



PENNSYLVANIA ASSOCIATION OF RETIRED STATE EMPLOYEES

State Association Office

5000 Ritter Road, Suite 105, Mechanicsburg, PA 17055

717-731-9522 • 888-809-7429

Website: parseofpa.org



President's Report for Fall 2024

Dear PARSE Member:

I want to keep you up to date on what has been happening in the PARSE organization and what we will be working on in the next year.

First some highlights:

1. The Governing Board approved a new marketing agreement with AMBA. AMBA administers the dental (United Concordia) and vision (Davis Vision) contracts for PARSE. The agreement is for 6 years with three 1-year optional extensions. AMBA has been instrumental in the growth of PARSE, many of you would not be receiving this letter if were not for the AMBA member recruiting efforts. AMBA was instrumental in helping PARSE with the RFP (request for proposal) we did several years ago for a dental insurance provider. The dental contract ends in 2 years and PARSE will once again issue an RFP with the assistance of AMBA.
2. If you have not received a postcard, I want to advise you that PISI (our agent) is changing their name to AMBA. PISI merged with AMBA in 2018, and we chose to retain the PISI name at that time. We mutually agreed that the name change was overdue. Be assured that nothing is changing. You will still use the same phone number to call 1-800-382-1352, they still have the same location (on Hartzdale Rd in Camp Hill).
3. PARSE is in the 4th year of a 5-year contract with United Concordia. The contract had no rate increase for the first 3 years of the contract and for the 4th there was a 7% increase, that would be the rate for the 5th year also. The increase will not go into effect until your insurance is renewed. The increase is between \$3 and \$8 per month, depending on the plan, the effective date of this change is 11/1/2024..
4. The COLA that we have worked hard to achieve has been blocked in the Senate by Senator Chris Dush, Chairman of the Senate Government Committee. As I reported previously the bill passed with bipartisan support in the House and was sent to the Senate. To date our efforts to get this bill out of committee and to the whole Senate for a vote has been unsuccessful. Our Government Relations advisor has continued to work to find a way around the hold-up in this Committee.
5. The challenge with any COLA legislation is the Unfunded Liability issue. A review of this issue follows; there was a period (about 10 years) when the elected officials and Governor stopped contributing to the pension system. This was a time when the stock market was doing very well, and the pension fund was very sound financially. When several major stock market and economic changes happened the pension fund had significant losses. Those losses translated into the "Unfunded Liability" condition for the pension fund. Unfunded Liability simply means that the fund owes more money in pension payments than it has in its holdings. As a note the employees had no input when the Commonwealth stopped funding the pension fund. Legislation has since been passed requiring payment to the pension fund and that now is the case. That the Commonwealth is now back to

contributing to the fund does not change the unfunded liability problem. You may recall that there was a change to the factor in computing pensions from 2% to 2.5%. That change increased our pensions significantly. The change was not retroactive and therefore no employees who retired prior to July 2001 benefited from the change. We have proposed multiple options to assist retirees and did get support for those who retired without the benefit of the computation change. We also made the point that this group of retirees would have less impact on the unfunded liability problem. Any COLA, since it is an increase to pension payments, adds to the unfunded liability issue. A COLA for those who retired after July 2001 will be most difficult because of the impact on the unfunded liability.

6. We have been awaiting the outcome of HB1416 to look at options for post-2001 retirees. One approach will be some type of stimulus check. We proposed using some of the COVID funds, which by legislation could not be used for pensions, but a stimulus check would be an option.
7. PARSE membership has reached a new high with over 36,000 members to date. Almost 12,000 members used the online payment option for 2024 dues.
8. The PARSE finances remain positive and membership passing the 36K mark has helped maintain our excellent financial situation.
9. I had previously reported on SB 423 which would allow retirees to return to service part-time as certified fire instructors without stopping their benefits. After passing the Senate the bill went to the House where it is now pending in the House State Government Committee. We will continue to monitor this bill.
10. Previously we mentioned redoing the PARSE website and we anticipate several proposals to review soon. Our goal will be to make the site more user friendly, particularly for the many members who use their phones and tablet devices.
11. We are also seeking proposals for a Risk-Analysis audit of the State Office.
12. As a reminder, AMBA has insurance products other than dental and vision insurance available to PARSE members. **I want to emphasize however that because you talk to or meet with an AMBA representative on any of these other insurances you are under no obligation to purchase a product.**

Sincerely,

A handwritten signature in cursive script that reads "Thomas B Judge".

Tom Judge, PARSE President