



DEFINED BENEFIT PLAN - TRADITIONAL PENSION

SHARED-RISK / SHARED-GAIN

For those who entered SERS membership since 1/1/2011

As a SERS member, you and your employer contribute a percentage of your pay to your pension benefit. The contributions flow into the SERS Fund and are invested to help fund SERS pensions.

Shared-risk/shared-gain provisions were written into the Retirement Code in 2010 and 2017. The provisions apply to those who first entered SERS membership since 1/1/2011 (members in the A-3, A-4, A-5, and A-6 classes of service and specific members who chose to opt into the straight Defined Contribution Plan when it first opened to participants). The provisions distribute both the risk from investment losses and the gain from investment income between the employers and members who contribute to the plan.

In basic terms, if the SERS Fund performs more than 1% above or below the assumed rate of return during a review period, the resulting gain or loss is shared by the employers and members in the form of lower or higher contribution rates.

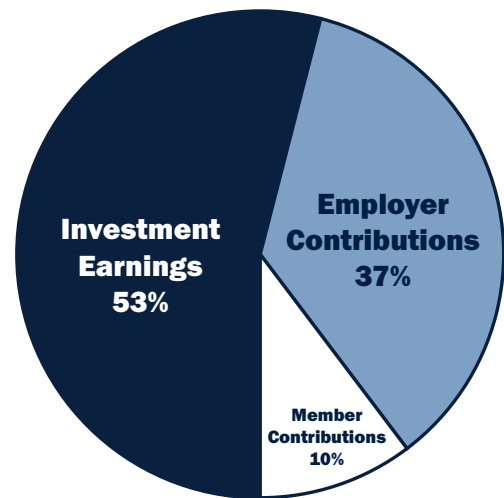
Range of Member Contribution Rate Changes

For most employees who entered SERS membership:

- Between 1/1/2011 and 12/31/2018 and most employees who entered hazardous duty law enforcement or security positions after 12/31/2018 (A-3 and A-4 classes of service), the rate may change by no more than 2% overall.
- On or after 1/1/2019 (A-5 and A-6 classes of service), the rate may change by no more than 3% overall.

SERS Funding Sources

20-Year Cumulative History
as of 12/31/2025



SERS Pension Plan Member Contribution Rate Ranges

Class	Base Rate	Range
A-3	6.25%	4.25% - 8.25%
A-4	9.3%	7.3% - 11.3%
A-5	5%	2% - 8%
A-6	4%	1% - 7%

Two-Step Review Process

The review is a two-step process.



Every three years, consider if investments performed more than 1% above or below the assumed rate of return during the review period.

If yes ...



Determine the actual impact of the investment gains or losses on the employer contribution rate for the following three fiscal years. If there is no impact on the employer contribution rate, there is no impact on the member contribution rate. If there is an impact on the employer contribution rate, that impact is shared with the members.

Review History

Results of the calculations are published in [SERS' annual actuarial reports](#), Schedule D, beginning in 2011.

Calendar Year	Review Years	Result
2014	2011 – 2013	No change
2017	2011 – 2016	No change
2020	2011 – 2019	No change
2023	2013 – 2022 (classes A-3 & A-4)	No change
	2020 – 2022 (classes A-5 & A-6) ^{1/}	0.09% Rate Increase
2026 ^{2/}	2016 – 2025 (classes A-3 & A-4)	0.50% Rate Decrease
	2020 – 2025 (classes A-5 & A-6) ^{1/}	0.09% Rate Decrease

^{1/}Classes opened to new members on 1/1/2019.

^{2/}Shared-gain contribution decrease also applied to specific members who opted into the Defined Contribution Plan during the limited opt-in period.

Current Review

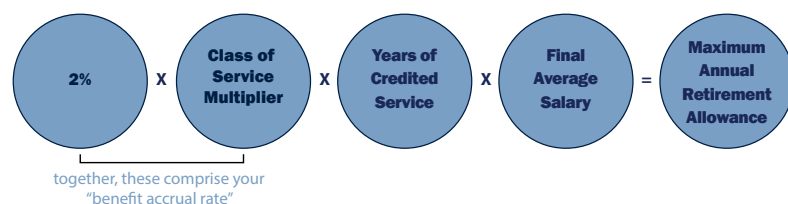
According to the Retirement Code, 2026 is a shared-risk/shared-gain review year. SERS Fund investments performed more than 1% **above** the assumed rate of return during the review periods. As a result, most SERS members hired since 1/1/2011 will contribute **less** toward their retirement benefit beginning 7/01/2026.

The lower contribution rates will be in effect for at least three years, when the shared-risk/shared-gain calculation will be conducted in 2029. At that point, the rates could increase, decrease, or remain unchanged depending on SERS Fund investment performance.

No Impact on Monthly Pension

The amount of your pension is determined by a calculation in the Retirement Code, not the amount you contribute toward your pension.

As such, shared-risk/shared-gain contribution changes do not impact your pension amount.



While your pension amount will not be impacted, the amount you can withdraw in a lump sum at retirement (or when you leave state service if you leave before becoming eligible for monthly pension payments) will change slightly.