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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1565 Session of  
1995

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INTRODUCED BY HERMAN, CLYMER, M. COHEN, COLAIZZO, CHADWICK,  
MUNDY, D. W. SNYDER, GRUPPO, PESCI, KUKOVICH, DEMPSEY,  
BELARDI, STABACK, HALUSKA, TRAVAGLIO, L. I. COHEN, STEELMAN  
AND TRELLO, MAY 8, 1995

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REFERRED TO COMMITTEE ON STATE GOVERNMENT, MAY 8, 1995

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AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the  
2 Pennsylvania Consolidated Statutes, further providing for  
3 cost-of-living increases to annuitants.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Sections 8346(a) and 8348(a) of Title 24 of the  
7 Pennsylvania Consolidated Statutes are amended to read:

8 § 8346. Termination of annuities.

9 (a) General rule.--If an annuitant returns to school service  
10 or enters State service and elects multiple service membership,  
11 any annuity payable to him under this part shall cease and in  
12 the case of an annuity other than a disability annuity the  
13 present value of such annuity, adjusted for full coverage in the  
14 case of a joint coverage member who makes the appropriate back  
15 contributions for full coverage, shall be frozen as of the date  
16 such annuity ceases. An annuitant who is credited with an  
17 additional 10% of membership service as provided in section

1 8302(b.2) (relating to credited school service) and who returns  
2 to school service, except as provided in subsection (b), shall  
3 forfeit such credited service and shall have his frozen present  
4 value adjusted as if his 10% retirement incentive had not been  
5 applied to his account. In the event that [the] a cost-of-living  
6 increase [enacted December 18, 1979,] occurred during the period  
7 of such State or school employment, the frozen present value  
8 shall be increased, on or after the member attains  
9 superannuation age, by the percent applicable had he not  
10 returned to service.

11 \* \* \*

12 § 8348. Supplemental annuities.

13 (a) General rule.--Every annuitant who is in receipt of a  
14 superannuation, withdrawal or disability annuity, shall continue  
15 to receive such annuity [and beginning July 1, 1979, any  
16 annuitant who retired on or prior to July 1, 1978, shall receive  
17 a cost-of-living supplement determined as a percentage applied  
18 to the retirement annuity as of June 30, 1979. Such cost-of-  
19 living supplement shall be payable under the same terms and  
20 conditions as provided under the option plan in effect as of  
21 June 30, 1979.], and beginning January 1, 1992, and annually  
22 thereafter, a cost-of-living supplement shall be payable to each  
23 annuitant whose annuity has been in effect for at least 24  
24 consecutive months. Any cost-of-living supplement provided in  
25 this subsection shall be payable under the same terms and  
26 conditions as provided under the option plan in effect as of  
27 December 31 of the year preceding the adjustment. The minimum  
28 annual cost-of-living increase shall be 3% or such higher  
29 percentage or such lower percentage as the board shall determine  
30 based on an actual determination of the fiscal impact of the

cost-of-living adjustment on the fund. The board shall only lower the percentage of the annual cost-of-living increase when the actuarial determination shows that the fiscal impact of such cost-of-living adjustment places the fund in an unsafe financial position. No cost-of-living supplement shall be payable to an annuitant receiving a withdrawal annuity prior to his attainment of superannuation age.

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Section 2. Sections 8348(b) and 8348.1 of Title 24 are repealed.

Section 3. Sections 5706(a) and 5708(a) of Title 71 are amended to read:

§ 5706. Termination of annuities.

(a) General rule.--If the annuitant returns to State service or enters school service and elects multiple service membership, any annuity payable to him under this part shall cease and in the case of an annuity other than a disability annuity the present value of such annuity, adjusted for full coverage in the case of a joint coverage member who makes the appropriate back contributions for full coverage, shall be frozen as of the date such annuity ceases. An annuitant who is credited with an additional 10% of Class A and Class C service as provided in section 5302(c) (relating to credited State service) and who returns to State service shall forfeit such credited service and shall have his frozen present value adjusted as if his 10% retirement incentive had not been applied to his account. In the event that [the] a cost-of-living increase [enacted December 18, 1979] occurred during the period of such State or school employment, the frozen present value shall be increased, on or after the member attains superannuation age, by the percent

1 applicable had he not returned to service. This subsection shall  
2 not apply in the case of any annuitant who may render services  
3 to the Commonwealth in the capacity of an independent contractor  
4 or as a member of an independent board or commission or as a  
5 member of a departmental administrative or advisory board or  
6 commission when such members of independent or departmental  
7 boards or commissions are compensated on a per diem basis for  
8 not more than 150 days per calendar year.

9 \* \* \*

10 § 5708. Supplemental annuities.

11 (a) General rule.--Every annuitant [who retired prior to  
12 July 1, 1978 and] who is in receipt of a superannuation,  
13 withdrawal or disability annuity, shall continue to receive the  
14 annuity [to which he was entitled prior to July 1, 1979 and  
15 beginning July 1, 1979, any annuitant retiring on or prior to  
16 June 30, 1978 shall receive a cost-of-living supplement  
17 determined as a percentage applied to the retirement annuity to  
18 which he was entitled prior to July 1, 1979. Such cost-of-living  
19 supplement shall be payable under the same terms and conditions  
20 as provided under the option plan in effect as of June 30,  
21 1979.], and beginning January 1, 1992, and annually thereafter,  
22 a cost-of-living supplement shall be payable to each annuitant  
23 whose annuity has been in effect for at least 24 consecutive  
24 months. Any cost-of-living supplement provided in this  
25 subsection shall be payable under the same terms and conditions  
26 as provided under the option plan in effect as of December 31 of  
27 the year preceding the adjustment. The minimum annual cost-of-  
28 living increase shall be 3% or such higher percentage or such  
29 lower percentage as the board shall determine based on an actual  
30 determination of the fiscal impact of the cost-of-living

1 adjustment on the fund. The board shall only lower the  
2 percentage of the annual cost-of-living increase when the  
3 actuarial determination shows that the fiscal impact of such  
4 cost-of-living adjustment places the fund in an unsafe financial  
5 position. No cost-of-living supplement shall be payable to an  
6 annuitant receiving a withdrawal annuity prior to his attainment  
7 of superannuation age.

8 \* \* \*

9 Section 4. Sections 5708(b) and 5708.1 of Title 71 are  
10 repealed.

11 Section 5. This act shall be retroactive to January 1, 1992.

12 Section 6. This act shall take effect immediately.