

I received this from Joe Baer and his review of SB 151 or SB 1 the pension reform bill!!

All,

After a quick review of the pension reform bill, 291 pages, (which is much more than the legislators did prior to voting), here is a summary of the changes that I have found, so far. I will review the bill over the weekend to make sure there aren't more changes.

1. FINAL COMPENSATION CALCULATIONS

Non Haz- 5 "complete" fiscal years of creditable compensation used to calculate a monthly benefit. Currently you have the ability to use 4 complete plus a fraction of another fiscal year which usually provides a higher benefit.

Hazardous- 3 "complete" fiscal years of creditable compensation used to calculate a monthly benefit. Currently 2 complete plus a fraction of another fiscal year. Same result as above.

2. CREDITABLE COMPENSATION

Excludes uniform, equipment, or any other expense allowances paid on or after January 1, 2019.

3. SICK LEAVE PROGRAM

Agencies cannot opt in to the sick leave program after July 31, 2018. For those participants whose employer Does provide this benefit and you were hired prior to September 1, 2008 and retire on or after July 1, 2023, you will not be able to used the sick time for retirement eligibility.

4. TIER 3 / Cash Balance

Removes the guaranteed 4% plus 75% for investment returns over the 4%.

Provides for the participant to receive 85% of investment returns.

5. EMPLOYEE CONTRIBUTIONS TO THE RETIREE HEALTHCARE FUND

Effective January 1, 2019, all those hired on or after July 1, 2003 will contribute 1% of creditable compensation to the fund. Currently those hired on or after September 1, 2008 contribute the 1% to the fund. The last budget proposal that we saw was the Governor sweeping tens of millions from the State employees healthcare fund in the upcoming fiscal year.

6. INVIOLENT CONTRACT PROVISIONS

Any legislative changes made to the pension system(s) on or after July 1, 2018 will not be protected under the inviolable contract provision. This applies to ALL plans.

7. RE-EMPLOYMENT

There is a rather large section listing many conditions attached to this subject. I would suggest if this applies to you that you take a look at it to see if it pertains to your specific scenario.

8. OPTIONAL 401(A) PLAN

There is a provision that allows you to opt out of your current plan and into the 401(A) plan. If you so chose, your defined benefit accrual would cease at that time and the remainder of your career would

be in a defined contribution plan. I would STRONGLY recommend that before you chose this option, contact a financial expert.

9. DEATH BENEFIT

We have been told that the \$5000 death benefit was also removed but I have been unable to find it in the legislation. STILL LOOKING!

Just a reminder, this is a direct attack on our retirement security and these attacks will not cease until we stand up and fight back. We have seen pension reform(cuts) in 2003, 2008, 2013 and now. These SOB's will not stop until we are begging on the corner!! And for those of you that have been told that these cuts are needed to "save our pensions", these changes have NO impact on the unfunded liability. Even the bill sponsor stated that SB151 will provide no savings to the Commonwealth!!!!

In Solidarity,

Joe Baer
President, KPFF