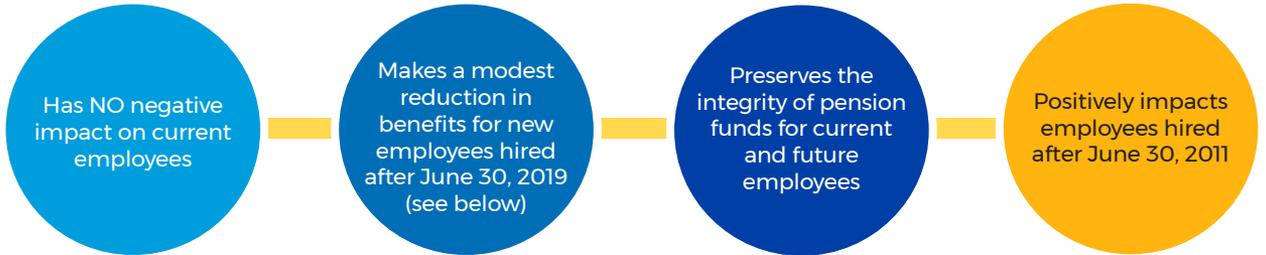


# SENATE BILL 1: PUBLIC EMPLOYEE PENSIONS

After four years of bad bills, legislative debates, and unprecedented PSEA member advocacy, PA state lawmakers are finally prepared to pass a pension bill that:



## LOOK HOW FAR WE'VE COME

A timeline: The current version of Senate Bill 1 contains none of the worst elements included in several pension bills introduced over the past four years.

JULY 2013	JULY 2014	JULY 2015
SB 922 reduces benefits for current employees and puts new hires in a DC* plan, <b>cutting benefits by 70 percent.</b>	Gov. Tom Corbett and Rep. Mike Tobash advance a stacked hybrid plan, <b>cutting benefits by 40 percent for new hires.</b>	SB 1 creates a hybrid DC/cash balance plan, <b>cutting benefits by 70 percent for new hires.</b> Gov. Wolf vetoes it.
DECEMBER 2015	OCTOBER 2016	JUNE 2017
SB 1071 creates a side-by-side hybrid plan, <b>cutting benefits by 18 percent for new hires.</b> The PA House votes it down 52-149.	The final version of SB 1071 <b>cuts benefits by 21 percent for new hires</b> but fails to get a vote in the PA House	SB 1 has <b>no negative impact</b> on current employees and cuts benefits by 9 to 11 percent for most new hires after June 30, 2019.

\* DC = Defined contribution plan with 401(k)-type individual accounts

## WHO CHANGED THE CONVERSATION ON PENSIONS? YOU DID!



You participated in thousands of meetings



You sent nearly 1 million email messages



You worked with Gov. Wolf and our bipartisan allies

# WHAT DOES IT MEAN FOR NEW EMPLOYEES?

Employees hired after June 30, 2019, will have three retirement benefit options.

1	2	3
<p><b>Default: 1.25% Multiplier</b>                      Employee contribution: 8.25%                      5.5% - Defined benefit                      2.75% - 401(k) account                      Employer Contribution: *                      2.25% - 401(k) account                      9%-11% pension benefit reduction</p>	<p><b>Lesser: 1% Multiplier</b>                      Employee contribution: 7.5%                      4.5% - Defined benefit                      3% - 401(k) account                      Employer Contribution: *                      2% - 401(k) account                      21%-24% pension benefit reduction</p>	<p><b>401(k)-type Plan</b>                      Employee contribution: 7.5%                      Employer contribution: 2%                      44%-49% pension benefit reduction</p>

*Compared with benefits for members hired after June 30, 2011*

*\*Employer contribution for defined benefit to be determined (approximately 0.8%).*

## PSEA'S PENSION PRINCIPLES

The PSEA House of Delegates adopted a series of principles by which to measure any pension bill.

PSEA's Pension Principle	How the compromise plan compares
No negative changes in benefits for current employees.	<ul style="list-style-type: none"> <li>• <b>No negative impacts</b> for current employees or retirees</li> <li>• <b>Positive impacts</b> for employees hired after June 30, 2011, include:                             <ul style="list-style-type: none"> <li>• <b>Access to Option 4</b> lump-sum withdrawal rights</li> <li>• <b>Upside risk sharing</b> (to balance current downside risk sharing) allowing employee pension contributions to decline when PSERS' investment returns exceed targets</li> </ul> </li> </ul>
Protect the defined benefit pension system and oppose implementing a defined contribution plan.	<ul style="list-style-type: none"> <li>• All current employees, retirees, and new employees <b>maintain a defined benefit</b></li> <li>• Employees hired after June 30, 2019, receive, by default, a retirement plan that is <b>2/3 defined benefit</b> and 1/3 defined contribution</li> <li>• Employees can opt in to a full defined contribution plan or a hybrid plan with a lower multiplier than the default plan</li> <li>• <b>The stability of the pension system will be protected</b></li> </ul>
Protect the retirement security of future, current, and retired PSEA members.	<ul style="list-style-type: none"> <li>• <b>No negative changes in benefits</b> for current employees or retirees</li> <li>• Employees hired after June 30, 2019, will see a 9 percent to 11 percent reduction in benefits under the default plan compared to employees hired after June 30, 2011</li> </ul>

**LEARN MORE AT [WWW.PSEA.ORG/PENSION](http://WWW.PSEA.ORG/PENSION)**