



COMMONWEALTH OF PENNSYLVANIA
PUBLIC EMPLOYEE RETIREMENT COMMISSION
P. O. BOX 1429, HARRISBURG, PA 17105-1429

June 30, 2015

The Honorable William F. Adolph, Jr.
Majority Chairman
House Appropriations Committee
House of Representatives
245 Main Capitol Building
Harrisburg, PA 17120

Re: Senate Bill Number 1, Printer's Number 1132

Dear Representative Adolph:

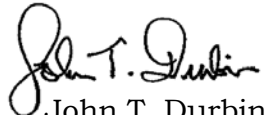
I am writing in response to your request concerning an actuarial note for the above referenced bill. Senate Bill Number 1, Printer's Number 1132, would amend the Public School Employees' Retirement Code, the State Employees' Retirement Code and the Military Code. The bill would impose a series of significant retirement benefit changes upon the Public School Employees' Retirement System (PSERS) and the State Employees' Retirement System (SERS) as follows: 1) establish a Defined Contribution (DC) retirement benefit plan applicable to most new members of both PSERS and SERS; 2) add a Cash Balance retirement benefit tier to the existing Defined Benefit (DB) structure that will be mandatory for new members and optional for pre-2016 active members; 3) modify the future benefit entitlements of current members of both PSERS and SERS; and 4) exempt future State Police officers, correction officers, enforcement officers and certain hazardous duty personnel from participation in the side-by-side hybrid plan.

Under the Public Employee Retirement Commission Act (Act 66 of 1981), the Commission has a mandated responsibility to review any legislative changes that affect public employee retirement systems. At my direction, the Commission staff has reviewed the provisions of Senate Bill Number 1, Printer's Number 1132, and determined that: 1) on May 12, 2015, the Commission voted to attach an actuarial note to Senate Bill Number 1, Printer's Number 886; 2) on June 29, 2015, the Commission voted to attach an actuarial note to Senate Bill Number 1, Printer's Number 886, as amended by Amendment Number 02701; 3) the Commission's [actuarial notes on Senate Bill Number 1, Printer's Number 886](#), and [Senate Bill Number 1, Printer's Number 886, as amended by Amendment Number 02701](#), continue to apply to Senate Bill Number 1, Printer's Number 1132; and 3) Senate Bill Number 1, Printer's Number 1132, will have no actuarial cost impact beyond the previous actuarial cost estimates provided in the Commission's actuarial notes on Senate Bill Number 1, Printer's Number 886, and Senate Bill Number 1, Printer's Number 886, as amended by Amendment Number 02701.

Based upon the determination that Senate Bill Number 1, Printer's Number 1132, will have no actuarial cost impact beyond that described in the Commission's actuarial notes on Senate Bill Number 1, Printer's Number 886, and Senate Bill Number 1, Printer's Number 886, as amended by Amendment Number 02701, I am informing you, on behalf of the Commission, that the bill will not require an additional actuarial note prior to further consideration by the General Assembly.

I trust this letter adequately responds to your request. If I may be of any further assistance, please feel free to contact me by telephoning (717) 783-6100.

Sincerely,


John T. Durbin
Chairman

cc: The Honorable Mike Turzai
The Honorable David Reed
The Honorable Frank Dermody
The Honorable Bryan Cutler
The Honorable Michael K. Hanna
The Honorable Sandra Major
The Honorable Dan Frankel
The Honorable Joseph F. Markosek
The Honorable Bernie O'Neill
The Honorable Jake Wheatley, Jr.
The Honorable Michael Tobash
The Honorable R. Ted Harhai

The Honorable Stan Saylor
The Honorable James R. Roebuck, Jr.
The Honorable Daryl D. Metcalfe
The Honorable Mark B. Cohen
The Honorable Jake Corman
Ms. Karen Coates
Mr. Clancy Myer
Mr. Anthony F. Barbush
Mr. Bernard Gallagher
Ms. Lisa Taglang
Ms. Kim Hileman
Ms. Susan Boyle