

Bill Summary
2nd Session of the 57th Legislature

Bill No.:	SB 1900
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Author:	Sen. Montgomery
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Bill Analysis

SB 1900 authorizes every pension system to provide a cost of living adjustment based on up to 50% of the most recently announced, previous 2 years of Social Security cost of living percentage rate. The pension system must have a minimum of a 95% probability that it will remain above 65% of accrued actual liability, ensure the discount rate shall not exceed 7.5%, ensure closed and open amortization periods for unfunded accrued actual liability shall not exceed 25 and 15 years respectively, and cap any increase at \$2,000.00 prior to making the adjustment. Pension systems may consider the increase biennially beginning November 1, 2020. Beginning November 1, 2025, each pension system may consider a cost of living adjustment based on up to 100% of the previous 2 years of Social Security cost of living percentage rate. The measure modifies the considerations a pension system must take with each new period.

If the unfunded liability rate ever falls below 65% or if the 3-year average of the actual contributions by employers and the state combined falls below 90%, the pension system may increase employee contributions to the system by 1% of payroll until such time that an actuary certifies that the five-year average of the unfunded accrued actual liability of the pension system for is above 65%.

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