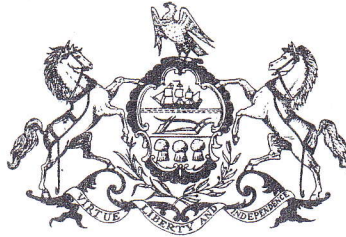


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MEMORANDUM

TO: All Members

FROM: Representative Jaret Gibbons

DATE: May 15, 2012

RE: Co-sponsorship of Legislation – Supplemental Annuity for Pre-Act 9 Retirees

In the near future, I am considering re-introducing legislation that would provide a supplemental annuity to certain members of the State Employees Retirement System (SERS) and the Public School Employees Retirement System (PSERS).

As you may know, Act 9 of 2001 increased the contribution rate by 1.25 percent for employees that retired after January 1, 2002. In addition, Act 9 increased the retirement benefit for these employees from 2 percent to 2.5 percent for each year of service, which is based on the average of the highest three years. As a consequence, employees who retired before July 1, 2001 earn 25 percent less in pension benefits than employees who retired after this date. Considering the additional benefits enjoyed by post Act 9 retirees, coupled with the fact that Pennsylvania is last of all fifty states in the number of COLA's granted to retirees (there have only been a total of seven Cost-of-Living Adjustment (COLA) increases since 1968) and the poor salaries and wages of many of the older retirees when they retired that, a "Catch-Up COLA" is necessary for restoring equity amongst both past and future state and school retirees. Some of the oldest of these pre-Act 9 retirees subsist entirely on their pension as they were not eligible for Social Security at the time.

Specifically, my proposal would disburse a supplemental annuity over a five-year period that is equal to a percentage of the monthly annuity payment. This percentage would be determined by the most recent effective date of retirement. During these tough economic times when everyone is forced to do more with less, a "Catch-Up COLA" is needed in order to provide pre-Act 9 retirees with a sense of financial security.

If you would like to join me in co-sponsoring this legislation, please contact Susan Finger at 705-2060 x 6626 or via email at SFinger@pahouse.net.

MAY 16 2012