

**Proposed Revisions to Plan Provisions (7/1/2017 effective date)**

<b>COLA</b>	<b>Current</b>	Group A/B: 3%, not compounded, if hired before 2005 2%, not compounded, if hired after 2005 Group D: 0%
	<b>Future</b>	No COLA in 2018 (February 1, 2018 to January 31, 2019), then 1% for all members thereafter.
<b>Member Contributions</b>	<b>Current</b>	Group A: 5.0% Group B: 0.0% Group D: 0.0%
	<b>Future</b>	Group A: 8.0% (2%/1% 2yr phase in - total of 7% from July 1, 2017 to June 30, 2018, then 8% thereafter) Group B: 4.0% (2%/2% 2yr phase in - total of 2% from July 1, 2017 to June 30, 2018, then 4% thereafter) Group D: 2.0%
<b>Cash Balance Component</b>	<b>Future 1/1/18</b>	Group D: 1% contribution (in addition to 2% employee contribution) - Interest credited same as DROP interest crediting rate
<b>DROP COLA Credit</b>	<b>Current</b>	COLAs credited to DROP accounts upon DROP eligibility
	<b>Future</b>	No COLAs credited to DROP accounts until age 62
<b>DROP Interest Credit</b>	<b>Current</b>	Half of prior fiscal year investment return, 2.5% - 7.5% collar
	<b>Future</b>	Half of the arithmetic average of investment return over the preceding five-year period, 2.5%-7.5% collar
<b>Survivor Benefit</b>	<b>Current</b>	Group A/B: 100% Group D: only with actuarial reduction of benefit
	<b>Future</b>	Group A/B: 80% Group D: No change

**The plan design changes above are expressly contingent upon:**

- 1) Mutually agreed Risk-Sharing Provisions (funding and plan design issues)**
- 2) Passage of mutually agreed legislation by Texas Legislature in 2017**