

PASR

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Pension Reform Proposals Begin to Surface

The Pennsylvania School Boards' Association (PSBA) introduced legislation in the House and Senate last month to dramatically change retirement benefits for all future school employees. The proposal, introduced by Representative Glen Grell as HB 2135 in the House, and by Senator Gene Yaw as SB 1185 in the Senate, would establish a hybrid pension plan. A hybrid pension plan is one that combines features of a defined benefit plan (which is what exists now), and a defined contribution plan (more commonly known as 401(k) plans).

Under PSBA's proposal, employees would receive a guaranteed pension at retirement that is based upon a 1% formula, instead of the current 2.5%. In other words, the fixed pension amount for a person who retired with 30 years of service would be reduced from 75% of final average salary to 30% of final average salary. The required employee contribution rate for the pension component would be reduced from the present 7.5% of gross salary, to 3.25% of salary. The employer (state and school district) contribution rates are not defined in the legislation, but are projected to be about 3% of gross salary for the state and school shares combined.

In addition to the defined benefit (guaranteed pension) component, the PSBA proposal would establish a defined contribution (retirement savings) component. Employees would be required to contribute at least 3% of their salaries to the retirement savings plan, and whatever additional percentages the employees choose up to the limits established annually by the IRS. The state and school districts would be required to match the employee contributions up to a maximum of 2% of salary. The individuals would be required to determine how to invest these contributions, selecting from a menu of investment options identified by the retirement system. At retirement, the individuals would be able to withdraw all of the contributions and accumulated investment earnings in their individual retirement accounts. The savings accounts are not secured and there are no guarantees on investment performance.

PSBA's proposal would only apply to individuals hired to work in the public schools on Jul 1, 2010 and thereafter. It would

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Have you seen the new Members Only area of the PASR website (www.pasr.org)?

Back in October, we reported that the new "members only" section of the PASR website was up and running, and provided instructions for how members could access this new area. To log into the site for the first time, members were instructed to use their Member ID number as the user name, which was printed on the mailing label attached to the NEWSLETTER. Unfortunately, due to a printing error the last digit of the number was cut off, and therefore, the complete Member ID number was not included on the label.

To help remedy the problem, the printer set up a toll-free hotline for members to call in and retrieve their complete member ID number. Since October, we are pleased to report that more than 400 PASR members have logged into the Members Only area of the website! We are confident, however, that this number would have been greater had the process not been hindered by the printing error.

If you have not yet visited the Members Only area of the PASR website, we hope that you will do so today. As the name implies, this portion of the site, which is password protected, is only available to PASR members.

Beyond what is available to the general public on the home page, upon logging into this area, you will see many more features and benefits including: online dues renewal/payment; events registration; an online library containing back issues of both PASR's NEWSLETTER and AFTERSCHOOL magazine; a repository of forms and literature; access to state committee meeting highlights and minutes; and online membership surveys. It is here in this section that members can also easily access their member record online and update personal information when changes occur to their e-mail address, phone number, or mailing address.

Logging In for the First Time

To log into the Members Only area for the first time, you must use your **Member ID** number as the *user name* with your password being the first letter of your first name along with your last name. For example, Robert Smith's password would be rsmith

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To view this publication in its entirety, join PASR and become a member today!

As a PASR member, you will be given *exclusive* access to the “members only” section of our web site where you can access past copies of the *AFTERSCHOOL* magazine as well as the state *NEWSLETTER*. These are just two of the many benefits you will receive when you join PASR.

What are you waiting for? Apply for membership now by using the form printed below, or online via the PASR web site.

MEMBERSHIP APPLICATION		Phone	Date of Birth
 PASR Pennsylvania Association of School Retirees	Pennsylvania Association of School Retirees 878 Century Drive Mechanicsburg, PA 17055-8406		____/____/____
		E-mail Address	Retirement Date & Yrs. of Service
Please print name/address below:		Would you like to receive information about a local PASR chapter? (PLEASE SPECIFY)	School District Retired From
		Please select your membership option. Make check payable to: PASR <input type="checkbox"/> Annual Membership Dues ■ \$45.00 <input type="checkbox"/> Associate Membership Dues ■ \$45.00 <input type="checkbox"/> Life Membership Dues ■ \$500.00	
Phone: 717-697-7077 ■ Fax: 717-697-8742 ■ pasr@pasr.org ■ www.pasr.org Note: Membership dues payments may not be deductible for federal income tax. PLEASE ALLOW 4-6 WEEKS FOR PROCESSING			