

Exhibit 1: Comparison of State and Local Retirement Plan Designs

	Defined Benefit Plan	Defined Contribution Plan	Cash Balance Plan
Basis of Benefit	Formula based on years of service, final average salary, and benefit multiplier	Account balance based on employer and employee contributions plus actual investment earnings	Nominal account balance based on employee contributions and employer pay credits plus credited interest
Benefit Distribution	Lifetime annuity with optional forms of payment. Some plans offer partial lump-sum distributions	Lump-sum payment, with ability to rollover to other qualified retirement plans	Lifetime annuity with optional forms of payment. Most plans also offer lump-sum distributions
Disability and Preretirement Death Benefits	Provided based on plan formula	Provided as a lump-sum distribution of the individual's account balance	Provided as an annuity or a lump-sum distribution based on the individual's account balance. In some cases, formula benefits provided through the existing DB plan
Postemployment COLA	Some plans provide a COLA	Not offered	Some plans provide a COLA while others allow employees to purchase a COLA with an equivalent reduction in the annuity benefit