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DELAWARE STATE SENATE
149th GENERAL ASSEMBLY

SENATE BILL NO. 95

AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO THE STATE EMPLOYEES' PENSION PLAN.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend §5522(a), Title 29, Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

(a) An employee shall become eligible to receive a service pension, beginning with the month after the employee has terminated employment, if:

(1) The employee has 5 years of credited service, exclusive of service credited under § 5501(e)(4), (5) and (12) of this title, and has attained age 62;

(2) The employee has 15 years of credited service, exclusive of service credited under § 5501(e)(4), (5) and (12) of this title, and has attained age 60;

(3) The employee has 30 years of credited service;

(4) The employee has 25 years of credited service, exclusive of service credited under § 5501(e)(4), (5) and (12) of this title, regardless of age; or

(5) The employee has 25 years of credited service, exclusive of service credited under § 5501(e)(4), (5) and (12) of this title, regardless of age, and is a correction officer or specified peace officer. The employee must have 20 years of credited service as a correction officer or specified peace officer.

Section 2. Amend §5527(a), Title 29, Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

(a) (1) The amount of the monthly service or disability pension payable to an employee or former employee, not including correction officers or specified peace officers shall be the sum of 2.0% of his or her final average compensation multiplied by the number of years, taken to the nearest twelfth of a year, in his or her period of credited service prior to January 1, 1997, plus 1.85% of his or her final average compensation multiplied by the number of years, taken to the

21 nearest twelfth of a year, in his or her period of credited service after December 31, 1996. ~~If the employee is a correction~~
22 ~~officer or specified peace officer then the amount of pension would also include 2.45% of his or her final average~~
23 ~~compensation multiplied by years of service above 25 years.~~ The amount payable to a participant who does not make the
24 additional contribution provided in § 5501(j) of this title for years of credited service before 1977 shall be the sum of 2.0%
25 of his or her final average compensation multiplied by the number of years, taken to the nearest twelfth of a year, in his or
26 her period of credited service between January 1, 1977, and December 31, 1996, plus 2.0% of his or her final average
27 compensation multiplied by the number of years, taken to the nearest twelfth of a year, in his or her period of credited
28 service prior to January 1, 1977, provided that the maximum amount based on the service before 1977 is \$1,000, plus
29 1.85% of his or her final average compensation multiplied by the number of years, taken to the nearest twelfth of a year, in
30 his or her period of credited service after December 31, 1996.

31 (2) If the employee is a correction officer or specified peace officer then the amount of the monthly service or
32 disability pension payable shall be the sum of the following:

33 (a) 2.0% of final average compensation multiplied by the number of years, taken to the nearest twelfth of a
34 year, in the period of credited service prior to January 1, 1997, plus 1.85% of final average compensation
35 multiplied by the number of years, taken to the nearest twelfth of a year, in the period of credited service after
36 December 31, 1996 through December 31, 2017, provided that the calculation shall be 2.45% of final average
37 compensation multiplied by years of service above 25 years in the period of service prior to January 1, 2018.
38 plus

39 (c) 2.50% of final average compensation multiplied by the number of years, taken to the nearest twelfth of a
40 year, up to 20 years, in the period of service after January 1, 2018; plus

41 (d) 3.50% of final average compensation multiplied by the number of years above 20 years, taken to the
42 nearest twelfth of a year, in the period of service after January 1, 2018.

43 Section 3. Amend §5543(a), Title 29 of the Delaware Code by making insertions as shown by underlining and
44 deletions as shown by strikethrough as follows:

45 (a)(1) Effective January 1, 1998, employee contributions to the Fund shall be 3% of total annual compensation in
46 excess of \$6,000 provided, however, that post-2011 employees will pay an employee contribution rate of 5% of total
47 annual compensation in excess of \$6,000. In no event shall total compensation during any calendar year in excess of
48 \$6,000 be exempt from contributions.

49 (2) The employee contribution for a correction officer or specified peace officer shall be ~~5~~7% of annual
50 compensation in excess of \$6,000 provided, however, that a correction officer or specified peace officer who is also
51 a post-2011 employee will pay an employee contribution rate of 7% of annual compensation in excess of \$6,000.

52 Section 4. This Act shall become effective following receipt by the Board of Pension Trustees of a legal opinion from
53 the Board's tax counsel that the provisions of this Act should not have a negative impact on the qualified status of the State
54 Employees' Pension Plan. Further, upon receipt of such tax counsel's opinion that there should not be a negative impact
55 on the qualified status of the State Employees' Pension Plan, the provisions of Sections 2 and 3 will become
56 effective January 1, 2018 and the eligibility provisions in section 1 would become effective with retirements on or after
57 January 1, 2020.

SYNOPSIS

This bill establishes a 20 year retirement for correction officers and specified peace officers within the State Employees' Pension plan. The bill amends the multiplier prospectively for the calculation of pension benefits for correction officers and specified peace officers. For service prior to January 1, 2018 the multipliers of either 1.85%, 2.0% or 2.45% would continue to be in effect and then for years of service after January 1, 2018 a uniform multiplier of 2.5% for the first 20 years, plus 3.5% for years beyond 20 years. In addition, this bill amends the employee contribution for all correction officers and specified peace officers to a uniform 7%.

Author: Senator Ennis