

NASRA Issue Brief: State Hybrid Retirement Plans

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Although hybrid plans have been in place in public sector retirement systems for decades, this type of retirement plan design has received increased attention in recent years. The heightened attention to hybrids has occurred amid the many reforms states have made to public pension benefits and financing arrangements. The new focus on hybrid plans also occurs as states find that closing their traditional pension plan to future (and, in some cases, existing) employees could increase—rather than reduce—costs,¹ and that providing only a 401(k)-type plan does not meet important retirement security, human resource, or fiscal objectives. While most states have chosen to retain their defined benefit (DB) plan by modifying required employer and employee contributions, restructuring benefits, or both,² some have looked to so-called “hybrid” plans that combine elements of traditional pensions and individual account plans.

Many defined benefit plans in the public sector already contain hybrid plan elements, which, by definition, shift some risk from the employer to plan participants. Hybrid plan elements commonly incorporated into traditional public sector defined benefit plans include employee contributions or benefits that are linked to the plan’s investment performance or actuarial condition. The use of these hybrid plan elements embedded in traditional pension plans are discussed in [NASRA Issue Brief: Shared Risk in Public Retirement Plans](#).

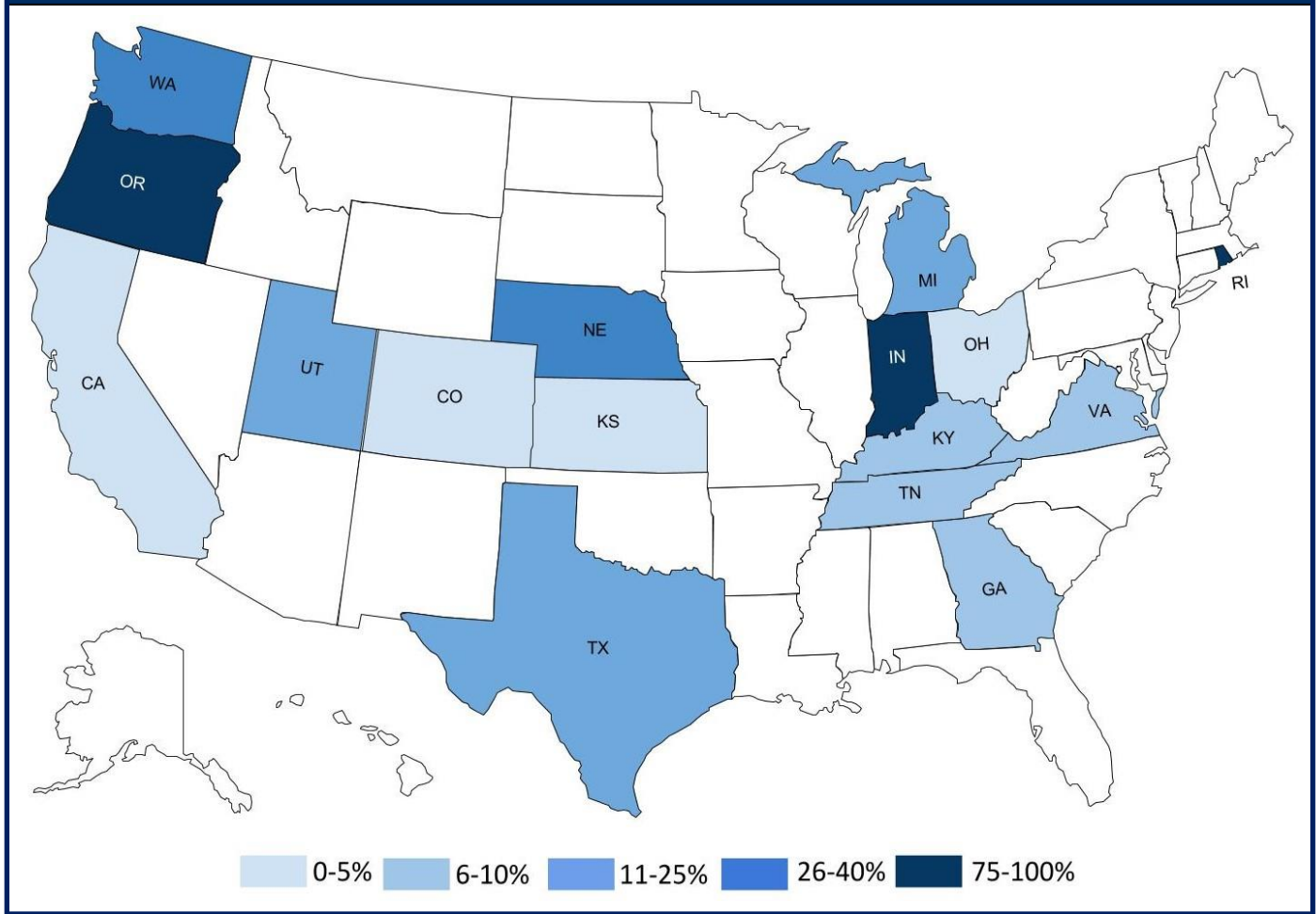
Although hybrid retirement plans take many forms, this brief examines two types in use in the public sector. The first is a cash balance plan, which marries elements of traditional pensions with individual accounts into a single plan (see Table 1). The second type combines a traditional DB plan, usually with a lower level of benefit accrual, with an individual defined contribution (DC) retirement savings account, referred to in this brief as a “DB+DC plan” (see Table 2). Despite variability among these plans, most contain the core features known to promote retirement security: mandatory participation, shared financing between employers and employees, pooled assets invested by professionals, targeted income replacement with survivor and disability protection, and a benefit that cannot be outlived.

Mandatory Participation

In the private sector, less than one-half of the workforce participates in an employer-sponsored retirement plan³, a factor that contributes to a lack of retirement security. By contrast, for nearly all employees of state and local government, retirement plan participation is mandatory. Figure 1 shows the approximate level of participation in hybrid plans among public employees in states that administer mandatory or optional cash balance and DB+DC plans. In some states employees are required to participate in a hybrid plan; in others, participation is elective. Table 1 and Table 2 identify employee groups affected by hybrid plans and the nature of their participation.

As with other retirement plans for employees of state and local government, participation remains mandatory in most hybrid plans.² (Two partial exceptions are the Georgia Employees’ Retirement System and the Tennessee Consolidated Retirement System, both of which administer a DB+DC plan. Participation in the DB component of the plans is mandatory; participants may elect to opt-out of the DC component (although the vast majority of participants have not exercised this election).

Figure 1: Percentage of public employees who participate in a hybrid plan in states that administer CB or DB+DC plans as a mandatory or optional primary retirement benefit for groups of general, public safety or K-12 educational employees



Most public employees also have access to a supplemental, voluntary individual retirement savings plan, such as a 401(k), 403(b) or 457 plan. In addition to mandatory participation in the primary plan, some public employers automatically enroll new hires in supplemental retirement savings plans, and participants may opt-out of these plans. The South Dakota Retirement System permits retiring participants to annuitize all or some of their supplemental retirement savings, converting those assets into a lifetime stream of income. Similarly, as shown in Table 3 below, some DB+DC plans permit retiring participants to annuitize all or part of their DC plan assets.

Shared Financing among Employers and Employees

Nearly all traditional pensions in the public sector require employees to contribute toward the cost of their retirement benefit,⁴ and in the wake of the 2008-09 market decline and the Great Recession, many states have increased employees' required contributions.⁵ Hybrid plans also typically employ a shared financing approach to retirement benefits.

As shown in Table 1, state cash balance plans, which feature annual accruals on employee accounts (cash balances), are funded with mandatory contributions from both employees and employers. As shown in Table 3, DB+DC plans vary regarding how much employees and employers are required to contribute to which plan component. As examples, for the hybrid plans in Indiana, Ohio, Oregon, and Washington, the employer finances the entirety of the DB component, and the DC component is funded by mandatory employee contributions (ranging from 3 percent to 15 percent of salary). The Michigan Public Schools hybrid plan requires employees to contribute to the DB component on a graduated scale based on pay, and employers finance the remainder; employees in the Michigan plan are also required to make a mandatory two-percent-of-salary contribution to the DC component, which employers match at a 50 percent rate.

North Dakota PEP

North Dakota offers most of its workers an optional hybrid retirement plan designed to provide greater portability.

Known as “PEP” – Portability Enhancement Program – North Dakota PERS participants can vest in the employer’s portion of the defined benefit plan by participating in a supplemental deferred compensation account, funding a benefit that is more portable than the traditional defined benefit plan and similar to a defined contribution plan

The Georgia Employees’ Retirement System hybrid requires employees to contribute 1.25 percent of salary to the DB component, with the remainder financed by the employer. Employees are automatically enrolled in the DC component at 1 percent or 5 percent of salary, depending on date of hire, and may opt out or contribute more. Employers match the first 1 percent of salary and one-half of the next 4 percent of salary voluntarily contributed by the employee to the DC plan.

The Utah Retirement System requires employers to contribute 10 percent of salary (12 percent for public safety) toward the DB plan’s cost.⁶ If the cost is less than the employer’s contribution, the difference goes into employees’ individual 401(k) savings account. If the cost of the DB plan exceeds the employer’s contribution rate, employees must contribute the difference to the DB plan. In either instance, employees may elect to make additional contributions to the 401(k) plan. (Employers in Utah must also contribute to the Utah Retirement System to amortize the unfunded pension liability.)

Pooled Assets

Retirement assets that are pooled and invested by professionals offer important advantages over individual, self-directed accounts. Combined portfolios have a longer investment horizon, which allows them to be more diversified and to sustain greater market volatility. In addition, the professional asset management and lower administrative and investment costs in pooled arrangements result in higher investment returns.

As with traditional pension plan assets, cash balance plan assets also are pooled, invested by professionals, and guarantee annual returns to plan participants. Likewise, DB+DC plans pool assets in the DB component, and the manner in which DC plan assets are managed varies. Most plans provide a range of risk-based investment options: some are retail mutual funds and others are maintained by the retirement system and available only to plan participants. One example of this is in the Oregon DC component, where assets are pooled and invested in a fund similar to the DB plan fund; plan participants are not required to manage their DC plan assets. Similarly, the state of Washington provides an option for employees to invest their DC assets in a fund that emulates the DB plan fund.

Required Lifetime Benefit Payouts

A core objective of a retirement plan should be to provide lifetime income insurance. A major threat to lifetime income is longevity risk, which is the danger of exhausting one’s assets before death. Ensuring lifetime income can be accomplished in part by pooling longevity risk, i.e., distributing that risk among many plan participants. The result is that all participants are assured they will not outlive their assets. The alternative is an arrangement, embodied in typical defined contribution plans, in which longevity risk is borne by individuals, and in such cases, a reasonable chance exists, particularly for those who live long lives, that they will, indeed, outlive their assets.

Most public sector plans require some or all of the pension benefit to be paid in the form of an annuity – installments over the remainder of one’s life – rather than allowing benefits to be distributed in a lump sum. Annuitizing not only better ensures participants will not exhaust

South Dakota Variable Retirement Account

Participants entering the South Dakota Retirement System (SDRS) after 6/30/17 will be enrolled in the Generational benefit structure, which includes a traditional defined benefit with a lower cost level than for workers hired previously. The Generational benefit structure also features a Variable Retirement Account (VRA) that credits a portion of employer contributions to each active participant’s account. The VRA will be increased with the actual investment returns of the fund and will be payable as a lump sum, rollover, or annuitized within the plan when participants qualify for retirement, death or disability benefits.

Because SDRS operates within fixed statutory contributions and statutory thresholds for benefit reductions, the VRA exchanges the risk of significant benefit reductions in an economic downturn for incremental adjustments during a participant’s career.

retirement assets, but it also reduces costs by allowing retirement assets to be invested as part of the trust over a longer period, and by funding for average longevity rather than the maximum longevity.

As examples, the two statewide cash balance plans in Texas require participant accounts to be paid in the form of a lifetime benefit. County and district employees may elect to receive 100% of their own contributions, plus interest, as a partial lump sum upon retirement, and participants in the Texas Municipal Retirement System may elect to take up to 36 months of their benefit as a lump sum, with an actuarial reduction made to their lifetime benefit. The Nebraska cash balance plan gives employees the option of receiving a lifetime benefit payout on any portion of their account balance, and to receive any portion of their retirement benefit as a lump sum.

DB+DC plans normally require the DB portion of the plan to be paid in the form of a lifetime annuity. The DC portion, however, usually may be paid out in various forms including a lifetime benefit, a lump sum or partial lump sum of the account balance, or installments over a certain term (e.g., 5, 10, 15 or 20 years).

Targeted Income Replacement with Social Security, Disability & Survivor Benefits

Pension plans typically are designed to replace a targeted portion of income in retirement, a feature not provided in retirement plans with individual accounts. Approximately 25 percent of state and local government employees do not participate in Social Security.⁷ While most public sector retirement plan designs seek to replace a targeted percentage of income, they often also reflect the presence or absence of income from Social Security.

Benefits that provide income insurance in the event of death or disability are an important feature among public sector employers, particularly for jobs that involve hazardous conditions. Most public sector retirement plans—whether traditional or hybrid—include survivor and disability benefits, which is a cost-effective method for sponsoring these benefits.

Conclusion

Nearly every state has made changes in recent years to their retirement plans.⁸ While DB plans remain the prevailing model, cash balance and DB+DC plans have been in place for many years in some states, and are new in others. The diversity in public sector plan design reflects the fact that a one-size-fits-all solution does not meet key retirement plan objectives, including the ability of public employers to manage their workforce and to provide an assured source of adequate retirement income for workers. Like defined benefit plans, cash balance and DB+DC plans in the public sector vary from one jurisdiction to the next, and no single design will address the cost and risk factors of every state or local government.

A vital factor in evaluating a retirement plan is the extent to which it contains the core elements known to best meet human resource and retirement policy objectives of state and local governments: mandatory participation, shared financing, pooled investments, targeted income replacement with disability and survivor protections, and lifetime benefit payouts. These features are a proven means of delivering income security in retirement, retaining qualified workers who perform essential public services, and providing an important source of economic stability to every city, town, and state across the country.⁹

The fact that many pension plans sponsored by state and local governments already contain elements of hybrid plans illustrates the important fact that switching to a new hybrid plan design is not necessary to take advantage of hybrid plan design elements. Most public retirement systems seek to provide a benefit that meets these objectives while balancing risk between employees and employer units. The information in the tables below illustrates the degree to which states are using various cash balance and DB+DC designs to achieve these objectives.

See Also

National Association of State Retirement Administrators, Resolution 2010-01: *Guiding Principles for Retirement Security and Plan Sustainability*, http://www.nasra.org/resolutions#RESOLUTION_2010-01

National Association of State Retirement Administrators Issue Brief: Shared-Risk in Public Retirement Plans, <http://www.nasra.org/sharedriskbrief>

National Conference of State Legislators, State Defined Contribution and Hybrid Pension Plans, <http://www.ncsl.org/Portals/1/Documents/employ/StateDC-%20HybridRetirementPlans2010.pdf>

National Institute on Retirement Security, *Still a Better Bang for the Buck: The Economic Efficiencies of Pensions*, 2014, http://www.nirsonline.org/index.php?option=com_content&task=view&id=871&Itemid=48

National Institute on Retirement Security, *Decisions, Decisions: Retirement Plan Choices for Public Employees and Employers*, 2011, http://www.nirsonline.org/storage/nirs/documents/Decisions%20Decisions/final_decisions_decisions_report.pdf

National Institute on Retirement Security, *Look Before You Leap: The Unintended Consequences of Pension Freezes*, 2008, http://www.nirsonline.org/index.php?option=com_content&task=view&id=173&Itemid=49

U.S. Department of Labor, Bureau of Labor Statistics, *National Compensation Survey: Employee Benefits in States and Local Government in the U.S.*, March 2015, <http://www.bls.gov/news.release/ebs2.t01.htm>

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¹ NASRA, “Costs of Switching from a DB to a DC Plan,” <http://www.nasra.org/plandesignchange>

² NASRA, “Significant Reforms to State Retirement Systems,” <http://www.nasra.org/reforms>

³ U.S. Department of Labor, Bureau of Labor Statistics, *Retirement Benefits: Access, Participation and Take-Up Rates*, March 2016, <http://www.bls.gov/news.release/ebs2.t01.htm>

⁴ Public Fund Survey, www.nasra.org/publicfundsurvey

⁵ NASRA, “Significant Reforms to State Retirement Systems,” *ibid.*

⁶ Employers are also required to contribute an actuarially determined rate each year to amortize the DB plan unfunded liability

⁷ U.S. Government Accountability Office, “Social Security: Issues Regarding the Coverage of Public Employees,” 2007, <http://finance.senate.gov/imo/media/doc/1110607testmn1.pdf>

⁸ National Conference of State Legislatures, “State Retirement Legislation,” <http://www.ncsl.org/documents/employ/Basic-Presentation-July2012.pdf> and NASRA, “Significant Reforms to State Retirement Systems,” *supra*

⁹ National Institute on Retirement Security, *Pensionomics: Measuring the Economic Impact of State & Local Pension Plans*, 2014, <http://www.nirsonline.org/index.php?option=content&task=view&id=861>

Table 1: Overview of Cash Balance Hybrid Plans

	Year plan approved	Employee groups affected	Contributions	Rate of return applied to cash balances	Benefit payment options	Info online
CA State Teachers	1995 for the Cash Balance Benefit Program, 2000 for the Defined Benefit Supplement	The Cash Balance Benefit Program is optional for part-time and adjunct educational workers; the Defined Benefit Supplement is a cash balance plan provided to full-time educators	<p>EEs in the Cash Balance Benefit Program typically pay approximately 4% of earnings, depending on local bargaining agreements; Defined Benefit Supplement EEs contributed 2% from 2001-2010.</p> <p>Beginning in 2011, ER and EE contributions to the Defined Benefit Supplement are 8% each on compensation in excess of one-year of service credit. ER must contribute at least 4% for Cash Balance Benefit participants and the combined EE/ER rate must be at least 8%</p>	Guaranteed minimum interest rate is based on 30-year U.S. Treasury bonds for the period from March to February immediately prior to the plan year (2.88% for plan year 2016-17)	Lump-sum and/or monthly lifetime annuity or period certain monthly annuity	http://www.calstrs.com/sites/main/files/cashbalancebooklet_final.pdf
KS PERS	2012	Mandatory for EEs of state and local government, including education employees, hired after 1/1/15	<p>EEs contribute 6%</p> <p>ER contributes between 3-6% depending on how long the member has been employed</p>	Members are guaranteed an annual rate of return of 4% on their accounts	Retiring participants may annuitize their cash balance and may elect to take up to 30 percent as a lump sum. Participants may also elect to use a portion of their balance to fund an auto-COLA	https://www.kpers.org/pdf/benefitsataglance_kpers3.pdf
KY RS	2013	Mandatory for new state and local EEs, judges, and legislators who become members on or after January 1, 2014	<p>EEs contribute 5%; public safety EEs contribute 8%</p> <p>State contributes 4%; 7.5% for public safety EEs</p>	Employee accounts are guaranteed 4% annual return; accounts also receive 75% of all returns above 4%	Member may choose annuity payments, a payment option calculated as the actuarial equivalent of the life annuity, or a refund of the accumulated account balance	https://kyret.ky.gov/Member%20Publications%201/Tier%203%20Guide.pdf

* EE = employee; ER = employer

	Year plan approved	Employee groups affected	Contributions	Rate of return applied to cash balances	Benefit payment options	Info online
NE County and State	2002	Mandatory for county and state EEs* hired after 2002 and those hired previously who elected to switch from the DC plan	State EEs contribute 4.8%, county EEs contribute 4.5% State contributes 156% of EE rate; counties contribute 150% of EE rate	Based on the federal mid-term rate plus 1.5%. When the mid-term rate falls below 3.5%, EEs receive a 5% minimum credit rate. When favorable returns combine with an actuarial surplus, the governing board may approve a dividend payment to EE accounts	Retiring participants may annuitize any portion of their cash balance and take a lump sum of any remainder. Members electing an annuity may also elect to take a reduced benefit with an automatic annual COLA	http://npers.ne.gov/SelectService/
TX County and District	1967	Mandatory for EEs of 600+ counties and special districts that have elected to participate in the TCDRS	EEs pay 4%, 5%, 6%, or 7% depending on ER election. ERs pay normal cost plus amount to amortize the unfunded liability within a 20-year closed period	7% (set by statute), used to reduce ERs' costs. Members' accounts receive an annual interest credit of 7% as specified by statute.	Lifetime annuity based on EE final savings account balance, less any EE-elected partial lump-sum payment, plus ER matching	http://www.tcdrs.org/TCDRS/Publications/GuidetoMemberBenefits.pdf
TX Municipal	1947	Mandatory for EEs of 800+ cities that have elected to participate in the TMRS	EEs pay 5%, 6%, or 7%, depending on ER* election ER pays 100%, 150%, or 200% of EE rate, also depending on ER election, and adjusted based on unfunded liability	5% (set by statute): The TMRS Board determines the allocation of any excess amounts; the board is authorized to distribute such amounts a) to reduce cities' unfunded liabilities; b) to EEs' individual accounts, and/or c) to a reserve to help offset future investment losses	Annuity with or without a partial lump sum, depending on EE election	http://www.tmr.com/download/pubs/TMRS_benefits_guide_2015.pdf

Table 2: Basic Hybrid Plan Facts

	Year plan approved	Info online	Employee groups affected
Colorado Fire & Police Pension Plan	2004	http://www.fppaco.org/benefits.html	Firefighters and police officers employed by participating departments that elect coverage under this plan
Georgia Employees' Retirement System	2008	http://www.ers.ga.gov/Docs/Formsandpubs/ERS_Handbook.pdf	Mandatory for new hires since 2009; optional for those hired before 2009 (EE* may opt-out of DC component within 90 days)
Indiana Public Retirement System	1955	http://www.in.gov/inprs/files/WhitePaper-UnderstandingINPRS.pdf	Mandatory except for EE hired after 2011 who may elect a DC plan only
Michigan Public Schools Retirement System	2010	http://www.mipensionplus.org/publicschools/yourplan.html	Mandatory for all new hires between 6/30/10 and 9/3/12. Beginning 9/4/12, new employees can choose between the Pension Plus plan and a Defined Contribution only plan.
Ohio Public Employees' Retirement System	2002	https://www.opers.org/members/combined/index.shtml	Optional for non-vested members as of 12/31/02 and new hires after 12/31/02 (excluding re-employed retirees and full-time law enforcement and public safety positions).
State Teachers' Retirement System of Ohio	2001	https://www.strsoh.org/_pdfs/brochureseries/benefitpayoptns/co/20-643.pdf	Optional for new hires and non-vested workers since 2001
Oregon Public Employees' Retirement System	2003	http://www.oregon.gov/pers/mem/pages/section/form/opsrp_retire.aspx	Mandatory for all EEs (existing and new) since 2004
Rhode Island Employees' Retirement System	2011	https://d10k7k7mywg42z.cloudfront.net/assets/4f2feb51dabe9d2cb600fa49/final_rirsaguide_january2012.pdf	Mandatory for existing members of ERS with fewer than 20 years of service as of 6/30/12, as well as new hires (except judges and some public safety members)
Tennessee Consolidated Retirement System	2013	http://treasury.tn.gov/tcrs/PDFs/HybridPlanSummarySheet.pdf	Mandatory for new state and higher education employees and teachers hired as of 7/1/14; optional for local government entities
Utah Retirement System	2010	https://www.urs.org/mango/pdf/urs/RetirementSystems/tier2Compare.pdf	Mandatory for new hires as of 7/1/11; all EEs may elect DC-only plan
Virginia Retirement System	2012	http://www.varetirement.org/hybridemployer/publications.html#Hybrid	Mandatory for most state and local employees, educational employees, and judges, hired as of 1/1/14 – excluding state police and other law enforcement officers
Washington Department of Retirement Systems	1996	https://savewithwa.empower-retirement.com/preLoginContentLink.do?accu=DRSWR&contentUrl=preLogin.Tab2.landing&specificBundle=preLogin	Optional for most employee groups

Table 3: DB and DC Component Features

	DB benefit formula (having met age/service requirements)	DB plan contributions	Employer DC plan contributions	Employee DC plan contributions	DC plan investment options	Default DC plan investment options	DC plan withdrawal options
Colorado Fire & Police Pension Plan	1.5% x years of service x highest average salary = annual benefit	The board of directors of FPPA annually determines the DB/DC split of the contributions to the plan.	Any excess amount not needed to fund the DB plan is contributed to the Money Purchase Plan.	Any excess not needed to fund the DB plan is contributed to the Money Purchase plan.	19 options, including a broad range of fixed income and equity funds, 11 target date funds, and a brokerage window	Age appropriate Target Date Fund	Lump sum, monthly periodic payments, monthly lifetime benefit, annuity from outside provider
GA Employees' RS	1% x years of service x final average salary = annual benefit	EE contributes 1.25% and ER contributes the remainder of the annual actuarially determined contribution rate	100% ER match on EE's 1st 1% of salary and 50% match on next 4% of salary for a maximum ER contribution of 3%	EEs hired before 7/1/14 auto enroll at 1% of salary contribution; EEs hired as of 7/1/14 auto enroll at 5% of salary; EEs may vary contribution rate up or down; participants may opt-out of the DC plan within 90 days of their date of hire	15 options ranging from conservative to aggressive, plus 6 lifecycle funds	Lifecycle funds based on age	Rollover, annuity, lump sum, partial lump sum, installments
Indiana Public RS	1.1% x years of service x final average salary = annual benefit	ER funds the DB benefit	None	3% of salary	7 options ranging from conservative to aggressive, and 10 target date funds, all administered by the retirement system	The Guaranteed Fund, which earns a fixed rate established annually by the Board	Annuity, rollover, partial lump sum and annuity, deferral until age 70½
Michigan Public Schools RS	1.5% x years of service x final average salary = annual benefit	EE contributes on a graduated scale based on pay; ER contributes an actuarially determined amount	ER matches up to 1% of EE's contributions, up to 1% of wages	2% of salary	Choice of active and passive investment options, target date funds, and a brokerage window	Target Retirement Fund that matches the year the participant will be eligible to retire	Lump sum, consolidation from other plans, direct rollover to an IRA, periodic distribution
Ohio Public Employees' RS	1% x up to 35 years of service x final average salary + 1.25% x years in excess of 35 x final average salary = annual benefit	ER funds the DB benefit	None	10% of salary	16 OPERS-sponsored funds including core and target date funds, plus a brokerage window	Target date fund closest to the year the participant turns 65	Annuity, including partial lump sum, lump sum or rollover
Ohio State Teachers' RS	1% x years of service x final average salary = annual benefit	2% of EE and ER contributions fund the DB benefit	None	10% of salary	8 STRS Ohio-sponsored options ranging from conservative to aggressive plus a guaranteed return option and target date funds	Earliest target date fund	Annuity including partial lump sum, lump sum or rollover

	DB benefit formula (having met age/service requirements)	DB plan contributions	Employer DC plan contributions	Employee DC plan contributions	DC plan investment options	Default DC plan investment options	DC plan withdrawal options
Oregon PERS	Varies depending upon date of hire and which of 3 DB plans EE is enrolled in	ER funds the DB benefit	Optional	6% of salary	All DC plan contributions are invested in a single, pooled fund that mirrors the DB plan fund	DB plan fund	Lump sum payment or in installments over a 5, 10, 15, or 20-yr period or the EE's anticipated lifespan
Rhode Island ERS	1% x years of service x final average salary = annual benefit	State EEs and teachers contribute 3.75% to the DB plan; municipal EEs contribute 1% or 2% based on COLA choice; municipal police and fire contribute 9% or 10% based on COLA choice.	ER contributes between 1-1.5% for EEs covered by Social Security, and between 3-3.5% for non-covered EEs, depending on service as of 6/30/12	State and local EEs and teachers contribute 5% to the DC plan; 3% for municipal police and fire EEs not covered by Social Security	12 target date funds and 10 funds ranging from conservative to aggressive	Age appropriate target date fund	Lifetime annuity, lump sum distribution, or distribution in installments (rolling assets into an IRA or leaving assets in the plan).
Tennessee Consolidated RS	1% x years of service x final average salary (maximum annual pension benefit of \$80k, indexed by CPI)	EE contributes 5% to the DB plan ER contributes 4%	ER contributes 5% to the DC plan	EEs contribute 2%, with opt-out feature	11 target date funds and 15 options ranging from conservative to aggressive	Age appropriate Target Date portfolio	Lump sum, periodic payments, minimum required distributions, or annuity; beneficiaries may use a combination of more than one method
Utah RS	1.5% (2% for public safety/fire) x years of service x final average salary = annual benefit	ER pays up to 10% of pay, 12% for public safety/fire; if DB costs more, EE pays the difference.	ER pays into DC the difference between DB plan cost and 10% (12% for public safety). Currently 1.78% and 1.33%, respectively.	EE contributions optional. State employees may receive a match of up to \$26 per pay period.	8 self directed core funds ranging from conservative to aggressive. 12 target date funds. brokerage window.	Age-appropriate target date fund	After 4-year vesting period: lump sum, partial balance, periodic distribution, based on: time period, or rate of return assumption, or life expectancy.
Virginia RS	1% x years of service x final average salary = annual benefit	EE contributes 4% to the DB plan; ER contributes an actuarially determined amount to fund the DB benefit (less employer DC contributions)	Mandatory ER contributions of 1% - increases with EE contributions up to 3.5% maximum	EEs may contribute up to 5% to the DC plan (1% minimum)	11 options ranging from conservative to aggressive, plus 10 target date funds.	Target date funds based on the participant's age at enrollment	Depend on the circumstances at termination; DB/DC combo plan requires coordination between the two components
Washington Department of RS	1% x years of service x final average salary = annual benefit	ER funds the DB benefit	None	5% to 15% of salary depending on EE	Either the total allocation portfolio, which mirrors DB plan fund, or 7 self-directed funds ranging from conservative to aggressive, plus target date funds	Target date funds based on the participant's age at enrollment	Lump sum, direct rollover, scheduled payments, personalized payment schedule, and annuity purchase