Background:
Berks County Commissioner since January 2008
Chair of the Board of Commissioners
Chair of the Retirement Board
Current Vice President County Commissioners Assoc. of PA (CCAP)
Incoming President of CCAP for 2013
Board Member National Association of Counties (NACo)
Vice President NACo North East U.S. Caucus of Counties

Impact of current Pension Laws on Berks County: Charts

- Berks County paid over $83 million in ARC payments over the last 10 years
    -
    - $37.5 million in ARC payments the first five years
    - $46.5 million in ARC payments the last five years
    - Represent 4.5 - 5 mil impact on county property taxes
- The ARC and Retroactive rule make giving a COLA almost impossible

What Berks County Would Like to see Changed:

- Allow PA Counties to implement a Defined Contribution Plan with grandfathering of current employees in the current system. The best scenario would be to move everyone to the new system but that could create legal a cost concerns.
- Give PA Counties Flexibility in defining details of plan. i.e. Let counties decide if they offer an option for existing employees transfer to the new plan.
- Provide a structure that creates pension like rules for the defined contribution plan with some ability for lump-sum rollover when leaving county employment. i.e. Cannot borrow from plan, plan managed by a board or professional financial management firm.
- Allow for a county contribution but do not require in light of varying economic circumstance of counties; however, if you do it should not exceed 3%.

What Impact a Defined Benefit Plan would have on Berks County: (See Charts)

- (DB) Percent of property tax used to pay the annual ARC – Retrospective and Prospective
- Total cost over past 8 years $68,693,411
- Total cost over next 5 years $62,074,945
- (DC) Percent of property tax used to pay the annual ARC - Prospective
- Total savings over next 5 years $46,630,045

If we do not do something soon we may find ourselves so deep in the whole we can't get out. Remember the "rule of holes." When you are in a hole, stop digging. We need to stop digging now and provide a new pension structure to counties.

Pension Reform Analysis

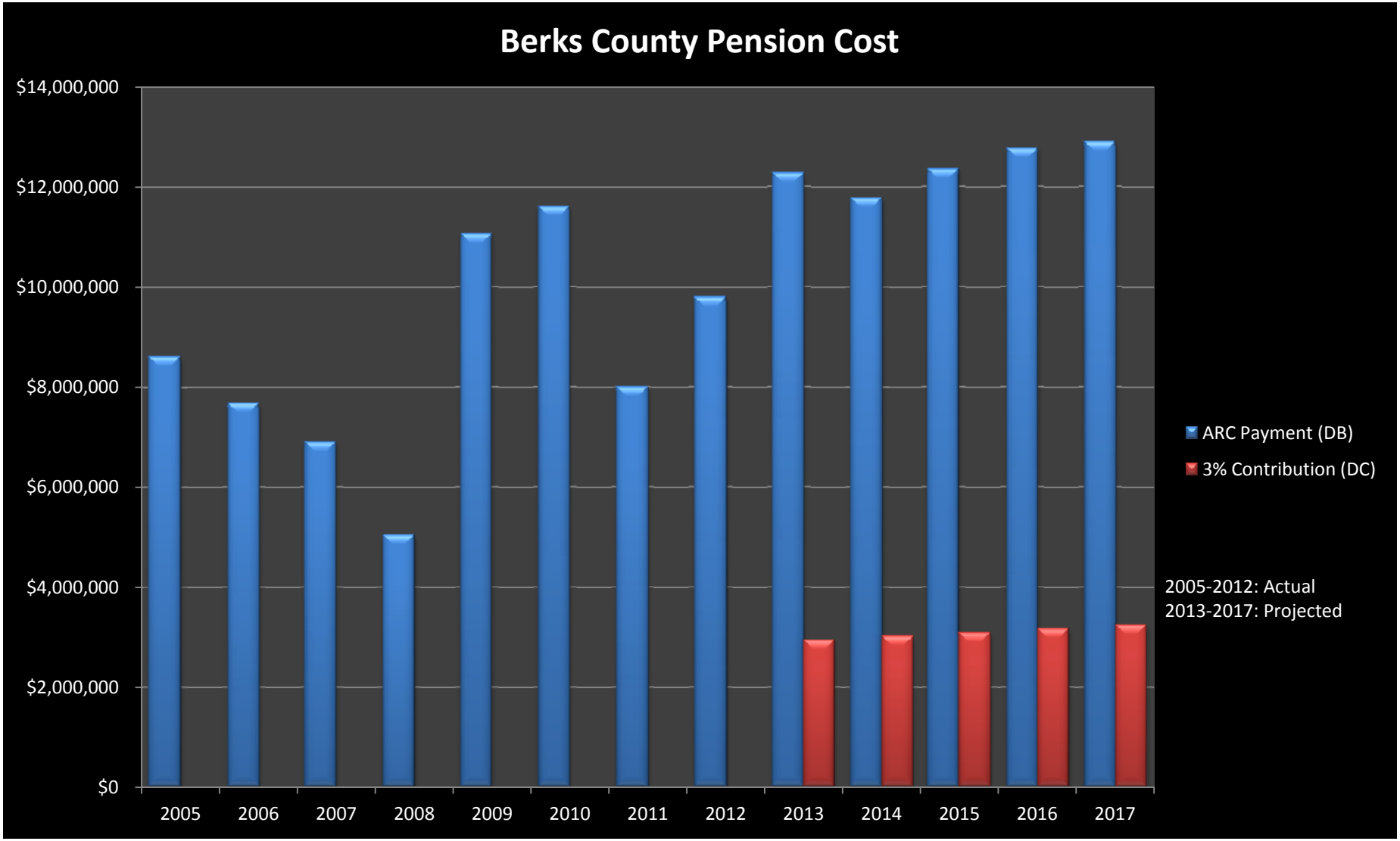
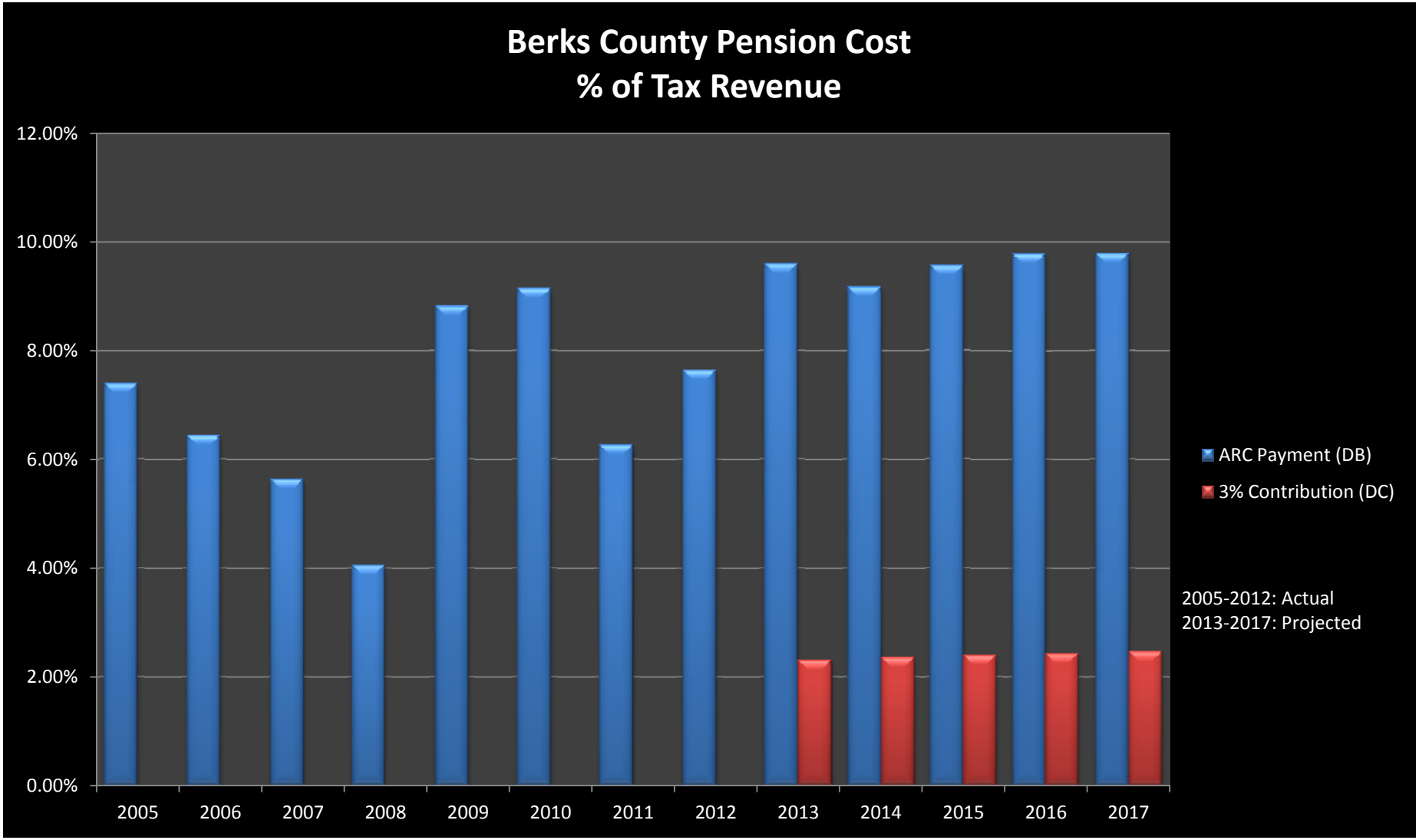
Historical Annual Pension Cost (ARC)

	2005	2006	2007	2008	2009	2010	2011	2012
Budget Tax Revenue	$116,644,317	$119,125,162	$122,374,786	$124,548,188	$125,531,444	$127,008,976	$127,650,000	$128,162,015
ARC Payment	$8,612,860	$7,675,390	$6,902,040	$5,039,939	$11,064,607	$11,599,747	$8,002,599	$9,796,229
% of Tax Revenue	7.38%	6.44%	5.64%	4.05%	8.81%	9.13%	6.27%	7.64%

Forecasted Annual Pension Cost - Defined Benefit vs. Defined Contribution

	2013	2014	2015	2016	2017
Budget Tax Revenue	$127,998,779	$128,420,162	$129,302,452	$130,544,051	$131,828,856
ARC Payment	$12,272,291	$11,784,579	$12,352,119	$12,770,985	$12,894,971
% of Tax Revenue	**9.59%**	**9.18%**	**9.55%**	**9.78%**	**9.78%**
Projected Wages	$98,007,546	$100,425,565	$102,904,037	$105,444,467	$108,048,410
3% Contribution	$2,940,226	$3,012,767	$3,087,121	$3,163,334	$3,241,452
% of Tax Revenue	**2.30%**	**2.35%**	**2.39%**	**2.42%**	**2.46%**
Projected Savings	**$9,332,065**	**$8,771,812**	**$9,264,998**	**$9,607,651**	**$9,653,519**

Pension Reform Analysis



Pension Reform Analysis