

## Rewarding the Appropriate Behaviors

Behavior	How to Encourage through Defined Benefit	How to Encourage through Defined Contribution
Moving up quickly in the organization	Any average final pay formula.	Provide catch-up employer contributions following a promotion to achieve same replacement rate on higher pay level. Note: We have never seen this in practice.
Working full-time (rather than PT or flex)	Credit only that service which is full-time service.	Provide an employer contribution only to full-time employees.
Working in hard to fill areas (e.g. nursing instructors, math teachers in rural counties)	Adjust the multiplier so that one multiplier is used for service completed in hard to fill areas and a smaller multiplier is used for service completed in other areas.	Provide an employer contribution that is a percentage of pay, which includes a higher rate for employees working in hard to fill areas than for regular employees.
Doing dangerous jobs	Include hazard pay in the average final compensation when calculating the retirement benefit.	Provide an employer contribution that is a percentage of pay, which includes hazard pay.
Good short-term job performance	Include all bonus pay in the average final compensation when calculating the retirement benefit.	Provide an employer contribution that is a percentage of pay, which includes bonuses.
Good long-term job performance	Include any long-term performance bonuses received during a career in the compensation when calculating the retirement benefit.	Provide an employer contribution that is a percentage of pay, which includes bonuses.
High levels of pay, i.e. replacing a higher % of pay for those who earn more.	Adjust the multiplier so that one multiplier is used for lower levels of pay, while a larger multiplier is used for higher levels of pay. Note: TSERS' formula did this pre-1975.	Provide an employer contribution that is a percentage of pay, which includes one percentage for lower levels of pay and a larger percentage for higher levels of pay.
Low levels of pay, i.e. replacing a higher % of pay for those who earn less.	Adjust the multiplier so that one multiplier is used for lower levels of pay, while a smaller multiplier is used for higher levels of pay.	Provide an employer contribution that is a percentage of pay, which includes one percentage for lower levels of pay and a smaller percentage for higher levels of pay.
Working overtime, particularly near the end of a career	Include overtime pay in the average final compensation when calculating the retirement benefit.	Provide an employer contribution that is a percentage of pay, which includes overtime pay.
Families	Provide a 100% J&S annuity benefit without reducing regular retirement benefits.	Subsidize a 100% J&S annuity conversion.
Phasing into retirement	Provide partial or full retirement benefits to part-time employees who are phasing into retirement.	Allow part-time employees of a certain age to draw from their retirement accounts, even while continuing to accrue smaller benefits for their part-time work.