

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1443 Session of
2001

INTRODUCED BY HERMAN, BENNINGHOFF, FAIRCHILD, CORRIGAN,
CREIGHTON, CURRY, McILHATTAN, HORSEY, SATHER, ALLEN, BEBKO-
JONES, BELARDI, BELFANTI, BUNT, CALTAGIRONE, CAPPABIANCA,
CAPPELLI, CAWLEY, DALEY, DeWEESE, FEESE, FICHTER, GEIST,
GEORGE, HANNA, HARHAI, HESS, JADLOWIEC, JAMES, LAUGHLIN, LEH,
LESCOVITZ, LEVDANSKY, MARSICO, McNAUGHTON, S. MILLER, MUNDY,
NAILOR, PETRARCA, READSHAW, ROEBUCK, RUBLEY, SAINATO,
SCHULER, SCRIMENTI, SHANER, B. SMITH, SOLOBAY, STABACK,
SURRA, E. Z. TAYLOR, THOMAS, TRAVAGLIO, WANSACZ, WASHINGTON,
C. WILLIAMS, WILT, WOJNAROSKI, YOUNGBLOOD, YUDICHAK AND
PIPPY, APRIL 25, 2001

REFERRED TO COMMITTEE ON EDUCATION, APRIL 25, 2001

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

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

14 * * *

15 § 8348. Supplemental annuities.

16 (a) General rule.--Every annuitant who is in receipt of a
17 superannuation, withdrawal or disability annuity, shall continue
18 to receive such annuity [and beginning July 1, 1979, any
19 annuitant who retired on or prior to July 1, 1978, shall receive
20 a cost-of-living supplement determined as a percentage applied
21 to the retirement annuity as of June 30, 1979. Such cost-of-
22 living supplement shall be payable under the same terms and
23 conditions as provided under the option plan in effect as of
24 June 30, 1979.], and beginning January 1, 2001, and annually
25 thereafter, a cost-of-living supplement shall be payable to each
26 annuitant whose annuity has been in effect for at least 24
27 consecutive months. Any cost-of-living supplement provided in
28 this subsection shall be payable under the same terms and
29 conditions as provided under the option plan in effect as of
30 December 31 of the year preceding the adjustment. The minimum

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

11 * * *

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

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

16 § 5706. Termination of annuities.

17 (a) General rule.--If the annuitant returns to State service
18 or enters school service and elects multiple service membership,
19 any annuity payable to him under this part shall cease and in
20 the case of an annuity other than a disability annuity the
21 present value of such annuity, adjusted for full coverage in the
22 case of a joint coverage member who makes the appropriate back
23 contributions for full coverage, shall be frozen as of the date
24 such annuity ceases. An annuitant who is credited with an
25 additional 10% of Class A and Class C service as provided in
26 section 5302(c) (relating to credited State service) and who
27 returns to State service shall forfeit such credited service and
28 shall have his frozen present value adjusted as if his 10%
29 retirement incentive had not been applied to his account. In the
30 event that [the] a cost-of-living increase [enacted December 18,

1 1979] occurred during the period of such State or school
2 employment, the frozen present value shall be increased, on or
3 after the member attains superannuation age, by the percent
4 applicable had he not returned to service. This subsection shall
5 not apply in the case of any annuitant who may render services
6 to the Commonwealth in the capacity of an independent contractor
7 or as a member of an independent board or commission or as a
8 member of a departmental administrative or advisory board or
9 commission when such members of independent or departmental
10 boards or commissions are compensated on a per diem basis for
11 not more than 150 days per calendar year.

12 * * *

13 § 5708. Supplemental annuities.

14 (a) General rule.--Every annuitant [who retired prior to
15 July 1, 1978 and] who is in receipt of a superannuation,
16 withdrawal or disability annuity, shall continue to receive the
17 annuity [to which he was entitled prior to July 1, 1979 and
18 beginning July 1, 1979, any annuitant retiring on or prior to
19 June 30, 1978 shall receive a cost-of-living supplement
20 determined as a percentage applied to the retirement annuity to
21 which he was entitled prior to July 1, 1979. Such cost-of-living
22 supplement shall be payable under the same terms and conditions
23 as provided under the option plan in effect as of June 30,
24 1979.], and beginning January 1, 2001, and annually thereafter,
25 a cost-of-living supplement shall be payable to each annuitant
26 whose annuity has been in effect for at least 24 consecutive
27 months. Any cost-of-living supplement provided in this
28 subsection shall be payable under the same terms and conditions
29 as provided under the option plan in effect as of December 31 of
30 the year preceding the adjustment. The minimum annual cost-of-

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

11 * * *

12 Section 4. Sections 5708(b) and 5708.1 of Title 71 are
13 repealed.

14 Section 5. This act shall be retroactive to January 1, 2001.

15 Section 6. This act shall take effect immediately.