

# CLEAR

COALITION FOR LABOR ENGAGEMENT AND ACCOUNTABLE REVENUES

## Pre-Act 9 Retirees need a COLA NOW



House Bill 1416 would provide relief to nearly 69,000 retired public servants who dedicated their careers to Pennsylvania's students and citizens. For more than 20 years, pre-Act 9 retirees have been struggling to make ends meet, while the cost of goods and services has increased, and inflation eats away at their promise of a secure retirement.

Inaction from lawmakers has forced thousands of seniors – people who did everything right, who served their community, who always paid their share of retirement benefits – into poverty.

House Bill 1416 will finally provide pre-Act 9 retirees with the COLA they've been waiting for. Including the COLA that House Bill 1416 proposes in the FY 2024-25 state budget must be a priority.

(Note: Senate Bill 952 has been introduced in the Senate.)

### Key facts about how important a COLA is for pre-Act 9 retirees ...

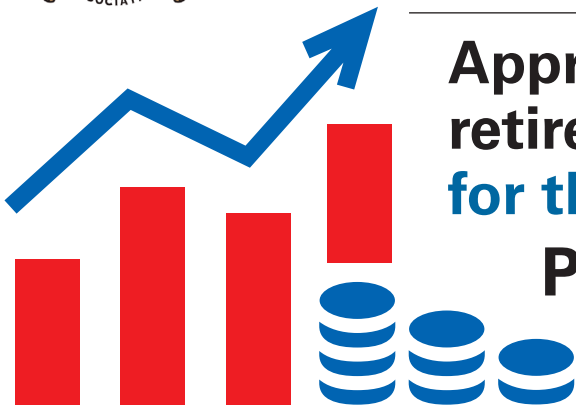
- From 1968 to 2002, the General Assembly passed COLA legislation every 4 or 5 years.
- The General Assembly hasn't approved COLA legislation since 2002.
- The House of Representatives approved House Bill 1416 on Nov. 14, 2023.

### Since 2002 ...

- The cost of food has increased 88 percent,
- The cost of housing has gone up 85 percent, and
- The cost of medical care has gone up 111 percent.
- Since 2002, pension benefits for pre-Act 9 retirees have increased by ZERO percent.
- The average pension benefit for dedicated state and school employees who retired before 2001 is less than \$20,000, and their average age is 83.

Approving a COLA for pre-Act 9 retirees must be a top priority for the FY 2024-25 state budget.

Please support **House Bill 1416.**



# IFO analysis of HB 1416 (Rep. Steven Malagari)

[http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Actuarial/ANOTE\\_HB1416\\_PN1584.pdf](http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Actuarial/ANOTE_HB1416_PN1584.pdf)

## Impact on SERS:

- Individuals impacted: 25,334
- Average age of eligible retiree: 79.7
- Average increase in annuity for first year: \$2,240 (\$186 monthly)
- Total projected benefit increases paid over lifetime: \$566.4 million
- Initial change in unfunded actuarial liability (UAL): \$371.0 million
- Initial change in funded ratio: -0.46% (69.35% to 68.89%)
- Initial change in employer contribution rate: 0.74% (34.12% to 34.86%)
- Annual amortized cost (10 years): \$52.5 million

## Impact on PSERS:

- Individuals impacted: 43,475
- Average age of eligible retiree: 82.8
- Average increase in annuity for first year: \$3,040 (\$254 monthly)
- Total projected benefit increases paid over lifetime: \$1,220.2 million
- Initial change in unfunded actuarial liability: \$821.1 million
- Initial change in funded ratio: -0.44% (63.18% to 62.74%)
- Initial change in employer contribution rate: 0.81% (34.73% to 35.54%)
- Annual amortized cost (10 years): \$125.1 million

**House Bill 1416 would impact PSERS and SERS annuitants who retired before July 2nd, 2001.**

**If enacted, the amount of the COLA would be based on the annuitant's most recent effective date of retirement and would be paid in accordance with the schedule below.**

Most Recent Effective Date of Retirement	Percentage Increase
July 2, 2000, through July 1, 2001	15.0%
July 2, 1999, through July 1, 2000	15.5%
July 2, 1998, through July 1, 1999	16.0%
July 2, 1997, through July 1, 1998	16.5%
July 2, 1996, through July 1, 1997	17.0%
July 2, 1995, through July 1, 1996	17.5%
July 2, 1994, through July 1, 1995	18.0%
July 2, 1993, through July 1, 1994	18.5%
July 2, 1992, through July 1, 1993	19.0%
July 2, 1991, through July 1, 1992	19.5%
July 2, 1990, through July 1, 1991	20.0%
July 2, 1989, through July 1, 1990	20.5%
July 2, 1988, through July 1, 1989	21.0%
July 2, 1987, through July 1, 1988	21.5%
July 2, 1986, through July 1, 1987	22.0%
July 2, 1985, through July 1, 1986	22.5%
July 2, 1984, through July 1, 1985	23.0%
July 2, 1983, through July 1, 1984	23.5%
July 2, 1982, through July 1, 1983	24.0%
Prior to July 2, 1982	24.5%

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