

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 168 Session of
1995

INTRODUCED BY M. COHEN, LUCYK, THOMAS, ROONEY, JAROLIN, GEORGE, NAILOR, TIGUE, COWELL, STABACK, PESCI, MAYERNIK, CURRY, DALEY, D. R. WRIGHT, TRELLO, JOSEPHS, STERN, McCALL, WASHINGTON, PETRONE, E. Z. TAYLOR, LAUGHLIN, RICHARDSON, HORSEY, MIHALICH, YOUNGBLOOD, HALUSKA, MICHLOVIC, BELARDI, B. SMITH, WOGAN, TRAVAGLIO, BELFANTI, LEDERER AND L. I. COHEN, JANUARY 20, 1995

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS AMENDED, MARCH 18, 1996

AN ACT

1 ~~Amending Titles 24 (Education) and 71 (State Government) of the~~ <—
2 ~~Pennsylvania Consolidated Statutes, providing for special~~
3 ~~supplemental postretirement adjustments.~~
4 AMENDING TITLES 24 (EDUCATION) AND 71 (STATE GOVERNMENT) OF THE <—
5 PENNSYLVANIA CONSOLIDATED STATUTES, ADDING DEFINITIONS;
6 FURTHER DEFINING "ENFORCEMENT OFFICER" AND "SUPERANNUATION
7 AGE"; PROVIDING FOR OPTIONAL ACTIVE MEMBERSHIP; FURTHER
8 PROVIDING FOR CREDITED SCHOOL SERVICE AND STATE SERVICE, FOR
9 NONSCHOOL AND NONSTATE CREDITABLE SERVICE, FOR SPECIAL EARLY
10 RETIREMENT, FOR AUTOMATIC COST-OF-LIVING INCREASES AND FOR
11 MULTIPLE SERVICE MEMBERS; PROVIDING FOR FUNDING OF EARLY
12 RETIREMENT INCENTIVE PROGRAMS; AUTHORIZING ANNUITANTS TO
13 REDETERMINE THE EFFECT OF FROZEN PRESENT VALUE; PROVIDING FOR
14 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENTS; LIMITING
15 CERTAIN LIABILITY FOR BONDS AND NOTES; FURTHER PROVIDING FOR
16 THE CLASS OF SERVICE FOR BAIL COMMISSIONERS AND FOR
17 TERMINATION OF ANNUITIES; AND MAKING A REPEAL.

18 The General Assembly of the Commonwealth of Pennsylvania
19 hereby enacts as follows:

20 ~~Section 1. Title 24 of the Pennsylvania Consolidated~~ <—
21 ~~Statutes is amended by adding a section to read:~~
22 ~~§ 8348.4. Special supplemental postretirement adjustment.~~

~~(a) Eligibility. An annuitant who:~~

~~(1) retired after October 1, 1975, and before January 1, 1985;~~

~~(2) has military service as set forth in section 8304(b)(1) or (2) (relating to creditable nonschool service);~~

~~(3) is receiving or will receive retirement pay under 10 U.S.C. Ch. 67 (relating to retired pay for nonregular service) for this military service; and~~

~~(4) has not purchased nonschool service credit for this military service;~~

~~shall be eligible for this special supplemental postretirement adjustment.~~

~~(b) Calculation of adjustment. The monthly amount of this special supplemental postretirement adjustment shall be equal to the final average salary multiplied by 2% multiplied by the years of this military service divided by 12 multiplied by any applicable early retirement or option factors.~~

~~(c) Adjustment paid. Upon receipt of a timely request by an eligible annuitant, the system shall pay this special supplemental postretirement adjustment monthly from the effective date of this section.~~

~~(d) Adjustment enacted after death of annuitant. No special supplemental postretirement adjustment enacted after the death of an annuitant shall be payable to the beneficiary or survivor annuitant of the deceased annuitant.~~

~~(e) Future supplemental annuities. This special supplemental postretirement adjustment shall be included in the total annuity, and this military service shall be included in the total credited service in determining all future supplemental annuities.~~

~~(f) Time limitations. An annuitant who is eligible for this special supplemental postretirement adjustment shall have two years from the effective date of this section within which to make a request to the system for the adjustment established in this section.~~

~~(g) Court ordered purchase of nonschool service. If a court of competent jurisdiction rules that an annuitant who is receiving or will receive retirement pay under 10 U.S.C. Ch. 67 for this military service is eligible under section 8304(b)(1) or (2) to purchase nonschool service credit for this military service, this special supplemental postretirement adjustment shall stop with the annuitant's purchase of nonschool service credit for this military service, and the total amount of this special supplemental postretirement paid to the annuitant from the effective date of this section shall be subtracted from any increase in the annuity caused by the court ordered purchase of nonschool service credit for this military service.~~

~~Section 2. Title 71 is amended by adding a section to read:~~
~~§ 5708.4. Special supplemental postretirement adjustment.~~

~~(a) Eligibility. An annuitant who:~~

~~(1) retired after February 28, 1974, and before January 1, 1985;~~

~~(2) has military service as set forth in section 5304(c)(1) or (2) (relating to creditable nonstate service);~~

~~(3) is receiving or will receive retirement pay under 10 U.S.C. Ch. 67 (relating to retired pay for nonregular service) for this military service; and~~

~~(4) has not purchased nonstate service credit for this military service;~~

~~shall be eligible for this special supplemental postretirement~~

1 ~~adjustment.~~

2 ~~(b) Calculation of adjustment. The monthly amount of this~~
3 ~~special supplemental postretirement adjustment shall be equal to~~
4 ~~the final average salary multiplied by 2% multiplied by the~~
5 ~~years of this military service divided by 12 multiplied by any~~
6 ~~applicable early retirement or option factors.~~

7 ~~(c) Adjustment paid. Upon receipt of a timely request by an~~
8 ~~eligible annuitant, the system shall pay this special~~
9 ~~supplemental postretirement adjustment monthly from the~~
10 ~~effective date of this section.~~

11 ~~(d) Adjustment enacted after death of annuitant. No special~~
12 ~~supplemental postretirement adjustment enacted after the death~~
13 ~~of an annuitant shall be payable to the beneficiary or survivor~~
14 ~~annuitant of the deceased annuitant.~~

15 ~~(e) Future supplemental annuities. This special~~
16 ~~supplemental postretirement adjustment shall be included in the~~
17 ~~total annuity, and this military service shall be included in~~
18 ~~the total credited service in determining all future~~
19 ~~supplemental annuities.~~

20 ~~(f) Time limitations. An annuitant who is eligible for this~~
21 ~~special supplemental postretirement adjustment shall have two~~
22 ~~years from the effective date of this section within which to~~
23 ~~make a request to the system for the adjustment established in~~
24 ~~this section.~~

25 ~~(g) Court ordered purchase of nonstate service. If a court~~
26 ~~of competent jurisdiction rules that an annuitant who is~~
27 ~~receiving or will receive retirement pay under 10 U.S.C. Ch. 67~~
28 ~~for this military service is eligible under section 5304(c)(1)~~
29 ~~or (2) to purchase nonstate service credit for this military~~
30 ~~service, this special supplemental postretirement adjustment~~

1 ~~shall stop with the annuitant's purchase of nonstate service~~
2 ~~credit for this military service, and the total amount of this~~
3 ~~special supplemental postretirement adjustment paid to the~~
4 ~~annuitant from the effective date of this section shall be~~
5 ~~subtracted from any increase in the annuity caused by the court~~
6 ~~ordered purchase of nonstate service credit for this military~~
7 ~~service.~~

8 ~~Section 3. This act shall be retroactive to January 1, 1974.~~

9 ~~Section 4. This act shall take effect immediately.~~

10 SECTION 1. SECTION 8102 OF TITLE 24 OF THE PENNSYLVANIA <—
11 CONSOLIDATED STATUTES IS AMENDED BY ADDING DEFINITIONS TO READ:
12 § 8102. DEFINITIONS.

13 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS PART SHALL
14 HAVE, UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, THE
15 MEANINGS GIVEN TO THEM IN THIS SECTION:

16 * * *

17 "AMERICAN OR INTERNATIONAL SCHOOL OR EDUCATIONAL
18 INSTITUTION." ANY PUBLIC, AMERICAN OR INTERNATIONAL SCHOOL OR
19 PUBLIC, AMERICAN OR INTERNATIONAL EDUCATIONAL INSTITUTION
20 ACCREDITED BY THE MIDDLE STATES ASSOCIATION OF COLLEGES AND
21 SECONDARY SCHOOLS OR ANY OTHER UNITED STATES REGIONAL
22 ACCREDITING ENTITY DURING THE TIME OF THE EMPLOYEE'S SERVICE.

23 * * *

24 "MUNICIPAL EMPLOYEE." ANY PERSON HOLDING AN OFFICE OR
25 POSITION UNDER ANY COUNTY, CITY, BOROUGH, INCORPORATED TOWN OR
26 TOWNSHIP OF THIS COMMONWEALTH FOR WHICH HE IS RECEIVING REGULAR
27 REMUNERATION, EXCLUDING ANY INDEPENDENT CONTRACTOR OR A PERSON
28 COMPENSATED ON A FEE BASIS.

29 * * *

30 SECTION 2. SECTIONS 8301 AND 8302 OF TITLE 24 ARE AMENDED BY

1 ADDING SUBSECTIONS TO READ:

2 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP.

3 * * *

4 (D) OPTIONAL ACTIVE MEMBERSHIP.--ANY ANNUITANT WHO RETURNS
5 TO SERVICE AS A COACH, DIRECTOR OR SPONSOR OF AN EXTRACURRICULAR
6 SCHOOL ACTIVITY UNDER A SEPARATE CONTRACT AS PROVIDED IN SECTION
7 8346(F) WILL RETURN TO ACTIVE MEMBERSHIP IN THE SYSTEM IF
8 OTHERWISE ELIGIBLE AND BE SUBJECT TO THE PROVISIONS OF SECTION
9 8346(A), UNLESS THE ANNUITANT ELECTS OTHERWISE PURSUANT TO
10 SECTION 8346(F).

11 § 8302. CREDITED SCHOOL SERVICE.

12 * * *

13 (B.3) FURTHER CREDITED SERVICE AS RETIREMENT INCENTIVE.--
14 NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE CONTRARY,
15 FOR THE PERIOD OF DECEMBER 1, 1996, TO JULY 31, 1997, A MEMBER
16 WHO IS NOT AN ANNUITANT ON DECEMBER 1, 1996, WHO TERMINATES
17 SCHOOL SERVICE BETWEEN DECEMBER 1, 1996, AND JULY 31, 1997,
18 INCLUSIVE, WHO WILL BE 55 YEARS OF AGE OR OLDER ON JULY 31,
19 1997, WITH TEN OR MORE ELIGIBILITY POINTS, WHO FILES AN
20 APPLICATION FOR ANNUITY BEFORE AUGUST 1, 1997, AND WHO DECLARES
21 HIS INTENT TO RETIRE PRIOR TO MAY 1, 1997, SHALL BE CREDITED
22 WITH AN ADDITIONAL 10% OF HIS CREDITED SERVICE.

23 * * *

24 SECTION 3. SECTION 8304(C) OF TITLE 24 IS AMENDED,
25 SUBSECTION (B) IS AMENDED BY ADDING PARAGRAPHS AND THE SECTION
26 IS AMENDED BY ADDING A SUBSECTION TO READ:

27 § 8304. CREDITABLE NONSCHOOL SERVICE.

28 * * *

29 (B) LIMITATIONS ON NONSCHOOL SERVICE.--CREDITABLE NONSCHOOL
30 SERVICE CREDIT SHALL BE LIMITED TO:

1 * * *

2 (9) PREVIOUS SERVICE AS A MUNICIPAL EMPLOYEE.

3 (10) PREVIOUS SERVICE IN AN ACCREDITED PENNSYLVANIA
4 NONPUBLIC ELEMENTARY OR SECONDARY SCHOOL OR INSTITUTION OF
5 HIGHER EDUCATION LIMITED TO SUCH SERVICE PERFORMED WHILE THE
6 MEMBER HELD A PROVISIONAL OR PERMANENT PROFESSIONAL
7 CERTIFICATE TO TEACH IN THE PUBLIC SCHOOLS OF THIS
8 COMMONWEALTH. FOR EVERY THREE YEARS OF PREVIOUS SERVICE, AN
9 INDIVIDUAL CAN BUY ONE YEAR OF CREDITABLE SERVICE.

10 (11) PREVIOUS WORK EXPERIENCE OF THE TYPE REQUIRED FOR
11 PERMANENT CERTIFICATION AS A VOCATIONAL TEACHER PURSUANT TO
12 22 PA. CODE § 49.131 ET SEQ. (RELATING TO BASIC REQUIREMENTS
13 FOR BACCALAUREATE AND NONBACCALAUREATE PROGRAMS), AS
14 CERTIFIED BY THE DEPARTMENT OF EDUCATION. FOR EVERY THREE
15 YEARS OF PREVIOUS WORK EXPERIENCE, AN INDIVIDUAL CAN BUY ONE
16 YEAR OF CREDITABLE SERVICE. PREVIOUS WORK EXPERIENCE SHALL
17 NOT INCLUDE TIME SERVED IN AN APPRENTICESHIP.

18 (12) PREVIOUS SERVICE AS AN ADMINISTRATOR, TEACHER OR
19 INSTRUCTOR IN ANY PUBLIC, AMERICAN OR INTERNATIONAL SCHOOL OR
20 ANY PUBLIC, AMERICAN OR INTERNATIONAL EDUCATIONAL INSTITUTION
21 IN ANY TERRITORY OR AREA NOT UNDER THE JURISDICTION OF THE
22 FEDERAL GOVERNMENT.

23 (C) LIMITATIONS ON YEARS OF CREDIT.--SERVICE LISTED IN
24 SUBSECTION (B)(3) AND (4) MUST HAVE BEEN FOR A PERIOD OF AT
25 LEAST ONE SCHOOL YEAR [AND CREDIT FOR SUCH SERVICE]. CREDIT FOR
26 SERVICE LISTED IN SUBSECTION (B)(3), (4), (9), (10), (11) AND
27 (12) SHALL BE LIMITED TO THE LESSER OF 12 YEARS OR THE NUMBER OF
28 YEARS OF SCHOOL SERVICE CREDITED IN THE SYSTEM. IN NO CASE SHALL
29 THE TOTAL CREDIT FOR NONSCHOOL SERVICE OTHER THAN THAT LISTED IN
30 SUBSECTION (B)(5) EXCEED THE NUMBER OF YEARS OF SCHOOL SERVICE

1 CREDITED IN THE SYSTEM, PLUS, IN THE CASE OF A MULTIPLE SERVICE
2 MEMBER, ANY ADDITIONAL YEARS OF STATE SERVICE CREDITED IN THE
3 STATE EMPLOYEES' RETIREMENT SYSTEM.

4 (D) LIMITATIONS ON ELIGIBILITY TO PURCHASE NONSCHOOL SERVICE
5 CREDIT.--SERVICE LISTED IN SUBSECTION (B)(9), (10), (11) AND
6 (12) SHALL BE SUBJECT TO THE FOLLOWING ADDITIONAL LIMITATIONS:

7 (1) THAT THE PURCHASE BE FOR AT LEAST ONE YEAR OF
8 CREDIT.

9 (2) THAT THE AMOUNT OF CREDIT UNDER ANY ONE OF THE ABOVE
10 CATEGORIES CANNOT EXCEED FIVE YEARS.

11 (3) THAT THE ELECTION TO PURCHASE SUCH SERVICE ONLY BE
12 MADE AFTER THE MEMBER HAS ACCRUED TEN ELIGIBILITY POINTS.

13 (4) THAT THE MEMBER MAKE THE ELECTION TO PURCHASE THE
14 SERVICE WITHIN THREE YEARS OF THE LATER OF THE EFFECTIVE DATE
15 OF THIS PARAGRAPH OR THE DATE OF ACCRUING TEN ELIGIBILITY
16 POINTS.

17 (5) THAT THE CONTRIBUTION PAID BY THE MEMBER SHALL NOT
18 BE PAYABLE AS A LUMP SUM UNDER SECTION 8345(A)(4)(III)
19 (RELATING TO MEMBER'S OPTIONS).

20 SECTION 4. SECTIONS 8312 AND 8323(D) OF TITLE 24 ARE AMENDED
21 TO READ:

22 § 8312. ELIGIBILITY FOR SPECIAL EARLY RETIREMENT.

23 (A) EARLY RETIREMENT FROM 1985 TO 1997.--NOTWITHSTANDING ANY
24 PROVISIONS OF THIS TITLE TO THE CONTRARY, FOR THE PERIOD ONLY OF
25 JULY 1, 1985, TO JULY 1, 1997, THE FOLLOWING SPECIAL EARLY
26 RETIREMENT PROVISIONS SHALL BE APPLICABLE TO SPECIFIED ELIGIBLE
27 MEMBERS AS FOLLOWS:

28 (1) DURING THE PERIOD OF JULY 1, 1985 TO JUNE 30, 1986,
29 ANY MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST 53 YEARS AND
30 HAS CREDIT FOR AT LEAST 30 ELIGIBILITY POINTS SHALL BE

1 ENTITLED, UPON TERMINATION OF SERVICE AND FILING OF A PROPER
2 APPLICATION, TO RECEIVE A MAXIMUM SINGLE LIFE ANNUITY
3 CALCULATED PURSUANT TO SECTION 8342 (RELATING TO MAXIMUM
4 SINGLE LIFE ANNUITY) WITHOUT ANY REDUCTION BY VIRTUE OF AN
5 EFFECTIVE DATE OF RETIREMENT WHICH IS UNDER THE
6 SUPERANNUATION AGE.

7 (2) DURING THE PERIOD OF JULY 1, 1985 TO JUNE 30, 1986,
8 ANY MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST 50 YEARS BUT
9 NOT GREATER THAN 53 YEARS AND HAS CREDIT FOR AT LEAST 30
10 ELIGIBILITY POINTS SHALL BE ENTITLED, UPON TERMINATION OF
11 SERVICE AND FILING OF A PROPER APPLICATION, TO RECEIVE A
12 MAXIMUM SINGLE LIFE ANNUITY CALCULATED PURSUANT TO SECTION
13 8342 WITH A REDUCTION BY VIRTUE OF AN EFFECTIVE DATE OF
14 RETIREMENT WHICH IS UNDER THE SUPERANNUATION AGE OF A
15 PERCENTAGE DETERMINED BY MULTIPLYING THE NUMBER OF MONTHS,
16 INCLUDING A FRACTION OF A MONTH AS A FULL MONTH, BY WHICH THE
17 EFFECTIVE DATE OF RETIREMENT PRECEDES THE ATTAINMENT OF AGE
18 53 BY 0.25%.

19 (3) DURING THE PERIOD OF JULY 1, 1987, TO JUNE 30, 1993,
20 A MEMBER WHO HAS CREDIT FOR AT LEAST 30 ELIGIBILITY POINTS
21 SHALL BE ENTITLED, UPON TERMINATION OF SERVICE AND FILING OF
22 A PROPER APPLICATION, TO RECEIVE A MAXIMUM SINGLE LIFE
23 ANNUITY CALCULATED PURSUANT TO SECTION 8342 WITHOUT ANY
24 REDUCTION BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH
25 IS UNDER THE SUPERANNUATION AGE.

26 (4) DURING THE PERIOD OF JULY 1, 1993, TO JULY 1, 1997,
27 A MEMBER WHO HAS CREDIT FOR AT LEAST 30 ELIGIBILITY POINTS
28 SHALL BE ENTITLED, UPON TERMINATION OF SERVICE AND FILING OF
29 A PROPER APPLICATION, TO RECEIVE A MAXIMUM SINGLE LIFE
30 ANNUITY CALCULATED PURSUANT TO SECTION 8342 WITHOUT ANY

1 REDUCTION BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH
2 IS UNDER THE SUPERANNUATION AGE.

3 (B) EARLY RETIREMENT FROM 1997 TO 2002.--NOTWITHSTANDING ANY
4 PROVISIONS OF THIS TITLE TO THE CONTRARY, DURING THE PERIOD OF
5 JULY 2, 1997, TO DECEMBER 31, 2002, A MEMBER WHO HAS CREDIT FOR
6 AT LEAST 30 ELIGIBILITY POINTS SHALL BE ENTITLED, UPON
7 TERMINATION OF SERVICE AND FILING OF A PROPER APPLICATION, TO
8 RECEIVE A MAXIMUM SINGLE LIFE ANNUITY CALCULATED PURSUANT TO
9 SECTION 8342 WITHOUT ANY REDUCTION BY VIRTUE OF AN EFFECTIVE
10 DATE OF RETIREMENT WHICH IS UNDER THE SUPERANNUATION AGE.

11 § 8323. MEMBER CONTRIBUTIONS FOR CREDITABLE SCHOOL SERVICE.

12 * * *

13 (D) CERTIFICATION AND PAYMENT OF CONTRIBUTIONS.--

14 (1) IN ALL CASES OTHER THAN FOR THE PURCHASE OF CREDIT
15 FOR SABBATICAL LEAVE AND ACTIVATED MILITARY SERVICE LEAVE
16 BEGINNING BEFORE THE EFFECTIVE DATE OF PARAGRAPH (2), THE
17 AMOUNT PAYABLE SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE
18 WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID IN A
19 LUMP SUM WITHIN 90 DAYS OR, IN THE CASE OF AN ACTIVE MEMBER
20 OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
21 STATE EMPLOYEES' RETIREMENT SYSTEM, MAY BE AMORTIZED WITH
22 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS OR BY PERSONAL
23 CHECKS IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. IN
24 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE
25 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED
26 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE
27 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER
28 TO THE BOARD THE AMOUNTS PAID.

29 (2) IN THE CASE OF ACTIVATED MILITARY SERVICE LEAVE
30 BEGINNING BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH, THE

1 AMOUNT PAYABLE MAY BE PAID ACCORDING TO THIS SUBSECTION OR
2 SUBSECTION (C.1), BUT ALL LUMP SUM PAYMENTS MUST BE MADE AND
3 ALL AMORTIZATION PAYMENTS COMMENCED WITHIN ONE YEAR OF THE
4 TERMINATION OF ACTIVATED MILITARY SERVICE LEAVE.

5 SECTION 5. SECTION 8324(B) AND (D) OF TITLE 24 ARE AMENDED
6 AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

7 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE
8 NONSCHOOL SERVICE.

9 * * *

10 (B) NONINTERVENING MILITARY SERVICE.--THE AMOUNT DUE FOR THE
11 PURCHASE OF CREDIT FOR MILITARY SERVICE OTHER THAN INTERVENING
12 MILITARY SERVICE SHALL BE DETERMINED BY APPLYING THE MEMBER'S
13 BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS
14 PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) AT
15 THE TIME OF ENTRY OF THE MEMBER INTO SCHOOL SERVICE SUBSEQUENT
16 TO SUCH MILITARY SERVICE TO ONE-THIRD OF HIS TOTAL COMPENSATION
17 RECEIVED DURING THE FIRST THREE YEARS OF SUCH SUBSEQUENT
18 CREDITED SCHOOL SERVICE AND MULTIPLYING THE PRODUCT BY THE
19 NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE
20 NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH
21 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND
22 STATE SERVICE TO DATE OF PURCHASE. UPON CERTIFICATION OF THE
23 AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 DAYS OR,
24 IN THE CASE OF AN ACTIVE MEMBER [IT] OR AN ELIGIBLE STATE
25 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
26 RETIREMENT SYSTEM, THE PAYMENT MAY BE AMORTIZED WITH STATUTORY
27 INTEREST THROUGH SALARY DEDUCTIONS OR BY PERSONAL CHECKS IN
28 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. IN THE CASE OF
29 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE
30 EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS

1 SHALL BE REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD,
2 WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.
3 APPLICATION MAY BE FILED FOR ALL SUCH MILITARY SERVICE CREDIT
4 UPON COMPLETION OF THREE YEARS OF SUBSEQUENT CREDITED SCHOOL
5 SERVICE AND SHALL BE CREDITED AS CLASS T-C SERVICE.

6 * * *

7 (D) OTHER CREDITABLE NONSCHOOL SERVICE.--CONTRIBUTIONS ON
8 ACCOUNT OF CLASS T-C CREDIT FOR CREDITABLE NONSCHOOL SERVICE
9 OTHER THAN MILITARY SERVICE SHALL BE DETERMINED BY APPLYING THE
10 MEMBER'S BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION
11 RATE AS PROVIDED IN SECTION 8328 AT THE TIME OF THE MEMBER'S
12 ENTRY INTO SCHOOL SERVICE SUBSEQUENT TO SUCH CREDITABLE
13 NONSCHOOL SERVICE TO HIS TOTAL COMPENSATION RECEIVED DURING THE
14 FIRST YEAR OF SUBSEQUENT CREDITED SCHOOL SERVICE AND MULTIPLYING
15 THE PRODUCT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR
16 OF CREDITABLE NONSCHOOL SERVICE BEING PURCHASED TOGETHER WITH
17 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL OR
18 STATE SERVICE TO THE DATE OF PURCHASE, EXCEPT THAT IN THE CASE
19 OF PURCHASE OF CREDIT FOR CREDITABLE NONSCHOOL SERVICE AS SET
20 FORTH IN SECTION 8304(B)(5) (RELATING TO CREDITABLE NONSCHOOL
21 SERVICE) THE MEMBER SHALL PAY ONLY THE EMPLOYEE'S SHARE UNLESS
22 OTHERWISE PROVIDED BY LAW. UPON CERTIFICATION OF THE AMOUNT DUE,
23 PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 DAYS OR, IN THE CASE
24 OF AN ACTIVE MEMBER [IT] OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN
25 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE
26 PAYMENT MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY
27 DEDUCTIONS OR BY PERSONAL CHECKS IN AMOUNTS AGREED UPON BY THE
28 MEMBER AND THE BOARD. IN THE CASE OF AN ELIGIBLE STATE EMPLOYEE
29 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT
30 SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO

1 THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND
2 TRANSFER TO THE BOARD THE AMOUNTS PAID.

3 * * *

4 (G) ADDITIONAL CREDITABLE SERVICE.--CONTRIBUTIONS ON ACCOUNT
5 OF CREDIT FOR SERVICE AS AUTHORIZED IN SECTION 8304(B)(9), (10),
6 (11) AND (12) SHALL BE EQUAL TO THE FULL ACTUARIAL COST OF THE
7 INCREASED BENEFIT OBTAINED BY VIRTUE OF THE PURCHASE. THE
8 INCREASED BENEFIT ATTRIBUTABLE TO THE PURCHASED SERVICE SHALL BE
9 THE DIFFERENCE BETWEEN:

10 (1) THE ANNUAL AMOUNT OF A STANDARD SINGLE LIFE ANNUITY,
11 BEGINNING AT THE EARLIEST POSSIBLE SUPERANNUATION AGE,
12 CALCULATED ASSUMING NO FURTHER SALARY INCREASES, ASSUMING
13 CREDIT FOR THE SERVICE TO BE PURCHASED.

14 (2) THE ANNUAL AMOUNT OF A STANDARD SINGLE LIFE ANNUITY,
15 CALCULATED ON THE SAME BASIS, BUT EXCLUDING CREDIT FOR
16 SERVICE TO BE PURCHASED.

17 THE EARLIEST POSSIBLE SUPERANNUATION AGE SHALL BE THE AGE AT
18 WHICH THE MEMBER BECOMES FIRST ELIGIBLE FOR SUPERANNUATION
19 RETIREMENT ASSUMING CONTINUED FULL-TIME SERVICE AND CREDIT FOR
20 THE AMOUNT OF SERVICE WHICH THE MEMBER HAS ELECTED TO PURCHASE,
21 OR THE CURRENT ATTAINED AGE OF THE MEMBER, WHICHEVER IS LATER.
22 THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT ATTRIBUTABLE TO
23 THE PURCHASED SERVICE SHALL BE THE ACTUARIAL PRESENT VALUE OF A
24 DEFERRED ANNUITY EQUAL TO THE AMOUNT OF THE INCREASED BENEFIT
25 DETERMINED ABOVE, BEGINNING AT THE EARLIEST POSSIBLE
26 SUPERANNUATION AGE AND PAYABLE FOR LIFE, CALCULATED USING A
27 PRERETIREMENT INTEREST ASSUMPTION OF 1.5%, A POSTRETIREMENT
28 INTEREST ASSUMPTION OF 4%, NO PRERETIREMENT MORTALITY ASSUMPTION
29 AND STANDARD POSTRETIREMENT MORTALITY ASSUMPTIONS. THE PURCHASE
30 PAYMENT SHALL BE MADE IN A LUMP SUM BY THE MEMBER OR AN ELIGIBLE

1 STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
2 RETIREMENT SYSTEM WITHIN 30 DAYS OF CERTIFICATION BY THE BOARD
3 OF THE REQUIRED PURCHASE AMOUNT OR MAY BE AMORTIZED THROUGH
4 SALARY DEDUCTIONS IN AMOUNTS AGREED UPON BY THE MEMBER AND THE
5 BOARD WITH INTEREST PAYABLE ON THE UNPAID BALANCE AT THE RATE
6 APPLICABLE TO THE MOST RECENTLY ISSUED 30-YEAR BONDS OF THE
7 UNITED STATES TREASURY DEPARTMENT. IN THE CASE OF AN ELIGIBLE
8 STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
9 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE
10 REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL
11 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

12 SECTION 6. SECTION 8325 OF TITLE 24 IS AMENDED TO READ:

13 § 8325. INCOMPLETE PAYMENTS.

14 IN THE EVENT THAT A MEMBER TERMINATES SCHOOL SERVICE OR A
15 MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE
16 EMPLOYEES' RETIREMENT SYSTEM TERMINATES STATE SERVICE BEFORE ANY
17 AGREED UPON PAYMENTS OR RETURN OF BENEFITS ON ACCOUNT OF
18 RETURNING TO SCHOOL SERVICE OR ENTERING STATE SERVICE AND
19 ELECTING MULTIPLE SERVICE HAVE BEEN COMPLETED, THE MEMBER OR
20 MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE
21 EMPLOYEES' RETIREMENT SYSTEM SHALL HAVE THE RIGHT TO PAY WITHIN
22 30 DAYS OF TERMINATION OF SCHOOL SERVICE OR STATE SERVICE THE
23 BALANCE DUE, INCLUDING INTEREST, IN A LUMP SUM AND THE ANNUITY
24 SHALL BE CALCULATED INCLUDING FULL CREDIT FOR THE PREVIOUS
25 SCHOOL SERVICE, CREDITABLE NONSCHOOL SERVICE, OR FULL-COVERAGE
26 MEMBERSHIP. IN THE EVENT A MEMBER DOES NOT PAY THE BALANCE DUE
27 WITHIN 30 DAYS OF TERMINATION OF SCHOOL SERVICE OR IN THE EVENT
28 A MEMBER DIES IN SCHOOL SERVICE OR WITHIN 30 DAYS OF TERMINATION
29 OF SCHOOL SERVICE OR, IN THE CASE OF A MULTIPLE SERVICE MEMBER
30 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT

1 SYSTEM, DOES NOT PAY THE BALANCE DUE WITHIN 30 DAYS OF
2 TERMINATION OF STATE SERVICE OR DIES IN STATE SERVICE OR WITHIN
3 30 DAYS OF TERMINATION OF STATE SERVICE AND BEFORE THE AGREED
4 UPON PAYMENTS HAVE BEEN COMPLETED, THE PRESENT VALUE OF THE
5 BENEFIT OTHERWISE PAYABLE SHALL BE REDUCED BY THE BALANCE DUE,
6 INCLUDING INTEREST, AND THE BENEFIT PAYABLE SHALL BE CALCULATED
7 AS THE ACTUARIAL EQUIVALENT OF SUCH REDUCED PRESENT VALUE.

8 SECTION 7. SECTION 8328 OF TITLE 24 IS AMENDED BY ADDING A
9 SUBSECTION TO READ:

10 § 8328. ACTUARIAL COST METHOD.

11 * * *

12 (G) FUNDING OF EARLY RETIREMENT INCENTIVE PROGRAM.--
13 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, THE
14 UNFUNDED ACCRUED LIABILITY FOR ANY EARLY RETIREMENT INCENTIVE
15 PROGRAM PROVIDED FOR IN SUBCHAPTER A (RELATING TO GENERAL
16 PROVISIONS) SHALL BE FULLY FUNDED OVER AN AMORTIZATION PERIOD OF
17 NOT MORE THAN TEN YEARS USING A LEVEL ANNUAL DOLLAR CONTRIBUTION
18 METHODOLOGY.

19 SECTION 8. SECTION 8345(A)(4) OF TITLE 24 IS AMENDED TO
20 READ:

21 § 8345. MEMBER'S OPTIONS.

22 (A) GENERAL RULE.--ANY VESTEE WITH TEN OR MORE ELIGIBILITY
23 POINTS OR ANY OTHER ELIGIBLE MEMBER UPON TERMINATION OF SCHOOL
24 SERVICE WHO HAS NOT WITHDRAWN HIS ACCUMULATED DEDUCTIONS AS
25 PROVIDED IN SECTION 8341 (RELATING TO RETURN OF ACCUMULATED
26 DEDUCTIONS) MAY APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM
27 SINGLE LIFE ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE
28 PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE
29 ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE
30 ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN

1 ACCORDANCE WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO
2 MEMBER SHALL ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR
3 ANNUITANTS OTHER THAN HIS SPOUSE OR ALTERNATE PAYEE OF SUCH A
4 MAGNITUDE THAT THE PRESENT VALUE OF THE ANNUITY PAYABLE TO HIM
5 FOR LIFE PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO
6 RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM
7 SINGLE LIFE ANNUITY.

8 * * *

9 (4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE
10 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
11 MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
12 RESTRICTIONS:

13 (I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
14 DURING THE LIFETIME OF THE MEMBER.

15 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
16 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
17 ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER.

18 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
19 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
20 EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS
21 STANDING TO THE CREDIT OF THE MEMBER AND SHALL NOT
22 INCLUDE THE CONTRIBUTION BY THE MEMBER FOR THE PURCHASE
23 OF CREDIT UNDER SECTION 8304(B)(9), (10), (11) AND (12)
24 (RELATING TO CREDITABLE NONSCHOOL SERVICE) MADE PURSUANT
25 TO SECTION 8324(G) (RELATING TO CONTRIBUTIONS FOR
26 PURCHASE OF CREDIT FOR CREDITABLE NONSCHOOL SERVICE). THE
27 BALANCE OF THE PRESENT VALUE OF THE MAXIMUM SINGLE LIFE
28 ANNUITY ADJUSTED IN ACCORDANCE WITH SECTION 8342(B) SHALL
29 BE PAID IN THE FORM OF AN ANNUITY WITH A GUARANTEED TOTAL
30 PAYMENT, A SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR

1 ANNUITY OR ANY COMBINATION THEREOF BUT SUBJECT TO THE
2 RESTRICTIONS OF SUBPARAGRAPHS (I) AND (II) OF THIS
3 PARAGRAPH.

4 * * *

5 SECTION 9. SECTION 8346(A) AND (D)(1) OF TITLE 24, AMENDED
6 DECEMBER 20, 1995 (P.L.689, NO.77), ARE AMENDED AND THE SECTION
7 IS AMENDED BY ADDING SUBSECTIONS TO READ:

8 § 8346. TERMINATION OF ANNUITIES.

9 (A) GENERAL RULE.--IF AN ANNUITANT RETURNS TO SCHOOL SERVICE
10 OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE
11 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART,
12 EXCEPT AS PROVIDED IN SUBSECTION (F), SHALL CEASE EFFECTIVE UPON
13 THE DATE OF THE ANNUITANT'S RETURN TO SCHOOL SERVICE OR ENTERING
14 STATE SERVICE AND IN THE CASE OF AN ANNUITY OTHER THAN A
15 DISABILITY ANNUITY THE PRESENT VALUE OF SUCH ANNUITY, ADJUSTED
16 FOR FULL COVERAGE IN THE CASE OF A JOINT COVERAGE MEMBER WHO
17 MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR FULL COVERAGE,
18 SHALL BE FROZEN, EXCEPT AS PROVIDED IN SUBSECTION (F), AS OF THE
19 DATE SUCH ANNUITY CEASES. AN ANNUITANT WHO IS CREDITED WITH AN
20 ADDITIONAL 10% OF MEMBERSHIP SERVICE AS PROVIDED IN SECTION
21 8302(B.2) OR (B.3) (RELATING TO CREDITED SCHOOL SERVICE) AND WHO
22 RETURNS TO SCHOOL SERVICE, EXCEPT AS PROVIDED IN SUBSECTION (B)
23 OR (F), SHALL FORFEIT SUCH CREDITED SERVICE AND SHALL HAVE HIS
24 FROZEN PRESENT VALUE ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE
25 HAD NOT BEEN APPLIED TO HIS ACCOUNT. IN THE EVENT THAT THE COST-
26 OF-LIVING INCREASE ENACTED DECEMBER 18, 1979, OCCURRED DURING
27 THE PERIOD OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN
28 PRESENT VALUE SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS
29 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT
30 RETURNED TO SERVICE.

1 (A.1) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE
2 ANNUITY CEASES UNDER THIS SECTION RECEIVES ANY ANNUITY PAYMENT,
3 INCLUDING A LUMP SUM PAYMENT UNDER SECTION 8345 (RELATING TO
4 MEMBER'S OPTIONS), ON OR AFTER THE DATE OF THE ANNUITANT'S
5 RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE, THE
6 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED PLUS
7 STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE CERTIFIED IN
8 EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY
9 THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 90 DAYS OR BY
10 SUCH OTHER METHOD AS THE BOARD BY REGULATION SHALL AUTHORIZE,
11 WHICH MAY INCLUDE, BUT IS NOT LIMITED TO, AN ACTUARIAL
12 ADJUSTMENT TO THE ANNUITY THE MEMBER MAY RECEIVE UPON SUBSEQUENT
13 RETIREMENT CALCULATED USING THE ANNUAL INTEREST RATE ADOPTED FOR
14 THAT FISCAL YEAR BY THE BOARD FOR THE CALCULATION OF THE NORMAL
15 CONTRIBUTION RATE PURSUANT TO SECTION 8328(B) (RELATING TO
16 ACTUARIAL COST METHOD). IN THE EVENT THE BOARD BY REGULATION
17 ALLOWS AN ACTIVE MEMBER OR A STATE EMPLOYEE WHO IS AN ACTIVE
18 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM TO AMORTIZE THE
19 AMOUNTS PAYABLE WITH STATUTORY INTEREST THROUGH SALARY
20 DEDUCTIONS, THE AGREED UPON SALARY DEDUCTIONS MAY BE REMITTED TO
21 THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND
22 TRANSFER TO THE BOARD THE AMOUNTS PAID.

23 * * *

24 (D) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

25 (1) AN ANNUITANT WHO RETURNS TO SCHOOL SERVICE AND EARNS
26 THREE ELIGIBILITY POINTS BY PERFORMING CREDITED SCHOOL
27 SERVICE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN
28 ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO ENTERS STATE
29 SERVICE AND:

30 (I) IS A MULTIPLE SERVICE MEMBER; OR

(II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND
EARNs THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE
SERVICE OR CREDITED SCHOOL SERVICE FOLLOWING THE MOST RECENT
PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND WHO HAD
THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE WITH
SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE
FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF
RETIREMENT ELIMINATED, PROVIDED THAT ALL PAYMENTS UNDER
OPTION 4 AND ANNUITY PAYMENTS PAYABLE DURING PREVIOUS PERIODS
OF RETIREMENT PLUS INTEREST AS SET FORTH IN PARAGRAPH (3)
SHALL BE RETURNED TO THE FUND IN THE FORM OF AN ACTUARIAL
ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE
BOARD MAY OTHERWISE DIRECT. IN THE CASE OF AN ANNUITANT WHO
ELECTS MULTIPLE SERVICE MEMBERSHIP AFTER COMMENCING STATE
SERVICE, ELIGIBILITY POINTS EARNED AFTER THE COMMENCING OF
STATE SERVICE, BUT BEFORE THE ELECTION OF MULTIPLE SERVICE,
SHALL BE INCLUDED IN THE EARNING OF THE THREE ELIGIBILITY
POINTS REQUIRED BY THIS PARAGRAPH.

* * *

(E) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE AS
APPLIED TO ANNUITANTS.--

(1) A MEMBER WHO WAS AN ANNUITANT ON JULY 1, 1994, AND
WHO HAD RETURNED TO SCHOOL SERVICE AND EARNED THREE
ELIGIBILITY POINTS BY PERFORMING CREDITED SCHOOL SERVICE
BETWEEN THE TERMINATION OF SCHOOL SERVICE MOST RECENTLY
BEFORE JULY 1, 1994, AND MOST RECENT COMMENCEMENT OF AN
ANNUITY BEFORE SUCH TERMINATION OF SCHOOL SERVICE AND THE
CALCULATION OF WHOSE ANNUITY INCLUDED A FROZEN PRESENT VALUE
CALCULATION IN ACCORDANCE WITH SUBSECTIONS (A) AND (C) SHALL
HAVE THAT ANNUITANT'S ANNUITY ADJUSTED AS FOLLOWS:

1 (I) THE SYSTEM SHALL CALCULATE THE MAXIMUM SINGLE
2 LIFE ANNUITY THAT THE MEMBER WOULD HAVE BEEN ENTITLED TO
3 RECEIVE ON THAT MEMBER'S EFFECTIVE DATE OF RETIREMENT,
4 CALCULATED AS IF THE MEMBER HAD BEEN A VESTEE DURING ALL
5 PERIODS AS AN ANNUITANT WHICH RESULTED IN THE PRESENT
6 VALUE OF THAT ANNUITY BEING FROZEN IN ACCORDANCE WITH
7 SUBSECTION (A). SUCH CALCULATED MAXIMUM SINGLE LIFE
8 ANNUITY SHALL THEN BE MODIFIED BY THE OPTIONAL
9 MODIFICATION OF ANNUITY ACTUALLY SELECTED BY THE
10 ANNUITANT AND SUCH ACTUAL POSTRETIREMENT ADJUSTMENTS TO
11 THAT ANNUITY AS THE ANNUITANT HAD BEEN ELIGIBLE TO
12 RECEIVE AS OF THE EFFECTIVE DATE OF THIS SUBSECTION.

13 (II) THE PRESENT VALUE OF THE RECALCULATED ANNUITY
14 AS MODIFIED UNDER SUBPARAGRAPH (I), AS OF THE EFFECTIVE
15 DATE OF THIS SUBSECTION, SHALL BE REDUCED BY ALL AMOUNTS
16 PAID OR PAYABLE TO THAT ANNUITANT DURING ALL PREVIOUS
17 PERIODS AS AN ANNUITANT DURING WHICH THE MEMBER IS BEING
18 TREATED AS A VESTEE PLUS INTEREST ON THESE AMOUNTS UNTIL
19 THE EFFECTIVE DATE OF THIS SUBSECTION. THE INTEREST FOR
20 EACH YEAR SHALL BE CALCULATED BASED UPON THE ANNUAL
21 INTEREST RATE ADOPTED FOR THAT FISCAL YEAR BY THE BOARD
22 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE
23 PURSUANT TO SECTION 8328(B).

24 (III) IF THE ANNUITY PRODUCED BY THE RESULTING
25 PRESENT VALUE, MODIFIED FOR THE OPTIONAL BENEFIT PAYMENT
26 PLAN SELECTED BY THE MEMBER, IS GREATER THAN THE ANNUITY
27 BEING RECEIVED BY THE MEMBER ON THE EFFECTIVE DATE OF
28 THIS SUBSECTION, THEN THE MEMBER SHALL BE ENTITLED TO
29 RECEIVE THE GREATER ANNUITY BEGINNING WITH THE EFFECTIVE
30 DATE OF THIS SUBSECTION. IF THE ANNUITY PRODUCED BY THE

1 RESULTING PRESENT VALUE, MODIFIED FOR THE OPTIONAL
2 BENEFIT PAYMENT PLAN SELECTED BY THE MEMBER, IS LESS THAN
3 THE ANNUITY BEING RECEIVED BY THE MEMBER ON THE EFFECTIVE
4 DATE OF THIS SUBSECTION, THEN THE ANNUITY BEING RECEIVED
5 BY THE MEMBER WILL REMAIN UNCHANGED.

6 (2) NO PAYMENTS SHALL BE MADE FOR ANY PERIOD OF TIME
7 BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION.

8 (3) A MEMBER WHO HAS THE MEMBER'S BENEFIT ADJUSTED
9 PURSUANT TO THIS SUBSECTION SHALL NOT BE ENTITLED TO REELECT
10 AN OPTION UNLESS OTHERWISE PERMITTED TO DO SO PURSUANT TO
11 SECTION 8507(J) (RELATING TO RIGHTS AND DUTIES OF SCHOOL
12 EMPLOYEES AND MEMBERS).

13 (4) THIS SUBSECTION SHALL NOT APPLY TO THE BENEFICIARIES
14 AND SURVIVOR ANNUITANTS OF ANY ANNUITANT WHO DIED PRIOR TO
15 THE EFFECTIVE DATE OF THIS SUBSECTION.

16 (F) EXCEPTION TO FORFEITURE.--AN ANNUITANT WHO HAS ATTAINED
17 SUPERANNUATION AGE AND WHO BECOMES EMPLOYED ON OR AFTER THE
18 EFFECTIVE DATE OF THIS SUBSECTION BY A SCHOOL DISTRICT,
19 INTERMEDIATE UNIT OR AREA VOCATIONAL-TECHNICAL SCHOOL AS A
20 COACH, DIRECTOR OR SPONSOR OF AN EXTRACURRICULAR SCHOOL ACTIVITY
21 UNDER A SEPARATE CONTRACT MAY ELECT TO RETAIN HIS ANNUITY AND
22 NOT BE SUBJECT TO THE FROZEN PRESENT VALUE PROVISIONS IN
23 SUBSECTION (A), AND IN THE CASE OF AN ANNUITANT CREDITED WITH AN
24 ADDITIONAL 10% OF MEMBERSHIP SERVICE AS PROVIDED IN SECTION
25 8302(B.2) OR (B.3), TO NOT BE SUBJECT TO FORFEITURE OF HIS 10%
26 RETIREMENT INCENTIVE, PROVIDED THE ANNUITANT IS NOT PERFORMING
27 ANY OTHER SCHOOL SERVICE. THE ANNUITANT, THE EMPLOYER AND THE
28 COMMONWEALTH SHALL NOT MAKE CONTRIBUTIONS TO THE SYSTEM AND THE
29 ANNUITANT SHALL NOT EARN CREDITED SERVICE FOR WORK PROVIDED
30 UNDER THIS SUBSECTION. ANY ELECTION MADE PURSUANT TO THIS

SUBSECTION MUST BE MADE IN WRITING TO THE BOARD WITHIN 30 DAYS
OF THE ANNUITANT'S EMPLOYMENT.

SECTION 10. TITLE 24 IS AMENDED BY ADDING SECTIONS TO READ:

§ 8348.4. SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT.

(A) ELIGIBILITY.--AN ANNUITANT WHO MEETS ALL OF THE
FOLLOWING:

(1) RETIRED AFTER OCTOBER 1, 1975, AND BEFORE JANUARY 1,
1985;

(2) HAS MILITARY SERVICE AS SET FORTH IN SECTION
8304(B)(1) OR (2) (RELATING TO CREDITABLE NONSCHOOL SERVICE);

(3) IS RECEIVING OR WILL RECEIVE RETIREMENT PAY UNDER 10
U.S.C. CH. 67 (RELATING TO RETIRED PAY FOR NONREGULAR
SERVICE) FOR THIS MILITARY SERVICE; AND

(4) HAS NOT PURCHASED NONSCHOOL SERVICE CREDIT FOR THIS
MILITARY SERVICE;

SHALL BE ELIGIBLE FOR THIS SPECIAL SUPPLEMENTAL POSTRETIREMENT
ADJUSTMENT.

(B) CALCULATION OF ADJUSTMENT.--THE MONTHLY AMOUNT OF THIS
SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT SHALL BE EQUAL TO
THE FINAL AVERAGE SALARY MULTIPLIED BY 2% MULTIPLIED BY THE
YEARS OF THIS MILITARY SERVICE DIVIDED BY 12 MULTIPLIED BY ANY
APPLICABLE EARLY RETIREMENT OR OPTION FACTORS.

(C) ADJUSTMENT PAID.--UPON RECEIPT OF A TIMELY REQUEST BY AN
ELIGIBLE ANNUITANT, THE SYSTEM SHALL PAY THIS SPECIAL
SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT MONTHLY FROM THE
EFFECTIVE DATE OF THIS SECTION. ANNUITANTS ENTITLED TO RECEIVE
THE SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT SHALL NOT BE
PERMITTED TO CHANGE A BENEFIT PAYMENT PLAN OR REELECT AN OPTION,
UNLESS OTHERWISE PERMITTED PURSUANT TO SECTION 8507(J) (RELATING
TO RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS).

1 (D) ADJUSTMENT ENACTED AFTER DEATH OF ANNUITANT.--NO SPECIAL
2 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT ENACTED AFTER THE DEATH
3 OF AN ANNUITANT SHALL BE PAYABLE TO THE BENEFICIARY OR SURVIVOR
4 ANNUITANT OF THE DECEASED ANNUITANT.

5 (E) FUTURE SUPPLEMENTAL ANNUITIES.--THIS SPECIAL
6 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT SHALL BE INCLUDED IN THE
7 TOTAL ANNUITY, AND THIS MILITARY SERVICE SHALL BE INCLUDED IN
8 THE TOTAL CREDITED SERVICE IN DETERMINING ALL FUTURE
9 SUPPLEMENTAL ANNUITIES.

10 (F) TIME LIMITATIONS.--AN ANNUITANT WHO IS ELIGIBLE FOR THIS
11 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT SHALL HAVE TWO
12 YEARS FROM THE EFFECTIVE DATE OF THIS SECTION WITHIN WHICH TO
13 MAKE A REQUEST TO THE SYSTEM FOR THE ADJUSTMENT ESTABLISHED IN
14 THIS SECTION. FAILURE OF THE SYSTEM TO NOTIFY A MEMBER OF
15 ELIGIBILITY FOR THIS SPECIAL SUPPLEMENTAL POSTRETIREMENT
16 ADJUSTMENT SHALL NOT BE GROUNDS FOR EXTENDING THE PERIOD THE
17 MEMBER HAS TO REQUEST THE ADJUSTMENT.

18 (G) COURT-ORDERED PURCHASE OF NONSCHOOL SERVICE.--IF A COURT
19 OF COMPETENT JURISDICTION RULES THAT AN ANNUITANT WHO IS
20 RECEIVING OR WILL RECEIVE RETIREMENT PAY UNDER 10 U.S.C. CH. 67
21 FOR THIS MILITARY SERVICE IS ELIGIBLE UNDER SECTION 8304(B)(1)
22 OR (2) TO PURCHASE NONSCHOOL SERVICE CREDIT FOR THIS MILITARY
23 SERVICE, THIS SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT
24 SHALL STOP WITH THE ANNUITANT'S PURCHASE OF NONSCHOOL SERVICE
25 CREDIT FOR THIS MILITARY SERVICE, AND THE TOTAL AMOUNT OF THIS
26 SPECIAL SUPPLEMENTAL POSTRETIREMENT PAID TO THE ANNUITANT FROM
27 THE EFFECTIVE DATE OF THIS SECTION SHALL BE SUBTRACTED FROM ANY
28 INCREASE IN THE ANNUITY CAUSED BY THE COURT-ORDERED PURCHASE OF
29 NONSCHOOL SERVICE CREDIT FOR THIS MILITARY SERVICE.

30 § 8348.5. ANNUAL INDEXED SUPPLEMENTAL ANNUITIES.

1 (A) BENEFITS.--COMMENCING WITH THE FIRST MONTHLY ANNUITY
2 PAYMENT AFTER THE JULY 1 COINCIDENT WITH OR FOLLOWING THE
3 EFFECTIVE DATE OF THIS SECTION, AND EACH JULY 1 THEREAFTER, EACH
4 ELIGIBLE BENEFIT RECIPIENT SHALL BE ENTITLED TO RECEIVE AN
5 ANNUAL INDEXED SUPPLEMENTAL ANNUITY FROM THE SYSTEM. EACH ANNUAL
6 INDEXED SUPPLEMENTAL ANNUITY SHALL BE IN ADDITION TO THE
7 SUPPLEMENTAL ANNUITIES PROVIDED FOR IN SECTIONS 8348 (RELATING
8 TO SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL
9 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER ADDITIONAL
10 SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO SUPPLEMENTAL
11 ANNUITIES COMMENCING IN 1994) AND 8348.4 (RELATING TO SPECIAL
12 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT).

13 (B) AMOUNT OF ANNUAL INDEXED SUPPLEMENTAL ANNUITIES.--

14 (1) FOR ELIGIBLE BENEFIT RECIPIENTS WHO HAVE ATTAINED
15 SUPERANNUATION AGE ON THE EFFECTIVE DATE OF THIS SECTION, THE
16 MONTHLY AMOUNT OF EACH ANNUAL INDEXED SUPPLEMENTAL ANNUITY
17 SHALL BE THE PRODUCT OF THE MONTHLY ANNUITY BEING RECEIVED ON
18 THE JUNE 30 IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF EACH
19 ANNUAL INDEXED SUPPLEMENTAL ANNUITY AND THE PERCENTAGE
20 CHANGE, BUT NOT LESS THAN ZERO, IN THE CONSUMER PRICE INDEX
21 FOR ALL URBAN CONSUMERS (CPI-U) FOR THE PENNSYLVANIA, NEW
22 JERSEY, DELAWARE AND MARYLAND AREA FOR THE CALENDAR YEAR
23 PRIOR TO THE EFFECTIVE DATE OF THAT ANNUAL INDEXED
24 SUPPLEMENTAL ANNUITY.

25 (2) FOR ELIGIBLE BENEFIT RECIPIENTS WHO HAVE NOT
26 ATTAINED SUPERANNUATION AGE ON THE EFFECTIVE DATE OF THIS
27 SECTION, THE MONTHLY AMOUNT OF THE FIRST ANNUAL INDEXED
28 SUPPLEMENTAL ANNUITY RECEIVED SHALL BE THE PRODUCT OF THE
29 MONTHLY ANNUITY BEING RECEIVED ON THE JUNE 30 IMMEDIATELY
30 PRIOR TO THE EFFECTIVE DATE OF THE FIRST ANNUAL INDEXED

1 SUPPLEMENTAL ANNUITY AND THE PERCENTAGE CHANGE, BUT NOT LESS
2 THAN ZERO, IN THE CONSUMER PRICE INDEX FOR ALL URBAN
3 CONSUMERS (CPI-U) FOR THE PENNSYLVANIA, NEW JERSEY, DELAWARE
4 AND MARYLAND AREA FOR THE PERIOD FROM THE JANUARY 1 OF THE
5 CALENDAR YEAR AFTER THEIR MOST RECENT DATE OF RETIREMENT TO
6 THE CALENDAR YEAR PRIOR TO THE EFFECTIVE DATE OF THE FIRST
7 INDEXED SUPPLEMENTAL ANNUITY. THE MONTHLY AMOUNT OF
8 SUBSEQUENT ANNUAL INDEXED SUPPLEMENTAL ANNUITIES SHALL BE THE
9 PRODUCT OF THE MONTHLY ANNUITY BEING RECEIVED ON THE JUNE 30
10 IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF EACH ANNUAL
11 INDEXED SUPPLEMENTAL ANNUITY AND THE PERCENTAGE CHANGE, BUT
12 NOT LESS THAN ZERO, IN THE CONSUMER PRICE INDEX FOR ALL URBAN
13 CONSUMERS (CPI-U) FOR THE PENNSYLVANIA, NEW JERSEY, DELAWARE
14 AND MARYLAND AREA FOR THE CALENDAR YEAR PRIOR TO THE
15 EFFECTIVE DATE OF THAT ANNUAL INDEXED SUPPLEMENTAL ANNUITY.

16 (C) CONDITIONS.--EACH ANNUAL INDEXED SUPPLEMENTAL ANNUITY
17 PROVIDED UNDER THIS SECTION SHALL BE PAYABLE UNDER THE SAME
18 TERMS AND CONDITIONS AS PROVIDED UNDER THE BENEFIT PAYMENT PLAN
19 IN EFFECT ON THE JUNE 30 IMMEDIATELY BEFORE THE ANNUAL INDEXED
20 SUPPLEMENTAL ANNUITY BECOMES PAYABLE.

21 (D) BENEFITS PAID TO BENEFICIARIES OR SURVIVORS.--NO ANNUAL
22 INDEXED SUPPLEMENTAL ANNUITY EFFECTIVE AFTER THE DEATH OF THE
23 MEMBER SHALL BE PAYABLE TO THE BENEFICIARY OR SURVIVOR ANNUITANT
24 OF THE DECEASED MEMBER.

25 (E) DISCONTINUANCE OF INDEX.--IN THE EVENT THE CONSUMER
26 PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) FOR THE
27 PENNSYLVANIA, NEW JERSEY, DELAWARE AND MARYLAND AREA IS
28 DISCONTINUED, CHANGED, RENAMED OR OTHERWISE NO LONGER AVAILABLE
29 FOR CALCULATION OF THE ANNUAL INDEXED SUPPLEMENTAL ANNUITIES
30 PROVIDED FOR BY THIS SECTION, THE BOARD SHALL BY REGULATION

1 ADOPT A SUCCESSOR OR SUBSTITUTE INDEX.

2 (F) DEFINITION.--AS USED IN THIS SECTION, THE TERM "ELIGIBLE
3 BENEFIT RECIPIENT" MEANS A PERSON WHO IS RECEIVING A
4 SUPERANNUATION, WITHDRAWAL OR DISABILITY ANNUITY AND WHO
5 COMMENCED RECEIPT OF THAT ANNUITY ON OR PRIOR TO THE DECEMBER 31
6 OF THE SECOND CALENDAR YEAR BEFORE THE JULY 1 ON WHICH AN ANNUAL
7 INDEXED SUPPLEMENTAL ANNUITY IS EFFECTIVE, BUT ANNUAL
8 SUPPLEMENTAL ANNUITIES SHALL NOT BE PAYABLE TO AN ANNUITANT
9 RECEIVING A WITHDRAWAL ANNUITY PRIOR TO THE JULY 1 COINCIDENT
10 WITH OR FOLLOWING THE ANNUITANT'S ATTAINMENT OF SUPERANNUATION
11 AGE.

12 SECTION 11. SECTION 8502(H) AND (M) OF TITLE 24, AMENDED
13 DECEMBER 20, 1995 (P.L.689, NO.77), ARE AMENDED TO READ:

14 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

15 * * *

16 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
17 ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND
18 PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION
19 OF THE SYSTEM. NO REGULATION ESTABLISHING A PERIOD OF TIME TO
20 ELECT MULTIPLE SERVICE SHALL ALLOW ANY SUCH ELECTION MORE THAN
21 365 DAYS AFTER ENTRY INTO THE SYSTEM AS AN ACTIVE MEMBER. THE
22 ACTUARY SHALL APPROVE IN WRITING ALL COMPUTATIONAL PROCEDURES
23 USED IN THE CALCULATION OF CONTRIBUTIONS AND BENEFITS, AND THE
24 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,
25 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS
26 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND
27 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS
28 ARE ADOPTED AND PUBLISHED PURSUANT TO SUBSECTION (J) AS
29 NECESSARY FOR THE CALCULATION OF ANNUITIES AND OTHER BENEFITS,
30 SHALL BE AS EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY

1 ACTUARIAL ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE,
2 REGULATION OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS
3 FOR DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM
4 MANNER.

5 * * *

6 (M) MEMBER CONTRIBUTIONS AND INTEREST.--THE BOARD SHALL
7 CAUSE EACH MEMBER'S CONTRIBUTIONS, INCLUDING PAYROLL DEDUCTIONS,
8 PICKUP CONTRIBUTIONS AND ALL OTHER PAYMENTS, INCLUDING, BUT NOT
9 LIMITED TO, AMOUNTS COLLECTED BY THE STATE EMPLOYEES' RETIREMENT
10 SYSTEM FOR THE REINSTATEMENT OF PREVIOUS SCHOOL SERVICE OR
11 CREDITABLE NONSCHOOL SERVICE AND AMOUNTS PAID TO RETURN BENEFITS
12 PAID AFTER THE DATE OF RETURN TO SCHOOL SERVICE OR ENTERING
13 STATE SERVICE REPRESENTING LUMP SUM PAYMENTS MADE PURSUANT TO
14 SECTION 8345(A)(4)(III) (RELATING TO MEMBER'S OPTIONS) AND
15 MEMBER'S ANNUITY PAYMENTS, BUT NOT INCLUDING OTHER BENEFITS
16 RETURNED PURSUANT TO SECTION 8346(A.1) (RELATING TO TERMINATION
17 OF ANNUITIES), TO BE CREDITED TO THE ACCOUNT OF SUCH MEMBER AND
18 SHALL PAY ALL SUCH AMOUNTS INTO THE FUND. SUCH CONTRIBUTIONS
19 SHALL BE CREDITED WITH STATUTORY INTEREST UNTIL DATE OF
20 TERMINATION OF SERVICE, EXCEPT IN THE CASE OF A VESTEE, WHO
21 SHALL HAVE SUCH INTEREST CREDITED UNTIL THE EFFECTIVE DATE OF
22 RETIREMENT OR UNTIL THE RETURN OF HIS ACCUMULATED DEDUCTIONS, IF
23 HE SO ELECTS; AND IN THE CASE OF A MULTIPLE SERVICE MEMBER WHO
24 SHALL HAVE SUCH INTEREST CREDITED UNTIL TERMINATION OF SERVICE
25 IN BOTH THE SCHOOL AND THE STATE SYSTEMS.

26 * * *

27 SECTION 12. SECTION 8504(B) OF TITLE 24 IS AMENDED TO READ:
28 § 8504. DUTIES OF BOARD TO REPORT TO STATE EMPLOYEES'
29 RETIREMENT BOARD.

30 * * *

1 (B) MULTIPLE SERVICE MEMBERSHIP OF STATE EMPLOYEES.--UPON
2 RECEIPT OF NOTIFICATION FROM THE STATE EMPLOYEES' RETIREMENT
3 BOARD THAT A FORMER SCHOOL EMPLOYEE HAS BECOME AN ACTIVE MEMBER
4 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AND HAS ELECTED TO
5 RECEIVE CREDIT FOR MULTIPLE SERVICE, THE BOARD SHALL CERTIFY TO
6 THE STATE EMPLOYEES' RETIREMENT BOARD AND CONCURRENTLY TO THE
7 MEMBER:

8 (1) THE TOTAL CREDITED SERVICE IN THE SYSTEM AND THE
9 NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF SERVICE
10 CREDITED IN EACH CLASS OF SERVICE.

11 (2) THE ANNUAL COMPENSATION RECEIVED EACH SCHOOL YEAR BY
12 THE MEMBER FOR CREDITED SCHOOL SERVICE.

13 (3) IF THE MEMBER HAS ELECTED PAYROLL DEDUCTIONS UNDER
14 SECTION 8323 (RELATING TO MEMBER CONTRIBUTIONS FOR CREDITABLE
15 SCHOOL SERVICE) OR 8324 (RELATING TO CONTRIBUTIONS FOR
16 PURCHASE OF CREDIT FOR CREDITABLE NONSCHOOL SERVICE), THE
17 AMOUNT OF THE DEDUCTIONS AND THE PERIOD OVER WHICH THEY ARE
18 TO BE MADE.

19 * * *

20 SECTION 13. SECTION 8505(B) OF TITLE 24 IS AMENDED AND THE
21 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

22 § 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF
23 MEMBERS.

24 * * *

25 (B) STATE EMPLOYEES ELECTING MULTIPLE SERVICE STATUS.--UPON
26 RECEIPT OF NOTIFICATION FROM THE STATE EMPLOYEES' RETIREMENT
27 BOARD THAT A FORMER SCHOOL EMPLOYEE HAS BECOME AN ACTIVE MEMBER
28 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AND HAS ELECTED TO
29 BECOME A MEMBER WITH MULTIPLE SERVICE STATUS, THE BOARD SHALL:

30 (1) IN CASE OF A MEMBER WHO IS RECEIVING AN ANNUITY FROM

1 THE SYSTEM, DISCONTINUE PAYMENTS, TRANSFER THE PRESENT
2 VALUE[, AT THAT TIME,] OF THE MEMBER'S ANNUITY AT THE TIME OF
3 ENTERING STATE SERVICE, PLUS THE AMOUNT WITHDRAWN IN A LUMP
4 SUM PAYMENT ON OR AFTER THE DATE OF ENTERING STATE SERVICE
5 UNDER SECTION 8345 (RELATING TO MEMBER'S OPTIONS), WITH
6 STATUTORY INTEREST TO DATE OF TRANSFER, MINUS THE AMOUNT TO
7 BE RETURNED TO THE BOARD ON ACCOUNT OF RETURN TO SERVICE,
8 THAT THE BOARD HAS DETERMINED IS TO BE CREDITED IN THE
9 MEMBER'S SAVINGS ACCOUNT, FROM THE ANNUITY RESERVE ACCOUNT TO
10 THE MEMBERS' SAVINGS ACCOUNT AND RESUME CREDITING OF
11 STATUTORY INTEREST ON THE AMOUNT RESTORED TO HIS CREDIT
12 [AND], TRANSFER THE BALANCE OF THE PRESENT VALUE OF THE TOTAL
13 ANNUITY, MINUS THE AMOUNT TO BE RETURNED TO THE BOARD ON
14 ACCOUNT OF RETURN TO SERVICE THAT THE BOARD HAS DETERMINED IS
15 TO BE CREDITED IN THE STATE ACCUMULATION ACCOUNT, FROM THE
16 ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION ACCOUNT,
17 AND CERTIFY TO THE MEMBER THE AMOUNT OF LUMP SUM AND ANNUITY
18 PAYMENTS WITH STATUTORY INTEREST TO BE RETURNED TO THE BOARD
19 BY HIM, AND OF THOSE AMOUNTS, WHICH AMOUNT SHALL BE CREDITED
20 TO THE MEMBERS' SAVINGS ACCOUNT AND CREDITED WITH STATUTORY
21 INTEREST AS SUCH PAYMENTS ARE RETURNED AND WHICH AMOUNT SHALL
22 BE CREDITED TO THE STATE ACCUMULATION ACCOUNT.

23 (2) IN CASE OF A MEMBER WHO IS NOT RECEIVING AN ANNUITY
24 FROM THE SYSTEM AND WHO HAS NOT WITHDRAWN HIS ACCUMULATED
25 DEDUCTIONS, CONTINUE OR RESUME THE CREDITING OF STATUTORY
26 INTEREST ON HIS ACCUMULATED DEDUCTIONS.

27 (3) IN CASE OF A MEMBER WHO IS NOT RECEIVING AN ANNUITY
28 FROM THE SYSTEM AND HIS ACCUMULATED DEDUCTIONS WERE
29 WITHDRAWN, CERTIFY TO THE MEMBER THE ACCUMULATED DEDUCTIONS
30 AS THEY WOULD HAVE BEEN AT THE TIME OF HIS SEPARATION HAD HE

1 BEEN A FULL COVERAGE MEMBER TOGETHER WITH STATUTORY INTEREST
2 FOR ALL PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE TO THE
3 DATE OF REPAYMENT. SUCH AMOUNT SHALL BE RESTORED BY HIM AND
4 SHALL BE CREDITED WITH STATUTORY INTEREST AS SUCH PAYMENTS
5 ARE RESTORED.

6 * * *

7 (K) SCHOOL EMPLOYEES ELECTING MULTIPLE SERVICE STATUS.--UPON
8 RECEIPT OF NOTIFICATION FROM THE STATE EMPLOYEES' RETIREMENT
9 BOARD THAT A MEMBER WHO HAS ELECTED MULTIPLE SERVICE MEMBERSHIP
10 HAS ELECTED TO RESTORE STATE SERVICE OR PURCHASE CREDITABLE
11 NONSTATE SERVICE IN THE STATE EMPLOYEES' RETIREMENT SYSTEM OR IS
12 OBLIGATED TO RETURN BENEFITS TO THE STATE EMPLOYEES' RETIREMENT
13 BOARD ON ACCOUNT OF ELECTING MULTIPLE SERVICE MEMBERSHIP HAS
14 ELECTED TO PAY ALL OR PART OF THE AMOUNT DUE TO THE STATE
15 EMPLOYEES' RETIREMENT BOARD BY SALARY DEDUCTIONS, THE BOARD
16 SHALL COLLECT FROM THE EMPLOYEE THE AMOUNTS CERTIFIED BY THE
17 STATE EMPLOYEES' RETIREMENT BOARD AS DUE AND OWING BY THE MEMBER
18 AND CERTIFY AND TRANSFER TO THE STATE EMPLOYEES' RETIREMENT
19 BOARD THE AMOUNTS SO COLLECTED.

20 SECTION 14. SECTION 8506(C), (G) AND (H) OF TITLE 24,
21 AMENDED DECEMBER 20, 1995 (P.L.689, NO.77), ARE AMENDED TO READ:
22 § 8506. DUTIES OF EMPLOYERS.

23 * * *

24 (C) MEMBER AND EMPLOYER CONTRIBUTIONS.--THE EMPLOYER SHALL
25 CERTIFY TO ITS TREASURER THE REQUIRED MEMBER CONTRIBUTIONS
26 PICKED UP AND ANY OTHER CONTRIBUTIONS, INCLUDING, BUT NOT
27 LIMITED TO, AMOUNTS COLLECTED FOR THE STATE EMPLOYEES'
28 RETIREMENT BOARD FOR THE REINSTATEMENT OF PREVIOUS STATE SERVICE
29 OR CREDITABLE NONSTATE SERVICE AND AMOUNTS PAID TO RETURN
30 BENEFITS PAID AFTER THE DATE OF RETURN TO STATE SERVICE OR

1 ENTERING SCHOOL SERVICE DEDUCTED FROM EACH PAYROLL. ON JULY 1,
2 1996, AND UPON ANY LATER EFFECTIVE DATE OF EMPLOYMENT OF ANY
3 NONELIGIBLE MEMBER TO WHOM LIMITATION UNDER IRC § 401(A)(17)
4 APPLIES OR IS EXPECTED TO APPLY, THE EMPLOYER SHALL IDENTIFY TO
5 ITS TREASURER OR OTHER PAYROLL ADMINISTRATOR THE MEMBER OR
6 MEMBERS TO WHOM SUCH LIMIT APPLIES OR MAY APPLY AND SHALL CAUSE
7 ANY SUCH MEMBER'S CONTRIBUTION ON HIS BEHALF TO CEASE AT THE
8 LIMITATION UNDER IRC § 401(A)(17) ON THE PAYROLL DATE IF AND
9 WHEN SUCH LIMIT SHALL BE REACHED. THE TREASURER SHALL REMIT TO
10 THE SECRETARY OF THE BOARD EACH MONTH THE TOTAL OF THE MEMBER
11 CONTRIBUTIONS AND THE AMOUNT DUE FROM THE EMPLOYER DETERMINED IN
12 ACCORDANCE WITH SECTION 8327 (RELATING TO PAYMENTS BY
13 EMPLOYERS). IF UPON CREDITING THE REMITTANCE OF A NONELIGIBLE
14 MEMBER'S CONTRIBUTIONS TO THE MEMBER'S SAVINGS ACCOUNT, THE
15 BOARD SHALL DETERMINE THAT SUCH ACCOUNT SHALL HAVE BEEN CREDITED
16 WITH PICKUP CONTRIBUTIONS ATTRIBUTABLE TO COMPENSATION WHICH IS
17 IN EXCESS OF THE ANNUAL COMPENSATION LIMIT UNDER IRC §
18 401(A)(17), OR WITH TOTAL MEMBER CONTRIBUTIONS FOR SUCH MEMBER
19 WHICH WOULD CAUSE SUCH MEMBER'S CONTRIBUTIONS OR BENEFITS TO
20 EXCEED ANY APPLICABLE LIMITATION ON CONTRIBUTIONS OR BENEFITS
21 UNDER IRC § 401(A)(17), THE BOARD SHALL AS SOON AS PRACTICABLE
22 REFUND TO THE MEMBER FROM HIS INDIVIDUAL MEMBER ACCOUNT SUCH
23 AMOUNT, TOGETHER WITH THE STATUTORY INTEREST THEREON, AS WILL
24 CAUSE THE MEMBER'S TOTAL MEMBER CONTRIBUTIONS NOT TO EXCEED THE
25 APPLICABLE LIMIT. THE PAYMENT OF ANY SUCH REFUND TO THE MEMBER
26 SHALL BE CHARGED TO THE MEMBER'S SAVINGS ACCOUNT.

27 * * *

28 (G) FORMER STATE EMPLOYEE CONTRIBUTORS.--THE EMPLOYER SHALL,
29 UPON THE EMPLOYMENT OF A FORMER MEMBER OF THE STATE EMPLOYEES'
30 RETIREMENT SYSTEM WHO IS NOT AN ANNUITANT OF THE STATE

1 EMPLOYEES' RETIREMENT SYSTEM, ADVISE SUCH EMPLOYEE OF HIS RIGHT
2 TO ELECT MULTIPLE SERVICE MEMBERSHIP WITHIN [30] 365 DAYS OF
3 ENTRY INTO THE SYSTEM OR SUCH OTHER PERIOD AS THE BOARD MAY BY
4 REGULATION ESTABLISH AND, IN THE CASE ANY SUCH EMPLOYEE WHO SO
5 ELECTS HAS WITHDRAWN HIS ACCUMULATED DEDUCTIONS, REQUIRE HIM TO
6 RESTORE HIS ACCUMULATED DEDUCTIONS AS THEY WOULD HAVE BEEN AT
7 THE TIME OF HIS SEPARATION HAD HE BEEN A FULL COVERAGE MEMBER,
8 TOGETHER WITH STATUTORY INTEREST FOR ALL PERIODS OF SUBSEQUENT
9 STATE AND SCHOOL SERVICE TO DATE OF REPAYMENT. THE EMPLOYER
10 SHALL ADVISE THE BOARD OF SUCH ELECTION.

11 (H) FORMER STATE EMPLOYEE ANNUITANTS.--THE EMPLOYER SHALL,
12 UPON THE EMPLOYMENT OF AN ANNUITANT OF THE STATE EMPLOYEES'
13 RETIREMENT SYSTEM WHO APPLIES FOR MEMBERSHIP IN THE SYSTEM,
14 ADVISE SUCH EMPLOYEE THAT HE MAY ELECT MULTIPLE SERVICE
15 MEMBERSHIP WITHIN [30] 365 DAYS OF ENTRY INTO THE SYSTEM OR SUCH
16 OTHER PERIOD AS THE BOARD MAY BY REGULATION ESTABLISH AND THAT
17 IF HE SO ELECTS HIS ANNUITY FROM THE STATE EMPLOYEES' RETIREMENT
18 SYSTEM WILL BE DISCONTINUED EFFECTIVE UPON THE DATE OF HIS
19 RETURN TO SCHOOL SERVICE AND, UPON TERMINATION OF SCHOOL SERVICE
20 AND APPLICATION FOR AN ANNUITY, THE ANNUITY WILL BE ADJUSTED IN
21 ACCORDANCE WITH SECTION 8346 (RELATING TO TERMINATION OF
22 ANNUITIES). THE EMPLOYER SHALL ADVISE THE BOARD OF SUCH
23 ELECTION.

24 * * *

25 SECTION 15. SECTIONS 8507(C) AND 8525 OF TITLE 24 ARE
26 AMENDED TO READ:

27 § 8507. RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS.

28 * * *

29 (C) MULTIPLE SERVICE MEMBERSHIP.--ANY ACTIVE MEMBER WHO WAS
30 FORMERLY AN ACTIVE MEMBER IN THE STATE EMPLOYEES' RETIREMENT

1 SYSTEM MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER. SUCH
2 ELECTION SHALL OCCUR NO LATER THAN [30] 365 DAYS AFTER BECOMING
3 AN ACTIVE MEMBER IN THIS SYSTEM OR SUCH OTHER PERIOD AS THE
4 BOARD MAY BY REGULATION ESTABLISH.

5 * * *

6 § 8525. ANNUITY RESERVE ACCOUNT.

7 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE
8 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED
9 THE RESERVES HELD FOR THE PAYMENT OF ANNUITIES AND DEATH
10 BENEFITS ON ACCOUNT OF ALL ANNUITANTS AND THE CONTRIBUTIONS FROM
11 THE COMMONWEALTH AND OTHER EMPLOYERS AS DETERMINED IN ACCORDANCE
12 WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) FOR THE
13 PAYMENT OF THE SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348
14 (RELATING TO SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO
15 ADDITIONAL SUPPLEMENTAL ANNUITIES) [AND], 8348.2 (RELATING TO
16 FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES) 8348.4 (RELATING TO
17 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT) AND 8348.5
18 (RELATING TO ANNUAL INDEXED SUPPLEMENTAL ANNUITIES). THE ANNUITY
19 RESERVE ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER
20 THE TRANSFERS PROVIDED IN SECTIONS 8523 (RELATING TO MEMBERS'
21 SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION
22 ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE
23 CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND.

24 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT BE
25 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE, THE PRESENT VALUE OF
26 HIS MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO SCHOOL SERVICE
27 SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE ACCOUNT AND PLACED
28 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN
29 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY LESS THE AMOUNT
30 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED

1 FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION
2 ACCOUNT.

3 SECTION 16. SECTION 8533 OF TITLE 24 IS AMENDED BY ADDING A
4 SUBSECTION TO READ:

5 § 8533. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

6 * * *

7 (E) PLEDGE OF PROCEEDS OF CERTAIN BONDS OR NOTES
8 PROHIBITED.--NOTWITHSTANDING ANY OTHER PROVISION OF LAW, NO
9 LOCAL GOVERNMENT UNIT WHOSE EMPLOYEES ARE MEMBERS OF THE PUBLIC
10 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHICH ISSUES ANY BONDS OR
11 NOTES TO FUND ANY UNFUNDED ACTUARIAL ACCRUED LIABILITY OR ANY
12 PORTION THEREOF PAYABLE TO THE SYSTEM SHALL BE PERMITTED TO
13 PLEDGE THE PROCEEDS OF SUCH BONDS OR NOTES OR THE INVESTMENT
14 INCOME ON SUCH PROCEEDS AS SECURITY FOR THE PAYMENT OF THE BONDS
15 OR NOTES OR IN ANY WAY OBLIGATE THE PUBLIC SCHOOL EMPLOYEES'
16 RETIREMENT BOARD TO USE ASSETS OF THE PUBLIC SCHOOL EMPLOYEES'
17 RETIREMENT FUND AS SECURITY FOR PAYMENT OF SUCH BONDS OR NOTES.

18 SECTION 17. THE DEFINITIONS OF "ENFORCEMENT OFFICER" AND
19 "SUPERANNUATION AGE" IN SECTION 5102 OF TITLE 71 ARE AMENDED AND
20 THE SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:

21 § 5102. DEFINITIONS.

22 THE FOLLOWING WORDS AND PHRASES AS USED IN THIS PART, UNLESS
23 A DIFFERENT MEANING IS PLAINLY REQUIRED BY THE CONTEXT, SHALL
24 HAVE THE FOLLOWING MEANINGS:

25 * * *

26 "ENFORCEMENT OFFICER."

27 (1) ANY ENFORCEMENT OFFICER OR INVESTIGATOR OF THE
28 PENNSYLVANIA LIQUOR CONTROL BOARD WHO IS A PEACE OFFICER
29 VESTED WITH POLICE POWER AND AUTHORITY THROUGHOUT THE
30 COMMONWEALTH AND ANY ADMINISTRATIVE OR SUPERVISORY EMPLOYEE

1 OF THE PENNSYLVANIA LIQUOR CONTROL BOARD VESTED WITH POLICE
2 POWER WHO IS CHARGED WITH THE ADMINISTRATION OR ENFORCEMENT
3 OF THE LIQUOR LAWS OF THE COMMONWEALTH.

4 (2) SPECIAL AGENTS, NARCOTICS AGENTS, ASSET FORFEITURE
5 AGENTS, MEDICAID FRAUD AGENTS AND SENIOR INVESTIGATORS
6 HAZARDOUS WASTE PROSECUTIONS UNIT, CLASSIFIED AS SUCH AND
7 EMPLOYED BY THE OFFICE OF ATTORNEY GENERAL WHO HAVE WITHIN
8 THE SCOPE OF THEIR EMPLOYMENT AS LAW ENFORCEMENT OFFICERS THE
9 POWER TO ENFORCE THE LAW AND MAKE ARRESTS UNDER THE AUTHORITY
10 OF THE ACT OF OCTOBER 15, 1980 (P.L.950, NO.164), KNOWN AS
11 THE COMMONWEALTH ATTORNEYS ACT.

12 (3) PAROLE AGENTS, CLASSIFIED AS SUCH BY THE EXECUTIVE
13 BOARD AND EMPLOYED BY THE PENNSYLVANIA BOARD OF PROBATION AND
14 PAROLE.

15 (4) FULL-TIME PENNSYLVANIA GAME COMMISSION EMPLOYEES WHO
16 ARE GRADUATES OF THE GAME COMMISSION TRAINING SCHOOL AND WHO
17 SERVE OR SERVED AS WILDLIFE CONSERVATION OFFICERS AND ARE
18 EMPOWERED TO ENFORCE OR INVESTIGATE ALLEGED VIOLATIONS OF
19 TITLES 18 (RELATING TO CRIMES AND OFFENSES) AND 34 (RELATING
20 TO GAME). THIS PARAGRAPH SHALL NOT APPLY TO DEPUTY WILDLIFE
21 CONSERVATION OFFICERS.

22 (5) WATERWAYS CONSERVATION OFFICERS AND OTHER
23 COMMISSIONED LAW ENFORCEMENT PERSONNEL EMPLOYED BY THE
24 PENNSYLVANIA FISH AND BOAT COMMISSION WHO HAVE AND EXERCISE
25 THE SAME LAW ENFORCEMENT POWERS AS WATERWAYS CONSERVATION
26 OFFICERS. THIS PARAGRAPH SHALL NOT APPLY TO DEPUTY WATERWAYS
27 CONSERVATION OFFICERS.

28 * * *

29 "MUNICIPAL EMPLOYEE." ANY PERSON HOLDING AN OFFICE OR
30 POSITION UNDER ANY COUNTY, CITY, BOROUGH, INCORPORATED TOWN OR

1 TOWNSHIP IN THIS COMMONWEALTH FOR WHICH HE IS RECEIVING REGULAR
2 REMUNERATION, EXCLUDING ANY INDEPENDENT CONTRACTOR OR A PERSON
3 COMPENSATED ON A FEE BASIS.

4 * * *

5 "SUPERANNUATION AGE." ANY AGE UPON ACCRUAL OF 35 ELIGIBILITY
6 POINTS OR AGE 60, EXCEPT FOR A MEMBER OF THE GENERAL ASSEMBLY,
7 AN ENFORCEMENT OFFICER, A CORRECTION OFFICER, A PSYCHIATRIC
8 SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY POLICEMAN [OR],
9 AN OFFICER OF THE PENNSYLVANIA STATE POLICE OR A CAMPUS POLICE
10 OFFICER IN THIS COMMONWEALTH, AGE 50.

11 * * *

12 SECTION 18. SECTION 5302 OF TITLE 71 IS AMENDED BY ADDING A
13 SUBSECTION TO READ:

14 § 5302. CREDITED STATE SERVICE.

15 * * *

16 (C.1) FURTHER CREDITED SERVICE AS RETIREMENT INCENTIVE.--
17 NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE CONTRARY,
18 FOR THE PERIOD DECEMBER 1, 1996, TO JULY 31, 1997, A MEMBER WHO
19 IS NOT AN ANNUITANT ON DECEMBER 1, 1996, WHO TERMINATES STATE
20 SERVICE BETWEEN DECEMBER 1, 1996, AND JULY 31, 1997, INCLUSIVE,
21 WHO IS, DURING SUCH PERIOD, 55 YEARS OF AGE OR OLDER OR WILL
22 ATTAIN 55 YEARS OF AGE BETWEEN DECEMBER 1, 1996, AND JULY 31,
23 1997, INCLUSIVE, WITH TEN OR MORE ELIGIBILITY POINTS, AND WHO
24 FILES AN APPLICATION FOR ANNUITY PRIOR TO AUGUST 1, 1997, SHALL
25 BE CREDITED WITH AN ADDITIONAL 10% OF HIS CLASS A AND CLASS C
26 SERVICE. THIS PROVISION SHALL NOT APPLY IN THE CASE OF ACTIVE
27 MEMBERS WHO ARE JUSTICES, JUDGES OR DISTRICT JUSTICES,
28 LEGISLATORS, OTHER ELECTED OFFICIALS AND OFFICERS OF THE
29 PENNSYLVANIA STATE POLICE.

30 * * *

SECTION 19. SECTION 5304(A) OF TITLE 71 IS AMENDED,
SUBSECTION (C) IS AMENDED BY ADDING PARAGRAPHS AND THE SECTION
IS AMENDED BY ADDING A SUBSECTION TO READ:

§ 5304. CREDITABLE NONSTATE SERVICE.

(A) ELIGIBILITY.--AN ACTIVE MEMBER OR A MULTIPLE SERVICE
MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE FOR
CLASS A SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS SET
FORTH IN SUBSECTIONS (B) AND (C) EXCEPT THAT INTERVENING
MILITARY SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE FOR
WHICH THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING INTO
MILITARY SERVICE AND FOR WHICH HE MAKES THE REQUIRED
CONTRIBUTIONS AND EXCEPT THAT A MULTIPLE SERVICE MEMBER WHO IS A
SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO PURCHASE
SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS SET FORTH IN
SUBSECTION (C)(5).

* * *

(C) LIMITATIONS ON NONSTATE SERVICE.--CREDITABLE NONSTATE
SERVICE CREDIT SHALL BE LIMITED TO:

* * *

(9) PREVIOUS SERVICE AS AN EMPLOYEE OF A GOVERNMENTAL
AGENCY OF ANY STATE OTHER THAN THIS COMMONWEALTH.

(10) PREVIOUS SERVICE AS A MUNICIPAL EMPLOYEE.

* * *

(D.1) LIMITATIONS ON ELIGIBILITY TO PURCHASE CERTAIN
NONSTATE SERVICE CREDIT.--SERVICE LISTED IN SUBSECTION (C)(9)
AND (10) SHALL BE SUBJECT TO THE FOLLOWING ADDITIONAL
LIMITATIONS:

(1) THAT THE PURCHASE BE FOR AT LEAST ONE YEAR OF

1 CREDIT;

2 (2) THAT THE AMOUNT OF CREDIT UNDER ANY ONE OF THE ABOVE
3 CATEGORIES CANNOT EXCEED FIVE YEARS;

4 (3) THAT THE ELECTION TO PURCHASE SUCH SERVICE ONLY BE
5 MADE AFTER THE MEMBER HAS ACCRUED TEN ELIGIBILITY POINTS;

6 (4) THAT THE MEMBER MAKE THE ELECTION TO PURCHASE THE
7 SERVICE WITHIN THREE YEARS OF THE LATER OF THE EFFECTIVE DATE
8 OF THIS PARAGRAPH OR THE DATE OF ACCRUING TEN ELIGIBILITY
9 POINTS; AND

10 (5) THAT THE CONTRIBUTION PAID BY THE MEMBER SHALL NOT
11 BE PAYABLE AS A LUMP SUM UNDER SECTION 5705(A)(4)(III)
12 (RELATING TO MEMBER'S OPTIONS).

13 SECTION 20. SECTIONS 5306, 5308.1 AND 5504(B) OF TITLE 71
14 ARE AMENDED TO READ:

15 § 5306. CLASSES OF SERVICE.

16 (A) CLASS A MEMBERSHIP.--A STATE EMPLOYEE WHO IS A MEMBER OF
17 CLASS A ON THE EFFECTIVE DATE OF THIS PART OR WHO BECOMES A
18 MEMBER OF THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS
19 PART SHALL BE CLASSIFIED AS A CLASS A MEMBER AND RECEIVE CREDIT
20 FOR CLASS A SERVICE UPON PAYMENT OF REGULAR AND ADDITIONAL
21 MEMBER CONTRIBUTIONS FOR CLASS A SERVICE.

22 (B) OTHER CLASS MEMBERSHIP.--A STATE EMPLOYEE WHO IS A
23 MEMBER OF A CLASS OF SERVICE OTHER THAN CLASS A ON THE EFFECTIVE
24 DATE OF THIS PART SHALL RETAIN HIS MEMBERSHIP IN THAT CLASS
25 UNTIL SUCH SERVICE IS DISCONTINUED; ANY SERVICE THEREAFTER SHALL
26 BE CREDITED AS CLASS A SERVICE. NOTWITHSTANDING ANY OTHER
27 PROVISION OF THIS SECTION, A STATE EMPLOYEE WHO IS APPOINTED
28 BAIL COMMISSIONER OF THE PHILADELPHIA MUNICIPAL COURT UNDER 42
29 PA.C.S. § 1123(A)(5) (RELATING TO JURISDICTION AND VENUE) MAY
30 WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THIS SENTENCE OR WITHIN

90 DAYS OF HIS INITIAL APPOINTMENT AS A BAIL COMMISSIONER,
WHICHEVER IS LATER, ELECT CLASS E-2 SERVICE CREDIT FOR SERVICE
PERFORMED AS A BAIL COMMISSIONER AFTER THE EFFECTIVE DATE OF
THIS SENTENCE. THE CLASS OF SERVICE MULTIPLIER FOR E-2 SERVICE
AS A BAIL COMMISSIONER SHALL BE 1.5.

§ 5308.1. ELIGIBILITY FOR SPECIAL EARLY RETIREMENT.

(A) SPECIAL EARLY RETIREMENT.--NOTWITHSTANDING ANY
PROVISIONS OF THIS TITLE TO THE CONTRARY, THE FOLLOWING SPECIAL
EARLY RETIREMENT PROVISIONS SHALL BE APPLICABLE TO SPECIFIED
ELIGIBLE MEMBERS AS FOLLOWS:

(1) DURING THE PERIOD OF JULY 1, 1985, TO SEPTEMBER 30,
1991, AN ACTIVE MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST
53 YEARS AND HAS ACCRUED AT LEAST 30 ELIGIBILITY POINTS SHALL
BE ENTITLED, UPON TERMINATION OF STATE SERVICE AND COMPLIANCE
WITH SECTION 5907(F) (RELATING TO RIGHTS AND DUTIES OF STATE
EMPLOYEES AND MEMBERS), TO RECEIVE A MAXIMUM SINGLE LIFE
ANNUITY CALCULATED UNDER SECTION 5702 (RELATING TO MAXIMUM
SINGLE LIFE ANNUITY) WITHOUT A REDUCTION BY VIRTUE OF AN
EFFECTIVE DATE OF RETIREMENT WHICH IS UNDER THE
SUPERANNUATION AGE.

(2) DURING THE PERIOD OF JULY 1, 1985, TO SEPTEMBER 30,
1991, AN ACTIVE MEMBER WHO HAS ATTAINED THE AGE OF AT LEAST
50 YEARS BUT NOT GREATER THAN 53 YEARS AND HAS ACCRUED AT
LEAST 30 ELIGIBILITY POINTS SHALL BE ENTITLED, UPON
TERMINATION OF STATE SERVICE AND COMPLIANCE WITH SECTION
5907(F), TO RECEIVE A MAXIMUM SINGLE LIFE ANNUITY CALCULATED
UNDER SECTION 5702 WITH A REDUCTION BY VIRTUE OF AN EFFECTIVE
DATE OF RETIREMENT WHICH IS UNDER THE SUPERANNUATION AGE OF A
PERCENTAGE FACTOR WHICH SHALL BE DETERMINED BY MULTIPLYING
THE NUMBER OF MONTHS, INCLUDING A FRACTION OF A MONTH AS A

FULL MONTH, BY WHICH THE EFFECTIVE DATE OF RETIREMENT
PRECEDES THE ATTAINMENT OF AGE 53 BY 0.25%.

(3) DURING THE PERIOD OF OCTOBER 1, 1991, TO JUNE 30,
1993, A MEMBER WHO HAS CREDIT FOR AT LEAST 30 ELIGIBILITY
POINTS SHALL BE ENTITLED, UPON TERMINATION OF SERVICE AND
FILING OF A PROPER APPLICATION, TO RECEIVE A MAXIMUM SINGLE
LIFE ANNUITY CALCULATED PURSUANT TO SECTION 5702 WITHOUT ANY
REDUCTION BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH
IS UNDER THE SUPERANNUATION AGE.

(4) DURING THE PERIOD OF JULY 1, 1993, TO JULY 1, 1997,
A MEMBER WHO HAS CREDIT FOR AT LEAST 30 ELIGIBILITY POINTS
SHALL BE ENTITLED, UPON TERMINATION OF SERVICE AND FILING OF
A PROPER APPLICATION, TO RECEIVE A MAXIMUM SINGLE LIFE
ANNUITY CALCULATED PURSUANT TO SECTION 5702 WITHOUT ANY
REDUCTION BY VIRTUE OF AN EFFECTIVE DATE OF RETIREMENT WHICH
IS UNDER THE SUPERANNUATION AGE.

(B) ADDITIONAL SPECIAL EARLY RETIREMENT.--NOTWITHSTANDING
ANY PROVISIONS OF THIS TITLE TO THE CONTRARY, DURING THE PERIOD
OF JULY 2, 1997, TO DECEMBER 31, 2002, A MEMBER WHO HAS CREDIT
FOR AT LEAST 30 ELIGIBILITY POINTS SHALL BE ENTITLED, UPON
TERMINATION OF SERVICE AND FILING OF A PROPER APPLICATION, TO
RECEIVE A MAXIMUM SINGLE LIFE ANNUITY CALCULATED PURSUANT TO
SECTION 5702 WITHOUT ANY REDUCTION BY VIRTUE OF AN EFFECTIVE
DATE OF RETIREMENT WHICH IS UNDER THE SUPERANNUATION AGE.

§ 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE
MEMBER.

* * *

(B) CERTIFICATION AND METHOD OF PAYMENT.--THE AMOUNT PAYABLE
SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH

1 METHODS APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM
2 WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE
3 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
4 EMPLOYEES' RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY
5 INTEREST THROUGH SALARY DEDUCTIONS IN AMOUNTS AGREED UPON BY THE
6 MEMBER AND THE BOARD. IN THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE
7 WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'
8 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE
9 REMITTED TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH
10 SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

11 SECTION 21. SECTION 5505(B) AND (D) OF TITLE 71 ARE AMENDED
12 AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

13 § 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
14 NONSTATE SERVICE.

15 * * *

16 (B) NONINTERVENING MILITARY SERVICE.--

17 (1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR
18 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE
19 SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC
20 CONTRIBUTION RATE, THE ADDITIONAL CONTRIBUTION RATE PLUS THE
21 COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT
22 THE TIME OF ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF
23 THE MEMBER INTO STATE SERVICE TO HIS AVERAGE ANNUAL RATE OF
24 COMPENSATION OVER THE FIRST THREE YEARS OF SUCH SUBSEQUENT
25 STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF
26 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE
27 NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH
28 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND
29 SCHOOL SERVICE TO DATE OF PURCHASE. UPON APPLICATION FOR
30 CREDIT FOR SUCH SERVICE, PAYMENT SHALL BE MADE IN A LUMP SUM

1 WITHIN 30 DAYS OR, IN THE CASE OF AN ACTIVE MEMBER [IT] OR
2 ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE
3 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE PAYMENT MAY
4 BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY
5 DEDUCTIONS IN AMOUNTS AGREED UPON BY THE MEMBER AND THE
6 BOARD. IN THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN
7 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
8 SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED
9 TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL
10 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.
11 APPLICATION MAY BE FILED FOR ALL SUCH MILITARY SERVICE CREDIT
12 UPON COMPLETION OF THREE YEARS OF SUBSEQUENT STATE SERVICE
13 AND SHALL BE CREDITED AS CLASS A SERVICE.

14 (2) APPLICANTS MAY PURCHASE CREDIT AS FOLLOWS:

15 (I) ONE PURCHASE OF THE TOTAL AMOUNT OF CREDITABLE
16 NONINTERVENING MILITARY SERVICE; OR

17 (II) ONE PURCHASE PER 12-MONTH PERIOD OF A PORTION
18 OF CREDITABLE NONINTERVENING MILITARY SERVICE.

19 THE AMOUNT OF EACH PURCHASE SHALL BE NOT LESS THAN ONE YEAR
20 OF CREDITABLE NONINTERVENING MILITARY SERVICE.

21 * * *

22 (D) NONMILITARY AND NONMAGISTERIAL SERVICE.--CONTRIBUTIONS
23 ON ACCOUNT OF CREDIT FOR CREDITABLE NONSTATE SERVICE OTHER THAN
24 MILITARY AND MAGISTERIAL SERVICE SHALL BE DETERMINED BY APPLYING
25 THE MEMBER'S BASIC CONTRIBUTION RATE, THE ADDITIONAL
26 CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL CONTRIBUTION RATE
27 FOR ACTIVE MEMBERS AT THE TIME OF ENTRY SUBSEQUENT TO SUCH
28 CREDITABLE NONSTATE SERVICE OF THE MEMBER INTO STATE SERVICE TO
29 HIS COMPENSATION AT THE TIME OF ENTRY INTO STATE SERVICE AND
30 MULTIPLYING THE RESULT BY THE NUMBER OF YEARS AND FRACTIONAL

1 PART OF A YEAR OF CREDITABLE NONSTATE SERVICE BEING PURCHASED
2 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
3 SUBSEQUENT STATE AND SCHOOL SERVICE TO THE DATE OF PURCHASE.
4 UPON APPLICATION FOR CREDIT FOR SUCH SERVICE PAYMENT SHALL BE
5 MADE IN A LUMP SUM WITHIN 30 DAYS OR, IN THE CASE OF AN ACTIVE
6 MEMBER [IT] OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER
7 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE PAYMENT
8 MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY
9 DEDUCTIONS IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD.
10 IN THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE
11 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE
12 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC
13 SCHOOL EMPLOYEES' BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE
14 BOARD THE AMOUNTS PAID.

15 * * *

16 (H) ADDITIONAL CREDITABLE SERVICE.--CONTRIBUTIONS ON ACCOUNT
17 OF CREDIT FOR SERVICE AS AUTHORIZED IN SECTION 5304(C)(9) AND
18 (10) SHALL BE EQUAL TO THE FULL ACTUARIAL COST OF THE INCREASED
19 BENEFIT OBTAINED BY VIRTUE OF THE PURCHASE. THE INCREASED
20 BENEFIT ATTRIBUTABLE TO THE PURCHASED SERVICE SHALL BE THE
21 DIFFERENCE BETWEEN:

22 (1) THE ANNUAL AMOUNT OF A STANDARD SINGLE LIFE ANNUITY,
23 BEGINNING AT THE EARLIEST POSSIBLE SUPERANNUATION AGE,
24 CALCULATED ASSUMING NO FURTHER SALARY INCREASES, ASSUMING
25 CREDIT FOR THE SERVICE TO BE PURCHASED; AND
26 (2) THE ANNUAL AMOUNT OF A STANDARD SINGLE LIFE ANNUITY,
27 CALCULATED ON THE SAME BASIS, BUT EXCLUDING CREDIT FOR
28 SERVICE TO BE PURCHASED.

29 THE EARLIEST POSSIBLE SUPERANNUATION AGE SHALL BE THE AGE AT
30 WHICH THE MEMBER BECOMES FIRST ELIGIBLE FOR SUPERANNUATION

1 RETIREMENT ASSUMING CONTINUED FULL-TIME SERVICE AND CREDIT FOR
2 THE AMOUNT OF SERVICE WHICH THE MEMBER HAS ELECTED TO PURCHASE,
3 OR THE CURRENT ATTAINED AGE OF THE MEMBER, WHICHEVER IS LATER.
4 THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT ATTRIBUTABLE TO
5 THE PURCHASED SERVICE SHALL BE THE ACTUARIAL PRESENT VALUE OF A
6 DEFERRED ANNUITY EQUAL TO THE AMOUNT OF THE INCREASED BENEFIT
7 DETERMINED ABOVE, BEGINNING AT THE EARLIEST POSSIBLE
8 SUPERANNUATION AGE AND PAYABLE FOR LIFE, CALCULATED USING A
9 PRERETIREMENT INTEREST ASSUMPTION OF 1.5%, A POSTRETIREMENT
10 INTEREST ASSUMPTION OF 4%, NO PRERETIREMENT MORTALITY ASSUMPTION
11 AND STANDARD POSTRETIREMENT MORTALITY ASSUMPTIONS. THE PURCHASE
12 PAYMENT SHALL BE MADE IN A LUMP SUM BY THE MEMBER OR ELIGIBLE
13 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
14 EMPLOYEES' RETIREMENT SYSTEM WITHIN 30 DAYS OF CERTIFICATION BY
15 THE BOARD OF THE REQUIRED PURCHASE AMOUNT OR MAY BE AMORTIZED
16 THROUGH SALARY DEDUCTIONS IN AMOUNTS AGREED UPON BY THE MEMBER
17 AND THE BOARD WITH INTEREST PAYABLE ON THE UNPAID BALANCE AT THE
18 RATE APPLICABLE TO THE MOST RECENTLY ISSUED 30-YEAR BONDS OF THE
19 UNITED STATES TREASURY DEPARTMENT. IN THE CASE OF AN ELIGIBLE
20 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
21 EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS
22 SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES' BOARD, WHICH
23 SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

24 SECTION 22. SECTION 5506 OF TITLE 71 IS AMENDED TO READ:

25 § 5506. INCOMPLETE PAYMENTS.

26 IN THE EVENT THAT A MEMBER TERMINATES STATE SERVICE OR A
27 MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE PUBLIC
28 SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE
29 BEFORE THE AGREED UPON PAYMENTS FOR CREDIT FOR PREVIOUS STATE
30 SERVICE, CREDITABLE NONSTATE SERVICE, SOCIAL SECURITY

1 INTEGRATION, [OR] FULL COVERAGE MEMBERSHIP OR RETURN OF BENEFITS
2 ON ACCOUNT OF RETURNING TO STATE SERVICE OR ENTERING SCHOOL
3 SERVICE AND ELECTING MULTIPLE SERVICE HAVE BEEN COMPLETED, THE
4 MEMBER OR MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE
5 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL HAVE THE RIGHT
6 TO PAY WITHIN 30 DAYS OF TERMINATION OF STATE SERVICE OR SCHOOL
7 SERVICE THE BALANCE DUE, INCLUDING INTEREST, IN A LUMP SUM AND
8 THE ANNUITY SHALL BE CALCULATED INCLUDING FULL CREDIT FOR THE
9 PREVIOUS STATE SERVICE, CREDITABLE NONSTATE SERVICE, SOCIAL
10 SECURITY INTEGRATION, OR FULL COVERAGE MEMBERSHIP. IN THE EVENT
11 A MEMBER DOES NOT PAY THE BALANCE DUE WITHIN 30 DAYS OF
12 TERMINATION OF STATE SERVICE OR IN THE EVENT A MEMBER DIES IN
13 STATE SERVICE OR WITHIN 30 DAYS OF TERMINATION OF STATE SERVICE
14 OR, IN THE CASE OF A MULTIPLE SERVICE MEMBER WHO IS AN ACTIVE
15 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, DOES
16 NOT PAY THE BALANCE DUE WITHIN 30 DAYS OF TERMINATION OF SCHOOL
17 SERVICE OR DIES IN SCHOOL SERVICE OR WITHIN 30 DAYS OF
18 TERMINATION OF SCHOOL SERVICE AND BEFORE THE AGREED UPON
19 PAYMENTS HAVE BEEN COMPLETED, THE PRESENT VALUE OF THE BENEFIT
20 OTHERWISE PAYABLE SHALL BE REDUCED BY THE BALANCE DUE, INCLUDING
21 INTEREST, AND THE BENEFIT PAYABLE SHALL BE CALCULATED AS THE
22 ACTUARIAL EQUIVALENT OF SUCH REDUCED PRESENT VALUE.

23 SECTION 23. SECTION 5508 OF TITLE 71 IS AMENDED BY ADDING A
24 SUBSECTION TO READ:

25 § 5508. ACTUARIAL COST METHOD.

26 * * *

27 (G) FUNDING OF EARLY RETIREMENT INCENTIVE PROGRAM.--
28 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, THE
29 UNFUNDED ACCRUED LIABILITY FOR ANY EARLY RETIREMENT INCENTIVE
30 PROGRAM PROVIDED FOR IN CH. 53 (RELATING TO MEMBERSHIP, CREDITED

SERVICE, CLASSES OF SERVICE, AND ELIGIBILITY FOR BENEFITS) SHALL
BE FULLY FUNDED OVER AN AMORTIZATION PERIOD OF NOT MORE THAN TEN
YEARS USING A LEVEL ANNUAL DOLLAR CONTRIBUTION METHODOLOGY.

SECTION 24. SECTION 5705(A)(4) OF TITLE 71 IS AMENDED TO
READ:

§ 5705. MEMBER'S OPTIONS.

(A) GENERAL RULE.--ANY VESTEE HAVING TEN OR MORE ELIGIBILITY
POINTS OR ANY OTHER ELIGIBLE MEMBER UPON TERMINATION OF STATE
SERVICE WHO HAS NOT WITHDRAWN HIS TOTAL ACCUMULATED DEDUCTIONS
AS PROVIDED IN SECTION 5701 (RELATING TO RETURN OF TOTAL
ACCUMULATED DEDUCTIONS) MAY APPLY FOR AND ELECT TO RECEIVE
EITHER A MAXIMUM SINGLE LIFE ANNUITY, AS CALCULATED IN
ACCORDANCE WITH THE PROVISIONS OF SECTION 5702 (RELATING TO
MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY
THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE
LIFE ANNUITY AND IN ACCORDANCE WITH ONE OF THE FOLLOWING
OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY PAYABLE TO
ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE OR
ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF
THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT HE
MAY HAVE ELECTED TO RECEIVE IS LESS THAN 50% OF THE PRESENT
VALUE OF HIS MAXIMUM SINGLE LIFE ANNUITY:

* * *

(4) OPTION 4.--SOME OTHER BENEFIT WHICH SHALL BE
CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
MAXIMUM SINGLE LIFE ANNUITY, SUBJECT TO THE FOLLOWING
RESTRICTIONS:

(I) ANY ANNUITY SHALL BE PAYABLE WITHOUT REDUCTION
DURING THE LIFETIME OF THE MEMBER;

(II) THE SUM OF ALL ANNUITIES PAYABLE TO THE

DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER;
AND

(III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
EXCEED AN AMOUNT EQUAL TO THE TOTAL ACCUMULATED
DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER AND SHALL
NOT INCLUDE THE CONTRIBUTION BY THE MEMBER FOR THE
PURCHASE OF CREDIT UNDER SECTION 5304(C)(9) AND (10)
(RELATING TO CREDITABLE NONSCHOOL SERVICE) MADE PURSUANT
TO SECTION 5505(H) (RELATING TO CONTRIBUTIONS FOR
PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE). THE
BALANCE OF THE PRESENT VALUE OF THE MAXIMUM SINGLE LIFE
ANNUITY ADJUSTED IN ACCORDANCE WITH SECTION 5702(B) SHALL
BE PAID IN THE FORM OF AN ANNUITY WITH A GUARANTEED TOTAL
PAYMENT, A SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR
ANNUITY OR ANY COMBINATION THEREOF BUT SUBJECT TO THE
RESTRICTIONS OF SUBPARAGRAPHS (I) AND (II) UNDER THIS
OPTION.

* * *

SECTION 25. SECTION 5706(A) AND (C)(1) OF TITLE 71, AMENDED
DECEMBER 20, 1995 (P.L.689, NO.77), ARE AMENDED AND THE SECTION
IS AMENDED BY ADDING SUBSECTIONS TO READ:

§ 5706. TERMINATION OF ANNUITIES.

(A) GENERAL RULE.--IF THE ANNUITANT RETURNS TO STATE SERVICE
OR ENTERS OR HAS ENTERED SCHOOL SERVICE AND ELECTS MULTIPLE
SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART
SHALL CEASE EFFECTIVE UPON THE DATE OF THE ANNUITANT'S RETURN TO
STATE SERVICE OR ENTERING SCHOOL SERVICE AND IN THE CASE OF AN
ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF

1 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT
2 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR
3 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY
4 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF
5 CLASS A AND CLASS C SERVICE AS PROVIDED IN SECTION 5302(C) OR
6 (C.1) (RELATING TO CREDITED STATE SERVICE) AND WHO RETURNS TO
7 STATE SERVICE SHALL FORFEIT SUCH CREDITED SERVICE AND SHALL HAVE
8 HIS FROZEN PRESENT VALUE ADJUSTED AS IF HIS 10% RETIREMENT
9 INCENTIVE HAD NOT BEEN APPLIED TO HIS ACCOUNT. IN THE EVENT THAT
10 THE COST-OF-LIVING INCREASE ENACTED DECEMBER 18, 1979 OCCURRED
11 DURING THE PERIOD OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN
12 PRESENT VALUE SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS
13 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT
14 RETURNED TO SERVICE. THIS SUBSECTION SHALL NOT APPLY IN THE CASE
15 OF ANY ANNUITANT WHO MAY RENDER SERVICES TO THE COMMONWEALTH IN
16 THE CAPACITY OF AN INDEPENDENT CONTRACTOR OR AS A MEMBER OF AN
17 INDEPENDENT BOARD OR COMMISSION OR AS A MEMBER OF A DEPARTMENTAL
18 ADMINISTRATIVE OR ADVISORY BOARD OR COMMISSION WHEN SUCH MEMBERS
19 OF INDEPENDENT OR DEPARTMENTAL BOARDS OR COMMISSIONS ARE
20 COMPENSATED ON A PER DIEM BASIS FOR NOT MORE THAN 150 DAYS PER
21 CALENDAR YEAR. THIS SUBSECTION SHALL NOT APPLY IN THE CASE OF
22 ANY ANNUITANT WHO HAS ATTAINED SUPERANNUATION AGE WHO MAY RENDER
23 SERVICES TO THE COMMONWEALTH IN THE CAPACITY OF A DEPUTY
24 WILDLIFE CONSERVATION OFFICER OR A DEPUTY WATERWAYS CONSERVATION
25 OFFICER WHO IS COMPENSATED ON A PER DIEM BASIS FOR NOT MORE THAN
26 150 DAYS PER CALENDAR YEAR.

27 * * *

28 (A.2) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE
29 ANNUITY CEASES UNDER THIS SECTION RECEIVES ANY ANNUITY PAYMENT,
30 INCLUDING A LUMP SUM PAYMENT UNDER SECTION 5705 (RELATING TO

1 MEMBER'S OPTIONS) ON OR AFTER THE DATE OF THE ANNUITANT'S RETURN
2 TO STATE SERVICE OR ENTERING SCHOOL SERVICE, THE ANNUITANT SHALL
3 RETURN TO THE BOARD THE AMOUNT SO RECEIVED PLUS STATUTORY
4 INTEREST. THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE BY
5 THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND
6 SHALL BE PAID IN A LUMP SUM WITHIN 90 DAYS OR BY SUCH OTHER
7 METHOD AS THE BOARD BY REGULATION SHALL AUTHORIZE, WHICH MAY
8 INCLUDE, BUT IS NOT LIMITED TO, AN ACTUARIAL ADJUSTMENT TO THE
9 ANNUITY THE MEMBER MAY RECEIVE UPON SUBSEQUENT RETIREMENT
10 CALCULATED USING THE ANNUAL INTEREST RATE ADOPTED FOR THAT
11 FISCAL YEAR BY THE BOARD FOR THE CALCULATION OF THE NORMAL
12 CONTRIBUTION RATE PURSUANT TO SECTION 5508(B) (RELATING TO
13 ACTUARIAL COST METHOD). IN THE EVENT THE BOARD BY REGULATION
14 ALLOWS AN ACTIVE MEMBER OR A SCHOOL EMPLOYEE WHO IS AN ACTIVE
15 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TO
16 AMORTIZE THE AMOUNTS PAYABLE WITH STATUTORY INTEREST THROUGH
17 SALARY DEDUCTIONS, THE AGREED UPON SALARY DEDUCTIONS MAY BE
18 REMITTED TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH
19 SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

20 * * *

21 (C) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE.--

22 (1) AN ANNUITANT WHO RETURNS TO STATE SERVICE AND EARNS
23 THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE SERVICE
24 FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY
25 UNDER THIS PART, OR AN ANNUITANT WHO ENTERS SCHOOL SERVICE
26 AND:

27 (I) IS A MULTIPLE SERVICE MEMBER; OR

28 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND
29 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE
30 SERVICE OR CREDITED SCHOOL SERVICE FOLLOWING THE MOST RECENT

1 PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND WHO HAD
2 THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE WITH
3 SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE
4 FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF
5 RETIREMENT ELIMINATED, PROVIDED THAT ALL PAYMENTS UNDER
6 OPTION 4 AND ANNUITY PAYMENTS PAYABLE DURING PREVIOUS PERIODS
7 OF RETIREMENT PLUS INTEREST AS SET FORTH IN PARAGRAPH (3)
8 SHALL BE RETURNED TO THE FUND IN THE FORM OF AN ACTUARIAL
9 ADJUSTMENT TO HIS SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE
10 BOARD MAY OTHERWISE DIRECT. IN THE CASE OF AN ANNUITANT WHO
11 ELECTS MULTIPLE SERVICE MEMBERSHIP AFTER COMMENCING SCHOOL
12 SERVICE, ELIGIBILITY POINTS EARNED AFTER THE COMMENCING OF
13 SCHOOL SERVICE, BUT BEFORE THE ELECTION OF MULTIPLE SERVICE,
14 SHALL BE INCLUDED IN THE EARNING OF THE THREE ELIGIBILITY
15 POINTS REQUIRED BY THIS PARAGRAPH.

16 * * *

17 (D) ELIMINATION OF THE EFFECT OF FROZEN PRESENT VALUE AS
18 APPLIED TO ANNUITANTS.--

19 (1) A MEMBER WHO WAS AN ANNUITANT ON JULY 1, 1994, AND
20 WHO HAD RETURNED TO STATE SERVICE AND EARNED THREE
21 ELIGIBILITY POINTS BY PERFORMING CREDITED STATE SERVICE
22 BETWEEN THE TERMINATION OF STATE SERVICE MOST RECENTLY BEFORE
23 JULY 1, 1994, AND MOST RECENT COMMENCEMENT OF AN ANNUITY
24 BEFORE SUCH TERMINATION OF STATE SERVICE AND THE CALCULATION
25 OF WHOSE ANNUITY INCLUDED A FROZEN PRESENT VALUE CALCULATION
26 IN ACCORDANCE WITH SUBSECTIONS (A) AND (B) SHALL HAVE THAT
27 ANNUITANT'S ANNUITY ADJUSTED AS FOLLOWS:

28 (I) THE SYSTEM SHALL CALCULATE THE MAXIMUM SINGLE
29 LIFE ANNUITY THAT THE MEMBER WOULD HAVE BEEN ENTITLED TO
30 RECEIVE ON THAT MEMBER'S EFFECTIVE DATE OF RETIREMENT,

1 CALCULATED AS IF THE MEMBER HAD BEEN A VESTEE DURING ALL
2 PERIODS AS AN ANNUITANT WHICH RESULTED IN THE PRESENT
3 VALUE OF THAT ANNUITY BEING FROZEN IN ACCORDANCE WITH
4 SUBSECTION (A). SUCH CALCULATED MAXIMUM SINGLE LIFE
5 ANNUITY SHALL THEN BE MODIFIED BY THE OPTIONAL
6 MODIFICATION OF ANNUITY ACTUALLY SELECTED BY THE
7 ANNUITANT AND SUCH ACTUAL POSTRETIREMENT ADJUSTMENTS TO
8 THAT ANNUITY AS THE ANNUITANT HAD BEEN ELIGIBLE TO
9 RECEIVE AS OF THE EFFECTIVE DATE OF THIS SUBSECTION.

10 (II) THE PRESENT VALUE OF THE RECALCULATED ANNUITY
11 AS MODIFIED UNDER SUBPARAGRAPH (I), AS OF THE EFFECTIVE
12 DATE OF THIS SUBSECTION, SHALL BE REDUCED BY ALL AMOUNTS
13 PAID OR PAYABLE TO THAT ANNUITANT DURING ALL PREVIOUS
14 PERIODS AS AN ANNUITANT DURING WHICH THE MEMBER IS BEING
15 TREATED AS A VESTEE PLUS INTEREST ON THESE AMOUNTS UNTIL
16 THE EFFECTIVE DATE OF THIS SUBSECTION. THE INTEREST FOR
17 EACH YEAR SHALL BE CALCULATED BASED UPON THE ANNUAL
18 INTEREST RATE ADOPTED FOR THAT FISCAL YEAR BY THE BOARD
19 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE
20 PURSUANT TO SECTION 5508(B).

21 (III) IF THE ANNUITY PRODUCED BY THE RESULTING
22 PRESENT VALUE, MODIFIED FOR THE OPTIONAL BENEFIT PAYMENT
23 PLAN SELECTED BY THE MEMBER, IS GREATER THAN THE ANNUITY
24 BEING RECEIVED BY THE MEMBER ON THE EFFECTIVE DATE OF
25 THIS SUBSECTION, THEN THE MEMBER SHALL BE ENTITLED TO
26 RECEIVE THE GREATER ANNUITY BEGINNING WITH THE EFFECTIVE
27 DATE OF THIS SUBSECTION. IF THE ANNUITY PRODUCED BY THE
28 RESULTING PRESENT VALUE, MODIFIED FOR THE OPTIONAL
29 BENEFIT PAYMENT PLAN SELECTED BY THE MEMBER, IS LESS THAN
30 THE ANNUITY BEING RECEIVED BY THE MEMBER ON THE EFFECTIVE

1 DATE OF THIS SUBSECTION, THEN THE ANNUITY BEING RECEIVED
2 BY THE MEMBER WILL REMAIN UNCHANGED.

3 (2) NO PAYMENTS SHALL BE MADE FOR ANY PERIOD OF TIME
4 BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION.

5 (3) A MEMBER WHO HAS THE MEMBER'S BENEFIT ADJUSTED
6 PURSUANT TO THIS SUBSECTION SHALL NOT BE ENTITLED TO REELECT
7 AN OPTION UNLESS OTHERWISE PERMITTED TO DO SO PURSUANT TO
8 SECTION 5907(J) (RELATING TO RIGHTS AND DUTIES OF STATE
9 EMPLOYEES AND MEMBERS).

10 (4) THIS SUBSECTION SHALL NOT APPLY TO THE BENEFICIARIES
11 AND SURVIVOR ANNUITANTS OF ANY ANNUITANT WHO DIED PRIOR TO
12 THE EFFECTIVE DATE OF THIS SUBSECTION.

13 SECTION 26. TITLE 71 IS AMENDED BY ADDING SECTIONS TO READ:

14 § 5708.4. SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT.

15 (A) ELIGIBILITY.--AN ANNUITANT WHO MEETS ALL OF THE
16 FOLLOWING:

17 (1) RETIRED AFTER FEBRUARY 28, 1974, AND BEFORE JANUARY
18 1, 1985;

19 (2) HAS MILITARY SERVICE AS SET FORTH IN SECTION
20 5304(C)(1) OR (2) (RELATING TO CREDITABLE NONSTATE SERVICE);

21 (3) IS RECEIVING OR WILL RECEIVE RETIREMENT PAY UNDER 10
22 U.S.C. CH. 67 (RELATING TO RETIRED PAY FOR NONREGULAR
23 SERVICE) FOR THIS MILITARY SERVICE; AND

24 (4) HAS NOT PURCHASED NONSTATE SERVICE CREDIT FOR THIS
25 MILITARY SERVICE;

26 SHALL BE ELIGIBLE FOR THIS SPECIAL SUPPLEMENTAL POSTRETIREMENT
27 ADJUSTMENT.

28 (B) CALCULATION OF ADJUSTMENT.--THE MONTHLY AMOUNT OF THIS
29 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT SHALL BE EQUAL TO
30 THE FINAL AVERAGE SALARY MULTIPLIED BY 2% MULTIPLIED BY THE

YEARS OF THIS MILITARY SERVICE DIVIDED BY 12 MULTIPLIED BY ANY
APPLICABLE EARLY RETIREMENT OR OPTION FACTORS.

(C) ADJUSTMENT PAID.--UPON RECEIPT OF A TIMELY REQUEST BY AN
ELIGIBLE ANNUITANT, THE SYSTEM SHALL PAY THIS SPECIAL
SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT MONTHLY FROM THE
EFFECTIVE DATE OF THIS SECTION. ANNUITANTS ENTITLED TO RECEIVE
THE SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT SHALL NOT BE
PERMITTED TO CHANGE A BENEFIT PAYMENT PLAN OR REELECT AN OPTION,
UNLESS OTHERWISE PERMITTED PURSUANT TO SECTION 5907(J) (RELATING
TO RIGHTS AND DUTIES OF STATE EMPLOYEES AND MEMBERS).

(D) ADJUSTMENT ENACTED AFTER DEATH OF ANNUITANT.--NO SPECIAL
SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT ENACTED AFTER THE DEATH
OF AN ANNUITANT SHALL BE PAYABLE TO THE BENEFICIARY OR SURVIVOR
ANNUITANT OF THE DECEASED ANNUITANT.

(E) FUTURE SUPPLEMENTAL ANNUITIES.--THIS SPECIAL
SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT SHALL BE INCLUDED IN THE
TOTAL ANNUITY, AND THIS MILITARY SERVICE SHALL BE INCLUDED IN
THE TOTAL CREDITED SERVICE IN DETERMINING ALL FUTURE
SUPPLEMENTAL ANNUITIES.

(F) TIME LIMITATIONS.--AN ANNUITANT WHO IS ELIGIBLE FOR THIS
SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT SHALL HAVE TWO
YEARS FROM THE EFFECTIVE DATE OF THIS SECTION WITHIN WHICH TO
MAKE A REQUEST TO THE SYSTEM FOR THE ADJUSTMENT ESTABLISHED IN
THIS SECTION. FAILURE OF THE SYSTEM TO NOTIFY A MEMBER OF
ELIGIBILITY FOR THIS SPECIAL SUPPLEMENTAL POSTRETIREMENT
ADJUSTMENT SHALL NOT BE GROUNDS FOR EXTENDING THE PERIOD THE
MEMBER HAS TO REQUEST THE ADJUSTMENT.

(G) COURT-ORDERED PURCHASE OF NONSTATE SERVICE.--IF A COURT
OF COMPETENT JURISDICTION RULES THAT AN ANNUITANT WHO IS
RECEIVING OR WILL RECEIVE RETIREMENT PAY UNDER 10 U.S.C. CH. 67

FOR THIS MILITARY SERVICE IS ELIGIBLE UNDER SECTION 5304(C)(1)
OR (2) TO PURCHASE NONSTATE SERVICE CREDIT FOR THIS MILITARY
SERVICE, THIS SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT
SHALL STOP WITH THE ANNUITANT'S PURCHASE OF NONSTATE SERVICE
CREDIT FOR THIS MILITARY SERVICE, AND THE TOTAL AMOUNT OF THIS
SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT PAID TO THE
ANNUITANT FROM THE EFFECTIVE DATE OF THIS SECTION SHALL BE
SUBTRACTED FROM ANY INCREASE IN THE ANNUITY CAUSED BY THE COURT-
ORDERED PURCHASE OF NONSTATE SERVICE CREDIT FOR THIS MILITARY
SERVICE.

§ 5708.5. ANNUAL INDEXED SUPPLEMENTAL ANNUITIES.

(A) BENEFITS.--COMMENCING WITH THE FIRST MONTHLY ANNUITY
PAYMENT AFTER THE JULY 1 COINCIDENT WITH OR FOLLOWING THE
EFFECTIVE DATE OF THIS SECTION, AND EACH JULY 1 THEREAFTER, EACH
ELIGIBLE BENEFIT RECIPIENT SHALL BE ENTITLED TO RECEIVE AN
ANNUAL INDEXED SUPPLEMENTAL ANNUITY FROM THE SYSTEM. EACH ANNUAL
INDEXED SUPPLEMENTAL ANNUITY SHALL BE IN ADDITION TO THE
SUPPLEMENTAL ANNUITIES PROVIDED FOR IN SECTIONS 5708 (RELATING
TO SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL
SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL
SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL
ANNUITIES COMMENCING IN 1994) AND 5708.4 (RELATING TO SPECIAL
SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT).

(B) AMOUNT OF ANNUAL INDEXED SUPPLEMENTAL ANNUITIES.--

(1) FOR ELIGIBLE BENEFIT RECIPIENTS WHO HAVE ATTAINED
SUPERANNUATION AGE ON THE EFFECTIVE DATE OF THIS SECTION, THE
MONTHLY AMOUNT OF EACH ANNUAL INDEXED SUPPLEMENTAL ANNUITY
SHALL BE THE PRODUCT OF THE MONTHLY ANNUITY BEING RECEIVED ON
THE JUNE 30 IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF EACH
ANNUAL INDEXED SUPPLEMENTAL ANNUITY AND THE PERCENTAGE

1 CHANGE, BUT NOT LESS THAN ZERO, IN THE CONSUMER PRICE INDEX
2 FOR ALL URBAN CONSUMERS (CPI-U) FOR THE PENNSYLVANIA, NEW
3 JERSEY, DELAWARE AND MARYLAND AREA FOR THE CALENDAR YEAR
4 PRIOR TO THE EFFECTIVE DATE OF THAT ANNUAL INDEXED
5 SUPPLEMENTAL ANNUITY.

6 (2) FOR ELIGIBLE BENEFIT RECIPIENTS WHO HAVE NOT
7 ATTAINED SUPERANNUATION AGE ON THE EFFECTIVE DATE OF THIS
8 SECTION, THE MONTHLY AMOUNT OF THE FIRST ANNUAL INDEXED
9 SUPPLEMENTAL ANNUITY RECEIVED SHALL BE THE PRODUCT OF THE
10 MONTHLY ANNUITY BEING RECEIVED ON THE JUNE 30 IMMEDIATELY
11 PRIOR TO THE EFFECTIVE DATE OF THE FIRST ANNUAL INDEXED
12 SUPPLEMENTAL ANNUITY AND THE PERCENTAGE CHANGE, BUT NOT LESS
13 THAN ZERO, IN THE CONSUMER PRICE INDEX FOR ALL URBAN
14 CONSUMERS (CPI-U) FOR THE PENNSYLVANIA, NEW JERSEY, DELAWARE
15 AND MARYLAND AREA FOR THE PERIOD FROM THE JANUARY 1 OF THE
16 CALENDAR YEAR AFTER THEIR MOST RECENT DATE OF RETIREMENT TO
17 THE CALENDAR YEAR PRIOR TO THE EFFECTIVE DATE OF THE FIRST
18 INDEXED SUPPLEMENTAL ANNUITY. THE MONTHLY AMOUNT OF
19 SUBSEQUENT ANNUAL INDEXED SUPPLEMENTAL ANNUITIES SHALL BE THE
20 PRODUCT OF THE MONTHLY ANNUITY BEING RECEIVED ON THE JUNE 30
21 IMMEDIATELY PRIOR TO THE EFFECTIVE DATE OF EACH ANNUAL
22 INDEXED SUPPLEMENTAL ANNUITY AND THE PERCENTAGE CHANGE, BUT
23 NOT LESS THAN ZERO, IN THE CONSUMER PRICE INDEX FOR ALL URBAN
24 CONSUMERS (CPI-U) FOR THE PENNSYLVANIA, NEW JERSEY, DELAWARE
25 AND MARYLAND AREA FOR THE CALENDAR YEAR PRIOR TO THE
26 EFFECTIVE DATE OF THAT ANNUAL INDEXED SUPPLEMENTAL ANNUITY.

27 (C) PAYMENT.--THE ADDITIONAL MONTHLY SUPPLEMENTAL ANNUITY
28 PROVIDED UNDER THIS SECTION SHALL BE PAID AUTOMATICALLY UNLESS
29 THE INTENDED RECIPIENT FILES A WRITTEN NOTICE WITH THE SYSTEM
30 REQUESTING THAT THE ADDITIONAL MONTHLY SUPPLEMENTAL ANNUITY NOT

1 BE PAID.

2 (D) CONDITIONS.--EACH ANNUAL INDEXED SUPPLEMENTAL ANNUITY
3 PROVIDED UNDER THIS SECTION SHALL BE PAYABLE UNDER THE SAME
4 TERMS AND CONDITIONS AS PROVIDED UNDER THE BENEFIT PAYMENT PLAN
5 IN EFFECT ON THE JUNE 30 IMMEDIATELY BEFORE THE ANNUAL INDEXED
6 SUPPLEMENTAL ANNUITY BECOMES PAYABLE.

7 (E) BENEFITS PAID TO BENEFICIARIES OR SURVIVORS.--NO ANNUAL
8 INDEXED SUPPLEMENTAL ANNUITY EFFECTIVE AFTER THE DEATH OF THE
9 MEMBER SHALL BE PAYABLE TO THE BENEFICIARY OR SURVIVOR ANNUITANT
10 OF THE DECEASED MEMBER.

11 (F) DISCONTINUANCE OF INDEX.--IN THE EVENT THE CONSUMER
12 PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) FOR THE
13 PENNSYLVANIA, NEW JERSEY, DELAWARE AND MARYLAND AREA IS
14 DISCONTINUED, CHANGED, RENAMED OR OTHERWISE NO LONGER AVAILABLE
15 FOR CALCULATION OF THE ANNUAL INDEXED SUPPLEMENTAL ANNUITIES
16 PROVIDED FOR BY THIS SECTION, NO FURTHER ANNUAL INDEXED
17 SUPPLEMENTAL ANNUITIES SHALL BE GRANTED UNDER THIS SECTION,
18 EXCEPT THAT AN ANNUITANT WHO IS UNDER SUPERANNUATION AGE AND IS
19 RECEIVING A WITHDRAWAL ANNUITY SHALL UPON ATTAINMENT OF
20 SUPERANNUATION AGE BE ELIGIBLE TO RECEIVE THE ANNUAL INDEXED
21 SUPPLEMENTAL ANNUITY THE ANNUITANT WOULD OTHERWISE BE ENTITLED
22 TO RECEIVE IF THE ANNUITIES PROVIDED FOR BY THIS SECTION
23 REMAINED IN EFFECT, BUT THE APPLICABLE PERCENTAGE INCREASE WAS
24 0% IN EACH CALENDAR YEAR REMAINING UNTIL SUPERANNUATION AGE.

25 (G) DEFINITION.--AS USED IN THIS SECTION, THE TERM "ELIGIBLE
26 BENEFIT RECIPIENT" MEANS A PERSON WHO IS RECEIVING A
27 SUPERANNUATION, WITHDRAWAL OR DISABILITY ANNUITY AND WHO
28 COMMENCED RECEIPT OF THAT ANNUITY PRIOR TO THE JULY 1 OF THE
29 SECOND CALENDAR YEAR BEFORE THE JULY 1 ON WHICH AN ANNUAL
30 INDEXED SUPPLEMENTAL ANNUITY IS EFFECTIVE, BUT ANNUAL

1 SUPPLEMENTAL ANNUITIES SHALL NOT BE PAYABLE TO AN ANNUITANT
2 RECEIVING A WITHDRAWAL ANNUITY PRIOR TO THE JULY 1 COINCIDENT
3 WITH OR FOLLOWING THE ANNUITANT'S ATTAINMENT OF SUPERANNUATION
4 AGE.

5 SECTION 27. SECTION 5902(H) AND (L) OF TITLE 71, AMENDED
6 DECEMBER 20, 1995 (P.L.689, NO.77), ARE AMENDED TO READ:

7 § 5902. ADMINISTRATIVE DUTIES OF THE BOARD.

8 * * *

9 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
10 ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND
11 PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION
12 OF THE SYSTEM. NO REGULATION ESTABLISHING A PERIOD OF TIME TO
13 ELECT MULTIPLE SERVICE SHALL ALLOW ANY SUCH ELECTION MORE THAN
14 365 DAYS AFTER ENTRY INTO THE SYSTEM AS AN ACTIVE MEMBER. THE
15 ACTUARY SHALL APPROVE IN WRITING ALL COMPUTATIONAL PROCEDURES
16 USED IN THE CALCULATION OF CONTRIBUTIONS AND BENEFITS, AND THE
17 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,
18 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS
19 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND
20 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS
21 ARE ADOPTED PURSUANT TO SUBSECTION (J) AS NECESSARY FOR THE
22 CALCULATION OF ANNUITIES AND OTHER BENEFITS, SHALL BE AS
23 EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY ACTUARIAL
24 ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, REGULATION
25 OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS FOR
26 DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM MANNER.

27 * * *

28 (L) MEMBER CONTRIBUTIONS.--THE BOARD SHALL CAUSE ALL PICKUP
29 CONTRIBUTIONS MADE ON BEHALF OF A MEMBER TO BE CREDITED TO THE
30 ACCOUNT OF THE MEMBER AND CREDIT TO HIS ACCOUNT ANY OTHER

1 PAYMENT MADE BY SUCH MEMBER, INCLUDING, BUT NOT LIMITED TO,
2 AMOUNTS COLLECTED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
3 SYSTEM FOR THE REINSTATEMENT OF PREVIOUS STATE SERVICE OR
4 CREDITABLE NONSTATE SERVICE AND AMOUNTS PAID TO RETURN BENEFITS
5 PAID AFTER THE DATE OF RETURN TO STATE SERVICE OR ENTERING
6 SCHOOL SERVICE REPRESENTING LUMP SUM PAYMENTS MADE PURSUANT TO
7 SECTION 5705(A)(4)(III) (RELATING TO MEMBER'S OPTIONS) AND
8 MEMBER'S ANNUITY PAYMENTS, BUT NOT INCLUDING OTHER BENEFITS
9 RETURNED PURSUANT TO SECTION 5706(A.2) (RELATING TO TERMINATION
10 OF ANNUITIES), AND SHALL PAY ALL SUCH AMOUNTS INTO THE FUND.

11 * * *

12 SECTION 28. SECTION 5904(B) OF TITLE 71 IS AMENDED TO READ:

13 § 5904. DUTIES OF THE BOARD TO REPORT TO THE PUBLIC SCHOOL
14 EMPLOYEES' RETIREMENT BOARD.

15 * * *

16 (B) MULTIPLE SERVICE MEMBERSHIP OF SCHOOL EMPLOYEES.--UPON
17 RECEIPT OF NOTIFICATION FROM THE PUBLIC SCHOOL EMPLOYEES'
18 RETIREMENT BOARD THAT A FORMER STATE EMPLOYEE HAS BECOME AN
19 ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
20 AND HAS ELECTED TO RECEIVE CREDIT FOR MULTIPLE SERVICE, THE
21 BOARD SHALL CERTIFY TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
22 BOARD AND CONCURRENTLY TO THE MEMBER:

23 (1) THE TOTAL CREDITED SERVICE IN THE SYSTEM AND THE
24 NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF SERVICE
25 CREDITED IN EACH CLASS OF SERVICE;

26 (2) THE ANNUAL COMPENSATION RECEIVED EACH CALENDAR YEAR
27 BY THE MEMBER FOR CREDITED STATE SERVICE; [AND]

28 (3) THE SOCIAL SECURITY INTEGRATION CREDITED SERVICE TO
29 WHICH THE MEMBER IS ENTITLED AND THE AVERAGE NONCOVERED
30 SALARY UPON WHICH THE SINGLE LIFE ANNUITY ATTRIBUTABLE TO

SUCH SERVICE WILL BE COMPUTED[.]; AND

(4) IF THE MEMBER HAS ELECTED PAYROLL DEDUCTIONS UNDER SECTION 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER) OR 5505 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE), THE AMOUNT OF THE DEDUCTIONS AND THE PERIOD OVER WHICH THEY ARE TO BE MADE.

* * *

SECTION 29. SECTION 5905(B) OF TITLE 71 IS AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

§ 5905. DUTIES OF THE BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS.

* * *

(B) SCHOOL EMPLOYEES ELECTING MULTIPLE SERVICE STATUS.--UPON RECEIPT OF NOTIFICATION FROM THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD THAT A FORMER STATE EMPLOYEE HAS BECOME AN ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND HAS ELECTED TO BECOME A MEMBER WITH MULTIPLE SERVICE STATUS THE BOARD SHALL:

(1) IN THE CASE OF A MEMBER RECEIVING AN ANNUITY FROM THE SYSTEM, DISCONTINUE PAYMENTS, TRANSFER THE PRESENT VALUE[, AT THAT TIME,] OF THE MEMBER'S ANNUITY AT THE TIME OF ENTERING SCHOOL SERVICE, PLUS AMOUNTS WITHDRAWN IN A LUMP SUM PAYMENT ON OR AFTER THE DATE OF ENTERING SCHOOL SERVICE UNDER SECTION 5705 (RELATING TO MEMBER'S OPTIONS), WITH STATUTORY INTEREST TO DATE OF TRANSFER, MINUS THE AMOUNT TO BE RETURNED TO THE BOARD ON ACCOUNT OF RETURN TO SERVICE, THAT THE BOARD HAS DETERMINED IS TO BE CREDITED IN THE MEMBERS' SAVINGS ACCOUNT, FROM THE ANNUITY RESERVE ACCOUNT TO THE MEMBERS'

1 SAVINGS ACCOUNT AND RESUME CREDITING OF STATUTORY INTEREST ON
2 THE AMOUNT RESTORED TO HIS CREDIT [AND], TRANSFER THE BALANCE
3 OF THE PRESENT VALUE OF THE TOTAL ANNUITY, MINUS THE AMOUNT
4 TO BE RETURNED TO THE BOARD ON ACCOUNT OF RETURN TO SERVICE
5 THAT THE BOARD HAS DETERMINED IS TO BE CREDITED IN THE STATE
6 ACCUMULATION ACCOUNT, FROM THE ANNUITY RESERVE ACCOUNT TO THE
7 STATE ACCUMULATION ACCOUNT AND CERTIFY TO THE MEMBER THE
8 AMOUNT OF LUMP SUM AND ANNUITY PAYMENTS WITH STATUTORY
9 INTEREST TO BE RETURNED TO THE BOARD BY HIM AND OF THOSE
10 AMOUNTS WHICH AMOUNT SHALL BE CREDITED TO THE MEMBERS'
11 SAVINGS ACCOUNT AND CREDITED WITH STATUTORY INTEREST AS SUCH
12 PAYMENTS ARE RETURNED AND WHICH AMOUNT SHALL BE CREDITED TO
13 THE STATE ACCUMULATION ACCOUNT; OR

14 (2) IN CASE OF A MEMBER WHO IS NOT RECEIVING AN ANNUITY
15 AND HAS NOT WITHDRAWN HIS TOTAL ACCUMULATED DEDUCTIONS,
16 CONTINUE OR RESUME THE CREDITING OF STATUTORY INTEREST ON HIS
17 TOTAL ACCUMULATED DEDUCTIONS DURING THE PERIOD HIS TOTAL
18 ACCUMULATED DEDUCTIONS REMAIN IN THE FUND; OR

19 (3) IN CASE OF A FORMER STATE EMPLOYEE WHO IS NOT
20 RECEIVING AN ANNUITY FROM THE SYSTEM AND HIS TOTAL
21 ACCUMULATED DEDUCTIONS WERE WITHDRAWN, CERTIFY TO THE FORMER
22 STATE EMPLOYEE THE ACCUMULATED DEDUCTIONS AS THEY WOULD HAVE
23 BEEN AT THE TIME OF HIS SEPARATION HAD HE BEEN A FULL
24 COVERAGE MEMBER TOGETHER WITH STATUTORY INTEREST FOR ALL
25 PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE TO THE DATE OF
26 REPAYMENT. SUCH AMOUNT SHALL BE RESTORED BY HIM AND SHALL BE
27 CREDITED WITH STATUTORY INTEREST AS SUCH PAYMENTS ARE
28 RESTORED.

29 * * *

30 (J) STATE EMPLOYEES ELECTING MULTIPLE SERVICE STATUS.--UPON

1 RECEIPT OF NOTIFICATION FROM THE PUBLIC SCHOOL EMPLOYEES'
2 RETIREMENT BOARD THAT A MEMBER WHO HAS ELECTED MULTIPLE SERVICE
3 MEMBERSHIP HAS ELECTED TO RESTORE SCHOOL SERVICE OR PURCHASE
4 CREDITABLE NONSCHOOL SERVICE IN THE PUBLIC SCHOOL EMPLOYEES'
5 RETIREMENT SYSTEM OR IS OBLIGATED TO RETURN BENEFITS TO THE
6 PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD ON ACCOUNT OF ELECTING
7 MULTIPLE SERVICE MEMBERSHIP HAS ELECTED TO PAY ALL OR PART OF
8 THE AMOUNT DUE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
9 BY SALARY DEDUCTIONS, THE BOARD SHALL COLLECT FROM THE EMPLOYEE
10 THE AMOUNTS CERTIFIED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
11 BOARD AS DUE AND OWING BY THE MEMBER AND CERTIFY AND TRANSFER TO
12 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD THE AMOUNTS SO
13 COLLECTED.

14 SECTION 30. SECTION 5906(C), (G) AND (H) OF TITLE 71,
15 AMENDED DECEMBER 20, 1995 (P.L.689, NO.77), ARE AMENDED TO READ:
16 § 5906. DUTIES OF HEADS OF DEPARTMENTS.

17 * * *

18 (C) MEMBER CONTRIBUTIONS.--THE HEAD OF DEPARTMENT SHALL
19 CAUSE THE REQUIRED PICKUP CONTRIBUTIONS FOR CURRENT SERVICE TO
20 BE MADE AND SHALL CAUSE TO BE DEDUCTED ANY OTHER REQUIRED MEMBER
21 CONTRIBUTIONS, INCLUDING, BUT NOT LIMITED TO, CONTRIBUTIONS OWED
22 BY AN ACTIVE MEMBER WITH MULTIPLE SERVICE MEMBERSHIP FOR SCHOOL
23 SERVICE AND CREDITABLE NONSCHOOL SERVICE IN THE PUBLIC SCHOOL
24 EMPLOYEES' RETIREMENT SYSTEM AND AMOUNTS CERTIFIED BY THE PUBLIC
25 SCHOOL EMPLOYEES' RETIREMENT BOARD AS DUE AND OWING ON ACCOUNT
26 OF TERMINATION OF ANNUITIES, FROM EACH PAYROLL. THE HEAD OF
27 DEPARTMENT SHALL NOTIFY THE BOARD AT TIMES AND IN A MANNER
28 PRESCRIBED BY THE BOARD OF THE COMPENSATION OF ANY NONELIGIBLE
29 MEMBER TO WHOM THE LIMITATION UNDER IRC § 401(A)(17) EITHER
30 APPLIES OR IS EXPECTED TO APPLY AND SHALL CAUSE SUCH MEMBER'S

1 CONTRIBUTIONS DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION
2 UNDER IRC § 401(A)(17) ON THE PAYROLL DATE IF AND WHEN SUCH
3 LIMIT SHALL BE REACHED. THE HEAD OF DEPARTMENT SHALL CERTIFY TO
4 THE STATE TREASURER THE AMOUNTS PICKED UP AND DEDUCTED AND SHALL
5 SEND THE TOTAL AMOUNT PICKED UP AND DEDUCTED TOGETHER WITH A
6 DUPLICATE OF SUCH VOUCHER TO THE SECRETARY OF THE BOARD EVERY
7 PAY PERIOD. THE HEAD OF DEPARTMENT SHALL PAY PICKUP
8 CONTRIBUTIONS FROM THE SAME SOURCE OF FUNDS WHICH IS USED TO PAY
9 OTHER COMPENSATION TO THE EMPLOYEE. ON OR BEFORE JANUARY 31,
10 1997, AND ON OR BEFORE JANUARY 31 OF EACH YEAR THEREAFTER, THE
11 HEAD OF DEPARTMENT SHALL, AT THE TIME WHEN THE INCOME AND
12 WITHHOLDING INFORMATION REQUIRED BY LAW IS FURNISHED TO EACH
13 MEMBER, ALSO FURNISH THE AMOUNT OF PICKUP CONTRIBUTIONS MADE ON
14 HIS BEHALF AND NOTIFY THE BOARD, IF IT HAS NOT BEEN PREVIOUSLY
15 NOTIFIED, OF ANY NONELIGIBLE MEMBER WHOSE COMPENSATION IN THE
16 PRECEDING YEAR EXCEEDED THE ANNUAL COMPENSATION LIMIT UNDER IRC
17 § 401(A)(17). IF THE BOARD SHALL DETERMINE THAT THE MEMBER'S
18 SAVINGS ACCOUNT SHALL HAVE BEEN CREDITED WITH PICKUP
19 CONTRIBUTIONS FOR A NONELIGIBLE MEMBER IN THE PRECEDING YEAR
20 WHICH ARE ATTRIBUTABLE TO COMPENSATION IN EXCESS OF THE
21 LIMITATION UNDER IRC § 401(A)(17), OR WITH TOTAL MEMBER
22 CONTRIBUTIONS FOR SUCH MEMBER WHICH WOULD CAUSE SUCH MEMBER'S
23 CONTRIBUTIONS OR BENEFITS TO EXCEED ANY APPLICABLE LIMITATION
24 UNDER IRC § 401(A)(17), THE BOARD SHALL AS SOON AS PRACTICABLE
25 REFUND TO THE MEMBER FROM HIS INDIVIDUAL MEMBER ACCOUNT SUCH
26 AMOUNT, TOGETHER WITH THE STATUTORY INTEREST THEREON, AS WILL
27 CAUSE THE MEMBER'S TOTAL MEMBER CONTRIBUTIONS IN THE PRECEDING
28 YEAR NOT TO EXCEED THE APPLICABLE LIMIT. THE PAYMENT OF ANY SUCH
29 REFUND TO THE MEMBER SHALL BE CHARGED TO THE MEMBER'S SAVINGS
30 ACCOUNT.

1 * * *

2 (G) FORMER SCHOOL EMPLOYEE CONTRIBUTORS.--THE HEAD OF
3 DEPARTMENT SHALL, UPON THE EMPLOYMENT OF A FORMER CONTRIBUTOR TO
4 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO IS NOT AN
5 ANNUITANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM,
6 ADVISE SUCH EMPLOYEE OF HIS RIGHT TO ELECT WITHIN [30] 365 DAYS
7 OF ENTRY INTO THE SYSTEM OR SUCH OTHER PERIOD AS THE BOARD MAY
8 BY REGULATION ESTABLISH TO BECOME A MULTIPLE SERVICE MEMBER, AND
9 IN THE CASE OF ANY SUCH EMPLOYEE WHO SO ELECTS AND HAS WITHDRAWN
10 HIS ACCUMULATED DEDUCTIONS, REQUIRE HIM TO REINSTATE HIS CREDIT
11 IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM. THE HEAD OF
12 THE DEPARTMENT SHALL ADVISE THE BOARD OF SUCH ELECTION.

13 (H) FORMER SCHOOL EMPLOYEE ANNUITANTS.--THE HEAD OF
14 DEPARTMENT SHALL, UPON THE EMPLOYMENT OF AN ANNUITANT OF THE
15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO APPLIES FOR
16 MEMBERSHIP IN THE SYSTEM, ADVISE SUCH EMPLOYEE THAT HE MAY ELECT
17 MULTIPLE SERVICE MEMBERSHIP WITHIN [30] 365 DAYS OF ENTRY INTO
18 THE SYSTEM OR SUCH OTHER PERIOD AS THE BOARD MAY BY REGULATION
19 ESTABLISH AND IF HE SO ELECTS HIS PUBLIC SCHOOL EMPLOYEE'S
20 ANNUITY WILL BE DISCONTINUED EFFECTIVE UPON THE DATE OF HIS
21 RETURN TO STATE SERVICE AND, UPON TERMINATION OF STATE SERVICE
22 AND APPLICATION FOR AN ANNUITY, THE ANNUITY WILL BE ADJUSTED IN
23 ACCORDANCE WITH SECTION 5706 (RELATING TO TERMINATION OF
24 ANNUITIES). THE HEAD OF DEPARTMENT SHALL ADVISE THE BOARD OF
25 SUCH ELECTION.

26 * * *

27 SECTION 31. SECTIONS 5907(C) AND 5938 OF TITLE 71 ARE
28 AMENDED TO READ:

29 § 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES AND MEMBERS.

30 * * *

(C) MULTIPLE SERVICE MEMBERSHIP.--ANY ACTIVE MEMBER WHO WAS FORMERLY AN ACTIVE MEMBER IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY ELECT TO BECOME A MULTIPLE SERVICE MEMBER. SUCH ELECTION SHALL OCCUR NO LATER THAN [30] 365 DAYS AFTER BECOMING AN ACTIVE MEMBER IN THIS SYSTEM OR SUCH OTHER PERIOD AS THE BOARD MAY BY REGULATION ESTABLISH.

* * *

§ 5938. SUPPLEMENTAL ANNUITY ACCOUNT.

THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS FROM THE COMMONWEALTH IN ACCORDANCE WITH SECTION 5507(B) (RELATING TO CONTRIBUTIONS BY THE COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES) [AND], 5708.2 (RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.4 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT) AND 5708.5 (RELATING TO ANNUAL INDEXED SUPPLEMENTAL ANNUITIES). THE

SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE ACCOUNT).

SECTION 32. SECTION 5953 OF TITLE 71 IS AMENDED BY ADDING A SUBSECTION TO READ:

§ 5953. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

* * *

(C) PLEDGE OF PROCEEDS OF CERTAIN BONDS OR NOTES PROHIBITED.--NOTWITHSTANDING ANY OTHER PROVISION OF LAW, NO LOCAL GOVERNMENT UNIT WHOSE EMPLOYEES ARE MEMBERS OF THE STATE

1 EMPLOYEES' RETIREMENT SYSTEM WHICH ISSUES ANY BONDS OR NOTES TO
2 FUND ANY UNFUNDED ACTUARIAL ACCRUED LIABILITY OR ANY PORTION
3 THEREOF PAYABLE TO THE SYSTEM SHALL BE PERMITTED TO PLEDGE THE
4 PROCEEDS OF SUCH BONDS OR NOTES OR INVESTMENT INCOME ON SUCH
5 PROCEEDS AS SECURITY FOR THE PAYMENT OF THE BONDS OR NOTES OR IN
6 ANY WAY OBLIGATE THE STATE EMPLOYEES' RETIREMENT BOARD TO USE
7 ASSETS OF THE STATE EMPLOYEES' RETIREMENT FUND AS SECURITY FOR
8 PAYMENT OF SUCH BONDS OR NOTES.

9 SECTION 33. NO PAYMENTS UNDER 24 PA.C.S. § 8348.4 AND 71
10 PA.C.S. § 5708.4 SHALL BE MADE TO ANY ELIGIBLE ANNUITANT FOR ANY
11 PERIOD OF TIME PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.

12 SECTION 34. BENEFITS FOR CAMPUS POLICE OFFICERS SHALL NOT BE
13 APPLIED RETROACTIVELY FOR SERVICES PRIOR TO THE EFFECTIVE DATE
14 OF THIS SECTION.

15 SECTION 35. THE GENERAL ASSEMBLY RESERVES THE RIGHT AND
16 AUTHORITY TO REPEAL, REVOKE, REDUCE, CHANGE, ALTER AND OTHERWISE
17 AMEND THE ANNUAL INDEXED SUPPLEMENTAL ANNUITIES PROVIDED FOR BY
18 THIS ACT. THE GENERAL ASSEMBLY EXPRESSLY STATES THAT IT IS THE
19 INTENT OF THIS ACT NOT TO CREATE ANY RIGHT OF CONTRACT OR
20 ENTITLEMENT BY MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES'
21 RETIREMENT SYSTEM OR THE STATE EMPLOYEES' RETIREMENT SYSTEM TO
22 ANNUAL INDEXED SUPPLEMENTAL ANNUITIES THAT HAVE NOT BECOME
23 EFFECTIVE OR PAYABLE.

24 SECTION 36. (A) NOTWITHSTANDING THE LIMITATION CONTAINED IN
25 24 PA.C.S. § 8507(C), ANY ACTIVE MEMBER OF THE PUBLIC SCHOOL
26 EMPLOYEES' RETIREMENT SYSTEM WHO WAS FORMERLY AN ACTIVE MEMBER
27 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM MAY ELECT TO BECOME A
28 MULTIPLE SERVICE MEMBER ON OR BEFORE THE FOURTH DECEMBER 31
29 COINCIDENT WITH OR FOLLOWING THE EFFECTIVE DATE OF THIS ACT.

30 (B) NOTWITHSTANDING THE LIMITATION CONTAINED IN 71 PA.C.S. §

1 5907(C), ANY ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT
2 SYSTEM WHO WAS FORMERLY AN ACTIVE MEMBER IN THE PUBLIC SCHOOL
3 EMPLOYEES' RETIREMENT SYSTEM MAY ELECT TO BECOME A MULTIPLE
4 SERVICE MEMBER ON OR BEFORE THE FOURTH DECEMBER 31 COINCIDENT
5 WITH OR FOLLOWING THE EFFECTIVE DATE OF THIS ACT.

6 SECTION 37. SECTION 417 OF THE ACT OF JULY 12, 1972
7 (P.L.781, NO.185), KNOWN AS THE LOCAL GOVERNMENT UNIT DEBT ACT,
8 IS REPEALED TO THE EXTENT IT PERMITS A LOCAL GOVERNMENT TO
9 PLEDGE TO THE HOLDERS OF ITS BONDS OR NOTES ISSUED TO FUND AN
10 UNFUNDED LIABILITY IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
11 SYSTEM OR THE STATE EMPLOYEES' RETIREMENT SYSTEM AS SECURITY FOR
12 THE PAYMENTS OF THE BONDS OR NOTES, THE PROCEEDS OF SUCH BONDS
13 OR NOTES, AND INVESTMENT INCOME ON SUCH PROCEEDS, AFTER THE
14 PAYMENT OF SUCH PROCEEDS TO EITHER THE PUBLIC SCHOOL EMPLOYEES'
15 RETIREMENT SYSTEM OR THE STATE EMPLOYEES' RETIREMENT SYSTEM.

16 SECTION 38. THE PROVISIONS OF 24 PA.C.S. § 8505 AND 71
17 PA.C.S. § 5905 SHALL NOT APPLY DURING THE TIME PERIOD FOR
18 RETIREMENT INCENTIVES UNDER 24 PA.C.S. § 8302(B.3) AND 71
19 PA.C.S. § 5302(C.1) AND FOR A PERIOD OF SIX MONTHS THEREAFTER.

20 SECTION 39. THE FOLLOWING PROVISIONS OF TITLES 24 AND 71
21 SHALL BE RETROACTIVE AS FOLLOWS:

22 (1) THE ADDITION OF 24 PA.C.S. § 8348.4 AND 71 PA.C.S. §
23 5708.4 SHALL BE RETROACTIVE TO JANUARY 1, 1974.

24 (2) THE AMENDMENT OR ADDITION OF 24 PA.C.S. §§ 8323(D),
25 8324(B) AND (D), 8325, 8346(A) EXCEPT FOR THE REFERENCES TO
26 SUBSECTIONS (B.3) AND (F), (A.1) AND (D)(1), 8502(H) AND (M),
27 8504(B), 8505(B) AND (K), 8506(C), (G) AND (H) AND 8507 (C)
28 AND THE AMENDMENT OR ADDITION OF 71 PA.C.S. §§ 5304(A),
29 5504(B), 5505(B) AND (D), 5506, 5706(A) EXCEPT FOR THE
30 REFERENCE TO SUBSECTION (C.1), (A.2) AND (C)(1), 5902(H) AND

(L), 5904(B), 5905(B) AND (J), 5906(C), (G) AND (H) AND
5907(C) AND SECTION 36 OF THIS ACT SHALL BE RETROACTIVE TO
THE DATE OF ENACTMENT, EXCEPT THAT DECEASED MEMBERS OF THE
STATE EMPLOYEES' RETIREMENT SYSTEM OR PUBLIC SCHOOL
EMPLOYEES' RETIREMENT SYSTEM WITH A DATE OF DEATH ON OR
BEFORE 180 DAYS AFTER THE ENACTMENT OF THIS ACT, OR THEIR
PERSONAL REPRESENTATIVES, MAY NOT ELECT MULTIPLE SERVICE
MEMBERSHIP PURSUANT TO THIS ACT.

SECTION 40. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

(1) THE AMENDMENT OR ADDITION OF 24 PA.C.S. §§ 8301(D)
AND 8346(E) AND (F) AND THE REFERENCE TO SUBSECTION (F) IN
SECTION 8346(A) SHALL TAKE EFFECT JULY 1 COINCIDENT WITH OR
NEXT FOLLOWING THE DATE OF ENACTMENT.

(2) THE AMENDMENT OF 24 PA.C.S. § 8312 SHALL TAKE EFFECT
JULY 2, 1997.

(3) THE AMENDMENT OR ADDITION OF 24 PA.C.S. §§ 8323(D),
8324(B) AND (D), 8325, 8346(A) EXCEPT FOR THE REFERENCES TO
SUBSECTIONS (B.3) AND (F), (A.1) AND (D)(1), 8502(H) AND (M),
8504(B), 8505(B) AND (K), 8506(C), (G) AND (H) AND 8507(C)
SHALL TAKE EFFECT IN 180 DAYS.

(4) THE AMENDMENT OR ADDITION OF 24 PA.C.S. § 8348.5
SHALL TAKE EFFECT IN 90 DAYS.

(5) THE AMENDMENT OF 71 PA.C.S. § 5308.1 SHALL TAKE
EFFECT JULY 2, 1997.

(6) THE AMENDMENT OR ADDITION OF 71 PA.C.S. §§ 5304(A),
5504(B), 5505(B) AND (D), 5506, 5706(A) EXCEPT FOR THE
REFERENCE TO SUBSECTION (C.1), (A.2) AND (C)(1), 5902(H) AND
(L), 5904(B), 5905(B) AND (J), 5906(C), (G) AND (H) AND
5907(C) SHALL TAKE EFFECT IN 180 DAYS.

(7) THE AMENDMENT OR ADDITION OF 71 PA.C.S. § 5706(D)

1 SHALL TAKE EFFECT JULY 1 COINCIDENT WITH OR NEXT FOLLOWING
2 THE DATE OF ENACTMENT.

3 (8) THE AMENDMENT OR ADDITION OF 71 PA.C.S. § 5708.5
4 SHALL TAKE EFFECT IN 90 DAYS.

5 (9) SECTION 36 OF THIS ACT SHALL TAKE EFFECT IN 180
6 DAYS.

7 (10) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
8 IMMEDIATELY.