

147TH GENERAL ASSEMBLY

FISCAL NOTE

BILL:	HOUSE BILL NO. 207
SPONSOR:	Representative J. Johnson
DESCRIPTION:	AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO THE STATE EMPLOYEES' PENSION PLAN.

ASSUMPTIONS:

1. Assumes the IRS Private Letter Ruling is received during calendar year 2013, with the law becoming effective on January 1, 2014. Correctional Officers will be eligible to retire at 25 years of service without penalty beginning January 1, 2016 – after the two year period specified in the legislation.
2. The Act would allow Correctional Officers to retire at 25 years of service without penalty contingent upon a favorable Private Letter Ruling or a favorable Determination Letter from the Internal Revenue Service. The enhanced benefit will be financed by higher employee pension contributions. Correctional Officers hired before January 1, 2012 will pay 5% of their annual compensation above \$6,000 and Correctional Officers hired on or after January 1, 2012 will pay 7% of their annual compensation above \$6,000.
3. The Pension Office estimates an additional 10 officers will retire annually.
4. Because Correctional Officers will be able to begin retiring with 25 years of service on January 1, 2016, fiscal year 2016 cost estimates only include the State share of health insurance for 6 months for 10 Correctional Officers.
5. There will be a one-time cost of approximately \$79,987 for software adjustments to PHRST and the Pension software system to account for this change.

Cost:

Fiscal Year 2014	\$0
Fiscal Year 2015	\$79,987 one-time expense for software upgrade
Fiscal Year 2016	\$32,130

Office of Controller General
June 27, 2013
CAS:CAS
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(Amounts are shown in whole dollars)