

Public Employees Defined Benefit Plan Design

A Valuable Benefit at a Reasonable Cost: A Case Study

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Recent headlines have sensationalized poor defined benefit (DB) plan designs that result in funding volatility for public employers (taxpayers). Proposed solutions fail to address long-term cost/benefit analysis. I will not attempt to address the entire scope of long-term costs/benefits. The intent of this paper is to identify DB plan design principles that provide valuable employee benefits at reasonable costs. Although I believe these principles apply equally to the private sector, this paper will focus on public-sector issues, including stable annual budget expenditures.