

Pension Reform



Background

- Act 9 of 2001 increased retirement benefits for state workers, legislators, and public school teachers
 - Increasing the multiplier
 - Reducing the vesting period
 - Increasing the employee contribution rate
- During periods of strong economic performance, school districts were also permitted to significantly reduce their employer contributions
- The cumulative effect of these initiatives, plus others, created a large unfunded liability for taxpayers and a spike in the employer contribution rate

Current Status

- HB 2497 was signed by Governor Rendell on November 23, 2010 to become Act 120
 - Repealed Act 9 for new hires as of July 1, 2011
 - Re-amortized existing liabilities over 30 year period (SERS) and 24 year period (PSERS)