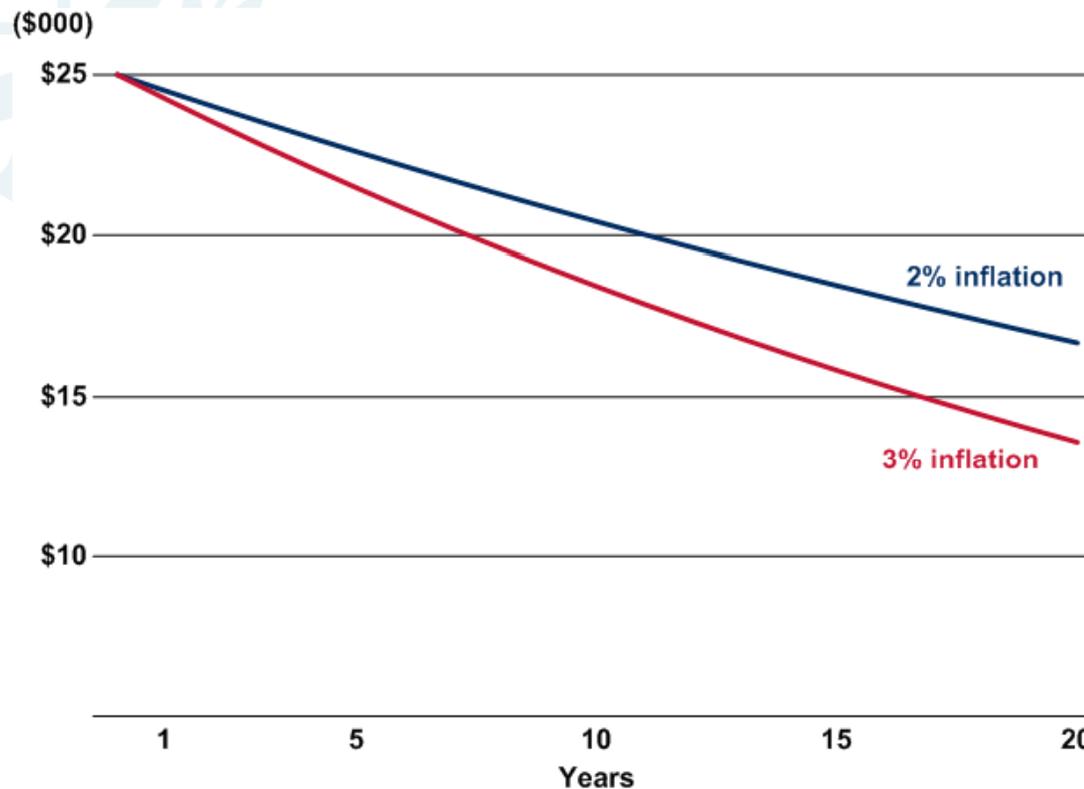
G. COLAs

- The purpose of a Cost-of-Living Allowance (COLA) is to offset or reduce the effects of inflation, which erodes the purchasing power of retirement income.
- Most state and local government pensions and Social Security provide an annual COLA adjustment to their retiree pension benefits.
- In URS systems, the COLA is an automatic annual increase based on a consumer price index (CPI), beginning one year after retirement.
- The Judges' system has a compounded COLA, while all other systems have a simple COLA (an increase calculated on the original retirement benefit).
- Most Tier I systems have a COLA of up to 4%.
- For some Public Safety Tier I local government employers, the COLA is up to 2.5% annually.
- For Tier II systems, the COLA is up to 2.5% annually.
- URS COLAs are particularly important for those Division B public safety and firefighter members who do not participate in Social Security.
- COLAs add both value and cost to a pension benefit.



Inflation and Purchasing Power

Impact of 20 Years of Inflation on the Purchasing Power of \$25,000



URS Benefits Paid & COLAs

- COLAs represents a significant component of the cost of total retirement benefits paid.
- The Cost-of-Living Allowance historically represents about 17% of the overall retirement benefits paid by URS.
- In 2015, the COLA portion was \$234 million out of the \$1.4 billion total retirement and COLA benefits paid by URS.

G. COLAs—Types and Features

Common COLA types and features in state retirement plans include:

- **Automatic vs. Ad hoc**

- An automatic COLA occurs without action, and is typically predetermined by a set rate or formula.
- An ad hoc COLA requires a governing body to actively approve a postretirement benefit increase. Some ad hoc COLAs are conditioned upon on certain factors.

- **Simple vs. Compound**

- Under a simple COLA, each year's benefit increase is calculated based upon the employee's original benefit at the time of retirement.
- Under a compound COLA, the annual benefit increase is calculated based upon the original benefit as well as any prior benefit increases.
- Some COLAs may be simple until the retiree reaches a certain age or year retired, at which point COLA benefits are calculated using a compound method.

- **Inflation-based**

- COLA providing a post-retirement adjustment based on a consumer price index (CPI), which is a measure of inflation. Most such provisions limit the size of the annual adjustment (like 4% or 2.5% in Utah).



G. COLAs—Types and Features

(Continued) Common COLA types and features in state retirement plans:

▪ **Self-funded Annuity Option**

- Some state retirement plans offer post-retirement benefit increases through an elective process known as a self-funded annuity account.
- Under this design a member effectively self-funds his or her COLA by choosing to receive a lower monthly benefit in exchange for a fixed rate COLA to be paid annually upon retirement.

▪ **Reserve Account**

- Other public retirement systems pay COLAs from a pre-funded reserve account.
- This is a variation on the COLA tied to investment performance since the reserve account is funded with excess investment earnings. Under this scenario a COLA is provided from the funds set aside in the reserve account.
- Sometimes there is a condition that the fund itself must reach a certain size for any COLA to be granted in a given year.

G. COLAs—Types and Features

(Continued) Common COLA types and features in state retirement plans:

▪ **Performance-based**

- Some public pension plans tie their COLA to the plan's funding level or investment performance.
- In one system, the COLA is a range tied to CPI based on the funding level of the plan.
- Retirees in one system receive a permanent benefit increase tied to their length of service when the fund's actuarial investment return exceeds the assumed rate of investment return.

▪ **Delayed-onset or Minimum Age**

- Some automatic COLAs have a delayed onset, either by a given number of years or until the retiree reaches a designated age.

▪ **Limited Benefit Basis**

- Some retirement systems award a COLA calculated on a portion of a retiree's annual benefit, rather than the entire amount.

G. COLAs—Options

- As part of efforts to contain costs and to ensure the sustainability of public pension plans, and in response to the current period of historically low inflation, many states have made changes to COLA provisions in the last several years.
- The cost of a COLA or savings from changes depends on the types and features of the benefit.
- COLA changes introducing a conditional benefit would add risk sharing to retirees besides employers and active employees. To avoid changes seeming arbitrary and unfair, a more equitable arrangement would be one in which employees know in advance that the COLA is a conditional benefit.



Some Final Thoughts

- Retirement systems and plans provide:
 - Deferred compensation as part of a total compensation and benefits package;
 - Reward for longevity related to years of service; and
 - An income base for retired public employees that enhances economic security and income replacement in later years.
- Retirement plan and benefit changes:
 - Are established in statute by the Legislature;
 - Often have a long runway for implementation and costs or savings are usually realized over the long term; and
 - Should carefully be reviewed and evaluated for impacts and costs by the stakeholders prior to legislative action, including determining:
 - Legislative policy objectives;
 - Employer needs, recruiting and retention considerations, and ability to pay;
 - Employee needs, considerations, and morale; and
 - How retirement benefits fit within a competitive overall compensation and benefits package.