

Plan Membership Default

Issue

Should the plan membership default for new hires be changed from Plan 3 to Plan 2?

Background

New hires who are eligible for the Public Employees' Retirement System, the Teachers' Retirement System, and the School Employees' Retirement System, are offered a choice of either Plan 2 or Plan 3. Employees who do not make a choice within the allowed window default into Plan 3. They also default into a contribution rate of 5 percent, and an investment choice of a target date fund based on the employee's expected date of retirement.

The 2016 Legislature considered a bill that would change the default to Plan 2, and the SCPP considered endorsing a similar bill for the 2017 Legislative Session.

The SCPP has studied this issue in prior years. In particular, the committee received detailed analysis in 2010. That information is no longer online, but can be provided by request.

Committee Activity

The SCPP studied this issue at the October and December meetings. At the December meeting, a motion to recommend a bill changing the plan membership default to Plan 3 failed.

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