

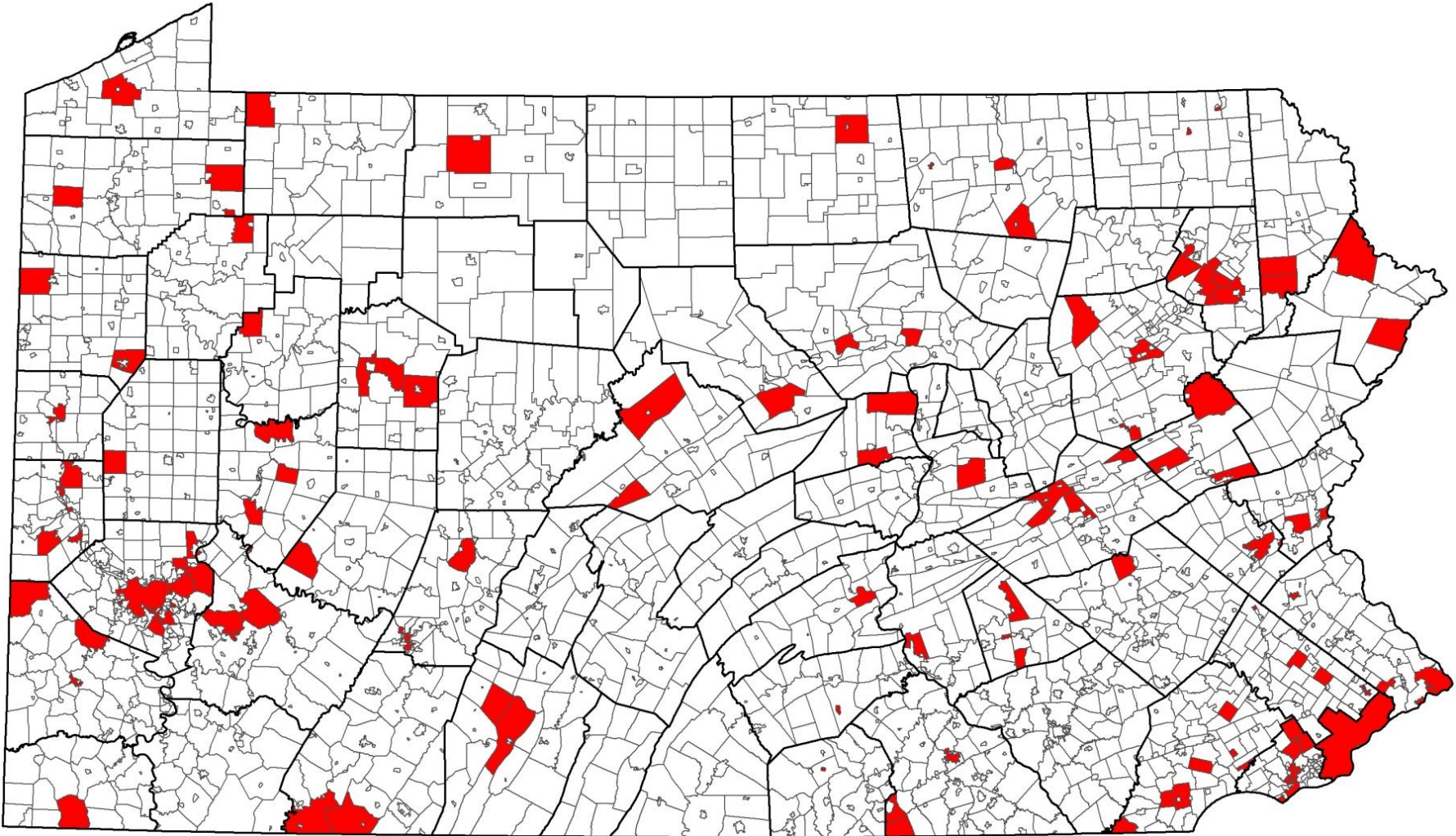
Pennsylvania Public Pension Stress



PENNSYLVANIA
ECONOMY LEAGUE
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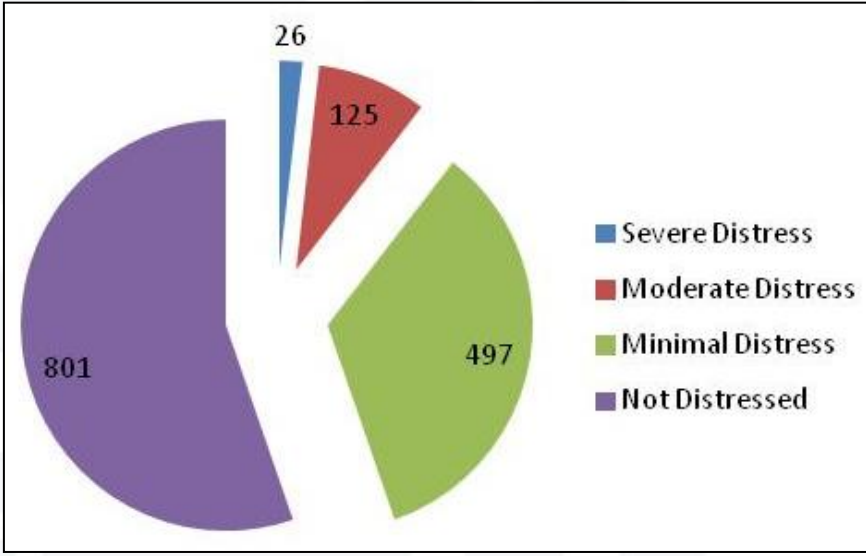
August 4, 2014

Municipal pension fund distress

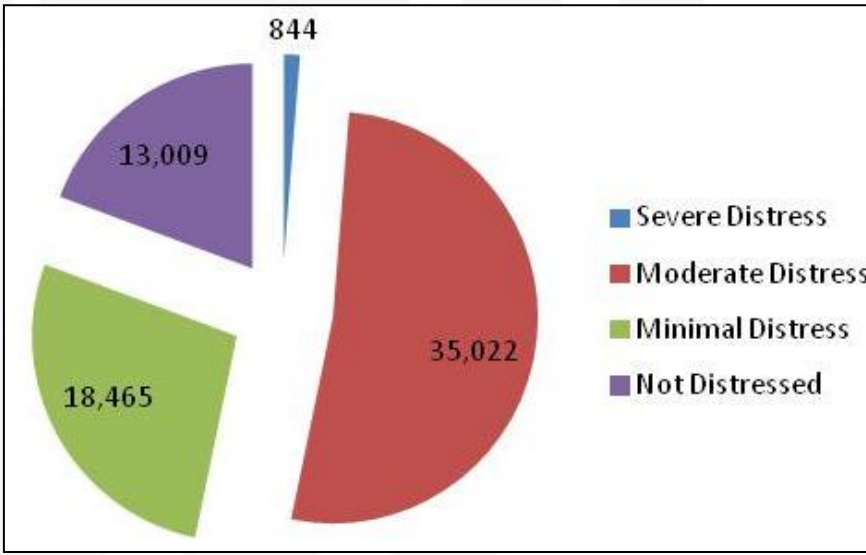


Varying severity of pension distress

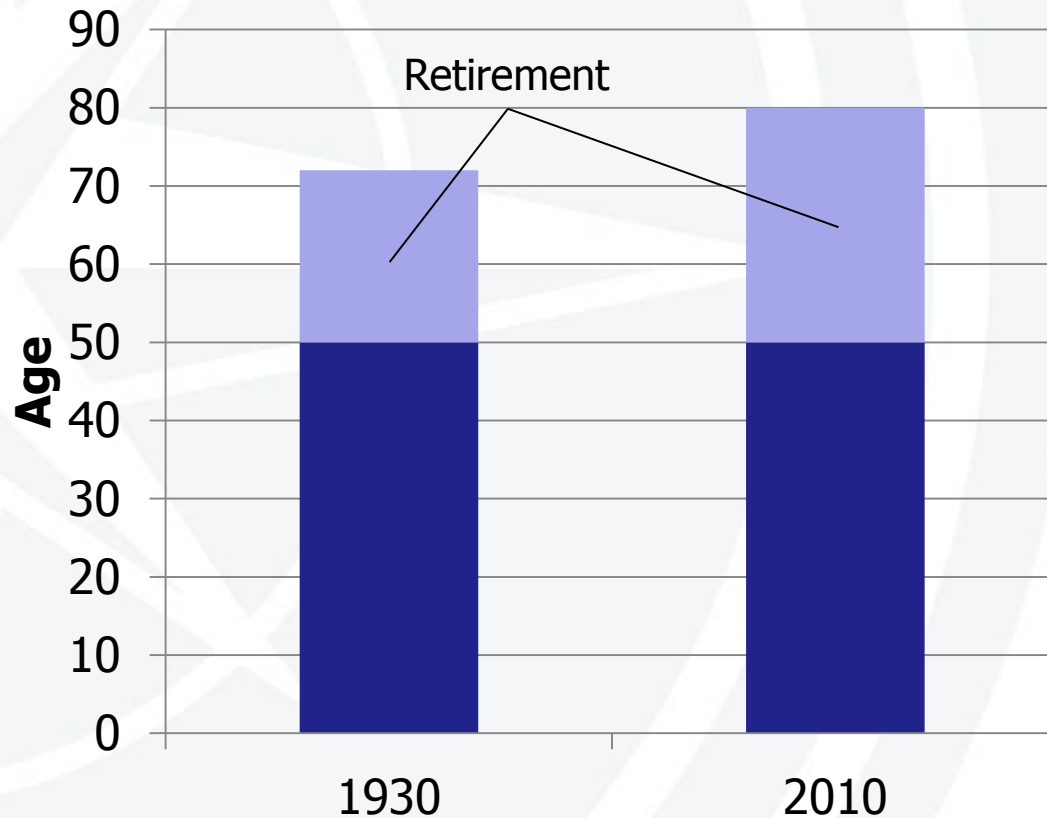
Municipalities
with Defined
Benefit
Pension Plans



Active
Members



Pension laws do not reflect today's realities



Many police can still retire at 50, just as they did in 1930.

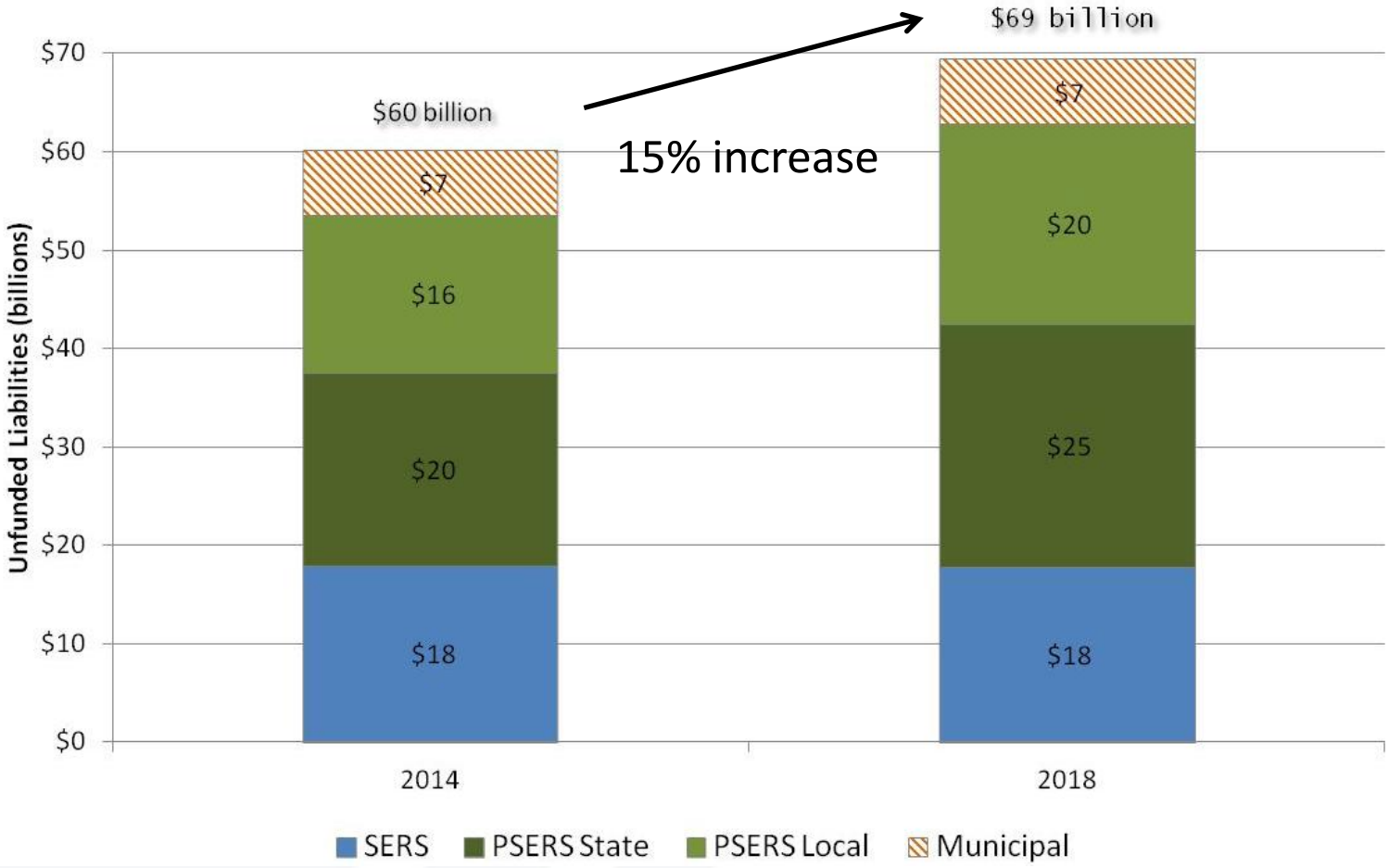
But life expectancy at that age has risen from 22 years to 30 – a **36% increase**.

Unfunded municipal pension liabilities



Philadelphia	\$4.8 billion
Pittsburgh	0.4 billion
<u>Balance of Pennsylvania</u>	<u>1.4 billion</u>
Pennsylvania Total	\$6.6 billion

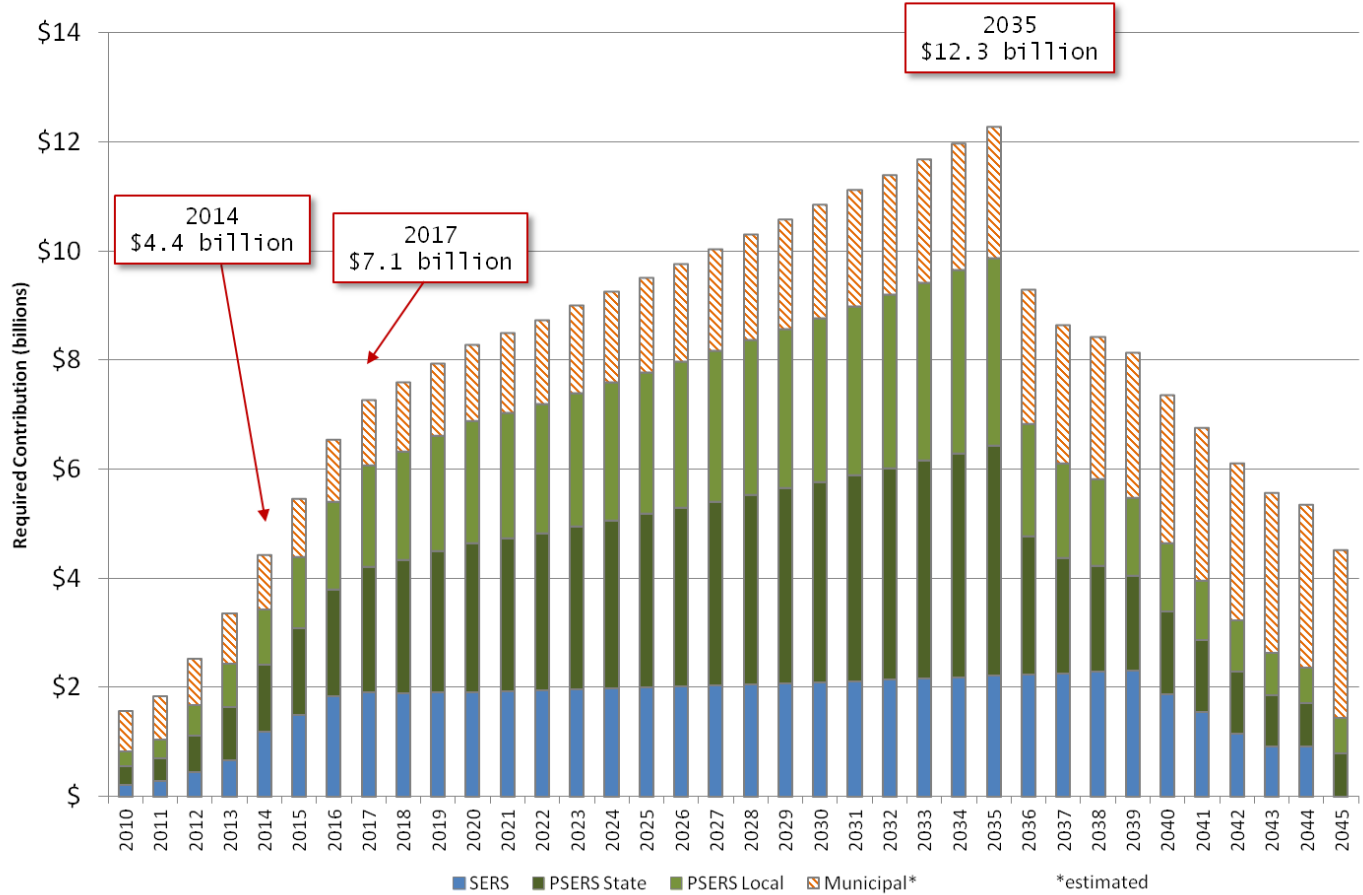
Unfunded public pension liabilities to rise \$9 billion in next four years



Public pension payments will rise for decades



**Pennsylvania Public Employee Pensions
Annual Required Contribution**

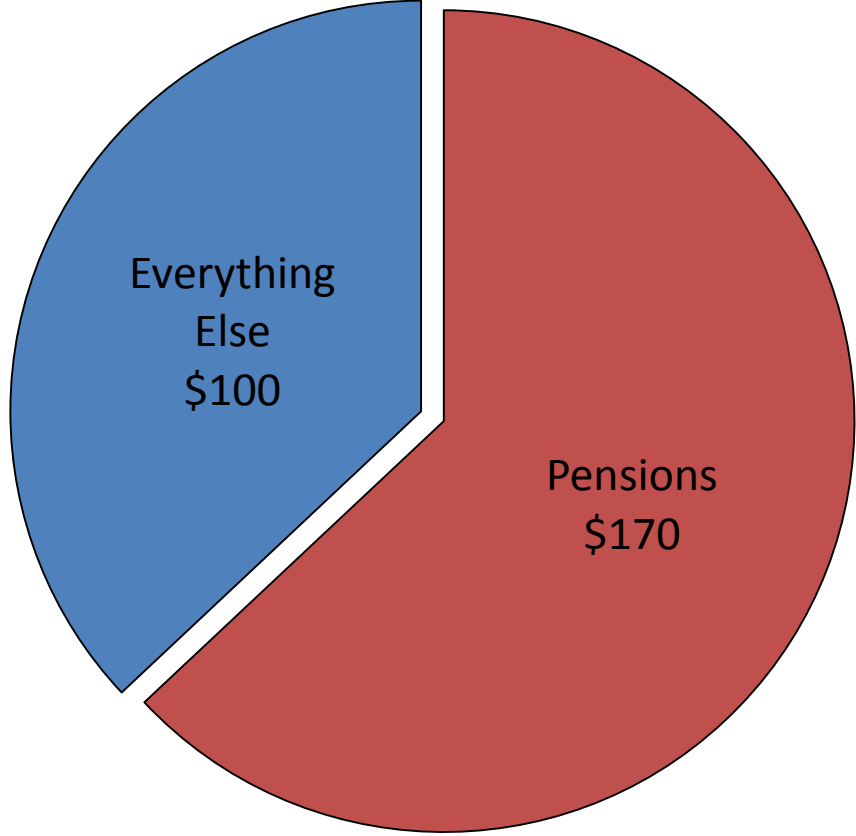


Pennsylvania Economy League of Greater Pittsburgh, July 2014

Increases in public pension costs consume more than 60% of all new revenue in Pennsylvania



2014 PA General Fund Increase (millions)



Reform and protect police and fire pension benefits



- Shift from a defined benefit to a hybrid plan with *shared risk and shared rewards* (new hires only)
- Forbid spiking
- Remove pension benefits from the collective bargaining process
- Increase vesting period, retirement age and length of service
- Allow portability for officers

Coalition for Sustainable Communities



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COMMUNITIES**