Legislative Update...

Included in the FY 2009 budget were allocations of $112 million to continue the state's program of health insurance for retirees. Of this amount, approximately $9 million was allocated to cover the increased costs of the healthcare program; therefore the retirees will not see an increase in their premiums. An additional $10 million will be deposited into a separate trust fund that was created to pay for future health care costs for retirees. The Other Post Employment Benefits (OPEB) Trust Fund was created in 2007 and will have a balance of approximately $85 million by the end of FY 2009.

However, for the fiscal year beginning July 1, 2008, retirees will not receive an increase in their gross pension over the current FY 2008 amount. The State of Delaware maintains a dedicated fund to pay for pension increases granted in prior fiscal years. At the end of FY08, this fund (the PRI fund) is expected to have a balance of approximately $2 million in assets and $79 million in liabilities. The FY 2009 budget does contain approximately $38 million to pay down the accrued liability from prior increases. Over the last 15 years, there have been 12 post retirement increased granted.

Between the required funding for the PRI fund, funding for the OPEB fund and the allocation to cover current health care cost increases, there is approximately $160 million allocated in the FY 2009 budget for retirees.

Top Two Misperceptions on a Post Retirement Increase (PRI)

The Pension Office has received a large number of inquiries from members concerning PRIs and when and if a PRI will be granted this year, which was answered above. Below are some other questions and answers that we have received over the past few months.

Question 1:
The Pension fund has over $7 billion in assets; can't some of that money be used to grant a PRI?

Answer:
The answer is "no". The pension plan is a defined benefit plan in which the State has prefunded its pension benefits according to law. PRIs, however, are not prefunded and must be amortized over future years. The existing funds that are in the plan are dedicated to pay the current level of current member's pension benefits for the remainder of their life. A PRI would require additional funding from the State above what is currently in the plan.

Question 2:
Aren't retirees entitled to a PRI as part of their pension benefit?

Answer:
The answer is "no". While in the past PRIs have been granted on an ad hoc basis, PRIs are not a guaranteed part of your pension benefit. You are guaranteed a pension benefit that is determined by a formula set by law at the time of your retirement. Adjustments to that benefit require legislation passed by the General Assembly and signed by the Governor.

Life Changes...

Has your address changed or are you changing your banking information? If you have, please remember to update your information, in writing, with the Pension Office. Failure to notify the Pension Office of your change of address or banking information could jeopardize receiving future pension benefits in a timely manner.

Are you eligible for Medicare? Delaware Law mandates that you, your spouse, and eligible dependents elect Medicare parts A or B when eligible. Please contact the Pension Office upon receipt of your Medicare card. Failure to elect Medicare when eligible may result in termination of coverage through the State of Delaware Group Health Insurance Program.
Due to budget constraints, the bi-monthly Life Lines Newsletter will no longer be mailed to pensioners' or active employees' home addresses. The publication for Life Lines can be found online under the following link: http://www.ben.omb.delaware.gov/communication.shtml or through the Office of Pensions Website at http://www.delawarepensions.com. This newsletter provides information regarding health & fitness issues, safety, stress busters, eating well and much more. Please check it out!

Technology Tidbits…..
The Office of Pensions uses many resources to help retain a quality workforce and provide a secure and supportive retirement commitment. One of these resources is an electronic document system. It is used by the Office of Pensions to help facilitate the electronic storage, management and retrieval of documents from state employees and retirees.

Recently the Office of Pensions replaced our existing system with a more robust and enhanced solution. The new system will improve member services for State of Delaware pensioners, improve efficiency in processing information, reduce operating costs, increase security and create a more efficient platform to manage and retrieve documents. These benefits will assist the office as we strive to provide quality customer services to all state employees and retirees.

Pension benefits are payable on the last working day of each month, with the exception of December. The schedule for the balance of 2008 is as follows:
Thursday, July 31, 2008
Friday, August 29, 2008
Tuesday, September 30, 2008
Friday, October 31, 2008
Wednesday, November 26, 2008
Wednesday, December 24, 2008

The Pension Office Will be closed on the following dates:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Labor Day</td>
<td>Monday, September 1, 2008</td>
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<tr>
<td>Columbus Day</td>
<td>Monday, October 13, 2008</td>
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<tr>
<td>Election Day</td>
<td>Tuesday, November 4, 2008</td>
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<tr>
<td>Veterans Day</td>
<td>Tuesday, November 11, 2008</td>
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<tr>
<td>Thanksgiving Day</td>
<td>Thursday, November 27, 2008</td>
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<tr>
<td>Day After Thanksgiving</td>
<td>Friday, November 28, 2008</td>
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<tr>
<td>Christmas Day</td>
<td>Thursday, December 25, 2008</td>
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