



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

December 17, 2015

The Honorable Daryl D. Metcalfe
Majority Chairman
House State Government Committee
House of Representatives
Room 144 Main Capitol Building
Harrisburg, PA 17120

Re: [Senate Bill Number 1071, Printer's Number 1475](#)

Dear Representative Metcalfe:

I am writing in response to your request concerning an actuarial note for the above referenced bill. Senate Bill Number 1071, Printer's Number 1475, would amend the Public School Employees' Retirement Code, the State Employees' Retirement Code and the Military Code to: 1) implement a hybrid retirement benefit plan applicable to most new members of both PSERS and SERS; 2) exempt State Police officers, Correction officers, and other hazardous duty officers from membership in the new hybrid benefit tier; and 3) modify the future benefit entitlements of current members of both PSERS and SERS.

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 1071, Printer's Number 1475, and determined that: 1) on December 17, 2015, the Commission voted to attach an actuarial note to Senate Bill Number 1082, Printer's Number 1460, Amendment Number 04826 to Senate Bill Number 1082, Printer's Number 1460, and Amendment Number 05049 to Senate Bill Number 1082, Printer's Number 1460; 2) the Commission's actuarial note on Senate Bill Number 1082, Printer's Number 1460, Amendment Number 04826 to Senate Bill Number 1082, Printer's Number 1460, and Amendment Number 05049 to Senate Bill Number 1082, Printer's Number 1460, continues to apply to Senate Bill Number 1071, Printer's Number 1475; and 3) Senate Bill Number 1071, Printer's Number 1475, will have no actuarial cost impact beyond the previous actuarial cost estimate provided in the Commission's actuarial note on Senate Bill Number 1082, Printer's Number 1460, Amendment Number 04826 to Senate Bill Number 1082, Printer's Number 1460, and Amendment Number 05049 to Senate Bill Number 1082, Printer's Number 1460.

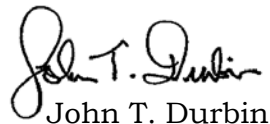
While the majority of the bill is substantively identical to the previous work of the Commission, there is a provision included in Senate Bill Number 1071, Printer's Number 1475, that would allow eligible current members of PSERS and SERS the option to "opt-in" into the new hybrid retirement plan for all future service. The

Commission's consulting actuary has indicated that the actuarial cost impact of this particular provision would be unquantifiable, and that there could not be a reliable prediction as to how many members would choose this option or how long they would remain in the plan to estimate their ultimate benefit and resulting cost.

Based upon the determination that Senate Bill Number 1071, Printer's Number 1475, will have no actuarial cost impact beyond that described in the Commission's actuarial note on Senate Bill Number 1082, Printer's Number 1460, Amendment Number 04826 to Senate Bill Number 1082, Printer's Number 1460, and Amendment Number 05049 to Senate Bill Number 1082, Printer's Number 1460, 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 William F. Adolph, Jr.
 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 Mark B. Cohen
 The Honorable Patrick M. Browne
 Ms. Karen Coates
 Mr. Clancy Myer
 Mr. Dave Reddecliff
 Ms. Lisa Taglang
 Mr. Bernard Gallagher
 Ms. Kim Hileman
 Ms. Susan Boyle