Recent Changes that Could Reduce Compensation Spiking

| System | Old Provision | New Provision | Applies To |
|---|---|---|---|
| Arizona SRS | 3 year average pay | 5 year average pay | New hires |
| Illinois statewide plans | 4 year average pay | 8 year average pay | New hires |
| Iowa PERS | 3 year average pay | 5 year average pay | All general employees, but accrued benefit cannot be cut |
| Massachusetts | Broad definition of compensation | Generally limits compensation to base pay | Contracts entered into after May 1, 2009. |
| Nevada PERS | No limit on salary increases used in pension calculation | Calculation will limit increases to no more than 10% per year, unless due to a promotion | New hires |
| New Jersey | 3 year average pay (1 year public safety) | 5 year average pay (3 years public safety) | New hires |
| New York State | No limit on overtime used in pension calculation | No overtime above $15,000 counted in calculation | New hires |
| Rhode Island | 3 year average pay | 5 year average pay | Those not eligible to retire by 9/30/2009. |
| Virginia Ret System | 3 year average pay | 5 year average pay | New hires |

All of these changes resulted in benefit reductions, i.e. they were not offset by an increase in the multiplier or indexing of salaries.

According to the Wisconsin Legislative Council's *2008 Comparative Study of Major Public Employee Retirement Systems*, 63% of systems use a 3 year averaging period, 21% use a 5 year averaging period and 16% use some other period (usually 1, 2, or 4 years).

The definition of compensation in the TSERS and LGERS includes overtime, performance bonuses, and cashouts of vacation.

Information pulled from NASRA's *Selected Approved Changes to State Public Pensions to Restore or Preserve Plan Sustainability* and individual system websites.