

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2497 Session of 2010

INTRODUCED BY D. EVANS, BRIGGS, PARKER, WILLIAMS, GALLOWAY, DePASQUALE, KORTZ, W. KELLER, MYERS, SHAPIRO AND SIPTROTH, MAY 11, 2010

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 15, 2010

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, in Title 24, further
3 providing for definitions, for contributions by the
4 Commonwealth, for payments by employers, for actuarial cost
5 method, for additional supplemental annuities, for further
6 additional supplemental annuities, for supplemental annuities
7 commencing 1994, for supplemental annuities commencing 1998,
8 for supplemental annuities commencing 2002, for supplemental
9 annuities commencing 2003, for administrative duties of board
10 and, for payments to school entities by Commonwealth, FOR
11 ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF SERVICE
12 CREDITS AND FOR CREDITABLE NONSCHOOL SERVICE; PROVIDING FOR
13 ELECTION TO BECOME A CLASS T-F MEMBER; FURTHER PROVIDING FOR
14 CLASSES OF SERVICE, FOR ELIGIBILITY FOR ANNUITIES, FOR
15 ELIGIBILITY FOR VESTING, FOR MEMBER CONTRIBUTIONS FOR
16 CREDITABLE SCHOOL SERVICE, FOR CONTRIBUTIONS FOR PURCHASE OF
17 CREDIT FOR CREDITABLE NONSCHOOL SERVICE, FOR MAXIMUM SINGLE
18 LIFE ANNUITY, FOR DISABILITY ANNUITIES, FOR MEMBER'S OPTIONS,
19 FOR DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF
20 MEMBERS AND FOR RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND
21 MEMBERS; in Title 71, providing for definitions; further
22 providing for ~~rights and duties of State employees and~~
23 ~~members~~ CREDITED STATE SERVICE, FOR RETENTION AND
24 REINSTATEMENT OF SERVICE CREDITS, FOR CREDITABLE NONSTATE
25 SERVICE AND FOR CLASSES OF SERVICE; PROVIDING FOR ELECTION TO
26 BECOME A CLASS A-4 MEMBER; FURTHER PROVIDING FOR ELIGIBILITY
27 FOR ANNUITIES, FOR ELIGIBILITY FOR VESTING, FOR WAIVER OF
28 REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION
29 MEMBER CONTRIBUTIONS, FOR MEMBER CONTRIBUTIONS FOR PURCHASE
30 OF CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL
31 COVERAGE MEMBER, FOR CONTRIBUTIONS FOR THE PURCHASE OF CREDIT
32 FOR CREDITABLE NONSTATE SERVICE, for contributions by the



1 Commonwealth and other employers, for actuarial cost method, ←
2 FOR MAXIMUM SINGLE LIFE ANNUITY, FOR DISABILITY ANNUITIES AND
3 FOR MEMBER'S OPTIONS; PROVIDING FOR PAYMENT OF ACCUMULATED
4 DEDUCTIONS RESULTING FROM CLASS A-3 SERVICE; FURTHER
5 PROVIDING for additional supplemental annuities, for further
6 additional supplemental annuities, for supplemental annuities
7 commencing 1994, for supplemental annuities commencing 1998,
8 for supplemental annuities commencing 2002, for supplemental
9 annuities commencing 2003, for special supplemental
10 postretirement adjustment of 2002, for administrative duties
11 of the board, FOR DUTIES OF BOARD TO ADVISE AND REPORT TO ←
12 HEADS OF DEPARTMENTS AND MEMBERS, FOR DUTIES OF BOARD
13 REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS, FOR
14 INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS, FOR RIGHTS
15 AND DUTIES OF STATE EMPLOYEES AND MEMBERS, for State
16 accumulation account and, FOR STATE POLICE BENEFIT ACCOUNT, ←
17 FOR ENFORCEMENT OFFICERS' BENEFIT ACCOUNT, for supplemental
18 annuity account AND FOR CONSTRUCTION OF PART; and providing ←
19 for recertification to the Secretary of the Budget and, for ←
20 holding certain public officials harmless, FOR CONSTRUCTION ←
21 OF CALCULATION OR ACTUARIAL METHOD AND FOR CERTAIN
22 OPERATIONAL PROVISIONS.

23 The General Assembly of the Commonwealth of Pennsylvania
24 hereby enacts as follows:

25 ~~Section 1. The definition of "employer" in section 8102 of ←~~
26 ~~Title 24 of the Pennsylvania Consolidated Statutes is amended to ←~~
27 ~~read:~~

28 SECTION 1. THE DEFINITIONS OF "BASIC CONTRIBUTION RATE," ←
29 "CLASS OF SERVICE MULTIPLIER," "EMPLOYER," "STANDARD SINGLE LIFE
30 ANNUITY," "SUPERANNUATION OR NORMAL RETIREMENT AGE" AND "VESTEE"
31 IN SECTION 8102 OF TITLE 24 OF THE PENNSYLVANIA CONSOLIDATED
32 STATUTES ARE AMENDED TO READ:

33 § 8102. Definitions.

34 The following words and phrases when used in this part shall
35 have, unless the context clearly indicates otherwise, the
36 meanings given to them in this section:

37 * * *

38 "BASIC CONTRIBUTION RATE." FOR CLASS T-A, T-B AND T-C ←
39 SERVICE, THE RATE OF 6 1/4%. FOR CLASS T-D SERVICE, THE RATE OF
40 7 1/2%. FOR ALL ACTIVE MEMBERS ON THE EFFECTIVE DATE OF THIS
41 PROVISION WHO ARE CURRENTLY PAYING 5 1/4% AND ELECT CLASS T-D

1 SERVICE, THE RATE OF 6 1/2%. FOR CLASS T-E SERVICE, THE RATE OF
2 7 1/2%. FOR CLASS T-F SERVICE, THE RATE OF 10.30%.

3 * * *

4 "CLASS OF SERVICE MULTIPLIER."

5	CLASS OF SERVICE	MULTIPLIER
6	T-A	.714
7	T-B	.625
8	T-C	1.000
9	T-D	1.000
10	<u>T-E</u>	<u>1.000</u>
11	<u>T-F</u>	<u>1.000</u>

12 * * *

13 "Employer." Any governmental entity directly responsible for
14 the employment and payment of the school employee and charged
15 with the responsibility of providing public education within
16 this Commonwealth, including but not limited to: State-owned
17 colleges and universities, the Pennsylvania State University,
18 community colleges, area vocational-technical schools,
19 intermediate units, the State Board of Education, Scotland
20 School for Veterans' Children, Thaddeus Stevens [State School] ←
21 COLLEGE of Technology, and the [Pennsylvania State Oral] Western
22 Pennsylvania School for the Deaf.

23 * * *

24 "STANDARD SINGLE LIFE ANNUITY." FOR CLASS T-A, T-B AND T-C ←
25 CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% OF THE
26 FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS
27 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A MEMBER.
28 FOR CLASS T-D CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO
29 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER
30 OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE. FOR

1 CLASS T-E CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2%
2 OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF
3 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A
4 MEMBER. FOR CLASS T-F CREDITED SERVICE OF A MEMBER, AN ANNUITY
5 EQUAL TO 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE
6 TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED
7 SERVICE OF A MEMBER.

8 * * *

9 "SUPERANNUATION OR NORMAL RETIREMENT AGE."

10 CLASS OF SERVICE	AGE
11 T-A	62 OR ANY AGE UPON ACCRUAL OF
12	35 ELIGIBILITY POINTS
13 T-B	62
14 T-C AND T-D	62 OR AGE 60 PROVIDED THE
15	MEMBER HAS AT LEAST 30
16	ELIGIBILITY POINTS OR ANY
17	AGE UPON ACCRUAL OF 35
	ELIGIBILITY POINTS
18 <u>T-E AND T-F</u>	<u>65 WITH ACCRUAL OF AT LEAST</u>
19	<u>THREE ELIGIBILITY POINTS</u>
20	<u>OR ANY AGE UPON ACCRUAL</u>
21	<u>OF 35 ELIGIBILITY POINTS</u>

22 * * *

23 "VESTEE." A MEMBER WITH FIVE OR MORE ELIGIBILITY POINTS WHO
24 HAS TERMINATED SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED
25 DEDUCTIONS IN THE FUND AND IS DEFERRING FILING OF AN APPLICATION
26 FOR RECEIPT OF AN ANNUITY. FOR CLASS T-E AND CLASS T-F MEMBERS,
27 A MEMBER WITH TEN OR MORE ELIGIBILITY POINTS WHO HAS TERMINATED
28 SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS IN THE FUND
29 AND IS DEFERRING FILING OF AN APPLICATION FOR RECEIPT OF AN

1 ANNUITY.

2 Section 2. Sections ~~8326(a), 8327(a) and (c), 8328,~~ ←
3 ~~8348.1(f), 8348.2(f), 8348.3(f), 8348.5(f), 8348.6(f),~~
4 ~~8348.7(f), 8502(k) and 8535(3)~~ 8303(C) AND 8304(A) of Title 24 ←
5 are amended to read:

6 § 8303. ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF ←
7 SERVICE CREDITS.

8 * * *

9 (C) PURCHASE OF PREVIOUS CREDITABLE SERVICE.--EVERY ACTIVE
10 MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN
11 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR
12 AFTER THE EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND
13 RECEIVE ELIGIBILITY POINTS:

14 (1) AS A MEMBER OF CLASS T-C, CLASS T-E OR CLASS T-F FOR
15 PREVIOUS SCHOOL SERVICE OR CREDITABLE NONSCHOOL SERVICE; OR

16 (2) AS A MEMBER OF CLASS T-D FOR PREVIOUS SCHOOL
17 SERVICE, PROVIDED THE MEMBER ELECTS TO BECOME A CLASS T-D
18 MEMBER PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION TO
19 BECOME A CLASS T-D MEMBER);

20 UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE
21 MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE;
22 EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT
23 SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.

24 § 8304. CREDITABLE NONSCHOOL SERVICE.

25 (A) ELIGIBILITY.--AN ACTIVE MEMBER OR A MULTIPLE SERVICE
26 MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'
27 RETIREMENT SYSTEM SHALL BE ELIGIBLE TO RECEIVE CLASS T-C, CLASS
28 T-E OR CLASS T-F SERVICE CREDIT FOR CREDITABLE NONSCHOOL SERVICE
29 AND CLASS T-D, CLASS T-E OR CLASS T-F SERVICE FOR INTERVENING
30 MILITARY SERVICE, PROVIDED THE MEMBER BECOMES A CLASS T-D MEMBER

1 PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION TO BECOME A
2 CLASS T-D MEMBER) OR CLASS T-F MEMBER PURSUANT TO SECTION 8305.2
3 (RELATING TO ELECTION TO BECOME A CLASS T-F MEMBER) OR 8305
4 (RELATING TO CLASSES OF SERVICE), AS SET FORTH IN SUBSECTION (B)
5 PROVIDED THAT HE IS NOT ENTITLED TO RECEIVE, ELIGIBLE TO RECEIVE
6 NOW OR IN THE FUTURE, OR IS RECEIVING RETIREMENT BENEFITS FOR
7 SUCH SERVICE UNDER A RETIREMENT SYSTEM ADMINISTERED AND WHOLLY
8 OR PARTIALLY PAID FOR BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY
9 PRIVATE EMPLOYER, OR A RETIREMENT PROGRAM APPROVED BY THE
10 EMPLOYER IN ACCORDANCE WITH SECTION 8301(A)(1) (RELATING TO
11 MANDATORY AND OPTIONAL MEMBERSHIP), AND FURTHER PROVIDED THAT
12 SUCH SERVICE IS CERTIFIED BY THE PREVIOUS EMPLOYER AND THE
13 MANNER OF PAYMENT OF THE AMOUNT DUE IS AGREED UPON BY THE
14 MEMBER, THE EMPLOYER, AND THE BOARD.

15 * * *

16 SECTION 3. SECTION 8305 OF TITLE 24 IS AMENDED BY ADDING
17 SUBSECTIONS TO READ:

18 § 8305. CLASSES OF SERVICE.

19 * * *

20 (D) CLASS T-E MEMBERSHIP.--NOTWITHSTANDING ANY OTHER
21 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN
22 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE
23 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE
24 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF
25 THIS SUBSECTION SHALL BE CLASSIFIED AS A CLASS T-E MEMBER UPON
26 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS.

27 (E) CLASS T-F MEMBERSHIP.--NOTWITHSTANDING ANY OTHER
28 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN
29 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE
30 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE

1 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF
2 THIS SUBSECTION, AND WHO IS ELIGIBLE TO BECOME A CLASS T-E
3 MEMBER, SHALL HAVE THE RIGHT TO ELECT INTO CLASS T-F MEMBERSHIP,
4 PROVIDED THE PERSON ELECTS TO BECOME A CLASS T-F MEMBER PURSUANT
5 TO SECTION 8305.2 (RELATING TO ELECTION TO BECOME A CLASS T-F
6 MEMBER), UPON WRITTEN ELECTION FILED WITH THE BOARD AND PAYMENT
7 OF REGULAR MEMBER CONTRIBUTIONS.

8 SECTION 4. TITLE 24 IS AMENDED BY ADDING A SECTION TO READ:
9 § 8305.2. ELECTION TO BECOME A CLASS T-F MEMBER.

10 (A) GENERAL RULE.--A PERSON WHO FIRST BECOMES A SCHOOL
11 EMPLOYEE AND AN ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A
12 MULTIPLE SERVICE MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF
13 THE STATE EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE
14 EFFECTIVE DATE OF THIS SUBSECTION AND WHO IS ELIGIBLE TO BECOME
15 A CLASS T-E MEMBER MAY ELECT TO BECOME A MEMBER OF CLASS T-F.

16 (B) TIME FOR MAKING ELECTION.--A MEMBER MUST ELECT TO BECOME
17 A CLASS T-F MEMBER BY FILING A WRITTEN ELECTION WITH THE BOARD
18 WITHIN 45 DAYS OF NOTIFICATION BY THE BOARD THAT SUCH MEMBER IS
19 ELIGIBLE FOR SUCH ELECTION.

20 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS T-F
21 MEMBER SHALL BE IRREVOCABLE. A MEMBER WHO ELECTS CLASS T-F
22 MEMBERSHIP SHALL RECEIVE CLASS T-F SERVICE CREDIT ON ANY AND ALL
23 FUTURE SERVICE, REGARDLESS OF WHETHER THE MEMBER TERMINATES
24 SERVICE OR HAS A BREAK IN SERVICE.

25 (D) EFFECT OF FAILURE TO MAKE ELECTION.--IF A MEMBER FAILS
26 TO TIMELY FILE AN ELECTION TO BECOME A CLASS T-F MEMBER, THEN
27 THE MEMBER SHALL BE ENROLLED AS A MEMBER OF CLASS T-E AND THE
28 MEMBER SHALL NEVER BE ABLE TO ELECT CLASS T-F SERVICE,
29 REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR HAS A
30 BREAK IN SERVICE.

1 SECTION 5. SECTIONS 8307(B), 8308, 8323(A), (C) AND (C.1),
2 8324(A), (B), (D), (E) AND (F), 8326(A), 8327(A) AND (C), 8328,
3 8342(A), 8344(D), 8345(A), 8348.1(F), 8348.2(F), 8348.3(F),
4 8348.5(F), 8348.6(F), 8348.7(F) AND 8502(K) OF TITLE 24 ARE
5 AMENDED TO READ:

6 § 8307. ELIGIBILITY FOR ANNUITIES.

7 * * *

8 (B) WITHDRAWAL ANNUITY.--A VESTEE IN CLASS T-C OR CLASS T-D
9 WITH FIVE OR MORE ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE
10 CLASS T-C OR CLASS T-D MEMBER WHO TERMINATES SCHOOL SERVICE
11 HAVING FIVE OR MORE ELIGIBILITY POINTS SHALL, UPON FILING A
12 PROPER APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY. A
13 VESTEE IN CLASS T-E OR CLASS T-F WITH TEN OR MORE ELIGIBILITY
14 POINTS OR AN ACTIVE OR INACTIVE CLASS T-E OR CLASS T-F MEMBER
15 WHO TERMINATES SCHOOL SERVICE HAVING TEN OR MORE ELIGIBILITY
16 POINTS SHALL, UPON FILING A PROPER APPLICATION, BE ENTITLED TO
17 RECEIVE AN EARLY ANNUITY.

18 * * *

19 § 8308. ELIGIBILITY FOR VESTING.

20 ANY CLASS T-C OR CLASS T-D MEMBER WHO TERMINATES SCHOOL
21 SERVICE WITH FIVE OR MORE ELIGIBILITY POINTS SHALL BE ENTITLED
22 TO VEST HIS RETIREMENT BENEFITS UNTIL ATTAINMENT OF
23 SUPERANNUATION AGE. ANY CLASS T-E OR CLASS T-F MEMBER WHO
24 TERMINATES SCHOOL SERVICE WITH TEN OR MORE ELIGIBILITY POINTS
25 SHALL BE ENTITLED TO VEST HIS RETIREMENT BENEFITS UNTIL
26 ATTAINMENT OF SUPERANNUATION AGE.

27 § 8323. MEMBER CONTRIBUTIONS FOR CREDITABLE SCHOOL SERVICE.

28 (A) PREVIOUS SCHOOL SERVICE, SABBATICAL LEAVE AND FULL
29 COVERAGE.--THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR
30 AN ELIGIBLE STATE EMPLOYEE FOR CREDIT FOR REINSTATEMENT OF ALL

1 PREVIOUSLY CREDITED SCHOOL SERVICE, SCHOOL SERVICE NOT
2 PREVIOUSLY CREDITED, SABBATICAL LEAVE AS IF HE HAD BEEN IN FULL-
3 TIME DAILY ATTENDANCE, OR FULL-COVERAGE MEMBERSHIP SHALL BE
4 SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE ACCUMULATED
5 DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE CREDIT OF THE
6 MEMBER FOR SUCH SERVICE HAD REGULAR MEMBER CONTRIBUTIONS BEEN
7 MADE WITH FULL COVERAGE AT THE RATE OF CONTRIBUTION NECESSARY TO
8 BE CREDITED AS CLASS T-C SERVICE [OR], CLASS T-D SERVICE IF THE
9 MEMBER IS A CLASS T-D MEMBER, OR CLASS T-E SERVICE IF THE MEMBER
10 IS A CLASS T-E MEMBER, OR CLASS T-F SERVICE IF THE MEMBER IS A
11 CLASS T-F MEMBER, AND HAD SUCH CONTRIBUTIONS BEEN CREDITED WITH
12 STATUTORY INTEREST DURING THE PERIOD THE CONTRIBUTIONS WOULD
13 HAVE BEEN MADE AND DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND
14 STATE SERVICE UP TO THE DATE OF PURCHASE.

15 * * *

16 (C) APPROVED LEAVE OF ABSENCE OTHER THAN SABBATICAL LEAVE
17 AND ACTIVATED MILITARY SERVICE LEAVE.--THE CONTRIBUTIONS TO BE
18 PAID BY AN ACTIVE MEMBER FOR CREDIT FOR AN APPROVED LEAVE OF
19 ABSENCE, OTHER THAN SABBATICAL LEAVE AND ACTIVATED MILITARY
20 SERVICE LEAVE, SHALL BE SUFFICIENT TO TRANSFER HIS MEMBERSHIP TO
21 CLASS T-C OR TO CLASS T-D IF THE MEMBER IS A CLASS T-D MEMBER OR
22 TO CLASS T-E IF THE MEMBER IS A CLASS T-E MEMBER OR TO CLASS T-F
23 IF THE MEMBER IS A CLASS T-F MEMBER AND FURTHER TO PROVIDE AN
24 ANNUITY AS A CLASS T-C MEMBER OR CLASS T-D MEMBER IF THE MEMBER
25 IS A CLASS T-D MEMBER OR CLASS T-E IF THE MEMBER IS A CLASS T-E
26 MEMBER OR TO CLASS T-F IF THE MEMBER IS A CLASS T-F MEMBER FOR
27 SUCH ADDITIONAL CREDITED SERVICE. SUCH AMOUNT SHALL BE THE SUM
28 OF THE AMOUNT REQUIRED IN ACCORDANCE WITH THE PROVISIONS OF
29 SUBSECTION (B) AND AN AMOUNT DETERMINED AS THE SUM OF THE
30 MEMBER'S BASIC CONTRIBUTION RATE AND THE NORMAL CONTRIBUTION

1 RATE AS PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST
2 METHOD) DURING SUCH PERIOD MULTIPLIED BY THE COMPENSATION WHICH
3 WAS RECEIVED OR WHICH WOULD HAVE BEEN RECEIVED DURING SUCH
4 PERIOD AND WITH STATUTORY INTEREST DURING ALL PERIODS OF
5 SUBSEQUENT SCHOOL AND STATE SERVICE UP TO THE DATE OF PURCHASE.

6 (C.1) ACTIVATED MILITARY SERVICE LEAVE.--THE CONTRIBUTIONS
7 TO BE PAID BY AN ACTIVE MEMBER FOR CREDIT FOR ALL ACTIVATED
8 MILITARY SERVICE LEAVE AS IF HE HAD BEEN IN REGULAR ATTENDANCE
9 IN THE DUTIES FOR WHICH HE IS EMPLOYED SHALL BE SUFFICIENT TO
10 PROVIDE AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS WHICH
11 WOULD HAVE BEEN STANDING TO THE CREDIT OF THE MEMBER FOR SUCH
12 SERVICE HAD REGULAR MEMBER CONTRIBUTIONS BEEN MADE WITH FULL
13 COVERAGE AT THE RATE OF CONTRIBUTION NECESSARY TO BE CREDITED AS
14 CLASS T-C SERVICE OR CLASS T-D SERVICE IF THE MEMBER IS A CLASS
15 T-D MEMBER OR CLASS T-E SERVICE IF THE MEMBER IS A CLASS T-E
16 MEMBER OR CLASS T-F IF THE MEMBER IS A CLASS T-F MEMBER AND HAD
17 SUCH CONTRIBUTIONS BEEN CREDITED WITH STATUTORY INTEREST DURING
18 THE PERIOD THE CONTRIBUTIONS WOULD HAVE BEEN MADE AND DURING ALL
19 PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE UP TO THE DATE OF
20 PURCHASE. IN THE CASE OF ACTIVATED MILITARY SERVICE LEAVE
21 BEGINNING AFTER THE DATE OF ENACTMENT OF THIS SUBSECTION,
22 CONTRIBUTIONS DUE FROM THE MEMBER SHALL BE MADE AS IF HE IS IN
23 REGULAR ATTENDANCE IN THE DUTIES FOR WHICH HE IS EMPLOYED.

24 * * *

25 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE
26 NONSCHOOL SERVICE.

27 (A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO
28 PURCHASE CREDIT AS A MEMBER OF CLASS T-C, CLASS T-E OR CLASS T-F
29 FOR CREDITABLE NONSCHOOL SERVICE OF AN ACTIVE MEMBER OR AN
30 ELIGIBLE STATE EMPLOYEE SHALL BE PAID EITHER BY THE MEMBER, THE

1 MEMBER'S PREVIOUS EMPLOYER, THE COMMONWEALTH, OR A COMBINATION
2 THEREOF, AS PROVIDED BY LAW.

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

1 THE AMOUNTS PAID. APPLICATION MAY BE FILED FOR ALL SUCH MILITARY
2 SERVICE CREDIT UPON COMPLETION OF THREE YEARS OF SUBSEQUENT
3 CREDITED SCHOOL SERVICE AND SHALL BE CREDITED AS CLASS T-C
4 SERVICE. IN THE EVENT THAT A CLASS T-E MEMBER MAKES A PURCHASE
5 OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH SERVICE SHALL BE
6 CREDITED AS CLASS T-E SERVICE. IN THE EVENT THAT A CLASS T-F
7 MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE,
8 THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-F SERVICE.

9 * * *

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

1 MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS
2 AGREED TO BY THE MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF
3 PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF
4 SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE
5 DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY
6 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS
7 SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE
8 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 (E) CREDITABLE WORK EXPERIENCE.--CONTRIBUTIONS ON ACCOUNT OF
13 CLASS T-C, CLASS T-E OR CLASS T-F CREDIT FOR CREDITABLE WORK
14 EXPERIENCE PURSUANT TO SECTION 8304(B)(6) SHALL BE THE PRESENT
15 VALUE OF THE FULL ACTUARIAL COST OF THE INCREASE IN THE
16 PROJECTED SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL
17 SERVICE CREDITED ON ACCOUNT OF THE PURCHASE OF CREDITABLE WORK
18 EXPERIENCE. THE AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR
19 CREDITABLE WORK EXPERIENCE SHALL NOT BE PAYABLE AS A LUMP SUM
20 UNDER SECTION 8345(A)(4)(III) (RELATING TO MEMBER'S OPTIONS).
21 ANY INDIVIDUAL ELIGIBLE TO RECEIVE AN ANNUITY, EXCLUDING AN
22 ANNUITY RECEIVED UNDER THE FEDERAL SOCIAL SECURITY ACT (42
23 U.S.C. § 301 ET SEQ.), IN ANOTHER PENSION SYSTEM, OTHER THAN A
24 MILITARY PENSION SYSTEM, SHALL NOT BE ELIGIBLE TO PURCHASE THIS
25 SERVICE.

26 (F) CREDITABLE MATERNITY LEAVE.--CONTRIBUTIONS ON ACCOUNT OF
27 CLASS T-C, CLASS T-E OR CLASS T-F CREDIT FOR CREDITABLE
28 MATERNITY LEAVE PURSUANT TO SECTION 8304(B)(7) SHALL BE
29 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE PLUS
30 THE NORMAL CONTRIBUTION RATE AS PROVIDED IN SECTION 8328 AT THE

1 TIME OF THE MEMBER'S RETURN TO SCHOOL SERVICE TO THE TOTAL
2 COMPENSATION RECEIVED DURING THE FIRST YEAR OF SUBSEQUENT SCHOOL
3 SERVICE AND MULTIPLYING THE PRODUCT BY THE NUMBER OF YEARS AND
4 FRACTIONAL PART OF A YEAR OF CREDITABLE SERVICE BEING PURCHASED,
5 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
6 SUBSEQUENT SCHOOL OR STATE SERVICE TO THE DATE OF PURCHASE. THE
7 AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR CREDITABLE MATERNITY
8 LEAVE SHALL NOT BE ELIGIBLE FOR WITHDRAWAL AS A LUMP SUM UNDER
9 SECTION 8345(A) (4) (III).

10 § 8326. Contributions by the Commonwealth.

11 (a) Contributions on behalf of active members.--The
12 Commonwealth shall make contributions into the fund on behalf of
13 all active members, including members on activated military
14 service leave, in an amount equal to one-half the amount
15 certified by the board as necessary to provide, together with
16 the members' contributions, annuity reserves on account of
17 prospective annuities as provided in this part in accordance
18 with section 8328[(a), (b), (c) and (e)] (relating to actuarial
19 cost method). In case a school employee has elected membership
20 in a retirement program approved by the employer, the
21 Commonwealth shall contribute to such program on account of his
22 membership an amount no greater than the amount it would have
23 contributed had the employee been a member of the Public School
24 Employees' Retirement System.

25 * * *

26 § 8327. Payments by employers.

27 (a) General rule.--Each employer, including the Commonwealth
28 as employer of employees of the Department of Education, State-
29 owned colleges and universities, Thaddeus Stevens [State School]
30 College of Technology, [Pennsylvania State Oral] Western

1 Pennsylvania School for the Deaf, Scotland School for Veterans'
2 Children, and the Pennsylvania State University, shall make
3 payments to the fund each quarter in an amount equal to one-half
4 the sum of the percentages, as determined under section 8328
5 (relating to actuarial cost method), applied to the total
6 compensation during the pay periods in the preceding quarter of
7 all its employees who were members of the system during such
8 period, including members on activated military service leave.
9 In the event a member on activated military service leave does
10 not return to service for the necessary time or receives an
11 undesirable, bad conduct or dishonorable discharge or does not
12 elect to receive credit for activated military service under
13 section 8302(b.1)(3) (relating to credited school service), the
14 contributions made by the employer on behalf of such member
15 shall be returned with valuation interest upon application by
16 the employer.

17 * * *

18 (c) Payments by employers after June 30, 1995.--After June
19 30, 1995, each employer, including the Commonwealth as employer
20 of employees of the Department of Education, State-owned
21 colleges and universities, Thaddeus Stevens [State School] ←
22 COLLEGE of Technology, [Pennsylvania State Oral] Western
23 Pennsylvania School for the Deaf, Scotland School for Veterans'
24 Children and The Pennsylvania State University, shall make
25 payments to the fund each quarter in an amount computed in the
26 following manner:

27 (1) For an employer that is a school entity, the amount
28 shall be the sum of the percentages as determined under
29 section 8328 applied to the total compensation during the pay
30 periods in the preceding quarter of all employees who were

1 active members of the system during such period, including
2 members on activated military service leave. In the event a
3 member on activated military service leave does not return to
4 service for the necessary time or receives an undesirable,
5 bad conduct or dishonorable discharge or does not elect to
6 receive credit for activated military service under section
7 8302(b.1)(3), the contribution made by the employer on behalf
8 of such member shall be returned with valuation interest upon
9 application by the employer.

10 (2) For an employer that is not a school entity, the
11 amount computed under subsection (a).

12 (3) For any employer, whether or not a school entity, in
13 computing the amount of payment due each quarter, there shall
14 be excluded from the total compensation referred to in this
15 subsection and subsection (a) any amount of compensation of a
16 noneligible member on the basis of which member contributions
17 have not been made by reason of the limitation under IRC §
18 401(a)(17). Any amount of contribution to the fund paid by
19 the employer on behalf of a noneligible member on the basis
20 of compensation which was subject to exclusion from total
21 compensation in accordance with the provisions of this
22 paragraph shall, upon the board's determination or upon
23 application by the employer, be returned to the employer with
24 valuation interest.

25 § 8328. Actuarial cost method.

26 (a) Employer contribution rate [on behalf of active
27 members].--The amount of the total employer contributions [on
28 behalf of all active members] shall be computed by the actuary
29 as a percentage of the total compensation of all active members
30 during the period for which the amount is determined and shall

1 be so certified by the board. The total employer contribution
2 rate shall be the sum of the final contribution rate as computed
3 in subsection (h) plus the premium assistance contribution rate
4 as computed in subsection (f). The [total] actuarially required
5 contribution rate [on behalf of all active members] shall
6 consist of the normal contribution rate as defined in subsection
7 (b), the accrued liability contribution rate as defined in
8 subsection (c) and the supplemental annuity contribution rate as
9 defined in subsection (d). Beginning July 1, 2004, the [total]
10 actuarially required contribution rate shall be modified by the
11 experience adjustment factors as calculated in subsection (e)
12 [but in no case shall it be less than 4% plus the premium
13 assistance contribution rate].

14 (b) Normal contribution rate.--The normal contribution rate
15 shall be determined after each actuarial valuation. [Until all
16 accrued liability contributions have been completed, the] The
17 normal contribution rate shall be determined, on the basis of
18 THE ACTUARIAL COST METHOD, an annual interest rate and such ←
19 mortality and other tables as shall be adopted by the board in
20 accordance with generally accepted actuarial principles, as a
21 level percentage of the compensation of the average new active
22 member, which percentage, if contributed on the basis of his
23 prospective compensation through the entire period of active
24 school service, would be sufficient to fund the liability for
25 any prospective benefit payable to him, in excess of that
26 portion funded by his prospective member contributions[, except
27 for the supplemental benefits provided in sections 8348
28 (relating to supplemental annuities), 8348.1 (relating to
29 additional supplemental annuities), 8348.2 (relating to further
30 additional supplemental annuities), 8348.3 (relating to

1 supplemental annuities commencing 1994), 8348.4 (relating to
2 special supplemental postretirement adjustment), 8348.5
3 (relating to supplemental annuities commencing 1998), 8348.6
4 (relating to supplemental annuities commencing 2002) and 8348.7
5 (relating to supplemental annuities commencing 2003)].

6 (c) Accrued liability contribution rate.--

7 (1) For the fiscal [year] years beginning July 1, 2002,
8 and ending June 30, 2011, the accrued liability contribution
9 rate shall be computed as the rate of total compensation of
10 all active members which shall be certified by the actuary as
11 sufficient to fund over a period of ten years from July 1,
12 2002, the present value of the liabilities for all
13 prospective benefits of active members, except for the
14 supplemental benefits provided in sections 8348 (relating to
15 supplemental annuities), 8348.1 (relating to additional
16 supplemental annuities), 8348.2 (relating to further
17 additional supplemental annuities), 8348.3 (relating to
18 supplemental annuities commencing 1994), 8348.4 (relating to
19 special supplemental postretirement adjustment), 8348.5
20 (relating to supplemental annuities commencing 1998), 8348.6
21 (relating to supplemental annuities commencing 2002) and
22 8348.7 (relating to supplemental annuities commencing 2003),
23 in excess of the total assets in the fund (calculated by
24 recognizing the actuarially expected investment return
25 immediately and recognizing the difference between the actual
26 investment return and the actuarially expected investment
27 return over a five-year period), excluding the balance in the
28 annuity reserve account, and of the present value of normal
29 contributions and of member contributions payable with
30 respect to all active members on July 1, 2002, during the

1 remainder of their active service.

2 (2) [Thereafter] For the fiscal years beginning July 1,
3 2003, and ending June 30, 2011, the amount of each annual
4 accrued liability contribution shall be equal to the amount
5 of such contribution for the fiscal year, beginning July 1,
6 2002, except that, if the accrued liability is increased by
7 legislation enacted subsequent to June 30, 2002, but before
8 July 1, 2003, such additional liability shall be funded over
9 a period of ten years from the first day of July, coincident
10 with or next following the effective date of the increase.
11 The amount of each annual accrued liability contribution for
12 such additional legislative liabilities shall be equal to the
13 amount of such contribution for the first annual payment.

14 (3) Notwithstanding any other provision of law,
15 beginning July 1, 2004, and ending June 30, 2011, the
16 outstanding balance of the increase in accrued liability due
17 to the change in benefits enacted in 2001 and the outstanding
18 balance of the net actuarial loss incurred in fiscal year
19 2000-2001 shall be amortized in equal dollar annual
20 contributions over a period that ends 30 years after July 1,
21 2002, and the outstanding balance of the net actuarial loss
22 incurred in fiscal year 2001-2002 shall be amortized in equal
23 dollar annual contributions over a period that ends 30 years
24 after July 1, 2003. For fiscal years beginning on or after
25 July 1, 2004, if the accrued liability is increased by
26 legislation enacted subsequent to June 30, 2003, such
27 additional liability shall be funded in equal dollar annual
28 contributions over a period of ten years from the first day
29 of July coincident with or next following the effective date
30 of the increase.

1 (4) For the fiscal year beginning July 1, 2011, the
2 accrued liability contribution rate shall be computed as the
3 rate of total compensation of all active members which shall
4 be certified by the actuary as sufficient to fund as a level
5 percentage of compensation over a period of 30 years from
6 July 1, 2011, the present value of the liabilities for all
7 prospective benefits calculated as of June 30, 2010,
8 including the supplemental benefits as provided in sections
9 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and
10 8348.7, in excess of the actuarially calculated assets in the
11 fund (calculated recognizing all realized and unrealized
12 investment gains and losses each year in level annual
13 installments over a ten-year period). In the event that the
14 accrued liability is increased by legislation enacted
15 subsequent to June 30, 2010, such additional liability shall
16 be funded as a level percentage of compensation over a period
17 of ten years from the July 1 second succeeding the date such
18 legislation is enacted.

19 (d) Supplemental annuity contribution rate.--[Contributions]

20 (1) For the period of July 1, 2002, to June 30, 2011,
21 contributions from the Commonwealth and other employers
22 required to provide for the payment of the supplemental
23 annuities provided for in sections 8348, 8348.1, 8348.2,
24 8348.4 and 8348.5 shall be paid over a period of ten years
25 from July 1, 2002. The funding for the supplemental annuities
26 commencing 2002 provided for in section 8348.6 shall be as
27 provided in section 8348.6(f). The funding for the
28 supplemental annuities commencing 2003 provided for in
29 section 8348.7 shall be as provided in section 8348.7(f). The
30 amount of each annual supplemental annuities contribution

1 shall be equal to the amount of such contribution for the
2 fiscal year beginning July 1, 2002. [In the event that
3 supplemental annuities are increased by legislation enacted
4 subsequent to June 30, 2002, the additional liability for the
5 increased benefits to be amortized shall be funded in equal
6 dollar annual installments over a period of ten years.]

7 (2) For fiscal years beginning July 1, 2011,
8 contributions from the Commonwealth and other employers whose
9 employees are members of the system required to provide for
10 the payment of supplemental annuities as provided in sections
11 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and
12 8348.7 shall be paid as part of the accrued liability
13 contribution rate as provided for in subsection (c)(4), and
14 there shall not be a separate supplemental annuity
15 contribution rate attributable to those supplemental
16 annuities. In the event that supplemental annuities are
17 increased by legislation enacted subsequent to June 30, 2010,
18 the additional liability for the increase in benefits shall
19 be funded as a level percentage of compensation over a period
20 of ten years from the July 1 second succeeding the date such
21 legislation is enacted.

22 (e) Experience adjustment factor.--

23 (1) For each year after the establishment of the accrued
24 liability contribution rate for the fiscal year beginning
25 July 1, [2002] 2011, any increase or decrease in the unfunded
26 accrued liability, excluding the gains or losses on the
27 assets of the health insurance account, due to actual
28 experience differing from assumed experience, changes in
29 actuarial assumptions, changes in contributions caused by the
30 final contribution rate being different from the actuarially

1 required contribution rate or changes in the terms and
2 conditions of the benefits provided by the system by
3 judicial, administrative or other processes other than
4 legislation, including, but not limited to, reinterpretation
5 of the provisions of this part, shall be amortized [in equal
6 dollar annual contributions] as a level percentage of
7 compensation over a period of [ten] 30 years beginning with
8 the July 1 second succeeding the actuarial valuation
9 determining said increases or decreases.

10 (2) [Notwithstanding the provisions of paragraph (1),
11 for each year after the establishment of the accrued
12 liability contribution rate for the fiscal year beginning
13 July 1, 2003, any increase or decrease in the unfunded
14 accrued liability, excluding the gains or losses on the
15 assets of the health insurance account, due to actual
16 experience differing from assumed experience, changes in
17 actuarial assumptions, changes in the terms and conditions of
18 the benefits provided by the system by judicial,
19 administrative or other processes other than legislation,
20 including, but not limited to, reinterpretation of the
21 provisions of this part, shall be amortized in equal dollar
22 annual contributions over a period of 30 years beginning with
23 the July 1 second succeeding the actuarial valuation
24 determining said increases and decreases] (Reserved).

25 (f) Premium assistance contribution rate.--For each fiscal
26 year beginning with July 1, 1991, the total contribution rate as
27 calculated according to this section shall be increased annually
28 in the full amount certified by the board as necessary to fund
29 the premium assistance program in accordance with section 8509
30 (relating to health insurance premium assistance program),

1 notwithstanding any other provisions of this section.

2 (g) Temporary application of collared contribution rate.--

3 (1) The collared contribution rate for each year shall
4 be determined by comparing the actuarially required
5 contribution rate, calculated without regard for the costs
6 added by legislation, to the prior year's final contribution
7 rate.

8 (2) If, for any of the fiscal years beginning July 1,
9 2011, July 1, 2012, and on or after July 1, 2013, the
10 actuarially required contribution rate, calculated without
11 regard for the costs added by legislation, is more than 3%,
12 3.5% and 4.5%, respectively, of the total compensation of all
13 active members greater than the prior year's final
14 contribution rate, then the collared contribution rate shall
15 be applied and be equal to the prior year's final
16 contribution rate increased by 3%, 3.5% and 4.5%,
17 respectively, of total compensation of all active members.
18 Otherwise, and for all other fiscal years, the collared
19 contribution rate shall not be applicable. In no case shall
20 the collared contribution rate be less than 4% of the total
21 compensation of all active members.

22 (h) Final contribution rate.--

23 (1) For the fiscal year beginning July 1, 2010, the
24 final contribution rate shall be 5% of the total compensation
25 of all active members. For each subsequent fiscal year for
26 which the collared contribution rate is applicable, the final
27 contribution rate shall be the collared contribution rate as
28 calculated in subsection (g), plus the costs added by
29 legislation.

30 (2) For all other fiscal years, the final contribution

1 rate shall be the actuarially required contribution rate,
2 provided that the final contribution rate shall not be less
3 than the normal contribution rate as provided in subsection
4 (b).

5 (i) Definitions.--As used in this section, the following
6 words and phrases shall have the meanings given to them in this
7 subsection unless the context clearly indicates otherwise:

8 "Actuarially required contribution rate." The sum of the
9 following:

10 (1) the normal contribution rate as calculated in
11 subsection (b);

12 (2) the accrued liability contribution rate as
13 calculated in subsection (c);

14 (3) the supplemental annuity contribution rate as
15 calculated in subsection (d);

16 (4) the experience adjustment factor as calculated in
17 subsection (e); and

18 (5) any costs added by legislation enacted prior to the
19 last actuarial valuation.

20 "Costs added by legislation." The sum, if positive, of all
21 changes in the actuarially required contribution rate resulting
22 from legislation enacted in the year since the last actuarial
23 valuation and not included in the determination of the prior
24 year's final contribution rate, computed as the rate of total
25 compensation of all active members certified by the actuary as
26 sufficient to make the employer normal contributions and
27 sufficient to amortize legislatively created changes in the
28 unfunded actuarial liability as a level percentage of
29 compensation over a period of ten years from the July 1 second
30 succeeding the date of enactment.



1 § 8342. MAXIMUM SINGLE LIFE ANNUITY.

2 (A) GENERAL RULE.--UPON TERMINATION OF SERVICE, ANY FULL
3 COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT
4 TO THE PROVISIONS OF SECTION 8307(A) OR (B) (RELATING TO
5 ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN
6 ACCORDANCE WITH THE PROVISIONS OF SECTION 8507(F) (RELATING TO
7 RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS) SHALL BE
8 ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE ANNUITY ATTRIBUTABLE
9 TO HIS CREDITED SERVICE AND EQUAL TO THE SUM OF THE FOLLOWING
10 SINGLE LIFE ANNUITIES BEGINNING AT THE EFFECTIVE DATE OF
11 RETIREMENT AND, IN CASE THE MEMBER ON THE EFFECTIVE DATE OF
12 RETIREMENT IS UNDER SUPERANNUATION AGE, MULTIPLIED BY A
13 REDUCTION FACTOR CALCULATED TO PROVIDE BENEFITS ACTUARIALLY
14 EQUIVALENT TO AN ANNUITY STARTING AT SUPERANNUATION AGE:
15 PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE CASE OF
16 ANY CLASS T-C, T-D, T-E OR T-F MEMBER WHO HAS ATTAINED AGE 55
17 AND HAS 25 OR MORE ELIGIBILITY POINTS SUCH SUM OF SINGLE LIFE
18 ANNUITIES SHALL BE REDUCED BY A PERCENTAGE DETERMINED BY
19 MULTIPLYING THE NUMBER OF MONTHS, INCLUDING A FRACTION OF A
20 MONTH AS A FULL MONTH, BY WHICH THE EFFECTIVE DATE OF RETIREMENT
21 PRECEDES SUPERANNUATION AGE BY 1/4%:

22 (1) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE
23 CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF
24 THE NUMBER OF YEARS OF CREDITED SCHOOL SERVICE OTHER THAN
25 CONCURRENT SERVICE.

26 (2) A STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE
27 CLASS OF SERVICE MULTIPLIER AND CALCULATED ON THE BASIS OF
28 THE NUMBER OF YEARS OF CONCURRENT SERVICE AND MULTIPLIED BY
29 THE RATIO OF TOTAL COMPENSATION RECEIVED IN THE SCHOOL SYSTEM
30 DURING THE PERIOD OF CONCURRENT SERVICE TO THE TOTAL

1 COMPENSATION RECEIVED DURING SUCH PERIOD.

2 (3) A SUPPLEMENTAL ANNUITY SUCH THAT THE TOTAL ANNUITY
3 PRIOR TO ANY OPTIONAL MODIFICATION OR ANY REDUCTION DUE TO
4 RETIREMENT PRIOR TO SUPERANNUATION AGE SHALL BE AT LEAST \$100
5 FOR EACH FULL YEAR OF CREDITED SERVICE.

6 * * *

1 § 8344. DISABILITY ANNUITIES.

2 * * *

3 (D) WITHDRAWAL OF ACCUMULATED DEDUCTIONS.--UPON TERMINATION
4 OF DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY
5 CALCULATED IN ACCORDANCE WITH SECTION 8342, A DISABILITY
6 ANNUITANT WHO:

7 (1) IS A CLASS T-C OR CLASS T-D MEMBER; OR

8 (2) IS A CLASS T-E OR CLASS T-F MEMBER WITH LESS THAN
9 TEN ELIGIBILITY POINTS

10 AND WHO DOES NOT RETURN TO SCHOOL SERVICE MAY FILE AN
11 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE
12 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT AT THE EFFECTIVE
13 DATE OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED ON ACCOUNT
14 OF HIS MEMBER'S ANNUITY.

15 * * *

16 § 8345. MEMBER'S OPTIONS.

17 (A) GENERAL RULE.--ANY CLASS T-C OR CLASS T-D MEMBER WHO IS
18 A VESTEE WITH FIVE OR MORE ELIGIBILITY POINTS, ANY CLASS T-E OR
19 CLASS T-F MEMBER WHO IS A VESTEE WITH TEN OR MORE ELIGIBILITY
20 POINTS, OR ANY OTHER ELIGIBLE MEMBER UPON TERMINATION OF SCHOOL
21 SERVICE WHO HAS NOT WITHDRAWN HIS ACCUMULATED DEDUCTIONS AS
22 PROVIDED IN SECTION 8341 (RELATING TO RETURN OF ACCUMULATED
23 DEDUCTIONS) MAY APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM
24 SINGLE LIFE ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE

1 PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE
2 ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE
3 ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN
4 ACCORDANCE WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO
5 MEMBER SHALL ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR
6 ANNUITANTS OTHER THAN HIS SPOUSE OR ALTERNATE PAYEE OF SUCH A
7 MAGNITUDE THAT THE PRESENT VALUE OF THE ANNUITY PAYABLE TO HIM
8 FOR LIFE PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO
9 RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM
10 SINGLE LIFE ANNUITY.

11 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH A
12 GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE
13 MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF
14 RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS
15 RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE
16 SHALL BE PAYABLE TO HIS BENEFICIARY.

17 (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE
18 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
19 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
20 LIVING AT HIS DEATH.

21 (3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR
22 ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE-
23 HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR
24 ANNUITANT, IF LIVING AT HIS DEATH.

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

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

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

4 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
5 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
6 EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS
7 STANDING TO THE CREDIT OF THE MEMBER. THE BALANCE OF THE
8 PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED
9 IN ACCORDANCE WITH SECTION 8342(B) SHALL BE PAID IN THE
10 FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A
11 SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR
12 ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS
13 OF SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH. THIS
14 SUBPARAGRAPH SHALL NOT APPLY TO A CLASS T-E OR CLASS T-F
15 MEMBER.

16 * * *

17 § 8348.1. Additional supplemental annuities.

18 * * *

19 (f) Funding.--The actuary shall annually certify the amount
20 of Commonwealth appropriations for the next fiscal year needed
21 to fund, over a period of ten years from July 1, 2002, the
22 additional monthly supplemental annuity provided for in this
23 section[. The board shall submit the actuary's certification to
24 the Secretary of the Budget on or before November 1 of each
25 year. If, in any year after 1984, the amount certified is
26 disapproved under section 610 of the act of April 9, 1929
27 (P.L.177, No.175), known as The Administrative Code of 1929, as
28 insufficient to meet the funding requirements of this subsection
29 or is not appropriated on or before July 1, the additional
30 supplemental annuity provided for in this section shall be

1 suspended until such time as an amount certified and approved as
2 sufficient is appropriated], which amounts shall be paid during
3 the period beginning July 1, 2002, and ending June 30, 2011. For
4 fiscal years beginning on or after July 1, 2011, the additional
5 liability provided in this section shall be funded as part of
6 the actuarial accrued liability as provided in section 8328
7 (relating to actuarial cost method).

8 * * *

9 § 8348.2. Further additional supplemental annuities.

10 * * *

11 (f) Funding.--The actuary shall annually estimate the amount
12 of Commonwealth appropriations for the next fiscal year needed
13 to fund, over a period of ten years from July 1, 2002, the
14 additional monthly supplemental annuity provided for in this
15 section[. The board shall submit the actuary's estimation to the
16 Secretary of the Budget on or before November 1 of each year.
17 If, in any year after 1988, the amount estimated is disapproved
18 under section 610 of the act of April 9, 1929 (P.L.177, No.175),
19 known as The Administrative Code of 1929, as insufficient to
20 meet the funding requirements of this subsection or is not
21 appropriated on or before July 1, the additional supplemental
22 annuity provided for in this section shall be suspended until
23 such time as an amount certified and approved as sufficient is
24 appropriated], which amounts shall be paid during the period
25 beginning July 1, 2002, and ending June 30, 2011. For fiscal
26 years beginning on or after July 1, 2011, the additional
27 liability provided in this section shall be funded as part of
28 the actuarial accrued liability as provided in section 8328
29 (relating to actuarial cost method).

30 * * *

1 § 8348.3. Supplemental annuities commencing 1994.

2 * * *

3 (f) Funding.--[The]

4 (1) For the period beginning July 1, 2002, and ending
5 June 30, 2011, the additional liability for the increase in
6 benefits provided in this section shall be funded in equal
7 dollar annual installments over a period of ten years
8 beginning July 1, 2002.

9 (2) For fiscal years beginning on or after July 1, 2011,
10 the additional liability provided in this section shall be
11 funded as part of the actuarial accrued liability as provided
12 in section 8328 (relating to actuarial cost method).

13 * * *

14 § 8348.5. Supplemental annuities commencing 1998.

15 * * *

16 (f) Funding.--[The]

17 (1) For the period beginning July 1, 2002, and ending
18 June 30, 2011, the additional liability for the increase in
19 benefits provided in this section shall be funded in equal
20 dollar annual installments over a period of ten years
21 beginning July 1, 2002.

22 (2) For fiscal years beginning on or after July 1, 2011,
23 the additional liability provided in this section shall be
24 funded as part of the actuarial accrued liability as provided
25 in section 8328 (relating to actuarial cost method).

26 (3) Notwithstanding the provisions of section 212 of the
27 act of April 22, 1998 (P.L.1341, No.6A), known as the General
28 Appropriation Act of 1998, regarding payment for cost-of-
29 living increases for annuitants, payments for cost-of-living
30 increases for annuitants shall be made under section 8535

1 (relating to payments to school entities by Commonwealth).

2 * * *

3 § 8348.6. Supplemental annuities commencing 2002.

4 * * *

5 (f) Funding.--[The]

6 (1) For the period beginning July 1, 2002, and ending
7 June 30, 2011, the additional liability for the increase in
8 benefits provided in this section shall be funded in equal
9 dollar annual installments over a period of ten years
10 beginning July 1, 2003.

11 (2) For fiscal years beginning on or after July 1, 2011,
12 the additional liability provided in this section shall be
13 funded as part of the actuarial accrued liability as provided
14 in section 8328 (relating to actuarial cost method).

15 * * *

16 § 8348.7. Supplemental annuities commencing 2003.

17 * * *

18 (f) Funding.--[The]

19 (1) For the period beginning July 1, 2002, and ending
20 June 30, 2011, the additional liability for the increase in
21 benefits provided in this section shall be funded in equal
22 dollar annual installments over a period of ten years
23 beginning July 1, 2004.

24 (2) For fiscal years beginning on or after July 1, 2011,
25 the additional liability provided in this section shall be
26 funded as part of the actuarial accrued liability as provided
27 in section 8328 (relating to actuarial cost method).

28 * * *

29 § 8502. Administrative duties of board.

30 * * *

1 (k) Certification of employer contributions.--The board
2 shall, each year in addition to the itemized budget required
3 under section 8330 (relating to appropriations by the
4 Commonwealth), certify to the employers and the Commonwealth the
5 employer contribution rate expressed as a percentage of members'
6 payroll necessary for the funding of prospective annuities for
7 active members and the annuities of annuitants, and certify the
8 rates and amounts of the normal contributions as determined
9 pursuant to section 8328(b) (relating to actuarial cost method),
10 accrued liability contributions as determined pursuant to
11 section 8328(c), supplemental annuities contribution rate as
12 determined pursuant to section 8328(d) [and], the experience
13 adjustment factor as determined pursuant to section 8328(e)
14 [and], premium assistance contributions as determined pursuant
15 to section 8328(f), the costs added by legislation as determined
16 pursuant to section 8328(i), the actuarial required contribution
17 rate as determined pursuant to section 8328(i), the collared
18 contribution rate as determined pursuant to section 8328(g) and
19 the final contribution rate as determined pursuant to section
20 8328(h), which shall be paid to the fund and credited to the
21 appropriate accounts. These certifications shall be regarded as
22 final and not subject to modification by the [Budget Secretary]
23 Secretary of the Budget.

24 * * *

25 SECTION 6. SECTION 8505 OF TITLE 24 IS AMENDED BY ADDING A
26 SUBSECTION TO READ:

27 § 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF
28 MEMBERS.

29 * * *

30 (L) NOTIFICATION OF CLASS T-F MEMBERSHIP.--THE BOARD SHALL

1 INFORM ANY ELIGIBLE SCHOOL EMPLOYEE OF THE RIGHT TO ELECT CLASS
2 T-F MEMBERSHIP.

3 SECTION 7. SECTIONS 8507(F) AND (G) AND 8535(3) OF TITLE 24
4 ARE AMENDED TO READ:

5 § 8507. RIGHTS AND DUTIES OF SCHOOL EMPLOYEES AND MEMBERS.

6 * * *

7 (F) TERMINATION OF SERVICE.--EACH MEMBER WHO TERMINATES
8 SCHOOL SERVICE AND WHO IS NOT THEN A DISABILITY ANNUITANT SHALL
9 EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF SERVICE A
10 WRITTEN APPLICATION, DULY ATTESTED BY THE MEMBER OR HIS LEGALLY
11 CONSTITUTED REPRESENTATIVE, ELECTING TO DO ONE OF THE FOLLOWING:

12 (1) WITHDRAW HIS ACCUMULATED DEDUCTIONS.

13 (2) VEST HIS RETIREMENT RIGHTS AND IF HE IS A JOINT
14 COVERAGE MEMBER, AND SO DESIRES, ELECT TO BECOME A FULL
15 COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF THE DATE
16 OF TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

17 (3) RECEIVE AN IMMEDIATE ANNUITY, IF ELIGIBLE, AND MAY,
18 IF HE IS A JOINT COVERAGE MEMBER, ELECT TO BECOME A FULL
19 COVERAGE MEMBER AND AGREE TO PAY WITHIN 30 DAYS OF DATE OF
20 TERMINATION OF SERVICE THE LUMP SUM REQUIRED.

21 (G) VESTING OF RETIREMENT RIGHTS.--IF A MEMBER ELECTS TO
22 VEST HIS RETIREMENT RIGHTS, HE SHALL NOMINATE A BENEFICIARY BY
23 WRITTEN DESIGNATION FILED WITH THE BOARD AND HE MAY ANYTIME
24 THEREAFTER WITHDRAW THE ACCUMULATED DEDUCTIONS STANDING TO HIS
25 CREDIT OR[, IF HE HAS FIVE OR MORE ELIGIBILITY POINTS,] APPLY
26 FOR AN ANNUITY IF ELIGIBLE AS PROVIDED IN SECTION 8307(A) OR (B)
27 (RELATING TO ELIGIBILITY FOR ANNUITANTS).

28 * * *

29 § 8535. Payments to school entities by Commonwealth.

30 For each school year beginning with the 1995-1996 school

1 year, each school entity shall be paid by the Commonwealth for
2 contributions based upon school service of active members of the
3 system after June 30, 1995, as follows:

4 * * *

5 (3) School entities shall have up to five days after
6 receipt of the Commonwealth's portion of the employer's
7 liability to make payment to the Public School Employees'
8 Retirement Fund. School entities are expected to make the
9 full payment to the Public School Employees' Retirement Fund
10 in accordance with section 8327 (relating to payments by
11 employers) in the event the receipt of the Commonwealth's
12 portion of the employer's liability is delayed because of
13 delinquent salary reporting or other conduct by the school
14 entities.

15 SECTION 7.1. THE DEFINITIONS OF "CLASS OF SERVICE
16 MULTIPLIER," "FINAL AVERAGE SALARY," "SUPERANNUATION AGE" AND
17 "VESTEE" IN SECTION 5102 OF TITLE 71 ARE AMENDED TO READ:
18 § 5102. DEFINITIONS.



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

22 * * *

23 "CLASS OF SERVICE MULTIPLIER."

24 CLASS OF SERVICE	MULTIPLIER
25 A	1
26 AA	FOR ALL PURPOSES 1.25
27	EXCEPT
28	CALCULATING
29	REGULAR MEMBER
30	CONTRIBUTIONS ON

1 COMPENSATION
 2 PAID PRIOR TO
 3 JANUARY 1, 2002
 4 AA FOR PURPOSES OF
 5 CALCULATING
 6 REGULAR MEMBER
 7 CONTRIBUTIONS
 8 ON COMPENSATION
 9 PAID PRIOR TO
 10 JANUARY 1, 2002 1
 11 A-3 FOR ALL PURPOSES
 12 EXCEPT THE
 13 CALCULATION OF
 14 REGULAR MEMBER
 15 CONTRIBUTIONS
 16 AND
 17 CONTRIBUTIONS
 18 FOR CREDITABLE
 19 NONSTATE SERVICE 1
 20 A-3 FOR PURPOSES OF
 21 CALCULATING
 22 REGULAR MEMBER
 23 CONTRIBUTIONS
 24 AND
 25 CONTRIBUTIONS
 26 FOR CREDITABLE
 27 NONSTATE SERVICE 1.25
 28 A-4 FOR ALL PURPOSES
 29 EXCEPT THE
 30 CALCULATION OF

1		<u>REGULAR MEMBER</u>		
2		<u>CONTRIBUTIONS</u>	<u>1.25</u>	
3	<u>A-4</u>	<u>FOR PURPOSES OF</u>		
4		<u>CALCULATING</u>		
5		<u>REGULAR MEMBER</u>		
6		<u>CONTRIBUTIONS</u>	<u>1.86</u>	
7	B		.625	
8	C		1	
9	D		1.25	
10	D-1	PRIOR TO JANUARY		
11		1, 1973	1.875	
12	D-1	ON AND		
13		SUBSEQUENT TO		
14		JANUARY 1, 1973	1.731	
15	D-2	PRIOR TO JANUARY		
16		1, 1973	2.5	
17	D-2	ON AND		
18		SUBSEQUENT TO		
19		JANUARY 1, 1973	1.731	
20	D-3	PRIOR TO JANUARY		
21		1, 1973	3.75	
22	D-3	ON AND		EXCEPT PRIOR TO
23		SUBSEQUENT TO		DECEMBER 1, 1974
24		JANUARY 1, 1973	1.731	AS APPLIED TO
25				ANY ADDITIONAL
26				LEGISLATIVE
27				COMPENSATION AS
28				AN OFFICER OF
29				THE GENERAL
30				ASSEMBLY

1			3.75	
2	D-4	FOR ALL PURPOSES		
3		EXCEPT		
4		CALCULATING		
5		REGULAR MEMBER		
6		CONTRIBUTIONS		
7		ON COMPENSATION		
8		PAID PRIOR TO		
9		JULY 1, 2001	1.5	
10	D-4	FOR PURPOSES OF		
11		CALCULATING		
12		REGULAR MEMBER		
13		CONTRIBUTIONS ON		
14		COMPENSATION		
15		PAID PRIOR TO		
16		JULY 1, 2001	1	
17	E, E-1	PRIOR TO JANUARY		FOR EACH OF THE
18		1, 1973	2	FIRST TEN YEARS
19				OF JUDICIAL
20				SERVICE, AND
21			1.5	FOR EACH
22				SUBSEQUENT YEAR
23				OF JUDICIAL
24				SERVICE
25	E, E-1	ON AND		FOR EACH OF THE
26		SUBSEQUENT TO		FIRST TEN YEARS
27		JANUARY 1, 1973	1.50	OF JUDICIAL
28				SERVICE AND
29	E-2	PRIOR TO		
30		SEPTEMBER 1 1973	1.5	

1	E-2	ON AND	
2		SUBSEQUENT TO	
3		SEPTEMBER 1,	
4		1973	1.125
5	G		0.417
6	H		0.500
7	I		0.625
8	J		0.714
9	K		0.834
10	L		1.000
11	M		1.100
12	N		1.250
13	T-C (PUBLIC		1
14	SCHOOL		
15	EMPLOYEES'		
16	RETIREMENT CODE)		
17	<u>T-E (PUBLIC</u>		<u>1</u>
18	<u>SCHOOL</u>		
19	<u>EMPLOYEES'</u>		
20	<u>RETIREMENT CODE)</u>		
21	<u>T-F (PUBLIC</u>		<u>1</u>
22	<u>SCHOOL</u>		
23	<u>EMPLOYEES'</u>		
24	<u>RETIREMENT CODE)</u>		

25 * * *

26 "FINAL AVERAGE SALARY." THE HIGHEST AVERAGE COMPENSATION
27 RECEIVED AS A MEMBER DURING ANY THREE NONOVERLAPPING PERIODS OF
28 FOUR CONSECUTIVE CALENDAR QUARTERS DURING WHICH THE MEMBER WAS A
29 STATE EMPLOYEE, WITH THE COMPENSATION FOR PART-TIME SERVICE
30 BEING ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF THE

1 YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE WAS
2 NOT A MEMBER FOR THREE NONOVERLAPPING PERIODS OF FOUR
3 CONSECUTIVE CALENDAR QUARTERS, THE TOTAL COMPENSATION RECEIVED
4 AS A MEMBER, ANNUALIZED IN THE CASE OF PART-TIME SERVICE,
5 DIVIDED BY THE NUMBER OF NONOVERLAPPING PERIODS OF FOUR
6 CONSECUTIVE CALENDAR QUARTERS OF MEMBERSHIP; IN THE CASE OF A
7 MEMBER WITH MULTIPLE SERVICE, THE FINAL AVERAGE SALARY SHALL BE
8 DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM AS A
9 STATE EMPLOYEE OR AS A SCHOOL EMPLOYEE, OR BOTH; IN THE CASE OF
10 A MEMBER WITH CLASS A-3 OR CLASS A-4 SERVICE AND SERVICE IN ONE
11 OR MORE OTHER CLASSES OF SERVICE, THE FINAL AVERAGE SALARY SHALL
12 BE DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM
13 IN ALL CLASSES OF STATE SERVICE; AND, IN THE CASE OF A MEMBER
14 WHO FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 1996, THE FINAL
15 AVERAGE SALARY SHALL BE DETERMINED AS HEREINABOVE PROVIDED BUT
16 SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION
17 5506.1 (A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC §
18 401 (A) (17)).

19 * * *

20 "SUPERANNUATION AGE." [ANY] FOR CLASSES OF SERVICE OTHER
21 THAN CLASS A-3 AND CLASS A-4, ANY AGE UPON ACCRUAL OF 35
22 ELIGIBILITY POINTS OR AGE 60, EXCEPT FOR A MEMBER OF THE GENERAL
23 ASSEMBLY, AN ENFORCEMENT OFFICER, A CORRECTION OFFICER, A
24 PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY
25 POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA STATE POLICE, AGE
26 50, AND, EXCEPT FOR A MEMBER WITH CLASS G, CLASS H, CLASS I,
27 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, AGE 55
28 UPON ACCRUAL OF 20 ELIGIBILITY POINTS. FOR CLASS A-3 AND CLASS
29 A-4 SERVICE, ANY AGE UPON ACCRUAL OF 35 ELIGIBILITY POINTS OR
30 AGE 65, OR FOR PARK RANGERS OR CAPITOL POLICE OFFICERS, AGE 55

1 WITH 20 YEARS OF SERVICE AS A PARK RANGER OR CAPITOL POLICE
2 OFFICER, EXCEPT FOR A MEMBER OF THE GENERAL ASSEMBLY, AN
3 ENFORCEMENT OFFICER, A CORRECTION OFFICER, A PSYCHIATRIC
4 SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY POLICEMAN OR AN
5 OFFICER OF THE PENNSYLVANIA STATE POLICE, AGE 55.

6 * * *

7 "VESTEE." A MEMBER WITH FIVE OR MORE ELIGIBILITY POINTS[,
8 OR] IN A CLASS OF SERVICE OTHER THAN CLASS A-3 OR CLASS A-4 OR
9 CLASS T-E OR CLASS T-F IN THE PUBLIC SCHOOL EMPLOYEES'
10 RETIREMENT SYSTEM, A MEMBER WITH CLASS G, CLASS H, CLASS I,
11 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE
12 OR MORE ELIGIBILITY POINTS, OR A MEMBER WITH CLASS A-3 OR CLASS
13 A-4 SERVICE WITH TEN OR MORE ELIGIBILITY POINTS WHO HAS
14 TERMINATED STATE SERVICE AND HAS ELECTED TO LEAVE HIS TOTAL
15 ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT OF AN
16 ANNUITY.

17 SECTION 7.2. SECTIONS 5302(E), 5303(B)(1) AND 5304(A) OF
18 TITLE 71 ARE AMENDED TO READ:

19 § 5302. CREDITED STATE SERVICE.

20 * * *

21 (E) CANCELLATION OF CREDITED SERVICE.--ALL CREDITED SERVICE
22 SHALL BE CANCELLED IF A MEMBER WITHDRAWS HIS TOTAL ACCUMULATED
23 DEDUCTIONS EXCEPT THAT A MEMBER WITH CLASS A-3 OR CLASS A-4
24 SERVICE CREDIT AND ONE OR MORE OTHER CLASSES OF SERVICE CREDIT
25 SHALL NOT HAVE HIS SERVICE AS A MEMBER OF ANY CLASSES OF SERVICE
26 OTHER THAN AS A MEMBER OF CLASS A-3 OR CLASS A-4 CANCELLED WHEN
27 THE MEMBER RECEIVES A LUMP SUM PAYMENT OF ACCUMULATED DEDUCTIONS
28 RESULTING FROM CLASS A-3 OR CLASS A-4 SERVICE PURSUANT TO
29 SECTION 5705.1 (RELATING TO PAYMENT OF ACCUMULATED DEDUCTIONS
30 RESULTING FROM CLASS A-3 AND CLASS A-4 SERVICE).

1 § 5303. RETENTION AND REINSTATEMENT OF SERVICE CREDITS.

2 * * *

3 (B) ELIGIBILITY POINTS FOR PROSPECTIVE CREDITED SERVICE.--

4 (1) EVERY ACTIVE MEMBER OF THE SYSTEM OR A MULTIPLE
5 SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND A MEMBER OF THE
6 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE
7 EFFECTIVE DATE OF THIS PART SHALL RECEIVE ELIGIBILITY POINTS
8 IN ACCORDANCE WITH SECTION 5307 FOR CURRENT STATE SERVICE,
9 PREVIOUS STATE SERVICE, OR CREDITABLE NONSTATE SERVICE UPON
10 COMPLIANCE WITH SECTIONS 5501 (RELATING TO REGULAR MEMBER
11 CONTRIBUTIONS FOR CURRENT SERVICE), 5504 (RELATING TO MEMBER
12 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE
13 SERVICE OR TO BECOME A FULL COVERAGE MEMBER), 5505 (RELATING
14 TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
15 NONSTATE SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER
16 CONTRIBUTIONS) OR 5506 (RELATING TO INCOMPLETE PAYMENTS).
17 SUBJECT TO THE LIMITATIONS IN SECTIONS 5306.1 (RELATING TO
18 ELECTION TO BECOME A CLASS AA MEMBER) AND 5306.2 (RELATING TO
19 ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY), THE CLASS OR
20 CLASSES OF SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR
21 PREVIOUS STATE SERVICE PRIOR TO THE EFFECTIVE DATE OF THIS
22 PART SHALL BE THE CLASS OR CLASSES IN WHICH HE WAS OR COULD
23 HAVE AT ANY TIME ELECTED TO BE CREDITED FOR SUCH SERVICE,
24 EXCEPT THAT A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF
25 THE SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER
26 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND:
27 (I) IS CREDITED WITH CLASS A-3 SERVICE FOR SUCH
28 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-3 SERVICE
29 FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1,
30 2011, THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM; OR

1 (II) IS CREDITED WITH CLASS A-4 SERVICE FOR SUCH
2 MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-3 SERVICE
3 FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1,
4 2011, THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM. THE
5 CLASS OF SERVICE IN WHICH A MEMBER SHALL BE CREDITED FOR
6 SERVICE SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART
7 SHALL BE DETERMINED IN ACCORDANCE WITH SECTION 5306
8 (RELATING TO CLASSES OF SERVICE).

9 * * *

10 § 5304. CREDITABLE NONSTATE SERVICE.

11 (A) ELIGIBILITY.--

12 (1) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER
13 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
14 MEMBER OF THE GENERAL ASSEMBLY, OR A MULTIPLE SERVICE MEMBER
15 WHO FIRST BECOMES AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR
16 BEFORE DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY,
17 AND WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
18 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE
19 FOR CLASS A SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS
20 SET FORTH IN SUBSECTIONS (B) AND (C) EXCEPT THAT INTERVENING
21 MILITARY SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE
22 FOR WHICH THE MEMBER WAS ELIGIBLE AT THE TIME OF ENTERING
23 INTO MILITARY SERVICE AND FOR WHICH HE MAKES THE REQUIRED
24 CONTRIBUTIONS AND EXCEPT THAT A MULTIPLE SERVICE MEMBER WHO
25 IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC
26 SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO
27 PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE SET
28 FORTH IN SUBSECTION (C) (5).

29 (2) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER
30 ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010,

1 AS A MEMBER OF THE GENERAL ASSEMBLY, OR A MULTIPLE SERVICE
2 MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER ON OR AFTER JANUARY
3 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER OF THE
4 GENERAL ASSEMBLY, AND WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE
5 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
6 SHALL BE ELIGIBLE FOR CLASS A-3 SERVICE CREDIT FOR CREDITABLE
7 NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B) AND (C)
8 EXCEPT THAT INTERVENING MILITARY SERVICE SHALL BE CREDITED IN
9 THE CLASS OF SERVICE FOR WHICH THE MEMBER WAS ELIGIBLE AT THE
10 TIME OF ENTERING INTO MILITARY SERVICE AND FOR WHICH HE MAKES
11 THE REQUIRED CONTRIBUTIONS AND EXCEPT THAT A MULTIPLE SERVICE
12 MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE
13 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL NOT BE
14 ELIGIBLE TO PURCHASE SERVICE CREDIT FOR CREDITABLE NONSTATE
15 SERVICE SET FORTH IN SUBSECTION (C) (5).

16 * * *

17 SECTION 7.3. SECTION 5306(A), (A.1) (1), (2), (5) AND (6) AND
18 (A.2) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY
19 ADDING A SUBSECTION TO READ:

20 § 5306. CLASSES OF SERVICE.

21 (A) CLASS A AND CLASS A-3 MEMBERSHIP.--

22 (1) A STATE EMPLOYEE WHO IS A MEMBER OF CLASS A ON THE
23 EFFECTIVE DATE OF THIS PART OR WHO FIRST BECOMES A MEMBER OF
24 THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART AND
25 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
26 MEMBER OF THE GENERAL ASSEMBLY, SHALL BE CLASSIFIED AS A
27 CLASS A MEMBER AND RECEIVE CREDIT FOR CLASS A SERVICE UPON
28 PAYMENT OF REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS FOR
29 CLASS A SERVICE, PROVIDED THAT THE STATE EMPLOYEE DOES NOT
30 BECOME A MEMBER OF CLASS AA PURSUANT TO SUBSECTION (A.1) OR A

1 MEMBER OF CLASS D-4 PURSUANT TO SUBSECTION (A.2).

2 (2) A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE
3 SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER
4 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, SHALL BE
5 CLASSIFIED AS A CLASS A-3 MEMBER AND RECEIVE CREDIT FOR CLASS
6 A-3 SERVICE UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR
7 CLASS A-3 SERVICE PROVIDED THAT THE STATE EMPLOYEE DOES NOT
8 BECOME A MEMBER OF CLASS A-4 PURSUANT TO SUBSECTION (A.3),
9 EXCEPT THAT A MEMBER OF THE JUDICIARY SHALL BE CLASSIFIED AS
10 A MEMBER OF SUCH OTHER CLASS OF SERVICE FOR WHICH THE MEMBER
11 OF THE JUDICIARY IS ELIGIBLE, SHALL ELECT, AND MAKE REGULAR
12 MEMBER CONTRIBUTIONS.

13 (A.1) CLASS AA MEMBERSHIP.--

14 (1) A PERSON WHO BECOMES A STATE EMPLOYEE AND AN ACTIVE
15 MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND WHO FIRST
16 BECAME AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR BEFORE
17 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND
18 WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A
19 POSITION FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A IS
20 CREDITED OR COULD BE ELECTED SHALL BE CLASSIFIED AS A CLASS
21 AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON
22 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE
23 AND, SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7),
24 IF PREVIOUSLY A MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A
25 POSITION FOR WHICH CLASS A SERVICE COULD HAVE BEEN EARNED,
26 SHALL HAVE ALL CLASS A STATE SERVICE (OTHER THAN STATE
27 SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR WHICH A
28 CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED OR COULD HAVE
29 BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

30 (2) A PERSON WHO IS A STATE EMPLOYEE ON JUNE 30, 2001,

1 AND JULY 1, 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM
2 BECAUSE MEMBERSHIP IN THE SYSTEM IS OPTIONAL OR PROHIBITED
3 PURSUANT TO SECTION 5301 (RELATING TO MANDATORY AND OPTIONAL
4 MEMBERSHIP) AND WHO FIRST BECOMES AN ACTIVE MEMBER AFTER JUNE
5 30, 2001, AND BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1,
6 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND WHO IS NOT A
7 STATE POLICE OFFICER AND NOT EMPLOYED IN A POSITION FOR WHICH
8 A CLASS OF SERVICE OTHER THAN CLASS A IS CREDITED OR COULD BE
9 ELECTED SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE
10 CREDIT FOR CLASS AA STATE SERVICE UPON PAYMENT OF REGULAR
11 MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE AND, SUBJECT TO THE
12 LIMITATIONS CONTAINED IN PARAGRAPH (7), IF PREVIOUSLY A
13 MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A POSITION FOR
14 WHICH CLASS A SERVICE COULD HAVE BEEN EARNED, SHALL HAVE ALL
15 CLASS A STATE SERVICE (OTHER THAN STATE SERVICE PERFORMED AS
16 A STATE POLICE OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER
17 THAN CLASS A WAS EARNED OR COULD HAVE BEEN ELECTED)
18 CLASSIFIED AS CLASS AA SERVICE.

19 * * *

20 (5) A FORMER STATE EMPLOYEE WHO FIRST BECOMES A MEMBER
21 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A
22 MEMBER OF THE GENERAL ASSEMBLY, OTHER THAN A FORMER STATE
23 EMPLOYEE WHO WAS A STATE POLICE OFFICER ON OR AFTER JULY 1,
24 1989, WHO IS A SCHOOL EMPLOYEE AND WHO ON OR AFTER JULY 1,
25 2001, BECOMES A MULTIPLE SERVICE MEMBER, SUBJECT TO THE
26 LIMITATIONS CONTAINED IN PARAGRAPH (7), SHALL RECEIVE CLASS
27 AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE OTHER THAN
28 STATE SERVICE PERFORMED AS A STATE EMPLOYEE IN A POSITION IN
29 WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS OF
30 SERVICE OTHER THAN CLASS A.

1 (6) A STATE EMPLOYEE WHO AFTER JUNE 30, 2001, BECOMES A
2 STATE POLICE OFFICER OR WHO IS EMPLOYED IN A POSITION IN
3 WHICH THE MEMBER COULD ELECT MEMBERSHIP IN A CLASS OF SERVICE
4 OTHER THAN CLASS AA OR CLASS D-4 SHALL RETAIN ANY CLASS AA
5 SERVICE CREDITED PRIOR TO BECOMING A STATE POLICE OFFICER OR
6 BEING SO EMPLOYED BUT SHALL BE INELIGIBLE TO RECEIVE CLASS AA
7 CREDIT THEREAFTER AND INSTEAD SHALL RECEIVE CLASS A CREDIT
8 FOR SERVICE AS A MEMBER OF THE JUDICIARY OR IF HE FIRST
9 BECAME A MEMBER BEFORE JANUARY 1, 2011, OR DECEMBER 1, 2010,
10 AS A MEMBER OF THE GENERAL ASSEMBLY, OR CLASS A-3 CREDIT FOR
11 SERVICE OTHER THAN AS A MEMBER OF THE JUDICIARY AND HE FIRST
12 BECAME A MEMBER ON OR AFTER JANUARY 1, 2011, OR DECEMBER 1,
13 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, UNLESS A CLASS OF
14 MEMBERSHIP OTHER THAN CLASS A IS ELECTED.

15 * * *

16 (A.2) CLASS OF MEMBERSHIP FOR MEMBERS OF THE GENERAL
17 ASSEMBLY.--

18 (1) A PERSON WHO:

19 (I) BECOMES A MEMBER OF THE GENERAL ASSEMBLY AND AN
20 ACTIVE MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND
21 BEFORE DECEMBER 1, 2010; OR

22 (II) IS A MEMBER OF THE GENERAL ASSEMBLY ON JULY 1,
23 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM BECAUSE
24 MEMBERSHIP IN THE SYSTEM IS OPTIONAL PURSUANT TO SECTION
25 5301 AND WHO BECOMES AN ACTIVE MEMBER AFTER JUNE 30,
26 2001, AND BEFORE DECEMBER 1, 2010;

27 AND WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1,
28 1989, SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND RECEIVE
29 CREDIT AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A
30 MEMBER OF THE GENERAL ASSEMBLY UPON PAYMENT OF REGULAR MEMBER

1 CONTRIBUTIONS FOR CLASS D-4 SERVICE AND, SUBJECT TO THE
2 LIMITATIONS CONTAINED IN SUBSECTION (A.1) (7), IF PREVIOUSLY A
3 MEMBER OF CLASS A OR EMPLOYED IN A POSITION FOR WHICH CLASS A
4 SERVICE COULD HAVE BEEN EARNED, SHALL RECEIVE CLASS AA
5 SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER THAN
6 STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR
7 WHICH A CLASS OF SERVICE OTHER THAN CLASS A OR CLASS D-4 WAS
8 OR COULD HAVE BEEN ELECTED OR CREDITED.

9 (2) PROVIDED AN ELECTION TO BECOME A CLASS D-4 MEMBER IS
10 MADE PURSUANT TO SECTION 5306.2 (RELATING TO ELECTIONS BY
11 MEMBERS OF THE GENERAL ASSEMBLY), A STATE EMPLOYEE WHO WAS
12 NOT A STATE POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON
13 JULY 1, 2001, IS A MEMBER OF THE GENERAL ASSEMBLY AND AN
14 ACTIVE MEMBER OF THE SYSTEM AND NOT A MEMBER OF CLASS D-3
15 SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND RECEIVE CREDIT
16 AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE PERFORMED AS A
17 MEMBER OF THE GENERAL ASSEMBLY NOT CREDITED AS ANOTHER CLASS
18 OTHER THAN CLASS A UPON PAYMENT OF REGULAR MEMBER
19 CONTRIBUTIONS FOR CLASS D-4 SERVICE AND, SUBJECT TO THE
20 LIMITATIONS CONTAINED IN PARAGRAPH (A.1) (7), SHALL RECEIVE
21 CLASS AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE, OTHER
22 THAN STATE SERVICE PERFORMED AS A STATE POLICE OFFICER OR AS
23 A STATE EMPLOYEE IN A POSITION IN WHICH THE MEMBER COULD HAVE
24 ELECTED A CLASS OF SERVICE OTHER THAN CLASS A, PERFORMED
25 BEFORE JULY 1, 2001.

26 (3) A MEMBER OF THE GENERAL ASSEMBLY WHO AFTER JUNE 30,
27 2001, BECOMES A STATE POLICE OFFICER SHALL RETAIN ANY CLASS
28 AA SERVICE OR CLASS D-4 SERVICE CREDITED PRIOR TO BECOMING A
29 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE
30 INELIGIBLE TO RECEIVE CLASS AA OR CLASS D-4 CREDIT THEREAFTER

1 AND INSTEAD SHALL RECEIVE CLASS A CREDIT OR CLASS A-3 CREDIT
2 IF HE FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER
3 JANUARY 1, 2011.

4 (4) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,
5 NO SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY PERFORMED
6 BEFORE DECEMBER 1, 2010, THAT IS NOT CREDITED AS CLASS D-4
7 SERVICE ON NOVEMBER 30, 2010, SHALL BE CREDITED AS CLASS D-4
8 SERVICE, UNLESS SUCH SERVICE WAS PREVIOUSLY CREDITED IN THE
9 SYSTEM AS CLASS D-4 SERVICE AND THE MEMBER WITHDREW HIS TOTAL
10 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5311 (RELATING
11 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF
12 TOTAL ACCUMULATED DEDUCTIONS). NO SERVICE AS A MEMBER OF THE
13 GENERAL ASSEMBLY PERFORMED ON OR AFTER DECEMBER 1, 2010,
14 SHALL BE CREDITED AS CLASS D-4 SERVICE UNLESS THE MEMBER
15 PREVIOUSLY WAS CREDITED WITH CLASS D-4 SERVICE CREDITS.

16 (A.3) CLASS A-3 MEMBERSHIP.--PROVIDED THAT AN ELECTION TO
17 BECOME A CLASS A-4 MEMBER IS MADE PURSUANT TO SECTION 5306.3
18 (RELATING TO ELECTION TO BECOME A CLASS A-4 MEMBER), A STATE
19 EMPLOYEE WHO OTHERWISE WOULD BE A MEMBER OF CLASS A-3 SHALL BE
20 CLASSIFIED AS A CLASS A-4 MEMBER AND RECEIVE CREDIT FOR ALL
21 CREDITABLE STATE SERVICE PERFORMED AFTER THE EFFECTIVE DATE OF
22 MEMBERSHIP IN THE SYSTEM, EXCEPT AS A MEMBER OF THE JUDICIARY,
23 UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-4
24 SERVICE.

25 * * *

26 SECTION 7.4. TITLE 71 IS AMENDED BY ADDING A SECTION TO
27 READ:

28 § 5306.3. ELECTION TO BECOME A CLASS A-4 MEMBER.

29 (A) GENERAL RULE.--A PERSON WHO OTHERWISE IS ELIGIBLE FOR
30 CLASS A-3 MEMBERSHIP WHO HAS NOT PREVIOUSLY ELECTED OR DECLINED

1 TO ELECT CLASS A-4 MEMBERSHIP MAY ELECT TO BECOME A MEMBER OF
2 CLASS A-4.

3 (B) TIME FOR MAKING ELECTION.--THE ELECTION TO BECOME A
4 CLASS A-4 MEMBER MUST BE MADE BY THE MEMBER FILING WRITTEN
5 NOTICE WITH THE BOARD IN A FORM AND MANNER DETERMINED BY THE
6 BOARD NO LATER THAN 45 DAYS AFTER NOTICE FROM THE BOARD OF THE
7 MEMBER'S ELIGIBILITY TO ELECT CLASS A-4 MEMBERSHIP.

8 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS A-4
9 MEMBER SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE
10 EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM AND SHALL REMAIN IN
11 EFFECT FOR ALL FUTURE CREDITABLE STATE SERVICE, OTHER THAN
12 SERVICE PERFORMED AS A MEMBER OF THE JUDICIARY. PAYMENT OF
13 REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-4 STATE SERVICE
14 PERFORMED PRIOR TO THE ELECTION OF CLASS A-4 SERVICE SHALL BE
15 MADE IN A FORM, MANNER AND TIME DETERMINED BY THE BOARD. UPON
16 TERMINATION AND SUBSEQUENT REEMPLOYMENT, A MEMBER WHO ELECTED
17 CLASS A-4 MEMBERSHIP SHALL BE CREDITED AS A CLASS A-4 MEMBER FOR
18 CREDITABLE STATE SERVICE PERFORMED AFTER REEMPLOYMENT, EXCEPT AS
19 A MEMBER OF THE JUDICIARY, REGARDLESS OF TERMINATION OF
20 EMPLOYMENT, TERMINATION OF MEMBERSHIP BY WITHDRAWAL OF
21 ACCUMULATED DEDUCTIONS OR STATUS AS AN ANNUITANT, VESTEE OR
22 INACTIVE MEMBER AFTER THE TERMINATION OF SERVICE.

23 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO
24 BECOME A CLASS A-4 MEMBER WITHIN THE ELECTION PERIOD SET FORTH
25 IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S STATE
26 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE
27 JUDICIARY, BEING CREDITED AS CLASS A-3 SERVICE AND NOT SUBJECT
28 TO FURTHER ELECTION OR CREDITING AS CLASS A-4 SERVICE. UPON
29 TERMINATION AND SUBSEQUENT EMPLOYMENT, A MEMBER WHO FAILED TO
30 ELECT TO BECOME A CLASS A-4 MEMBER SHALL NOT BE ELIGIBLE TO MAKE

1 ANOTHER ELECTION TO BECOME A CLASS A-4 MEMBER FOR EITHER PAST OR
2 FUTURE STATE SERVICE.

3 SECTION 7.5. SECTIONS 5308(B) AND 5309 OF TITLE 71 ARE
4 AMENDED TO READ:

5 § 5308. ELIGIBILITY FOR ANNUITIES.

6 * * *

7 (B) WITHDRAWAL ANNUITY.--

8 (1) ANY VESTEE OR ANY ACTIVE MEMBER OR INACTIVE MEMBER
9 ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE HAVING FIVE
10 OR MORE ELIGIBILITY POINTS AND WHO DOES NOT HAVE CLASS A-3 OR
11 CLASS A-4 SERVICE CREDIT OR CLASS T-E OR CLASS T-F SERVICE
12 CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR
13 WHO HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L,
14 CLASS M OR CLASS N SERVICE AND TERMINATES STATE SERVICE
15 HAVING FIVE OR MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH
16 SECTION 5907(F), (G) OR (H) SHALL BE ENTITLED TO RECEIVE AN
17 ANNUITY.

18 (2) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON
19 LEAVE WITHOUT PAY WHO HAS CLASS A-3 OR CLASS A-4 SERVICE
20 CREDIT OR CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC
21 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES STATE
22 SERVICE HAVING TEN OR MORE ELIGIBILITY POINTS, UPON
23 COMPLIANCE WITH SECTION 5907(F), (G) OR (H), SHALL BE
24 ENTITLED TO RECEIVE AN ANNUITY.

25 (3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON
26 LEAVE WITHOUT PAY WHO HAS EITHER CLASS A-3 OR CLASS A-4
27 SERVICE CREDIT OR CLASS T-E OR CLASS T-F SERVICE CREDIT IN
28 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND ALSO HAS
29 SERVICE CREDITED IN THE SYSTEM IN ONE OR MORE OTHER CLASSES
30 OF SERVICE WHO HAS FIVE OR MORE, BUT FEWER THAN TEN,

1 ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION 5907(F), (G)
2 OR (H) SHALL BE ELIGIBLE TO RECEIVE AN ANNUITY CALCULATED ON
3 HIS SERVICE CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS
4 A-3 OR CLASS A-4, PROVIDED THAT THE MEMBER HAS FIVE OR MORE
5 ELIGIBILITY POINTS RESULTING FROM SERVICE IN CLASSES OTHER
6 THAN CLASS A-3 OR CLASS A-4 OR CLASS T-E OR CLASS T-F SERVICE
7 IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

8 * * *

9 § 5309. ELIGIBILITY FOR VESTING.

10 ANY MEMBER WHO:

11 (1) DOES NOT HAVE CLASS A-3 OR CLASS A-4 SERVICE CREDIT
12 OR CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL
13 EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE SERVICE
14 WITH FIVE OR MORE ELIGIBILITY POINTS, OR ANY MEMBER WITH
15 CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M
16 OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY POINTS,
17 SHALL BE ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION AGE TO
18 VEST HIS RETIREMENT BENEFITS.

19 (2) HAS CLASS A-3 OR CLASS A-4 SERVICE CREDIT OR CLASS
20 T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL
21 EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE SERVICE
22 WITH TEN OR MORE ELIGIBILITY POINTS SHALL BE ELIGIBLE UNTIL
23 ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS RETIREMENT
24 BENEFITS.

25 (3) HAS EITHER CLASS A-3 OR CLASS A-4 SERVICE CREDIT OR
26 CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL
27 EMPLOYEES' RETIREMENT SYSTEM, ALSO HAS SERVICE CREDITED IN
28 THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE AND HAS
29 FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS SHALL BE
30 ELIGIBLE UNTIL THE ATTAINMENT OF SUPERANNUATION AGE TO VEST

1 HIS RETIREMENT BENEFITS CALCULATED ON HIS SERVICE CREDITED IN
2 CLASSES OF SERVICE OTHER THAN CLASS A-3 OR CLASS A-4 AND TO
3 BE CREDITED WITH STATUTORY INTEREST ON TOTAL ACCUMULATED
4 DEDUCTIONS, REGARDLESS OF WHETHER OR NOT ANY PART OF HIS
5 ACCUMULATED DEDUCTIONS ARE A RESULT OF CLASS A-3 OR CLASS A-4
6 SERVICE CREDIT.

7 Section 3 8. Title 71 is amended by adding a section to ←
8 read:

9 § 5501.1. Definitions.

10 The following words and phrases when used in this chapter
11 shall have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Actuarially required contribution rate." The employer
14 contribution rate as calculated pursuant to section 5508(a),
15 (b), (c), (e) and (f) (relating to actuarial cost method).

16 "Costs added by legislation." The sum, if positive, of all
17 changes in the actuarially required contribution rate resulting
18 from legislation enacted in the year since the last actuarial
19 valuation and not included in the determination of the prior
20 year's final contribution rate, computed as the rate of total
21 compensation of all active members certified by the actuary as
22 sufficient to make the employer normal contributions and
23 sufficient to amortize legislatively created changes in the
24 unfunded actuarial liability as a level percentage of
25 compensation over a period of ten years from the July 1
26 following the valuation date.

27 ~~Section 4. Sections 5507, 5508, 5708.1(f), 5708.2(f), ←~~
28 ~~5708.3(f), 5708.5(f), 5708.6(f), 5708.7(f), 5708.8(g), 5902(k), ←~~
29 ~~5907(c), 5934 and 5938 of Title 71 are amended to read:~~

30 SECTION 9. SECTIONS 5502.1, 5504(A), 5505(B) AND (D), 5507, ←

1 5508, 5702(A)(4) AND (6), 5704(E) AND 5705(A) OF TITLE 71 ARE
2 AMENDED TO READ:

3 § 5502.1. WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL
4 SECURITY INTEGRATION MEMBER CONTRIBUTIONS.

5 (A) GENERAL RULE.--NOTWITHSTANDING THE PROVISIONS OF
6 SECTIONS 5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR
7 CURRENT SERVICE) AND 5502 (RELATING TO SOCIAL SECURITY
8 INTEGRATION MEMBER CONTRIBUTIONS), NO REGULAR MEMBER
9 CONTRIBUTIONS OR SOCIAL SECURITY INTEGRATION MEMBER
10 CONTRIBUTIONS SHALL BE MADE BY AN ACTIVE MEMBER FOR THE PERIOD
11 FROM JULY 1 TO THE FOLLOWING JUNE 30 IF THE MAXIMUM SINGLE LIFE
12 ANNUITY TO WHICH THE MEMBER WOULD HAVE BEEN ENTITLED TO RECEIVE
13 HAD THE MEMBER RETIRED WITH AN EFFECTIVE DATE OF RETIREMENT ON
14 THE PRECEDING JANUARY 1 IS GREATER THAN 110% OF THE HIGHEST
15 CALENDAR YEAR COMPENSATION OF THE MEMBER, PROVIDED THE MEMBER
16 FILES A WRITTEN ELECTION AS PRESCRIBED BY THE BOARD.

17 (B) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO ANY
18 MEMBER WHO HAS CLASS A-3 OR CLASS A-4 SERVICE CREDIT.

19 § 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
20 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE
21 MEMBER.

22 (A) AMOUNT OF CONTRIBUTIONS FOR SERVICE IN OTHER THAN CLASS
23 G THROUGH N.--

24 (1) THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR
25 ELIGIBLE SCHOOL EMPLOYEE FOR CREDIT FOR TOTAL PREVIOUS STATE
26 SERVICE OTHER THAN SERVICE IN CLASS G, CLASS H, CLASS I,
27 CLASS J, CLASS K, CLASS L, CLASS M AND CLASS N OR TO BECOME A
28 FULL COVERAGE MEMBER SHALL BE SUFFICIENT TO PROVIDE AN AMOUNT
29 EQUAL TO THE REGULAR AND ADDITIONAL ACCUMULATED DEDUCTIONS
30 WHICH WOULD HAVE BEEN STANDING TO THE CREDIT OF THE MEMBER

1 FOR SUCH SERVICE HAD REGULAR AND ADDITIONAL MEMBER
2 CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE IN THE CLASS OF
3 SERVICE AND AT THE RATE OF CONTRIBUTION APPLICABLE DURING
4 SUCH PERIOD OF PREVIOUS SERVICE AND HAD HIS REGULAR AND
5 ADDITIONAL ACCUMULATED DEDUCTIONS BEEN CREDITED WITH
6 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND
7 SCHOOL SERVICE UP TO THE DATE OF PURCHASE.

8 (2) NOTWITHSTANDING PARAGRAPH (1), MEMBERS WITH CLASS
9 A-3 STATE SERVICE SHALL MAKE CONTRIBUTIONS AND RECEIVE CREDIT
10 AS IF THE PREVIOUS STATE SERVICE WAS CLASS A-3 SERVICE, AND
11 MEMBERS WITH CLASS A-4 STATE SERVICE SHALL MAKE CONTRIBUTIONS
12 AND RECEIVE CREDIT AS IF THE PREVIOUS STATE SERVICE WAS CLASS
13 A-4 SERVICE, EVEN IF IT WOULD HAVE BEEN CREDITED AS A
14 DIFFERENT CLASS OF SERVICE HAD THE STATE EMPLOYEE BEEN A
15 MEMBER OF THE SYSTEM AT THE TIME THE SERVICE WAS PERFORMED
16 UNLESS IT WAS MANDATORY THAT THE STATE EMPLOYEE BE AN ACTIVE
17 MEMBER OF THE SYSTEM AND THE PREVIOUS STATE SERVICE IS BEING
18 CREDITED AS THE RESULT OF A MANDATORY ACTIVE MEMBERSHIP
19 REQUIREMENT.

20 * * *

21 § 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE
22 NONSTATE SERVICE.

23 * * *

24 (B) NONINTERVENING MILITARY SERVICE.--

25 (1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR
26 MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE
27 SHALL BE DETERMINED BY APPLYING THE PRODUCT OF THE MEMBER'S
28 BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE MULTIPLIER
29 APPLICABLE TO CONTRIBUTIONS FOR THE CLASS OF SERVICE TO WHICH
30 THE MILITARY SERVICE WILL BE CREDITED, THE ADDITIONAL

1 CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL CONTRIBUTION
2 RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY, SUBSEQUENT TO
3 SUCH MILITARY SERVICE, OF THE MEMBER INTO STATE SERVICE TO
4 HIS AVERAGE ANNUAL RATE OF COMPENSATION OVER THE FIRST THREE
5 YEARS OF SUCH SUBSEQUENT STATE SERVICE AND MULTIPLYING THE
6 RESULT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR
7 OF CREDITABLE NONINTERVENING MILITARY SERVICE BEING PURCHASED
8 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF
9 SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF PURCHASE. UPON
10 APPLICATION FOR CREDIT FOR SUCH SERVICE, PAYMENT SHALL BE
11 MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE
12 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF
13 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY BE
14 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS
15 IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE
16 SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND
17 THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND
18 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR
19 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO
20 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION
21 PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION
22 DETERMINES. IN THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS
23 AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
24 SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED
25 TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL
26 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.
27 APPLICATION MAY BE FILED FOR ALL SUCH MILITARY SERVICE CREDIT
28 UPON COMPLETION OF THREE YEARS OF SUBSEQUENT STATE SERVICE
29 AND SHALL BE CREDITED AS CLASS A-3 SERVICE FOR STATE
30 EMPLOYEES WHO FIRST BECOME MEMBERS OF THE SYSTEM ON OR AFTER

1 JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER
2 OF THE GENERAL ASSEMBLY, AND AS CLASS A SERVICE FOR ALL OTHER
3 MEMBERS.

4 (2) APPLICANTS MAY PURCHASE CREDIT AS FOLLOWS:

5 (I) ONE PURCHASE OF THE TOTAL AMOUNT OF CREDITABLE
6 NONINTERVENING MILITARY SERVICE; OR

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

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

11 * * *

12 (D) NONMILITARY AND NONMAGISTERIAL SERVICE.--CONTRIBUTIONS
13 ON ACCOUNT OF CREDIT FOR CREDITABLE NONSTATE SERVICE OTHER THAN
14 MILITARY AND MAGISTERIAL SERVICE SHALL BE DETERMINED BY APPLYING
15 THE PRODUCT OF THE MEMBER'S BASIC CONTRIBUTION RATE AND THE
16 CLASS OF SERVICE MULTIPLIER APPLICABLE TO CONTRIBUTIONS FOR THE
17 CLASS OF SERVICE TO WHICH SUCH NONSTATE SERVICE WILL BE
18 CREDITED, THE ADDITIONAL CONTRIBUTION RATE PLUS THE COMMONWEALTH
19 NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY
20 SUBSEQUENT TO SUCH CREDITABLE NONSTATE SERVICE OF THE MEMBER
21 INTO STATE SERVICE TO HIS COMPENSATION AT THE TIME OF ENTRY INTO
22 STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF YEARS
23 AND FRACTIONAL PART OF A YEAR OF CREDITABLE NONSTATE SERVICE
24 BEING PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL
25 PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE TO THE DATE OF
26 PURCHASE. UPON APPLICATION FOR CREDIT FOR SUCH SERVICE PAYMENT
27 SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN
28 ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE
29 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY
30 BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS

1 IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY
2 DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD
3 MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST
4 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE
5 BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY
6 LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE
7 BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF AN
8 ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC
9 SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY
10 DEDUCTION SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'
11 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD
12 THE AMOUNTS PAID.

13 * * *

14 § 5507. Contributions by the Commonwealth and other employers.

15 (a) Contributions on behalf of active members.--The
16 Commonwealth and other employers whose employees are members of
17 the system shall make contributions to the fund on behalf of all
18 active members in such amounts as shall be certified by the
19 board as necessary to provide, together with the members' total
20 accumulated deductions, annuity reserves on account of
21 prospective annuities other than those provided in section 5708
22 (relating to supplemental annuities), 5708.1 (relating to
23 additional supplemental annuities), 5708.2 (relating to further
24 additional supplemental annuities), 5708.3 (relating to
25 supplemental annuities commencing 1994), 5708.4 (relating to
26 special supplemental postretirement adjustment), 5708.5
27 (relating to supplemental annuities commencing 1998), 5708.6
28 (relating to supplemental annuities commencing 2002), 5708.7
29 (relating to supplemental annuities commencing 2003) and 5708.8
30 (relating to special supplemental postretirement adjustment of

1 2002), in accordance with the actuarial cost method provided in
2 section 5508(a), (b), (c), (d) and (f) (relating to actuarial
3 cost method).

4 (b) Contributions on behalf of annuitants.--The Commonwealth
5 and other employers whose employees are members of the system
6 shall make contributions on behalf of annuitants in such amounts
7 as shall be certified by the board as necessary to fund the
8 liabilities for supplemental annuities in accordance with the
9 actuarial cost method provided in section 5508(e) (relating to
10 actuarial cost method).

11 (c) Contributions transferred by county retirement
12 systems.--

13 (1) Each county retirement system or pension plan which
14 is notified by certification from the board that a former
15 contributor who was transferred to State employment pursuant
16 to 42 Pa.C.S. § 1905 (relating to county-level court
17 administrators) has elected to convert county service to
18 State service in accordance with section 5303.1 (relating to
19 election to convert county service to State service) shall
20 transfer to the board an amount equal to the actuarial
21 liability for the additional benefits that result in the
22 system as a result of the conversion as certified by the
23 board. This amount shall be calculated in such a manner and
24 using such actuarial factors and assumptions as the board,
25 after obtaining the advice of its actuary, shall determine
26 and shall be calculated by determining the present value of
27 the future benefits for the former county contributors and
28 subtracting from that present value the present value of
29 future employee contributions and future employer normal cost
30 contributions.

1 (2) The transfer shall occur no later than 180 days
2 after the certification by the board of the actuarial
3 liability for the additional benefits or 30 days following
4 the date of termination of service if the member terminates
5 State service after making the election to convert service,
6 whichever occurs first.

7 (3) If any county retirement system or pension plan
8 fails to transfer, within the required time, the money
9 certified by the board under this subsection, then the
10 service of such members for the period of converted service
11 shall be credited, and the board shall notify the county
12 which employed the employee who is converting the county
13 service and the State Treasurer of the amount due. The State
14 Treasurer shall withhold out of any grants, subsidies or
15 other payments from the State General Fund appropriation or
16 appropriations next due such county an amount equal to the
17 amount which the county retirement system or pension plan
18 failed to pay and shall pay the amount so withheld to the
19 board for the payment of the amount due from that county's
20 retirement system or pension plan for the converted service.

21 (d) Payment of final contribution rate.--Notwithstanding the
22 calculation of the actuarially required contribution rate and
23 the provisions of subsections (a) and (b), the Commonwealth and
24 other employers whose employees are members of the system shall
25 make contributions to the fund on behalf of all active members
26 and annuitants in such amounts as shall be certified by the
27 board in accordance with section 5508(i).

28 (e) Benefits completion plan contributions.--In addition to
29 all other contributions required under this section and section
30 5508, the Commonwealth and other employers shall make

1 contributions as certified by the board pursuant to section 5941
2 (relating to benefits completion plan).

3 § 5508. Actuarial cost method.

4 (a) Employer contribution rate on behalf of active
5 members.--The amount of the Commonwealth and other employer
6 contributions on behalf of all active members shall be computed
7 by the actuary as a percentage of the total compensation of all
8 active members during the period for which the amount is
9 determined and shall be so certified by the board. The [total
10 employer] actuarially required contribution rate on behalf of
11 all active members shall consist of the employer normal
12 contribution rate, as defined in subsection (b), and the accrued
13 liability contribution rate as defined in subsection (c). The
14 [total employer] actuarially required contribution rate on
15 behalf of all active members shall be modified by the experience
16 adjustment factor as calculated in subsection (f) [but in no
17 case shall it be less than zero. The total employer contribution
18 rate shall be modified by the experience adjustment factor as
19 calculated in subsection (f), but in no case shall it be less
20 than:

- 21 (1) 2% for the fiscal year beginning July 1, 2004;
22 (2) 3% for the fiscal year beginning July 1, 2005; and
23 (3) 4% for the fiscal year beginning July 1, 2006, and
24 thereafter].

25 (b) Employer normal contribution rate.--The employer normal
26 contribution rate shall be determined after each actuarial
27 valuation on the basis of an annual interest rate and such
28 mortality and other tables as shall be adopted by the board in
29 accordance with generally accepted actuarial principles. The
30 employer normal contribution rate shall be determined as a level

1 percentage of the compensation of the average new active member,
2 which percentage, if contributed on the basis of his prospective
3 compensation through his entire period of active State service,
4 would be sufficient to fund the liability for any prospective
5 benefit payable to him[, except for the supplemental benefits
6 provided for in sections 5708 (relating to supplemental
7 annuities), 5708.1 (relating to additional supplemental
8 annuities), 5708.2 (relating to further additional supplemental
9 annuities), 5708.3 (relating to supplemental annuities
10 commencing 1994), 5708.4 (relating to special supplemental
11 postretirement adjustment), 5708.5 (relating to supplemental
12 annuities commencing 1998), 5708.6 (relating to supplemental
13 annuities commencing 2002), 5708.7 (relating to supplemental
14 annuities commencing 2003) and 5708.8 (relating to special
15 supplemental postretirement adjustment of 2002),] in excess of
16 that portion funded by his prospective member contributions.

17 (c) Accrued liability contribution rate.--

18 (1) For the fiscal [year] years beginning July 1, 2002,
19 and July 1, 2003, the accrued liability contribution rate
20 shall be computed as the rate of total compensation of all
21 active members which shall be certified by the actuary as
22 sufficient to fund over a period of ten years from July 1,
23 2002, the present value of the liabilities for all
24 prospective benefits, except for the supplemental benefits as
25 provided in sections 5708 (relating to supplemental
26 annuities), 5708.1 (relating to additional supplemental
27 annuities), 5708.2 (relating to further additional
28 supplemental annuities), 5708.3 (relating to supplemental
29 annuities commencing 1994), 5708.4 (relating to special
30 supplemental postretirement adjustment), 5708.5 (relating to

1 supplemental annuities commencing 1998), 5708.6 (relating to
2 supplemental annuities commencing 2002), 5708.7 (relating to
3 supplemental annuities commencing 2003) and 5708.8 (relating
4 to special supplemental postretirement adjustment of 2002),
5 in excess of the total assets in the fund (calculated
6 recognizing all investment gains and losses over a five-year
7 period), excluding the balance in the supplemental annuity
8 account, and the present value of employer normal
9 contributions and of member contributions payable with
10 respect to all active members on December 31, 2001, and
11 excluding contributions to be transferred by county
12 retirement systems or pension plans pursuant to section
13 5507(c) (relating to contributions by the Commonwealth and
14 other employers). The amount of each annual accrued liability
15 contribution shall be equal to the amount of such
16 contribution for the fiscal year beginning July 1, 2002,
17 except that, if the accrued liability is increased by
18 legislation enacted subsequent to June 30, 2002, but before
19 July 1, 2003, such additional liability shall be funded over
20 a period of ten years from the first day of July, coincident
21 with or next following the effective date of the increase.
22 The amount of each annual accrued liability contribution for
23 such additional legislative liabilities shall be equal to the
24 amount of such contribution for the first annual payment.

25 (2) Notwithstanding any other provision of law,
26 beginning July 1, 2004, and ending June 30, 2010, the
27 outstanding balance of the increase in accrued liability due
28 to the change in benefits enacted in 2001 shall be amortized
29 in equal dollar annual contributions over a period that ends
30 30 years after July 1, 2002, and the outstanding balance of

1 the net actuarial loss incurred in calendar year 2002 shall
2 be amortized in equal dollar annual contributions over a
3 period that ends 30 years after July 1, 2003. For fiscal
4 years beginning on or after July 1, 2004, and ending June 30,
5 2010, if the accrued liability is increased by legislation
6 enacted subsequent to June 30, 2003, but before January 1,
7 2009, such additional liability shall be funded in equal
8 dollar annual contributions over a period of ten years from
9 the first day of July coincident with or next following the
10 effective date of the increase.

11 (3) For the fiscal year beginning July 1, 2010, the
12 accrued liability contribution rate shall be computed as the
13 rate of total compensation of all active members which shall
14 be certified by the actuary as sufficient to fund as a level
15 percentage of compensation over a period of 30 years from
16 July 1, 2010, the present value of the liabilities for all
17 prospective benefits calculated as of the immediately prior
18 valuation date, including the supplemental benefits as
19 provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4,
20 5708.5, 5708.6, 5708.7 and 5708.8, but excluding the benefits
21 payable from the retirement benefit plan established pursuant
22 to section 5941 (relating to benefits completion plan), in
23 excess of the actuarially calculated assets in the fund
24 (calculated recognizing all realized and unrealized
25 investment gains and losses each year in level annual
26 installments over five years), including the balance in the
27 supplemental annuity account, and the present value of
28 employer normal contributions and of member contributions
29 payable with respect to all active members, inactive members
30 on leave without pay, vestees and special vestees on December

1 31, 2009. If the accrued liability is changed by legislation
2 enacted subsequent to December 31, 2009, such change in
3 liability shall be funded as a level percentage of
4 compensation over a period of ten years from the first day of
5 July following the valuation date coincident with or next
6 following the date such legislation is enacted.

7 (d) Special provisions on calculating contributions.--In
8 calculating the contributions required by subsections (a), (b)
9 and (c), the active members of Class C shall be considered to be
10 members of Class A. In addition, the actuary shall determine the
11 Commonwealth or other employer contributions required for active
12 members of Class C and officers of the Pennsylvania State Police
13 and enforcement officers and investigators of the Pennsylvania
14 Liquor Control Board who are members of Class A to finance their
15 benefits in excess of those to which other members of Class A
16 are entitled. Such additional contributions shall be determined
17 separately for officers and employees of the Pennsylvania State
18 Police and for enforcement officers and investigators of the
19 Pennsylvania Liquor Control Board. Such contributions payable on
20 behalf of officers and employees of the Pennsylvania State
21 Police shall include the amounts received by the system under
22 the provisions of the act of May 12, 1943 (P.L.259, No.120),
23 referred to as the Foreign Casualty Insurance Premium Tax
24 Allocation Law, and on behalf of enforcement officers or
25 investigators of the Pennsylvania Liquor Control Board, the
26 amounts received by the system under the provisions of the act
27 of April 12, 1951 (P.L.90, No.21), known as the Liquor Code.

28 (e) Supplemental annuity contribution rate.--[Contributions]

29 (1) For the period July 1, 2002, to June 30, 2010,
30 contributions from the Commonwealth and other employers whose

1 employees are members of the system required to provide for
2 the payment of supplemental annuities as provided in sections
3 5708, 5708.1, 5708.2, 5708.3, 5708.4 and 5708.5 shall be paid
4 over a period of ten years from July 1, 2002. The funding for
5 the supplemental annuities commencing 2002 provided for in
6 section 5708.6 shall be as provided in section 5708.6(f). The
7 funding for the supplemental annuities commencing 2003
8 provided for in section 5708.7 shall be as provided in
9 section 5708.7(f). The funding for the special supplemental
10 postretirement adjustment of 2002 under section 5708.8 shall
11 be as provided in section 5708.8(g). The amount of each
12 annual supplemental annuities contribution shall be equal to
13 the amount of such contribution for the fiscal year beginning
14 July 1, 2002. [In the event that supplemental annuities are
15 increased by legislation enacted subsequent to June 30, 2002,
16 the additional liability for the increase in benefits shall
17 be funded in equal dollar annual installments over a period
18 of ten years from the July first, coincident with or next
19 following the effective date of such legislation.]

20 (2) For fiscal years beginning on or after July 1, 2010,
21 contributions from the Commonwealth and other employers whose
22 employees are members of the system required to provide for
23 the payment of supplemental annuities as provided in sections
24 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7
25 and 5708.8 shall be paid as part of the accrued liability
26 contribution rate as provided for in subsection (c)(3) and
27 there shall not be a separate supplemental annuity
28 contribution rate attributable to those supplemental
29 annuities. In the event that supplemental annuities are
30 increased by legislation enacted subsequent to December 31,

1 2009, the additional liability for the increase in benefits
2 shall be funded as a level percentage of compensation over a
3 period of ten years from the first day of July following the
4 valuation date coincident with or next following the date
5 such legislation is enacted.

6 (f) Experience adjustment factor.--

7 (1) For each year after the establishment of the accrued
8 liability contribution rate and the supplemental annuity
9 contribution rate for the fiscal year beginning July 1,
10 [2002] 2010, any increase or decrease in the unfunded accrued
11 liability[, including liability] and any increase or decrease
12 in the liabilities and funding for supplemental annuities,
13 due to actual experience differing from assumed experience[,]
14 (recognizing all realized and unrealized investment gains and
15 losses over a five-year period), changes in contributions
16 caused by the final contribution rate being different from
17 the actuarially required contribution rate, changes in
18 actuarial assumptions[,] or changes in the terms and
19 conditions of the benefits provided by the system by
20 judicial, administrative or other processes other than
21 legislation, including, but not limited to, reinterpretation
22 of the provisions of this part, shall be amortized [in equal
23 dollar annual contributions] as a level percentage of
24 compensation over a period of [ten] 30 years beginning with
25 the July 1 succeeding the actuarial valuation determining
26 said increases or decreases.

27 (2) [Notwithstanding the provisions of paragraph (1),
28 for each year after the establishment of the accrued
29 liability contribution rate for the fiscal year beginning
30 July 1, 2003, any increase or decrease in the unfunded

1 accrued liability due to actual experience differing from
2 assumed experience, changes in actuarial assumptions, changes
3 in the terms and conditions of the benefits provided by the
4 system by judicial, administrative or other processes other
5 than legislation, including, but not limited to,
6 reinterpretation of the provisions of this part, shall be
7 amortized in equal dollar annual contributions over a period
8 of 30 years beginning with the July 1 succeeding the
9 actuarial valuation determining said increases and decreases]
10 The actuarially required contribution rate shall be the sum
11 of the normal contribution rate, the accrued liability
12 contribution rate and the supplemental annuity contribution
13 rate, modified by the experience adjustment factor as
14 calculated in paragraph (1).

15 (g) Determination of liability for special vestee.--
16 Notwithstanding any other provision of this part or other law,
17 the total additional accrued actuarial liability resulting from
18 eligibility of special vestees for benefits upon the attainment
19 of superannuation age shall be determined by the actuary as part
20 of the first annual valuation made after June 30, 1997. The
21 resulting additional accrued actuarial liability shall be paid
22 by The Pennsylvania State University to the board in one lump
23 sum payment within 90 days of the board's certification of the
24 amount to The Pennsylvania State University.

25 (h) Temporary application of collared contribution rate.--
26 The collared contribution rate for each year shall be determined
27 by comparing the actuarially required contribution rate
28 calculated without regard for costs added by legislation to the
29 prior year's final contribution rate. If for any of the fiscal
30 years beginning July 1, 2011, July 1, 2012 and on or after July

1 1, 2013, the actuarially required contribution rate calculated
2 without regard for costs added by legislation is more than 3%,
3 3.5% and 4.5%, respectively, of the total compensation of all
4 active members greater than the prior year's final contribution
5 rate, then the collared contribution rate shall be applied and
6 be equal to the prior year's final contribution rate increased
7 by the respective percentage above of total compensation of all
8 active members. Otherwise, and for all subsequent fiscal years,
9 the collared contribution rate shall not be applicable. In no
10 case shall the collared contribution rate be less than 4% of
11 total compensation of all active members.

12 (i) Final contribution rate.--For the fiscal year beginning
13 July 1, 2010, the final contribution rate shall be 5% of total
14 compensation of all active members. For each subsequent fiscal
15 year for which the collared contribution rate is applicable, the
16 final contribution rate shall be the collared contribution rate
17 plus the costs added by legislation. For all other fiscal years,
18 the final contribution rate shall be the actuarially required
19 contribution rate, provided that the final contribution rate
20 shall not be less than the employer normal contribution rate, as
21 defined in subsection (b).

22 § 5702. MAXIMUM SINGLE LIFE ANNUITY. ←

23 (A) GENERAL RULE.--ANY FULL COVERAGE MEMBER WHO IS ELIGIBLE
24 TO RECEIVE AN ANNUITY PURSUANT TO THE PROVISIONS OF SECTION
25 5308(A) OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) WHO
26 TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER WHO IS
27 A SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL
28 EMPLOYEES' RETIREMENT SYSTEM WHO TERMINATES SCHOOL SERVICE,
29 BEFORE ATTAINING AGE 70 SHALL BE ENTITLED TO RECEIVE A MAXIMUM
30 SINGLE LIFE ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND

1 EQUAL TO THE SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES
2 BEGINNING AT THE EFFECTIVE DATE OF RETIREMENT:

3 * * *

4 (4) IF ELIGIBLE, A SINGLE LIFE ANNUITY WHICH IS
5 ACTUARIALLY EQUIVALENT TO THE AMOUNT BY WHICH HIS REGULAR AND
6 ADDITIONAL ACCUMULATED DEDUCTIONS ATTRIBUTABLE TO ANY
7 CREDITED SERVICE OTHER THAN AS A MEMBER OF CLASS C ARE
8 GREATER THAN ONE-HALF OF THE ACTUARIALLY EQUIVALENT VALUE ON
9 THE EFFECTIVE DATE OF RETIREMENT OF THE ANNUITY AS PROVIDED
10 IN PARAGRAPH (1) ATTRIBUTABLE TO SERVICE OTHER THAN CLASS C
11 FOR WHICH REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS WERE
12 MADE. THIS PARAGRAPH SHALL NOT APPLY TO ANY MEMBER WITH STATE
13 SERVICE CREDITED AS CLASS A-3 OR CLASS A-4.

14 * * *

15 (6) IF ELIGIBLE, A SINGLE LIFE ANNUITY SUFFICIENT
16 TOGETHER WITH THE ANNUITY PROVIDED FOR IN PARAGRAPH (1) AS A
17 CLASS A [AND], CLASS AA, CLASS A-3 AND CLASS A-4 MEMBER AND
18 THE HIGHEST ANNUITY PROVIDED FOR IN PARAGRAPH (2) TO WHICH HE
19 IS ENTITLED, OR AT HIS OPTION COULD HAVE BEEN ENTITLED, TO
20 PRODUCE THAT PERCENTAGE OF A STANDARD SINGLE LIFE ANNUITY
21 ADJUSTED BY THE APPLICATION OF THE CLASS OF SERVICE
22 MULTIPLIER FOR CLASS A, CLASS AA, CLASS A-3 OR CLASS A-4 AS
23 SET FORTH IN PARAGRAPH (1) IN THE CASE WHERE ANY SERVICE IS
24 CREDITED AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 OR CLASS
25 A-4 ON THE EFFECTIVE DATE OF RETIREMENT AS DETERMINED BY HIS
26 TOTAL YEARS OF CREDITED SERVICE AS A MEMBER OF CLASS A [AND],
27 CLASS AA, CLASS A-3 AND CLASS A-4 AND BY THE FOLLOWING TABLE:

28	TOTAL YEARS OF	PERCENTAGE OF
29	CREDITED SERVICE	STANDARD
30	AS A MEMBER OF	SINGLE LIFE

1	CLASS A [AND],	ANNUITY ADJUSTED FOR
2	CLASS AA, CLASS A-3	CLASS A, CLASS AA,
3	AND CLASS A-4	CLASS A-3 AND CLASS A-4
4		CLASS OF
5		SERVICE MULTIPLIERS
6	35-40	100%
7	41	102%
8	42	104%
9	43	106%
10	44	108%
11	45 OR MORE	110%

12 * * *

13 § 5704. DISABILITY ANNUITIES.

14 * * *

15 (E) TERMINATION OF STATE SERVICE.--UPON TERMINATION OF
16 DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED
17 IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO:

18 (1) DOES NOT HAVE CLASS A-3 OR CLASS A-4 SERVICE CREDIT;

19 OR

20 (2) HAS CLASS A-3 OR CLASS A-4 SERVICE CREDIT AND FEWER
21 THAN TEN ELIGIBILITY POINTS;

22 AND WHO DOES NOT RETURN TO STATE SERVICE MAY FILE AN APPLICATION
23 WITH THE BOARD FOR AN AMOUNT EQUAL TO THE EXCESS, IF ANY, OF THE
24 SUM OF THE REGULAR AND ADDITIONAL ACCUMULATED DEDUCTIONS
25 STANDING TO HIS CREDIT AT THE EFFECTIVE DATE OF DISABILITY OVER
26 ONE-THIRD OF THE TOTAL DISABILITY ANNUITY PAYMENTS RECEIVED. IF
27 THE ANNUITANT ON THE DATE OF TERMINATION OF SERVICE WAS ELIGIBLE
28 FOR AN ANNUITY AS PROVIDED IN SECTION [5308(B)] 5308(A) OR (B)
29 (RELATING TO ELIGIBILITY FOR ANNUITIES), HE MAY FILE AN
30 APPLICATION WITH THE BOARD FOR AN ELECTION OF AN OPTIONAL

1 MODIFICATION OF HIS ANNUITY.

2 * * *

3 § 5705. MEMBER'S OPTIONS.

4 (A) GENERAL RULE.--ANY SPECIAL VESTEE WHO HAS ATTAINED
5 SUPERANNUATION AGE, ANY VESTEE WHO DOES NOT HAVE CLASS A-3 OR
6 CLASS A-4 SERVICE CREDIT HAVING FIVE OR MORE ELIGIBILITY POINTS
7 FOR SERVICE OTHER THAN CLASS T-E OR CLASS T-F SERVICE IN THE
8 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR VESTEE WHO HAS
9 CLASS A-3 OR CLASS A-4 SERVICE CREDIT HAVING TEN OR MORE
10 ELIGIBILITY POINTS, ANY MEMBER WITH CLASS G, CLASS H, CLASS I,
11 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING
12 FIVE OR MORE ELIGIBILITY POINTS OR ANY OTHER ELIGIBLE MEMBER
13 UPON TERMINATION OF STATE SERVICE WHO HAS NOT WITHDRAWN HIS
14 TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5701
15 (RELATING TO RETURN OF TOTAL ACCUMULATED DEDUCTIONS) MAY APPLY
16 FOR AND ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE ANNUITY,
17 AS CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5702
18 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY
19 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE
20 MAXIMUM SINGLE LIFE ANNUITY AND IN ACCORDANCE WITH ONE OF THE
21 FOLLOWING OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY
22 PAYABLE TO ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE
23 OR ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF
24 THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT HE
25 MAY HAVE ELECTED TO RECEIVE IS LESS THAN 50% OF THE PRESENT
26 VALUE OF HIS MAXIMUM SINGLE LIFE ANNUITY:

27 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH A
28 GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE
29 MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF
30 RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS

1 RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE
2 SHALL BE PAYABLE TO HIS BENEFICIARY.

3 (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE
4 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF
5 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF
6 LIVING AT HIS DEATH.

7 (3) OPTION 3.--A JOINT AND FIFTY PERCENT (50%) SURVIVOR
8 ANNUITY PAYABLE DURING THE LIFETIME OF THE MEMBER WITH ONE-
9 HALF OF SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR
10 ANNUITANT, IF LIVING AT HIS DEATH.

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

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

17 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE
18 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN
19 ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER;
20 AND

21 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A
22 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT
23 EXCEED AN AMOUNT EQUAL TO THE TOTAL ACCUMULATED
24 DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER THAT ARE
25 NOT THE RESULT OF CONTRIBUTIONS AND STATUTORY INTEREST
26 MADE OR CREDITED AS A RESULT OF CLASS A-3 OR CLASS A-4
27 SERVICE. THE BALANCE OF THE PRESENT VALUE OF THE MAXIMUM
28 SINGLE LIFE ANNUITY ADJUSTED IN ACCORDANCE WITH SECTION
29 5702 (B) SHALL BE PAID IN THE FORM OF AN ANNUITY WITH A
30 GUARANTEED TOTAL PAYMENT, A SINGLE LIFE ANNUITY, OR A

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

4 * * *

5 SECTION 10. TITLE 71 IS AMENDED BY ADDING A SECTION TO READ:

6 § 5705.1. PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM
7 CLASS A-3 AND CLASS A-4 SERVICE.

8 ANY SUPERANNUATION OR WITHDRAWAL ANNUITANT WHO:

9 (1) HAS CLASS A-3 OR CLASS A-4 SERVICE CREDIT;

10 (2) HAS SERVICE CREDITED IN ONE OR MORE CLASSES OF
11 SERVICE; AND

12 (3) BECAUSE HE HAS FIVE OR MORE, BUT FEWER THAN TEN,
13 ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON
14 HIS CLASS A-3 OR CLASS A-4 SERVICE

15 SHALL RECEIVE IN A LUMP SUM AT THE TIME OF HIS RETIREMENT, IN
16 ADDITION TO ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY
17 ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A-3
18 OR CLASS A-4 SERVICE CREDIT. PAYMENT OF THESE ACCUMULATED
19 DEDUCTIONS RESULTING FROM CLASS A-3 OR CLASS A-4 SERVICE CREDIT
20 SHALL NOT BE ELIGIBLE FOR INSTALLMENT PAYMENTS PURSUANT TO
21 SECTION 5905.1 (RELATING TO INSTALLMENT PAYMENTS OF ACCUMULATED
22 DEDUCTIONS) BUT SHALL BE CONSIDERED A LUMP SUM PAYMENT FOR
23 PURPOSES OF SECTION 5905.1(D).

24 SECTION 11. SECTIONS 5708.1(F), 5708.2(F), 5708.3(F),
25 5708.5(F), 5708.6(F), 5708.7(F), 5708.8(G), 5902(K), 5903(C),
26 5905(A), 5905.1(D), 5907(C), 5934, 5936(B), 5937(B), 5938 AND
27 5955 OF TITLE 71 ARE AMENDED TO READ:

28 § 5708.1. Additional supplemental annuities.

29 * * *

30 (f) Funding.--The actuary shall annually certify the amount

1 of appropriations for the next fiscal year needed to fund, over
2 a period of ten years from July 1, 2002, the additional monthly
3 supplemental annuity provided for in this section[. The board
4 shall submit the actuary's certification to the Secretary of the
5 Budget on or before November 1 of each year. If, in any year
6 after 1984, the amount certified is disapproved under section
7 610 of the act of April 9, 1929 (P.L.177, No.175), known as The
8 Administrative Code of 1929, as insufficient to meet the funding
9 requirements of this subsection or is not appropriated on or
10 before July 1, the additional supplemental annuity provided for
11 in this section shall be suspended until such time as an amount
12 certified and approved as sufficient is appropriated], which
13 amounts shall be paid during the period beginning July 1, 2002,
14 and ending June 30, 2010. For fiscal years beginning on or after
15 July 1, 2010, the additional liability provided in this section
16 shall be funded as part of the actuarial accrued liability as
17 provided in section 5508 (relating to actuarial cost method).

18 * * *

19 § 5708.2. Further additional supplemental annuities.

20 * * *

21 (f) Funding.--The actuary shall annually estimate the amount
22 of Commonwealth appropriations for the next fiscal year needed
23 to fund, over a period of ten years from July 1, 2002, the
24 additional monthly supplemental annuity provided for in this
25 section[. The board shall submit the actuary's estimation to the
26 Secretary of the Budget on or before November 1 of each year.
27 If, in any year after 1988, the amount estimated is disapproved
28 under section 610 of the act of April 9, 1929 (P.L.177, No.175),
29 known as The Administrative Code of 1929, as insufficient to
30 meet the funding requirements of this subsection or is not

1 appropriated on or before July 1, the additional supplemental
2 annuity provided for in this section shall be suspended until
3 such time as an amount certified and approved as sufficient is
4 appropriated], which amounts shall be paid during the period
5 beginning July 1, 2002, and ending June 30, 2010. For fiscal
6 years beginning on or after July 1, 2010, the additional
7 liability provided in this section shall be funded as part of
8 the actuarial accrued liability as provided in section 5508
9 (relating to actuarial cost method).

10 * * *

11 § 5708.3. Supplemental annuities commencing 1994.

12 * * *

13 (f) Funding.--[The] For the period beginning July 1, 2002,
14 and ending June 30, 2010, the additional liability for the
15 increase in benefits provided in this section shall be funded in
16 equal dollar annual installments over a period of ten years
17 beginning July 1, 2002. For fiscal years beginning on or after
18 July 1, 2010, the additional liability for the increase in
19 benefits provided in this section shall be funded as part of the
20 actuarial accrued liability as provided in section 5508
21 (relating to actuarial cost method).

22 * * *

23 § 5708.5. Supplemental annuities commencing 1998.

24 * * *

25 (f) Funding.--[The] For the period beginning July 1, 2002,
26 and ending June 30, 2010, the additional liability for the
27 increase in benefits provided in this section shall be funded in
28 equal dollar annual installments over a period of ten years
29 beginning July 1, 2002. For fiscal years beginning on or after
30 July 1, 2010, the additional liability for the increase in

1 benefits provided in this section shall be funded as part of the
2 actuarial accrued liability as provided in section 5508
3 (relating to actuarial cost method).

4 * * *

5 § 5708.6. Supplemental annuities commencing 2002.

6 * * *

7 (f) Funding.--[The] For the period beginning July 1, 2003,
8 and ending June 30, 2010, the additional liability for the
9 increase in benefits provided in this section shall be funded in
10 equal dollar annual installments over a period of ten years
11 beginning July 1, 2003. For fiscal years beginning on or after
12 July 1, 2010, the additional liability for the increase in
13 benefits provided in this section shall be funded as part of the
14 actuarial accrued liability as provided in section 5508
15 (relating to actuarial cost method).

16 * * *

17 § 5708.7. Supplemental annuities commencing 2003.

18 * * *

19 (f) Funding.--[The] For the period beginning July 1, 2004,
20 and ending June 30, 2010, the additional liability for the
21 increase in benefits provided in this section shall be funded in
22 equal dollar annual installments over a period of ten years
23 beginning July 1, 2004. For fiscal years beginning on or after
24 July 1, 2010, the additional liability for the increase in
25 benefits provided in this section shall be funded as part of the
26 actuarial accrued liability as provided in section 5508
27 (relating to actuarial cost method).

28 * * *

29 § 5708.8. Special supplemental postretirement adjustment of
30 2002.

1 * * *

2 (g) Funding.--[The] For the period beginning July 1, 2003,
3 and ending June 30, 2010, the additional liability for the
4 increase in benefits provided in this section shall be funded in
5 equal dollar annual installments over a period of ten years
6 beginning July 1, 2003. For fiscal years beginning on or after
7 July 1, 2010, the additional liability for the increase in
8 benefits provided in this section shall be funded as part of the
9 actuarial accrued liability as provided in section 5508
10 (relating to actuarial cost method).

11 * * *

12 § 5902. Administrative duties of the board.

13 * * *

14 (k) Certification of employer contributions.--The board
15 shall, each year in addition to the itemized budget required
16 under section 5509 (relating to appropriations and assessments
17 by the Commonwealth), certify, as a percentage of the members'
18 payroll, the employers' contributions as determined pursuant to
19 section 5508 (relating to actuarial cost method) necessary for
20 the funding of prospective annuities for active members and the
21 annuities of annuitants and certify the rates and amounts of the
22 employers' normal contributions as determined pursuant to
23 section 5508(b), accrued liability contributions as determined
24 pursuant to section 5508(c), supplemental annuities contribution
25 rate as determined pursuant to section 5508(e) [and], the
26 experience adjustment factor as determined pursuant to section
27 5508(f), the collared contribution rate pursuant to section
28 5508(h) and the final contribution rate pursuant to section
29 5508(i), which shall be paid to the fund and credited to the
30 appropriate accounts. The board may allocate the final

1 contribution rate and certify various employer contribution
2 rates based upon the different benefit eligibility, class of
3 service multiplier, superannuation age and other benefit
4 differences resulting from State service credited for individual
5 members even though such allocated employer contribution rate on
6 behalf of any given member may be more or less than 5% of the
7 member's compensation for the period from July 1, 2010, to June
8 30, 2011, or may differ from the prior year's contribution for
9 that member by more or less than the percentages used to
10 calculate the collared contribution rate for that year and may
11 be below any minimum contribution rate established for the
12 collared contribution rate or final contribution rate. These
13 certifications shall be regarded as final and not subject to
14 modification by the [Budget Secretary] Secretary of the Budget.

15 * * *

16 § 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF
17 DEPARTMENTS AND MEMBERS. ←

18 * * *

19 (C) PURCHASE OF CREDIT AND FULL COVERAGE MEMBERSHIP
20 CERTIFICATIONS.--UPON RECEIPT OF AN APPLICATION FROM AN ACTIVE
21 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE TO PURCHASE CREDIT FOR
22 PREVIOUS STATE OR CREDITABLE NONSTATE SERVICE, AN ELECTION FOR
23 MEMBERSHIP IN A SPECIFIC CLASS OF SERVICE, OR AN ELECTION TO
24 BECOME A FULL COVERAGE MEMBER, THE BOARD SHALL DETERMINE AND
25 CERTIFY TO THE MEMBER THE AMOUNT REQUIRED TO BE PAID BY THE
26 MEMBER. WHEN NECESSARY, THE BOARD SHALL CERTIFY TO THE PREVIOUS
27 EMPLOYER THE AMOUNT DUE IN ACCORDANCE WITH SECTIONS 5504
28 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR
29 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER) AND
30 5505 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR

1 CREDITABLE NONSTATE SERVICE).

2 * * *

3 § 5905. DUTIES OF THE BOARD REGARDING APPLICATIONS AND
4 ELECTIONS OF MEMBERS.

5 (A) STATEMENT TO NEW MEMBERS.--AS SOON AS PRACTICABLE AFTER
6 EACH MEMBER SHALL HAVE BECOME AN ACTIVE MEMBER IN THE SYSTEM,
7 THE BOARD SHALL ISSUE TO THE MEMBER NOTICE OF ANY ELECTION OF
8 CLASS OF SERVICE MEMBERSHIP HE MAY BE ELIGIBLE TO MAKE, A
9 STATEMENT CERTIFYING HIS CLASS OF SERVICE, HIS MEMBER
10 CONTRIBUTION RATE, AND THE AGGREGATE LENGTH OF TOTAL PREVIOUS
11 STATE SERVICE AND CREDITABLE NONSTATE SERVICE FOR WHICH HE MAY
12 RECEIVE CREDIT.

13 * * *

14 § 5905.1. INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS.

15 * * *

16 (D) STATUTORY INTEREST.--ANY LUMP SUM, INCLUDING A LUMP SUM
17 PAYABLE PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF
18 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 AND CLASS A-4
19 SERVICE), OR INSTALLMENT PAYABLE SHALL INCLUDE STATUTORY
20 INTEREST CREDITED TO THE DATE OF PAYMENT, EXCEPT IN THE CASE OF
21 A MEMBER, OTHER THAN A VESTEE OR SPECIAL VESTEE, WHO HAS NOT
22 FILED HIS APPLICATION PRIOR TO 90 DAYS FOLLOWING HIS TERMINATION
23 OF SERVICE.

24 § 5907. Rights and duties of State employees and members.

25 * * *

26 (c) Multiple service membership.--Any active member who was
27 formerly an active member in the Public School Employees'
28 Retirement System may elect to become a multiple service member.
29 Such election shall occur no later than [30] 365 days after
30 becoming an active member in this system.

1 * * *

2 § 5934. State accumulation account.

3 The State accumulation account shall be the ledger account to
4 which shall be credited all contributions of the Commonwealth or
5 other employers whose employees are members of the system and
6 made in accordance with the provisions of section 5507(a) or (d)
7 (relating to contributions by the Commonwealth and other
8 employers) except that the amounts received under the provisions
9 of the act of May 12, 1943 (P.L.259, No.120), and the amounts
10 received under the provisions of the Liquor Code, act of April
11 12, 1951 (P.L.90, No.21), shall be credited to the State Police
12 benefit account or the enforcement officers' benefit account as
13 the case may be. All amounts transferred to the fund by county
14 retirement systems or pension plans in accordance with the
15 provisions of section 5507(c) also shall be credited to the
16 State accumulation account. All amounts transferred to the fund
17 by the Public School Employees' Retirement System in accordance
18 with section 5303.2(e) (relating to election to convert school
19 service to State service), except amounts credited to the
20 members' savings account, and all amounts paid by the Department
21 of Corrections in accordance with section 5303.2(f) also shall
22 be credited to the State accumulation account. The State
23 accumulation account shall be credited with valuation interest.
24 The reserves necessary for the payment of annuities and death
25 benefits as approved by the board and as provided in Chapter 57
26 (relating to benefits) shall be transferred from the State
27 accumulation account to the annuity reserve account provided for
28 in section 5935 (relating to annuity reserve account), except
29 that the reserves necessary on account of a member who is an
30 officer of the Pennsylvania State Police or an enforcement

1 officer shall be transferred from the State accumulation account
2 to the State Police benefit account provided for in section 5936
3 (relating to State Police benefit account) or to the enforcement
4 officers' benefit account as provided for in section 5937
5 (relating to enforcement officers' benefit account) as the case
6 may be. The reserves necessary for the payment of supplemental
7 annuities in excess of those reserves credited to the
8 supplemental annuity account on June 30, 2010, shall be
9 transferred from the State accumulation account to the
10 supplemental annuity account. In the event that supplemental
11 annuities are increased by legislation enacted subsequent to
12 December 31, 2009, the necessary reserves shall be transferred
13 from the State accumulation account to the supplemental annuity
14 account.

15 § 5936. STATE POLICE BENEFIT ACCOUNT. ←

16 * * *

17 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE
18 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE, THE PRESENT VALUE OF
19 THE MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE
20 SHALL BE TRANSFERRED FROM THE STATE POLICE BENEFIT ACCOUNT AND
21 PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT.
22 IN ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY CALCULATED AS
23 IF HE HAD BEEN A MEMBER OF CLASS A IF HE HAS CLASS A OR CLASS C
24 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF THE
25 ANNUITANT HAS CLASS A-3 STATE SERVICE CREDITED; OR AS IF HE HAD
26 BEEN A MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4
27 SERVICE CREDITED, LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'
28 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE STATE POLICE
29 BENEFIT ACCOUNT TO THE STATE ACCUMULATION ACCOUNT. UPON
30 SUBSEQUENT RETIREMENT OTHER THAN AS AN OFFICER OF THE

1 PENNSYLVANIA STATE POLICE THE ACTUARIAL RESERVE REMAINING IN THE
2 STATE POLICE BENEFIT ACCOUNT SHALL BE TRANSFERRED TO THE
3 APPROPRIATE RESERVE ACCOUNT.

4 § 5937. ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.

5 * * *

6 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE
7 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE, THE PRESENT VALUE OF
8 THE MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE
9 SHALL BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS' BENEFIT
10 ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS'
11 SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE FOR HIS
12 ANNUITY CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE
13 ANNUITANT DOES NOT HAVE ANY CLASS AA, CLASS A-3 OR CLASS A-4
14 SERVICE CREDITED [AND CALCULATED]; AS IF HE HAD BEEN A MEMBER OF
15 CLASS AA IF THE ANNUITANT DOES HAVE CLASS AA SERVICE CREDITED;
16 AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF THE ANNUITANT HAS
17 CLASS A-3 STATE SERVICE CREDITED; OR AS IF HE HAD BEEN A MEMBER
18 OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4 SERVICE CREDITED,
19 LESS THE AMOUNT TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT
20 SHALL BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS' BENEFIT
21 ACCOUNT TO THE STATE ACCUMULATION ACCOUNT. UPON SUBSEQUENT
22 RETIREMENT OTHER THAN AS AN ENFORCEMENT OFFICER THE ACTUARIAL
23 RESERVE REMAINING IN THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT
24 SHALL BE TRANSFERRED TO THE APPROPRIATE RESERVE ACCOUNT.

25 § 5938. Supplemental annuity account.

26 The supplemental annuity account shall be the ledger account
27 to which shall be credited all contributions from the
28 Commonwealth and other employers in accordance with section
29 5507(b) (relating to contributions by the Commonwealth and other
30 employers) for the payment of the supplemental annuities

1 provided in sections 5708 (relating to supplemental annuities),
2 5708.1 (relating to additional supplemental annuities), 5708.2
3 (relating to further additional supplemental annuities), 5708.3
4 (relating to supplemental annuities commencing 1994), 5708.4
5 (relating to special supplemental postretirement adjustment),
6 5708.5 (relating to supplemental annuities commencing 1998),
7 5708.6 (relating to supplemental annuities commencing 2002),
8 5708.7 (relating to supplemental annuities commencing 2003) and
9 5708.8 (relating to special supplemental postretirement
10 adjustment of 2002) made before July 1, 2010, the amount
11 transferred from the State accumulation account to provide all
12 additional reserves necessary as of June 30, 2010, to pay such
13 supplemental annuities and adjustments, and the amounts
14 transferred from the State accumulation account to provide all
15 additional reserves necessary as a result of supplemental
16 annuities enacted after December 31, 2009. The supplemental
17 annuity account shall be credited with valuation interest. The
18 reserves necessary for the payment of such supplemental
19 annuities shall be transferred from the supplemental annuity
20 account to the annuity reserve account as provided in section
21 5935 (relating to annuity reserve account).

22 § 5955. CONSTRUCTION OF PART. 

23 REGARDLESS OF ANY OTHER PROVISION OF LAW, PENSION RIGHTS OF
24 STATE EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY
25 AMENDMENT THERETO, AND NO COLLECTIVE BARGAINING AGREEMENT NOR
26 ANY ARBITRATION AWARD BETWEEN THE COMMONWEALTH AND ITS EMPLOYEES
27 OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL BE
28 CONSTRUED TO CHANGE ANY OF THE PROVISIONS HEREIN, TO REQUIRE THE
29 BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH
30 IN THIS PART, OR OTHERWISE REQUIRE ACTION BY ANY OTHER

1 GOVERNMENT BODY PERTAINING TO PENSION OR RETIREMENT BENEFITS OR
2 RIGHTS OF STATE EMPLOYEES. NOTWITHSTANDING THE FOREGOING, ANY
3 PENSION OR RETIREMENT BENEFITS OR RIGHTS PREVIOUSLY SO
4 ESTABLISHED BY OR AS A RESULT OF AN ARBITRATION AWARD SHALL
5 REMAIN IN EFFECT AFTER THE EXPIRATION OF THE CURRENT COLLECTIVE
6 BARGAINING AGREEMENT BETWEEN THE STATE EMPLOYEES SO AFFECTED AND
7 THE COMMONWEALTH UNTIL THE EXPIRATION OF EACH OF THE COLLECTIVE
8 BARGAINING AGREEMENTS IN EFFECT ON JANUARY 1, 2011, AT WHICH
9 TIME THE CLASSES OF MEMBERSHIP AND RESULTING MEMBER CONTRIBUTION
10 RATES, ELIGIBILITY FOR VESTING, WITHDRAWAL AND SUPERANNUATION
11 ANNUITIES, OPTIONAL MODIFICATION OF ANNUITIES AND OTHER TERMS
12 AND CONDITIONS RELATED TO CLASS OF MEMBERSHIP SHALL BE AS
13 DETERMINED BY THIS PART FOR EMPLOYEES COVERED BY THOSE AND
14 SUCCESSOR COLLECTIVE BARGAINING AGREEMENTS. FOR PURPOSES OF
15 ADMINISTERING THIS PART, FOR THOSE STATE EMPLOYEES WHO ARE
16 MEMBERS OF EACH SUCH COLLECTIVE BARGAINING UNIT, THE DATE
17 JANUARY 1, 2011, CONTAINED IN THIS PART, EXCEPT IN THIS SECTION,
18 SHALL BE REPLACED WITH THE DATE OF THE DAY IMMEDIATELY FOLLOWING
19 THE EXPIRATION OF EACH SUCH COLLECTIVE BARGAINING AGREEMENT. THE
20 PROVISIONS OF THIS PART INSOFAR AS THEY ARE THE SAME AS THOSE OF
21 EXISTING LAW ARE INTENDED AS A CONTINUATION OF SUCH LAWS AND NOT
22 AS NEW ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT
23 ANY ACT DONE, LIABILITY INCURRED, RIGHT ACCRUED OR VESTED, OR
24 ANY SUIT OR PROSECUTION PENDING OR TO BE INSTITUTED TO ENFORCE
25 ANY RIGHT OR PENALTY OR TO PUNISH ANY OFFENSE UNDER THE
26 AUTHORITY OF ANY REPEALED LAWS.

27 Section 5 12. Contribution rates shall remain in effect
28 until June 30, 2010, as follows:

29 (1) Notwithstanding the provisions of this act, the
30 employer contribution rates certified by the Public School



1 Employees' Retirement Board for fiscal year 2009-2010 shall
2 remain in effect until June 30, 2010.

3 (2) Notwithstanding the provisions of this act, the
4 employer contribution rates certified by the State Employees'
5 Retirement Board for fiscal year 2009-2010 shall remain in
6 effect until June 30, 2010.

7 Section ~~6~~ 13. Recertification to the Secretary of the Budget ←
8 shall be as follows:

9 (1) ~~Notwithstanding~~ WITHIN 15 DAYS OF THE LATER OF: ←

10 (I) THE EFFECTIVE DATE OF THIS SECTION; OR

11 (II) THE DATE OF THE PASSAGE OF THIS COMMONWEALTH'S
12 BUDGET FOR FISCAL YEAR 2010-2011, THE SECRETARY OF THE
13 BUDGET SHALL CERTIFY TO THE PUBLIC SCHOOL EMPLOYEES'
14 RETIREMENT BOARD THE AMOUNT OF MONEY APPROPRIATED FOR
15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT.

16 NOTWITHSTANDING any other provisions of law to the contrary,
17 the Public School Employees' Retirement Board shall,
18 effective for the fiscal year beginning July 1, 2010,
19 recertify to the Secretary of the Budget, within 15 days of
20 the effective date of ~~this act~~, THE SECRETARY OF THE BUDGET'S ←
21 CERTIFICATION TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
22 BOARD OF THE AMOUNT OF MONEY APPROPRIATED FOR PUBLIC SCHOOL
23 EMPLOYEES' RETIREMENT, THE employer contributions, rates,
24 factors and amounts set forth in 24 Pa.C.S. § 8502(k), as
25 amended by this act. THE RECERTIFICATION RATE SHALL BE NOT ←
26 LESS THAN 5% NOR MORE THAN 7.58%, PLUS THE PREMIUM ASSISTANCE
27 CONTRIBUTION RATE. The recertification shall supersede the
28 prior certification for all purposes. THIS RECERTIFIED RATE ←
29 SHALL NOT AFFECT THE APPLICATION OF THE COLLARED CONTRIBUTION
30 RATE AS SET FORTH IN 24 PA.C.S. § 8328(G).

1 (2) Notwithstanding any other provision of law to the
2 contrary, the State Employees' Retirement Board shall,
3 effective for the fiscal year beginning July 1, 2010,
4 recertify to the Secretary of the Budget AND HEADS OF ←
5 DEPARTMENTS, within 15 days of the effective date of this act ←
6 SECTION, the contributions, rates, factors and amounts set ←
7 forth in 71 Pa.C.S. § 5902(k), as amended by this act. The
8 recertification shall supersede the prior certification for
9 all purposes.

10 Section 7 14. Certain public officials shall be held ←
11 harmless, as follows:

12 (1) Notwithstanding any other provision of law,
13 fiduciary requirement, actuarial standard of practice or
14 other requirement to the contrary, the members of the Public
15 School Employees' Retirement Board, the actuary and other
16 employees and officials of the Public School Employees'
17 Retirement System shall not be held liable or in breach or
18 violation of any law or standard either as individuals or in
19 their official capacity or as a governmental or corporate
20 entity for any action or calculation related to calculating
21 and certifying a final contribution rate as provided for in
22 this act that is different from the actuarially required
23 contribution rate as otherwise appropriately calculated under
24 the provisions of the Public School Employees' Retirement
25 Code.

26 (2) Notwithstanding any other provision of law,
27 fiduciary requirement, actuarial standard of practice or
28 other requirement to the contrary, the members of the State
29 Employees' Retirement Board, the actuary and other employees
30 and officials of the State Employees' Retirement System shall

1 not be held liable or in breach or violation of any law or
2 standard either as individuals or in their official capacity
3 or as a governmental or corporate entity for any action or
4 calculation related to calculating and certifying a final
5 contribution rate as provided for in this act that is
6 different from the actuarially required contribution rate as
7 otherwise appropriately calculated under the provisions of
8 the State Employees' Retirement Code.

9 Section ~~8~~ 15. Construction of a calculation or actuarial
10 method shall be as follows: ←

11 (1) Nothing in this act shall be construed or deemed to
12 imply that any calculation or actuarial method used by the
13 Public School Employees' Retirement Board, its actuaries or
14 the Public School Employees' Retirement System was not in
15 accordance with the provisions of the Public School
16 Employees' Retirement Code or other applicable law prior to
17 the ~~enactment~~ EFFECTIVE DATE of this ~~act~~ SECTION. ←

18 (2) Nothing in this act shall be construed or deemed to
19 imply that any calculation or actuarial method used by the
20 State Employees' Retirement Board, its actuaries or the State
21 Employees' Retirement System was not in accordance with the
22 provisions of the State Employees' Retirement Code or other
23 applicable law prior to the ~~enactment of this act~~ EFFECTIVE
24 DATE OF THIS SECTION. ←

25 ~~Section 9. This act shall take effect immediately.~~ ←

26 SECTION 16. NOTHING IN THIS ACT SHALL BE DEEMED TO PERMIT ←
27 THE RESTORATION OF SERVICE CREDIT OR RETIREMENT BENEFITS WHICH
28 WERE THE SUBJECT OF AN ORDER OF FORFEITURE PURSUANT TO THE ACT
29 OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE
30 PENSION FORFEITURE ACT, OR SUBJECT TO SECTION 16 OF ARTICLE V OF

1 THE CONSTITUTION OF PENNSYLVANIA OR 42 PA.C.S. § 3352.

2 SECTION 17. NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED
3 TO IMPLY THAT ANY INTERPRETATION OR APPLICATION OF THE
4 PROVISIONS OF 24 PA.C.S. PT. IV OR BENEFITS AVAILABLE TO MEMBERS
5 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN
6 ACCORDANCE WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR OTHER
7 APPLICABLE LAW PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.
8 NOTHING IN THIS ACT SHALL BE CONSTRUED TO GRANT TO OR DEEMED TO
9 IMPLY THAT ANY CURRENT OR FORMER SCHOOL EMPLOYEES ON THE
10 EFFECTIVE DATE OF THIS SECTION POSSESSED ANY CONTRACTUAL RIGHTS,
11 EITHER EXPRESSED OR IMPLIED, OR ANY OTHER CONSTITUTIONALLY
12 PROTECTED RIGHTS, IN THE TERMS AND CONDITIONS OF THE PUBLIC
13 SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR OTHER PENSION OR
14 RETIREMENT BENEFITS AS A SCHOOL EMPLOYEE, INCLUDING, BUT NOT
15 LIMITED TO, BENEFITS, OPTION RIGHTS OR PRIVILEGES ESTABLISHED BY
16 24 PA.C.S. PT. IV.

17 SECTION 18. THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN
18 SUCH A MANNER THAT THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT
19 SYSTEM WILL SATISFY THE REQUIREMENTS NECESSARY TO QUALIFY AS A
20 QUALIFIED PENSION PLAN UNDER SECTION 401(A) AND OTHER APPLICABLE
21 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
22 99-514, 26 U.S.C. § 1 ET SEQ.). THE RULES, REGULATIONS AND
23 PROCEDURES ADOPTED AND PROMULGATED BY THE PUBLIC SCHOOL
24 EMPLOYEES' RETIREMENT BOARD UNDER 24 PA.C.S. § 8502(H) MAY
25 INCLUDE THOSE NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS
26 SECTION.

27 SECTION 19. (A) NOTHING IN THIS ACT WHICH AMENDS OR
28 SUPPLEMENTS PROVISIONS OF 24 PA.C.S. PT. IV SHALL CREATE IN ANY
29 MEMBER OF THE SYSTEM OR IN ANY OTHER PERSON CLAIMING AN INTEREST
30 IN THE ACCOUNT OF ANY SUCH MEMBER A CONTRACTUAL RIGHT, EITHER

1 EXPRESS OR IMPLIED, IN RELATION TO REQUIREMENTS FOR
2 QUALIFICATION OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
3 AS A QUALIFIED PENSION PLAN UNDER THE INTERNAL REVENUE CODE OF
4 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)) NOR ANY
5 CONSTRUCTION OF 24 PA.C.S. PT. IV, AS SO AMENDED OR
6 SUPPLEMENTED, OR ANY RULES OR REGULATIONS ADOPTED UNDER 24
7 PA.C.S. PT. IV. THE PROVISIONS OF 24 PA.C.S. PT. IV SHALL REMAIN
8 SUBJECT TO THE INTERNAL REVENUE CODE OF 1986, AND THE GENERAL
9 ASSEMBLY RESERVES TO ITSELF SUCH FURTHER EXERCISE OF ITS
10 LEGISLATIVE POWER TO AMEND OR SUPPLEMENT SUCH PROVISIONS AS MAY
11 FROM TIME TO TIME BE REQUIRED IN ORDER TO MAINTAIN THE
12 QUALIFICATION OF SUCH SYSTEM AS A QUALIFIED PENSION PLAN UNDER
13 SECTION 401(A) AND OTHER APPLICABLE PROVISIONS OF THE INTERNAL
14 REVENUE CODE OF 1986.

15 (B) REFERENCES IN THIS ACT TO THE INTERNAL REVENUE CODE OF
16 1986, INCLUDING FOR THIS PURPOSE ADMINISTRATIVE REGULATIONS
17 PROMULGATED THEREUNDER, ARE INTENDED TO INCLUDE SUCH LAWS AND
18 REGULATIONS IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND
19 AS THEY MAY HEREAFTER BE AMENDED OR SUPPLEMENTED OR SUPPLANTED
20 BY SUCCESSOR PROVISIONS.

21 SECTION 20. NO SCHOOL EMPLOYEE OTHERWISE A MEMBER OF,
22 ELIGIBLE TO BE A MEMBER OF, OR HAVING SCHOOL OR NONSCHOOL
23 SERVICE CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS T-E OR
24 CLASS T-F MAY CANCEL, DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER
25 CLASS OF SERVICE IN ORDER TO OBTAIN CLASS T-E OR CLASS T-F
26 SERVICE CREDIT, BECOME A MEMBER OF CLASS T-E OR CLASS T-F OR
27 ELECT CLASS T-E OR CLASS T-F MEMBERSHIP.

28 SECTION 21. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ANY
29 CHANGE IN ACCRUED LIABILITY OF THE PUBLIC SCHOOL EMPLOYEES'
30 RETIREMENT SYSTEM CREATED BY THIS ACT SHALL BE FUNDED AS A LEVEL

1 PERCENTAGE OF COMPENSATION OVER A PERIOD OF 30 YEARS BEGINNING
2 JULY 1, 2012, SUBJECT TO ANY LIMITS IMPOSED ON EMPLOYER
3 CONTRIBUTIONS TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.
4 FOR PURPOSES OF 24 PA.C.S. §§ 8321, 8326 AND 8328, SUCH CHANGES
5 SHALL NOT BE CONSIDERED TO BE COSTS ADDED BY LEGISLATION.

6 SECTION 22. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
7 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR
8 INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE
9 TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T-E
10 OR CLASS T-F SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR
11 OTHER RIGHTS AND BENEFITS BASED UPON ATTAINING SUPERANNUATION
12 AGE SHALL REQUIRE THE ACTUAL ACCRUAL OF 35 ELIGIBILITY POINTS.

13 SECTION 23. NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED
14 TO IMPLY THAT ANY INTERPRETATION OR APPLICATION OF THE
15 PROVISIONS OF 71 PA.C.S. PT. XXV OR BENEFITS AVAILABLE TO
16 MEMBERS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN
17 ACCORDANCE WITH THE PROVISIONS OF 71 PA.C.S. PT. XXV OR OTHER
18 APPLICABLE LAW PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.
19 NOTHING IN THIS ACT SHALL BE CONSTRUED TO GRANT TO OR DEEMED TO
20 IMPLY THAT ANY CURRENT OR FORMER STATE EMPLOYEES ON THE
21 EFFECTIVE DATE OF THIS SECTION POSSESSED ANY CONTRACTUAL RIGHTS,
22 EITHER EXPRESSED OR IMPLIED, OR ANY OTHER CONSTITUTIONALLY
23 PROTECTED RIGHTS, IN THE TERMS AND CONDITIONS OF THE STATE
24 EMPLOYEES' RETIREMENT SYSTEM OR OTHER PENSION OR RETIREMENT
25 BENEFITS AS A STATE EMPLOYEE, INCLUDING, BUT NOT LIMITED TO,
26 BENEFITS, OPTIONS, RIGHTS OR PRIVILEGES ESTABLISHED BY 71
27 PA.C.S. PT. XXV.

28 SECTION 24. THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN
29 SUCH A MANNER THAT THE STATE EMPLOYEES' RETIREMENT SYSTEM WILL
30 SATISFY THE REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED

1 PENSION PLAN UNDER SECTION 401(A) AND OTHER APPLICABLE
2 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW
3 99-514, 26 U.S.C. § 1 ET SEQ.). THE RULES, REGULATIONS AND
4 PROCEDURES ADOPTED AND PROMULGATED BY THE STATE EMPLOYEES'
5 RETIREMENT BOARD UNDER 71 PA.C.S. § 5902(H) MAY INCLUDE THOSE
6 NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS SECTION.

7 SECTION 25. (A) NOTHING IN THIS ACT WHICH AMENDS OR
8 SUPPLEMENTS PROVISIONS OF 71 PA.C.S. PT. XXV SHALL CREATE IN ANY
9 MEMBER OF THE SYSTEM OR IN ANY OTHER PERSON CLAIMING AN INTEREST
10 IN THE ACCOUNT OF ANY SUCH MEMBER A CONTRACTUAL RIGHT, EITHER
11 EXPRESS OR IMPLIED, IN RELATION TO REQUIREMENTS FOR
12 QUALIFICATION OF THE STATE EMPLOYEES' RETIREMENT SYSTEM AS A
13 QUALIFIED PENSION PLAN UNDER THE INTERNAL REVENUE CODE OF 1986
14 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)) NOR ANY CONSTRUCTION OF
15 71 PA.C.S. PT. XXV, AS SO AMENDED OR SUPPLEMENTED, OR ANY RULES
16 OR REGULATIONS ADOPTED UNDER 71 PA.C.S. PT. XXV. THE PROVISIONS
17 OF 71 PA.C.S. PT. XXV SHALL REMAIN SUBJECT TO THE INTERNAL
18 REVENUE CODE OF 1986, AND THE GENERAL ASSEMBLY RESERVES TO
19 ITSELF SUCH FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND
20 OR SUPPLEMENT SUCH PROVISIONS AS MAY FROM TIME TO TIME BE
21 REQUIRED IN ORDER TO MAINTAIN THE QUALIFICATION OF SUCH SYSTEM
22 AS A QUALIFIED PENSION PLAN UNDER SECTION 401(A) AND OTHER
23 APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986.

24 (B) REFERENCES IN THIS ACT TO THE INTERNAL REVENUE CODE OF
25 1986, INCLUDING FOR THIS PURPOSE ADMINISTRATIVE REGULATIONS
26 PROMULGATED THEREUNDER, ARE INTENDED TO INCLUDE SUCH LAWS AND
27 REGULATIONS IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND
28 AS THEY MAY HEREAFTER BE AMENDED OR SUPPLEMENTED OR SUPPLANTED
29 BY SUCCESSOR PROVISIONS.

30 SECTION 26. NO STATE EMPLOYEE OTHERWISE A MEMBER OF,

1 ELIGIBLE TO BE A MEMBER OF, OR HAVING STATE OR NONSTATE SERVICE
2 CREDITED IN, A CLASS OF SERVICE OTHER THAN CLASS A-3 MAY CANCEL,
3 DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF SERVICE IN
4 ORDER TO OBTAIN CLASS A-3 OR CLASS A-4 SERVICE CREDIT, BECOME A
5 MEMBER OF CLASS A-3 OR CLASS A-4 OR ELECT CLASS A-3 OR CLASS A-4
6 MEMBERSHIP.

7 SECTION 27. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ANY
8 CHANGE IN ACCRUED LIABILITY OF THE STATE EMPLOYEES' RETIREMENT
9 SYSTEM CREATED BY THIS ACT AS A RESULT OF CHANGES IN BENEFITS
10 SHALL BE FUNDED AS A LEVEL PERCENTAGE OF COMPENSATION OVER A
11 PERIOD OF 30 YEARS BEGINNING JULY 1, 2012, SUBJECT TO ANY LIMITS
12 IMPOSED ON EMPLOYER CONTRIBUTIONS TO THE STATE EMPLOYEES'
13 RETIREMENT SYSTEM. FOR PURPOSES OF 71 PA.C.S. §§ 5501.1, 5507
14 AND 5508, ANY SUCH CHANGES SHALL NOT BE CONSIDERED TO BE COSTS
15 ADDED BY LEGISLATION.

16 SECTION 28. NOTWITHSTANDING ANY REGULATION PROMULGATED BY
17 THE STATE EMPLOYEES' RETIREMENT BOARD, APPLICATION OR
18 INTERPRETATION OF 71 PA.C.S. PT. XXV, OR ADMINISTRATIVE PRACTICE
19 TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS A-3
20 OR CLASS A-4 SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR
21 OTHER RIGHTS AND BENEFITS BASED UPON ATTAINING SUPERANNUATION
22 AGE SHALL REQUIRE THE ACTUAL ACCRUAL OF 35 ELIGIBILITY POINTS.

23 SECTION 29. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

24 (1) THE AMENDMENT OR ADDITION OF THE FOLLOWING
25 PROVISIONS OF 24 PA.C.S. SHALL TAKE EFFECT JULY 1, 2011:

26 SECTION 8102;
27 SECTION 8303(C);
28 SECTION 8304(A);
29 SECTION 8305(D) AND (E);
30 SECTION 8305.2;

1 SECTION 8307 (B) ;
2 SECTION 8308 ;
3 SECTION 8323 (A) , (C) AND (C.1) ;
4 SECTION 8324 (A) , (D) , (E) AND (F) ;
5 SECTION 8326 (A) ;
6 SECTION 8327 (A) AND (C) ;
7 SECTION 8328
8 SECTION 8342 (A) ;
9 SECTION 8344 (D) ;
10 SECTION 8345 (A) ;
11 SECTION 8348.1 (F) ;
12 SECTION 8348.2 (F) ;
13 SECTION 8348.3 (F) ;
14 SECTION 8348.5 (F) ;
15 SECTION 8348.6 (F) ;
16 SECTION 8348.7 (F) ;
17 SECTION 8502 (K)
18 SECTION 8505 (L) ; AND
19 SECTION 8535 (3) .

20 (2) SECTIONS 17, 18, 19, 20, 21 AND 22 OF THIS ACT SHALL
21 TAKE EFFECT JULY 1, 2011.

22 (3) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
23 IMMEDIATELY.