

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## SENATE BILL

No. 1071 Session of  
2015INTRODUCED BY BROWNE, CORMAN, SCARNATI, GORDNER AND  
EICHELBERGER, NOVEMBER 17, 2015AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,  
DECEMBER 18, 2015

## AN ACT

~~Amending Titles 24 (Education), 51 (Military Affairs) and 71 (State Government) of the Pennsylvania Consolidated Statutes, extensively revising pension provisions: for the Public School Employees' Retirement System, in the areas of preliminary provisions, of membership, contributions and benefits, of School Employee's Defined Contribution Plan and of administration and miscellaneous provisions; for health insurance for retired school employees, in the area of preliminary provisions; for military pensions, in the area of military leave of absence; for boards and offices, in the area of Independent Fiscal Office; for the State Employees' Retirement System, in the areas of preliminary provisions, of membership, credited service, classes of service and eligibility for benefits, of State Employees' Defined Contribution Plan, of contributions, of benefits and of administration, funds, accounts, general provisions; and providing, as to the revisions, for construction and administration, for applicability, for funding, for liability, for State Employee member statements and for State Employees Retirement Board obligations.~~ <--

AMENDING TITLES 24 (EDUCATION), 51 (MILITARY AFFAIRS) AND 71 (STATE GOVERNMENT) OF THE PENNSYLVANIA CONSOLIDATED STATUTES, EXTENSIVELY REVISING PENSION PROVISIONS AS FOLLOWS: <--

IN TITLE 24:

FOR RETIREMENT FOR SCHOOL EMPLOYEES, IN THE AREAS OF PRELIMINARY PROVISIONS, OF MEMBERSHIP, CONTRIBUTIONS AND BENEFITS, OF SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AND OF ADMINISTRATION AND MISCELLANEOUS PROVISIONS; AND

FOR HEALTH INSURANCE FOR RETIRED SCHOOL EMPLOYEES, IN THE AREA OF PRELIMINARY PROVISIONS.

IN TITLE 51:

1 FOR EMPLOYMENT PREFERENCES AND PENSIONS, IN THE AREA  
2 OF MILITARY LEAVE OF ABSENCE.

3 IN TITLE 71:

4 FOR BOARDS AND OFFICES, IN THE AREA OF INDEPENDENT  
5 FISCAL OFFICE; AND

6 FOR RETIREMENT FOR STATE EMPLOYEES AND OFFICERS, IN  
7 THE AREAS OF PRELIMINARY PROVISIONS, OF MEMBERSHIP,  
8 CREDITED SERVICE, CLASSES OF SERVICE AND ELIGIBILITY FOR  
9 BENEFITS, OF CONTRIBUTIONS, OF BENEFITS, OF STATE  
10 EMPLOYEES' DEFINED CONTRIBUTION PLAN AND OF  
11 ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL PROVISIONS.  
12 PROVIDING, AS TO THE REVISIONS:

13 FOR CONSTRUCTION AND ADMINISTRATION, FOR  
14 APPLICABILITY, FOR LIABILITY, FOR MEMBER STATEMENTS AND  
15 FOR SUSPENSION OF PROVISIONS OF THE PUBLIC EMPLOYEE  
16 RETIREMENT STUDY COMMISSION ACT.

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

19 ~~ARTICLE I~~

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20 ~~Section 101. The General Assembly finds and declares as~~  
21 ~~follows:~~

22 ~~(1) It is the intent of the General Assembly to ensure~~  
23 ~~the financial health of the Commonwealth and its school~~  
24 ~~districts by adopting reforms to provide for the~~  
25 ~~sustainability of our public retirement system.~~

26 ~~(2) Pennsylvania's retirement systems, SERS for State~~  
27 ~~employees and PSERS for school employees, together have an~~  
28 ~~unfunded liability of \$60,121,184,000. The level of payment~~  
29 ~~by the Commonwealth and school districts required to annually~~  
30 ~~address these amounts is staggering, particularly when other~~  
31 ~~state revenues are reduced due to a struggling economy. The~~  
32 ~~current condition of Pennsylvania's unfunded system combined~~  
33 ~~with the State's structural deficit threaten the financial~~  
34 ~~well-being of current and future public employees.~~

35 ~~(3) In order to fully fund State pensions systems,~~  
36 ~~economists estimate that contributions will continue to~~

1 ~~require a significant portion of state revenues. In fiscal~~  
2 ~~year 2015-2016, pension expenditures are expected to exceed~~  
3 ~~\$4,800,000,000 and \$7,300,000,000 by 2025.~~

4 ~~(4) The tax increases that would be required to address~~  
5 ~~increasing pension obligations would place a heavy burden on~~  
6 ~~the citizens of this Commonwealth and hamper the ability to~~  
7 ~~provide them with services vital to the public's health,~~  
8 ~~safety and welfare. Therefore, it is imperative that the~~  
9 ~~Commonwealth adopt reforms that will maintain the financial~~  
10 ~~health of the Commonwealth and its school districts.~~

11 ~~(5) Therefore, the reforms contained in this legislation~~  
12 ~~are intended to use resources judiciously and enable the~~  
13 ~~Commonwealth to provide retirement security for Commonwealth~~  
14 ~~and school employees while reducing the burden on taxpayers.~~

15 ~~(6) The reforms of the retirement benefits of~~  
16 ~~Commonwealth and school district employees contained in this~~  
17 ~~act are prospective and will not impact benefits earned from~~  
18 ~~services rendered prior to the effective date of this act.~~

19 ~~(7) The General Assembly finds that it is necessary to~~  
20 ~~advance and maintain the long term stability of public~~  
21 ~~employee pension systems by adopting reform relating to~~  
22 ~~current and to future employees in order to:~~

23 ~~(i) Ensure that the Commonwealth and its school~~  
24 ~~districts will have adequate funds to continue to be able~~  
25 ~~to provide retirement benefits for their employees.~~

26 ~~(ii) To ensure that the cost of current and future~~  
27 ~~benefits does not jeopardize the ability and obligation~~  
28 ~~to provide for public education, infrastructure, programs~~  
29 ~~for the elderly and other vulnerable populations and~~  
30 ~~public safety.~~

1       ~~(8) The General Assembly expressly finds and declares~~  
2       ~~that the situation confronting our pensions systems has~~  
3       ~~reached a critical state and that enactment of this act is~~  
4       ~~reasonable and necessary to achieve and protect the public~~  
5       ~~interests. Further, the General Assembly finds that~~  
6       ~~protecting benefits for services already rendered meets all~~  
7       ~~legal standards relating to changes in benefits.~~

8                               ARTICLE II

9       ~~Section 201. Section 8102 of Title 24 of the Pennsylvania~~  
10      ~~Consolidated Statutes is amended to read:~~

11      ~~§ 8102. Definitions.~~

12       ~~The following words and phrases when used in this part shall~~  
13      ~~have, unless the context clearly indicates otherwise, the~~  
14      ~~meanings given to them in this section:~~

15       ~~"Accumulated deductions." The total of pickup contributions~~  
16      ~~{and}, eligible roll-ins made under section 8507(1) (relating to~~  
17      ~~rights and duties of school employees, members and~~  
18      ~~participants), the contributions paid into the fund by the~~  
19      ~~member on account of current school service, previous school~~  
20      ~~service, or creditable nonschool service, excess interest~~  
21      ~~awarded under section 8523(d) (relating to members' savings~~  
22      ~~account and cash balance account) on member contributions, and~~  
23      ~~the statutory interest credited on all such contributions.~~

24       ~~"Accumulated employer defined contributions." The total of~~  
25      ~~the employer defined contributions paid into the trust on~~  
26      ~~account of a participant's school service together with any~~  
27      ~~investment earnings and losses and adjustments for fees, costs~~  
28      ~~and expenses credited or charged thereon.~~

29       ~~"Accumulated mandatory participant contributions." The total~~  
30      ~~of the mandatory pickup participant contributions paid into the~~

~~trust on account of a participant's school service together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.~~

~~"Accumulated total defined contributions." The total of the accumulated mandatory participant contributions, accumulated employer defined contributions and accumulated voluntary contributions, reduced by any distributions, standing to the credit of a participant in an individual investment account in the trust.~~

~~"Accumulated voluntary contributions." The total of voluntary contributions paid into the trust by a participant and any amounts rolled over by a participant or transferred by a direct trustee to trustee transfer into the trust together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.~~

~~"Activated military service." Military service by a member of a reserve component of the armed forces, pursuant to an order on or after July 1, 1990, and prior to July 1, 2013, to enter into active military service, other than an order to enter into active duty to meet periodic training requirements, who was an active member of the system immediately preceding the order into active military service and to whom the military leave provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of absence) do not apply.~~

~~"Active member." A school employee for whom pickup contributions are being made to the fund or for whom such contributions otherwise required for current school service are not being made solely by reason of any provision of this part limiting compensation or relating to the limitations under section 401(a)(17) or 415(b) of the Internal Revenue Code of~~

~~1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)).~~

~~"Active participant." A school employee for whom mandatory pickup participant contributions are being made to the trust or for whom such contributions otherwise required for current school service are not being made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415) or any provision of this part limiting compensation.~~

~~"Actuarially equivalent." Equal present values, computed on the basis of statutory interest and the mortality tables adopted by the board.~~

~~"Actuary." The consultant to the board who shall be:~~

~~(1) a member of the American Academy of Actuaries;~~

~~(2) an individual who has demonstrated to the satisfaction of the Insurance Commissioner of Pennsylvania that he has the educational background necessary for the practice of actuarial science and has had at least seven years of actuarial experience; or~~

~~(3) a firm, partnership, or corporation of which at least one member meets the requirements of paragraph (1) or (2).~~

~~"Alternate payee." Any spouse, former spouse, child or dependent of a member or participant who is recognized by a domestic relations order as having a right to receive all or a portion of the moneys payable to that member or participant under this part.~~

~~"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund.~~

1       ~~"Alternative investment vehicle." A limited partnership,~~  
2 ~~limited liability company or any other legal vehicle for~~  
3 ~~authorized investments under section 8521(i) (relating to~~  
4 ~~management of fund and accounts) through which the system makes~~  
5 ~~an alternative investment.~~

6       ~~"Annuitant." Any member on or after the effective date of~~  
7 ~~retirement until his annuity is terminated.~~

8       ~~"Approved domestic relations order." Any domestic relations~~  
9 ~~order which has been determined to be approved in accordance~~  
10 ~~with section 8533.1 (relating to approval of domestic relations~~  
11 ~~orders).~~

12       ~~"Approved leave of absence." [A] As applied to all classes~~  
13 ~~of membership except Class T I, a leave of absence for activated~~  
14 ~~military service or which has been approved by the employer for~~  
15 ~~sabbatical leave, service as an exchange teacher, service with a~~  
16 ~~collective bargaining organization or professional study. As~~  
17 ~~applied to Class T I members, a leave of absence that has been~~  
18 ~~approved as a contributory leave by the employer for sabbatical~~  
19 ~~leave, service as an exchange teacher, service with a collective~~  
20 ~~bargaining organization or professional study.~~

21       ~~"Basic contribution rate." For Class T A, T B and T C~~  
22 ~~service, the rate of 6 1/4%. For Class T D service, the rate of~~  
23 ~~7 1/2%. For all active members on the effective date of this~~  
24 ~~provision who are currently paying 5 1/4% and elect Class T D~~  
25 ~~service, the rate of 6 1/2%. For Class T E service, the rate of~~  
26 ~~7 1/2%. For Class T F service, the rate of 10.30%. For Class T I~~  
27 ~~service, the rate of 3%.~~

28       ~~"Beneficiary." [The] In the case of the system, the person~~  
29 ~~or persons last designated in writing to the board by a member~~  
30 ~~to receive his accumulated deductions or a lump sum benefit upon~~

~~the death of such member. In the case of the plan, the person or persons last designated in writing to the board by a participant to receive the participant's vested accumulated total defined contributions upon the death of the participant.~~

~~"Board." The Public School Employees' Retirement Board or the Public School Employees' Retirement Board.~~

~~"Cash balance account." The ledger account into which members contribute cash balance member contributions, together with employer contributions, interest and excess interest, as provided in this part.~~

~~"Cash balance member contributions." For members in a class other than Class T-I, the amount voluntarily contributed by such member and eligible amounts rolled in to the cash balance account, as provided in this part.~~

~~"Class of service multiplier."~~

<del>Class of service</del>	<del>Multiplier</del>
<del>T-A</del>	<del>.714</del>
<del>T-B</del>	<del>.625</del>
<del>T-C</del>	<del>1.000</del>
<del>T-D</del>	<del>1.000</del>
<del>T-E</del>	<del>1.000</del>
<del>T-F</del>	<del>1.000</del>

~~"Combined service employee." A current or former school employee who is both a member of the system and a participant in the plan.~~

~~"Commissioner." The Commissioner of the Internal Revenue Service.~~

~~"Compensation." Pickup contributions and mandatory pickup participant contributions plus any remuneration received as a school employee excluding reimbursements for expenses incidental~~



~~1 to employment and excluding any bonus, severance payments, any  
2 other remuneration or other emolument received by a school  
3 employee during his school service which is not based on the  
4 standard salary schedule under which he is rendering service,  
5 payments for unused sick leave or vacation leave, bonuses or  
6 other compensation for attending school seminars and  
7 conventions, payments under health and welfare plans based on  
8 hours of employment or any other payment or emolument which may  
9 be provided for in a collective bargaining agreement which may  
10 be determined by the Public School Employees' Retirement Board  
11 to be for the purpose of enhancing compensation as a factor in  
12 the determination of final average salary, and, for  
13 participants, excluding payments for military leave and any  
14 other payments made by an employer while on USERRA leave, leave  
15 of absence granted under 51 Pa.C.S. § 4102 (relating to leaves  
16 of absence for certain government employees), military leave of  
17 absence granted under 51 Pa.C.S. § 7302 (relating to granting  
18 military leaves of absence), leave granted under section 1178 of  
19 the act of March 10, 1949 (P.L.30, No.14), known as the Public  
20 School Code of 1949, or other types of military leave, including  
21 other types of leave payments, stipends, differential wage  
22 payments as defined in IRC § 414(u)(12) and any other payments,  
23 provided, however, that the limitation under section 401(a)(17)  
24 of the Internal Revenue Code of 1986 (Public Law 99-514, 26  
25 U.S.C. § 401(a)(17)) taken into account for the purpose of  
26 member contributions, including regular or joint coverage member  
27 contributions, regardless of class of service, shall apply to  
28 each member who first became a member of the Public School  
29 Employees' Retirement System on or after July 1, 1996, and who by  
30 reason of such fact is a noneligible member subject to the~~

~~application of the provisions of section 8325.1 (relating to  
annual compensation limit under IRC § 401(a)(17)) [.] and shall  
apply to each participant. Notwithstanding the above, for Class  
T-E and Class T-F service performed on or after July 1, 2016,  
compensation for each fiscal year, for purposes of determining  
final average salary and applying the basic contribution rate,  
shall not exceed the Social Security taxable wage base in effect  
at the beginning of the fiscal year. The limit shall be applied  
separately to each employer of a member.~~

~~"Concurrent service." Simultaneously credited school and  
State service.~~

~~"Creditable nonschool service." Service other than service  
as a school employee for which an active member may obtain  
credit in the system.~~

~~"Credited service." School or creditable nonschool service  
for which the required contributions have been made to the fund,  
or for which the contributions otherwise required for such  
service were not made solely by reason of any provision of this  
part limiting compensation or relating to the limitations under  
section 401(a)(17) or 415(b) of the Internal Revenue Code of  
1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)), or  
for which salary deductions to the system or lump sum payments  
have been agreed upon in writing.~~

~~"Date of termination of service." The latest of the  
following dates:~~

~~(1) the last [date] day of service for which pickup  
contributions are made for an active member or[, ] for which  
the contributions otherwise required for such service were  
not made solely by reason of any provision of this part  
limiting compensation or relating to the limitations under~~

~~section 401(a)(17) or 415 of the Internal Revenue Code of  
1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415;~~

~~(2) in the case of an inactive member or an inactive  
participant, the effective date of his resignation or the  
date his employment is formally discontinued by his employer  
or two years following the last day of service for which  
contributions were made, whichever is earliest[.]; or~~

~~(3) in the case of a combined service employee, the  
latest of the dates in paragraph (1) or (2).~~

~~"Disability annuitant." A member on or after the effective  
date of disability until his disability annuity or the portion  
of his disability annuity payments in excess of any annuity to  
which he may otherwise be entitled is terminated.~~

~~"Distribution." Payment of all or any portion of a person's  
interest in either the Public School Employees' Retirement Fund  
or the School Employees' Defined Contribution Trust, or both,  
which is payable under this part.~~

~~"Domestic relations order." Any judgment, decree or order,  
including approval of a property settlement agreement, entered  
on or after the effective date of this definition by a court of  
competent jurisdiction pursuant to a domestic relations law  
which relates to the marital property rights of the spouse or  
former spouse of a member or participant, including the right to  
receive all or a portion of the moneys payable to that member or  
participant under this part in furtherance of the equitable  
distribution of marital assets. The term includes orders of  
support as that term is defined by 23 Pa.C.S. § 4302 (relating  
to definitions) and orders for the enforcement of arrearages as  
provided in 23 Pa.C.S. § 3703 (relating to enforcement of  
arrearages).~~

1       ~~"Effective date of retirement." The first day following the~~  
2 ~~date of termination of service of a member if he has properly~~  
3 ~~filed an application for an annuity within 90 days of such date~~  
4 ~~or:~~

5           ~~(1) In the case of a member who applies for an annuity~~  
6 ~~subsequent to 90 days after termination of service, the date~~  
7 ~~of filing such application or the date specified on the~~  
8 ~~application, whichever is later.~~

9           ~~(2) In the case of a vestee who files an application for~~  
10 ~~an annuity within 90 days of his superannuation age, the~~  
11 ~~attainment of such age.~~

12           ~~(3) In the case of a vestee who defers the filing of an~~  
13 ~~application for an annuity to a date later than 90 days~~  
14 ~~following attainment of superannuation age, the date of~~  
15 ~~filing or the date specified on the application, whichever is~~  
16 ~~later.~~

17           ~~(4) In the case of a finding of disability, the date~~  
18 ~~certified by the board as the effective date of disability.~~

19       ~~"Eligible annuitants." All current and prospective~~  
20 ~~annuitants with 24 1/2 or more eligibility points and all~~  
21 ~~current and prospective disability annuitants. Beginning January~~  
22 ~~1, 1995, "eligible annuitants" shall include members other than~~  
23 ~~Class T I members with 15 or more eligibility points who~~  
24 ~~terminated or who terminate school service on or after attaining~~  
25 ~~superannuation retirement age and who are annuitants with an~~  
26 ~~effective date of retirement after superannuation age.~~

27       ~~"Eligibility points." Points which are accrued by an active~~  
28 ~~member, a multiple service member who is an active member of the~~  
29 ~~State Employees' Retirement System for credited service or by a~~  
30 ~~member who has been reemployed from USERRA leave or dies while~~

~~performing USERRA leave and are used in the determination of eligibility for benefits as provided in section 8306 (relating to eligibility points). Class T-I members shall be deemed to accrue one eligibility point for each fiscal year in which contributions have been made to the fund.~~

~~"Employer." Any governmental entity directly responsible for the employment and payment of the school employee and charged with the responsibility of providing public education within this Commonwealth, including but not limited to: State-owned colleges and universities, the Pennsylvania State University, community colleges, area vocational technical schools, intermediate units, the State Board of Education, Scotland School for Veterans' Children, Thaddeus Stevens College of Technology, and the Western Pennsylvania School for the Deaf.~~

~~"Employer defined contributions." Contributions equal to 2.59% of an active participant's compensation that are made by an employer for current service to the trust to be credited in the active participant's individual investment account.~~

~~"Excess interest." The investment earnings of the fund attributable to Class T-I members and members who have elected to contribute to the cash balance account, calculated in accordance with section 8523(d) (relating to members' savings account and cash balance account).~~

~~"Final average salary." The highest average compensation received as an active member during any three nonoverlapping periods of 12 consecutive months with the compensation for part-time service being annualized on the basis of the fractional portion of the school year for which credit is received; except, if the employee was not a member for three such periods, the total compensation received as an active member annualized in~~

~~the case of part-time service divided by the number of such periods of membership; in the case of a member with multiple service credit, the final average salary shall be determined by reference to compensation received by him as a school employee or a State employee or both; and, in the case of a noneligible member, subject to the application of the provisions of section 8325.1 (relating to annual compensation limit under IRC § 401(a) (17)). Final average salary shall be determined by including in compensation, payments deemed to have been made to a member reemployed from USERRA leave to the extent member contributions have been made as provided in section 8302(d)(2) (relating to credited school service) and payments made to a member on leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) as provided in section 8302(d)(6). Notwithstanding the above, for Class T-E and Class T-F service performed on or after July 1, 2016, compensation to be used for final average salary calculation shall not exceed the Social Security taxable wage base in effect at the beginning of the fiscal year.~~

~~"Full coverage member." Any member for whom regular member pickup contributions are being picked up or who has paid or has agreed to pay to the fund the actuarial equivalent of regular member contributions due on account of service prior to January 1, 1983.~~

~~"Fund." The Public School Employees' Retirement Fund.~~

~~"Governmental entity." Board of school directors, board of public education, intermediate unit board of directors, area vocational technical board, any governing board of any agency or authority created by them, and the Commonwealth.~~

~~"Inactive member." A member for whom no pickup contributions~~

~~are being made to the fund, except in the case of an active member for whom such contributions otherwise required for current school service are not being made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415(b) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)) or because the member is on USERRA leave, who has accumulated deductions standing to his credit in the fund and for whom contributions have been made within the last two school years or a multiple service member who is active in the State Employees' Retirement System.~~

~~"Inactive participant." A participant for whom no mandatory pickup participant contributions are being made to the trust, except in the case of an active participant for whom such contributions otherwise required for current school service are not being made solely by reason of any provision of this part relating to limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415), who has vested accumulated total defined contributions standing to his credit in the trust and who has not filed an application for a distribution.~~

~~"Individual investment account." The account in the trust to which are credited the amounts of the contributions made by a participant and the participant's employer in accordance with the provisions of this part, together with all investment earnings after deduction for fees, costs and expenses, investment losses and charges for distributions.~~

~~"Intervening military service." Active military service of a member who was a school employee and an active member of the system immediately preceding his induction into the armed~~

~~services or forces of the United States in order to meet a draft obligation excluding any voluntary extension of such obligational service and who becomes a school employee and an active member of the system within 90 days of the expiration of such service.~~

~~"IRC." The Internal Revenue Code of 1986, as designated and referred to in section 2 of the Tax Reform Act of 1986 (Public Law 99-514, 100 Stat. 2085, 2095). A reference in this part to "IRC §" shall be deemed to refer to the identically numbered section and subsection or other subdivision of such section in 26 United States Code (relating to Internal Revenue Code).~~

~~"Irrevocable beneficiary." The person or persons permanently designated by a member or participant in writing to the board pursuant to an approved domestic relations order to receive all or a portion of the accumulated deductions, vested accumulated total defined contributions or lump sum benefit payable upon the death of such member or participant.~~

~~"Irrevocable successor payee." The person permanently designated in writing by a participant to the board pursuant to an approved domestic relations order to receive one or more distributions from the plan upon the death of such participant.~~

~~"Irrevocable survivor annuitant." The person permanently designated by a member in writing to the board pursuant to an approved domestic relations order to receive an annuity upon the death of such member.~~

~~"Joint coverage member." Any member who agreed prior to January 1, 1966 to make joint coverage member contributions to the fund and has not elected to become a full coverage member.~~

~~"Joint coverage member contributions." Regular member contributions reduced for a joint coverage member.~~



~~"Leave for service with a collective bargaining organization." Paid leave granted to an active member or active participant by an employer for purposes of working full time for or serving full time as an officer of a Statewide employee organization or a local collective bargaining representative under the act of July 23, 1970 (P.L.563, No.195), known as the Public Employe Relations Act: Provided, That greater than one half of the members of the employee organization are active members of the system or active participants of the plan; that the employer shall fully compensate the member or active participant, including, but not limited to, salary, wages, pension and retirement contributions and benefits, other benefits and seniority, as if he were in full time active service; and that the employee organization shall fully reimburse the employer for such salary, wages, pension and retirement contributions and benefits and other benefits and seniority.~~

~~"Mandatory pickup participant contributions." Contributions equal to 3% of compensation that are made by the employer for active participants for current service that are picked up by the employer and credited in the trust.~~

~~"Maternity leave of absence." An involuntary leave of absence required by the employer because of the pregnancy of the member and commencing prior to May 17, 1975.~~

~~"Member." Active member, inactive member, annuitant, or vestee.~~

~~"Member's annuity." The single life annuity which is actuarially equivalent on the effective date of retirement to the sum of the accumulated deductions and the shared risk member contributions and statutory interest credited on the deductions~~

~~and contributions standing to the member's credit in the members' savings account.~~

~~"Military service." All active military service for which a member has received a discharge other than an undesirable, bad conduct, or dishonorable discharge.~~

~~"Multiple service." Credited service of a member other than a Class T I member or Class TDB member in the State Employees' Retirement System who has elected to combine his credited service in both the Public School Employees' Retirement System and the State Employees' Retirement System.~~

~~"Noneligible member." For the purposes of section 8325.1 (relating to annual compensation limit under IRC § 401(a)(17)), a member who first became a member on or after July 1, 1996.~~

~~"Participant." An active participant, inactive participant or participant receiving distributions.~~

~~"Participating eligible annuitants." All eligible annuitants who are enrolled or elect to enroll in a health insurance program approved by the Public School Employees' Retirement Board.~~

~~"Participant receiving distributions." A participant in the plan who has commenced receiving distributions from his individual investment account but who has not received a total distribution of his vested interest in the individual investment account.~~

~~"Pickup contributions." Regular or joint coverage member contributions and shared risk member contributions and mandatory cash balance account contributions which are made by the employer for active members for current service on and after January 1, 1983.~~

~~"Plan." The School Employees' Defined Contribution Plan as~~

~~established by the provisions of this part and the board.~~

~~"Plan document." The documents created by the board under section 8402 (relating to plan document) that contain the terms and provisions of the plan and trust as established by the board regarding the establishment, administration and investment of the plan and trust.~~

~~"Previous school service." Service [rendered] as a school employee including service in any summer school conducted by a school district of the Commonwealth, but excluding service rendered during which the school employee was or could have been a participant in the plan, prior to the member's most recent entrance in the system.~~

~~"Public school." Any or all classes or schools within this Commonwealth conducted under the order and superintendence of the Department of Education including, but not limited to: all educational classes of any employer charged with the responsibility of public education within this Commonwealth as well as those classes financed wholly or in part by the Federal Government, State owned colleges and universities, the Pennsylvania State University, community colleges, area vocational technical schools, intermediate units, the State Board of Education, Scotland School for Veterans' Children, Thaddeus Stevens State School of Technology, and the Pennsylvania State Oral School for the Deaf.~~

~~"Public School Code." The act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949.~~

~~"Reemployed from USERRA leave." Resumption of active membership or active participation as a school employee after a period of USERRA leave, if the resumption of active membership or active participation was within the time period and under~~

~~conditions and circumstances such that the school employee was entitled to reemployment rights under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services).~~

~~"Regular member contributions." The product of the basic contribution rate and the compensation of the member.~~

~~"Required beginning date." The latest date by which distributions of a participant's interest in his individual investment account must commence under the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).~~

~~"Reserve component of the armed forces." The United States Army Reserve, United States Navy Reserve, United States Marine Corps Reserve, United States Coast Guard Reserve, United States Air Force Reserve, Pennsylvania Army National Guard and Pennsylvania Air National Guard.~~

~~"Salaried employee." A school employee who is compensated on the basis of an annual salary.~~

~~"Salary deductions." The amounts certified by the board, deducted from the compensation of an active member or active participant or the State service compensation of a multiple service member who is an active member of the State Employees' Retirement System or active participant of the School Employees' Defined Contribution Plan and paid into the fund or trust.~~

~~"School employee." Any person engaged in work relating to a public school for any governmental entity and for which work he is receiving regular remuneration as an officer, administrator or employee excluding, however, any independent contractor or a person compensated on a fee basis.~~

~~"School entity." A school district of any class, intermediate unit or an area vocational technical school, as~~

~~provided for under the act of March 10, 1949 (P.L.30, No.14),  
known as the Public School Code of 1949.~~

~~"School service." Service rendered as a school employee.~~

~~"School year." The 12 month period which the governmental  
entity uses for purposes of administration regardless of the  
actual time during which a member renders service.~~

~~"Severance payments." Any payments for unused vacation or  
sick leave and any additional compensation contingent upon  
retirement including payments in excess of the scheduled or  
customary salaries provided for members within the same  
governmental entity with the same educational and experience  
qualifications who are not terminating service.~~

~~"Shared risk contribution rate." The [additional]  
contribution rate that is [added] applied to the basic  
contribution rate for Class T D, T E and T F members, as  
provided for in section 8321(b) and (c) (relating to regular  
member contributions for current service).~~

~~"Standard single life annuity." For Class T A, T B and T C  
credited service of a member, an annuity equal to 2% of the  
final average salary, multiplied by the total number of years  
and fractional part of a year of credited service of a member in  
that class. For Class T D credited service of a member, an  
annuity equal to 2.5% of the final average salary, multiplied by  
the total number of years and fractional part of a year of  
credited service in that class. For Class T E credited service  
of a member, an annuity equal to 2% of the final average salary,  
multiplied by the total number of years and fractional part of a  
year of credited service of a member. For Class T F credited  
service of a member, an annuity equal to 2.5% of the final  
average salary, multiplied by the total number of years and~~

~~fractional part of a year of credited service of a member. For Class T-I members, and for monies in the cash balance account of members of other classes, an annuity that is actuarially equivalent to the balance of the member's savings account or the cash balance account, as applicable, calculated using 120% of the mid term Treasury note rate in effect on the effective date of retirement of the member.~~

~~"State Employees' Defined Contribution Plan." The defined contribution plan for State employees established by 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers).~~

~~"State Employees' Retirement System." The retirement system established by the act of June 27, 1923 (P.L.858, No.331) and codified by the act of June 1, 1959 (P.L.392, No.78) and by Part XXV of Title 71 (relating to retirement for State employees and officers), added March 1, 1974 (P.L.125, No.31).~~

~~"State service." Service rendered as a State employee and credited as service in the State Employees' Retirement System.~~

~~"Statutory interest." Interest at 4% per annum, compounded annually.~~

~~"Successor payee." The person or persons last designated in writing by a participant to the board to receive one or more distributions upon the death of such participant.~~

~~"Superannuation annuitant." An annuitant whose annuity first became payable on or after the attainment of superannuation age and who is not a disability annuitant.~~

~~"Superannuation or normal retirement age."~~

~~Class of service~~

~~Age~~

~~T-A~~

~~62 or any age upon accrual of~~

~~-~~

~~35 eligibility points~~

1	<del>T-B</del>	<del>62</del>
2	<del>T-C and T-D</del>	<del>62 or age 60 provided the</del>
3	<del>-</del>	<del>member has at least 30-</del>
4	<del>-</del>	<del>eligibility points or any-</del>
5	<del>-</del>	<del>age upon accrual of 35-</del>
6		<del>eligibility points</del>
7	<del>T-E and T-F</del>	<del>65 with accrual of at least</del>
8	<del>-</del>	<del>three eligibility points-</del>
9	<del>-</del>	<del>or a combination of age-</del>
10	<del>-</del>	<del>and eligibility points-</del>
11	<del>-</del>	<del>totaling 92, provided the</del>
12	<del>-</del>	<del>member has accrued at-</del>
13	<del>-</del>	<del>least 35 eligibility-</del>
14	<del>-</del>	<del>points</del>

15     ~~"Survivor annuitant." The person or persons last designated~~  
16 ~~by a member or participant under a joint and survivor annuity~~  
17 ~~option to receive an annuity upon the death of such member. A~~  
18 ~~combined service employee may designate different persons to be~~  
19 ~~survivor annuitants for the benefits from the system and~~  
20 ~~beneficiaries or successor payees for the benefits from the~~  
21 ~~plan.~~

22     ~~"System." The Public School Employees' Retirement System of~~  
23 ~~Pennsylvania as established by the act of July 18, 1917~~  
24 ~~(P.L.1043, No.343), and codified by the act of June 1, 1959~~  
25 ~~(P.L.350, No.77).~~

26     ~~"Total member contribution rate." The sum of the basic~~  
27 ~~contribution rate and the shared risk contribution rate.~~

28     ~~"Trust." The School Employees' Defined Contribution Trust~~  
29 ~~established under Chapter 84 (relating to School Employees'~~  
30 ~~Defined Contribution Plan).~~

1       ~~"USERRA." The Uniformed Services Employment and Reemployment~~  
2 ~~Rights Act, 38 U.S.C. Ch. 43 (relating to employment and~~  
3 ~~reemployment rights of members of the uniformed services).~~

4       ~~"USERRA leave." Any period of time for service in the~~  
5 ~~uniformed services as defined in 38 U.S.C. Ch. 43 (relating to~~  
6 ~~employment and reemployment rights of members of the uniformed~~  
7 ~~services) by a school employee or former school employee or~~  
8 ~~participant who terminated school service to perform the service~~  
9 ~~in the uniformed services, if the current or former school~~  
10 ~~employee or participant is entitled to reemployment rights under~~  
11 ~~38 U.S.C. Ch. 43 with respect to the uniformed service.~~

12       ~~"Valuation interest." Interest at 5 1/2% per annum,~~  
13 ~~compounded annually and applied to all accounts of the fund~~  
14 ~~other than the members' savings account.~~

15       ~~"Vestee." A member with five or more eligibility points in a~~  
16 ~~class of service other than Class T-E, Class T-F or Class T-I~~  
17 ~~who has terminated school service, has left his accumulated~~  
18 ~~deductions in the fund and is deferring filing of an application~~  
19 ~~for receipt of an annuity. For Class T-E and Class T-F members,~~  
20 ~~a member with ten or more eligibility points who has terminated~~  
21 ~~school service, has left his accumulated deductions in the fund~~  
22 ~~and is deferring filing of an application for receipt of an~~  
23 ~~annuity. For Class T-I members, a member who has terminated~~  
24 ~~school service, has left his accumulated deductions in the fund~~  
25 ~~and is deferring filing of an application for receipt of~~  
26 ~~annuity.~~

27       ~~"Voluntary contributions." Contributions made by a~~  
28 ~~participant to the trust and credited to his individual~~  
29 ~~investment account in excess of his mandatory pickup participant~~  
30 ~~contributions, and contributions made by a member to the system~~



~~and credited to his cash balance account in excess of his  
mandatory pickup contributions, either by salary deductions paid  
through the employer or by an eligible rollover or direct  
trustee to trustee transfers.~~

~~Section 202. Section 8103 of Title 24 is amended by adding  
subsections to read:~~

~~§ 8103. Construction of part.~~

~~\* \* \*~~

~~(c) Construction regarding inactive member and inactive  
participant. As used in this part:~~

~~(1) The term "inactive member" does not include a  
combined service employee who is an "inactive participant,"  
unless the combined service employee is concurrently employed  
in a position in which such employee is a member of the  
system.~~

~~(2) The term "inactive participant" does not include a  
combined service employee who is an "inactive member," unless  
the combined service employee is concurrently employed in a  
position in which such employee is a participant in the plan.~~

~~(d) Provisions severable. The provisions of this part are  
severable and if any of its provisions shall be held to be  
unconstitutional, the decision of the court shall not affect or  
impair any of the remaining provisions. It is hereby declared to  
be the legislative intent that this part would have been adopted  
had such unconstitutional provisions not been included.~~

~~(e) References to certain Federal statutes. References in  
this part to the IRC or the Uniformed Services Employment and  
Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat.  
3149), including administrative regulations promulgated under  
the IRC or the Uniformed Services Employment and Reemployment~~

~~Rights Act of 1994, are intended to include laws and regulations in effect on the effective date of this section and amended, supplemented or supplanted on and after the effective date of this section.~~

~~(f) Construction.~~

~~(1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits payable under Part IV.~~

~~(2) This part may not be construed to mean that an interpretation or application of the provisions of Part IV or benefits available to members of the Public School Employees' Retirement System was not in accordance with the provisions of Part IV or other applicable law, including the IRC and the Uniformed Services Employment and Reemployment Rights Act of 1994 before the effective date of this section.~~

~~(3) This part may not be construed to mean that the release or publicizing of a record, material or data that would not constitute a public record under section 8502(e)(2) (relating to administrative duties of board) is a violation of the fiduciary duties of the board.~~

~~(g) Applicability. This part shall apply to a record, material or data under section 8502(e)(2) notwithstanding whether:~~

~~(1) the record, material or data was created, generated or stored before the effective date of this section;~~

~~(2) the record, material or data was previously released or made public; or~~

~~(3) a request for the record, material or data was made or is pending final response under the former act of June 21, 1957 (P.L.390, No.212), referred to as the Right to Know Law, or the act of February 14, 2008 (P.L.6, No. 3), known as the Right to Know Law.~~

~~(h) Pension rights. Notwithstanding any other provision of law, no collective bargaining agreement nor any arbitration award between the school employer and its employees or their collective bargaining representatives shall be construed to change any of the provisions in this part, to require the board to administer pension or retirement benefits not set forth under this part or to require action by any other government body pertaining to pension or retirement benefits or rights of school employees.~~

~~Section 203. Title 24 is amended by adding sections to read:~~  
~~§ 8103.1. Reference to Public School Employees' Retirement System.~~

~~As of the effective date of this section, unless the context clearly indicates otherwise, a reference to the Public School Employees' Retirement System in a statutory provision, other than this part and 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers), shall include a reference to the plan, and a reference to the Public School Employees' Retirement Fund shall include a reference to the trust.~~

~~§ 8103.2. Notice to members and participants.~~

~~Notice by publication, including, without being limited to, newsletters, newspapers, forms, first class mail, letters, manuals, and electronic notice, including, but not limited to, e-mail or internet websites distributed or made available to members and participants in a manner reasonably calculated to~~

~~give actual notice of the provisions of this part that require  
notice to members and participants shall be deemed sufficient  
notice for all purposes.~~

~~Section 204. Sections 8301, 8302, 8303, 8303.1 and 8304(a)  
of Title 24 are amended to read:~~

~~§ 8301. Mandatory and optional membership.~~

~~(a) Mandatory membership. Membership in the system shall be  
mandatory as of the effective date of employment for all school  
employees except the following:~~

~~(1) Any officer or employee of the [Department of  
Education] department, State owned educational institutions,  
community colleges, area vocational technical schools,  
technical institutes, or [the] The Pennsylvania State  
University and who is a member of the State Employees'  
Retirement System or a member of another retirement program  
approved by the employer.~~

~~(2) Any school employee, other than a school employee  
eligible for Class T I membership, who is not a member of the  
system and who is employed on a per diem or hourly basis for  
less than 80 full day sessions or 500 hours in any fiscal  
year or annuitant who returns to school service under the  
provisions of section 8346(b) (relating to termination of  
annuities).~~

~~(3) Any officer or employee of a governmental entity who  
subsequent to December 22, 1965 and prior to July 1, 1975  
administers, supervises, or teaches classes financed wholly  
or in part by the Federal Government so long as he continues  
in such service.~~

~~(4) Any part time school employee, other than a school  
employee eligible for Class T I membership, who has an~~

~~individual retirement account pursuant to the Federal act of September 2, 1974 (Public Law 93-406, 88 Stat. 829), known as the Employee Retirement Income Security Act of 1974.~~

~~(b) Prohibited membership. The school employees categorized in subsection (a)(1) and (2) shall not have the right to elect membership in the system.~~

~~(c) Optional membership. The school employees categorized in subsection (a)(3) and, if otherwise eligible, subsection (a)(4) shall have the right to elect membership in the system. Once such election is exercised, membership shall commence from the original date of eligibility and shall continue until the termination of such service.~~

~~(d) Mandatory participation in the plan. A school employee who is a mandatory member of Class T I shall also be a mandatory participant in the plan as of the effective date of membership in the system.~~

~~(e) Optional participation in the plan. Class T E and Class T F members may participate in the plan on or after July 1, 2016, to the extent that the compensation of the participant exceeds the Social Security taxable wage base in effect at the beginning of the fiscal year, as provided in section 8404(b) (relating to participant contributions).~~

~~(f) Optional contributions to the cash balance account. Class T C members may contribute to the cash balance account up to 3% of compensation, as provided in this part. Class T D, Class T E and Class T F members may contribute to the cash balance account up to 3% of compensation, but limited to the Social Security taxable wage base in effect at the beginning of the fiscal year, as provided in this part. Contributions may be changed as provided in this part or as set forth in board~~

1 policy.

2 ~~(g) Certain agreements. The agreement of an employer to~~  
3 ~~make contributions to the fund or to enroll its employees as~~  
4 ~~members in the system shall be deemed to be an agreement to make~~  
5 ~~contributions to the trust or to enroll its employees in the~~  
6 ~~plan.~~

7 ~~§ 8302. Credited school service.~~

8 ~~(a) Computation of credited service. In computing credited~~  
9 ~~school service of a member for the determination of benefits, a~~  
10 ~~full time salaried school employee shall receive one year of~~  
11 ~~credit for each school year or the corresponding fraction~~  
12 ~~thereof, in accordance with the proportion of the full school~~  
13 ~~year for which the required regular member contributions have~~  
14 ~~been made to the fund, or for which such contributions otherwise~~  
15 ~~required for such service were not made to the fund solely by~~  
16 ~~reason of any provision of this part relating to the limitations~~  
17 ~~under IRC § 401(a)(17) or 415(b) or another provision of this~~  
18 ~~part limiting compensation. A per diem or hourly school employee~~  
19 ~~shall receive one year of credited service for each~~  
20 ~~nonoverlapping period of 12 consecutive months in which he is~~  
21 ~~employed and for which contributions are made to the fund, or~~  
22 ~~would have been made to the fund but for such limitations under~~  
23 ~~the IRC, or another provision of this part limiting compensation~~  
24 ~~for at least 180 full day sessions or 1,100 hours of employment.~~  
25 ~~If such member was employed and contributions were made to the~~  
26 ~~fund for less than 180 full day sessions or 1,100 hours, he~~  
27 ~~shall be credited with a fractional portion of a year determined~~  
28 ~~by the ratio of the number of full day sessions or hours of~~  
29 ~~service actually rendered and for which contributions are made~~  
30 ~~to the fund to 180 full day sessions or 1,100 hours, as the case~~

~~may be. A part time salaried employee shall be credited with the fractional portion of the year which corresponds to the service actually rendered and for which contributions are or would have been made to the fund in relation to the service required as a comparable full time salaried employee. In no case shall a member receive more than one year of credited service for any 12 consecutive months or a member who has elected multiple service receive an aggregate in the two systems of more than one year of credited service for any 12 consecutive months.~~

~~(b) Approved leaves of absence. An active member shall receive credit or vesting credit, as applicable, and an active participant shall receive vesting credit, for an approved leave of absence provided that:~~

~~(1) the member returns for a period at least equal to the length of the leave or one year as a member of the system or the participant returns to school service as an active participant in the plan, whichever is less, to the school district which granted his leave, unless such condition is waived by the employer; and~~

~~(2) the proper contributions are made by the member and the employer[.] or by the active participant and the employer. In the case of a Class T I member, the proper contributions must be made during the leave except for USERRA leave.~~

~~\* \* \*~~

~~(c) Cancellation of credited service. All credited service in the system shall be cancelled if a member withdraws his accumulated deductions.~~

~~(d) Credit for military service. A school employee who has performed USERRA leave may receive credit in the system as~~

1 follows:

2 ~~(1) For purposes of determining whether a member is~~  
3 ~~eligible to receive credited service in the system for a~~  
4 ~~period of active military service, other than active duty~~  
5 ~~service to meet periodic training requirements, rendered~~  
6 ~~after August 5, 1991, and that began before the effective~~  
7 ~~date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73~~  
8 ~~(relating to military leave of absence) shall apply to all~~  
9 ~~individuals who were active members of the system when the~~  
10 ~~period of military service began, notwithstanding if the~~  
11 ~~member is not defined as an employee under 51 Pa.C.S. § 7301~~  
12 ~~(relating to definitions). School employees may not receive~~  
13 ~~service credit or exercise the options under 51 Pa.C.S. §~~  
14 ~~7306(a), (b) and (c) (relating to retirement rights) for~~  
15 ~~military leaves that begin on or after the effective date of~~  
16 ~~this subsection, except otherwise provided under this~~  
17 ~~subsection.~~

18 ~~(2) A school employee who has performed USERRA leave may~~  
19 ~~receive credit as provided by this paragraph.~~

20 ~~(i) A school employee who is reemployed from USERRA~~  
21 ~~leave as an active member of the system shall be treated~~  
22 ~~as not having incurred a break in school service by~~  
23 ~~reason of the USERRA leave and shall be granted~~  
24 ~~eligibility points as if the school employee had not been~~  
25 ~~on the USERRA leave. If a school employee who is~~  
26 ~~reemployed from USERRA leave as an active member of the~~  
27 ~~system subsequently makes regular member contributions,~~  
28 ~~shared risk member contributions and any other member~~  
29 ~~contributions in the amounts and in the time periods~~  
30 ~~required by 38 U.S.C. Ch. 43 (relating to employment and~~



1 ~~reemployment rights of members of the uniformed services)~~  
2 ~~and IRC § 414(u) as if the school employee had continued~~  
3 ~~in his school office or employment and performed school~~  
4 ~~service and been compensated during the period of USERRA~~  
5 ~~leave, then the school employee shall be granted school~~  
6 ~~service credit for the period of USERRA leave. The~~  
7 ~~employee shall have his benefits, rights and obligations~~  
8 ~~determined under this part as if he was an active member~~  
9 ~~who performed creditable school service during the USERRA~~  
10 ~~leave in the job position that he would have held had he~~  
11 ~~not been on USERRA leave and received the compensation on~~  
12 ~~which the member contributions to receive school service~~  
13 ~~credit for the USERRA leave were determined.~~

14 ~~(ii) For purposes of determining whether a school~~  
15 ~~employee has made the required employee contributions for~~  
16 ~~school service credit for USERRA leave, if an employee~~  
17 ~~who is reemployed from USERRA leave as an active member~~  
18 ~~terminates school service or dies in school service~~  
19 ~~before the expiration of the allowed payment period,~~  
20 ~~school service credit for the USERRA leave shall be~~  
21 ~~granted as if the required member contributions were paid~~  
22 ~~the day before termination or death. The amount of the~~  
23 ~~required member contributions shall be treated as an~~  
24 ~~incomplete payment subject to the provisions of section~~  
25 ~~8325 (relating to incomplete payments). Upon a subsequent~~  
26 ~~return to school service or to State service as a~~  
27 ~~multiple service member, the required member~~  
28 ~~contributions treated as incomplete payments shall be~~  
29 ~~treated as member contributions that were either~~  
30 ~~withdrawn in a lump sum at termination or paid as a lump~~

1 ~~sum under section 8345(a)(4) (relating to member's~~  
2 ~~options). For this purpose, the exclusion of Class T-E~~  
3 ~~and Class T-F members from electing a form of payment~~  
4 ~~under section 8345(a)(4)(iii) shall be ignored.~~

5 ~~(iii) A school employee who is reemployed from~~  
6 ~~USERRA leave as an active member of the system and who~~  
7 ~~does not make the required member contributions or makes~~  
8 ~~only part of the required member contributions within the~~  
9 ~~allowed payment period shall not be:~~

10 ~~(A) Granted credited service for the period of~~  
11 ~~USERRA leave for which the required member~~  
12 ~~contributions were not timely made.~~

13 ~~(B) Eligible to subsequently make contributions.~~

14 ~~(C) Granted either school service credit or~~  
15 ~~nonschool service credit for the period of USERRA~~  
16 ~~leave for which the required member contributions~~  
17 ~~were not timely made.~~

18 ~~(3) A school employee who is a member of the system and~~  
19 ~~performs USERRA leave from which the employee could have been~~  
20 ~~reemployed from USERRA leave had the school employee returned~~  
21 ~~to school service in the time frames required by 38 U.S.C.~~  
22 ~~Ch. 43 for reemployment rights, but did not do so, shall be~~  
23 ~~able to receive creditable nonschool service as~~  
24 ~~nonintervening military service for the period of USERRA~~  
25 ~~leave if the employee later returns to school service and is~~  
26 ~~otherwise eligible to purchase the service as nonintervening~~  
27 ~~military service.~~

28 ~~(4) [A school employee] An active or inactive member~~  
29 ~~who, on or after the effective date of this subsection, is~~  
30 ~~granted a leave of absence under section 1178 of the Public~~

1 ~~School Code, a leave of absence under 51 Pa.C.S. § 4102~~  
2 ~~(relating to leaves of absence for certain government~~  
3 ~~employees) or a military leave under 51 Pa.C.S. Ch. 73, that~~  
4 ~~is not USERRA leave shall be able to receive creditable~~  
5 ~~nonschool service as nonintervening military service should~~  
6 ~~the employee return to school service as an active member of~~  
7 ~~the system and is otherwise eligible to purchase the service~~  
8 ~~as nonintervening military service.~~

9 ~~(5) If a member dies while performing USERRA leave, the~~  
10 ~~beneficiaries or survivor annuitants of the deceased member~~  
11 ~~shall be entitled to any additional benefits, including~~  
12 ~~eligibility points, other than benefit accruals relating to~~  
13 ~~the period of qualified military service, provided under this~~  
14 ~~part as if the member resumed and then terminated employment~~  
15 ~~on account of death.~~

16 ~~(6) A school employee who is on a leave of absence from~~  
17 ~~his duties as a school employee and for which 51 Pa.C.S. §~~  
18 ~~4102 provides that he is not to suffer a loss of pay, time or~~  
19 ~~efficiency shall not be an active member, receive service~~  
20 ~~credit or make member contributions for the leave of absence~~  
21 ~~except as provided for in this part. Notwithstanding this~~  
22 ~~paragraph, any pay the member receives under section 1178 of~~  
23 ~~the Public School Code or 51 Pa.C.S. § 4102 shall be included~~  
24 ~~in the determination of final average salary and other~~  
25 ~~calculations in the system utilizing compensation as if the~~  
26 ~~payments were compensation under this part.~~

27 ~~(c) Military service by a participant. A participant who~~  
28 ~~has performed USERRA leave shall be treated and may make~~  
29 ~~contributions as follows:~~

30 ~~(1) A participant who is reemployed from USERRA leave~~

~~shall be treated as not having incurred a break in school service by reason of the USERRA leave and shall be granted vesting credit as if the participant had not been on USERRA leave. If a participant who is reemployed from USERRA leave subsequently makes mandatory pickup participant contributions in the amounts and in the time periods required by 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) as if the participant had continued in his school employment and performed school service and been compensated during the period of USERRA leave, then the participant's employer shall make the corresponding employer defined contributions. Such an employee shall have his contributions, benefits, rights and obligations determined under this part as if he was an active participant who performed school service during the USERRA leave in the job position that he would have held had he not been on USERRA leave and received the compensation on which the mandatory pickup participant contributions to receive school service credit for the USERRA leave were determined, including the right to make voluntary contributions on such compensation as permitted by law.~~

~~(2) A participant who is reemployed from USERRA leave and does not make the mandatory pickup participant contributions or makes only part of the mandatory pickup participant contributions within the allowed payment period shall not be eligible to make mandatory pickup participant contributions and voluntary contributions at a later date for the period of USERRA leave for which the mandatory pickup participant contributions were not timely made.~~

~~(3) A participant who performs USERRA leave from which~~

~~the employee could have been reemployed from USERRA leave had the school employee returned to school service in the time frames required by 38 U.S.C. Ch. 43 for reemployment rights, but did not do so, shall not be eligible to make mandatory pickup participant contributions or voluntary contributions for the period of USERRA leave should the employee later return to school service and be a participant in the plan.~~

~~(4) An active participant or inactive participant who, on or after the effective date of this subsection, is granted a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) or a military leave under 51 Pa.C.S. Ch. 73 (relating to military leave of absence) that is not USERRA leave shall not be eligible to make mandatory pickup participant contributions or voluntary contributions during or for the leave of absence or military leave, and shall not have employer defined contributions made during such leave, without regard to whether or not the participant received salary, wages, stipends, differential wage payments or other payments from his employer during the leave, notwithstanding any provision to the contrary in 51 Pa.C.S. § 4102 or Ch. 73.~~

~~(5) If a participant dies while performing USERRA leave, then the beneficiaries or successor payees, as the case may be, of the deceased participant are entitled to any additional benefits, other than benefit accruals relating to the period of qualified military service, provided under this part had the participant resumed and then terminated employment on account of death.~~

~~§ 8303. Eligibility points for retention and reinstatement of service credits.~~

~~(a) Accrued credited service. Eligibility points shall be computed in accordance with section 8306 (relating to eligibility points) with respect to all credited service accrued as of the effective date of this part.~~

~~(b) Future school service. Every active member of the system other than a Class T I member shall accrue an eligibility point for each year of school service rendered subsequent to the effective date of this part. Class T I members shall be deemed to accrue one eligibility point for each fiscal year in which contributions have been made to the fund.~~

~~(b.1) USERRA leave. A member who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive eligibility points in accordance with section 8306 for the school service that would have been performed had the member not performed USERRA leave.~~

~~(c) Purchase of previous creditable service. Every active member of the system other than a Class T I member or a multiple service member who is an active member of the State Employees' Retirement System on or after the effective date of this part may purchase credit and receive eligibility points:~~

~~(1) as a member of Class T C, Class T E or Class T F for previous creditable school service or creditable nonschool service; or~~

~~(2) as a member of Class T D for previous creditable school service, provided the member elects to become a Class T D member pursuant to section 8305.1 (relating to election to become a Class T D member);~~  
~~upon written agreement by the member and the board as to the manner of payment of the amount due for credit for such service; except, that any purchase for reinstatement of service credit~~

1 ~~shall be for all service previously credited.~~

2 ~~(d) Purchase of previous noncreditable service. Class T-C~~  
3 ~~and Class T-D members who are active members on the effective~~  
4 ~~date of this subsection shall have three years from the~~  
5 ~~effective date of this subsection to file a written application~~  
6 ~~with the board to purchase any previous noncreditable school~~  
7 ~~service. Class T-C and Class T-D members who are not active~~  
8 ~~members on the effective date of this subsection but who become~~  
9 ~~active members after the effective date of this subsection and~~  
10 ~~Class T-E and class T-F members shall have 365 days from entry~~  
11 ~~into the system to file a written application with the board to~~  
12 ~~purchase any previous noncreditable school service. Class T-I~~  
13 ~~members shall not be eligible to purchase previous noncreditable~~  
14 ~~school service.~~

15 ~~(e) Limitations. Notwithstanding any other provision of~~  
16 ~~this part, a Class T-I member shall be permitted to receive~~  
17 ~~vesting credit or eligibility points, as applicable, for:~~

18 ~~(1) USERRA leave; and~~

19 ~~(2) an approved leave of absence, provided such approved~~  
20 ~~leaves of absence leaves are contributory leaves.~~

21 ~~§ 8303.1. Waiver of adjustments.~~

22 ~~(a) Allowance. Upon appeal by an affected member,~~  
23 ~~participant, beneficiary or survivor annuitant, the board may~~  
24 ~~waive an adjustment or any portion of an adjustment made under~~  
25 ~~section 8534(b) (relating to fraud and adjustment of errors) if~~  
26 ~~in the opinion of the board or the board's designated~~  
27 ~~representative:~~

28 ~~(1) the adjustment or portion of the adjustment will~~  
29 ~~cause undue hardship to the member, participant, beneficiary~~  
30 ~~or survivor annuitant;~~

1       ~~(2) the adjustment was not the result of erroneous~~  
2 ~~information supplied by the member, participant, beneficiary~~  
3 ~~or survivor annuitant;~~

4       ~~(3) the member or participant had no knowledge or notice~~  
5 ~~of the error before adjustment was made, and the member,~~  
6 ~~participant, beneficiary or survivor annuitant took action~~  
7 ~~with respect to their benefits based on erroneous information~~  
8 ~~provided by the system or plan; and~~

9       ~~(4) the member, participant, beneficiary or survivor~~  
10 ~~annuitant had no reasonable grounds to believe the erroneous~~  
11 ~~information was incorrect before the adjustment was made.~~

12 ~~(b) Time period.—~~

13       ~~(1) In order to obtain consideration of a waiver under~~  
14 ~~this section, the affected member, participant, beneficiary~~  
15 ~~or survivor annuitant must appeal to the board in writing~~  
16 ~~within 30 days after receipt of notice that benefits have~~  
17 ~~been adjusted or, if no notice was given, within 30 days~~  
18 ~~after the adjustment was known or should have been known to~~  
19 ~~the affected member, participant, beneficiary or survivor~~  
20 ~~annuitant.~~

21       ~~(2) For any adjustments made prior to the effective date~~  
22 ~~of this subsection for which the member, participant,~~  
23 ~~beneficiary or survivor annuitant appealed to the board and~~  
24 ~~was denied, an appeal under this section must be filed within~~  
25 ~~90 days of the effective date of this subsection.~~

26       ~~Section 2. Section 8304(a) of Title 24 is amended to read:~~

27 ~~§ 8304. Creditable nonschool service.~~

28       ~~(a) Eligibility. An active member, other than a Class T-I~~  
29 ~~member, or a multiple service member who is an active member of~~  
30 ~~the State Employees' Retirement System shall be eligible to~~



~~receive Class T-C, Class T-E or Class T-F service credit for creditable nonschool service and Class T-D, Class T-E or Class T-F service for intervening military service, provided the member becomes a Class T-D member pursuant to section 8305.1 (relating to election to become a Class T-D member) or Class T-F member pursuant to section 8305.2 (relating to election to become a Class T-F member) or 8305 (relating to classes of service), as set forth in subsection (b) provided that he is not entitled to receive, eligible to receive now or in the future, or is receiving retirement benefits for such service under a retirement system administered and wholly or partially paid for by any other governmental agency or by any private employer, or a retirement program approved by the employer in accordance with section 8301(a)(1) (relating to mandatory and optional membership), and further provided that such service is certified by the previous employer and the manner of payment of the amount due is agreed upon by the member, the employer, and the board.~~

~~\* \* \*~~

~~Section 205. Section 8305(b) of Title 24 is amended and the section is amended by adding a subsection to read:~~

~~§ 8305. Classes of service.~~

~~\* \* \*~~

~~(b) Other class membership. A school employee who is a member of a class of service other than Class T-C on the effective date of this part may elect to become a member of Class T-C or Class T-D or may retain his membership in such other class until the service is discontinued or he elects to become a full coverage member or elects to purchase credit for previous school or creditable nonschool service. Any service [thereafter] as a member of the system shall be credited as~~

~~Class T C [or T D], Class T D or Class T I service as applicable.~~

~~\* \* \*~~

~~(f) Class T I membership. Notwithstanding any other provision, a person who first becomes a school employee and an active member and active participant, or a person who first becomes a multiple service member or participant who is a State employee and a member of the State Employees' Retirement System, on or after July 1, 2016, shall be classified as a Class T I member upon payment of regular member contributions and participant contributions, as applicable.~~

~~Section 206. Section 8305.1(c) of Title 24 is amended to read:~~

~~§ 8305.1. Election to become a Class T D member.~~

~~\* \* \*~~

~~(c) Effect of election. An election to become a Class T D member shall remain in effect until the termination of employment except as otherwise provided in this part. Those members who, on the effective date of this section, contribute at the rate of 5 1/4% shall be deemed to have accepted the basic contribution rate of 6 1/2% for all Class T D service performed on or after January 1, 2002. Those members who, on the effective date of this section, contribute at the rate of 6 1/4% shall be deemed to have accepted the basic contribution rate of 7 1/2% for all Class T D service performed on or after January 1, 2002. Upon termination and a subsequent reemployment that occurs before July 1, 2016, the class of service of the school employee shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after July 1, 2016, the school employee's eligibility for membership in the~~

~~system or participation in the plan shall be as provided in this part.~~

~~\* \* \*~~

~~Section 207. (Reserved).~~

~~Section 208. Section 8306 of Title 24 is amended to read:~~

~~§ 8306. Eligibility points.~~

~~(a) General rule. An active member of the system other than a Class T-I member shall accrue one eligibility point for each year of credited service as a member of the school or State retirement system. A member shall accrue an additional two thirds of an eligibility point for each year of Class D-3 credited service under the State Employees' Retirement System. In the case of a fractional part of a year of credited service, a member shall accrue the corresponding fractional portion of an eligibility point. Class T-I members shall be deemed to accrue one eligibility point for each fiscal year in which contributions have been made to the fund.~~

~~(a.1) USERRA leave. A member or participant who is reemployed from USERRA leave or who dies while performing USERRA leave shall be granted the eligibility points that he would have accrued had he continued in his school office or employment instead of performing USERRA leave. If a school employee who is reemployed from USERRA leave makes the member or mandatory pickup participant contributions to be granted school service credit for the USERRA leave, no additional eligibility points may be granted.~~

~~(b) Transitional rule. For the purposes of the transition:~~

~~(1) In determining whether a member, other than a disability annuitant who returns to school service after June 30, 2001, upon termination of the disability annuity, who is~~

1 ~~not a school employee or a State employee on June 30, 2001,~~  
2 ~~and July 1, 2001, and who has previous school service, has~~  
3 ~~the five eligibility points required by the definition of~~  
4 ~~"vestee" in sections 8102 (relating to definitions), 8307~~  
5 ~~(relating to eligibility for annuities), 8308 (relating to~~  
6 ~~eligibility for vesting) and 8345 (relating to member's~~  
7 ~~options), only eligibility points earned by performing~~  
8 ~~credited school service as an active member of the system,~~  
9 ~~USERRA leave or credited State service as an active member of~~  
10 ~~the State Employee's Retirement System after June 30, 2001,~~  
11 ~~shall be counted until such member earns one eligibility~~  
12 ~~point by performing credited school service or credited State~~  
13 ~~service after June 30, 2001, at which time all eligibility~~  
14 ~~points as determined under subsection (a) shall be counted.~~

15 ~~(2) A member subject to paragraph (1) shall be~~  
16 ~~considered to have satisfied any requirement for five~~  
17 ~~eligibility points contained in this part if the member has~~  
18 ~~at least ten eligibility points determined under subsection~~  
19 ~~(a).~~

20 ~~Section 209. Section 8307 of Title 24 is amended and the~~  
21 ~~section is amended by adding subsections to read:~~

22 ~~§ 8307. Eligibility for annuities.~~

23 ~~(a) Superannuation annuity. An active or an inactive~~  
24 ~~member, other than a Class T-I member, who attains~~  
25 ~~superannuation age shall be entitled to receive a superannuation~~  
26 ~~annuity upon termination of service and filing of a proper~~  
27 ~~application. A combined service employee who is an active or~~  
28 ~~inactive participant and attains superannuation age in the~~  
29 ~~system shall be entitled to receive a superannuation annuity~~  
30 ~~upon termination of service and filing of a proper application.~~

~~(b) Withdrawal annuity. A vestee in Class T C or Class T D with five or more eligibility points or an active or inactive Class T C or Class T D member who terminates school service having five or more eligibility points shall, upon filing a proper application, be entitled to receive an early annuity. A vestee in Class T E or Class T F with ten or more eligibility points or an active or inactive Class T E or Class T F member who terminates school service having ten or more eligibility points shall, upon filing a proper application, be entitled to receive an early annuity.~~

~~(c) Disability annuity. An active or inactive member, other than a Class T I member, who has credit for at least five years of service shall, upon filing of a proper application, be entitled to a disability annuity if he becomes mentally or physically incapable of continuing to perform the duties for which he is employed and qualifies for an annuity in accordance with the provisions of section 8505(c)(1) (relating to duties of board regarding applications and elections of members).~~

~~(d) Class T I members. A Class T I member who terminates school service shall, upon filing of a proper application, be entitled to receive an annuity.~~

~~(e) Multiple classes of service. A member with more than one class of service who vests his retirement benefits in any class of service may not receive distributions from other classes of service until his effective date of retirement, regardless of whether his benefits resulting from such other classes of service are vested or he is eligible to receive an annuity. A member with service credited in more than one class of service may not separately vest those benefits and receive annuities from different classes of service with different~~

1 ~~effective dates.~~

2 ~~Section 210. Sections 8308, 8310, 8321, 8322.1(a), 8323(a)~~  
3 ~~and (d), 8324(b), (c) and (d), 8325, 8325.1 and 8326(a) and (c)~~  
4 ~~of Title 24 are amended to read:~~

5 ~~§ 8308. Eligibility for vesting.~~

6 ~~(a) General rule. Any Class T C or Class T D member who~~  
7 ~~terminates school service, or if a multiple service member and~~  
8 ~~an active member of the State Employees Retirement System,~~  
9 ~~terminates State service, with five or more eligibility points~~  
10 ~~shall be entitled to vest his retirement benefits until~~  
11 ~~attainment of superannuation age. Any Class T E or Class T F~~  
12 ~~member who terminates school service, or if a multiple service~~  
13 ~~member and an active member of the State Employees Retirement~~  
14 ~~System, terminates State service, with ten or more eligibility~~  
15 ~~points shall be entitled to vest his retirement benefits until~~  
16 ~~attainment of superannuation age. A Class T I member who~~  
17 ~~terminates school service shall be entitled to vest his~~  
18 ~~retirement benefits until the member's required beginning date,~~  
19 ~~provided the balance of his members' savings account and cash~~  
20 ~~balance account exceeds the requirements of a de minimis account~~  
21 ~~under section 8349(d) (relating to payment of benefits).~~

22 ~~(b) Multiple classes of service. A member with more than~~  
23 ~~one class of service who vests his retirement benefits in any~~  
24 ~~class of service may not receive distributions from other~~  
25 ~~classes of service until his effective date of retirement,~~  
26 ~~regardless of whether his benefits resulting from such other~~  
27 ~~classes of service are vested or he is eligible to receive an~~  
28 ~~annuity. A member with service credited in more than one class~~  
29 ~~of service may not separately vest those benefits and receive~~  
30 ~~annuities from different classes of service with different~~

1 ~~effective dates.~~

2 ~~§ 8310. Eligibility for refunds.~~

3 ~~Upon termination of service any active member, regardless of~~  
4 ~~eligibility for benefits, may elect to receive his accumulated~~  
5 ~~deductions in lieu of any benefit from the system to which he is~~  
6 ~~entitled.~~

7 ~~§ 8321. Regular member contributions and cash balance member~~  
8 ~~contributions for current service.~~

9 ~~(a) General. Regular member contributions and cash balance~~  
10 ~~member contributions shall be made to the fund on behalf of each~~  
11 ~~active member for current service except for any period of~~  
12 ~~current service in which the making of such contributions has~~  
13 ~~ceased solely by reason of any provision of this part limiting~~  
14 ~~such contributions, or relating to the limitations under IRC §~~  
15 ~~401(a)(17) or 415(b).~~

16 ~~(b) Class T-E and Class T-F shared risk contributions.~~

17 ~~(1) Commencing with the annual actuarial valuation~~  
18 ~~performed under section 8502(j) (relating to administrative~~  
19 ~~duties of board), for the period ending June 30, 2014, and~~  
20 ~~every three years thereafter, the board shall compare the~~  
21 ~~actual investment rate of return, net of fees, to the annual~~  
22 ~~interest rate adopted by the board for the calculation of the~~  
23 ~~normal contribution rate, based on the market value of~~  
24 ~~assets, for the prior ten year period. If the actual~~  
25 ~~investment rate of return, net of fees, is less than the~~  
26 ~~annual interest rate adopted by the board by an amount of 1%~~  
27 ~~or more, the shared risk contribution rate of Class T-D, T-E~~  
28 ~~and T-F members will increase by .5%. If the actual~~  
29 ~~investment rate of return, net of fees, is equal to or~~  
30 ~~exceeds the annual interest rate adopted by the board, the~~

1 ~~shared risk contributions rate of Class T-D, T-E and T-F~~  
2 ~~members will decrease by .5%[.], provided the total member~~  
3 ~~contribution rate on the date of the actuarial valuation is~~  
4 ~~above the member's total contribution rate in effect on the~~  
5 ~~effective date of this paragraph. If the actual investment~~  
6 ~~rate of return, net of fees, is more than the annual interest~~  
7 ~~rate adopted by the board by an amount of 1% or more, the~~  
8 ~~shared risk contribution rate of Class T-D, T-E and T-F~~  
9 ~~members will decrease by .5%. If the actual investment rate~~  
10 ~~of return, net of fees, is equal to or below the annual~~  
11 ~~interest rate adopted by the board, the shared risk~~  
12 ~~contribution rate of Class T-D, T-E and T-F members will~~  
13 ~~increase by .5%, provided the total member contribution rate~~  
14 ~~on the date of the actuarial valuation is below the member's~~  
15 ~~total contribution rate in effect on the effective date of~~  
16 ~~this paragraph. Class T-D, T-E and T-F members will~~  
17 ~~contribute at the total member contribution rate in effect~~  
18 ~~when they are hired. [The]~~

19 ~~(2) Notwithstanding paragraph (1), the total member~~  
20 ~~contribution rate for Class T-D and T-E members who are~~  
21 ~~currently paying 7.5% on the effective date of this paragraph~~  
22 ~~shall not be less than [7.5%] 5.5%, nor more than 9.5%. The~~  
23 ~~total member contribution rate for Class T-F members shall~~  
24 ~~not be less than [10.3%] 8.3%, nor more than 12.3%. The total~~  
25 ~~member contribution rate for Class T-D members who are~~  
26 ~~currently paying 6.5% on the effective date of this paragraph~~  
27 ~~shall not be less than 4.5%, nor more than 8.5%.~~

28 ~~(3) Notwithstanding this subsection, if the system's~~  
29 ~~actuarial funded status is 100% or more as of the date used~~  
30 ~~for the comparison required under this subsection, as~~



1 ~~determined in the current annual actuarial valuation, and the~~  
2 ~~total contribution rate of the member is above the basic~~  
3 ~~contribution rate, the shared risk contribution rate shall be~~  
4 ~~zero.~~

5 ~~(4) In the event that the annual interest rate adopted~~  
6 ~~by the board for the calculation of the normal contribution~~  
7 ~~rate is changed during the period used to determine the~~  
8 ~~shared risk contribution rate, the board, with the advice of~~  
9 ~~the actuary, shall determine the applicable rate during the~~  
10 ~~entire period, expressed as an annual rate.~~

11 ~~{(1)} (5) Until the system has a ten year period of~~  
12 ~~investment rate of return experience following the effective~~  
13 ~~date of this subsection, the look back period shall begin not~~  
14 ~~earlier than the effective date of this subsection.~~

15 ~~{(2)} (6) For any fiscal year in which the employer~~  
16 ~~contribution rate is lower than the final contribution rate~~  
17 ~~under section 8328(h) (relating to actuarial cost method),~~  
18 ~~the total member contribution rate for Class T-D, T-E and T-F~~  
19 ~~members shall be prospectively reset to the basic~~  
20 ~~contribution rate.~~

21 ~~{(3)} (7) There shall be no increase in the member~~  
22 ~~contribution rate if there has not been an equivalent~~  
23 ~~increase to the employer contribution rate over the previous~~  
24 ~~three year period.~~

25 ~~§ 8322.1. Pickup contributions.~~

26 ~~(a) Treatment for purposes of IRC § 414(h). All~~  
27 ~~contributions required to be made to the fund under sections~~  
28 ~~8321 (relating to regular member contributions for current~~  
29 ~~service) and 8322 (relating to joint coverage member~~  
30 ~~contributions), with respect to current school service rendered~~

~~by an active member on or after January 1, 1983, shall be picked up by the employer and shall be treated as the employer's contribution for purposes of IRC § 414(h).~~

~~\*\*\*~~

~~§ 8323. Member contributions for creditable school service.~~

~~(a) Previous school service, sabbatical leave and full coverage. The contributions to be paid by an active member or an eligible State employee for credit in the system for reinstatement of all previously credited school service, school service not previously credited, sabbatical leave as if he had been in full time daily attendance, or full coverage membership shall be sufficient to provide an amount equal to the accumulated deductions which would have been standing to the credit of the member for such service had regular member contributions been made with full coverage at the rate of contribution necessary to be credited as Class T-C service, Class T-D service if the member is a Class T-D member, Class T-E service if the member is a Class T-E member or Class T-F service if the member is a Class T-F member and had such contributions been credited with statutory interest during the period the contributions would have been made and during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay up to the date of purchase.~~

~~\*\*\*~~

~~(d) Certification and payment of contributions.~~

~~(1) In all cases other than for the purchase of credit for sabbatical leave and activated military service leave beginning before the effective date of paragraph (2), the amount payable shall be certified by the board in accordance~~

1 with methods approved by the actuary and may be paid in a  
2 lump sum within 90 days or in the case of an active member or  
3 an eligible State employee who is an active member of the  
4 State Employees' Retirement System it may be amortized with  
5 statutory interest through salary deductions to the system in  
6 amounts agreed upon by the member and the board. The salary  
7 deduction amortization plans agreed to by members and the  
8 board may include a deferral of payment amounts and statutory  
9 interest until the termination of school service or State  
10 service as the board in its sole discretion decides to allow.  
11 The board may limit salary deduction amortization plans to  
12 such terms as the board in its sole discretion determines. In  
13 the case of an eligible State employee who is an active  
14 member of the State Employees' Retirement System, the agreed  
15 upon salary deductions shall be remitted to the State  
16 Employees' Retirement Board, which shall certify and transfer  
17 to the board the amounts paid.

18 (2) In the case of activated military service leave  
19 beginning before the effective date of this paragraph, the  
20 amount payable may be paid according to this subsection or  
21 subsection (c.1), but all lump sum payments must be made  
22 within one year of the termination of activated military  
23 service leave.

24 ~~§ 8324. Contributions for purchase of credit for creditable~~  
25 ~~nonschool service and noncreditable school service.~~

26 \* \* \*

27 (b) Nonintervening military service. The amount due for the  
28 purchase of credit for military service other than intervening  
29 military service shall be determined by applying the member's  
30 basic contribution rate plus the normal contribution rate as

~~provided in section 8328 (relating to actuarial cost method) at the time of entry of the member into school service subsequent to such military service to one third of his total compensation received during the first three years of such subsequent credited school service and multiplying the product by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with statutory interest during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay to date of purchase. Upon certification of the amount due, payment may be made in a lump sum within 90 days or in the case of an active member or an eligible State employee who is an active member of the State Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or becoming a participant and a combined service employee as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid. Application may be filed for all such military service credit upon completion of three years of subsequent credited school service and shall be credited as Class T C service. In~~

~~the event that a Class T-E member makes a purchase of credit for such military service, then such service shall be credited as Class T-E service. In the event that a Class T-F member makes a purchase of credit for such military service, then such service shall be credited as Class T-F service.~~

~~(c) Intervening military service. Contributions on account of credit for intervening military service shall be determined by the member's basic contribution rate and compensation at the time of entry of the member into active military service, together with statutory interest during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay to date of purchase. Upon application for such credit the amount due shall be certified in the case of each member by the board, in accordance with methods approved by the actuary, and contributions may be made by one of the following methods:~~

~~(1) Regular monthly payments during active military service.~~

~~(2) A lump sum payment within 90 days of certification of the amount due.~~

~~(3) Salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or becoming a participant and a combined service employee as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of~~

1 ~~an eligible State employee who is an active member of the~~  
2 ~~State Employees' Retirement System, the agreed upon salary~~  
3 ~~deductions shall be remitted to the State Employees'~~  
4 ~~Retirement Board, which shall certify and transfer to the~~  
5 ~~board the amounts paid.~~

6 ~~(d) Other creditable nonschool service and noncreditable~~  
7 ~~school service.~~

8 ~~(1) Contributions on account of Class T-C credit for~~  
9 ~~creditable nonschool service other than military service~~  
10 ~~shall be determined by applying the member's basic~~  
11 ~~contribution rate plus the normal contribution rate as~~  
12 ~~provided in section 8328 at the time of the member's entry~~  
13 ~~into school service subsequent to such creditable nonschool~~  
14 ~~service to his total compensation received during the first~~  
15 ~~year of subsequent credited school service and multiplying~~  
16 ~~the product by the number of years and fractional part of a~~  
17 ~~year of creditable nonschool service being purchased together~~  
18 ~~with statutory interest during all periods of subsequent~~  
19 ~~school service as an active member or inactive member or~~  
20 ~~State service as an active member or inactive member on leave~~  
21 ~~without pay to the date of purchase, except that in the case~~  
22 ~~of purchase of credit for creditable nonschool service as set~~  
23 ~~forth in section 8304(b)(5) (relating to creditable nonschool~~  
24 ~~service) the member shall pay only the employee's share~~  
25 ~~unless otherwise provided by law. Upon certification of the~~  
26 ~~amount due, payment may be made in a lump sum within 90 days~~  
27 ~~or in the case of an active member or an eligible State~~  
28 ~~employee who is an active member of the State Employees'~~  
29 ~~Retirement System it may be amortized with statutory interest~~  
30 ~~through salary deductions to the system in amounts agreed~~

1 upon by the member and the board. The salary deduction  
2 amortization plans agreed to by the members and the board may  
3 include a deferral of payment amounts and statutory interest  
4 until the termination of school service or State service or  
5 becoming a participant and a combined service employee as the  
6 board in its sole discretion decides to allow. The board may  
7 limit salary deduction amortization plans to such terms as  
8 the board in its sole discretion determines. In the case of  
9 an eligible State employee who is an active member of the  
10 State Employees' Retirement System, the agreed upon salary  
11 deductions shall be remitted to the State Employees'  
12 Retirement Board, which shall certify and transfer to the  
13 board the amounts paid.

14 (2) Contributions on account of Class T E or Class T F  
15 credit for creditable nonschool service other than military  
16 service shall be the present value of the full actuarial cost  
17 of the increase in the projected superannuation annuity  
18 caused by the additional service credited on account of the  
19 purchase. Upon certification of the amount due, payment may  
20 be made in a lump sum within 90 days or, in the case of an  
21 active member or an eligible State employee who is an active  
22 member of the State Employees' Retirement System, it may be  
23 amortized with statutory interest through salary deductions  
24 to the system in amounts agreed upon by the member and the  
25 board. The salary deduction amortization plans agreed to by  
26 the members and the board may include a deferral of payment  
27 amounts and statutory interest until the termination of  
28 school service or State service or becoming a participant and  
29 combined service employee as the board in its sole discretion  
30 decides to allow. The board may limit salary deduction

1 ~~amortization plans to the terms as the board in its sole~~  
2 ~~discretion determines. In the case of an eligible State~~  
3 ~~employee who is an active member of the State Employees'~~  
4 ~~Retirement System, the agreed upon salary deductions shall be~~  
5 ~~remitted to the State Employees' Retirement Board, which~~  
6 ~~shall certify and transfer to the board the amounts paid.~~

7 ~~(3) Contributions on account of Class T E or Class T F~~  
8 ~~credit for noncreditable school service other than military~~  
9 ~~service shall be the present value of the full actuarial cost~~  
10 ~~of the increase in the projected superannuation annuity~~  
11 ~~caused by the additional service credited on account of the~~  
12 ~~purchase. Upon certification of the amount due, payment may~~  
13 ~~be made in a lump sum within 90 days or, in the case of an~~  
14 ~~active member or an eligible State employee who is an active~~  
15 ~~member of the State Employees' Retirement System, it may be~~  
16 ~~amortized with statutory interest through salary deductions~~  
17 ~~to the system in amounts agreed upon by the member and the~~  
18 ~~board. The salary deduction amortization plans agreed to by~~  
19 ~~the members and the board may include a deferral of payment~~  
20 ~~amounts and statutory interest until the termination of~~  
21 ~~school service or State service or becoming a participant and~~  
22 ~~combined service employee as the board in its sole discretion~~  
23 ~~decides to allow. The board may limit salary deduction~~  
24 ~~amortization plans to the terms as the board in its sole~~  
25 ~~discretion determines. In the case of an eligible State~~  
26 ~~employee who is an active member of the State Employees'~~  
27 ~~Retirement System, the agreed upon salary deductions shall be~~  
28 ~~remitted to the State Employees' Retirement Board, which~~  
29 ~~shall certify and transfer to the board the amounts paid.~~

30 ~~\* \* \*~~



~~§ 8325. Incomplete payments.~~

~~(a) Right to pay balance due. In the event that a member terminates school service or becomes a participant or a multiple service member who is an active member of the State Employees' Retirement System terminates State service before any agreed upon payments, including USERRA leave, or return of benefits on account of returning to school service or entering State service and electing multiple service have been completed, the member or multiple service member who is an active member of the State Employees' Retirement System shall have the right to pay within 30 days of termination of school service or State service or becoming a participant the balance due, including interest, in a lump sum, and the annuity shall be calculated including full credit for the previous school service, creditable nonschool service, or full coverage membership.~~

~~(b) Effect of failure to pay balance due. In the event a member does not pay the balance due within 30 days of termination of school service or becoming a participant or in the event a member dies in school service or within 30 days of termination of school service or in the case of a multiple service member who is an active member of the State Employees' Retirement System does not pay the balance due within 30 days of termination of State service or dies in State service or within 30 days of termination of State service or becoming a participant and before the agreed upon payments have been completed, the present value of the benefit otherwise payable shall be reduced by the balance due, including interest, and the benefit payable shall be calculated as the actuarial equivalent of such reduced present value.~~

~~§ 8325.1. Annual compensation limit under IRC § 401(a)(17).~~

~~(a) General rule. In addition to other applicable limitations set forth in this part, and notwithstanding any provision of this part to the contrary, the annual compensation of each noneligible member and each participant taken into account for benefit purposes under this subchapter shall not exceed the limitation under IRC § 401(a)(17). On and after July 1, 1996, any reference in this part to the limitation under IRC § 401(a)(17) shall mean the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual compensation limit set forth in this subsection. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the commissioner for increases in the cost of living in accordance with IRC § 401(a)(17)(B). The cost of living adjustment in effect for a calendar year applies to any determination period which is a period, not exceeding 12 months, over which compensation is determined, beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12.~~

~~\* \* \*~~

~~§ 8326. Contributions by the Commonwealth.~~

~~(a) Contributions on behalf of active members and participants. The Commonwealth shall make contributions into the fund on behalf of all active members and participants, including members and participants on activated military service leave, in an amount equal to one half the amount certified by the board as necessary to provide, together with the members' contributions, annuity reserves on account of prospective annuities as provided in this part in accordance with section~~

~~8328 (relating to actuarial cost method). In case a school employee has elected membership in a retirement program approved by the employer, the Commonwealth shall contribute to such program on account of his membership an amount no greater than the amount it would have contributed had the employee been a member of the Public School Employees' Retirement System.~~

~~\* \* \*~~

~~(c) Contributions after June 30, 1995.—~~

~~(1) The Commonwealth shall make contributions into the fund on behalf of all active members and participants, including members on activated military service leave, for service performed after June 30, 1995, in the following manner:~~

~~(i) For members and participants who are employees of employers that are school entities, no Commonwealth contributions shall be made.~~

~~(ii) For members and participants who are employees of employers that are not school entities, the amount computed under subsection (a).~~

~~(2) The Commonwealth shall make contributions into the fund on behalf of annuitants for all amounts due to the fund after June 30, 1995, including, but not limited to, amounts due pursuant to section 8328(d) and (f), in the following manner:~~

~~(i) For members and participants who are employees of employers who are school entities, no Commonwealth contributions shall be made.~~

~~(ii) For members and participants who are employees of employers who are not school entities, the amount computed under subsection (b).~~

1       ~~\*\*\*~~

2       ~~Section 211. Section 8327(a), (b) and (c) of Title 24 are~~  
3 ~~amended and the section is amended by adding subsections to~~  
4 ~~read:~~

5       ~~§ 8327. Payments by employers.~~

6       ~~(a) General rule. [Each]~~

7           ~~(1) For payments before June 30, 2016, each employer,~~  
8 ~~including the Commonwealth as employer of employees of the~~  
9 ~~Department of Education, State owned colleges and~~  
10 ~~universities, Thaddeus Stevens College of Technology, Western~~  
11 ~~Pennsylvania School for the Deaf, Scotland School for~~  
12 ~~Veterans' Children[, ] and [the] The Pennsylvania State~~  
13 ~~University, shall make payments to the fund each quarter in~~  
14 ~~an amount equal to one half the sum of the percentages, as~~  
15 ~~determined under section 8328 (relating to actuarial cost~~  
16 ~~method), applied to the total compensation during the pay~~  
17 ~~periods in the preceding quarter of all its employees who~~  
18 ~~were members of the system during such period, including~~  
19 ~~members on activated military service leave. In the event a~~  
20 ~~member on activated military service leave does not return to~~  
21 ~~service for the necessary time or receives an undesirable,~~  
22 ~~bad conduct or dishonorable discharge or does not elect to~~  
23 ~~receive credit for activated military service under section~~  
24 ~~8302(b.1)(3) (relating to credited school service), the~~  
25 ~~contributions made by the employer on behalf of such member~~  
26 ~~shall be returned with valuation interest upon application by~~  
27 ~~the employer.~~

28           ~~(2) For payments after June 30, 2016, each employer,~~  
29 ~~including the Commonwealth as employer of employees of the~~  
30 ~~Department of Education, State owned colleges and~~

~~universities, Thaddeus Stevens College of Technology, Western  
Pennsylvania School for the Deaf, Scotland School for  
Veterans' Children and The Pennsylvania State University,  
shall make payments to the fund each quarter in an amount  
equal to one half the sum of the percentages, as determined  
under section 8328, applied to the total compensation during  
the pay periods in the preceding quarter of all its employees  
who were members of the system during such period, including  
members on activated military service leave or USERRA leave,  
plus the accrued liability contribution rate applied to the  
total compensation of all active participants in the plan. In  
the event a member on activated military service leave or  
USERRA leave does not return to service for the necessary  
time or receives an undesirable, bad conduct or dishonorable  
discharge or does not elect to receive credit for activated  
military service under section 8302(b.1)(3), the  
contributions made by the employer on behalf of such member  
shall be returned with valuation interest upon application by  
the employer.~~

~~(b) Deduction from appropriations.—~~

~~(1) To facilitate the payment of amounts due from any  
employer to the fund and the trust through the State  
Treasurer and to permit the exchange of credits between the  
State Treasurer and any employer, the Secretary of Education  
and the State Treasurer shall cause to be deducted and paid  
into the fund and the trust from the amount of any moneys due  
to any employer on account of any appropriation for schools  
or other purposes amounts equal to the employer and pickup  
contributions which an employer is required to pay to the  
fund and the trust, as certified by the board, and as remains~~

1     ~~unpaid on the date such appropriations would otherwise be~~  
2     ~~paid to the employer. Such amount shall be credited to the~~  
3     ~~appropriate accounts in the fund and the trust.~~

4         ~~(2) To facilitate the payments of amounts due from any~~  
5     ~~charter school, as defined in Article XVII A of the act of~~  
6     ~~March 10, 1949 (P.L.30, No.14), known as the Public School~~  
7     ~~Code of 1949, to the fund and the trust through the State~~  
8     ~~Treasurer and to permit the exchange of credits between the~~  
9     ~~State Treasurer and any employer, the Secretary of Education~~  
10    ~~and the State Treasurer shall cause to be deducted and paid~~  
11    ~~into the fund and the trust from any funds appropriated to~~  
12    ~~the Department of Education for basic education of the~~  
13    ~~chartering school district of a charter school and public~~  
14    ~~school employees' retirement contributions amounts equal to~~  
15    ~~the employer and pickup contributions which a charter school~~  
16    ~~is required to pay to the fund and the trust, as certified by~~  
17    ~~the board, and as remains unpaid on the date such~~  
18    ~~appropriations would otherwise be paid to the chartering~~  
19    ~~school district or charter school. Such amounts shall be~~  
20    ~~credited to the appropriate accounts in the fund and the~~  
21    ~~trust. Any reduction in payments to a chartering school~~  
22    ~~district made pursuant to this section shall be deducted from~~  
23    ~~the amount due to the charter school district pursuant to the~~  
24    ~~Public School Code of 1949.~~

25         ~~(c) Payments by employers after June 30, 1995, and before~~  
26    ~~July 1, 2016. After June 30, 1995, and before July 1, 2016,~~  
27    ~~each employer, including the Commonwealth as employer of~~  
28    ~~employees of the Department of Education, State owned colleges~~  
29    ~~and universities, Thaddeus Stevens College of Technology,~~  
30    ~~Western Pennsylvania School for the Deaf, Scotland School for~~

~~Veterans' Children and The Pennsylvania State University, shall make payments to the fund and the trust each quarter in an amount computed in the following manner:~~

~~(1) For an employer that is a school entity, the amount shall be the sum of the percentages as determined under section 8328 applied to the total compensation during the pay periods in the preceding quarter of all employees who were active members of the system or active participants of the plan during such period, including members or active participants on activated military service leave. In the event a member on activated military service leave does not return to service for the necessary time or receives an undesirable, bad conduct or dishonorable discharge or does not elect to receive credit for activated military service under section 8302(b.1)(3), the contribution made by the employer on behalf of such member shall be returned with valuation interest upon application by the employer.~~

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

~~(3) For any employer, whether or not a school entity, in computing the amount of payment due each quarter, there shall be excluded from the total compensation referred to in this subsection and subsection (a) any amount of compensation of a noneligible member on the basis of which member or participant contributions have not been made by reason of the limitation under IRC § 401(a)(17), except as otherwise provided in this part. Any amount of contribution to the fund or trust paid by the employer on behalf of a noneligible member or participant on the basis of compensation which was subject to exclusion from total compensation in accordance~~

1 ~~with the provisions of this paragraph shall, upon the board's~~  
2 ~~determination or upon application by the employer, be~~  
3 ~~returned to the employer with valuation interest.~~

4 ~~(d) Payments by employers after June 30, 2016. After June~~  
5 ~~30, 2016, each employer, including the Commonwealth as employer~~  
6 ~~of employees of the Department of Education, State owned~~  
7 ~~colleges and universities, Thaddeus Stevens College of~~  
8 ~~Technology, Western Pennsylvania School for the Deaf, Scotland~~  
9 ~~School for Veterans' Children and The Pennsylvania State~~  
10 ~~University, shall make payments to the fund and the trust each~~  
11 ~~quarter in an amount computed in the following manner:~~

12 ~~(1) For an employer that is a school entity, the amount~~  
13 ~~shall be the sum of the percentages as determined under~~  
14 ~~section 8328 applied to the total compensation during the pay~~  
15 ~~periods in the preceding quarter of all employees who were~~  
16 ~~active members of the system during such period, including~~  
17 ~~members on activated military service leave and USERRA leave,~~  
18 ~~plus the accrued liability contribution rate applied to the~~  
19 ~~total compensation of all active participants in the plan. In~~  
20 ~~the event a member on activated military service leave or~~  
21 ~~USERRA leave does not return to service for the necessary~~  
22 ~~time or receives an undesirable, bad conduct or dishonorable~~  
23 ~~discharge or does not elect to receive credit for activated~~  
24 ~~military service under section 8302(b.1)(3) or 8302(d), the~~  
25 ~~contribution made by the employer on behalf of such member~~  
26 ~~shall be returned with valuation interest upon application by~~  
27 ~~the employer.~~

28 ~~(2) For an employer that is not a school entity, the~~  
29 ~~amount computed under subsection (a).~~

30 ~~(3) For any employer, whether or not a school entity, in~~



~~computing the amount of payment due each quarter, there shall be excluded from the total compensation referred to in this subsection and subsection (a) any amount of compensation of a noneligible member or participant on the basis of which member or participant contributions have not been made by reason of the limitation under IRC § 401(a)(17). Any amount of contribution to the fund paid by the employer on behalf of a noneligible member or participant on the basis of compensation which was subject to exclusion from total compensation in accordance with the provisions of this paragraph shall, upon the board's determination or upon application by the employer, be returned to the employer with valuation interest.~~

~~(c) Deemed agreed to. The agreement of an employer listed in the definition of school employee under section 8102 (relating to definitions) or any other law to make contributions to the fund or to enroll its employees as members in the system shall be deemed to be an agreement to make contributions to the trust or enroll its employees in the plan.~~

~~(f) Contributions. The employer employing a participant shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.~~

~~(g) Contributions resulting from members reemployed from USERRA leave. When a school employee reemployed from USERRA leave makes the member contributions required to be granted school service credit for the USERRA leave after June 30, 2016, either by actual payment or by actuarial debt under section 8325 (relating to incomplete payments), the employer that employed the school employee when the member contributions are made or the last employer before termination in the case of payment~~

~~under section 8325 shall make the employer contributions that would have been made under this section if the employee making the member contributions after he is reemployed from USERRA leave continued to be employed in his school office or position instead of performing USERRA leave.~~

~~Section 212. Section 8328 (a), (b), (c) (4) and (g) are amended and subsections (c) and (g) are amended by adding paragraphs to read:~~

~~§ 8328. Actuarial cost method.~~

~~(a) Employer contribution rate. The amount of the total employer contributions shall be computed by the actuary as a percentage of the total compensation of all active members and active participants, as applicable, during the period for which the amount is determined and shall be so certified by the board. The total employer contribution rate shall be the sum of the final contribution rate as computed in subsection (h) plus the premium assistance contribution rate as computed in subsection (f). The actuarially required contribution rate shall consist of the normal contribution rate as defined in subsection (b), the accrued liability contribution rate as defined in subsection (c) and the supplemental annuity contribution rate as defined in subsection (d). Beginning July 1, 2004, the actuarially required contribution rate shall be modified by the experience adjustment factors as calculated in subsection (e).~~

~~(b) Normal contribution rate. [The]~~

~~(1) For the fiscal year ending on or before June 30, 2015, the normal contribution rate shall be determined after each actuarial valuation. Until all accrued liability contributions have been completed, the normal contribution rate shall be determined, on the basis of an annual interest~~

1 ~~rate and such mortality and other tables as shall be adopted~~  
2 ~~by the board in accordance with generally accepted actuarial~~  
3 ~~principles, as a level percentage of the compensation of the~~  
4 ~~average new active member, which percentage, if contributed~~  
5 ~~on the basis of his prospective compensation through the~~  
6 ~~entire period of active school service, would be sufficient~~  
7 ~~to fund the liability for any prospective benefit payable to~~  
8 ~~him, in excess of that portion funded by his prospective~~  
9 ~~member contributions, excluding the shared risk~~  
10 ~~contributions.~~

11 ~~(2) For fiscal years beginning on or after July 1, 2016,~~  
12 ~~the normal contribution rate shall be determined after each~~  
13 ~~actuarial valuation. Until all accrued liability~~  
14 ~~contributions have been completed, the normal contribution~~  
15 ~~rate shall be determined, on the basis of an annual interest~~  
16 ~~rate and such mortality and other tables as shall be adopted~~  
17 ~~by the board in accordance with generally accepted actuarial~~  
18 ~~principles, as a level percentage of the compensation of all~~  
19 ~~active members, which percentage, if contributed on the basis~~  
20 ~~of the member's prospective compensation through the entire~~  
21 ~~period of active school service, would be sufficient to fund~~  
22 ~~the liability for any prospective benefit payable to him, in~~  
23 ~~excess of that portion funded by his prospective member~~  
24 ~~contributions, excluding the shared risk contributions.~~

25 ~~(c) Accrued liability contribution rate.~~

26 ~~\* \* \*~~

27 ~~(4) For the fiscal year beginning July 1, 2011, the~~  
28 ~~accrued liability contribution rate shall be computed as the~~  
29 ~~rate of total compensation of all active members which shall~~  
30 ~~be certified by the actuary as sufficient to fund as a level~~

1 ~~percentage of compensation over a period of 24 years from~~  
2 ~~July 1, 2011, the present value of the liabilities for all~~  
3 ~~prospective benefits calculated as of June 30, 2010,~~  
4 ~~including the supplemental benefits as provided in sections~~  
5 ~~8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and~~  
6 ~~8348.7, in excess of the actuarially calculated assets in the~~  
7 ~~fund (calculated recognizing all realized and unrealized~~  
8 ~~investment gains and losses each year in level annual~~  
9 ~~installments over a ten year period). In the event that the~~  
10 ~~accrued liability is increased by legislation enacted~~  
11 ~~subsequent to June 30, 2010, as a result of an increase in~~  
12 ~~benefits determined on a total plan basis, such additional~~  
13 ~~liability shall be funded as a level percentage of~~  
14 ~~compensation over a period of ten years from the July 1~~  
15 ~~second succeeding the date such legislation is enacted.~~

16 ~~(5) For the actuarial valuation for the fiscal years~~  
17 ~~ending on or after June 30, 2017, the actuarially calculated~~  
18 ~~assets in the fund determined in accordance with paragraph~~  
19 ~~(4) shall be no less than 70% and no more than 130% of market~~  
20 ~~value.~~

21 ~~\* \* \*~~

22 ~~(g) Temporary application of collared contribution rate.~~

23 ~~(1) The collared contribution rate for each fiscal year~~  
24 ~~shall be determined by comparing the actuarially required~~  
25 ~~contribution rate, calculated without regard for the costs~~  
26 ~~added by legislation, to the prior year's final contribution~~  
27 ~~rate.~~

28 ~~(2) If, for any of the fiscal years beginning July 1,~~  
29 ~~2011, July 1, 2012, and on or after July 1, 2013, the~~  
30 ~~actuarially required contribution rate, calculated without~~

1 ~~regard for the costs added by legislation, is more than 3%,~~  
2 ~~3.5% and 4.5%, respectively, of the total compensation of all~~  
3 ~~active members greater than the prior year's final~~  
4 ~~contribution rate, then the collared contribution rate shall~~  
5 ~~be applied and be equal to the prior year's final~~  
6 ~~contribution rate increased by 3%, 3.5% and 4.5%,~~  
7 ~~respectively, of total compensation of all active members.~~  
8 ~~Otherwise, and for all other fiscal years, the collared~~  
9 ~~contribution rate shall not be applicable. In no case shall~~  
10 ~~the collared contribution rate be less than 4% of the total~~  
11 ~~compensation of all active members.~~

12 ~~(3) For purposes of applying the collared contribution~~  
13 ~~rate, compensation for determining the normal contribution~~  
14 ~~rate and the accrued liability contribution rate shall be~~  
15 ~~defined as the total compensation of all active members and~~  
16 ~~active participants.~~

17 ~~\* \* \*~~

18 ~~Section 213. Section 8330 of Title 24 is amended to read:~~  
19 ~~§ 8330. Appropriations by the Commonwealth.~~

20 ~~(a) Annual submission of budget. The board shall prepare~~  
21 ~~and through the Governor submit annually to the General Assembly~~  
22 ~~an itemized budget consisting of the amounts necessary to be~~  
23 ~~appropriated by the Commonwealth out of the General Fund~~  
24 ~~required to meet the separate obligations to the fund and the~~  
25 ~~trust accruing during the fiscal period beginning July 1 of the~~  
26 ~~following year.~~

27 ~~(b) Appropriation and payment. The General Assembly shall~~  
28 ~~make an appropriation sufficient to provide for the separate~~  
29 ~~obligations of the Commonwealth to the fund and the trust. Such~~  
30 ~~amount shall be paid by the State Treasurer through the~~

~~Department of Revenue into the fund or the trust, as the case may be, within 30 days of receipt of the requisition presented each quarter by the board.~~

~~Section 214. Title 24 is amended by adding a section to read:~~

~~§ 8331. Employer funding mandate protection.~~

~~(a) Limited expansion of contractual right to funding.~~

~~Beginning on the July 1 after the actuarial valuation in which~~

~~the actuary certifies that final contribution rate is the~~

~~actuarially required contribution, each active member shall have~~

~~a contractual right to the timely payment of the annual~~

~~actuarially required contributions pursuant to section 8328~~

~~(relating to actuarial cost method) and section 8502 (k)~~

~~(relating to administrative duties of the board) by such~~

~~member's employer. The following apply:~~

~~(1) The failure of a member's employer to make the annually required contribution to the fund will be deemed to be an impairment of the contractual right of such member.~~

~~(2) Any claim of contract impairment shall be brought against the employer of the member for whom contributions were not paid and neither the board nor the system or their employees or agents shall be a defendant in any such action or liable for any payments or damages arising from such impairment.~~

~~(b) Jurisdiction of Supreme Court. Notwithstanding 2 Pa.C.S. (relating to administrative law and procedure), 42 Pa.C.S. (relating to judiciary and judicial procedure) or any other provision of law, the Pennsylvania Supreme Court shall have exclusive jurisdiction to do as follows:~~

~~(1) hear any claim of contract impairment for failure to~~

1 ~~pay certified contributions;~~

2 ~~(2) render a declaratory judgment or take such other~~  
3 ~~action as it deems appropriate, consistent with the Supreme~~  
4 ~~Court retaining jurisdiction over such matter; and~~

5 ~~(3) to find facts or to expedite a final judgment in~~  
6 ~~connection with such a challenge or request for declaratory~~  
7 ~~relief.~~

8 ~~(c) Sovereign immunity waived. Sovereign immunity is hereby~~  
9 ~~waived, and the provisions of 42 Pa.C.S. Ch. 85 (relating to~~  
10 ~~matters affecting government units) or lack of jurisdiction by~~  
11 ~~the Supreme Court shall not be raised as a defense against a~~  
12 ~~claim brought against an employer under this section.~~

13 ~~(d) Attorney's fees. A member who prevails in a claim~~  
14 ~~brought under this part may be awarded reasonable attorney's~~  
15 ~~fees.~~

16 ~~(e) Limitation of contract right. Nothing in this section~~  
17 ~~shall be construed to create a contract right or claim of~~  
18 ~~contract impairment in any member as to any benefit formula,~~  
19 ~~benefit payment option, or any other provision of this part~~  
20 ~~other than the funding mandate of the member's employer, or to~~  
21 ~~change the jurisdiction of the board or the courts regarding any~~  
22 ~~claim other than for payment of the annual actuarially required~~  
23 ~~contributions.~~

24 ~~(f) Employer contributions. Nothing in this section shall~~  
25 ~~be construed to supersede or conflict with the rights and~~  
26 ~~obligations set forth in section 8330 (relating to~~  
27 ~~appropriations by the Commonwealth).~~

28 ~~(g) Board action. The board is authorized but not required~~  
29 ~~to bring an action under this section on behalf of itself or any~~  
30 ~~member; and if the board prevails, it may be awarded reasonable~~

1 ~~attorney's fees.~~

2 ~~Section 215. Sections 8341 and 8342 of Title 24 are amended~~  
3 ~~to read:~~

4 ~~§ 8341. Return of accumulated deductions.~~

5 ~~Any member upon termination of service may, in lieu of all~~  
6 ~~benefits payable from the system under this chapter to which he~~  
7 ~~may be entitled, elect to receive his accumulated deductions.~~

8 ~~§ 8342. Maximum single life annuity.~~

9 ~~(a) General rule. Upon termination of service, any full~~  
10 ~~coverage member who is eligible to receive an annuity pursuant~~  
11 ~~to the provisions of section 8307(a) or (b) (relating to~~  
12 ~~eligibility for annuities) and has made an application in~~  
13 ~~accordance with the provisions of section 8507(f) (relating to~~  
14 ~~rights and duties of school employees [and members], members and~~  
15 ~~participants) shall be entitled to receive a maximum single life~~  
16 ~~annuity attributable to his credited service and equal to the~~  
17 ~~sum of the following single life annuities beginning at the~~  
18 ~~effective date of retirement and, in case the member on the~~  
19 ~~effective date of retirement is under superannuation age,~~  
20 ~~multiplied by a reduction factor calculated to provide benefits~~  
21 ~~actuarially equivalent to an annuity starting at superannuation~~  
22 ~~age: Provided however, That on or after July 1, 1976, in the~~  
23 ~~case of any member who has attained age 55 and has 25 or more~~  
24 ~~eligibility points such sum of single life annuities shall be~~  
25 ~~reduced by a percentage determined by multiplying the number of~~  
26 ~~months, including a fraction of a month as a full month, by~~  
27 ~~which the effective date of retirement precedes superannuation~~  
28 ~~age by 1/4%: Further provided, In no event shall a Class T-E or~~  
29 ~~Class T-F member receive an annual benefit, calculated as of the~~  
30 ~~effective date of retirement, greater than the member's final~~



1 average salary:

2 ~~(1) A [standard single life annuity multiplied by the]~~  
3 ~~single life annuity that is the sum of annuities determined~~  
4 ~~separately for each class of service [multiplier], and~~  
5 ~~calculated on the basis of the number of years of credited~~  
6 ~~school service other than concurrent service.~~

7 ~~(2) A standard single life annuity multiplied by the~~  
8 ~~class of service multiplier and calculated on the basis of~~  
9 ~~the number of years of concurrent service other than service~~  
10 ~~credited as a member of Class T-I and multiplied by the ratio~~  
11 ~~of total compensation received in the school system other~~  
12 ~~than service credited as a member of Class T-I or State~~  
13 ~~service as a member of Class TBD during the period of~~  
14 ~~concurrent service to the total compensation received during~~  
15 ~~such period.~~

16 ~~(3) A supplemental annuity such that the total annuity~~  
17 ~~prior to any optional modification or any reduction due to~~  
18 ~~retirement prior to superannuation age shall be at least \$100~~  
19 ~~for each full year of credited service.~~

20 ~~(4) A standard single life annuity based on monies~~  
21 ~~credited to a Class T-I member, as provided in this part.~~

22 ~~(5) If applicable, a standard single life annuity based~~  
23 ~~on monies credited in the member's cash balance account, as~~  
24 ~~provided in this part.~~

25 ~~(b) Present value of annuity. The present value of the~~  
26 ~~maximum single life annuity as calculated in accordance with~~  
27 ~~subsection (a) shall be determined, for all classes other than~~  
28 ~~Class T-I, by multiplying the maximum single life annuity by the~~  
29 ~~cost of a dollar annuity on the effective date of retirement.~~  
30 ~~Such present value for all classes shall be decreased only as~~

specifically provided in this part.

~~(c) Limitation regarding annual benefit under IRC § 415(b). Notwithstanding any provision of this part to the contrary, no benefit shall be payable to the extent that such benefit exceeds any limitation under IRC § 415(b) in effect with respect to governmental plans, as such term is defined in IRC § 414(d), on the date the benefit payment becomes effective.~~

~~(d) Coordination of benefits. The determination and payment of the maximum single life annuity under this section shall be in addition to any payments a combined service employee may be entitled to receive, has received or is receiving as a result of being a participant in the plan.~~

~~Section 216. Section 8344(a) and (b) of Title 24 are amended and the section is amended by adding a subsection to read: § 8344. Disability annuities.~~

~~(a) Amount of annuity. A member other than a member of Class T-I who has made application for a disability annuity as provided in section 8507(k) (relating to rights and duties of school employees [and members], members and participants) and has been found to be eligible in accordance with the provisions of sections 8307(c) (relating to eligibility for annuities) and 8505(c)(1) (relating to duties of board regarding applications and elections of members) shall receive a disability annuity payable from the effective date of disability and continued until a subsequent determination by the board that the annuitant is no longer entitled to a disability annuity. The disability annuity shall be a single life annuity that is equal to a sum of the standard single life [annuity] annuities determined separately for each class of service if the total number of years of credited service is greater than 16.667, otherwise~~

~~{the} each standard single life annuity shall be multiplied by the lesser of the following ratios:~~

$$\del{Y^*/Y \text{ or } 16.667/Y}$$

~~where Y = total number of years of credited service and Y\* = total years of credited service if the member were to continue as a school employee until attaining superannuation age, or if the member has attained superannuation age then the number of years of credited service. In no event shall the disability annuity plus any cost of living increases be less than \$100 for each full year of credited service. The member shall be entitled to the election of a joint and survivor annuity on that portion of the disability annuity to which he is entitled under section 8342 (relating to maximum single life annuity).~~

~~(b) Reduction on account of earned income. Payments on account of disability shall be reduced by that amount by which the earned income of the annuitant, as reported in accordance with section 8508(b) (relating to rights and duties of annuitants) for the preceding year together with the disability annuity payments for the year, exceeds the greater of \$5,000 or the last year's salary of the annuitant as a [school employee] member of the system, provided that the annuitant shall not receive less than his member's annuity or the amount to which he may be entitled under section 8342, whichever is greater.~~

~~\* \* \*~~

~~(f) Coordination of benefits. The determination and payment of a disability annuity under this section shall be in addition to any payments a Class T-I member is entitled to receive, or to any payments a combined service employee may be entitled to receive, has received or is receiving as a result of being a participant in the plan.~~

1       ~~Section 217. Section 8345(a)(4)(iii), 8346(a), (a.1), (b),~~  
2 ~~(b.1), (c) and (d)(1), 8347 and 8349 of Title 24 are amended to~~  
3 ~~read:~~

4       ~~§ 8345. Member's options.~~

5       ~~(a) General rule. Any Class T C or Class T D member who is~~  
6 ~~a vestee with five or more eligibility points, any Class T E or~~  
7 ~~Class T F member who is a vestee with ten or more eligibility~~  
8 ~~points, or any [other] eligible member upon termination of~~  
9 ~~school service [who has not withdrawn his accumulated deductions~~  
10 ~~as provided in section 8341 (relating to return of accumulated~~  
11 ~~deductions)] who is eligible to receive an annuity, may apply~~  
12 ~~for and elect to receive either a maximum single life annuity,~~  
13 ~~as calculated in accordance with the provisions of section 8342~~  
14 ~~(relating to maximum single life annuity), or a reduced annuity~~  
15 ~~certified by the actuary to be actuarially equivalent to the~~  
16 ~~maximum single life annuity and in accordance with one of the~~  
17 ~~following options, except that no member shall elect an annuity~~  
18 ~~payable to one or more survivor annuitants other than his spouse~~  
19 ~~or alternate payee of such a magnitude that the present value of~~  
20 ~~the annuity payable to him for life plus any lump sum payment he~~  
21 ~~may have elected to receive is less than 50% of the present~~  
22 ~~value of his maximum single life annuity. In no event shall a~~  
23 ~~Class T E or Class T F member receive an annual benefit,~~  
24 ~~calculated as of the effective date of retirement, greater than~~  
25 ~~the member's final average salary.~~

26       ~~\* \* \*~~

27       ~~(4) Option 4. Some other benefit which shall be~~  
28 ~~certified by the actuary to be actuarially equivalent to the~~  
29 ~~maximum single life annuity, subject to the following~~  
30 ~~restrictions:~~

1                   \* \* \*

2                   ~~(iii) A portion of the benefit may be payable as a~~  
3                   ~~lump sum, except that such lump sum payment shall not~~  
4                   ~~exceed an amount equal to the accumulated deductions~~  
5                   ~~standing to the credit of the member. The balance of the~~  
6                   ~~present value of the maximum single life annuity adjusted~~  
7                   ~~in accordance with section 8342(b) shall be paid in the~~  
8                   ~~form of an annuity with a guaranteed total payment, a~~  
9                   ~~single life annuity, or a joint and survivor annuity or~~  
10                  ~~any combination thereof but subject to the restrictions~~  
11                  ~~of subparagraphs (i) and (ii) of this paragraph. This~~  
12                  ~~subparagraph shall not apply to a Class T E or Class T F~~  
13                  ~~member. For purposes of this subparagraph, the term~~  
14                  ~~"actuarially equivalent," as applied to any lump sum~~  
15                  ~~withdrawal attributable to contributions credited to the~~  
16                  ~~member's savings account of Class T C and Class T D~~  
17                  ~~members on or after July 1, 2016, together with all~~  
18                  ~~interest thereon, shall mean equal present values,~~  
19                  ~~computed on the basis of the interest rate and such~~  
20                  ~~mortality and other tables as adopted by the board~~  
21                  ~~pursuant to section 8328(b) (relating to actuarial cost~~  
22                  ~~method) in effect on the effective date of retirement of~~  
23                  ~~the member. Any partial lump sum withdrawal shall be~~  
24                  ~~applied first to contributions and interest credited to~~  
25                  ~~the member's savings account before July 1, 2016.~~

26                   \* \* \*

27       ~~§ 8346. Termination of annuities.~~

28               ~~(a) General rule. If an annuitant returns to school service~~  
29               ~~or enters or has entered State service and elects multiple~~  
30               ~~service membership, any annuity payable to him under this part~~

~~shall cease effective upon the date of his return to school service or entering State service without regard to whether he is a mandatory, optional or prohibited member of the system or participant in the plan or, if a multiple service member, whether he is a mandatory, optional or prohibited member or participant of the State Employee's Retirement System or State Employee's Defined Contribution Plan and in the case of an annuity other than a disability annuity the present value of such annuity, adjusted for full coverage in the case of a joint coverage member who makes the appropriate back contributions for full coverage, shall be frozen as of the date such annuity ceases. An annuitant who is credited with an additional 10% of membership service as provided in section 8302(b.2) (relating to credited school service) and who returns to school service, except as provided in subsection (b), shall forfeit such credited service and shall have his frozen present value adjusted as if his 10% retirement incentive had not been applied to his account. In the event that the cost of living increase enacted December 18, 1979, occurred during the period of such State or school employment, the frozen present value shall be increased, on or after the member attains superannuation age, by the percent applicable had he not returned to service.~~

~~(a.1) Return of benefits. In the event an annuitant whose annuity from the system ceases pursuant to this section receives any annuity payment, including a lump sum payment pursuant to section 8345 (relating to member's options) on or after the date of his return to school service or entering State service, the annuitant shall return to the board the amount so received from the system plus statutory interest. The amount payable shall be certified in each case by the board in accordance with methods~~

~~approved by the actuary and shall be paid in a lump sum within  
90 days or in the case of an active member or a State employee  
who is an active member of the State Employees' Retirement  
System may be amortized with statutory interest through salary  
deductions to the system in amounts agreed upon by the member  
and the board. The salary deduction amortization plans agreed to  
by the member and the board may include a deferral of payment  
amounts and statutory interest until the termination of school  
service or State service as the board in its sole discretion  
decides to allow. The board may limit salary deduction  
amortization plans to such terms as the board in its sole  
discretion determines. In the case of a State employee who is an  
active member of the State Employees' Retirement System, the  
agreed upon salary deductions shall be remitted to the State  
Employees' Retirement Board, which shall certify and transfer to  
the board the amounts paid.~~

~~\* \* \*~~

~~(b) Return to school service during emergency. When, in the  
judgment of the employer, an emergency creates an increase in  
the work load such that there is serious impairment of service  
to the public or in the event of a shortage of appropriate  
subject certified teachers or other personnel, an annuitant or  
participant receiving distributions may be returned to school  
service for a period not to extend beyond the school year during  
which the emergency or shortage occurs, without loss of his  
annuity or distributions. The annuitant shall not be entitled to  
earn any credited service, and no contributions may be made by  
the annuitant, the employer or the Commonwealth on account of  
such employment. Such service shall not be subject to member  
contributions or be eligible for qualification as creditable~~

~~school service or for participation in the plan, mandatory pickup participant contributions or employer defined contributions.~~

~~(b.1) Return to school service in an extracurricular position.~~

~~(1) An annuitant or participant receiving distributions may be employed under separate contract by a public school or charter school in an extracurricular position performed primarily outside regular instructional hours and not part of mandated curriculum without loss of annuity. [Neither the] The annuitant [nor], the participant receiving distributions and the employer shall not make contributions to the member's savings account, the individual investment account or State accumulation account respectively for such service. Further, such contract shall contain a waiver whereby the annuitant waives any potential retirement benefits that could arise from the contract and releases the employer and the board from any liability for such benefits. Such service shall not be subject to member or participant contributions or be eligible for qualification as creditable school service or for participation in the plan, mandatory pickup participant contributions or employer defined contributions.~~

~~\* \* \*~~

~~(c) Subsequent discontinuance of service. Upon subsequent discontinuance of service, such [member] terminating school employee other than a former annuitant who had the effect of his frozen present value eliminated in accordance with subsection (d) or a former disability annuitant shall be entitled to an annuity which is actuarially equivalent to [the sum of] the present value as determined under subsection (a) [and] to which~~



~~shall be added, if the service after reemployment was as a member of the system, the present value of a maximum single life annuity based on years of service credited subsequent to reentry in the system and his final average salary computed by reference to his compensation as a member of the system or as a member of the State Employees' Retirement System during his entire period of school and State service.~~

~~(d) Elimination of the effect of frozen present value.~~

~~(1) An annuitant who returns to school service as an active member of the system and earns three eligibility points by performing credited school service or reemployment from USERRA leave following the most recent period of receipt of an annuity under this part, or an annuitant who enters State service other than a participant in the State Employees' Defined Contribution Plan and:~~

~~(i) is a multiple service member; or~~

~~(ii) who elects multiple service membership, and earns three eligibility points by performing credited State service, reemployment from USERRA leave or credited school service following the most recent period of receipt of an annuity under this part, and who had the present value of his annuity frozen in accordance with subsection (a), shall qualify to have the effect of the frozen present value resulting from all previous periods of retirement eliminated, provided that all payments under Option 4 and annuity payments payable during previous periods of retirement plus interest as set forth in paragraph (3) shall be returned to the fund in the form of an actuarial adjustment to his subsequent benefits or in such form as the board may otherwise direct.~~

~~\*\*\*~~

~~§ 8347. Death benefits.~~

~~(a) Members eligible for annuities. Any member or former member on USERRA leave, other than an annuitant, who dies and was eligible for an annuity from the system in accordance with section 8307(a) or (b) (relating to eligibility for annuities) shall be considered as having applied for an annuity to become effective the day before his death; and, in the event he has not elected an option, it shall be assumed that he elected Option 1 and assigned as beneficiary that person last designated in writing to the board.~~

~~(b) Members ineligible for annuities. In the event of the death of any member or former member on USERRA leave, other than an annuitant, who is not entitled to a death benefit from the system as provided in subsection (a), his designated beneficiary shall be paid the full amount of his accumulated deductions.~~

~~(c) Disability annuitants. In the event of the death of a disability annuitant who has elected to receive a maximum disability annuity from the system before he has received in annuity payments an amount equal to the present value, on the effective date of disability, of the benefits to which he would have been entitled under subsection (a) had he died while in school service, the balance of such amount shall be paid to his designated beneficiary, except that in the event of the death of a disability annuitant who was not entitled to receive benefits under subsection (a), his beneficiary shall be paid the accumulated deductions standing to his credit on the effective date of disability less the total payments received on account of his member's annuity.~~

~~(d) Other annuitants. In the event of the death of an~~

~~annuitant who has elected to receive the maximum single life annuity from the system before he has received in total annuity payments an amount equal to the full amount of the accumulated deductions standing to his credit on the effective date of retirement, the difference between the total payments made to the date of death and the accumulated deductions shall be paid to his designated beneficiary.~~

~~§ 8349. Payment of benefits from the system.~~

~~(a) Annuities. Any annuity granted under the provisions of this part and paid from the fund shall be paid in equal monthly installments.~~

~~(b) Death benefits. If the amount of a death benefit payable from the fund to a beneficiary of a member under section 8347 (relating to death benefits) or under the provisions of Option 1 of section 8345(a)(1) (relating to member's options) is \$10,000 or more, such beneficiary may elect to receive payment according to one of the following options:~~

~~(1) A lump sum payment.~~

~~(2) An annuity actuarially equivalent to the amount payable.~~

~~(3) A lump sum payment and an annuity such that the annuity is actuarially equivalent to the amount payable less the lump sum payment specified by the beneficiary.~~

~~(c) Death or absence of beneficiary. If the beneficiary designated by a member should predecease him or die within 30 days of his death, or if a valid nomination of a beneficiary is not in effect at his death, any money payable to a beneficiary shall be paid to the estate of the member.~~

~~(d) De minimis accounts. A member with only Class T I service credit as a member of the system who terminates school~~

~~service and whose balance in the members' savings account is~~  
~~\$5,000 or less as of the date of termination of service (or such~~  
~~other higher amount as may be permitted under IRC §411(a)(11) or~~  
~~417(e)) shall receive such balance in one lump sum payment as~~  
~~provided in IRC §401(a)(31). This balance shall not be eligible~~  
~~for installment payments under section 8505.1 (relating to~~  
~~installment payments of accumulated deductions), but shall be~~  
~~considered a lump sum payment for purposes of section 8505.1(d).~~

~~Section 218. Title 24 is amended by adding a chapter to~~  
~~read:~~

#### ~~CHAPTER 84~~

#### ~~SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN~~

#### ~~Sec.~~

~~8401. Establishment.~~

~~8402. Plan document.~~

~~8403. Individual investment accounts.~~

~~8404. Participant contributions.~~

~~8405. Mandatory pickup participant contributions.~~

~~8406. Employer defined contributions.~~

~~8407. Eligibility for benefits.~~

~~8408. Death benefits.~~

~~8409. Vesting.~~

~~8410. Termination of distributions.~~

~~8411. Agreements with financial institutions and other~~  
~~organizations.~~

~~8411.1. Relation of administrators of School Employees' Defined~~  
~~Contribution Plan to providers of 403(b) plans.~~

~~8412. Powers and duties of board.~~

~~8413. Responsibility for investment loss.~~

~~8414. Investments based on participants' investment allocation~~

1 ~~choices.~~

2 ~~8415. Expenses.~~

3 ~~8416. Election by members to be participants.~~

4 ~~8417. Tax qualification.~~

5 ~~§ 8401. Establishment.~~

6 ~~(a) School Employees' Defined Contribution Plan. The School~~  
7 ~~Employees' Defined Contribution Plan is established. The board~~  
8 ~~shall administer and manage the plan, which shall be a defined~~  
9 ~~contribution plan exclusively for the benefit of those school~~  
10 ~~employees who participate in the plan and their beneficiaries~~  
11 ~~within the meaning of and in conformity with IRC § 401(a). The~~  
12 ~~board shall determine the terms and provisions of the plan not~~  
13 ~~inconsistent with this part, the IRC and other applicable law~~  
14 ~~and shall provide for the plan's administration.~~

15 ~~(b) School Employees' Defined Contribution Trust. The~~  
16 ~~School Employees' Defined Contribution Trust is established as~~  
17 ~~part of the plan in accordance with this part. The trust shall~~  
18 ~~be comprised of the individual investment accounts and all~~  
19 ~~assets and moneys in those accounts. The members of the board~~  
20 ~~shall be the trustees of the trust, which shall be administered~~  
21 ~~exclusively for the benefit of those school employees who~~  
22 ~~participate in the plan and their beneficiaries within the~~  
23 ~~meaning of and in conformity with IRC § 401(a). The board shall~~  
24 ~~determine the terms and provisions of the trust not inconsistent~~  
25 ~~with this part, the IRC and other applicable law and shall~~  
26 ~~provide for the investment and administration of the trust.~~

27 ~~(c) Assets held in trust. All assets and income in the plan~~  
28 ~~that have been or shall be withheld or contributed by the~~  
29 ~~participants, the Commonwealth and employers in accordance with~~  
30 ~~this part shall be held in trust in any funding vehicle~~

~~permitted by the applicable provisions of the IRC for the  
exclusive benefit of the plan's participants and their  
beneficiaries until such time as the funds are distributed to  
the participants or their beneficiaries in accordance with the  
terms of the plan document. The assets of the plan held in trust  
for the exclusive benefit of the participants and their  
beneficiaries may be used for the payment of the fees, costs and  
expenses related to the administration and investment of the  
plan and the trust.~~

~~(d) Name for transacting business. By the name of "The  
School Employees' Defined Contribution Plan," all of the  
business of the plan shall be transacted, the trust invested,  
all requisitions for money drawn and payments made and all of  
its cash and securities and other property shall be held, except  
that, any other law to the contrary notwithstanding, the board  
may establish a nominee registration procedure for the purpose  
of registering securities in order to facilitate the purchase,  
sale or other disposition of securities pursuant to the  
provisions of this part.~~

~~§ 8402. Plan document.~~

~~The board shall set forth the terms and provisions of the  
plan and trust in a document containing the terms and conditions  
of the plan and in a trust declaration that shall be published  
in the Pennsylvania Bulletin. The creation of the document  
containing the terms and conditions of the plan and the trust  
declaration and the establishment of the terms and provisions of  
the plan and the trust need not be promulgated by regulation or  
formal rulemaking and shall not be subject to the act of July  
31, 1968 (P.L.769, No.240), referred to as the Commonwealth  
Documents Law. A reference in this part or other law to the plan~~

~~shall include the plan document unless the context clearly indicates otherwise.~~

~~§ 8403. Individual investment accounts.~~

~~The board:~~

~~(1) shall establish in the trust an individual investment account for each participant in the plan. All contributions by a participant or an employer for or on behalf of a participant shall be credited to the participant's individual investment account, together with all interest and investment earnings and losses. Investment and administrative fees, costs and expenses shall be charged to the participants' individual investment accounts. Employer defined contributions shall be recorded and accounted for separately from participant contributions, but all interest, investment earnings and losses, and investment and administrative fees, costs and expenses shall be allocated proportionately;~~

~~(2) shall separately track participant contributions, including investment gains and losses, and employer contributions, including investment gains and losses, but all interest, investment gains and losses and administrative fees, costs and expenses shall be allocated proportionately; and~~

~~(3) may contract with financial institutions, insurance companies or other types of third party providers and other vendors to allow participants to deposit participant contributions into the individual investment accounts in a form and manner as provided by the contract.~~

~~§ 8404. Participant contributions.~~

~~(a) Mandatory contributions. A participant shall make~~

~~mandatory pickup participant contributions through payroll deductions to the participant's individual investment account equal to 3% of compensation for current school service. The employer shall cause such contributions for current service to be made and deducted from each payroll or on such schedule as established by the board.~~

~~(b) Voluntary contributions.~~

~~(i) A participant may make voluntary contributions up to an additional amount equal to 3% of compensation for current school service.~~

~~(ii) Class T-E and Class T-F members may make voluntary contributions to the plan in an amount of not less than 3% nor more than 6% of compensation that exceeds the limit of compensation for such members, as set forth in section 8102 (relating to definitions).~~

~~(iii) The employer shall cause the contributions made under this section to be made and deducted from each payroll or on such schedule as established by the board.~~

~~(iv) Voluntary contributions made under this section shall not be picked up.~~

~~(c) Prohibition on contributions. No contributions shall be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any participant contributions in excess of the limitations and investment earnings on those contributions shall be refunded to the participant by the board.~~

~~§ 8405. Mandatory pickup participant contributions.~~

~~(a) Treatment for purposes of IRC § 414(h). The contributions to the trust required to be made under section~~



~~8404(a) (relating to participant contributions) with respect to current school service rendered by an active participant shall be picked up by the employer and shall be treated as the employer's contribution for purposes of IRC § 414(h). An employer employing a participant in the plan shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.~~

~~(b) Treatment for other purposes. For all other purposes under this part and otherwise, such mandatory pickup participant contributions shall be treated as contributions made by a participant in the same manner and to the same extent as if the contributions were made directly by the participant and not picked up.~~

~~§ 8406. Employer defined contributions.~~

~~(a) Contributions for current service. The employer of a participant shall make employer defined contributions for current service of an active participant that shall be credited to the active participant's individual investment account. Employer defined contributions shall be recorded and accounted for separately from participant contributions.~~

~~(b) Contributions resulting from participants reemployed from USERRA leave. When a school employee reemployed from USERRA leave makes the mandatory pickup participant contributions permitted to be made for the USERRA leave, the employer by whom the school employee is employed at the time the participant contributions are made shall make whatever employer defined contributions would have been made under this section had the employee making the participant contributions after being reemployed from USERRA leave continued to be employed in the employee's school position instead of performing USERRA~~

~~leave. Such employer defined contributions shall be placed in the participant's individual investment account as otherwise provided by this part.~~

~~(c) Limitations on contributions. No contributions shall be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any employer defined contributions in excess of the limitations and investment earnings thereon shall be refunded to the employer by the board. § 8407. Eligibility for benefits.~~

~~(a) Termination of service. A participant who terminates school service shall be eligible to withdraw the vested accumulated total defined contributions standing to the participant's credit in the participant's individual investment account or a lesser amount as the participant may request. Payment shall be made in a lump sum unless the board has established other forms of distribution in the plan document, subject to the provisions of subsection (f). A participant who withdraws the vested accumulated total defined contributions shall no longer be a participant in the plan, notwithstanding that the participant may continue to be a member of the system, or contract to receive an annuity or other form of payment from a provider retained by the board for such purposes.~~

~~(b) Required distributions. All payments pursuant to this section shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a)(9). The board shall take any action and make any distribution it may determine is necessary to comply with those requirements.~~

~~(c) Combined service employee. A participant who is a combined service employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution.~~

~~(d) Loans. Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law.~~

~~(e) Small individual investment accounts.~~

~~(1) A participant who terminates school service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of termination of service may be paid the vested accumulated total defined contributions in a lump sum as provided in IRC § 401(a)(31).~~

~~(2) The board may also provide in the plan document that, notwithstanding subsection (f), a participant whose vested accumulated employer defined contributions are below the thresholds established by the board may receive the distributions of vested accumulated employer defined contributions without the obligation to purchase an annuity. The threshold may be established as a dollar amount, an annuity amount, in some other form individually or in combination as the board determines.~~

~~(f) Requirement to purchase annuity. Except as prohibited by the IRC or as otherwise provided in this part, a participant who is eligible and elects to receive a distribution of vested accumulated employer defined contributions shall be required to purchase an annuity with the distribution under such conditions as provided in the plan document. The conditions may include~~

~~that the board is authorized to make the distribution directly to the annuity provider.~~

~~§ 8408. Death benefits.~~

~~(a) General rule. In the event of the death of an active participant or inactive participant, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document.~~

~~(b) Death of participant receiving distributions. In the event of the death of a participant receiving distributions, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document or, if the board has established alternative methods of distribution in the plan document under which the participant was receiving distributions, to the participant's beneficiary or successor payee as provided in the plan document.~~

~~(c) Contracts. The board may contract with financial institutions, insurance companies or other types of third party providers to allow participants who receive a lump sum distribution to receive payments and death benefits in a form and manner as provided by the contract.~~

~~§ 8409. Vesting.~~

~~(a) Participant and voluntary contributions. Subject to the forfeiture and attachment provisions of section 8533 (relating to taxation, attachment and assignment of funds) or otherwise as provided by law, a participant shall be immediately vested with respect to all mandatory pickup participant contributions and voluntary contributions paid by or on behalf of the participant~~

~~to the trust plus interest and investment earnings on the  
participant contributions but minus investment fees and  
administrative charges.~~

~~(b) Employer defined contributions.~~

~~(1) Subject to the forfeiture and attachment provisions  
of section 8533 or otherwise as provided by law, a  
participant shall be vested with respect to employer defined  
contributions paid to the participant's individual investment  
account plus interest and investment earnings by or on behalf  
of the participant to the trust according to the following  
schedule:~~

~~(i) At and after the first year of school service as  
a participant in the plan, 25%.~~

~~(ii) At and after the second year of school service  
as a participant in the plan, 50%.~~

~~(iii) At and after the third year of school service  
as a participant in the plan, 75%.~~

~~(iv) At and after the fourth year of school service  
as a participant in the plan, 100%.~~

~~(2) For purposes of this section, a participant shall  
accrue one year of school service for each fiscal year in  
which the participant makes contributions to the plan.~~

~~(3) The board shall establish in the plan document other  
terms and conditions for the implementation and  
administration of this section.~~

~~(4) Accumulated employer defined contributions that are  
not vested as of the participant's date of termination of  
service shall be credited against the next contribution due  
from the participant's employer for the remaining or future  
participants of the employer.~~

~~(c) USERRA leave and vesting credit. A participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive vesting credit under this section for the school service that would have been performed had the member not performed USERRA leave.~~

~~§ 8410. Termination of distributions.~~

~~(a) Return to school service.~~

~~(1) A participant receiving distributions or an inactive participant who returns to school service shall cease receiving distributions and shall not be eligible to receive distributions until the participant subsequently terminates school service, without regard to whether the participant is a mandatory, optional or prohibited member of the system or participant in the plan.~~

~~(2) This subsection shall not apply to a distribution of accumulated employer defined contributions or other distributions that the participant has received and used to purchase an annuity from a provider contracted by the board.~~

~~(b) Return of benefits paid during USERRA leave.~~

~~(1) If a former school employee is reemployed from USERRA leave and received any payments or annuity from the plan during the USERRA leave, the employee shall return to the board the amount so received plus interest as provided in the plan document.~~

~~(2) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or, in the case of an active participant, may be amortized with interest as provided in the plan document through salary deductions to the trust in amounts agreed upon by the active~~

~~participant and the board, but not longer than a period that starts with the date of reemployment and continuing for up to three times the length of the active participant's immediate past period of USERRA leave. The repayment period shall not exceed five years.~~

~~§ 8411. Agreements with financial institutions and other organizations.~~

~~(a) Written agreement. To establish and administer the plan, the board may enter into a written agreement with one or more financial institutions or pension management organizations to administer the plan and the investment of funds held pursuant to the plan. The administrator shall be selected in accordance with the following:~~

~~(1) The board shall solicit proposals from financial institutions and pension management organizations.~~

~~(2) The board shall publish the solicitation in the Pennsylvania Bulletin.~~

~~(3) Proposals received shall be evaluated based on specific criteria adopted by the board. The criteria shall include experience, customer service history and other relevant criteria.~~

~~(b) Rebid. A contract to administer the plan under subsection (a) shall be rebid at least once every ten years.~~

~~§ 8411.1. Relation of administrators of School Employees' Defined Contribution Plan to providers of 403(b) plans.~~

~~(a) General rule. A financial institution or pension management organization entering into a written agreement pursuant to section 8411 (relating to agreements with financial institutions and other organizations) may offer or provide~~

~~services to any plan established or maintained by a school district under IRC § 403(b) or 457 if the written agreement for the administration of the School Employees' Defined Contribution Plan is not combined with any other written agreement for the administration of a school district's 403(b) plan or 457 plan. Each school district that provides a 403(b) plan shall make available, in the manner provided by subsection (c), to participants, multiple financial institutions or pension management organizations that have not entered into a written agreement pursuant to section 8411 and which provide services to the school district's 403(b) plan or 457 plan.~~

~~(b) Plan transparency and administration. A financial institution or pension management organization providing services for any plan established or maintained by a school district under IRC § 403(b) or 457 shall:~~

~~(1) enter into an agreement with the school district or the school district's independent compliance administrator that shall require the financial institution or pension management organization to provide in an electronic format all data necessary for the administration of the 403(b) plan or 457 plan as determined by the school district or the school district's compliance administrator; and~~

~~(2) provide all data required by the school district or a school district's compliance administrator to facilitate disclosure of all fees, charges, expenses, commissions, compensation and payments to third parties related to investments offered under the 403(b) plan or 457 plan.~~

~~(c) Provider selection. A school district that establishes or maintains a plan under IRC § 403(b) or 457 shall select a minimum of four financial institutions or pension management~~



~~organizations, in addition to the financial institution or pension management organization that entered into an agreement pursuant to section 8411, to provide services to the 403(b) plan or 457 plan. If fewer than four such additional financial institutions or pension management organizations are determined to be available or able to meet the requirements established in this section, then the school district shall select the number of available providers able to meet the school district's requirements. A financial institution or pension management organization shall be designated a 403(b) plan or 457 plan provider if the financial institution or pension management organization enters into an agreement in accordance with subsection (b).~~

~~§ 8412. Powers and duties of board.~~

~~The board shall have the following powers and duties to establish the plan and trust and to administer the provisions of this part:~~

~~(1) The board may commingle or pool assets with the assets of other persons or entities.~~

~~(2) The board shall pay all administrative fees, costs and expenses of managing, investing and administering the plan, the trust and the individual investment accounts from the balance of such individual investment accounts, except as the General Assembly otherwise provides through appropriations from the General Fund.~~

~~(3) The board may establish investment guidelines and limits on the types of investments that participants may make, consistent with the board's fiduciary obligations.~~

~~(4) The board may change the terms of the plan as may be necessary to maintain the tax qualified status of the plan.~~

1       ~~(5) The board may establish a process for election to~~  
2 ~~participate in the plan by those school employees for whom~~  
3 ~~participation is not mandatory.~~

4       ~~(6) The board may perform an annual or more frequent~~  
5 ~~review of any qualified fund manager for the purpose of~~  
6 ~~assuring it continues to meet all standards and criteria~~  
7 ~~established.~~

8       ~~(7) The board may allow for eligible rollovers and~~  
9 ~~direct trustee to trustee transfers into the trust from~~  
10 ~~qualified plans of other employers, regardless of whether the~~  
11 ~~employers are private employers or public employers.~~

12       ~~(8) The board may allow a former participant to maintain~~  
13 ~~the participant's individual investment account within the~~  
14 ~~plan.~~

15       ~~(9) The board shall administer or ensure the~~  
16 ~~administration of the plan in compliance with the~~  
17 ~~qualification and other rules of IRC.~~

18       ~~(10) The board may establish procedures to provide for~~  
19 ~~the lawful payment of benefits.~~

20       ~~(11) The board shall determine what constitutes a~~  
21 ~~termination of school service.~~

22       ~~(12) The board may establish procedures for~~  
23 ~~distributions of small accounts as required or permitted by~~  
24 ~~IRC.~~

25       ~~(13) The board may establish procedures in the plan~~  
26 ~~document or promulgate rules and regulations as it deems~~  
27 ~~necessary for the administration and management of the plan,~~  
28 ~~including, but not limited to, establishing:~~

29           ~~(i) Procedures by which eligible participants may~~  
30 ~~change voluntary contribution amounts or their investment~~

~~choices on a periodic basis or make other elections regarding their participation in the plan.~~

~~(ii) Procedures for deducting mandatory pickup participant contributions and voluntary contributions from a participant's compensation.~~

~~(iii) Procedures for rollovers and trustee to trustee transfers allowed under the IRC and permitted by the board as part of the plan.~~

~~(iv) Standards and criteria for providing not less than ten options in accordance with three or more providers of investment options to eligible individuals regarding investment of amounts deferred under the plan. The standards and criteria shall provide for a variety of investment options and shall be reviewed in accordance with criteria established by the board. One of the available options shall serve as the default option for participants who do not make a timely election and, to the extent commercially available, one option shall have an annuity.~~

~~(v) Standards and criteria for disclosing to the participants the anticipated and actual income attributable to amounts invested, property rights and all fees, costs and expenses to be made against amounts deferred to cover the costs and expenses of administering and managing the plan or trust.~~

~~(vi) Procedures, standards and criteria for the making of distributions from the plan upon termination from employment or death or in other circumstances consistent with the purpose of the plan.~~

~~(14) The board may waive any reporting or information~~

~~requirement contained in this part if the board determines that the information is not needed for the administration of the plan.~~

~~(15) The board may contract any services and duties in lieu of staff except final adjudications and as prohibited by law. Any duties or responsibilities of the board not required by law to be performed by the board may be delegated to a third party provider subject to appeal to the board.~~

~~(16) The board may provide that any duties of the employer or information provided by the participant to the employer be performed or received directly by the board.~~

~~(17) The board shall ensure that participants are provided with educational materials about investment options and choices.~~

~~§ 8413. Responsibility for investment loss.~~

~~The Commonwealth, the board, an employer or a school entity or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not such other opportunity was offered to participants in the plan.~~

~~§ 8414. Investments based on participant investment allocation choices.~~

~~(a) Investment by participant. All contributions, interest and investment earnings shall be invested based on a participant's investment allocation choices. All investment allocation choices shall be credited proportionately between contributions from the participant and employer defined contributions. Each participant shall be credited individually with the amount of contributions, interest and investment~~

1 ~~earnings.~~

2 ~~(b) Investment of contributions made by entities other than~~  
3 ~~Commonwealth. Investment of contributions by any corporation,~~  
4 ~~institution, insurance company or custodial bank or other entity~~  
5 ~~that the board has approved shall not be unreasonably delayed~~  
6 ~~and in no case shall the investment of contributions be delayed~~  
7 ~~more than 30 days from the date of payroll deduction or~~  
8 ~~voluntary contributions are made to the date that funds are~~  
9 ~~invested. Any interest earned on the funds pending investment~~  
10 ~~shall be allocated to the employers and credited to the~~  
11 ~~individual investment accounts of participants who are then~~  
12 ~~participating in the plan, unless the interest is used to defray~~  
13 ~~administrative costs and fees that would otherwise be required~~  
14 ~~to be borne by participants who are then participating in the~~  
15 ~~plan.~~

16 ~~§ 8415. Expenses.~~

17 ~~All expenses, fees and costs of administering the plan and~~  
18 ~~the trust and investing the assets of the trust shall be borne~~  
19 ~~by the participants and paid from assessments against the~~  
20 ~~balances of the individual investment accounts as established by~~  
21 ~~the board, except that for fiscal years ending before July 1,~~  
22 ~~2016, the expenses, fees and costs of establishing and~~  
23 ~~administering the plan and trust shall be paid by the~~  
24 ~~Commonwealth through annual appropriations from the General~~  
25 ~~Fund, made on the basis of estimates from the board.~~

26 ~~§ 8416. Election by Class T-E and Class T-F members to be~~  
27 ~~participants.~~

28 ~~(a) General rule. Any Class T-E or Class T-F member who is~~  
29 ~~an active member or inactive member on or after July 1, 2016,~~  
30 ~~who is employed in a position that would otherwise be eligible~~

~~for participation in the plan may elect to become a participant in the plan to the extent that such member's compensation exceeds the Social Security taxable wage base in effect at the beginning of the fiscal year.~~

~~(b) Time for making election. An eligible Class T E or Class T F member may elect to become a participant and a combined service employee at any time before termination of school service by filing a written election with the board, as provided in the plan document.~~

~~(c) Effect of election. The following apply:~~

~~(1) An election to become a participant shall continue until the termination of service. Contributions from compensation that exceeds the Social Security taxable wage base in effect at the beginning of the fiscal year shall be deducted as soon as administratively feasible after receipt of a properly filed election and shall be deducted thereafter in accordance with section 8412 (relating to powers and duties of board) and 8506 (relating to duties of employers).~~

~~(2) A combined service employee shall not be eligible to receive an annuity from the system or a withdrawal of accumulated deductions until the employee has terminated school service.~~

~~(3) A participant shall not be entitled to purchase any previous school service or creditable nonschool service.~~

~~(4) The eligibility of a combined service employee for an annuity from the system and, if eligible, the amount of the annuity shall be as determined under this part.~~

~~§ 8417. Tax qualification.~~

~~(a) Required distributions. All payments under this chapter shall start and be made in compliance with the minimum~~

~~distribution requirements and incidental death benefit rules of  
IRC § 401(a).~~

~~(b) Limitations. The following shall apply:~~

~~(1) (i) Except as provided under subparagraph (ii)  
and notwithstanding a provision of this part, a  
contribution or benefit related to the plan may not  
exceed a limitation under IRC § 415 with respect to  
governmental plans that is in effect on the date the  
contribution or benefit payment takes effect.~~

~~(ii) An increase in a limitation under IRC § 415  
shall apply to the participants on or after the effective  
date of this section.~~

~~(iii) For the purposes of this paragraph, the term  
"government plans" shall have the same meaning as in IRC  
§ 414(d).~~

~~(2) (i) Except as provided under subparagraph (ii),  
an amendment of this part on or after the effective date  
of this section that increases contributions or benefits  
for active participants, inactive participants or  
participants receiving distributions may not be deemed to  
provide for a contribution or benefit in excess of a  
limitation, adjusted on or after the effective date of  
this section, under IRC § 415 unless specifically  
provided by legislation.~~

~~(ii) Notwithstanding subparagraph (i), an increase  
in benefits on or after the effective date of this  
section for a participant in the plan shall be authorized  
and apply to the fullest extent allowed by law.~~

~~Section 219. Sections 8501(a), (c), (d) and (e) of Title 24  
are amended and the section is amended by adding a subsection to~~

1 ~~read:~~  
2 ~~§ 8501. Public School Employees' Retirement Board.~~  
3 ~~(a) Status and membership. The board shall be an~~  
4 ~~independent administrative board and shall consist of [15] 16~~  
5 ~~members: the Secretary of Education, ex officio; the State~~  
6 ~~Treasurer, ex officio; the Secretary of Banking and Securities,~~  
7 ~~ex officio; two Senators; two members of the House of~~  
8 ~~Representatives; the executive secretary of the Pennsylvania~~  
9 ~~School Boards Association, ex officio; two to be appointed by~~  
10 ~~the Governor, at least one of whom shall not be a school~~  
11 ~~employee or an officer or employee of the State; three to be~~  
12 ~~elected by the active professional members of the system and~~  
13 ~~active professional participants of the plan from among their~~  
14 ~~number; one to be elected by annuitants or participants of the~~  
15 ~~plan who have terminated school service and are receiving or are~~  
16 ~~eligible to receive distributions from among their number; one~~  
17 ~~to be elected by the active nonprofessional members of the~~  
18 ~~system or active nonprofessional participants of the plan from~~  
19 ~~among their number; and one to be elected by members of~~  
20 ~~Pennsylvania public school boards from among their number. The~~  
21 ~~appointments made by the Governor shall be confirmed by the~~  
22 ~~Senate and each election shall be conducted in a manner approved~~  
23 ~~by the board. The terms of the appointed and nonlegislative~~  
24 ~~elected members shall be three years. The members from the~~  
25 ~~Senate shall be appointed by the President pro tempore of the~~  
26 ~~Senate and shall consist of one member from the majority and one~~  
27 ~~member from the minority. The members from the House of~~  
28 ~~Representatives shall be appointed by the Speaker of the House~~  
29 ~~of Representatives and shall consist of one member from the~~  
30 ~~majority and one member from the minority. The legislative~~



~~members shall serve on the board for the duration of their legislative terms and shall continue to serve until 30 days after the convening of the next regular session of the General Assembly after the expiration of their respective legislative terms or until a successor is appointed for the new term, whichever occurs first. The chairman of the board shall be elected by the board members. No member of the board who represents active members or annuitants or is a current member of the General Assembly can serve as chairman. Each ex officio member of the board and each legislative member of the board may appoint a duly authorized designee to act in his stead. In the event that a board member, who is designated as an active participant or as the participant in the plan who is receiving or is eligible to receive distributions, receives a total distribution of the board member's interest in the plan, that board member may continue to serve on the board for the remainder of his term.~~

~~\* \* \*~~

~~(c) Oath of office. Each member of the board shall take an oath of office that he will, so far as it devolves upon him, diligently and honestly administer the affairs of said board, the system and the plan and that he will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this part. Such oath shall be subscribed by the member making it and certified by the officer before whom it is taken and shall be immediately filed in the office of the Secretary of the Commonwealth.~~

~~(d) Compensation and expenses. The members of the board who are members of the system or participants in the plan shall serve without compensation. Members of the board who are members~~

~~of the system or participants in the plan and who are employed by a governmental entity shall not suffer loss of salary or wages through serving on the board. The board, on request of the employer of any member of the board who is an active professional or nonprofessional member of the system or active professional or nonprofessional participant in the plan, may reimburse such employer for the salary or wages of the member or participant, or for the cost of employing a substitute for such member or participant, while the member or participant is necessarily absent from employment to execute the duties of the board. The members of the board who are not members of either the school system or the State Employees' Retirement System may be paid \$100 per day when attending meetings and all board members shall be reimbursed for any necessary expenses. However, when the duties of the board as mandated are not executed, no compensation or reimbursement for expenses of board members shall be paid or payable during the period in which such duties are not executed.~~

~~(e) Corporate power and legal advisor. For the purposes of this part, the board shall possess the power and privileges of a corporation. [The Attorney General of the Commonwealth shall be the legal advisor of the board.] Legal counsel to the board shall serve independently from the Governor's Office of Chief Counsel, the General Assembly and the Attorney General.~~

~~(f) Board training. Each member of the board will be required to obtain eight hours of mandatory training in investment strategies, actuarial cost analysis and retirement portfolio management on an annual basis.~~

~~Section 220. Section 8502(a), (b), (c), (e), (h), (i), (j), (k), (m), (n) and (o) are amended and the section is amended by~~

1 ~~adding subsections to read:~~

2 ~~§ 8502. Administrative duties of board.~~

3 ~~(a) Employees.—~~

4 ~~(1) Effective 30 days after the effective date of this~~  
5 ~~paragraph, the positions of secretary, assistant secretary~~  
6 ~~and investment professional shall be placed under the~~  
7 ~~unclassified service provisions of the act of August 5, 1941~~  
8 ~~(P.L.752, No.286), known as the Civil Service Act, as those~~  
9 ~~positions are vacated. All other positions of the board shall~~  
10 ~~be placed in either the classified or unclassified service~~  
11 ~~according to the definition of the terms under the Civil~~  
12 ~~Service Act.~~

13 ~~(2) Notwithstanding any other provision of law, the~~  
14 ~~compensation of investment professionals shall be established~~  
15 ~~by the board. The compensation of all other officers and~~  
16 ~~employees of the board who are not covered by a collective~~  
17 ~~bargaining agreement shall be established by the board~~  
18 ~~consistent with the standards of compensation established by~~  
19 ~~the Executive Board of the Commonwealth.~~

20 ~~(3) The board may utilize the staff of employees~~  
21 ~~provided for under this subsection for both the system and~~  
22 ~~the plan, but shall allocate the fees, costs and expenses~~  
23 ~~incurred under this subsection between the system and the~~  
24 ~~plan as appropriate.~~

25 ~~(b) Professional personnel.—~~

26 ~~(1) The board shall contract for the services of a chief~~  
27 ~~medical examiner, an actuary, investment advisors,~~  
28 ~~counselors, an investment coordinator, and such other~~  
29 ~~professional personnel as it deems advisable.~~

30 ~~(2) The board may utilize the same individuals and firms~~

~~contracted under this subsection for both the system and the plan, but shall allocate the fees, costs and expenses incurred under this subsection between the system and the plan as appropriate.~~

~~(c) Expenses.—~~

~~(1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the plan. The separate budget shall include those expenses necessary to establish the plan and trust.~~

~~(2) Such expenses of the system as approved by the General Assembly in an appropriation bill shall be paid from investment earnings of the fund.~~

~~(3) For fiscal years ending on or before June 30, 2017, such expenses of the plan as approved by the General Assembly through an appropriation shall be paid from the General Fund. For fiscal years beginning on or after July 1, 2017, such expenses of the plan as approved by the General Assembly shall be paid from interest, under section 8414(b) (relating to investments based on participant investment allocation choices) or assessments on the balances of the participants' individual investment accounts.~~

~~(4) Concurrently with its administrative budget, the board shall also submit to the General Assembly annually a list of proposed expenditures which the board intends to pay through the use of directed commissions, together with a list of the actual expenditures from the past year actually paid by the board through the use of directed commissions. All such directed commission expenditures shall be made by the~~

1 ~~board for the exclusive benefit of the system and its members~~  
2 ~~and for the exclusive benefit of the plan and its~~  
3 ~~participants, respectively.~~

4 \* \* \*

5 ~~(e) Records.—~~

6 ~~(1) The board shall keep a record of all its proceedings~~  
7 ~~which shall be [open to inspection by] accessible to the~~  
8 ~~public, except as otherwise provided in this part or by other~~  
9 ~~law.~~

10 ~~(2) Any record, material or data received, prepared,~~  
11 ~~used or retained by the board or its employees, investment~~  
12 ~~professionals or agents relating to an investment shall not~~  
13 ~~constitute a public record subject to public [inspection]~~  
14 ~~access under the act of [June 21, 1957 (P.L.390, No.212),~~  
15 ~~referred to] February 14, 2008 (P.L.6, No.3), known as the~~  
16 ~~Right to Know Law, if, in the reasonable judgment of the~~  
17 ~~board, the [inspection] access would:~~

18 ~~(i) in the case of an alternative investment or~~  
19 ~~alternative investment vehicle involve the release of~~  
20 ~~sensitive investment or financial information relating to~~  
21 ~~the alternative investment or alternative investment~~  
22 ~~vehicle which the fund or trust was able to obtain only~~  
23 ~~upon agreeing to maintain its confidentiality;~~

24 ~~(ii) cause substantial competitive harm to the~~  
25 ~~person from whom sensitive investment or financial~~  
26 ~~information relating to the investment was received; or~~

27 ~~(iii) have a substantial detrimental impact on the~~  
28 ~~value of an investment to be acquired, held or disposed~~  
29 ~~of by the fund or trust, or would cause a breach of the~~  
30 ~~standard of care or fiduciary duty set forth in this~~

part.

~~(3) (i) The sensitive investment or financial information excluded from [inspection] access under paragraph (2) (i), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right to Know Law once the board is no longer required by its agreement to maintain confidentiality.~~

~~(ii) The sensitive investment or financial information excluded from [inspection] access under paragraph (2) (ii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right to Know Law once:~~

~~(A) the [inspection] access no longer causes substantial competitive harm to the person from whom the information was received; or~~

~~(B) the entity in which the investment was made is liquidated;~~

~~whichever is later.~~

~~(iii) The sensitive investment or financial information excluded from [inspection] access under paragraph (2) (iii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right to Know Law once:~~

~~(A) the [inspection] access no longer has a substantial detrimental impact on the value of an investment of the fund or trust and would not cause a breach of the standard of care or fiduciary duty set~~

1           ~~forth in this part; or~~

2           ~~(B) the entity in which the investment was made~~  
3           ~~is liquidated;~~

4           ~~whichever is later.~~

5           ~~(4) Except for the provisions of paragraph (3), nothing~~  
6           ~~in this subsection shall be construed to designate any~~  
7           ~~record, material or data received, prepared, used or retained~~  
8           ~~by the board or its employees, investment professionals or~~  
9           ~~agents relating to an investment as a public record subject~~  
10          ~~to public [inspection] access under the Right to Know Law.~~

11          ~~(5) Notwithstanding the provisions of this subsection,~~  
12          ~~the following information regarding an alternative investment~~  
13          ~~vehicle shall be subject to public [inspection] access under~~  
14          ~~the Right to Know Law:~~

15               ~~(i) The name, address and vintage year of the~~  
16               ~~alternative investment vehicle.~~

17               ~~(ii) The identity of the manager of the alternative~~  
18               ~~investment vehicle.~~

19               ~~(iii) The dollar amount of the commitment made by~~  
20               ~~the system or plan to the alternative investment vehicle.~~

21               ~~(iv) The dollar amount of cash contributions made by~~  
22               ~~the system or plan to the alternative investment vehicle~~  
23               ~~since inception.~~

24               ~~(v) The dollar amount of cash distributions received~~  
25               ~~by the system or plan from the alternative investment~~  
26               ~~vehicle since inception.~~

27               ~~(vi) The net internal rate of return of the~~  
28               ~~alternative investment vehicle since inception, provided~~  
29               ~~that the system or plan shall not be required to disclose~~  
30               ~~the net internal rate of return under circumstances in~~

1       ~~which, because of the limited number of portfolio assets~~  
2       ~~remaining in the alternative investment vehicle, the~~  
3       ~~disclosure could reveal the values of specifically~~  
4       ~~identifiable remaining portfolio assets to the detriment~~  
5       ~~of the alternative investment.~~

6       ~~(vii) The aggregate value of the remaining portfolio~~  
7       ~~assets attributable to the system's or plan's investment~~  
8       ~~in the alternative investment vehicle, provided that the~~  
9       ~~system or plan shall not be required to disclose the~~  
10      ~~value under circumstances in which, because of the~~  
11      ~~limited number of portfolio assets remaining in the~~  
12      ~~alternative investment vehicle, the disclosure could~~  
13      ~~reveal the values of specifically identifiable remaining~~  
14      ~~portfolio assets to the detriment of the alternative~~  
15      ~~investment.~~

16      ~~(viii) The dollar amount of total management fees~~  
17      ~~and costs paid to the alternative investment vehicle by~~  
18      ~~the system or plan on an annual fiscal year end basis.~~

19      ~~(6) Any record, material or data received, prepared,~~  
20      ~~used or retained by the board or its employees or agents~~  
21      ~~relating to a participant shall not constitute a public~~  
22      ~~record subject to public access under the Right to Know Law,~~  
23      ~~if, in the reasonable judgment of the board, the access would~~  
24      ~~disclose any of the following:~~

25      ~~(i) The existence, date, amount and any other~~  
26      ~~information pertaining to the voluntary contributions,~~  
27      ~~including rollover contributions and trustee to trustee~~  
28      ~~transfers, of any participant.~~

29      ~~(ii) The investment option selections of any~~  
30      ~~participant.~~



1           ~~(iii) The balance of a participant's individual~~  
2           ~~investment account, including the amount distributed to~~  
3           ~~the participant, and any investment gains or losses, or~~  
4           ~~rates of return.~~

5           ~~(iv) The identity of a participant's designated~~  
6           ~~beneficiary, successor payee or alternate payee.~~

7           ~~(v) The benefit payment option of a participant.~~

8           ~~(7) The following shall apply:~~

9           ~~(i) Nothing in this part shall be construed to mean~~  
10           ~~that the release or publicizing of a record, material, or~~  
11           ~~data that would not constitute a public record under this~~  
12           ~~subsection shall be a violation of the board's fiduciary~~  
13           ~~duties.~~

14           ~~(ii) This subsection shall apply to a record,~~  
15           ~~material or data under this subsection notwithstanding~~  
16           ~~whether:~~

17                   ~~(A) the record, material or data was created,~~  
18                   ~~generated or stored before the effective date of this~~  
19                   ~~paragraph;~~

20                   ~~(B) the record, material or data was previously~~  
21                   ~~released or made public; or~~

22                   ~~(C) a request for the record, material or data~~  
23                   ~~was made or is pending final response under the~~  
24                   ~~former act of June 21, 1957 (P.L.390, No.212),~~  
25                   ~~referred to as the Right to Know Law, or the act of~~  
26                   ~~February 14, 2008 (P.L.6, No.3), known as the Right~~  
27                   ~~to Know Law.~~

28           \* \* \*

29           ~~(h) Regulations and procedures. The board shall, with the~~  
30           ~~advice of the Attorney General and the actuary, adopt and~~

~~promulgate rules and regulations for the uniform administration of the system. The actuary shall approve in writing all computational procedures used in the calculation of contributions and benefits pertaining to the system, and the board shall by resolution adopt such computational procedures, prior to their application by the board. Such rules, regulations and computational procedures as so adopted from time to time and as in force and effect at any time, together with such tables as are adopted and published pursuant to subsection (j) as necessary for the calculation of annuities and other benefits, shall be as effective as if fully set forth in this part. Any actuarial assumption specified in or underlying any such rule, regulation or computational procedure and utilized as a basis for determining any benefit shall be applied in a uniform manner.~~

~~(i) Data. The board shall keep in convenient form such data as are stipulated by the actuary in order that an annual actuarial valuation of the various accounts of the fund can be completed within six months of the close of each fiscal year. The board shall have final authority over the means by which data is collected, maintained and stored and in so doing shall protect the rights of its membership as to privacy and confidentiality.~~

~~(j) Actuarial investigation and valuation. The board shall have the actuary make an annual valuation of the various accounts of the fund within six months of the close of each fiscal year. In the fiscal year 1975 and in every fifth year thereafter, the board shall have the actuary conduct an actuarial investigation and evaluation of the system based on data including the mortality, service, and compensation~~

~~experience provided by the board annually during the preceding five years concerning the members and beneficiaries of the system. The board shall by resolution adopt such tables as are necessary for the actuarial valuation of the fund and calculation of contributions, annuities, and other benefits based on the reports and recommendations of the actuary. Within 30 days of their adoption, the secretary of the board shall cause those tables which relate to the calculation of annuities and other benefits to be published in the Pennsylvania Bulletin in accordance with the provisions of 45 Pa.C.S. § 725(a) (relating to additional contents of Pennsylvania Bulletin) and, unless the board specifies therein a later effective date, such tables shall become effective on such publication. The board shall include a report on the significant facts, recommendations and data developed in each five year actuarial investigation and evaluation of the system in the annual financial statement published pursuant to the requirements of subsection (n) for the fiscal year in which such investigation and evaluation were concluded.~~

~~(k) Certification of employer contributions to the fund.~~

~~The board shall, each year in addition to the itemized budget required under section 8330 (relating to appropriations by the Commonwealth), certify to the employers and the Commonwealth the employer contribution rate expressed as a percentage of members' payroll necessary for the funding of prospective annuities for active members and the annuities of annuitants, and certify the rates and amounts of the normal contributions as determined pursuant to section 8328(b) (relating to actuarial cost method), accrued liability contributions as determined pursuant to section 8328(c), supplemental annuities contribution rate as~~

~~determined pursuant to section 8328(d), the experience  
adjustment factor as determined pursuant to section 8328(e),  
premium assistance contributions as determined pursuant to  
section 8328(f), the costs added by legislation as determined  
pursuant to section 8328(i), the actuarial required contribution  
rate as determined pursuant to section 8328(i), the collared  
contribution rate as determined pursuant to section 8328(g), the  
final contribution rate as determined pursuant to section  
8328(h) and the shared risk contribution rate as determined  
under section 8321(b) (relating to regular member contributions  
for current service), which shall be paid to the fund and  
credited to the appropriate accounts. These certifications shall  
be regarded as final and not subject to modification by the  
Secretary of the Budget.~~

~~\* \* \*~~

~~(m) Member contributions and interest. The board shall  
cause each member's contributions, including payroll deductions,  
pickup contributions, shared risk contributions and all other  
payments, including, but not limited to, amounts collected by  
the State Employees' Retirement System for the reinstatement of  
previous school service or creditable nonschool service and  
amounts paid to return benefits paid after the date of return to  
school service or entering State service representing lump sum  
payments made pursuant to section 8345(a)(4)(iii) (relating to  
member's options) and member's annuity payments, but not  
including other benefits returned pursuant to section 8346(a.1)  
and (a.2) (relating to termination of annuities), to be credited  
to the account of such member and shall pay all such amounts  
into the fund. Such contributions shall be credited with  
statutory interest until date of termination of service, except~~

~~in the case of a vestee, who shall have such interest credited until the effective date of retirement or until the return of his accumulated deductions, if he so elects; and in the case of a multiple service member who shall have such interest credited until termination of service in both the school and the State systems.~~

~~(m.1) Amounts credited to the members' savings account and cash balance account. Subject to the forfeiture and attachment provisions of section 8533 (relating to taxation, attachment, and assignment of funds), members shall be fully vested with respect to all employee contributions. Such monies in the accounts shall be credited with interest at the long term treasury rate, or its equivalent, in effect on the July 1 of the fiscal year in which the member earns compensation, not to exceed 4%. Such monies shall also be credited with excess interest, if such excess interest is awarded.~~

~~(n) Annual financial statement. The board shall prepare and have published, on or before January 1 of each year, [a financial statement] financial statements as of the fiscal year ending June 30 of the previous year showing the condition of the fund, the trust and the various accounts, including, but not limited to, the board's accrual and expenditure of directed commissions, and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning annuities and other benefits provided by this part. The board shall submit said financial [statement] statements to the Governor and shall make copies available to the employers for the use of the school employees and the public.~~

~~(o) Independent [audit] audits. The board shall provide for [an annual audit] annual audits of the system and the plan by an~~

~~independent certified public accounting firm, which [audit] audits shall include the board's accrual and expenditure of directed commissions. The board may use the same independent certified public accounting firm for the audits of both the system and the plan.~~

~~\* \* \*~~

~~(g) Participant and employer contributions to trust. The board shall, each year in addition to any fees and itemized budget required under subsection (c), certify, as a percentage of each participant's compensation, the employer defined contributions, which shall be paid to the trust and credited to each participant's individual investment account. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget. The board shall cause all mandatory pickup participant contributions made on behalf of a participant and all voluntary contributions made by a participant to be credited to the participant's individual investment account.~~

~~(r) Excess interest.~~

~~(1) The board may allow excess interest to be credited to the members' savings account for active Class T-I members, and to the cash balance account for members in other classes of service, as provided under section 8523(d) (relating to members' savings account and cash balance account).~~

~~(2) The crediting of excess interest shall be made with the advice of the actuary employing actuarial assumptions that reflect the nature of the liability.~~

~~Section 221. Section 8502.2(a) of Title 24 is amended to read:~~

~~§ 8502.2. Health insurance.~~

1     ~~(a) Authority. The board may sponsor a participant-funded~~  
2 ~~group health insurance program for annuitants, participants~~  
3 ~~receiving distributions, spouses of annuitants and participants~~  
4 ~~receiving distributions, survivor annuitants and their~~  
5 ~~dependents. The board may promulgate regulations regarding the~~  
6 ~~prudent and efficient operation of the program, including, but~~  
7 ~~not limited to:~~

8             ~~(1) Establishment of an annual budget and disbursements~~  
9 ~~in accordance with the budget.~~

10            ~~(2) Determination of the benefits structure.~~

11            ~~(3) Determination of enrollment procedures.~~

12            ~~(4) Establishment of premium rates sufficient to fully~~  
13 ~~fund the program, including administrative expenses.~~

14            ~~(5) Contracting for goods, equipment, services,~~  
15 ~~consultants and other professional personnel as needed to~~  
16 ~~operate the program.~~

17     ~~\* \* \*~~

18     ~~Section 222. Section 8503 heading, (a) and (b) of Title 24~~  
19 ~~are amended and the section is amended by adding subsections to~~  
20 ~~read:~~

21     ~~§ 8503. Duties of board to advise and report to employers~~  
22             ~~[and] members and participants.~~

23     ~~(a) Manual of regulations. The board shall, with the advice~~  
24 ~~of the Attorney General and the actuary, prepare, within 90 days~~  
25 ~~of the effective date of this part, a manual incorporating rules~~  
26 ~~and regulations consistent with the provisions of this part for~~  
27 ~~the employers who shall make information contained therein~~  
28 ~~available to the general membership. The board shall thereafter~~  
29 ~~advise the employers within 90 days of any changes in such rules~~  
30 ~~and regulations due to changes in the law or due to changes in~~

~~administrative policies. As soon as practicable after the  
commissioner's publication with respect thereto, the board shall  
also advise the employers as to any cost of living adjustment  
for the succeeding calendar year in the amount of the limitation  
under IRC § 401(a)(17) and the dollar amounts of the limitations  
under IRC § [415(b)] 415.~~

~~(b) Member status statements. The board shall furnish  
annually on or before December 31, a statement to each member  
showing the accumulated deductions standing to the credit of the  
member and the number of years and fractional part of a year of  
service credited in each class of service, as applicable, as of  
June 30 of that year. Each member's statement shall [be mailed  
to his home address and shall] include a request that the member  
make any necessary corrections or revisions regarding his  
designated beneficiary, whose name at the request of the member  
shall remain confidential and not appear on this statement.~~

~~(b.1) Participant status statements. The board shall have  
furnished annually to each participant on or before December 31,  
and more frequently as the board may agree or as required by  
law, a statement showing the accumulated total defined  
contributions credited to the participant's individual  
investment account, the nature and type of investments and the  
investment allocation of future contributions as of June 30 of  
the current year and requesting the participant to make any  
necessary correction or revision regarding his designated  
beneficiary.~~

~~(b.2) Cash balance status statements. The board shall have  
furnished annually on or before December 31, a statement to each  
member showing the accumulated total amount in the cash balance  
account standing to the credit of the member. Each member's~~



~~statement shall include a request that the member make any  
necessary corrections or revisions regarding his designated  
beneficiary.~~

~~\* \* \*~~

~~Section 223. Section 8504(c) of Title 24 is amended to read:  
§ 8504. Duties of board to report to State Employees'  
Retirement Board.~~

~~\* \* \*~~

~~(c) Applications for benefits for State employees. Upon  
receipt of notification and the required data from the State  
Employees' Retirement Board that a former school employee who  
elected multiple service has applied for a State employee's  
retirement benefit or, in the event of his death, his legally  
constituted representative has applied for such benefit, the  
board shall:~~

~~(1) Certify to the State Employees' Retirement Board:~~

~~(i) The salary history as a member of the Public  
School Employees' Retirement System and the final average  
salary as calculated on the basis of the compensation  
received as a State and school employee.~~

~~(ii) The annuity or benefit which the member or his  
beneficiary is entitled to receive under this part and  
modified according to the option selected.~~

~~(2) Transfer to the State Employees' Retirement Fund the  
accumulated deductions standing to such member's credit and  
the actuarial reserve required on account of the member's  
years of credited service in the school system and his final  
average salary determined on the basis of his compensation as  
a member in both systems.~~

~~Section 224. Sections 8505(a), (b), (c), (f), (g), (h) and~~

~~(i), 8506(a), (d), (e), (g), (h), (i) and (k) and 8507(a), (e), (f) and (i) of Title 24 are amended and the sections are amended by adding subsections to read:~~

~~§ 8505. Duties of board regarding applications and elections of members and participants.~~

~~(a) Statement to new members. As soon as practicable after each member shall have joined the system, the board shall issue to him a statement as to the aggregate length of total previous school service and creditable nonschool service, as applicable, for which he may receive credit.~~

~~(b) State employees electing multiple service status. Upon receipt of notification from the State Employees' Retirement Board that a former school employee has become an active member in the State Employees' Retirement System and has elected to become a member with multiple service status, the board shall:~~

~~(1) In case of a member who is receiving an annuity from the system:~~

~~(i) Discontinue payments, transfer the present value of the member's annuity at the time of entering State service, plus the amount withdrawn in a lump sum payment, on or after the date of entering State service, pursuant to section 8345 (relating to member's options), with statutory interest to date of transfer, minus the amount to be returned to the board on account of return to service that the board has determined is to be credited in the members' savings account, from the annuity reserve account to the members' savings account and resume crediting of statutory interest on the amount restored to his credit.~~

~~(ii) Transfer the balance of the present value of~~

1       ~~the total annuity, minus the amount to be returned to the~~  
2       ~~board on account of return to service that the board has~~  
3       ~~determined is to be credited in the State accumulation~~  
4       ~~account, from the annuity reserve account to the State~~  
5       ~~accumulation account.~~

6       ~~(iii) Certify to the member the amount of lump sum~~  
7       ~~and annuity payments with statutory interest the member~~  
8       ~~is to return to the board and, of those amounts, which~~  
9       ~~amount shall be credited to the members' savings account~~  
10       ~~and credited with statutory interest as such payments are~~  
11       ~~returned and which amount shall be credited to the State~~  
12       ~~accumulation account.~~

13       ~~(2) In case of a member who is not receiving an annuity~~  
14       ~~from the system and who has not withdrawn his accumulated~~  
15       ~~deductions, continue or resume the crediting of statutory~~  
16       ~~interest on his accumulated deductions.~~

17       ~~(3) In case of a member who is not receiving an annuity~~  
18       ~~from the system and his accumulated deductions were~~  
19       ~~withdrawn, certify to the member the accumulated deductions~~  
20       ~~as they would have been at the time of his separation had he~~  
21       ~~been a full coverage member together with statutory interest~~  
22       ~~for all periods of subsequent State service eligible for~~  
23       ~~membership in the State Employees' Retirement System and~~  
24       ~~school service eligible for membership in the system to the~~  
25       ~~date of repayment. Such amount shall be restored by him and~~  
26       ~~shall be credited with statutory interest as such payments~~  
27       ~~are restored.~~

28       ~~\*\*\*~~

29       ~~(e) Certification to vestees terminating service. The board~~  
30       ~~shall certify to a vestee within one year of termination of~~

1 ~~service of such member:~~

2 ~~(1) The accumulated deductions standing to his credit at~~  
3 ~~the date of termination of service.~~

4 ~~(2) The number of years and fractional part of a year of~~  
5 ~~credit in each class of service, as applicable.~~

6 ~~(3) The maximum single life annuity to which the vestee~~  
7 ~~shall become entitled upon the attainment of superannuation~~  
8 ~~age, if applicable, and the filing of an application for such~~  
9 ~~annuity.~~

10 ~~(e.1) Certification to participants terminating service.~~

11 ~~The board shall certify to a participant in writing, within one~~  
12 ~~year of termination of service of such participant, of the~~  
13 ~~vested accumulated total defined contributions credited to the~~  
14 ~~participant's individual investment account as of the date~~  
15 ~~stated in the writing, any notices regarding rollover or other~~  
16 ~~matters required by IRC or other law, the obligation of the~~  
17 ~~participant to commence distributions from the plan by the~~  
18 ~~participant's required beginning date and the ability to receive~~  
19 ~~all or part of the vested balance in the participant's~~  
20 ~~individual investment account in a lump sum or in such other~~  
21 ~~form as the board may authorize or as required by law.~~

22 ~~(f) Notification to vestees approaching superannuation~~  
23 ~~age. The board shall notify each vestee in writing 90 days~~  
24 ~~prior to his attainment of superannuation age that he shall~~  
25 ~~apply for his annuity within 90 days of attainment of~~  
26 ~~superannuation age; that, if he does so apply, his effective~~  
27 ~~date of retirement will be the date of attainment of~~  
28 ~~superannuation age; that, if he does not so apply but defers his~~  
29 ~~application to a later date, his effective date of retirement~~  
30 ~~will be the date of filing the application or the date specified~~

1 ~~on the application, whichever is later; and that, if he does not~~  
2 ~~file an application within seven years after attaining~~  
3 ~~superannuation age, he shall be deemed to have elected to~~  
4 ~~receive his accumulated deductions upon attainment of~~  
5 ~~superannuation age.~~

6 ~~(f.1) Notification to inactive participants approaching~~  
7 ~~required beginning date. The board shall notify in writing each~~  
8 ~~inactive participant who has terminated school service and for~~  
9 ~~whom distribution has not commenced by 90 days before the~~  
10 ~~participant's required beginning date, that the participant has~~  
11 ~~an obligation to commence distributions by the required~~  
12 ~~beginning date in a form and manner required by IRC §401(a)(9)~~  
13 ~~and other applicable provisions of the IRC.~~

14 ~~(g) Initial annuity payment and certification. The board~~  
15 ~~shall make the first monthly payment to a member who is eligible~~  
16 ~~for an annuity within 60 days of the filing of his application~~  
17 ~~for an annuity or, in the case of a vestee who has deferred the~~  
18 ~~filing of his application to a date later than 90 days following~~  
19 ~~attainment of superannuation age, within 60 days of his~~  
20 ~~effective date of retirement, and receipt of the required data~~  
21 ~~from the employer of the member. Concurrently the board shall~~  
22 ~~certify to such member:~~

23 ~~(1) The accumulated deductions standing to his credit~~  
24 ~~showing separately the amount contributed by the member, the~~  
25 ~~pickup contribution, the shared risk contributions and the~~  
26 ~~interest credited to the date of termination of service.~~

27 ~~(2) The number of years and fractional part of a year~~  
28 ~~credited in each class of service, as applicable.~~

29 ~~(3) The final average salary on which his annuity is~~  
30 ~~based, if applicable, as well as any applicable reduction~~

1 ~~factors due to age or election of an option or both.~~

2 ~~(4) The total annuity payable under the option elected~~  
3 ~~and the amount and effective date of any future reduction on~~  
4 ~~account of social security old age insurance benefits.~~

5 ~~(g.1) Initial payment to a participant. The board shall~~  
6 ~~make the initial payment to a participant who has applied for a~~  
7 ~~distribution within 60 days of the filing of the application and~~  
8 ~~receipt of the required data from the employer of the~~  
9 ~~participant and other necessary data.~~

10 ~~(h) Death benefits. Upon receipt of notification of the~~  
11 ~~death of a member, an active participant, an inactive~~  
12 ~~participant or former member or participant on USERRA leave, the~~  
13 ~~board shall notify the designated beneficiary or survivor~~  
14 ~~annuitant of the benefits to which he is entitled and shall make~~  
15 ~~the first payment to the beneficiary under the plan elected by~~  
16 ~~the beneficiary within 60 days of receipt of certification of~~  
17 ~~death and other necessary data. If no beneficiary designation is~~  
18 ~~in effect at the date of the member's or participant's death or~~  
19 ~~no notice has been filed with the board to pay the amount of~~  
20 ~~such benefits to the member's or participant's estate, the board~~  
21 ~~is authorized to pay such benefits to the executor,~~  
22 ~~administrator, surviving spouse or next of kin of the deceased~~  
23 ~~member or participant, and payment pursuant hereto shall fully~~  
24 ~~discharge the fund or plan from any further liability to make~~  
25 ~~payment of such benefits to any other person. If the surviving~~  
26 ~~spouse or next of kin of the deceased member or participant~~  
27 ~~cannot be found for the purpose of paying such benefits for a~~  
28 ~~period of seven years from the date of death of the member or~~  
29 ~~participant, then such benefits shall be escheated to the~~  
30 ~~Commonwealth for the benefit of the fund[.] or plan. If no~~

~~beneficiary designation is in effect at the date of a  
participant's death or no notice has been filed with the board  
to pay the amount of the benefits to the participant's estate,  
the board may pay the benefits to the surviving spouse,  
executor, administrator or next of kin of the deceased  
participant, and payment pursuant hereto shall fully discharge  
the fund from any further liability to make payment of such  
benefits to any other person.~~

~~(i) Medical insurance coverage. Upon receipt of  
notification from an insurance carrier offering a health  
insurance program approved by the board that an annuitant of the  
system or participant in the plan who has attained age 65 has  
elected medical, major medical, and hospitalization insurance  
coverage or notification that annuitants of the system or  
participants in the plan with less than 24 1/2 eligibility  
points (other than disability annuitants of the system), spouses  
of annuitants and participants in the plan and survivor  
annuitants eligible to elect to enroll in the approved health  
insurance program have elected participation in such health  
insurance program, the board may deduct from the annuity  
payments, from payments to a participant receiving  
distributions, or from a successor payee the appropriate annual  
charges in equal monthly installments. Such deductions shall be  
transmitted to the insurance carrier.~~

~~\* \* \*~~

~~§ 8506. Duties of employers.~~

~~(a) Status of members and participants. The employer shall,  
each month, notify the board in a manner prescribed by the board  
of the salary changes effective during the past month, the date  
of all removals from the payroll, and the type of leave of any~~

~~member or participant who has been removed from the payroll for any time during that month, and:~~

~~(1) if the removal is due to leave without pay, the employer shall furnish the board with the date of beginning leave, the date of return to service, and the reason for leave;~~

~~(2) if the removal is due to a transfer to another employer, the former employer shall furnish such employer and the board with a complete school service record, including credited or creditable nonschool service; or~~

~~(3) if the removal is due to termination of school service, the employer shall furnish the board with a complete school service record including credited or creditable nonschool service and in the case of death of the member or participant the employer shall so notify the board.~~

~~\* \* \*~~

~~(c.1) Participant and employer defined contributions. The employer shall cause the mandatory pickup participant contributions on behalf of a participant to be made and shall cause to be deducted any voluntary contributions authorized by a participant. The employer shall also cause the employer defined contributions on behalf of a participant to be made. The employer shall notify the board at times and in a manner prescribed by the board of the compensation of any participant to whom the limitation under IRC § 401(a)(17) either applies or is expected to apply and shall cause the participant's contributions to be deducted from payroll to cease at the limitation under IRC § 401(a)(17) on the payroll date if and when such limit shall be reached. The employer shall certify to the board the amounts picked up and deducted and the employer~~



~~defined contributions being made and shall send the total amount  
picked up, deducted and contributed together with a duplicate of  
such voucher to the secretary of the board every pay period or  
on such schedule as established by the board.~~

~~(d) New employees subject to mandatory membership or  
participation. Upon the assumption of duties of each new school  
employee whose membership in the system or plan is mandatory,  
the employer shall no later than 30 days thereafter cause an  
application for membership or participation, which application  
shall include the employee's home address, birthdate certified  
by the employer, previous school or State service and any other  
information requested by the board, and a nomination of  
beneficiary to be made by such employee and filed with the board  
and shall make pickup contributions or mandatory pickup  
participant contributions from the effective date of school  
employment.~~

~~(d.1) Cash balance account contributions. The employer  
shall cause the voluntary contributions to the cash balance  
account on behalf of a Class T-C, Class T-D, Class T-E or Class  
T-F member to be made and deducted as authorized by the member.  
The employer shall certify to the board the amounts deducted and  
the employer contributions being made and shall send the total  
amount deducted and contributed together with a duplicate of  
such voucher to the secretary of the board every pay period or  
on such schedule as established by the board.~~

~~(e) New employees subject to optional membership or  
participation. The employer shall inform any eligible school  
employee whose membership in the system or participation in the  
plan is not mandatory of his opportunity to become a member of  
the system or participant in the plan provided that he elects to~~

~~purchase credit for all such continuous creditable service. If such employee so elects, the employer shall no later than 30 days thereafter cause an application for membership which application shall include the employee's home address, birthdate certified by the employer, previous school or State service and any other information requested by the board, and a nomination of beneficiary to be made by him and filed with the board and shall cause proper contributions to be made from the date of election of membership or participation.~~

~~\* \* \*~~

~~(g) Former State employee contributors.—~~

~~(1) The employer shall, upon the employment of a former member of the State Employees' Retirement System who is not an annuitant of the State Employees' Retirement System, advise such employee of his right to elect multiple service membership within 365 days of entry into the system and, in the case any such employee who so elects has withdrawn his accumulated deductions, require him to restore his accumulated deductions as they would have been at the time of his separation had he been a full coverage member, together with statutory interest for all periods of subsequent State and school service to date of repayment. The employer shall advise the board of such election.~~

~~(2) Paragraph (1) shall not apply to a school employee who is employed in a position where the school employee is or could be a participant in the plan other than a member who elects to become a participant in the plan.~~

~~(h) Former State employee annuitants.—~~

~~(1) The employer shall, upon the employment of an annuitant of the State Employees' Retirement System who~~

~~applies for membership in the system, advise such employee that he may elect multiple service membership within 365 days of entry into the system and that if he so elects his annuity from the State Employees' Retirement System will be discontinued effective upon the date of his return to school service and, upon termination of school service and application for an annuity, the annuity will be adjusted in accordance with section 8346 (relating to termination of annuities). The employer shall advise the board of such election.~~

~~(2) Paragraph (1) shall not apply to a school employee who is employed in a position where the school employee is or could be a participant in the plan other than a member who elects to become a participant in the plan.~~

~~(i) Termination of service by members. The employer shall, in the case of any member terminating school service, advise such member in writing of any benefits from the system to which he may be entitled under the provisions of this part and shall have the member prepare, on or before the date of termination of school service, one or more of the following three forms, a copy of which shall be given to the member and the original of which shall be filed with the board:~~

~~(1) An application for the return of accumulated deductions.~~

~~(2) An election to vest his retirement rights, if eligible, and, if he is a joint coverage member and so desires, an election to become a full coverage member and an agreement to pay within 30 days of the date of termination of service the lump sum required.~~

~~(3) An application for an immediate annuity, if~~

1 ~~eligible, and, if he is a joint coverage member and so~~  
2 ~~desires, an election to become a full coverage member and an~~  
3 ~~agreement to pay within 30 days of date of termination of~~  
4 ~~service the lump sum required.~~

5 ~~\*\*\*~~

6 ~~(k) School employees performing USERRA or military related~~  
7 ~~leave of absence. The employer shall report to the board all of~~  
8 ~~the following:~~

9 ~~(1) Any school employee who:~~

10 ~~(i) ceases to be an active member or active~~  
11 ~~participant to perform USERRA service; or~~

12 ~~(ii) is granted a leave of absence under 51 Pa.C.S.~~  
13 ~~§ 4102 (relating to leaves of absence for certain~~  
14 ~~government employees) or a military leave of absence~~  
15 ~~under 51 Pa.C.S. § 7302 (relating to granting military~~  
16 ~~leaves of absence).~~

17 ~~(2) The date on which the USERRA service, leave of~~  
18 ~~absence or military leave of absence began.~~

19 ~~(3) The date on which the school employee is reemployed~~  
20 ~~from USERRA leave or returns after the leave of absence or~~  
21 ~~military leave of absence, if applicable.~~

22 ~~(4) Any other information the board may require.~~

23 ~~(1) Differential wage payments and military leave of absence~~  
24 ~~payments. Notwithstanding the exclusion of differential wage~~  
25 ~~payments as defined in IRC § 414(u) (12) from compensation under~~  
26 ~~this part, the employer of any school employee on USERRA leave~~  
27 ~~shall report differential wage payments made to the employee to~~  
28 ~~the board, and the employer of any school employee on leave of~~  
29 ~~absence pursuant to 51 Pa.C.S. § 4102 shall report any payment~~  
30 ~~made to the employee, in the form and manner established by the~~

1 ~~board.~~

2 ~~§ 8507. Rights and duties of school employees [and], members~~  
3 ~~and participants.~~

4 ~~(a) Information on new employees. Upon his assumption of~~  
5 ~~duties, each new school employee shall furnish his employer with~~  
6 ~~a complete record of his previous school or State service, or~~  
7 ~~creditable nonschool service, proof of his date of birth, his~~  
8 ~~home address, his current status in the system and the plan and~~  
9 ~~in the State Employees' Retirement System and the State~~  
10 ~~Employees' Defined Contribution Plan and such other information~~  
11 ~~as the board may require. Willful failure to provide the~~  
12 ~~information required by this subsection to the extent available~~  
13 ~~or the provision of erroneous information upon entrance into the~~  
14 ~~system shall result in the forfeiture of the right of the member~~  
15 ~~to subsequently assert any right to benefits based on erroneous~~  
16 ~~information or on any of the required information which he~~  
17 ~~failed to provide. In any case in which the board finds that a~~  
18 ~~member is receiving an annuity based on false information, the~~  
19 ~~additional amounts received predicated on such false information~~  
20 ~~together with statutory interest doubled and compounded shall be~~  
21 ~~deducted from the present value of any remaining benefits to~~  
22 ~~which the member is legally entitled and such remaining benefits~~  
23 ~~shall be correspondingly decreased.~~

24 ~~\* \* \*~~

25 ~~(b.1) Application for participation. On or after July 1,~~  
26 ~~2016, in the case of a new employee who is not currently a~~  
27 ~~participant in the plan and whose participation is mandatory, or~~  
28 ~~in the case of a new employee whose participation is not~~  
29 ~~mandatory but is permitted and who desires to become a~~  
30 ~~participant in the plan, the new employee shall execute an~~

~~application for participation and a nomination of a beneficiary.~~

~~\* \* \*~~

~~(d.2) Contributions for USERRA leave. Any active participant or inactive participant or former participant who was reemployed from USERRA leave and who desires to make mandatory pickup participant contributions and voluntary contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions within the allowed time period, the employer shall make the corresponding employer defined contributions at the same time.~~

~~(d.3) Voluntary contributions by a participant. Any participant who desires to make voluntary contributions to be credited to his individual investment account shall notify the board and, upon compliance with the requirements, procedures and limitations established by the board in the plan document, may do so subject to the limitations under IRC §§ 401(a) and 415 and as otherwise provided in this part.~~

~~(d.4) Voluntary contributions to cash balance account by member. Any member who desires to make voluntary contributions to be credited to his cash balance account shall notify the board and, upon compliance with the requirements, procedures and limitations established by the board, may do so subject to the limitations under IRC §§ 401(a) and 415 and as otherwise provided in this part.~~

~~(e) Beneficiary for death benefits from system. Every member shall nominate a beneficiary by written designation filed with the board to receive the death benefit or the benefit~~

~~payable under the provisions of Option 1. Such nomination may be changed at any time by the member by written designation filed with the board. A member may also nominate a contingent beneficiary or beneficiaries to receive the death benefit or the benefit payable under the provisions of Option 1.~~

~~(e.1) Beneficiary for death benefits from plan. Every participant shall nominate a beneficiary by written designation filed with the board as provided in section 8506 (relating to duties of employers) to receive the death benefit payable under section 8408 (relating to death benefits). A participant may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 8408 (relating to death benefits). Such nomination may be changed at any time by the participant by written designation filed with the board.~~

~~(e.2) Beneficiary for combined service employee. A combined service employee may designate or nominate different persons to be beneficiaries, survivor annuitants and successor payees for his benefits from the system and the plan.~~

~~(f) Termination of service by members. Each member who terminates school service from the system and who is not then a disability annuitant shall execute on or before the date of termination of service a written application, duly attested by the member or his legally constituted representative, electing to do one of the following:~~

~~(1) Withdraw his accumulated deductions.~~

~~(2) Vest his retirement rights, if eligible, and if he is a joint coverage member, and so desires, elect to become a full coverage member and agree to pay within 30 days of the date of termination of service the lump sum required.~~

~~(3) Receive an immediate annuity, if eligible, and may,~~

1 ~~if he is a joint coverage member, elect to become a full~~  
2 ~~coverage member and agree to pay within 30 days of date of~~  
3 ~~termination of service the lump sum required.~~

4 \* \* \*

5 ~~(g.1) Deferral of distribution by participant. If a~~  
6 ~~participant terminates school service and does not commence~~  
7 ~~receiving a distribution, he shall nominate a beneficiary by~~  
8 ~~written designation filed with the board, and he may anytime~~  
9 ~~thereafter, but no later than his required beginning date,~~  
10 ~~withdraw the vested accumulated total defined contributions~~  
11 ~~standing to his credit or apply for another form of distribution~~  
12 ~~required by law or authorized by the board.~~

13 ~~(g.2) Deferral of distribution of cash balance account by~~  
14 ~~member. If a member terminates school service and does not~~  
15 ~~commence receiving a distribution of monies in the cash balance~~  
16 ~~account, he shall nominate a beneficiary by written designation~~  
17 ~~filed with the board, and he may anytime thereafter, but no~~  
18 ~~later than his required beginning date, withdraw the vested~~  
19 ~~accumulated contributions standing to his credit or apply for~~  
20 ~~another form of distribution required by law or authorized by~~  
21 ~~the board.~~

22 \* \* \*

23 ~~(i) Failure to apply for annuity. If a member is eligible~~  
24 ~~to receive an annuity from the system and does not file a proper~~  
25 ~~application within 90 days of termination of service, he shall~~  
26 ~~be deemed to have elected to vest, and his annuity will become~~  
27 ~~effective as of the date an application is filed with the board~~  
28 ~~or the date designated on the application whichever is later.~~

29 \* \* \*

30 ~~(l) Eligible roll in. An active Class T-I member may~~



~~transfer money received in an eligible rollover distribution to the members' savings account to purchase USERRA leave, to the extent allowed by IRC §402. Such rollover shall be made in a form and manner as determined by the board, shall be credited to the Class T-I member's accumulated deductions, and shall be separately accounted for by the board.~~

~~Section 225. Sections 8521(b), 8522, 8523, 8524, 8525 and 8531 of Title 24 are amended to read:~~

~~§ 8521. Management of fund and accounts.~~

~~\* \* \*~~

~~(b) Crediting of interest. The board annually shall allow statutory interest, excluding the individual investment accounts, to the credit of the members' savings account on the mean amount of the accumulated deductions of all members for whom interest is payable for the preceding year and valuation interest on the mean amount of the annuity reserve account for the preceding year to the credit of that account. The board annually shall allow valuation interest calculated on the mean amount for the preceding year of the balance in the State accumulation account excluding any earnings of the fund credited to the account during that year. In the event the total earnings for the year do not exceed 5 1/2% of the mean amount for the preceding year of the total assets of the fund less earnings credited to the fund during that year plus the administrative expenses of the board, the difference required to be appropriated from the General Fund shall be credited to the State accumulation account.~~

~~\* \* \*~~

~~§ 8522. Public School Employees' Retirement Fund.~~

~~(a) General rule. The fund shall consist of all moneys in~~

~~the several separate funds in the State Treasury set apart to be used under the direction of the board for the benefit of members of the system; and the Treasury Department shall credit to the fund all moneys received from the Department of Revenue arising from the contributions relating to or on behalf of the members of the system required under the provisions of Chapter 83 (relating to membership, contributions and benefits) and all earnings from investments or moneys of said fund. There shall be established and maintained by the board the several ledger accounts specified in sections 8523 (relating to members' savings account), 8524 (relating to State accumulation account), 8525 (relating to annuity reserve account) and 8526 (relating to health insurance account).~~

~~(b) Individual investment accounts and trust. The individual investment accounts that are part of the trust are not part of the fund. Mandatory pickup participant contributions, voluntary contributions and employer defined contributions made under this part and any income earned by the investment of such contributions shall not be paid or credited to the fund but instead shall be paid to the trust and credited to the individual investment accounts.~~

~~§ 8523. Members' savings account and cash balance account.~~

~~(a) Credits to members' savings account. The members' savings account shall be the ledger account to which shall be credited the amounts of the pickup contributions made by the employer and contributions or lump sum payments made by active members in accordance with the provisions of Chapter 83 (relating to membership, contributions and benefits).~~

~~(a.1) Credits to cash balance account. The cash balance account shall be the ledger account to which shall be credited~~

~~the amounts of cash balance member contributions made by active members, amounts credited by the employer, and contributions or lump sum payments made by active members, together with interest and excess interest, as applicable, in accordance with the provisions of Chapter 83 (relating to membership, contributions and benefits).~~

~~(b) Interest and transfers from account. The individual member accounts to which interest is payable shall be credited with statutory interest. The accumulated deductions credited to the account of a member who dies in service or whose application for an annuity has been approved shall be transferred from the members' savings account or from the cash balance account, as applicable, to the annuity reserve account provided for in section 8525 (relating to annuity reserve account).~~

~~(c) Charges to account. Upon the election of a member to withdraw his accumulated deductions, the payment of such amount shall be charged to the members' savings account.~~

~~(d) Excess Interest.~~

~~(1) As part of the annual actuarial valuation performed under subsection 8502(j) (relating to administrative duties of board) for fiscal year 2017, and for each subsequent fiscal year, the board shall determine the amount potentially available from that year for distribution as excess interest. That amount shall be one half of the investment gains and losses, net of investment and administrative fees and costs, above or below the actuarially assumed investment return of the total assets in the fund multiplied by the ratio of the total amount credited in the members' savings account of Class T-I members and the cash balance savings account of members who have elected to contribute to the cash balance~~

1 ~~account, to the sum of the total amount credited in the~~  
2 ~~members' savings account plus the accrued actuarial liability~~  
3 ~~of all benefits derived from all the service of all members~~  
4 ~~in all classes of service other than Class T I. This product~~  
5 ~~shall be available in equal annual installments over five~~  
6 ~~years.~~

7 ~~(2) After the actuarial valuation made for fiscal year~~  
8 ~~2019 and after the actuarial valuations for each subsequent~~  
9 ~~fiscal year, the board shall determine if excess interest is~~  
10 ~~to be awarded to those members who have Class T I service~~  
11 ~~credit, or those members who have contributions in the cash~~  
12 ~~balance savings account, on the date of the applicable~~  
13 ~~actuarial valuation.~~

14 ~~(3) For each determination period, excess interest shall~~  
15 ~~be granted if the sum of the amounts determined under~~  
16 ~~paragraph (1) for all the years of the determination period~~  
17 ~~is positive. If so, then the percentage rate of excess~~  
18 ~~interest shall be determined by dividing this sum by the~~  
19 ~~total amount credited in the members savings account~~  
20 ~~attributable to Class T I service credit and those members~~  
21 ~~who have contributions in the cash balance savings account,~~  
22 ~~on the last day of the determination period. Each Class T I~~  
23 ~~member who has monies in the members' savings account, and~~  
24 ~~each member who has monies in the cash balance savings~~  
25 ~~account, on the last day of the determination period and who~~  
26 ~~has monies in such accounts on the next following June 30,~~  
27 ~~shall have excess interest at this rate credited to his total~~  
28 ~~members' savings account balance cash balance savings~~  
29 ~~account, as applicable.~~

30 ~~(4) The determination period for the period ending with~~

~~the actuarial valuation for fiscal year 2019 shall be fiscal years 2016, 2017 and 2018. The determination period for the period ending with the actuarial valuation for fiscal year 2020 shall be fiscal years 2016, 2017, 2018, and 2019. The determination period for the periods ending with fiscal year 2021 and subsequent years shall be the ending fiscal year and the four immediately previous fiscal years.~~

~~§ 8524. State accumulation account.~~

~~The State accumulation account shall be the ledger account to which shall be credited all contributions of the Commonwealth and other employers as well as the earnings of the fund, except the premium assistance contributions and earnings thereon in the health insurance account. Valuation interest shall be allowed on the total amount of such account less any earnings of the fund credited during the year. The reserves necessary for the payment of annuities and death benefits resulting from membership in the system as approved by the board and as provided in Chapter 83 (relating to membership, contributions and benefits) shall be transferred from the State accumulation account to the annuity reserve account. At the end of each year the required interest shall be transferred from the State accumulation account to the credit of the members' savings account and the annuity reserve account. The administrative expenses of the board shall be charged to the State accumulation account. Employer defined contributions, mandatory pickup contributions and a participant's voluntary contributions, together with any income or interest earned thereon, may be temporarily placed into the State accumulation account pending allocation or distribution to the participant's individual investment account.~~

~~§ 8525. Annuity reserve account.~~

~~(a) Credits and charges to account. The annuity reserve account shall be the ledger account to which shall be credited the reserves held for the payment of annuities and death benefits resulting from membership in the system on account of all annuitants and the contributions from the Commonwealth and other employers as determined in accordance with section 8328 (relating to actuarial cost method) for the payment of the supplemental annuities provided in sections 8348 (relating to supplemental annuities), 8348.1 (relating to additional supplemental annuities), 8348.2 (relating to further additional supplemental annuities), 8348.3 (relating to supplemental annuities commencing 1994), 8348.4 (relating to special supplemental postretirement adjustment), 8348.5 (relating to supplemental annuities commencing 1998), 8348.6 (relating to supplemental annuities commencing 2002) and 8348.7 (relating to supplemental annuities commencing 2003). The annuity reserve account shall be credited with valuation interest. After the transfers provided in sections 8523 (relating to members' savings account) and 8524 (relating to State accumulation account), all annuity and death benefit payments shall be charged to the annuity reserve account and paid from the fund.~~

~~(b) Transfers from account. Should an annuitant be subsequently restored to active service, either as a member of the system or participant in the plan, the present value of his member's annuity at the time of reentry into school service shall be transferred from the annuity reserve account and placed to his individual credit in the members' savings account. In addition, the actuarial reserve for his annuity less the amount transferred to the members' savings account shall be transferred from the annuity reserve account to the State accumulation~~

1 ~~account.~~

2 ~~§ 8531. State guarantee regarding the system.~~

3 ~~Statutory interest charges payable, the maintenance of~~  
4 ~~reserves in the fund, and the payment of all annuities and other~~  
5 ~~benefits granted by the board from the system under the~~  
6 ~~provisions of this part relating to the establishment and~~  
7 ~~administration of the system are hereby made obligations of the~~  
8 ~~Commonwealth. All income, interest, and dividends derived from~~  
9 ~~deposits and investments authorized by this part shall be used~~  
10 ~~for the payment of the said obligations of the Commonwealth and~~  
11 ~~shall not be used for any obligations of the plan or trust.~~

12 ~~Section 226. Section 8533(a), (b) and (d) of Title 24 are~~  
13 ~~amended to read:~~

14 ~~§ 8533. Taxation, attachment and assignment of funds.~~

15 ~~(a) General rule. Except as provided in subsections (b),~~  
16 ~~(c) and (d), the right of a person to a member's annuity, a~~  
17 ~~State annuity, or retirement allowance, to the return of~~  
18 ~~contributions, any benefit or right accrued or accruing to any~~  
19 ~~person under the provisions of this part, and the moneys in the~~  
20 ~~fund and the trust are hereby exempt from any State or municipal~~  
21 ~~tax, and exempt from levy and sale, garnishment, attachment, the~~  
22 ~~provisions of Article XIII.1 of the act of April 9, 1929~~  
23 ~~(P.L.343, No.176), known as The Fiscal Code, or any other~~  
24 ~~process whatsoever, and shall be unassignable.~~

25 ~~(a.1) Individual investment accounts and distributions. No~~  
26 ~~participant or beneficiary, successor payee, spouse or alternate~~  
27 ~~payee of a participant shall have the ability to commute, sell,~~  
28 ~~assign, alienate, anticipate, mortgage, pledge, hypothecate,~~  
29 ~~commutate or otherwise transfer or convey any benefit or~~  
30 ~~interest in an individual investment account or rights to~~

~~1 receive or direct distributions under this part or under~~  
~~2 agreements entered into under this part except as otherwise~~  
~~3 provided in this part and in the case of either a member or a~~  
~~4 participant.~~

~~5 (b) Forfeiture.—~~

~~6 (1) Rights under this part shall be subject to~~  
~~7 forfeiture as provided by the act of July 8, 1978 (P.L.752,~~  
~~8 No.140), known as the Public Employee Pension Forfeiture Act.—~~  
~~9 Forfeitures under this subsection or under any other~~  
~~10 provision of law may not be applied to increase the benefits~~  
~~11 that any member would otherwise receive under this part.~~

~~12 (2) In accordance with section 16(b) of Article V of the~~  
~~13 Constitution of Pennsylvania and notwithstanding paragraph~~  
~~14 (1), the act of July 8, 1978 (P.L.752, No.140), known as the~~  
~~15 Public Employee Pension Forfeiture Act, or 42 Pa.C.S. § 3352~~  
~~16 (relating to pension rights), the accumulated mandatory~~  
~~17 participant contributions and accumulated voluntary~~  
~~18 contributions standing to the credit of a participant shall~~  
~~19 not be forfeited but shall be available for payment of fines~~  
~~20 and restitution as provided by law. In accordance with~~  
~~21 section 16(b) of Article V of the Constitution of~~  
~~22 Pennsylvania, amounts in the trust that have been ordered to~~  
~~23 be distributed to an alternate payee as the result of an~~  
~~24 equitable distribution of marital property as part of an~~  
~~25 approved domestic relations order entered before the date of~~  
~~26 the order or action in a court or other tribunal resulting in~~  
~~27 a forfeiture of a participant's interest in the trust shall~~  
~~28 not be subject to the Public Employee Pension Forfeiture Act,~~  
~~29 section 16(b) of the Article V of the Constitution of~~  
~~30 Pennsylvania or 42 Pa.C.S. § 3352. Any accumulated employer~~



~~defined contributions forfeited as a result of this subsection or other law shall be retained by the board and used for the payment of expenses of the plan.~~

~~\* \* \*~~

~~(d) Direct rollover. Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this subsection, a "distributee" includes a member [and], a participant, a spouse, a member's surviving spouse [and], a participant's surviving spouse, a member's former spouse who is an alternate payee under an approved domestic relations order and a participant's former spouse who is an alternate payee under an approved domestic relations order and anyone else authorized under IRC and the plan terms approved by the board to have an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this subsection, the term "eligible rollover distribution" has the meaning given such term by IRC § 402(f)(2)(A) and "eligible retirement plan" has the meaning given such term by IRC § 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it accepts the distributee's eligible rollover distribution; however, in the case of an eligible rollover distribution to a surviving spouse, an eligible retirement plan is an "individual retirement account" or an "individual retirement annuity" as those terms are defined in IRC § 408(a) and (b).~~

~~Section 227. Sections 8533.1, 8533.2, 8533.3 and 8533.4(a)~~

1 ~~of Title 24 are amended to read:~~

2 ~~§ 8533.1. Approval of domestic relations orders.~~

3 ~~(a) Certification regarding members. A domestic relations~~  
4 ~~order pertaining to a member of the system shall be certified as~~  
5 ~~an approved domestic relations order by the secretary of the~~  
6 ~~board, or his designated representative, only if such order~~  
7 ~~meets all of the following:~~

8 ~~(1) Requires the system to provide any type or form of~~  
9 ~~benefit or any option applicable to members already provided~~  
10 ~~under this part.~~

11 ~~(2) Requires the system to provide no more than the~~  
12 ~~total amount of benefits than the member would otherwise~~  
13 ~~receive (determined on the basis of actuarial value) unless~~  
14 ~~increased benefits are paid to the member or alternate payee~~  
15 ~~based upon cost of living increases or increases based on~~  
16 ~~other than actuarial value.~~

17 ~~(3) Specifies the amount or percentage of the member's~~  
18 ~~benefits to be paid by the system to each such alternate~~  
19 ~~payee or the manner in which the amount or percentage is to~~  
20 ~~be determined.~~

21 ~~(4) Specifies the retirement option to be selected by~~  
22 ~~the member upon retirement or states that the member may~~  
23 ~~select any retirement option offered by this part upon~~  
24 ~~retirement.~~

25 ~~(5) Specifies the name and last known mailing address,~~  
26 ~~if any, of the member and the name and last known mailing~~  
27 ~~address of each alternate payee covered by the order and~~  
28 ~~states that it is the responsibility of each alternate payee~~  
29 ~~to keep a current mailing address on file with the system.~~

30 ~~(6) Does not grant an alternate payee any of the rights,~~

1 ~~options or privileges of a member under this part.~~

2 ~~(7) Requires the member to execute an authorization~~  
3 ~~allowing each alternate payee to monitor the member's~~  
4 ~~compliance with the terms of the domestic relations order~~  
5 ~~through access to information concerning the member~~  
6 ~~maintained by the system.~~

7 ~~(a.1) Certification regarding participants. A domestic~~  
8 ~~relations order pertaining to a participant shall be certified~~  
9 ~~as an approved domestic relations order by the secretary of the~~  
10 ~~board, or his designated representative, only if that order~~  
11 ~~meets all of the following:~~

12 ~~(1) Does not require the plan to provide any type or~~  
13 ~~form of benefit or any option applicable to members of the~~  
14 ~~system or participants in the plan.~~

15 ~~(2) Does not require the segregation of the alternate~~  
16 ~~payee's share of the participant's individual investment~~  
17 ~~account into a subaccount or newly established individual~~  
18 ~~account titled in the name of the alternate payee.~~

19 ~~(3) Does not require the plan to recover or distribute~~  
20 ~~any funds which were distributed to the participant or at the~~  
21 ~~participant's direction prior to the approval of the domestic~~  
22 ~~relations order by the secretary of the board or his~~  
23 ~~designated representative.~~

24 ~~(4) Requires the plan to pay to the alternate payee no~~  
25 ~~more than the lesser of the vested amount of the~~  
26 ~~participant's individual investment account specified by the~~  
27 ~~domestic relations order or the vested amount of the~~  
28 ~~participant's individual investment account as of the date of~~  
29 ~~the transfer of the alternate payee's share to the alternate~~  
30 ~~payee.~~

1       ~~(5) States that the plan shall not be required to recoup~~  
2 ~~or make good for losses in value to the participant's~~  
3 ~~individual investment account incurred between the date of~~  
4 ~~the valuation of the account used for equitable distribution~~  
5 ~~purposes and the date of distribution to the alternate payee.~~

6       ~~(6) Specifies the amount or percentage of the~~  
7 ~~participant's individual investment account to be paid to the~~  
8 ~~alternate payee and the date upon which such valuation is~~  
9 ~~based.~~

10       ~~(7) Specifies the name and last known mailing address,~~  
11 ~~if any, of the participant and the name and last known~~  
12 ~~mailing address of each alternate payee covered by the order~~  
13 ~~and states that it is the responsibility of each alternate~~  
14 ~~payee to keep a current mailing address on file with the~~  
15 ~~system.~~

16       ~~(8) Does not grant an alternate payee the rights,~~  
17 ~~privileges or options available to a participant.~~

18       ~~(9) Requires the participant to execute an authorization~~  
19 ~~allowing each alternate payee to monitor the participant's~~  
20 ~~compliance with the terms of the domestic relations order~~  
21 ~~through access to information concerning the participant~~  
22 ~~maintained by the plan. Any authorization granted under this~~  
23 ~~section shall be construed only as an authorization for the~~  
24 ~~alternate payee to receive information concerning the~~  
25 ~~participant which relates to the administration, calculation~~  
26 ~~and payment of the alternate payee's share of the~~  
27 ~~participant's account and not as an authorization to exercise~~  
28 ~~the rights afforded to participants or obtain information~~  
29 ~~that is not related to the administration, calculation and~~  
30 ~~payment of the alternate payee's share of the participant's~~

~~individual investment account, notwithstanding any other provision of this part or the plan that would require a distribution of accumulated employer defined contributions in the form of an annuity or to require the purchase of an annuity.~~

~~(10) In the case of participants who have not yet begun to receive distributions as of the date the domestic relations order is approved by the secretary of the board or his designated representative, requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be made by direct payment, eligible rollover or trustee to trustee transfer to another eligible plan or qualified account owned by the alternate payee, notwithstanding any other provision of this part or the plan that would otherwise require a distribution of accumulated employer defined contributions in the form of an annuity or to require the purchase of an annuity.~~

~~(11) In the case of a participant who is currently receiving distributions from the trust as of the date the domestic relations order is approved by the secretary of the board or his designated representative, the domestic relations order may not order the board to pay the alternate payee more than the balance available in the participant's individual investment account as of the date the order is approved or require that distributions continue to the alternate payee after the death of the participant and final settlement of the participant's individual investment account.~~

~~(b) Determination by secretary. Within a reasonable period~~

~~of time after receipt of a domestic relations order, the  
secretary of the board, or his designated representative, shall  
determine whether this order is an approved domestic relations  
order and notify the member or participant and each alternate  
payee of this determination. Notwithstanding any other provision  
of law, the exclusive remedy of any member, participant or  
alternate payee aggrieved by a decision of the secretary of the  
board, or his designated representative, shall be the right to  
an adjudication by the board under 2 Pa.C.S. Ch. 5 (relating to  
practice and procedure) with appeal therefrom to the  
Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial  
review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals  
from government agencies).~~

~~(c) Other orders. The requirements for approval identified  
in [subsection (a)] subsections (a) and (a.1) shall not apply to  
any domestic relations order which is an order for support as  
that term is defined in 23 Pa.C.S. § 4302 (relating to  
definitions) or an order for the enforcement of arrearages as  
provided in 23 Pa.C.S. § 3703 (relating to enforcement of  
arrearages). These orders shall be approved to the extent that  
they do not attach moneys in excess of the limits on attachments  
as established by the laws of this Commonwealth and the United  
States[.], require distributions of benefits in a manner that  
would violate the laws of the United States, any other state or  
this Commonwealth or require the distribution of funds for  
support or enforcement of arrearages against any participant who  
is not receiving distributions from the plan at the time such  
order is entered. These orders may be approved notwithstanding  
any other provision of this part or the plan that would  
otherwise require a distribution of accumulated employer defined~~

~~contributions in the form of an annuity or to require the  
purchase of an annuity.~~

~~(d) Obligation discharged. Only the requirements of this  
part and any regulations promulgated hereunder shall be used to  
govern the approval or disapproval of a domestic relations  
order. Therefore, if the secretary of the board, or his  
designated representative, acts in accordance with the  
provisions of this part and any promulgated regulations in  
approving or disapproving a domestic relations order, then the  
obligations of the system or plan with respect to such approval  
or disapproval shall be discharged.~~

~~§ 8533.2. Irrevocable beneficiary.~~

~~Notwithstanding any other provision of this part, a domestic  
relations order may provide for an irrevocable beneficiary. A  
domestic relations order requiring the nomination of an  
irrevocable beneficiary shall be deemed to be one that requires  
a member or participant to nominate an alternate payee as a  
beneficiary and that prohibits the removal or change of that  
beneficiary without approval of a court of competent  
jurisdiction, except by operation of law. Such a domestic  
relations order may be certified as an approved domestic  
relations order by the secretary of the board, or his designated  
representative, after the member or participant makes such  
nomination, in which case the irrevocable beneficiary so ordered  
by the court cannot be changed by the member or participant  
without approval by the court.~~

~~§ 8533.3. Irrevocable survivor annuitant.~~

~~Notwithstanding any other provisions of this part, a domestic  
relations order pertaining to a member may provide for an  
irrevocable survivor annuitant. A domestic relations order~~

~~requiring the designation of an irrevocable survivor annuitant shall be deemed to be one that requires a member to designate an alternate payee as a survivor annuitant and that prohibits the removal or change of that survivor annuitant without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, in which case the irrevocable survivor annuitant so ordered by the court cannot be changed by the member without approval by the court. A person ineligible to be designated as a survivor annuitant may not be designated an irrevocable survivor annuitant.~~

~~§ 8533.4. Amendment of approved domestic relations orders.~~

~~(a) Deceased alternate payee. In the event that the alternate payee predeceases the member or participant and there are benefits payable to the alternate payee, the divorce court may amend the approved domestic relations order to substitute a person for the deceased alternate payee to receive any benefits payable to the deceased alternate payee.~~

~~\* \* \*~~

~~Section 228. Title 24 is amended by adding a section to read:~~

~~§ 8533.5. Irrevocable successor payee.~~

~~(a) Condition. Notwithstanding any other provisions of this part, a domestic relations order pertaining to a participant may provide for an irrevocable successor payee, only if the participant is receiving a payment pursuant to a payment option provided by the board that allows for a successor payee.~~

~~(b) Determination. A domestic relations order requiring the designation of an irrevocable successor payee shall be deemed to~~



~~be one that requires a participant who is receiving payments from an annuity or other distribution option to designate an alternate payee as a successor payee and that prohibits the removal or change of that successor payee without approval of a court of competent jurisdiction, except by operation of law.~~

~~(c) Certification. A domestic relations order under subsection (b) may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, in which case the irrevocable successor payee so ordered by the court cannot be changed by the participant without approval by the court.~~

~~(d) Ineligibility. A person ineligible to be designated as a successor payee may not be designated as an irrevocable successor payee. A court may not name an irrevocable successor payee if the alternate payee is eligible to receive a lump sum distribution of the alternate payee's portion of the marital portion of the pension benefit.~~

~~Section 229. Sections 8534 and 8535 of Title 24 are amended to read:~~

~~§ 8534. Fraud and adjustment of errors.~~

~~(a) Penalty for fraud. Any person who shall knowingly make any false statement or shall falsify or permit to be falsified any record or records of this system or plan in any attempt to defraud the system or plan as a result of such act shall be guilty of a misdemeanor of the second degree.~~

~~(b) Adjustment of errors. Should any change or mistake in records result in any member, participant, beneficiary, [or] survivor annuitant or successor payee receiving from the system or plan more or less than he would have been entitled to receive had the records been correct, then regardless of the intentional~~

~~or unintentional nature of the error and upon the discovery of such error, the board shall correct the error and if the error affects contributions to or payments from the system, then so far as practicable shall adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid. If the error affects contributions to or payments from the plan, the board shall take such action as shall be provided for in the plan document.~~

~~§ 8535. Payments to school entities by Commonwealth.~~

~~For each school year beginning with the 1995-1996 school year and ending with the 2015-2016 school year, each school entity shall be paid by the Commonwealth for contributions based upon school service of active members of the system after June 30, 1995, as follows:~~

~~(1) The Commonwealth shall pay each school entity for contributions made to the Public School Employees' Retirement Fund based upon school service of all active members, including members on activated military service leave, whose effective dates of employment with their school entities are after June 30, 1994, and who also had not previously been employed by any school entity within this Commonwealth an amount equal to the amount certified by the Public School Employees' Retirement Board as necessary to provide, together with the members' contributions, reserves on account of prospective annuities, supplemental annuities and the premium assistance program as provided in this part in accordance with section 8328 (relating to actuarial cost method), multiplied by the market value/income aid ratio of the school entity. For no school year shall any school entity receive~~

1 ~~less than the amount that would result if the market~~  
2 ~~value/income aid ratio as defined in section 2501(14.1) of~~  
3 ~~the Public School Code of 1949 was 0.50.~~

4 ~~(2) The Commonwealth shall pay each school entity for~~  
5 ~~contributions made to the Public School Employees' Retirement~~  
6 ~~Fund based upon school service of all active members,~~  
7 ~~including members on activated military service leave, who~~  
8 ~~are not described in paragraph (1), one half of the amount~~  
9 ~~certified by the Public School Employees' Retirement Board as~~  
10 ~~necessary to provide, together with the members'~~  
11 ~~contributions, reserves on account of prospective annuities,~~  
12 ~~supplemental annuities and the premium assistance program as~~  
13 ~~provided in this part in accordance with section 8328.~~

14 ~~(3) School entities shall have up to five days after~~  
15 ~~receipt of the Commonwealth's portion of the employer's~~  
16 ~~liability to make payment to the Public School Employees'~~  
17 ~~Retirement Fund. School entities are expected to make the~~  
18 ~~full payment to the Public School Employees' Retirement Fund~~  
19 ~~in accordance with section 8327 (relating to payments by~~  
20 ~~employers) in the event the receipt of the Commonwealth's~~  
21 ~~portion of the employer's liability is delayed because of~~  
22 ~~delinquent salary reporting or other conduct by the school~~  
23 ~~entities.~~

24 ~~Section 230. Title 24 is amended by adding sections to read:~~

25 ~~§ 8535.1. Payments to school entities by Commonwealth~~  
26 ~~commencing with the 2016-2017 school year.~~

27 ~~(a) General rule. For each school year, beginning with the~~  
28 ~~2016-2017 school year, each school entity shall be paid by the~~  
29 ~~Commonwealth for contributions based upon school service of~~  
30 ~~active members of the system and active participants of the plan~~

1 ~~after June 30, 2016, as follows:~~

2       ~~(1) The Commonwealth shall pay each school entity for~~  
3 ~~contributions made to the fund or the trust based upon school~~  
4 ~~service of all active members or active participants,~~  
5 ~~including members or participants on activated military~~  
6 ~~service leave and USERRA leave, and active participants of~~  
7 ~~the plan whose effective dates of employment with their~~  
8 ~~school entities are after June 30, 1994, and who also had not~~  
9 ~~previously been employed by any school entity within this~~  
10 ~~Commonwealth, an amount equal to the amount certified by the~~  
11 ~~board as necessary to provide, together with the members' and~~  
12 ~~participants' contributions, reserves on account of~~  
13 ~~prospective annuities, supplemental annuities and the premium~~  
14 ~~assistance program as provided in this part in accordance~~  
15 ~~with section 8328 (relating to actuarial cost method),~~  
16 ~~multiplied by the market value/income aid ratio of the school~~  
17 ~~entity. For no school year shall any school entity receive~~  
18 ~~less than the amount that would result if the market~~  
19 ~~value/income aid ratio as defined in section 2501(14.1) of~~  
20 ~~the Public School Code was 0.50.~~

21       ~~(2) The Commonwealth shall pay each school entity for~~  
22 ~~contributions made to the fund or the trust based upon school~~  
23 ~~service of all active members or active participants,~~  
24 ~~including members or participants on activated military~~  
25 ~~service leave and USERRA leave, and active participants of~~  
26 ~~the plan who are not described in paragraph (1) one half of~~  
27 ~~the amount certified by the board as necessary to provide,~~  
28 ~~together with the members' and participants' contributions,~~  
29 ~~reserves on account of prospective annuities, supplemental~~  
30 ~~annuities and the premium assistance program as provided in~~

~~this part in accordance with section 8328.~~

~~(3) School entities shall have up to five days after receipt of the Commonwealth's portion of the employer's liability to make payment to the fund. School entities are expected to make the full payment to the fund in accordance with section 8327 (relating to payments by employers) in the event the receipt of the Commonwealth's portion of the employer's liability is delayed because of delinquent salary reporting or other conduct by the school entities.~~

~~(4) Employers whose payments to the Public School Employees' Retirement Fund are delinquent shall be charged interest by the Public School Employees' Retirement Fund at the annual interest rate adopted by the board pursuant to section 8328 (relating to actuarial cost method) in effect in the fiscal year in which the payments are required to be paid.~~

~~§ 8537. Public Pension Management and Asset Investment Review Commission.~~

~~(a) Establishment. A Public Pension Management and Asset Investment Review Commission shall be established, which shall be composed of three appointees of each of the following:~~

- ~~(1) Speaker of the House;~~
- ~~(2) President Pro tempore of the Senate; and~~
- ~~(3) Governor.~~

~~The appointees shall be investment professionals and retirement advisors and shall be appointed within 90 days of the effective date of this section.~~

~~(b) Duties. The duties of the Public Pension Management and Asset Investment Review Commission are as follows:~~

- ~~(1) Study the performance of current investment~~

~~strategies and procedures of the Public School Employees' Retirement System, comparing realized rates of return to established benchmarks and considering associated fees paid for active and passive management.~~

~~(2) Study the costs and benefits of both active and passive investment strategies in relation to future investment activities of the Public School Employees' Retirement System.~~

~~(3) Study alternative future investment strategies with available assets of the Public School Employees' Retirement System that will maximize future rates of return net of fees.~~

~~(4) Publish extensive and detailed findings on line, including findings about:~~

~~(i) assets;~~

~~(ii) returns;~~

~~(iii) financial managers;~~

~~(iv) consultants;~~

~~(v) requests for Proposals; and~~

~~(vi) investment performance measured against benchmarks.~~

~~(5) Report its findings and recommendations to the Governor and the General Assembly within 6 months of its first organizational meeting.~~

~~(c) Quorum. A majority of appointed members shall constitute a quorum for the purpose of conducting business. The members shall select one of their number to be chairperson and another to be the vice chairperson.~~

~~(d) Transparency and ethics. The Public Pension Management and Asset Investment Review Commission shall be subject to the following laws:~~

~~(1) The act of February 14, 2008 (P.L.6, No.3), known as the Right to Know Law.~~

~~(2) The act of July 3, 1986 (P.L.388, No.84), known as the Sunshine Act.~~

~~(3) The act of October 4, 1978 (P.L.883, No.170), known as the Public Official and Employee Ethics Act.~~

~~(4) The act of July 19, 1957 (P.L.1017, No.451), known as the State Adverse Interest Act.~~

~~(e) Information gathering. The Public Pension Management and Asset Investment Review Commission may conduct hearings and otherwise gather pertinent information and analysis that it considers appropriate and necessary to fulfill its duties.~~

~~(f) Transparency and ethics. The Public Pension Management and Asset Investment Review Commission may conduct hearings and otherwise gather pertinent information and analysis that it considers appropriate.~~

~~(g) Logistical and other support. The Public Pension Management and Asset Investment Review Commission shall receive logistical and other support from the Joint State Government Commission and may employ additional temporary staff as needed.~~

~~(h) Reimbursement. The members of the Public Pension Management and Asset Investment Review Commission shall be reimbursed for reasonable expenses.~~

~~(i) Expiration. The Public Pension Management and Asset Investment Review Commission shall expire 60 days after delivery of its report in accordance with subsection (b) (5). Any unspent appropriation shall lapse back to the General Fund.~~

~~Section 231. The definition of "eligible person" in section 8702(a) of Title 24 is amended to read:~~

~~§ 8702. Definitions.~~

~~(a) General rule. Subject to additional definitions contained in subsequent provisions of this part which are applicable to specific provisions of this part, the following words and phrases when used in this part shall have the meanings given to them in this section unless the context clearly indicates otherwise:~~

~~"Eligible person." An individual who is:~~

~~(1) an annuitant or survivor annuitant or the spouse or dependent of an annuitant or survivor annuitant[.]; or~~

~~(2) a participant receiving distributions or a successor payee, or the spouse or dependent of a participant receiving distributions or successor payee.~~

~~\* \* \*~~

### ~~ARTICLE III~~

~~Section 301. Section 7306(a) introductory paragraph of Title 51 is amended and the section is amended by adding a subsection to read:~~

~~§ 7306. Retirement rights.~~

~~(a) Options available to employees. Any employee who is a member of a retirement system other than an active member or inactive member on leave without pay of the State Employees' Retirement System, an active or inactive participant of the School Employees' Defined Contribution Plan, an active participant or inactive participant on leave without pay of the State Employees' Defined Contribution Plan or an active or inactive member of the Public School Employees' Retirement System at the time he is granted a military leave of absence shall be entitled to exercise any one of the following options in regard thereto:~~

~~\* \* \*~~



~~(f) Participant of a defined contribution plan.~~

~~(1) An employee who is an active or inactive participant of the School Employees' Defined Contribution Plan at the time the employee is granted a military leave of absence shall be entitled to make contributions to the Public School Employees' Defined Contribution Trust for the leave as provided in 24 Pa.C.S. Pt. IV (relating to retirement for school employees).~~

~~(2) An employee who is an active participant or inactive participant on leave without pay of the State Employees' Defined Contribution Plan at the time he is granted a military leave of absence shall be entitled to make contributions to the State Employees' Defined Contribution Trust for the leave as provided in 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers).~~

#### ARTICLE IV

~~Section 401. Sections 4104(a) (7), 5102 and 5103 of Title 71 are amended to read:~~

~~§ 4104. Duties of office.~~

~~(a) Mandatory. The office shall:~~

~~\* \* \*~~

~~(7) Study and analyze the impact of shared risk contributions under 24 Pa.C.S. § 8321(b) (relating to regular member contributions for current service) and section 5501.1 (relating to shared risk member contributions and shared gain adjustments for regular member contributions for Class A 3 and Class A 4 service).~~

~~\* \* \*~~

~~§ 5102. Definitions.~~

~~The following words and phrases as used in this part, unless~~

~~a different meaning is plainly required by the context, shall have the following meanings:~~

~~"Academic administrator." A management employee in the field of public education whose work is directly related to academic instruction, excluding any employee in a position that is nonacademic in nature, such as, without limitation, a position that relates to admissions, financial aid, counseling, secretarial and clerical services, records management, housing, food service, maintenance and security.~~

~~"Accumulated employer defined contributions." The total of the employer defined contributions paid into the trust on account of a participant's State service together with any investment earnings and losses and adjustment for fees, costs and expenses credited or charged thereon.~~

~~"Accumulated mandatory participant contributions." The total of the mandatory participant contributions paid into the trust on account of a participant's State service together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.~~

~~"Accumulated total defined contributions." The total of the accumulated mandatory participant contributions, accumulated employer defined contributions and accumulated voluntary contributions, reduced by any distributions, standing to the credit of a participant in an individual investment account in the trust.~~

~~"Accumulated voluntary contributions." The total of voluntary contributions paid into the trust by a participant and any amounts rolled over by a participant or transferred by a direct trustee to trustee transfer into the trust together with any investment earnings and losses and adjustment for fees,~~

~~costs and expenses credited or charged thereon.~~

~~"Active member." A State employee, or a member on leave without pay, for whom pickup contributions or cash balance member contributions are being made to the fund or for whom such contributions otherwise required for current State service are not being made solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the limitations under section 401(a)(17) or section [415(b)] 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or [415(b)).] 415) or limitations on contributions to the system applicable to a Class A 3 member or Class A 4 member who has exceeded the Class A 3 and Class A 4 compensation limit.~~

~~"Active participant." A State employee for whom mandatory participant contributions are being made to the trust or for whom such contributions otherwise required for current State service are not being made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or § 415).~~

~~"Actuarial increase factor." A factor calculated at the member's birthday by dividing the cost of a dollar annuity based on the age of the member on the member's immediately previous birthday by the cost of a one year deferred dollar annuity calculated at that same age. Unless the member terminates State or school service on the member's birthday, the actuarial increase factor for the year of termination shall be adjusted by:~~

~~(1) subtracting one from the calculated factor; then~~

~~(2) dividing the difference by twelve; then~~

~~(3) multiplying the resulting quotient by the number of whole months between the member's immediately previous birthday and the date of termination of service; then~~

~~(4) adding one to the resulting product.~~

~~"Actuarially equivalent." [Equal] Except when determining benefits and present values related to Class CB service, cash balance member accumulated deductions or total cash balance accumulated deductions, equal present values, computed on the basis of statutory interest and the mortality tables adopted by the board. When determining benefits and present values related to Class CB service, cash balance member accumulated deductions or total cash balance accumulated deductions, equal present values, computed on the basis of the applicable Federal rate on the effective date of the determination and the mortality tables adopted by the board.~~

~~"Actuary." The consultant to the board who shall be:~~

~~(1) a member of the American Academy of Actuaries; or~~

~~(2) an individual who has demonstrated to the satisfaction of the Insurance Commissioner of Pennsylvania that he has the educational background necessary for the practice of actuarial science and has had at least seven years of actuarial experience; or~~

~~(3) a firm, partnership, or corporation of which at least one member meets the requirements of (1) or (2).~~

~~"Additional accumulated deductions." The total of the additional member contributions paid into the fund on account of current service or previous State or creditable nonstate service, together with the statutory interest credited thereon until the date of termination of service. In the case of a~~

~~vestee, statutory interest shall be credited until the effective date of retirement. A member's account shall not be credited with statutory interest for more than two years during a leave without pay.~~

~~"Alternative investment." An investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund.~~

~~"Alternative investment vehicle." A limited partnership, limited liability company or any other legal vehicle for authorized investments under section 5931(i) (relating to management of fund and accounts) through which the system makes an alternative investment.~~

~~"Alternate payee." Any spouse, former spouse, child or dependent of a member or participant who is recognized by a domestic relations order as having a right to receive all or a portion of the moneys payable to that member or participant under this part.~~

~~"Annuitant." Any member on or after the effective date of retirement until his annuity is terminated.~~

~~"Applicable Federal rate." Interest at a rate equal to the applicable Federal rate prescribed by the Internal Revenue Service and published by revenue ruling under IRC § 7520 and that is in effect on the operative date of the calculation for which such rate is being used, compounded annually.~~

~~"Approved domestic relations order." Any domestic relations order which has been determined to be approved in accordance with section 5953.1 (relating to approval of domestic relations orders).~~

~~"Average noncovered salary." The average of the amounts of compensation received each calendar year since January 1, 1956~~

~~exclusive of the amount which was or could have been covered by the Federal Social Security Act, 42 U.S.C. § 301 et seq., during that portion of the member's service since January 1, 1956 for which he has received social security integration credit.~~

~~"Basic contribution rate." Five percent (5%), except that in no case shall any member's rate, excluding the rate for social security integration credit, be greater than his contribution rate on the effective date of this part so long as he does not elect additional coverage or membership in another class of service.~~

~~"Beneficiary." [The] In the case of the system, the person or persons last designated in writing to the board by a member to receive his accumulated deductions or a lump sum benefit upon the death of such member. In the case of the plan, the person or persons last designated in writing to the board by the participant to receive the participant's vested accumulated total defined contributions or a lump sum benefit upon the death of the participant.~~

~~"Board." The State Employees' Retirement Board or the State Employees' Retirement Board.~~

~~"Cash balance member accumulated deductions." The total of the cash balance member contributions paid into the fund on account of a member's service as a member of Class CB together with treasury bond interest and excess interest thereon until the date of termination of service. In the case of a vestee, treasury bond interest and excess interest shall be credited until the effective date of retirement.~~

~~"Cash balance member contributions." The product of the basic contribution rate, the class of service multiplier and the compensation of the member for service credited as Class CB.~~

~~"Class A 3 and Class A 4 compensation limit." For a Class A 3 or Class A 4 member for each calendar year starting on or after January 1, 2016, the amount of compensation as an active member which would not have been subject to Social Security integration member contributions under section 5502 had the member been eligible to elect to earn Social Security integration credits under section 5305 and did so, without regard to the calendar year starting after March 1, 1974.~~

~~"Class of service multiplier."~~

<del>Class of Service</del>	<del>Multiplier</del>
-----------------------------	-----------------------

<del>A</del>	<del>1</del>
<del>AA</del>	<del>for all purposes—</del>
<del>—</del>	<del>except—</del>
<del>—</del>	<del>calculating—</del>
<del>—</del>	<del>regular member—</del>
<del>—</del>	<del>contributions on—</del>
<del>—</del>	<del>compensation—</del>
<del>—</del>	<del>paid prior to—</del>
<del>January 1, 2002</del>	<del>1.25</del>
<del>AA</del>	<del>for purposes of—</del>
<del>—</del>	<del>calculating—</del>
<del>—</del>	<del>regular member—</del>
<del>—</del>	<del>contributions—</del>
<del>—</del>	<del>on compensation—</del>
<del>—</del>	<del>paid prior to—</del>
<del>—</del>	<del>January 1, 2002</del>
<del>A 3</del>	<del>1</del>
<del>—</del>	<del>for all purposes—</del>
<del>—</del>	<del>except the—</del>
<del>—</del>	<del>calculation of—</del>
<del>—</del>	<del>regular member—</del>

1	-	<del>contributions</del>	
2	-	<del>and</del>	
3	-	<del>contributions</del>	
4	-	<del>for creditable</del>	
5	-	<del>nonstate service</del>	<del>1</del>
6	<del>A-3</del>	<del>for purposes of</del>	
7	-	<del>calculating</del>	
8	-	<del>regular member</del>	
9	-	<del>contributions</del>	
10	-	<del>and</del>	
11	-	<del>contributions</del>	
12	-	<del>for creditable</del>	
13	-	<del>nonstate service</del>	<del>1.25</del>
14	<del>A-4</del>	<del>for all purposes</del>	
15	-	<del>except the</del>	
16	-	<del>calculation of</del>	
17	-	<del>regular member</del>	
18	-	<del>contributions</del>	<del>1.25</del>
19	<del>A-4</del>	<del>for purposes of</del>	
20	-	<del>calculating</del>	
21	-	<del>regular member</del>	
22	-	<del>contributions</del>	<del>1.86</del>
23	B		<del>.625</del>
24	C		<del>1</del>
25	<u>CB</u>	<u><del>for all purposes</del></u>	
26		<u><del>except</del></u>	
27		<u><del>calculating cash</del></u>	
28		<u><del>balance member</del></u>	
29		<u><del>contributions</del></u>	<del>1</del>
30	<u>CB</u>		<u><del>0.6 unless a</del></u>



1		<del>for purposes of</del>	<del>lower</del>	
2		<del>calculating cash</del>	<del>multiplier is</del>	
3		<del>balance member</del>	<del>elected under</del>	
4		<del>contributions</del>	<del>section 5306.5</del>	
5	D		1.25	
6	<del>D-1</del>	<del>prior to January</del>		
7	-	<del>1, 1973</del>	1.875	
8	<del>D-1</del>	<del>on and</del>		
9	-	<del>subsequent to</del>		
10	-	<del>January 1, 1973</del>	1.731	
11	<del>D-2</del>	<del>prior to January</del>		
12	-	<del>1, 1973</del>	2.5	
13	<del>D-2</del>	<del>on and</del>		
14	-	<del>subsequent to</del>		
15	-	<del>January 1, 1973</del>	1.731	
16	<del>D-3</del>	<del>prior to January</del>		
17	-	<del>1, 1973</del>	3.75	
18	<del>D-3</del>	<del>on and</del>		
19	-	<del>subsequent to</del>		
20	-	<del>January 1, 1973</del>	1.731	<del>except prior</del>
21	-			<del>to December 1,</del>
22	-			1974
23	-			<del>as applied to</del>
24	-			<del>any additional</del>
25	-			<del>legislative</del>
26	-			<del>compensation</del>
27				<del>as an officer</del>
28				<del>of the General</del>
29				Assembly
30	-		3.75	

1	<del>D-4</del>	<del>for all purposes</del>		
2	-	<del>except</del>		
3	-	<del>calculating</del>		
4	-	<del>regular member</del>		
5	-	<del>contributions</del>		
6	-	<del>on compensation</del>		
7	-	<del>paid prior to</del>		
8		<del>July 1, 2001</del>	1.5	
9	<del>D-4</del>	<del>for purposes of</del>		
10	-	<del>calculating</del>		
11	-	<del>regular member</del>		
12	-	<del>contributions on</del>		
13	-	<del>compensation</del>		
14	-	<del>paid prior to</del>		
15	-	<del>July 1, 2001</del>	1	
16	<del>E, E-1</del>	<del>prior to January</del>		
17	-	<del>1, 1973</del>	2	<del>for each of</del>
18	-			<del>the first ten</del>
19	-			<del>years of</del>
20				<del>judicial</del>
21				<del>service, and</del>
22	-		1.5	<del>for each</del>
23	-			<del>subsequent</del>
24	-			<del>year of</del>
25				<del>judicial</del>
26	-			<del>service</del>
27	<del>E, E-1</del>	<del>on and</del>		
28		<del>subsequent to</del>		
29		<del>January 1, 1973</del>	1.50	<del>for each of</del>
30				<del>the first ten</del>

1			<del>years of</del>
2			<del>judicial</del>
3			<del>service and</del>
4		<del>1.125</del>	<del>for each</del>
5			<del>subsequent</del>
6			<del>year of</del>
7			<del>judicial</del>
8			<del>service</del>
9	<del>E-2</del>	<del>prior to</del>	
10		<del>September 1,</del>	
11		<del>1973</del>	<del>1.5</del>
12	<del>E-2</del>	<del>on and</del>	
13	<del>-</del>	<del>subsequent to</del>	
14	<del>-</del>	<del>September 1,</del>	
15	<del>-</del>	<del>1973</del>	<del>1.125</del>
16	<del>G</del>		<del>0.417</del>
17	<del>H</del>		<del>0.500</del>
18	<del>I</del>		<del>0.625</del>
19	<del>J</del>		<del>0.714</del>
20	<del>K</del>		<del>0.834</del>
21	<del>L</del>		<del>1.000</del>
22	<del>M</del>		<del>1.100</del>
23	<del>N</del>		<del>1.250</del>
24	<del>T-C (Public School</del>	<del>±</del>	
25	<del>Employees</del>		
26	<del>Retirement Code)</del>		
27	<del>T-E (Public School</del>	<del>±</del>	
28	<del>Employees</del>		
29	<del>Retirement Code)</del>		
30	<del>T-F (Public School</del>	<del>±</del>	

1       ~~Employees'~~

2       ~~Retirement Code)~~

3       ~~"Combined service employee." A current or former State~~  
4 ~~employee who is both a member of the system and a participant in~~  
5 ~~the plan.~~

6       ~~"Commissioner." The Commissioner of the Internal Revenue~~  
7 ~~Service.~~

8       ~~"Compensation." Pickup contributions plus remuneration~~  
9 ~~actually received as a State employee excluding refunds for~~  
10 ~~expenses, contingency and accountable expense allowances;~~  
11 ~~excluding any severance payments or payments for unused vacation~~  
12 ~~or sick leave; and excluding payments for military leave and any~~  
13 ~~other payments made by an employer while on USERRA leave, leave~~  
14 ~~of absence granted under 51 Pa.C.S. § 4102 (relating to leaves~~  
15 ~~of absence for certain government employees), military leave of~~  
16 ~~absence granted under 51 Pa.C.S. § 7302 (relating to granting~~  
17 ~~military leaves of absence) or other types of military leave,~~  
18 ~~including other types of leave payments, stipends, differential~~  
19 ~~wage payments as defined in IRC § 414(u) (12) and any other~~  
20 ~~payments: Provided, however, That compensation received prior to~~  
21 ~~January 1, 1973, shall be subject to the limitations for~~  
22 ~~retirement purposes in effect December 31, 1972, if any:~~  
23 ~~Provided further, That the limitation under section 401(a) (17)~~  
24 ~~of the Internal Revenue Code of 1986 (Public Law 99-514, 26~~  
25 ~~U.S.C. § 401(a) (17)) taken into account for the purpose of~~  
26 ~~member contributions, including any additional member~~  
27 ~~contributions in addition to regular or joint coverage member~~  
28 ~~contributions and Social Security integration contributions,~~  
29 ~~regardless of class of service, shall apply to each member who~~  
30 ~~first became a member of the State Employees' Retirement System~~

~~on or after January 1, 1996, and who by reason of such fact is a noneligible member subject to the application of the provisions of section 5506.1(a) (relating to annual compensation limit under IRC § 401(a)(17)) and shall apply to each participant.~~

~~"Concurrent service." Service credited in more than one class of service during the same period of time.~~

~~"Correction officer." Any full time employee assigned to the Department of Corrections or the Department of Public Welfare whose principal duty is the care, custody and control of inmates or direct therapeutic treatment, care, custody and control of inmates of a penal or correctional institution, community treatment center, forensic unit in a State hospital or secure unit of a youth development center operated by the Department of Corrections or by the Department of Public Welfare.~~

~~"County service." Service credited in a retirement system or pension plan established or maintained by a county to provide retirement benefits for its employees to the account of county employees who are transferred to State employment and become State employees pursuant to 42 Pa.C.S. § 1905 (relating to county level court administrators) regardless of whether the service was performed for the county or another employer or allowed to be purchased in the county retirement system or pension plan.~~

~~"Creditable nonstate service." Service for which an active member may obtain credit in the system, other than:~~

~~(1) service as a State employee;~~

~~(2) service converted to State service pursuant to section 5303.1 (relating to election to convert county service to State service); or~~

~~(3) school service converted to State service pursuant~~

~~to section 5303.2 (relating to election to convert school service to State service) [for which an active member may obtain credit].~~

~~"Credited service." State or creditable nonstate service for which the required contributions have been made to the fund or for which the contributions otherwise required for such service were not made solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the limitations under section 401(a)(17) or [415(b)] 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or [415(b)],] 415), or limitations on contributions to the system applicable to a Class A 3 member or Class A 4 member or for which salary deductions or lump sum payments to the system have been agreed upon in writing.~~

~~"Date of termination of service." The latest of the following dates:~~

~~(1) the last day of service for which pickup contributions are made for an active member or for which the contributions otherwise required for such service were not made solely by reason of section 5502.1 (relating to waiver of regular member contributions and social security integration member contributions) or any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415) or limitations on contributions to the system applicable to a Class A 3 member or Class A 4 member;~~

~~(2) the last day of service for which mandatory participant contributions are made for an active participant;~~

1 ~~(3) in the case of an inactive member on leave without~~  
2 ~~pay or an inactive participant on leave without pay, the date~~  
3 ~~of his resignation or the date his employment is formally~~  
4 ~~discontinued by his employer[.]; or~~

5 ~~(4) in the case of a combined service employee, the~~  
6 ~~latest of the dates in paragraphs (1), (2) and (3).~~

7 ~~"DC plan exempt employee." Any of the following:~~

8 ~~(1) A sworn police officer.~~

9 ~~(2) An enforcement officer.~~

10 ~~(3) A wildlife conservation officer or other~~  
11 ~~commissioned law enforcement personnel employed by the~~  
12 ~~Pennsylvania Game Commission who has and exercises the same~~  
13 ~~law enforcement powers as a wildlife conservation officer.~~  
14 ~~The term shall not include a deputy wildlife conservation~~  
15 ~~officer.~~

16 ~~(4) A Delaware River Port Authority policeman.~~

17 ~~(5) A park ranger.~~

18 ~~(6) A Capitol Police officer.~~

19 ~~(7) A campus police officer employed by a State-owned~~  
20 ~~educational institution, community college or The~~  
21 ~~Pennsylvania State University.~~

22 ~~(8) A police officer employed by Fort Indiantown Gap or~~  
23 ~~other designated Commonwealth military installation or~~  
24 ~~facility.~~

25 ~~(9) A correction officer.~~

26 ~~"Disability annuitant." A member on and after the effective~~  
27 ~~date of disability until his annuity or the portion of his~~  
28 ~~annuity payments in excess of any annuity to which he may~~  
29 ~~otherwise be entitled is terminated.~~

30 ~~"Distribution." Payment of all or any portion of a person's~~

~~interest in either the State Employees' Retirement Fund or the State Employees' Defined Contribution Trust or both which is payable under this part.~~

~~"Domestic relations order." Any judgment, decree or order, including approval of a property settlement agreement, entered on or after the effective date of this definition by a court of competent jurisdiction pursuant to a domestic relations law which relates to the marital property rights of the spouse or former spouse of a member or participant, including the right to receive all or a portion of the moneys payable to that member or participant under this part in furtherance of the equitable distribution of marital assets. The term includes orders of support as that term is defined by 23 Pa.C.S. § 4302 (relating to definitions) and orders for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages).~~

~~"Effective date of retirement." The first day following the date of termination of service of a member if he has properly filed an application for an annuity within 90 days of such date; in the case of a vestee or a member who does not apply for an annuity within 90 days after termination of service, the date of filing an application for an annuity or the date specified on the application, whichever is later. In the case of a finding of disability, the date certified by the board as the effective date of disability.~~

~~"Elected officer." An individual who is elected or reelected to a term of office that begins after December 31, 2015, as a member of the General Assembly.~~

~~"Eligibility points." Points which are accrued by an active member or a multiple service member who is an active member in~~



~~the Public School Employees' Retirement System for credited service or a member who has been reemployed from USERRA leave or a member who dies while performing USERRA leave and are used in the determination of eligibility for benefits.~~

~~"Employer defined contributions."~~

~~(1) Unless paragraph (2) applies, contributions equal to 4% of an active participant's compensation which are made by the Commonwealth or other employer for current service to the trust to be credited in the active participant's individual investment account.~~

~~(2) For a psychiatric security aide, contributions equal to 5.5% of an active participant's compensation which are made by the Commonwealth or other employer for current service to the trust to be credited in the active participant's individual investment account.~~

~~"Enforcement officer."~~

~~(1) Any enforcement officer or investigator of the Pennsylvania Liquor Control Board who is a peace officer vested with police power and authority throughout the Commonwealth and any administrative or supervisory employee of the Pennsylvania Liquor Control Board vested with police power who is charged with the administration or enforcement of the liquor laws of the Commonwealth.~~

~~(2) Special agents, narcotics agents, asset forfeiture agents, medicaid fraud agents and senior investigators hazardous waste prosecutions unit, classified as such and employed by the Office of Attorney General who have within the scope of their employment as law enforcement officers the power to enforce the law and make arrests under the authority of the act of October 15, 1980 (P.L.950, No.164), known as~~

1 ~~the Commonwealth Attorneys Act.~~

2 ~~(3) Parole agents, classified as such by the Executive~~  
3 ~~Board and employed by the Pennsylvania Board of Probation and~~  
4 ~~Parole.~~

5 ~~(4) Waterways conservation officers and other~~  
6 ~~commissioned law enforcement personnel employed by the~~  
7 ~~Pennsylvania Fish and Boat Commission who have and exercise~~  
8 ~~the same law enforcement powers as waterways conservation~~  
9 ~~officers. This paragraph shall not apply to deputy waterways~~  
10 ~~conservation officers.~~

11 ~~"Final average salary." [The] As follows:~~

12 ~~(1) For members with an effective date of retirement~~  
13 ~~before January 1, 2016, and for purposes of calculating~~  
14 ~~standard single life annuities resulting from credited~~  
15 ~~service other than post January 2016 service regardless of~~  
16 ~~the effective date of retirement, the highest average~~  
17 ~~compensation received as a member during any three~~  
18 ~~nonoverlapping periods of four consecutive calendar quarters~~  
19 ~~during which the member was a State employee, with the~~  
20 ~~compensation for part time service being annualized on the~~  
21 ~~basis of the fractional portion of the year for which credit~~  
22 ~~is received; except if the employee was not a member for~~  
23 ~~three nonoverlapping periods of four consecutive calendar~~  
24 ~~quarters, the total compensation received as a member,~~  
25 ~~annualized in the case of part time service, divided by the~~  
26 ~~number of nonoverlapping periods of four consecutive calendar~~  
27 ~~quarters of membership[;].~~

28 ~~(2) For members with an effective date of retirement on~~  
29 ~~or after January 1, 2016, for purposes of calculating~~  
30 ~~standard single life annuities resulting from post January~~

~~2016 service, the larger of:~~

~~(i) the highest average total compensation received as a member of any class of service during any five calendar years during which the member was a state employee, with the compensation for part time service or for any partial year of credit annualized on the basis of the fractional portion of the year for which credit is received, and subject to any limitation as applied under section 5506.2 (relating to application of Class A 3 and Class A 4 compensation limit) if the member has Class A 3 service credit or class A 4 service credit, except if the employee was not an active member during five calendar years, the average of the number of calendar years during which the employee was an active member; or~~

~~(ii) the highest average compensation received as a member of any class of service during any three calendar years during which the member was a state employee excluding remuneration received after December 31, 2015, for any overtime service as a member of the system, with the compensation of part time service or for any partial year of credit annualized on the basis of the fractional portion of the year for which credit is received, and subject to any limitation as applied under section 5506.2 if the member has Class A 3 service credit or class A 4 service credit, except if the employee was not an active member during three calendar years, the average of the number of calendar years during which the employee was an active member.~~

~~(3) For all members and for the calculation of all standard single life annuities without regard to class of~~

~~membership and credited service, in the case of a member with multiple service, the final average salary shall be determined on the basis of the compensation received by him as a [State employee] member of the system or as a school employee, other than as a participant in the School Employees' Defined Contribution Plan, or both; in the case of a member with Class A 3 or Class A 4 service and service in one or more other classes of service, the final average salary shall be determined on the basis of the compensation received by him in all classes of State service credited in the system other than as a member of Class CB; and, in the case of a member who first became a member on or after January 1, 1996, the final average salary shall be determined as hereinabove provided but subject to the application of the provisions of section 5506.1(a) (relating to annual compensation limit under IRC § 401(a)(17)). Final average salary shall be determined by including in compensation payments deemed to have been made to a member reemployed from USERRA leave to the extent member contributions have been made as provided in section 5302(f)(2) (relating to credited State service) and payments made to a member on leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) as provided in section 5302(f)(6).—~~

~~"Full coverage member." Any member for whom member pickup contributions are being picked up or who has paid or has agreed to pay to the fund the actuarial equivalent of regular member contributions due on account of service prior to January 1, 1982.—~~

~~"Fund." The State Employees' Retirement Fund.~~

1       ~~"Head of department." The chief administrative officer of~~  
2 ~~the department, the chairman or executive director of the~~  
3 ~~agency, authority, or independent board or commission, the Court~~  
4 ~~Administrator of Pennsylvania, and the Chief Clerk of the~~  
5 ~~Senate, or the Chief Clerk of the House of Representatives.~~

6       ~~"Inactive member." A member for whom no pickup contributions~~  
7 ~~or cash balance member contributions are being made to the fund,~~  
8 ~~except in the case of an active member for whom such~~  
9 ~~contributions otherwise required for current State service are~~  
10 ~~not being made solely by reason of section 5502.1 (relating to~~  
11 ~~waiver of regular member contributions and Social Security~~  
12 ~~integration member contributions) or any provision of this part~~  
13 ~~relating to the limitations under section 401(a) (17) or 415(b)~~  
14 ~~of the Internal Revenue Code of 1986 (Public Law 99-514, 26~~  
15 ~~U.S.C. § 401(a) (17) or 415(b)) or limitations on contributions~~  
16 ~~to the system applicable to a Class A-3 member or Class A-4~~  
17 ~~member, but who has accumulated deductions or cash balance~~  
18 ~~member accumulated deductions standing to his credit in the fund~~  
19 ~~and who is not eligible to become or has not elected to become a~~  
20 ~~vestee or has not filed an application for an annuity.~~

21       ~~"Inactive member on leave without pay." The term does not~~  
22 ~~include a combined service employee who is an inactive~~  
23 ~~participant on leave without pay unless the combined service~~  
24 ~~employee concurrently is employed in an office or position in~~  
25 ~~which the combined service employee is a member of the system.~~

26       ~~"Inactive participant." A participant for whom no mandatory~~  
27 ~~participant contributions are being made to the trust, except in~~  
28 ~~the case of an active participant for whom such contributions~~  
29 ~~otherwise required for current State service are not being made~~  
30 ~~solely by reason of any provision of this part relating to~~

~~limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415), but who has vested accumulated total defined contributions standing to his credit in the trust and who has not filed an application for an annuity.~~

~~"Inactive participant on leave without pay." The term does not include a combined service employee who is an inactive member on leave without pay unless the combined service employee concurrently is employed in an office or position in which the combined service employee is a participant in the plan.~~

~~"Individual investment account." The account in the trust to which are credited the amounts of the contributions made by a participant and the participant's employer in accordance with the provisions of this part, together with all interest and investment earnings after deduction for fees, costs, expenses and investment losses and charges for distributions.~~

~~"Intervening military service." Active military service of a member who was a State employee and an active member of the system immediately preceding his induction into the armed services or forces of the United States in order to meet a military obligation excluding any voluntary extension of such service and who becomes a State employee within 90 days of the expiration of such service.~~

~~"IRC." The Internal Revenue Code of 1986, as designated and referred to in section 2 of the Tax Reform Act of 1986 (Public Law 99-514, 100 Stat. 2085, 2095). A reference in this part to "IRC §" shall be deemed to refer to the identically numbered section and subsection or other subdivision of such section in 26 United States Code (relating to Internal Revenue Code).~~

~~"Irrevocable beneficiary." The person or persons permanently~~

~~designated by a member or participant in writing to the State Employees' Retirement Board pursuant to an approved domestic relations order to receive all or a portion of the accumulated deductions, vested accumulated total defined contributions or lump sum benefit payable upon the death of such member or participant.~~

~~"Irrevocable successor payee." The person permanently designated by a participant receiving distributions in writing to the board pursuant to an approved domestic relations order to receive one or more distributions from the plan upon the death of such participant.~~

~~"Irrevocable survivor annuitant." The person permanently designated by a member in writing to the State Employees' Retirement Board pursuant to an approved domestic relations order to receive an annuity upon the death of such member.~~

~~"Joint coverage member." Any member who agreed prior to January 1, 1966 to make joint coverage member contributions to the fund and has not elected to become a full coverage member.~~

~~"Joint coverage member contributions." Regular member contributions reduced for a joint coverage member.~~

~~"Mandatory participant contributions." Contributions equal to 3% of compensation that are made by active participants for current service.~~

~~"Member." Active member, inactive member, annuitant, vestee or special vestee.~~

~~"Member of the judiciary." Any justice of the Supreme Court, any judge of the Superior Court, the Commonwealth Court, any court of common pleas, the Municipal Court and the Traffic Court of Philadelphia, or any community court.~~

~~"Member's annuity." The single life annuity which is~~

~~actuarially equivalent, at the effective date of retirement, to the sum of the regular accumulated deductions, shared risk accumulated deductions, the additional accumulated deductions, cash balance member accumulated deductions and the social security integration accumulated deductions standing to the member's credit in the members' savings account.~~

~~"Military service." All active military service for which a member has received a discharge other than an undesirable, bad conduct, or dishonorable discharge.~~

~~"Multiple service." Credited service of a member who has elected to combine his credited service in both the State Employees' Retirement System and the Public School Employees' Retirement System.~~

~~"Noneligible member." For the purposes of section 5506.1 (relating to annual compensation limit under IRC § 401(a)(17)), a member who first became a member on or after January 1, 1996.~~

~~"Nonstudent service." Employment in an educational institution that is not contingent on the employee's enrollment as a student or maintenance of student status at such institution and for which only monetary compensation is received, excluding tuition waivers or reimbursement, academic credit, housing, meals and other in kind compensation.~~

~~"Participant." An active participant, inactive participant or participant receiving distributions.~~

~~"Participant receiving distributions." A participant in the plan who has commenced receiving distributions from his individual investment account but who has not received a total distribution of his vested interest in the individual investment account.~~

~~"Pickup contributions." Regular or joint coverage member~~



~~contributions, shared risk member contributions, social security integration contributions and additional member contributions which are made by the Commonwealth or other employer for active members for current service on and after January 1, 1982.~~

~~"Plan." The State Employees' Defined Contribution Plan as established by the provisions of this part and the board.~~

~~"Plan document." The documents created by the board under section 5402 (relating to plan document) that contain the terms and provisions of the plan and trust as established by the board regarding the establishment, administration and investment of the plan and trust.~~

~~"Post January 2016 service." All previously uncredited state service and creditable nonstate service that is first credited on or after January 1, 2016, and all State service performed on or after January 1, 2016, except that any State service credited by a member who is reemployed from USERRA leave who has made the member contributions under section 5302(f) (relating to credited State service) to receive State service credit shall not be post January 2016 service if credited for a period of USERRA leave performed before January 1, 2016.~~

~~"Previous State service." Service rendered as a State employee prior to his most recent entrance in the system[.], provided that the State employee was not a participant in the plan, was not eligible to be an optional participant in the plan under section 5301(b.1) (relating to mandatory and optional membership in the system and participation in the plan) or was not prohibited from being a participant under section 5301(c.1) during such service.~~

~~"Psychiatric security aide." Any employee whose principal duty is the care, custody and control of the criminally insane~~

~~inmates of a maximum security institution for the criminally  
insane or detention facility operated by the Department of  
Public Welfare.~~

~~"Public School Employees' Retirement System." The retirement  
system established by the act of July 18, 1917 (P.L.1043,  
No.343), and codified by the act of June 1, 1959 (P.L.350,  
No.77).~~

~~"Reemployed from USERRA leave." Resumption of active  
membership or active participation as a State employee after a  
period of USERRA leave, provided, however, that the resumption  
of active membership or active participation was within the time  
period and under conditions and circumstances such that the  
State employee was entitled to reemployment rights under 38  
U.S.C. Ch. 43 (relating to employment and reemployment rights of  
members of the uniformed services).~~

~~"Regular accumulated deductions." The total of the regular  
or joint coverage member contributions paid into the fund on  
account of current service or previous State or creditable  
nonstate service, together with the statutory interest credited  
thereon until the date of termination of service. In the case of  
a vestee or a special vestee, statutory interest shall be  
credited until the effective date of retirement. A member's  
account shall not be credited with statutory interest for more  
than two years during a leave without pay.~~

~~"Regular member contributions." The product of the basic  
contribution rate, the class of service multiplier if greater  
than one and the compensation of the member[.] for service in a  
class other than Class CB, subject to any adjustment under  
section 5501.1(c) (relating to shared risk member contributions  
and shared gain adjustments to regular member contributions for~~

~~Class A-3 and Class A-4 service) or 5501.3 (relating to contribution savings program for members of Class AA and Class D-4).~~

~~"Required beginning date." The latest date by which distributions of a member's interest in the system or a participant's interest in his individual investment account must commence under section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).~~

~~"Retirement counselor." The State Employees' Retirement [System] Board employee whose duty it shall be to advise each employee of his rights and duties as a member of the system or as a participant of the plan.~~

~~"Salary deductions." The amounts certified by the board, deducted from the compensation of an active member or active participant, or the school service compensation of a multiple service member who is an active member of the Public School Employees' Retirement System, and paid into the fund.~~

~~"School Employees' Defined Contribution Plan." The defined contribution plan for school employees established under 24 Pa.C.S. Pt. IV (relating to retirement for school employees).~~

~~"School service." Service rendered as a public school employee and credited as service in the Public School Employees' Retirement System.~~

~~"Service connected disability." A disability resulting from an injury arising in the course of State employment, and which is compensable under the applicable provisions of the act of June 2, 1915 (P.L.736, No.338), known as "The Pennsylvania Workmen's Compensation Act," or the act of June 21, 1939 (P.L.566, No.284), known as "The Pennsylvania Occupational Disease Act."~~

1       ~~"Shared risk accumulated deductions." The total of the~~  
2 ~~shared risk member contributions paid into the fund on account~~  
3 ~~of current service or previous State service or creditable~~  
4 ~~nonstate service, together with the statutory interest credited~~  
5 ~~on the contributions until the date of termination of service.~~  
6 ~~In the case of a vestee, statutory interest shall be credited~~  
7 ~~until the effective date of retirement. A member's account shall~~  
8 ~~not be credited with statutory interest for more than two years~~  
9 ~~during a leave without pay.~~

10       ~~"Shared risk member contributions." The product of the~~  
11 ~~applicable shared risk contribution rate and the compensation of~~  
12 ~~a member for service credited as Class A 3 or Class A 4 up to~~  
13 ~~the Class A 3 and Class A 4 compensation limit.~~

14       ~~"Social security integration accumulated deductions." The~~  
15 ~~total of the member contributions paid into the fund on account~~  
16 ~~of social security integration credit, together with the~~  
17 ~~statutory interest credited thereon until the date of~~  
18 ~~termination of service or until the date of withdrawal thereof,~~  
19 ~~whichever is earlier. In the case of a vestee statutory interest~~  
20 ~~shall be credited until the effective date of retirement. A~~  
21 ~~member's account shall not be credited with statutory interest~~  
22 ~~for more than two years during a leave without pay.~~

23       ~~"Special vestee." An employee of The Pennsylvania State~~  
24 ~~University who is a member of the State Employees' Retirement~~  
25 ~~System with five or more but less than ten eligibility points~~  
26 ~~and who has a date of termination of service from The~~  
27 ~~Pennsylvania State University of June 30, 1997, because of the~~  
28 ~~transfer of his job position or duties to a controlled~~  
29 ~~organization of the Penn State Geisinger Health System or~~  
30 ~~because of the elimination of his job position or duties due to~~

~~the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System, provided that:~~

~~(1) subsequent to termination of State service as an employee of The Pennsylvania State University, the member has not returned to State service in any other capacity or position as a State employee;~~

~~(2) The Pennsylvania State University certifies to the board that the member is eligible to be a special vestee;~~

~~(3) the member files an application to vest the member's retirement rights pursuant to section 5907(f) (relating to rights and duties of State employees [and], members and participants) on or before September 30, 1997; and~~

~~(4) the member elects to leave the member's total accumulated deductions in the fund and to defer receipt of an annuity until attainment of superannuation age or the member's required beginning date.~~

~~"Standard single life annuity." An annuity equal to 2% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member in each class of service other than service credited as a member of Class CB.~~

~~"State employee." Any person holding a State office or position under the Commonwealth, employed by the State Government of the Commonwealth, in any capacity whatsoever, except an independent contractor or any person compensated on a fee basis or any person paid directly by an entity other than a State Employees' Retirement System employer, and shall include members of the General Assembly, and any officer or employee of the following:~~

~~(1) (i) The Department of Education.~~

~~(ii) State owned educational institutions.~~

~~(iii) Community colleges.~~

~~(iv) The Pennsylvania State University, except an employee in the College of Agriculture who is paid wholly from Federal funds or an employee who is participating in the Federal Civil Service Retirement System. The university shall be totally responsible for all employer contributions under section 5507 (relating to contributions by the Commonwealth and other employers).~~

~~(2) The Pennsylvania Turnpike Commission, the Delaware River Port Authority, the Port Authority Transit Corporation, the Philadelphia Regional Port Authority, the Delaware River Joint Toll Bridge Commission, the State Public School Building Authority, The General State Authority, the State Highway and Bridge Authority, the Delaware Valley Regional Planning Commission, the Interstate Commission of the Delaware River Basin, and the Susquehanna River Basin Commission any time subsequent to its creation, provided the commission or authority agrees to contribute and does contribute to the fund or trust, from time to time, the moneys required to build up the reserves necessary for the payment of the annuities or other benefits of such officers and employees without any liability on the part of the Commonwealth to make appropriations for such purposes, and provided in the case of employees of the Interstate Commission of the Delaware River Basin, that the employee shall have been a member of the system for at least ten years prior to January 1, 1963.~~

~~(3) Any separate independent public corporation created~~

1 ~~by statute, not including any municipal or quasi-municipal~~  
2 ~~corporation, so long as he remains an officer or employee of~~  
3 ~~such public corporation, and provided that such officer or~~  
4 ~~employee of such public corporation was an employee of the~~  
5 ~~Commonwealth immediately prior to his employment by such~~  
6 ~~corporation, and further provided such public corporation~~  
7 ~~shall agree to contribute and contributes to the fund or~~  
8 ~~trust, from time to time, the moneys required to build up the~~  
9 ~~reserves necessary for the payment of the annuities or other~~  
10 ~~benefits of such officers and employees without any liability~~  
11 ~~on the part of the Commonwealth to make appropriations for~~  
12 ~~such purposes.~~

13 ~~"State police officer." Any officer or member of the~~  
14 ~~Pennsylvania State Police who, on or after July 1, 1989, shall~~  
15 ~~have been subject to the terms of a collective bargaining~~  
16 ~~agreement or binding interest arbitration award established~~  
17 ~~pursuant to the act of June 24, 1968 (P.L.237, No.111),~~  
18 ~~referred to as the Policemen and Firemen Collective Bargaining~~  
19 ~~Act.~~

20 ~~"State service." Service converted from county service~~  
21 ~~pursuant to section 5303.1 (relating to election to convert~~  
22 ~~county service to State service), converted from school service~~  
23 ~~pursuant to section 5303.2 (relating to election to convert~~  
24 ~~school service to State service) or rendered as a State~~  
25 ~~employee.~~

26 ~~"Statutory interest." Interest at 4% per annum, compounded~~  
27 ~~annually.~~

28 ~~"Successor payee." The person or persons last designated in~~  
29 ~~writing to the board by a participant receiving distributions to~~  
30 ~~receive one or more distributions upon the death of the~~

participant.

~~"Superannuation age." For classes of service in the system other than Class A 3 [and], Class A 4 and Class CB, any age upon accrual of 35 eligibility points or age 60, except for a member of the General Assembly, an enforcement officer, a correction officer, a psychiatric security aide, a Delaware River Port Authority policeman or an officer of the Pennsylvania State Police, age 50, and, except for a member with Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, age 55 upon accrual of 20 eligibility points. For Class A 3 and Class A 4 service, any age upon attainment of a superannuation score of 92, provided the member has accrued 35 eligibility points, or age 65, or for park rangers or capitol police officers, age 55 with 20 years of service as a park ranger or capitol police officer, except for a member of the General Assembly, an enforcement officer, a correction officer, a psychiatric security aide, a Delaware River Port Authority policeman or an officer of the Pennsylvania State Police, age 55. A vestee with Class A 3 or Class A 4 service credit attains superannuation age on the birthday the vestee attains the age resulting in a superannuation score of 92, provided that the vestee has at least 35 eligibility points, or attains another applicable superannuation age, whichever occurs first.~~

~~"Superannuation annuitant." An annuitant whose annuity first became payable on or after the attainment of superannuation age and who is not a disability annuitant.~~

~~"Superannuation score." The sum of the member's age in whole years on his last birthday and the amount of the member's total eligibility points on the member's effective date of retirement, expressed in whole years and whole eligibility points and~~



~~disregarding fractions of a year and fractions of total  
eligibility points.~~

~~"Survivor annuitant." The person or persons last designated  
by a member under a joint and survivor annuity option to receive  
an annuity upon the death of such member.~~

~~"Sworn police officer." A State police officer who is  
employed and serving as an officer of the Pennsylvania State  
Police.~~

~~"System." The State Employees' Retirement System of  
Pennsylvania as established by the act of June 27, 1923  
(P.L.858, No.331), and codified by the act of June 1, 1959  
(P.L.392, No.78) and the provisions of this part.~~

~~"Total accumulated deductions." The sum of the regular  
accumulated deductions, additional accumulated deductions, the  
social security integration accumulated deductions, shared risk  
member contributions and all other contributions other than cash  
balance member contributions and other amounts credited to the  
cash balance savings account paid into the fund for the  
purchase, transfer or conversion of credit for service or other  
coverage together with all statutory interest credited thereon  
until the date of termination of service. In the case of a  
vestee or a special vestee, statutory interest shall be credited  
until the effective date of retirement. A member's account shall  
not be credited with statutory interest for more than two years  
during a leave without pay.~~

~~"Total cash balance accumulated deductions." The sum of the  
cash balance member accumulated deductions and amounts credited  
by the board as provided by section 5902(p) (relating to  
administrative duties of the board) together with all treasury  
bond interest and excess interest thereon credited to a member's~~

~~cash balance savings account until the date of termination of service. In the case of a vestee, treasury bond interest and excess interest shall be credited until the effective date of retirement.~~

~~"Treasury bond interest." For each calendar year, interest at the Constant Maturity Treasury rate of the 30 year Treasury Bond in effect on the immediately prior December 31 as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded annually. If no such rate was in effect as of the immediately prior December 31, then the board shall establish an alternate rate based upon the Constant Maturity Treasury rate of the closest maturing bond issued by the United States Treasury as of that date as published by the United States Department of Treasury, provided however, that such rate shall not be greater than 4%, compounded annually.~~

~~"Trust." The State Employees' Defined Contribution Trust established under Chapter 54 (relating to State Employees' Defined Contribution Plan).~~

~~"USERRA leave." Any period of time for service in the uniformed services as defined in 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) by a State employee or former State employee who terminated State service to perform such service in the uniformed services, if the current or former State employee is entitled to reemployment rights under 38 U.S.C. Ch. 43 with respect to the uniformed service.~~

~~"Valuation interest." Interest at 5 1/2% per annum compounded annually and applied to all accounts of the fund other than the members' savings account and the cash balance~~

1 ~~savings account.~~

2 ~~"Vestee." A member with five or more eligibility points in a~~  
3 ~~class of service other than Class A 3 or Class A 4 or Class T E~~  
4 ~~or Class T F in the Public School Employees' Retirement System,~~  
5 ~~a member with Class G, Class H, Class I, Class J, Class K, Class~~  
6 ~~L, Class M or Class N service with five or more eligibility~~  
7 ~~points, or a member with Class A 3 or Class A 4 service with ten~~  
8 ~~or more eligibility points, or a member with Class CB service,~~  
9 ~~who has terminated State service and has elected to leave his~~  
10 ~~total accumulated deductions and cash balance member accumulated~~  
11 ~~deductions in the fund and to defer receipt of an annuity.~~

12 ~~"Voluntary contributions." Contributions made by a~~  
13 ~~participant to the trust and credited to his individual~~  
14 ~~investment account in excess of his mandatory participant~~  
15 ~~contributions, either by salary deductions paid through the~~  
16 ~~Commonwealth or other employer, or by an eligible rollover or~~  
17 ~~direct trustee to trustee transfer.~~

18 ~~§ 5103. Notice to members and participants.~~

19 ~~Notice by publication, including, without being limited to,~~  
20 ~~newsletters, newspapers, forms, first class mail, letters,~~  
21 ~~manuals and, to the extent authorized by a policy adopted by the~~  
22 ~~board, electronically, including, without being limited to, e~~  
23 ~~mail or [World Wide Web sites] Internet websites, distributed or~~  
24 ~~made available to members and participants in a manner~~  
25 ~~reasonably calculated to give actual notice of [those sections~~  
26 ~~of the State Employees' Retirement Code] the provisions of this~~  
27 ~~part that require notice to members or participants shall be~~  
28 ~~deemed sufficient notice for all purposes.~~

29 ~~Section 402. Title 71 is amended by adding a section to~~  
30 ~~read:~~

~~§ 5104. Reference to State Employees' Retirement System.~~

~~(a) Construction. As of the effective date of this section, unless the context clearly indicates otherwise, any reference to the State Employees' Retirement System in a statutory provision other than this part and 24 Pa.C.S. Pt. IV (relating to retirement for school employees) shall include a reference to the State Employees' Defined Contribution Plan and any reference to the State Employees' Retirement Fund shall include a reference to the State Employees' Defined Contribution Trust.~~

~~(b) Agreement. The agreement of an employer listed in the definition of "State employee" or any other law to make contributions to the fund or to enroll its employees as members in the system shall be deemed to be an agreement to make contributions to the trust or to enroll its employees in the plan.~~

~~Section 403. Section 5301(a), (b), (c) and (d) of Title 71 are amended and the section is amended by adding subsections to read:~~

~~§ 5301. Mandatory and optional membership in the system and participation in the plan.~~

~~(a) Mandatory membership. Membership in the system for all classes of service other than Class CB shall be mandatory as of the effective date of employment for all State employees except the following and shall be determined without regard to current or former membership in Class CB:~~

~~(1) Governor.~~

~~(2) Lieutenant Governor.~~

~~(3) Members of the General Assembly.~~

~~(4) Heads or deputy heads of administrative departments.~~

~~(5) Members of any independent administrative board or~~

1 ~~commission.~~

2 ~~(6) Members of any departmental board or commission.~~

3 ~~(7) Members of any advisory board or commission.~~

4 ~~(8) Secretary to the Governor.~~

5 ~~(9) Budget Secretary.~~

6 ~~(10) Legislative employees.~~

7 ~~(11) School employees who have elected membership in the~~  
8 ~~Public School Employees' Retirement System.~~

9 ~~(12) School employees who have elected membership in an~~  
10 ~~independent retirement program approved by the employer,~~  
11 ~~provided that in no case, except as hereinafter provided,~~  
12 ~~shall the employer contribute on account of such elected~~  
13 ~~membership at a rate greater than the employer normal~~  
14 ~~contribution rate as determined in section 5508(b) (relating~~  
15 ~~to actuarial cost method). For the fiscal year 1986-1987 an~~  
16 ~~employer may contribute on account of such elected membership~~  
17 ~~at a rate which is the greater of 7% or the employer normal~~  
18 ~~contribution rate as determined in section 5508(b) and for~~  
19 ~~the fiscal year 1992-1993 and all fiscal years after that at~~  
20 ~~a rate of 9.29%.~~

21 ~~(13) Persons who have elected to retain membership in~~  
22 ~~the retirement system of the political subdivision by which~~  
23 ~~they were employed prior to becoming eligible for membership~~  
24 ~~in the State Employees' Retirement System.~~

25 ~~(14) Persons who are not members of the system and are~~  
26 ~~employed on a per diem or hourly basis for less than 100 days~~  
27 ~~or 750 hours in a [12 month period] calendar year.~~

28 ~~(15) Employees of the Philadelphia Regional Port~~  
29 ~~Authority who have elected to retain membership in the~~  
30 ~~pension plan or retirement system in which they were enrolled~~

1 ~~as employees of the predecessor Philadelphia Port Corporation~~  
2 ~~prior to the creation of the Philadelphia Regional Port~~  
3 ~~Authority.~~

4 ~~(16) Employees of the Juvenile Court Judges' Commission~~  
5 ~~who, before the effective date of this paragraph, were~~  
6 ~~transferred from the State System of Higher Education to the~~  
7 ~~Juvenile Court Judges' Commission as a result of an~~  
8 ~~interagency transfer of staff approved by the Office of~~  
9 ~~Administration and who, while employees of the State System~~  
10 ~~of Higher Education, had elected membership in an independent~~  
11 ~~retirement program approved by the employer.~~

12 ~~(17) State employees who are not DC plan exempt~~  
13 ~~employees and who were not previously a member of the system~~  
14 ~~and whose most recent period of State service starts on or~~  
15 ~~after January 1, 2016.~~

16 ~~(18) Elected officers.~~

17 ~~(a.1) Mandatory participation in the plan.~~

18 ~~(1) State employees listed in subsection (a) (17) who are~~  
19 ~~not listed in subsection (a) (1) through (13) shall be~~  
20 ~~mandatory participants as of the most recent effective date~~  
21 ~~of State service except for service performed as a DC plan~~  
22 ~~exempt employee.~~

23 ~~(2) (Reserved).~~

24 ~~(3) An elected officer who is a member of the system or~~  
25 ~~a participant in the plan, shall be a mandatory participant~~  
26 ~~for his or her service as an elected officer as of the start~~  
27 ~~of the first term of office beginning after December 31,~~  
28 ~~2015, notwithstanding that either immediately or at any time~~  
29 ~~prior to the start of that term he or she was an active~~  
30 ~~member of the system or an inactive member on leave without~~

1 ~~pay.~~

2 ~~(4) A State employee who is a mandatory participant in~~  
3 ~~the plan shall be a participant for all State service until~~  
4 ~~the termination of State service.~~

5 ~~(b) Optional membership in the system.~~

6 ~~(1) The State employees listed in subsection (a)(1)~~  
7 ~~through [(11)] (10) shall have the right to elect membership~~  
8 ~~in the system before January 1, 2016; once such election is~~  
9 ~~exercised, membership shall be effective from the effective~~  
10 ~~date of employment and shall continue until the termination~~  
11 ~~of State service[.] or the State employee is required to be a~~  
12 ~~participant in the plan as an elected officer.~~

13 ~~(2) The State employees listed under subsection (a)(11)~~  
14 ~~shall have the right to elect membership in the system~~  
15 ~~instead of membership in the Public School Employees'~~  
16 ~~Retirement System. Once the election to be in the system is~~  
17 ~~exercised, membership shall continue until the termination of~~  
18 ~~State service.~~

19 ~~(3) This subsection shall be applied without regard to~~  
20 ~~current or former membership in Class CB or eligibility for~~  
21 ~~future active membership in Class CB and shall not authorize~~  
22 ~~an election of membership in only Class CB.~~

23 ~~(b.1) Optional participation in the plan.~~

24 ~~(1) Individuals who become elected officers who are not~~  
25 ~~mandatory participants in the plan, State employees listed in~~  
26 ~~subsection (b)(1) who are not DC plan exempt employees and~~  
27 ~~who do not elect membership in the system before January 1,~~  
28 ~~2016, and State employees listed in subsection (a)(17) who~~  
29 ~~also are listed in subsection (a)(1) through (10) and who are~~  
30 ~~not DC plan exempt employees or who also are employees of the~~

~~Pennsylvania State University, the State system of Higher Education, State-owned educational institutions or community colleges and who are not members of the system in a class of service other than Class CB or participants in the plan and who are not DC plan exempt employees shall have the right to elect participation in the plan; once such election is exercised, participation shall be effective as of the date of election for all State service except for service performed as a DC plan exempt employee and shall continue until the termination of State service.~~

~~(2) Active members of Class A 3 or Class A 4 whose compensation in a calendar year exceeds Class A 3 and Class A 4 compensation limits may be active participants in the plan as provided in section 5416 (relating to participation in the plan by members of Class A 3 or Class A 4).~~

~~(c) Prohibited membership in the system. The State employees listed in subsection (a) (12), (13), (14) [and] (15), (17) and (18) shall not have the right to elect membership in the system. Elected officers who are members of the system prior to January 1, 2016, shall have any active membership in the system other than membership in Class CB terminated and shall not be eligible for active membership in a class of service other than Class CB after December 31, 2016, for service as an elected officer. Upon cessation of service as an elected officer, an individual who remains or becomes a State employee shall be a mandatory, optional or prohibited member of the system and participant in the plan as provided in this part.~~

~~(c.1) Prohibited participation in the plan. The State employees listed in subsection (a) (17) who also are listed in subsection (a) (13) and (15) shall not be eligible to participate~~



~~in the plan. An active member of the system in a class of service other than Class CB, and other than an active member of Class A 3 or Class A 4 who has exceeded the Class A 3 and Class A 4 compensation limit, shall not be eligible to be an active participant in the plan. A DC plan exempt employee shall not be eligible to participate in the plan for service performed as a DC plan exempt employee.~~

~~(c.2) Class CB membership.~~

~~(1) An active participant in the plan shall also be an active member of Class CB, effective with the effective date of active participation.~~

~~(2) An active member of the system in a class of service other than Class CB may elect to be an active member of Class CB as provided in section 5306.5 (relating to election to become a member of Class CB).~~

~~(3) A State employee cannot be an active member of Class CB without also concurrently being an active member of a Class of service other than Class CB or an active participant in the plan.~~

~~(d) Return to service.~~

~~(1) An annuitant who first became a member of the system in a class of service before January 1, 2016, returns to service as a State employee other than as an elected officer, or an annuitant who returns to State service as a DC plan exempt employee after December 31, 2015, shall resume active membership in the system as of the effective date of employment, except as otherwise provided in section 5706(a) (relating to termination of annuities), regardless of the optional membership category of the position.~~

~~(2) An annuitant who never had service other than Class~~

~~CB credited in the system, an inactive participant or a participant receiving distributions who returns to service as a State employee on or after January 1, 2016, other than as a DC plan exempt employee shall be an active participant in the plan as of the effective date of employment, except as otherwise provided in section 5706(a), regardless of the optional participation category of the position.~~

~~\* \* \*~~

~~Section 404. Section 5302(a), (b), (c) and (f) of Title 71 are amended to read:~~

~~§ 5302. Credited State service.~~

~~(a) Computation of credited service. In computing credited State service of a member for the determination of benefits, a full time salaried State employee, including any member of the General Assembly, shall receive credit for service in each period for which contributions as required are made to the fund, or for which contributions otherwise required for such service were not made to the fund solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the limitations under IRC § 401(a)(17) or 415(b), or limitations on contributions applicable to a Class A 3 member or Class A 4 member but in no case shall he receive more than one year's credit for any 12 consecutive months or 26 consecutive biweekly pay periods. A per diem or hourly State employee shall receive one year of credited service for each nonoverlapping period of 12 consecutive months or 26 consecutive biweekly pay periods in which he is employed and for which contributions are made to the fund or would have been made to the fund but for such waiver under section 5502.1 or limitations~~

~~under the IRC or limitations on contributions applicable to a Class A 3 member or Class A 4 member for at least 220 days or 1,650 hours of employment. If the member was employed and contributions were made to the fund for less than 220 days or 1,650 hours, he shall be credited with a fractional portion of a year determined by the ratio of the number of days or hours of service actually rendered to 220 days or 1,650 hours, as the case may be. A part time salaried employee shall be credited with the fractional portion of the year which corresponds to the number of hours or days of service actually rendered and for which contributions are or would have been made to the fund except for the waiver under section 5502.1 or limitations under the IRC or limitations on contributions applicable to a Class A 3 member or Class A 4 member in relation to 1,650 hours or 220 days, as the case may be. In no case shall a member who has elected multiple service receive an aggregate in the two systems of more than one year of credited service for any 12 consecutive months.~~

~~(b) Creditable leaves of absence.—~~

~~(1) A member on leave without pay who is studying under a Federal grant approved by the head of his department or who is engaged up to a maximum of two years of temporary service with the United States Government, another state or a local government under the Intergovernmental Personnel Act of 1970 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) shall be eligible for credit for such service: Provided, That contributions are made in accordance with sections 5501 (relating to regular member contributions and cash balance member contributions for current service), 5501.1 (relating to shared risk member contributions [for Class A 3 and Class~~

1 ~~A 4 service] and shared gain adjustments to regular member~~  
2 ~~contributions for Class A 3 and Class A 4 service), 5505.1~~  
3 ~~(relating to additional member contributions) and 5507~~  
4 ~~(relating to contributions to the system by the Commonwealth~~  
5 ~~and other employers), the member returns from leave without~~  
6 ~~pay to active State service as a member of the system for a~~  
7 ~~period of at least one year, and he is not entitled to~~  
8 ~~retirement benefits for such service under a retirement~~  
9 ~~system administered by any other governmental agency.~~

10 ~~(2) An active member or active participant on paid leave~~  
11 ~~granted by an employer for purposes of serving as an elected~~  
12 ~~full time officer for a Statewide employee organization which~~  
13 ~~is a collective bargaining representative under the act of~~  
14 ~~June 24, 1968 (P.L.237, No.111), referred to as the Policemen~~  
15 ~~and Firemen Collective Bargaining Act, or the act of July 23,~~  
16 ~~1970 (P.L.563, No.195), known as the Public Employe Relations~~  
17 ~~Act, and up to 14 full time business agents appointed by an~~  
18 ~~employee organization that represents correction officers~~  
19 ~~employed at State correctional institutions: Provided, That~~  
20 ~~for elected full time officers such leave shall not be for~~  
21 ~~more than three consecutive terms of the same office and for~~  
22 ~~up to 14 full time business agents appointed by an employee~~  
23 ~~organization that represents correction officers employed at~~  
24 ~~State correctional institutions no more than three~~  
25 ~~consecutive terms of the same office; that the employer shall~~  
26 ~~fully compensate the member or active participant, including,~~  
27 ~~but not limited to, salary, wages, pension and retirement~~  
28 ~~contributions and benefits, other benefits and seniority, as~~  
29 ~~if he were in full time active service; and that the~~  
30 ~~Statewide employee organization shall fully reimburse the~~

1 ~~employer for all expenses and costs of such paid leave,~~  
2 ~~including, but not limited to, contributions and payment in~~  
3 ~~accordance with sections 5404 (relating to participant~~  
4 ~~contributions), 5501, 5501.1, 5505.1 and 5507, if the~~  
5 ~~employee organization either directly pays, or reimburses the~~  
6 ~~Commonwealth or other employer for, contributions made in~~  
7 ~~accordance with [section] sections 5404, 5406 and 5507.~~

8 \* \* \*

9 ~~(e) Cancellation of credited service.~~

10 ~~(1) All credited service in the system shall be~~  
11 ~~cancelled if a member withdraws his total accumulated~~  
12 ~~deductions and cash balance member accumulated deductions,~~  
13 ~~except that:~~

14 ~~(i) a member with Class A 3 or Class A 4 service~~  
15 ~~credit and one or more other classes of service credit~~  
16 ~~shall not have his service credit as a member of any~~  
17 ~~classes of service other than as a member of Class A 3 or~~  
18 ~~Class A 4 cancelled when the member receives a lump sum~~  
19 ~~payment of accumulated deductions resulting from Class A~~  
20 ~~3 or Class A 4 service pursuant to section [5705.1]~~  
21 ~~5705.1(a) (relating to payment of accumulated deductions~~  
22 ~~resulting from [Class A 3 and Class A 4] more than one~~  
23 ~~class of service)[.];~~

24 ~~(ii) a member with Class CB service credit and one~~  
25 ~~or more other classes of service credit shall not have~~  
26 ~~his service credit as a member of Class CB canceled when~~  
27 ~~the member receives a lump sum payment of total~~  
28 ~~accumulated deductions resulting from the other classes~~  
29 ~~of service pursuant to section 5705.1(b) (relating to~~  
30 ~~payment of accumulated deductions resulting from more~~

~~than one class of service).~~

~~(2) A partial or total distribution of accumulated total defined contributions to a participant who is a combined service member shall not cancel service credited in the system.~~

~~(f) Credit for military service. A State employee who has performed USERRA leave may receive credit in the system or participate in the plan as follows:~~

~~(1) For purposes of determining whether a member is eligible to receive credited service in the system for a period of active military service, other than active duty service to meet periodic training requirements, rendered after August 5, 1991, and that began before the effective date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of absence) shall apply to all individuals who were active members of the system when the period of military service began, even if not defined as an employee pursuant to 51 Pa.C.S. § 7301 (relating to definitions).~~

~~(1.1) State employees may not receive service credit in the system or exercise the options under 51 Pa.C.S. § 7306 (relating to retirement rights) for military leaves that begin on or after the effective date of this subsection, except as otherwise provided by this subsection.~~

~~(1.2) State employees may not participate in the plan or exercise the options under 51 Pa.C.S. § 7306 (relating to retirement rights) for military leaves that begin on or after the effective date of this paragraph, except as otherwise provided by this subsection.~~

~~(2) A State employee who has performed USERRA leave may~~

1 ~~receive credit in the system as provided by this paragraph.~~

2 ~~The following shall apply:~~

3 ~~(i) A State employee who is reemployed from USERRA~~  
4 ~~leave as an active member of the system shall be treated~~  
5 ~~as not having incurred a break in State service by reason~~  
6 ~~of the USERRA leave and shall be granted eligibility~~  
7 ~~points as if the State employee had not been on the~~  
8 ~~USERRA leave. If a State employee who is reemployed from~~  
9 ~~USERRA leave as an active member of the system~~  
10 ~~subsequently makes regular member contributions,~~  
11 ~~additional member contributions, Social Security~~  
12 ~~integration member contributions, shared risk member~~  
13 ~~contributions and any other member contributions in the~~  
14 ~~amounts and in the time periods required by 38 U.S.C. Ch.~~  
15 ~~43 (relating to employment and reemployment rights of~~  
16 ~~members of the uniformed services) and IRC § 414(u) as if~~  
17 ~~the State employee had continued in State office or~~  
18 ~~employment and performed State service and was~~  
19 ~~compensated during the period of USERRA leave, then the~~  
20 ~~State employee shall be granted State service credit for~~  
21 ~~the period of USERRA leave. The State employee shall have~~  
22 ~~the State employee's benefits, rights and obligations~~  
23 ~~determined under this part as if the State employee was~~  
24 ~~an active member who performed creditable State service~~  
25 ~~during the USERRA leave in the job position that the~~  
26 ~~State employee would have held had the State employee not~~  
27 ~~been on USERRA leave and received the compensation on~~  
28 ~~which the member contributions to receive State service~~  
29 ~~credit for the USERRA leave were determined.~~

30 ~~(ii) For purposes of determining whether a State~~

1 ~~employee has made the required employee contributions for~~  
2 ~~State service credit for USERRA leave, if an employee who~~  
3 ~~is reemployed from USERRA leave as an active member of~~  
4 ~~the system terminates State service or dies in State~~  
5 ~~service before the expiration of the allowed payment~~  
6 ~~period, then State service credit for the USERRA leave~~  
7 ~~will be granted as if the required member contributions~~  
8 ~~were paid the day before termination or death. The amount~~  
9 ~~of the required member contributions will be treated as~~  
10 ~~an incomplete payment subject to the provisions of~~  
11 ~~section 5506 (relating to incomplete payments). Upon a~~  
12 ~~subsequent return to State service or to school service~~  
13 ~~as a multiple service member, the required member~~  
14 ~~contributions treated as incomplete payments shall be~~  
15 ~~treated as member contributions that were either~~  
16 ~~withdrawn in a lump sum at termination or paid as a lump~~  
17 ~~sum pursuant to section 5705(a)(4) or (a.1) (relating to~~  
18 ~~member's options), as the case may be.~~

19 ~~(iii) A State employee who is reemployed from USERRA~~  
20 ~~leave as an active member of the system who does not make~~  
21 ~~the required member contributions or makes only part of~~  
22 ~~the required member contributions within the allowed~~  
23 ~~payment period shall not be granted credited service for~~  
24 ~~the period of USERRA leave for which the required member~~  
25 ~~contributions were not timely made, shall not be eligible~~  
26 ~~to subsequently make contributions and shall not be~~  
27 ~~granted either State service credit or nonstate service~~  
28 ~~credit for the period of USERRA leave for which the~~  
29 ~~required member contributions were not timely made.~~

30 ~~(2.1) (i) A participant who is reemployed from USERRA~~



~~leave shall be treated as not having incurred a break in State service by reason of the USERRA leave and shall be granted eligibility points as if the participant had not been on USERRA leave. If a participant who is reemployed from USERRA leave subsequently makes mandatory participant contributions in the amounts and in the time periods required by 38 U.S.C. Ch. 43 and IRC § 414(u) as if the participant had continued in his State office or employment and performed State service and been compensated during the period of USERRA leave, the participant's employer shall make the corresponding employer defined contributions. The employee shall have his contributions, benefits, rights and obligations determined under this part as if he were an active participant who performed State service during the USERRA leave in the job position that he would have held had he not been on USERRA leave and received the compensation on which the mandatory participant contributions to receive State service credit for the USERRA leave were determined.~~

~~(ii) A participant who is reemployed from USERRA leave who does not make the mandatory participant contributions or makes only part of the mandatory participant contributions within the allowed payment period shall not be eligible to make mandatory participant contributions at a later date for the period of USERRA leave for which the mandatory participant contributions were not timely made.~~

~~(3) A State employee who is a member of the system and performs USERRA leave from which the employee could have been~~

1 ~~reemployed from USERRA leave had the State employee returned~~  
2 ~~to State service in the time frames required by 38 U.S.C. Ch.~~  
3 ~~43 for reemployment rights, but did not do so, shall be able~~  
4 ~~to receive creditable nonstate service as nonintervening~~  
5 ~~military service for the period of USERRA leave should the~~  
6 ~~employee later return to State service as an active member of~~  
7 ~~the system and is otherwise eligible to purchase the service~~  
8 ~~as nonintervening military service.~~

9 ~~(3.1) A State employee who is a participant in the plan~~  
10 ~~and performs USERRA leave from which the employee could have~~  
11 ~~been reemployed from USERRA leave had the employee returned~~  
12 ~~to State service in the time frames required by 38 U.S.C. Ch.~~  
13 ~~43 for reemployment rights, but did not do so, shall not be~~  
14 ~~eligible to make mandatory participant contributions or~~  
15 ~~voluntary contributions for the period of USERRA leave should~~  
16 ~~the employee later return to State service and be a~~  
17 ~~participant in the plan.~~

18 ~~(4) [A State employee] An active member or inactive~~  
19 ~~member on leave without pay who on or after the effective~~  
20 ~~date of this subsection is granted a leave of absence under~~  
21 ~~51 Pa.C.S. § 4102 (relating to leaves of absence for certain~~  
22 ~~government employees) or a military leave under 51 Pa.C.S.~~  
23 ~~Ch. 73, that is not USERRA leave shall be able to receive~~  
24 ~~creditable nonstate service as nonintervening military~~  
25 ~~service should the employee return to State service as an~~  
26 ~~active member of the system and is otherwise eligible to~~  
27 ~~purchase the service as nonintervening military service.~~

28 ~~(4.1) An active participant or inactive participant on~~  
29 ~~leave without pay who on or after the effective date of this~~  
30 ~~paragraph is granted a leave of absence under 51 Pa.C.S. §~~

~~4102 or a military leave under 51 Pa.C.S. Ch. 73 that is not  
USERRA leave shall not be able to make mandatory participant  
contributions or voluntary contributions during or for the  
leave of absence or military leave and shall not have  
employer defined contributions made during such leave,  
without regard to whether or not the State employee received  
salary, wages, stipends, differential wage payments or other  
payments from his employer during the leave, notwithstanding  
any provision to the contrary under 51 Pa.C.S. § 4102 or 51  
Pa.C.S. Ch. 73.~~

~~(5) If a member dies while performing USERRA leave, then  
the beneficiaries or survivor annuitants, as the case may be,  
of the deceased member are entitled to any additional  
benefits, including eligibility points, other than benefit  
accruals relating to the period of qualified military  
service, provided under this part had the member resumed and  
then terminated employment on account of death.~~

~~(5.1) If a participant dies while performing USERRA  
leave, the beneficiaries or successor payees of the deceased  
participant are entitled to any additional benefits, other  
than benefit accruals relating to the period of qualified  
military service, provided under this part had the  
participant resumed and then terminated employment on account  
of death.~~

~~(6) A State employee who is on a leave of absence from  
his duties as a State employee for which 51 Pa.C.S. § 4102  
provides that he is not to suffer a loss of pay, time or  
efficiency rating shall not be an active member, receive  
service credit or make member contributions for the leave of  
absence, except as provided for in this part. Notwithstanding~~

1 ~~this paragraph, any pay the member receives pursuant to 51-~~  
2 ~~Pa.C.S. § 4102 shall be included in the determination of~~  
3 ~~final average salary and other calculations in the system~~  
4 ~~utilizing compensation as if the payments were compensation~~  
5 ~~under this part.~~

6 ~~Section 405. Section 5303(b), (d) and (e) of Title 71 is~~  
7 ~~amended and the section is amended by adding a subsection to~~  
8 ~~read:~~

9 ~~§ 5303. Retention and reinstatement of service credits.~~

10 ~~\* \* \*~~

11 ~~(b) Eligibility points for prospective credited service.~~

12 ~~(1) [Every] Subject to the limitations in subsection~~  
13 ~~(i), an active member of the system or a multiple service~~  
14 ~~member who is a school employee and a member of the Public~~  
15 ~~School Employees' Retirement System on or after the effective~~  
16 ~~date of this part shall receive eligibility points in~~  
17 ~~accordance with section 5307 for current State service,~~  
18 ~~previous State service, or creditable nonstate service upon~~  
19 ~~compliance with sections 5501 (relating to regular member~~  
20 ~~contributions and cash balance member contributions for~~  
21 ~~current service), 5501.1 (relating to shared risk~~  
22 ~~contributions [for Class A 3 and Class A 4] and shared gain~~  
23 ~~adjustments to regular member contributions for Class A 3 and~~  
24 ~~Class A 4 service), 5504 (relating to member contributions~~  
25 ~~for the purchase of credit for previous State service or to~~  
26 ~~become a full coverage member), 5505 (relating to~~  
27 ~~contributions for the purchase of credit for creditable~~  
28 ~~nonstate service), 5505.1 (relating to additional member~~  
29 ~~contributions) or 5506 (relating to incomplete payments).~~  
30 ~~Subject to the limitations in subsection (i) and sections~~

1 ~~5306.1 (relating to election to become a Class AA member) and~~  
2 ~~5306.2 (relating to elections by members of the General~~  
3 ~~Assembly), the class or classes of service in which the~~  
4 ~~member may be credited for previous State service prior to~~  
5 ~~the effective date of this part shall be the class or classes~~  
6 ~~in which he was or could have at any time elected to be~~  
7 ~~credited for such service, except that a State employee who~~  
8 ~~first becomes a member of the system on or after January 1,~~  
9 ~~2011, or on or after December 1, 2010, as a member of the~~  
10 ~~General Assembly and:~~

11 ~~(i) is credited with Class A 3 service for such~~  
12 ~~membership, shall be credited only with Class A 3 service~~  
13 ~~for previous State service performed before January 1,~~  
14 ~~2011, that was not previously credited in the system; or~~

15 ~~(ii) is credited with Class A 4 service for such~~  
16 ~~membership, shall be credited only with Class A 4 service~~  
17 ~~for previous State service performed before January 1,~~  
18 ~~2011, that was not previously credited in the system.~~

19 ~~The class of service in which a member shall be credited for~~  
20 ~~service subsequent to the effective date of this part shall~~  
21 ~~be determined in accordance with subsection (i) and section~~  
22 ~~5306 (relating to classes of service).~~

23 ~~(1.1) Every active member of the system who elects to~~  
24 ~~convert county service to State service pursuant to section~~  
25 ~~5303.1 (relating to election to convert county service to~~  
26 ~~State service) shall receive eligibility points in accordance~~  
27 ~~with section 5307 for converted county service upon~~  
28 ~~compliance with section 5303.1(b). The class or classes of~~  
29 ~~service in which the member may be credited for converted~~  
30 ~~county service shall be determined in accordance with section~~

1     ~~5306(e).~~

2         ~~(1.2) Every member of the system who elects to convert~~  
3 ~~school service to State service pursuant to section 5303.2~~  
4 ~~(relating to election to convert school service to State~~  
5 ~~service) shall receive eligibility points in accordance with~~  
6 ~~section 5307 for converted school service. The class or~~  
7 ~~classes of service in which the member may be credited for~~  
8 ~~converted school service shall be determined in accordance~~  
9 ~~with section 5306(d).~~

10        ~~(1.3) A member of the system who is reemployed from~~  
11 ~~USERRA leave or who dies while performing USERRA leave shall~~  
12 ~~receive eligibility points in accordance with section 5307~~  
13 ~~for the State service that would have been performed had the~~  
14 ~~member not performed USERRA leave.~~

15        ~~(2) A special vestee or person otherwise eligible to be~~  
16 ~~a special vestee who returns to State service or withdraws~~  
17 ~~his accumulated deductions pursuant to section 5311 (relating~~  
18 ~~to eligibility for refunds) or 5701 (relating to return of~~  
19 ~~total accumulated deductions and cash balance member~~  
20 ~~accumulated deductions) shall receive or retain eligibility~~  
21 ~~points in accordance with paragraph (1) but upon subsequent~~  
22 ~~termination of State service shall only be eligible to be an~~  
23 ~~annuitant vestee or inactive member without regard to~~  
24 ~~previous status as a special vestee and without regard to the~~  
25 ~~provisions of this part providing for special vestees.~~

26        ~~(3) A special vestee or person otherwise eligible to be~~  
27 ~~a special vestee who becomes an active member of the Public~~  
28 ~~School Employees' Retirement System and elects multiple~~  
29 ~~service shall receive or retain eligibility points as~~  
30 ~~otherwise provided for in this part and 24 Pa.C.S. Pt. IV~~

~~(relating to retirement for school employees) but upon subsequent termination of school service shall only be eligible to be an annuitant, vestee or inactive member as otherwise eligible as a multiple service member without regard to previous status as a special vestee and without regard to the provisions of this part providing for special vestees.~~

~~\* \* \*~~

~~(d) Transfer of certain pension service credit.~~

~~(1) Any person who was an employee of any county in this Commonwealth on the personal staff of an appellate court judge prior to September 9, 1985, and who had that employment transferred to the Commonwealth pursuant to 42 Pa.C.S. § 3703 (relating to local chamber facilities) shall be a member of the system for all service rendered as an employee of the Commonwealth on the personal staff of an appellate court judge subsequent to the date of the transfer unless specifically prohibited pursuant to section 5301(c) (relating to mandatory and optional membership in the system and participation in the plan). The employee shall be entitled to have any prior service credit in that county or other municipal pension plan or retirement system transferred to the system and deemed to be State service for all purposes under this part. However, for those employees who were in continuous county employment which commenced prior to July 22, 1983, section 5505.1 shall not apply. The transfer of prior service credit to the system shall occur upon the transfer, by the member, county or other municipal pension plan or retirement system, to the system of the amount of accumulated member contributions, pick up contributions and~~

~~credited interest standing in the employee's county or  
municipal pension plan or retirement system account as of the  
date that these funds are transferred to the system. In the  
event that these funds have been refunded to the member, the  
transfer of service credit shall occur when the member  
transfers an amount equal to either the refund which the  
member received from the county or municipal pension plan or  
retirement system or the amount due under section 5504, if  
less. In the case of a transfer by the member, the transfer  
shall occur by December 31, 1987, in order for the member to  
receive credit for the prior service. In the case of a  
transfer by the county or other municipal pension plan or  
retirement system, the transfer shall also occur by December  
31, 1987. If the amount transferred to the system by the  
member of a county or municipal pension plan or retirement  
system is greater than the amount that would have accumulated  
in the member's account if the employee had been a member of  
the system, all excess funds shall be returned to the  
employee within 90 days of the date on which such funds are  
credited to the member's account in the system. Within 60  
days of receipt of written notice that an employee has  
elected to transfer credits under the provisions of this  
subsection, the county or other municipal pension plans or  
retirement systems shall be required to transfer to the  
system an amount, excluding contributions due under section  
5504(a), equal to the liability of the prior service in  
accordance with county or other municipal pension plan or  
retirement system benefit provisions, multiplied by the ratio  
of system actuarial value of assets for active members to the  
system actuarial accrued liability for active members. The~~



1 ~~Public Employee Retirement Study Commission shall determine~~  
2 ~~the appropriate amount of employer contributions to be~~  
3 ~~transferred to the system by the county or other municipal~~  
4 ~~pension plans or retirement systems.~~

5 ~~(2) If the member died prior to the effective date of~~  
6 ~~this subsection, the personal representative for the estate~~  
7 ~~of the member may make any transfer or request that the~~  
8 ~~county or other municipal pension or retirement system make~~  
9 ~~any transfer necessary to receive credit for the prior~~  
10 ~~service authorized in paragraph (1). In order to receive~~  
11 ~~credit for the prior service, the transfer must be made by~~  
12 ~~December 31, 1987. If the member dies on or after the~~  
13 ~~effective date of this subsection and before January 1, 1988,~~  
14 ~~without making the transfer or requesting the transfer~~  
15 ~~necessary to receive credit for the prior service authorized~~  
16 ~~in paragraph (1), the personal representative for the estate~~  
17 ~~of the member may make any transfer or request that the~~  
18 ~~county or other municipal pension or retirement system make~~  
19 ~~any transfer necessary to receive credit for the prior~~  
20 ~~service. In order to receive credit for the prior service,~~  
21 ~~the transfer must be made by March 31, 1988. If the member~~  
22 ~~dies after December 31, 1987, without making the transfer or~~  
23 ~~requesting the transfer necessary to receive credit for the~~  
24 ~~prior service authorized in paragraph (1), neither the member~~  
25 ~~or his estate shall receive credit for the prior service.~~

26 ~~(e) Transfer and purchase of certain pension service credit;~~  
27 ~~Philadelphia Regional Port Authority.~~

28 ~~(1) Any employee of the Philadelphia Regional Port~~  
29 ~~Authority who becomes a State employee, as defined in section~~  
30 ~~5102 (relating to definitions), and an active member of the~~

~~system in a class of service other than Class CB shall be eligible to obtain retirement credit for prior uncredited service with the Philadelphia Port Corporation, a Pennsylvania not for profit corporation ("predecessor corporation"), provided that the Commonwealth does not incur any liability for the funding of the annuities attributable to the prior, uncredited "predecessor corporation" service, the cost of which shall be determined according to paragraph (2).~~

~~(2) The employee shall be entitled to have any prior service in the "predecessor corporation" transferred to the system and deemed to be State service for all purposes under this part. However, for those employees who were in continuous employment which commenced prior to July 22, 1983, the provisions of section 5505.1 shall not apply. The transfer of prior service credit to the system shall occur upon the transfer by the member or the "predecessor corporation" to the system of the amount of accumulated member contributions, pick up contributions and credited interest standing in the employee's pension plan or retirement system account as of the date that these funds are transferred to the system. In the event that these funds have been refunded to the member, the transfer of service credit shall occur when the member transfers an amount equal to either the refund which the member received from the member's pension plan or retirement system or the amount due under section 5504, if less. In the case of a transfer by the member, the transfer shall occur by June 30, 1992, in order for the member to receive credit for the prior service. In the case of a transfer by the "predecessor corporation"~~

~~pension plan or retirement system, the transfer shall also occur by June 30, 1992. Notwithstanding the provisions of section 5504, the Philadelphia Regional Port Authority shall pay as pick up contributions the difference between the amount credited to the member's account and the amount otherwise due under section 5504. Such additional contributions paid by the Philadelphia Regional Port Authority shall not be considered compensation for the purposes of this part. If the amount transferred to the system by the member is greater than the amount that would have accumulated in the member's account if the employee had been a member of the system, all excess funds shall be returned to the employee within 90 days of the date on which such funds are credited to the member's account in the system. Within 60 days of receipt of written notice that an employee has elected to transfer credits under the provisions of this subsection, the pension plan or retirement system in which the employee was enrolled prior to the creation of the Philadelphia Regional Port Authority shall be required to transfer to the system an amount, excluding contributions due under section 5504(a), equal to the liability of the prior service multiplied by the ratio of system actuarial value of assets for active members to the system actuarial accrued liability for active members so long as the amount to be transferred is equal to or less than the total employer contributions made on behalf of the employee. In the event that the amount required to be transferred is greater than the total employer contributions made on behalf of the employee, the total employer contributions made on behalf of the employee shall be transferred to the system, and the~~

1 Philadelphia Regional Port Authority shall be required to  
2 transfer to the system the additional funds needed to satisfy  
3 the requirements of the calculation in this paragraph. If the  
4 amount required to be transferred is less than the total  
5 employer contributions made on behalf of the employee, the  
6 pension plan or retirement system in which the employee was  
7 enrolled prior to the creation of the Philadelphia Regional  
8 Port Authority may retain the amount not needed for transfer.

9 ~~(3) If the member dies on or after the effective date of~~  
10 ~~this subsection and before July 1, 1992, without making the~~  
11 ~~transfer or requesting the transfer necessary to receive~~  
12 ~~credit for the prior service authorized in paragraph (2), the~~  
13 ~~personal representative for the estate of the member may make~~  
14 ~~any transfer or may request that the Philadelphia Regional~~  
15 ~~Port Authority make any transfer necessary to receive credit~~  
16 ~~for the prior service. In order to receive credit for the~~  
17 ~~prior service, the transfer must be made by September 30,~~  
18 ~~1992. If the member dies after June 30, 1992, without making~~  
19 ~~the transfer or without requesting the transfer necessary to~~  
20 ~~receive credit for the prior service authorized in paragraph~~  
21 ~~(2), neither the member nor his estate shall receive credit~~  
22 ~~for the prior service.~~

23 ~~(4) Any person who became employed by the Philadelphia~~  
24 ~~Regional Port Authority between July 10, 1989, and passage of~~  
25 ~~this act and who becomes a State employee, as defined in~~  
26 ~~section 5102, and an active member of the system in a class~~  
27 ~~of service other than Class CB, shall be eligible to obtain~~  
28 ~~retirement credit for service from the date of employment~~  
29 ~~with the Philadelphia Regional Port Authority, provided that~~  
30 ~~the contributions are made in accordance with sections 5501,~~

1       ~~5504, 5505.1 and 5506.~~

2       ~~\* \* \*~~

3       ~~(i) Ineligibility to purchase previous State service~~  
4 ~~credit. A State employee who is active member only of Class CB~~  
5 ~~or a multiple service member who is an active member only of~~  
6 ~~Class T I in the Public School Employees' Retirement System~~  
7 ~~shall not be eligible to purchase service credit for previous~~  
8 ~~State service, except to the extent that any other provision of~~  
9 ~~law requires or allows the crediting of any period of leave to~~  
10 ~~be purchased as State service after the member returns from the~~  
11 ~~leave to State service as an active member, and shall not be~~  
12 ~~eligible to purchase creditable nonstate service. An active~~  
13 ~~member of Class CB who concurrently is performing service in a~~  
14 ~~class of service other than Class CB may purchase State service~~  
15 ~~previously credited in a class of service other than Class CB,~~  
16 ~~previously uncredited State service if it is eligible to be~~  
17 ~~credited in a class of service other than Class CB and~~  
18 ~~creditable nonstate service as otherwise provided in this part.~~

19       ~~Section 406. Sections 5303.2(a) and 5304(a) and (b) of Title~~  
20 ~~71 are amended to read:~~

21       ~~§ 5303.2. Election to convert school service to State service.~~

22       ~~(a) Eligibility. An active member or inactive member on~~  
23 ~~leave without pay who was an employee transferred from the~~  
24 ~~Department of Education to the Department of Corrections~~  
25 ~~pursuant to section 908-B of the act of April 9, 1929 (P.L.177,~~  
26 ~~No.175), known as The Administrative Code of 1929, and who on~~  
27 ~~the effective date of that transfer did not participate in an~~  
28 ~~independent retirement program approved by the Department of~~  
29 ~~Education under 24 Pa.C.S. § 8301(a)(1) (relating to mandatory~~  
30 ~~and optional membership) or section 5301(a)(12) (relating to~~

~~mandatory and optional membership in the system and participation in the plan), notwithstanding any other provision of law or any collective bargaining agreement, arbitration award, contract or term or conditions of any retirement system or pension plan, may make a one-time election to convert all service credited in the Public School Employees' Retirement System as of June 30, 1999, and transfer to the system all accumulated member contributions and statutory interest credited in the members' savings account in the Public School Employees' Retirement System as of June 30, 1999, plus statutory interest on that amount credited by the Public School Employees' Retirement System from July 1, 1999, to the date of transfer to the system.~~

~~\* \* \*~~

~~§ 5304. Creditable nonstate service.~~

~~(a) Eligibility.~~

~~(1) An active member who first becomes an active member before January 1, 2011, or before December 1, 2010, as a member of the General Assembly and who is an active member of a class of service other than Class CB, or a multiple service member who first becomes an active member before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, and who is a school employee and an active member of the Public School Employees' Retirement System in a class of service other than Class T-I shall be eligible for Class A service credit for creditable nonstate service as set forth in subsections (b) and (c) except that intervening military service shall be credited in the class of service for which the member was eligible at the time of entering into military service and for which he makes the required contributions to~~

~~the fund and except that a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System shall not be eligible to purchase service credit for creditable nonstate service set forth in subsection (c)(5).~~

~~(2) An active member who first becomes an active member on or after January 1, 2011, and is an active member of a class of service other than Class CB, or on or after December 1, 2010, as a member of the General Assembly and is an active member of a class of service other than Class CB, or a multiple service member who first becomes an active member on or after January 1, 2011, or on or after December 1, 2010, as a member of the General Assembly, and who is a school employee and an active member of the Public School Employees' Retirement System in a class of service other than Class T I shall be eligible for Class A 3 service credit for creditable nonstate service as set forth in subsections (b) and (c) except that intervening military service shall be credited in the class of service for which the member was eligible at the time of entering into military service and for which he makes the required contributions and except that a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System shall not be eligible to purchase service credit for creditable nonstate service set forth in subsection (c)(5).~~

~~(3) Notwithstanding paragraph (2) and subsection (b), an active member of a class of service other than Class CB who has service credited in Class CB, shall be eligible for credit for nonstate service as provided in this part to the extent that the member would be otherwise eligible based~~

~~solely on the member's service in classes other than Class  
CB.~~

~~\* \* \*~~

~~(b) Limitations on eligibility. An active member who is an  
active member of a class of service other than Class CB or a  
multiple service member who is a school employee and an active  
member of the Public School Employees' Retirement System and is  
an active member of a class of service other than Class T I  
shall be eligible as provided under subsection (a) to receive  
credit for nonstate service provided that he does not have  
credit for such service in the system or in the [school system]  
Public School Employees' Retirement System and is not entitled  
to receive, eligible to receive now or in the future, or is  
receiving retirement benefits for such service in the system or  
under a retirement system administered and wholly or partially  
paid for by any other governmental agency or by any private  
employer, or a retirement program approved by the employer in  
accordance with section 5301(a)(12) (relating to mandatory and  
optional membership in the system and participation in the  
plan), and further provided, that such service is certified by  
the previous employer and contributions are agreed upon and made  
in accordance with section 5505 (relating to contributions for  
the purchase of credit for creditable nonstate service).~~

~~\* \* \*~~

~~Section 407. Section 5305(b) of Title 71 is amended and the  
section is amended by adding a subsection to read:~~

~~§ 5305. Social security integration credits.~~

~~\* \* \*~~

~~(b) Accrual of subsequent credits. Any active member who  
has social security integration accumulated deductions to his~~



~~credit or is receiving a benefit on account of social security integration credits may accrue one social security integration credit for each year of service as a State employee on or subsequent to March 1, 1974 and a fractional credit for a corresponding fractional year of service provided that contributions are made to the fund, or would have been made to the fund but for section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or the limitations under IRC § 401(a)(17) or 415(b) or limitations on contributions to the system applicable to a Class A-3 member or Class A-4 member, in accordance with section 5502 (relating to Social Security integration member contributions), and he:~~

~~(1) continues subsequent to March 1, 1974 as an active member in either the [State or school system;] system in a class of service other than Class CB or, if a multiple service member, as an active member in the Public School Employees' Retirement System in a class of service other than Class T-I;~~

~~(2) terminates such continuous service in the [State or school] system or the Public School Employees' Retirement System and returns to active membership in the [State] system in a class of service other than Class CB within six months; or~~

~~(3) terminates his status as a vestee or an annuitant and returns to State service as an active member of the system in a class of service other than Class CB.~~

~~\*\*\*~~

~~(e) Class CB service ineligible for credit. No social security integration credits shall accrue for any service~~

~~performed or credited in the system solely as Class CB service.~~

~~Section 408. Section 5305.1 of Title 71 is amended to read:~~

~~§ 5305.1. Eligibility for actuarial increase factor.~~

~~A person who has credit for a class of service other than  
Class CB and is:~~

~~(1) an active member;~~

~~(2) an inactive member on leave without pay; [or]~~

~~(3) a multiple service member who is a school employee  
and an active member of the Public School Employees'  
Retirement System; or~~

~~(4) a combined service employee who is an active  
participant or inactive participant on leave without pay;~~

~~who terminates State service or school service, as the case may  
be, after attaining age 70 and who applies for a superannuation  
annuity with an effective date of retirement the day after the  
date of termination of State service or school service shall  
have that person's maximum single life annuity calculated  
pursuant to section 5702(a.1) (relating to maximum single life  
annuity).~~

~~Section 409. Section 5306(a), (a.1), (a.2), (a.3) and (b) of  
Title 71 are amended and the section is amended by adding  
subsections to read:~~

~~§ 5306. Classes of service.~~

~~(a) Class A and Class A-3 membership.—~~

~~(1) A State employee who is a member of Class A on the  
effective date of this part or who first becomes a member of  
the system subsequent to the effective date of this part and  
before January 1, 2011, or before December 1, 2010, as a  
member of the General Assembly, shall be classified as a  
Class A member and receive credit for Class A service upon~~

1 ~~payment of regular and additional member contributions for~~  
2 ~~Class A service, provided that the State employee does not~~  
3 ~~become a member of Class AA pursuant to subsection (a.1) or a~~  
4 ~~member of Class D 4 pursuant to subsection (a.2)[.] or a~~  
5 ~~participant in the plan. A State employee who is a member of~~  
6 ~~Class A on December 31, 2015, shall not be eligible to later~~  
7 ~~become a member of Class AA or Class D 4.~~

8 ~~(2) A State employee who first becomes a member of the~~  
9 ~~system other than as a member of Class CB on or after January~~  
10 ~~1, 2011, or on or after December 1, 2010, as a member of the~~  
11 ~~General Assembly, and, unless a DC plan exempt employee,~~  
12 ~~before January 1, 2016, shall be classified as a Class A 3-~~  
13 ~~member and receive credit for Class A 3 service upon payment~~  
14 ~~of regular member contributions and shared risk member~~  
15 ~~contributions for Class A 3 service provided that the State~~  
16 ~~employee does not become a member of Class A 4 pursuant to~~  
17 ~~subsection (a.3), except that a member of the judiciary shall~~  
18 ~~be classified as a member of such other class of service for~~  
19 ~~which the member of the judiciary is eligible, shall elect~~  
20 ~~and make regular member contributions[.] and further provided~~  
21 ~~that the State employee does not become a participant in the~~  
22 ~~plan or is not eligible to be an optional participant of the~~  
23 ~~plan under section 5301 (relating to mandatory and optional~~  
24 ~~membership in the system and participation in the plan).~~

25 ~~(a.1) Class AA membership.~~

26 ~~(1) A person who becomes a State employee and an active~~  
27 ~~member of the system after June 30, 2001, and who first~~  
28 ~~became an active member before January 1, 2011, or before~~  
29 ~~December 1, 2010, as a member of the General Assembly, and~~  
30 ~~who is not a State police officer and not employed in a~~

1 ~~position for which a class of service other than Class A or~~  
2 ~~Class CB is credited or could be elected shall be classified~~  
3 ~~as a Class AA member and receive credit for Class AA State~~  
4 ~~service upon payment of regular member contributions for~~  
5 ~~Class AA service and, subject to the limitations contained in~~  
6 ~~paragraph (7) and section 5303(i) (relating to retention and~~  
7 ~~reinstatement of service credits), if previously a member of~~  
8 ~~Class A or previously employed in a position for which Class~~  
9 ~~A service could have been earned, shall have all Class A~~  
10 ~~State service (other than State service performed as a State~~  
11 ~~police officer or for which a class of service other than~~  
12 ~~Class A was earned or could have been elected) classified as~~  
13 ~~Class AA service.~~

14 ~~(2) A person who is a State employee on June 30, 2001,~~  
15 ~~and July 1, 2001, but is not an active member of the system~~  
16 ~~because membership in the system is optional or prohibited~~  
17 ~~pursuant to section 5301 (relating to mandatory and optional~~  
18 ~~membership in the system and participation in the plan) and~~  
19 ~~who first becomes an active member after June 30, 2001, and~~  
20 ~~before January 1, 2011, or before December 1, 2010, as a~~  
21 ~~member of the General Assembly, and who is not a State police~~  
22 ~~officer and not employed in a position for which a class of~~  
23 ~~service other than Class A or Class CB is credited or could~~  
24 ~~be elected shall be classified as a Class AA member and~~  
25 ~~receive credit for Class AA State service upon payment of~~  
26 ~~regular member contributions for Class AA service and,~~  
27 ~~subject to the limitations contained in paragraph (7) and~~  
28 ~~section 5303(i), if previously a member of Class A or~~  
29 ~~previously employed in a position for which Class A service~~  
30 ~~could have been earned, shall have all Class A State service~~

~~(other than State service performed as a State Police officer or for which a class of service other than Class A was earned or could have been elected) classified as Class AA service.~~

~~(3) Provided that an election to become a Class AA member is made pursuant to section 5306.1 (relating to election to become a Class AA member), a State employee, other than a State employee who is a State police officer on or after July 1, 1989, who on June 30, 2001, and July 1, 2001, is:~~

~~(i) a member of Class A, other than a member of Class A who could have elected membership in a Class C, Class D 3, Class E 1 or Class E 2; or~~

~~(ii) an inactive member on a leave without pay from a position in which the State employee would be a Class A active member if the employee was not on leave without pay, other than a position in which the State employee could elect membership in Class C, Class D 3, Class E 1 or Class E 2;~~

~~shall be classified as a Class AA member and receive credit for Class AA State service performed after June 30, 2001, upon payment of regular member contributions for Class AA service and, subject to the limitations contained in paragraph (7) and section 5303(i), shall receive Class AA service credit for all Class A State service, other than State service performed as a State police officer or as a State employee in a position for which the member could have elected membership in Class C, Class D 3, Class E 1 or Class E 2, performed before July 1, 2001.~~

~~(4) Provided that an election to become a Class AA member is made pursuant to section 5306.1, a former State~~

~~employee, other than a former State employee who was a State police officer on or after July 1, 1989, who on June 30, 2001, and July 1, 2001, is a multiple service member and a school employee and a member of the Public School Employees' Retirement System, subject to the limitations contained in paragraph (7) and section 5303(i), shall receive Class AA service credit for all Class A State service, other than State service performed as a State police officer or as a State employee in a position in which the former State employee could have elected a class of service other than Class A, performed before July 1, 2001.~~

~~(5) A former State employee who first becomes a member before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, other than a former State employee who was a State police officer on or after July 1, 1989, who is a school employee and who on or after July 1, 2001, becomes a multiple service member, subject to the limitations contained in paragraph (7) and section 5303(i), shall receive Class AA service credit for all Class A State service other than State service performed as a State employee in a position in which the former State employee could have elected a class of service other than Class A.~~

~~(6) A State employee who after June 30, 2001, becomes a State police officer or who is employed in a position in which the member could elect membership in the system in a class of service other than Class CB, Class AA or Class D 4 shall retain any Class AA service credited prior to becoming a State police officer or being so employed but shall be ineligible to receive Class AA credit thereafter and instead shall receive Class A credit for service as a member of the~~

~~judiciary if such judicial service begins before January 1, 2016, or if he first became a member before January 1, 2011, or December 1, 2010, as a member of the General Assembly, or Class A 3 credit for service other than as a member of the judiciary if the nonjudicial service is as a DC plan exempt employee or begins before January 1, 2016, and is not service as an elected officer, and he first became a member on or after January 1, 2011, or December 1, 2010, as a member of the General Assembly, unless a class of membership other than Class A is elected.~~

~~(7) (i) State service performed as Class A service before July 1, 2001, and State service for which Class A service could have been credited but was not credited because membership in the system was optional or prohibited pursuant to section 5301 shall be credited as Class AA service only upon the completion of all acts necessary for the State service to be credited as Class A service had this subsection not been enacted and upon payment of required Class AA member contributions as provided in section 5504 (relating to member contributions for the purchase of credit for previous State service or to become a full coverage member).~~

~~(ii) A person who is not a State employee or a school employee on June 30, 2001, and July 1, 2001, and who has previous State service (except a disability annuitant who returns to State service after June 30, 2001, upon termination of the disability annuity) shall not receive Class AA service credit for State service performed before July 1, 2001, until and unless such person becomes an active member, or an active member of~~

1       ~~the Public School Employees' Retirement System and a~~  
2       ~~multiple service member, before January 1, 2016, and~~  
3       ~~earns three eligibility points by performing credited~~  
4       ~~State service in a class of service other than Class CB~~  
5       ~~or credited school service in a class of service other~~  
6       ~~than Class T-I after June 30, 2001.~~

7               ~~(iii) Nothing in this paragraph shall be construed~~  
8       ~~to authorize a member of Class CB or a multiple service~~  
9       ~~member who is a member of Class T-I in the Public School~~  
10       ~~Employees' Retirement System to reinstate or purchase~~  
11       ~~credit for previously credited or uncredited State~~  
12       ~~service other than as allowed under section 5303(i).~~

13       ~~(a.2) Class of membership for members of the General~~  
14       ~~Assembly.~~

15               ~~(1) A person who:~~

16               ~~(i) becomes a member of the General Assembly and an~~  
17       ~~active member of the system after June 30, 2001, and~~  
18       ~~before December 1, 2010; or~~

19               ~~(ii) is a member of the General Assembly on July 1,~~  
20       ~~2001, but is not an active member of the system because~~  
21       ~~membership in the system is optional pursuant to section~~  
22       ~~5301 and who becomes an active member after June 30,~~  
23       ~~2001, and before December 1, 2010;~~

24       ~~and who was not a State police officer on or after July 1,~~  
25       ~~1989, shall be classified as a Class D-4 member and unless he~~  
26       ~~later becomes a participant in the plan and a member of Class~~  
27       ~~CB receive credit as a Class D-4 member for all State service~~  
28       ~~as a member of the system performed as a member of the~~  
29       ~~General Assembly upon payment of regular member contributions~~  
30       ~~for Class D-4 service and, subject to the limitations~~



1 ~~contained in subsection (a.1) (7) and section 5303(i), if~~  
2 ~~previously a member of Class A or employed in a position for~~  
3 ~~which Class A service could have been earned, shall receive~~  
4 ~~Class AA service credit for all Class A State service, other~~  
5 ~~than State service performed as a State police officer or for~~  
6 ~~which a class of service other than Class A or Class D 4 was~~  
7 ~~or could have been elected or credited.~~

8 ~~(2) Provided an election to become a Class D 4 member is~~  
9 ~~made pursuant to section 5306.2 (relating to elections by~~  
10 ~~members of the General Assembly), a State employee who was~~  
11 ~~not a State police officer on or after July 1, 1989, who on~~  
12 ~~July 1, 2001, is a member of the General Assembly and an~~  
13 ~~active member of the system and not a member of Class D 3~~  
14 ~~shall be classified as a Class D 4 member and unless he later~~  
15 ~~becomes a participant in the plan and a member of Class CB~~  
16 ~~receive credit as a Class D 4 member for all State service as~~  
17 ~~a member of the system performed as a member of the General~~  
18 ~~Assembly not credited as another class other than Class A~~  
19 ~~upon payment of regular member contributions for Class D 4~~  
20 ~~service and, subject to the limitations contained in~~  
21 ~~paragraph (a.1) (7), shall receive Class AA service credit for~~  
22 ~~all Class A State service, other than State service performed~~  
23 ~~as a State police officer or as a State employee in a~~  
24 ~~position in which the member could have elected a class of~~  
25 ~~service other than Class A, performed 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, and before January 1, 2016, or as a DC plan~~  
4 ~~exempt employee.~~

5 ~~(4) Notwithstanding the provisions of this subsection,~~  
6 ~~no service as a member of the General Assembly performed~~  
7 ~~before December 1, 2010, that is not credited as Class D 4~~  
8 ~~service on November 30, 2010, shall be credited as Class D 4~~  
9 ~~service, unless such service was previously credited in the~~  
10 ~~system as Class D 4 service and the member withdrew his total~~  
11 ~~accumulated deductions as provided in section 5311 (relating~~  
12 ~~to eligibility for refunds) or 5701 (relating to return of~~  
13 ~~total accumulated deductions and cash balance member~~  
14 ~~accumulated deductions).~~ No service as a member of the  
15 General Assembly performed on or after December 1, 2010,  
16 shall be credited as Class D 4 service unless the member  
17 previously was credited with Class D 4 service credits.

18 ~~(a.3) Class A 4 membership. Provided that an election to~~  
19 ~~become a Class A 4 member is made pursuant to section 5306.3~~  
20 ~~(relating to election to become a Class A 4 member), a State~~  
21 ~~employee who first becomes a member before January 1, 2016, or~~  
22 ~~is a DC plan exempt employee who otherwise would be a member of~~  
23 ~~Class A 3 shall be classified as a Class A 4 member and unless~~  
24 ~~he later becomes a participant in the plan and a member of Class~~  
25 ~~CB receive Class A 4 credit for all creditable State service~~  
26 ~~performed as a member of the system after the effective date of~~  
27 ~~membership in the system, except as a member of the judiciary,~~  
28 ~~upon payment of regular member contributions and shared risk~~  
29 ~~member contributions for Class A 4 service.~~

30 ~~(a.4) Class CB membership.~~

~~(1) A State employee who is an active participant in the plan shall be an active member of Class CB concurrently and shall receive credit for Class CB service upon payment of cash balance member contributions for Class CB service.~~

~~(2) A State employee who is an active member of a class of service other than Class CB who elects under section 5306.5 to be an active member of Class CB concurrently shall receive credit for Class CB service upon payment of cash balance member contributions concurrently with service in other classes other than service as a member of Class A 3 or Class A 4 where Class A 3 or Class A 4 contributions are not being made due to or any provision of this part relating to the limitations on contributions to the system applicable to a Class A 3 member or Class A 4 member who have exceeded the Class A 3 and Class A 4 compensation limit.~~

~~(b) Other class membership.~~

~~(1) A State employee who is a member of a class of service other than Class A on the effective date of this part shall retain his membership in that class until such service is discontinued or until the member becomes a participant in the plan; any service as a member of the system thereafter shall be credited as Class A service, Class AA service [or], Class D 4 service or Class CB service as provided for in this section.~~

~~(2) Notwithstanding any other provision of this section, a State employee who is appointed [bail commissioner] arraignment court magistrate of the Philadelphia Municipal Court under 42 Pa.C.S. § 1123(a)(5) (relating to jurisdiction and venue) before January 1, 2016, may, within 30 days of the effective date of this sentence or within 30 days of his~~

1 ~~initial appointment as [a bail commissioner] an arraignment~~  
2 ~~court magistrate, whichever is later, elect Class E-2 service~~  
3 ~~credit for service performed as [a bail commissioner] an~~  
4 ~~arraignment court magistrate. This class of service~~  
5 ~~multiplier for E-2 service as [a bail commissioner] an~~  
6 ~~arraignment court magistrate shall be 1.5.~~

7 \* \* \*

8 ~~(e) Ineligibility for active membership and classes of~~  
9 ~~service. An individual who is an elected officer or who is a~~  
10 ~~State employee on January 1, 2016, but is not a member of the~~  
11 ~~system or who first becomes a State employee on or after January~~  
12 ~~1, 2016, shall be ineligible for active membership in the system~~  
13 ~~other than as a member of Class CB if a participant in the plan,~~  
14 ~~or the several classes of State service other than for service~~  
15 ~~performed as a DC plan exempt employee as otherwise provided for~~  
16 ~~under this section. Any such State employee, if eligible, may be~~  
17 ~~a participant in the plan and a member of Class CB as a result~~  
18 ~~of such State service.~~

19 ~~Section 410. Sections 5306.1(c), 5306.2(b) and 5306.3(c) and~~  
20 ~~(d) of Title 71 are amended to read:~~

21 ~~§ 5306.1. Election to become a Class AA member.~~

22 \* \* \*

23 ~~(c) Effect of election. An election to become a Class AA~~  
24 ~~member shall become effective the later of July 1, 2001, or the~~  
25 ~~date when the election is filed with the board and shall remain~~  
26 ~~in effect until the termination of employment or becoming a~~  
27 ~~participant in the plan. Upon termination and a subsequent~~  
28 ~~reemployment that occurs before January 1, 2016, the member's~~  
29 ~~class of service shall be credited in the class of service~~  
30 ~~otherwise provided for in this part. If the reemployment occurs~~

~~on or after January 1, 2016, the State employee's eligibility for membership in the system or participation in the plan shall be as provided in this part.~~

~~\* \* \*~~

~~§ 5306.2. Elections by members of the General Assembly.~~

~~\* \* \*~~

~~(b) Effect of election. Membership as a Class D 4 member shall become effective on July 1, 2001, and shall remain in effect until the termination of service as a member of the General Assembly or becoming a participant in the plan. Upon termination and a subsequent reemployment that occurs before January 1, 2016, the member's class of service shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after January 1, 2016, the State employee's eligibility for membership in the system or participation in the plan shall be as provided in this part.~~

~~\* \* \*~~

~~§ 5306.3. Election to become a Class A 4 member.~~

~~\* \* \*~~

~~(c) Effect of election. An election to become a Class A 4 member shall be irrevocable and shall become effective on the effective date of membership in the system and shall remain in effect for all future [creditable] State service creditable in the system, other than service performed as a member of the judiciary, but shall not apply to service performed after December 31, 2015, as an elected officer. Payment of regular member contributions for Class A 4 State service performed prior to the election of Class A 4 membership shall be made in a form, manner and time determined by the board. Upon termination of State service and a subsequent reemployment, a member who~~

~~elected Class A 4 membership shall be credited as a Class A 4 member for creditable State service performed after reemployment unless the reemployment is as an elected officer and, except as a member of the judiciary, regardless of termination of employment, termination of membership by withdrawal of accumulated deductions or status as an annuitant, vestee or inactive member after the termination of service.~~

~~(d) Effect of failure to make election. Failure to elect to become a Class A 4 member within the election period set forth in subsection (b) shall result in all of the member's State service, other than service performed as a member of the judiciary, being credited as Class A 3 service, unless the State employee is required to be a participant in the plan, and not subject to further election or crediting as Class A 4 service. Upon termination and subsequent employment, a member who failed to elect to become a Class A 4 member shall not be eligible to make another election to become a Class A 4 member for either past or future State service.~~

~~Section 411. Title 71 is amended by adding sections to read:~~  
~~§ 5306.4. (Reserved).~~

~~§ 5306.5. Election to become a member of Class CB.~~

~~(a) General rule. An active member or an inactive member on leave without pay in any class of service other than solely a member of Class CB may elect to become a member of Class CB in addition to being a member of their current class of service.~~

~~(b) Time for making election. The election to become a member of Class CB must be made by the member filing written notice with the board in a form and manner determined by the board during periodic enrollment periods established by the board after the effective date of this section.~~

~~(c) Effect of election. An election under this section shall be revocable by the member during periodic enrollment periods established by the board after the effective date of this section. The Class CB class of service multiplier to determine cash balance member contributions for a State employee who makes an election under this section shall be 0.6 unless a lower class of service multiplier is elected by the member for their Class CB service. An election to become a Class CB member and the class of service multiplier elected shall be effective for all service as an active member after the effective date of such election and shall remain effective until the election is revoked or modified by the member during any subsequent enrollment period.~~

~~Section 412. Sections 5307, 5308, 5308.1 introductory paragraph and (1), 5309, 5309.1 and 5311 of Title 71 are amended to read:~~

~~§ 5307. Eligibility points.~~

~~(a) General rule. An active member of the system shall accrue one eligibility point for each year of credited service as a member of the [State or] system and if a multiple service member as a member of the Public School Employees' Retirement System. A member shall accrue an additional two thirds of an eligibility point for each year of Class D 3 credited service. In the case of a fractional part of a year of credited service, a member shall accrue the corresponding fractional portion of eligibility points to which the class of service entitles him.~~

~~(a.1) USERRA leave. A member of the system or participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall be granted the eligibility points that he would have accrued had he continued in his State~~

~~office or employment instead of performing USERRA leave. In the event that a State employee who is reemployed from USERRA leave makes the member contributions or mandatory participant contributions to be granted State service credit for the USERRA leave, no additional eligibility points will be granted.~~

~~(b) Transitional rule.—~~

~~(1) In determining whether a member who is not a State employee or school employee on June 30, 2001, and July 1, 2001, and who has previous State service (except a disability annuitant who returns to State service after June 30, 2001, upon termination of the disability annuity) has the five eligibility points required by sections 5102 (relating to definitions), 5308(b) (relating to eligibility for annuities), 5309 (relating to eligibility for vesting), 5704(b) (relating to disability annuities) and 5705(a) (relating to member's options), only eligibility points earned by performing credited State service as an active member of the system, USERRA leave or credited school service as an active member of the Public School Employees' Retirement System after June 30, 2001, shall be counted until such member earns one eligibility point by performing credited State service or credited school service after June 30, 2001, at which time all eligibility points as determined pursuant to subsection (a) shall be counted.~~

~~(2) Any member to whom paragraph (1) applies shall be considered to have satisfied any requirement for five eligibility points contained in this part if the member:~~

~~(i) has ten or more eligibility points as determined pursuant to subsection (a); or~~

~~(ii) has Class G, Class H, Class I, Class J, Class~~



1 ~~L, Class M or Class N service and has eight or more~~  
2 ~~eligibility points as determined pursuant to subsection~~  
3 ~~(a).~~

4 ~~(c) Class CB concurrent service. An active member who is~~  
5 ~~earning Class CB service concurrently with service in another~~  
6 ~~class of service shall receive service credit and eligibility~~  
7 ~~points only for the other class of service. No additional~~  
8 ~~service credit or eligibility points will be earned for the~~  
9 ~~concurrent Class CB service.~~

10 ~~§ 5308. Eligibility for annuities.~~

11 ~~(a) Superannuation annuity. Attainment of superannuation~~  
12 ~~age by an active member [or] L an inactive member on leave~~  
13 ~~without pay or combined service employee who is an active~~  
14 ~~participant or inactive participant on leave without pay with~~  
15 ~~three or more eligibility points other than eligibility points~~  
16 ~~resulting from nonstate service or nonschool service shall~~  
17 ~~entitle him to receive a superannuation annuity upon termination~~  
18 ~~of State service and compliance with section 5907(f) (relating~~  
19 ~~to rights and duties of State employees [and] L members and~~  
20 ~~participants).~~

21 ~~(b) Withdrawal annuity.—~~

22 ~~(1) Any vestee or any active member [or] L inactive~~  
23 ~~member on leave without pay or combined service employee who~~  
24 ~~is an active participant or inactive participant on leave~~  
25 ~~without pay who terminates State service having five or more~~  
26 ~~eligibility points and who does not have Class A 3 or Class~~  
27 ~~A 4 service credit or, if a multiple service member, Class T~~  
28 ~~E or Class T F service credit in the Public School Employees'~~  
29 ~~Retirement System, or who has Class G, Class H, Class I,~~  
30 ~~Class J, Class K, Class L, Class M or Class N service and~~

1 ~~terminates State service having five or more eligibility~~  
2 ~~points, upon compliance with section 5907(f), (g) or (h)~~  
3 ~~shall be entitled to receive an annuity.~~

4 ~~(2) Any vestee, active member [or] inactive member on~~  
5 ~~leave without pay or combined service employee who is an~~  
6 ~~active participant or inactive participant on leave without~~  
7 ~~pay who has Class A 3 or Class A 4 service credit or, if a~~  
8 ~~multiple service member, Class T-E or Class T-F service~~  
9 ~~credit in the Public School Employees' Retirement System who~~  
10 ~~terminates State service having ten or more eligibility~~  
11 ~~points, upon compliance with section 5907(f), (g) or (h),~~  
12 ~~shall be entitled to receive an annuity.~~

13 ~~(3) Any vestee, active member [or] inactive member on~~  
14 ~~leave without pay or combined service employee who is an~~  
15 ~~active participant or inactive participant on leave without~~  
16 ~~pay who has either Class A 3 or Class A 4 service credit or, if~~  
17 ~~a multiple service member, Class T-E or Class T-F service~~  
18 ~~credit in the Public School Employees' Retirement System and~~  
19 ~~also has service credited in the system in one or more other~~  
20 ~~classes of service who has five or more, but fewer than ten,~~  
21 ~~eligibility points, upon compliance with section 5907(f), (g)~~  
22 ~~or (h), shall be eligible to receive an annuity calculated on~~  
23 ~~his service credited in classes of service other than Class~~  
24 ~~A 3 or Class A 4, provided that the member has five or more~~  
25 ~~eligibility points resulting from service in classes other~~  
26 ~~than Class A 3 or Class A 4 or Class T-E or Class T-F service~~  
27 ~~in the Public School Employees' Retirement System.~~

28 ~~(c) Disability annuity. An active member or inactive member~~  
29 ~~on leave without pay who has five or more eligibility points~~  
30 ~~other than eligibility points resulting from membership in the~~

~~Public School Employees' Retirement System or any active member or inactive member on leave without pay who is an officer of the Pennsylvania State Police or an enforcement officer shall, upon compliance with section 5907(k), be entitled to a disability annuity if he becomes mentally or physically incapable of continuing to perform the duties for which he is employed and qualifies in accordance with the provisions of section 5905(c) (1) (relating to duties of the board regarding applications and elections of members and participants) [.] ; provided, that no disability annuity shall be paid to a combined service employee who is an active participant.~~

~~(d) Eligibility of employees with Class CB service for annuities and benefits. Subject to the limitation on eligibility points for a member who is performing concurrent service in Class CB and in another class of service under section 5307 (relating to eligibility points), eligibility points earned as a result of credited service in Class CB shall be included in determining if a member who has Class CB service credit and service credit in one or more other classes of service is eligible for an annuity under this section or eligibility for other rights and benefits under this part, unless provided otherwise. Eligibility points earned by a multiple service member as a result of Class T I credited service in the Public School Employees' Retirement System similarly shall be included if eligibility points for school service in the Public School Employees' Retirement System are used to determine eligibility. Nothing in this subsection amends or waives any other requirement to be eligible for an annuity or other benefit. Upon termination of State service and compliance with section 5907(f) a member with Class CB service credit is~~

~~eligible for an annuity as calculated under section 5702(a)(7) (relating to maximum single life annuity).~~

~~(c) Required beginning date. Members eligible for an annuity must commence receiving the annuity by the member's required beginning date.~~

~~§ 5308.1. Eligibility for special early retirement.~~

~~Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be applicable to specified eligible members [as follows]:~~

~~(1) During the period of July 1, 1985, to September 30, 1991, an active member who has attained the age of at least 53 years and has accrued at least 30 eligibility points shall be entitled, upon termination of State service and compliance with section 5907(f) (relating to rights and duties of State employees [and] members and participants), to receive a maximum single life annuity calculated under section 5702 (relating to maximum single life annuity) without a reduction by virtue of an effective date of retirement which is under the superannuation age.~~

~~\* \* \*~~

~~§ 5309. Eligibility for vesting.~~

~~Any member who:~~

~~(1) Does not have Class A 3 [or] Class A 4 or Class CB service credit or, if a multiple service member, Class T-E or Class T-F service credit in the Public School Employees' Retirement System and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, with five or more eligibility points, or any member with Class G, Class H, Class I, Class J, Class K, Class L,~~

~~Class M or Class N service with five or more eligibility points, shall be eligible until [attainment of superannuation age] required beginning date to vest his retirement benefits.~~

~~(2) Has only Class A 3 or Class A 4 service credit [or] and, if a multiple service member, only Class T E or Class T F service credit in the Public School Employees' Retirement System and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, with ten or more eligibility points shall be eligible until [attainment of superannuation age] his required beginning date to vest his retirement benefits.~~

~~(3) Has either Class A 3 or Class A 4 service credit [or] and, if a multiple service member, Class T E or Class T F service credit in the Public School Employees' Retirement System, also has service credited in the system in one or more other classes of service other than Class CB and has five or more, but fewer than ten, eligibility points and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, shall be eligible until [the attainment of superannuation age] his required beginning date to vest his retirement benefits calculated on his service credited in classes of service other than Class A 3 or Class A 4 and to be credited with statutory interest on total accumulated deductions, regardless of whether or not any part of his accumulated deductions are a result of Class A 3 or Class A 4 service credit.~~

~~(4) Has only Class CB service credit and terminates State service shall be eligible to vest his retirement~~

~~benefits based on Class CB service except that a member who has a small cash balance account subject to distribution as provided in section 5709(d) (relating to payment of benefits) shall not be permitted to vest until his required beginning date unless otherwise required under the IRC.~~

~~(5) Has Class CB service credit and service credited in one or more other classes or service and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, shall be eligible to vest his retirement benefits based on Class CB service and, if he has five or more eligibility points, to vest his retirement benefits on all other classes of service other than Class A 3 or Class A 4 until the attainment of the applicable superannuation age and if he has 10 or more eligibility points to vest his retirement benefits on all classes of service until superannuation age. Any such member shall be credited with statutory interest on his total accumulated deductions and treasury bond interest, but not excess interest on his total cash balance accumulated deductions until the effective date of retirement.~~

~~(6) A member with more than one class of credited service who vests his retirement benefits in any class of service may not receive distributions from other classes of service until his effective date of retirement, regardless of whether his benefits resulting from such other classes of service are vested or he is eligible to receive an annuity. A member with service credited in more than one class of service may not separately vest those benefits and receive annuities from different classes of service with different~~

~~effective dates.~~

~~§ 5309.1. Eligibility for special vesting.~~

~~Any employee of The Pennsylvania State University who is a member of the system with five or more but less than ten eligibility points and who has a date of termination of service from The Pennsylvania State University of June 30, 1997, because of the transfer of his job position or duties to a controlled organization of the Penn State Geisinger Health System or because of the elimination of his job position or duties due to the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System shall be eligible until the attainment of superannuation age or his required beginning date to vest his retirement benefits according to the terms and conditions of this part.~~

~~§ 5311. Eligibility for refunds.~~

~~(a) Total accumulated deductions. Any active member, regardless of eligibility for benefits, may elect to receive his total accumulated deductions and his cash balance member accumulated deductions by the required beginning date upon termination of service in lieu of any benefit from the system to which he is entitled.~~

~~(b) Social security integration accumulated deductions. Any active member at any time may elect to receive his social security integration accumulated deductions and thereby to have all his social security integration credits and benefits therefor cancelled, and shall not be entitled to accrue any further social security integration credits or benefits; except that a disability annuitant who returns to State service in a class of service other than Class CB shall have the right to reinstate his social security integration accumulated deductions~~

~~and credits therefor.~~

~~Section 413. Title 71 is amended by adding a chapter to read:~~

~~CHAPTER 54~~

~~STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN~~

~~Sec.~~

~~5401. Establishment.~~

~~5402. Plan document.~~

~~5403. Individual investment accounts.~~

~~5404. Participant contributions.~~

~~5405. Mandatory pickup participant contributions.~~

~~5406. Employer defined contributions.~~

~~5407. Eligibility for benefits.~~

~~5408. Death benefits.~~

~~5409. Vesting.~~

~~5410. Termination of distributions.~~

~~5411. Agreements with financial institutions and other organizations.~~

~~5412. Powers and duties of board.~~

~~5413. Responsibility for investment loss.~~

~~5414. Investments based on participants' investment allocation choices.~~

~~5415. Expenses.~~

~~5416. Participation in the plan by members of Class A 3 or Class A 4.~~

~~5417. Tax qualification.~~

~~§ 5401. Establishment.~~

~~(a) State Employees' Defined Contribution Plan. The State Employees' Defined Contribution Plan is established. The board shall administer and manage the plan which shall be a defined~~



~~contribution plan exclusively for the benefit of those State employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the plan not inconsistent with this part, the IRC or other applicable law and shall provide for the plan's administration.~~

~~(b) State Employees' Defined Contribution Trust. The State Employees' Defined Contribution Trust is established as part of the plan. The trust shall be comprised of the individual investment accounts and all assets and money in those accounts. The members of the board shall be the trustees of the trust, which shall be administered exclusively for the benefit of those State employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the trust not inconsistent with this part, IRC or other applicable law and shall provide for the investment and administration of the trust.~~

~~(c) Assets held in trust. All assets and income in the plan that have been or shall be withheld or contributed by the participants, the Commonwealth and other employers in accordance with this part shall be held in trust in any funding vehicle permitted by the applicable provisions of the IRC for the exclusive benefit of the participants and their beneficiaries until such time as the funds are distributed to the participants or their beneficiaries in accordance with the terms of the plan document. The assets of the plan held in trust for the exclusive benefit of the participants and their beneficiaries may be used for the payment of the fees, costs and expenses related to the administration and investment of the plan and the trust.~~

~~(d) Name for transacting business. All of the business of the plan shall be transacted, the trust invested, all requisitions for money drawn and payments made and all of its cash and securities and other property shall be held by the name of the "State Employees' Defined Contribution Plan."~~

~~Notwithstanding any other law to the contrary, the board may establish a nominee registration procedure for the purpose of registering securities in order to facilitate the purchase, sale or other disposition of securities under the provisions of this part.~~

~~§ 5402. Plan document.~~

~~The board shall set forth the terms and provisions of the plan and trust in a document containing the terms and conditions of the plan and in a trust declaration that shall be published in the Pennsylvania Bulletin. The creation of the document containing the terms and conditions of the plan and the trust declaration and the establishment of the terms and provisions of the plan and the trust need not be promulgated by regulation or formal rulemaking and shall not be subject to the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law. A reference in this part or other law to the plan shall include the plan document unless the context clearly indicates otherwise.~~

~~§ 5403. Individual investment accounts.~~

~~The board shall establish in the trust an individual investment account for each participant in the plan. All contributions by a participant or an employer for or on behalf of a participant shall be credited to the participant's individual investment account, together with all interest and investment earnings and losses. Investment and administrative~~

~~fees, costs and expenses shall be charged to the participants' individual investment accounts. Employer defined contributions shall be recorded and accounted for separately from participant contributions, but all interest, investment earnings and losses, and investment and administrative fees, costs and expenses shall be allocated proportionately.~~

~~§ 5404. Participant contributions.~~

~~(a) Mandatory contributions. A participant shall make mandatory participant contributions through payroll deductions to the participant's individual investment account equal to 3.00% of compensation for current State service. The employer shall cause those contributions for current service to be made and deducted from each payroll or on such schedule as established by the board.~~

~~(b) Voluntary contributions. A participant may make voluntary contributions through payroll deductions or through direct trustee to trustee transfers or through transfers of money received in an eligible rollover into the trust to the extent allowed by IRC § 402. The rollovers shall be made in a form and manner as determined by the board, shall be credited to the participant's individual investment account and shall be separately accounted for by the board.~~

~~(c) Prohibited contributions. No contributions may be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any participant contributions in excess of the limitations and investment earnings on those contributions shall be refunded to the participant by the board.~~

~~§ 5405. Mandatory pickup participant contributions.~~

~~(a) Treatment for purposes of IRC § 414(h). The contributions to the trust required to be made under section 5404 (relating to participant contributions) with respect to current State service rendered by an active participant shall be picked up by the employer and shall be treated as the employer's contribution for purposes of IRC § 414(h). An employer employing a participant in the plan shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.~~

~~(b) Treatment for other purposes. For all other purposes under this part and otherwise, such mandatory pickup participant contributions shall be treated as contributions made by a participant in the same manner and to the same extent as if the contributions were made directly by the participant and not picked up.~~

~~§ 5406. Employer defined contributions.~~

~~(a) Contributions for current service. The Commonwealth or other employer of an active participant shall make employer defined contributions for current service of an active participant that shall be credited to the active participant's individual investment account. Employer defined contributions shall be recorded and accounted for separately from participant contributions.~~

~~(b) Contributions resulting from participants reemployed from USERRA leave. When a State employee reemployed from USERRA leave makes the mandatory participant contributions permitted to be made for the USERRA leave, the Commonwealth or other employer by whom the State employee is employed at the time the participant contributions are made shall make whatever defined contributions would have been made under this section had the~~

~~employee making the participant contributions continued to be employed in the participant's State office or position instead of performing USERRA leave. The employer defined contributions shall be placed in the participant's individual investment account as otherwise provided by this part.~~

~~(c) Limitations on contributions. No contributions may be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any employer defined contributions in excess of the limitations and investment earnings on the contributions shall be refunded to the employer by the board.~~

~~§ 5407. Eligibility for benefits.~~

~~(a) Termination of service. A participant who terminates State service shall be eligible to withdraw the vested accumulated total defined contributions standing to the participant's credit in the participant's individual investment account or a lesser amount as the participant may request. Payment shall be made in a lump sum unless the board has established other forms of distribution in the plan document, subject to the provisions of subsection (g). A participant who withdraws his vested accumulated total defined contributions shall no longer be a participant in the plan, notwithstanding that the former State employee may continue to be a member of the system or may have contracted to receive an annuity or other form of payment from a provider retained by the board for such purposes.~~

~~(b) Required distributions. All payments under this section shall start and be made in compliance with the minimum~~

~~distribution requirements and incidental death benefit rules of IRC § 401(a)(9). The board shall take any action and make any distributions it may determine are necessary to comply with those requirements.~~

~~(c) (Reserved).~~

~~(d) Prohibited distributions. A State employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution.~~

~~(e) Loans. Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to State employees who have not terminated State service are not permitted, except as required by law.~~

~~(f) Small individual investment accounts.~~

~~(1) A participant who terminates State service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of termination of service may be paid the vested accumulated total defined contributions in a lump sum as provided in IRC § 401(a)(31).~~

~~(2) The board may also provide in the plan document that, notwithstanding subsection (g), a participant whose vested accumulated employer defined contributions are below the thresholds established by the board may receive those distributions without the obligation to purchase an annuity. The threshold may be established as a dollar amount, an annuity amount, in some other form individually or in combination as the board determines.~~

~~(g) Requirement to purchase annuity. Except as prohibited by the IRC or as otherwise provided in this part, a participant who is eligible and elects to receive a distribution of vested~~

~~accumulated employer defined contributions shall be required to purchase an annuity with that distribution from an annuity provider contracted by the board under section 5409(c) (relating to death benefits) and under such conditions as provided in the plan document. The conditions may include that the board is authorized to make the distribution directly to the annuity provider.~~

~~§ 5408. Death benefits.~~

~~(a) General rule.—In the event of the death of an active participant or inactive participant, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document.~~

~~(b) Death of participant receiving distributions.—In the event of the death of a participant receiving distributions, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document or, if the board has established alternative methods of distribution in the plan document under which the participant was receiving distributions, to the participant's beneficiary or successor payee, as the case may be, as provided in the plan document.~~

~~(c) Contracts.—The board may contract with financial institutions, insurance companies or other types of third party providers to allow participants who receive a lump sum distribution to receive payments and death benefits in a form and manner as provided by the contract.~~

~~§ 5409. Vesting.~~

~~(a) Participant and voluntary contributions. Subject to the forfeiture and attachment provisions of section 5953 (relating to taxation, attachment and assignment of funds) or otherwise as provided by law, a participant shall be immediately vested with respect to all mandatory participant contributions and voluntary contributions paid by or on behalf of the participant to the trust in addition to interest and investment gains or losses on the participant contributions but not including investment fees and administrative charges.~~

~~(b) Employer defined contributions.~~

~~(1) Subject to the forfeiture and attachment provisions of section 5953 or otherwise as provided by law, a participant shall be vested with respect to all employer defined contributions paid to the participant's individual investment account in the trust in addition to interest and investment gains and losses on the employer defined contributions but not including investment fees and administrative charges according to the following schedule:~~

~~(i) Until such time as a participant has earned two eligibility points as a member of the system, 0%.~~

~~(ii) Upon the attainment of two eligibility points as a member of the system, 50%.~~

~~(iii) Upon the attainment of three eligibility points as a member of the system, 75%.~~

~~(iv) At and after the attainment of four eligibility points as a member of the system, 100%.~~

~~(2) For purposes of this subsection, all eligibility points credited to a member of the system in any class of service shall be used for determining vested status in the plan even if the employee was not a participant in the plan~~



~~at the time the eligibility points were earned.~~

~~(3) Nonvested employer defined contributions and the interest and investment gains and losses on the nonvested employer defined contributions that are forfeited when a participant terminates State service before accruing four eligibility points are credited to the participant's most recent employer's future obligation assessed under section 5509 (relating to appropriations and assessments by the Commonwealth).~~

~~(c) USERRA leave and eligibility points. A participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive eligibility points under this section for the State service that would have been performed had the member not performed USERRA leave.~~

~~§ 5410. Termination of distributions.~~

~~(a) Return to State service.~~

~~(1) A participant receiving distributions or an inactive participant who returns to State service shall cease receiving distributions and shall not be eligible to receive distributions until the participant subsequently terminates State service, without regard to whether the participant is a mandatory, optional or prohibited member of the system or participant in the plan.~~

~~(2) This subsection shall not apply to a distribution of accumulated employer defined contributions or other distributions that the participant has received and used to purchase an annuity from a provider contracted by the board.~~

~~(b) Return of benefits paid during USERRA leave.~~

~~(1) If a former State employee is reemployed from USERRA leave and received any payments or annuity from the plan~~

~~during the USERRA leave, the employee shall return to the board the amount so received plus interest as provided in the plan document.~~

~~(2) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active participant may be amortized with interest as provided in the plan document through salary deductions to the trust in amounts agreed upon by the active participant and the board, but for not longer than a period that starts with the date of reemployment and continues for up to three times the length of the active participant's immediate past period of USERRA leave. The repayment period shall not exceed five years.~~

~~§ 5411. Agreements with financial institutions and other organizations.~~

~~(a) Written agreement. To establish and administer the plan, the board shall enter into a written agreement with one or more financial institutions or other organizations to administer the plan and the investment of funds held under the plan. The administrator shall be selected in accordance with the following:~~

~~(1) The board shall solicit proposals from financial institutions and other organizations.~~

~~(2) The board shall publish the solicitation in the Pennsylvania Bulletin.~~

~~(3) Proposals received shall be evaluated based on specific criteria adopted by the board. The criteria shall include experience, customer service history and other criteria.~~

~~(b) Rebid. A contract to administer the plan under subsection (a) shall be rebid at least once every ten years. § 5412. Powers and duties of board.~~

~~The board shall have the following powers and duties to establish the plan and trust and administer the provisions of this chapter and part:~~

~~(1) The board may commingle or pool assets with the assets of other persons or entities.~~

~~(2) The board shall pay all administrative fees, costs and expenses of managing, investing and administering the plan, the trust and the individual investment accounts from the balance of such individual investment accounts except as otherwise provided in this part or as the General Assembly otherwise provides by appropriations from the General Fund.~~

~~(3) The board may establish investment guidelines and limits on the types of investments that participants may make, consistent with the board's fiduciary obligations.~~

~~(4) The board shall have the power to change the terms of the plan as may be necessary to maintain the tax qualified status of the plan.~~

~~(5) The board may establish a process for election to participate in the plan by those State employees eligible to do so for whom participation is not mandatory.~~

~~(6) The board may perform an annual or more frequent review of any qualified fund manager for the purpose of assuring that the fund manager continues to meet all standards and criteria established.~~

~~(7) The board may allow for eligible rollovers and direct trustee to trustee transfers into the trust from qualified plans of other employers, regardless of whether the~~

~~employers are a private employer or a public employer.~~

~~(8) The board may allow an inactive participant to maintain the participant's individual investment account within the plan.~~

~~(9) The board shall administer or ensure the administration of the plan in compliance with the qualifications and other rules of the IRC.~~

~~(10) The board may establish procedures to provide for the lawful payment of benefits.~~

~~(11) The board shall determine what constitutes a termination of State service.~~

~~(12) The board may establish procedures for distributions of small accounts as required or permitted by the IRC.~~

~~(13) The board may establish procedures in the plan document or to promulgate rules and regulations as it deems necessary for the administration and management of the plan, including, but not limited to, establishing:~~

~~(i) Procedures for eligible participants to change voluntary contribution amounts or their investment choices on a periodic basis or make other elections regarding their participation in the plan.~~

~~(ii) Procedures for deducting mandatory participant contributions and voluntary contributions from a participant's compensation.~~

~~(iii) Procedures for rollovers and trustee to trustee transfers allowed under the IRC and permitted as part of the plan.~~

~~(iv) Standards and criteria for providing not less than 10 options in accordance with three or more~~

~~providers of investment options to eligible individuals regarding investments of amounts deferred under the plan. The standards and criteria must provide for a variety of investment options and shall be reviewed in accordance with criteria established by the board. One of the available options must serve as the default option for participants who do not make a timely election and, to the extent commercially available, one option must have an annuity.~~

~~(v) Standards and criteria for disclosing to the participants the anticipated and actual income attributable to amounts invested, property rights and all fees, costs and expenses to be made against amounts deferred to cover the fees, costs and expenses of administering and managing the plan or trust.~~

~~(vi) Procedures, standards and criteria for the making of distributions from the plan upon termination from employment or death or in other circumstances consistent with the purpose of the plan.~~

~~(14) The board may waive any reporting or information requirement contained in this part if the board determines that the information is not needed for the administration of the plan.~~

~~(15) The board may contract any services and duties in lieu of staff, except final adjudications and as prohibited by law. Any duties or responsibilities of the board not required by law to be performed by the board can be delegated to a third party provider subject to appeal to the board.~~

~~(16) The board may provide that any duties of the employer or information provided by the participant to the~~

~~employer be performed or received directly by the board.~~

~~(17) The board shall ensure that participants are provided with educational materials about investment options and choices.~~

~~§ 5413. Responsibility for investment loss.~~

~~The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan.~~

~~§ 5414. Investments based on participant's investment allocation choices.~~

~~(a) Investment by participant. All contributions, interest and investment earnings shall be invested based on a participant's investment allocation choices. All investment allocation choices shall be credited proportionally between participant contributions and employer defined contributions. Each participant shall be credited individually with the amount of contributions, interest and investment earnings.~~

~~(b) Investment of contributions made by entities other than the Commonwealth. Investment of contributions by any corporation, institution, insurance company, custodial bank or other entity that the board has approved shall not be unreasonably delayed and in no case may the investment of contributions be delayed more than 30 days from the date of payroll deduction or the date voluntary contributions are made to the date that funds are invested. Any interest earned on the funds pending investment shall be allocated to the Commonwealth and credited to the individual investment accounts of~~

~~participants who are then participating in the plan unless  
notwithstanding sections 5412(2) (relating to powers and duties  
of board), 5415 (relating to expenses) and 5902(c) (relating to  
administrative duties of the board), the interest is used to  
defray administrative costs and fees that would otherwise be  
required to be borne by participants who are then participating  
in the plan.~~

~~§ 5415. Expenses.~~

~~All fees, costs and expenses of administering the plan and  
the trust and investing the assets of the trust shall be borne  
by the participants and paid from assessments against the  
balances of the individual investment accounts as established by  
the board, except that for fiscal years ending before July 1,  
2016, the fees, costs and expenses of establishing and  
administering the plan and the trust shall be paid by the  
Commonwealth through annual appropriations from the General  
Fund, made on the basis of estimates from the board.~~

~~§ 5416. Participation in the plan by members of Class A-3 or  
Class A-4.~~

~~(a) General rule. For any calendar year in which the  
compensation of a member of Class A-3 or Class A-4 exceeds the  
Class A-3 and Class A-4 compensation limit, the member shall  
cease making contributions to the fund and, unless the plan  
provides otherwise, shall become an active participant of the  
plan and a member of Class CB unless the member elects not to be  
a participant in the plan and a member of Class CB.~~

~~(b) Time for making the election. An eligible member of  
Class A-3 or Class A-4 may elect not to become a participant in  
the plan and a member of Class CB by filing a written notice  
with the board in a form and manner determined by the board~~

~~during periodic election periods established by the board or the plan after the effective date of this section.~~

~~(c) Effect of election. An election not to become a participant and a member of Class CB shall be effective until the end of the calendar year for which the election is made, unless the plan provides otherwise. The effective date of active participation in the plan shall be as established in the plan. A state employee who does not elect out of participation in the plan and membership in Class CB shall make mandatory participant contributions to the plan, and unless the State employee elects otherwise, will make voluntary contributions of 3.25%, if a Class A 3 member, or voluntary contributions of 6.3%, if a Class A 4 member. The Class CB class of service multiplier to determine cash balance member contributions for a member of Class CB who elects to be a participant in the plan shall be 0.6 while an active participant of the plan. A State employee cannot elect to not be an active participant and remain an active member of Class CB and cannot elect to not be an active member of Class CB while remaining an active participant in the plan.~~

~~§ 5417. Tax qualification.~~

~~(a) Required distributions. All payments under this chapter shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a).~~

~~(b) Limitations. The following shall apply:~~

~~(1) (i) Except as provided under subparagraph (ii) and notwithstanding a provision of this part, a contribution or benefit related to the plan may not exceed any limitation under IRC § 415 with respect to governmental plans which is in effect on the date the contribution or~~



~~benefit payment takes effect.~~

~~(ii) An increase in a limitation under IRC § 415 shall apply to all participants on and after the effective date of this section.~~

~~(iii) For the purposes of this paragraph, the term "government plans" shall have the same meaning as the term has in IRC § 414(d).~~

~~(2) (i) Except as provided under subparagraph (ii), an amendment of this part on or after the effective date of this section that increases contributions or benefits for active participants, inactive participants or participants receiving distributions shall not be deemed to provide for a contribution or benefit in excess of any limitation, adjusted on or after the effective date of this section, under IRC § 415 unless specifically provided by legislation.~~

~~(ii) Notwithstanding subparagraph (i), an increase in benefits on or after the effective date of this section for a participant in the plan shall be authorized and apply to the fullest extent allowed by law.~~

~~Section 414. Sections 5501 and 5501.1 of Title 71 are amended to read:~~

~~§ 5501. Regular member contributions and cash balance member contributions for current service.~~

~~Regular member contributions or cash balance member contributions shall be made to the fund on behalf of each active member for current service except for any period of current service in which the making of such contributions has ceased solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration~~

~~member contributions) or any provision of this part relating to the limitations under IRC § 401(a)(17) or [415(b)] 415 or limitations on contributions to the system applicable to a Class A 3 member or Class A 4 member.~~

~~§ 5501.1. Shared risk member contributions [for Class A 3 and Class A 4 service] and shared gain adjustments to regular member contributions for Class A 3 and Class A 4 service.~~

~~(a) General. Shared risk member contributions shall be made to the fund on behalf of each member of Class A 3 or Class A 4 for current service credited as Class A 3 or Class A 4 as provided under this section, except for any period of current service in which the making of the contributions has ceased solely by reason of any provision of this part relating to the limitations under IRC § 401(a)(17) or 415. Shared risk member contributions shall be credited to the members' savings account. A shared gain adjustment to regular member contributions for Class A 3 and Class A 4 service shall be made as provided under this section.~~

~~(b) Determination of shared risk contribution rate.~~

~~(1) For the period from the effective date of this section until June 30, 2014, the shared risk contribution rate for Class A 3 and Class A 4 service shall be zero.~~

~~\* \* \*~~

~~(7) For any fiscal year in which the actual contributions by the Commonwealth or an employer are lower than those required to be made under section 5507(d) (relating to contributions to the system by the Commonwealth and other employers), the prospective shared risk contribution rate for those employees whose employers are not~~

1 making the contributions required by section 5507(d) shall be  
2 zero and shall not subsequently be increased, except as  
3 otherwise provided in this section.

4 \* \* \*

5 ~~(c) Determination of shared gain adjustment to regular~~  
6 ~~member contributions for Class A 3 or Class A 4 service. The~~  
7 ~~regular member contributions for Class A 3 or Class A 4 service~~  
8 ~~shall be determined as follows:~~

9 ~~(1) For the period from the effective date of this~~  
10 ~~section until June 30, 2017, the regular member contributions~~  
11 ~~for Class A 3 or Class A 4 service shall be determined as~~  
12 ~~otherwise provided in this part.~~

13 ~~(2) For the period from July 1, 2017, to June 30, 2020,~~  
14 ~~if the shared risk contribution rate is zero and annual~~  
15 ~~interest rate adopted by the board for use during the period~~  
16 ~~from January 1, 2011, to December 31, 2016, for the~~  
17 ~~calculation of the normal contribution rate is more than 1%~~  
18 ~~lower than the actual rate of return, net of fees, of the~~  
19 ~~investments of the fund based on market value over the~~  
20 ~~period, then the regular member contribution rate of each~~  
21 ~~member for Class A 3 or Class A 4 service shall be reduced by~~  
22 ~~0.5%. In all other situations, the regular member~~  
23 ~~contributions shall be determined as otherwise provided in~~  
24 ~~this part.~~

25 ~~(3) For each subsequent three year period, the regular~~  
26 ~~member contribution rate shall be decreased by 0.5% if the~~  
27 ~~annual interest rate adopted by the board for use during the~~  
28 ~~previous ten year period for the calculation of the normal~~  
29 ~~contribution rate is more than 1% lower than the actual rate~~  
30 ~~of return, net of fees, of the investments of the fund based~~

~~on market value over the period. The regular member contribution rate shall be increased by 0.5% if the annual interest rate adopted by the board for use during the previous ten year period for the calculation of the normal contribution rate is equal to or greater than the actual rate of return, net of fees, of the investments of the fund based on market value over that period.~~

~~(4) Notwithstanding paragraphs (2) and (3), the regular member contribution rate may not be greater than the product of the basic contribution rate and the class of service multiplier; and the amount of the adjustment to a lower regular member contribution rate may not be greater than the reduction in the actuarially required contribution rate by the experience adjustment factor resulting from investment gains or losses in effect on the first day when the new rate would be applied, expressed as a percentage of member compensation. In no event may the adjustment to the regular member contribution rate be more than 2%. For the determination of the regular member contribution rate to be effective July 1, 2020, the determination period shall be January 1, 2011, through December 31, 2019.~~

~~(5) The shared gain adjustment to the regular member contribution rate and the factors entering into its calculation must be certified by the actuary as part of the annual valuations and the actuarial investigation and evaluation of the system conducted every five years under section 5902(j) (relating to administrative duties of the board).~~

~~(6) If the annual interest rate adopted by the board for the calculation is changed during the period used to~~

~~determine the shared gain adjustment to the regular member contribution rate, the board, with the advice of the actuary, shall determine the applicable rate during the entire period, expressed as an annual rate.~~

~~(d) Calculation of regular member contribution rate. For purposes of this subsection, the regular member contribution rate for each member is the product of the basic contribution rate and the class of service multiplier used to determine the regular member contributions for each member.~~

~~Section 415. Title 71 is amended by adding sections to read: § 5501.3. Contribution savings program for members of Class AA and Class D-4.~~

~~The regular member contributions for Class AA and Class D-4 service of members shall be determined as follows:~~

~~(1) For the period from the effective date of this section until June 30, 2019, the regular member contributions for Class AA and Class D-4 service of members shall be determined as otherwise provided in this part.~~

~~(2) For the period from July 1, 2019, to June 30, 2022, if the annual interest rate adopted by the board for use during the period from January 1, 2016, to December 31, 2019, for the calculation of the normal contribution rate is 1% or more lower than the actual rate of return, net of fees, of the investments of the fund based on market value over the period, then the regular member contribution rate for Class AA and Class D-4 service of members shall be reduced by 0.5% for each percentage point that the annual interest rate is lower than the actual rate of return. For the three fiscal years starting July 1, 2022, and each subsequent period of three fiscal years, the following apply:~~

~~(i) Except as set forth in subparagraph (ii), the regular member contribution rate shall be as otherwise provided in this part.~~

~~(ii) If the annual interest rate adopted by the board for use during the prior three calendar years for the calculation of the normal contribution rate is 1% or more lower than the actual rate of return, net of fees, of the investments of the fund based on market value over the three calendar year period, then the regular member contribution rate for Class AA and Class D-4 service of members shall be reduced by 0.5% for each percentage point that the annual interest rate is lower than the actual rate of return.~~

~~(3) Notwithstanding paragraph (2), the regular member contribution rate may not be greater than the product of the basic contribution rate and the class of service multiplier; and in no event may the amount of the adjustment to the regular member contribution rate be more than 5%.~~

~~(4) The contribution savings program adjustment to the regular member contribution rate and the factors entering into its calculation must be certified by the actuary as part of the annual valuations and the actuarial investigation and evaluation of the system conducted every five years under section 5902(j) (relating to administrative duties of the board).~~

~~(5) If the annual interest rate adopted by the board for the calculation is changed during the period used to determine the contribution savings program adjustment to the regular member contribution rate, the board, with the advice of the actuary, shall determine the applicable rate during~~

~~the entire period, expressed as an annual rate.~~

~~Section 416. Sections 5502.1, 5503.1(a) and 5504 of Title 71  
are amended to read:~~

~~§ 5502.1. Waiver of regular member contributions and Social  
Security integration member contributions.~~

~~(a) General rule. Notwithstanding the provisions of  
sections 5501 (relating to regular member contributions and cash  
balance member contributions for current service) and 5502  
(relating to Social Security integration member contributions),  
no regular member contributions or Social Security integration  
member contributions shall be made by an active member for the  
period from July 1 to the following June 30 if the maximum  
single life annuity to which the member would have been entitled  
to receive had the member retired with an effective date of  
retirement on the preceding January 1 is greater than 110% of  
the highest calendar year compensation of the member, provided  
the member files a written election as prescribed by the board.~~

~~(b) Applicability. This section shall not apply to any  
member who has Class A 3 [or], Class A 4 or Class CB service  
credit.~~

~~§ 5503.1. Pickup contributions.~~

~~(a) Treatment for purposes of IRC § 414(h). All  
contributions to the fund required to be made under sections  
5501 (relating to regular member contributions for current  
service and cash balance member contributions), 5501.1 (relating  
to shared risk member contributions [for Class A 3 and Class A 4  
service] and shared gain adjustments to regular member  
contributions for Class A 3 and Class A 4 service), 5502  
(relating to Social Security integration member contributions),  
5503 (relating to joint coverage member contributions) and~~

~~section 5505.1 (relating to additional member contributions), with respect to current State service rendered by an active member on or after January 1, 1982, shall be picked up by the Commonwealth or other employer and shall be treated as the employer's contribution for purposes of IRC § 414(h).~~

~~\* \* \*~~

~~§ 5504. Member contributions for the purchase of credit for previous State service or to become a full coverage member.~~

~~(a) Amount of contributions for service in other than Class G through N and Class CB.~~

~~(1) The contributions to be paid by an active member or eligible school employee for credit [for] in the system for the portion of total previous State service other than service in Class G, Class H, Class I, Class J, Class K, Class L, Class M and Class N and Class CB that a member is eligible to have credited or to become a full coverage member shall be sufficient to provide an amount equal to the regular and additional accumulated deductions which would have been standing to the credit of the member for such service had regular and additional member contributions been made with full coverage in the class of service and at the rate of contribution applicable during such period of previous service and had his regular and additional accumulated deductions been credited with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member on leave without pay of the Public School Employees' Retirement System up to the date of purchase. A State employee who is an active member of the~~



~~system as a result of concurrently performing service in more than one position or office at the time previously uncredited State service is credited shall elect which position or office is used for the determination of required contributions and crediting and classification of the previously uncredited service.~~

~~(2) Notwithstanding paragraph (1), active members [with] who perform State service credited as Class A 3 [State] service shall make contributions and receive credit for previously uncredited State service as if the previous State service was Class A 3 service, and active members [with] who perform State service credited as Class A 4 [State] service shall make contributions and receive credit as if the previous State service was Class A 4 service, even if it would have been credited as a different class of service had the State employee been a member of the system at the time the service was performed unless it was mandatory that the State employee be an active member of the system and the previous State service is being credited as the result of a mandatory active membership requirement.~~

~~(3) (Reserved).~~

~~(4) Notwithstanding paragraph (1), if a member is purchasing credit for previously uncredited State service that is first credited after December 31, 2015, the regular member contributions shall be calculated without regard to any adjustments that would have been applicable under sections 5501.1(c) (relating to shared risk member contributions and shared gain adjustments to regular member contributions for Class A 3 and Class A 4 service) or 5501.3 (relating to contribution savings program for members of~~

~~Class AA and Class D-4) had regular member contributions been made during such period of previous service.~~

~~(a.1) Converted county service. No contributions shall be required to restore credit for previously credited State service in Class G, Class H, Class I, Class J, Class K, Class L, Class M and Class N. Such service shall be restored upon the commencement of payment of the contributions by an active member of a class of service other than Class CB required to restore credit in the system for all other previous State service other than Class CB service.~~

~~(b) Certification and method of payment. The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School Employees' Retirement System may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or beginning service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to allow. The board may limit the salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board~~

1 ~~the amounts paid.~~

2 ~~Section 417. Section 5505(b), (c), (d) and (i)(4) of Title~~  
3 ~~71 are amended and the section is amended by adding subsections~~  
4 ~~to read:~~

5 ~~§ 5505. Contributions for the purchase of credit for creditable~~  
6 ~~nonstate service.~~

7 ~~\* \* \*~~

8 ~~(b) Nonintervening military service.~~

9 ~~(1) The amount due for the purchase of credit for~~  
10 ~~military service other than intervening military service~~  
11 ~~shall be determined by applying the member's basic~~  
12 ~~contribution rate, the additional contribution rate plus the~~  
13 ~~Commonwealth normal contribution rate for active members at~~  
14 ~~the time of entry, subsequent to such military service, of~~  
15 ~~the member into State service to his average annual rate of~~  
16 ~~compensation over the first three years of such subsequent~~  
17 ~~State service, excluding any compensation for Class A 3~~  
18 ~~service or Class A 4 service in excess of the Class A 3 and~~  
19 ~~Class A 4 compensation limit, and multiplying the result by~~  
20 ~~the number of years and fractional part of a year of~~  
21 ~~creditable nonintervening military service being purchased~~  
22 ~~together with statutory interest during all periods of~~  
23 ~~subsequent State service as an active member or inactive~~  
24 ~~member on leave without pay and school service as an active~~  
25 ~~member or inactive member on leave without pay of the Public~~  
26 ~~School Employees' Retirement System to date of purchase. Upon~~  
27 ~~application for credit for such service, payment shall be~~  
28 ~~made in a lump sum within 30 days or in the case of an active~~  
29 ~~member or eligible school employee who is an active member of~~  
30 ~~the Public School Employees' Retirement System it may be~~

~~amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or beginning service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid. Application may be filed for all such military service credit upon completion of three years of subsequent State service and shall be credited as Class A service.~~

~~(2) Applicants may purchase credit as follows:~~

~~(i) one purchase of the total amount of creditable nonintervening military service; or~~

~~(ii) one purchase per 12 month period of a portion of creditable nonintervening military service.~~

~~The amount of each purchase shall be not less than one year of creditable nonintervening military service.~~

~~(c) Intervening military service. Contributions on account of credit for intervening military service shall be determined by the member's regular contribution rate, shared risk contribution rate, Social Security integration contribution~~

~~rate, the additional contribution rate which shall be applied only to those members who began service on or after the effective date of this amendatory act and compensation at the time of entry of the member into active military service, excluding any compensation for Class A 3 service or Class A 4 service in excess of the Class A 3 and Class A 4 compensation limit, together with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member on leave without pay of the Public School Employees' Retirement System to date of purchase. Upon application for such credit the amount due shall be certified in the case of each member by the board in accordance with methods approved by the actuary, and contributions may be made by:~~

~~(1) regular monthly payments during active military service; or~~

~~(2) a lump sum payment within 30 days of certification; or~~

~~(3) salary deductions to the system in amounts agreed upon by the member or eligible school employee who is an active member of the Public School Employees' Retirement System and the board.~~

~~The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or beginning service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In~~

~~the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed-upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

~~(d) Nonmilitary and nonmagisterial service. Contributions on account of credit for creditable nonstate service other than military and magisterial service by State employees who first become members of the system before January 1, 2011, or before December 1, 2010, as a member of the General Assembly shall be determined by applying the member's basic contribution rate, the additional contribution rate plus the Commonwealth normal contribution rate for active members at the time of entry subsequent to such creditable nonstate service of the member into State service to his compensation at the time of entry into State service as a member of the system and excluding any compensation for Class A-3 service or Class A-4 service in excess of the Class A-3 and Class A-4 compensation limit and multiplying the result by the number of years and fractional part of a year of creditable nonstate service being purchased together with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member on leave without pay of the Public School Employees' Retirement System to the date of purchase. Upon application for credit for such service payment shall be made in a lump sum within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in~~

~~amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service or beginning service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deduction shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

~~\* \* \*~~

~~(i) Purchases of nonstate service credit by State employees who first became members of the system on or after December 1, 2010.~~

~~\* \* \*~~

~~(4) The payment for credit purchased under this subsection shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School Employees' Retirement System may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and interest until the termination of school service~~

~~or State service or beginning service as a participant without concurrently being an active member or inactive member on leave without pay as the board in its sole discretion decides to allow. The board may limit the salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.~~

~~(j) Inapplicability of adjustments. If a member is purchasing creditable nonstate service that is first credited on or after January 1, 2016, the regular member contributions necessary to purchase such credit shall be determined without regard to any adjustments applicable under sections 5501.1(c) (relating to shared risk member contributions and shared gain adjustments to regular member contributions for Class A 3 and Class A 4 service) or 5501.3 (relating to contribution savings program for members of Class AA and Class D 4).~~

~~(k) Calculation of employee contributions after December 31, 2015. If employee contributions for the payment of creditable nonstate service purchased under this subsection are determined all or in part by the Commonwealth normal contribution rate after December 31, 2015, the Commonwealth normal contribution for that purpose shall be the higher of the applicable actual employer normal contribution rate determined under section 5508(b) (relating to actuarial cost method), or the employer normal contribution rate determined as part of the actuarial valuation for December 31, 2014.~~



~~Section 418. Sections 5506 and 5506.1(a) of Title 71 are amended to read:~~

~~§ 5506. Incomplete payments.~~

~~In the event that a member terminates State service or begins service as a participant without concurrently being an active member or inactive member on leave without pay or a multiple service member who is an active member of the Public School Employees' Retirement System terminates school service before the agreed upon payments for credit for previous State service, USERRA leave, creditable nonstate service, social security integration, full coverage membership or return of benefits on account of returning to State service or entering school service and electing multiple service have been completed, the member or multiple service member who is an active member of the Public School Employees' Retirement System shall have the right to pay within 30 days of termination of State service or school service or beginning service as a participant the balance due, including interest, in a lump sum and the annuity shall be calculated including full credit for the previous State service, creditable nonstate service, social security integration, or full coverage membership. In the event a member does not pay the balance due within 30 days of termination of State service or beginning service as a participant or in the event a member dies in State service or within 30 days of termination of State service or beginning service as a participant or in the case of a multiple service member who is an active member of the Public School Employees' Retirement System does not pay the balance due within 30 days of termination of school service or dies in school service or within 30 days of termination of school service and before the agreed upon payments have been completed, the present~~

~~value of the benefit otherwise payable shall be reduced by the balance due, including interest, and the benefit payable shall be calculated as the actuarial equivalent of such reduced present value.~~

~~§ 5506.1. Annual compensation limit under IRC § 401(a)(17).~~

~~(a) General rule. In addition to other applicable limitations set forth in this part, and notwithstanding any provision of this part to the contrary, the annual compensation of each noneligible member and each participant taken into account for benefit purposes under this part shall not exceed the limitation under IRC § 401(a)(17). On and after January 1, 1996, any reference in this part to the limitation under IRC § 401(a)(17) shall mean the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual compensation limit set forth in this subsection. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the commissioner for increases in the cost of living in accordance with IRC § 401(a)(17)(B). The cost of living adjustment in effect for a calendar year applies to any determination period which is a period, not exceeding 12 months, over which compensation is determined, beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12.~~

~~\* \* \*~~

~~Section 419. Title 71 is amended by adding a section to read:~~

~~§ 5506.2. Application of Class A-3 and Class A-4 compensation limit.~~

~~(a) General rule.—The Class A 3 and Class A 4 compensation limit shall be applied to the total compensation received each calendar year for service as a member of Class A 3 or Class A 4 and, if a multiple service member, for service in Class T E and Class T F in the Public School Employees' Retirement System.~~

~~(b) Final average salary adjustment required. For purposes of calculating final average salary for the determination of standard single life annuities and other benefits resulting from post January 2016 service as a member of Class A 3 or Class A 4, the total compensation received, and the compensation received excluding remuneration received for any overtime service as a member of the system, each calendar year for Class A 3 service and Class A 4 service and, if a multiple service member, as a school employee for service as a Class T E member and Class T F member of the Public School Employees' Retirement System, shall be adjusted first by annualizing the compensation received for any part time service or for any partial year of credit on the basis of the fractional portion of the year for which credit is received. After annualization, the amount of compensation in any calendar year resulting from Class A 3 service or Class A 4 service shall be further adjusted downward so as to not exceed the Class A 3 and Class A 4 compensation limit for that year.~~

~~(c) Member contribution limits. For purposes of determining regular member contributions and shared risk member contributions resulting from post January 2016 service as a member of Class A 3 or Class A 4 service, the compensation each year is limited to the Class A 3 and Class A 4 compensation limit for that year.~~

~~Section 420. Sections 5507 heading and (a) and (b), 5508(a), (b), (c), (f), (h) and (i) and 5509 of Title 71 are amended to~~

1 ~~read:~~

2 ~~§ 5507. Contributions to the system by the Commonwealth and~~  
3 ~~other employers.~~

4 ~~(a) Contributions on behalf of active members. The~~  
5 ~~Commonwealth and other employers whose employees are members of~~  
6 ~~the system shall make contributions to the fund on behalf of all~~  
7 ~~active members in such amounts as shall be certified by the~~  
8 ~~board as necessary to provide, together with the members' total~~  
9 ~~accumulated deductions and cash balance member accumulated~~  
10 ~~deductions, annuity reserves on account of prospective annuities~~  
11 ~~other than those provided in sections 5708 (relating to~~  
12 ~~supplemental annuities), 5708.1 (relating to additional~~  
13 ~~supplemental annuities), 5708.2 (relating to further additional~~  
14 ~~supplemental annuities), 5708.3 (relating to supplemental~~  
15 ~~annuities commencing 1994), 5708.4 (relating to special~~  
16 ~~supplemental postretirement adjustment), 5708.5 (relating to~~  
17 ~~supplemental annuities commencing 1998), 5708.6 (relating to~~  
18 ~~supplemental annuities commencing 2002), 5708.7 (relating to~~  
19 ~~supplemental annuities commencing 2003) and 5708.8 (relating to~~  
20 ~~special supplemental postretirement adjustment of 2002), in~~  
21 ~~accordance with the actuarial cost method provided in section~~  
22 ~~5508(a), (b), (c), (d) and (f) (relating to actuarial cost~~  
23 ~~method).~~

24 ~~(b) Contributions on behalf of annuitants. The Commonwealth~~  
25 ~~and other employers whose employees are members of the system~~  
26 ~~shall make contributions on behalf of annuitants in such amounts~~  
27 ~~as shall be certified by the board as necessary to fund the~~  
28 ~~liabilities for supplemental annuities in accordance with the~~  
29 ~~actuarial cost method provided in section 5508(e) [(relating to~~  
30 ~~actuarial cost method)].~~

~~\*\*\*~~

~~§ 5508. Actuarial cost method.~~

~~(a) Employer contribution rate on behalf of active members. [The] For each fiscal year, the amount of the Commonwealth and other employer contributions on behalf of all active members shall be computed by the actuary as a percentage of the total compensation of all active members during the period for which the amount is determined and shall be so certified by the board. The actuarially required contribution rate on behalf of all active members shall consist of the employer normal contribution rate, as defined in subsection (b), and the accrued liability contribution rate as defined in subsection (c). The actuarially required contribution rate on behalf of all active members shall be modified by the experience adjustment factor as calculated in subsection (f).~~

~~(b) Employer normal contribution rate. The employer normal contribution rate shall be determined after each actuarial valuation on the basis of an annual interest rate and such mortality and other tables as shall be adopted by the board in accordance with generally accepted actuarial principles. The employer normal contribution rate shall be determined as a level percentage of the compensation of the average new active member, which percentage, if contributed on the basis of his prospective compensation through his entire period of active State service, would be sufficient to fund the liability for any prospective benefit payable to him in excess of that portion funded by his prospective member contributions, excluding shared risk member contributions. In no case shall the employer normal contribution rate be less than zero.~~

~~(c) Accrued liability contribution rate.~~

~~(1) For the fiscal years beginning July 1, 2002, and July 1, 2003, the accrued liability contribution rate shall be computed as the rate of total compensation of all active members which shall be certified by the actuary as sufficient to fund over a period of ten years from July 1, 2002, the present value of the liabilities for all prospective benefits, except for the supplemental benefits as provided in sections 5708 (relating to supplemental annuities), 5708.1 (relating to additional supplemental annuities), 5708.2 (relating to further additional supplemental annuities), 5708.3 (relating to supplemental annuities commencing 1994), 5708.4 (relating to special supplemental postretirement adjustment), 5708.5 (relating to supplemental annuities commencing 1998), 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to supplemental annuities commencing 2003) and 5708.8 (relating to special supplemental postretirement adjustment of 2002), in excess of the total assets in the fund (calculated recognizing all investment gains and losses over a five year period), excluding the balance in the supplemental annuity account, and the present value of employer normal contributions and of member contributions payable with respect to all active members on December 31, 2001, and excluding contributions to be transferred by county retirement systems or pension plans pursuant to section 5507(c) (relating to contributions by the Commonwealth and other employers). The amount of each annual accrued liability contribution shall be equal to the amount of such contribution for the fiscal year beginning July 1, 2002, except that, if the accrued liability is increased by legislation enacted subsequent to June 30, 2002, but before~~

1 ~~July 1, 2003, such additional liability shall be funded over~~  
2 ~~a period of ten years from the first day of July, coincident~~  
3 ~~with or next following the effective date of the increase.~~  
4 ~~The amount of each annual accrued liability contribution for~~  
5 ~~such additional legislative liabilities shall be equal to the~~  
6 ~~amount of such contribution for the first annual payment.~~

7 ~~(2) Notwithstanding any other provision of law,~~  
8 ~~beginning July 1, 2004, and ending June 30, 2010, the~~  
9 ~~outstanding balance of the increase in accrued liability due~~  
10 ~~to the change in benefits enacted in 2001 shall be amortized~~  
11 ~~in equal dollar annual contributions over a period that ends~~  
12 ~~30 years after July 1, 2002, and the outstanding balance of~~  
13 ~~the net actuarial loss incurred in calendar year 2002 shall~~  
14 ~~be amortized in equal dollar annual contributions over a~~  
15 ~~period that ends 30 years after July 1, 2003. For fiscal~~  
16 ~~years beginning on or after July 1, 2004, and ending June 30,~~  
17 ~~2010, if the accrued liability is increased by legislation~~  
18 ~~enacted subsequent to June 30, 2003, but before January 1,~~  
19 ~~2009, such additional liability shall be funded in equal~~  
20 ~~dollar annual contributions over a period of ten years from~~  
21 ~~the first day of July coincident with or next following the~~  
22 ~~effective date of the increase.~~

23 ~~(3) For the fiscal year beginning July 1, 2010, the~~  
24 ~~accrued liability contribution rate shall be computed as the~~  
25 ~~rate of total compensation of all active members which shall~~  
26 ~~be certified by the actuary as sufficient to fund in equal~~  
27 ~~dollar installments over a period of 30 years from July 1,~~  
28 ~~2010, the present value of the liabilities for all~~  
29 ~~prospective benefits calculated as of the immediately prior~~  
30 ~~valuation date, including the supplemental benefits as~~

~~provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7 and 5708.8, but excluding the benefits payable from the retirement benefit plan established pursuant to section 5941 (relating to benefits completion plan), in excess of the actuarially calculated assets in the fund (calculated recognizing all realized and unrealized investment gains and losses each year in level annual installments over five years), including the balance in the supplemental annuity account, and the present value of employer normal contributions and of member contributions payable with respect to all active members, inactive members on leave without pay, vestees and special vestees on December 31, 2009. If the accrued liability is changed by legislation enacted subsequent to December 31, 2009, such change in liability shall be funded in equal dollar installments as a percentage of compensation of all active members over a period of ten years from the first day of July following the valuation date coincident with or next following the date such legislation is enacted.~~

~~\*\*\*~~

~~(f) Experience adjustment factor.—~~

~~(1) For each fiscal year after the establishment of the accrued liability contribution rate and the supplemental annuity contribution rate for the fiscal year beginning July 1, 2010, any increase or decrease in the unfunded accrued liability and any increase or decrease in the liabilities and funding for supplemental annuities, due to actual experience differing from assumed experience (recognizing all realized and unrealized investment gains and losses over a five year period), changes in contributions caused by the final~~



1 ~~contribution rate being different from the actuarially-~~  
2 ~~required contribution rate, State employees making shared-~~  
3 ~~risk member contributions, adjustments to the regular member~~  
4 ~~contributions under sections 5501.1 (relating to shared risk~~  
5 ~~member contributions and shared gain adjustments to regular~~  
6 ~~member contributions for Class A 3 and Class A 4 service) and~~  
7 ~~5501.3 (relating to contribution savings program for members~~  
8 ~~of Class AA and Class D 4),~~ changes in actuarial assumptions  
9 or changes in the terms and conditions of the benefits  
10 provided by the system by judicial, administrative or other  
11 processes other than legislation, including, but not limited  
12 to, reinterpretation of the provisions of this part, shall be  
13 amortized in equal dollar annual contributions as a  
14 percentage of compensation of all active members over a  
15 period of 30 years beginning with the July 1 succeeding the  
16 actuarial valuation determining said increases or decreases.

17 ~~(2) The actuarially required contribution rate shall be~~  
18 ~~the sum of the normal contribution rate, the accrued~~  
19 ~~liability contribution rate and the supplemental annuity~~  
20 ~~contribution rate, modified by the experience adjustment~~  
21 ~~factor as calculated in paragraph (1).~~

22 ~~\*\*\*~~

23 ~~(h) Temporary application of collared contribution rate.~~  
24 ~~The collared contribution rate for each fiscal year shall be~~  
25 ~~determined by comparing the actuarially required contribution~~  
26 ~~rate calculated without regard for costs added by legislation to~~  
27 ~~the prior year's final contribution rate. If, for any of the~~  
28 ~~fiscal years beginning July 1, 2011, July 1, 2012, and on or~~  
29 ~~after July 1, 2013, the actuarially required contribution rate~~  
30 ~~calculated without regard for costs added by legislation is more~~

1 ~~than 3%, 3.5% and 4.5%, respectively, of the total compensation~~  
2 ~~of all active members greater than the prior year's final~~  
3 ~~contribution rate, then the collared contribution rate shall be~~  
4 ~~applied and be equal to the prior year's final contribution rate~~  
5 ~~increased by the respective percentage above of total~~  
6 ~~compensation of all active members. Otherwise, and for all~~  
7 ~~subsequent fiscal years, the collared contribution rate shall~~  
8 ~~not [be applicable] apply. In no case shall the collared~~  
9 ~~contribution rate be less than 4% of total compensation of all~~  
10 ~~active members.~~

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

21 ~~§ 5509. Appropriations and assessments by the Commonwealth.~~

22 ~~(a) Annual submission of budget. The board shall prepare~~  
23 ~~and submit annually an itemized budget consisting of the amounts~~  
24 ~~necessary to be appropriated by the Commonwealth out of the~~  
25 ~~General Fund and special operating funds and the amounts to be~~  
26 ~~assessed the other employers required to meet the separate~~  
27 ~~obligations to the fund and the trust accruing during the fiscal~~  
28 ~~period beginning the first day of July of the following year.~~

29 ~~(b) Appropriation and payment. The General Assembly shall~~  
30 ~~make an appropriation sufficient to provide for the separate~~

~~obligations of the Commonwealth to the fund and the trust. Such amount shall be paid by the State Treasurer through the Department of Revenue into the fund or trust, as the case may be, in accordance with requisitions presented by the board. The contributions to the system by the Commonwealth on behalf of active members who are officers of the Pennsylvania State Police shall be charged to the General Fund and to the Motor License Fund in the same ratios as used to apportion the appropriations for salaries of members of the Pennsylvania State Police. The contributions to the system by the Commonwealth on behalf of active members who are enforcement officers and investigators of the Pennsylvania Liquor Control Board shall be charged to the General Fund and to the State Stores Fund.~~

~~(c) Contributions from funds other than General Fund. The amounts assessed other employers who are required to make the necessary separate contributions to the fund and the trust out of funds other than the General Fund shall be paid by such employers into the fund or trust, as the case may be, in accordance with requisitions presented by the board. The General Fund of the Commonwealth shall not be held liable to appropriate the moneys required to build up the reserves in the fund necessary for the payment of benefits from the system to employees or to make the employer defined contributions for employees of such other employers. In case any such other employer shall fail to provide to the fund the moneys necessary for such purpose, then the service of such members of the system for such period for which money is not so provided shall be credited and pickup contributions and cash balance member contributions with respect to such members shall continue to be credited to the members' savings account and the cash balance~~

~~savings account. The annuity to which such member is entitled shall be determined as actuarially equivalent to the present value of the maximum single life annuity of each such member reduced by the amount of employer contributions to the system payable on account and attributable to his compensation during such service, except that no reduction shall be made as a result of the failure of an employer to make contributions required for a period of USERRA leave.~~

~~Section 421. Title 71 is amended by adding a section to read:~~

~~§ 5510. Employer funding mandate protection.~~

~~(a) Limited expansion of contractual right to funding. Commencing on the July 1 following the actuarial valuation in which the actuary certifies that the final contribution rate is the actuarially required contribution, each active member of shall have a contractual right to the timely payment of the annual actuarially required contributions pursuant to section 5508 (relating to actuarial cost method) and section 5902(k) (relating to administrative duties of the board) by such member's employer. The following apply:~~

~~(1) The failure of a member's employer to make the annually required contribution to the fund will be deemed to be an impairment of the contractual right of such member.~~

~~(2) Any claim of contract impairment shall be brought against the employer of the member for whom contributions were not paid, and neither the board nor the system or their employees or agents shall be a defendant in any such action or liable for any payments or damages arising from such impairment.~~

~~(b) Jurisdiction of Supreme Court. Notwithstanding any~~

~~provision of 2 Pa.C.S. (relating to administrative law and procedure), 42 Pa.C.S. (relating to judiciary and judicial procedure) or any other provision of law, the Pennsylvania Supreme Court shall have exclusive jurisdiction to do as follows:~~

~~(1) hear any claim of contract impairment for failure to pay certified contributions;~~

~~(2) render a declaratory judgment or take such other action as it deems appropriate, consistent with the Supreme Court retaining jurisdiction over such matter; and~~

~~(3) find facts or expedite a final judgment in connection with such a challenge or request for declaratory relief.~~

~~(c) Sovereign immunity waived. Sovereign immunity is hereby waived, and the provisions of 42 Pa.C.S. Ch. 85 (relating to matters affecting government units) or lack of jurisdiction by the Supreme Court shall not be raised as a defense against a claim brought against an employer under this section.~~

~~(d) Attorney fees. A member who prevails in a claim brought under this part may be awarded reasonable attorney fees.~~

~~(e) Limitation of contract right. Nothing in this section shall be construed to create a contract right or claim of contract impairment in any member as to any benefit formula, benefit payment option, or any other provision of this part other than the funding mandate of the member's employer, or to change the jurisdiction of the board or the courts regarding any claim other than for payment of the annual actuarially required contributions.~~

~~(f) Employer contributions. Nothing in this section shall be deemed to supersede or conflict with the rights and~~

~~obligations set forth in section 5509 (relating to  
appropriations and assessments by the Commonwealth).~~

~~(g) Board action. The board is authorized but not required  
to bring an action under this section on behalf of itself or any  
member, and, if the board prevails, it may be awarded reasonable  
attorney fees.~~

~~Section 422. Sections 5701 and 5701.1 of Title 71 are  
amended to read:~~

~~§ 5701. Return of total accumulated deductions and cash balance  
member accumulated deductions.~~

~~Any member upon termination of service may, in lieu of all  
benefits payable from the system under this chapter to which he  
may be entitled, elect to receive his total accumulated  
deductions and his cash balance member accumulated deductions by  
his required beginning date.~~

~~§ 5701.1. Transfer of accumulated deductions.~~

~~When an employee of the Juvenile Court Judges' Commission  
elects membership in an independent retirement program pursuant  
to section 5301(f) (relating to mandatory and optional  
membership in the system and participation in the plan), the  
board shall transfer directly to the trustee or administrator of  
the independent retirement program all accumulated deductions  
resulting from service credited while an employee of the  
Juvenile Court Judges' Commission.~~

~~Section 423. Sections 5702(a), (a.1) and (b) and 5704(a),  
(c), (e) and (f) of Title 71 are amended and the sections are  
amended by adding subsections to read:~~

~~§ 5702. Maximum single life annuity.~~

~~(a) General rule. Any full coverage member who is eligible  
to receive an annuity pursuant to the provisions of section~~

~~5308(a) or (b) (relating to eligibility for annuities) who terminates State service, or if a multiple service member who is a school employee who is an active member of the Public School Employees' Retirement System who terminates school service, before attaining age 70 shall be entitled to receive a maximum single life annuity attributable to his credited service and equal to the sum of the following single life annuities beginning at the effective date of retirement:~~

~~(1) A single life annuity that is the sum of the standard single life [annuity multiplied by the sum of the products,] annuities determined separately for each class of service, [obtained by multiplying] multiplied by the appropriate class of service multiplier [by the ratio of years of service credited in that class to the total credited service] applicable to each standard single life annuity. In case the member on the effective date of retirement is under superannuation age for any service, a reduction factor calculated to provide benefits actuarially equivalent to an annuity starting at superannuation age shall be applied to the product determined for that service. The class of service multiplier for any period of concurrent service determined without regard to service in Class CB shall be multiplied by the proportion of total State and school compensation during such period attributable to State service as a member of the system. In the event a member has two multipliers for one class of service [the class of service multiplier to be used for calculating benefits for that class shall be the average of the two multipliers weighted by the proportion of compensation attributable to each multiplier during the three years of highest annual compensation in that class of~~

1 ~~service: Provided, That in the case of a member of Class E-1,~~  
2 ~~a portion but not all of whose three years of highest annual~~  
3 ~~judicial compensation is prior to January 1, 1973, two class~~  
4 ~~of service multipliers shall be calculated on the basis of~~  
5 ~~his entire judicial service, the one applying the judicial~~  
6 ~~class of service multipliers effective prior to January 1,~~  
7 ~~1973 and the second applying the class of service multipliers~~  
8 ~~effective subsequent to January 1, 1973. The average class of~~  
9 ~~service multiplier to be used for calculating benefits for~~  
10 ~~his judicial service shall be the average of the two~~  
11 ~~calculated multipliers weighted by the proportion of~~  
12 ~~compensation attributable to each of the calculated~~  
13 ~~multipliers during the three years of highest annual~~  
14 ~~compensation in that class of service.], separate standard~~  
15 ~~single life annuities shall be calculated for the portion of~~  
16 ~~service in such class applicable to each class of service~~  
17 ~~multiplier.~~

18 ~~(2) If eligible, a single life annuity of 2% of his~~  
19 ~~average noncovered salary for each year of social security~~  
20 ~~integration credit as provided for in section 5305 (relating~~  
21 ~~to social security integration credits) multiplied, if on the~~  
22 ~~effective date of retirement the member is under~~  
23 ~~superannuation age for any service, by the actuarially~~  
24 ~~determined reduction factor for that service.~~

25 ~~(3) If eligible, a single life annuity which is~~  
26 ~~actuarially equivalent to the regular and additional~~  
27 ~~accumulated deductions attributable to contributions as a~~  
28 ~~member of Class C, but not less than such annuity determined~~  
29 ~~as if the member were age 60 on the effective date of~~  
30 ~~retirement, actuarially reduced in the event the member is~~



1 under superannuation age on the effective date of retirement.

2 ~~(4) If eligible, a single life annuity which is~~  
3 ~~actuarially equivalent to the amount by which his regular and~~  
4 ~~additional accumulated deductions attributable to any~~  
5 ~~credited service other than as a member of Class C are~~  
6 ~~greater than one half of the actuarially equivalent value on~~  
7 ~~the effective date of retirement of the annuity as provided~~  
8 ~~in paragraph (1) attributable to service other than Class C~~  
9 ~~for which regular or joint coverage member contributions were~~  
10 ~~made. This paragraph shall not apply to any member with State~~  
11 ~~service credited as Class A 3 or Class A 4.~~

12 ~~(5) If eligible, a single life annuity which is~~  
13 ~~actuarially equivalent to the amount by which his social~~  
14 ~~security integration accumulated deductions are greater than~~  
15 ~~one half of the actuarially equivalent value on the effective~~  
16 ~~date of retirement of the annuity provided for under~~  
17 ~~paragraph (2).~~

18 ~~(6) If eligible, a single life annuity sufficient~~  
19 ~~together with the annuity provided for in paragraph (1) as a~~  
20 ~~Class A, Class AA, Class A 3 and Class A 4 member and the~~  
21 ~~highest annuity provided for in paragraph (2) to which he is~~  
22 ~~entitled, or at his option could have been entitled, to~~  
23 ~~produce that percentage of [a] the sums of the standard~~  
24 ~~single life [annuity] annuities adjusted by the application~~  
25 ~~of the class of service multiplier for Class A, Class AA,~~  
26 ~~Class A 3 or Class A 4 as set forth in paragraph (1) in the~~  
27 ~~case where any service is credited as a member of Class A,~~  
28 ~~Class AA, Class A 3 or Class A 4 on the effective date of~~  
29 ~~retirement as determined by his total years of credited~~  
30 ~~service as a member of Class A, Class AA, Class A 3 and Class~~

~~A 4 and by the following table:~~

<del>Total Years of</del>	<del>Percentage of Sums of</del>
<del>Credited Service</del>	<del>Standard</del>
<del>as a Member of</del>	<del>Single Life</del>
<del>Class A,</del>	<del>{Annuity} Annuities Adjusted for</del>
<del>Class AA, Class A 3</del>	<del>Class A, Class AA,</del>
<del>and Class A 4</del>	<del>Class A 3 and Class A 4</del>
<del>-</del>	<del>-Class of</del>
<del>-</del>	<del>Service Multipliers</del>
<del>35-40</del>	<del>100%</del>
<del>41</del>	<del>102%</del>
<del>42</del>	<del>104%</del>
<del>43</del>	<del>106%</del>
<del>44</del>	<del>108%</del>
<del>45 or more</del>	<del>110%</del>

~~(7) If eligible, a single life annuity which is actuarially equivalent to the total cash balance accumulated deductions credited to the member's individual cash balance savings account.~~

~~(a.1) Rule for terminations after attaining age 70.~~

~~(1) Any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 5308(a) who terminates State service, or if a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System who terminates school service, on or after attaining age 70 and who applies for a superannuation annuity to be effective the day after the termination of State service or school service, as the case may be, shall be entitled to receive a maximum single life annuity as of a determination date that is equal to the~~

1 ~~greater of subparagraph (i) or (ii), plus any annuity the~~  
2 ~~member may be eligible to receive under subsection (a) (7):~~

3 ~~(i) the sum of the annuities provided in subsection~~  
4 ~~(a) (1) through (6) calculated as of the determination~~  
5 ~~date; and~~

6 ~~(ii) the greater of [clause (A) or (B)]:~~

7 ~~(A) the sum of the annuities provided in~~  
8 ~~subsection (a) (1), (3), (4) and (6) as of the~~  
9 ~~preceding determination date adjusted by the~~  
10 ~~actuarial increase factor, plus the annuities~~  
11 ~~provided in subsection (a) (2) and (5) as of the~~  
12 ~~determination date; [and] or~~

13 ~~(B) the maximum single life annuity calculated~~  
14 ~~without including any annuity payable under~~  
15 ~~subsection (a) (7) as of the preceding determination~~  
16 ~~date adjusted by the actuarial increase factor.~~

17 ~~The maximum single life annuity calculated without including~~  
18 ~~any annuity payable under subsection (a) (7) shall be~~  
19 ~~calculated for each determination date.~~

20 ~~(2) For purposes of this subsection, the determination~~  
21 ~~date shall be:~~

22 ~~(i) the member's birthday, provided that as of such~~  
23 ~~date the member qualifies for a maximum single life~~  
24 ~~annuity under this subsection, determined excluding~~  
25 ~~eligibility for annuity payable under subsection (a) (7);~~

26 ~~or~~

27 ~~(ii) if the member's maximum single life annuity is~~  
28 ~~being determined as of the member's effective date of~~  
29 ~~retirement, then the determination date shall be the~~  
30 ~~member's effective date of retirement.~~

~~(3) In the event an active member, an inactive member on leave without pay or a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System has attained age 70 before the effective date of this subsection, or enters State service or school service, as the case may be, after attaining age 70, then section 5305.1 (relating to eligibility for actuarial increase factor) and subsections (a) and (a.1) shall be effective prospectively with respect to such member at the member's next birthday after the effective date of this subsection, entry into State service, or school service. Nothing in this subsection shall be construed to provide an actuarial increase factor for any period of service prior to the effective date of this subsection.~~

~~(b) Present value of annuity. The present value of the maximum single life annuity as calculated in accordance with subsection (a) of this section shall be the sum of the products determined by:~~

~~(1) multiplying the maximum single life annuity calculated without including any annuity payable under subsection (a) (7) by the cost of a dollar annuity applicable to subsection (a) (1), (2), (3), (4), (5) and (6) on the effective date of retirement[.]; and~~

~~(2) multiplying the annuity, if any, payable under section (a) (7) by the cost of a dollar annuity applicable to subsection (a) (7).~~

~~Such present value shall be decreased only as required under the provisions of section 5506 (relating to incomplete payments), 5509(c) (relating to appropriations and assessments by the Commonwealth) or 5703 (relating to reduction of annuities on~~

1 ~~account of social security old age insurance benefits).~~

2 ~~\* \* \*~~

3 ~~(c) Coordination of benefits. The determination and payment~~  
4 ~~of the maximum single life annuity under this section shall be~~  
5 ~~in addition to any payments a combined service employee, as a~~  
6 ~~result of being a participant in the plan, may be entitled to~~  
7 ~~receive, has received or is receiving.~~

8 ~~§ 5704. Disability annuities.~~

9 ~~(a) Amount of annuity.—~~

10 ~~(1) A member who has credit in one or more classes of~~  
11 ~~service other than Class CB and who has made application for~~  
12 ~~a disability annuity and has been found to be eligible in~~  
13 ~~accordance with the provisions of section 5905(c)(1)—~~  
14 ~~(relating to duties of the board regarding applications and~~  
15 ~~elections of members) shall receive a disability annuity~~  
16 ~~payable from the effective date of disability as determined~~  
17 ~~by the board and continued until a subsequent determination~~  
18 ~~by the board that the annuitant is no longer entitled to a~~  
19 ~~disability annuity. The disability annuity shall be a single~~  
20 ~~life annuity that is equal to [a] the sum of the standard~~  
21 ~~single life [annuity] annuities determined separately for~~  
22 ~~each class of service other than Class CB multiplied by the~~  
23 ~~appropriate class of service multiplier applicable to the~~  
24 ~~class of service at the time of disability if the [product~~  
25 ~~of] sums of the products of each such class of service~~  
26 ~~multiplier and the [total] number of years and fractional~~  
27 ~~part of a year of credited service in each class, plus the~~  
28 ~~number of years and fractional part of a year of service~~  
29 ~~credited in Class CB, if any, is greater than 16.667[,];~~  
30 ~~otherwise [the] each standard single life annuity shall be~~

multiplied by the lesser of the following ratios:

$$MY^*/Y \text{ or } 16.667/Y$$

~~[where] Where Y = total number of years of credited service[,];~~

~~Y\* = total years of credited service if the member were to~~

~~continue as a State employee until attaining superannuation age~~

~~for each class of service other than Class CB as applicable at~~

~~the time of disability, or if the member has attained~~

~~superannuation age for a class of service other than Class CB,~~

~~as applicable at the time of disability, then the number of~~

~~years of credited service; and M = the class of service~~

~~multiplier as applicable to that class of service at the~~

~~effective date of disability. A member of Class C shall receive,~~

~~in addition, any annuity to which he may be eligible under~~

~~section 5702(a) (3) (relating to maximum single life annuity).~~

~~[The member shall be entitled to the election of a joint and~~

~~survivor annuity on that portion of the disability annuity to~~

~~which he is entitled under section 5702.]~~

~~(2) In addition to the amount of disability annuity~~

~~payable under paragraph (1), a member who has Class CB~~

~~service credit shall be entitled to a separate annuity~~

~~calculated under section 5702(a) (7) on the effective date of~~

~~disability.~~

~~(3) The member shall be entitled to the election of a~~

~~joint and survivor annuity on that portion of the disability~~

~~annuity to which he is entitled under section 5702.~~

~~\*\*\*~~

~~(c) Reduction on account of earned income. Subsequent to~~

~~January 1, 1972, payments on account of disability shall be~~

~~reduced by that amount by which the earned income of the~~

~~annuitant, as reported in accordance with section 5908(b)~~

~~(relating to rights and duties of annuitants), for the preceding calendar year together with the disability annuity payments provided in this section other than subsection (b), for the year, exceeds the product of:~~

~~[(i)] (1) the last year's salary of the annuitant as a [State employee] member of the system; and~~

~~[(ii)] (2) the ratio of the current monthly payment to the monthly payment at the effective date of disability;~~

~~Provided, That the annuitant shall not receive less than his member's annuity or the amount to which he may be entitled under section 5702 whichever is greater.~~

~~\*\*\*~~

~~(e) Termination of State service. Upon termination of disability annuity payments in excess of an annuity calculated in accordance with section 5702, a disability annuitant who:~~

~~(1) does not have Class A 3 or Class A 4 service credit;~~

~~or~~

~~(2) has Class A 3 or Class A 4 service credit and fewer than ten eligibility points;~~

~~and who does not return to State service may file an application with the board for an amount equal to the excess, if any, of the sum of the shared risk accumulated deductions plus the regular and additional accumulated deductions and cash balance member accumulated deductions standing to his credit at the effective date of disability over one third of the total disability annuity payments received. If the annuitant on the date of termination of service was eligible for an annuity as provided in section 5308(a) or (b) (relating to eligibility for annuities), he may file an application with the board for an election of an optional modification of his annuity.~~

1 ~~(f) Supplement for service connected disability.~~

2 ~~(1) If a member has been found to be eligible for a~~  
3 ~~disability annuity and if the disability has been found to be~~  
4 ~~a service connected disability and if the member is receiving~~  
5 ~~workers' compensation payments for other than medical~~  
6 ~~benefits, such member shall receive a supplement equal to~~  
7 ~~[70% of his final average salary] the amount determined under~~  
8 ~~paragraph (2) less the sum of the annuity as determined under~~  
9 ~~subsection (a) and any payments paid or payable on account of~~  
10 ~~such disability under the act of June 2, 1915 (P.L.736,~~  
11 ~~No.338), known as the Workers' Compensation Act, the act of~~  
12 ~~June 21, 1939 (P.L.566, No.284), known as The Pennsylvania~~  
13 ~~Occupational Disease Act, and the Social Security Act (49~~  
14 ~~Stat. 620, 42 U.S.C. § 301 et seq.). Such supplement shall~~  
15 ~~continue as long as he is determined to be disabled and is~~  
16 ~~receiving workers' compensation payments for other than~~  
17 ~~medical benefits on account of his service connected~~  
18 ~~disability in accordance with the Workers' Compensation Act~~  
19 ~~or The Pennsylvania Occupational Disease Act. If the member~~  
20 ~~has received a lump sum workers' compensation payment in lieu~~  
21 ~~of future weekly compensation payments, the length in weeks~~  
22 ~~and calculation of the service connected disability~~  
23 ~~supplement shall be determined by dividing the lump sum~~  
24 ~~payment by the average weekly wage as determined by the~~  
25 ~~Workers' Compensation Board.~~

26 ~~(2) For a member who does not have post January 2016~~  
27 ~~service, the amount to be used to determine eligibility for~~  
28 ~~the supplement under paragraph (1) shall be 70% of the~~  
29 ~~member's final average salary. For a member who has post~~  
30 ~~January 2016 service, the amount to be used to determine~~



~~eligibility for the supplement under paragraph (1) shall be calculated according to the following formula:~~

~~$$A = .7[(YW \text{ multiplied by FASW}) + (YXYZ \text{ multiplied by FASXYZ})]$$~~

~~$$\frac{YT}{YT}$$~~

~~(3) The following apply to the formula in paragraph (2):~~

~~(i) A equals the amount used to determine the supplement;~~

~~(ii) YT equals total years of credited service;~~

~~(iii) YW equals years of credited service that are not post January 2016 service;~~

~~(iv) FASW equals final average salary calculated for credited service other than post January 2016 service;~~

~~(v) XYZ equals years of service credited as post January 2016 service; and~~

~~(vi) FASXYZ equals final average salary calculated for service credited as post January 2016 service.~~

~~\* \* \*~~

~~(h) Coordination of benefits. The determination and payment of a disability annuity under this section is in addition to any payments a combined service employee, as a result of being a participant in the plan, may be entitled to receive, has received or is receiving. A disability annuity may not be paid to a combined service employee who is an active participant.~~

~~Section 424. Sections 5705, 5705.1, 5706(a), (a.1), (a.2), (b) and (c) and 5707 of Title 71 are amended to read:~~

~~§ 5705. Member's options.~~

~~(a) General rule. Any special vestee [who has attained superannuation age, any vestee who does not have Class A 3 or Class A 4 service credit having five or more eligibility points~~

1 ~~for service other than Class T-E or Class T-F service in the~~  
2 ~~Public School Employees' Retirement System, or vestee who has~~  
3 ~~Class A-3 or Class A-4 service credit having ten or more~~  
4 ~~eligibility points, any member with Class G, Class H, Class I,~~  
5 ~~Class J, Class K, Class L, Class M or Class N service having~~  
6 ~~five or more eligibility points or any other eligible member~~  
7 ~~upon termination of State service who has not withdrawn his~~  
8 ~~total accumulated deductions as provided in section 5701-~~  
9 ~~(relating to return of total accumulated deductions)], vestee or~~  
10 ~~other member upon termination of State service who is eligible~~  
11 ~~to receive an annuity as provided in section 5308(a) or (b)-~~  
12 ~~(relating to eligibility for annuities) may apply for and elect~~  
13 ~~to receive either a maximum single life annuity, as calculated~~  
14 ~~in accordance with the provisions of section 5702 (relating to~~  
15 ~~maximum single life annuity), or a reduced annuity certified by~~  
16 ~~the actuary to be actuarially equivalent to the maximum single~~  
17 ~~life annuity payable after reduction under subsection (a.1) and~~  
18 ~~in accordance with one of the following options; except that no~~  
19 ~~member shall elect an annuity payable to one or more survivor~~  
20 ~~annuitants other than his spouse or alternate payee of such a~~  
21 ~~magnitude that the present value of the annuity payable to him~~  
22 ~~for life plus any lump sum payment under this subsection and~~  
23 ~~subsection (a.1) he may have elected to receive is less than 50%~~  
24 ~~of the present value of his maximum single life annuity[:]; and~~  
25 ~~no member may elect a payment option that would provide benefits~~  
26 ~~that do not satisfy the minimum distribution requirements or~~  
27 ~~would violate the incidental death benefit rules of IRC 401(a)~~  
28 ~~(9):~~

29 ~~(1) Option 1. A life annuity to the member with a~~  
30 ~~guaranteed total payment equal to the present value of the~~

~~maximum single life annuity on the effective date of retirement with the provision that, if, at his death, he has received less than such present value, the unpaid balance shall be payable to his beneficiary.~~

~~(2) Option 2. A joint and survivor annuity payable during the lifetime of the member with the full amount of such annuity payable thereafter to his survivor annuitant, if living at his death.~~

~~(3) Option 3. A joint and fifty percent (50%) survivor annuity payable during the lifetime of the member with one half of such annuity payable thereafter to his survivor annuitant, if living at his death.~~

~~(4) Option 4. Some other benefit which shall be certified by the actuary to be actuarially equivalent to the maximum single life annuity, subject to the following restrictions:~~

~~(i) any annuity shall be payable without reduction during the lifetime of the member;~~

~~(ii) the sum of all annuities payable to the designated survivor annuitants shall not be greater than one and one half times the annuity payable to the member; and~~

~~(iii) a portion of the benefit may be payable as a lump sum, except that such lump sum payment shall not exceed an amount equal to the total accumulated deductions standing to the credit of the member that are not the result of contributions and statutory interest made or credited as a result of Class A 3 or Class A 4 service. The balance of the present value of the maximum single life annuity adjusted in accordance with section~~

1       ~~5702(b) shall be paid in the form of an annuity with a~~  
2       ~~guaranteed total payment, a single life annuity, or a~~  
3       ~~joint and survivor annuity or any combination thereof but~~  
4       ~~subject to the restrictions of subparagraphs (i) and (ii)~~  
5       ~~under this option. If a member's effective date of~~  
6       ~~retirement is on or after January 1, 2016, then the~~  
7       ~~portion of the benefit payable under this subparagraph~~  
8       ~~shall be further limited to the total accumulated~~  
9       ~~deductions standing to the credit of the member on~~  
10       ~~December 31, 2015, that are not the result of~~  
11       ~~contributions and statutory interest made or credited as~~  
12       ~~a result of Class A 3 or Class A 4 service, plus any~~  
13       ~~statutory interest credited on those accumulated~~  
14       ~~deductions before the effective date of retirement.~~

15       ~~(a.1) Additional lump sum withdrawal. The following shall~~  
16       ~~apply:~~

17               ~~(1) After December 31, 2015, if a member has elected to~~  
18       ~~have the full amount allowed under subsection (a) (4) (iii)~~  
19       ~~paid in lump sum, then the member may elect to receive an~~  
20       ~~additional amount payable in a lump sum at the same time as~~  
21       ~~the payment elected under subsection (a) (4) (iii).~~

22               ~~(2) The additional amount payable in a lump sum may not~~  
23       ~~exceed the sum of:~~

24                       ~~(i) an amount equal to the excess of the total~~  
25       ~~accumulated deductions standing to the credit of the~~  
26       ~~member on the effective date of retirement that are not~~  
27       ~~the result of contributions and statutory interest made~~  
28       ~~or credited as a result of Class A 3 or Class A 4 service~~  
29       ~~over the amount payable under subsection (a) (4) (iii); and~~

30                       ~~(ii) an amount equal to the cash balance member~~

~~accumulated deductions standing to the credit of the member.~~

~~(3) If a member elects to be paid an additional lump sum amount under this subsection, then the maximum single life annuity calculated under section 5702 and payable under subsection (a) shall be reduced by the additional amount withdrawn divided by the cost of a dollar annuity on the effective date of retirement computed on the basis of the annual interest rate adopted for that fiscal year by the board for the calculation of the employer normal contribution rate under section 5508(b) (relating to actuarial cost method) and the mortality tables adopted by the board for the determination of actuarially equivalent benefits under this part. The reduction in the maximum single life annuity under this paragraph shall apply before the election and calculation of any reduced annuities payable under subsection (a).~~

~~(b) Present value of joint coverage annuity. In calculating an annuity payable to a member of the joint coverage group, the present value of such adjusted annuity shall be determined by taking into account prospectively the reduction applicable upon the attainment of the age at which full social security benefits are payable.~~

~~§ 5705.1. Payment of accumulated deductions resulting from [Class A 3 and Class A 4] more than one class of service.~~

~~(a) Payment of accumulated deduction resulting from Class A 3 and Class A 4 service. Any superannuation or withdrawal annuitant who:~~

~~(1) has Class A 3 or Class A 4 service credit;~~

~~(2) has service credited in one or more classes of service; and~~

~~(3) because he has five or more, but fewer than ten, eligibility points is not eligible to receive an annuity on his Class A 3 or Class A 4 service~~

~~shall receive in a lump sum at the time of his retirement, in addition to any other annuity or lump sum payment which he may elect, his accumulated deductions resulting from his Class A 3 or Class A 4 service credit. Payment of these accumulated deductions resulting from Class A 3 or Class A 4 service credit shall not be eligible for installment payments pursuant to section 5905.1 (relating to installment payments of accumulated deductions) but shall be considered a lump sum payment for purposes of section 5905.1(d).~~

~~(b) Payment of cash balance member accumulated deductions resulting from Class CB service. Any annuitant who is a member with Class CB service credit and one or more other classes of service credit and who is receiving an annuity based on his Class CB service but is not eligible to receive an annuity based on his service credited in one or more of his other classes of service shall receive in a lump sum at the time of his retirement, in addition to any other annuity which he may elect for his Class CB service, his accumulated deductions resulting from his service credit in classes of service other than Class CB for which he is not eligible to receive an annuity. Payment of these accumulated deductions resulting from service credit in classes of service other than Class CB shall not be eligible for installment payments under section 5905.1, but shall be considered a lump sum payment for purposes of section 5905.1(d).~~

~~§ 5706. Termination of annuities.~~

1     ~~(a) General rule. If the annuitant returns to State service~~  
2     ~~or enters or has entered school service and elects multiple~~  
3     ~~service membership, any annuity payable to him under this part~~  
4     ~~shall cease effective upon the date of his return to State~~  
5     ~~service or entering school service, without regard to whether he~~  
6     ~~is a mandatory, optional or prohibited member of the system or~~  
7     ~~participant in the plan or, if a multiple service member,~~  
8     ~~without regard to whether he is a mandatory, optional or~~  
9     ~~prohibited member or participant of the Public School Employees'~~  
10    ~~Retirement System or School Employees' Defined Contribution~~  
11    ~~Plan; and, in the case of an annuity other than a disability~~  
12    ~~annuity the present value of such annuity, other than the~~  
13    ~~portion of the annuity that is being paid under section 5702(a)~~  
14    ~~(7) (relating to maximum single life annuity), adjusted for full~~  
15    ~~coverage in the case of a joint coverage member who makes the~~  
16    ~~appropriate back contributions for full coverage, shall be~~  
17    ~~frozen as of the date such annuity ceases[.] and the present~~  
18    ~~value of the portion of the annuity that is being paid under~~  
19    ~~section 5702(a) (7) shall be placed in the member's individual~~  
20    ~~cash balance saving account. An annuitant who is credited with~~  
21    ~~an additional 10% of Class A and Class C service as provided in~~  
22    ~~section 5302(c) (relating to credited State service) and who~~  
23    ~~returns to State service shall forfeit such credited service and~~  
24    ~~shall have his frozen present value adjusted as if his 10%~~  
25    ~~retirement incentive had not been applied to his account. In the~~  
26    ~~event that the cost of living increase enacted December 18, 1979~~  
27    ~~occurred during the period of such State or school employment,~~  
28    ~~the frozen present value shall be increased, on or after the~~  
29    ~~member attains superannuation age, by the percent applicable had~~  
30    ~~he not returned to service. This subsection shall not apply in~~

~~the case of any annuitant who may render services to the Commonwealth in the capacity of an independent contractor or as a member of an independent board or commission or as a member of a departmental administrative or advisory board or commission when such members of independent or departmental boards or commissions are compensated on a per diem basis for not more than 150 days per calendar year or as a member of an independent board or commission requiring appointment by the Governor, with advice and consent of the Senate, where the annual salary payable to the member does not exceed \$35,000 and where the member has been an annuitant for at least six months immediately preceding the appointment. Such service shall not be subject to member contributions [or]; not, result in additions, interest or excess interest to the member's individual cash balance saving account; and not be eligible for qualification as creditable State service or for participation in the plan, mandatory participant contributions or employer defined contributions.~~

~~(a.1) Return to State service during emergency. When, in the judgment of the employer, an emergency creates an increase in the work load such that there is serious impairment of service to the public, an annuitant may be returned to State service for a period not to exceed 95 days in any calendar year without loss of his annuity. In computing the number of days an annuitant has returned to State service, any amount of time less than one half of a day shall be counted as one half of a day. For agencies, boards and commissions under the Governor's jurisdiction, the approval of the Governor that an emergency exists shall be required before an annuitant may be returned to State service. This service shall not be subject to member contributions; not result in additions, interest or excess~~



~~interest to the member's individual cash balance savings  
account; and not be eligible for qualification as creditable  
State service or for participation in the plan, mandatory  
participant contributions or employer defined contributions.~~

~~(a.2) Return of benefits. In the event an annuitant whose  
annuity from the system ceases pursuant to this section receives  
any annuity payment, including a lump sum payment pursuant to  
section 5705 (relating to member's options) on or after the date  
of his return to State service or entering school service, the  
annuitant shall return to the board the amount so received from  
the system plus statutory interest. The amount payable shall be  
certified in each case by the board in accordance with methods  
approved by the actuary and shall be paid in a lump sum within  
30 days or in the case of an active member or school employee  
who is an active member of the Public School Employees'  
Retirement System may be amortized with statutory interest  
through salary deductions to the system in amounts agreed upon  
by the member and the board. The salary deduction amortization  
plans agreed to by the member and the board may include a  
deferral of payment amounts and statutory interest until the  
termination of school service or State service or beginning of  
service as a participant without concurrently being an active  
member or inactive member on leave without pay as the board in  
its sole discretion decides to allow. The board may limit salary  
deduction amortization plans to such terms as the board in its  
sole discretion determines. In the case of a school employee who  
is an active member of the Public School Employees' Retirement  
System, the agreed upon salary deductions shall be remitted to  
the Public School Employees' Retirement Board, which shall  
certify and transfer to the board the amounts paid.~~

1       ~~\*\*\*~~

2       ~~(b) Subsequent discontinuance of service. Upon subsequent~~  
3 ~~discontinuance of service, such [member] terminating State~~  
4 ~~employee other than a former annuitant who had the effect of his~~  
5 ~~frozen present value eliminated in accordance with subsection~~  
6 ~~(c) or a former disability annuitant shall be entitled to an~~  
7 ~~annuity which is actuarially equivalent to the sum of:~~

8           ~~(1) the frozen present value as determined under~~  
9 ~~subsection (a) [and];~~

10           ~~(2) if the service after reemployment was a member of~~  
11 ~~the system, the present value of a maximum single life~~  
12 ~~annuity, calculated excluding any annuity payable under~~  
13 ~~section 5702(a)(7), based on years of service credited~~  
14 ~~subsequent to reentry in the system and his final average~~  
15 ~~salary computed by reference to his compensation as a member~~  
16 ~~of the system or as a member of the Public School Employees'~~  
17 ~~Retirement System during his entire period of State and~~  
18 ~~school service[.], including only compensation received for~~  
19 ~~service performed as a member of a class of service other~~  
20 ~~than Class CB or Class T I in the Public School Employees'~~  
21 ~~Retirement System; and~~

22           ~~(3) if eligible, an annuity payable under section~~  
23 ~~5702(a)(7) based on the total cash balance accumulated~~  
24 ~~deductions credited to the former annuitant in the cash~~  
25 ~~balance savings account.~~

26       ~~(c) Elimination of the effect of frozen present value.~~

27           ~~(1) An annuitant who returns to State service as an~~  
28 ~~active member of the system in a class of service other than~~  
29 ~~Class CB and earns three eligibility points by performing~~  
30 ~~credited State service following the most recent period of~~

1 ~~receipt of an annuity under this part, or an annuitant who~~  
2 ~~enters school service other than as a participant in the~~  
3 ~~School Employees' Defined Contribution Plan or as member of~~  
4 ~~Class T-I and:~~

5 ~~(i) is a multiple service member; or~~  
6 ~~(ii) who elects multiple service membership, and~~  
7 ~~earns three eligibility points in classes of service other~~  
8 ~~than Class CB or Class T-I by performing credited State~~  
9 ~~service or credited school service following the most recent~~  
10 ~~period of receipt of an annuity under this part, and who had~~  
11 ~~the present value of his annuity frozen in accordance with~~  
12 ~~subsection (a), shall qualify to have the effect of the~~  
13 ~~frozen present value resulting from all previous periods of~~  
14 ~~retirement eliminated, provided that all lump sum payments~~  
15 ~~under Option 4 or under section 5705(a.1) and annuity~~  
16 ~~payments, except those made under section 5702(a)(7), payable~~  
17 ~~during previous periods of retirement plus interest as set~~  
18 ~~forth in paragraph (3) shall be returned to the fund in the~~  
19 ~~form of an actuarial adjustment to his subsequent benefits or~~  
20 ~~in such form as the board may otherwise direct.~~

21 ~~(2) Upon subsequent discontinuance of service and the~~  
22 ~~filing of an application for an annuity, a former annuitant~~  
23 ~~who qualifies to have the effect of a frozen present value~~  
24 ~~eliminated under this subsection shall be entitled to receive~~  
25 ~~the higher of either:~~

26 ~~(i) an annuity (prior to optional modification)~~  
27 ~~calculated as if the freezing of the former annuitant's~~  
28 ~~account pursuant to subsection (a) had not occurred,~~  
29 ~~adjusted by crediting Class A State service as Class AA~~  
30 ~~service as provided for in section 5306(a.1) (relating to~~

1 ~~classes of service) and further adjusted according to~~  
2 ~~paragraph (3), provided that a former annuitant of the~~  
3 ~~system or a former annuitant of the Public School~~  
4 ~~Employees' Retirement System who retired under a~~  
5 ~~provision of law granting additional service credit if~~  
6 ~~termination of State or school service or retirement~~  
7 ~~occurred during a specific period of time shall not be~~  
8 ~~permitted to retain the additional service credit under~~  
9 ~~the prior law when the annuity is computed for his most~~  
10 ~~recent retirement; or~~

11 ~~(ii) an annuity (prior to optional modification)~~  
12 ~~calculated as if the former annuitant did not qualify to~~  
13 ~~have the effect of the frozen present value eliminated,~~  
14 ~~unless the former annuitant notifies the board in writing~~  
15 ~~by the later of the date the application for annuity is filed~~  
16 ~~or the effective date of retirement that the former annuitant~~  
17 ~~wishes to receive the lower annuity.~~

18 ~~(3) In addition to any other adjustment to the present~~  
19 ~~value of the maximum single life annuity that a member may be~~  
20 ~~entitled to receive that occurs as a result of any other~~  
21 ~~provision of law, the present value of the maximum single~~  
22 ~~life annuity shall be reduced by all amounts paid or payable~~  
23 ~~to him during all previous periods of retirement, except~~  
24 ~~those made under section 5702(a)(7), plus interest on these~~  
25 ~~amounts until the date of subsequent retirement. The interest~~  
26 ~~for each year shall be calculated based upon the annual~~  
27 ~~interest rate adopted for that fiscal year by the board for~~  
28 ~~the calculation of the normal contribution rate pursuant to~~  
29 ~~section 5508(b) (relating to actuarial cost method).~~

30 ~~§ 5707. Death benefits.~~

~~(a) Members without Class CB service eligible for annuities. Any active member, inactive member on leave without pay, combined service employee who is an active participant or inactive participant on leave without pay, vestee or current or former State employee performing USERRA leave who dies and does not have Class CB service credit and was eligible for an annuity in accordance with section 5308(a) or (b) (relating to eligibility for annuities) or special vestee who has attained superannuation age and dies before applying for a superannuation annuity shall be considered as having applied for an annuity to become effective the day before his death and in the event he has not elected an option or such election has not been approved prior to his death, it shall be assumed that he elected Option 1.~~

~~(b) Members without Class CB service ineligible for annuities. In the event of the death of a special vestee, an active member, an inactive member on leave without pay, a combined service employee who is an active participant or an inactive participant on leave without pay or a current or former State employee performing USERRA leave who does not have Class CB service credit and who is not entitled to a death benefit as provided in subsection (a), his designated beneficiary shall be paid the full amount of his total accumulated deductions.~~

~~(c) Disability annuitants eligible for withdrawal annuity. In the event of the death of a disability annuitant who has elected to receive a maximum disability annuity before he has received in annuity payments, excluding any disability annuity payments under section 5704(a)(2) (relating to disability annuities), an amount equal to the present value, on the effective date of disability, of the benefits to which he would~~

~~have been entitled under subsection (a) had he died while in State service, the balance of such amount shall be paid to his designated beneficiary. In addition, if the disability annuitant was receiving disability annuity payments under section 5704(a)(2), he may receive, if eligible, the total cash balance accumulated deductions credited to his individual cash balance savings account on the effective date of disability over one third of the disability payments received under section 5704(a)(2). For purposes of this subsection, the determination of benefits to which the disability annuitant would have been entitled under subsection (a) shall be made even though the disability annuitant may have Class CB service.~~

~~(d) Disability annuitants ineligible for withdrawal annuity. In the event of the death of a disability annuitant who was not entitled to receive benefits under subsection (a), except for the reason of having Class CB service credit, his beneficiary shall be paid the excess of the sum of the regular and additional accumulated deductions standing to his credit on the effective date of disability over one third of the total disability payments received[.], excluding any disability annuity payments under section 5704(a)(2). In addition, if he was receiving disability annuity payments under section 5704(a)(2), he may receive, if eligible, the total cash balance accumulated deductions credited to his individual cash balance savings account on the effective date of disability over one third of the disability payments received under section 5704(a)(2).~~

~~(e) Annuitants electing maximum single life annuity. In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in~~

~~annuity payments the full amount of the total accumulated deductions and, if he was eligible for an annuity under section 5702(a)(7) (relating to maximum single life annuity), the total cash balance accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary.~~

~~(f) Members subject to limitations under section 5702(c). Subject to the limitations contained in section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)), the present value of any annuity in excess of that payable under section 5702 [(relating to maximum single life annuity)] that is not subject to the limitations under section 415(b) of the Internal Revenue Code of 1986 shall be paid in a lump sum to the beneficiary designated by the member after the death of the member. A beneficiary receiving a benefit under this subsection shall not be able to elect a payment method otherwise allowed under section 5709(b)(2) and (3) (relating to payment of benefits from the system).~~

~~(g) Members with Class CB service. An active member, inactive member on leave without pay or vestee who has Class CB service credit who dies shall be paid the total cash balance accumulated deductions credited to him in addition to any other payments he would be eligible to receive under subsection (a) or (b) calculated without regard to any annuity payable under section 5702(a)(7).~~

~~(h) Required distributions. All payments under this section shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a)(9).~~

~~Section 425. Section 5709(a) and (b) of Title 71 are amended~~

~~and the section is amended by adding subsections to read:~~

~~§ 5709. Payment of benefits from the system.~~

~~(a) Annuities. Any annuity granted under the provisions of this part and paid from the fund shall be paid in equal monthly installments.~~

~~(b) Death benefits. If the amount of a death benefit payable from the fund to a beneficiary of a member under section 5707 (relating to death benefits) or under the provisions of Option 1 of section 5705(a)(1) (relating to member's options) is \$10,000 or more, such beneficiary may elect to receive payment according to one of the following options:~~

~~(1) a lump sum payment;~~

~~(2) an annuity actuarially equivalent to the amount payable; or~~

~~(3) a lump sum payment and an annuity such that the annuity is actuarially equivalent to the amount payable less the lump sum payment specified by the beneficiary.~~

~~\* \* \*~~

~~(d) Small cash balance accounts. A member with only Class CB service who terminates State service and whose total cash balance accumulated deductions are equal to or less than the amount established under IRC §401(a)(31) as of the date of termination of service shall be paid his accumulated deductions in a lump sum as provided in IRC § 401(a)(31) and have all Class CB service credit canceled. This payment of total cash balance accumulated deductions shall not be eligible for installment payments under section 5905.1 (relating to installment payments of accumulated deductions) but shall be considered a lump sum payment for purposes of section 5905.1(d).~~

~~(e) Required distributions. All payments under this section~~



~~shall start and be made in compliance with the required beginning date, minimum distribution requirements and incidental death benefit rules of IRC § 401(a)(9).~~

~~Section 426. Section 5901(a), (c), (d) and (e) of Title 71 are amended and the section is amended by adding a subsection to read:~~

~~§ 5901. The State Employees' Retirement Board.~~

~~(a) Status and membership. The board shall be an independent administrative board and consist of [11] 12 members: the State Treasurer, ex officio, the Secretary of Banking and Securities, ex officio, two Senators, two members of the House of Representatives and six members appointed by the Governor, one of whom shall be an annuitant of the system or a participant in the plan who has terminated State service and is receiving or is eligible to receive distributions, for terms of four years, subject to confirmation by the Senate. At least five board members shall be active members of the system or active participants in the plan, and at least two shall have ten or more years of credited State service[.] or shall have been active participants in the plan for ten calendar years or have a combination of years of credited State service in the system and calendar years as active participants in the plan equal to ten or more years. The chairman of the board shall be designated by the Governor from among the members of the board. No member of the board who represents active members or annuitants or is a current member of the General Assembly can serve as chairman. Each member of the board who is a member of the General Assembly may appoint a duly authorized designee to act in his stead. In the event that a board member, who is designated as an active participant or as a participant in the plan who is receiving or~~

~~is eligible to receive distributions, receives a total  
distribution of his interest in the plan, that board member may  
continue to serve on the board for the remainder of his term.~~

~~\* \* \*~~

~~(c) Oath of office. Each member of the board shall take an  
oath of office that he will, so far as it devolves upon him,  
diligently and honestly, administer the affairs of said board,  
the system and the plan and that he will not knowingly violate  
or willfully permit to be violated any of the provisions of law  
applicable to this part. Such oath shall be subscribed by the  
member taking it and certified by the officer before whom it is  
taken and shall be immediately filed in the Office of the  
Secretary of the Commonwealth.~~

~~(d) Compensation and expenses. The members of the board who  
are members of the system or participants in the plan shall  
serve without compensation but shall not suffer loss of salary  
or wages through serving on the board. The members of the board  
who are not members of the system or participants in the plan  
shall receive \$100 per day when attending meetings and all board  
members shall be reimbursed for any necessary expenses. However,  
when the duties of the board as mandated are not executed, no  
compensation or reimbursement for expenses of board members  
shall be paid or payable during the period in which such duties  
are not executed.~~

~~(e) Corporate power and legal advisor. For the purposes of  
this part, the board shall possess the power and privileges of a  
corporation. [The Attorney General of the Commonwealth shall be  
the legal advisor of the board.] Legal counsel to the board  
shall serve independently from the Governor's Office of Chief  
Counsel, the General Assembly and the Attorney General.~~

~~(f) Board training. Each member of the board will be required to obtain eight hours of mandatory training in investment strategies, actuarial cost analysis and retirement portfolio management on an annual basis.~~

~~Section 427. Section 5902(a.1), (b), (c), (e), (h), (i), (j), (k), (l), (m) and (n) of Title 71 are amended and the section is amended by adding subsections to read:~~

~~§ 5902. Administrative duties of the board.~~

~~\* \* \*~~

~~(a.1) Secretary. The secretary shall act as chief administrative officer for the board with respect to both the system and the plan. In addition to other powers and duties conferred upon and delegated to the secretary by the board, the secretary shall:~~

~~(1) Serve as the administrative agent of the board.~~

~~(2) Serve as liaison between the board and applicable legislative committees, the Treasury Department, the Department of the Auditor General, and between the board and the investment counsel and the mortgage supervisor in arranging for investments to secure maximum returns to the fund.~~

~~(3) Review and analyze proposed legislation and legislative developments affecting the system or the plan and present findings to the board, legislative committees, and other interested groups or individuals.~~

~~(4) Direct the maintenance of files and records and preparation of periodic reports required for actuarial evaluation studies.~~

~~(5) Receive inquiries and requests for information concerning the system or the plan from the press,~~

1 Commonwealth officials, State employees, the general public,  
2 research organizations, and officials and organizations from  
3 other states, and provide information as authorized by the  
4 board.

5 ~~(6) Supervise a staff of administrative, technical, and~~  
6 ~~clerical employees engaged in record keeping and clerical~~  
7 ~~processing activities for both the system and the plan in~~  
8 ~~maintaining files of members and participants, accounting for~~  
9 ~~contributions, processing payments to annuitants and~~  
10 ~~terminated participants, preparing required reports, and~~  
11 ~~retirement counseling. The board may utilize the staff of~~  
12 ~~employees provided for under this paragraph for both the~~  
13 ~~system and the plan but shall allocate the fees, costs and~~  
14 ~~expenses incurred under this paragraph between the system and~~  
15 ~~the plan as appropriate.~~

16 ~~(b) Professional personnel. The board shall contract for~~  
17 ~~the services of a chief medical examiner, an actuary, investment~~  
18 ~~advisors and counselors, and such other professional personnel~~  
19 ~~as it deems advisable. The board may, with the approval of the~~  
20 ~~Attorney General, contract for legal services. The board may~~  
21 ~~utilize the same individuals and firms contracted under this~~  
22 ~~subsection for both the system and the plan but shall allocate~~  
23 ~~the fees, costs and expenses incurred under this subsection~~  
24 ~~between the system and the plan as appropriate.~~

25 ~~(c) Expenses.~~

26 ~~(1) The board shall, through the Governor, submit to the~~  
27 ~~General Assembly annually a budget covering the~~  
28 ~~administrative expenses of [this part.] the system and a~~  
29 ~~separate budget covering the administrative expenses of the~~  
30 ~~plan. Budgets under this paragraph shall include those~~

~~expenses necessary to establish the plan and trust.~~

~~(2) Such expenses of the system as approved by the General Assembly in an appropriation bill shall be paid from investment earnings of the fund.~~

~~(3) For fiscal years ending before July 1, 2016, such expenses of the plan as approved by the General Assembly in an appropriation bill shall be paid from the General Fund. For fiscal years beginning after June 30, 2016, such expenses of the plan as approved by the General Assembly shall be paid from interest, under section 5414(b) (relating to investments based on participants' investment allocation choices), assessments on the balances of the participants' individual investment accounts or as otherwise provided in this part.~~

~~(4) Concurrently with its administrative budget, the board shall also submit to the General Assembly annually a list of proposed expenditures which the board intends to pay through the use of directed commissions, together with a list of the actual expenditures from the past year actually paid by the board through the use of directed commissions. All such directed commission expenditures shall be made by the board for the exclusive benefit of the system and its members.~~

~~\* \* \*~~

~~(e) Records.—~~

~~(1) The board shall keep a record of all its proceedings which shall be open to [inspection] access by the public, except as otherwise provided in this part or by other law.~~

~~(2) Any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment shall not~~

1 ~~constitute a public record subject to public [inspection]~~  
2 ~~access under the act of [June 21, 1957 (P.L.390, No.212),~~  
3 ~~referred to as the Right to Know Law,] February 14, 2008~~  
4 ~~(P.L.6, No.3), known as the Right to Know Law, if, in the~~  
5 ~~reasonable judgment of the board, the [inspection] access~~  
6 ~~would:~~

7 ~~(i) in the case of an alternative investment or~~  
8 ~~alternative investment vehicle, involve the release of~~  
9 ~~sensitive investment or financial information relating to~~  
10 ~~the alternative investment or alternative investment~~  
11 ~~vehicle which the fund or trust was able to obtain only~~  
12 ~~upon agreeing to maintain its confidentiality;~~

13 ~~(ii) cause substantial competitive harm to the~~  
14 ~~person from whom sensitive investment or financial~~  
15 ~~information relating to the investment was received; or~~

16 ~~(iii) have a substantial detrimental impact on the~~  
17 ~~value of an investment to be acquired, held or disposed~~  
18 ~~of by the fund or trust or would cause a breach of the~~  
19 ~~standard of care or fiduciary duty set forth in this~~  
20 ~~part.~~

21 ~~(3) The following apply:~~

22 ~~(i) The sensitive investment or financial~~  
23 ~~information excluded from [inspection] access under~~  
24 ~~paragraph (2)(i), to the extent not otherwise excluded~~  
25 ~~from [inspection] access, shall constitute a public~~  
26 ~~record subject to public [inspection] access under the~~  
27 ~~Right to Know Law once the board is no longer required by~~  
28 ~~its agreement to maintain confidentiality.~~

29 ~~(ii) The sensitive investment or financial~~  
30 ~~information excluded from [inspection] access under~~

1 paragraph (2) (ii), to the extent not otherwise excluded  
2 from [inspection] access, shall constitute a public  
3 record subject to public [inspection] access under the  
4 Right to Know Law once:

5 (A) the [inspection] access no longer causes  
6 substantial competitive harm to the person from whom  
7 the information was received; or

8 (B) the entity in which the investment was made  
9 is liquidated;

10 whichever is later.

11 (iii) The sensitive investment or financial  
12 information excluded from [inspection] access under  
13 paragraph (2) (iii), to the extent not otherwise excluded  
14 from [inspection] access, shall constitute a public  
15 record subject to public [inspection] access under the  
16 Right to Know Law once:

17 (A) the [inspection] access no longer has a  
18 substantial detrimental impact on the value of an  
19 investment of the fund or trust and would not cause a  
20 breach of the standard of care or fiduciary duty set  
21 forth in this part; or

22 (B) the entity in which the investment was made  
23 is liquidated;

24 whichever is later.

25 (4) Except for the provisions of paragraph (3), nothing  
26 in this subsection shall be construed to designate any  
27 record, material or data received, prepared, used or retained  
28 by the board or its employees, investment professionals or  
29 agents relating to an investment as a public record subject  
30 to public [inspection] access under the Right to Know Law.

1       ~~(5) Any record, material or data received, prepared,~~  
2       ~~used or retained by the board or its employees, or agents~~  
3       ~~relating to the contributions, account value or benefits~~  
4       ~~payable to or on account of a participant shall not~~  
5       ~~constitute a public record subject to public access under the~~  
6       ~~Right to Know Law if, in the reasonable judgment of the~~  
7       ~~board, the access would disclose any of the following:~~

8               ~~(i) The existence, date, amount and any other~~  
9               ~~information pertaining to the voluntary contributions,~~  
10              ~~including rollover contributions or trustee to trustee~~  
11              ~~transfers, of any participant.~~

12              ~~(ii) The investment options selections of any~~  
13              ~~participant.~~

14              ~~(iii) The balance of a participant's individual~~  
15              ~~investment account, including the amount distributed to~~  
16              ~~the participant, investment gains or losses or rates of~~  
17              ~~return.~~

18              ~~(iv) The identity of a participant's designated~~  
19              ~~beneficiary, successor payee or alternate payee.~~

20              ~~(v) The benefit payment option of a participant.~~

21       ~~(6) Nothing in this subsection shall be construed to~~  
22       ~~designate any record, material or data received, prepared,~~  
23       ~~used or retained by the board or its employees, or agents~~  
24       ~~relating to the contributions, account value or benefits~~  
25       ~~payable to or on account of a participant as a public record~~  
26       ~~subject to public access under the Right to Know Law.~~

27       ~~(7) The following apply:~~

28              ~~(i) Nothing in this part shall be construed to mean~~  
29              ~~that the release or publicizing of a record, material or~~  
30              ~~data which would not constitute a public record under~~



~~this subsection shall be a violation of the board's  
fiduciary duties.~~

~~(ii) This subsection shall apply to a record,  
material or data under this subsection, notwithstanding  
any of the following:~~

~~(A) Whether the record, material or data was  
created, generated or stored before the effective  
date of this paragraph.~~

~~(B) Whether the record, material or data was  
previously released or made public.~~

~~(C) Whether a request for the record, material  
or data was made or is pending final response under  
the Right to Know Law.~~

~~\* \* \*~~

~~(h) Regulations and procedures. The board shall, with the  
advice of the Attorney General and the actuary, adopt and  
promulgate rules and regulations for the uniform administration  
of the system. The actuary shall approve in writing all  
computational procedures used in the calculation of  
contributions and benefits pertaining to the system, and the  
board shall by resolution adopt such computational procedures,  
prior to their application by the board. Such rules, regulations  
and computational procedures as so adopted from time to time and  
as in force and effect at any time, together with such tables as  
are adopted pursuant to subsection (j) as necessary for the  
calculation of annuities and other benefits, shall be as  
effective as if fully set forth in this part. Any actuarial  
assumption specified in or underlying any such rule, regulation  
or computational procedure and utilized as a basis for  
determining any benefit shall be applied in a uniform manner.~~

~~(i) Data. The board shall keep in convenient form such data as are stipulated by the actuary in order that an annual actuarial valuation of the various accounts of the fund can be completed within six months of the close of each calendar year.~~

~~(j) Actuarial investigation and valuation. The board shall have the actuary make an annual valuation of the various accounts of the fund within six months of the close of each calendar year. In the year 1975 and in every fifth year thereafter the board shall have the actuary conduct an actuarial investigation and evaluation of the system based on data including the mortality, service, and compensation experience provided by the board annually during the preceding five years concerning the members and beneficiaries of the system. The board shall by resolution adopt such tables as are necessary for the actuarial valuation of the fund and calculation of contributions, annuities and other benefits based on the reports and recommendations of the actuary. Within 30 days of their adoption, the secretary of the board shall cause those tables which relate to the calculation of annuities and other benefits to be published in the Pennsylvania Bulletin in accordance with the provisions of 45 Pa.C.S. § 725(a) (relating to additional contents of Pennsylvania Bulletin) and, unless the board specifies therein a later effective date, such tables shall become effective on such publication. The board shall include a report on the significant facts, recommendations and data developed in each five year actuarial investigation and evaluation of the system in the annual financial statement published pursuant to the requirements of subsection (m) for the fiscal year in which such investigation and evaluation were concluded.~~

~~(k) Certification of employer contributions to the fund.~~  
~~The board shall, each year in addition to the itemized budget~~  
~~required under section 5509 (relating to appropriations and~~  
~~assessments by the Commonwealth), certify, as a percentage of~~  
~~the members' payroll, the shared risk contribution rate, the~~  
~~employers' contributions as determined pursuant to section 5508~~  
~~(relating to actuarial cost method) necessary for the funding of~~  
~~prospective annuities for active members and the annuities of~~  
~~annuitants and certify the rates and amounts of the employers'~~  
~~normal contributions as determined pursuant to section 5508(b),~~  
~~accrued liability contributions as determined pursuant to~~  
~~section 5508(c), supplemental annuities contribution rate as~~  
~~determined pursuant to section 5508(e), the experience~~  
~~adjustment factor as determined pursuant to section 5508(f), the~~  
~~collared contribution rate pursuant to section 5508(h) and the~~  
~~final contribution rate pursuant to section 5508(i), which shall~~  
~~be paid to the fund and credited to the appropriate accounts.~~  
~~The board may allocate the final contribution rate and certify~~  
~~various employer contribution rates and amounts based upon the~~  
~~different benefit eligibility, class of service multiplier,~~  
~~superannuation age, final average salary calculation,~~  
~~compensation limits and other benefit differences resulting from~~  
~~State service credited for individual members even though such~~  
~~allocated employer contribution rate on behalf of any given~~  
~~member may be more or less than 5% of the member's compensation~~  
~~for the period from July 1, 2010, to June 30, 2011, or may~~  
~~differ from the prior year's contribution for that member by~~  
~~more or less than the percentages used to calculate the collared~~  
~~contribution rate for that year and may be below any minimum~~  
~~contribution rate established for the collared contribution rate~~

~~or final contribution rate. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget.~~

~~(l) Member contributions. The board shall cause all pickup contributions and cash balance member contributions made on behalf of a member to be credited to the account of the member and credit to his account any other payment made by such member, including, but not limited to, amounts collected by the Public School Employees' Retirement System for the reinstatement of previous State service or creditable nonstate service and amounts paid to return benefits paid after the date of return to State service or entering school service representing lump sum payments made pursuant to section 5705(a)(4)(iii) or (a.1) (relating to member's options) and member's annuity payments, but not including other benefits returned pursuant to section 5706(a.2) or (a.3) (relating to termination of annuities), and shall pay all such amounts into the fund.~~

~~(m) Annual financial statement. The board shall prepare and have published, on or before July 1 of each year, [a financial statement] financial statements as of the calendar year ending December 31 of the previous year showing the condition of the fund, the trust and the various accounts, including, but not limited to, the board's accrual and expenditure of directed commissions, and setting forth such other facts, recommendations, and data as may be of use in the advancement of knowledge concerning annuities and other benefits provided by this part. The board shall submit said financial [statement] statements to the Governor and shall file copies with the head of each department for the use of the State employees and the public.~~

~~(n) Independent [audit] audits. The board shall provide for [an annual audit] annual audits of the system and the plan by [an] independent certified public [accountant, which audit] accountants. The audits shall include the board's accrual and expenditure of directed commissions. The board may use the same independent certified public accountant for the audits of both the system and the plan.~~

~~\* \* \*~~

~~(p) Additional amounts credited to the members' cash balance savings accounts. In addition to cash balance member contributions and treasury bond interest on the contributions, the board shall credit to the individual members' cash balance savings accounts 0% of their compensation. The credited amounts shall be credited with treasury bond interest. The board shall further credit to the members' individual savings accounts excess interest, if any is determined to be creditable, as determined under subsection (g), allocated proportionally between the cash balance member accumulated deductions and the percentages of compensation credited under this section, plus past treasury bond interest and excess interest.~~

~~(g) Determination of excess interest.~~

~~(1) As part of the actuarial valuation made under subsection (j) for calendar year 2016, and for each subsequent calendar year, the board shall determine the amount potentially available from that year for distribution as excess interest as follows:~~

~~(i) The amount shall be the product of:~~

~~(A) one half of the investment gains and losses, net of investment and administrative fees and costs, above or below a rate of return of the annual~~

~~interest rate adopted by the board for the  
calculation of the normal contribution rate of the  
total assets in the fund; and~~

~~(B) the ratio of:~~

~~(I) the total amount credited in the cash  
balance savings account; to~~

~~(II) the sum of:~~

~~(a) the total amount credited in the  
cash balance savings account; and~~

~~(b) the accrued actuarial liability of  
all benefits derived from all the service of  
all members in all classes of service other  
than Class CB.~~

~~(ii) The product under subparagraph (i) shall be  
available in equal annual installments over five years.~~

~~(2) After the actuarial valuation made for calendar year  
2018 and after the actuarial valuations for each subsequent  
calendar year, the board shall determine if excess interest  
is to be awarded to those active members, inactive members on  
leave without pay, and vestees who have Class CB service  
credit on the date of the applicable actuarial valuation.~~

~~(3) For each determination period, excess interest shall  
be granted if the sum of the amounts determined under  
paragraph (1) for all the years of the determination period  
is positive. If the sum is positive, then the percentage rate  
of excess interest shall be determined by dividing this sum  
by the total amount credited in the cash balance savings  
account on the last day of the determination period. Each  
member or inactive member on leave without pay who is not a  
Class CB exempt employee and who has Class CB cash balance~~

~~member accumulated deductions on the last day of the determination period and who is an active member, inactive member on leave without pay or vestee on the next following December 31 shall have excess interest at this rate credited to his total cash balance accumulated deductions, which shall be credited proportionally between the cash balance member accumulated deductions and other amounts credited to his individual cash balance savings account.~~

~~(4) The determination period for the period ending with the actuarial valuation for calendar year 2018 shall be calendar years 2016, 2017 and 2018. The determination period for the period ending with the actuarial valuation for calendar year 2019 shall be calendar years 2016, 2017, 2018 and 2019. The determination period for the periods ending with calendar year 2020 and subsequent years shall be the ending year and the four immediately previous calendar years.~~

~~(r) Participant and employer contributions to the trust. The board shall, each year in addition to any fees and itemized budget required under section 5509, certify, as a percentage of each participant's compensation, the employer defined contributions, which shall be paid to the trust and credited to each participant's individual investment account. Certifications under this subsection shall be regarded as final and not subject to modification by the Secretary of the Budget. The board shall cause all mandatory participant contributions made on behalf of a participant and all voluntary contributions made by a participant to be credited to the participant's individual investment account.~~

~~Section 428. Section 5903(a) and (b) of Title 71 are amended and the section is amended by adding a subsection to read:~~

~~§ 5903. Duties of the board to advise and report to heads of departments [and], members and participants.~~

~~(a) Manual of regulations. The board shall, with the advice of the Attorney General and the actuary, prepare and provide, within 90 days of the effective date of this part, a manual incorporating rules and regulations consistent with the provisions of this part to the heads of departments who shall make the information contained therein available to the general membership. The board shall thereafter advise the heads of departments within 90 days of any changes in such rules and regulations due to changes in the law or due to changes in administrative policies. As soon as practicable after the commissioner's announcement with respect thereto, the board shall also advise the heads of departments as to any cost of living adjustment for the succeeding calendar year in the amount of the limitation under IRC § 401(a)(17) and the dollar amounts of the limitations under IRC § [415(b)] 415. As soon as practicable after January 1 of each year, the board shall also advise the heads of departments of the employees for whom, pursuant to section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions), pickup contributions are not to be made.~~

~~(b) Member status statements and certifications. The board shall furnish annually to the head of each department on or before April 1, a statement for each member employed in such department showing the total accumulated deductions and total cash balance accumulated deductions standing to his credit as of December 31 of the previous year and requesting the member to make any necessary corrections or revisions regarding his designated beneficiary. In addition, for each member employed in~~



1 ~~any department and for whom the department has furnished the~~  
2 ~~necessary information, the board shall certify the number of~~  
3 ~~years and fractional part of a year of credited service~~  
4 ~~attributable to each class of service, the number of years and~~  
5 ~~fractional part of a year attributable to social security~~  
6 ~~integration credits in each class of service and, in the case of~~  
7 ~~a member eligible to receive an annuity, the benefit to which he~~  
8 ~~is entitled upon the attainment of superannuation age.~~

9 ~~(b.1) Participant status statements. The board shall~~  
10 ~~furnish annually to each participant, by April 1 and more~~  
11 ~~frequently as the board may agree or as required by law, a~~  
12 ~~statement for each participant in the plan showing the~~  
13 ~~accumulated total defined contributions credited to the~~  
14 ~~participant's individual investment account, the nature and type~~  
15 ~~of investments and the investment allocation of future~~  
16 ~~contributions as of December 31 of the previous year and shall~~  
17 ~~request the participant to make any necessary correction or~~  
18 ~~revision regarding the designated beneficiary.~~

19 ~~\* \* \*~~

20 ~~Section 429. Section 5904(c) of Title 71 is amended to read:~~  
21 ~~§ 5904. Duties of the board to report to the Public School~~  
22 ~~Employees' Retirement Board.~~

23 ~~\* \* \*~~

24 ~~(c) Applications for benefits for school employees. Upon~~  
25 ~~receipt of notification and the required data from the Public~~  
26 ~~School Employees' Retirement Board that a former State employee~~  
27 ~~who elected multiple service has applied for a public school~~  
28 ~~employees' retirement benefit or, in the event of his death, his~~  
29 ~~legally constituted representative has applied for such benefit,~~  
30 ~~the board shall:~~

1       ~~(1) certify to the Public School Employees' Retirement~~  
2       ~~Board;~~

3               ~~(i) the salary history as a member of the State~~  
4       ~~Employees' Retirement System and the final average salary~~  
5       ~~as calculated on the basis of the compensation received~~  
6       ~~as a State and school employee; and~~

7               ~~(ii) the annuity or benefit to which the member or~~  
8       ~~his beneficiary is entitled as modified according to the~~  
9       ~~option selected; and~~

10       ~~(2) transfer to the Public School Employees' Retirement~~  
11       ~~Fund the total accumulated deductions and cash balance member~~  
12       ~~accumulated deductions standing to such member's credit and~~  
13       ~~the actuarial reserve required on account of years of~~  
14       ~~credited service in the State system, final average salary~~  
15       ~~determined on the basis of his compensation as a member in~~  
16       ~~both systems and the average noncovered salary to be charged~~  
17       ~~to the State accumulation account, the State Police benefit~~  
18       ~~account or the enforcement officers' benefit account, as each~~  
19       ~~case may require.~~

20       ~~\* \* \*~~

21       ~~Section 430. Section 5905(b), (c.1), (e), (e.1), (f) and (g)~~  
22       ~~of Title 71 are amended and the section is amended by adding~~  
23       ~~subsections to read:~~

24       ~~§ 5905. Duties of the board regarding applications and~~  
25       ~~elections of members.~~

26       ~~\* \* \*~~

27       ~~(b) School employees electing multiple service status. Upon~~  
28       ~~receipt of notification from the Public School Employees'~~  
29       ~~Retirement Board that a former State employee has become an~~  
30       ~~active member in the Public School Employees' Retirement System~~

1 ~~and has elected to become a member with multiple service status~~  
2 ~~the board shall:~~

3 ~~(1) in case of a member receiving an annuity from the~~  
4 ~~system:~~

5 ~~(i) discontinue payments, transfer the present value~~  
6 ~~of the member's annuity other than any portion of the~~  
7 ~~member's annuity derived from cash balance member~~  
8 ~~accumulated deductions at the time of entering school~~  
9 ~~service, plus the amount withdrawn in a lump sum payment,~~  
10 ~~on or after the date of entering school service, pursuant~~  
11 ~~to section 5705 (relating to member's options), with~~  
12 ~~statutory interest to date of transfer, minus the amount~~  
13 ~~to be returned to the board on account of return to~~  
14 ~~service, that the board has determined is to be credited~~  
15 ~~in the members' savings account, from the annuity reserve~~  
16 ~~account to the members' savings account and resume~~  
17 ~~crediting of statutory interest on the amount restored to~~  
18 ~~his credit[;] and make a similar transfer of the present~~  
19 ~~value of any portion of the member's annuity derived from~~  
20 ~~cash balance member accumulated deductions from the~~  
21 ~~annuity reserve account to the cash balance savings~~  
22 ~~account and resume crediting of treasury bond interest on~~  
23 ~~the amount so restored;~~

24 ~~(ii) transfer the balance of the present value of~~  
25 ~~the total annuity, minus the amount to be returned to the~~  
26 ~~board on account of return to service that the board has~~  
27 ~~determined is to be credited in the State accumulation~~  
28 ~~account and the cash balance savings account, from the~~  
29 ~~annuity reserve account to the State accumulation~~  
30 ~~account; and~~

1           ~~(iii) certify to the member the amount of lump sum~~  
2           ~~and annuity payments with statutory interest the member~~  
3           ~~is to return to the board and, of those amounts, which~~  
4           ~~amount shall be credited to the members' savings account~~  
5           ~~or the cash balance savings account and credited with~~  
6           ~~statutory interest or treasury bond interest as such~~  
7           ~~payments are returned and which amount shall be credited~~  
8           ~~to the State accumulation account; or~~

9           ~~(2) in case of a member who is not receiving an annuity~~  
10          ~~and has not withdrawn his total accumulated deductions and~~  
11          ~~cash balance member accumulated deductions, continue or~~  
12          ~~resume the crediting of statutory interest on his total~~  
13          ~~accumulated deductions and treasury bond interest on his~~  
14          ~~total cash balance accumulated deductions during the period~~  
15          ~~his total accumulated deductions and cash balance member~~  
16          ~~accumulated deductions remain in the fund; or~~

17          ~~(3) in case of a former State employee who is not~~  
18          ~~receiving an annuity from the system and his total~~  
19          ~~accumulated deductions were withdrawn, certify to the former~~  
20          ~~State employee the accumulated deductions as they would have~~  
21          ~~been at the time of his separation had he been a full~~  
22          ~~coverage member together with statutory interest for all~~  
23          ~~periods of subsequent State service eligible for membership~~  
24          ~~in the system and school service as a member of the Public~~  
25          ~~School Employees' Retirement System to the date of repayment.~~  
26          ~~Such amount shall be restored by him and shall be credited~~  
27          ~~with statutory interest as such payments are restored.~~

28          \*\*\*

29          ~~(c.1) Termination of service by a member. In the case of~~  
30          ~~any member terminating State service who is entitled to an~~

~~annuity and who is not then a disability annuitant, the board shall advise such member in writing of any benefits from the system to which he may be entitled under the provisions of this part and shall have the member prepare, on or before the date of termination of State service, one of the following three forms, a copy of which shall be given to the member and the original of which shall be filed with the board:~~

~~(1) an application for the return of total accumulated deductions and cash balance member accumulated deductions;~~

~~(2) if eligible, an election to vest his retirement rights and, if he is a joint coverage member and so desires, elect to become a full coverage member and agree to pay within 30 days of the date of termination of service the lump sum required; or~~

~~(3) if eligible, an application for an immediate annuity and, if he desires:~~

~~(i) an election to convert his medical, major medical and hospitalization insurance coverage to the plan for State annuitants; and~~

~~(ii) if he is a joint coverage member, an election to become a full coverage member and an agreement to pay within 30 days of date of termination of service the lump sum required.~~

~~(c.2) Termination of service by a participant. In the case of a participant terminating State service, the board shall advise the participant in writing, of the vested accumulated total defined contributions credited to the participant's individual investment account as of the date stated in the writing, any notices regarding rollover or other matters required by IRC or other law, the obligation of the participant~~

~~to commence distributions from the plan by the participant's  
required beginning date and the ability to receive all or part  
of the vested balance in the participant's individual investment  
account in a lump sum or in such other form as the board may  
authorize or as required by law.~~

~~(e) Certification to vestees and special vestees terminating  
service. The board shall certify to a vestee or to a special  
vestee within one year of termination of State service of such  
member.~~

~~(1) the total accumulated deductions and total cash  
balance accumulated deductions standing to his credit at the  
date of termination of service;~~

~~(2) the number of years and fractional part of a year of  
credit in each class of service; and~~

~~(3) the maximum single life annuity to which the vestee  
or special vestee shall become entitled upon the attainment  
of superannuation age and the filing of an application for  
such annuity.~~

~~(4) the obligation of the member to commence  
distribution by the member's required beginning date.~~

~~(e.1) Notification to vestees and special vestees  
approaching superannuation age. The board shall notify each  
vestee and special vestee who is not an active participant or  
inactive participant on leave without pay in writing 90 days  
prior to his attainment of superannuation age that he shall  
apply for his annuity within 90 days of attainment of  
superannuation age; that, if he does so apply, his effective  
date of retirement will be the date of attainment of  
superannuation age; that, if he does not so apply but defers his  
application to a later date, then he has an obligation to apply~~

~~by his required beginning date and that his effective date of retirement will be the later of the date of filing such application or the date specified on the application[, whichever is later; and that, if he does not file an application within seven years after attaining superannuation age, he shall be deemed to have elected to receive his total accumulated deductions upon attainment of superannuation age.] which shall not be later than his required beginning date.~~

~~(e.2) Notification to inactive participants approaching required beginning date. The board shall notify in writing each inactive participant who has terminated State service and has not commenced distribution by 90 days before the participant's required beginning date, that the inactive participant has an obligation to commence distributions by the required beginning date in a form and manner required by IRC § 401(a)(9) and other applicable provisions of the IRC.~~

~~(f) Initial annuity payment and certification. The board shall make the first monthly payment to a member who is eligible for an annuity within 60 days of the filing of his application for an annuity or, in the case of a vestee or special vestee who has deferred the filing of his application to a date later than 90 days following attainment of superannuation age, within 60 days of the effective date of retirement, and receipt of the required data from the head of the department and, if the member has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, any data required from the county retirement system or pension plan to which the member was a contributor before being a State employee. Concurrently, the board shall certify to such member:~~

~~(1) the total accumulated deductions and total cash~~

~~balance accumulated deductions standing to his credit showing separately the amount contributed by the member, the pickup contribution and the interest credited to the date of termination of service;~~

~~(2) the number of years and fractional part of a year credited in each class of service;~~

~~(3) the final average salary on which his annuity is based as well as any applicable reduction factors due to age and/or election of an option; and~~

~~(4) the total annuity payable under the option elected and the amount and effective date of any future reduction under section 5703 (relating to reduction of annuities on account of social security old age insurance benefits).~~

~~(f.1) Initial payment to participants. The board shall make the initial payment to a participant who has applied for a distribution within 60 days of the receipt of all information necessary to process the application for a distribution.~~

~~(g) Death benefits. Upon receipt of notification from the head of a department of the death of an active member, a member performing USERRA leave [or], a member on leave without pay, an active participant, an inactive participant on leave without pay or a former participant performing USERRA leave, the board shall advise the designated beneficiary of the benefits to which he is entitled, and shall make the first payment to the beneficiary within 60 days of receipt of certification of death and other necessary data. If no beneficiary designation is in effect at the date of the member's death or no notice has been filed with the board to pay the amount of the benefits to the member's estate, the board is authorized to pay the benefits to the executor, administrator, surviving spouse or next of kin of the~~



~~deceased member, and payment pursuant hereto shall fully discharge the fund from any further liability to make payment of such benefits to any other person. If the surviving spouse or next of kin of the deceased member cannot be found for the purpose of paying the benefits for a period of seven years from the date of death of the member, then the benefits shall be escheated to the Commonwealth for the benefit of the fund. If no beneficiary designation is in effect at the date of a participant's death or no notice has been filed with the board to pay the amount of the benefits to the participant's estate, the board may pay the benefits to the surviving spouse, executor, administrator or next of kin of the deceased participant and payment pursuant hereto shall fully discharge the fund from any further liability to make payment of such benefits to any other person.~~

~~\* \* \*~~

~~Section 431. Section 5905.1(a), (b) and (d) of Title 71 are amended to read:~~

~~§ 5905.1. Installment payments of accumulated deductions.~~

~~(a) General rule. Notwithstanding any other provision of this part, whenever a member elects to withdraw his total accumulated deductions and cash balance member accumulated deductions pursuant to section 5311(a) (relating to eligibility for refunds) or 5701 (relating to return of total accumulated deductions and cash balance member accumulated deductions) or elects to receive a portion of his benefit payable as a lump sum pursuant to section 5705(a) (4) (iii) or (a.1) (relating to member's options), the member may elect to receive the amount in not more than four installments.~~

~~(b) Payment of first installment. The payment of the first~~

~~installment shall be made in the amount and within seven days of the date specified by the member, except as follows:~~

~~(1) Upon receipt of a member's application to withdraw his total accumulated deductions and cash balance member accumulated deductions as provided in section 5311(a) or 5701 and upon receipt of all required data from the head of the department and, if the member has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, any data required from the county retirement system or pension plan to which the member was a contributor before being transferred to State employment, the board shall not be required to pay the first installment prior to 45 days after the filing of the application and the receipt of the data or the date of termination of service, whichever is later.~~

~~(2) In the case of an election as provided in section 5705(a)(4)(iii) or (a.1) by a member terminating service within 60 days prior to the end of a calendar year and upon receipt of all required data from the head of the department and, if the member has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, any data required from the county retirement system or pension plan to which the member was a contributor before being transferred to State employment, the board shall not be required to pay the first installment prior to 21 days after the later of the filing of the application and the receipt of the data or the date of termination of service, but, unless otherwise directed by the member, the payment shall be made no later than 45 days after the filing of the application and the receipt of the data or the date of termination of service, whichever is later.~~

~~(3) In the case of an election as provided in section 5705(a)(4)(iii) or (a.1) by a member who is not terminating service within 60 days prior to the end of a calendar year and upon receipt of all required data from the head of the department and, if the member has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, any data required from the county retirement system or pension plan to which the member was a contributor before being transferred to State employment, the board shall not be required to pay the first installment prior to 45 days after the filing of the application and the receipt of the data or the date of termination of service, whichever is later.~~

~~\* \* \*~~

~~(d) [Statutory interest] Interest. Any lump sum, including a lump sum payable pursuant to section 5705.1 (relating to payment of accumulated deductions resulting from [Class A 3 and Class A 4] more than one class of service), or installment payable shall include statutory interest credited to the date of payment on all amounts other than payment of cash balance member accumulated deductions which shall include treasury bond interest credited to the date of payment, except in the case of a member, other than a vestee or special vestee, who has not filed his application prior to 90 days following his termination of service.~~

~~Section 432. Sections 5906(a), (b), (c), (d), (e), (g), (h), (i), (j) and (l) and 5907(a), (c), (d), (e), (f), (g), (h) and (i) of Title 71 are amended and the sections are amended by adding subsections to read:~~

~~§ 5906. Duties of heads of departments.~~

~~(a) Status of members and participants. The head of~~

1 ~~department shall, at the end of each pay period, notify the~~  
2 ~~board in a manner prescribed by the board of salary changes~~  
3 ~~effective during that period for any members and participants of~~  
4 ~~the department, the date of all removals from the payroll, and~~  
5 ~~the type of leave of any members and participants of the~~  
6 ~~department who have been removed from the payroll for any time~~  
7 ~~during that period, and:~~

8       ~~\* \* \*~~

9           ~~(i) in the case of death of the member or~~  
10 ~~participant the head of the department shall so notify~~  
11 ~~the board;~~

12           ~~(ii) in the case of a service connected disability~~  
13 ~~of a member the head of department shall, to the best of~~  
14 ~~his ability, investigate the circumstances surrounding~~  
15 ~~the disablement of the member and submit in writing to~~  
16 ~~the board information which shall include but not~~  
17 ~~necessarily be limited to the following: date, place and~~  
18 ~~time of disablement to the extent ascertainable; nature~~  
19 ~~of duties being performed at such time; and whether or~~  
20 ~~not the duties being performed were authorized and~~  
21 ~~included among the member's regular duties. In addition,~~  
22 ~~the head of department shall furnish in writing to the~~  
23 ~~board all such other information as may be related to the~~  
24 ~~member's disablement;~~

25       ~~\* \* \*~~

26       ~~(b) Records and information. At any time at the request of~~  
27 ~~the board and at termination of service of a member or a~~  
28 ~~participant, the head of department shall furnish service and~~  
29 ~~compensation records and such other information as the board may~~  
30 ~~require and shall maintain and preserve such records as the~~

~~board may direct for the expeditious discharge of its duties.~~

~~(c) Member contributions. The head of department shall cause the required pickup contributions and cash balance member contributions for current service to be made and shall cause to be deducted any other required member contributions, including, but not limited to, contributions owed by an active member with multiple service membership for school service and creditable nonschool service in the Public School Employees' Retirement System and amounts certified by the Public School Employees' Retirement Board as due and owing on account of termination of annuities, from each payroll. The head of department shall notify the board at times and in a manner prescribed by the board of the compensation of any noneligible member to whom the limitation under IRC § 401(a)(17) either applies or is expected to apply and shall cause such member's contributions deducted from payroll to cease at the limitation under IRC § 401(a)(17) on the payroll date if and when such limit shall be reached. The head of department shall certify to the State Treasurer the amounts picked up and deducted amounts of cash balance member contributions deducted and shall send the total amount picked up ~~{and} or~~ deducted together with a duplicate of such voucher to the secretary of the board every pay period. The head of department shall pay pickup contributions and cash balance member contributions from the same source of funds which is used to pay other compensation to the employee. On or before January 31, 1997, and on or before January 31 of each year thereafter, the head of department shall, at the time when the income and withholding information required by law is furnished to each member, also furnish the amount of pickup contributions and cash balance member contributions made on his behalf and notify the~~

~~board, if it has not been previously notified, of any  
noneligible member whose compensation in the preceding year  
exceeded the annual compensation limit under IRC § 401(a)(17).  
If the board shall determine that the member's savings account  
or cash balance savings account shall have been credited with  
pickup contributions or cash balance member contributions for a  
noneligible member in the preceding year which are attributable  
to compensation in excess of the limitation under IRC § 401(a)  
(17), or with total member contributions including contributions  
as a result of Class CB service for such member which would  
cause such member's contributions or benefits to exceed any  
applicable limitation under IRC § 401(a)(17) or 415(b), the  
board shall as soon as practicable refund to the member from his  
individual member account such amount, together with the  
statutory interest or treasury bond interest thereon, as will  
cause the member's total member contributions including  
contributions as a result of Class CB service in the preceding  
year not to exceed the applicable limit. The payment of any such  
refund to the member shall be charged to the member's savings  
account or the member's individual cash balance savings account,  
as the case may be.~~

~~(c.1) Participant and employer defined contributions. The  
head of the department shall:~~

~~(1) Cause the mandatory participant contributions on  
behalf of a participant to be made and cause to be deducted  
any voluntary contributions authorized by a participant.~~

~~(2) Cause the employer defined contributions on behalf  
of a participant to be made.~~

~~(3) Notify the board at times and in a manner prescribed  
by the board of the compensation of any participant to whom~~

~~the limitation under IRC § 401(a)(17) either applies or is expected to apply and cause the participant's contributions to be deducted from payroll to cease at the limitation under IRC § 401(a)(17) on the payroll date if and when such limit shall be reached.~~

~~(4) Certify to the State Treasurer the amounts deducted and the employer defined contributions being made and send the total amount picked up, deducted and contributed together with a duplicate of the voucher to the secretary of the board every pay period or on such schedule as established by the board.~~

~~(d) New employees subject to mandatory membership or participation. Upon the assumption of duties of each new State employee whose membership in the system or plan is mandatory, the head of department shall cause an application for membership or participation and a nomination of beneficiary to be made by such employee and filed with the board and shall make pickup contributions, cash balance member contributions or mandatory participant contributions from the effective date of State employment.~~

~~(e) New employees subject to optional membership or participation. The head of department shall, upon the employment or entering into office of any State employee whose membership in the system or participation in the plan is not mandatory, inform such employee of his opportunity to become a member of the system or participant in the plan. If such employee so elects, the head of department shall cause an application for membership or participation and a nomination of beneficiary to be made by him and filed with the board and shall cause proper contributions to be made from the effective date of~~

1 ~~membership or participation.~~

2 ~~\* \* \*~~

3 ~~(g) Former school employee contributors.—~~

4 ~~(1) The head of department shall, upon the employment of~~  
5 ~~a former contributor to the Public School Employees'~~  
6 ~~Retirement System who is not an annuitant of the Public~~  
7 ~~School Employees' Retirement System, advise such employee of~~  
8 ~~his right to elect within 365 days of entry into the system~~  
9 ~~to become a multiple service member, and in the case of any~~  
10 ~~such employee who so elects and has withdrawn his accumulated~~  
11 ~~deductions, require him to reinstate his credit in the Public~~  
12 ~~School Employees' Retirement System. The head of the~~  
13 ~~department shall advise the board of such election.~~

14 ~~(2) Paragraph (1) shall not apply to a State employee~~  
15 ~~who has only Class CB service credit in the system or who has~~  
16 ~~only Class T-I credit in the Public School Employees'~~  
17 ~~Retirement System.~~

18 ~~(h) Former school employee annuitants.—~~

19 ~~(1) The head of department shall, upon the employment of~~  
20 ~~an annuitant of the Public School Employees' Retirement~~  
21 ~~System who applies for membership in the system, advise such~~  
22 ~~employee that he may elect multiple service membership within~~  
23 ~~365 days of entry into the system and if he so elects his~~  
24 ~~public school employee's annuity will be discontinued~~  
25 ~~effective upon the date of his return to State service and,~~  
26 ~~upon termination of State service and application for an~~  
27 ~~annuity, the annuity will be adjusted in accordance with~~  
28 ~~section 5706 (relating to termination of annuities). The head~~  
29 ~~of department shall advise the board of such election.~~

30 ~~(2) Paragraph (1) shall not apply to a State employee~~



~~who has only Class CB service credit in the system or who has only Class T-I credit in the Public School Employees' Retirement System.~~

~~(i) Annual statement to members. Annually, upon receipt from the board, the head of department shall furnish to each member the statement specified in section 5903(b) (relating to duties of the board to advise and report to heads of departments [and], members and participants).~~

~~(j) Termination of service. The head of department shall, in the case of any member who does not have Class CB service, who is terminating State service and who is ineligible for an annuity before attainment of superannuation age, advise such member in writing of any benefits to which he may be entitled under the provisions of this part and shall have the member prepare, on or before the date of termination of State service, an application for the return of total accumulated deductions or, on or before September 30, 1997, an application to be vested as a special vestee, if eligible.~~

~~\* \* \*~~

~~(l) State employees performing USERRA or military related leave of absence. The head of department shall report to the board any State employee who ceases to be an active member or active participant to perform USERRA service, or who is granted a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) or a military leave of absence under 51 Pa.C.S. § 7302 (relating to granting military leaves of absence), the date on which the USERRA service, leave of absence or military leave of absence began, the date on which the State employee is reemployed from USERRA leave or returns after the leave of absence or military leave of~~

~~absence, if the event occurs, and any other information the board may require or direct.~~

~~\* \* \*~~

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

~~(a) Information on new employees. Upon his assumption of duties or becoming a participant each new State employee or participant shall furnish the head of department with a complete record of his previous State service, his school service or creditable nonstate service, and proof of his date of birth and current status in the system and the plan and in the Public School Employees' Retirement System and the School Employees' Defined Contribution Plan. Willful failure to provide the information required by this subsection to the extent available upon entrance into the system shall result in the forfeiture of the right of the member to subsequently assert any right to benefits based on any of the required information which he failed to provide. In any case in which the board finds that a member is receiving an annuity based on false information, the total amount received predicated on such false information together with statutory interest doubled and compounded shall be deducted from the present value of any remaining benefits to which the member is legally entitled.~~

~~\* \* \*~~

~~(b.1) Application for participation. On or after January 1, 2016, in the case of an employee who is not currently a participant in the plan and whose participation is mandatory, or in the case of an employee whose participation is not mandatory but is permitted and who desires to become a participant in the plan, the employee shall execute an application for participation and a nomination of a beneficiary.~~

1     ~~(c) Multiple service membership. [Any active member] Any~~  
2     ~~State employee who is an active member in a class of service~~  
3     ~~other than Class CB and who was formerly an active member in the~~  
4     ~~Public School Employees' Retirement System in a class of service~~  
5     ~~other than Class T-I may elect to become a multiple service~~  
6     ~~member. Such election shall occur no later than 365 days after~~  
7     ~~becoming an active member in this system. A State employee who~~  
8     ~~is eligible to elect to become a multiple service member who~~  
9     ~~begins USERRA leave during the election period without having~~  
10    ~~elected multiple service membership may make the election within~~  
11    ~~365 days after being reemployed from USERRA leave.~~

12    ~~(d) Credit for previous service or change in membership~~  
13    ~~status. Any active member or eligible school employee who~~  
14    ~~desires to receive credit for the portion of his total previous~~  
15    ~~State service or creditable nonstate service to which he is~~  
16    ~~entitled, or a joint coverage member who desires to become a~~  
17    ~~full coverage member, shall so notify the board and upon written~~  
18    ~~agreement by the member and the board as to the manner of~~  
19    ~~payment of the amount due, the member shall receive credit for~~  
20    ~~such service as of the date of such agreement.~~

21    ~~\* \* \*~~

22    ~~(d.2) Contributions for USERRA leave. Any active~~  
23    ~~participant or inactive participant on leave without pay or~~  
24    ~~former participant who was reemployed from USERRA leave who~~  
25    ~~desires to make mandatory participant contributions and~~  
26    ~~voluntary contributions for his USERRA leave shall so notify the~~  
27    ~~board within the time period required under 38 U.S.C. Ch. 43~~  
28    ~~(relating to employment and reemployment rights of members of~~  
29    ~~the uniformed services) and IRC § 414(u) of his desire to make~~  
30    ~~such contributions. Upon making the permitted mandatory~~

~~participant contributions within the allowed time period, the head of the department shall make the corresponding employer defined contributions at the same time.~~

~~(d.3) Voluntary contributions by a participant. Any participant who desires to make voluntary contributions to be credited to his individual investment account shall notify the board and, upon compliance with the requirements, procedures and limitations established by the board in the plan document, may do so subject to the limitations under IRC §§ 401(a) and 415 and other applicable law.~~

~~(e) Beneficiary for death benefits from system. Every member shall nominate a beneficiary by written designation filed with the board as provided in section 5906(d) or (e) (relating to duties of heads of departments) to receive the death benefit payable under section 5707 (relating to death benefits) or the benefit payable under the provisions of Option 1 of section 5705(a)(1) (relating to member's options). Such nomination may be changed at any time by the member by written designation filed with the board. A member may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 5707 or the benefit payable under the provisions of Option 1 of section 5705(a)(1).~~

~~(e.1) Beneficiary for death benefits from the plan. Every participant shall nominate a beneficiary by written designation filed with the board as provided in section 5906(d) or (e) to receive the death benefit payable under section 5408 (relating to death benefits). A participant may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 5408. Such nomination may be changed at any time by the participant by written designation filed with~~

~~the board.~~

~~(e.2) Beneficiary for combined service employee. A combined service employee may designate or nominate different persons to be beneficiaries, survivor annuitants and successor payees for his benefits from the system and the plan.~~

~~(f) Termination of service by members. Each member who terminates State service and who is not then a disability annuitant shall execute on or before the date of termination of service the appropriate application, duly attested by the member or his legally constituted representative, electing to:~~

~~(1) withdraw his total accumulated deductions and cash balance member accumulated deductions; or~~

~~\* \* \*~~

~~(g) Vesting of retirement rights. If a member elects to vest his retirement rights he shall nominate a beneficiary by written designation filed with the board and, if the member is not an active participant or inactive participant on leave without pay, he may anytime thereafter but no later than his required beginning date, withdraw the total accumulated deductions and cash balance member accumulated deductions standing to his credit or apply for an annuity.~~

~~(g.1) Deferral of retirement rights. If a participant terminates State service and does not commence receiving a distribution, he shall nominate a beneficiary, and he may anytime thereafter, but no later than his required beginning date, withdraw the vested accumulated total defined contributions standing to his credit or apply for another form of distribution required by law or authorized by the board.~~

~~(h) Vesteas and special vesteas attaining superannuation age. Upon attainment of superannuation age a vestee or special~~

~~vestee who is not an active participant or inactive participant on leave without pay shall execute and file an application for an annuity. Any such application filed within 90 days after attaining superannuation age shall be effective as of the date of attainment of superannuation age. Any application filed after such period shall be filed by the member's required beginning date and shall be effective as of the date it is filed with the board, subject to the provisions of section 5905(f) (relating to duties of the board regarding applications and elections of members and participants). If a vestee or special vestee who is not an active participant or inactive participant on leave without pay does not file an application within seven years after attaining superannuation age, he shall be deemed to have elected to receive his total accumulated deductions upon attainment of superannuation age.~~

~~(i) Failure to apply for annuity. If a member is eligible to receive an annuity and does not file a proper application within 90 days of termination of service, his annuity will become effective as of the later of the date the application is filed with the board or the date designated on the application [whichever is later] which shall not be later than his required beginning date.~~

~~\* \* \*~~

~~Section 433. Sections 5931(b), 5932, 5933(a), 5934, 5935, 5936, 5937, 5938 and 5939 of Title 71 are amended to read:~~  
~~§ 5931. Management of fund and accounts.~~

~~\* \* \*~~

~~(b) Crediting of interest. The board, annually, shall allow the required interest on the mean amount for the preceding year to the credit of each of the accounts other than the individual~~

~~investment accounts and except excess interest credited to the cash balance savings account. The amount so allowed shall be credited thereto by the board and transferred from the interest reserve account. Excess interest, if any, shall be credited to the cash balance savings account as set forth in section 5902(q) (relating to administrative duties of the board).~~

~~\* \* \*~~

~~§ 5932. State Employees' Retirement Fund.~~

~~(a) General rule. The fund shall consist of all balances in the several separate accounts set apart to be used under the direction of the board for the benefit of members of the system; and the Treasury Department shall credit to the fund all moneys received from the Department of Revenue arising from the contributions relating to or on behalf of members of the system required under the provisions of Chapter 55 (relating to contributions), and any income earned by the investments or moneys of said fund. There shall be established and maintained by the board the several ledger accounts specified in sections 5933 (relating to members' savings account), 5934 (relating to State accumulation account), 5935 (relating to annuity reserve account), 5936 (relating to State Police benefit account), 5937 (relating to enforcement officers' benefit account), 5938 (relating to supplemental annuity account) and 5939 (relating to interest reserve account) and 5942 (relating to cash balance savings account).~~

~~(b) Individual investment accounts and trust. The individual investment accounts that are part of the trust shall not be part of the fund. Mandatory participant contributions, voluntary contributions and employer defined contributions made under this part and any income earned by the investment of such~~

~~contributions shall not be paid or credited to the fund but  
shall be paid to the trust and credited to the individual  
investment accounts.~~

~~§ 5933. Members' savings account.~~

~~(a) Credits to account. The members' savings account shall  
be the ledger account to which shall be credited the amounts of  
the pickup contributions made by the Commonwealth or other  
employer and contributions or lump sum payments made by active  
members, other than for Class CB service, in accordance with the  
provisions of sections 5501 (relating to regular member  
contributions and cash balance member contributions for current  
service), 5501.1 (relating to shared risk member contributions  
[for Class A 3 and Class A 4 service] and shared gain  
adjustments to regular member contributions for Class A 3 and  
Class A 4 service), 5502 (relating to social security  
integration member contributions), 5503 (relating to joint  
coverage member contributions), 5504 (relating to member  
contributions for the purchase of credit for previous State  
service or to become a full coverage member), 5505.1 (relating  
to additional member contributions) and 5505 (relating to  
contributions for the purchase of credit for creditable nonstate  
service) and transferred from the members' savings account of  
the Public School Employees' Retirement System in accordance  
with the provisions of section 5303.2 (relating to election to  
convert school service to State service).~~

~~\* \* \*~~

~~§ 5934. State accumulation account.~~

~~The State accumulation account shall be the ledger account to  
which shall be credited all contributions of the Commonwealth or  
other employers whose employees are members of the system and~~



~~1 made in accordance with the provisions of section 5507(a) or (d)~~  
~~2 (relating to contributions to the system by the Commonwealth and~~  
~~3 other employers) except that the amounts received under the~~  
~~4 provisions of the act of May 12, 1943 (P.L.259, No.120), and the~~  
~~5 amounts received under the provisions of the Liquor Code, act of~~  
~~6 April 12, 1951 (P.L.90, No.21), shall be credited to the State~~  
~~7 Police benefit account or the enforcement officers' benefit~~  
~~8 account as the case may be. All amounts transferred to the fund~~  
~~9 by county retirement systems or pension plans in accordance with~~  
~~10 the provisions of section 5507(c) also shall be credited to the~~  
~~11 State accumulation account. All amounts transferred to the fund~~  
~~12 by the Public School Employees' Retirement System in accordance~~  
~~13 with section 5303.2(c) (relating to election to convert school~~  
~~14 service to State service), except amounts credited to the~~  
~~15 members' savings account, and all amounts paid by the Department~~  
~~16 of Corrections in accordance with section 5303.2(f) also shall~~  
~~17 be credited to the State accumulation account. The State~~  
~~18 accumulation account shall be credited with valuation interest.~~  
~~19 The reserves necessary for the payment of annuities and death~~  
~~20 benefits resulting from membership in the system as approved by~~  
~~21 the board and as provided in Chapter 57 (relating to benefits),~~  
~~22 other than annuities and benefits resulting from Class CB~~  
~~23 service, shall be transferred from the State accumulation~~  
~~24 account to the annuity reserve account provided for in section~~  
~~25 5935 (relating to annuity reserve account), except that the~~  
~~26 reserves necessary on account of a member who is an officer of~~  
~~27 the Pennsylvania State Police or an enforcement officer shall be~~  
~~28 transferred from the State accumulation account to the State~~  
~~29 Police benefit account provided for in section 5936 (relating to~~  
~~30 State Police benefit account) or to the enforcement officers'~~

~~benefit account as provided for in section 5937 (relating to enforcement officers' benefit account) as the case may be. The reserves necessary for the payment of supplemental annuities in excess of those reserves credited to the supplemental annuity account on June 30, 2010, shall be transferred from the State accumulation account to the supplemental annuity account. In the event that supplemental annuities are increased by legislation enacted after December 31, 2009, the necessary reserves shall be transferred from the State accumulation account to the supplemental annuity account. The amounts credited to the members' individual cash balance savings accounts as provided for in section 5902(p) shall be transferred from the State accumulation account.~~

~~§ 5935. Annuity reserve account.~~

~~(a) Credits and charges to account. The annuity reserve account shall be the ledger account to which shall be credited the reserves held for payment of annuities and death benefits on account of all annuitants except in the case of members who are officers of the Pennsylvania State Police or enforcement officers. The annuity reserve account shall be credited with valuation interest. After the transfers provided in sections 5933 (relating to members' savings account), 5934 (relating to State accumulation account) [and], 5938 (relating to supplemental annuity account) and 5942 (relating to cash balance savings account), all annuity and death benefit payments resulting from membership in the system except those payable to any member who retires as an officer of the Pennsylvania State Police or an enforcement officer shall be charged to the annuity reserve account and paid from the fund.~~

~~(b) Transfers from account. Should an annuitant other than~~

~~a member who was retired as an officer of the Pennsylvania State Police or an enforcement officer be subsequently restored to active service as a member of the system or as a participant in the plan, the present value of his member's annuity at the time of reentry into State service shall be transferred from the annuity reserve account and placed to his individual credit in the members' savings account or individual cash balance savings account, as appropriate. In addition, the actuarial reserve for his annuity based on all classes of credited service other than Class CB less the amount transferred to the members' savings account shall be transferred from the annuity reserve account to the State accumulation account. The present value of the annuity provided by section 5702(a)(7) (relating to maximum single life annuity) at the time of reentry in State service shall be transferred from the annuity reserve account and placed to the member's individual credit in the cash balance savings account.~~

~~§ 5936. State Police benefit account.~~

~~(a) Credits and charges to account. The State Police benefit account shall be the ledger account to which shall be credited all contributions received under the provisions of the act of May 12, 1943 (P.L.259, No.120), referred to as the Foreign Casualty Insurance Premium Tax Allocation Law, and any additional Commonwealth or other employer contributions provided for in section 5507 (relating to contributions to the system by the Commonwealth and other employers) which are creditable to the State Police benefit account. The State Police benefit account shall be credited with the required interest. In addition, upon the filing of an application for an annuity by a member who is an officer of the Pennsylvania State Police, the total accumulated deductions standing to the credit of the~~

~~member in the members' savings account, the total cash balance accumulated deductions standing to the credit of the member in the cash balance savings account and the necessary reserves from the State accumulation account shall be transferred to the State Police benefit account. Thereafter, the total annuity of such annuitant shall be charged to the State Police benefit account and paid from the fund.~~

~~(b) Transfers from account. Should the said annuitant be subsequently restored to active service as a member of the system or as a participant in the plan, the present value of the member's annuity at the time of reentry into State service shall be transferred from the State Police benefit account and placed to his individual credit in the members' savings account or individual cash balance savings account, as appropriate. In addition, the actuarial reserve for his annuity, based on all classes of credited service other than Class CB, calculated as if he had been a member of Class A if he has Class A or Class C service credited; as if he had been a member of Class A 3 if the annuitant has Class A 3 State service credited; or as if he had been a member of Class A 4 if the annuitant has Class A 4 service credited, less the amount transferred to the members' savings account shall be transferred from the State Police benefit account to the State accumulation account. The present value of the annuity provided by section 5702(a)(7) (relating to maximum single life annuity) at the time of reentry into State service shall be transferred from the State Police benefit account and placed to his individual credit in the cash balance savings account. Upon subsequent retirement other than as an officer of the Pennsylvania State Police the actuarial reserve remaining in the State Police benefit account shall be~~

~~transferred to the appropriate reserve account.~~

~~§ 5937. Enforcement officers' benefit account.~~

~~(a) Credits and charges to account. The enforcement officers' benefit account shall be the ledger account to which shall be credited moneys transferred from the enforcement officers' retirement account in the State Stores Fund according to the provisions of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, and any additional Commonwealth or other employer contributions provided for in section 5507 (relating to contributions to the system by the Commonwealth and other employers) which are creditable to the enforcement officers' benefit account. The enforcement officers' benefit account shall be credited with the required interest. In addition, upon the filing of an application for an annuity by a member who is an enforcement officer of the Pennsylvania Liquor Control Board, the total accumulated deductions standing to the credit of the member in the members' savings account, the total cash balance accumulated deductions standing to the credit of the member in the cash balance savings account and the necessary reserves from the State accumulation account shall be transferred to the enforcement officers' benefit account.~~

~~Thereafter, the total annuity of such annuitant shall be charged to the enforcement officers' benefit account and paid from the fund.~~

~~(b) Transfers from account. Should the said annuitant be subsequently restored to active service as a member of the system or as a participant in the plan, the present value of the member's annuity at the time of reentry into State service shall be transferred from the enforcement officers' benefit account and placed to his individual credit in the members' savings~~

~~1 account or individual cash balance savings account, as~~  
~~2 appropriate. In addition, the actuarial reserve for his annuity,~~  
~~3 based on all classes of credited service other than Class CB,~~  
~~4 calculated as if he had been a member of Class A if the~~  
~~5 annuitant does not have any Class AA, Class A 3 or Class A 4~~  
~~6 service credited; as if he had been a member of Class AA if the~~  
~~7 annuitant does have Class AA service credited; as if he had been~~  
~~8 a member of Class A 3 if the annuitant has Class A 3 State~~  
~~9 service credited; or as if he had been a member of Class A 4 if~~  
~~10 the annuitant has Class A 4 service credited, less the amount~~  
~~11 transferred to the members' savings account shall be transferred~~  
~~12 from the enforcement officers' benefit account to the State~~  
~~13 accumulation account. The present value of the annuity provided~~  
~~14 by section 5702(a)(7) (relating to maximum single life annuity)~~  
~~15 at the time of reentry into State service shall be transferred~~  
~~16 from the enforcement officers' benefit account and placed to his~~  
~~17 individual credit in the cash balance savings account. Upon~~  
~~18 subsequent retirement other than as an enforcement officer the~~  
~~19 actuarial reserve remaining in the enforcement officers' benefit~~  
~~20 account shall be transferred to the appropriate reserve account.~~  
~~21 § 5938. Supplemental annuity account.~~

~~22 The supplemental annuity account shall be the ledger account~~  
~~23 to which shall be credited all contributions from the~~  
~~24 Commonwealth and other employers in accordance with section~~  
~~25 5507(b) (relating to contributions to the system by the~~  
~~26 Commonwealth and other employers) for the payment of the~~  
~~27 supplemental annuities provided in sections 5708 (relating to~~  
~~28 supplemental annuities), 5708.1 (relating to additional~~  
~~29 supplemental annuities), 5708.2 (relating to further additional~~  
~~30 supplemental annuities), 5708.3 (relating to supplemental~~

~~annuities commencing 1994), 5708.4 (relating to special supplemental postretirement adjustment), 5708.5 (relating to supplemental annuities commencing 1998), 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to supplemental annuities commencing 2003) and 5708.8 (relating to special supplemental postretirement adjustment of 2002) made before July 1, 2010, the amount transferred from the State accumulation account to provide all additional reserves necessary as of June 30, 2010, to pay such supplemental annuities and adjustments, and the amounts transferred from the State accumulation account to provide all additional reserves necessary as a result of supplemental annuities enacted after December 31, 2009. The supplemental annuity account shall be credited with valuation interest. The reserves necessary for the payment of such supplemental annuities shall be transferred from the supplemental annuity account to the annuity reserve account as provided in section 5935 (relating to annuity reserve account).~~

~~§ 5939. Interest reserve account.~~

~~The interest reserve account shall be the ledger account to which shall be credited all income earned by the fund and to which shall be charged all administrative and investment expenses incurred by the fund. At the end of each year the required interest shall be transferred from the interest reserve account to the credit of each of the accounts of the fund in accordance with the provisions of this subchapter. In addition, at the end of each accounting period, the interest reserve account shall be credited or charged with all recognized changes in the market valuation of the investments of the fund. The administrative and investment expenses of the board relating to~~

~~the administration of the system and investments of the fund shall be paid from the fund out of earnings. Any surplus or deficit in the interest reserve account at the end of each year shall be transferred to the State accumulation account.~~

~~Section 434. Title 71 is amended by adding a section to read:~~

~~§ 5942. Cash balance savings account.~~

~~(a) Credits to account. The cash balance savings account shall be the ledger account to which shall be credited the amounts of the cash balance member contributions made by the Commonwealth or other employers on behalf of members of Class CB and additional amounts credited to the individual members' cash balance savings accounts in accordance with the provisions of section 5501 (relating to regular member contributions and cash balance member contributions for current service) and 5902(p) (relating to administrative duties of the board).~~

~~(b) Interest and transfers from account. The cash balance savings account in total and the individual member accounts shall be credited with treasury bond interest, and if applicable excess interest. The total cash balance accumulated deductions credited to a member whose application for an annuity has been approved shall be transferred from the cash balance savings account to the annuity reserve account provided for under section 5935 (relating to annuity reserve account), except in the case of a member who is an officer of the Pennsylvania State Police or an enforcement officer the total cash balance accumulated deductions to his credit shall be transferred from the cash balance savings account to the State Police benefit account provided for under section 5936 (relating to State Police benefit account) or to the enforcement officers' benefit~~



~~account provided for under section 5937 (relating to enforcement officers' benefit account), as the case may be.~~

~~(c) Charges to account. Upon the election of a member to withdraw his cash balance member accumulated deductions without receiving a benefit or upon payment of a small cash balance account in a lump sum as provided for under section 5709(d) (relating to payment of benefits), the payment of such amount shall be charged to the individual member's cash balance savings account. Any amounts remaining in an individual member's cash balance savings account after these charges shall be transferred to the State accumulation account.~~

~~Section 435. Sections 5951, 5953, 5953.1, 5953.2, 5953.3 and 5953.4(a) of Title 71 are amended to read:~~

~~§ 5951. State guarantee regarding the State Employees' Retirement System.~~

~~The required interest charges payable, the maintenance of reserves in the fund, and the payment of all annuities and other benefits granted by the board from the system under the provisions of this part relating to the establishment and administration of the system are hereby made obligations of the Commonwealth. All income, interest, and dividends derived from deposits and investments of the system authorized by this part shall be used for the payment of the said obligations of the Commonwealth and shall not be used for any obligations of the plan or trust.~~

~~§ 5953. Taxation, attachment and assignment of funds.~~

~~(a) General rule.—~~

~~(1) Except as provided in paragraphs (2), (3) and (4), the right of a person to any benefit or right accrued or accruing under the provisions of this part and the moneys in~~

1 ~~the fund and the trust are hereby exempt from any State or~~  
2 ~~municipal tax, levy and sale, garnishment, attachment,~~  
3 ~~spouse's election, the provisions of Article XIII.1 of the~~  
4 ~~act of April 9, 1929 (P.L.343, No.176), known as The Fiscal~~  
5 ~~Code, or any other process whatsoever, and no participant or~~  
6 ~~beneficiary, successor payee, or alternate payee of a~~  
7 ~~participant shall have the ability to commute, sell, assign,~~  
8 ~~alienate, anticipate, mortgage, pledge, hypothecate,~~  
9 ~~commutate or otherwise transfer or convey any benefit or~~  
10 ~~interest in an individual investment account or rights to~~  
11 ~~receive or direct distributions under this part or under~~  
12 ~~agreements entered into under this part except as otherwise~~  
13 ~~provided in this part and in the case of either a member or a~~  
14 ~~participant except for a set off by the Commonwealth in the~~  
15 ~~case provided in subparagraph (i), and shall be unassignable~~  
16 ~~except:~~

17 ~~(i) To the Commonwealth in the case of a member or~~  
18 ~~participant who is terminating State service and has been~~  
19 ~~determined to be obligated to the Commonwealth for the~~  
20 ~~repayment of money owed on account of his employment or~~  
21 ~~to the fund on account of a loan from a credit union to a~~  
22 ~~member which has been satisfied by the board from the~~  
23 ~~fund.~~

24 ~~(ii) To a credit union as security for a loan to a~~  
25 ~~member not to exceed \$750 and interest not to exceed 6%~~  
26 ~~per annum discounted and/or fines thereon if the credit~~  
27 ~~union is now or hereafter organized and incorporated~~  
28 ~~under the laws of this Commonwealth and the membership of~~  
29 ~~such credit union is limited solely to officials and~~  
30 ~~employees of the Commonwealth and if such credit union~~

1       ~~has paid to the fund \$3 for each such assignment.~~

2       ~~(2) (i) Rights under this part shall be subject to~~  
3       ~~forfeiture as provided by the act of July 8, 1978~~  
4       ~~(P.L.752, No.140), known as the Public Employee Pension~~  
5       ~~Forfeiture Act, and by or pursuant to section 16(b) of~~  
6       ~~Article V of the Constitution of Pennsylvania.~~  
7       ~~Forfeitures under this subsection or under any other~~  
8       ~~provision of law may not be applied to increase the~~  
9       ~~benefits that any member would otherwise receive under~~  
10      ~~this part.~~

11       ~~(ii) In accordance with section 16(b) of Article V~~  
12      ~~of the Constitution of Pennsylvania and notwithstanding~~  
13      ~~this paragraph, the act of July 8, 1978 (P.L.752,~~  
14      ~~No.140), known as the Public Employee Pension Forfeiture~~  
15      ~~Act, or 42 Pa.C.S. § 3352 (relating to pension rights),~~  
16      ~~the accumulated mandatory participant contributions and~~  
17      ~~accumulated voluntary contributions standing to the~~  
18      ~~credit of a participant shall not be forfeited but shall~~  
19      ~~be available for payment of fines and restitution as~~  
20      ~~provided by law. In accordance with section 16(b) of~~  
21      ~~Article V of the Constitution of Pennsylvania, amounts in~~  
22      ~~the trust that have been ordered to be distributed to an~~  
23      ~~alternate payee as the result of an equitable~~  
24      ~~distribution of marital property as part of an approved~~  
25      ~~domestic relations order entered before the date of the~~  
26      ~~order or action in a court or other tribunal resulting in~~  
27      ~~a forfeiture of a participant's interest in the trust~~  
28      ~~shall not be subject to the provisions of the Public~~  
29      ~~Employee Pension Forfeiture Act or 42 Pa.C.S. § 3352. Any~~  
30      ~~accumulated employer defined contributions forfeited as a~~

~~result of this paragraph or other law shall be retained by the board and notwithstanding sections 5812(2) (relating to powers and duties of board), 5815 (relating to expenses) and 5902(c) (relating to administrative duties of the board) used for the payment of expenses of the plan.~~

~~(3) Rights under this part shall be subject to attachment in favor of an alternate payee as set forth in an approved domestic relations order.~~

~~(4) Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this paragraph, a "distributee" includes a member [and], a participant, a member's surviving spouse [and], a participant's surviving spouse, a member's former spouse who is an alternate payee under an approved domestic relations order[.], a participant's former spouse who is an alternate payee under an approved domestic relations order and anyone else authorized under the IRC and the plan terms approved by the board to have an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this paragraph, the term "eligible rollover distribution" has the meaning given such term by IRC § 402(f)(2)(A), and "eligible retirement plan" has the meaning given such term by IRC § 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it accepts the distributee's eligible rollover~~

1 ~~distribution; however, in the case of an eligible rollover~~  
2 ~~distribution to a surviving spouse, an eligible retirement~~  
3 ~~plan is an "individual retirement account" or an "individual~~  
4 ~~retirement annuity" as those terms are defined in IRC §~~  
5 ~~408(a) and (b).~~

6 ~~(b) Authorized payments from fund and trust. The board~~  
7 ~~shall be authorized to pay from the fund and the trust:~~

8 ~~(1) In the case of a member or participant who is~~  
9 ~~terminating service, the amount determined after~~  
10 ~~certification by the head of the department that the member~~  
11 ~~or participant is so obligated, and after review and approval~~  
12 ~~by the department or agency's legal representative or upon~~  
13 ~~receipt of an assignment from the member or participant in~~  
14 ~~the amount so certified[.], except that no payment shall be~~  
15 ~~made from the individual investment account of a participant~~  
16 ~~until the participant otherwise applies for and receives a~~  
17 ~~distribution and shall not exceed the amount of the~~  
18 ~~distribution.~~

19 ~~(2) In the case of a loan to a member the amount of the~~  
20 ~~loan and any fine or interest due thereon to the credit union~~  
21 ~~except 5% of the total amount due which is to be retained in~~  
22 ~~the fund as a collection fee:~~

23 ~~(i) if the member obtaining the loan shall have been~~  
24 ~~in default in required payments for a period of not less~~  
25 ~~than two years; or~~

26 ~~(ii) at such time as the Department of Banking shall~~  
27 ~~require the credit union to charge the amount of the loan~~  
28 ~~against the reserve fund of such credit union.~~

29 ~~Any member who shall have pledged such rights as~~  
30 ~~security for a loan from a credit union and, on whose~~

1       ~~behalf the board shall have made any payment by reason of~~  
2       ~~that member's default, may not thereafter pledge or~~  
3       ~~assign such rights to a credit union.~~

4       ~~(3) In the case of a participant whose former spouse is~~  
5       ~~an alternate payee of an equitable distribution of marital~~  
6       ~~assets under an approved domestic relations order, a lump sum~~  
7       ~~of the alternate payee's interest in the participant's~~  
8       ~~accumulated total defined contributions. This paragraph shall~~  
9       ~~apply without regard to whether the participant has not~~  
10      ~~terminated, is terminating or has terminated State service.~~

11   ~~§ 5953.1. Approval of domestic relations orders.~~

12      ~~(a) Certification regarding members. A domestic relations~~  
13      ~~order pertaining to a member of the system shall be certified as~~  
14      ~~an approved domestic relations order by the secretary of the~~  
15      ~~board, or his designated representative, only if that order~~  
16      ~~meets all of the following:~~

17          ~~(1) Requires the system to provide any type or form of~~  
18          ~~benefit or any option applicable to members already provided~~  
19          ~~under this part.~~

20          ~~(2) Requires the system to provide no more than the~~  
21          ~~total amount of benefits than the member would otherwise~~  
22          ~~receive (determined on the basis of actuarial value) unless~~  
23          ~~increased benefits are paid to the member or alternate payee~~  
24          ~~based upon cost of living increases or increases based on~~  
25          ~~other than actuarial value.~~

26          ~~(3) Specifies the amount or percentage of the member's~~  
27          ~~benefits to be paid by the system to each such alternate~~  
28          ~~payee or the manner in which such amount or percentage is to~~  
29          ~~be determined.~~

30          ~~(4) Specifies the retirement option to be selected by~~

1 ~~the member upon retirement or states that the member may~~  
2 ~~select any retirement option offered by this part upon~~  
3 ~~retirement.~~

4 ~~(5) Specifies the name and last known mailing address,~~  
5 ~~if any, of the member and the name and last known mailing~~  
6 ~~address of each alternate payee covered by the order and~~  
7 ~~states that it is the responsibility of each alternate payee~~  
8 ~~to keep a current mailing address on file with the system.~~

9 ~~(6) Does not grant an alternate payee any of the rights,~~  
10 ~~options or privileges of a member under this part.~~

11 ~~(7) Requires the member to execute an authorization~~  
12 ~~allowing each alternate payee to monitor the member's~~  
13 ~~compliance with the terms of the domestic relations order~~  
14 ~~through access to information concerning the member~~  
15 ~~maintained by the system. An authorization granted pursuant~~  
16 ~~to this section shall be construed as an authorization for~~  
17 ~~the alternate payee to receive information concerning the~~  
18 ~~administration, calculation and payment of the alternate~~  
19 ~~payee's share of the benefits payable pursuant to this part~~  
20 ~~and not as an authorization to exercise the rights afforded~~  
21 ~~to members or obtain information which is not related to the~~  
22 ~~administration, calculation and payment of alternate payee's~~  
23 ~~share of the benefits payable pursuant to this part.~~

24 ~~(a.1) Certification regarding participants. A domestic~~  
25 ~~relations order pertaining to a participant shall be certified~~  
26 ~~as an approved domestic relations order by the secretary of the~~  
27 ~~board or his designated representative if that order meets all~~  
28 ~~of the following:~~

29 ~~(1) Does not require the plan to provide a type or form~~  
30 ~~of benefit or an option applicable to members of the system~~

~~or participants in the plan.~~

~~(2) Does not require the segregation of the alternate payee's share of the participant's individual investment account into a subaccount or newly established individual account titled in the name of the alternate payee.~~

~~(3) Does not require the plan to recover or distribute funds which were distributed to the participant or at the participant's direction prior to the approval of the domestic relations order by the secretary of the board or his designated representative.~~

~~(4) Requires the plan to pay to the alternate payee no more than the lesser of the vested amount of the participant's individual investment account specified by the domestic relations order or the vested amount of the participant's individual investment account as of the date of the transfer of the alternate payee's share to the alternate payee.~~

~~(5) States that the plan shall not be required to recoup or make good for losses in value to the participant's individual investment account incurred between the date of the valuation of the account used for equitable distribution purposes and the date of distribution to the alternate payee.~~

~~(6) Specifies the amount or percentage of the participant's individual investment account to be paid to the alternate payee and the date upon which such valuation is based.~~

~~(7) Specifies the name and last known mailing address, if any, of the participant and the name and last known mailing address of each alternate payee covered by the order and states that it is the responsibility of each alternate~~



1 ~~payee to keep a current mailing address on file with the~~  
2 ~~plan.~~

3 ~~(8) Does not grant an alternate payee the rights,~~  
4 ~~privileges or options available to a participant.~~

5 ~~(9) Requires the participant to execute an authorization~~  
6 ~~allowing each alternate payee to monitor the participant's~~  
7 ~~compliance with the terms of the domestic relations order~~  
8 ~~through access to information concerning the participant~~  
9 ~~maintained by the plan. An authorization granted pursuant to~~  
10 ~~this section shall be construed as an authorization for the~~  
11 ~~alternate payee to receive information concerning the~~  
12 ~~participant which relates to the administration, calculation~~  
13 ~~and payment of the alternate payee's share of the~~  
14 ~~participant's account and not as an authorization to exercise~~  
15 ~~the rights afforded to participants or obtain information~~  
16 ~~which is not related to the administration, calculation and~~  
17 ~~payment of alternate payee's share of the participant's~~  
18 ~~individual investment account.~~

19 ~~(10) Requires the immediate distribution of the~~  
20 ~~alternate payee's share of the participant's individual~~  
21 ~~investment account, which may be by direct payment, eligible~~  
22 ~~rollover or trustee to trustee transfer to another eligible~~  
23 ~~plan or qualified account owned by the alternate payee,~~  
24 ~~notwithstanding any other provision of this part or the plan~~  
25 ~~that would require a distribution of accumulated employer~~  
26 ~~defined contributions in the form of an annuity or to require~~  
27 ~~the purchase of an annuity.~~

28 ~~(11) In the case of a participant who is currently~~  
29 ~~receiving distributions from the trust as of the date the~~  
30 ~~domestic relations order is approved by the secretary of the~~

~~board or his designated representative, may not order the board to pay the alternate payee more than the balance available in the participant's individual investment account as of the date the order is approved or require that distributions continue to the alternate payee after the death of the participant and final settlement of the participant's individual investment account.~~

~~(b) Determination by secretary. Within a reasonable period after receipt of a domestic relations order, the secretary of the board, or his designated representative, shall determine whether this order is an approved domestic relations order and notify the member or participant and each alternate payee of this determination. Notwithstanding any other provision of law, the exclusive remedy of any member, participant or alternate payee aggrieved by a decision of the secretary of the board, or his designated representative, shall be the right to an adjudication by the board under 2 Pa.C.S. Ch. 5 Subch. A (relating to practice and procedure) with appeal therefrom to the Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals from government agencies).~~

~~(c) Other orders. The requirements for approval identified in [subsection (a)] subsections (a) and (a.1) shall not apply to any domestic relations order which is an order for support as the term is defined at 23 Pa.C.S. § 4302 (relating to definitions) or an order for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages). These orders shall be approved to the extent that they do not attach moneys in excess of the limits on attachments as established by the laws of the United States and this~~

~~Commonwealth[.], require distributions of benefits in a manner which would violate the laws of the United States, any other state or this Commonwealth or require the distribution of funds for support or enforcement of arrearages against a participant who is not receiving distributions from the plan at the time the order is entered. These orders may be approved notwithstanding any other provision of this part or the plan that would require a distribution of accumulated employer defined contributions in the form of an annuity or to require the purchase of an annuity.~~

~~(d) Obligation discharged. Only the requirements of this part and any regulations promulgated hereunder shall be used to govern the approval or disapproval of a domestic relations order. Therefore, if the secretary of the board, or his designated representative, acts in accordance with the provisions of this part and any promulgated regulations in approving or disapproving a domestic relations order, then the obligations of the system or the plan with respect to such approval or disapproval shall be discharged.~~

~~§ 5953.2. Irrevocable beneficiary.~~

~~Notwithstanding any other provision of this part, a domestic relations order may provide for an irrevocable beneficiary. A domestic relations order requiring the nomination of an irrevocable beneficiary shall be deemed to be one that requires a member or participant to nominate an alternate payee as a beneficiary and that prohibits the removal or change of that beneficiary without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, after the member or participant makes such~~

~~nomination, in which case the irrevocable beneficiary so ordered by the court cannot be changed by the member or participant without approval by the court.~~

~~§ 5953.3. Irrevocable survivor annuitant.~~

~~Notwithstanding any other provisions of this part, a domestic relations order pertaining to a member may provide for an irrevocable survivor annuitant. A domestic relations order requiring the designation of an irrevocable survivor annuitant shall be deemed to be one that requires a member to designate an alternate payee as a survivor annuitant and that prohibits the removal or change of that survivor annuitant without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, in which case the irrevocable survivor annuitant so ordered by the court cannot be changed by the member without approval by the court. A person ineligible to be designated as a survivor annuitant may not be designated as an irrevocable survivor annuitant.~~

~~§ 5953.4. Amendment of approved domestic relations orders.~~

~~(a) Deceased alternate payee. In the event that the alternate payee predeceases the member or the participant and there are benefits payable to the alternate payee, the divorce court may amend the approved domestic relations order to substitute a person for the deceased alternate payee to receive any benefits payable to the deceased alternate payee.~~

~~\* \* \*~~

~~Section 436. Title 71 is amended by adding a section to read:~~

~~§ 5953.6. Irrevocable successor payee.~~

~~(a) Condition. Notwithstanding any other provision of this part, a domestic relations order pertaining to a participant may provide for an irrevocable successor payee if the participant is receiving a payment pursuant to a payment option provided by the board that allows for a successor payee.~~

~~(b) Determination. A domestic relations order requiring the designation of an irrevocable successor payee shall be deemed to be one that requires a participant who is receiving payments from an annuity or other distribution option to designate an alternate payee as a successor payee and that prohibits the removal or change of the successor payee without approval of a court of competent jurisdiction, except by operation of law.~~

~~(c) Certification. A domestic relations order under subsection (b) may be certified as an approved domestic relations order by the secretary of the board or his designated representative. If a domestic relations order is certified under this subsection, the irrevocable successor payee named in such order shall not be changed by the participant without approval by the court.~~

~~(d) Ineligibility. A person ineligible to be designated as a successor payee shall not be designated as an irrevocable successor payee. A court shall not name an irrevocable successor payee if the alternate payee is eligible to receive a lump sum distribution of the alternate payee's portion of the marital portion of the pension benefit.~~

~~Section 437. Sections 5954, 5955 and 5957 of Title 71 are amended to read:~~

~~§ 5954. Fraud and adjustment of errors.~~

~~(a) Penalty for fraud. Any person who shall knowingly make any false statement or shall falsify or permit to be falsified~~

~~any record or records of this system or plan in any attempt to defraud the system or plan as a result of such act shall be guilty of a misdemeanor of the second degree.~~

~~(b) Adjustment of errors. Should any change or mistake in records result in any member, participant, beneficiary [or], survivor annuitant or successor payee receiving from the system or plan more or less than he would have been entitled to receive had the records been correct, then regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the board shall correct the error and if the error affected contributions to or payments from the system, then so far as practicable shall adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid. If the error affected contributions to or payments from the plan, the board shall take action as provided for in the plan document.~~

~~§ 5955. Construction of part.~~

~~(a) Exclusive source of rights and benefits. Regardless of any other provision of law, pension and benefit rights of State employees shall be determined solely by this part or any amendment thereto or the plan document established by the board, and no collective bargaining agreement nor any arbitration award between the Commonwealth and [its] other employers and the Commonwealth's and other employer's employees or their collective bargaining representatives shall be construed to change any of the provisions herein, to require the board to administer pension or retirement benefits not set forth in this part or not established by the board in the plan document, to require the board to modify, amend or change any of the terms~~

~~and provisions of the plan document, or otherwise require action by any other government body pertaining to pension or retirement benefits or rights of State employees. Notwithstanding the foregoing, any pension or retirement benefits or rights previously so established by or as a result of an arbitration award shall remain in effect after the expiration of the current collective bargaining agreement between the State employees so affected and the Commonwealth until the expiration of each of the collective bargaining agreements in effect on January 1, 2011, at which time the classes of membership and resulting member contribution rates and contributions for creditable nonstate service, eligibility for vesting, withdrawal and superannuation annuities, optional modification of annuities and other terms and conditions related to class of membership shall be as determined by this part for employees covered by those and successor collective bargaining agreements. For purposes of administering this part, for those State employees who are members of each such collective bargaining unit, the date January 1, 2011, contained in this part, except in this section, shall be replaced with the date of the day immediately following the expiration of each such collective bargaining agreement. The provisions of this part insofar as they are the same as those of existing law are intended as a continuation of such laws and not as new enactments. The provisions of this part shall not affect any act done, liability incurred, right accrued or vested, or any suit or prosecution pending or to be instituted to enforce any right or penalty or to punish any offense under the authority of any repealed laws.~~

~~(b) References. References in this part to the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.)~~

~~or the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), including administrative regulations promulgated under the Internal Revenue Code of 1986 or the Uniformed Services Employment and Reemployment Rights Act of 1994, are intended to include laws and regulations:~~

~~(1) In effect on the effective date of this subsection.~~

~~(2) Amended, supplemented or supplanted on and after the effective date of this subsection.~~

~~(c) Officer or member of the Pennsylvania State Police.~~

~~(1) Notwithstanding a provision of subsection (a) or section 12.1 of Act 120 of 2010, regarding the continued effectiveness of pension or retirement benefits or rights previously established by or as a result of a binding arbitration award issued before July 1, 1989, pursuant to the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, and implemented by the board, the pension or retirement benefits or rights of a State employee who is a current or former State police officer shall be as provided in this part as if the binding arbitration award was not issued, except as provided under this subsection.~~

~~(2) A State employee who is a current or former State police officer who terminates State service before January 1, 2016, shall be eligible to receive the maximum single life annuity, before optional modification under section 5705 (relating to member's options), which the State employee would have been eligible to receive if paragraph (1) had not been enacted.~~

~~(3) A State employee who meets the following shall be~~



~~eligible to receive the maximum single life annuity, before optional modification under section 5705, which the State employee would have been eligible to receive if paragraph (1) had not been enacted:~~

~~(i) is a current or former State police officer;~~

~~(ii) has 20 or more qualifying eligibility points;~~

~~(iii) does not have service credited in Class CB;~~

~~and~~

~~(iv) terminates State service on or after January 1,~~

~~2016.~~

~~(4) A State employee who meets all of the requirements in paragraph (3) other than the requirement in paragraph (3)(iii) shall be able to receive an annuity calculated under section 5702(a)(7) in addition to the maximum single life annuity, before optional modification under section 5705, which the State employee would have been eligible to receive if paragraph (1) had not been enacted.~~

~~(5) A State employee who is a current or former State police officer who does not have 20 or more qualifying eligibility points shall be eligible to receive a maximum single life annuity before optional modification under section 5705 equal to the maximum single life annuity that the State employee is eligible to receive under this part, including an annuity calculated under section 5702(a)(7).~~

~~(6) To the extent that any officer or member of the Pennsylvania State Police who is eligible to retire after June 30, 1989, as provided in a binding arbitration award issued before July 1, 1989, under the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, as implemented by the board, with~~

~~a benefit based on 50% of highest year salary upon accruing at least 20 years of credited State service or nonstate service in the system or based on 75% of highest year salary upon accruing at least 25 years of credited State or nonstate service in the system, the eligibility shall be determined solely on service credited, compensation paid and contributions made as a member of the system other than as a member of Class CB.~~

~~(7) Service as a State police officer credited in the system shall not operate to prevent any State employee from being a participant in the plan for any State service that would otherwise result in participation in the plan. Any State service performed, compensation paid and contributions made as a participant in the plan or as a member of Class CB shall not be included in determining eligibility for and the amount of benefits provided from the system, except as provided in paragraphs (4) and (5), provided that actual payment and receipt of benefits is subject to the provisions of this part regarding employment and termination as a State employee. Any benefit resulting from participation in the plan shall be in addition to any benefit a State police officer may be eligible to receive as a member of the system.~~

~~(8) For the purposes of this subsection, the following terms shall have the meanings given to them in this paragraph:~~

~~"Act 120 of 2010." The act of November 23, 2010 (P.L.1269, No.120), entitled "An act amending Titles 24 (Education) and 71 (State Government) of the Pennsylvania Consolidated Statutes, in Title 24, further providing for definitions, for mandatory and optional membership, for~~

~~contributions by the Commonwealth, for payments by employers,  
for actuarial cost method, for additional supplemental  
annuities, for further additional supplemental annuities, for  
supplemental annuities commencing 1994, for supplemental  
annuities commencing 1998, for supplemental annuities  
commencing 2002, for supplemental annuities commencing 2003,  
for administrative duties of board, for payments to school  
entities by Commonwealth, for eligibility points for  
retention and reinstatement of service credits and for  
creditable nonschool service; providing for election to  
become a Class T-F member; further providing for classes of  
service, for eligibility for annuities, for eligibility for  
vesting, for regular member contributions, for member  
contributions for creditable school service, for  
contributions for purchase of credit for creditable nonschool  
service, for maximum single life annuity, for disability  
annuities, for member's options, for duties of board  
regarding applications and elections of members and for  
rights and duties of school employees and members; providing  
for Independent Fiscal Office study; in Title 71,  
establishing an independent fiscal office and making a  
related repeal; further providing for definitions, for  
credited State service, for retention and reinstatement of  
service credits, for creditable nonstate service and for  
classes of service; providing for election to become a Class  
A 4 member; further providing for eligibility for annuities  
and for eligibility for vesting; providing for shared risk  
member contributions for Class A 3 and Class A 4 service;  
further providing for waiver of regular member contributions  
and Social Security integration member contributions, for~~

~~member contributions for purchase of credit for previous State service or to become a full coverage member, for contributions for the purchase of credit for creditable nonstate service, for contributions by the Commonwealth and other employers, for actuarial cost method, for maximum single life annuity, for disability annuities and for member's options; providing for payment of accumulated deductions resulting from Class A-3 service; further providing for additional supplemental annuities, for further additional supplemental annuities, for supplemental annuities commencing 1994, for supplemental annuities commencing 1998, for supplemental annuities commencing 2002, for supplemental annuities commencing 2003, for special supplemental postretirement adjustment of 2002, for administrative duties of the board, for duties of board to advise and report to heads of departments and members, for duties of board regarding applications and elections of members, for installment payments of accumulated deductions, for rights and duties of State employees and members, for members' savings account, for State accumulation account, for State Police Benefit Account, for Enforcement Officers' Benefit Account, for supplemental annuity account and for construction of part; and providing for Independent Fiscal Office study, for retirement eligibility of Pennsylvania State Police officers or members, for a prohibition on the issuance of pension obligation bonds, for holding certain public officials harmless, for construction of calculation or actuarial method, for applicability and for certain operational provisions."~~

~~"Binding arbitration award." A binding arbitration award~~

~~issued before July 1, 1989, pursuant to the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, and was implemented by the State Employees' Retirement Board.~~

~~"Qualifying eligibility points." Eligibility points as a result of State service in a class of service other than class CB, nonstate service or being reemployed from USERRA leave.~~

~~(d) Adverse inference. Nothing in this part shall be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC which are applicable to participants in the plan do not apply to the participants or to members of the system and the benefits payable under this part.~~

~~(e) Applicability. The amendment of this part regarding the establishment of and participation in the plan shall apply to an elected officer who is elected or reelected to a term of office that begins on or after January 1, 2016, notwithstanding that either immediately or at any time prior to beginning a term of office on or after January 1, 2016, the elected officer was an active member of the system or inactive member on leave without pay. An individual who is elected or reelected to a term of office as a member of the General Assembly that begins on or after January 1, 2016:~~

~~(1) does so with the knowledge of the provisions, terms and conditions of this part, including those provisions, terms and conditions establishing the plan and determining participation in the plan and membership in the system; and~~

~~(2) expressly consents to those provisions, terms and conditions and the resulting contributions, obligations,~~

~~benefits and rights, or lack of contributions, obligations,~~  
~~benefits and rights in the system and the plan.~~

~~(f) Furloughs. For purposes of sections 5301(a)(17)~~  
~~(relating to credited State service), 5306 (relating to classes~~  
~~of service) and this section, a State employee who is furloughed~~  
~~under section 802 of the act of August 5, 1941 (P.L.752,~~  
~~No.286), known as the Civil Service Act, and reemployed pursuant~~  
~~to the Civil Service Act in any class of service or civil~~  
~~service status which was previously held, shall not be treated~~  
~~as having been terminated from State service and beginning a new~~  
~~period of State service.~~

~~§ 5957. Independent Fiscal Office study.~~

~~The Independent Fiscal Office shall study and analyze the~~  
~~implementation of shared risk contributions under section 5501.1~~  
~~(relating to shared risk member contributions [for Class A 3 and~~  
~~Class A 4 service] and shared gain adjustments to regular member~~  
~~contributions for Class A 3 and Class A 4 service) and its~~  
~~impact on the system. The study shall be completed by December~~  
~~31, 2015, and shall be transmitted to the Appropriations~~  
~~Committee and the Finance Committee of the Senate, the~~  
~~Appropriations Committee and the Finance Committee of the House~~  
~~of Representatives and to the Governor.~~

~~Section 438. Title 71 is amended by adding a section to~~  
~~read:~~

~~§ 5958. Public Pension Management and Asset Investment Review~~  
~~Commission.~~

~~(a) Establishment. A Public Pension Management and Asset~~  
~~Investment Review Commission shall be established, which shall~~  
~~be composed of three appointees of each of the following:~~

~~(1) Governor;~~

~~(2) President Pro tempore of the Senate; and~~

~~(3) Speaker of the House of Representatives.~~

~~The appointees shall be investment professionals and retirement advisors and shall be appointed within 90 days of the effective date of this section.~~

~~(b) Duties. The duties of the Public Pension Management and Asset Investment Review Commission are as follows:~~

~~(1) Study the performance of current investment strategies and procedures of the State Employees' Retirement System, comparing realized rates of return to established benchmarks and considering associated fees paid for active and passive management.~~

~~(2) Study the costs and benefits of both active and passive investment strategies in relation to future investment activities of the State Employees' Retirement System.~~

~~(3) Study alternative future investment strategies with available assets of the State Employees' Retirement System that will maximize future rates of return net of fees.~~

~~(4) Publish extensive and detailed findings on line, including findings about:~~

~~(i) assets;~~

~~(ii) returns;~~

~~(iii) financial managers;~~

~~(iv) consultants;~~

~~(v) requests for proposals; and~~

~~(vi) investment performance measured against benchmarks.~~

~~(5) Report its findings and recommendations to the Governor and the General Assembly within six months of its~~

~~first organizational meeting.~~

~~(c) Quorum. A majority of appointed members shall constitute a quorum for the purpose of conducting business. The members shall select one of their number to be chairperson and another to be the vice chairperson.~~

~~(d) Transparency and ethics. The Public Pension Management and Asset Investment Review Commission shall be subject to the following laws:~~

~~(1) The act of July 19, 1957 (P.L.1017, No.451), known as the State Adverse Interest Act.~~

~~(2) The act of October 4, 1978 (P.L.883, No.170), known as the Public Official and Employee Ethics Act.~~

~~(3) The act of July 3, 1986 (P.L.388, No.84), known as the Sunshine Act.~~

~~(4) The act of February 14, 2008 (P.L.6, No.3), known as the Right to Know Law.~~

~~(e) Information gathering. The Public Pension Management and Asset Investment Review Commission may conduct hearings and otherwise gather pertinent information and analysis that it considers appropriate and necessary to fulfill its duties.~~

~~(f) Transparency and ethics. The Public Pension Management and Asset Investment Review Commission may conduct hearings and otherwise gather pertinent information and analysis that it considers appropriate.~~

~~(g) Logistical and other support. The Public Pension Management and Asset Investment Review Commission shall receive logistical and other support from the Joint State Government Commission and may employ additional temporary staff as needed.~~

~~(h) Reimbursement. The members of the Public Pension Management and Asset Investment Review Commission shall be~~



~~reimbursed for reasonable expenses.~~

~~(i) Expiration. The Public Pension Management and Asset Investment Review Commission shall expire 60 days after delivery of its report in accordance with subsection (b) (5). Any unspent appropriation shall lapse back to the General Fund.~~

## ~~ARTICLE V~~

~~Section 501. The following shall apply:~~

~~(1) The following provisions shall not create in a member of the Public School Employees' Retirement System, a participant in the School Employees' Defined Contribution Plan or another person claiming an interest in the account of a member or participant an express or implied contractual right in the provisions nor in a construction of 24 Pa.C.S. Pt. IV, 51 Pa.C.S. or regulations adopted under 24 Pa.C.S. Pt. IV or 51 Pa.C.S.:~~

~~(i) A provision of this act which amends 51 Pa.C.S. or 24 Pa.C.S. Pt. IV in relation to requirements for any of the following:~~

~~(A) (Reserved).~~

~~(B) Qualification of the School Employees' Defined Contribution Plan as a qualified pension plan under the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §§ 401(a) and 415(b)), or compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149).~~

~~(C) Contributions to, participation in or benefits from the School Employees' Defined Contribution Plan or School Employees' Defined Contribution Trust.~~

~~(D) Domestic relations orders regarding  
alternate payees of participants in the School  
Employees' Defined Contribution Plan.~~

~~(ii) A construction of 24 Pa.C.S. Pt. IV or 51  
Pa.C.S. or regulations adopted under 24 Pa.C.S. Pt. IV or  
51 Pa.C.S. or a term or provision of the School  
Employees' Defined Contribution Plan or School Employees'  
Defined Contribution Trust, established by statute or in  
the plan document or trust declaration.~~

~~(2) The provisions of 24 Pa.C.S. Pt. IV shall remain  
subject to the Internal Revenue Code of 1986 and the  
Uniformed Services Employment and Reemployment Rights Act of  
1994 (Public Law 103-353, 108 Stat. 3149), and regulations  
under those statutes, and the General Assembly reserves to  
itself the further exercise of its legislative power to amend  
or supplement the provisions as may be required in order to  
maintain the qualification of the system as a qualified  
pension plan under section 401(a) and other applicable  
provisions of the Internal Revenue Code of 1986 and the  
Uniformed Services Employment and Reemployment Rights Act of  
1994 (Public Law 103-353, 108 Stat. 3149).~~

~~(3) The following provisions shall not create in a  
member of the State Employees' Retirement System, a  
participant in the State Employees' Defined Contribution Plan  
or another person claiming an interest in the account of a  
member or participant an express or implied contractual right  
in the provisions nor in a construction of 51 Pa.C.S. § 7306,  
71 Pa.C.S. Pt. XXV, or regulations adopted under 51 Pa.C.S. §  
7306 or 71 Pa.C.S. Pt. XXV:~~

~~(i) A provision of this act which amends 51 Pa.C.S.~~

~~§ 7306 or 71 Pa.C.S. Pt. XXV in relation to requirements for any of the following:~~

~~(A) (Reserved)~~

~~(B) Qualification of the State Employees' Defined Contribution Plan as a qualified pension plan under the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §§ 401(a) and 415(b)) or compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149).~~

~~(C) Contributions to, participation in or benefits from the State Employees' Defined Contribution Plan or State Employees' Defined Contribution Trust.~~

~~(D) Domestic relations orders regarding alternate payees of participants in the State Employees' Defined Contribution Plan.~~

~~(ii) A construction of 51 Pa.C.S. or 71 Pa.C.S. Pt. XXV or regulations adopted under 51 Pa.C.S. or 71 Pa.C.S. Pt. XXV or a term or provision of the State Employees' Defined Contribution Plan or State Employees' Defined Contribution Trust, established by statute or in the plan document or trust declaration.~~

~~(4) The provisions of 71 Pa.C.S. Pt. XXV shall remain subject to the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), and regulations under those statutes, and the General Assembly reserves to itself the further exercise of its legislative power to amend or supplement the provisions as may be required in order to~~

1 ~~maintain the qualification of the system as a qualified~~  
2 ~~pension plan under section 401(a) and other applicable~~  
3 ~~provisions of the Internal Revenue Code of 1986 and the~~  
4 ~~Uniformed Services Employment and Reemployment Rights Act of~~  
5 ~~1994 (Public Law 103-353, 108 Stat. 3149).~~

6 ~~Section 502. The following shall apply:~~

7 ~~(1) Nothing in this act shall be construed to mean that~~  
8 ~~a calculation or actuarial method used by the School~~  
9 ~~Employees' Retirement Board, its actuaries or the Public~~  
10 ~~School Employees' Retirement System was not in accordance~~  
11 ~~with the provisions of 24 Pa.C.S. Pt. IV or other applicable~~  
12 ~~law prior to the effective date of this section.~~

13 ~~(2) Nothing in this act shall be construed to mean that~~  
14 ~~a calculation or actuarial method used by the State~~  
15 ~~Employees' Retirement Board, its actuaries or the State~~  
16 ~~Employees' Retirement System was not in accordance with the~~  
17 ~~provisions of 71 Pa.C.S. Pt. XXV or other applicable law~~  
18 ~~prior to the effective date of this section.~~

19 ~~Section 503. The following shall apply:~~

20 ~~(1) (i) Payments required to fund a change in accrued~~  
21 ~~liability resulting from this act shall be subject to~~  
22 ~~limits imposed under 24 Pa.C.S. § 8328(g) on employer~~  
23 ~~contributions to the Public School Employees' Retirement~~  
24 ~~System.~~

25 ~~(ii) For purposes of 24 Pa.C.S. §§ 8326, 8327, and~~  
26 ~~8328, changes under this act shall not be considered to~~  
27 ~~be costs added by legislation.~~

28 ~~(2) Notwithstanding any other provision of law, a change~~  
29 ~~in accrued liability of the State Employees' Retirement~~  
30 ~~System created under this act as a result of changes in~~

~~benefits shall be funded in equal dollar installments over a period of 30 years beginning July 1, 2016.~~

~~(3) (Reserved).~~

~~(4) Payments required to fund a change in accrued liability resulting from this act shall be subject to limits imposed under 71 Pa.C.S. § 5508(h) on employer contributions to the State Employees' Retirement System.~~

~~(5) For purposes of 71 Pa.C.S. §§ 5501.2, 5507 and 5508, changes under this act shall not be considered to be costs added by legislation.~~

~~Section 504. The following shall apply:~~

~~(1) This act shall be construed and administered in such a manner that the Public School Employees' Retirement System and the School Employees' Defined Contribution Plan shall satisfy the requirements necessary to qualify as a qualified pension plan under section 401(a) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)), other applicable provisions of the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149). The rules, regulations and procedures adopted and promulgated by the Public School Employees' Retirement Board and the terms and conditions of the plan document and trust declaration adopted by the Public School Employees' Retirement Board may include provisions necessary to accomplish the purpose of this section.~~

~~(2) This act shall be construed and administered in a manner that the State Employees' Retirement System and the State Employees' Defined Contribution Plan shall satisfy the requirements necessary to qualify as a qualified pension plan~~

1 under section 401(a) of the Internal Revenue Code of 1986  
2 (Public Law 99-514, 26 U.S.C. § 401(a)), other applicable  
3 provisions of the Internal Revenue Code of 1986 and the  
4 Uniformed Services Employment and Reemployment Rights Act of  
5 1994 (Public Law 103-353, 108 Stat. 3149). The rules,  
6 regulations and procedures adopted and promulgated by the  
7 State Employees' Retirement Board and the terms and  
8 conditions of the plan document and trust declaration adopted  
9 by the State Employees' Retirement Board may include  
10 provisions necessary to accomplish the purpose of this  
11 section.

12 Section 505. The following shall apply:

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

25 (2) Notwithstanding any other provision of law,  
26 fiduciary requirement, actuarial standard of practice or  
27 other requirement, the members of the State Employees'  
28 Retirement Board, the actuary and other employees and  
29 officials of the State Employees' Retirement System may not  
30 be held liable or in breach or violation of a law or standard

~~as individuals, in their official capacity or as a governmental or corporate entity, for an action or calculation related to calculating and certifying a final contribution rate as provided under this act that is different from the actuarially required contribution rate as appropriately calculated under 71 Pa.C.S. Pt. XXV.~~

~~Section 506. Nothing in this act shall be deemed to permit the restoration of service credit or retirement benefits which:~~

~~(1) were or are subject to section 16 of Article V of the Constitution of Pennsylvania or 42 Pa.C.S. § 3352; or~~

~~(2) were or are the subject of an order of forfeiture under the act of July 8, 1978 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act.~~

~~Section 507. (Reserved).~~

~~Section 508. If a provision of this act or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act that can be given effect without the invalid provision or application.~~

~~Section 509. Nothing in this act shall be construed to mean that an interpretation or application of 71 Pa.C.S. Pt. XXV or benefits available to members of the State Employees' Retirement System was not in accordance with 71 Pa.C.S. Pt. XXV or other applicable law, including the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) and the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149) before the effective date of this section.~~

~~Section 510. Notwithstanding the provisions of 71 Pa.C.S. § 5903(b), the statement for each member prepared by the State~~

~~Employees' Retirement Board for the period ending December 31, 2015, and any other statements or estimates of benefits prepared by the board pursuant to the provisions of 71 Pa.C.S. Pt. XXV from the effective date of this section to June 30, 2016, shall not be required to reflect the provisions of this act.~~

~~Section 511. Notwithstanding the provisions of 71 Pa.C.S. Pt. XXV, the obligation of the State Employees' Retirement Board to make payments to any individual whose rights, benefits and obligations are affected by this act within specified time periods of the receipt of applications for benefits or other information shall not apply from the effective date of this section to June 30, 2016.~~

~~Section 512. Section 502 of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act, is repealed insofar as it is inconsistent with the amendment of 24 Pa.C.S. § 8501 and 71 Pa.C.S. § 5901.~~

~~Section 513. This act shall take effect immediately.~~

#### ARTICLE I

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SECTION 101. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE PAYEE," "BASIC CONTRIBUTION RATE," "BENEFICIARY," "CLASS OF SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSCHOOL SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE," "DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE," "IRREVOCABLE BENEFICIARY," "LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING ORGANIZATION," "REEMPLOYED FROM USERRA LEAVE," "SALARY DEDUCTIONS," "SHARED-RISK CONTRIBUTION RATE," "STANDARD SINGLE LIFE ANNUITY," "SUPERANNUATION OR NORMAL RETIREMENT AGE," "VALUATION INTEREST" AND "VESTEE" IN SECTION 8102 OF TITLE 24 OF THE PENNSYLVANIA CONSOLIDATED STATUTES ARE AMENDED AND THE



1 SECTION IS AMENDED BY ADDING DEFINITIONS TO READ:

2 § 8102. DEFINITIONS.

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

6 \* \* \*

7 "ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF  
8 THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON  
9 ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER WITH ANY  
10 INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES, COSTS  
11 AND EXPENSES CREDITED OR CHARGED THEREON.

12 "ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL  
13 OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE  
14 TRUST ON ACCOUNT OF A PARTICIPANT'S SCHOOL SERVICE, TOGETHER  
15 WITH ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR  
16 FEES, COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

17 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE  
18 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED  
19 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY  
20 CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE  
21 CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN  
22 THE TRUST.

23 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF  
24 VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND  
25 ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A  
26 DIRECT TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST, TOGETHER WITH  
27 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,  
28 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

29 \* \* \*

30 "ACTIVE MEMBER." A SCHOOL EMPLOYEE FOR WHOM PICKUP

1 CONTRIBUTIONS ARE BEING MADE TO THE FUND OR FOR WHOM SUCH  
2 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE  
3 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART  
4 RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR [415(B)]  
5 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26  
6 U.S.C. § 401(A) (17) OR [415(B)] 415).

7 "ACTIVE PARTICIPANT." A SCHOOL EMPLOYEE FOR WHOM MANDATORY  
8 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR  
9 FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED ARE NOT BEING MADE  
10 SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE  
11 LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL  
12 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)  
13 OR 415).

14 \* \* \*

15 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR  
16 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A  
17 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A  
18 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT  
19 UNDER THIS PART.

20 \* \* \*

21 "BASIC CONTRIBUTION RATE." FOR CLASS T-A, T-B AND T-C  
22 SERVICE, THE RATE OF 6 1/4%. FOR CLASS T-D SERVICE, THE RATE OF  
23 7 1/2%. FOR ALL ACTIVE MEMBERS ON THE EFFECTIVE DATE OF THIS  
24 PROVISION WHO ARE CURRENTLY PAYING 5 1/4% AND ELECT CLASS T-D  
25 SERVICE, THE RATE OF 6 1/2%. FOR CLASS T-E SERVICE, THE RATE OF  
26 7 1/2%. FOR CLASS T-F SERVICE, THE RATE OF 10.30%. FOR CLASS T-G  
27 SERVICE, THE RATE OF 4.0%.

28 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON  
29 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER  
30 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON

1 THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR  
2 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A PARTICIPANT  
3 TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED TOTAL DEFINED  
4 CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH OF THE  
5 PARTICIPANT.

6 \* \* \*

7 "CLASS OF SERVICE MULTIPLIER."

8	CLASS OF SERVICE	MULTIPLIER
9	T-A	.714
10	T-B	.625
11	T-C	1.000
12	T-D	1.000
13	T-E	1.000
14	T-F	1.000
15	<u>T-G</u>	<u>1.000</u>

16 \* \* \*

17 "COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP  
18 PARTICIPANT CONTRIBUTIONS PLUS ANY REMUNERATION RECEIVED AS A  
19 SCHOOL EMPLOYEE EXCLUDING REIMBURSEMENTS FOR EXPENSES INCIDENTAL  
20 TO EMPLOYMENT AND EXCLUDING ANY BONUS, SEVERANCE PAYMENTS, ANY  
21 OTHER REMUNERATION OR OTHER EMOLUMENT RECEIVED BY A SCHOOL  
22 EMPLOYEE DURING HIS SCHOOL SERVICE WHICH IS NOT BASED ON THE  
23 STANDARD SALARY SCHEDULE UNDER WHICH HE IS RENDERING SERVICE,  
24 PAYMENTS FOR UNUSED SICK LEAVE OR VACATION LEAVE, BONUSES OR  
25 OTHER COMPENSATION FOR ATTENDING SCHOOL SEMINARS AND  
26 CONVENTIONS, PAYMENTS UNDER HEALTH AND WELFARE PLANS BASED ON  
27 HOURS OF EMPLOYMENT OR ANY OTHER PAYMENT OR EMOLUMENT WHICH MAY  
28 BE PROVIDED FOR IN A COLLECTIVE BARGAINING AGREEMENT WHICH MAY  
29 BE DETERMINED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD  
30 TO BE FOR THE PURPOSE OF ENHANCING COMPENSATION AS A FACTOR IN

1 THE DETERMINATION OF FINAL AVERAGE SALARY, AND EXCLUDING  
2 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN  
3 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER  
4 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN  
5 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER  
6 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF  
7 ABSENCE), LEAVE GRANTED UNDER SECTION 1178 OF THE ACT OF MARCH  
8 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF  
9 1949, OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES OF  
10 LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS DEFINED  
11 IN IRC § 414(U)(12) AND ANY OTHER PAYMENTS, PROVIDED, HOWEVER,  
12 THAT THE LIMITATION UNDER SECTION 401(A)(17) OF THE INTERNAL  
13 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)(17))  
14 TAKEN INTO ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS,  
15 INCLUDING REGULAR OR JOINT COVERAGE MEMBER CONTRIBUTIONS,  
16 REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO EACH MEMBER WHO  
17 FIRST BECAME A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
18 SYSTEM ON OR AFTER JULY 1, 1996, AND WHO BY REASON OF SUCH FACT  
19 IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION OF THE  
20 PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL COMPENSATION  
21 LIMIT UNDER IRC § 401(A)(17)), AND SHALL APPLY TO EACH  
22 PARTICIPANT PERTAINING TO THE PARTICIPANT'S PARTICIPATION IN THE  
23 PLAN.

24 \* \* \*

25 "CREDITABLE NONSCHOOL SERVICE." SERVICE OTHER THAN SERVICE  
26 AS A SCHOOL EMPLOYEE FOR WHICH AN ACTIVE MEMBER MAY OBTAIN  
27 CREDIT IN THE SYSTEM.

28 "CREDITED SERVICE." SCHOOL OR CREDITABLE NONSCHOOL SERVICE  
29 FOR WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND,  
30 OR FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH

1 SERVICE WERE NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS  
2 PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR  
3 [415(B)] 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW  
4 99-514, 26 U.S.C. § 401(A) (17) OR [415(B)] 415), OR FOR WHICH  
5 SALARY DEDUCTIONS TO THE SYSTEM OR LUMP SUM PAYMENTS HAVE BEEN  
6 AGREED UPON IN WRITING.

7 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE  
8 FOLLOWING DATES:

9 (1) THE LAST [DATE] DAY OF SERVICE FOR WHICH PICKUP  
10 CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR[, ] ~~OR~~ FOR <--  
11 WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SERVICE WERE  
12 NOT MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART  
13 RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR 415  
14 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26  
15 U.S.C. § 401(A) (17) OR 415; OR

16 (2) IN THE CASE OF AN INACTIVE MEMBER OR AN INACTIVE  
17 PARTICIPANT, THE EFFECTIVE DATE OF HIS RESIGNATION OR THE  
18 DATE HIS EMPLOYMENT IS FORMALLY DISCONTINUED BY HIS EMPLOYER  
19 OR TWO YEARS FOLLOWING THE LAST DAY OF SERVICE FOR WHICH  
20 CONTRIBUTIONS WERE MADE, WHICHEVER IS EARLIEST.

21 \* \* \*

22 "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S  
23 INTEREST IN EITHER THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND  
24 OR THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH,  
25 WHICH IS PAYABLE UNDER THIS PART.

26 "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,  
27 INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED  
28 ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF  
29 COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW  
30 WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR

1 FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO  
2 RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR  
3 PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE  
4 DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF  
5 SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING  
6 TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS  
7 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF  
8 ARREARAGES).

9 \* \* \*

10 "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS EQUAL TO  
11 2.5% OF AN ACTIVE PARTICIPANT'S COMPENSATION THAT ARE MADE BY AN  
12 EMPLOYER TO THE TRUST, TO BE CREDITED IN THE ACTIVE  
13 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

14 "FINAL AVERAGE SALARY." AS FOLLOWS:

15 [THE] (1) FOR PURPOSES OF CALCULATING ANNUITIES AND  
16 BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO A CLASS OF SERVICE  
17 OTHER THAN CLASS T-G, THE HIGHEST AVERAGE COMPENSATION  
18 RECEIVED AS AN ACTIVE MEMBER DURING ANY THREE NONOVERLAPPING  
19 PERIODS OF 12 CONSECUTIVE MONTHS WITH THE COMPENSATION FOR  
20 PART-TIME SERVICE BEING ANNUALIZED ON THE BASIS OF THE  
21 FRACTIONAL PORTION OF THE SCHOOL YEAR FOR WHICH CREDIT IS  
22 RECEIVED; EXCEPT, IF THE EMPLOYEE WAS NOT A MEMBER FOR THREE  
23 SUCH PERIODS, THE TOTAL COMPENSATION RECEIVED AS AN ACTIVE  
24 MEMBER ANNUALIZED IN THE CASE OF PART-TIME SERVICE DIVIDED BY  
25 THE NUMBER OF SUCH PERIODS OF MEMBERSHIP; IN THE CASE OF A  
26 MEMBER WITH MULTIPLE SERVICE CREDIT, THE FINAL AVERAGE SALARY  
27 SHALL BE DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY  
28 HIM AS A SCHOOL EMPLOYEE OR A STATE EMPLOYEE OR BOTH; AND, IN  
29 THE CASE OF A NONELIGIBLE MEMBER, SUBJECT TO THE APPLICATION  
30 OF THE PROVISIONS OF SECTION 8325.1 (RELATING TO ANNUAL

1 COMPENSATION LIMIT UNDER IRC § 401(A)(17)). FINAL AVERAGE  
2 SALARY SHALL BE DETERMINED BY INCLUDING IN COMPENSATION,  
3 PAYMENTS DEEMED TO HAVE BEEN MADE TO A MEMBER REEMPLOYED FROM  
4 USERRA LEAVE TO THE EXTENT MEMBER CONTRIBUTIONS HAVE BEEN  
5 MADE AS PROVIDED IN SECTION 8302(D)(2) (RELATING TO CREDITED  
6 SCHOOL SERVICE) AND PAYMENTS MADE TO A MEMBER ON LEAVE OF  
7 ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES OF  
8 ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) AS PROVIDED IN  
9 SECTION 8302(D)(6).

10 (2) FOR PURPOSES OF CALCULATING ANNUITIES AND BENEFITS  
11 FROM THE SYSTEM ATTRIBUTABLE TO CLASS T-G SERVICE, THE  
12 FOLLOWING SHALL APPLY:

13 (I) THE HIGHEST AVERAGE COMPENSATION RECEIVED AS AN  
14 ACTIVE MEMBER DURING ANY FIVE NONOVERLAPPING PERIODS OF  
15 12 CONSECUTIVE MONTHS, WITH THE COMPENSATION FOR PART-  
16 TIME SERVICE BEING ANNUALIZED ON THE BASIS OF THE  
17 FRACTIONAL PORTION OF THE SCHOOL YEAR FOR WHICH CREDIT IS  
18 RECEIVED SHALL BE USED OR THE CALCULATION SHALL BE MADE  
19 IN ACCORDANCE WITH THE FOLLOWING:

20 (A) IF THE EMPLOYEE WAS NOT A MEMBER FOR FIVE  
21 PERIODS, THE TOTAL COMPENSATION RECEIVED AS AN ACTIVE  
22 MEMBER ANNUALIZED IN THE CASE OF PART-TIME SERVICE  
23 DIVIDED BY THE NUMBER OF PERIODS OF MEMBERSHIP.

24 (B) IN THE CASE OF A MEMBER WITH MULTIPLE  
25 SERVICE CREDIT, THE FINAL AVERAGE SALARY, SHALL BE  
26 DETERMINED BY REFERENCE TO COMPENSATION RECEIVED BY  
27 THE MEMBER AS A SCHOOL EMPLOYEE OR A STATE EMPLOYEE  
28 OR BOTH.

29 (C) IN THE CASE OF A NONELIGIBLE MEMBER, SUBJECT  
30 TO THE APPLICATION OF THE PROVISIONS OF SECTION

1           8325.1.

2           (II) FINAL AVERAGE SALARY SHALL BE DETERMINED BY  
3           INCLUDING IN COMPENSATION, PAYMENTS DEEMED TO HAVE BEEN  
4           MADE TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE  
5           EXTENT MEMBER CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN  
6           SECTION 8302(D) (2) AND PAYMENTS MADE TO A MEMBER ON LEAVE  
7           OF ABSENCE UNDER 51 PA.C.S. § 4102 AS PROVIDED IN SECTION  
8           8302(D) (6) .

9           \* \* \*

10          "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS  
11 ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE  
12 MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR  
13 CURRENT SCHOOL SERVICE ARE NOT BEING MADE SOLELY BY REASON OF  
14 ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER  
15 SECTION 401(A) (17) OR [415(B)] 415 OF THE INTERNAL REVENUE CODE  
16 OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR [415(B)]  
17 415) OR BECAUSE THE MEMBER IS ON USERRA LEAVE, WHO HAS  
18 ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT IN THE FUND AND  
19 FOR WHOM CONTRIBUTIONS HAVE BEEN MADE WITHIN THE LAST TWO SCHOOL  
20 YEARS OR A MULTIPLE SERVICE MEMBER WHO IS ACTIVE IN THE STATE  
21 EMPLOYEES' RETIREMENT SYSTEM.

22          "INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY  
23 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST,  
24 EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM THE  
25 CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT SCHOOL SERVICE ARE  
26 NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART  
27 RELATING TO LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE  
28 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §  
29 401(A) (17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED  
30 CONTRIBUTIONS STANDING TO THE PARTICIPANT'S CREDIT IN THE TRUST



1 AND WHO HAS NOT FILED AN APPLICATION FOR A DISTRIBUTION.

2 "INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO  
3 WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A  
4 PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH  
5 THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INVESTMENT  
6 EARNINGS AFTER DEDUCTION FOR FEES, COSTS AND EXPENSES,  
7 INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.

8 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A  
9 MEMBER WHO WAS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE  
10 SYSTEM IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED  
11 SERVICES OR FORCES OF THE UNITED STATES IN ORDER TO MEET A DRAFT  
12 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH  
13 OBLIGATIONAL SERVICE AND WHO BECOMES A SCHOOL EMPLOYEE AND AN  
14 ACTIVE MEMBER OF THE SYSTEM WITHIN 90 DAYS OF THE EXPIRATION OF  
15 SUCH SERVICE.

16 \* \* \*

17 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY  
18 DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE BOARD  
19 PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO RECEIVE ALL  
20 OR A PORTION OF THE ACCUMULATED DEDUCTIONS, VESTED ACCUMULATED  
21 TOTAL DEFINED CONTRIBUTIONS OR LUMP SUM BENEFIT PAYABLE UPON THE  
22 DEATH OF SUCH MEMBER OR PARTICIPANT.

23 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY  
24 DESIGNATED IN WRITING BY A PARTICIPANT RECEIVING DISTRIBUTIONS  
25 TO THE BOARD UNDER AN APPROVED DOMESTIC RELATIONS ORDER TO  
26 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH  
27 OF SUCH PARTICIPANT.

28 \* \* \*

29 "LEAVE FOR SERVICE WITH A COLLECTIVE BARGAINING  
30 ORGANIZATION." PAID LEAVE GRANTED TO AN ACTIVE MEMBER OR ACTIVE

1 PARTICIPANT BY AN EMPLOYER FOR PURPOSES OF WORKING FULL TIME FOR  
2 OR SERVING FULL TIME AS AN OFFICER OF A STATEWIDE EMPLOYEE  
3 ORGANIZATION OR A LOCAL COLLECTIVE BARGAINING REPRESENTATIVE  
4 UNDER THE ACT OF JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE  
5 PUBLIC EMPLOYE RELATIONS ACT: PROVIDED, THAT GREATER THAN ONE-  
6 HALF OF THE MEMBERS OF THE EMPLOYEE ORGANIZATION ARE ACTIVE  
7 MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE PLAN; THAT  
8 THE EMPLOYER SHALL FULLY COMPENSATE THE MEMBER OR PARTICIPANT,  
9 INCLUDING, BUT NOT LIMITED TO, SALARY, WAGES, PENSION AND  
10 RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER DEFINED  
11 CONTRIBUTIONS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN  
12 FULL-TIME ACTIVE SERVICE; AND THAT THE EMPLOYEE ORGANIZATION  
13 SHALL FULLY REIMBURSE THE EMPLOYER FOR SUCH SALARY, WAGES,  
14 PENSION AND RETIREMENT CONTRIBUTIONS AND BENEFITS, EMPLOYER  
15 DEFINED CONTRIBUTIONS AND OTHER BENEFITS AND SENIORITY.

16 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." CONTRIBUTIONS  
17 EQUAL TO 3.5% OF COMPENSATION THAT ARE MADE BY THE EMPLOYER FOR  
18 ACTIVE PARTICIPANTS FOR CURRENT SCHOOL SERVICE THAT ARE PICKED  
19 UP BY THE EMPLOYER AND CREDITED IN THE PLAN.

20 \* \* \*

21 "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT  
22 OR PARTICIPANT RECEIVING DISTRIBUTIONS.

23 "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE  
24 PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM THE  
25 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, BUT WHO HAS NOT  
26 RECEIVED A TOTAL DISTRIBUTION OF THE VESTED INTEREST IN THE  
27 INDIVIDUAL INVESTMENT ACCOUNT.

28 \* \* \*

29 "PLAN." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AS  
30 ESTABLISHED BY THE PROVISIONS OF THIS PART AND THE BOARD.

1     "PLAN DOCUMENT."   THE DOCUMENTS CREATED BY THE BOARD UNDER  
2     SECTION 8402 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS  
3     AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD  
4     REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF  
5     THE PLAN AND TRUST.

6           \* \* \*

7     "REEMPLOYED FROM USERRA LEAVE."   RESUMPTION OF ACTIVE  
8     MEMBERSHIP OR ACTIVE PARTICIPATION AS A SCHOOL EMPLOYEE AFTER A  
9     PERIOD OF USERRA LEAVE, IF THE RESUMPTION OF ACTIVE MEMBERSHIP  
10    OR ACTIVE PARTICIPATION WAS WITHIN THE TIME PERIOD AND UNDER  
11    CONDITIONS AND CIRCUMSTANCES SUCH THAT THE SCHOOL EMPLOYEE WAS  
12    ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38 U.S.C. CH. 43 (RELATING  
13    TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE  
14    UNIFORMED SERVICES) .

15          \* \* \*

16    "REQUIRED BEGINNING DATE."   THE LATEST DATE BY WHICH  
17    DISTRIBUTIONS OF A PARTICIPANT'S INTEREST IN THE PARTICIPANT'S  
18    INDIVIDUAL INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION 401(A)  
19    (9) OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26  
20    U.S.C. § 401(A)(9)).

21          \* \* \*

22    "SALARY DEDUCTIONS."   THE AMOUNTS CERTIFIED BY THE BOARD,  
23    DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE  
24    PARTICIPANT OR THE STATE SERVICE COMPENSATION OF A MULTIPLE  
25    SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'  
26    RETIREMENT SYSTEM AND PAID INTO THE FUND OR TRUST.

27          \* \* \*

28    "SHARED-RISK CONTRIBUTION RATE."   THE ADDITIONAL CONTRIBUTION  
29    RATE THAT IS ADDED TO THE BASIC CONTRIBUTION RATE FOR [CLASS T-E  
30    AND T-F] CLASS T-C, CLASS T-D, CLASS T-E, CLASS T-F AND CLASS T-

1 G MEMBERS, AS PROVIDED FOR IN SECTION 8321(B) (RELATING TO  
2 REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE).

3 "STANDARD SINGLE LIFE ANNUITY." FOR CLASS T-A, T-B AND T-C  
4 CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2% OF THE  
5 FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF YEARS  
6 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A MEMBER.  
7 FOR CLASS T-D CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO  
8 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER  
9 OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE. FOR  
10 CLASS T-E CREDITED SERVICE OF A MEMBER, AN ANNUITY EQUAL TO 2%  
11 OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE TOTAL NUMBER OF  
12 YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE OF A  
13 MEMBER. FOR CLASS T-F CREDITED SERVICE OF A MEMBER, AN ANNUITY  
14 EQUAL TO 2.5% OF THE FINAL AVERAGE SALARY, MULTIPLIED BY THE  
15 TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITED  
16 SERVICE OF A MEMBER. FOR CLASS T-G CREDITED SERVICE OF A MEMBER,  
17 AN ANNUITY EQUAL TO 1% OF THE FINAL AVERAGE SALARY, MULTIPLIED  
18 BY THE TOTAL NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF  
19 CREDITED SERVICE OF A MEMBER.

20 "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED  
21 CONTRIBUTION PLAN FOR STATE EMPLOYEES ESTABLISHED BY 71 PA.C.S.  
22 PT. XXV (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND  
23 OFFICERS).

24 \* \* \*

25 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN  
26 WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO  
27 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE  
28 PARTICIPANT.

29 \* \* \*

30 "SUPERANNUATION OR NORMAL RETIREMENT AGE."

1	CLASS OF SERVICE	AGE
2	T-A	62 OR ANY AGE UPON ACCRUAL OF
3		35 ELIGIBILITY POINTS
4	T-B	62
5	T-C AND T-D	62 OR AGE 60 PROVIDED THE
6		MEMBER HAS AT LEAST 30
7		ELIGIBILITY POINTS OR ANY
8		AGE UPON ACCRUAL OF 35
9		ELIGIBILITY POINTS
10	T-E [AND] <u>T-F AND T-G</u>	65 WITH ACCRUAL OF AT LEAST
11		THREE ELIGIBILITY POINTS
12		OR A COMBINATION OF AGE
13		AND ELIGIBILITY POINTS
14		TOTALING 92, PROVIDED THE
15		MEMBER HAS ACCRUED AT
16		LEAST 35 ELIGIBILITY
17		POINTS

18 \* \* \*

19 "TRUST." THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST  
 20 ESTABLISHED UNDER CHAPTER 84 (RELATING TO SCHOOL EMPLOYEES'  
 21 DEFINED CONTRIBUTION PLAN).

22 \* \* \*

23 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM,  
 24 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND  
 25 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

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

1 MEMBER WITH TEN OR MORE ELIGIBILITY POINTS WHO HAS TERMINATED  
2 SCHOOL SERVICE, HAS LEFT HIS ACCUMULATED DEDUCTIONS IN THE FUND  
3 AND IS DEFERRING FILING OF AN APPLICATION FOR RECEIPT OF AN  
4 ANNUITY.

5 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A  
6 PARTICIPANT TO THE TRUST AND CREDITED TO THE PARTICIPANT'S  
7 INDIVIDUAL INVESTMENT ACCOUNT IN EXCESS OF THE MANDATORY PICKUP  
8 PARTICIPANT CONTRIBUTIONS, EITHER BY AFTER-TAX SALARY DEDUCTIONS  
9 PAID THROUGH THE EMPLOYER OR BY AN ELIGIBLE ROLLOVER OR DIRECT  
10 TRUSTEE-TO-TRUSTEE TRANSFERS.

11 SECTION 102. SECTION 8103 OF TITLE 24 IS AMENDED BY ADDING  
12 SUBSECTIONS TO READ:

13 § 8103. CONSTRUCTION OF PART.

14 \* \* \*

15 (C) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF  
16 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF SCHOOL  
17 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY  
18 AMENDMENT THERETO, OR THE PLAN DOCUMENT ESTABLISHED BY THE  
19 BOARD, AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY  
20 ARBITRATION AWARD BETWEEN THE EMPLOYER AND THE EMPLOYER'S  
21 EMPLOYEES OR THE EMPLOYEE'S COLLECTIVE BARGAINING  
22 REPRESENTATIVES SHALL BE CONSTRUED TO DO ANY OF THE FOLLOWING:

23 (1) CHANGE ANY OF THE PROVISIONS OF THIS PART.

24 (2) REQUIRE THE BOARD TO ADMINISTER PENSION OR  
25 RETIREMENT BENEFITS NOT SET FORTH IN THIS PART OR NOT  
26 ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT.

27 (3) REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF  
28 THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT.

29 (4) OTHERWISE REQUIRE ACTION BY ANY OTHER GOVERNMENT  
30 BODY PERTAINING TO PENSION OR RETIREMENT BENEFITS OR RIGHTS

1 OF SCHOOL EMPLOYEES.

2 (D) REFERENCES TO CERTAIN FEDERAL STATUTES.--REFERENCES IN  
3 THIS PART TO THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND  
4 REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT.  
5 3149), INCLUDING ADMINISTRATIVE REGULATIONS PROMULGATED UNDER  
6 THE IRC OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT  
7 RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS AND REGULATIONS  
8 IN EFFECT ON THE EFFECTIVE DATE OF THIS SECTION AND AMENDED,  
9 SUPPLEMENTED OR SUPPLANTED ON AND AFTER THE EFFECTIVE DATE OF  
10 THIS SECTION.

11 (E) CONSTRUCTION.--THIS PART MAY NOT BE CONSTRUED TO MEAN  
12 ANY OF THE FOLLOWING:

13 (1) THAT THE LIMITATIONS ON BENEFITS OR OTHER  
14 REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE  
15 PROVISIONS OF THE IRC THAT ARE APPLICABLE TO PARTICIPANTS IN  
16 THE PLAN DO NOT APPLY TO THE PARTICIPANTS OR TO THE MEMBERS  
17 OF THE SYSTEM AND THE BENEFITS PAYABLE UNDER THIS PART.

18 (2) THAT AN INTERPRETATION OR APPLICATION OF A PROVISION  
19 OF THIS PART OR BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC  
20 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE  
21 WITH THE PROVISIONS OF PART IV OR OTHER APPLICABLE LAW,  
22 INCLUDING THE IRC AND THE UNIFORMED SERVICES EMPLOYMENT AND  
23 REEMPLOYMENT RIGHTS ACT OF 1994 BEFORE THE EFFECTIVE DATE OF  
24 THIS SECTION.

25 (3) THAT THE RELEASE OR PUBLICIZING OF A RECORD,  
26 MATERIAL OR DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD  
27 UNDER SECTION 8502(E) (2) (RELATING TO ADMINISTRATIVE DUTIES  
28 OF BOARD) IS A VIOLATION OF THE FIDUCIARY DUTIES OF THE  
29 BOARD.

30 SECTION 103. TITLE 24 IS AMENDED BY ADDING A SECTION TO

1 READ:

2 § 8103.1. REFERENCE TO PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
3 SYSTEM.

4 (A) GENERAL RULE.--AS OF THE EFFECTIVE DATE OF THIS SECTION,  
5 UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, A REFERENCE TO  
6 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY  
7 PROVISION, OTHER THAN THIS PART AND 71 PA.C.S. PT. XXV (RELATING  
8 TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS), SHALL INCLUDE A  
9 REFERENCE TO THE PLAN, AND A REFERENCE TO THE PUBLIC SCHOOL  
10 EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A REFERENCE TO THE  
11 TRUST.

12 (B) CERTAIN AGREEMENTS.--THE AGREEMENT OF AN EMPLOYER TO  
13 MAKE CONTRIBUTIONS TO THE FUND OR TO ENROLL EMPLOYEES AS MEMBERS  
14 IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE  
15 CONTRIBUTIONS TO THE TRUST OR TO ENROLL EMPLOYEES IN THE PLAN.

16 SECTION 104. SECTION 8301 OF TITLE 24 IS AMENDED TO READ:

17 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND  
18 PARTICIPATION IN THE PLAN.

19 (A) MANDATORY MEMBERSHIP.--MEMBERSHIP IN THE SYSTEM SHALL BE  
20 MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL SCHOOL  
21 EMPLOYEES EXCEPT THE FOLLOWING:

22 (1) ANY OFFICER OR EMPLOYEE OF THE DEPARTMENT OF  
23 EDUCATION, STATE-OWNED EDUCATIONAL INSTITUTIONS, COMMUNITY  
24 COLLEGES, AREA VOCATIONAL-TECHNICAL SCHOOLS, TECHNICAL  
25 INSTITUTES, OR [THE] THE PENNSYLVANIA STATE UNIVERSITY AND  
26 WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR  
27 A MEMBER OF ANOTHER RETIREMENT PROGRAM APPROVED BY THE  
28 EMPLOYER.

29 (2) ANY SCHOOL EMPLOYEE WHO IS NOT A MEMBER OF THE  
30 SYSTEM AND WHO IS EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR



1 LESS THAN 80 FULL-DAY SESSIONS OR 500 HOURS IN ANY FISCAL  
2 YEAR OR ANNUITANT WHO RETURNS TO SCHOOL SERVICE UNDER THE  
3 PROVISIONS OF SECTION 8346(B) (RELATING TO TERMINATION OF  
4 ANNUITIES).

5 (3) ANY OFFICER OR EMPLOYEE OF A GOVERNMENTAL ENTITY WHO  
6 SUBSEQUENT TO DECEMBER 22, 1965 AND PRIOR TO JULY 1, 1975  
7 ADMINISTERS, SUPERVISES, OR TEACHES CLASSES FINANCED WHOLLY  
8 OR IN PART BY THE FEDERAL GOVERNMENT SO LONG AS HE CONTINUES  
9 IN SUCH SERVICE.

10 (4) ANY PART-TIME SCHOOL EMPLOYEE WHO HAS AN INDIVIDUAL  
11 RETIREMENT ACCOUNT PURSUANT TO THE FEDERAL ACT OF SEPTEMBER  
12 2, 1974 (PUBLIC LAW 93-406, 88 STAT. 829), KNOWN AS THE  
13 EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

14 (B) PROHIBITED MEMBERSHIP.--THE SCHOOL EMPLOYEES CATEGORIZED  
15 IN SUBSECTION (A) (1) AND (2) SHALL NOT HAVE THE RIGHT TO ELECT  
16 MEMBERSHIP IN THE SYSTEM AND SHALL NOT BE ELIGIBLE TO  
17 PARTICIPATE IN THE PLAN.

18 (C) OPTIONAL MEMBERSHIP.--THE SCHOOL EMPLOYEES CATEGORIZED  
19 IN SUBSECTION (A) (3) AND, IF OTHERWISE ELIGIBLE, SUBSECTION  
20 (A) (4) SHALL HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.  
21 ONCE SUCH ELECTION IS EXERCISED, MEMBERSHIP SHALL COMMENCE FROM  
22 THE ORIGINAL DATE OF ELIGIBILITY AND SHALL CONTINUE UNTIL THE  
23 TERMINATION OF SUCH SERVICE.

24 (D) MANDATORY PARTICIPATION IN THE PLAN.--A SCHOOL EMPLOYEE  
25 WHO IS A MANDATORY MEMBER OF CLASS T-G SHALL ALSO BE A MANDATORY  
26 PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE DATE OF MEMBERSHIP  
27 IN THE SYSTEM.

28 (E) OPTIONAL PARTICIPATION IN THE PLAN.--A SCHOOL EMPLOYEE  
29 WHO IS AN OPTIONAL MEMBER OF THE SYSTEM AS A MEMBER OF CLASS T-G  
30 ALSO IS AN OPTIONAL PARTICIPANT IN THE PLAN. THE SCHOOL EMPLOYEE

1 WHO ELECTS MEMBERSHIP IN THE SYSTEM AS A MEMBER OF CLASS T-G  
2 ALSO ELECTS PARTICIPATION IN THE PLAN AS OF THE EFFECTIVE DATE  
3 OF MEMBERSHIP IN THE SYSTEM.

4 SECTION 105. SECTION 8302(A), (C) AND (D) OF TITLE 24 ARE  
5 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO  
6 READ:

7 § 8302. CREDITED SCHOOL SERVICE.

8 (A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED  
9 SCHOOL SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A  
10 FULL-TIME SALARIED SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF  
11 CREDIT FOR EACH SCHOOL YEAR OR THE CORRESPONDING FRACTION  
12 THEREOF, IN ACCORDANCE WITH THE PROPORTION OF THE FULL SCHOOL  
13 YEAR FOR WHICH THE REQUIRED REGULAR MEMBER CONTRIBUTIONS HAVE  
14 BEEN MADE TO THE FUND, OR FOR WHICH SUCH CONTRIBUTIONS OTHERWISE  
15 REQUIRED FOR SUCH SERVICE WERE NOT MADE TO THE FUND SOLELY BY  
16 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS  
17 UNDER IRC § 401(A)(17) OR [415(B)] 415. A PER DIEM OR HOURLY  
18 SCHOOL EMPLOYEE SHALL RECEIVE ONE YEAR OF CREDITED SERVICE FOR  
19 EACH NONOVERLAPPING PERIOD OF 12 CONSECUTIVE MONTHS IN WHICH HE  
20 IS EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE MADE TO THE FUND, OR  
21 WOULD HAVE BEEN MADE TO THE FUND BUT FOR SUCH LIMITATIONS UNDER  
22 THE IRC, FOR AT LEAST 180 FULL-DAY SESSIONS OR 1,100 HOURS OF  
23 EMPLOYMENT. IF SUCH MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE  
24 MADE TO THE FUND FOR LESS THAN 180 FULL-DAY SESSIONS OR 1,100  
25 HOURS, HE SHALL BE CREDITED WITH A FRACTIONAL PORTION OF A YEAR  
26 DETERMINED BY THE RATIO OF THE NUMBER OF FULL-DAY SESSIONS OR  
27 HOURS OF SERVICE ACTUALLY RENDERED TO 180 FULL-DAY SESSIONS OR  
28 1,100 HOURS, AS THE CASE MAY BE. A PART-TIME SALARIED EMPLOYEE  
29 SHALL BE CREDITED WITH THE FRACTIONAL PORTION OF THE YEAR WHICH  
30 CORRESPONDS TO THE SERVICE ACTUALLY RENDERED AND FOR WHICH

1 CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND EXCEPT FOR  
2 THE LIMITATIONS UNDER THE IRC IN RELATION TO THE SERVICE  
3 REQUIRED AS A COMPARABLE FULL-TIME SALARIED EMPLOYEE. IN NO CASE  
4 SHALL A MEMBER RECEIVE MORE THAN ONE YEAR OF CREDITED SERVICE  
5 FOR ANY 12 CONSECUTIVE MONTHS OR A MEMBER WHO HAS ELECTED  
6 MULTIPLE SERVICE RECEIVE AN AGGREGATE IN THE TWO SYSTEMS OF MORE  
7 THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 CONSECUTIVE MONTHS.

8 \* \* \*

9 (C) CANCELLATION OF CREDITED SERVICE.--ALL CREDITED SERVICE  
10 IN THE SYSTEM SHALL BE CANCELLED IF A MEMBER WITHDRAWS HIS  
11 ACCUMULATED DEDUCTIONS, EXCEPT THAT A PARTIAL OR TOTAL  
12 DISTRIBUTION OF ACCUMULATED TOTAL DEFINED CONTRIBUTIONS TO A  
13 PARTICIPANT WHO IS ALSO MEMBER MAY NOT CANCEL SERVICE CREDITED  
14 IN THE SYSTEM.

15 (D) CREDIT FOR MILITARY SERVICE.--A SCHOOL EMPLOYEE WHO HAS  
16 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM AS  
17 FOLLOWS:

18 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS  
19 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A  
20 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY  
21 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED  
22 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE  
23 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73  
24 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL  
25 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE  
26 PERIOD OF MILITARY SERVICE BEGAN, NOTWITHSTANDING IF THE  
27 MEMBER IS NOT DEFINED AS AN EMPLOYEE UNDER 51 PA.C.S. § 7301  
28 (RELATING TO DEFINITIONS). SCHOOL EMPLOYEES MAY NOT RECEIVE  
29 SERVICE CREDIT OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. §  
30 7306(A), (B) AND (C) (RELATING TO RETIREMENT RIGHTS) FOR

1 MILITARY LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF  
2 THIS SUBSECTION, EXCEPT OTHERWISE PROVIDED UNDER THIS  
3 SUBSECTION.

4 (2) A SCHOOL EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY  
5 RECEIVE CREDIT AS PROVIDED BY THIS PARAGRAPH.

6 (I) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM USERRA  
7 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED  
8 AS NOT HAVING INCURRED A BREAK IN SCHOOL SERVICE BY  
9 REASON OF THE USERRA LEAVE AND SHALL BE GRANTED  
10 ELIGIBILITY POINTS AS IF THE SCHOOL EMPLOYEE HAD NOT BEEN  
11 ON THE USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS  
12 REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF THE  
13 SYSTEM SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,  
14 SHARED-RISK MEMBER CONTRIBUTIONS AND ANY OTHER MEMBER  
15 CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS  
16 REQUIRED BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND  
17 REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES)  
18 AND IRC § 414(U) AS IF THE SCHOOL EMPLOYEE HAD CONTINUED  
19 IN HIS SCHOOL OFFICE OR EMPLOYMENT AND PERFORMED SCHOOL  
20 SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA  
21 LEAVE, THEN THE SCHOOL EMPLOYEE SHALL BE GRANTED SCHOOL  
22 SERVICE CREDIT FOR THE PERIOD OF USERRA LEAVE. THE  
23 EMPLOYEE SHALL HAVE HIS BENEFITS, RIGHTS AND OBLIGATIONS  
24 DETERMINED UNDER THIS PART AS IF HE WAS AN ACTIVE MEMBER  
25 WHO PERFORMED CREDITABLE SCHOOL SERVICE DURING THE USERRA  
26 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE  
27 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON  
28 WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE SCHOOL SERVICE  
29 CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

30 (II) FOR PURPOSES OF DETERMINING WHETHER A SCHOOL

1 EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR  
2 SCHOOL SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE  
3 WHO IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER  
4 OF THE SYSTEM TERMINATES SCHOOL SERVICE OR DIES IN SCHOOL  
5 SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT  
6 PERIOD, SCHOOL SERVICE CREDIT FOR THE USERRA LEAVE SHALL  
7 BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS WERE  
8 PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT OF  
9 THE REQUIRED MEMBER CONTRIBUTIONS SHALL BE TREATED AS AN  
10 INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF SECTION  
11 8325 (RELATING TO INCOMPLETE PAYMENTS). UPON A SUBSEQUENT  
12 RETURN TO SCHOOL SERVICE OR TO STATE SERVICE AS A  
13 MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER  
14 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE  
15 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER  
16 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP  
17 SUM UNDER SECTION 8345(A)(4) (RELATING TO MEMBER'S  
18 OPTIONS). FOR THIS PURPOSE, THE EXCLUSION OF CLASS T-E  
19 AND CLASS T-F MEMBERS FROM ELECTING A FORM OF PAYMENT  
20 UNDER SECTION 8345(A)(4)(III) SHALL BE IGNORED.

21 (III) A SCHOOL EMPLOYEE WHO IS REEMPLOYED FROM  
22 USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM AND WHO  
23 DOES NOT MAKE THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES  
24 ONLY PART OF THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE  
25 ALLOWED PAYMENT PERIOD SHALL NOT BE:

26 (A) GRANTED CREDITED SERVICE FOR THE PERIOD OF  
27 USERRA LEAVE FOR WHICH THE REQUIRED MEMBER  
28 CONTRIBUTIONS WERE NOT TIMELY MADE.

29 (B) ELIGIBLE TO SUBSEQUENTLY MAKE CONTRIBUTIONS.

30 (C) GRANTED EITHER SCHOOL SERVICE CREDIT OR

1           NONSCHOOL SERVICE CREDIT FOR THE PERIOD OF USERRA  
2           LEAVE FOR WHICH THE REQUIRED MEMBER CONTRIBUTIONS  
3           WERE NOT TIMELY MADE.

4           (3) A SCHOOL EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND  
5           PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN  
6           REEMPLOYED FROM USERRA LEAVE HAD THE SCHOOL EMPLOYEE RETURNED  
7           TO SCHOOL SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C.  
8           CH. 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE  
9           ABLE TO RECEIVE CREDITABLE NONSCHOOL SERVICE AS  
10          NONINTERVENING MILITARY SERVICE FOR THE PERIOD OF USERRA  
11          LEAVE IF THE EMPLOYEE LATER RETURNS TO SCHOOL SERVICE AND IS  
12          OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE AS NONINTERVENING  
13          MILITARY SERVICE.

14          (4) [A SCHOOL EMPLOYEE] AN ACTIVE OR INACTIVE MEMBER  
15          WHO, ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS  
16          GRANTED A LEAVE OF ABSENCE UNDER SECTION 1178 OF THE PUBLIC  
17          SCHOOL CODE, A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102  
18          (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT  
19          EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73, THAT  
20          IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE CREDITABLE  
21          NONSCHOOL SERVICE AS NONINTERVENING MILITARY SERVICE SHOULD  
22          THE EMPLOYEE RETURN TO SCHOOL SERVICE AS AN ACTIVE MEMBER OF  
23          THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE  
24          AS NONINTERVENING MILITARY SERVICE.

25          (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THE  
26          BENEFICIARIES OR SURVIVOR ANNUITANTS OF THE DECEASED MEMBER  
27          SHALL BE ENTITLED TO ANY ADDITIONAL BENEFITS, INCLUDING  
28          ELIGIBILITY POINTS, OTHER THAN BENEFIT ACCRUALS RELATING TO  
29          THE PERIOD OF QUALIFIED MILITARY SERVICE, PROVIDED UNDER THIS  
30          PART AS IF THE MEMBER RESUMED AND THEN TERMINATED EMPLOYMENT

ON ACCOUNT OF DEATH.

(6) A SCHOOL EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM HIS DUTIES AS A SCHOOL EMPLOYEE AND FOR WHICH 51 PA.C.S. § 4102 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR EFFICIENCY SHALL NOT BE AN ACTIVE MEMBER, RECEIVE SERVICE CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF ABSENCE EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING THIS PARAGRAPH, ANY PAY THE MEMBER RECEIVES UNDER SECTION 1178 OF THE PUBLIC SCHOOL CODE OR 51 PA.C.S. § 4102 SHALL BE INCLUDED IN THE DETERMINATION OF FINAL AVERAGE SALARY AND OTHER CALCULATIONS IN THE SYSTEM UTILIZING COMPENSATION AS IF THE PAYMENTS WERE COMPENSATION UNDER THIS PART.

(E) MILITARY SERVICE BY A PARTICIPANT.--A PARTICIPANT WHO HAS PERFORMED USERRA LEAVE SHALL BE TREATED AND MAY MAKE CONTRIBUTIONS AS FOLLOWS:

(1) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE MAY NOT BE TREATED AS HAVING INCURRED A BREAK IN SCHOOL SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT BEEN ON USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) AS IF THE PARTICIPANT HAD CONTINUED IN THE PARTICIPANT'S SCHOOL EMPLOYMENT AND PERFORMED SCHOOL SERVICE AND BEEN COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE CONTRIBUTIONS, BENEFITS, RIGHTS AND OBLIGATIONS DETERMINED UNDER THIS PART

1 AS IF THE EMPLOYEE WAS AN ACTIVE PARTICIPANT WHO PERFORMED  
2 SCHOOL SERVICE DURING THE USERRA LEAVE IN THE JOB POSITION  
3 THAT THE EMPLOYEE WOULD HAVE HELD HAD THE EMPLOYEE NOT BEEN  
4 ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON WHICH THE  
5 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO RECEIVE SCHOOL  
6 SERVICE CREDIT FOR THE USERRA LEAVE WERE DETERMINED,  
7 INCLUDING THE RIGHT TO MAKE VOLUNTARY CONTRIBUTIONS ON SUCH  
8 COMPENSATION AS PERMITTED BY LAW.

9 (2) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA LEAVE  
10 AND DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT  
11 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP  
12 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT PERIOD  
13 MAY NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT  
14 CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS AT A LATER DATE FOR  
15 THE PERIOD OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP  
16 PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

17 (3) A PARTICIPANT WHO PERFORMS USERRA LEAVE FROM WHICH  
18 THE EMPLOYEE COULD HAVE BEEN REEMPLOYED FROM USERRA LEAVE HAD  
19 THE SCHOOL EMPLOYEE RETURNED TO SCHOOL SERVICE IN THE TIME  
20 FRAMES REQUIRED BY 38 U.S.C. CH. 43 FOR REEMPLOYMENT RIGHTS,  
21 BUT DID NOT DO SO, MAY NOT BE ELIGIBLE TO MAKE MANDATORY  
22 PICKUP PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS  
23 FOR THE PERIOD OF USERRA LEAVE SHOULD THE EMPLOYEE LATER  
24 RETURN TO SCHOOL SERVICE AND BE A PARTICIPANT IN THE PLAN.

25 (4) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT WHO,  
26 ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION, IS GRANTED  
27 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO  
28 LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A  
29 MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 (RELATING TO MILITARY  
30 LEAVE OF ABSENCE) THAT IS NOT USERRA LEAVE MAY NOT BE



1 ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
2 OR VOLUNTARY CONTRIBUTIONS DURING OR FOR THE LEAVE OF ABSENCE  
3 OR MILITARY LEAVE, AND MAY NOT HAVE EMPLOYER DEFINED  
4 CONTRIBUTIONS MADE DURING SUCH LEAVE, WITHOUT REGARD TO  
5 WHETHER OR NOT THE PARTICIPANT RECEIVED SALARY, WAGES,  
6 STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER PAYMENTS FROM  
7 THE PARTICIPANT'S EMPLOYER DURING THE LEAVE, NOTWITHSTANDING  
8 ANY PROVISION TO THE CONTRARY IN 51 PA.C.S. § 4102 OR 51 PA.  
9 C.S. CH. 73.

10 (5) IF A PARTICIPANT DIES WHILE PERFORMING USERRA LEAVE,  
11 THEN THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED  
12 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER  
13 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED  
14 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE  
15 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT  
16 OF DEATH.

17 SECTION 106. SECTION 8303(C) AND (D) OF TITLE 24 ARE AMENDED  
18 TO READ:

19 § 8303. ELIGIBILITY POINTS FOR RETENTION AND REINSTATEMENT OF  
20 SERVICE CREDITS.

21 \* \* \*

22 (C) PURCHASE OF PREVIOUS CREDITABLE SERVICE.--EVERY ACTIVE  
23 MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS AN  
24 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM ON OR  
25 AFTER THE EFFECTIVE DATE OF THIS PART MAY PURCHASE CREDIT AND  
26 RECEIVE ELIGIBILITY POINTS:

27 (1) AS A MEMBER OF CLASS T-C, CLASS T-E [OR] CLASS T-F  
28 OR CLASS T-G FOR PREVIOUS CREDITABLE SCHOOL SERVICE OR  
29 CREDITABLE NONSCHOOL SERVICE; OR

30 (2) AS A MEMBER OF CLASS T-D FOR PREVIOUS CREDITABLE

SCHOOL SERVICE, PROVIDED THE MEMBER ELECTS TO BECOME A CLASS  
T-D MEMBER PURSUANT TO SECTION 8305.1 (RELATING TO ELECTION  
TO BECOME A CLASS T-D MEMBER);  
UPON WRITTEN AGREEMENT BY THE MEMBER AND THE BOARD AS TO THE  
MANNER OF PAYMENT OF THE AMOUNT DUE FOR CREDIT FOR SUCH SERVICE;  
EXCEPT, THAT ANY PURCHASE FOR REINSTATEMENT OF SERVICE CREDIT  
SHALL BE FOR ALL SERVICE PREVIOUSLY CREDITED.

(D) PURCHASE OF PREVIOUS NONCREDITABLE SERVICE.--CLASS T-C  
AND CLASS T-D MEMBERS WHO ARE ACTIVE MEMBERS ON THE EFFECTIVE  
DATE OF THIS SUBSECTION SHALL HAVE THREE YEARS FROM THE  
EFFECTIVE DATE OF THIS SUBSECTION TO FILE A WRITTEN APPLICATION  
WITH THE BOARD TO PURCHASE ANY PREVIOUS NONCREDITABLE SCHOOL  
SERVICE. CLASS T-C AND CLASS T-D MEMBERS WHO ARE NOT ACTIVE  
MEMBERS ON THE EFFECTIVE DATE OF THIS SUBSECTION BUT WHO BECOME  
ACTIVE MEMBERS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION AND  
CLASS T-E [AND CLASS T-F], CLASS T-F AND CLASS T-G MEMBERS SHALL  
HAVE 365 DAYS FROM ENTRY INTO THE SYSTEM TO FILE A WRITTEN  
APPLICATION WITH THE BOARD TO PURCHASE ANY PREVIOUS  
NONCREDITABLE SCHOOL SERVICE.

SECTION 107. SECTION 8305(C)(1) AND (D) OF TITLE 24 ARE  
AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO  
READ:

§ 8305. CLASSES OF SERVICE.

\* \* \*

(C) CLASS T-D MEMBERSHIP.--

(1) A PERSON WHO BECOMES A SCHOOL EMPLOYEE AND AN ACTIVE  
MEMBER, OR A PERSON WHO BECOMES A MULTIPLE SERVICE MEMBER WHO  
IS A STATE EMPLOYEE AND A MEMBER OF THE STATE EMPLOYEES'  
RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF THIS  
SUBSECTION AND BEFORE JULY 2011 SHALL BE CLASSIFIED AS A

1 CLASS T-D MEMBER UPON PAYMENT OF REGULAR MEMBER  
2 CONTRIBUTIONS. ANY PRIOR SCHOOL SERVICE CREDITED AS CLASS T-C  
3 SERVICE SHALL BE CREDITED AS CLASS T-D SERVICE, SUBJECT TO  
4 THE LIMITATIONS CONTAINED IN PARAGRAPH (4).

5 \* \* \*

6 (D) CLASS T-E MEMBERSHIP.--NOTWITHSTANDING ANY OTHER  
7 PROVISION, A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN  
8 ACTIVE MEMBER, OR A PERSON WHO FIRST BECOMES A MULTIPLE SERVICE  
9 MEMBER WHO IS A STATE EMPLOYEE AND A MEMBER OF THE STATE  
10 EMPLOYEES' RETIREMENT SYSTEM, ON OR AFTER THE EFFECTIVE DATE OF  
11 THIS SUBSECTION AND BEFORE JULY 1, 2017, SHALL BE CLASSIFIED AS  
12 A CLASS T-E MEMBER UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS  
13 AND THE SHARED-RISK CONTRIBUTIONS.

14 \* \* \*

15 (F) CLASS T-G MEMBERSHIP.--

16 (1) A PERSON WHO FIRST BECOMES A SCHOOL EMPLOYEE AND AN  
17 ACTIVE MEMBER ON OR AFTER JULY 1, 2017, SHALL BE CLASSIFIED  
18 AS A CLASS T-G MEMBER UPON PAYMENT OF REGULAR MEMBER  
19 CONTRIBUTIONS AND THE SHARED RISK CONTRIBUTIONS.

20 (2) A CLASS T-C, CLASS T-D, CLASS T-E OR CLASS T-F  
21 MEMBER SHALL HAVE THE RIGHT TO ELECT INTO CLASS T-G  
22 MEMBERSHIP, IF THE PERSON ELECTS TO BECOME A CLASS T-G MEMBER  
23 UNDER SECTION 8305.3 (RELATING TO ELECTION TO BECOME A CLASS  
24 T-G MEMBER), UPON WRITTEN ELECTION FILED WITH THE BOARD AND  
25 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS.

26 SECTION 107.1. TITLE 24 IS AMENDED BY ADDING A SECTION TO  
27 READ:

28 § 8305.3. ELECTION TO BECOME A CLASS T-G MEMBER.

29 (A) GENERAL RULE.--A PERSON WHO IS:

30 (1) A CLASS T-C, CLASS, T-D, CLASS T-E OR CLASS T-F

1 MEMBER OF THE SYSTEM OR A CLASS T-C, CLASS T-D, CLASS T-E OR  
2 CLASS T-F MULTIPLE SERVICE MEMBER WHO IS A STATE EMPLOYEE AND  
3 A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM; AND

4 (2) WHO, ON THE EFFECTIVE DATE OF THIS SUBSECTION, IS AN  
5 ACTIVE MEMBER OF THE SYSTEM OR AN ACTIVE MEMBER OF THE STATE  
6 EMPLOYEES' RETIREMENT SYSTEM IF A MULTIPLE SERVICE MEMBER,  
7 MAY ELECT TO BECOME A MEMBER OF CLASS T-G.

8 (B) TIME FOR MAKING ELECTION.--THE MEMBER MUST ELECT TO  
9 BECOME A CLASS T-G MEMBER BY FILING A WRITTEN NOTICE WITH THE  
10 BOARD BEFORE THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE  
11 AS APPLICABLE OR BY JUNE 30, 2017, WHICHEVER OCCURS FIRST. A  
12 SCHOOL EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS T-G  
13 MEMBER WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD  
14 WITHOUT HAVING ELECTED CLASS T-G MEMBERSHIP MAY MAKE THE  
15 ELECTION WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM USERRA  
16 LEAVE. A SCHOOL EMPLOYEE WHO FIRST BECOMES ELIGIBLE TO ELECT TO  
17 BECOME A CLASS T-G MEMBER WITHIN 45 DAYS BEFORE JUNE 30, 2017,  
18 SHALL HAVE 45 DAYS TO MAKE THE ELECTION.

19 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS T-G  
20 MEMBER SHALL BE IRREVOCABLE. A MEMBER WHO ELECTS CLASS T-G  
21 MEMBERSHIP SHALL BE SUBJECT TO ALL PROVISIONS APPLICABLE TO  
22 CLASS T-G MEMBERSHIP FOR SERVICE RENDERED ON AND AFTER THE DATE  
23 THE WRITTEN ELECTION IS RECEIVED AND PROCESSED BY THE BOARD. A  
24 MEMBER WHO ELECTS CLASS T-G MEMBERSHIP SHALL BE DEEMED TO HAVE  
25 ACCEPTED THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-G  
26 MEMBERS AS DETERMINED BY SECTION 8321 (RELATING TO REGULAR  
27 MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) IN EFFECT AT THE TIME  
28 OF THE ELECTION.

29 (D) EFFECT OF FAILURE TO MAKE ELECTION.--IF THE MEMBER FAILS  
30 TO TIMELY FILE AN ELECTION TO BECOME A CLASS T-G MEMBER, THE

1 MEMBER SHALL CONTINUE TO BE ENROLLED AS A MEMBER OF CLASS T-C,  
2 CLASS T-D, CLASS T-E OR CLASS T-F MEMBER AS APPLICABLE AND THE  
3 MEMBER SHALL NEVER BE ABLE TO ELECT CLASS T-G MEMBERSHIP,  
4 REGARDLESS OF WHETHER THE MEMBER TERMINATES SERVICE OR HAS A  
5 BREAK IN SERVICE.

6 (E) FORMER MEMBERS.--CLASS T-C, CLASS T-D, CLASS T-E AND  
7 CLASS T-F MEMBERS, OR FORMER CLASS T-C, CLASS T-D, CLASS T-E AND  
8 CLASS T-F MEMBERS WHO, ON THE EFFECTIVE DATE OF THIS SECTION ARE  
9 NOT ELIGIBLE FOR CLASS T-G MEMBERSHIP, OR WHO RETURN TO SERVICE  
10 ON OR AFTER JULY 1, 2017, SHALL BE ELIGIBLE TO ELECT CLASS T-G  
11 MEMBERSHIP AND MAY MAKE THE ELECTION WITHIN 45 DAYS OF BECOMING  
12 ELIGIBLE OR RETURNING TO SERVICE.

13 SECTION 108. SECTIONS 8306, 8307, 8308, 8310 AND 8321 OF  
14 TITLE 24 ARE AMENDED TO READ:

15 § 8306. ELIGIBILITY POINTS.

16 (A) GENERAL RULE.--AN ACTIVE MEMBER OF THE SYSTEM SHALL  
17 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE  
18 AS A MEMBER OF THE [SCHOOL OR STATE RETIREMENT SYSTEM] SYSTEM OR  
19 IF A MULTIPLE SERVICE MEMBER, AS A MEMBER OF THE STATE  
20 EMPLOYEE'S RETIREMENT SYSTEM RETIREMENT SYSTEM. A MEMBER SHALL  
21 ACCRUE AN ADDITIONAL TWO-THIRDS OF AN ELIGIBILITY POINT FOR EACH  
22 YEAR OF CLASS D-3 CREDITED SERVICE UNDER THE STATE EMPLOYEES'  
23 RETIREMENT SYSTEM. IN THE CASE OF A FRACTIONAL PART OF A YEAR OF  
24 CREDITED SERVICE, A MEMBER SHALL ACCRUE THE CORRESPONDING  
25 FRACTIONAL PORTION OF AN ELIGIBILITY POINT.

26 (A.1) USERRA LEAVE.--A MEMBER OR PARTICIPANT WHO IS  
27 REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE PERFORMING USERRA  
28 LEAVE SHALL BE GRANTED THE ELIGIBILITY POINTS THAT HE WOULD HAVE  
29 ACCRUED HAD HE CONTINUED IN HIS SCHOOL OFFICE OR EMPLOYMENT  
30 INSTEAD OF PERFORMING USERRA LEAVE. IF A SCHOOL EMPLOYEE WHO IS

1 REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER OR MANDATORY  
2 PICKUP PARTICIPANT CONTRIBUTIONS TO BE GRANTED SCHOOL SERVICE  
3 CREDIT FOR THE USERRA LEAVE, NO ADDITIONAL ELIGIBILITY POINTS  
4 MAY BE GRANTED.

5 (B) TRANSITIONAL RULE.--FOR THE PURPOSES OF THE TRANSITION:

6 (1) IN DETERMINING WHETHER A MEMBER, OTHER THAN A  
7 DISABILITY ANNUITANT WHO RETURNS TO SCHOOL SERVICE AFTER JUNE  
8 30, 2001, UPON TERMINATION OF THE DISABILITY ANNUITY, WHO IS  
9 NOT A SCHOOL EMPLOYEE OR A STATE EMPLOYEE ON JUNE 30, 2001,  
10 AND JULY 1, 2001, AND WHO HAS PREVIOUS SCHOOL SERVICE, HAS  
11 THE FIVE ELIGIBILITY POINTS REQUIRED BY THE DEFINITION OF  
12 "VESTEE" IN SECTIONS 8102 (RELATING TO DEFINITIONS), 8307  
13 (RELATING TO ELIGIBILITY FOR ANNUITIES), 8308 (RELATING TO  
14 ELIGIBILITY FOR VESTING) AND 8345 (RELATING TO MEMBER'S  
15 OPTIONS), ONLY ELIGIBILITY POINTS EARNED BY PERFORMING  
16 CREDITED SCHOOL SERVICE, USERRA LEAVE OR CREDITED STATE  
17 SERVICE AS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'  
18 RETIREMENT SYSTEM AFTER JUNE 30, 2001, SHALL BE COUNTED UNTIL  
19 SUCH MEMBER EARNS ONE ELIGIBILITY POINT BY PERFORMING  
20 CREDITED SCHOOL SERVICE OR CREDITED STATE SERVICE AFTER JUNE  
21 30, 2001, AT WHICH TIME ALL ELIGIBILITY POINTS AS DETERMINED  
22 UNDER SUBSECTION (A) SHALL BE COUNTED.

23 (2) A MEMBER SUBJECT TO PARAGRAPH (1) SHALL BE  
24 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE  
25 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER HAS  
26 AT LEAST TEN ELIGIBILITY POINTS DETERMINED UNDER SUBSECTION  
27 (A).

28 § 8307. ELIGIBILITY FOR ANNUITIES.

29 (A) SUPERANNUATION ANNUITY.--AN ACTIVE OR AN INACTIVE MEMBER  
30 WHO ATTAINS SUPERANNUATION AGE SHALL BE ENTITLED TO RECEIVE A

1 SUPERANNUATION ANNUITY UPON TERMINATION OF SERVICE AND FILING OF  
2 A PROPER APPLICATION.

3 (B) WITHDRAWAL ANNUITY.--

4 (1) A VESTEE IN CLASS T-C [OR] CLASS T-D OR CLASS T-G  
5 WITH FIVE OR MORE ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE  
6 CLASS T-C [OR] CLASS T-D OR CLASS T-G MEMBER WHO TERMINATES  
7 SCHOOL SERVICE HAVING FIVE OR MORE ELIGIBILITY POINTS SHALL,  
8 UPON FILING A PROPER APPLICATION, BE ENTITLED TO RECEIVE AN  
9 EARLY ANNUITY.

10 (2) A VESTEE IN CLASS T-E OR CLASS T-F WITH TEN OR MORE  
11 ELIGIBILITY POINTS OR AN ACTIVE OR INACTIVE CLASS T-E OR  
12 CLASS T-F MEMBER WHO TERMINATES SCHOOL SERVICE HAVING TEN OR  
13 MORE ELIGIBILITY POINTS SHALL, UPON FILING A PROPER  
14 APPLICATION, BE ENTITLED TO RECEIVE AN EARLY ANNUITY.

15 (C) DISABILITY ANNUITY.--AN ACTIVE OR INACTIVE MEMBER WHO  
16 HAS CREDIT FOR AT LEAST FIVE YEARS OF SERVICE SHALL, UPON FILING  
17 OF A PROPER APPLICATION, BE ENTITLED TO A DISABILITY ANNUITY IF  
18 HE BECOMES MENTALLY OR PHYSICALLY INCAPABLE OF CONTINUING TO  
19 PERFORM THE DUTIES FOR WHICH HE IS EMPLOYED AND QUALIFIES FOR AN  
20 ANNUITY IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8505(C) (1)  
21 (RELATING TO DUTIES OF BOARD REGARDING APPLICATIONS AND  
22 ELECTIONS OF MEMBERS AND PARTICIPANTS).

23 (D) MULTIPLE CLASSES OF SERVICE.--A MEMBER WITH MORE THAN  
24 ONE CLASS OF SERVICE WHO VESTS HIS RETIREMENT BENEFITS IN ANY  
25 CLASS OF SERVICE MAY NOT RECEIVE DISTRIBUTIONS FROM OTHER  
26 CLASSES OF SERVICE UNTIL HIS EFFECTIVE DATE OF RETIREMENT,  
27 REGARDLESS OF WHETHER HIS BENEFITS RESULTING FROM SUCH OTHER  
28 CLASSES OF SERVICE ARE VESTED OR HE IS ELIGIBLE TO RECEIVE AN  
29 ANNUITY. A MEMBER WITH SERVICE CREDITED IN MORE THAN ONE CLASS  
30 OF SERVICE MAY NOT SEPARATELY VEST THE BENEFITS AND RECEIVE

ANNUITIES FROM DIFFERENT CLASSES OF SERVICE WITH DIFFERENT  
EFFECTIVE DATES.

§ 8308. ELIGIBILITY FOR VESTING.

(A) GENERAL RULE.--ANY CLASS T-C [OR], CLASS T-D OR CLASS T-  
G MEMBER WHO TERMINATES SCHOOL SERVICE, OR IF A MULTIPLE SERVICE  
MEMBER AND AN ACTIVE MEMBER OF THE STATE EMPLOYEES RETIREMENT  
SYSTEM WHO TERMINATES STATE SERVICE, WITH FIVE OR MORE  
ELIGIBILITY POINTS SHALL BE ENTITLED TO VEST HIS RETIREMENT  
BENEFITS UNTIL ATTAINMENT OF SUPERANNUATION AGE. ANY CLASS T-E  
OR CLASS T-F MEMBER WHO TERMINATES SCHOOL SERVICE, OR IF A  
MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE STATE  
EMPLOYEES RETIREMENT SYSTEM WHO TERMINATES STATE SERVICE, WITH  
TEN OR MORE ELIGIBILITY POINTS SHALL BE ENTITLED TO VEST HIS  
RETIREMENT BENEFITS UNTIL ATTAINMENT OF SUPERANNUATION AGE.

(B) MULTIPLE CLASSES OF SERVICE.--A MEMBER WITH MORE THAN  
ONE CLASS OF SERVICE WHO VESTS HIS RETIREMENT BENEFITS IN ANY  
CLASS OF SERVICE MAY NOT RECEIVE DISTRIBUTIONS FROM OTHER  
CLASSES OF SERVICE UNTIL HIS EFFECTIVE DATE OF RETIREMENT,  
REGARDLESS OF WHETHER HIS BENEFITS RESULTING FROM SUCH OTHER  
CLASSES OF SERVICE ARE VESTED OR HE IS ELIGIBLE TO RECEIVE AN  
ANNUITY. A MEMBER WITH SERVICE CREDITED IN MORE THAN ONE CLASS  
OF SERVICE MAY NOT SEPARATELY VEST THOSE BENEFITS AND RECEIVE  
ANNUITIES FROM DIFFERENT CLASSES OF SERVICE WITH DIFFERENT  
EFFECTIVE DATES.

§ 8310. ELIGIBILITY FOR REFUNDS.

UPON TERMINATION OF SERVICE ANY ACTIVE MEMBER, REGARDLESS OF  
ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS ACCUMULATED  
DEDUCTIONS IN LIEU OF ANY BENEFIT FROM THE SYSTEM TO WHICH HE IS  
ENTITLED.

§ 8321. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.



1 (A) GENERAL.--REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO  
2 THE FUND ON BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE  
3 EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF  
4 SUCH CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION  
5 OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17)  
6 OR [415(B)] 415.

7 (B) CLASS T-C, CLASS T-D, CLASS T-E AND CLASS T-F SHARED-  
8 RISK CONTRIBUTIONS.--

9 (1) COMMENCING WITH THE ANNUAL ACTUARIAL VALUATION  
10 PERFORMED UNDER SECTION 8502(J) (RELATING TO ADMINISTRATIVE  
11 DUTIES OF BOARD), FOR THE PERIOD ENDING JUNE 30, 2014, AND  
12 EVERY THREE YEARS THEREAFTER, THE BOARD SHALL COMPARE THE  
13 ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, TO THE ANNUAL  
14 INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF THE  
15 NORMAL CONTRIBUTION RATE, BASED ON THE MARKET VALUE OF  
16 ASSETS, FOR THE PRIOR TEN-YEAR PERIOD. IF THE ACTUAL  
17 INVESTMENT RATE OF RETURN, NET OF FEES, IS LESS THAN THE  
18 ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY AN AMOUNT OF 1%  
19 OR MORE, THE SHARED-RISK CONTRIBUTION RATE OF CLASS [T-E AND  
20 T-F] T-C, CLASS T-D, CLASS T-E, CLASS T-F AND CLASS T-G  
21 MEMBERS WILL INCREASE BY .5%. IF THE ACTUAL INVESTMENT RATE  
22 OF RETURN, NET OF FEES, IS EQUAL TO OR EXCEEDS THE ANNUAL  
23 INTEREST RATE ADOPTED BY THE BOARD BY LESS THAN 1%, THE  
24 SHARED-RISK CONTRIBUTIONS RATE OF CLASS [T-E AND T-F] T-C,  
25 CLASS T-D, CLASS T-E, CLASS T-F AND CLASS T-G MEMBERS WILL  
26 DECREASE BY .5%[. CLASS T-E AND T-F MEMBERS WILL CONTRIBUTE  
27 AT THE TOTAL MEMBER CONTRIBUTION RATE IN EFFECT WHEN THEY ARE  
28 HIRED. THE], PROVIDED THE TOTAL MEMBER CONTRIBUTION RATE ON  
29 THE DATE OF THE ACTUARIAL VALUATION IS ABOVE THE MEMBER'S  
30 BASIC CONTRIBUTION RATE. IF THE ACTUAL INVESTMENT RATE OF

1 RETURN, NET OF FEES, IS MORE THAN THE ANNUAL INTEREST RATE  
2 ADOPTED BY THE BOARD BY AN AMOUNT OF 1% OR MORE, THE SHARED  
3 RISK CONTRIBUTION RATE OF CLASS T-C, CLASS T-D, CLASS T-E,  
4 CLASS T-F AND CLASS T-G MEMBERS WILL DECREASE BY .5%. IF THE  
5 ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, IS EQUAL TO OR  
6 BELOW THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY LESS  
7 THAN 1%, THE SHARED RISK CONTRIBUTION RATE OF CLASS T-C,  
8 CLASS T-D, CLASS T-E, CLASS T-F, AND CLASS T-G MEMBERS WILL  
9 INCREASE BY .5%, PROVIDED THE TOTAL MEMBER CONTRIBUTION RATE  
10 ON THE DATE OF THE ACTUARIAL VALUATION IS BELOW THE MEMBER'S  
11 BASIC CONTRIBUTION RATE.

12 (2) NOTWITHSTANDING PARAGRAPH (1), THE TOTAL MEMBER  
13 CONTRIBUTION RATE FOR CLASS T-D MEMBERS WHO ARE CURRENTLY  
14 PAYING 7.5% ON THE EFFECTIVE DATE OF THIS PROVISION, AND FOR  
15 CLASS T-E MEMBERS SHALL NOT BE LESS THAN [7.5%] 5.5%, NOR  
16 MORE THAN 9.5%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS  
17 T-C MEMBERS WHO ARE CURRENTLY PAYING 6.25% ON THE EFFECTIVE  
18 DATE OF THIS PROVISION SHALL NOT BE LESS THAN 4.25% NOR MORE  
19 THAN 8.25%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-D  
20 MEMBERS WHO ARE CURRENTLY PAYING 6.5% ON THE EFFECTIVE DATE  
21 OF THIS PROVISION SHALL NOT BE LESS THAN 4.5% NOR MORE THAN  
22 8.5%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-F  
23 MEMBERS SHALL NOT BE LESS THAN [10.3%] 8.3%, NOR MORE THAN  
24 12.3%. THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-G  
25 MEMBERS SHALL NOT BE LESS THAN 2% NOR MORE THAN 6%.

26 NOTWITHSTANDING THIS SUBSECTION, IF THE SYSTEM'S ACTUARIAL  
27 FUNDED STATUS IS 100% OR MORE AS OF THE DATE USED FOR THE  
28 COMPARISON REQUIRED UNDER THIS SUBSECTION, AS DETERMINED IN  
29 THE CURRENT ANNUAL ACTUARIAL VALUATION, THE SHARED-RISK  
30 CONTRIBUTION RATE SHALL [BE] NOT BE GREATER THAN ZERO. IN THE

1 EVENT THAT THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR  
2 THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS CHANGED  
3 DURING THE PERIOD USED TO DETERMINE THE SHARED-RISK  
4 CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,  
5 SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,  
6 EXPRESSED AS AN ANNUAL RATE. THE FOLLOWING PROVISIONS APPLY:

7 [(1)] (I) UNTIL THE SYSTEM HAS A TEN-YEAR PERIOD OF  
8 INVESTMENT RATE OF RETURN EXPERIENCE FOLLOWING THE  
9 EFFECTIVE DATE OF THIS SUBSECTION, THE LOOK-BACK PERIOD  
10 SHALL BEGIN NOT EARLIER THAN THE EFFECTIVE DATE OF THIS  
11 SUBSECTION.

12 [(2)] (II) FOR ANY FISCAL YEAR IN WHICH THE EMPLOYER  
13 CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION  
14 RATE UNDER SECTION 8328(H) (RELATING TO ACTUARIAL COST  
15 METHOD), THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS [T-  
16 E AND T-F] T-C, CLASS T-D, CLASS T-E, CLASS T-F, AND  
17 CLASS T-G MEMBERS SHALL BE PROSPECTIVELY RESET TO THE  
18 BASIC CONTRIBUTION RATE.

19 [(3)] (III) THERE SHALL BE NO INCREASE IN THE MEMBER  
20 CONTRIBUTION RATE IF THERE HAS NOT BEEN AN EQUIVALENT  
21 INCREASE TO THE EMPLOYER CONTRIBUTION RATE OVER THE  
22 PREVIOUS THREE-YEAR PERIOD.

23 (IV) NOTWITHSTANDING SUBPARAGRAPHS (I), (II) AND  
24 (III), THE FIRST LOOK-BACK PERIOD APPLICABLE TO CLASS T-C  
25 AND CLASS T-D MEMBERS SHALL BE FOR THE PERIOD ENDING JUNE  
26 30, 2020.

27 SECTION 109. SECTIONS 8322.1(A), 8323(A), (C) AND (D)(1),  
28 8324, 8325.1(A), 8326(A) AND (C), 8327, 8328(A), (B), (C), (E)  
29 (1) AND (G) AND 8330 OF TITLE 24 ARE AMENDED TO READ:  
30 § 8322.1. PICKUP CONTRIBUTIONS.

1 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL  
2 CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS  
3 8321 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT  
4 SERVICE) AND 8322 (RELATING TO JOINT COVERAGE MEMBER  
5 CONTRIBUTIONS), WITH RESPECT TO CURRENT SCHOOL SERVICE RENDERED  
6 BY AN ACTIVE MEMBER ON OR AFTER JANUARY 1, 1983, SHALL BE PICKED  
7 UP BY THE EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S  
8 CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

9 \* \* \*

10 § 8323. MEMBER CONTRIBUTIONS FOR CREDITABLE SCHOOL SERVICE.

11 (A) PREVIOUS SCHOOL SERVICE, SABBATICAL LEAVE AND FULL  
12 COVERAGE.--THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR  
13 AN ELIGIBLE STATE EMPLOYEE FOR CREDIT IN THE SYSTEM FOR  
14 REINSTATEMENT OF ALL PREVIOUSLY CREDITED SCHOOL SERVICE, SCHOOL  
15 SERVICE NOT PREVIOUSLY CREDITED, SABBATICAL LEAVE AS IF HE HAD  
16 BEEN IN FULL-TIME DAILY ATTENDANCE, OR FULL-COVERAGE MEMBERSHIP  
17 SHALL BE SUFFICIENT TO PROVIDE AN AMOUNT EQUAL TO THE  
18 ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE  
19 CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR MEMBER  
20 CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE AT THE RATE OF  
21 CONTRIBUTION NECESSARY TO BE CREDITED AS CLASS T-C SERVICE,  
22 CLASS T-D SERVICE IF THE MEMBER IS A CLASS T-D MEMBER, CLASS T-E  
23 SERVICE IF THE MEMBER IS A CLASS T-E MEMBER [OR] CLASS T-F  
24 SERVICE IF THE MEMBER IS A CLASS T-F MEMBER OR CLASS T-G SERVICE  
25 IF THE MEMBER IS A CLASS T-G MEMBER AND HAD SUCH CONTRIBUTIONS  
26 BEEN CREDITED WITH STATUTORY INTEREST DURING THE PERIOD THE  
27 CONTRIBUTIONS WOULD HAVE BEEN MADE AND DURING ALL PERIODS OF  
28 SUBSEQUENT SCHOOL SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER  
29 AND STATE SERVICE AS AN ACTIVE MEMBER OR INACTIVE MEMBER ON  
30 LEAVE WITHOUT PAY UP TO THE DATE OF PURCHASE.

1       \* \* \*

2       (C) APPROVED LEAVE OF ABSENCE OTHER THAN SABBATICAL LEAVE  
3 AND ACTIVATED MILITARY SERVICE LEAVE.--THE CONTRIBUTIONS TO BE  
4 PAID BY AN ACTIVE MEMBER FOR CREDIT FOR AN APPROVED LEAVE OF  
5 ABSENCE, OTHER THAN SABBATICAL LEAVE AND ACTIVATED MILITARY  
6 SERVICE LEAVE, SHALL BE SUFFICIENT TO TRANSFER HIS MEMBERSHIP TO  
7 CLASS T-C OR TO CLASS T-D IF THE MEMBER IS A CLASS T-D MEMBER,  
8 TO CLASS T-E IF THE MEMBER IS A CLASS T-E MEMBER [OR] TO CLASS  
9 T-F IF THE MEMBER IS A CLASS T-F MEMBER OR TO CLASS T-G SERVICE  
10 IF THE MEMBER IS A CLASS T-G MEMBER AND FURTHER TO PROVIDE AN  
11 ANNUITY AS A CLASS T-C MEMBER OR CLASS T-D MEMBER IF THE MEMBER  
12 IS A CLASS T-D MEMBER, TO CLASS T-E IF THE MEMBER IS A CLASS T-E  
13 MEMBER [OR] TO CLASS T-F IF THE MEMBER IS A CLASS T-F MEMBER OR  
14 TO CLASS T-G SERVICE IF THE MEMBER IS A CLASS T-G MEMBER FOR  
15 SUCH ADDITIONAL CREDITED SERVICE. SUCH AMOUNT SHALL BE THE SUM  
16 OF THE AMOUNT REQUIRED IN ACCORDANCE WITH THE PROVISIONS OF  
17 SUBSECTION (B) AND AN AMOUNT DETERMINED AS THE SUM OF THE  
18 MEMBER'S BASIC CONTRIBUTION RATE AND THE NORMAL CONTRIBUTION  
19 RATE AS PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST  
20 METHOD) DURING SUCH PERIOD MULTIPLIED BY THE COMPENSATION WHICH  
21 WAS RECEIVED OR WHICH WOULD HAVE BEEN RECEIVED DURING SUCH  
22 PERIOD AND WITH STATUTORY INTEREST DURING ALL PERIODS OF  
23 SUBSEQUENT SCHOOL AND STATE SERVICE UP TO THE DATE OF PURCHASE.

24       \* \* \*

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

26       (1) IN ALL CASES OTHER THAN FOR THE PURCHASE OF CREDIT  
27 FOR SABBATICAL LEAVE AND ACTIVATED MILITARY SERVICE LEAVE  
28 BEGINNING BEFORE THE EFFECTIVE DATE OF PARAGRAPH (2), THE  
29 AMOUNT PAYABLE SHALL BE CERTIFIED BY THE BOARD IN ACCORDANCE  
30 WITH METHODS APPROVED BY THE ACTUARY AND MAY BE PAID IN A

1 LUMP SUM WITHIN 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR  
2 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE  
3 STATE EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH  
4 STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN  
5 AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY  
6 DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE  
7 BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY  
8 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE  
9 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.  
10 THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO  
11 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
12 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE  
13 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
14 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE  
15 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER  
16 TO THE BOARD THE AMOUNTS PAID.

17 \* \* \*

18 § 8324. CONTRIBUTIONS FOR PURCHASE OF CREDIT FOR CREDITABLE  
19 NONSCHOOL SERVICE AND NONCREDITABLE SCHOOL SERVICE.

20 (A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO  
21 PURCHASE CREDIT AS A MEMBER OF CLASS T-C, CLASS T-E [OR], CLASS  
22 T-F OR CLASS T-G FOR CREDITABLE NONSCHOOL SERVICE OF AN ACTIVE  
23 MEMBER OR AN ELIGIBLE STATE EMPLOYEE SHALL BE PAID EITHER BY THE  
24 MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, THE COMMONWEALTH, OR A  
25 COMBINATION THEREOF, AS PROVIDED BY LAW.

26 (B) NONINTERVENING MILITARY SERVICE.--THE AMOUNT DUE FOR THE  
27 PURCHASE OF CREDIT FOR MILITARY SERVICE OTHER THAN INTERVENING  
28 MILITARY SERVICE SHALL BE DETERMINED BY APPLYING THE MEMBER'S  
29 BASIC CONTRIBUTION RATE PLUS THE NORMAL CONTRIBUTION RATE AS  
30 PROVIDED IN SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) AT

1 THE TIME OF ENTRY OF THE MEMBER INTO SCHOOL SERVICE SUBSEQUENT  
2 TO SUCH MILITARY SERVICE TO ONE-THIRD OF HIS TOTAL COMPENSATION  
3 RECEIVED DURING THE FIRST THREE YEARS OF SUCH SUBSEQUENT  
4 CREDITED SCHOOL SERVICE AND MULTIPLYING THE PRODUCT BY THE  
5 NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE  
6 NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH  
7 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT SCHOOL AND  
8 STATE SERVICE TO DATE OF PURCHASE. UPON CERTIFICATION OF THE  
9 AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90 DAYS OR  
10 IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE  
11 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT  
12 SYSTEM IT MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH  
13 SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE  
14 MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS  
15 AGREED TO BY MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF  
16 PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF  
17 SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE  
18 DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY  
19 DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS  
20 SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE STATE  
21 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'  
22 RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE  
23 REMITTED TO THE STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL  
24 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION  
25 MAY BE FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON  
26 COMPLETION OF THREE YEARS OF SUBSEQUENT CREDITED SCHOOL SERVICE  
27 AND SHALL BE CREDITED AS CLASS T-C SERVICE. IN THE EVENT THAT A  
28 CLASS T-E MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY  
29 SERVICE, THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-E  
30 SERVICE. IN THE EVENT THAT A CLASS T-F MEMBER MAKES A PURCHASE

1 OF CREDIT FOR SUCH MILITARY SERVICE, THEN SUCH SERVICE SHALL BE  
2 CREDITED AS CLASS T-F SERVICE. IN THE EVENT THAT A CLASS T-G  
3 MEMBER MAKES A PURCHASE OF CREDIT FOR SUCH MILITARY SERVICE,  
4 THEN SUCH SERVICE SHALL BE CREDITED AS CLASS T-G SERVICE.

5 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT  
6 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED  
7 BY THE MEMBER'S BASIC CONTRIBUTION RATE AND COMPENSATION AT THE  
8 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,  
9 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF  
10 SUBSEQUENT SCHOOL AND STATE SERVICE TO DATE OF PURCHASE. UPON  
11 APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN  
12 THE CASE OF EACH MEMBER BY THE BOARD, IN ACCORDANCE WITH METHODS  
13 APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY ONE OF  
14 THE FOLLOWING METHODS:

15 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY  
16 SERVICE.

17 (2) A LUMP SUM PAYMENT WITHIN 90 DAYS OF CERTIFICATION  
18 OF THE AMOUNT DUE.

19 (3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED  
20 UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION  
21 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY  
22 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST  
23 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS  
24 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD  
25 MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS  
26 AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE  
27 OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE  
28 STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY  
29 DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES'  
30 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE



1 BOARD THE AMOUNTS PAID.

2 (D) OTHER CREDITABLE NONSCHOOL SERVICE AND NONCREDITABLE  
3 SCHOOL SERVICE.--

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

1 SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
2 THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE  
3 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
4 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE  
5 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER  
6 TO THE BOARD THE AMOUNTS PAID.

7 (2) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E [OR] CLASS T-  
8 F OR CLASS T-G CREDIT FOR CREDITABLE NONSCHOOL SERVICE OTHER  
9 THAN MILITARY SERVICE SHALL BE THE PRESENT VALUE OF THE FULL  
10 ACTUARIAL COST OF THE INCREASE IN THE PROJECTED  
11 SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL SERVICE  
12 CREDITED ON ACCOUNT OF THE PURCHASE. UPON CERTIFICATION OF  
13 THE AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90  
14 DAYS OR, IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE  
15 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'  
16 RETIREMENT SYSTEM, IT MAY BE AMORTIZED WITH STATUTORY  
17 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS  
18 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION  
19 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY  
20 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST  
21 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS  
22 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD  
23 MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO THE TERMS AS  
24 THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF  
25 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE  
26 STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY  
27 DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES'  
28 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE  
29 BOARD THE AMOUNTS PAID.

30 (3) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E [OR] CLASS T-

1 F OR CLASS T-G CREDIT FOR NONCREDITABLE SCHOOL SERVICE OTHER  
2 THAN MILITARY SERVICE SHALL BE THE PRESENT VALUE OF THE FULL  
3 ACTUARIAL COST OF THE INCREASE IN THE PROJECTED  
4 SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL SERVICE  
5 CREDITED ON ACCOUNT OF THE PURCHASE. UPON CERTIFICATION OF  
6 THE AMOUNT DUE, PAYMENT MAY BE MADE IN A LUMP SUM WITHIN 90  
7 DAYS OR, IN THE CASE OF AN ACTIVE MEMBER OR AN ELIGIBLE STATE  
8 EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES'  
9 RETIREMENT SYSTEM, IT MAY BE AMORTIZED WITH STATUTORY  
10 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS  
11 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION  
12 AMORTIZATION PLANS AGREED TO BY THE MEMBERS AND THE BOARD MAY  
13 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST  
14 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS  
15 THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD  
16 MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO THE TERMS AS  
17 THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF  
18 AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE  
19 STATE EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY  
20 DEDUCTIONS SHALL BE REMITTED TO THE STATE EMPLOYEES'  
21 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE  
22 BOARD THE AMOUNTS PAID.

23 (E) CREDITABLE WORK EXPERIENCE.--CONTRIBUTIONS ON ACCOUNT OF  
24 CLASS T-C, CLASS T-E [OR], CLASS T-F OR CLASS T-G CREDIT FOR  
25 CREDITABLE WORK EXPERIENCE PURSUANT TO SECTION 8304(B)(6) SHALL  
26 BE THE PRESENT VALUE OF THE FULL ACTUARIAL COST OF THE INCREASE  
27 IN THE PROJECTED SUPERANNUATION ANNUITY CAUSED BY THE ADDITIONAL  
28 SERVICE CREDITED ON ACCOUNT OF THE PURCHASE OF CREDITABLE WORK  
29 EXPERIENCE. THE AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR  
30 CREDITABLE WORK EXPERIENCE SHALL NOT BE PAYABLE AS A LUMP SUM

1 UNDER SECTION 8345(A)(4)(III) (RELATING TO MEMBER'S OPTIONS).  
2 ANY INDIVIDUAL ELIGIBLE TO RECEIVE AN ANNUITY, EXCLUDING AN  
3 ANNUITY RECEIVED UNDER THE FEDERAL SOCIAL SECURITY ACT (42  
4 U.S.C. § 301 ET SEQ.), IN ANOTHER PENSION SYSTEM, OTHER THAN A  
5 MILITARY PENSION SYSTEM, SHALL NOT BE ELIGIBLE TO PURCHASE THIS  
6 SERVICE.

7 (F) CREDITABLE MATERNITY LEAVE.--CONTRIBUTIONS ON ACCOUNT OF  
8 CLASS T-C, CLASS T-E OR CLASS T-F CREDIT FOR CREDITABLE  
9 MATERNITY LEAVE PURSUANT TO SECTION 8304(B)(7) SHALL BE  
10 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE PLUS  
11 THE NORMAL CONTRIBUTION RATE AS PROVIDED IN SECTION 8328 AT THE  
12 TIME OF THE MEMBER'S RETURN TO SCHOOL SERVICE TO THE TOTAL  
13 COMPENSATION RECEIVED DURING THE FIRST YEAR OF SUBSEQUENT SCHOOL  
14 SERVICE AND MULTIPLYING THE PRODUCT BY THE NUMBER OF YEARS AND  
15 FRACTIONAL PART OF A YEAR OF CREDITABLE SERVICE BEING PURCHASED,  
16 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF  
17 SUBSEQUENT SCHOOL OR STATE SERVICE TO THE DATE OF PURCHASE. THE  
18 AMOUNT PAID FOR THE PURCHASE OF CREDIT FOR CREDITABLE MATERNITY  
19 LEAVE SHALL NOT BE ELIGIBLE FOR WITHDRAWAL AS A LUMP SUM UNDER  
20 SECTION 8345(A)(4)(III).

21 § 8325.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).

22 (A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE  
23 LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY  
24 PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION  
25 OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT TAKEN INTO  
26 ACCOUNT FOR BENEFIT PURPOSES UNDER THIS SUBCHAPTER SHALL NOT  
27 EXCEED THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JULY  
28 1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC  
29 § 401(A)(17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF  
30 1993 (OBRA '93) (PUBLIC LAW 103-66, 107 STAT. 312) ANNUAL

1 COMPENSATION LIMIT SET FORTH IN THIS SUBSECTION. THE OBRA '93  
2 ANNUAL COMPENSATION LIMIT IS \$150,000, AS ADJUSTED BY THE  
3 COMMISSIONER FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE  
4 WITH IRC § 401(A)(17)(B). THE COST-OF-LIVING ADJUSTMENT IN  
5 EFFECT FOR A CALENDAR YEAR APPLIES TO ANY DETERMINATION PERIOD  
6 WHICH IS A PERIOD, NOT EXCEEDING 12 MONTHS, OVER WHICH  
7 COMPENSATION IS DETERMINED, BEGINNING IN SUCH CALENDAR YEAR. IF  
8 A DETERMINATION PERIOD CONSISTS OF FEWER THAN 12 MONTHS, THE  
9 OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY A FRACTION,  
10 THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE  
11 DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.

12 \* \* \*

13 § 8326. CONTRIBUTIONS BY THE COMMONWEALTH.

14 (A) CONTRIBUTIONS ON BEHALF OF ACTIVE MEMBERS.--THE  
15 COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE FUND ON BEHALF OF  
16 ALL ACTIVE MEMBERS AND PARTICIPANTS, INCLUDING MEMBERS AND  
17 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE, IN AN AMOUNT  
18 EQUAL TO ONE-HALF THE AMOUNT CERTIFIED BY THE BOARD AS NECESSARY  
19 TO PROVIDE, TOGETHER WITH THE MEMBERS' CONTRIBUTIONS, ANNUITY  
20 RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES AS PROVIDED IN THIS  
21 PART IN ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST  
22 METHOD). IN CASE A SCHOOL EMPLOYEE HAS ELECTED MEMBERSHIP IN A  
23 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER, THE COMMONWEALTH  
24 SHALL CONTRIBUTE TO SUCH PROGRAM ON ACCOUNT OF HIS MEMBERSHIP AN  
25 AMOUNT NO GREATER THAN THE AMOUNT IT WOULD HAVE CONTRIBUTED HAD  
26 THE EMPLOYEE BEEN A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
27 RETIREMENT SYSTEM.

28 \* \* \*

29 (C) CONTRIBUTIONS AFTER JUNE 30, 1995.--

30 (1) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE

FUND ON BEHALF OF ALL ACTIVE MEMBERS AND PARTICIPANTS,  
INCLUDING MEMBERS AND PARTICIPANTS ON ACTIVATED MILITARY  
SERVICE LEAVE, FOR SERVICE PERFORMED AFTER JUNE 30, 1995, IN  
THE FOLLOWING MANNER:

(I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES  
OF EMPLOYERS THAT ARE SCHOOL ENTITIES, NO COMMONWEALTH  
CONTRIBUTIONS SHALL BE MADE.

(II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES  
OF EMPLOYERS THAT ARE NOT SCHOOL ENTITIES, THE AMOUNT  
COMPUTED UNDER SUBSECTION (A).

(2) THE COMMONWEALTH SHALL MAKE CONTRIBUTIONS INTO THE  
FUND ON BEHALF OF ANNUITANTS FOR ALL AMOUNTS DUE TO THE FUND  
AFTER JUNE 30, 1995, INCLUDING, BUT NOT LIMITED TO, AMOUNTS  
DUE PURSUANT TO SECTION 8328(D) AND (F), IN THE FOLLOWING  
MANNER:

(I) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES  
OF EMPLOYERS WHO ARE SCHOOL ENTITIES, NO COMMONWEALTH  
CONTRIBUTIONS SHALL BE MADE.

(II) FOR MEMBERS AND PARTICIPANTS WHO ARE EMPLOYEES  
OF EMPLOYERS WHO ARE NOT SCHOOL ENTITIES, THE AMOUNT  
COMPUTED UNDER SUBSECTION (B).

\* \* \*

§ 8327. PAYMENTS BY EMPLOYERS.

(A) GENERAL RULE.--EACH EMPLOYER, INCLUDING THE COMMONWEALTH  
AS EMPLOYER OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-  
OWNED COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF  
TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND  
SCHOOL FOR VETERANS' CHILDREN[, ] AND [THE] THE PENNSYLVANIA  
STATE UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND EACH QUARTER  
IN AN AMOUNT EQUAL TO ONE-HALF THE SUM OF THE PERCENTAGES, AS

1 DETERMINED UNDER SECTION 8328 (RELATING TO ACTUARIAL COST  
2 METHOD), APPLIED TO THE TOTAL COMPENSATION DURING THE PAY  
3 PERIODS IN THE PRECEDING QUARTER OF ALL ITS EMPLOYEES WHO WERE  
4 MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING MEMBERS ON  
5 ACTIVATED MILITARY SERVICE LEAVE. IN THE EVENT A MEMBER ON  
6 ACTIVATED MILITARY SERVICE LEAVE DOES NOT RETURN TO SERVICE FOR  
7 THE NECESSARY TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR  
8 DISHONORABLE DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR  
9 ACTIVATED MILITARY SERVICE UNDER SECTION 8302 (B.1) (3) (RELATING  
10 TO CREDITED SCHOOL SERVICE), THE CONTRIBUTIONS MADE BY THE  
11 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH  
12 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

13 (B) DEDUCTION FROM APPROPRIATIONS.--

14 (1) TO FACILITATE THE PAYMENT OF AMOUNTS DUE FROM ANY  
15 EMPLOYER TO THE FUND AND THE TRUST THROUGH THE STATE  
16 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE  
17 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION  
18 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID  
19 INTO THE FUND AND THE TRUST FROM THE AMOUNT OF ANY MONEYS DUE  
20 TO ANY EMPLOYER ON ACCOUNT OF ANY APPROPRIATION FOR SCHOOLS  
21 OR OTHER PURPOSES AMOUNTS EQUAL TO THE EMPLOYER  
22 CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS AND PICKUP  
23 CONTRIBUTIONS WHICH AN EMPLOYER IS REQUIRED TO PAY TO THE  
24 FUND AND THE TRUST, AS CERTIFIED BY THE BOARD, AND AS REMAINS  
25 UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD OTHERWISE BE  
26 PAID TO THE EMPLOYER. SUCH AMOUNT SHALL BE CREDITED TO THE  
27 APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST.

28 (2) TO FACILITATE THE PAYMENTS OF AMOUNTS DUE FROM ANY  
29 CHARTER SCHOOL, AS DEFINED IN ARTICLE XVII-A OF THE ACT OF  
30 MARCH 10, 1949 (P.L.30, NO.14), KNOWN AS THE PUBLIC SCHOOL

1 CODE OF 1949, TO THE FUND AND THE TRUST THROUGH THE STATE  
2 TREASURER AND TO PERMIT THE EXCHANGE OF CREDITS BETWEEN THE  
3 STATE TREASURER AND ANY EMPLOYER, THE SECRETARY OF EDUCATION  
4 AND THE STATE TREASURER SHALL CAUSE TO BE DEDUCTED AND PAID  
5 INTO THE FUND AND THE TRUST FROM ANY FUNDS APPROPRIATED TO  
6 THE DEPARTMENT OF EDUCATION FOR BASIC EDUCATION OF THE  
7 CHARTERING SCHOOL DISTRICT OF A CHARTER SCHOOL AND PUBLIC  
8 SCHOOL EMPLOYEES' RETIREMENT CONTRIBUTIONS AMOUNTS EQUAL TO  
9 THE EMPLOYER CONTRIBUTIONS, EMPLOYER DEFINED CONTRIBUTIONS  
10 AND PICKUP CONTRIBUTIONS WHICH A CHARTER SCHOOL IS REQUIRED  
11 TO PAY TO THE FUND AND THE TRUST, AS CERTIFIED BY THE BOARD,  
12 AND AS REMAINS UNPAID ON THE DATE SUCH APPROPRIATIONS WOULD  
13 OTHERWISE BE PAID TO THE CHARTERING SCHOOL DISTRICT OR  
14 CHARTER SCHOOL. SUCH AMOUNTS SHALL BE CREDITED TO THE  
15 APPROPRIATE ACCOUNTS IN THE FUND AND THE TRUST. ANY REDUCTION  
16 IN PAYMENTS TO A CHARTERING SCHOOL DISTRICT MADE PURSUANT TO  
17 THIS SECTION SHALL BE DEDUCTED FROM THE AMOUNT DUE TO THE  
18 CHARTER SCHOOL DISTRICT PURSUANT TO THE PUBLIC SCHOOL CODE OF  
19 1949.

20 (C) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 1995, AND BEFORE  
21 JUNE 30, 2017.--AFTER JUNE 30, 1995, AND BEFORE JUNE 30, 2017,  
22 EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER OF  
23 EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-OWNED COLLEGES  
24 AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF TECHNOLOGY,  
25 WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND SCHOOL FOR  
26 VETERANS' CHILDREN AND THE PENNSYLVANIA STATE UNIVERSITY, SHALL  
27 MAKE PAYMENTS TO THE FUND AND THE TRUST EACH QUARTER IN AN  
28 AMOUNT COMPUTED IN THE FOLLOWING MANNER:

29 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT  
30 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER



1 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY  
2 PERIODS IN THE PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE  
3 ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE PARTICIPANTS OF THE  
4 PLAN DURING SUCH PERIOD, INCLUDING MEMBERS OR ACTIVE  
5 PARTICIPANTS ON ACTIVATED MILITARY SERVICE LEAVE. IN THE  
6 EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE DOES NOT  
7 RETURN TO SERVICE FOR THE NECESSARY TIME OR RECEIVES AN  
8 UNDESIRABLE, BAD CONDUCT OR DISHONORABLE DISCHARGE OR DOES  
9 NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED MILITARY SERVICE  
10 UNDER SECTION 8302(B.1)(3), THE CONTRIBUTION MADE BY THE  
11 EMPLOYER ON BEHALF OF SUCH MEMBER SHALL BE RETURNED WITH  
12 VALUATION INTEREST UPON APPLICATION BY THE EMPLOYER.

13 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE  
14 AMOUNT COMPUTED UNDER SUBSECTION (A).

15 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN  
16 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL  
17 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS  
18 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A  
19 NONELIGIBLE MEMBER ON THE BASIS OF WHICH MEMBER OR  
20 PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY REASON OF THE  
21 LIMITATION UNDER IRC § 401(A)(17), EXCEPT AS OTHERWISE  
22 PROVIDED IN THIS PART. ANY AMOUNT OF CONTRIBUTION TO THE FUND  
23 PAID BY THE EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE  
24 BASIS OF COMPENSATION WHICH WAS SUBJECT TO EXCLUSION FROM  
25 TOTAL COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS  
26 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON  
27 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH  
28 VALUATION INTEREST. ANY AMOUNT OF CONTRIBUTION TO THE TRUST  
29 PAID BY THE EMPLOYER ON BEHALF OF A NONELIGIBLE MEMBER ON THE  
30 BASIS OF COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM

1 TOTAL COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS  
2 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON  
3 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER PLUS  
4 INTEREST AND INVESTMENT GAINS OR LOSSES ON SUCH AMOUNT BUT  
5 MINUS INVESTMENT FEES AND ADMINISTRATIVE CHARGES.

6 (D) PAYMENTS BY EMPLOYERS AFTER JUNE 30, 2017.--AFTER JUNE  
7 30, 2017, EACH EMPLOYER, INCLUDING THE COMMONWEALTH AS EMPLOYER  
8 OF EMPLOYEES OF THE DEPARTMENT OF EDUCATION, STATE-OWNED  
9 COLLEGES AND UNIVERSITIES, THADDEUS STEVENS COLLEGE OF  
10 TECHNOLOGY, WESTERN PENNSYLVANIA SCHOOL FOR THE DEAF, SCOTLAND  
11 SCHOOL FOR VETERANS' CHILDREN AND THE PENNSYLVANIA STATE  
12 UNIVERSITY, SHALL MAKE PAYMENTS TO THE FUND AND THE TRUST EACH  
13 QUARTER IN AN AMOUNT COMPUTED IN THE FOLLOWING MANNER:

14 (1) FOR AN EMPLOYER THAT IS A SCHOOL ENTITY, THE AMOUNT  
15 SHALL BE THE SUM OF THE PERCENTAGES AS DETERMINED UNDER  
16 SECTION 8328 APPLIED TO THE TOTAL COMPENSATION DURING THE PAY  
17 PERIODS IN THE PRECEDING QUARTER OF ALL EMPLOYEES WHO WERE  
18 ACTIVE MEMBERS OF THE SYSTEM DURING SUCH PERIOD, INCLUDING  
19 MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE AND USERRA LEAVE.  
20 IN THE EVENT A MEMBER ON ACTIVATED MILITARY SERVICE LEAVE OR  
21 USERRA LEAVE DOES NOT RETURN TO SERVICE FOR THE NECESSARY  
22 TIME OR RECEIVES AN UNDESIRABLE, BAD CONDUCT OR DISHONORABLE  
23 DISCHARGE OR DOES NOT ELECT TO RECEIVE CREDIT FOR ACTIVATED  
24 MILITARY SERVICE UNDER SECTION 8302(B.1)(3) OR 8302(D), THE  
25 CONTRIBUTION MADE BY THE EMPLOYER ON BEHALF OF SUCH MEMBER  
26 SHALL BE RETURNED WITH VALUATION INTEREST UPON APPLICATION BY  
27 THE EMPLOYER.

28 (2) FOR AN EMPLOYER THAT IS NOT A SCHOOL ENTITY, THE  
29 AMOUNT COMPUTED UNDER SUBSECTION (A).

30 (3) FOR ANY EMPLOYER, WHETHER OR NOT A SCHOOL ENTITY, IN

1 COMPUTING THE AMOUNT OF PAYMENT DUE EACH QUARTER, THERE SHALL  
2 BE EXCLUDED FROM THE TOTAL COMPENSATION REFERRED TO IN THIS  
3 SUBSECTION AND SUBSECTION (A) ANY AMOUNT OF COMPENSATION OF A  
4 NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF WHICH  
5 MEMBER OR PARTICIPANT CONTRIBUTIONS HAVE NOT BEEN MADE BY  
6 REASON OF THE LIMITATION UNDER IRC § 401(A)(17). ANY AMOUNT  
7 OF CONTRIBUTION TO THE FUND PAID BY THE EMPLOYER ON BEHALF OF  
8 A NONELIGIBLE MEMBER OR PARTICIPANT ON THE BASIS OF  
9 COMPENSATION THAT WAS SUBJECT TO EXCLUSION FROM TOTAL  
10 COMPENSATION IN ACCORDANCE WITH THE PROVISIONS OF THIS  
11 PARAGRAPH SHALL, UPON THE BOARD'S DETERMINATION OR UPON  
12 APPLICATION BY THE EMPLOYER, BE RETURNED TO THE EMPLOYER WITH  
13 VALUATION INTEREST.

14 (E) AGREEMENT.--THE AGREEMENT OF AN EMPLOYER LISTED IN THE  
15 DEFINITION OF SCHOOL EMPLOYEE UNDER SECTION 8102 (RELATING TO  
16 DEFINITIONS) OR ANY OTHER LAW TO MAKE CONTRIBUTIONS TO THE FUND  
17 OR TO ENROLL ITS EMPLOYEES AS MEMBERS IN THE SYSTEM SHALL BE  
18 DEEMED TO BE AN AGREEMENT TO MAKE CONTRIBUTIONS TO THE TRUST OR  
19 ENROLL ITS EMPLOYEES IN THE PLAN.

20 (F) CONTRIBUTIONS.--THE EMPLOYER EMPLOYING A PARTICIPANT  
21 SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT CONTRIBUTIONS  
22 BY A REDUCTION IN THE COMPENSATION OF THE PARTICIPANT.

23 (G) REEMPLOYED FROM USERRA LEAVE.--WHEN A SCHOOL EMPLOYEE  
24 REEMPLOYED FROM USERRA LEAVE MAKES THE MEMBER CONTRIBUTIONS  
25 REQUIRED TO BE GRANTED SCHOOL SERVICE CREDIT FOR THE USERRA  
26 LEAVE AFTER JUNE 30, 2017, EITHER BY ACTUAL PAYMENT OR BY  
27 ACTUARIAL DEBT UNDER SECTION 8325 (RELATING TO INCOMPLETE  
28 PAYMENTS), THE EMPLOYER THAT EMPLOYED THE SCHOOL EMPLOYEE WHEN  
29 THE MEMBER CONTRIBUTIONS ARE MADE, OR THE LAST EMPLOYER BEFORE  
30 TERMINATION IN THE CASE OF PAYMENT UNDER SECTION 8325, SHALL

1 MAKE THE EMPLOYER CONTRIBUTIONS THAT WOULD HAVE BEEN MADE UNDER  
2 THIS SECTION IF THE EMPLOYEE MAKING THE MEMBER CONTRIBUTIONS  
3 AFTER HE IS REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE  
4 EMPLOYED IN HIS SCHOOL OFFICE OR POSITION INSTEAD OF PERFORMING  
5 USERRA LEAVE.

6 § 8328. ACTUARIAL COST METHOD.

7 (A) EMPLOYER CONTRIBUTION RATE.--THE AMOUNT OF THE TOTAL  
8 EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED BY THE ACTUARY AS A  
9 PERCENTAGE OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS AND  
10 ACTIVE PARTICIPANTS, AS APPLICABLE, DURING THE PERIOD FOR WHICH  
11 THE AMOUNT IS DETERMINED AND SHALL BE SO CERTIFIED BY THE BOARD.  
12 THE TOTAL EMPLOYER CONTRIBUTION RATE SHALL BE THE SUM OF THE  
13 FINAL CONTRIBUTION RATE AS COMPUTED IN SUBSECTION (H) PLUS THE  
14 PREMIUM ASSISTANCE CONTRIBUTION RATE AS COMPUTED IN SUBSECTION  
15 (F). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL CONSIST OF  
16 THE NORMAL CONTRIBUTION RATE AS DEFINED IN SUBSECTION (B), THE  
17 ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN SUBSECTION (C)  
18 AND THE SUPPLEMENTAL ANNUITY CONTRIBUTION RATE AS DEFINED IN  
19 SUBSECTION (D). BEGINNING JULY 1, 2004, THE ACTUARIALLY REQUIRED  
20 CONTRIBUTION RATE SHALL BE MODIFIED BY THE EXPERIENCE ADJUSTMENT  
21 FACTORS AS CALCULATED IN SUBSECTION (E).

22 (B) NORMAL CONTRIBUTION RATE.--THE NORMAL CONTRIBUTION RATE  
23 SHALL BE DETERMINED AFTER EACH ACTUARIAL VALUATION. UNTIL ALL  
24 ACCRUED LIABILITY CONTRIBUTIONS HAVE BEEN COMPLETED, THE NORMAL  
25 CONTRIBUTION RATE SHALL BE DETERMINED, ON THE BASIS OF AN ANNUAL  
26 INTEREST RATE AND SUCH MORTALITY AND OTHER TABLES AS SHALL BE  
27 ADOPTED BY THE BOARD IN ACCORDANCE WITH GENERALLY ACCEPTED  
28 ACTUARIAL PRINCIPLES, AS A LEVEL PERCENTAGE OF THE COMPENSATION  
29 OF [THE AVERAGE NEW ACTIVE MEMBER] ALL ACTIVE MEMBERS, WHICH  
30 PERCENTAGE, IF CONTRIBUTED FROM THE START OF THEIR EMPLOYMENT ON

1 THE BASIS OF [HIS] THEIR PROSPECTIVE COMPENSATION THROUGH [THE]  
2 THEIR ENTIRE PERIOD OF ACTIVE SCHOOL SERVICE, WOULD BE  
3 SUFFICIENT TO FUND THE LIABILITY FOR ANY PROSPECTIVE BENEFIT  
4 PAYABLE TO [HIM] THEM, IN EXCESS OF THAT PORTION FUNDED BY [HIS]  
5 THEIR PROSPECTIVE MEMBER CONTRIBUTIONS, EXCLUDING THE SHARED-  
6 RISK CONTRIBUTIONS. IN NO CASE SHALL THE EMPLOYER'S NORMAL COST  
7 BE LESS THAN ZERO.

8 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

9 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND  
10 ENDING JUNE 30, 2011, THE ACCRUED LIABILITY CONTRIBUTION RATE  
11 SHALL BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL  
12 ACTIVE MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS  
13 SUFFICIENT TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1,  
14 2002, THE PRESENT VALUE OF THE LIABILITIES FOR ALL  
15 PROSPECTIVE BENEFITS OF ACTIVE MEMBERS, EXCEPT FOR THE  
16 SUPPLEMENTAL BENEFITS PROVIDED IN SECTIONS 8348 (RELATING TO  
17 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL  
18 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER  
19 ADDITIONAL SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO  
20 SUPPLEMENTAL ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO  
21 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5  
22 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6  
23 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND  
24 8348.7 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 2003),  
25 IN EXCESS OF THE TOTAL ASSETS IN THE FUND (CALCULATED BY  
26 RECOGNIZING THE ACTUARIALLY EXPECTED INVESTMENT RETURN  
27 IMMEDIATELY AND RECOGNIZING THE DIFFERENCE BETWEEN THE ACTUAL  
28 INVESTMENT RETURN AND THE ACTUARIALLY EXPECTED INVESTMENT  
29 RETURN OVER A FIVE-YEAR PERIOD), EXCLUDING THE BALANCE IN THE  
30 ANNUITY RESERVE ACCOUNT, AND OF THE PRESENT VALUE OF NORMAL

1 CONTRIBUTIONS AND OF MEMBER CONTRIBUTIONS PAYABLE WITH  
2 RESPECT TO ALL ACTIVE MEMBERS ON JULY 1, 2002, DURING THE  
3 REMAINDER OF THEIR ACTIVE SERVICE.

4 (2) FOR THE FISCAL YEARS BEGINNING JULY 1, 2003, AND  
5 ENDING JUNE 30, 2011, THE AMOUNT OF EACH ANNUAL ACCRUED  
6 LIABILITY CONTRIBUTION SHALL BE EQUAL TO THE AMOUNT OF SUCH  
7 CONTRIBUTION FOR THE FISCAL YEAR, BEGINNING JULY 1, 2002,  
8 EXCEPT THAT, IF THE ACCRUED LIABILITY IS INCREASED BY  
9 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2002, BUT BEFORE  
10 JULY 1, 2003, SUCH ADDITIONAL LIABILITY SHALL BE FUNDED OVER  
11 A PERIOD OF TEN YEARS FROM THE FIRST DAY OF JULY, COINCIDENT  
12 WITH OR NEXT FOLLOWING THE EFFECTIVE DATE OF THE INCREASE.  
13 THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION FOR  
14 SUCH ADDITIONAL LEGISLATIVE LIABILITIES SHALL BE EQUAL TO THE  
15 AMOUNT OF SUCH CONTRIBUTION FOR THE FIRST ANNUAL PAYMENT.

16 (3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
17 BEGINNING JULY 1, 2004, AND ENDING JUNE 30, 2011, THE  
18 OUTSTANDING BALANCE OF THE INCREASE IN ACCRUED LIABILITY DUE  
19 TO THE CHANGE IN BENEFITS ENACTED IN 2001 AND THE OUTSTANDING  
20 BALANCE OF THE NET ACTUARIAL LOSS INCURRED IN FISCAL YEAR  
21 2000-2001 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL  
22 CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS AFTER JULY 1,  
23 2002, AND THE OUTSTANDING BALANCE OF THE NET ACTUARIAL LOSS  
24 INCURRED IN FISCAL YEAR 2001-2002 SHALL BE AMORTIZED IN EQUAL  
25 DOLLAR ANNUAL CONTRIBUTIONS OVER A PERIOD THAT ENDS 30 YEARS  
26 AFTER JULY 1, 2003. FOR FISCAL YEARS BEGINNING ON OR AFTER  
27 JULY 1, 2004, IF THE ACCRUED LIABILITY IS INCREASED BY  
28 LEGISLATION ENACTED SUBSEQUENT TO JUNE 30, 2003, SUCH  
29 ADDITIONAL LIABILITY SHALL BE FUNDED IN EQUAL DOLLAR ANNUAL  
30 CONTRIBUTIONS OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY

1 OF JULY COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE  
2 OF THE INCREASE.

3 (4) FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, THE  
4 ACCRUED LIABILITY CONTRIBUTION RATE SHALL BE COMPUTED AS THE  
5 RATE OF TOTAL COMPENSATION OF ALL ACTIVE MEMBERS WHICH SHALL  
6 BE CERTIFIED BY THE ACTUARY AS SUFFICIENT TO FUND AS A LEVEL  
7 PERCENTAGE OF COMPENSATION OVER A PERIOD OF 24 YEARS FROM  
8 JULY 1, 2011, THE PRESENT VALUE OF THE LIABILITIES FOR ALL  
9 PROSPECTIVE BENEFITS CALCULATED AS OF JUNE 30, 2010,  
10 INCLUDING THE SUPPLEMENTAL BENEFITS AS PROVIDED IN SECTIONS  
11 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 AND  
12 8348.7, IN EXCESS OF THE ACTUARIALLY CALCULATED ASSETS IN THE  
13 FUND (CALCULATED RECOGNIZING ALL REALIZED AND UNREALIZED  
14 INVESTMENT GAINS AND LOSSES EACH YEAR IN LEVEL ANNUAL  
15 INSTALLMENTS OVER A TEN-YEAR PERIOD). IN THE EVENT THAT THE  
16 ACCRUED LIABILITY IS INCREASED BY LEGISLATION ENACTED  
17 SUBSEQUENT TO JUNE 30, 2010, AS A RESULT OF AN INCREASE IN  
18 BENEFITS DETERMINED ON A TOTAL PLAN BASIS, SUCH ADDITIONAL  
19 LIABILITY SHALL BE FUNDED AS A LEVEL PERCENTAGE OF  
20 COMPENSATION OVER A PERIOD OF TEN YEARS FROM THE JULY 1  
21 SECOND SUCCEEDING THE DATE SUCH LEGISLATION IS ENACTED.

22 (5) FOR THE FISCAL YEAR BEGINNING ON OR AFTER JULY 1,  
23 2016, THE ACTUARIALLY CALCULATED ASSETS IN THE FUND  
24 DETERMINED IN ACCORDANCE WITH PARAGRAPH (4) SHALL BE NO LESS  
25 THAN 70% AND NO MORE THAN 130% OF MARKET VALUE.

26 \* \* \*

27 (E) EXPERIENCE ADJUSTMENT FACTOR.--

28 (1) FOR EACH FISCAL YEAR AFTER THE ESTABLISHMENT OF THE  
29 ACCRUED LIABILITY CONTRIBUTION RATE FOR THE FISCAL YEAR  
30 BEGINNING JULY 1, 2011, ANY INCREASE OR DECREASE IN THE

UNFUNDED ACCRUED LIABILITY, EXCLUDING THE GAINS OR LOSSES ON THE ASSETS OF THE HEALTH INSURANCE ACCOUNT, DUE TO ACTUAL EXPERIENCE DIFFERING FROM ASSUMED EXPERIENCE, CHANGES IN ACTUARIAL ASSUMPTIONS, CHANGES IN CONTRIBUTIONS CAUSED BY THE FINAL CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE, ACTIVE MEMBERS MAKING SHARED-RISK CONTRIBUTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART, SHALL BE AMORTIZED AS A LEVEL PERCENTAGE OF COMPENSATION OVER A PERIOD OF 24 YEARS BEGINNING WITH THE JULY 1 SECOND SUCCEEDING THE ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES.

\* \* \*

(G) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--

(1) THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR SHALL BE DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED CONTRIBUTION RATE, CALCULATED WITHOUT REGARD FOR THE COSTS ADDED BY LEGISLATION, TO THE PRIOR YEAR'S FINAL CONTRIBUTION RATE.

(2) IF, FOR ANY OF THE FISCAL YEARS BEGINNING JULY 1, 2011, JULY 1, 2012, AND ON OR AFTER JULY 1, 2013, THE ACTUARIALLY REQUIRED CONTRIBUTION RATE, CALCULATED WITHOUT REGARD FOR THE COSTS ADDED BY LEGISLATION, IS MORE THAN 3%, 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS GREATER THAN THE PRIOR YEAR'S FINAL CONTRIBUTION RATE, THEN THE COLLARED CONTRIBUTION RATE SHALL BE APPLIED AND BE EQUAL TO THE PRIOR YEAR'S FINAL CONTRIBUTION RATE INCREASED BY 3%,



3.5% AND 4.5%, RESPECTIVELY, OF TOTAL COMPENSATION OF ALL  
ACTIVE MEMBERS. OTHERWISE, AND FOR ALL OTHER FISCAL  
YEARS, THE COLLARED CONTRIBUTION RATE SHALL NOT BE  
APPLICABLE. IN NO CASE SHALL THE COLLARED CONTRIBUTION  
RATE BE LESS THAN 4% OF THE TOTAL COMPENSATION OF ALL  
ACTIVE MEMBERS.

\* \* \*

§ 8330. APPROPRIATIONS BY THE COMMONWEALTH.

(A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE  
AND THROUGH THE GOVERNOR SUBMIT ANNUALLY TO THE GENERAL ASSEMBLY  
AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS NECESSARY TO BE  
APPROPRIATED BY THE COMMONWEALTH OUT OF THE GENERAL FUND  
REQUIRED TO MEET THE SEPARATE OBLIGATIONS TO THE FUND AND THE  
TRUST ACCRUING DURING THE FISCAL PERIOD BEGINNING JULY 1 OF THE  
FOLLOWING YEAR.

(B) APPROPRIATION AND PAYMENT.--THE GENERAL ASSEMBLY SHALL  
MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE  
OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH  
AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE  
DEPARTMENT OF REVENUE INTO THE FUND OR THE TRUST WITHIN 30 DAYS  
OF RECEIPT OF THE REQUISITION PRESENTED EACH QUARTER BY THE  
BOARD.

SECTION 110. TITLE 24 IS AMENDED BY ADDING A SECTION TO  
READ:

§ 8331. EMPLOYER FUNDING MANDATE PROTECTION.

(A) LIMITED EXPANSION OF CONTRACTUAL RIGHT TO FUNDING.--  
BEGINNING ON THE JULY 1 AFTER THE ACTUARIAL VALUATION IN WHICH  
THE ACTUARY CERTIFIES THAT FINAL CONTRIBUTION RATE IS THE  
ACTUARIALLY REQUIRED CONTRIBUTION, EACH ACTIVE MEMBER SHALL HAVE  
A CONTRACTUAL RIGHT TO THE TIMELY PAYMENT OF THE ANNUAL

1 ACTUARIALLY REQUIRED CONTRIBUTIONS PURSUANT TO SECTION 8328  
2 (RELATING TO ACTUARIAL COST METHOD) AND SECTION 8502 (K)  
3 (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD) BY SUCH  
4 MEMBER'S EMPLOYER. THE FOLLOWING APPLY:

5 (1) THE FAILURE OF A MEMBER'S EMPLOYER TO MAKE THE  
6 ANNUALLY REQUIRED CONTRIBUTION TO THE FUND WILL BE DEEMED TO  
7 BE AN IMPAIRMENT OF THE CONTRACTUAL RIGHT OF SUCH MEMBER.

8 (2) ANY CLAIM OF CONTRACT IMPAIRMENT SHALL BE BROUGHT  
9 AGAINST THE EMPLOYER OF THE MEMBER FOR WHOM CONTRIBUTIONS  
10 WERE NOT PAID AND NEITHER THE BOARD NOR THE SYSTEM OR THEIR  
11 EMPLOYEES OR AGENTS SHALL BE A DEFENDANT IN ANY SUCH ACTION  
12 OR LIABLE FOR ANY PAYMENTS OR DAMAGES ARISING FROM SUCH  
13 IMPAIRMENT.

14 (B) JURISDICTION OF SUPREME COURT.--NOTWITHSTANDING 2  
15 PA.C.S. (RELATING TO ADMINISTRATIVE LAW AND PROCEDURE), 42  
16 PA.C.S. (RELATING TO JUDICIARY AND JUDICIAL PROCEDURE) OR ANY  
17 OTHER PROVISION OF LAW, THE PENNSYLVANIA SUPREME COURT SHALL  
18 HAVE EXCLUSIVE JURISDICTION TO DO AS FOLLOWS:

19 (1) HEAR ANY CLAIM OF CONTRACT IMPAIRMENT FOR FAILURE TO  
20 PAY CERTIFIED CONTRIBUTIONS;

21 (2) RENDER A DECLARATORY JUDGMENT OR TAKE SUCH OTHER  
22 ACTION AS IT DEEMS APPROPRIATE, CONSISTENT WITH THE SUPREME  
23 COURT RETAINING JURISDICTION OVER SUCH MATTER; AND

24 (3) TO FIND FACTS OR TO EXPEDITE A FINAL JUDGMENT IN  
25 CONNECTION WITH SUCH A CHALLENGE OR REQUEST FOR DECLARATORY  
26 RELIEF.

27 (C) SOVEREIGN IMMUNITY WAIVED.--SOVEREIGN IMMUNITY IS HEREBY  
28 WAIVED, AND THE PROVISIONS OF 42 PA.C.S. CH. 85 (RELATING TO  
29 MATTERS AFFECTING GOVERNMENT UNITS) OR LACK OF JURISDICTION BY  
30 THE SUPREME COURT SHALL NOT BE RAISED AS A DEFENSE AGAINST A

1 CLAIM BROUGHT AGAINST AN EMPLOYER UNDER THIS SECTION.

2 (D) ATTORNEY'S FEES.--A MEMBER WHO PREVAILS IN A CLAIM  
3 BROUGHT UNDER THIS PART MAY BE AWARDED REASONABLE ATTORNEY'S  
4 FEES.

5 (E) LIMITATION OF CONTRACT RIGHT.--NOTHING IN THIS SECTION  
6 SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF  
7 CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA,  
8 BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART  
9 OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO  
10 CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY  
11 CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED  
12 CONTRIBUTIONS.

13 (F) EMPLOYER CONTRIBUTIONS.--NOTHING IN THIS SECTION SHALL  
14 BE CONSTRUED TO SUPERSEDE OR CONFLICT WITH THE RIGHTS AND  
15 OBLIGATIONS SET FORTH IN SECTION 8330 (RELATING TO  
16 APPROPRIATIONS BY THE COMMONWEALTH).

17 SECTION 111. SECTION 8341 OF TITLE 24 IS AMENDED TO READ:  
18 § 8341. RETURN OF ACCUMULATED DEDUCTIONS.

19 ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL  
20 BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE  
21 MAY BE ENTITLED, ELECT TO RECEIVE HIS ACCUMULATED DEDUCTIONS.

22 SECTION 112. SECTIONS 8342(A) AND 8344(A), (B) AND (D) OF  
23 TITLE 24 IS AMENDED AND THE SECTIONS ARE AMENDED BY ADDING  
24 SUBSECTIONS TO READ:

25 § 8342. MAXIMUM SINGLE LIFE ANNUITY.

26 (A) GENERAL RULE.--UPON TERMINATION OF SERVICE, ANY FULL  
27 COVERAGE MEMBER WHO IS ELIGIBLE TO RECEIVE AN ANNUITY PURSUANT  
28 TO THE PROVISIONS OF SECTION 8307(A) OR (B) (RELATING TO  
29 ELIGIBILITY FOR ANNUITIES) AND HAS MADE AN APPLICATION IN  
30 ACCORDANCE WITH THE PROVISIONS OF SECTION 8507(F) (RELATING TO

1 RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS], MEMBERS AND  
2 PARTICIPANTS) SHALL BE ENTITLED TO RECEIVE A MAXIMUM SINGLE LIFE  
3 ANNUITY ATTRIBUTABLE TO HIS CREDITED SERVICE AND EQUAL TO THE  
4 SUM OF THE FOLLOWING SINGLE LIFE ANNUITIES BEGINNING AT THE  
5 EFFECTIVE DATE OF RETIREMENT AND, IN CASE THE MEMBER ON THE  
6 EFFECTIVE DATE OF RETIREMENT IS UNDER SUPERANNUATION AGE,  
7 MULTIPLIED BY A REDUCTION FACTOR CALCULATED TO PROVIDE BENEFITS  
8 ACTUARIALLY EQUIVALENT TO AN ANNUITY STARTING AT SUPERANNUATION  
9 AGE: PROVIDED HOWEVER, THAT ON OR AFTER JULY 1, 1976, IN THE  
10 CASE OF ANY MEMBER WHO HAS ATTAINED AGE 55 AND HAS 25 OR MORE  
11 ELIGIBILITY POINTS SUCH SUM OF SINGLE LIFE ANNUITIES SHALL BE  
12 REDUCED BY A PERCENTAGE DETERMINED BY MULTIPLYING THE NUMBER OF  
13 MONTHS, INCLUDING A FRACTION OF A MONTH AS A FULL MONTH, BY  
14 WHICH THE EFFECTIVE DATE OF RETIREMENT PRECEDES SUPERANNUATION  
15 AGE BY 1/4%: FURTHER PROVIDED, IN NO EVENT SHALL A CLASS T-E  
16 [OR], CLASS T-F OR CLASS T-G MEMBER RECEIVE AN ANNUAL BENEFIT,  
17 CALCULATED AS OF THE EFFECTIVE DATE OF RETIREMENT, GREATER THAN  
18 THE MEMBER'S FINAL AVERAGE SALARY:

19 (1) A [STANDARD SINGLE LIFE ANNUITY MULTIPLIED BY THE]  
20 SINGLE LIFE ANNUITY THAT IS THE SUM OF ANNUITIES DETERMINED  
21 SEPARATELY FOR EACH CLASS OF SERVICE [MULTIPLIER] AND  
22 CALCULATED ON THE BASIS OF THE NUMBER OF YEARS OF CREDITED  
23 SCHOOL SERVICE OTHER THAN CONCURRENT SERVICE.

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

30 (3) A SUPPLEMENTAL ANNUITY SUCH THAT THE TOTAL ANNUITY

PRIOR TO ANY OPTIONAL MODIFICATION OR ANY REDUCTION DUE TO  
RETIREMENT PRIOR TO SUPERANNUATION AGE SHALL BE AT LEAST \$100  
FOR EACH FULL YEAR OF CREDITED SERVICE.

\* \* \*

(D) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT  
OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE  
IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE,  
HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT  
IN THE PLAN.

§ 8344. DISABILITY ANNUITIES.

(A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION  
FOR A DISABILITY ANNUITY AS PROVIDED IN SECTION 8507(K)  
(RELATING TO RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND],  
MEMBERS AND PARTICIPANTS) AND HAS BEEN FOUND TO BE ELIGIBLE IN  
ACCORDANCE WITH THE PROVISIONS OF SECTIONS 8307(C) (RELATING TO  
ELIGIBILITY FOR ANNUITIES) AND 8505(C)(1) (RELATING TO DUTIES OF  
BOARD REGARDING APPLICATIONS AND ELECTIONS OF MEMBERS AND  
PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY PAYABLE FROM  
THE EFFECTIVE DATE OF DISABILITY AND CONTINUED UNTIL A  
SUBSEQUENT DETERMINATION BY THE BOARD THAT THE ANNUITANT IS NO  
LONGER ENTITLED TO A DISABILITY ANNUITY. THE DISABILITY ANNUITY  
SHALL BE A SINGLE LIFE ANNUITY THAT IS EQUAL TO A SUM OF THE  
STANDARD SINGLE LIFE [ANNUITY] ANNUITIES DETERMINED SEPARATELY  
FOR EACH CLASS OF SERVICE IF THE TOTAL NUMBER OF YEARS OF  
CREDITED SERVICE IS GREATER THAN 16.667, OTHERWISE [THE] EACH  
STANDARD SINGLE LIFE ANNUITY SHALL BE MULTIPLIED BY THE LESSER  
OF THE FOLLOWING RATIOS:

$$Y^*/Y \text{ OR } 16.667/Y$$

WHERE Y = TOTAL NUMBER OF YEARS OF CREDITED SERVICE AND Y\* =  
TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO CONTINUE

1 AS A SCHOOL EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE, OR IF  
2 THE MEMBER HAS ATTAINED SUPERANNUATION AGE THEN THE NUMBER OF  
3 YEARS OF CREDITED SERVICE. IN NO EVENT SHALL THE DISABILITY  
4 ANNUITY PLUS ANY COST-OF-LIVING INCREASES BE LESS THAN \$100 FOR  
5 EACH FULL YEAR OF CREDITED SERVICE. THE MEMBER SHALL BE ENTITLED  
6 TO THE ELECTION OF A JOINT AND SURVIVOR ANNUITY ON THAT PORTION  
7 OF THE DISABILITY ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION  
8 8342 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY).

9 (B) REDUCTION ON ACCOUNT OF EARNED INCOME.--PAYMENTS ON  
10 ACCOUNT OF DISABILITY SHALL BE REDUCED BY THAT AMOUNT BY WHICH  
11 THE EARNED INCOME OF THE ANNUITANT, AS REPORTED IN ACCORDANCE  
12 WITH SECTION 8508(B) (RELATING TO RIGHTS AND DUTIES OF  
13 ANNUITANTS) FOR THE PRECEDING YEAR TOGETHER WITH THE DISABILITY  
14 ANNUITY PAYMENTS FOR THE YEAR, EXCEEDS THE GREATER OF \$5,000 OR  
15 THE LAST YEAR'S SALARY OF THE ANNUITANT AS A [SCHOOL EMPLOYEE]  
16 MEMBER OF THE SYSTEM, PROVIDED THAT THE ANNUITANT SHALL NOT  
17 RECEIVE LESS THAN HIS MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE  
18 MAY BE ENTITLED UNDER SECTION 8342, WHICHEVER IS GREATER.

19 \* \* \*

20 (D) WITHDRAWAL OF ACCUMULATED DEDUCTIONS.--UPON TERMINATION  
21 OF DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY  
22 CALCULATED IN ACCORDANCE WITH SECTION 8342, A DISABILITY  
23 ANNUITANT WHO[:

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

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

27 AND WHO] DOES NOT RETURN TO SCHOOL SERVICE MAY FILE AN  
28 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE  
29 ACCUMULATED DEDUCTIONS, SHARED-RISK MEMBER CONTRIBUTIONS AND  
30 STATUTORY INTEREST STANDING TO HIS CREDIT AT THE EFFECTIVE DATE

1 OF DISABILITY LESS THE TOTAL PAYMENTS RECEIVED ON ACCOUNT OF HIS  
2 MEMBER'S ANNUITY.

3 \* \* \*

4 (F) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT  
5 OF A DISABILITY ANNUITY UNDER THIS SECTION SHALL BE IN ADDITION  
6 TO ANY PAYMENTS A SCHOOL EMPLOYEE MAY BE ENTITLED TO RECEIVE,  
7 HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT  
8 IN THE PLAN.

9 SECTION 113. SECTIONS 8345(A), 8346(A), (A.1), (B), (B.1)(1)  
10 AND ~~(D)(1)~~ (D), 8347(A) AND (B) AND ~~8349(A)~~ 8349 HEADING, (A) <--  
11 AND (B) OF TITLE 24 ARE AMENDED TO READ:

12 § 8345. MEMBER'S OPTIONS.

13 (A) GENERAL RULE.--ANY CLASS T-C [OR] CLASS T-D OR CLASS T-  
14 G MEMBER WHO IS A VESTEE WITH FIVE OR MORE ELIGIBILITY POINTS,  
15 ANY CLASS T-E OR CLASS T-F MEMBER WHO IS A VESTEE WITH TEN OR  
16 MORE ELIGIBILITY POINTS, OR ANY [OTHER] ELIGIBLE MEMBER UPON  
17 TERMINATION OF SCHOOL SERVICE [WHO HAS NOT WITHDRAWN HIS  
18 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 8341 (RELATING TO  
19 RETURN OF ACCUMULATED DEDUCTIONS)] WHO IS ELIGIBLE TO RECEIVE AN  
20 ANNUITY, MAY APPLY FOR AND ELECT TO RECEIVE EITHER A MAXIMUM  
21 SINGLE LIFE ANNUITY, AS CALCULATED IN ACCORDANCE WITH THE  
22 PROVISIONS OF SECTION 8342 (RELATING TO MAXIMUM SINGLE LIFE  
23 ANNUITY), OR A REDUCED ANNUITY CERTIFIED BY THE ACTUARY TO BE  
24 ACTUARIALLY EQUIVALENT TO THE MAXIMUM SINGLE LIFE ANNUITY AND IN  
25 ACCORDANCE WITH ONE OF THE FOLLOWING OPTIONS, EXCEPT THAT NO  
26 MEMBER SHALL ELECT AN ANNUITY PAYABLE TO ONE OR MORE SURVIVOR  
27 ANNUITANTS OTHER THAN HIS SPOUSE OR ALTERNATE PAYEE OF SUCH A  
28 MAGNITUDE THAT THE PRESENT VALUE OF THE ANNUITY PAYABLE TO HIM  
29 FOR LIFE PLUS ANY LUMP SUM PAYMENT HE MAY HAVE ELECTED TO  
30 RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM

1 SINGLE LIFE ANNUITY. IN NO EVENT SHALL A CLASS T-E OR CLASS T-F  
2 MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF THE EFFECTIVE  
3 DATE OF RETIREMENT, GREATER THAN THE MEMBER'S FINAL AVERAGE  
4 SALARY.

5 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH A  
6 GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE  
7 MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF  
8 RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS  
9 RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE  
10 SHALL BE PAYABLE TO HIS BENEFICIARY.

11 (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE  
12 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF  
13 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF  
14 LIVING AT HIS DEATH.

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

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

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

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

28 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A  
29 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT  
30 EXCEED AN AMOUNT EQUAL TO THE ACCUMULATED DEDUCTIONS



1       STANDING TO THE CREDIT OF THE MEMBER. THE BALANCE OF THE  
2       PRESENT VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED  
3       IN ACCORDANCE WITH SECTION 8342(B) SHALL BE PAID IN THE  
4       FORM OF AN ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A  
5       SINGLE LIFE ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR  
6       ANY COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS  
7       OF SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH. [THIS  
8       SUBPARAGRAPH SHALL NOT APPLY TO A CLASS T-E OR CLASS T-F  
9       MEMBER.] FOR PURPOSES OF THIS SUBPARAGRAPH, THE TERM  
10      "ACTUARIALLY EQUIVALENT," AS APPLIED TO:

11               (A) ANY LUMP SUM WITHDRAWAL ATTRIBUTABLE TO  
12               CONTRIBUTIONS CREDITED TO THE MEMBER'S SAVINGS  
13               ACCOUNT OF CLASS T-C AND CLASS T-D MEMBERS ON OR  
14               AFTER JULY 1, 2016; OR

15               (B) ANY LUMP SUM WITHDRAWAL ATTRIBUTABLE TO  
16               CONTRIBUTIONS CREDITED TO THE MEMBER'S SAVINGS  
17               ACCOUNT OF CLASS T-E, CLASS T-F OR CLASS T-G MEMBERS,  
18               TOGETHER WITH STATUTORY INTEREST THEREON, SHALL MEAN  
19               EQUAL PRESENT VALUES, COMPUTED ON THE BASIS OF THE  
20               INTEREST RATE AND SUCH MORTALITY AND OTHER TABLES AS  
21               ADOPTED BY THE BOARD PURSUANT TO SECTION 8328(B)  
22               (RELATING TO ACTUARIAL COST METHOD) IN EFFECT ON THE  
23               EFFECTIVE DATE OF RETIREMENT OF THE MEMBER. ANY  
24               PARTIAL LUMP SUM WITHDRAWAL OF CLASS T-C AND CLASS T-  
25               D MEMBERS SHALL BE APPLIED FIRST TO CONTRIBUTIONS  
26               CREDITED TO THE MEMBER'S SAVINGS ACCOUNT BEFORE JULY  
27               1, 2016, AND ALL STATUTORY INTEREST CREDITED THEREON.

28       \* \* \*

29       § 8346. TERMINATION OF ANNUITIES.

30       (A) GENERAL RULE.--IF AN ANNUITANT RETURNS TO SCHOOL SERVICE

1 OR ENTERS OR HAS ENTERED STATE SERVICE AND ELECTS MULTIPLE  
2 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART  
3 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO SCHOOL  
4 SERVICE OR ENTERING STATE SERVICE WITHOUT REGARD TO WHETHER HE  
5 IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR  
6 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,  
7 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR  
8 PARTICIPANT OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OR STATE  
9 EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF AN  
10 ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF  
11 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT  
12 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR  
13 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY  
14 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF  
15 MEMBERSHIP SERVICE AS PROVIDED IN SECTION 8302(B.2) (RELATING TO  
16 CREDITED SCHOOL SERVICE) AND WHO RETURNS TO SCHOOL SERVICE,  
17 EXCEPT AS PROVIDED IN SUBSECTION (B), SHALL FORFEIT SUCH  
18 CREDITED SERVICE AND SHALL HAVE HIS FROZEN PRESENT VALUE  
19 ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN APPLIED  
20 TO HIS ACCOUNT. IN THE EVENT THAT THE COST-OF-LIVING INCREASE  
21 ENACTED DECEMBER 18, 1979, OCCURRED DURING THE PERIOD OF SUCH  
22 STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT VALUE SHALL BE  
23 INCREASED, ON OR AFTER THE MEMBER ATTAINS SUPERANNUATION AGE, BY  
24 THE PERCENT APPLICABLE HAD HE NOT RETURNED TO SERVICE.

25 (A.1) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE  
26 ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES  
27 ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO  
28 SECTION 8345 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE  
29 OF HIS RETURN TO SCHOOL SERVICE OR ENTERING STATE SERVICE, THE  
30 ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM

1 THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE  
2 CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS  
3 APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN  
4 90 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR A STATE EMPLOYEE  
5 WHO IS AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT  
6 SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY  
7 DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER  
8 AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO  
9 BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT  
10 AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL  
11 SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION  
12 DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION  
13 AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE  
14 DISCRETION DETERMINES. IN THE CASE OF A STATE EMPLOYEE WHO IS AN  
15 ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, THE  
16 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE STATE  
17 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO  
18 THE BOARD THE AMOUNTS PAID.

19 \* \* \*

20 (B) RETURN TO SCHOOL SERVICE DURING EMERGENCY.--WHEN, IN THE  
21 JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE IN  
22 THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF SERVICE  
23 TO THE PUBLIC OR IN THE EVENT OF A SHORTAGE OF APPROPRIATE  
24 SUBJECT CERTIFIED TEACHERS OR OTHER PERSONNEL, AN ANNUITANT OR  
25 PARTICIPANT RECEIVING DISTRIBUTIONS MAY BE RETURNED TO SCHOOL  
26 SERVICE FOR A PERIOD NOT TO EXTEND BEYOND THE SCHOOL YEAR DURING  
27 WHICH THE EMERGENCY OR SHORTAGE OCCURS, WITHOUT LOSS OF HIS  
28 ANNUITY OR DISTRIBUTIONS. THE ANNUITANT OR PARTICIPANT RECEIVING  
29 DISTRIBUTIONS SHALL NOT BE ENTITLED TO EARN ANY CREDITED  
30 SERVICE, AND NO CONTRIBUTIONS MAY BE MADE TO THE FUND OR THE

1 TRUST BY THE ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS,  
2 THE EMPLOYER OR THE COMMONWEALTH ON ACCOUNT OF SUCH EMPLOYMENT.  
3 SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR PARTICIPANT  
4 CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE  
5 SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY  
6 PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR  
7 EMPLOYER DEFINED CONTRIBUTIONS.

8 (B.1) RETURN TO SCHOOL SERVICE IN AN EXTRACURRICULAR  
9 POSITION.--

10 (1) AN ANNUITANT OR PARTICIPANT RECEIVING DISTRIBUTIONS  
11 MAY BE EMPLOYED UNDER SEPARATE CONTRACT BY A PUBLIC SCHOOL OR  
12 CHARTER SCHOOL IN AN EXTRACURRICULAR POSITION PERFORMED  
13 PRIMARILY OUTSIDE REGULAR INSTRUCTIONAL HOURS AND NOT PART OF  
14 MANDATED CURRICULUM WITHOUT LOSS OF ANNUITY. [NEITHER THE  
15 ANNUITANT NOR] THE ANNUITANT, THE PARTICIPANT RECEIVING  
16 DISTRIBUTIONS AND THE EMPLOYER SHALL NOT MAKE CONTRIBUTIONS  
17 TO THE MEMBER'S SAVINGS ACCOUNT, THE INDIVIDUAL INVESTMENT  
18 ACCOUNT OR STATE ACCUMULATION ACCOUNT RESPECTIVELY FOR SUCH  
19 SERVICE. FURTHER, SUCH CONTRACT SHALL CONTAIN A WAIVER  
20 WHEREBY THE ANNUITANT WAIVES ANY POTENTIAL RETIREMENT  
21 BENEFITS THAT COULD ARISE FROM THE CONTRACT AND RELEASES THE  
22 EMPLOYER AND THE BOARD FROM ANY LIABILITY FOR SUCH BENEFITS.  
23 SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER OR PARTICIPANT  
24 CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE  
25 SCHOOL SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY  
26 PICKUP PARTICIPANT CONTRIBUTIONS OR EMPLOYER DEFINED  
27 CONTRIBUTIONS.

28 \* \* \*

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

30 (1) AN ANNUITANT WHO RETURNS TO SCHOOL SERVICE AS AN

1     ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY  
2     POINTS BY PERFORMING CREDITED SCHOOL SERVICE OR REEMPLOYMENT  
3     FROM USERRA LEAVE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT  
4     OF AN ANNUITY UNDER THIS PART, OR AN ANNUITANT WHO ENTERS  
5     STATE SERVICE AND:

6             (I)    IS A MULTIPLE SERVICE MEMBER; OR

7             (II)   WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND  
8     EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE  
9     SERVICE, REEMPLOYMENT FROM USERRA LEAVE OR CREDITED SCHOOL  
10    SERVICE FOLLOWING THE MOST RECENT PERIOD OF RECEIPT OF AN  
11    ANNUITY UNDER THIS PART, AND WHO HAD THE PRESENT VALUE OF HIS  
12    ANNUITY FROZEN IN ACCORDANCE WITH SUBSECTION (A), SHALL  
13    QUALIFY TO HAVE THE EFFECT OF THE FROZEN PRESENT VALUE  
14    RESULTING FROM ALL PREVIOUS PERIODS OF RETIREMENT ELIMINATED,  
15    PROVIDED THAT ALL PAYMENTS UNDER OPTION 4 AND ANNUITY  
16    PAYMENTS PAYABLE DURING PREVIOUS PERIODS OF RETIREMENT PLUS  
17    INTEREST AS SET FORTH IN PARAGRAPH (3) SHALL BE RETURNED TO  
18    THE FUND IN THE FORM OF AN ACTUARIAL ADJUSTMENT TO HIS  
19    SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE BOARD MAY  
20    OTHERWISE DIRECT.

21            (2)   UPON SUBSEQUENT DISCONTINUANCE OF SERVICE AND THE  
22    FILING OF AN APPLICATION FOR AN ANNUITY FROM THE SYSTEM, A  
23    FORMER ANNUITANT WHO QUALIFIES TO HAVE THE EFFECT OF A FROZEN  
24    PRESENT VALUE ELIMINATED UNDER THIS SUBSECTION SHALL BE  
25    ENTITLED TO RECEIVE THE HIGHER OF EITHER:

26            (I)    AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)  
27            CALCULATED AS IF THE FREEZING OF THE FORMER ANNUITANT'S  
28            ACCOUNT PURSUANT TO SUBSECTION (A) HAD NOT OCCURRED,  
29            ADJUSTED BY CREDITING CLASS T-C SCHOOL SERVICE AS CLASS  
30            T-D SERVICE AS PROVIDED FOR IN SECTION 8305(C) (RELATING

TO CLASSES OF SERVICE) AND FURTHER ADJUSTED ACCORDING TO  
PARAGRAPH (3), PROVIDED THAT A FORMER ANNUITANT OF THE  
SYSTEM OR A FORMER ANNUITANT OF THE STATE EMPLOYEES'  
RETIREMENT SYSTEM WHO RETIRED UNDER A PROVISION OF LAW  
GRANTING ADDITIONAL SERVICE CREDIT IF TERMINATION OF  
SCHOOL OR STATE SERVICE OR RETIREMENT OCCURRED DURING A  
SPECIFIC PERIOD OF TIME SHALL NOT BE PERMITTED TO RETAIN  
THE ADDITIONAL SERVICE CREDIT UNDER THE PRIOR LAW WHEN  
THE ANNUITY IS COMPUTED FOR HIS MOST RECENT RETIREMENT;  
OR

(II) AN ANNUITY (PRIOR TO OPTIONAL MODIFICATION)  
CALCULATED AS IF THE FORMER ANNUITANT DID NOT QUALIFY TO  
HAVE THE EFFECT ON THE FROZEN PRESENT VALUE ELIMINATED,  
UNLESS THE FORMER ANNUITANT NOTIFIES THE BOARD IN WRITING BY  
THE LATER OF THE DATE THE APPLICATION FOR ANNUITY IS FILED OR  
THE EFFECTIVE DATE OF RETIREMENT THAT THE FORMER ANNUITANT  
WISHES TO RECEIVE THE LOWER ANNUITY.

\* \* \*

§ 8347. DEATH BENEFITS.

(A) MEMBERS ELIGIBLE FOR ANNUITIES.--ANY MEMBER OR FORMER  
MEMBER ON USERRA LEAVE, OTHER THAN AN ANNUITANT, WHO DIES AND  
WAS ELIGIBLE FOR AN ANNUITY IN ACCORDANCE WITH SECTION 8307(A)  
OR (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) SHALL BE  
CONSIDERED AS HAVING APPLIED FOR AN ANNUITY FROM THE FUND TO  
BECOME EFFECTIVE THE DAY BEFORE HIS DEATH; AND, IN THE EVENT HE  
HAS NOT ELECTED AN OPTION, IT SHALL BE ASSUMED THAT HE ELECTED  
OPTION 1 AND ASSIGNED AS BENEFICIARY THAT PERSON LAST DESIGNATED  
IN WRITING TO THE BOARD.

(B) MEMBERS INELIGIBLE FOR ANNUITIES.--IN THE EVENT OF THE  
DEATH OF ANY MEMBER OR FORMER MEMBER ON USERRA LEAVE, OTHER THAN

1 AN ANNUITANT, WHO IS NOT ENTITLED TO A DEATH BENEFIT AS PROVIDED  
2 IN SUBSECTION (A), HIS DESIGNATED BENEFICIARY SHALL BE PAID THE  
3 FULL AMOUNT OF HIS ACCUMULATED DEDUCTIONS PAYABLE FROM THE FUND.

4 \* \* \*

5 § 8349. PAYMENT OF BENEFITS FROM THE SYSTEM.

6 (A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF  
7 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY  
8 INSTALLMENTS.

9 (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT  
10 PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION  
11 8347 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF  
12 OPTION 1 OF SECTION 8345(A)(1) (RELATING TO MEMBER'S OPTIONS) IS  
13 \$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT  
14 ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

15 (1) A LUMP SUM PAYMENT.

16 (2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT  
17 PAYABLE.

18 (3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE  
19 ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS  
20 THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

21 \* \* \*

22 SECTION 114. TITLE 24 IS AMENDED BY ADDING A CHAPTER TO  
23 READ:

24 CHAPTER 84

25 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN

26 SEC.

27 8401. ESTABLISHMENT.

28 8402. PLAN DOCUMENT.

29 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

30 8404. PARTICIPANT CONTRIBUTIONS.

1 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.  
2 8406. EMPLOYER DEFINED CONTRIBUTIONS.  
3 8407. ELIGIBILITY FOR BENEFITS.  
4 8408. DEATH BENEFITS.  
5 8409. VESTING.  
6 8410. TERMINATION OF DISTRIBUTIONS.  
7 8411. POWERS AND DUTIES OF BOARD.  
8 8412. RESPONSIBILITY FOR INVESTMENT LOSS.  
9 8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION  
10 CHOICES.  
11 8414. EXPENSES.  
12 8415. TAX QUALIFICATION.  
13 § 8401. ESTABLISHMENT.  
14 (A) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE SCHOOL  
15 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD  
16 SHALL ADMINISTER AND MANAGE THE PLAN, WHICH SHALL BE A DEFINED  
17 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL  
18 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES  
19 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE  
20 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT  
21 INCONSISTENT WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW  
22 AND SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.  
23 (B) SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE  
24 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS  
25 PART OF THE PLAN IN ACCORDANCE WITH THIS PART. THE TRUST SHALL  
26 BE COMPRISED OF THE INDIVIDUAL INVESTMENT ACCOUNTS, ALL ASSETS  
27 AND MONEYS IN THOSE ACCOUNTS AND ANY ASSETS AND MONIES HELD BY  
28 THE BOARD AS PART OF THE PLAN THAT ARE NOT ALLOCATED TO THE  
29 INDIVIDUAL INVESTMENT ACCOUNTS. THE MEMBERS OF THE BOARD SHALL  
30 BE THE TRUSTEES OF THE TRUST, WHICH SHALL BE ADMINISTERED



1 EXCLUSIVELY FOR THE BENEFIT OF THOSE SCHOOL EMPLOYEES WHO  
2 PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES WITHIN THE  
3 MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE BOARD SHALL  
4 DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT INCONSISTENT  
5 WITH THIS PART, THE IRC AND OTHER APPLICABLE LAW AND SHALL  
6 PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE TRUST.

7 (C) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE PLAN  
8 THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE  
9 PARTICIPANTS, THE COMMONWEALTH AND EMPLOYERS IN ACCORDANCE WITH  
10 THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE  
11 PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE  
12 EXCLUSIVE BENEFIT OF THE PLAN'S PARTICIPANTS AND THEIR  
13 BENEFICIARIES UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO  
14 THE PARTICIPANTS OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE  
15 TERMS OF THE PLAN DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST  
16 FOR THE EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR  
17 BENEFICIARIES MAY BE USED FOR THE PAYMENT OF THE FEES, COSTS AND  
18 EXPENSES RELATED TO THE ADMINISTRATION AND INVESTMENT OF THE  
19 PLAN AND THE TRUST.

20 (D) NAME FOR TRANSACTING BUSINESS.--BY THE NAME OF "THE  
21 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN," ALL OF THE  
22 BUSINESS OF THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED,  
23 ALL REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF  
24 ITS CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD, EXCEPT  
25 THAT, ANY OTHER LAW TO THE CONTRARY NOTWITHSTANDING, THE BOARD  
26 MAY ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE  
27 OF REGISTERING SECURITIES TO FACILITATE THE PURCHASE, SALE OR  
28 OTHER DISPOSITION OF SECURITIES PURSUANT TO THE PROVISIONS OF  
29 THIS PART.

30 § 8402. PLAN DOCUMENT.

1     THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE  
2     PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS  
3     OF THE PLAN AND IN A TRUST DECLARATION. THE CREATION OF THE  
4     DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE  
5     TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND  
6     PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY  
7     REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE  
8     ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE  
9     COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER  
10    LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE  
11    CONTEXT CLEARLY INDICATES OTHERWISE.

12    § 8403. INDIVIDUAL INVESTMENT ACCOUNTS.

13     THE BOARD:

14         (1) SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL  
15     INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL  
16     CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON  
17     BEHALF OF A PARTICIPANT SHALL BE CREDITED TO THE  
18     PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH  
19     ALL INTEREST AND INVESTMENT EARNINGS AND LOSSES. INVESTMENT  
20     AND ADMINISTRATIVE FEES, COSTS AND EXPENSES SHALL BE CHARGED  
21     TO THE PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS.

22         (2) SHALL SEPARATELY TRACK PARTICIPANT CONTRIBUTIONS,  
23     INCLUDING INVESTMENT GAINS AND LOSSES, AND EMPLOYER  
24     CONTRIBUTIONS, INCLUDING INVESTMENT GAINS AND LOSSES, BUT ALL  
25     INTEREST, INVESTMENT GAINS AND LOSSES AND ADMINISTRATIVE  
26     FEES, COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.

27         (3) MAY CONTRACT WITH FINANCIAL INSTITUTIONS, INSURANCE  
28     COMPANIES OR OTHER TYPES OF THIRD-PARTY PROVIDERS AND OTHER  
29     VENDORS TO ALLOW PARTICIPANTS TO DEPOSIT PARTICIPANT  
30     CONTRIBUTIONS INTO THE INDIVIDUAL INVESTMENT ACCOUNTS IN A

1 FORM AND MANNER AS PROVIDED BY THE CONTRACT.

2 § 8404. PARTICIPANT CONTRIBUTIONS.

3 (A) MANDATORY CONTRIBUTIONS.--A PARTICIPANT SHALL MAKE  
4 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL  
5 DEDUCTIONS TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
6 FOR SCHOOL SERVICE REQUIRED TO BE CREDITED IN THE PLAN. THE  
7 EMPLOYER SHALL CAUSE THOSE CONTRIBUTIONS FOR SERVICE REQUIRED TO  
8 BE CREDITED IN THE PLAN TO BE MADE AND DEDUCTED FROM EACH  
9 PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.

10 (B) VOLUNTARY CONTRIBUTIONS.--A PARTICIPANT MAY MAKE  
11 VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH  
12 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF  
13 MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE  
14 EXTENT ALLOWED BY IRC § 402. ROLLOVERS SHALL BE MADE IN A FORM  
15 AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO THE  
16 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE  
17 SEPARATELY ACCOUNTED FOR BY THE BOARD.

18 (C) PROHIBITION ON CONTRIBUTIONS.--NO CONTRIBUTIONS SHALL BE  
19 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
20 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
21 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
22 DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS  
23 IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE  
24 CONTRIBUTIONS SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.

25 § 8405. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

26 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--THE  
27 CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION  
28 8404(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO  
29 SCHOOL SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED  
30 UP BY THE EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S

1 CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER THE EFFECTIVE  
2 DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A PARTICIPANT IN THE  
3 PLAN SHALL PICK UP THE REQUIRED MANDATORY PARTICIPANT  
4 CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF THE  
5 PARTICIPANT.

6 (B) TREATMENT FOR OTHER PURPOSES.--FOR ALL OTHER PURPOSES  
7 UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT  
8 CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A  
9 PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE  
10 CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT  
11 PICKED UP.

12 § 8406. EMPLOYER DEFINED CONTRIBUTIONS.

13 (A) CONTRIBUTIONS FOR SERVICE.--THE EMPLOYER OF A  
14 PARTICIPANT SHALL MAKE EMPLOYER DEFINED CONTRIBUTIONS FOR  
15 SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE CREDITED TO THE  
16 ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. EMPLOYER  
17 DEFINED CONTRIBUTIONS MUST BE RECORDED AND ACCOUNTED FOR  
18 SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.

19 (B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED  
20 FROM USERRA LEAVE.--WHEN A SCHOOL EMPLOYEE REEMPLOYED FROM  
21 USERRA LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT  
22 CONTRIBUTIONS PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE  
23 EMPLOYER BY WHOM THE SCHOOL EMPLOYEE IS EMPLOYED AT THE TIME THE  
24 PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER EMPLOYER  
25 DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS SECTION  
26 HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS AFTER  
27 BEING REEMPLOYED FROM USERRA LEAVE CONTINUED TO BE EMPLOYED IN  
28 THE EMPLOYEE'S SCHOOL POSITION INSTEAD OF PERFORMING USERRA  
29 LEAVE. THE EMPLOYER DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE  
30 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE

1 PROVIDED BY THIS PART.

2 (C) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS SHALL BE  
3 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
4 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
5 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
6 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED  
7 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT  
8 EARNINGS THEREON SHALL BE REFUNDED TO THE EMPLOYER BY THE BOARD.  
9 § 8407. ELIGIBILITY FOR BENEFITS.

10 (A) TERMINATION OF SERVICE.--A PARTICIPANT WHO TERMINATES  
11 SCHOOL SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED  
12 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE  
13 PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
14 ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.  
15 PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS  
16 ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A  
17 PARTICIPANT WHO WITHDRAWS THE VESTED ACCUMULATED TOTAL DEFINED  
18 CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,  
19 NOTWITHSTANDING THAT THE FORMER SCHOOL EMPLOYEE MAY CONTINUE TO  
20 BE A MEMBER OF THE SYSTEM WITH CLASS T-G SERVICE CREDIT, OR MAY  
21 CONTRACT TO RECEIVE AN ANNUITY OR OTHER FORM OF PAYMENT FROM A  
22 PROVIDER RETAINED BY THE BOARD FOR SUCH PURPOSES.

23 (B) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS PURSUANT TO THIS  
24 SECTION SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM  
25 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF  
26 IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY  
27 DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH  
28 THOSE REQUIREMENTS.

29 (C) PROHIBITED DISTRIBUTIONS.--A SCHOOL EMPLOYEE MUST BE  
30 TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP

1 IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO  
2 RECEIVE A DISTRIBUTION.

3 (D) LOANS.--LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP  
4 OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO  
5 SCHOOL EMPLOYEES WHO HAVE NOT TERMINATED SCHOOL SERVICE ARE NOT  
6 PERMITTED, EXCEPT AS REQUIRED BY LAW.

7 (E) SMALL INDIVIDUAL INVESTMENT ACCOUNTS.--A PARTICIPANT WHO  
8 TERMINATES SCHOOL SERVICE AND WHOSE VESTED ACCUMULATED TOTAL  
9 DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW  
10 AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED  
11 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS  
12 PROVIDED IN IRC § 401(A)(31).

13 § 8408. DEATH BENEFITS.

14 (A) GENERAL RULE.--IN THE EVENT OF THE DEATH OF AN ACTIVE  
15 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE  
16 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE  
17 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN  
18 SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN  
19 DOCUMENT.

20 (B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS.--IN THE  
21 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE  
22 BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED  
23 BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A  
24 LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN  
25 THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE  
26 METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE  
27 PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S  
28 BENEFICIARY OR SUCCESSOR PAYEE AS PROVIDED IN THE PLAN DOCUMENT.

29 (C) CONTRACTS.--THE BOARD MAY CONTRACT WITH FINANCIAL  
30 INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY

PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM  
DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM  
AND MANNER AS PROVIDED BY THE CONTRACT.  
§ 8409. VESTING.

(A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT TO THE  
FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 8533 (RELATING  
TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS  
PROVIDED BY LAW, A PARTICIPANT SHALL BE IMMEDIATELY VESTED WITH  
RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND  
VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT  
TO THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR LOSSES ON THE  
PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND  
ADMINISTRATIVE CHARGES.

(B) EMPLOYER DEFINED CONTRIBUTIONS.--

(1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS  
OF SECTION 8533 OR OTHERWISE AS PROVIDED BY LAW, A  
PARTICIPANT SHALL BE VESTED WITH RESPECT TO EMPLOYER DEFINED  
CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
ACCOUNT IN THE TRUST PLUS INTEREST AND INVESTMENT GAINS OR  
LOSSES ON THE EMPLOYER DEFINED CONTRIBUTIONS BUT MINUS  
INVESTMENT FEES AND ADMINISTRATIVE CHARGES ACCORDING TO THE  
FOLLOWING SCHEDULE:

(I) UNTIL SUCH TIME AS THE PARTICIPANT HAS EARNED  
THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 0%;

(II) AT AND AFTER THE ATTAINMENT OF THREE  
ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 100%.

(2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY  
POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF  
SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE  
PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN

1 AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.

2 (3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS, INCLUDING  
3 INTEREST AND INVESTMENT GAINS AND LOSSES THAT ARE FORFEITED  
4 BY A PARTICIPANT, SHALL BE APPLIED TO THE PARTICIPANT'S MOST  
5 RECENT EMPLOYER'S OBLIGATIONS ASSESSED IN FUTURE YEARS.

6 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN  
7 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE  
8 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER  
9 THIS SECTION FOR THE SCHOOL SERVICE THAT WOULD HAVE BEEN  
10 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

11 § 8410. TERMINATION OF DISTRIBUTIONS.

12 (A) RETURN TO SCHOOL SERVICE.--

13 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE  
14 PARTICIPANT WHO RETURNS TO SCHOOL SERVICE SHALL CEASE  
15 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE  
16 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES  
17 SCHOOL SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS  
18 A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR  
19 PARTICIPANT IN THE PLAN.

20 (2) THIS SUBSECTION SHALL NOT APPLY TO A DISTRIBUTION  
21 THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN  
22 ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.

23 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

24 (1) IF A FORMER SCHOOL EMPLOYEE IS REEMPLOYED FROM  
25 USERRA LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE  
26 PLAN DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO  
27 THE BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN  
28 THE PLAN DOCUMENT.

29 (2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE  
30 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE



1 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR, IN  
2 THE CASE OF AN ACTIVE PARTICIPANT, MAY BE AMORTIZED WITH  
3 INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY  
4 DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE  
5 PARTICIPANT AND THE BOARD, BUT NOT LONGER THAN A PERIOD THAT  
6 STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUING FOR UP TO  
7 THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S IMMEDIATE  
8 PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD SHALL NOT  
9 EXCEED FIVE YEARS.

10 § 8411. POWERS AND DUTIES OF BOARD.

11 THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN  
12 CHAPTER 85, SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO  
13 ESTABLISH THE PLAN AND TRUST AND TO ADMINISTER THE PROVISIONS OF  
14 THIS PART:

15 (1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE  
16 ASSETS OF OTHER PERSONS OR ENTITIES.

17 (2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS  
18 AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE  
19 PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM  
20 THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS, EXCEPT AS  
21 OTHERWISE PROVIDED IN THIS PART OR AS THE GENERAL ASSEMBLY  
22 OTHERWISE PROVIDES THROUGH APPROPRIATIONS FROM THE GENERAL  
23 FUND.

24 (3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND  
25 LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY  
26 MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.

27 (4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS  
28 OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED  
29 STATUS OF THE PLAN.

30 (5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO

1 PARTICIPATE IN THE PLAN BY THOSE SCHOOL EMPLOYEES FOR WHOM  
2 PARTICIPATION IS NOT MANDATORY.

3 (6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT  
4 REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF  
5 ASSURING IT CONTINUES TO MEET ALL STANDARDS AND CRITERIA  
6 ESTABLISHED.

7 (7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND  
8 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM  
9 QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE  
10 EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.

11 (8) THE BOARD MAY ALLOW AN INACTIVE PARTICIPANT TO  
12 MAINTAIN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
13 WITHIN THE PLAN.

14 (9) THE BOARD SHALL ADMINISTER OR ENSURE THE  
15 ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE  
16 QUALIFICATION AND OTHER RULES OF IRC.

17 (10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR  
18 THE LAWFUL PAYMENT OF BENEFITS.

19 (11) THE BOARD SHALL DETERMINE WHAT CONSTITUTES A  
20 TERMINATION OF SCHOOL SERVICE.

21 (12) THE BOARD MAY ESTABLISH PROCEDURES FOR  
22 DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY  
23 IRC.

24 (13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN  
25 DOCUMENT OR TO PROMULGATE RULES AND REGULATIONS AS IT DEEMS  
26 NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,  
27 INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:

28 (I) PROCEDURES BY WHICH ELIGIBLE PARTICIPANTS MAY  
29 CHANGE VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT  
30 CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS

1 REGARDING THEIR PARTICIPATION IN THE PLAN.

2 (II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP  
3 PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS  
4 FROM A PARTICIPANT'S COMPENSATION.

5 (III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-  
6 TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED BY  
7 THE BOARD AS PART OF THE PLAN.

8 ~~(IV) STANDARDS AND CRITERIA FOR PROVIDING OPTIONS TO~~ <--  
9 ~~ELIGIBLE INDIVIDUALS REGARDING INVESTMENT OF AMOUNTS~~  
10 ~~DEFERRED UNDER THE PLAN. ONE OF THE AVAILABLE OPTIONS~~  
11 ~~MUST SERVE AS THE DEFAULT OPTION FOR PARTICIPANTS WHO DO~~  
12 ~~NOT MAKE A TIMELY ELECTION.~~

13 (IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS <--  
14 THAN 10 OPTIONS WHICH ARE OFFERED BY THREE OR MORE  
15 PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS  
16 REGARDING INVESTMENTS OF AMOUNTS DEFERRED UNDER THE PLAN.  
17 THE STANDARDS AND CRITERIA MUST PROVIDE FOR A VARIETY OF  
18 INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE  
19 WITH CRITERIA ESTABLISHED BY THE BOARD.

20 (V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE  
21 PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME  
22 ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL  
23 FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS  
24 DEFERRED TO COVER THE COSTS AND EXPENSES OF ADMINISTERING  
25 AND MANAGING THE PLAN OR TRUST.

26 (VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE  
27 MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION  
28 FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES  
29 CONSISTENT WITH THE PURPOSE OF THE PLAN.

30 (14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION

1 REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES  
2 THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF  
3 THE PLAN.

4 (15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN  
5 LIEU OF STAFF EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED BY  
6 LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT REQUIRED  
7 BY LAW TO BE PERFORMED BY THE BOARD MAY BE DELEGATED TO A  
8 THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.

9 (16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE  
10 EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE  
11 EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.

12 (17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE  
13 PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS  
14 AND CHOICES.

15 (18) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN  
16 DOCUMENT FOR AUTOMATIC INCREASES IN A PARTICIPANT'S VOLUNTARY  
17 CONTRIBUTIONS, WHETHER OR NOT THE PARTICIPANT IS THEN MAKING  
18 VOLUNTARY CONTRIBUTIONS, AND PROCEDURES FOR A PARTICIPANT TO  
19 ELECT NOT TO HAVE INCREASED VOLUNTARY CONTRIBUTIONS.

20 § 8411.1. RELATION OF ADMINISTRATORS OF SCHOOL EMPLOYEES'  
21 DEFINED CONTRIBUTION PLAN TO PROVIDERS OF 403(B)  
22 PLANS.

23 (A) GENERAL RULE.--A FINANCIAL INSTITUTION OR PENSION  
24 MANAGEMENT ORGANIZATION ENTERING INTO A WRITTEN AGREEMENT  
25 PURSUANT TO SECTION 8411 (RELATING TO ~~AGREEMENTS WITH FINANCIAL~~ <--  
26 ~~INSTITUTIONS AND OTHER ORGANIZATIONS~~ POWERS AND DUTIES OF BOARD) <--  
27 MAY OFFER OR PROVIDE SERVICES TO ANY PLAN ESTABLISHED OR  
28 MAINTAINED BY A SCHOOL DISTRICT UNDER IRC § 403(B) OR 457 IF THE  
29 WRITTEN AGREEMENT FOR THE ADMINISTRATION OF THE SCHOOL  
30 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS NOT COMBINED WITH ANY

1 OTHER WRITTEN AGREEMENT FOR THE ADMINISTRATION OF A SCHOOL  
2 DISTRICT'S 403(B) PLAN OR 457 PLAN. EACH SCHOOL DISTRICT THAT  
3 PROVIDES A 403(B) PLAN SHALL MAKE AVAILABLE, IN THE MANNER  
4 PROVIDED BY SUBSECTION (C), TO PARTICIPANTS, MULTIPLE FINANCIAL  
5 INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS THAT HAVE NOT  
6 ENTERED INTO A WRITTEN AGREEMENT PURSUANT TO SECTION 8411 AND  
7 WHICH PROVIDE SERVICES TO THE SCHOOL DISTRICT'S 403(B) PLAN OR  
8 457 PLAN.

9 (B) PLAN TRANSPARENCY AND ADMINISTRATION.--A FINANCIAL  
10 INSTITUTION OR PENSION MANAGEMENT ORGANIZATION PROVIDING  
11 SERVICES FOR ANY PLAN ESTABLISHED OR MAINTAINED BY A SCHOOL  
12 DISTRICT UNDER IRC § 403(B) OR 457 SHALL:

13 (1) ENTER INTO AN AGREEMENT WITH THE SCHOOL DISTRICT OR  
14 THE SCHOOL DISTRICT'S INDEPENDENT COMPLIANCE ADMINISTRATOR  
15 THAT SHALL REQUIRE THE FINANCIAL INSTITUTION OR PENSION  
16 MANAGEMENT ORGANIZATION TO PROVIDE IN AN ELECTRONIC FORMAT  
17 ALL DATA NECESSARY FOR THE ADMINISTRATION OF THE 403(B) PLAN  
18 OR 457 PLAN AS DETERMINED BY THE SCHOOL DISTRICT OR THE  
19 SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR; AND

20 (2) PROVIDE ALL DATA REQUIRED BY THE SCHOOL DISTRICT OR  
21 A SCHOOL DISTRICT'S COMPLIANCE ADMINISTRATOR TO FACILITATE  
22 DISCLOSURE OF ALL FEES, CHARGES, EXPENSES, COMMISSIONS,  
23 COMPENSATION AND PAYMENTS TO THIRD PARTIES RELATED TO  
24 INVESTMENTS OFFERED UNDER THE 403(B) PLAN OR 457 PLAN.

25 (C) PROVIDER SELECTION.--A SCHOOL DISTRICT THAT ESTABLISHES  
26 OR MAINTAINS A PLAN UNDER IRC § 403(B) OR 457 SHALL SELECT A  
27 MINIMUM OF FOUR FINANCIAL INSTITUTIONS OR PENSION MANAGEMENT  
28 ORGANIZATIONS, IN ADDITION TO THE FINANCIAL INSTITUTION OR  
29 PENSION MANAGEMENT ORGANIZATION THAT ENTERED INTO AN AGREEMENT  
30 PURSUANT TO SECTION 8411, TO PROVIDE SERVICES TO THE 403(B) PLAN

1 OR 457 PLAN. IF FEWER THAN FOUR SUCH ADDITIONAL FINANCIAL  
2 INSTITUTIONS OR PENSION MANAGEMENT ORGANIZATIONS ARE DETERMINED  
3 TO BE AVAILABLE OR ABLE TO MEET THE REQUIREMENTS ESTABLISHED IN  
4 THIS SECTION, THEN THE SCHOOL DISTRICT SHALL SELECT THE NUMBER  
5 OF AVAILABLE PROVIDERS ABLE TO MEET THE SCHOOL DISTRICT'S  
6 REQUIREMENTS. A FINANCIAL INSTITUTION OR PENSION MANAGEMENT  
7 ORGANIZATION SHALL BE DESIGNATED A 403(B) PLAN OR 457 PLAN  
8 PROVIDER IF THE FINANCIAL INSTITUTION OR PENSION MANAGEMENT  
9 ORGANIZATION ENTERS INTO AN AGREEMENT IN ACCORDANCE WITH  
10 SUBSECTION (B).

11 § 8412. RESPONSIBILITY FOR INVESTMENT LOSS.

12 THE COMMONWEALTH, THE BOARD, AN EMPLOYER OR A SCHOOL ENTITY  
13 OR OTHER POLITICAL SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY  
14 INVESTMENT LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF  
15 ANY INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO  
16 EARN AS MUCH AS ANY OTHER INVESTMENT OPPORTUNITY OR TO COST LESS  
17 THAN ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT SUCH OTHER  
18 OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.

19 § 8413. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT

20 ALLOCATION CHOICES.

21 (A) INVESTMENT BY PARTICIPANT.--ALL CONTRIBUTIONS, INTEREST  
22 AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A  
23 PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT  
24 ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN  
25 CONTRIBUTIONS FROM THE PARTICIPANT AND EMPLOYER DEFINED  
26 CONTRIBUTIONS. EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY  
27 WITH THE AMOUNT OF CONTRIBUTIONS, INTEREST AND INVESTMENT  
28 EARNINGS.

29 (B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN  
30 COMMONWEALTH.--INVESTMENT OF CONTRIBUTIONS BY ANY CORPORATION,

1 INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK, OR OTHER ENTITY  
2 THAT THE BOARD HAS APPROVED SHALL NOT BE UNREASONABLY DELAYED,  
3 AND IN NO CASE SHALL THE INVESTMENT OF CONTRIBUTIONS BE DELAYED  
4 MORE THAN 30 DAYS FROM THE DATE OF PAYROLL DEDUCTION OR  
5 VOLUNTARY CONTRIBUTIONS ARE MADE TO THE DATE THAT FUNDS ARE  
6 INVESTED. ANY INTEREST EARNED ON THE FUNDS PENDING INVESTMENT  
7 SHALL BE USED TO PAY ADMINISTRATIVE COSTS AND FEES THAT WOULD  
8 OTHERWISE BE REQUIRED TO BE BORNE BY PARTICIPANTS WHO ARE THEN  
9 PARTICIPATING IN THE PLAN OR THAT ARE FUNDED BY CONTRIBUTIONS  
10 FROM THE EMPLOYERS.

11 § 8414. EXPENSES.

12 ALL EXPENSES, FEES AND COSTS OF ADMINISTERING THE PLAN AND  
13 THE TRUST AND INVESTING THE ASSETS OF THE TRUST SHALL BE BORNE  
14 BY THE PARTICIPANTS AND PAID FROM ASSESSMENTS AGAINST THE  
15 BALANCES OF THE INDIVIDUAL INVESTMENT ACCOUNTS AS ESTABLISHED BY  
16 THE BOARD, EXCEPT THAT FOR FISCAL YEARS 2015-2016 AND 2016-2017,  
17 THE EXPENSES, FEES AND COSTS OF ESTABLISHING AND ADMINISTERING  
18 THE PLAN AND TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH  
19 ANNUAL APPROPRIATIONS.

20 § 8415. TAX QUALIFICATION.

21 (A) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS CHAPTER  
22 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM  
23 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF  
24 IRC § 401(A).

25 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

26 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND  
27 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION  
28 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED A  
29 LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL  
30 PLAN THAT IS IN EFFECT ON THE DATE THE CONTRIBUTION OR

1 BENEFIT PAYMENT TAKES EFFECT.

2 (II) AN INCREASE IN A LIMITATION UNDER IRC § 415  
3 SHALL APPLY TO THE PARTICIPANTS ON OR AFTER THE EFFECTIVE  
4 DATE OF THIS SECTION.

5 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM  
6 "GOVERNMENT PLAN" SHALL HAVE THE SAME MEANING AS IN IRC §  
7 414(D).

8 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN  
9 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF  
10 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR  
11 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR  
12 PARTICIPANTS RECEIVING DISTRIBUTIONS MAY NOT BE DEEMED TO  
13 PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF A  
14 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF  
15 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY  
16 PROVIDED BY LEGISLATION.

17 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE  
18 IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS  
19 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED  
20 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

21 SECTION 115. (RESERVED).

22 SECTION 116. SECTIONS 8501(A), (C), (D) AND (E) AND 8502(A),  
23 (B), (C), (E), (H), (I), (J), (K), (M), (N) AND (O) OF TITLE 24  
24 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS  
25 TO READ:

26 § 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD.

27 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN  
28 INDEPENDENT ADMINISTRATIVE BOARD AND SHALL CONSIST OF [15] 16  
29 MEMBERS: THE SECRETARY OF EDUCATION, EX OFFICIO; THE STATE  
30 TREASURER, EX OFFICIO; THE SECRETARY OF BANKING AND SECURITIES,



1 EX OFFICIO; TWO SENATORS; TWO MEMBERS OF THE HOUSE OF  
2 REPRESENTATIVES; THE EXECUTIVE SECRETARY OF THE PENNSYLVANIA  
3 SCHOOL BOARDS ASSOCIATION, EX OFFICIO; TWO TO BE APPOINTED BY  
4 THE GOVERNOR, AT LEAST ONE OF WHOM SHALL NOT BE A SCHOOL  
5 EMPLOYEE OR AN OFFICER OR EMPLOYEE OF THE STATE; THREE TO BE  
6 ELECTED BY THE ACTIVE PROFESSIONAL MEMBERS OF THE SYSTEM AND  
7 ACTIVE PROFESSIONAL PARTICIPANTS OF THE PLAN FROM AMONG THEIR  
8 NUMBER; ONE TO BE ELECTED BY ANNUITANTS OR PARTICIPANTS OF THE  
9 PLAN WHO HAVE TERMINATED SCHOOL SERVICE AND ARE RECEIVING OR ARE  
10 ELIGIBLE TO RECEIVE DISTRIBUTIONS FROM AMONG THEIR NUMBER; ONE  
11 TO BE ELECTED BY THE ACTIVE NONPROFESSIONAL MEMBERS OF THE  
12 SYSTEM OR ACTIVE NONPROFESSIONAL PARTICIPANTS OF THE PLAN FROM  
13 AMONG THEIR NUMBER; AND ONE TO BE ELECTED BY MEMBERS OF  
14 PENNSYLVANIA PUBLIC SCHOOL BOARDS FROM AMONG THEIR NUMBER. THE  
15 APPOINTMENTS MADE BY THE GOVERNOR SHALL BE CONFIRMED BY THE  
16 SENATE AND EACH ELECTION SHALL BE CONDUCTED IN A MANNER APPROVED  
17 BY THE BOARD. THE TERMS OF THE APPOINTED AND NONLEGISLATIVE  
18 ELECTED MEMBERS SHALL BE THREE YEARS. THE MEMBERS FROM THE  
19 SENATE SHALL BE APPOINTED BY THE PRESIDENT PRO TEMPORE OF THE  
20 SENATE AND SHALL CONSIST OF ONE MEMBER FROM THE MAJORITY AND ONE  
21 MEMBER FROM THE MINORITY. THE MEMBERS FROM THE HOUSE OF  
22 REPRESENTATIVES SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE  
23 OF REPRESENTATIVES AND SHALL CONSIST OF ONE MEMBER FROM THE  
24 MAJORITY AND ONE MEMBER FROM THE MINORITY. THE LEGISLATIVE  
25 MEMBERS SHALL SERVE ON THE BOARD FOR THE DURATION OF THEIR  
26 LEGISLATIVE TERMS AND SHALL CONTINUE TO SERVE UNTIL 30 DAYS  
27 AFTER THE CONVENING OF THE NEXT REGULAR SESSION OF THE GENERAL  
28 ASSEMBLY AFTER THE EXPIRATION OF THEIR RESPECTIVE LEGISLATIVE  
29 TERMS OR UNTIL A SUCCESSOR IS APPOINTED FOR THE NEW TERM,  
30 WHICHEVER OCCURS FIRST. THE CHAIRMAN OF THE BOARD SHALL BE

1 ELECTED BY THE BOARD MEMBERS. NO MEMBER OF THE BOARD WHO  
2 REPRESENTS ACTIVE MEMBERS OR ANNUITANTS OR IS A CURRENT MEMBER  
3 OF THE GENERAL ASSEMBLY CAN SERVE AS CHAIRMAN. EACH EX OFFICIO  
4 MEMBER OF THE BOARD AND EACH LEGISLATIVE MEMBER OF THE BOARD MAY  
5 APPOINT A DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN THE  
6 EVENT THAT A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE  
7 PARTICIPANT OR AS THE PARTICIPANT IN THE PLAN WHO IS RECEIVING  
8 OR IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL  
9 DISTRIBUTION OF THE BOARD MEMBER'S INTEREST IN THE PLAN, THAT  
10 BOARD MEMBER MAY CONTINUE TO SERVE ON THE BOARD FOR THE  
11 REMAINDER OF HIS TERM.

12 \* \* \*

13 (C) OATH OF OFFICE.--EACH MEMBER OF THE BOARD SHALL TAKE AN  
14 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,  
15 DILIGENTLY AND HONESTLY ADMINISTER THE AFFAIRS OF SAID BOARD,  
16 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE  
17 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW  
18 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE  
19 MEMBER MAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS  
20 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE  
21 SECRETARY OF THE COMMONWEALTH.

22 (D) COMPENSATION AND EXPENSES.--THE MEMBERS OF THE BOARD WHO  
23 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL  
24 SERVE WITHOUT COMPENSATION. MEMBERS OF THE BOARD WHO ARE MEMBERS  
25 OF THE SYSTEM OR PARTICIPANTS IN THE PLAN AND WHO ARE EMPLOYED  
26 BY A GOVERNMENTAL ENTITY SHALL NOT SUFFER LOSS OF SALARY OR  
27 WAGES THROUGH SERVING ON THE BOARD. THE BOARD, ON REQUEST OF THE  
28 EMPLOYER OF ANY MEMBER OF THE BOARD WHO IS AN ACTIVE  
29 PROFESSIONAL OR NONPROFESSIONAL MEMBER OF THE SYSTEM OR ACTIVE  
30 PROFESSIONAL OR NONPROFESSIONAL PARTICIPANT IN THE PLAN, MAY

1 REIMBURSE SUCH EMPLOYER FOR THE SALARY OR WAGES OF THE MEMBER OR  
2 PARTICIPANT, OR FOR THE COST OF EMPLOYING A SUBSTITUTE FOR SUCH  
3 MEMBER OR PARTICIPANT, WHILE THE MEMBER OR PARTICIPANT IS  
4 NECESSARILY ABSENT FROM EMPLOYMENT TO EXECUTE THE DUTIES OF THE  
5 BOARD. THE EMPLOYER OF ANY SUCH MEMBER SHALL PROVIDE LEAVE TO  
6 ALLOW SUCH MEMBER TO EXECUTE THE DUTIES OF THE BOARD, INCLUDING  
7 BUT NOT LIMITED TO, ATTENDANCE AT THE LOCATION OF ALL REGULAR  
8 AND SPECIAL BOARD AND COMMITTEE MEETINGS. THE MEMBERS OF THE  
9 BOARD WHO ARE NOT MEMBERS OF EITHER THE SCHOOL SYSTEM OR THE  
10 STATE EMPLOYEES' RETIREMENT SYSTEM MAY BE PAID \$100 PER DAY WHEN  
11 ATTENDING MEETINGS AND ALL BOARD MEMBERS SHALL BE REIMBURSED FOR  
12 ANY NECESSARY EXPENSES. HOWEVER, WHEN THE DUTIES OF THE BOARD AS  
13 MANDATED ARE NOT EXECUTED, NO COMPENSATION OR REIMBURSEMENT FOR  
14 EXPENSES OF BOARD MEMBERS SHALL BE PAID OR PAYABLE DURING THE  
15 PERIOD IN WHICH SUCH DUTIES ARE NOT EXECUTED.

16 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF  
17 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A  
18 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE  
19 THE LEGAL ADVISOR OF THE BOARD.] LEGAL COUNSEL TO THE BOARD  
20 SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF GENERAL  
21 COUNSEL, THE GENERAL ASSEMBLY AND THE ATTORNEY GENERAL.

22 (F) BOARD TRAINING.--EACH MEMBER OF THE BOARD WILL BE  
23 REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN  
24 INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT  
25 PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS.

26 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

27 (A) EMPLOYEES.--

28 (1) EFFECTIVE 30 DAYS AFTER THE EFFECTIVE DATE OF THIS  
29 PARAGRAPH, THE POSITIONS OF SECRETARY, ASSISTANT SECRETARY  
30 AND INVESTMENT PROFESSIONAL SHALL BE PLACED UNDER THE

1 UNCLASSIFIED SERVICE PROVISIONS OF THE ACT OF AUGUST 5, 1941  
2 (P.L.752, NO.286), KNOWN AS THE CIVIL SERVICE ACT, AS THOSE  
3 POSITIONS ARE VACATED. ALL OTHER POSITIONS OF THE BOARD SHALL  
4 BE PLACED IN EITHER THE CLASSIFIED OR UNCLASSIFIED SERVICE  
5 ACCORDING TO THE DEFINITION OF THE TERMS UNDER THE CIVIL  
6 SERVICE ACT.

7 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE  
8 COMPENSATION OF INVESTMENT PROFESSIONALS SHALL BE ESTABLISHED  
9 BY THE BOARD. THE COMPENSATION OF ALL OTHER OFFICERS AND  
10 EMPLOYEES OF THE BOARD WHO ARE NOT COVERED BY A COLLECTIVE  
11 BARGAINING AGREEMENT SHALL BE ESTABLISHED BY THE BOARD  
12 CONSISTENT WITH THE STANDARDS OF COMPENSATION ESTABLISHED BY  
13 THE EXECUTIVE BOARD OF THE COMMONWEALTH.

14 (3) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES  
15 PROVIDED FOR UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND  
16 THE PLAN, BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES  
17 INCURRED UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE  
18 PLAN AS APPROPRIATE.

19 (B) PROFESSIONAL PERSONNEL.--

20 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF  
21 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS,  
22 COUNSELORS, AN INVESTMENT COORDINATOR, AND SUCH OTHER  
23 PROFESSIONAL PERSONNEL AS IT DEEMS ADVISABLE.

24 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS  
25 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE  
26 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED  
27 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS  
28 APPROPRIATE.

29 (C) EXPENSES.--

30 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE

1 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE  
2 ADMINISTRATIVE EXPENSES OF [THIS PART.] THE SYSTEM AND A  
3 SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE  
4 PLAN. THE SEPARATE BUDGETS SHALL INCLUDE THOSE EXPENSES  
5 NECESSARY TO ESTABLISH THE PLAN AND TRUST.

6 (2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE  
7 GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM  
8 INVESTMENT EARNINGS OF THE FUND.

9 (3) FOR FISCAL YEARS BEGINNING ON OR AFTER JULY 1, 2017,  
10 THE EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL ASSEMBLY  
11 SHALL BE PAID FROM INTEREST, PURSUANT TO SECTION 8413(B)  
12 (RELATING TO INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT  
13 ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE  
14 PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR AS OTHERWISE  
15 PROVIDED IN THIS PART.

16 (4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE  
17 BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A  
18 LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY  
19 THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST  
20 OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID  
21 BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL  
22 SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE  
23 BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS MEMBERS  
24 AND FOR THE EXCLUSIVE BENEFIT OF THE PLAN AND ITS  
25 PARTICIPANTS, RESPECTIVELY.

26 \* \* \*

27 (E) RECORDS.--

28 (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS  
29 WHICH SHALL BE [OPEN TO INSPECTION BY] ACCESSIBLE TO THE  
30 PUBLIC, EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER

1 LAW.

2 (2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
3 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT  
4 PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT  
5 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]  
6 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),  
7 REFERRED TO] FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE  
8 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE  
9 BOARD, THE [INSPECTION] ACCESS WOULD:

10 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR  
11 ALTERNATIVE INVESTMENT VEHICLE INVOLVE THE RELEASE OF  
12 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO  
13 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT  
14 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY  
15 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

16 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE  
17 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL  
18 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

19 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE  
20 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED  
21 OF BY THE FUND OR TRUST, OR WOULD CAUSE A BREACH OF THE  
22 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS  
23 PART.

24 (3) THE FOLLOWING APPLY:

25 (I) THE SENSITIVE INVESTMENT OR FINANCIAL  
26 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
27 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED  
28 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
29 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
30 RIGHT-TO-KNOW LAW ONCE THE BOARD IS NO LONGER REQUIRED BY

1 ITS AGREEMENT TO MAINTAIN CONFIDENTIALITY.

2 (II) THE SENSITIVE INVESTMENT OR FINANCIAL  
3 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
4 PARAGRAPH (2)(II), TO THE EXTENT NOT OTHERWISE EXCLUDED  
5 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
6 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
7 RIGHT-TO-KNOW LAW ONCE:

8 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES  
9 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM  
10 THE INFORMATION WAS RECEIVED; OR

11 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE  
12 IS LIQUIDATED;

13 WHICHEVER IS LATER.

14 (III) THE SENSITIVE INVESTMENT OR FINANCIAL  
15 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
16 PARAGRAPH (2)(III), TO THE EXTENT NOT OTHERWISE EXCLUDED  
17 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
18 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
19 RIGHT-TO-KNOW LAW ONCE:

20 (A) THE [INSPECTION] ACCESS NO LONGER HAS A  
21 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN  
22 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A  
23 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET  
24 FORTH IN THIS PART; OR

25 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE  
26 IS LIQUIDATED;

27 WHICHEVER IS LATER.

28 (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING  
29 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY  
30 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED

1 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR  
2 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT  
3 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

4 (5) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,  
5 THE FOLLOWING INFORMATION REGARDING AN ALTERNATIVE INVESTMENT  
6 VEHICLE SHALL BE SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER  
7 THE RIGHT-TO-KNOW LAW:

8 (I) THE NAME, ADDRESS AND VINTAGE YEAR OF THE  
9 ALTERNATIVE INVESTMENT VEHICLE.

10 (II) THE IDENTITY OF THE MANAGER OF THE ALTERNATIVE  
11 INVESTMENT VEHICLE.

12 (III) THE DOLLAR AMOUNT OF THE COMMITMENT MADE BY  
13 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE.

14 (IV) THE DOLLAR AMOUNT OF CASH CONTRIBUTIONS MADE BY  
15 THE SYSTEM OR PLAN TO THE ALTERNATIVE INVESTMENT VEHICLE  
16 SINCE INCEPTION.

17 (V) THE DOLLAR AMOUNT OF CASH DISTRIBUTIONS RECEIVED  
18 BY THE SYSTEM OR PLAN FROM THE ALTERNATIVE INVESTMENT  
19 VEHICLE SINCE INCEPTION.

20 (VI) THE NET INTERNAL RATE OF RETURN OF THE  
21 ALTERNATIVE INVESTMENT VEHICLE SINCE INCEPTION, PROVIDED  
22 THAT THE SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE  
23 THE NET INTERNAL RATE OF RETURN UNDER CIRCUMSTANCES IN  
24 WHICH, BECAUSE OF THE LIMITED NUMBER OF PORTFOLIO ASSETS  
25 REMAINING IN THE ALTERNATIVE INVESTMENT VEHICLE, THE  
26 DISCLOSURE COULD REVEAL THE VALUES OF SPECIFICALLY  
27 IDENTIFIABLE REMAINING PORTFOLIO ASSETS TO THE DETRIMENT  
28 OF THE ALTERNATIVE INVESTMENT.

29 (VII) THE AGGREGATE VALUE OF THE REMAINING PORTFOLIO  
30 ASSETS ATTRIBUTABLE TO THE SYSTEM'S OR PLAN'S INVESTMENT



1 IN THE ALTERNATIVE INVESTMENT VEHICLE, PROVIDED THAT THE  
2 SYSTEM OR PLAN SHALL NOT BE REQUIRED TO DISCLOSE THE  
3 VALUE UNDER CIRCUMSTANCES IN WHICH, BECAUSE OF THE  
4 LIMITED NUMBER OF PORTFOLIO ASSETS REMAINING IN THE  
5 ALTERNATIVE INVESTMENT VEHICLE, THE DISCLOSURE COULD  
6 REVEAL THE VALUES OF SPECIFICALLY IDENTIFIABLE REMAINING  
7 PORTFOLIO ASSETS TO THE DETRIMENT OF THE ALTERNATIVE  
8 INVESTMENT.

9 (VIII) THE DOLLAR AMOUNT OF TOTAL MANAGEMENT FEES  
10 AND COSTS PAID TO THE ALTERNATIVE INVESTMENT VEHICLE BY  
11 THE SYSTEM OR PLAN ON AN ANNUAL FISCAL YEAR-END BASIS.

12 (6) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
13 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES OR AGENTS  
14 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS  
15 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT  
16 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE  
17 RIGHT-TO-KNOW LAW, IF, IN THE REASONABLE JUDGMENT OF THE  
18 BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:

19 (I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER  
20 INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,  
21 INCLUDING ROLLOVER CONTRIBUTIONS AND TRUSTEE-TO-TRUSTEE  
22 TRANSFERS, OF ANY PARTICIPANT.

23 (II) THE INVESTMENT OPTION SELECTIONS OF ANY  
24 PARTICIPANT.

25 (III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL  
26 INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO  
27 THE PARTICIPANT, AND ANY INVESTMENT GAINS OR LOSSES, OR  
28 RATES OF RETURN.

29 (IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED  
30 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.

1           (V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.

2           (7) THE FOLLOWING SHALL APPLY:

3           (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN  
4           THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR  
5           DATA THAT WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER THIS  
6           SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S FIDUCIARY  
7           DUTIES.

8           (II) THIS SUBSECTION SHALL APPLY TO A RECORD,  
9           MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING  
10          WHETHER:

11          (A) THE RECORD, MATERIAL OR DATA WAS CREATED,  
12          GENERATED OR STORED BEFORE THE EFFECTIVE DATE OF THIS  
13          SECTION;

14          (B) THE RECORD, MATERIAL OR DATA WAS PREVIOUSLY  
15          RELEASED OR MADE PUBLIC; OR

16          (C) A REQUEST FOR THE RECORD, MATERIAL OR DATA  
17          WAS MADE OR IS PENDING FINAL RESPONSE UNDER THE  
18          FORMER ACT OF JUNE 21, 1957 (P.L.390, NO.212),  
19          REFERRED TO AS THE RIGHT-TO-KNOW LAW, OR THE RIGHT-  
20          TO-KNOW LAW.

21          \* \* \*

22          (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE  
23          ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND  
24          PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION  
25          OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL  
26          COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF  
27          CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE  
28          BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,  
29          PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS  
30          AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND

1 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS  
2 ARE ADOPTED AND PUBLISHED PURSUANT TO SUBSECTION (J) AS  
3 NECESSARY FOR THE CALCULATION OF ANNUITIES AND OTHER BENEFITS,  
4 SHALL BE AS EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY  
5 ACTUARIAL ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE,  
6 REGULATION OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS  
7 FOR DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM  
8 MANNER.

9 (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA  
10 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL  
11 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE  
12 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH FISCAL YEAR.  
13 THE BOARD SHALL HAVE FINAL AUTHORITY OVER THE MEANS BY WHICH  
14 DATA IS COLLECTED, MAINTAINED AND STORED AND IN SO DOING SHALL  
15 PROTECT THE RIGHTS OF ITS MEMBERSHIP AS TO PRIVACY AND  
16 CONFIDENTIALITY.

17 (J) ACTUARIAL INVESTIGATION AND VALUATION.--THE BOARD SHALL  
18 HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS  
19 ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH  
20 FISCAL YEAR. IN THE FISCAL YEAR 1975 AND IN EVERY FIFTH YEAR  
21 THEREAFTER, THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN  
22 ACTUARIAL INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON  
23 DATA INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION  
24 EXPERIENCE PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING  
25 FIVE YEARS CONCERNING THE MEMBERS AND BENEFICIARIES OF THE  
26 SYSTEM. THE BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE  
27 NECESSARY FOR THE ACTUARIAL VALUATION OF THE FUND AND  
28 CALCULATION OF CONTRIBUTIONS, ANNUITIES, AND OTHER BENEFITS  
29 BASED ON THE REPORTS AND RECOMMENDATIONS OF THE ACTUARY. WITHIN  
30 30 DAYS OF THEIR ADOPTION, THE SECRETARY OF THE BOARD SHALL

1 CAUSE THOSE TABLES WHICH RELATE TO THE CALCULATION OF ANNUITIES  
2 AND OTHER BENEFITS TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN  
3 IN ACCORDANCE WITH THE PROVISIONS OF 45 PA.C.S. § 725(A)  
4 (RELATING TO ADDITIONAL CONTENTS OF PENNSYLVANIA BULLETIN) AND,  
5 UNLESS THE BOARD SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH  
6 TABLES SHALL BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD  
7 SHALL INCLUDE A REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS  
8 AND DATA DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND  
9 EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT  
10 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (N) FOR THE  
11 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE  
12 CONCLUDED.

13 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND.--THE  
14 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET  
15 REQUIRED UNDER SECTION 8330 (RELATING TO APPROPRIATIONS BY THE  
16 COMMONWEALTH), CERTIFY TO THE EMPLOYERS AND THE COMMONWEALTH THE  
17 EMPLOYER CONTRIBUTION RATE EXPRESSED AS A PERCENTAGE OF MEMBERS'  
18 PAYROLL NECESSARY FOR THE FUNDING OF PROSPECTIVE ANNUITIES FOR  
19 ACTIVE MEMBERS AND THE ANNUITIES OF ANNUITANTS, AND CERTIFY THE  
20 RATES AND AMOUNTS OF THE NORMAL CONTRIBUTIONS AS DETERMINED  
21 PURSUANT TO SECTION 8328(B) (RELATING TO ACTUARIAL COST METHOD),  
22 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO  
23 SECTION 8328(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS  
24 DETERMINED PURSUANT TO SECTION 8328(D), THE EXPERIENCE  
25 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 8328(E),  
26 PREMIUM ASSISTANCE CONTRIBUTIONS AS DETERMINED PURSUANT TO  
27 SECTION 8328(F), THE COSTS ADDED BY LEGISLATION AS DETERMINED  
28 PURSUANT TO SECTION 8328(I), THE ACTUARIAL REQUIRED CONTRIBUTION  
29 RATE AS DETERMINED PURSUANT TO SECTION 8328(I), THE COLLARED  
30 CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION 8328(G), THE

1 FINAL CONTRIBUTION RATE AS DETERMINED PURSUANT TO SECTION  
2 8328(H) AND THE SHARED-RISK CONTRIBUTION RATE AS DETERMINED  
3 UNDER SECTION 8321(B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS  
4 FOR CURRENT SERVICE), WHICH SHALL BE PAID TO THE FUND AND  
5 CREDITED TO THE APPROPRIATE ACCOUNTS. THESE CERTIFICATIONS SHALL  
6 BE REGARDED AS FINAL AND NOT SUBJECT TO MODIFICATION BY THE  
7 SECRETARY OF THE BUDGET.

8 \* \* \*

9 (M) MEMBER CONTRIBUTIONS AND INTEREST.--THE BOARD SHALL  
10 CAUSE EACH MEMBER'S CONTRIBUTIONS, INCLUDING PAYROLL DEDUCTIONS,  
11 PICKUP CONTRIBUTIONS, SHARED RISK CONTRIBUTIONS AND ALL OTHER  
12 PAYMENTS, INCLUDING, BUT NOT LIMITED TO, AMOUNTS COLLECTED BY  
13 THE STATE EMPLOYEES' RETIREMENT SYSTEM FOR THE REINSTATEMENT OF  
14 PREVIOUS SCHOOL SERVICE OR CREDITABLE NONSCHOOL SERVICE AND  
15 AMOUNTS PAID TO RETURN BENEFITS PAID AFTER THE DATE OF RETURN TO  
16 SCHOOL SERVICE OR ENTERING STATE SERVICE REPRESENTING LUMP SUM  
17 PAYMENTS MADE PURSUANT TO SECTION 8345(A)(4)(III) (RELATING TO  
18 MEMBER'S OPTIONS) AND MEMBER'S ANNUITY PAYMENTS, BUT NOT  
19 INCLUDING OTHER BENEFITS RETURNED PURSUANT TO SECTION 8346(A.1)  
20 AND (A.2) (RELATING TO TERMINATION OF ANNUITIES), TO BE CREDITED  
21 TO THE ACCOUNT OF SUCH MEMBER AND SHALL PAY ALL SUCH AMOUNTS  
22 INTO THE FUND. SUCH CONTRIBUTIONS SHALL BE CREDITED WITH  
23 STATUTORY INTEREST UNTIL DATE OF TERMINATION OF SERVICE, EXCEPT  
24 IN THE CASE OF A VESTEE, WHO SHALL HAVE SUCH INTEREST CREDITED  
25 UNTIL THE EFFECTIVE DATE OF RETIREMENT OR UNTIL THE RETURN OF  
26 HIS ACCUMULATED DEDUCTIONS, IF HE SO ELECTS; AND IN THE CASE OF  
27 A MULTIPLE SERVICE MEMBER WHO SHALL HAVE SUCH INTEREST CREDITED  
28 UNTIL TERMINATION OF SERVICE IN BOTH THE SCHOOL AND THE STATE  
29 SYSTEMS.

30 (N) ANNUAL FINANCIAL [STATEMENT] STATEMENTS.--THE BOARD

1 SHALL PREPARE AND HAVE PUBLISHED, ON OR BEFORE JANUARY 1 OF EACH  
2 YEAR, [A FINANCIAL STATEMENT] FINANCIAL STATEMENTS AS OF THE  
3 FISCAL YEAR ENDING JUNE 30 OF THE PREVIOUS YEAR SHOWING THE  
4 CONDITION OF THE FUND, THE TRUST AND THE VARIOUS ACCOUNTS,  
5 INCLUDING, BUT NOT LIMITED TO, THE BOARD'S ACCRUAL AND  
6 EXPENDITURE OF DIRECTED COMMISSIONS, AND SETTING FORTH SUCH  
7 OTHER FACTS, RECOMMENDATIONS AND DATA AS MAY BE OF USE IN THE  
8 ADVANCEMENT OF KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS  
9 PROVIDED BY THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL  
10 [STATEMENT] STATEMENTS TO THE GOVERNOR AND SHALL MAKE COPIES  
11 AVAILABLE TO THE EMPLOYERS FOR THE USE OF THE SCHOOL EMPLOYEES  
12 AND THE PUBLIC.

13 (O) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR  
14 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY AN  
15 INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM[, WHICH AUDIT]. THE  
16 AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND EXPENDITURE OF  
17 DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME INDEPENDENT  
18 CERTIFIED PUBLIC ACCOUNTING FIRM FOR THE AUDITS OF BOTH THE  
19 SYSTEM AND THE PLAN.

20 \* \* \*

21 (O) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE  
22 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED  
23 BUDGET REQUIRED UNDER SECTION 8330, CERTIFY, AS A PERCENTAGE OF  
24 EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED  
25 CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO  
26 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. THESE  
27 CERTIFICATIONS SHALL BE REGARDED AS FINAL AND NOT SUBJECT TO  
28 MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL  
29 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON  
30 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY

1 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
2 INVESTMENT ACCOUNT.

3 (R) MANAGEMENT FEES.--

<--

4 (1) AT THE BEGINNING OF THE NEXT FISCAL YEAR AFTER THE  
5 REPORT IN SECTION 8538(B)(5) (RELATING TO PUBLIC PENSION  
6 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION) IS  
7 DELIVERED TO THE GOVERNOR AND THE GENERAL ASSEMBLY, THE BOARD  
8 SHALL IMPLEMENT A STRATEGY TO REDUCE PENSION MANAGEMENT FEES  
9 TO BE WITHIN THE 75% LEAST EXPENSIVE SYSTEMS COMPARED TO  
10 OTHER STATEWIDE PUBLIC PENSION FUNDS PERFORMING IN THE UNITED  
11 STATES BY THE FIFTH FISCAL YEAR, BASED ON BENCHMARKING  
12 ANALYSIS PROVIDED BY A CONSULTANT WITH DATA AND EXPERTISE ON  
13 PENSION FUNDS.

14 (2) SUBSEQUENT TO THE FIVE-YEAR PERIOD DESCRIBED IN  
15 PARAGRAPH (1), THE BOARD SHALL IMPLEMENT AN ADDITIONAL  
16 STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT FEES TO BE WITHIN  
17 THE 60% LEAST COSTLY STATEWIDE PUBLIC PENSION SYSTEMS  
18 PERFORMING IN THE UNITED STATES BY THE TENTH FISCAL YEAR,  
19 BASED ON BENCHMARKING ANALYSIS PROVIDED BY A CONSULTANT WITH  
20 DATA AND EXPERTISE ON PENSION FUNDS.

21 (3) FOR THE PURPOSES OF THIS SECTION, PENSION MANAGEMENT  
22 FEES SHALL MEAN INVESTMENT MANAGEMENT FEES EXPRESSED AS A  
23 PERCENTAGE OF ASSETS UNDER MANAGEMENT.

24 SECTION 117. SECTION 8502.2(A) OF TITLE 24 IS AMENDED TO  
25 READ:

26 § 8502.2. HEALTH INSURANCE.

27 (A) AUTHORITY.--THE BOARD MAY SPONSOR A PARTICIPANT-FUNDED  
28 GROUP HEALTH INSURANCE PROGRAM FOR ANNUITANTS, PARTICIPANTS  
29 RECEIVING DISTRIBUTIONS, SPOUSES OF ANNUITANTS AND PARTICIPANTS  
30 RECEIVING DISTRIBUTIONS, SURVIVOR ANNUITANTS AND THEIR

DEPENDENTS. THE BOARD MAY PROMULGATE REGULATIONS REGARDING THE  
PRUDENT AND EFFICIENT OPERATION OF THE PROGRAM, INCLUDING, BUT  
NOT LIMITED TO:

(1) ESTABLISHMENT OF AN ANNUAL BUDGET AND DISBURSEMENTS  
IN ACCORDANCE WITH THE BUDGET.

(2) DETERMINATION OF THE BENEFITS STRUCTURE.

(3) DETERMINATION OF ENROLLMENT PROCEDURES.

(4) ESTABLISHMENT OF PREMIUM RATES SUFFICIENT TO FULLY  
FUND THE PROGRAM, INCLUDING ADMINISTRATIVE EXPENSES.

(5) CONTRACTING FOR GOODS, EQUIPMENT, SERVICES,  
CONSULTANTS AND OTHER PROFESSIONAL PERSONNEL AS NEEDED TO  
OPERATE THE PROGRAM.

\* \* \*

SECTION 118. SECTIONS ~~8503(A)~~ 8503 HEADING, (A) AND (B), <--  
8505 HEADING, (H) AND (I), 8506(A), (D), (E), (F), (I) AND (K)  
AND ~~8507(A)~~ 8507 HEADING, (A), (E), (F) AND (I) OF TITLE 24 ARE <--  
AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO  
READ:

§ 8503. DUTIES OF BOARD TO ADVISE AND REPORT TO EMPLOYERS [AND  
MEMBERS], MEMBERS AND PARTICIPANTS.

(A) MANUAL OF REGULATIONS.--THE BOARD SHALL, WITH THE ADVICE  
OF THE ATTORNEY GENERAL AND THE ACTUARY, PREPARE, WITHIN 90 DAYS  
OF THE EFFECTIVE DATE OF THIS PART, A MANUAL INCORPORATING RULES  
AND REGULATIONS CONSISTENT WITH THE PROVISIONS OF THIS PART FOR  
THE EMPLOYERS WHO SHALL MAKE INFORMATION CONTAINED THEREIN  
AVAILABLE TO THE GENERAL MEMBERSHIP. THE BOARD SHALL THEREAFTER  
ADVISE THE EMPLOYERS WITHIN 90 DAYS OF ANY CHANGES IN SUCH RULES  
AND REGULATIONS DUE TO CHANGES IN THE LAW OR DUE TO CHANGES IN  
ADMINISTRATIVE POLICIES. AS SOON AS PRACTICABLE AFTER THE  
COMMISSIONER'S PUBLICATION WITH RESPECT THERETO, THE BOARD SHALL



1 ALSO ADVISE THE EMPLOYERS AS TO ANY COST-OF-LIVING ADJUSTMENT  
2 FOR THE SUCCEEDING CALENDAR YEAR IN THE AMOUNT OF THE LIMITATION  
3 UNDER IRC § 401(A)(17) AND THE DOLLAR AMOUNTS OF THE LIMITATIONS  
4 UNDER IRC § [415(B)] 415.

5 (B) MEMBER STATUS STATEMENTS.--THE BOARD SHALL FURNISH  
6 ANNUALLY ON OR BEFORE DECEMBER 31, A STATEMENT TO EACH MEMBER  
7 SHOWING THE ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE  
8 MEMBER AND THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF  
9 SERVICE CREDITED IN EACH CLASS OF SERVICE, AS APPLICABLE, AS OF  
10 JUNE 30 OF THAT YEAR. EACH MEMBER'S STATEMENT SHALL [BE MAILED  
11 TO HIS HOME ADDRESS AND SHALL] INCLUDE A REQUEST THAT THE MEMBER  
12 MAKE ANY NECESSARY CORRECTIONS OR REVISIONS REGARDING HIS  
13 DESIGNATED BENEFICIARY, WHOSE NAME AT THE REQUEST OF THE MEMBER  
14 SHALL REMAIN CONFIDENTIAL AND NOT APPEAR ON THIS STATEMENT.

15 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL  
16 FURNISH ANNUALLY TO EACH PARTICIPANT ON OR BEFORE DECEMBER 31,  
17 AND MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY  
18 LAW, A STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED  
19 CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
20 INVESTMENT ACCOUNT, THE NATURE AND TYPE OF INVESTMENTS AND THE  
21 INVESTMENT ALLOCATION OF FUTURE CONTRIBUTIONS AS OF JUNE 30 OF  
22 THE CURRENT YEAR AND SHALL REQUEST THE PARTICIPANT TO MAKE ANY  
23 NECESSARY CORRECTION OR REVISION REGARDING HIS DESIGNATED  
24 BENEFICIARY.

25 \* \* \*

26 § 8505. DUTIES OF BOARD REGARDING APPLICATIONS AND ELECTIONS OF  
27 MEMBERS AND PARTICIPANTS.

28 \* \* \*

29 (E.1) CERTIFICATION TO PARTICIPANTS TERMINATING SERVICE.--  
30 THE BOARD SHALL CERTIFY TO THE PARTICIPANT IN WRITING WITHIN ONE

YEAR OF TERMINATION OF SERVICE OF THE PARTICIPANTS OF THE VESTED  
ACCUMULATED TOTAL DEFINED CONTRIBUTIONS CREDITED TO THE  
PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE  
STATED IN THE WRITING, ANY NOTICES REGARDING ROLLOVER OR OTHER  
MATTERS REQUIRED BY IRC OR OTHER LAW, THE OBLIGATION OF THE  
PARTICIPANT TO COMMENCE DISTRIBUTIONS FROM THE PLAN BY THE  
PARTICIPANT'S REQUIRED BEGINNING DATE AND THE ABILITY TO RECEIVE  
ALL OR PART OF THE VESTED BALANCE IN THE PARTICIPANT'S  
INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN SUCH OTHER  
FORM AS THE BOARD MAY AUTHORIZE OR AS REQUIRED BY LAW.

\* \* \*

(F.1) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING  
REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY IN WRITING EACH  
INACTIVE PARTICIPANT WHO HAS TERMINATED SCHOOL SERVICE AND WHO  
HAS NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE  
PARTICIPANT'S REQUIRED BEGINNING DATE THAT THE INACTIVE  
PARTICIPANT HAS AN OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE  
REQUIRED BEGINNING DATE IN A FORM AND MANNER REQUIRED BY IRC §  
401(A) (9) AND OTHER APPLICABLE PROVISIONS OF IRC.

\* \* \*

(G.1) INITIAL PAYMENT TO A PARTICIPANT.--THE BOARD SHALL  
MAKE THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A  
DISTRIBUTION WITHIN 60 DAYS OF THE FILING OF THE APPLICATION AND  
RECEIPT OF THE REQUIRED DATA FROM THE EMPLOYER OF THE  
PARTICIPANT AND OTHER NECESSARY DATA.

(H) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION OF THE  
DEATH OF A MEMBER OR FORMER MEMBER ON USERRA LEAVE OR AN ACTIVE  
PARTICIPANT, AN INACTIVE PARTICIPANT OR A FORMER PARTICIPANT  
PERFORMING USERRA LEAVE, THE BOARD SHALL NOTIFY THE DESIGNATED  
BENEFICIARY OR SURVIVOR ANNUITANT OF THE BENEFITS TO WHICH HE IS

1 ENTITLED AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY  
2 UNDER THE [PLAN] BENEFITS ELECTED BY THE BENEFICIARY WITHIN 60  
3 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER NECESSARY  
4 DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT THE DATE OF  
5 THE MEMBER'S OR PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED  
6 WITH THE BOARD TO PAY THE AMOUNT OF SUCH BENEFITS TO THE  
7 MEMBER'S OR PARTICIPANT'S ESTATE, THE BOARD IS AUTHORIZED TO PAY  
8 SUCH BENEFITS TO THE EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE  
9 OR NEXT-OF-KIN OF THE DECEASED MEMBER OR PARTICIPANT, AND  
10 PAYMENT PURSUANT HERETO SHALL FULLY DISCHARGE THE FUND OR PLAN  
11 FROM ANY FURTHER LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO  
12 ANY OTHER PERSON. IF THE SURVIVING SPOUSE OR NEXT-OF-KIN OF THE  
13 DECEASED MEMBER OR PARTICIPANT CANNOT BE FOUND FOR THE PURPOSE  
14 OF PAYING SUCH BENEFITS FOR A PERIOD OF SEVEN YEARS FROM THE  
15 DATE OF DEATH OF THE MEMBER OR PARTICIPANT, THEN SUCH BENEFITS  
16 SHALL BE ESCHEATED TO THE COMMONWEALTH FOR THE BENEFIT OF THE  
17 FUND OR PLAN.

18 (I) MEDICAL INSURANCE COVERAGE.--UPON RECEIPT OF  
19 NOTIFICATION FROM AN INSURANCE CARRIER OFFERING A HEALTH  
20 INSURANCE PROGRAM APPROVED BY THE BOARD THAT AN ANNUITANT OR  
21 PARTICIPANT WHO HAS ATTAINED AGE 65 HAS ELECTED MEDICAL, MAJOR  
22 MEDICAL, AND HOSPITALIZATION INSURANCE COVERAGE OR NOTIFICATION  
23 THAT ANNUITANTS WITH LESS THAN 24 1/2 ELIGIBILITY POINTS (OTHER  
24 THAN DISABILITY ANNUITANTS), SPOUSES OF ANNUITANTS AND SURVIVOR  
25 ANNUITANTS ELIGIBLE TO ELECT TO ENROLL IN THE APPROVED HEALTH  
26 INSURANCE PROGRAM HAVE ELECTED PARTICIPATION IN SUCH HEALTH  
27 INSURANCE PROGRAM, THE BOARD MAY DEDUCT FROM THE ANNUITY  
28 PAYMENTS, FROM PAYMENTS TO A PARTICIPANT RECEIVING DISTRIBUTIONS  
29 OR FROM A SUCCESSOR PAYEE, THE APPROPRIATE ANNUAL CHARGES IN  
30 EQUAL MONTHLY INSTALLMENTS. SUCH DEDUCTIONS SHALL BE TRANSMITTED

1 TO THE INSURANCE CARRIER.

2 \* \* \*

3 § 8506. DUTIES OF EMPLOYERS.

4 (A) STATUS OF MEMBERS AND PARTICIPANTS.--THE EMPLOYER SHALL,  
5 EACH MONTH, NOTIFY THE BOARD IN A MANNER PRESCRIBED BY THE BOARD  
6 OF THE SALARY CHANGES EFFECTIVE DURING THE PAST MONTH, THE DATE  
7 OF ALL REMOVALS FROM THE PAYROLL, AND THE TYPE OF LEAVE OF ANY  
8 MEMBER OR PARTICIPANT WHO HAS BEEN REMOVED FROM THE PAYROLL FOR  
9 ANY TIME DURING THAT MONTH, AND:

10 (1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, THE  
11 EMPLOYER SHALL FURNISH THE BOARD WITH THE DATE OF BEGINNING  
12 LEAVE, THE DATE OF RETURN TO SERVICE, AND THE REASON FOR  
13 LEAVE;

14 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER  
15 EMPLOYER, THE FORMER EMPLOYER SHALL FURNISH SUCH EMPLOYER AND  
16 THE BOARD WITH A COMPLETE SCHOOL SERVICE RECORD, INCLUDING  
17 CREDITED OR CREDITABLE NONSCHOOL SERVICE; OR

18 (3) IF THE REMOVAL IS DUE TO TERMINATION OF SCHOOL  
19 SERVICE, THE EMPLOYER SHALL FURNISH THE BOARD WITH A COMPLETE  
20 SCHOOL SERVICE RECORD INCLUDING CREDITED OR CREDITABLE  
21 NONSCHOOL SERVICE AND IN THE CASE OF DEATH OF THE MEMBER OR  
22 PARTICIPANT THE EMPLOYER SHALL SO NOTIFY THE BOARD.

23 \* \* \*

24 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE  
25 EMPLOYER SHALL CAUSE THE MANDATORY PICKUP PARTICIPANT  
26 CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE AND SHALL  
27 CAUSE TO BE DEDUCTED ANY VOLUNTARY CONTRIBUTIONS AUTHORIZED BY A  
28 PARTICIPANT. THE EMPLOYER SHALL ALSO CAUSE THE EMPLOYER DEFINED  
29 CONTRIBUTIONS ON BEHALF OF A PARTICIPANT TO BE MADE. THE  
30 EMPLOYER SHALL NOTIFY THE BOARD AT TIMES AND IN A MANNER

1 PRESCRIBED BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT  
2 TO WHOM THE LIMITATION UNDER IRC § 401(A)(17) EITHER APPLIES OR  
3 IS EXPECTED TO APPLY AND SHALL CAUSE THE PARTICIPANT'S  
4 CONTRIBUTIONS TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE  
5 LIMITATION UNDER IRC § 401(A)(17) ON THE PAYROLL DATE IF AND  
6 WHEN SUCH LIMIT SHALL BE REACHED. THE EMPLOYER SHALL CERTIFY TO  
7 THE BOARD THE AMOUNTS PICKED UP AND DEDUCTED AND THE EMPLOYER  
8 DEFINED CONTRIBUTIONS BEING MADE AND SHALL SEND THE TOTAL AMOUNT  
9 PICKED UP, DEDUCTED AND CONTRIBUTED TOGETHER WITH A DUPLICATE OF  
10 SUCH VOUCHER TO THE SECRETARY OF THE BOARD EVERY PAY PERIOD OR  
11 ON SUCH SCHEDULE AS ESTABLISHED BY THE BOARD.

12 (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR  
13 PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW SCHOOL  
14 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,  
15 THE EMPLOYER SHALL NO LATER THAN 30 DAYS THEREAFTER CAUSE AN  
16 APPLICATION FOR MEMBERSHIP OR PARTICIPATION, WHICH APPLICATION  
17 SHALL INCLUDE THE EMPLOYEE'S HOME ADDRESS, BIRTHDATE CERTIFIED  
18 BY THE EMPLOYER, PREVIOUS SCHOOL OR STATE SERVICE AND ANY OTHER  
19 INFORMATION REQUESTED BY THE BOARD, AND A NOMINATION OF  
20 BENEFICIARY TO BE MADE BY SUCH EMPLOYEE AND FILED WITH THE BOARD  
21 AND SHALL MAKE PICKUP CONTRIBUTIONS OR MANDATORY PICKUP  
22 PARTICIPANT CONTRIBUTIONS FROM THE EFFECTIVE DATE OF SCHOOL  
23 EMPLOYMENT.

24 (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR  
25 PARTICIPATION.--THE EMPLOYER SHALL INFORM ANY ELIGIBLE SCHOOL  
26 EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE  
27 PLAN IS NOT MANDATORY OF HIS OPPORTUNITY TO BECOME A MEMBER OF  
28 THE SYSTEM OR PARTICIPANT IN THE PLAN PROVIDED THAT HE ELECTS TO  
29 PURCHASE CREDIT FOR ALL SUCH CONTINUOUS CREDITABLE SERVICE. IF  
30 SUCH EMPLOYEE SO ELECTS, THE EMPLOYER SHALL NO LATER THAN 30

1 DAYS THEREAFTER CAUSE AN APPLICATION FOR MEMBERSHIP OR  
2 PARTICIPATION WHICH APPLICATION SHALL INCLUDE THE EMPLOYEE'S  
3 HOME ADDRESS, BIRTHDATE CERTIFIED BY THE EMPLOYER, PREVIOUS  
4 SCHOOL OR STATE SERVICE AND ANY OTHER INFORMATION REQUESTED BY  
5 THE BOARD, AND A NOMINATION OF BENEFICIARY TO BE MADE BY HIM AND  
6 FILED WITH THE BOARD AND SHALL CAUSE PROPER CONTRIBUTIONS TO BE  
7 MADE FROM THE DATE OF ELECTION OF MEMBERSHIP OR PARTICIPATION.

8 (F) ADVISING MEMBERS OF DUTIES.--THE EMPLOYER SHALL ADVISE  
9 HIS EMPLOYEES OF THEIR DUTIES AS MEMBERS OF THE SYSTEM AND  
10 PARTICIPANTS OF THE PLAN. LOCAL SCHOOL DISTRICTS SHALL BE HELD  
11 HARMLESS FROM DECISIONS MADE BY THE EMPLOYEE IN THIS REGARD.

12 \* \* \*

13 (I) TERMINATION OF SERVICE BY MEMBERS.--THE EMPLOYER SHALL,  
14 IN THE CASE OF ANY MEMBER TERMINATING SCHOOL SERVICE, ADVISE  
15 SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE SYSTEM TO WHICH  
16 HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS PART AND SHALL  
17 HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF TERMINATION OF  
18 SCHOOL SERVICE, ONE OF THE FOLLOWING THREE FORMS, A COPY OF  
19 WHICH SHALL BE GIVEN TO THE MEMBER AND THE ORIGINAL OF WHICH  
20 SHALL BE FILED WITH THE BOARD:

21 (1) AN APPLICATION FOR THE RETURN OF ACCUMULATED  
22 DEDUCTIONS.

23 (2) AN ELECTION TO VEST HIS RETIREMENT RIGHTS, IF  
24 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO  
25 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN  
26 AGREEMENT TO PAY WITHIN 30 DAYS OF THE DATE OF TERMINATION OF  
27 SERVICE THE LUMP SUM REQUIRED.

28 (3) AN APPLICATION FOR AN IMMEDIATE ANNUITY, IF  
29 ELIGIBLE, AND, IF HE IS A JOINT COVERAGE MEMBER AND SO  
30 DESIRES, AN ELECTION TO BECOME A FULL COVERAGE MEMBER AND AN

1       AGREEMENT TO PAY WITHIN 30 DAYS OF DATE OF TERMINATION OF  
2       SERVICE THE LUMP SUM REQUIRED.

3       \* \* \*

4       (K)   SCHOOL EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED  
5       LEAVE OF ABSENCE.--THE EMPLOYER SHALL REPORT TO THE BOARD ALL OF  
6       THE FOLLOWING:

7           (1)   ANY SCHOOL EMPLOYEE WHO:

8                (I)   CEASES TO BE AN ACTIVE MEMBER OR ACTIVE  
9                PARTICIPANT TO PERFORM USERRA SERVICE; OR

10               (II)   IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S.  
11       § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN  
12       GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE OF ABSENCE  
13       UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY  
14       LEAVES OF ABSENCE).

15           (2)   THE DATE ON WHICH THE USERRA SERVICE, LEAVE OF  
16       ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN.

17           (3)   THE DATE ON WHICH THE SCHOOL EMPLOYEE IS REEMPLOYED  
18       FROM USERRA LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR  
19       MILITARY LEAVE OF ABSENCE, IF APPLICABLE.

20           (4)   ANY OTHER INFORMATION THE BOARD MAY REQUIRE.

21       (L)   DIFFERENTIAL WAGE PAYMENTS AND MILITARY LEAVE OF ABSENCE  
22       PAYMENTS.--NOTWITHSTANDING THE EXCLUSION OF DIFFERENTIAL WAGE  
23       PAYMENTS AS DEFINED IN IRC § 414(U) (12) FROM COMPENSATION UNDER  
24       THIS PART, THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON USERRA LEAVE  
25       SHALL REPORT DIFFERENTIAL WAGE PAYMENTS MADE TO THE EMPLOYEE TO  
26       THE BOARD, AND THE EMPLOYER OF ANY SCHOOL EMPLOYEE ON LEAVE OF  
27       ABSENCE PURSUANT TO 51 PA.C.S. § 4102, SHALL REPORT ANY PAYMENT  
28       MADE TO THE EMPLOYEE IN THE FORM AND MANNER ESTABLISHED BY THE  
29       BOARD.

30       § 8507.   RIGHTS AND DUTIES OF SCHOOL EMPLOYEES [AND MEMBERS],

1                   MEMBERS AND PARTICIPANTS.

2           (A)    INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF  
3   DUTIES, EACH NEW SCHOOL EMPLOYEE SHALL FURNISH HIS EMPLOYER WITH  
4   A COMPLETE RECORD OF HIS PREVIOUS SCHOOL OR STATE SERVICE, OR  
5   CREDITABLE NONSCHOOL SERVICE, PROOF OF HIS DATE OF BIRTH, HIS  
6   HOME ADDRESS, HIS CURRENT STATUS IN THE SYSTEM AND THE PLAN AND  
7   IN THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE STATE  
8   EMPLOYEES' DEFINED CONTRIBUTION PLAN AND SUCH OTHER INFORMATION  
9   AS THE BOARD MAY REQUIRE. WILLFUL FAILURE TO PROVIDE THE  
10   INFORMATION REQUIRED BY THIS SUBSECTION TO THE EXTENT AVAILABLE  
11   OR THE PROVISION OF ERRONEOUS INFORMATION UPON ENTRANCE INTO THE  
12   SYSTEM OR PLAN SHALL RESULT IN THE FORFEITURE OF THE RIGHT OF  
13   THE MEMBER OR PARTICIPANT TO SUBSEQUENTLY ASSERT ANY RIGHT TO  
14   BENEFITS BASED ON ERRONEOUS INFORMATION OR ON ANY OF THE  
15   REQUIRED INFORMATION WHICH HE FAILED TO PROVIDE. IN ANY CASE IN  
16   WHICH THE BOARD FINDS THAT A MEMBER OR PARTICIPANT IS RECEIVING  
17   AN ANNUITY BASED ON FALSE INFORMATION, THE ADDITIONAL AMOUNTS  
18   RECEIVED PREDICATED ON SUCH FALSE INFORMATION TOGETHER WITH  
19   STATUTORY INTEREST DOUBLED AND COMPOUNDED SHALL BE DEDUCTED FROM  
20   THE PRESENT VALUE OF ANY REMAINING BENEFITS TO WHICH THE MEMBER  
21   OR PARTICIPANT IS LEGALLY ENTITLED AND SUCH REMAINING BENEFITS  
22   SHALL BE CORRESPONDINGLY DECREASED.

23           \* \* \*

24           (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JULY 1,  
25   2017, IN THE CASE OF A NEW EMPLOYEE WHO IS NOT CURRENTLY A  
26   PARTICIPANT IN THE PLAN AND WHOSE PARTICIPATION IS MANDATORY, OR  
27   IN THE CASE OF A NEW EMPLOYEE WHOSE PARTICIPATION IS NOT  
28   MANDATORY BUT IS PERMITTED AND WHO DESIRES TO BECOME A  
29   PARTICIPANT IN THE PLAN, THE NEW EMPLOYEE SHALL EXECUTE AN  
30   APPLICATION FOR PARTICIPATION AND A NOMINATION OF A BENEFICIARY.



1       \* \* \*

2       (D.2) CONTRIBUTIONS FOR USERRA LEAVE.--ANY ACTIVE  
3 PARTICIPANT OR INACTIVE PARTICIPANT OR FORMER PARTICIPANT WHO  
4 WAS REEMPLOYED FROM USERRA LEAVE AND WHO DESIRES TO MAKE  
5 MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND VOLUNTARY  
6 CONTRIBUTIONS FOR HIS USERRA LEAVE SHALL SO NOTIFY THE BOARD  
7 WITHIN THE TIME PERIOD REQUIRED UNDER 38 U.S.C. CH. 43 (RELATING  
8 TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF THE  
9 UNIFORMED SERVICES) AND IRC § 414(U) OF HIS DESIRE TO MAKE SUCH  
10 CONTRIBUTIONS. UPON MAKING THE PERMITTED MANDATORY PICKUP  
11 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED TIME PERIOD, THE  
12 EMPLOYER SHALL MAKE THE CORRESPONDING EMPLOYER DEFINED  
13 CONTRIBUTIONS AT THE SAME TIME.

14       (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY  
15 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE  
16 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE  
17 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND  
18 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY  
19 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND  
20 OTHER APPLICABLE LAW.

21       (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY  
22 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED  
23 WITH THE BOARD TO RECEIVE THE DEATH BENEFIT OR THE BENEFIT  
24 PAYABLE FROM THE SYSTEM UNDER THE PROVISIONS OF OPTION 1. SUCH  
25 NOMINATION MAY BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN  
26 DESIGNATION FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A  
27 CONTINGENT BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH  
28 BENEFIT OR THE BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1.

29       (E.1) BENEFICIARY FOR DEATH BENEFITS FROM PLAN.--EVERY  
30 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION

1 FILED WITH THE BOARD AS PROVIDED IN SECTION 8506 (RELATING TO  
2 DUTIES OF EMPLOYERS) TO RECEIVE THE DEATH BENEFIT PAYABLE UNDER  
3 SECTION 8408 (RELATING TO DEATH BENEFITS). A PARTICIPANT MAY  
4 ALSO NOMINATE A CONTINGENT BENEFICIARY OR BENEFICIARIES TO  
5 RECEIVE THE DEATH BENEFIT PROVIDED UNDER SECTION 8408. SUCH  
6 NOMINATIONS MAY BE CHANGED AT ANY TIME BY THE PARTICIPANT BY  
7 WRITTEN DESIGNATION FILED WITH THE BOARD.

8 (E.2) BENEFICIARY DESIGNATION.--A SCHOOL EMPLOYEE MAY  
9 DESIGNATE OR NOMINATE DIFFERENT PERSONS TO BE BENEFICIARIES,  
10 SURVIVOR ANNUITANTS AND SUCCESSOR PAYEES FOR HIS BENEFITS FROM  
11 THE SYSTEM AND THE PLAN.

12 (F) TERMINATION OF SERVICE BY MEMBERS.--EACH MEMBER WHO  
13 TERMINATES SCHOOL SERVICE AND WHO IS NOT THEN A DISABILITY  
14 ANNUITANT SHALL EXECUTE ON OR BEFORE THE DATE OF TERMINATION OF  
15 SERVICE A WRITTEN APPLICATION, DULY ATTESTED BY THE MEMBER OR  
16 HIS LEGALLY CONSTITUTED REPRESENTATIVE, ELECTING TO DO ONE OR  
17 MORE OF THE FOLLOWING:

18 (1) WITHDRAW HIS ACCUMULATED DEDUCTIONS.

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

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

27 \* \* \*

28 (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT  
29 TERMINATES SCHOOL SERVICE AND DOES NOT COMMENCE RECEIVING A  
30 DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY BY WRITTEN

1 DESIGNATION FILED WITH THE BOARD, AND HE MAY ANYTIME THEREAFTER,  
2 BUT NO LATER THAN HIS REQUIRED BEGINNING DATE, WITHDRAW THE  
3 VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO HIS  
4 CREDIT OR APPLY FOR ANOTHER FORM OF DISTRIBUTION REQUIRED BY LAW  
5 OR AUTHORIZED BY THE BOARD.

6 \* \* \*

7 (I) FAILURE TO APPLY FOR ANNUITY.--IF A MEMBER IS ELIGIBLE  
8 TO RECEIVE AN ANNUITY FROM THE SYSTEM AND DOES NOT FILE A PROPER  
9 APPLICATION WITHIN 90 DAYS OF TERMINATION OF SERVICE, HE SHALL  
10 BE DEEMED TO HAVE ELECTED TO VEST, AND HIS ANNUITY WILL BECOME  
11 EFFECTIVE AS OF THE DATE AN APPLICATION IS FILED WITH THE BOARD  
12 OR THE DATE DESIGNATED ON THE APPLICATION WHICHEVER IS LATER.

13 \* \* \*

14 SECTION 119. SECTIONS 8521(B), 8522, 8524, 8525 AND 8531 OF  
15 TITLE 24 ARE AMENDED TO READ:

16 § 8521. MANAGEMENT OF FUND AND ACCOUNTS.

17 \* \* \*

18 (B) CREDITING OF INTEREST.--THE BOARD ANNUALLY SHALL ALLOW  
19 STATUTORY INTEREST, EXCLUDING THE INDIVIDUAL INVESTMENT  
20 ACCOUNTS, TO THE CREDIT OF THE MEMBERS' SAVINGS ACCOUNT ON THE  
21 MEAN AMOUNT OF THE ACCUMULATED DEDUCTIONS OF ALL MEMBERS FOR  
22 WHOM INTEREST IS PAYABLE FOR THE PRECEDING YEAR AND VALUATION  
23 INTEREST ON THE MEAN AMOUNT OF THE ANNUITY RESERVE ACCOUNT FOR  
24 THE PRECEDING YEAR TO THE CREDIT OF THAT ACCOUNT. THE BOARD  
25 ANNUALLY SHALL ALLOW VALUATION INTEREST CALCULATED ON THE MEAN  
26 AMOUNT FOR THE PRECEDING YEAR OF THE BALANCE IN THE STATE  
27 ACCUMULATION ACCOUNT EXCLUDING ANY EARNINGS OF THE FUND CREDITED  
28 TO THE ACCOUNT DURING THAT YEAR. IN THE EVENT THE TOTAL EARNINGS  
29 FOR THE YEAR DO NOT EXCEED 5 1/2% OF THE MEAN AMOUNT FOR THE  
30 PRECEDING YEAR OF THE TOTAL ASSETS OF THE FUND LESS EARNINGS

1 CREDITED TO THE FUND DURING THAT YEAR PLUS THE ADMINISTRATIVE  
2 EXPENSES OF THE BOARD, THE DIFFERENCE REQUIRED TO BE  
3 APPROPRIATED FROM THE GENERAL FUND SHALL BE CREDITED TO THE  
4 STATE ACCUMULATION ACCOUNT.

5 \* \* \*

6 § 8522. PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND.

7 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL MONEYS IN  
8 THE SEVERAL SEPARATE FUNDS IN THE STATE TREASURY SET APART TO BE  
9 USED UNDER THE DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS  
10 OF THE SYSTEM; AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE  
11 FUND ALL MONEYS RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING  
12 FROM THE CONTRIBUTIONS RELATING TO OR ON BEHALF OF THE MEMBERS  
13 OF THE SYSTEM REQUIRED UNDER THE PROVISIONS OF CHAPTER 83  
14 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) AND ALL  
15 EARNINGS FROM INVESTMENTS OR MONEYS OF SAID FUND. THERE SHALL BE  
16 ESTABLISHED AND MAINTAINED BY THE BOARD THE SEVERAL LEDGER  
17 ACCOUNTS SPECIFIED IN SECTIONS 8523 (RELATING TO MEMBERS'  
18 SAVINGS ACCOUNT), 8524 (RELATING TO STATE ACCUMULATION ACCOUNT),  
19 8525 (RELATING TO ANNUITY RESERVE ACCOUNT) AND 8526 (RELATING TO  
20 HEALTH INSURANCE ACCOUNT).

21 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE  
22 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST ARE  
23 NOT PART OF THE FUND. MANDATORY PICKUP PARTICIPANT  
24 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED  
25 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE  
26 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED  
27 TO THE FUND BUT INSTEAD SHALL BE PAID TO THE TRUST AND CREDITED  
28 TO THE INDIVIDUAL INVESTMENT ACCOUNTS.

29 § 8524. STATE ACCUMULATION ACCOUNT.

30 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO

1 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH  
2 AND OTHER EMPLOYERS AS WELL AS THE EARNINGS OF THE FUND, EXCEPT  
3 THE PREMIUM ASSISTANCE CONTRIBUTIONS AND EARNINGS THEREON IN THE  
4 HEALTH INSURANCE ACCOUNT. VALUATION INTEREST SHALL BE ALLOWED ON  
5 THE TOTAL AMOUNT OF SUCH ACCOUNT LESS ANY EARNINGS OF THE FUND  
6 CREDITED DURING THE YEAR. THE RESERVES NECESSARY FOR THE PAYMENT  
7 OF ANNUITIES AND DEATH BENEFITS RESULTING FROM MEMBERSHIP IN THE  
8 SYSTEM AS APPROVED BY THE BOARD AND AS PROVIDED IN CHAPTER 83  
9 (RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS) SHALL BE  
10 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE ANNUITY  
11 RESERVE ACCOUNT. AT THE END OF EACH YEAR THE REQUIRED INTEREST  
12 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE  
13 CREDIT OF THE MEMBERS' SAVINGS ACCOUNT AND THE ANNUITY RESERVE  
14 ACCOUNT. THE ADMINISTRATIVE EXPENSES OF THE BOARD SHALL BE  
15 CHARGED TO THE STATE ACCUMULATION ACCOUNT. EMPLOYER DEFINED  
16 CONTRIBUTIONS, MANDATORY PICKUP CONTRIBUTIONS AND A  
17 PARTICIPANT'S VOLUNTARY CONTRIBUTIONS, TOGETHER WITH ANY INCOME  
18 OR INTEREST EARNED THEREON, MAY BE TEMPORARILY PLACED INTO THE  
19 STATE ACCUMULATION ACCOUNT PENDING ALLOCATION OR DISTRIBUTION  
20 TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

21 § 8525. ANNUITY RESERVE ACCOUNT.

22 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE  
23 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED  
24 THE RESERVES HELD FOR THE PAYMENT OF ANNUITIES AND DEATH  
25 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM ON ACCOUNT OF  
26 ALL ANNUITANTS AND THE CONTRIBUTIONS FROM THE COMMONWEALTH AND  
27 OTHER EMPLOYERS AS DETERMINED IN ACCORDANCE WITH SECTION 8328  
28 (RELATING TO ACTUARIAL COST METHOD) FOR THE PAYMENT OF THE  
29 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 8348 (RELATING TO  
30 SUPPLEMENTAL ANNUITIES), 8348.1 (RELATING TO ADDITIONAL

1 SUPPLEMENTAL ANNUITIES), 8348.2 (RELATING TO FURTHER ADDITIONAL  
2 SUPPLEMENTAL ANNUITIES), 8348.3 (RELATING TO SUPPLEMENTAL  
3 ANNUITIES COMMENCING 1994), 8348.4 (RELATING TO SPECIAL  
4 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 8348.5 (RELATING TO  
5 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 8348.6 (RELATING TO  
6 SUPPLEMENTAL ANNUITIES COMMENCING 2002) AND 8348.7 (RELATING TO  
7 SUPPLEMENTAL ANNUITIES COMMENCING 2003). THE ANNUITY RESERVE  
8 ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST. AFTER THE  
9 TRANSFERS PROVIDED IN SECTIONS 8523 (RELATING TO MEMBERS'  
10 SAVINGS ACCOUNT) AND 8524 (RELATING TO STATE ACCUMULATION  
11 ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS SHALL BE  
12 CHARGED TO THE ANNUITY RESERVE ACCOUNT AND PAID FROM THE FUND.

13 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT BE  
14 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE EITHER AS A MEMBER OF  
15 THE SYSTEM OR PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF HIS  
16 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO SCHOOL SERVICE  
17 SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE ACCOUNT AND PLACED  
18 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN  
19 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY LESS THE AMOUNT  
20 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED  
21 FROM THE ANNUITY RESERVE ACCOUNT TO THE STATE ACCUMULATION  
22 ACCOUNT.

23 § 8531. STATE GUARANTEE REGARDING THE SYSTEM.

24 STATUTORY INTEREST CHARGES PAYABLE, THE MAINTENANCE OF  
25 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER  
26 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE  
27 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND  
28 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE  
29 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM  
30 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART

1 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE  
2 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATIONS OF THE  
3 PLAN OR TRUST.

4 SECTION 120. SECTION 8533(A), (B) AND (D) OF TITLE 24 ARE  
5 AMENDED AND THE SECTION IS AMENDED BY ADDING A SUBSECTION TO  
6 READ:

7 § 8533. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

8 (A) GENERAL RULE.--EXCEPT AS PROVIDED IN SUBSECTIONS (B),  
9 (C) AND (D), THE RIGHT OF A PERSON TO A MEMBER'S ANNUITY, A  
10 STATE ANNUITY, OR RETIREMENT ALLOWANCE, TO THE RETURN OF  
11 CONTRIBUTIONS, ANY BENEFIT OR RIGHT ACCRUED OR ACCRUING TO ANY  
12 PERSON UNDER THE PROVISIONS OF THIS PART, AND THE MONEYS IN THE  
13 FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR MUNICIPAL  
14 TAX, [AND EXEMPT FROM] LEVY AND SALE, GARNISHMENT, ATTACHMENT,  
15 THE PROVISIONS OF ARTICLE XIII.1 OF THE ACT OF APRIL 9, 1929  
16 (P.L.343, NO.176), KNOWN AS THE FISCAL CODE, OR ANY OTHER  
17 PROCESS WHATSOEVER, AND SHALL BE UNASSIGNABLE.

18 (A.1) INDIVIDUAL INVESTMENT ACCOUNTS AND DISTRIBUTIONS.--NO  
19 PARTICIPANT OR BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE  
20 OF A PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL,  
21 ASSIGN, ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,  
22 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR  
23 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO  
24 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER  
25 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS OTHERWISE  
26 PROVIDED IN THIS PART AND IN THE CASE OF EITHER A MEMBER OR A  
27 PARTICIPANT.

28 (B) FORFEITURE.--

29 (1) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO  
30 FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978 (P.L.752,

1 NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE ACT.  
2 FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER  
3 PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE BENEFITS  
4 THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER THIS PART.

5 (2) IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V OF THE  
6 CONSTITUTION OF PENNSYLVANIA AND NOTWITHSTANDING PARAGRAPH  
7 (1), THE ACT OF JULY 8, 1978 (P.L.752, NO. 140), KNOWN AS THE  
8 PUBLIC EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352  
9 (RELATING TO PENSION RIGHTS), THE ACCUMULATED MANDATORY  
10 PARTICIPANT CONTRIBUTIONS AND ACCUMULATED VOLUNTARY  
11 CONTRIBUTIONS STANDING TO THE CREDIT OF A PARTICIPANT SHALL  
12 NOT BE FORFEITED BUT SHALL BE AVAILABLE FOR PAYMENT OF FINES  
13 AND RESTITUTION AS PROVIDED BY LAW. AMOUNTS IN THE TRUST THAT  
14 HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN ALTERNATE PAYEE AS  
15 THE RESULT OF AN EQUITABLE DISTRIBUTION OF MARITAL PROPERTY  
16 AS PART OF AN APPROVED DOMESTIC RELATIONS ORDER ENTERED  
17 BEFORE THE DATE OF THE ORDER OR ACTION IN A COURT OR OTHER  
18 TRIBUNAL RESULTING IN A FORFEITURE OF A PARTICIPANT'S  
19 INTEREST IN THE TRUST SHALL NOT BE SUBJECT TO THE PUBLIC  
20 EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY  
21 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A  
22 RESULT OF THIS SUBSECTION OR OTHER LAW SHALL BE RETAINED BY  
23 THE BOARD AND USED FOR THE PAYMENT OF EXPENSES OF THE PLAN.

24 \* \* \*

25 (D) DIRECT ROLLOVER.--EFFECTIVE WITH DISTRIBUTIONS MADE ON  
26 OR AFTER JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER  
27 PROVISION OF THIS PART TO THE CONTRARY, A DISTRIBUTE MAY ELECT,  
28 AT THE TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE  
29 ANY PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY  
30 TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR



PURPOSES OF THIS SUBSECTION, A "DISTRIBUTE" INCLUDES A MEMBER  
[AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A  
PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO IS  
AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS  
ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE  
PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE ELSE  
AUTHORIZED UNDER IRC AND THE PLAN TERMS APPROVED BY THE BOARD TO  
HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO AN  
ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR  
PURPOSES OF THIS SUBSECTION, THE TERM "ELIGIBLE ROLLOVER  
DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC § 402(F)(2)  
(A) AND "ELIGIBLE RETIREMENT PLAN" HAS THE MEANING GIVEN SUCH  
TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A QUALIFIED TRUST SHALL  
BE CONSIDERED AN ELIGIBLE RETIREMENT PLAN ONLY IF IT ACCEPTS THE  
DISTRIBUTE'S ELIGIBLE ROLLOVER DISTRIBUTION; HOWEVER, IN THE  
CASE OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO A SURVIVING SPOUSE,  
AN ELIGIBLE RETIREMENT PLAN IS AN "INDIVIDUAL RETIREMENT  
ACCOUNT" OR AN "INDIVIDUAL RETIREMENT ANNUITY" AS THOSE TERMS  
ARE DEFINED IN IRC § 408(A) AND (B).

SECTION 121. SECTIONS 8533.1, 8533.2, 8533.3 AND 8533.4(A)  
OF TITLE 24 ARE AMENDED TO READ:

§ 8533.1. APPROVAL OF DOMESTIC RELATIONS ORDERS.

(A) CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS  
ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS  
AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE  
BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF SUCH ORDER  
MEETS ALL OF THE FOLLOWING:

(1) REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF  
BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED  
UNDER THIS PART.

1           (2)   REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE  
2   TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE  
3   RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS  
4   INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE  
5   BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON  
6   OTHER THAN ACTUARIAL VALUE.

7           (3)   SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S  
8   BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE  
9   PAYEE OR THE MANNER IN WHICH THE AMOUNT OR PERCENTAGE IS TO  
10  BE DETERMINED.

11          (4)   SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY  
12  THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY  
13  SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON  
14  RETIREMENT.

15          (5)   SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,  
16  IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING  
17  ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND  
18  STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE  
19  TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

20          (6)   DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,  
21  OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

22          (7)   REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION  
23  ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S  
24  COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER  
25  THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER  
26  MAINTAINED BY THE SYSTEM. AN AUTHORIZATION GRANTED PURSUANT  
27 TO THIS SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR  
28 THE ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE  
29 ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE  
30 PAYEE'S SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART

1 AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED  
2 TO MEMBERS OR OBTAIN INFORMATION THAT IS NOT RELATED TO THE  
3 ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S  
4 SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART.

5 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC  
6 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED  
7 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE  
8 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER  
9 MEETS ALL OF THE FOLLOWING:

10 (1) DOES NOT REQUIRE THE PLAN TO PROVIDE ANY TYPE OR  
11 FORM OF BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS OF THE  
12 SYSTEM OR PARTICIPANTS IN THE PLAN.

13 (2) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE  
14 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
15 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL  
16 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

17 (3) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE  
18 ANY FUNDS THAT WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE  
19 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC  
20 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS  
21 DESIGNATED REPRESENTATIVE.

22 (4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO  
23 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE  
24 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE  
25 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE  
26 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF  
27 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE  
28 PAYEE.

29 (5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP  
30 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S

1 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF  
2 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION  
3 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

4 (6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE  
5 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE  
6 ALTERNATE PAYEE AND THE DATE UPON WHICH SUCH VALUATION IS  
7 BASED.

8 (7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,  
9 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN  
10 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER  
11 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE  
12 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE  
13 PLAN.

14 (8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,  
15 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.

16 (9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION  
17 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S  
18 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER  
19 THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT  
20 MAINTAINED BY THE PLAN. ANY AUTHORIZATION GRANTED PURSUANT TO  
21 THIS SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE  
22 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE  
23 PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION  
24 AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE  
25 PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE  
26 THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION  
27 THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND  
28 PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S  
29 INDIVIDUAL INVESTMENT ACCOUNT.

30 (10) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE

1 ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL  
2 INVESTMENT ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT,  
3 ELIGIBLE ROLLOVER OR TRUSTEE-TO-TRUSTEE TRANSFER TO ANOTHER  
4 ELIGIBLE PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE  
5 PAYEE.

6 (11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY  
7 RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE  
8 DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE  
9 BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE  
10 BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE  
11 AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
12 AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT  
13 DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH  
14 OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S  
15 INDIVIDUAL INVESTMENT ACCOUNT.

16 (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD  
17 OF TIME AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE  
18 SECRETARY OF THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL  
19 DETERMINE WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS  
20 ORDER AND NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE  
21 PAYEE OF THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION  
22 OF LAW, THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR  
23 ALTERNATE PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE  
24 BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO  
25 AN ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 (RELATING TO  
26 PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO THE  
27 COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO JUDICIAL  
28 REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT APPEALS  
29 FROM GOVERNMENT AGENCIES).

30 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED

1 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO  
2 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS  
3 THAT TERM IS DEFINED IN 23 PA.C.S. § 4302 (RELATING TO  
4 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS  
5 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF  
6 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT  
7 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS  
8 AS ESTABLISHED BY THE LAWS OF THIS COMMONWEALTH AND THE UNITED  
9 STATES[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER THAT  
10 WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER STATE OR  
11 THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS FOR  
12 SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST ANY PARTICIPANT WHO  
13 IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE  
14 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING  
15 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD  
16 OTHERWISE REQUIRE A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED  
17 CONTRIBUTIONS IN THE FORM OF AN ANNUITY OR TO REQUIRE THE  
18 PURCHASE OF AN ANNUITY.

19 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS  
20 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO  
21 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS  
22 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS  
23 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE  
24 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN  
25 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE  
26 OBLIGATIONS OF THE SYSTEM OR PLAN WITH RESPECT TO SUCH APPROVAL  
27 OR DISAPPROVAL SHALL BE DISCHARGED.

28 § 8533.2. IRREVOCABLE BENEFICIARY.

29 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC  
30 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A

1 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN  
2 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES  
3 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A  
4 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT  
5 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT  
6 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC  
7 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC  
8 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED  
9 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH  
10 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED  
11 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT  
12 WITHOUT APPROVAL BY THE COURT.

13 § 8533.3. IRREVOCABLE SURVIVOR ANNUITANT.

14 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC  
15 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE SURVIVOR  
16 ANNUITANT PERTAINING TO A MEMBER. A DOMESTIC RELATIONS ORDER  
17 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT  
18 OF A MEMBER OF THE FUND SHALL BE DEEMED TO BE ONE THAT REQUIRES  
19 A MEMBER TO DESIGNATE AN ALTERNATE PAYEE AS A SURVIVOR ANNUITANT  
20 AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT SURVIVOR  
21 ANNUITANT FOR BENEFITS PAYABLE FROM THE FUND WITHOUT APPROVAL OF  
22 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.  
23 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED  
24 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS  
25 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE  
26 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY  
27 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO  
28 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AN  
29 IRREVOCABLE SURVIVOR ANNUITANT.

30 § 8533.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

1 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE  
2 ALTERNATE PAYEE PREDECEASES THE MEMBER OR PARTICIPANT AND THERE  
3 ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE COURT  
4 MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO SUBSTITUTE A  
5 PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE ANY BENEFITS  
6 PAYABLE TO THE DECEASED ALTERNATE PAYEE.

7 \* \* \*

8 SECTION 122. TITLE 24 IS AMENDED BY ADDING A SECTION TO  
9 READ:

10 § 8533.5. IRREVOCABLE SUCCESSOR PAYEE.

11 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS  
12 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY  
13 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE ONLY IF THE  
14 PARTICIPANT IS RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION  
15 PROVIDED BY THE BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.

16 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE  
17 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE SHALL BE DEEMED TO  
18 BE ONE THAT REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS  
19 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN  
20 ALTERNATE PAYEE AS A SUCCESSOR PAYEE AND THAT PROHIBITS THE  
21 REMOVAL OR CHANGE OF THAT SUCCESSOR PAYEE WITHOUT APPROVAL OF A  
22 COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.

23 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER  
24 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC  
25 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED  
26 REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE SUCCESSOR PAYEE SO  
27 ORDERED BY THE COURT CANNOT BE CHANGED BY THE PARTICIPANT  
28 WITHOUT APPROVAL BY THE COURT.

29 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS  
30 A SUCCESSOR PAYEE MAY NOT BE DESIGNATED AS AN IRREVOCABLE



1 SUCCESSOR PAYEE. A COURT MAY NOT NAME AN IRREVOCABLE SUCCESSOR  
2 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM  
3 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL  
4 PORTION OF THE PENSION BENEFIT.

5 SECTION 123. SECTIONS 8534 AND 8535 OF TITLE 24 ARE AMENDED  
6 TO READ:

7 § 8534. FRAUD AND ADJUSTMENT OF ERRORS.

8 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE  
9 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED  
10 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO  
11 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE  
12 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

13 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN  
14 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY, [OR],  
15 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM  
16 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE  
17 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL  
18 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF  
19 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR  
20 AFFECTS CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO  
21 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE  
22 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL  
23 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED  
24 SHALL BE PAID. IF THE ERROR AFFECTS CONTRIBUTIONS TO OR PAYMENTS  
25 FROM THE PLAN, THE BOARD SHALL TAKE SUCH ACTION AS SHALL BE  
26 PROVIDED FOR IN THE PLAN DOCUMENT.

27 § 8535. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH.

28 FOR EACH SCHOOL YEAR BEGINNING WITH THE 1995-1996 SCHOOL YEAR  
29 AND ENDING WITH THE 2016-2017 SCHOOL YEAR, EACH SCHOOL ENTITY  
30 SHALL BE PAID BY THE COMMONWEALTH FOR CONTRIBUTIONS BASED UPON

SCHOOL SERVICE OF ACTIVE MEMBERS OF THE SYSTEM AFTER JUNE 30,  
1995, AS FOLLOWS:

(1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR  
CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,  
INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHOSE  
EFFECTIVE DATES OF EMPLOYMENT WITH THEIR SCHOOL ENTITIES ARE  
AFTER JUNE 30, 1994, AND WHO ALSO HAD NOT PREVIOUSLY BEEN  
EMPLOYED BY ANY SCHOOL ENTITY WITHIN THIS COMMONWEALTH AN  
AMOUNT EQUAL TO THE AMOUNT CERTIFIED BY THE PUBLIC SCHOOL  
EMPLOYEES' RETIREMENT BOARD AS NECESSARY TO PROVIDE, TOGETHER  
WITH THE MEMBERS' CONTRIBUTIONS, RESERVES ON ACCOUNT OF  
PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND THE PREMIUM  
ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN ACCORDANCE  
WITH SECTION 8328 (RELATING TO ACTUARIAL COST METHOD),  
MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF THE SCHOOL  
ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY RECEIVE  
LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET  
VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF  
THE PUBLIC SCHOOL CODE [OF 1949] WAS 0.50.

(2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR  
CONTRIBUTIONS MADE TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
FUND BASED UPON SCHOOL SERVICE OF ALL ACTIVE MEMBERS,  
INCLUDING MEMBERS ON ACTIVATED MILITARY SERVICE LEAVE, WHO  
ARE NOT DESCRIBED IN PARAGRAPH (1), ONE-HALF OF THE AMOUNT  
CERTIFIED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AS  
NECESSARY TO PROVIDE, TOGETHER WITH THE MEMBERS'  
CONTRIBUTIONS, RESERVES ON ACCOUNT OF PROSPECTIVE ANNUITIES,  
SUPPLEMENTAL ANNUITIES AND THE PREMIUM ASSISTANCE PROGRAM AS  
PROVIDED IN THIS PART IN ACCORDANCE WITH SECTION 8328.

1 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER  
2 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S  
3 LIABILITY TO [MAKE] FORWARD THE PAYMENT TO THE PUBLIC SCHOOL  
4 EMPLOYEES' RETIREMENT FUND. SCHOOL ENTITIES ARE EXPECTED TO  
5 MAKE THE FULL PAYMENT TO THE PUBLIC SCHOOL EMPLOYEES'  
6 RETIREMENT FUND IN ACCORDANCE WITH SECTION 8327 (RELATING TO  
7 PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE  
8 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED  
9 BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY  
10 THE SCHOOL ENTITIES.

11 SECTION 124. TITLE 24 IS AMENDED BY ADDING SECTIONS TO READ:

12 § 8535.1. PAYMENTS TO SCHOOL ENTITIES BY COMMONWEALTH

13 COMMENCING WITH THE 2017-2018 SCHOOL YEAR.

14 FOR EACH SCHOOL YEAR, BEGINNING WITH THE 2017-2018 SCHOOL  
15 YEAR, EACH SCHOOL ENTITY SHALL BE PAID BY THE COMMONWEALTH FOR  
16 CONTRIBUTIONS BASED UPON SCHOOL SERVICE OF ACTIVE MEMBERS OF THE  
17 SYSTEM AND ACTIVE PARTICIPANTS OF THE PLAN AFTER JUNE 30, 2017,  
18 AS FOLLOWS:

19 (1) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR  
20 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL  
21 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,  
22 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED OR USERRA  
23 MILITARY SERVICE LEAVE, WHOSE EFFECTIVE DATES OF EMPLOYMENT  
24 WITH THEIR SCHOOL ENTITIES ARE AFTER JUNE 30, 1994, AND WHO  
25 ALSO HAD NOT PREVIOUSLY BEEN EMPLOYED BY ANY SCHOOL ENTITY  
26 WITHIN THIS COMMONWEALTH, AN AMOUNT EQUAL TO THE AMOUNT  
27 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH  
28 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON  
29 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND  
30 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN

1 ACCORDANCE WITH SECTION 8328 (RELATING TO ACTUARIAL COST  
2 METHOD), MULTIPLIED BY THE MARKET VALUE/INCOME AID RATIO OF  
3 THE SCHOOL ENTITY. FOR NO SCHOOL YEAR SHALL ANY SCHOOL ENTITY  
4 RECEIVE LESS THAN THE AMOUNT THAT WOULD RESULT IF THE MARKET  
5 VALUE/INCOME AID RATIO AS DEFINED IN SECTION 2501(14.1) OF  
6 THE PUBLIC SCHOOL CODE WAS 0.50.

7 (2) THE COMMONWEALTH SHALL PAY EACH SCHOOL ENTITY FOR  
8 CONTRIBUTIONS MADE TO THE FUND OR THE TRUST BASED UPON SCHOOL  
9 SERVICE OF ALL ACTIVE MEMBERS OR ACTIVE PARTICIPANTS,  
10 INCLUDING MEMBERS OR PARTICIPANTS ON ACTIVATED MILITARY  
11 SERVICE LEAVE, AND ACTIVE PARTICIPANTS OF THE PLAN WHO ARE  
12 NOT DESCRIBED IN PARAGRAPH (1) ONE-HALF OF THE AMOUNT  
13 CERTIFIED BY THE BOARD AS NECESSARY TO PROVIDE, TOGETHER WITH  
14 THE MEMBERS' AND PARTICIPANTS' CONTRIBUTIONS, RESERVES ON  
15 ACCOUNT OF PROSPECTIVE ANNUITIES, SUPPLEMENTAL ANNUITIES AND  
16 THE PREMIUM ASSISTANCE PROGRAM AS PROVIDED IN THIS PART IN  
17 ACCORDANCE WITH SECTION 8328.

18 (3) SCHOOL ENTITIES SHALL HAVE UP TO FIVE DAYS AFTER  
19 RECEIPT OF THE COMMONWEALTH'S PORTION OF THE EMPLOYER'S  
20 LIABILITY TO FORWARD THE PAYMENT TO THE FUND OR THE TRUST.  
21 SCHOOL ENTITIES ARE EXPECTED TO MAKE THE FULL PAYMENT TO THE  
22 FUND OR THE TRUST IN ACCORDANCE WITH SECTION 8327 (RELATING  
23 TO PAYMENTS BY EMPLOYERS) IN THE EVENT THE RECEIPT OF THE  
24 COMMONWEALTH'S PORTION OF THE EMPLOYER'S LIABILITY IS DELAYED  
25 BECAUSE OF DELINQUENT SALARY REPORTING OR OTHER CONDUCT BY  
26 THE SCHOOL ENTITIES.

27 (4) EMPLOYERS WHOSE PAYMENTS TO THE PUBLIC SCHOOL  
28 EMPLOYEES' RETIREMENT FUND ARE DELINQUENT SHALL BE CHARGED  
29 INTEREST BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND AT  
30 THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD PURSUANT TO

1 SECTION 8328 (RELATING TO ACTUARIAL COST METHOD) IN EFFECT IN  
2 THE FISCAL YEAR IN WHICH THE PAYMENTS ARE REQUIRED TO BE  
3 PAID.

4 § 8537. INTERNAL REVENUE CODE LIMITATIONS.

5 NOTWITHSTANDING ANY PROVISIONS OF THIS PART TO THE CONTRARY,  
6 NO CONTRIBUTION OR BENEFIT RELATED TO THE SCHOOL EMPLOYEES'  
7 DEFINED CONTRIBUTION PLAN MAY BE MADE OR PAYABLE TO THE EXTENT  
8 THAT THE CONTRIBUTION OR BENEFIT EXCEEDS A LIMITATION UNDER IRC  
9 § 415 IN EFFECT WITH RESPECT TO A "GOVERNMENTAL PLAN," AS  
10 DEFINED IN IRC § 414(D) ON THE DATE THE CONTRIBUTION OR BENEFIT  
11 PAYMENT BECOMES EFFECTIVE. AN INCREASE IN A LIMITATION UNDER IRC  
12 § 415 SHALL BE APPLICABLE TO ALL CURRENT AND FUTURE  
13 PARTICIPANTS.

14 § 8538. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW  
15 COMMISSION.

16 (A) ESTABLISHMENT.--A PUBLIC PENSION MANAGEMENT AND ASSET  
17 INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL  
18 BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE  
19 FOLLOWING:

20 (1) GOVERNOR.

21 (2) PRESIDENT PRO TEMPORE OF THE SENATE.

22 (3) THE MINORITY LEADER OF THE SENATE.

23 (4) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

24 (5) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES.

25 THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT  
26 ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE  
27 DATE OF THIS SECTION.

28 (B) DUTIES.--THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND  
29 ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:

30 (1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT

1 STRATEGIES AND PROCEDURES OF THE PUBLIC SCHOOL EMPLOYEES'  
2 RETIREMENT SYSTEM, COMPARING REALIZED RATES OF RETURN TO  
3 ESTABLISHED BENCHMARKS AND CONSIDERING ASSOCIATED FEES PAID  
4 FOR ACTIVE AND PASSIVE MANAGEMENT.

5 (2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND  
6 PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE  
7 INVESTMENT ACTIVITIES OF THE PUBLIC SCHOOL EMPLOYEES'  
8 RETIREMENT SYSTEM.

9 (3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH  
10 AVAILABLE ASSETS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
11 SYSTEM THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.

12 (3.1) THE COMMISSION SHALL EVALUATE AND MAKE  
13 RECOMMENDATIONS ON:

14 (I) IMPROVING INVESTMENT FEE TRANSPARENCY ON  
15 ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED  
16 REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED  
17 PARTNERS ASSOCIATION.

18 (II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY  
19 OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST  
20 THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF  
21 INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED  
22 RETURN.

23 (4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ON-LINE,  
24 INCLUDING FINDINGS ABOUT:

25 (I) ASSETS.

26 (II) RETURNS.

27 (III) FINANCIAL MANAGERS.

28 (IV) CONSULTANTS.

29 (V) REQUESTS FOR PROPOSALS.

30 (VI) INVESTMENT PERFORMANCE MEASURED AGAINST

1           BENCHMARKS.

2           (5) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE  
3           GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS  
4           FIRST ORGANIZATIONAL MEETING.

5           (C) QUORUM.--A MAJORITY OF APPOINTED MEMBERS SHALL  
6           CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE  
7           MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND  
8           ANOTHER TO BE VICE-CHAIRPERSON.

9           (D) TRANSPARENCY AND ETHICS.--THE PUBLIC PENSION MANAGEMENT  
10          AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE  
11          FOLLOWING LAWS:

12           (1) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS  
13           THE RIGHT-TO-KNOW LAW.

14           (2) THE ACT OF JULY 3, 1986 (P.L.388, NO.84), KNOWN AS  
15           THE SUNSHINE ACT.

16           (3) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN  
17           AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS ACT.

18           (4) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN  
19           AS THE STATE ADVERSE INTEREST ACT.

20          (E) INFORMATION GATHERING.--THE PUBLIC PENSION MANAGEMENT  
21          AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND  
22          OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT  
23          CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES.

24          (F) LOGISTICAL AND OTHER SUPPORT.--THE PUBLIC PENSION  
25          MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE  
26          LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT  
27          COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED.

28          (G) REIMBURSEMENT.--THE MEMBERS OF THE PUBLIC PENSION  
29          MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE  
30          REIMBURSED FOR REASONABLE EXPENSES.





1 CONTRIBUTION PLAN, AN ACTIVE OR INACTIVE MEMBER OF THE PUBLIC  
2 SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR AN ACTIVE OR INACTIVE  
3 PARTICIPANT OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN  
4 AT THE TIME HE IS GRANTED A MILITARY LEAVE OF ABSENCE SHALL BE  
5 ENTITLED TO EXERCISE ANY ONE OF THE FOLLOWING OPTIONS IN REGARD  
6 THERETO:

7 \* \* \*

8 (F) PARTICIPANT OF A DEFINED CONTRIBUTION PLAN.--

9 (1) AN EMPLOYEE WHO IS AN ACTIVE OR INACTIVE PARTICIPANT  
10 OF THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN AT THE  
11 TIME THE EMPLOYEE IS GRANTED A MILITARY LEAVE OF ABSENCE  
12 SHALL BE ENTITLED TO MAKE CONTRIBUTIONS TO THE SCHOOL  
13 EMPLOYEES' DEFINED CONTRIBUTION TRUST FOR THE LEAVE AS  
14 PROVIDED IN 24 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR  
15 SCHOOL EMPLOYEES).

16 (2) AN EMPLOYEE WHO IS AN ACTIVE PARTICIPANT OR INACTIVE  
17 PARTICIPANT ON LEAVE WITHOUT PAY OF THE STATE EMPLOYEES'  
18 DEFINED CONTRIBUTION PLAN AT THE TIME HE IS GRANTED A  
19 MILITARY LEAVE OF ABSENCE SHALL BE ENTITLED TO MAKE  
20 CONTRIBUTIONS TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION  
21 TRUST FOR THE LEAVE AS PROVIDED IN 71 PA.C.S. PT. XXV  
22 (RELATING TO RETIREMENT FOR STATE EMPLOYEES AND OFFICERS).

23 ARTICLE III

24 SECTION 301. SECTION 4104(A) (7) OF TITLE 71 IS AMENDED TO  
25 READ:

26 § 4104. DUTIES OF OFFICE.

27 (A) MANDATORY.--THE OFFICE SHALL:

28 \* \* \*

29 (7) STUDY AND ANALYZE THE IMPACT OF SHARED-RISK  
30 CONTRIBUTIONS UNDER 24 PA.C.S. § 8321(B) (RELATING TO REGULAR

MEMBER CONTRIBUTIONS FOR CURRENT SERVICE) AND SECTION 5501.1  
(RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3  
AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR  
MEMBER CONTRIBUTIONS) .

\* \* \*

SECTION 302. THE DEFINITIONS OF "ACTIVE MEMBER," "ALTERNATE  
PAYEE," "AVERAGE NONCOVERED SALARY," "BENEFICIARY," "CLASS OF  
SERVICE MULTIPLIER," "COMPENSATION," "CREDITABLE NONSTATE  
SERVICE," "CREDITED SERVICE," "DATE OF TERMINATION OF SERVICE,"  
"DISTRIBUTION," "DOMESTIC RELATIONS ORDER," "FINAL AVERAGE  
SALARY," "INACTIVE MEMBER," "INTERVENING MILITARY SERVICE,"  
"IRREVOCABLE BENEFICIARY," "REEMPLOYED FROM USERRA LEAVE,"  
"REGULAR MEMBER CONTRIBUTIONS," "RETIREMENT COUNSELOR," "SALARY  
DEDUCTIONS," "SHARED-RISK MEMBER CONTRIBUTIONS," "SPECIAL  
VESTEE," "STANDARD SINGLE LIFE ANNUITY," "STATE EMPLOYEE,"  
"SUPERANNUATION AGE," "VALUATION INTEREST" AND "VESTEE" IN  
SECTION 5102 OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED  
BY ADDING DEFINITIONS TO READ:

§ 5102. DEFINITIONS.

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

\* \* \*

"ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS." THE TOTAL OF  
THE EMPLOYER DEFINED CONTRIBUTIONS PAID INTO THE TRUST ON  
ACCOUNT OF A PARTICIPANT'S STATE SERVICE TOGETHER WITH ANY  
INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES, COSTS  
AND EXPENSES CREDITED OR CHARGED THEREON.

"ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS." THE TOTAL  
OF THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS PAID INTO THE

1 TRUST ON ACCOUNT OF A PARTICIPANT'S STATE SERVICE TOGETHER WITH  
2 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENTS FOR FEES,  
3 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

4 "ACCUMULATED TOTAL DEFINED CONTRIBUTIONS." THE TOTAL OF THE  
5 ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS, ACCUMULATED  
6 EMPLOYER DEFINED CONTRIBUTIONS AND ACCUMULATED VOLUNTARY  
7 CONTRIBUTIONS, REDUCED BY ANY DISTRIBUTIONS, STANDING TO THE  
8 CREDIT OF A PARTICIPANT IN AN INDIVIDUAL INVESTMENT ACCOUNT IN  
9 THE TRUST.

10 "ACCUMULATED VOLUNTARY CONTRIBUTIONS." THE TOTAL OF  
11 VOLUNTARY CONTRIBUTIONS PAID INTO THE TRUST BY A PARTICIPANT AND  
12 ANY AMOUNTS ROLLED OVER BY A PARTICIPANT OR TRANSFERRED BY A  
13 DIRECT TRUSTEE-TO-TRUSTEE TRANSFER INTO THE TRUST TOGETHER WITH  
14 ANY INVESTMENT EARNINGS AND LOSSES AND ADJUSTMENT FOR FEES,  
15 COSTS AND EXPENSES CREDITED OR CHARGED THEREON.

16 "ACTIVE MEMBER." A STATE EMPLOYEE, OR A MEMBER ON LEAVE  
17 WITHOUT PAY, FOR WHOM PICKUP CONTRIBUTIONS ARE BEING MADE TO THE  
18 FUND OR FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR  
19 CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF  
20 SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER  
21 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER  
22 CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE  
23 LIMITATIONS UNDER SECTION 401(A)(17) OR SECTION [415(B)] 415 OF  
24 THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C.  
25 § 401(A)(17) OR [415(B)] 415).

26 "ACTIVE PARTICIPANT." A STATE EMPLOYEE FOR WHOM MANDATORY  
27 PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST OR  
28 FOR WHOM CONTRIBUTIONS OTHERWISE REQUIRED FOR STATE SERVICE  
29 REQUIRED TO BE CREDITED IN THE PLAN ARE NOT BEING MADE SOLELY BY  
30 REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS

1 UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF  
2 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415).

3 \* \* \*

4 "ALTERNATE PAYEE." ANY SPOUSE, FORMER SPOUSE, CHILD OR  
5 DEPENDENT OF A MEMBER OR PARTICIPANT WHO IS RECOGNIZED BY A  
6 DOMESTIC RELATIONS ORDER AS HAVING A RIGHT TO RECEIVE ALL OR A  
7 PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR PARTICIPANT  
8 UNDER THIS PART.

9 \* \* \*

10 "AVERAGE NONCOVERED SALARY." THE AVERAGE OF THE AMOUNTS OF  
11 COMPENSATION RECEIVED EACH CALENDAR YEAR SINCE JANUARY 1, 1956,  
12 EXCLUSIVE OF THE AMOUNT WHICH WAS OR COULD HAVE BEEN COVERED BY  
13 THE FEDERAL SOCIAL SECURITY ACT[, 42 U.S.C. § 301 ET SEQ.] (42  
14 U.S.C. § 301 ET SEQ.), DURING THAT PORTION OF THE MEMBER'S  
15 SERVICE SINCE JANUARY 1, 1956, FOR WHICH HE HAS RECEIVED SOCIAL  
16 SECURITY INTEGRATION CREDIT.

17 \* \* \*

18 "BENEFICIARY." [THE] IN THE CASE OF THE SYSTEM, THE PERSON  
19 OR PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY A MEMBER  
20 TO RECEIVE HIS ACCUMULATED DEDUCTIONS OR A LUMP SUM BENEFIT UPON  
21 THE DEATH OF SUCH MEMBER. IN THE CASE OF THE PLAN, THE PERSON OR  
22 PERSONS LAST DESIGNATED IN WRITING TO THE BOARD BY THE  
23 PARTICIPANT TO RECEIVE THE PARTICIPANT'S VESTED ACCUMULATED  
24 TOTAL DEFINED CONTRIBUTIONS OR A LUMP SUM BENEFIT UPON THE DEATH  
25 OF THE PARTICIPANT.

26 \* \* \*

27 "CLASS A-5 EXEMPT EMPLOYEE." ANY OF THE FOLLOWING:

28 (1) A SWORN POLICE OFFICER.

29 (2) AN ENFORCEMENT OFFICER.

30 (3) A WILDLIFE CONSERVATION OFFICER OR OTHER

COMMISSIONED LAW ENFORCEMENT PERSONNEL EMPLOYED BY THE  
PENNSYLVANIA GAME COMMISSION WHO HAS AND EXERCISES THE SAME  
LAW ENFORCEMENT POWERS AS A WILDLIFE CONSERVATION OFFICER.  
THE TERM SHALL NOT INCLUDE A DEPUTY WILDLIFE CONSERVATION  
OFFICER.

(4) A DELAWARE RIVER PORT AUTHORITY POLICEMAN.

(5) A PARK RANGER.

(6) A CAPITOL POLICE OFFICER.

(7) A CAMPUS POLICE OFFICER EMPLOYED BY A STATE-OWNED  
EDUCATIONAL INSTITUTION, COMMUNITY COLLEGE OR THE  
PENNSYLVANIA STATE UNIVERSITY.

(8) A POLICE OFFICER EMPLOYED BY FORT INDIANTOWN GAP OR  
OTHER DESIGNATED COMMONWEALTH MILITARY INSTALLATION OR  
FACILITY.

(9) A CORRECTION OFFICER.

"CLASS OF SERVICE MULTIPLIER."

CLASS OF SERVICE	MULTIPLIER
A	1
AA	FOR ALL PURPOSES
	EXCEPT
	CALCULATING
	REGULAR MEMBER
	CONTRIBUTIONS ON
	COMPENSATION
	PAID PRIOR TO
	JANUARY 1, 2002
AA	1.25
	FOR PURPOSES OF
	CALCULATING
	REGULAR MEMBER
	CONTRIBUTIONS

1		ON COMPENSATION	
2		PAID PRIOR TO	
3		JANUARY 1, 2002	1
4	A-3	FOR ALL PURPOSES	
5		EXCEPT THE	
6		CALCULATION OF	
7		REGULAR MEMBER	
8		CONTRIBUTIONS	
9		AND	
10		CONTRIBUTIONS	
11		FOR CREDITABLE	
12		NONSTATE SERVICE	1
13	A-3	FOR PURPOSES OF	
14		CALCULATING	
15		REGULAR MEMBER	
16		CONTRIBUTIONS	
17		AND	
18		CONTRIBUTIONS	
19		FOR CREDITABLE	
20		NONSTATE SERVICE	1.25
21	A-4	FOR ALL PURPOSES	
22		EXCEPT THE	
23		CALCULATION OF	
24		REGULAR MEMBER	
25		CONTRIBUTIONS	1.25
26	A-4	FOR PURPOSES OF	
27		CALCULATING	
28		REGULAR MEMBER	
29		CONTRIBUTIONS	1.86
30	A-5	<u>FOR ALL PURPOSES</u>	

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

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



1		SUBSEQUENT TO		
2		JANUARY 1, 1973	1.50	FOR EACH OF THE
3				FIRST TEN YEARS
4				OF JUDICIAL
5				SERVICE AND
6			1.125	FOR EACH
7				SUBSEQUENT YEAR
8				OF JUDICIAL
9				SERVICE
10	E-2	PRIOR TO		
11		SEPTEMBER 1,		
12		1973	1.5	
13	E-2	ON AND		
14		SUBSEQUENT TO		
15		SEPTEMBER 1,		
16		1973	1.125	
17	G		0.417	
18	H		0.500	
19	I		0.625	
20	J		0.714	
21	K		0.834	
22	L		1.000	
23	M		1.100	
24	N		1.250	
25	T-C (PUBLIC SCHOOL			
26	EMPLOYEES '			
27	RETIREMENT CODE)		1	
28	T-E (PUBLIC SCHOOL			
29	EMPLOYEES '			
30	RETIREMENT CODE)		1	

1 T-F (PUBLIC SCHOOL

2 EMPLOYEES '

3 RETIREMENT CODE)

1

4 T-G (PUBLIC SCHOOL

5 EMPLOYEES '

6 RETIREMENT CODE)

1

7 \* \* \*

8 "COMPENSATION." PICKUP CONTRIBUTIONS AND MANDATORY PICKUP

9 PARTICIPANT CONTRIBUTIONS PLUS REMUNERATION ACTUALLY RECEIVED AS

10 A STATE EMPLOYEE EXCLUDING REFUNDS FOR EXPENSES, CONTINGENCY AND

11 ACCOUNTABLE EXPENSE ALLOWANCES; EXCLUDING ANY SEVERANCE PAYMENTS

12 OR PAYMENTS FOR UNUSED VACATION OR SICK LEAVE; AND EXCLUDING

13 PAYMENTS FOR MILITARY LEAVE AND ANY OTHER PAYMENTS MADE BY AN

14 EMPLOYER WHILE ON USERRA LEAVE, LEAVE OF ABSENCE GRANTED UNDER

15 51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN

16 GOVERNMENT EMPLOYEES), MILITARY LEAVE OF ABSENCE GRANTED UNDER

17 51 PA.C.S. § 7302 (RELATING TO GRANTING MILITARY LEAVES OF

18 ABSENCE) OR OTHER TYPES OF MILITARY LEAVE, INCLUDING OTHER TYPES

19 OF LEAVE PAYMENTS, STIPENDS, DIFFERENTIAL WAGE PAYMENTS AS

20 DEFINED IN IRC § 414(U) (12) AND ANY OTHER PAYMENTS: PROVIDED,

21 HOWEVER, THAT COMPENSATION RECEIVED PRIOR TO JANUARY 1, 1973,

22 SHALL BE SUBJECT TO THE LIMITATIONS FOR RETIREMENT PURPOSES IN

23 EFFECT DECEMBER 31, 1972, IF ANY: PROVIDED FURTHER, THAT THE

24 LIMITATION UNDER SECTION 401(A) (17) OF THE INTERNAL REVENUE CODE

25 OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17)) TAKEN INTO

26 ACCOUNT FOR THE PURPOSE OF MEMBER CONTRIBUTIONS, INCLUDING ANY

27 ADDITIONAL MEMBER CONTRIBUTIONS IN ADDITION TO REGULAR OR JOINT

28 COVERAGE MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION

29 CONTRIBUTIONS, REGARDLESS OF CLASS OF SERVICE, SHALL APPLY TO

30 EACH MEMBER WHO FIRST BECAME A MEMBER OF THE STATE EMPLOYEES'

1 RETIREMENT SYSTEM ON OR AFTER JANUARY 1, 1996, AND WHO BY REASON  
2 OF SUCH FACT IS A NONELIGIBLE MEMBER SUBJECT TO THE APPLICATION  
3 OF THE PROVISIONS OF SECTION 5506.1(A) (RELATING TO ANNUAL  
4 COMPENSATION LIMIT UNDER IRC § 401(A)(17)) AND SHALL APPLY TO  
5 EACH PARTICIPANT PERTAINING TO HIS PARTICIPATION IN THE PLAN.

6 \* \* \*

7 "CREDITABLE NONSTATE SERVICE." SERVICE FOR WHICH AN ACTIVE  
8 MEMBER MAY OBTAIN CREDIT IN THE SYSTEM, OTHER THAN:

9 (1) SERVICE AS A STATE EMPLOYEE;

10 (2) SERVICE CONVERTED TO STATE SERVICE PURSUANT TO  
11 SECTION 5303.1 (RELATING TO ELECTION TO CONVERT COUNTY  
12 SERVICE TO STATE SERVICE); OR

13 (3) SCHOOL SERVICE CONVERTED TO STATE SERVICE PURSUANT  
14 TO SECTION 5303.2 (RELATING TO ELECTION TO CONVERT SCHOOL  
15 SERVICE TO STATE SERVICE) [FOR WHICH AN ACTIVE MEMBER MAY  
16 OBTAIN CREDIT].

17 "CREDITED SERVICE." STATE OR CREDITABLE NONSTATE SERVICE FOR  
18 WHICH THE REQUIRED CONTRIBUTIONS HAVE BEEN MADE TO THE FUND OR  
19 FOR WHICH THE CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE  
20 WERE NOT MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO  
21 WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY  
22 INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART  
23 RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR [415(B)]  
24 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26  
25 U.S.C. § 401(A)(17) OR [415(B)] 415), OR FOR WHICH SALARY  
26 DEDUCTIONS OR LUMP SUM PAYMENTS TO THE SYSTEM HAVE BEEN AGREED  
27 UPON IN WRITING.

28 "DATE OF TERMINATION OF SERVICE." THE LATEST OF THE  
29 FOLLOWING DATES:

30 (1) THE LAST DAY OF SERVICE FOR WHICH PICKUP

1        CONTRIBUTIONS ARE MADE FOR AN ACTIVE MEMBER OR FOR WHICH THE  
2        CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE WERE NOT  
3        MADE SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER  
4        OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY  
5        INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS  
6        PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A)(17) OR  
7        415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514,  
8        26 U.S.C. § 401(A)(17) OR 415); OR

9        (2) IN THE CASE OF AN INACTIVE MEMBER ON LEAVE WITHOUT  
10       PAY OR AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY, THE DATE  
11       OF HIS RESIGNATION OR THE DATE HIS EMPLOYMENT IS FORMALLY  
12       DISCONTINUED BY HIS EMPLOYER.

13       \* \* \*

14       "DISTRIBUTION." PAYMENT OF ALL OR ANY PORTION OF A PERSON'S  
15       INTEREST IN EITHER THE STATE EMPLOYEES' RETIREMENT FUND OR THE  
16       STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST, OR BOTH, WHICH IS  
17       PAYABLE UNDER THIS PART.

18       "DOMESTIC RELATIONS ORDER." ANY JUDGMENT, DECREE OR ORDER,  
19       INCLUDING APPROVAL OF A PROPERTY SETTLEMENT AGREEMENT, ENTERED  
20       ON OR AFTER THE EFFECTIVE DATE OF THIS DEFINITION BY A COURT OF  
21       COMPETENT JURISDICTION PURSUANT TO A DOMESTIC RELATIONS LAW  
22       WHICH RELATES TO THE MARITAL PROPERTY RIGHTS OF THE SPOUSE OR  
23       FORMER SPOUSE OF A MEMBER OR PARTICIPANT, INCLUDING THE RIGHT TO  
24       RECEIVE ALL OR A PORTION OF THE MONEYS PAYABLE TO THAT MEMBER OR  
25       PARTICIPANT UNDER THIS PART IN FURTHERANCE OF THE EQUITABLE  
26       DISTRIBUTION OF MARITAL ASSETS. THE TERM INCLUDES ORDERS OF  
27       SUPPORT AS THAT TERM IS DEFINED BY 23 PA.C.S. § 4302 (RELATING  
28       TO DEFINITIONS) AND ORDERS FOR THE ENFORCEMENT OF ARREARAGES AS  
29       PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF  
30       ARREARAGES).

1       \* \* \*

2       "EMPLOYER DEFINED CONTRIBUTIONS." CONTRIBUTIONS EQUAL TO  
3 2.5% OF AN ACTIVE PARTICIPANT'S COMPENSATION THAT ARE MADE BY  
4 THE COMMONWEALTH OR OTHER EMPLOYER TO THE TRUST TO BE CREDITED  
5 IN AN ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT.

6       \* \* \*

7       "FINAL AVERAGE SALARY." [THE] AS FOLLOWS:

8       (1) FOR MEMBERS WITH AN EFFECTIVE DATE OF RETIREMENT  
9 BEFORE JANUARY 1, 2017, AND FOR PURPOSES OF CALCULATING  
10 STANDARD SINGLE LIFE ANNUITIES AND BENEFITS RESULTING FROM  
11 CREDITED SERVICE OTHER THAN POST-DECEMBER 2016 SERVICE AND  
12 OTHER THAN CLASS A-5 SERVICE REGARDLESS OF THE EFFECTIVE DATE  
13 OF RETIREMENT, THE HIGHEST AVERAGE COMPENSATION RECEIVED AS A  
14 MEMBER DURING ANY THREE NONOVERLAPPING PERIODS OF FOUR  
15 CONSECUTIVE CALENDAR QUARTERS DURING WHICH THE MEMBER WAS A  
16 STATE EMPLOYEE, WITH THE COMPENSATION FOR PART-TIME SERVICE  
17 BEING ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF  
18 THE YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE  
19 WAS NOT A MEMBER FOR THREE NONOVERLAPPING PERIODS OF FOUR  
20 CONSECUTIVE CALENDAR QUARTERS, THE TOTAL COMPENSATION  
21 RECEIVED AS A MEMBER, ANNUALIZED IN THE CASE OF PART-TIME  
22 SERVICE, DIVIDED BY THE NUMBER OF NONOVERLAPPING PERIODS OF  
23 FOUR CONSECUTIVE CALENDAR QUARTERS OF MEMBERSHIP[;].

24       (2) FOR MEMBERS WITH AN EFFECTIVE DATE OF RETIREMENT ON  
25 OR AFTER JANUARY 1, 2017, FOR PURPOSES OF CALCULATING  
26 STANDARD SINGLE LIFE ANNUITIES AND BENEFITS RESULTING FROM  
27 POST-DECEMBER 2016 SERVICE, THE LARGER OF:

28       (I) THE HIGHEST AVERAGE TOTAL COMPENSATION RECEIVED  
29 AS A MEMBER OF ANY CLASS OF SERVICE DURING ANY FIVE  
30 CALENDAR YEARS DURING WHICH THE MEMBER WAS A STATE

1 EMPLOYEE, WITH THE COMPENSATION FOR PART-TIME SERVICE OR  
2 FOR ANY PARTIAL YEAR OF CREDIT ANNUALIZED ON THE BASIS OF  
3 THE FRACTIONAL PORTION OF THE YEAR FOR WHICH CREDIT IS  
4 RECEIVED, EXCEPT IF THE EMPLOYEE WAS NOT AN ACTIVE MEMBER  
5 DURING FIVE CALENDAR YEARS, THE AVERAGE OF THE NUMBER OF  
6 CALENDAR YEARS DURING WHICH THE EMPLOYEE WAS AN ACTIVE  
7 MEMBER; OR

8 (II) THE HIGHEST AVERAGE COMPENSATION RECEIVED AS A  
9 MEMBER OF ANY CLASS OF SERVICE DURING ANY THREE CALENDAR  
10 YEARS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE  
11 EXCLUDING REMUNERATION RECEIVED AFTER DECEMBER 31, 2016,  
12 FOR ANY OVERTIME SERVICE AS A MEMBER OF THE SYSTEM, WITH  
13 THE COMPENSATION OF PART-TIME SERVICE OR FOR ANY PARTIAL  
14 YEAR OF CREDIT ANNUALIZED ON THE BASIS OF THE FRACTIONAL  
15 PORTION OF THE YEAR FOR WHICH CREDIT IS RECEIVED, EXCEPT  
16 IF THE EMPLOYEE WAS NOT AN ACTIVE MEMBER DURING THREE  
17 CALENDAR YEARS, THE AVERAGE OF THE NUMBER OF CALENDAR  
18 YEARS DURING WHICH THE EMPLOYEE WAS AN ACTIVE MEMBER.

19 (3) FOR PURPOSES OF CALCULATING STANDARD SINGLE LIFE  
20 ANNUITIES AND BENEFITS FROM THE SYSTEM ATTRIBUTABLE TO  
21 SERVICE AS A MEMBER OF CLASS A-5, THE HIGHEST AVERAGE  
22 COMPENSATION RECEIVED AS A MEMBER DURING ANY FIVE CALENDAR  
23 YEARS DURING WHICH THE MEMBER WAS A STATE EMPLOYEE, WITH THE  
24 COMPENSATION FOR PART-TIME SERVICE OR FOR ANY PARTIAL YEAR OF  
25 CREDIT ANNUALIZED ON THE BASIS OF THE FRACTIONAL PORTION OF  
26 THE YEAR FOR WHICH CREDIT IS RECEIVED; EXCEPT IF THE EMPLOYEE  
27 WAS NOT A MEMBER DURING FIVE CALENDAR YEARS, THE AVERAGE OF  
28 THE NUMBER OF CALENDAR YEARS DURING WHICH THE EMPLOYEE WAS AN  
29 ACTIVE MEMBER.

30 (4) FOR ALL MEMBERS AND FOR THE CALCULATION OF ALL

1     STANDARD SINGLE LIFE ANNUITIES WITHOUT REGARD TO CLASS OF  
2     MEMBERSHIP AND CREDITED SERVICE, IN THE CASE OF A MEMBER WITH  
3     MULTIPLE SERVICE, THE FINAL AVERAGE SALARY SHALL BE  
4     DETERMINED ON THE BASIS OF THE COMPENSATION RECEIVED BY HIM  
5     AS A [STATE EMPLOYEE OR AS A SCHOOL EMPLOYEE] MEMBER OF THE  
6     SYSTEM OR AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
7     RETIREMENT SYSTEM, OR BOTH[;], AND, IN THE CASE OF A MEMBER  
8     WITH [CLASS A-3 OR CLASS A-4 SERVICE AND] SERVICE IN MORE  
9     THAN ONE [OR MORE OTHER CLASSES] CLASS OF SERVICE, THE FINAL  
10    AVERAGE SALARY FOR PURPOSES OF CALCULATING ANNUITIES AND  
11    BENEFITS FROM ALL CLASSES OF SERVICE SHALL BE DETERMINED ON  
12    THE BASIS OF THE COMPENSATION RECEIVED BY HIM IN ALL CLASSES  
13    OF STATE SERVICE; AND, IN THE CASE OF A MEMBER WHO FIRST  
14    BECAME A MEMBER ON OR AFTER JANUARY 1, 1996, THE FINAL  
15    AVERAGE SALARY SHALL BE DETERMINED AS HEREINABOVE PROVIDED  
16    BUT SUBJECT TO THE APPLICATION OF THE PROVISIONS OF SECTION  
17    5506.1(A) (RELATING TO ANNUAL COMPENSATION LIMIT UNDER IRC §  
18    401(A)(17)). FINAL AVERAGE SALARY SHALL BE DETERMINED BY  
19    INCLUDING IN COMPENSATION PAYMENTS DEEMED TO HAVE BEEN MADE  
20    TO A MEMBER REEMPLOYED FROM USERRA LEAVE TO THE EXTENT MEMBER  
21    CONTRIBUTIONS HAVE BEEN MADE AS PROVIDED IN SECTION 5302(F)  
22    (2) (RELATING TO CREDITED STATE SERVICE) AND PAYMENTS MADE TO  
23    A MEMBER ON LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102  
24    (RELATING TO LEAVES OF ABSENCE FOR CERTAIN GOVERNMENT  
25    EMPLOYEES) AS PROVIDED IN SECTION 5302(F)(6).

26     \* \* \*

27     "INACTIVE MEMBER." A MEMBER FOR WHOM NO PICKUP CONTRIBUTIONS  
28    ARE BEING MADE TO THE FUND, EXCEPT IN THE CASE OF AN ACTIVE  
29    MEMBER FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR  
30    CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF

SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER SECTION 401(A) (17) OR [415(B)] 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR [415(B)] 415), BUT WHO HAS ACCUMULATED DEDUCTIONS STANDING TO HIS CREDIT IN THE FUND AND WHO IS NOT ELIGIBLE TO BECOME OR HAS NOT ELECTED TO BECOME A VESTEE OR HAS NOT FILED AN APPLICATION FOR AN ANNUITY.

"INACTIVE PARTICIPANT." A PARTICIPANT FOR WHOM NO MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS ARE BEING MADE TO THE TRUST, EXCEPT IN THE CASE OF AN ACTIVE PARTICIPANT FOR WHOM SUCH CONTRIBUTIONS OTHERWISE REQUIRED FOR CURRENT STATE SERVICE ARE NOT BEING MADE SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO LIMITATIONS UNDER SECTION 401(A) (17) OR 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A) (17) OR 415), BUT WHO HAS VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO HIS CREDIT IN THE TRUST AND WHO HAS NOT FILED AN APPLICATION FOR A DISTRIBUTION.

"INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY." THE TERM DOES NOT INCLUDE A CLASS A-5 EXEMPT EMPLOYEE WHO IS AN ACTIVE MEMBER ON LEAVE WITHOUT PAY UNLESS THE CLASS A-5 EXEMPT EMPLOYEE CONCURRENTLY IS EMPLOYED IN AN OFFICE OR POSITION IN WHICH THE CLASS A-5 EXEMPT EMPLOYEE IS A PARTICIPANT IN THE PLAN.

"INDIVIDUAL INVESTMENT ACCOUNT." THE ACCOUNT IN THE TRUST TO WHICH ARE CREDITED THE AMOUNTS OF THE CONTRIBUTIONS MADE BY A PARTICIPANT AND THE PARTICIPANT'S EMPLOYER IN ACCORDANCE WITH THE PROVISIONS OF THIS PART, TOGETHER WITH ALL INTEREST AND INVESTMENT EARNINGS AFTER DEDUCTION FOR FEES, COSTS, EXPENSES AND INVESTMENT LOSSES AND CHARGES FOR DISTRIBUTIONS.



1 "INTERVENING MILITARY SERVICE." ACTIVE MILITARY SERVICE OF A  
2 MEMBER WHO WAS A STATE EMPLOYEE AND ACTIVE MEMBER OF THE SYSTEM  
3 IMMEDIATELY PRECEDING HIS INDUCTION INTO THE ARMED SERVICES OR  
4 FORCES OF THE UNITED STATES IN ORDER TO MEET A MILITARY  
5 OBLIGATION EXCLUDING ANY VOLUNTARY EXTENSION OF SUCH SERVICE AND  
6 WHO BECOMES A STATE EMPLOYEE WITHIN 90 DAYS OF THE EXPIRATION OF  
7 SUCH SERVICE.

8 \* \* \*

9 "IRREVOCABLE BENEFICIARY." THE PERSON OR PERSONS PERMANENTLY  
10 DESIGNATED BY A MEMBER OR PARTICIPANT IN WRITING TO THE STATE  
11 EMPLOYEES' RETIREMENT BOARD PURSUANT TO AN APPROVED DOMESTIC  
12 RELATIONS ORDER TO RECEIVE ALL OR A PORTION OF THE ACCUMULATED  
13 DEDUCTIONS, VESTED ACCUMULATED TOTAL DEFINED CONTRIBUTIONS OR  
14 LUMP SUM BENEFIT PAYABLE UPON THE DEATH OF SUCH MEMBER OR  
15 PARTICIPANT.

16 "IRREVOCABLE SUCCESSOR PAYEE." THE PERSON PERMANENTLY  
17 DESIGNATED BY A PARTICIPANT RECEIVING DISTRIBUTIONS IN WRITING  
18 TO THE BOARD PURSUANT TO AN APPROVED DOMESTIC RELATIONS ORDER TO  
19 RECEIVE ONE OR MORE DISTRIBUTIONS FROM THE PLAN UPON THE DEATH  
20 OF THE PARTICIPANT.

21 \* \* \*

22 "MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS." FOR A  
23 PARTICIPANT WHO MAKES THE ELECTION UNDER SECTION 5306.4  
24 (RELATING TO LIMITED ELECTION TO BECOME A CLASS A-5 MEMBER AND  
25 PLAN PARTICIPANT), CONTRIBUTIONS EQUAL TO 3.25% OF COMPENSATION,  
26 OR THE PERCENTAGE OF COMPENSATION AS OTHERWISE PROVIDED UNDER  
27 SECTION 5306.4(E), THAT ARE MADE BY THE COMMONWEALTH OR OTHER  
28 EMPLOYER FOR ACTIVE PARTICIPANTS FOR CURRENT STATE SERVICE THAT  
29 ARE PICKED UP BY THE EMPLOYER AND CREDITED IN THE PLAN.

30 \* \* \*

1     "PARTICIPANT." AN ACTIVE PARTICIPANT, INACTIVE PARTICIPANT  
2     OR PARTICIPANT RECEIVING DISTRIBUTIONS.

3     "PARTICIPANT RECEIVING DISTRIBUTIONS." A PARTICIPANT IN THE  
4     PLAN WHO HAS COMMENCED RECEIVING DISTRIBUTIONS FROM HIS  
5     INDIVIDUAL INVESTMENT ACCOUNT BUT WHO HAS NOT RECEIVED A TOTAL  
6     DISTRIBUTION OF HIS VESTED INTEREST IN THE INDIVIDUAL INVESTMENT  
7     ACCOUNT.

8     \* \* \*

9     "PLAN." THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS  
10    ESTABLISHED UNDER THE PROVISIONS OF THIS PART AND THE BOARD.

11    "PLAN DOCUMENT." THE DOCUMENTS CREATED BY THE BOARD UNDER  
12    SECTION 5802 (RELATING TO PLAN DOCUMENT) THAT CONTAIN THE TERMS  
13    AND PROVISIONS OF THE PLAN AND TRUST AS ESTABLISHED BY THE BOARD  
14    REGARDING THE ESTABLISHMENT, ADMINISTRATION AND INVESTMENT OF  
15    THE PLAN AND TRUST.

16    "POST-DECEMBER 2016 SERVICE." ALL:

17       (1) PREVIOUSLY UNCREDITED STATE SERVICE AND CREDITABLE  
18       NONSTATE SERVICE THAT IS FIRST CREDITED ON OR AFTER JANUARY  
19       1, 2017; AND

20       (2) STATE SERVICE PERFORMED ON OR AFTER JANUARY 1, 2017,  
21       EXCLUDING ANY SERVICE CREDITED AS A MEMBER OF CLASS A-5, EXCEPT  
22       THAT ANY STATE SERVICE CREDITED BY A MEMBER WHO IS REEMPLOYED  
23       FROM USERRA LEAVE WHO HAS MADE THE MEMBER CONTRIBUTIONS UNDER  
24       SECTION 5302(F) (RELATING TO CREDITED STATE SERVICE) TO RECEIVE  
25       STATE SERVICE CREDIT SHALL NOT BE POST-DECEMBER 2016 SERVICE IF  
26       CREDITED FOR A PERIOD OF USERRA LEAVE PERFORMED BEFORE JANUARY  
27       1, 2017.

28    \* \* \*

29    "REEMPLOYED FROM USERRA LEAVE." RESUMPTION OF ACTIVE  
30    MEMBERSHIP OR ACTIVE PARTICIPATION AS A STATE EMPLOYEE AFTER A

1 PERIOD OF USERRA LEAVE, PROVIDED, HOWEVER, THAT THE RESUMPTION  
2 OF ACTIVE MEMBERSHIP OR ACTIVE PARTICIPATION WAS WITHIN THE TIME  
3 PERIOD AND UNDER CONDITIONS AND CIRCUMSTANCES SUCH THAT THE  
4 STATE EMPLOYEE WAS ENTITLED TO REEMPLOYMENT RIGHTS UNDER 38  
5 U.S.C. CH. 43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF  
6 MEMBERS OF THE UNIFORMED SERVICES) .

7 \* \* \*

8 "REGULAR MEMBER CONTRIBUTIONS." THE PRODUCT OF THE BASIC  
9 CONTRIBUTION RATE, THE CLASS OF SERVICE MULTIPLIER [IF GREATER  
10 THAN ONE] AND THE COMPENSATION OF THE MEMBER[.], SUBJECT TO ANY  
11 ADJUSTMENT UNDER SECTION 5501.1(C) (RELATING TO SHARED-RISK  
12 MEMBER CONTRIBUTIONS AND SHARED-GAIN ADJUSTMENTS TO REGULAR  
13 MEMBER CONTRIBUTIONS).

14 "REQUIRED BEGINNING DATE." THE LATEST DATE BY WHICH  
15 DISTRIBUTIONS OF A PARTICIPANT'S INTEREST IN HIS INDIVIDUAL  
16 INVESTMENT ACCOUNT MUST COMMENCE UNDER SECTION 401(A)(9) OF THE  
17 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §  
18 401(A)(9)).

19 "RETIREMENT COUNSELOR." THE STATE EMPLOYEES' RETIREMENT  
20 [SYSTEM] BOARD EMPLOYEE WHOSE DUTY IT SHALL BE TO ADVISE EACH  
21 EMPLOYEE OF HIS RIGHTS AND DUTIES AS A MEMBER OF THE SYSTEM OR  
22 AS A PARTICIPANT OF THE PLAN.

23 "SALARY DEDUCTIONS." THE AMOUNTS CERTIFIED BY THE BOARD,  
24 DEDUCTED FROM THE COMPENSATION OF AN ACTIVE MEMBER OR ACTIVE  
25 PARTICIPANT, OR THE SCHOOL SERVICE COMPENSATION OF A MULTIPLE  
26 SERVICE MEMBER WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
27 EMPLOYEES' RETIREMENT SYSTEM, AND PAID INTO THE FUND OR TRUST.

28 "SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN." THE DEFINED  
29 CONTRIBUTION PLAN FOR SCHOOL EMPLOYEES ESTABLISHED UNDER 24  
30 PA.C.S. PT. IV (RELATING TO RETIREMENT FOR SCHOOL EMPLOYEES).

1       \* \* \*

2       "SHARED-RISK MEMBER CONTRIBUTIONS." THE PRODUCT OF THE  
3       APPLICABLE SHARED-RISK CONTRIBUTION RATE AND THE COMPENSATION OF  
4       A MEMBER [FOR SERVICE CREDITED AS CLASS A-3 OR CLASS A-4] WHO IS  
5       REQUIRED TO MAKE SHARED-RISK MEMBER CONTRIBUTIONS.

6       \* \* \*

7       "SPECIAL VESTEE." AN EMPLOYEE OF THE PENNSYLVANIA STATE  
8       UNIVERSITY WHO IS A MEMBER OF THE STATE EMPLOYEES' RETIREMENT  
9       SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY POINTS  
10      AND WHO HAS A DATE OF TERMINATION OF SERVICE FROM THE  
11      PENNSYLVANIA STATE UNIVERSITY OF JUNE 30, 1997, BECAUSE OF THE  
12      TRANSFER OF HIS JOB POSITION OR DUTIES TO A CONTROLLED  
13      ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM OR  
14      BECAUSE OF THE ELIMINATION OF HIS JOB POSITION OR DUTIES DUE TO  
15      THE TRANSFER OF OTHER JOB POSITIONS OR DUTIES TO A CONTROLLED  
16      ORGANIZATION OF THE PENN STATE GEISINGER HEALTH SYSTEM, PROVIDED  
17      THAT:

18           (1) SUBSEQUENT TO TERMINATION OF STATE SERVICE AS AN  
19      EMPLOYEE OF THE PENNSYLVANIA STATE UNIVERSITY, THE MEMBER HAS  
20      NOT RETURNED TO STATE SERVICE IN ANY OTHER CAPACITY OR  
21      POSITION AS A STATE EMPLOYEE;

22           (2) THE PENNSYLVANIA STATE UNIVERSITY CERTIFIES TO THE  
23      BOARD THAT THE MEMBER IS ELIGIBLE TO BE A SPECIAL VESTEE;

24           (3) THE MEMBER FILES AN APPLICATION TO VEST THE MEMBER'S  
25      RETIREMENT RIGHTS PURSUANT TO SECTION 5907(F) (RELATING TO  
26      RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND  
27      PARTICIPANTS) ON OR BEFORE SEPTEMBER 30, 1997; AND

28           (4) THE MEMBER ELECTS TO LEAVE THE MEMBER'S TOTAL  
29      ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER RECEIPT OF AN  
30      ANNUITY UNTIL ATTAINMENT OF SUPERANNUATION AGE.

1 "STANDARD SINGLE LIFE ANNUITY." AN ANNUITY EQUAL TO 2% OF  
2 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 IN EACH CLASS OF SERVICE.

5 "STATE EMPLOYEE." ANY PERSON HOLDING A STATE OFFICE OR  
6 POSITION UNDER THE COMMONWEALTH, EMPLOYED BY THE STATE  
7 GOVERNMENT OF THE COMMONWEALTH, IN ANY CAPACITY WHATSOEVER,  
8 EXCEPT AN INDEPENDENT CONTRACTOR OR ANY PERSON COMPENSATED ON A  
9 FEE BASIS OR ANY PERSON PAID DIRECTLY BY AN ENTITY OTHER THAN A  
10 STATE EMPLOYEES' RETIREMENT SYSTEM EMPLOYER, AND SHALL INCLUDE  
11 MEMBERS OF THE GENERAL ASSEMBLY, AND ANY OFFICER OR EMPLOYEE OF  
12 THE FOLLOWING:

13 (1) (I) THE DEPARTMENT OF EDUCATION.

14 (II) STATE-OWNED EDUCATIONAL INSTITUTIONS.

15 (III) COMMUNITY COLLEGES.

16 (IV) THE PENNSYLVANIA STATE UNIVERSITY, EXCEPT AN  
17 EMPLOYEE IN THE COLLEGE OF AGRICULTURE WHO IS PAID WHOLLY  
18 FROM FEDERAL FUNDS OR AN EMPLOYEE WHO IS PARTICIPATING IN  
19 THE FEDERAL CIVIL SERVICE RETIREMENT SYSTEM. THE  
20 UNIVERSITY SHALL BE TOTALLY RESPONSIBLE FOR ALL EMPLOYER  
21 CONTRIBUTIONS UNDER SECTION 5507 (RELATING TO  
22 CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER  
23 EMPLOYERS) AND ALL EMPLOYER DEFINED CONTRIBUTIONS TO THE  
24 TRUST UNDER SECTION 5806 (RELATING TO EMPLOYER DEFINED  
25 CONTRIBUTIONS).

26 (2) THE PENNSYLVANIA TURNPIKE COMMISSION, THE DELAWARE  
27 RIVER PORT AUTHORITY, THE PORT AUTHORITY TRANSIT CORPORATION,  
28 THE PHILADELPHIA REGIONAL PORT AUTHORITY, THE DELAWARE RIVER  
29 JOINT TOLL BRIDGE COMMISSION, THE STATE PUBLIC SCHOOL  
30 BUILDING AUTHORITY, THE GENERAL STATE AUTHORITY, THE STATE

1 HIGHWAY AND BRIDGE AUTHORITY, THE DELAWARE VALLEY REGIONAL  
2 PLANNING COMMISSION, THE INTERSTATE COMMISSION OF THE  
3 DELAWARE RIVER BASIN, AND THE SUSQUEHANNA RIVER BASIN  
4 COMMISSION ANY TIME SUBSEQUENT TO ITS CREATION, PROVIDED THE  
5 COMMISSION OR AUTHORITY AGREES TO CONTRIBUTE AND DOES  
6 CONTRIBUTE TO THE FUND OR TRUST, FROM TIME TO TIME, THE  
7 MONEYS REQUIRED TO BUILD UP THE RESERVES NECESSARY FOR THE  
8 PAYMENT OF THE ANNUITIES OR OTHER BENEFITS OF SUCH OFFICERS  
9 AND EMPLOYEES WITHOUT ANY LIABILITY ON THE PART OF THE  
10 COMMONWEALTH TO MAKE APPROPRIATIONS FOR SUCH PURPOSES, AND  
11 PROVIDED IN THE CASE OF EMPLOYEES OF THE INTERSTATE  
12 COMMISSION OF THE DELAWARE RIVER BASIN, THAT THE EMPLOYEE  
13 SHALL HAVE BEEN A MEMBER OF THE SYSTEM FOR AT LEAST TEN YEARS  
14 PRIOR TO JANUARY 1, 1963.

15 (3) ANY SEPARATE INDEPENDENT PUBLIC CORPORATION CREATED  
16 BY STATUTE, NOT INCLUDING ANY MUNICIPAL OR QUASI-MUNICIPAL  
17 CORPORATION, SO LONG AS HE REMAINS AN OFFICER OR EMPLOYEE OF  
18 SUCH PUBLIC CORPORATION, AND PROVIDED THAT SUCH OFFICER OR  
19 EMPLOYEE OF SUCH PUBLIC CORPORATION WAS AN EMPLOYEE OF THE  
20 COMMONWEALTH IMMEDIATELY PRIOR TO HIS EMPLOYMENT BY SUCH  
21 CORPORATION, AND FURTHER PROVIDED SUCH PUBLIC CORPORATION  
22 SHALL AGREE TO CONTRIBUTE AND CONTRIBUTES TO THE FUND OR  
23 TRUST, FROM TIME TO TIME, THE MONEYS REQUIRED TO BUILD UP THE  
24 RESERVES NECESSARY FOR THE PAYMENT OF THE ANNUITIES OR OTHER  
25 BENEFITS OF SUCH OFFICERS AND EMPLOYEES WITHOUT ANY LIABILITY  
26 ON THE PART OF THE COMMONWEALTH TO MAKE APPROPRIATIONS FOR  
27 SUCH PURPOSES.

28 \* \* \*

29 "SUCCESSOR PAYEE." THE PERSON OR PERSONS LAST DESIGNATED IN  
30 WRITING TO THE BOARD BY A PARTICIPANT RECEIVING DISTRIBUTIONS TO

1 RECEIVE ONE OR MORE DISTRIBUTIONS UPON THE DEATH OF THE  
2 PARTICIPANT.

3 "SUPERANNUATION AGE." FOR CLASSES OF SERVICE IN THE SYSTEM  
4 OTHER THAN CLASS A-3 [AND], CLASS A-4 AND CLASS A-5, ANY AGE  
5 UPON ACCRUAL OF 35 ELIGIBILITY POINTS OR AGE 60, EXCEPT FOR A  
6 MEMBER OF THE GENERAL ASSEMBLY WHO HAS NO SERVICE AS A MEMBER OF  
7 THE GENERAL ASSEMBLY IN CLASS A-3, CLASS A-4 OR CLASS A-5, AN  
8 ENFORCEMENT OFFICER, A CORRECTION OFFICER, A PSYCHIATRIC  
9 SECURITY AIDE, A DELAWARE RIVER PORT AUTHORITY POLICEMAN OR AN  
10 OFFICER OF THE PENNSYLVANIA STATE POLICE, AGE 50, AND, EXCEPT  
11 FOR A MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K,  
12 CLASS L, CLASS M OR CLASS N SERVICE, AGE 55 UPON ACCRUAL OF 20  
13 ELIGIBILITY POINTS. FOR CLASS A-3 [AND], CLASS A-4 AND CLASS A-5  
14 SERVICE, ANY AGE UPON ATTAINMENT OF A SUPERANNUATION SCORE OF 92  
15 , PROVIDED THE MEMBER HAS ACCRUED 35 ELIGIBILITY POINTS , OR AGE  
16 65, OR FOR PARK RANGERS OR CAPITOL POLICE OFFICERS, AGE 55 WITH  
17 20 YEARS OF SERVICE AS A PARK RANGER OR CAPITOL POLICE OFFICER,  
18 EXCEPT FOR A MEMBER OF THE GENERAL ASSEMBLY WHOSE SERVICE AS A  
19 MEMBER OF THE GENERAL ASSEMBLY IS RENDERED AS A CLASS A-3, CLASS  
20 A-4 OR CLASS A-5 MEMBER, AN ENFORCEMENT OFFICER, A CORRECTION  
21 OFFICER, A PSYCHIATRIC SECURITY AIDE, A DELAWARE RIVER PORT  
22 AUTHORITY POLICEMAN OR AN OFFICER OF THE PENNSYLVANIA STATE  
23 POLICE, AGE 55. A VESTEE WITH CLASS A-3 [OR], CLASS A-4 OR CLASS  
24 A-5 SERVICE CREDIT ATTAINS SUPERANNUATION AGE ON THE BIRTHDAY  
25 THE VESTEE ATTAINS THE AGE RESULTING IN A SUPERANNUATION SCORE  
26 OF 92, PROVIDED THAT THE VESTEE HAS AT LEAST 35 ELIGIBILITY  
27 POINTS, OR ATTAINS ANOTHER APPLICABLE SUPERANNUATION AGE,  
28 WHICHEVER OCCURS FIRST.

29 \* \* \*

30 "SWORN POLICE OFFICER." A STATE POLICE OFFICER WHO IS

1 EMPLOYED AND SERVING AS AN OFFICER OF THE PENNSYLVANIA STATE  
2 POLICE.

3 \* \* \*

4 "TRUST." THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST  
5 ESTABLISHED UNDER CHAPTER 58 (RELATING TO STATE EMPLOYEES'  
6 DEFINED CONTRIBUTION PLAN).

7 \* \* \*

8 "VALUATION INTEREST." INTEREST AT 5 1/2% PER ANNUM  
9 COMPOUNDED ANNUALLY AND APPLIED TO ALL ACCOUNTS OF THE FUND  
10 OTHER THAN THE MEMBERS' SAVINGS ACCOUNT.

11 "VESTEE." A MEMBER WITH:

12 (1) FIVE OR MORE ELIGIBILITY POINTS IN A CLASS OF  
13 SERVICE OTHER THAN CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 OR  
14 CLASS T-E [OR] CLASS T-F OR CLASS T-G IN THE PUBLIC SCHOOL  
15 EMPLOYEES' RETIREMENT SYSTEM[, A MEMBER WITH];

16 (2) CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS  
17 L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY  
18 POINTS[, OR A MEMBER WITH]; OR

19 (3) CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 SERVICE WITH  
20 TEN OR MORE ELIGIBILITY POINTS

21 AND WHO HAS TERMINATED STATE SERVICE AND HAS ELECTED TO LEAVE  
22 HIS TOTAL ACCUMULATED DEDUCTIONS IN THE FUND AND TO DEFER  
23 RECEIPT OF AN ANNUITY.

24 "VOLUNTARY CONTRIBUTIONS." CONTRIBUTIONS MADE BY A  
25 PARTICIPANT TO THE TRUST AND CREDITED TO HIS INDIVIDUAL  
26 INVESTMENT ACCOUNT IN EXCESS OF HIS MANDATORY PICKUP PARTICIPANT  
27 CONTRIBUTIONS, EITHER BY SALARY DEDUCTIONS PAID THROUGH THE  
28 COMMONWEALTH OR OTHER EMPLOYER, OR THROUGH AN ELIGIBLE ROLLOVER  
29 OR THROUGH A DIRECT TRUSTEE-TO-TRUSTEE TRANSFER.

30 SECTION 303. SECTION 5103 OF TITLE 71 IS AMENDED TO READ:



1 § 5103. NOTICE TO MEMBERS.

2 NOTICE BY PUBLICATION, INCLUDING, WITHOUT BEING LIMITED TO,  
3 NEWSLETTERS, NEWSPAPERS, FORMS, FIRST CLASS MAIL, LETTERS,  
4 MANUALS AND, TO THE EXTENT AUTHORIZED BY A POLICY ADOPTED BY THE  
5 BOARD, ELECTRONICALLY, INCLUDING, WITHOUT BEING LIMITED TO, E-  
6 MAIL OR [WORLD WIDE WEB SITES] INTERNET WEBSITES, DISTRIBUTED OR  
7 MADE AVAILABLE TO MEMBERS AND PARTICIPANTS IN A MANNER  
8 REASONABLY CALCULATED TO GIVE ACTUAL NOTICE OF [THOSE SECTIONS  
9 OF THE STATE EMPLOYEES' RETIREMENT CODE] THE PROVISIONS OF THIS  
10 PART THAT REQUIRE NOTICE TO MEMBERS OR PARTICIPANTS SHALL BE  
11 DEEMED SUFFICIENT NOTICE FOR ALL PURPOSES.

12 SECTION 304. TITLE 71 IS AMENDED BY ADDING A SECTION TO  
13 READ:

14 § 5104. REFERENCE TO STATE EMPLOYEES' RETIREMENT SYSTEM.

15 (A) CONSTRUCTION.--AS OF THE EFFECTIVE DATE OF THIS SECTION,  
16 UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE, ANY REFERENCE TO  
17 THE STATE EMPLOYEES' RETIREMENT SYSTEM IN A STATUTORY PROVISION  
18 OTHER THAN THIS PART AND 24 PA.C.S. PT. IV (RELATING TO  
19 RETIREMENT FOR SCHOOL EMPLOYEES) SHALL INCLUDE A REFERENCE TO  
20 THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AND ANY REFERENCE  
21 TO THE STATE EMPLOYEES' RETIREMENT FUND SHALL INCLUDE A  
22 REFERENCE TO THE STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.

23 (B) AGREEMENT.--THE AGREEMENT OF AN EMPLOYER LISTED IN THE  
24 DEFINITION OF "STATE EMPLOYEE" OR ANY OTHER LAW TO MAKE  
25 CONTRIBUTIONS TO THE FUND OR TO ENROLL ITS EMPLOYEES AS MEMBERS  
26 IN THE SYSTEM SHALL BE DEEMED TO BE AN AGREEMENT TO MAKE  
27 CONTRIBUTIONS TO THE TRUST OR TO ENROLL ITS EMPLOYEES IN THE  
28 PLAN.

29 SECTION 305. SECTION ~~5301(A)~~ 5301 HEADING, (A), (B), (C) AND <--  
30 (D) OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING

1 SUBSECTIONS TO READ:

2 § 5301. MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND  
3 PARTICIPATION IN THE PLAN.

4 (A) MANDATORY MEMBERSHIP.--MEMBERSHIP IN THE SYSTEM SHALL BE  
5 MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL STATE  
6 EMPLOYEES EXCEPT THE FOLLOWING:

7 (1) GOVERNOR.

8 (2) LIEUTENANT GOVERNOR.

9 (3) MEMBERS OF THE GENERAL ASSEMBLY.

10 (4) HEADS OR DEPUTY HEADS OF ADMINISTRATIVE DEPARTMENTS.

11 (5) MEMBERS OF ANY INDEPENDENT ADMINISTRATIVE BOARD OR  
12 COMMISSION.

13 (6) MEMBERS OF ANY DEPARTMENTAL BOARD OR COMMISSION.

14 (7) MEMBERS OF ANY ADVISORY BOARD OR COMMISSION.

15 (8) SECRETARY TO THE GOVERNOR.

16 (9) BUDGET SECRETARY.

17 (10) LEGISLATIVE EMPLOYEES.

18 (11) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN THE  
19 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

20 (12) SCHOOL EMPLOYEES WHO HAVE ELECTED MEMBERSHIP IN AN  
21 INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE EMPLOYER,  
22 PROVIDED THAT IN NO CASE, EXCEPT AS HEREINAFTER PROVIDED,  
23 SHALL THE EMPLOYER CONTRIBUTE ON ACCOUNT OF SUCH ELECTED  
24 MEMBERSHIP AT A RATE GREATER THAN THE EMPLOYER NORMAL  
25 CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) (RELATING  
26 TO ACTUARIAL COST METHOD). FOR THE FISCAL YEAR 1986-1987 AN  
27 EMPLOYER MAY CONTRIBUTE ON ACCOUNT OF SUCH ELECTED MEMBERSHIP  
28 AT A RATE WHICH IS THE GREATER OF 7% OR THE EMPLOYER NORMAL  
29 CONTRIBUTION RATE AS DETERMINED IN SECTION 5508(B) AND FOR  
30 THE FISCAL YEAR 1992-1993 AND ALL FISCAL YEARS AFTER THAT AT

1 A RATE OF 9.29%.

2 (13) PERSONS WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN  
3 THE RETIREMENT SYSTEM OF THE POLITICAL SUBDIVISION BY WHICH  
4 THEY WERE EMPLOYED PRIOR TO BECOMING ELIGIBLE FOR MEMBERSHIP  
5 IN THE STATE EMPLOYEES' RETIREMENT SYSTEM.

6 (14) PERSONS WHO ARE NOT MEMBERS OF THE SYSTEM AND ARE  
7 EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR LESS THAN 100 DAYS  
8 OR 750 HOURS IN A [12-MONTH PERIOD] CALENDAR YEAR.

9 (15) EMPLOYEES OF THE PHILADELPHIA REGIONAL PORT  
10 AUTHORITY WHO HAVE ELECTED TO RETAIN MEMBERSHIP IN THE  
11 PENSION PLAN OR RETIREMENT SYSTEM IN WHICH THEY WERE ENROLLED  
12 AS EMPLOYEES OF THE PREDECESSOR PHILADELPHIA PORT CORPORATION  
13 PRIOR TO THE CREATION OF THE PHILADELPHIA REGIONAL PORT  
14 AUTHORITY.

15 (16) EMPLOYEES OF THE JUVENILE COURT JUDGES' COMMISSION  
16 WHO, BEFORE THE EFFECTIVE DATE OF THIS PARAGRAPH, WERE  
17 TRANSFERRED FROM THE STATE SYSTEM OF HIGHER EDUCATION TO THE  
18 JUVENILE COURT JUDGES' COMMISSION AS A RESULT OF AN  
19 INTERAGENCY TRANSFER OF STAFF APPROVED BY THE OFFICE OF  
20 ADMINISTRATION AND WHO, WHILE EMPLOYEES OF THE STATE SYSTEM  
21 OF HIGHER EDUCATION, HAD ELECTED MEMBERSHIP IN AN INDEPENDENT  
22 RETIREMENT PROGRAM APPROVED BY THE EMPLOYER.

23 (A.1) MANDATORY PARTICIPATION IN THE PLAN.--A STATE EMPLOYEE  
24 WHO IS A MANDATORY MEMBER OF THE SYSTEM AS A MEMBER OF CLASS A-5  
25 SHALL BE A MANDATORY PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE  
26 DATE OF CLASS A-5 MEMBERSHIP IN THE SYSTEM EXCEPT FOR SERVICE AS  
27 A CLASS A-5 EXEMPT EMPLOYEE.

28 (B) OPTIONAL MEMBERSHIP IN THE SYSTEM.--THE STATE EMPLOYEES  
29 LISTED IN SUBSECTION (A) (1) THROUGH (11) SHALL HAVE THE RIGHT TO  
30 ELECT MEMBERSHIP IN THE SYSTEM; ONCE SUCH ELECTION IS EXERCISED,

MEMBERSHIP SHALL CONTINUE UNTIL THE TERMINATION OF STATE  
SERVICE.

(B.1) OPTIONAL PARTICIPATION IN THE PLAN.--THE STATE  
EMPLOYEES WHO ARE OPTIONAL MEMBERS OF THE SYSTEM AS A MEMBER OF  
CLASS A-5, INCLUDING THE EMPLOYEES WHO ELECT TO BECOME A MEMBER  
OF CLASS A-5 UNDER SECTION 5306.4, ALSO ARE OPTIONAL  
PARTICIPANTS IN THE PLAN. THE STATE EMPLOYEES WHO ELECT  
MEMBERSHIP IN THE SYSTEM AS MEMBERS OF CLASS A-5 ALSO  
AUTOMATICALLY ELECT PARTICIPATION IN THE PLAN AS OF THE DATE  
THEY ELECT MEMBERSHIP IN THE SYSTEM, EXCEPT FOR SERVICE AS A  
CLASS A-5 EXEMPT EMPLOYEE. A STATE EMPLOYEE CANNOT ELECT  
PARTICIPATION IN THE PLAN WITHOUT ALSO ELECTING MEMBERSHIP IN  
THE SYSTEM.

(C) PROHIBITED MEMBERSHIP IN THE SYSTEM.--THE STATE  
EMPLOYEES LISTED IN SUBSECTION (A) (12), (13), (14) AND (15)  
SHALL NOT HAVE THE RIGHT TO ELECT MEMBERSHIP IN THE SYSTEM.

(C.1) PROHIBITED PARTICIPATION IN THE PLAN.--THE STATE  
EMPLOYEES LISTED IN SUBSECTION (A) (11), (12), (13), (14) AND  
(15) OR WHO ARE NOT ACTIVE MEMBERS OF CLASS A-5 SHALL NOT BE  
ELIGIBLE TO BE ACTIVE PARTICIPANTS IN THE PLAN. CLASS A-5 EXEMPT  
EMPLOYEES SHALL NOT BE ELIGIBLE TO PARTICIPATE IN THE PLAN FOR  
SERVICE PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE. STATE  
EMPLOYEES WHO ARE NOT MANDATORY PARTICIPANTS IN THE PLAN UNDER  
SUBSECTION (A.1) OR ELIGIBLE FOR OPTIONAL PARTICIPATION IN THE  
PLAN UNDER SUBSECTION (B.1) SHALL NOT BE ELIGIBLE TO PARTICIPATE  
IN THE PLAN.

(D) RETURN TO SERVICE.--

(1) AN ANNUITANT WHO RETURNS TO SERVICE AS A STATE  
EMPLOYEE BEFORE JANUARY 1, 2018, OR RETURNS TO STATE SERVICE  
AS A CLASS A-5 EXEMPT EMPLOYEE AFTER DECEMBER 31, 2017, SHALL

RESUME ACTIVE MEMBERSHIP IN THE SYSTEM AS OF THE EFFECTIVE DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION 5706(A) (RELATING TO TERMINATION OF ANNUITIES), REGARDLESS OF THE OPTIONAL MEMBERSHIP CATEGORY OF THE POSITION.

(2) AN ANNUITANT OR A PARTICIPANT RECEIVING DISTRIBUTIONS WHO RETURNS TO SERVICE AS A STATE EMPLOYEE ON OR AFTER JANUARY 1, 2018, SHALL RESUME ACTIVE MEMBERSHIP IN THE SYSTEM AND, IF AN ACTIVE MEMBER OF CLASS A-5, SHALL BE AN ACTIVE PARTICIPANT IN THE PLAN AS OF THE EFFECTIVE DATE OF EMPLOYMENT, EXCEPT AS OTHERWISE PROVIDED IN SECTION 5706(A), REGARDLESS OF THE OPTIONAL MEMBERSHIP OR PARTICIPATION CATEGORY OF THE POSITION.

\* \* \*

SECTION 306. SECTIONS 5302(A), (B), (E) AND (F), 5303(B)(1) AND (D)(1), 5303.2(A), 5304(A) AND (B) AND 5305(B) OF TITLE 71 ARE AMENDED TO READ:

§ 5302. CREDITED STATE SERVICE.

(A) COMPUTATION OF CREDITED SERVICE.--IN COMPUTING CREDITED STATE SERVICE OF A MEMBER FOR THE DETERMINATION OF BENEFITS, A FULL-TIME SALARIED STATE EMPLOYEE, INCLUDING ANY MEMBER OF THE GENERAL ASSEMBLY, SHALL RECEIVE CREDIT FOR SERVICE IN EACH PERIOD FOR WHICH CONTRIBUTIONS AS REQUIRED ARE MADE TO THE FUND, OR FOR WHICH CONTRIBUTIONS OTHERWISE REQUIRED FOR SUCH SERVICE WERE NOT MADE TO THE FUND SOLELY BY REASON OF SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR [415(B)] 415, BUT IN NO CASE SHALL HE RECEIVE MORE THAN ONE YEAR'S CREDIT FOR ANY 12 CONSECUTIVE MONTHS OR 26 CONSECUTIVE BIWEEKLY PAY PERIODS. A PER DIEM OR HOURLY STATE EMPLOYEE SHALL

1 RECEIVE ONE YEAR OF CREDITED SERVICE FOR EACH NONOVERLAPPING  
2 PERIOD OF 12 CONSECUTIVE MONTHS OR 26 CONSECUTIVE BIWEEKLY PAY  
3 PERIODS IN WHICH HE IS EMPLOYED AND FOR WHICH CONTRIBUTIONS ARE  
4 MADE TO THE FUND OR WOULD HAVE BEEN MADE TO THE FUND BUT FOR  
5 SUCH WAIVER UNDER SECTION 5502.1 OR LIMITATIONS UNDER THE IRC  
6 FOR AT LEAST 220 DAYS OR 1,650 HOURS OF EMPLOYMENT. IF THE  
7 MEMBER WAS EMPLOYED AND CONTRIBUTIONS WERE MADE TO THE FUND FOR  
8 LESS THAN 220 DAYS OR 1,650 HOURS, HE SHALL BE CREDITED WITH A  
9 FRACTIONAL PORTION OF A YEAR DETERMINED BY THE RATIO OF THE  
10 NUMBER OF DAYS OR HOURS OF SERVICE ACTUALLY RENDERED AND FOR  
11 WHICH CONTRIBUTIONS ARE OR WOULD HAVE BEEN MADE TO THE FUND  
12 EXCEPT FOR THE WAIVER UNDER SECTION 5502.1 OR LIMITATIONS UNDER  
13 THE IRC TO 220 DAYS OR 1,650 HOURS, AS THE CASE MAY BE. A PART-  
14 TIME SALARIED EMPLOYEE SHALL BE CREDITED WITH THE FRACTIONAL  
15 PORTION OF THE YEAR WHICH CORRESPONDS TO THE NUMBER OF HOURS OR  
16 DAYS OF SERVICE ACTUALLY RENDERED IN RELATION TO 1,650 HOURS OR  
17 220 DAYS, AS THE CASE MAY BE. IN NO CASE SHALL A MEMBER WHO HAS  
18 ELECTED MULTIPLE SERVICE RECEIVE AN AGGREGATE IN THE TWO SYSTEMS  
19 OF MORE THAN ONE YEAR OF CREDITED SERVICE FOR ANY 12 CONSECUTIVE  
20 MONTHS.

21 (B) CREDITABLE LEAVES OF ABSENCE.--

22 (1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER  
23 A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO  
24 IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE  
25 WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL  
26 GOVERNMENT UNDER THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970  
27 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) SHALL  
28 BE ELIGIBLE FOR CREDIT FOR SUCH SERVICE: PROVIDED, THAT  
29 CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501  
30 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT

SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS), 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5507 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS), THE MEMBER RETURNS FROM LEAVE WITHOUT PAY TO ACTIVE STATE SERVICE AS A MEMBER OF THE SYSTEM FOR A PERIOD OF AT LEAST ONE YEAR, AND HE IS NOT ENTITLED TO RETIREMENT BENEFITS FOR SUCH SERVICE UNDER A RETIREMENT SYSTEM ADMINISTERED BY ANY OTHER GOVERNMENTAL AGENCY.

(2) AN ACTIVE MEMBER OR ACTIVE PARTICIPANT ON PAID LEAVE GRANTED BY AN EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED FULL-TIME OFFICER FOR A STATEWIDE EMPLOYEE ORGANIZATION WHICH IS A COLLECTIVE BARGAINING REPRESENTATIVE UNDER THE ACT OF JUNE 24, 1968 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE BARGAINING ACT, OR THE ACT OF JULY 23, 1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE RELATIONS ACT, AND UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT STATE CORRECTIONAL INSTITUTIONS: PROVIDED, THAT FOR ELECTED FULL-TIME OFFICERS SUCH LEAVE SHALL NOT BE FOR MORE THAN THREE CONSECUTIVE TERMS OF THE SAME OFFICE AND FOR UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT STATE CORRECTIONAL INSTITUTIONS NO MORE THAN THREE CONSECUTIVE TERMS OF THE SAME OFFICE; THAT THE EMPLOYER SHALL FULLY COMPENSATE THE MEMBER OR PARTICIPANT, INCLUDING, BUT NOT LIMITED TO, SALARY, WAGES, PENSION AND RETIREMENT CONTRIBUTIONS AND BENEFITS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN FULL-TIME ACTIVE SERVICE; AND THAT THE

1 STATEWIDE EMPLOYEE ORGANIZATION SHALL FULLY REIMBURSE THE  
2 EMPLOYER FOR ALL EXPENSES AND COSTS OF SUCH PAID LEAVE,  
3 INCLUDING, BUT NOT LIMITED TO, CONTRIBUTIONS AND PAYMENT IN  
4 ACCORDANCE WITH SECTIONS 5501, 5501.1, 5505.1 [AND] 5507,  
5 5804 (RELATING TO PARTICIPANT CONTRIBUTIONS, 5805 (RELATING  
6 TO MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS) AND 5806  
7 (RELATING TO EMPLOYER DEFINED CONTRIBUTIONS), IF THE EMPLOYEE  
8 ORGANIZATION EITHER DIRECTLY PAYS, OR REIMBURSES THE  
9 COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN  
10 ACCORDANCE WITH [SECTION 5507] SECTIONS 5507, 5804, 5805 AND  
11 5806.

12 \* \* \*

13 (E) CANCELLATION OF CREDITED SERVICE.--

14 (1) ALL CREDITED SERVICE IN THE SYSTEM SHALL BE  
15 CANCELLED IF A MEMBER WITHDRAWS HIS TOTAL ACCUMULATED  
16 DEDUCTIONS, EXCEPT THAT A MEMBER WITH CLASS A-3 [OR] CLASS  
17 A-4 OR CLASS A-5 SERVICE CREDIT AND ONE OR MORE OTHER CLASSES  
18 OF SERVICE CREDIT SHALL NOT HAVE HIS SERVICE CREDIT AS A  
19 MEMBER OF ANY CLASSES OF SERVICE OTHER THAN AS A MEMBER OF  
20 CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 CANCELLED WHEN THE  
21 MEMBER RECEIVES A LUMP SUM PAYMENT OF ACCUMULATED DEDUCTIONS  
22 RESULTING FROM CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 SERVICE  
23 PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF  
24 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [AND] CLASS  
25 A-4 OR CLASS A-5 SERVICE).

26 (2) A PARTIAL OR TOTAL DISTRIBUTION OF ACCUMULATED TOTAL  
27 DEFINED CONTRIBUTIONS TO A PARTICIPANT WHO ALSO IS A MEMBER  
28 SHALL NOT CANCEL SERVICE CREDITED IN THE SYSTEM.

29 (F) CREDIT FOR MILITARY SERVICE.--A STATE EMPLOYEE WHO HAS  
30 PERFORMED USERRA LEAVE MAY RECEIVE CREDIT IN THE SYSTEM OR



1 PARTICIPATE IN THE PLAN AS FOLLOWS:

2 (1) FOR PURPOSES OF DETERMINING WHETHER A MEMBER IS  
3 ELIGIBLE TO RECEIVE CREDITED SERVICE IN THE SYSTEM FOR A  
4 PERIOD OF ACTIVE MILITARY SERVICE, OTHER THAN ACTIVE DUTY  
5 SERVICE TO MEET PERIODIC TRAINING REQUIREMENTS, RENDERED  
6 AFTER AUGUST 5, 1991, AND THAT BEGAN BEFORE THE EFFECTIVE  
7 DATE OF THIS PARAGRAPH, THE PROVISIONS OF 51 PA.C.S. CH. 73  
8 (RELATING TO MILITARY LEAVE OF ABSENCE) SHALL APPLY TO ALL  
9 INDIVIDUALS WHO WERE ACTIVE MEMBERS OF THE SYSTEM WHEN THE  
10 PERIOD OF MILITARY SERVICE BEGAN, EVEN IF NOT DEFINED AS AN  
11 EMPLOYEE PURSUANT TO 51 PA.C.S. § 7301 (RELATING TO  
12 DEFINITIONS).

13 (1.1) STATE EMPLOYEES MAY NOT RECEIVE SERVICE CREDIT IN  
14 THE SYSTEM OR EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306  
15 (RELATING TO RETIREMENT RIGHTS) FOR MILITARY LEAVES THAT  
16 BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION,  
17 EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

18 (1.2) STATE EMPLOYEES MAY NOT PARTICIPATE IN THE PLAN OR  
19 EXERCISE THE OPTIONS UNDER 51 PA.C.S. § 7306 FOR MILITARY  
20 LEAVES THAT BEGIN ON OR AFTER THE EFFECTIVE DATE OF THIS  
21 PARAGRAPH, EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION.

22 (2) A STATE EMPLOYEE WHO HAS PERFORMED USERRA LEAVE MAY  
23 RECEIVE CREDIT IN THE SYSTEM AS PROVIDED BY THIS PARAGRAPH.  
24 THE FOLLOWING SHALL APPLY:

25 (I) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA  
26 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM SHALL BE TREATED  
27 AS NOT HAVING INCURRED A BREAK IN STATE SERVICE BY REASON  
28 OF THE USERRA LEAVE AND SHALL BE GRANTED ELIGIBILITY  
29 POINTS AS IF THE STATE EMPLOYEE HAD NOT BEEN ON THE  
30 USERRA LEAVE. IF A STATE EMPLOYEE WHO IS REEMPLOYED FROM

1       USERRA LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM  
2       SUBSEQUENTLY MAKES REGULAR MEMBER CONTRIBUTIONS,  
3       ADDITIONAL MEMBER CONTRIBUTIONS, SOCIAL SECURITY  
4       INTEGRATION MEMBER CONTRIBUTIONS, SHARED-RISK MEMBER  
5       CONTRIBUTIONS AND ANY OTHER MEMBER CONTRIBUTIONS IN THE  
6       AMOUNTS AND IN THE TIME PERIODS REQUIRED BY 38 U.S.C. CH.  
7       43 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF  
8       MEMBERS OF THE UNIFORMED SERVICES) AND IRC § 414(U) AS IF  
9       THE STATE EMPLOYEE HAD CONTINUED IN STATE OFFICE OR  
10      EMPLOYMENT AND PERFORMED STATE SERVICE AND WAS  
11      COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THEN THE  
12      STATE EMPLOYEE SHALL BE GRANTED STATE SERVICE CREDIT FOR  
13      THE PERIOD OF USERRA LEAVE. THE STATE EMPLOYEE SHALL HAVE  
14      THE STATE EMPLOYEE'S BENEFITS, RIGHTS AND OBLIGATIONS  
15      DETERMINED UNDER THIS PART AS IF THE STATE EMPLOYEE WAS  
16      AN ACTIVE MEMBER WHO PERFORMED CREDITABLE STATE SERVICE  
17      DURING THE USERRA LEAVE IN THE JOB POSITION THAT THE  
18      STATE EMPLOYEE WOULD HAVE HELD HAD THE STATE EMPLOYEE NOT  
19      BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON  
20      WHICH THE MEMBER CONTRIBUTIONS TO RECEIVE STATE SERVICE  
21      CREDIT FOR THE USERRA LEAVE WERE DETERMINED.

22           (II) FOR PURPOSES OF DETERMINING WHETHER A STATE  
23      EMPLOYEE HAS MADE THE REQUIRED EMPLOYEE CONTRIBUTIONS FOR  
24      STATE SERVICE CREDIT FOR USERRA LEAVE, IF AN EMPLOYEE WHO  
25      IS REEMPLOYED FROM USERRA LEAVE AS AN ACTIVE MEMBER OF  
26      THE SYSTEM TERMINATES STATE SERVICE OR DIES IN STATE  
27      SERVICE BEFORE THE EXPIRATION OF THE ALLOWED PAYMENT  
28      PERIOD, THEN STATE SERVICE CREDIT FOR THE USERRA LEAVE  
29      WILL BE GRANTED AS IF THE REQUIRED MEMBER CONTRIBUTIONS  
30      WERE PAID THE DAY BEFORE TERMINATION OR DEATH. THE AMOUNT

1 OF THE REQUIRED MEMBER CONTRIBUTIONS WILL BE TREATED AS  
2 AN INCOMPLETE PAYMENT SUBJECT TO THE PROVISIONS OF  
3 SECTION 5506 (RELATING TO INCOMPLETE PAYMENTS). UPON A  
4 SUBSEQUENT RETURN TO STATE SERVICE OR TO SCHOOL SERVICE  
5 AS A MULTIPLE SERVICE MEMBER, THE REQUIRED MEMBER  
6 CONTRIBUTIONS TREATED AS INCOMPLETE PAYMENTS SHALL BE  
7 TREATED AS MEMBER CONTRIBUTIONS THAT WERE EITHER  
8 WITHDRAWN IN A LUMP SUM AT TERMINATION OR PAID AS A LUMP  
9 SUM PURSUANT TO SECTION 5705(A)(4) OR (A.1) (RELATING TO  
10 MEMBER'S OPTIONS), AS THE CASE MAY BE.

11 (III) A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA  
12 LEAVE AS AN ACTIVE MEMBER OF THE SYSTEM WHO DOES NOT MAKE  
13 THE REQUIRED MEMBER CONTRIBUTIONS OR MAKES ONLY PART OF  
14 THE REQUIRED MEMBER CONTRIBUTIONS WITHIN THE ALLOWED  
15 PAYMENT PERIOD SHALL NOT BE GRANTED CREDITED SERVICE FOR  
16 THE PERIOD OF USERRA LEAVE FOR WHICH THE REQUIRED MEMBER  
17 CONTRIBUTIONS WERE NOT TIMELY MADE, SHALL NOT BE ELIGIBLE  
18 TO SUBSEQUENTLY MAKE CONTRIBUTIONS AND SHALL NOT BE  
19 GRANTED EITHER STATE SERVICE CREDIT OR NONSTATE SERVICE  
20 CREDIT FOR THE PERIOD OF USERRA LEAVE FOR WHICH THE  
21 REQUIRED MEMBER CONTRIBUTIONS WERE NOT TIMELY MADE.

22 (2.1) (I) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA  
23 LEAVE SHALL BE TREATED AS NOT HAVING INCURRED A BREAK IN  
24 STATE SERVICE BY REASON OF THE USERRA LEAVE AND SHALL BE  
25 GRANTED ELIGIBILITY POINTS AS IF THE PARTICIPANT HAD NOT  
26 BEEN ON USERRA LEAVE. IF A PARTICIPANT WHO IS REEMPLOYED  
27 FROM USERRA LEAVE SUBSEQUENTLY MAKES MANDATORY PICKUP  
28 PARTICIPANT CONTRIBUTIONS IN THE AMOUNTS AND IN THE TIME  
29 PERIODS REQUIRED BY 38 U.S.C. CH. 43 AND IRC § 414(U) AS  
30 IF THE PARTICIPANT HAD CONTINUED IN HIS STATE OFFICE OR

1 EMPLOYMENT AND PERFORMED STATE SERVICE AND BEEN  
2 COMPENSATED DURING THE PERIOD OF USERRA LEAVE, THE  
3 PARTICIPANT'S EMPLOYER SHALL MAKE THE CORRESPONDING  
4 EMPLOYER DEFINED CONTRIBUTIONS. THE EMPLOYEE SHALL HAVE  
5 HIS CONTRIBUTIONS, BENEFITS, RIGHTS AND OBLIGATIONS  
6 DETERMINED UNDER THIS PART AS IF HE WERE AN ACTIVE  
7 PARTICIPANT WHO PERFORMED STATE SERVICE DURING THE USERRA  
8 LEAVE IN THE JOB POSITION THAT HE WOULD HAVE HELD HAD HE  
9 NOT BEEN ON USERRA LEAVE AND RECEIVED THE COMPENSATION ON  
10 WHICH THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS TO  
11 RECEIVE STATE SERVICE CREDIT FOR THE USERRA LEAVE WERE  
12 DETERMINED.

13 (II) A PARTICIPANT WHO IS REEMPLOYED FROM USERRA  
14 LEAVE WHO DOES NOT MAKE THE MANDATORY PICKUP PARTICIPANT  
15 CONTRIBUTIONS OR MAKES ONLY PART OF THE MANDATORY PICKUP  
16 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED PAYMENT  
17 PERIOD SHALL NOT BE ELIGIBLE TO MAKE MANDATORY PICKUP  
18 PARTICIPANT CONTRIBUTIONS AT A LATER DATE FOR THE PERIOD  
19 OF USERRA LEAVE FOR WHICH THE MANDATORY PICKUP  
20 PARTICIPANT CONTRIBUTIONS WERE NOT TIMELY MADE.

21 (3) A STATE EMPLOYEE WHO IS A MEMBER OF THE SYSTEM AND  
22 PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE BEEN  
23 REEMPLOYED FROM USERRA LEAVE HAD THE STATE EMPLOYEE RETURNED  
24 TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.  
25 43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL BE ABLE  
26 TO RECEIVE CREDITABLE NONSTATE SERVICE AS NONINTERVENING  
27 MILITARY SERVICE FOR THE PERIOD OF USERRA LEAVE SHOULD THE  
28 EMPLOYEE LATER RETURN TO STATE SERVICE AS AN ACTIVE MEMBER OF  
29 THE SYSTEM AND IS OTHERWISE ELIGIBLE TO PURCHASE THE SERVICE  
30 AS NONINTERVENING MILITARY SERVICE.

1       (3.1) A STATE EMPLOYEE WHO IS A PARTICIPANT IN THE PLAN  
2       AND PERFORMS USERRA LEAVE FROM WHICH THE EMPLOYEE COULD HAVE  
3       BEEN REEMPLOYED FROM USERRA LEAVE HAD THE EMPLOYEE RETURNED  
4       TO STATE SERVICE IN THE TIME FRAMES REQUIRED BY 38 U.S.C. CH.  
5       43 FOR REEMPLOYMENT RIGHTS, BUT DID NOT DO SO, SHALL NOT BE  
6       ELIGIBLE TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
7       OR VOLUNTARY CONTRIBUTIONS FOR THE PERIOD OF USERRA LEAVE  
8       SHOULD THE EMPLOYEE LATER RETURN TO STATE SERVICE AND BE A  
9       PARTICIPANT IN THE PLAN.

10       (4) [A STATE EMPLOYEE] AN ACTIVE MEMBER OR INACTIVE  
11       MEMBER ON LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE  
12       DATE OF THIS SUBSECTION IS GRANTED A LEAVE OF ABSENCE UNDER  
13       51 PA.C.S. § 4102 (RELATING TO LEAVES OF ABSENCE FOR CERTAIN  
14       GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE UNDER 51 PA.C.S.  
15       CH. 73, THAT IS NOT USERRA LEAVE SHALL BE ABLE TO RECEIVE  
16       CREDITABLE NONSTATE SERVICE AS NONINTERVENING MILITARY  
17       SERVICE SHOULD THE EMPLOYEE RETURN TO STATE SERVICE AS AN  
18       ACTIVE MEMBER OF THE SYSTEM AND IS OTHERWISE ELIGIBLE TO  
19       PURCHASE THE SERVICE AS NONINTERVENING MILITARY SERVICE.

20       (4.1) AN ACTIVE PARTICIPANT OR INACTIVE PARTICIPANT ON  
21       LEAVE WITHOUT PAY WHO ON OR AFTER THE EFFECTIVE DATE OF THIS  
22       PARAGRAPH IS GRANTED A LEAVE OF ABSENCE UNDER 51 PA.C.S. §  
23       4102 OR A MILITARY LEAVE UNDER 51 PA.C.S. CH. 73 THAT IS NOT  
24       USERRA LEAVE SHALL NOT BE ABLE TO MAKE MANDATORY PICKUP  
25       PARTICIPANT CONTRIBUTIONS OR VOLUNTARY CONTRIBUTIONS DURING  
26       OR FOR THE LEAVE OF ABSENCE OR MILITARY LEAVE AND SHALL NOT  
27       HAVE EMPLOYER DEFINED CONTRIBUTIONS MADE DURING SUCH LEAVE,  
28       WITHOUT REGARD TO WHETHER OR NOT THE STATE EMPLOYEE RECEIVED  
29       SALARY, WAGES, STIPENDS, DIFFERENTIAL WAGE PAYMENTS OR OTHER  
30       PAYMENTS FROM HIS EMPLOYER DURING THE LEAVE, NOTWITHSTANDING

1 ANY PROVISION TO THE CONTRARY UNDER 51 PA.C.S. § 4102 OR 51  
2 PA.C.S. CH. 73.

3 (5) IF A MEMBER DIES WHILE PERFORMING USERRA LEAVE, THEN  
4 THE BENEFICIARIES OR SURVIVOR ANNUITANTS, AS THE CASE MAY BE,  
5 OF THE DECEASED MEMBER ARE ENTITLED TO ANY ADDITIONAL  
6 BENEFITS, INCLUDING ELIGIBILITY POINTS, OTHER THAN BENEFIT  
7 ACCRUALS RELATING TO THE PERIOD OF QUALIFIED MILITARY  
8 SERVICE, PROVIDED UNDER THIS PART HAD THE MEMBER RESUMED AND  
9 THEN TERMINATED EMPLOYMENT ON ACCOUNT OF DEATH.

10 (5.1) IF A PARTICIPANT DIES WHILE PERFORMING USERRA  
11 LEAVE, THE BENEFICIARIES OR SUCCESSOR PAYEES OF THE DECEASED  
12 PARTICIPANT ARE ENTITLED TO ANY ADDITIONAL BENEFITS, OTHER  
13 THAN BENEFIT ACCRUALS RELATING TO THE PERIOD OF QUALIFIED  
14 MILITARY SERVICE, PROVIDED UNDER THIS PART HAD THE  
15 PARTICIPANT RESUMED AND THEN TERMINATED EMPLOYMENT ON ACCOUNT  
16 OF DEATH.

17 (6) A STATE EMPLOYEE WHO IS ON A LEAVE OF ABSENCE FROM  
18 HIS DUTIES AS A STATE EMPLOYEE FOR WHICH 51 PA.C.S. § 4102  
19 PROVIDES THAT HE IS NOT TO SUFFER A LOSS OF PAY, TIME OR  
20 EFFICIENCY RATING SHALL NOT BE AN ACTIVE MEMBER, RECEIVE  
21 SERVICE CREDIT OR MAKE MEMBER CONTRIBUTIONS FOR THE LEAVE OF  
22 ABSENCE, EXCEPT AS PROVIDED FOR IN THIS PART. NOTWITHSTANDING  
23 THIS PARAGRAPH, ANY PAY THE MEMBER RECEIVES PURSUANT TO 51  
24 PA.C.S. § 4102 SHALL BE INCLUDED IN THE DETERMINATION OF  
25 FINAL AVERAGE SALARY AND OTHER CALCULATIONS IN THE SYSTEM  
26 UTILIZING COMPENSATION AS IF THE PAYMENTS WERE COMPENSATION  
27 UNDER THIS PART.

28 § 5303. RETENTION AND REINSTATEMENT OF SERVICE CREDITS.

29 \* \* \*

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

(1) EVERY ACTIVE MEMBER OF THE SYSTEM OR A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER THE EFFECTIVE DATE OF THIS PART SHALL RECEIVE ELIGIBILITY POINTS IN ACCORDANCE WITH SECTION 5307 FOR CURRENT STATE SERVICE, PREVIOUS STATE SERVICE, OR CREDITABLE NONSTATE SERVICE UPON COMPLIANCE WITH SECTIONS 5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS), 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER), 5505 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE), 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) OR 5506 (RELATING TO INCOMPLETE PAYMENTS). SUBJECT TO THE LIMITATIONS IN SECTIONS 5306.1 (RELATING TO ELECTION TO BECOME A CLASS AA MEMBER) AND 5306.2 (RELATING TO ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY), THE CLASS OR CLASSES OF SERVICE IN WHICH THE MEMBER MAY BE CREDITED FOR PREVIOUS STATE SERVICE PRIOR TO THE EFFECTIVE DATE OF THIS PART SHALL BE THE CLASS OR CLASSES IN WHICH HE WAS OR COULD HAVE AT ANY TIME ELECTED TO BE CREDITED FOR SUCH SERVICE, EXCEPT THAT A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND:

(I) IS CREDITED WITH CLASS A-3 SERVICE FOR SUCH MEMBERSHIP AND IS NOT A MEMBER OF CLASS A-5, SHALL BE CREDITED ONLY WITH CLASS A-3 SERVICE FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1, 2011, THAT WAS NOT

PREVIOUSLY CREDITED IN THE SYSTEM; [OR]

(II) IS CREDITED WITH CLASS A-4 SERVICE FOR SUCH MEMBERSHIP AND IS NOT A MEMBER OF CLASS A-5, SHALL BE CREDITED ONLY WITH CLASS A-4 SERVICE FOR PREVIOUS STATE SERVICE PERFORMED BEFORE JANUARY 1, 2011, THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM[.]; OR

(III) IS CREDITED WITH CLASS A-5 SERVICE FOR SUCH MEMBERSHIP, SHALL BE CREDITED ONLY WITH CLASS A-5 SERVICE FOR PREVIOUS STATE SERVICE, PERFORMED BEFORE JANUARY 1, 2018, OTHER THAN SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE, THAT WAS NOT PREVIOUSLY CREDITED IN THE SYSTEM.

THE CLASS OF SERVICE IN WHICH A MEMBER SHALL BE CREDITED FOR SERVICE SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART SHALL BE DETERMINED IN ACCORDANCE WITH SECTION 5306 (RELATING TO CLASSES OF SERVICE).

\* \* \*

(D) TRANSFER OF CERTAIN PENSION SERVICE CREDIT.--

(1) ANY PERSON WHO WAS AN EMPLOYEE OF ANY COUNTY IN THIS COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT JUDGE PRIOR TO SEPTEMBER 9, 1985, AND WHO HAD THAT EMPLOYMENT TRANSFERRED TO THE COMMONWEALTH PURSUANT TO 42 PA.C.S. § 3703 (RELATING TO LOCAL CHAMBER FACILITIES) SHALL BE A MEMBER OF THE SYSTEM FOR ALL SERVICE RENDERED AS AN EMPLOYEE OF THE COMMONWEALTH ON THE PERSONAL STAFF OF AN APPELLATE COURT JUDGE SUBSEQUENT TO THE DATE OF THE TRANSFER UNLESS SPECIFICALLY PROHIBITED PURSUANT TO SECTION 5301(C) (RELATING TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN). THE EMPLOYEE SHALL BE ENTITLED TO HAVE ANY PRIOR SERVICE CREDIT IN THAT COUNTY OR OTHER MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM TRANSFERRED TO



1 THE SYSTEM AND DEEMED TO BE STATE SERVICE FOR ALL PURPOSES  
2 UNDER THIS PART. HOWEVER, FOR THOSE EMPLOYEES WHO WERE IN  
3 CONTINUOUS COUNTY EMPLOYMENT WHICH COMMENCED PRIOR TO JULY  
4 22, 1983, SECTION 5505.1 SHALL NOT APPLY. THE TRANSFER OF  
5 PRIOR SERVICE CREDIT TO THE SYSTEM SHALL OCCUR UPON THE  
6 TRANSFER, BY THE MEMBER, COUNTY OR OTHER MUNICIPAL PENSION  
7 PLAN OR RETIREMENT SYSTEM, TO THE SYSTEM OF THE AMOUNT OF  
8 ACCUMULATED MEMBER CONTRIBUTIONS, PICK-UP CONTRIBUTIONS AND  
9 CREDITED INTEREST STANDING IN THE EMPLOYEE'S COUNTY OR  
10 MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM ACCOUNT AS OF THE  
11 DATE THAT THESE FUNDS ARE TRANSFERRED TO THE SYSTEM. IN THE  
12 EVENT THAT THESE FUNDS HAVE BEEN REFUNDED TO THE MEMBER, THE  
13 TRANSFER OF SERVICE CREDIT SHALL OCCUR WHEN THE MEMBER  
14 TRANSFERS AN AMOUNT EQUAL TO EITHER THE REFUND WHICH THE  
15 MEMBER RECEIVED FROM THE COUNTY OR MUNICIPAL PENSION PLAN OR  
16 RETIREMENT SYSTEM OR THE AMOUNT DUE UNDER SECTION 5504, IF  
17 LESS. IN THE CASE OF A TRANSFER BY THE MEMBER, THE TRANSFER  
18 SHALL OCCUR BY DECEMBER 31, 1987, IN ORDER FOR THE MEMBER TO  
19 RECEIVE CREDIT FOR THE PRIOR SERVICE. IN THE CASE OF A  
20 TRANSFER BY THE COUNTY OR OTHER MUNICIPAL PENSION PLAN OR  
21 RETIREMENT SYSTEM, THE TRANSFER SHALL ALSO OCCUR BY DECEMBER  
22 31, 1987. IF THE AMOUNT TRANSFERRED TO THE SYSTEM BY THE  
23 MEMBER OF A COUNTY OR MUNICIPAL PENSION PLAN OR RETIREMENT  
24 SYSTEM IS GREATER THAN THE AMOUNT THAT WOULD HAVE ACCUMULATED  
25 IN THE MEMBER'S ACCOUNT IF THE EMPLOYEE HAD BEEN A MEMBER OF  
26 THE SYSTEM, ALL EXCESS FUNDS SHALL BE RETURNED TO THE  
27 EMPLOYEE WITHIN 90 DAYS OF THE DATE ON WHICH SUCH FUNDS ARE  
28 CREDITED TO THE MEMBER'S ACCOUNT IN THE SYSTEM. WITHIN 60  
29 DAYS OF RECEIPT OF WRITTEN NOTICE THAT AN EMPLOYEE HAS  
30 ELECTED TO TRANSFER CREDITS UNDER THE PROVISIONS OF THIS

SUBSECTION, THE COUNTY OR OTHER MUNICIPAL PENSION PLANS OR RETIREMENT SYSTEMS SHALL BE REQUIRED TO TRANSFER TO THE SYSTEM AN AMOUNT, EXCLUDING CONTRIBUTIONS DUE UNDER SECTION 5504(A), EQUAL TO THE LIABILITY OF THE PRIOR SERVICE IN ACCORDANCE WITH COUNTY OR OTHER MUNICIPAL PENSION PLAN OR RETIREMENT SYSTEM BENEFIT PROVISIONS, MULTIPLIED BY THE RATIO OF SYSTEM ACTUARIAL VALUE OF ASSETS FOR ACTIVE MEMBERS TO THE SYSTEM ACTUARIAL ACCRUED LIABILITY FOR ACTIVE MEMBERS. THE PUBLIC EMPLOYEE RETIREMENT STUDY COMMISSION SHALL DETERMINE THE APPROPRIATE AMOUNT OF EMPLOYER CONTRIBUTIONS TO BE TRANSFERRED TO THE SYSTEM BY THE COUNTY OR OTHER MUNICIPAL PENSION PLANS OR RETIREMENT SYSTEMS.

\* \* \*

§ 5303.2. ELECTION TO CONVERT SCHOOL SERVICE TO STATE SERVICE.

(A) ELIGIBILITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER ON LEAVE WITHOUT PAY WHO WAS AN EMPLOYEE TRANSFERRED FROM THE DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF CORRECTIONS PURSUANT TO SECTION 908-B OF THE ACT OF APRIL 9, 1929 (P.L.177, NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, AND WHO ON THE EFFECTIVE DATE OF THAT TRANSFER DID NOT PARTICIPATE IN AN INDEPENDENT RETIREMENT PROGRAM APPROVED BY THE DEPARTMENT OF EDUCATION UNDER 24 PA.C.S. § 8301(A)(1) (RELATING TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN) OR SECTION 5301(A)(12) (RELATING TO MANDATORY AND OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), NOTWITHSTANDING ANY OTHER PROVISION OF LAW OR ANY COLLECTIVE BARGAINING AGREEMENT, ARBITRATION AWARD, CONTRACT OR TERM OR CONDITIONS OF ANY RETIREMENT SYSTEM OR PENSION PLAN, MAY MAKE A ONE-TIME ELECTION TO CONVERT ALL SERVICE CREDITED IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30, 1999, AND

1 TRANSFER TO THE SYSTEM ALL ACCUMULATED MEMBER CONTRIBUTIONS AND  
2 STATUTORY INTEREST CREDITED IN THE MEMBERS' SAVINGS ACCOUNT IN  
3 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AS OF JUNE 30,  
4 1999, PLUS STATUTORY INTEREST ON THAT AMOUNT CREDITED BY THE  
5 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FROM JULY 1, 1999, TO  
6 THE DATE OF TRANSFER TO THE SYSTEM.

7 \* \* \*

8 § 5304. CREDITABLE NONSTATE SERVICE.

9 (A) ELIGIBILITY.--

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

27 (2) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER  
28 ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER 1, 2010,  
29 AS A MEMBER OF THE GENERAL ASSEMBLY AND BEFORE JANUARY 1,  
30 2018, OR A MULTIPLE SERVICE MEMBER WHO FIRST BECOMES AN

1 ACTIVE MEMBER ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER  
2 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY AND  
3 BEFORE JANUARY 1, 2018, AND [WHO] IS A SCHOOL EMPLOYEE AND AN  
4 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
5 SYSTEM SHALL BE ELIGIBLE FOR CLASS A-3 SERVICE CREDIT FOR  
6 CREDITABLE NONSTATE SERVICE AS SET FORTH IN SUBSECTIONS (B)  
7 AND (C) EXCEPT THAT INTERVENING MILITARY SERVICE SHALL BE  
8 CREDITED IN THE CLASS OF SERVICE FOR WHICH THE MEMBER WAS  
9 ELIGIBLE AT THE TIME OF ENTERING INTO MILITARY SERVICE AND  
10 FOR WHICH HE MAKES THE REQUIRED CONTRIBUTIONS TO THE FUND AND  
11 EXCEPT THAT A MULTIPLE SERVICE MEMBER WHO IS A SCHOOL  
12 EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
13 RETIREMENT SYSTEM SHALL NOT BE ELIGIBLE TO PURCHASE SERVICE  
14 CREDIT FOR CREDITABLE NONSTATE SERVICE SET FORTH IN  
15 SUBSECTION (C) (5) .

16 (3) AN ACTIVE MEMBER WHO FIRST BECOMES AN ACTIVE MEMBER  
17 ON OR AFTER JANUARY 1, 2018, OR A MULTIPLE SERVICE MEMBER WHO  
18 FIRST BECOMES AN ACTIVE MEMBER ON OR AFTER JANUARY 1, 2018,  
19 AND IS A SCHOOL EMPLOYEE AND AN ACTIVE MEMBER OF THE PUBLIC  
20 SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL BE ELIGIBLE FOR  
21 CLASS A-5 SERVICE CREDIT FOR CREDITABLE NONSTATE SERVICE AS  
22 SET FORTH IN SUBSECTIONS (B) AND (C) FOR WHICH THE MEMBER  
23 MAKES THE REQUIRED CONTRIBUTIONS TO THE FUND.

24 \* \* \*

25 (B) LIMITATIONS ON ELIGIBILITY.--AN ACTIVE MEMBER OR A  
26 MULTIPLE SERVICE MEMBER WHO IS A SCHOOL EMPLOYEE AND AN ACTIVE  
27 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM SHALL  
28 BE ELIGIBLE AS PROVIDED UNDER SUBSECTION (A) TO RECEIVE CREDIT  
29 FOR NONSTATE SERVICE PROVIDED THAT HE DOES NOT HAVE CREDIT FOR  
30 SUCH SERVICE IN THE SYSTEM OR IN THE [SCHOOL SYSTEM] PUBLIC

1 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND IS NOT ENTITLED TO  
2 RECEIVE, ELIGIBLE TO RECEIVE NOW OR IN THE FUTURE, OR IS  
3 RECEIVING RETIREMENT BENEFITS FOR SUCH SERVICE IN THE SYSTEM OR  
4 UNDER A RETIREMENT SYSTEM ADMINISTERED AND WHOLLY OR PARTIALLY  
5 PAID FOR BY ANY OTHER GOVERNMENTAL AGENCY OR BY ANY PRIVATE  
6 EMPLOYER, OR A RETIREMENT PROGRAM APPROVED BY THE EMPLOYER IN  
7 ACCORDANCE WITH SECTION 5301(A)(12) (RELATING TO MANDATORY AND  
8 OPTIONAL MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE  
9 PLAN), AND FURTHER PROVIDED, THAT SUCH SERVICE IS CERTIFIED BY  
10 THE PREVIOUS EMPLOYER AND CONTRIBUTIONS ARE AGREED UPON AND MADE  
11 IN ACCORDANCE WITH SECTION 5505 (RELATING TO CONTRIBUTIONS FOR  
12 THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE SERVICE).

13 \* \* \*

14 § 5305. SOCIAL SECURITY INTEGRATION CREDITS.

15 \* \* \*

16 (B) ACCRUAL OF SUBSEQUENT CREDITS.--ANY ACTIVE MEMBER WHO  
17 HAS SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS TO HIS  
18 CREDIT OR IS RECEIVING A BENEFIT ON ACCOUNT OF SOCIAL SECURITY  
19 INTEGRATION CREDITS MAY ACCRUE ONE SOCIAL SECURITY INTEGRATION  
20 CREDIT FOR EACH YEAR OF SERVICE AS A STATE EMPLOYEE ON OR  
21 SUBSEQUENT TO MARCH 1, 1974<sub>L</sub> AND A FRACTIONAL CREDIT FOR A  
22 CORRESPONDING FRACTIONAL YEAR OF SERVICE PROVIDED THAT  
23 CONTRIBUTIONS ARE MADE TO THE FUND, OR WOULD HAVE BEEN MADE TO  
24 THE FUND BUT FOR SECTION 5502.1 (RELATING TO WAIVER OF REGULAR  
25 MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER  
26 CONTRIBUTIONS) OR THE LIMITATIONS UNDER IRC § 401(A)(17) OR  
27 415(B), IN ACCORDANCE WITH SECTION 5502 (RELATING TO SOCIAL  
28 SECURITY INTEGRATION MEMBER CONTRIBUTIONS), AND HE:

29 (1) CONTINUES SUBSEQUENT TO MARCH 1, 1974<sub>L</sub> AS AN ACTIVE  
30 MEMBER IN EITHER THE [STATE OR SCHOOL] SYSTEM OR, IF A

1 MULTIPLE SERVICE MEMBER, AS AN ACTIVE MEMBER IN THE PUBLIC  
2 SCHOOL EMPLOYEES' RETIREMENT SYSTEM;

3 (2) TERMINATES SUCH CONTINUOUS SERVICE IN THE [STATE OR  
4 SCHOOL] SYSTEM OR THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
5 SYSTEM AND RETURNS TO ACTIVE MEMBERSHIP IN THE [STATE] SYSTEM  
6 WITHIN SIX MONTHS; OR

7 (3) TERMINATES HIS STATUS AS A VESTEE OR AN ANNUITANT  
8 AND RETURNS TO STATE SERVICE AS AN ACTIVE MEMBER OF THE  
9 SYSTEM.

10 \* \* \*

11 SECTION 307. SECTION 5306(A), (A.1), (A.2), (A.3) AND (B) (2)  
12 OF TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A  
13 SUBSECTION TO READ:

14 § 5306. CLASSES OF SERVICE.

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

16 (1) A STATE EMPLOYEE WHO IS A MEMBER OF CLASS A ON THE  
17 EFFECTIVE DATE OF THIS PART OR WHO FIRST BECOMES A MEMBER OF  
18 THE SYSTEM SUBSEQUENT TO THE EFFECTIVE DATE OF THIS PART AND  
19 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A  
20 MEMBER OF THE GENERAL ASSEMBLY, SHALL BE CLASSIFIED AS A  
21 CLASS A MEMBER AND RECEIVE CREDIT FOR CLASS A SERVICE UPON  
22 PAYMENT OF REGULAR AND ADDITIONAL MEMBER CONTRIBUTIONS AND  
23 SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A SERVICE,  
24 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF  
25 CLASS AA PURSUANT TO SUBSECTION (A.1) OR A MEMBER OF CLASS D-  
26 4 PURSUANT TO SUBSECTION (A.2) OR A MEMBER OF CLASS A-5.

27 (2) A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE  
28 SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR AFTER DECEMBER  
29 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND, UNLESS A  
30 CLASS A-5 EXEMPT EMPLOYEE, BEFORE JANUARY 1, 2018, SHALL BE

1 CLASSIFIED AS A CLASS A-3 MEMBER AND RECEIVE CREDIT FOR CLASS  
2 A-3 SERVICE UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND  
3 SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 SERVICE  
4 PROVIDED THAT THE STATE EMPLOYEE DOES NOT BECOME A MEMBER OF  
5 CLASS A-4 PURSUANT TO SUBSECTION (A.3) OR A MEMBER OF CLASS  
6 A-5, EXCEPT THAT A MEMBER OF THE JUDICIARY SHALL BE  
7 CLASSIFIED AS A MEMBER OF SUCH OTHER CLASS OF SERVICE FOR  
8 WHICH THE MEMBER OF THE JUDICIARY IS ELIGIBLE, SHALL ELECT  
9 AND MAKE REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER  
10 CONTRIBUTION UNLESS THE MEMBER OF THE JUDICIARY BECOMES A  
11 MEMBER OF CLASS A-5.

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

13 (1) A PERSON WHO BECOMES A STATE EMPLOYEE AND AN ACTIVE  
14 MEMBER OF THE SYSTEM AFTER JUNE 30, 2001, AND WHO FIRST  
15 BECAME AN ACTIVE MEMBER BEFORE JANUARY 1, 2011, OR BEFORE  
16 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, AND  
17 WHO IS NOT A STATE POLICE OFFICER AND NOT EMPLOYED IN A  
18 POSITION FOR WHICH A CLASS OF SERVICE OTHER THAN CLASS A IS  
19 CREDITED OR COULD BE ELECTED SHALL BE CLASSIFIED AS A CLASS  
20 AA MEMBER AND RECEIVE CREDIT FOR CLASS AA STATE SERVICE UPON  
21 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK  
22 MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE PROVIDED THAT THE  
23 STATE EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A-5 AND,  
24 SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7), IF  
25 PREVIOUSLY A MEMBER OF CLASS A OR PREVIOUSLY EMPLOYED IN A  
26 POSITION FOR WHICH CLASS A SERVICE COULD HAVE BEEN EARNED,  
27 SHALL HAVE ALL CLASS A STATE SERVICE (OTHER THAN STATE  
28 SERVICE PERFORMED AS A STATE POLICE OFFICER OR FOR WHICH A  
29 CLASS OF SERVICE OTHER THAN CLASS A WAS EARNED OR COULD HAVE  
30 BEEN ELECTED) CLASSIFIED AS CLASS AA SERVICE.

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

22          (3) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA  
23          MEMBER IS MADE PURSUANT TO SECTION 5306.1 (RELATING TO  
24          ELECTION TO BECOME A CLASS AA MEMBER), A STATE EMPLOYEE,  
25          OTHER THAN A STATE EMPLOYEE WHO IS A STATE POLICE OFFICER ON  
26          OR AFTER JULY 1, 1989, WHO ON JUNE 30, 2001, AND JULY 1,  
27          2001, IS:

28                (I) A MEMBER OF CLASS A, OTHER THAN A MEMBER OF  
29                CLASS A WHO COULD HAVE ELECTED MEMBERSHIP IN A CLASS C,  
30                CLASS D-3, CLASS E-1 OR CLASS E-2; OR



1 (II) AN INACTIVE MEMBER ON A LEAVE WITHOUT PAY FROM  
2 A POSITION IN WHICH THE STATE EMPLOYEE WOULD BE A CLASS A  
3 ACTIVE MEMBER IF THE EMPLOYEE WAS NOT ON LEAVE WITHOUT  
4 PAY, OTHER THAN A POSITION IN WHICH THE STATE EMPLOYEE  
5 COULD ELECT MEMBERSHIP IN CLASS C, CLASS D-3, CLASS E-1  
6 OR CLASS E-2;

7 SHALL BE CLASSIFIED AS A CLASS AA MEMBER AND RECEIVE CREDIT  
8 FOR CLASS AA STATE SERVICE PERFORMED AFTER JUNE 30, 2001,  
9 UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK  
10 MEMBER CONTRIBUTIONS FOR CLASS AA SERVICE PROVIDED THAT THE  
11 STATE EMPLOYEE DOES NOT BECOME A MEMBER OF CLASS A-5 AND,  
12 SUBJECT TO THE LIMITATIONS CONTAINED IN PARAGRAPH (7), SHALL  
13 RECEIVE CLASS AA SERVICE CREDIT FOR ALL CLASS A STATE  
14 SERVICE, OTHER THAN STATE SERVICE PERFORMED AS A STATE POLICE  
15 OFFICER OR AS A STATE EMPLOYEE IN A POSITION FOR WHICH THE  
16 MEMBER COULD HAVE ELECTED MEMBERSHIP IN CLASS C, CLASS D-3,  
17 CLASS E-1 OR CLASS E-2, PERFORMED BEFORE JULY 1, 2001.

18 (4) PROVIDED THAT AN ELECTION TO BECOME A CLASS AA  
19 MEMBER IS MADE PURSUANT TO SECTION 5306.1, A FORMER STATE  
20 EMPLOYEE, OTHER THAN A FORMER STATE EMPLOYEE WHO WAS A STATE  
21 POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON JUNE 30,  
22 2001, AND JULY 1, 2001, IS A MULTIPLE SERVICE MEMBER AND A  
23 SCHOOL EMPLOYEE AND A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES'  
24 RETIREMENT SYSTEM, SUBJECT TO THE LIMITATIONS CONTAINED IN  
25 PARAGRAPH (7), SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL  
26 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS  
27 A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN A POSITION  
28 IN WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS  
29 OF SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.

30 (5) A FORMER STATE EMPLOYEE WHO FIRST BECOMES A MEMBER

1 BEFORE JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A  
2 MEMBER OF THE GENERAL ASSEMBLY, OTHER THAN A FORMER STATE  
3 EMPLOYEE WHO WAS A STATE POLICE OFFICER ON OR AFTER JULY 1,  
4 1989, WHO IS A SCHOOL EMPLOYEE AND WHO ON OR AFTER JULY 1,  
5 2001, BECOMES A MULTIPLE SERVICE MEMBER, SUBJECT TO THE  
6 LIMITATIONS CONTAINED IN PARAGRAPH (7), SHALL RECEIVE CLASS  
7 AA SERVICE CREDIT FOR ALL CLASS A STATE SERVICE OTHER THAN  
8 STATE SERVICE PERFORMED AS A STATE EMPLOYEE IN A POSITION IN  
9 WHICH THE FORMER STATE EMPLOYEE COULD HAVE ELECTED A CLASS OF  
10 SERVICE OTHER THAN CLASS A.

11 (6) A STATE EMPLOYEE WHO AFTER JUNE 30, 2001, BECOMES A  
12 STATE POLICE OFFICER OR [WHO IS EMPLOYED IN A POSITION IN  
13 WHICH THE MEMBER COULD ELECT MEMBERSHIP IN A CLASS OF SERVICE  
14 OTHER THAN CLASS AA OR CLASS D-4] A MEMBER OF THE JUDICIARY  
15 SHALL RETAIN ANY CLASS AA SERVICE CREDITED PRIOR TO BECOMING  
16 A STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE  
17 INELIGIBLE TO RECEIVE CLASS AA CREDIT THEREAFTER AND INSTEAD  
18 SHALL RECEIVE CLASS A CREDIT FOR SERVICE AS A MEMBER OF THE  
19 JUDICIARY IF THE JUDICIAL SERVICE BEGINS BEFORE JANUARY 1,  
20 2018, AND THE STATE EMPLOYEE FIRST BECOMES A MEMBER OF THE  
21 SYSTEM BEFORE JANUARY 1, 2018, AND THE MEMBER OF THE  
22 JUDICIARY DOES NOT BECOME A MEMBER OF CLASS A-5 OR IF HE  
23 FIRST BECAME A MEMBER BEFORE JANUARY 1, 2011, OR DECEMBER 1,  
24 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, OR CLASS A-3  
25 CREDIT FOR SERVICE OTHER THAN AS A MEMBER OF THE JUDICIARY  
26 AND HE FIRST BECAME A MEMBER ON OR AFTER JANUARY 1, 2011, OR  
27 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY, IF THE  
28 NONJUDICIAL SERVICE IS NOT SERVICE AS A CLASS A-5 EXEMPT  
29 EMPLOYEE, OR CLASS A-5 SERVICE CREDIT IF THE NONJUDICIAL  
30 SERVICE IS AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF

1 CLASS A-5 UNDER SECTION 5306.4, OR THE STATE EMPLOYEE FIRST  
2 BECAME A MEMBER ON OR AFTER JANUARY 1, 2018, AND THE SERVICE  
3 IS NOT AS A CLASS A-5 EXEMPT EMPLOYEE, UNLESS A CLASS OF  
4 MEMBERSHIP OTHER THAN CLASS A IS ELECTED.

5 (7) (I) STATE SERVICE PERFORMED AS CLASS A SERVICE  
6 BEFORE JULY 1, 2001, AND STATE SERVICE FOR WHICH CLASS A  
7 SERVICE COULD HAVE BEEN CREDITED BUT WAS NOT CREDITED  
8 BECAUSE MEMBERSHIP IN THE SYSTEM WAS OPTIONAL OR  
9 PROHIBITED PURSUANT TO SECTION 5301 SHALL BE CREDITED AS  
10 CLASS AA SERVICE ONLY UPON THE COMPLETION OF ALL ACTS  
11 NECESSARY FOR THE STATE SERVICE TO BE CREDITED AS CLASS A  
12 SERVICE HAD THIS SUBSECTION NOT BEEN ENACTED AND UPON  
13 PAYMENT OF REQUIRED CLASS AA MEMBER CONTRIBUTIONS AND  
14 SHARED-RISK MEMBER CONTRIBUTIONS AS PROVIDED IN SECTION  
15 5504 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE  
16 OF CREDIT FOR PREVIOUS STATE SERVICE OR TO BECOME A FULL  
17 COVERAGE MEMBER) .

18 (II) A PERSON WHO IS NOT A STATE EMPLOYEE OR A  
19 SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1, 2001, AND  
20 WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY  
21 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30,  
22 2001, UPON TERMINATION OF THE DISABILITY ANNUITY) SHALL  
23 NOT RECEIVE CLASS AA SERVICE CREDIT FOR STATE SERVICE  
24 PERFORMED BEFORE JULY 1, 2001, UNTIL SUCH PERSON BECOMES  
25 AN ACTIVE MEMBER, OR AN ACTIVE MEMBER OF THE PUBLIC  
26 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND A MULTIPLE  
27 SERVICE MEMBER, AND EARNS THREE ELIGIBILITY POINTS BY  
28 PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL  
29 SERVICE AFTER JUNE 30, 2001.

30 (A.2) CLASS OF MEMBERSHIP FOR MEMBERS OF THE GENERAL

1 ASSEMBLY.--

2 (1) A PERSON WHO:

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

6 (II) IS A MEMBER OF THE GENERAL ASSEMBLY ON JULY 1,  
7 2001, BUT IS NOT AN ACTIVE MEMBER OF THE SYSTEM BECAUSE  
8 MEMBERSHIP IN THE SYSTEM IS OPTIONAL PURSUANT TO SECTION  
9 5301 AND WHO BECOMES AN ACTIVE MEMBER AFTER JUNE 30,  
10 2001, AND BEFORE DECEMBER 1, 2010;

11 AND WHO WAS NOT A STATE POLICE OFFICER ON OR AFTER JULY 1,  
12 1989, SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND RECEIVE  
13 CREDIT AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A  
14 MEMBER OF THE SYSTEM AS A MEMBER OF THE GENERAL ASSEMBLY THAT  
15 IS NOT PERFORMED AS A MEMBER WHO ELECTED TO BECOME A MEMBER  
16 OF CLASS A-5 UNDER SECTION 5306.4 UPON PAYMENT OF REGULAR  
17 MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER CONTRIBUTIONS FOR  
18 CLASS D-4 SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED  
19 IN SUBSECTION (A.1) (7), IF PREVIOUSLY A MEMBER OF CLASS A OR  
20 EMPLOYED IN A POSITION FOR WHICH CLASS A SERVICE COULD HAVE  
21 BEEN EARNED, SHALL RECEIVE CLASS AA SERVICE CREDIT FOR ALL  
22 CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED AS  
23 A STATE POLICE OFFICER OR FOR WHICH A CLASS OF SERVICE OTHER  
24 THAN CLASS A OR CLASS D-4 WAS OR COULD HAVE BEEN ELECTED OR  
25 CREDITED.

26 (2) PROVIDED AN ELECTION TO BECOME A CLASS D-4 MEMBER IS  
27 MADE PURSUANT TO SECTION 5306.2 (RELATING TO ELECTIONS BY  
28 MEMBERS OF THE GENERAL ASSEMBLY), A STATE EMPLOYEE WHO WAS  
29 NOT A STATE POLICE OFFICER ON OR AFTER JULY 1, 1989, WHO ON  
30 JULY 1, 2001, IS A MEMBER OF THE GENERAL ASSEMBLY AND AN

1 ACTIVE MEMBER OF THE SYSTEM AND NOT A MEMBER OF CLASS D-3  
2 SHALL BE CLASSIFIED AS A CLASS D-4 MEMBER AND RECEIVE CREDIT  
3 AS A CLASS D-4 MEMBER FOR ALL STATE SERVICE AS A MEMBER OF  
4 THE SYSTEM PERFORMED AS A MEMBER OF THE GENERAL ASSEMBLY THAT  
5 IS NOT PERFORMED AS A MEMBER WHO ELECTED TO BECOME A MEMBER  
6 OF CLASS A-5 UNDER SECTION 5306.4 AND NOT CREDITED AS ANOTHER  
7 CLASS OTHER THAN CLASS A UPON PAYMENT OF REGULAR MEMBER  
8 CONTRIBUTIONS AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS  
9 D-4 SERVICE AND, SUBJECT TO THE LIMITATIONS CONTAINED IN  
10 PARAGRAPH (A.1) (7), SHALL RECEIVE CLASS AA SERVICE CREDIT FOR  
11 ALL CLASS A STATE SERVICE, OTHER THAN STATE SERVICE PERFORMED  
12 AS A STATE POLICE OFFICER OR AS A STATE EMPLOYEE IN A  
13 POSITION IN WHICH THE MEMBER COULD HAVE ELECTED A CLASS OF  
14 SERVICE OTHER THAN CLASS A, PERFORMED BEFORE JULY 1, 2001.

15 (3) A MEMBER OF THE GENERAL ASSEMBLY WHO AFTER JUNE 30,  
16 2001, BECOMES A STATE POLICE OFFICER SHALL RETAIN ANY CLASS  
17 AA SERVICE OR CLASS D-4 SERVICE CREDITED PRIOR TO BECOMING A  
18 STATE POLICE OFFICER OR BEING SO EMPLOYED BUT SHALL BE  
19 INELIGIBLE TO RECEIVE CLASS AA OR CLASS D-4 CREDIT THEREAFTER  
20 AND INSTEAD SHALL RECEIVE CLASS A CREDIT OR CLASS A-3 CREDIT  
21 IF HE FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER  
22 JANUARY 1, 2011[.], AND BEFORE JANUARY 1, 2018, OR AS A CLASS  
23 A-5 EXEMPT EMPLOYEE, AND CLASS A-5 CREDIT IF HE FIRST BECOMES  
24 A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018, AND IS  
25 NOT A CLASS A-5 EXEMPT EMPLOYEE.

26 (4) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION,  
27 NO SERVICE AS A MEMBER OF THE GENERAL ASSEMBLY PERFORMED  
28 BEFORE DECEMBER 1, 2010, THAT IS NOT CREDITED AS CLASS D-4  
29 SERVICE ON NOVEMBER 30, 2010, SHALL BE CREDITED AS CLASS D-4  
30 SERVICE, UNLESS SUCH SERVICE WAS PREVIOUSLY CREDITED IN THE

1 SYSTEM AS CLASS D-4 SERVICE AND THE MEMBER WITHDREW HIS TOTAL  
2 ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5311 (RELATING  
3 TO ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF  
4 TOTAL ACCUMULATED DEDUCTIONS). NO SERVICE AS A MEMBER OF THE  
5 GENERAL ASSEMBLY PERFORMED ON OR AFTER DECEMBER 1, 2010,  
6 SHALL BE CREDITED AS CLASS D-4 SERVICE UNLESS THE MEMBER  
7 PREVIOUSLY WAS CREDITED WITH CLASS D-4 SERVICE CREDITS.

8 (5) A MEMBER OF THE GENERAL ASSEMBLY WHO PERFORMS  
9 SERVICE AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS  
10 A-5 UNDER SECTION 5306.4 SHALL BE CLASSIFIED AS A CLASS A-5  
11 MEMBER AND RECEIVE CREDIT FOR CLASS A-5 SERVICE UPON PAYMENT  
12 OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER  
13 CONTRIBUTIONS FOR CLASS A-5 WITHOUT REGARD TO ANY OTHER CLASS  
14 OF SERVICE THE MEMBER OF THE GENERAL ASSEMBLY MIGHT HAVE BEEN  
15 PRIOR TO THE ELECTION UNDER SECTION 5306.4.

16 (A.3) CLASS A-4 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 FIRST BECOMES A MEMBER BEFORE JANUARY 1, 2018, OR  
20 IS A CLASS A-5 EXEMPT EMPLOYEE WHO OTHERWISE WOULD BE A MEMBER  
21 OF CLASS A-3 SHALL BE CLASSIFIED AS A CLASS A-4 MEMBER AND  
22 RECEIVE CLASS A-4 CREDIT FOR ALL CREDITABLE STATE SERVICE  
23 PERFORMED AFTER THE EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM,  
24 EXCEPT AS A MEMBER OF THE JUDICIARY[,] OR AS A MEMBER WHO  
25 ELECTED TO BECOME A MEMBER OF CLASS A-5 UNDER SECTION 5306.4 IF  
26 THE EMPLOYEE FIRST BECOMES A MEMBER BEFORE JANUARY 1, 2018, AND  
27 FOR ALL CREDITABLE STATE SERVICE PERFORMED AS A CLASS A-5 EXEMPT  
28 EMPLOYEE IF THE EMPLOYEE FIRST BECOMES A MEMBER ON OR AFTER  
29 JANUARY 1, 2018, UPON PAYMENT OF REGULAR MEMBER CONTRIBUTIONS  
30 AND SHARED-RISK MEMBER CONTRIBUTIONS FOR CLASS A-4 SERVICE.

1     (A.4) CLASS A-5 MEMBERSHIP.--A STATE EMPLOYEE WHO FIRST  
2 BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018,  
3 OTHER THAN AS A CLASS A-5 EXEMPT EMPLOYEE, SHALL BE CLASSIFIED  
4 AS A CLASS A-5 MEMBER AND RECEIVE CREDIT FOR CLASS A-5 SERVICE  
5 FOR SERVICE OTHER THAN AS A CLASS A-5 EXEMPT EMPLOYEE UPON  
6 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER  
7 CONTRIBUTIONS FOR CLASS A-5 SERVICE. A CLASS A-5 EXEMPT EMPLOYEE  
8 WHO FIRST BECOMES A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1,  
9 2018, SHALL BE CLASSIFIED IN THE APPLICABLE CLASS OTHER THAN  
10 CLASS A-5 FOR SERVICE PERFORMED AS A CLASS A-5 EXEMPT EMPLOYEE  
11 AND CLASSIFIED AS A CLASS A-5 MEMBER FOR ANY SERVICE PERFORMED  
12 IN A POSITION OR OFFICE OTHER THAN AS A CLASS A-5 EXEMPT  
13 EMPLOYEE. A STATE EMPLOYEE WHO ELECTS CLASS A-5 MEMBERSHIP UNDER  
14 SECTION 5306.4 AND MEMBER OF THE SYSTEM SHALL BE CLASSIFIED AS A  
15 CLASS A-5 MEMBER AND RECEIVE CREDIT FOR CLASS A-5 SERVICE UPON  
16 PAYMENT OF REGULAR MEMBER CONTRIBUTIONS AND SHARED-RISK MEMBER  
17 CONTRIBUTIONS FOR CLASS A-5 WITHOUT REGARD TO ANY OTHER CLASS OF  
18 SERVICE THE STATE EMPLOYEE MIGHT HAVE BEEN AT ANY TIME BEFORE  
19 THE ELECTION UNDER SECTION 5306.4.

20     (B) OTHER CLASS MEMBERSHIP.--

21             \* \* \*

22             (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,  
23     A STATE EMPLOYEE [WHO] WHOSE FIRST PERIOD OF STATE SERVICE  
24     BEGAN BEFORE JANUARY 1, 2018, IS APPOINTED [BAIL  
25     COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE OF THE  
26     PHILADELPHIA MUNICIPAL COURT UNDER 42 PA.C.S. § 1123(A) (5)  
27     (RELATING TO JURISDICTION AND VENUE) AND IS ELIGIBLE TO BE A  
28     MEMBER OF THE SYSTEM AS AN ARRAIGNMENT COURT MAGISTRATE MAY,  
29     WITHIN 30 DAYS OF THE EFFECTIVE DATE OF THIS SENTENCE OR  
30     WITHIN 30 DAYS OF HIS INITIAL APPOINTMENT AS [A BAIL

1 COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE, WHICHEVER IS  
2 LATER, ELECT CLASS E-2 SERVICE CREDIT FOR SERVICE PERFORMED  
3 AS [A BAIL COMMISSIONER] AN ARRAIGNMENT COURT MAGISTRATE  
4 UNTIL THE TERMINATION OF STATE SERVICE. THIS CLASS OF SERVICE  
5 MULTIPLIER FOR E-2 SERVICE AS [A BAIL COMMISSIONER] AN  
6 ARRAIGNMENT COURT MAGISTRATE SHALL BE 1.5.

7 \* \* \*

8 SECTION 308. SECTIONS 5306.1(C) AND (D), 5306.2(B) AND (C)  
9 AND 5306.3(B), (C) AND (D) OF TITLE 71 ARE AMENDED TO READ:

10 § 5306.1. ELECTION TO BECOME A CLASS AA MEMBER.

11 \* \* \*

12 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS AA  
13 MEMBER SHALL BECOME EFFECTIVE THE LATER OF JULY 1, 2001, OR THE  
14 DATE WHEN THE ELECTION IS FILED WITH THE BOARD AND SHALL REMAIN  
15 IN EFFECT UNTIL THE TERMINATION OF EMPLOYMENT[.] OR AN ELECTION  
16 IS MADE TO BECOME A MEMBER OF CLASS A-5 UNDER SECTION 5306.4.  
17 UPON TERMINATION AND SUBSEQUENT REEMPLOYMENT, THE MEMBER'S CLASS  
18 OF SERVICE SHALL BE CREDITED IN THE CLASS OF SERVICE OTHERWISE  
19 PROVIDED FOR IN THIS PART AND THE STATE EMPLOYEE'S ELIGIBILITY  
20 FOR PARTICIPATION IN THE PLAN SHALL BE AS PROVIDED IN THIS PART.

21 (D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO  
22 BECOME A CLASS AA MEMBER WITHIN THE ELECTION PERIOD SET FORTH IN  
23 SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S CLASS A STATE  
24 SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER WHO ELECTED TO  
25 BECOME A MEMBER OF CLASS A-5 UNDER SECTION 5306.4 OR AS A STATE  
26 POLICE OFFICER OR IN A POSITION IN WHICH THE MEMBER COULD ELECT  
27 A CLASS OF MEMBERSHIP OTHER THAN CLASS A, BEING CREDITED AS  
28 CLASS A SERVICE AND NOT SUBJECT TO FURTHER ELECTION OR CREDITING  
29 AS CLASS AA SERVICE UPON TERMINATION AND SUBSEQUENT EMPLOYMENT.  
30 § 5306.2. ELECTIONS BY MEMBERS OF THE GENERAL ASSEMBLY.



1       \* \* \*

2       (B) EFFECT OF ELECTION.--MEMBERSHIP AS A CLASS D-4 MEMBER  
3 SHALL BECOME EFFECTIVE ON JULY 1, 2001, AND SHALL REMAIN IN  
4 EFFECT UNTIL THE TERMINATION OF SERVICE AS A MEMBER OF THE  
5 GENERAL ASSEMBLY[.] OR AN ELECTION IS MADE TO BECOME A MEMBER OF  
6 CLASS A-5 UNDER SECTION 5306.4 (RELATING TO ELECTION TO BECOME  
7 CLASS A-5 MEMBER). UPON TERMINATION AND A SUBSEQUENT  
8 REEMPLOYMENT, THE MEMBER'S CLASS OF SERVICE SHALL BE CREDITED IN  
9 THE CLASS OF SERVICE OTHERWISE PROVIDED FOR IN THIS PART AND THE  
10 STATE EMPLOYEE'S ELIGIBILITY FOR PARTICIPATION IN THE PLAN SHALL  
11 BE AS PROVIDED IN THIS PART.

12       (C) EFFECT OF FAILURE TO MAKE ELECTION.--A MEMBER OF THE  
13 GENERAL ASSEMBLY WHO IS A MEMBER OF CLASS A AS A RESULT OF  
14 FAILURE TO ELECT TO BECOME A MEMBER OF ANOTHER CLASS OR WHO IS A  
15 MEMBER OF ANOTHER CLASS OTHER THAN CLASS D-4 AS A RESULT OF  
16 ELECTING MEMBERSHIP IN SUCH CLASS FOR LEGISLATIVE SERVICE SHALL  
17 NOT BE ELIGIBLE TO RECEIVE OR ELECT A DIFFERENT CLASS OF SERVICE  
18 FOR SUCH LEGISLATIVE SERVICE EITHER DURING THE PERIOD OF  
19 LEGISLATIVE SERVICE OR UPON TERMINATION AND SUBSEQUENT  
20 EMPLOYMENT[.], UNLESS THE STATE EMPLOYEE ELECTS TO BECOME A  
21 MEMBER OF CLASS A-5 UNDER SECTION 5306.4.

22 § 5306.3. ELECTION TO BECOME A CLASS A-4 MEMBER.

23       \* \* \*

24       (B) TIME FOR MAKING ELECTION.--THE ELECTION TO BECOME A  
25 CLASS A-4 MEMBER MUST BE MADE BY THE MEMBER FILING WRITTEN  
26 NOTICE WITH THE BOARD IN A FORM AND MANNER DETERMINED BY THE  
27 BOARD NO LATER THAN 45 DAYS AFTER NOTICE FROM THE BOARD OF THE  
28 MEMBER'S ELIGIBILITY TO ELECT CLASS A-4 MEMBERSHIP. A STATE  
29 EMPLOYEE WHO IS ELIGIBLE TO ELECT TO BECOME A CLASS A-4 MEMBER  
30 WHO BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT

HAVING ELECTED CLASS A-4 MEMBERSHIP [MAY MAKE THE ELECTION  
WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM] SHALL HAVE THE  
ELECTION PERIOD EXTENDED BY THE NUMBER OF DAYS ON USERRA LEAVE.

(C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS A-4  
MEMBER SHALL BE IRREVOCABLE AND SHALL BECOME EFFECTIVE ON THE  
EFFECTIVE DATE OF MEMBERSHIP IN THE SYSTEM AND SHALL REMAIN IN  
EFFECT FOR ALL FUTURE [CREDITABLE] STATE SERVICE CREDITABLE TO  
THE SYSTEM, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE  
JUDICIARY[.], BUT SHALL NOT APPLY TO SERVICE PERFORMED AS A  
MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS A-5 UNDER SECTION  
5306.4 (RELATING TO ELECTION TO BECOME CLASS A-5 MEMBER).

PAYMENT OF REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-4 STATE  
SERVICE PERFORMED PRIOR TO THE ELECTION OF CLASS A-4 MEMBERSHIP  
SHALL BE MADE IN A FORM, MANNER AND TIME DETERMINED BY THE  
BOARD. UPON TERMINATION OF STATE SERVICE AND SUBSEQUENT  
REEMPLOYMENT, A MEMBER WHO ELECTED CLASS A-4 MEMBERSHIP SHALL BE  
CREDITED AS A CLASS A-4 MEMBER FOR CREDITABLE STATE SERVICE  
PERFORMED AFTER REEMPLOYMENT[, EXCEPT AS A MEMBER OF THE  
JUDICIARY] UNLESS THE REEMPLOYMENT IS AS A MEMBER WHO ELECTED TO  
BECOME A MEMBER OF CLASS A-5 UNDER SECTION 5306.4, REGARDLESS OF  
TERMINATION OF EMPLOYMENT, TERMINATION OF MEMBERSHIP BY  
WITHDRAWAL OF ACCUMULATED DEDUCTIONS OR STATUS AS AN ANNUITANT,  
VESTEE OR INACTIVE MEMBER AFTER THE TERMINATION OF SERVICE.

(D) EFFECT OF FAILURE TO MAKE ELECTION.--FAILURE TO ELECT TO  
BECOME A CLASS A-4 MEMBER WITHIN THE ELECTION PERIOD SET FORTH  
IN SUBSECTION (B) SHALL RESULT IN ALL OF THE MEMBER'S STATE  
SERVICE, OTHER THAN SERVICE PERFORMED AS A MEMBER OF THE  
JUDICIARY OR AS A MEMBER WHO ELECTED TO BECOME A MEMBER OF CLASS  
A-5 UNDER SECTION 5306.4, BEING CREDITED AS CLASS A-3 SERVICE,  
UNLESS THE STATE EMPLOYEE ELECTS TO BECOME A MEMBER OF CLASS A-5

1 UNDER SECTION 5306.4 AND NOT SUBJECT TO FURTHER ELECTION OR  
2 CREDITING AS CLASS A-4 SERVICE. UPON TERMINATION AND SUBSEQUENT  
3 EMPLOYMENT, A MEMBER WHO FAILED TO ELECT TO BECOME A CLASS A-4  
4 MEMBER SHALL NOT BE ELIGIBLE TO MAKE ANOTHER ELECTION TO BECOME  
5 A CLASS A-4 MEMBER FOR EITHER PAST OR FUTURE STATE SERVICE.

6 SECTION 308.1. TITLE 71 IS AMENDED BY ADDING A SECTION TO  
7 READ:

8 § 5306.4 ELECTION TO BECOME A CLASS A-5 MEMBER AND PLAN  
9 PARTICIPANT.

10 (A) GENERAL RULE.--A STATE EMPLOYEE, EXCEPT FOR A CLASS A-5  
11 EXEMPT EMPLOYEE, WHO FIRST BEGINS STATE SERVICE BEFORE JANUARY  
12 1, 2018, MAY ELECT TO BECOME A MEMBER OF CLASS A-5 AND A  
13 PARTICIPANT IN THE PLAN.

14 (B) TIME FOR MAKING ELECTION.--THE ELECTION TO BECOME A  
15 CLASS A-5 MEMBER AND A PARTICIPANT IN THE PLAN MUST BE MADE BY  
16 THE EMPLOYEE FILING WRITTEN NOTICE WITH THE BOARD BEFORE THE  
17 TERMINATION OF STATE SERVICE OR BY DECEMBER 31, 2017, WHICHEVER  
18 OCCURS FIRST. A STATE EMPLOYEE WHO IS ELIGIBLE TO ELECT TO  
19 BECOME A CLASS A-5 MEMBER AND A PARTICIPANT IN THE PLAN WHO  
20 BEGINS USERRA LEAVE DURING THE ELECTION PERIOD WITHOUT HAVING  
21 ELECTED CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE PLAN MAY  
22 MAKE THE ELECTION WITHIN 45 DAYS AFTER BEING REEMPLOYED FROM  
23 USERRA LEAVE. A STATE EMPLOYEE WHO FIRST BECOMES ELIGIBLE TO  
24 ELECT TO BECOME A CLASS A-5 MEMBER AND A PARTICIPANT IN THE PLAN  
25 WITHIN 45 DAYS BEFORE DECEMBER 31, 2017, SHALL HAVE 45 DAYS TO  
26 MAKE THE ELECTION. STATE EMPLOYEES, EXCEPT FOR CLASS A-5 EXEMPT  
27 EMPLOYEES, WHO ON THE EFFECTIVE DATE OF THIS SECTION ARE NOT  
28 ELIGIBLE FOR CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE PLAN  
29 OR WHO RETURN TO SERVICE ON OR AFTER JANUARY 1, 2018, SHALL BE  
30 ELIGIBLE TO ELECT CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE

1 PLAN AND MAY MAKE THE ELECTION WITHIN 45 DAYS AFTER BECOMING  
2 ELIGIBLE OR RETURNING TO SERVICE.

3 (C) EFFECT OF ELECTION.--AN ELECTION TO BECOME A CLASS A-5  
4 MEMBER AND A PARTICIPANT IN THE PLAN SHALL BE IRREVOCABLE. A  
5 MEMBER WHO ELECTS CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE  
6 PLAN SHALL BE SUBJECT TO ALL PROVISIONS APPLICABLE TO CLASS A-5  
7 MEMBERSHIP AND PARTICIPATION IN THE PLAN FOR SERVICE RENDERED ON  
8 AND AFTER THE DATE THE WRITTEN ELECTION IS RECEIVED AND  
9 PROCESSED BY THE BOARD. A MEMBER WHO ELECTS CLASS A-5 MEMBERSHIP  
10 AND PARTICIPATION IN THE PLAN SHALL BE DEEMED TO HAVE ACCEPTED  
11 THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS A-5 MEMBERS AND  
12 PARTICIPANTS IN THE PLAN IN EFFECT AT THE TIME OF THE ELECTION.

13 (D) EFFECT OF FAILURE TO MAKE ELECTION.--IF THE EMPLOYEE  
14 FAILS TO TIMELY FILE AN ELECTION TO BECOME A CLASS A-5 MEMBER  
15 AND A PARTICIPANT IN THE PLAN, THE EMPLOYEE SHALL CONTINUE TO BE  
16 ENROLLED IN THE APPLICABLE CLASS OF SERVICE AND SHALL NEVER BE  
17 ABLE TO ELECT CLASS A-5 MEMBERSHIP AND PARTICIPATION IN THE  
18 PLAN, REGARDLESS OF WHETHER THE EMPLOYEE TERMINATES SERVICE OR  
19 HAS A BREAK IN SERVICE.

20 (E) MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.--AN  
21 INDIVIDUAL WHO HAS MADE THE ELECTION UNDER SUBSECTION (A) SHALL  
22 MAKE THE FOLLOWING MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
23 FOR SERVICE:

24 (1) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS  
25 A IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 2% OF  
26 COMPENSATION.

27 (2) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS  
28 AA IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 3.25% OF  
29 COMPENSATION.

30 (3) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS

1 A-3 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 3.25% OF  
2 COMPENSATION.

3 (4) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS  
4 A-4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 6.3% OF  
5 COMPENSATION.

6 (5) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS  
7 D-4 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF ~~3.25%~~ <--  
8 4.5% OF COMPENSATION. <--

9 (6) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS  
10 E-1 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 7% OF  
11 COMPENSATION FOR SERVICE FOR WHICH THE REGULAR MEMBER  
12 CONTRIBUTIONS WOULD HAVE BEEN 10% OF COMPENSATION OR AT A  
13 RATE OF 4.5% FOR SERVICE FOR WHICH THE REGULAR MEMBER  
14 CONTRIBUTIONS WOULD HAVE BEEN 7.5% OF COMPENSATION.

15 (7) IF THE PARTICIPANT WOULD HAVE BEEN A MEMBER OF CLASS  
16 E-2 IF THE ELECTION HAD NOT BEEN MADE, AT A RATE OF 4.5% OF  
17 COMPENSATION.

18 (8) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SOCIAL  
19 SECURITY INTEGRATION CONTRIBUTIONS IF THE ELECTION HAD NOT  
20 BEEN MADE, THEN THE MANDATORY PICKUP PARTICIPANT  
21 CONTRIBUTIONS SHALL BE 5% OF COMPENSATION GREATER THAN THE  
22 AMOUNTS LISTED IN THIS SUBSECTION.

23 (9) IF THE PARTICIPANT WOULD HAVE BEEN MAKING SHARED-  
24 RISK MEMBER CONTRIBUTIONS IF THE ELECTION HAD NOT BEEN MADE,  
25 THEN THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS SHALL BE  
26 A PERCENTAGE OF COMPENSATION GREATER THAN THE AMOUNTS LISTED  
27 IN THIS SUBSECTION EQUAL TO THE SHARED-RISK MEMBER  
28 CONTRIBUTION RATE THAT WOULD HAVE BEEN APPLICABLE.

29 (10) IF THE PARTICIPANT WOULD HAVE HAD REGULAR MEMBER  
30 CONTRIBUTIONS ADJUSTED BY THE SHARED-GAIN ADJUSTMENT IF THE

1 ELECTION HAD NOT BEEN MADE, THEN THE MANDATORY PICKUP  
2 PARTICIPANT CONTRIBUTIONS SHALL BE REDUCED BY THE SAME  
3 PERCENTAGE OF COMPENSATION REGULAR MEMBER CONTRIBUTIONS WOULD  
4 HAVE BEEN REDUCED BY THE SHARED-GAIN ADJUSTMENT.

5 (F) CHANGE IN RATE.--IF THE REGULAR MEMBER CONTRIBUTION  
6 RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION RATE, SHARED-RISK  
7 MEMBER CONTRIBUTION RATE OR SHARED-GAIN ADJUSTMENT TO THE  
8 REGULAR MEMBER CONTRIBUTION RATE THAT THE PARTICIPANT WOULD HAVE  
9 BEEN SUBJECT TO FOR SERVICE IF THE ELECTION HAD NOT BEEN MADE  
10 CHANGES FOR ANY REASON, THE MANDATORY PICKUP PARTICIPANT  
11 CONTRIBUTION RATE SHALL ALSO CHANGE TO THE RATES ESTABLISHED IN  
12 THIS SUBSECTION.

13 SECTION 308.2. SECTIONS 5307, 5308, 5308.1 INTRODUCTORY  
14 PARAGRAPH AND (1), 5309, 5311(A), 5501, 5501.1, 5502.1(B),  
15 5503.1(A) AND 5504 OF TITLE 71 ARE AMENDED TO READ:

16 § 5307. ELIGIBILITY POINTS.

17 (A) GENERAL RULE.--AN ACTIVE MEMBER OF THE SYSTEM SHALL  
18 ACCRUE ONE ELIGIBILITY POINT FOR EACH YEAR OF CREDITED SERVICE  
19 AS A MEMBER OF THE [STATE OR] SYSTEM AND IF A MULTIPLE SERVICE  
20 MEMBER AS A MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
21 SYSTEM. A MEMBER SHALL ACCRUE AN ADDITIONAL TWO-THIRDS OF AN  
22 ELIGIBILITY POINT FOR EACH YEAR OF CLASS D-3 CREDITED SERVICE.  
23 IN THE CASE OF A FRACTIONAL PART OF A YEAR OF CREDITED SERVICE,  
24 A MEMBER SHALL ACCRUE THE CORRESPONDING FRACTIONAL PORTION OF  
25 ELIGIBILITY POINTS TO WHICH THE CLASS OF SERVICE ENTITLES HIM.

26 (A.1) USERRA LEAVE.--A MEMBER OF THE SYSTEM OR PARTICIPANT  
27 IN THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES  
28 WHILE PERFORMING USERRA LEAVE SHALL BE GRANTED THE ELIGIBILITY  
29 POINTS THAT HE WOULD HAVE ACCRUED HAD HE CONTINUED IN HIS STATE  
30 OFFICE OR EMPLOYMENT INSTEAD OF PERFORMING USERRA LEAVE. IN THE

1 EVENT THAT A STATE EMPLOYEE WHO IS REEMPLOYED FROM USERRA LEAVE  
2 MAKES THE MEMBER CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT  
3 CONTRIBUTIONS TO BE GRANTED STATE SERVICE CREDIT FOR THE USERRA  
4 LEAVE, NO ADDITIONAL ELIGIBILITY POINTS WILL BE GRANTED.

5 (B) TRANSITIONAL RULE.--

6 (1) IN DETERMINING WHETHER A MEMBER WHO IS NOT A STATE  
7 EMPLOYEE OR SCHOOL EMPLOYEE ON JUNE 30, 2001, AND JULY 1,  
8 2001, AND WHO HAS PREVIOUS STATE SERVICE (EXCEPT A DISABILITY  
9 ANNUITANT WHO RETURNS TO STATE SERVICE AFTER JUNE 30, 2001,  
10 UPON TERMINATION OF THE DISABILITY ANNUITY) HAS THE FIVE  
11 ELIGIBILITY POINTS REQUIRED BY SECTIONS 5102 (RELATING TO  
12 DEFINITIONS), 5308(B) (RELATING TO ELIGIBILITY FOR  
13 ANNUITIES), 5309 (RELATING TO ELIGIBILITY FOR VESTING),  
14 5704(B) (RELATING TO DISABILITY ANNUITIES) AND 5705(A)  
15 (RELATING TO MEMBER'S OPTIONS), ONLY ELIGIBILITY POINTS  
16 EARNED BY PERFORMING CREDITED STATE SERVICE, USERRA LEAVE OR  
17 CREDITED SCHOOL SERVICE AS AN ACTIVE MEMBER OF THE PUBLIC  
18 SCHOOL EMPLOYEES' RETIREMENT SYSTEM AFTER JUNE 30, 2001,  
19 SHALL BE COUNTED UNTIL SUCH MEMBER EARNS ONE ELIGIBILITY  
20 POINT BY PERFORMING CREDITED STATE SERVICE OR CREDITED SCHOOL  
21 SERVICE AFTER JUNE 30, 2001, AT WHICH TIME ALL ELIGIBILITY  
22 POINTS AS DETERMINED PURSUANT TO SUBSECTION (A) SHALL BE  
23 COUNTED.

24 (2) ANY MEMBER TO WHOM PARAGRAPH (1) APPLIES SHALL BE  
25 CONSIDERED TO HAVE SATISFIED ANY REQUIREMENT FOR FIVE  
26 ELIGIBILITY POINTS CONTAINED IN THIS PART IF THE MEMBER:

27 (I) HAS TEN OR MORE ELIGIBILITY POINTS AS DETERMINED  
28 PURSUANT TO SUBSECTION (A); OR

29 (II) HAS CLASS G, CLASS H, CLASS I, CLASS J, CLASS  
30 L, CLASS M OR CLASS N SERVICE AND HAS EIGHT OR MORE

1 ELIGIBILITY POINTS AS DETERMINED PURSUANT TO SUBSECTION

2 (A) .

3 § 5308. ELIGIBILITY FOR ANNUITIES.

4 (A) SUPERANNUATION ANNUITY.--ATTAINMENT OF SUPERANNUATION  
5 AGE BY AN ACTIVE MEMBER OR AN INACTIVE MEMBER ON LEAVE WITHOUT  
6 PAY WITH THREE OR MORE ELIGIBILITY POINTS OTHER THAN ELIGIBILITY  
7 POINTS RESULTING FROM NONSTATE SERVICE OR NONSCHOOL SERVICE  
8 SHALL ENTITLE HIM TO RECEIVE A SUPERANNUATION ANNUITY UPON  
9 TERMINATION OF STATE SERVICE AND COMPLIANCE WITH SECTION 5907(F)  
10 (RELATING TO RIGHTS AND DUTIES OF STATE EMPLOYEES [AND MEMBERS],  
11 MEMBERS AND PARTICIPANTS) .

12 (B) WITHDRAWAL ANNUITY.--

13 (1) ANY VESTEE OR ANY ACTIVE MEMBER OR INACTIVE MEMBER  
14 ON LEAVE WITHOUT PAY WHO TERMINATES STATE SERVICE HAVING FIVE  
15 OR MORE ELIGIBILITY POINTS AND WHO DOES NOT HAVE CLASS A-3  
16 [OR], CLASS A-4 OR CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE  
17 SERVICE MEMBER, CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE  
18 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR WHO HAS CLASS  
19 G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR  
20 CLASS N SERVICE AND TERMINATES STATE SERVICE HAVING FIVE OR  
21 MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION  
22 5907(F), (G) OR (H) SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

23 (2) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON  
24 LEAVE WITHOUT PAY WHO HAS CLASS A-3 [OR], CLASS A-4 OR CLASS  
25 A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-  
26 E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES'  
27 RETIREMENT SYSTEM WHO TERMINATES STATE SERVICE HAVING TEN OR  
28 MORE ELIGIBILITY POINTS, UPON COMPLIANCE WITH SECTION  
29 5907(F), (G) OR (H), SHALL BE ENTITLED TO RECEIVE AN ANNUITY.

30 (3) ANY VESTEE, ACTIVE MEMBER OR INACTIVE MEMBER ON



1 LEAVE WITHOUT PAY WHO HAS EITHER CLASS A-3 [OR], CLASS A-4 OR  
2 CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER,  
3 CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL  
4 EMPLOYEES' RETIREMENT SYSTEM AND ALSO HAS SERVICE CREDITED IN  
5 THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE WHO HAS  
6 FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS, UPON  
7 COMPLIANCE WITH SECTION 5907(F), (G) OR (H), SHALL BE  
8 ELIGIBLE TO RECEIVE AN ANNUITY CALCULATED ON HIS SERVICE  
9 CREDITED IN CLASSES OF SERVICE OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5, PROVIDED THAT THE MEMBER HAS FIVE OR  
10 MORE ELIGIBILITY POINTS RESULTING FROM SERVICE IN CLASSES  
11 OTHER THAN CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 OR CLASS T-  
12 E OR CLASS T-F SERVICE IN THE PUBLIC SCHOOL EMPLOYEES'  
13 RETIREMENT SYSTEM.

14 (C) DISABILITY ANNUITY.--AN ACTIVE MEMBER OR INACTIVE MEMBER  
15 ON LEAVE WITHOUT PAY WHO HAS FIVE OR MORE ELIGIBILITY POINTS  
16 OTHER THAN ELIGIBILITY POINTS RESULTING FROM MEMBERSHIP IN THE  
17 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR ANY ACTIVE MEMBER  
18 OR INACTIVE MEMBER ON LEAVE WITHOUT PAY WHO IS AN OFFICER OF THE  
19 PENNSYLVANIA STATE POLICE OR AN ENFORCEMENT OFFICER SHALL, UPON  
20 COMPLIANCE WITH SECTION 5907(K), BE ENTITLED TO A DISABILITY  
21 ANNUITY IF HE BECOMES MENTALLY OR PHYSICALLY INCAPABLE OF  
22 CONTINUING TO PERFORM THE DUTIES FOR WHICH HE IS EMPLOYED AND  
23 QUALIFIES IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C)  
24 (1) (RELATING TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND  
25 ELECTIONS OF MEMBERS AND PARTICIPANTS).

26 § 5308.1. ELIGIBILITY FOR SPECIAL EARLY RETIREMENT.

27 NOTWITHSTANDING ANY PROVISIONS OF THIS TITLE TO THE CONTRARY,  
28 THE FOLLOWING SPECIAL EARLY RETIREMENT PROVISIONS SHALL BE  
29 APPLICABLE TO SPECIFIED ELIGIBLE MEMBERS [AS FOLLOWS]:  
30

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

\* \* \*

§ 5309. ELIGIBILITY FOR VESTING.

ANY MEMBER WHO:

(1) DOES NOT HAVE CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 SERVICE CREDIT OR, IF A MULTIPLE SERVICE MEMBER, CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL SERVICE, WITH FIVE OR MORE ELIGIBILITY POINTS, OR ANY MEMBER WITH CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE WITH FIVE OR MORE ELIGIBILITY POINTS, SHALL BE ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS RETIREMENT BENEFITS.

(2) HAS ONLY CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE MEMBER, ONLY CLASS T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM TERMINATES SCHOOL

1     SERVICE, WITH TEN OR MORE ELIGIBILITY POINTS SHALL BE  
2     ELIGIBLE UNTIL ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS  
3     RETIREMENT BENEFITS.

4           (3)   HAS EITHER CLASS A-3 [OR] CLASS A-4 OR CLASS A-5  
5     SERVICE CREDIT [OR] AND, IF A MULTIPLE SERVICE MEMBER, CLASS  
6     T-E OR CLASS T-F SERVICE CREDIT IN THE PUBLIC SCHOOL  
7     EMPLOYEES' RETIREMENT SYSTEM, ALSO HAS SERVICE CREDITED IN  
8     THE SYSTEM IN ONE OR MORE OTHER CLASSES OF SERVICE AND HAS  
9     FIVE OR MORE, BUT FEWER THAN TEN, ELIGIBILITY POINTS AND  
10    TERMINATES STATE SERVICE, OR IF A MULTIPLE SERVICE MEMBER AND  
11    AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
12    SYSTEM TERMINATES SCHOOL SERVICE, SHALL BE ELIGIBLE UNTIL THE  
13    ATTAINMENT OF SUPERANNUATION AGE TO VEST HIS RETIREMENT  
14    BENEFITS CALCULATED ON HIS SERVICE CREDITED IN CLASSES OF  
15    SERVICE OTHER THAN CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 AND  
16    TO BE CREDITED WITH STATUTORY INTEREST ON TOTAL ACCUMULATED  
17    DEDUCTIONS, REGARDLESS OF WHETHER OR NOT ANY PART OF HIS  
18    ACCUMULATED DEDUCTIONS ARE A RESULT OF CLASS A-3 [OR] CLASS  
19    A-4 OR CLASS A-5 SERVICE CREDIT.

20   § 5311.   ELIGIBILITY FOR REFUNDS.

21           (A)   TOTAL ACCUMULATED DEDUCTIONS.--ANY ACTIVE MEMBER,  
22   REGARDLESS OF ELIGIBILITY FOR BENEFITS, MAY ELECT TO RECEIVE HIS  
23   TOTAL ACCUMULATED DEDUCTIONS UPON TERMINATION OF SERVICE IN LIEU  
24   OF ANY BENEFIT FROM THE SYSTEM TO WHICH HE IS ENTITLED.

25       \* \* \*

26   § 5501.   REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE.

27           REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO THE FUND ON  
28   BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE EXCEPT FOR ANY  
29   PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF SUCH  
30   CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF SECTION 5502.1

(RELATING TO WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS) OR ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR [415(B)] 415.

§ 5501.1. SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS.

(A) GENERAL.--SHARED-RISK MEMBER CONTRIBUTIONS SHALL BE MADE TO THE FUND ON BEHALF OF EACH MEMBER OF [CLASS A-3 OR CLASS A-4] ALL CLASSES OF SERVICE FOR CURRENT SERVICE CREDITED [AS CLASS A-3 OR CLASS A-4] IN ANY CLASS OF SERVICE AS PROVIDED UNDER THIS SECTION, EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF THE CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A)(17) OR 415. SHARED-RISK MEMBER CONTRIBUTIONS SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT. A SHARED-GAIN ADJUSTMENT TO REGULAR MEMBER CONTRIBUTIONS FOR ALL CLASSES OF SERVICE SHALL BE MADE AS PROVIDED UNDER THIS SECTION.

(B) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE[.--] FOR CLASS A-3, CLASS A-4 AND CLASS A-5 SERVICE.--THE SHARED-RISK CONTRIBUTION FOR CLASS A-3, CLASS A-4 AND CLASS A-5 SERVICE SHALL BE DETERMINED AS FOLLOWS:

(1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS SECTION UNTIL JUNE 30, 2014, THE SHARED-RISK CONTRIBUTION RATE FOR CLASS A-3, CLASS A-4 AND CLASS A-5 SHALL BE ZERO.

(2) FOR THE PERIOD FROM JULY 1, 2014, TO JUNE 30, 2017, IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE PERIOD FROM JANUARY 1, 2011, TO DECEMBER 31, 2013, FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,

1 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE  
2 PERIOD, THE SHARED-RISK CONTRIBUTION RATE SHALL BE .5%. IN  
3 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL  
4 BE ZERO.

5 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED-  
6 RISK CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE  
7 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
8 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
9 CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL  
10 RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND  
11 BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED-RISK  
12 CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL  
13 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
14 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
15 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF  
16 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON  
17 MARKET VALUE OVER THAT PERIOD.

18 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED-  
19 RISK CONTRIBUTION RATE SHALL NOT BE LESS THAN ZERO AND SHALL  
20 NOT BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING  
21 FROM INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION  
22 PERIOD IN EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE  
23 APPLIED, EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION,  
24 AND SHALL NOT BE MORE THAN 2%. FOR THE DETERMINATION OF THE  
25 SHARED-RISK CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2017,  
26 THE DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH  
27 DECEMBER 31, 2016. FOR THE DETERMINATION OF THE SHARED-RISK  
28 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE  
29 DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH  
30 DECEMBER 31, 2019.

1           (5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS  
2 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE  
3 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL  
4 INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY  
5 FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE  
6 DUTIES OF THE BOARD) .

7           (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED  
8 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD  
9 USED TO DETERMINE THE SHARED-RISK CONTRIBUTION RATE, THE  
10 BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE  
11 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN  
12 ANNUAL RATE.

13          (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL  
14 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER  
15 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)  
16 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH  
17 AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED-RISK  
18 CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT  
19 MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE  
20 ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS  
21 OTHERWISE PROVIDED IN THIS SECTION.

22          (8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY  
23 CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL  
24 COST METHOD PROVIDED IN SECTION 5508(B) (RELATING TO  
25 ACTUARIAL COST METHOD), AS ADJUSTED BY THE EXPERIENCE  
26 ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE SHARED-RISK  
27 CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL BE ZERO AND  
28 SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS OTHERWISE  
29 PROVIDED IN THIS SECTION.

30       (C) DETERMINATION OF SHARED-RISK CONTRIBUTION RATE FOR

1 CLASSES OF SERVICE OTHER THAN CLASS A-3, CLASS A-4 AND CLASS A-5  
2 SERVICE.--THE SHARED-RISK CONTRIBUTION FOR ALL CLASSES OF  
3 SERVICE OTHER THAN CLASS A-3, CLASS A-4 OR CLASS A-5 SERVICE  
4 SHALL BE DETERMINED AS FOLLOWS:

5 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS  
6 SECTION UNTIL JUNE 30, 2020, THE SHARED-RISK CONTRIBUTION  
7 RATE SHALL BE ZERO.

8 (2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023,  
9 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE  
10 DURING THE PERIOD FROM JANUARY 1, 2017, TO DECEMBER 31, 2019,  
11 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE  
12 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,  
13 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE  
14 PERIOD, THE SHARED-RISK CONTRIBUTION RATE SHALL BE 0.5%. IN  
15 ALL OTHER SITUATIONS, THE SHARED-RISK CONTRIBUTION RATE SHALL  
16 BE ZERO.

17 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED-  
18 RISK CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE  
19 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
20 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
21 CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL  
22 RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND  
23 BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED-RISK  
24 CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL  
25 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
26 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
27 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF  
28 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON  
29 MARKET VALUE OVER THAT PERIOD.

30 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED-

1 RISK CONTRIBUTION RATE MAY NOT BE LESS THAN ZERO AND MAY NOT  
2 BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM  
3 INVESTMENT GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN  
4 EFFECT ON THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED,  
5 EXPRESSED AS A PERCENTAGE OF MEMBER COMPENSATION, PROVIDED  
6 THAT IN NO EVENT MAY THE SHARED-RISK CONTRIBUTION RATE BE  
7 MORE THAN 2%. FOR THE DETERMINATION OF THE SHARED-RISK  
8 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2023, THE  
9 DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH  
10 DECEMBER 31, 2022. FOR THE DETERMINATION OF THE SHARED-RISK  
11 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE  
12 DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH  
13 DECEMBER 31, 2025.

14 (5) THE SHARED-RISK CONTRIBUTION RATE AND THE FACTORS  
15 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE  
16 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL  
17 INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY  
18 FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE  
19 DUTIES OF THE BOARD)).

20 (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED  
21 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD  
22 USED TO DETERMINE THE SHARED-RISK CONTRIBUTION RATE, THE  
23 BOARD, WITH THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE  
24 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN  
25 ANNUAL RATE.

26 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL  
27 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER  
28 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)  
29 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH  
30 AND OTHER EMPLOYERS), THE PROSPECTIVE SHARED-RISK



1 CONTRIBUTION RATE FOR THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT  
2 MAKING THE CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE  
3 ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS  
4 OTHERWISE PROVIDED IN THIS SECTION.

5 (8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY  
6 CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL  
7 COST METHOD PROVIDED IN SECTION 5508(B), AS ADJUSTED BY THE  
8 EXPERIENCE ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE  
9 SHARED-RISK CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL  
10 BE ZERO AND SHALL NOT SUBSEQUENTLY BE INCREASED, EXCEPT AS  
11 OTHERWISE PROVIDED IN THIS SECTION.

12 (D) DETERMINATION OF SHARED-GAIN ADJUSTMENT TO REGULAR  
13 MEMBER CONTRIBUTIONS FOR CLASS A-3, CLASS A-4 OR CLASS A-5  
14 SERVICE.--THE REGULAR MEMBER CONTRIBUTIONS FOR CLASS A-3, CLASS  
15 A-4 OR CLASS A-5 SERVICE SHALL BE DETERMINED AS FOLLOWS:

16 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS  
17 SECTION UNTIL JUNE 30, 2017, THE REGULAR MEMBER CONTRIBUTIONS  
18 FOR CLASS A-3, CLASS A-4 OR CLASS A-5 SERVICE SHALL BE  
19 DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

20 (2) FOR THE PERIOD FROM JULY 1, 2017, TO JUNE 30, 2020,  
21 IF THE SHARED-RISK CONTRIBUTION RATE FOR CLASS A-3, CLASS A-4  
22 AND CLASS A-5 SERVICE IS ZERO AND ANNUAL INTEREST RATE  
23 ADOPTED BY THE BOARD FOR USE DURING THE PERIOD FROM JANUARY  
24 1, 2011, TO DECEMBER 31, 2016, FOR THE CALCULATION OF THE  
25 NORMAL CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE  
26 ACTUAL RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE  
27 FUND BASED ON MARKET VALUE OVER THE PERIOD, THEN THE REGULAR  
28 MEMBER CONTRIBUTION RATE OF EACH MEMBER FOR CLASS A-3, CLASS  
29 A-4 OR CLASS A-5 SERVICE SHALL BE REDUCED BY .5%. IN ALL  
30 OTHER SITUATIONS, THE REGULAR MEMBER CONTRIBUTIONS SHALL BE

1 DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

2 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE REGULAR  
3 MEMBER CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE  
4 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
5 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
6 CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE ACTUAL RATE  
7 OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED  
8 ON MARKET VALUE OVER THE PERIOD. THE REGULAR MEMBER  
9 CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE ANNUAL  
10 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
11 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
12 CONTRIBUTION RATE IS EQUAL TO OR GREATER THAN THE ACTUAL RATE  
13 OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED  
14 ON MARKET VALUE OVER THAT PERIOD.

15 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR  
16 MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT  
17 OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE  
18 MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER  
19 REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE  
20 REDUCTION IN THE ACTUARIALLY REQUIRED CONTRIBUTION RATE BY  
21 THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT  
22 GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON  
23 THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED  
24 AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE  
25 ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE  
26 THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER  
27 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2020, THE  
28 DETERMINATION PERIOD SHALL BE JANUARY 1, 2011, THROUGH  
29 DECEMBER 31, 2019.

30 (5) THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER

1 CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS  
2 CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE  
3 ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND  
4 EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER  
5 SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE  
6 BOARD) .

7 (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR  
8 THE CALCULATION IS CHANGED DURING THE PERIOD USED TO  
9 DETERMINE THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER  
10 CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,  
11 SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,  
12 EXPRESSED AS AN ANNUAL RATE.

13 (E) DETERMINATION OF SHARED-GAIN ADJUSTMENT TO REGULAR  
14 MEMBER CONTRIBUTIONS FOR ALL CLASSES OF SERVICE OTHER THAN CLASS  
15 A-3, CLASS A-4 OR CLASS A-5 SERVICE.--THE REGULAR MEMBER  
16 CONTRIBUTIONS FOR ALL CLASSES OF SERVICE OTHER THAN CLASS A-3,  
17 CLASS A-4 OR CLASS A-5 SERVICE SHALL BE DETERMINED AS FOLLOWS:

18 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS  
19 SECTION UNTIL JUNE 30, 2020, THE REGULAR MEMBER CONTRIBUTIONS  
20 SHALL BE DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

21 (2) FOR THE PERIOD FROM JULY 1, 2020, TO JUNE 30, 2023,  
22 IF THE SHARED-RISK CONTRIBUTION RATE FOR SERVICE IN CLASSES  
23 OTHER THAN CLASS A-3, CLASS A-4 OR CLASS A-5 IS ZERO AND  
24 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
25 PERIOD FROM JANUARY 1, 2017, TO DECEMBER 31, 2019, FOR THE  
26 CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE THAN 1%  
27 LOWER THAN THE ACTUAL RATE OF RETURN, NET OF FEES, OF THE  
28 INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE  
29 PERIOD, THEN THE REGULAR MEMBER CONTRIBUTION RATE OF EACH  
30 MEMBER FOR ALL CLASSES OF SERVICE OTHER THAN CLASS A-3, CLASS

1 A-4 OR CLASS A-5 SERVICE SHALL BE REDUCED BY .5%. IN ALL  
2 OTHER SITUATIONS, THE REGULAR MEMBER CONTRIBUTIONS SHALL BE  
3 DETERMINED AS OTHERWISE PROVIDED IN THIS PART.

4 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE REGULAR  
5 MEMBER CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE  
6 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
7 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
8 CONTRIBUTION RATE IS MORE THAN 1% LOWER THAN THE ACTUAL RATE  
9 OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED  
10 ON MARKET VALUE OVER THE PERIOD. THE REGULAR MEMBER  
11 CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE ANNUAL  
12 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
13 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
14 CONTRIBUTION RATE IS EQUAL TO OR GREATER THAN THE ACTUAL RATE  
15 OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED  
16 ON MARKET VALUE OVER THAT PERIOD.

17 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE REGULAR  
18 MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE PRODUCT  
19 OF THE BASIC CONTRIBUTION RATE AND THE CLASS OF SERVICE  
20 MULTIPLIER; AND THE AMOUNT OF THE ADJUSTMENT TO A LOWER  
21 REGULAR MEMBER CONTRIBUTION RATE MAY NOT BE GREATER THAN THE  
22 REDUCTION IN THE ACTUARIALLY REQUIRED CONTRIBUTION RATE BY  
23 THE EXPERIENCE ADJUSTMENT FACTOR RESULTING FROM INVESTMENT  
24 GAINS OR LOSSES DURING THE DETERMINATION PERIOD IN EFFECT ON  
25 THE FIRST DAY WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED  
26 AS A PERCENTAGE OF MEMBER COMPENSATION. IN NO EVENT MAY THE  
27 ADJUSTMENT TO THE REGULAR MEMBER CONTRIBUTION RATE BE MORE  
28 THAN 2%. FOR THE DETERMINATION OF THE REGULAR MEMBER  
29 CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2023, THE  
30 DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH

1 DECEMBER 31, 2022. FOR THE DETERMINATION OF THE REGULAR  
2 MEMBER CONTRIBUTION RATE TO BE EFFECTIVE JULY 1, 2026, THE  
3 DETERMINATION PERIOD SHALL BE JANUARY 1, 2017, THROUGH  
4 DECEMBER 31, 2025.

5 (5) THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER  
6 CONTRIBUTION RATE AND THE FACTORS ENTERING INTO ITS  
7 CALCULATION MUST BE CERTIFIED BY THE ACTUARY AS PART OF THE  
8 ANNUAL VALUATIONS AND THE ACTUARIAL INVESTIGATION AND  
9 EVALUATION OF THE SYSTEM CONDUCTED EVERY FIVE YEARS UNDER  
10 SECTION 5902(J) (RELATING TO ADMINISTRATIVE DUTIES OF THE  
11 BOARD).

12 (6) IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR  
13 THE CALCULATION IS CHANGED DURING THE PERIOD USED TO  
14 DETERMINE THE SHARED-GAIN ADJUSTMENT TO THE REGULAR MEMBER  
15 CONTRIBUTION RATE, THE BOARD, WITH THE ADVICE OF THE ACTUARY,  
16 SHALL DETERMINE THE APPLICABLE RATE DURING THE ENTIRE PERIOD,  
17 EXPRESSED AS AN ANNUAL RATE.

18 (F) CALCULATION OF REGULAR MEMBER CONTRIBUTION RATE.--FOR  
19 PURPOSES OF THIS SECTION, THE REGULAR MEMBER CONTRIBUTION RATE  
20 FOR EACH MEMBER IS THE PRODUCT OF THE BASIC CONTRIBUTION RATE  
21 AND THE CLASS OF SERVICE MULTIPLIER USED TO DETERMINE THE  
22 REGULAR MEMBER CONTRIBUTIONS FOR EACH MEMBER.

23 § 5502.1. WAIVER OF REGULAR MEMBER CONTRIBUTIONS AND SOCIAL  
24 SECURITY INTEGRATION MEMBER CONTRIBUTIONS.

25 \* \* \*

26 (B) APPLICABILITY.--THIS SECTION SHALL NOT APPLY TO ANY  
27 MEMBER WHO HAS CLASS A-3 [OR], CLASS A-4 OR CLASS A-5 SERVICE  
28 CREDIT.

29 § 5503.1. PICKUP CONTRIBUTIONS.

30 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL

1 CONTRIBUTIONS TO THE FUND REQUIRED TO BE MADE UNDER SECTIONS  
2 5501 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT  
3 SERVICE), 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS  
4 [FOR CLASS A-3 AND CLASS A-4 SERVICE] AND SHARED-GAIN  
5 ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO  
6 SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503  
7 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND [SECTION]  
8 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS), WITH  
9 RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE MEMBER ON  
10 OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE COMMONWEALTH  
11 OR OTHER EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S  
12 CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

13 \* \* \*

14 § 5504. MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR  
15 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE  
16 MEMBER.

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

19 (1) THE CONTRIBUTIONS TO BE PAID BY AN ACTIVE MEMBER OR  
20 ELIGIBLE SCHOOL EMPLOYEE FOR CREDIT IN THE SYSTEM FOR TOTAL  
21 PREVIOUS STATE SERVICE OTHER THAN SERVICE IN CLASS G, CLASS  
22 H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M AND CLASS N OR  
23 TO BECOME A FULL COVERAGE MEMBER SHALL BE SUFFICIENT TO  
24 PROVIDE AN AMOUNT EQUAL TO THE REGULAR ACCUMULATED  
25 DEDUCTIONS, SHARED-RISK ACCUMULATED DEDUCTIONS AND ADDITIONAL  
26 ACCUMULATED DEDUCTIONS WHICH WOULD HAVE BEEN STANDING TO THE  
27 CREDIT OF THE MEMBER FOR SUCH SERVICE HAD REGULAR ACCUMULATED  
28 DEDUCTIONS, SHARED-RISK ACCUMULATED DEDUCTIONS AND ADDITIONAL  
29 MEMBER CONTRIBUTIONS BEEN MADE WITH FULL COVERAGE IN THE  
30 CLASS OF SERVICE AND AT THE RATE OF CONTRIBUTION APPLICABLE

1 DURING SUCH PERIOD OF PREVIOUS SERVICE AND HAD HIS REGULAR  
2 AND ADDITIONAL ACCUMULATED DEDUCTIONS BEEN CREDITED WITH  
3 STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND  
4 SCHOOL SERVICE UP TO THE DATE OF PURCHASE.

5 (2) NOTWITHSTANDING PARAGRAPH (1), MEMBERS [WITH CLASS  
6 A-3 STATE SERVICE] WHO ARE PERFORMING STATE SERVICE CREDITED  
7 IN CLASS A-3, CLASS A-4 OR CLASS A-5 SHALL MAKE CONTRIBUTIONS  
8 AND RECEIVE CREDIT AS IF [THE PREVIOUS] PREVIOUSLY UNCREDITED  
9 STATE SERVICE WAS [CLASS A-3 SERVICE, AND MEMBERS WITH CLASS  
10 A-4 STATE SERVICE SHALL MAKE CONTRIBUTIONS AND RECEIVE CREDIT  
11 AS IF THE PREVIOUS STATE SERVICE WAS CLASS A-4 SERVICE,]  
12 PERFORMED IN THE CLASS IN WHICH THEY ARE AN ACTIVE MEMBER AT  
13 THE TIME THE SERVICE IS CREDITED EVEN IF IT WOULD HAVE BEEN  
14 CREDITED AS A DIFFERENT CLASS OF SERVICE HAD THE STATE  
15 EMPLOYEE BEEN A MEMBER OF THE SYSTEM AT THE TIME THE SERVICE  
16 WAS PERFORMED UNLESS IT WAS MANDATORY THAT THE STATE EMPLOYEE  
17 BE AN ACTIVE MEMBER OF THE SYSTEM AND THE PREVIOUS STATE  
18 SERVICE IS BEING CREDITED AS THE RESULT OF A MANDATORY ACTIVE  
19 MEMBERSHIP REQUIREMENT. NOTWITHSTANDING SECTION 5303(B)  
20 (RELATING TO RETENTION AND REINSTATEMENT OF SERVICE CREDITS)  
21 A STATE EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE SYSTEM AS A  
22 RESULT OF CONCURRENTLY PERFORMING SERVICE IN MORE THAN ONE  
23 POSITION OR OFFICE AT THE TIME PREVIOUSLY UNCREDITED STATE  
24 SERVICE IS CREDITED SHALL ELECT WHICH POSITION OR OFFICE IS  
25 USED FOR THE DETERMINATION OF REQUIRED CONTRIBUTIONS AND  
26 CREDITING AND CLASSIFICATION OF THE PREVIOUSLY UNCREDITED  
27 SERVICE.

28 (A.1) CONVERTED COUNTY SERVICE.--NO CONTRIBUTIONS SHALL BE  
29 REQUIRED TO RESTORE CREDIT FOR PREVIOUSLY CREDITED STATE SERVICE  
30 IN CLASS G, CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M

1 AND CLASS N. SUCH SERVICE SHALL BE RESTORED UPON THE  
2 COMMENCEMENT OF PAYMENT OF THE CONTRIBUTIONS REQUIRED TO RESTORE  
3 CREDIT IN THE SYSTEM FOR ALL OTHER PREVIOUS STATE SERVICE.

4 (B) CERTIFICATION AND METHOD OF PAYMENT.--THE AMOUNT PAYABLE  
5 SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH  
6 METHODS APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM  
7 WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE  
8 SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
9 EMPLOYEES' RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY  
10 INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS  
11 AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION  
12 AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE BOARD MAY  
13 INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST  
14 UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE  
15 BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY  
16 LIMIT THE SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS  
17 THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF AN  
18 ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC  
19 SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY  
20 DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES'  
21 RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD  
22 THE AMOUNTS PAID.

23 SECTION 309. SECTION 5505(B), (C), (D) AND (I)(2) AND (4) OF  
24 TITLE 71 ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A  
25 SUBSECTION TO READ:

26 § 5505. CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE  
27 NONSTATE SERVICE.

28 \* \* \*

29 (B) NONINTERVENING MILITARY SERVICE.--

30 (1) THE AMOUNT DUE FOR THE PURCHASE OF CREDIT FOR



MILITARY SERVICE OTHER THAN INTERVENING MILITARY SERVICE  
SHALL BE DETERMINED BY APPLYING THE MEMBER'S BASIC  
CONTRIBUTION RATE, THE ADDITIONAL CONTRIBUTION RATE PLUS THE  
COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT  
THE TIME OF ENTRY, SUBSEQUENT TO SUCH MILITARY SERVICE, OF  
THE MEMBER INTO STATE SERVICE TO HIS AVERAGE ANNUAL RATE OF  
COMPENSATION OVER THE FIRST THREE YEARS OF SUCH SUBSEQUENT  
STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF  
YEARS AND FRACTIONAL PART OF A YEAR OF CREDITABLE  
NONINTERVENING MILITARY SERVICE BEING PURCHASED TOGETHER WITH  
STATUTORY INTEREST DURING ALL PERIODS OF SUBSEQUENT STATE AND  
SCHOOL SERVICE TO DATE OF PURCHASE. UPON APPLICATION FOR  
CREDIT FOR SUCH SERVICE, PAYMENT SHALL BE MADE IN A LUMP SUM  
WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR ELIGIBLE  
SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL  
EMPLOYEES' RETIREMENT SYSTEM IT MAY BE AMORTIZED WITH  
STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN  
AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY  
DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND THE  
BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY  
INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE  
SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.  
THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO  
SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE  
MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE  
AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC  
SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND  
TRANSFER TO THE BOARD THE AMOUNTS PAID. APPLICATION MAY BE  
FILED FOR ALL SUCH MILITARY SERVICE CREDIT UPON COMPLETION OF

1 THREE YEARS OF SUBSEQUENT STATE SERVICE AND SHALL BE CREDITED  
2 AS CLASS A SERVICE EXCEPT AS PROVIDED IN SECTION 5304(A).

3 (1.1) IN THE CASE OF AN ACTIVE MEMBER OF CLASS A-3 OR  
4 CLASS A-4 WHO FIRST BECOMES A MEMBER OF THE SYSTEM BEFORE  
5 JANUARY 1, 2018, FOR PURPOSES OF PARAGRAPH (1), THE  
6 COMMONWEALTH NORMAL CONTRIBUTION RATE FOR ACTIVE MEMBERS AT  
7 THE TIME OF ENTRY, SUBSEQUENT TO THE MILITARY SERVICE, SHALL  
8 BE DETERMINED USING ONLY THE AVERAGE NEW CLASS A-3 MEMBER .

9 (1.2) IN THE CASE OF AN ACTIVE MEMBER WHO FIRST BECOMES  
10 A MEMBER OF THE SYSTEM ON OR AFTER JANUARY 1, 2018, FOR  
11 PURPOSES OF PARAGRAPH (1), THE COMMONWEALTH NORMAL  
12 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY,  
13 SUBSEQUENT TO THE MILITARY SERVICE, SHALL BE DETERMINED USING  
14 ONLY THE AVERAGE NEW CLASS A-5 MEMBER, AND THE MEMBER'S BASIC  
15 CONTRIBUTION RATE SHALL BE MULTIPLIED BY THE CLASS OF SERVICE  
16 MULTIPLIER USED TO CALCULATED REGULAR MEMBER CONTRIBUTIONS  
17 FOR CLASS A-5 SERVICE.

18 (2) APPLICANTS MAY PURCHASE CREDIT AS FOLLOWS:

19 (I) ONE PURCHASE OF THE TOTAL AMOUNT OF CREDITABLE  
20 NONINTERVENING MILITARY SERVICE; OR

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

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

25 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT  
26 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED  
27 BY THE MEMBER'S REGULAR CONTRIBUTION RATE, SHARED-RISK  
28 CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION  
29 RATE, THE ADDITIONAL CONTRIBUTION RATE WHICH SHALL BE APPLIED  
30 ONLY TO THOSE MEMBERS WHO BEGAN SERVICE ON OR AFTER THE

1 EFFECTIVE DATE OF THIS AMENDATORY ACT AND COMPENSATION AT THE  
2 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,  
3 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF  
4 SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF PURCHASE. UPON  
5 APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN  
6 THE CASE OF EACH MEMBER BY THE BOARD IN ACCORDANCE WITH METHODS  
7 APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY:

8 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY  
9 SERVICE; OR

10 (2) A LUMP SUM PAYMENT WITHIN 30 DAYS OF CERTIFICATION;  
11 OR

12 (3) SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED  
13 UPON BY THE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN  
14 ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
15 SYSTEM AND THE BOARD.

16 THE 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 PLANS  
21 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
22 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER  
23 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
24 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL  
25 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO  
26 THE BOARD THE AMOUNTS PAID.

27 (D) NONMILITARY AND NONMAGISTERIAL SERVICE.--CONTRIBUTIONS  
28 ON ACCOUNT OF CREDIT FOR CREDITABLE NONSTATE SERVICE OTHER THAN  
29 MILITARY AND MAGISTERIAL SERVICE BY STATE EMPLOYEES WHO FIRST  
30 BECOME MEMBERS OF THE SYSTEM BEFORE JANUARY 1, 2011, OR BEFORE

1 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY SHALL BE  
2 DETERMINED BY APPLYING THE MEMBER'S BASIC CONTRIBUTION RATE, THE  
3 ADDITIONAL CONTRIBUTION RATE PLUS THE COMMONWEALTH NORMAL  
4 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE TIME OF ENTRY  
5 SUBSEQUENT TO SUCH CREDITABLE NONSTATE SERVICE OF THE MEMBER  
6 INTO STATE SERVICE TO HIS COMPENSATION AT THE TIME OF ENTRY INTO  
7 STATE SERVICE AND MULTIPLYING THE RESULT BY THE NUMBER OF YEARS  
8 AND FRACTIONAL PART OF A YEAR OF CREDITABLE NONSTATE SERVICE  
9 BEING PURCHASED TOGETHER WITH STATUTORY INTEREST DURING ALL  
10 PERIODS OF SUBSEQUENT STATE AND SCHOOL SERVICE TO THE DATE OF  
11 PURCHASE. UPON APPLICATION FOR CREDIT FOR SUCH SERVICE PAYMENT  
12 SHALL BE MADE IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN  
13 ACTIVE MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE  
14 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IT MAY  
15 BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS  
16 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE  
17 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY  
18 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS  
19 AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE  
20 OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO  
21 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS  
22 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
23 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER  
24 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
25 UPON SALARY DEDUCTION SHALL BE REMITTED TO THE PUBLIC SCHOOL  
26 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO  
27 THE BOARD THE AMOUNTS PAID.

28 \* \* \*

29 (I) PURCHASES OF NONSTATE SERVICE CREDIT BY STATE EMPLOYEES  
30 WHO FIRST BECAME MEMBERS OF THE SYSTEM ON OR AFTER DECEMBER 1,

1 2010.--

2 \* \* \*

3 (2) THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT  
4 ATTRIBUTABLE TO THE PURCHASED NONSTATE SERVICE CREDIT SHALL  
5 BE THE DIFFERENCE BETWEEN:

6 (I) THE PRESENT VALUE OF A STANDARD SINGLE LIFE  
7 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE  
8 SUPERANNUATION AGE ASSUMING CLASS A-3 SERVICE CREDIT FOR  
9 THE NONSTATE SERVICE TO BE PURCHASED[; AND] BY A MEMBER  
10 OF CLASS A-3 OR CLASS A-4 WHO FIRST BECOMES A MEMBER OF  
11 THE SYSTEM BEFORE JANUARY 1, 2018, AND ASSUMING CLASS A-5  
12 SERVICE CREDIT FOR THE NONSTATE SERVICE TO BE PURCHASED  
13 BY A STATE EMPLOYEE WHO FIRST BECOMES A MEMBER OF THE  
14 SYSTEM ON OR AFTER JANUARY 1, 2018; AND

15 (II) THE PRESENT VALUE OF A STANDARD SINGLE LIFE  
16 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE  
17 SUPERANNUATION AGE, EXCLUDING THE NONSTATE SERVICE CREDIT  
18 TO BE PURCHASED.

19 \* \* \*

20 (4) THE PAYMENT FOR CREDIT PURCHASED UNDER THIS  
21 SUBSECTION SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN  
22 ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE  
23 PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE  
24 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF  
25 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE  
26 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS  
27 TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE  
28 BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY  
29 MEMBERS AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT  
30 AMOUNTS AND INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE

OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT THE SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

(J) INAPPLICABILITY OF ELECTION AND ADJUSTMENTS.--IF A MEMBER IS PURCHASING CREDITABLE NONSTATE SERVICE THAT IS FIRST CREDITED ON OR AFTER JANUARY 1, 2017, THE REGULAR MEMBER CONTRIBUTION RATE USED TO DETERMINE THE CONTRIBUTIONS NECESSARY TO PURCHASE SUCH CREDIT SHALL BE DETERMINED WITHOUT REGARD TO ANY ADJUSTMENTS APPLICABLE UNDER SECTIONS 5501.1(D) AND (E) (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS).

SECTION 310. SECTIONS 5506.1(A), 5507 HEADING AND (B), 5508(A), (B), (C)(1), (F) AND (H) AND 5509 OF TITLE 71 ARE AMENDED TO READ:

§ 5506.1. ANNUAL COMPENSATION LIMIT UNDER IRC § 401(A)(17).

(A) GENERAL RULE.--IN ADDITION TO OTHER APPLICABLE LIMITATIONS SET FORTH IN THIS PART, AND NOTWITHSTANDING ANY PROVISION OF THIS PART TO THE CONTRARY, THE ANNUAL COMPENSATION OF EACH NONELIGIBLE MEMBER AND EACH PARTICIPANT, BOTH BEFORE AND AFTER ANY ANNUALIZATION, TAKEN INTO ACCOUNT FOR BENEFIT PURPOSES UNDER THIS PART SHALL NOT EXCEED THE LIMITATION UNDER IRC § 401(A)(17). ON AND AFTER JANUARY 1, 1996, ANY REFERENCE IN THIS PART TO THE LIMITATION UNDER IRC § 401(A)(17) SHALL MEAN THE OMNIBUS BUDGET RECONCILIATION ACT OF 1993 (OBRA '93) (PUBLIC LAW

1 103-66, 107 STAT. 312) ANNUAL COMPENSATION LIMIT SET FORTH IN  
2 THIS SUBSECTION. THE OBRA '93 ANNUAL COMPENSATION LIMIT IS  
3 \$150,000, AS ADJUSTED BY THE COMMISSIONER FOR INCREASES IN THE  
4 COST OF LIVING IN ACCORDANCE WITH IRC § 401(A)(17)(B). THE COST-  
5 OF-LIVING ADJUSTMENT IN EFFECT FOR A CALENDAR YEAR APPLIES TO  
6 ANY DETERMINATION PERIOD WHICH IS A PERIOD, NOT EXCEEDING 12  
7 MONTHS, OVER WHICH COMPENSATION IS DETERMINED, BEGINNING IN SUCH  
8 CALENDAR YEAR. IF A DETERMINATION PERIOD CONSISTS OF FEWER THAN  
9 12 MONTHS, THE OBRA '93 COMPENSATION LIMIT WILL BE MULTIPLIED BY  
10 A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN  
11 THE DETERMINATION PERIOD AND THE DENOMINATOR OF WHICH IS 12.

12 \* \* \*

13 § 5507. CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND  
14 OTHER EMPLOYERS.

15 \* \* \*

16 (B) CONTRIBUTIONS ON BEHALF OF ANNUITANTS.--THE COMMONWEALTH  
17 AND OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM  
18 SHALL MAKE CONTRIBUTIONS ON BEHALF OF ANNUITANTS IN SUCH AMOUNTS  
19 AS SHALL BE CERTIFIED BY THE BOARD AS NECESSARY TO FUND THE  
20 LIABILITIES FOR SUPPLEMENTAL ANNUITIES IN ACCORDANCE WITH THE  
21 ACTUARIAL COST METHOD PROVIDED IN SECTION 5508(E) [(RELATING TO  
22 ACTUARIAL COST METHOD)].

23 \* \* \*

24 § 5508. ACTUARIAL COST METHOD.

25 (A) EMPLOYER CONTRIBUTION RATE ON BEHALF OF ACTIVE  
26 MEMBERS.--[THE] FOR EACH FISCAL YEAR, THE AMOUNT OF THE  
27 COMMONWEALTH AND OTHER EMPLOYER CONTRIBUTIONS ON BEHALF OF ALL  
28 ACTIVE MEMBERS SHALL BE COMPUTED BY THE ACTUARY AS A PERCENTAGE  
29 OF THE TOTAL COMPENSATION OF ALL ACTIVE MEMBERS DURING THE  
30 PERIOD FOR WHICH THE AMOUNT IS DETERMINED AND SHALL BE SO

1 CERTIFIED BY THE BOARD. THE ACTUARIALLY REQUIRED CONTRIBUTION  
2 RATE ON BEHALF OF ALL ACTIVE MEMBERS SHALL CONSIST OF THE  
3 EMPLOYER NORMAL CONTRIBUTION RATE, AS DEFINED IN SUBSECTION (B),  
4 AND THE ACCRUED LIABILITY CONTRIBUTION RATE AS DEFINED IN  
5 SUBSECTION (C). THE ACTUARIALLY REQUIRED CONTRIBUTION RATE ON  
6 BEHALF OF ALL ACTIVE MEMBERS SHALL BE MODIFIED BY THE EXPERIENCE  
7 ADJUSTMENT FACTOR AS CALCULATED IN SUBSECTION (F).

8 (B) EMPLOYER NORMAL CONTRIBUTION RATE.--THE EMPLOYER NORMAL  
9 CONTRIBUTION RATE SHALL BE DETERMINED AFTER EACH ACTUARIAL  
10 VALUATION ON THE BASIS OF AN ANNUAL INTEREST RATE AND SUCH  
11 MORTALITY AND OTHER TABLES AS SHALL BE ADOPTED BY THE BOARD IN  
12 ACCORDANCE WITH GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. THE  
13 EMPLOYER NORMAL CONTRIBUTION RATE SHALL BE DETERMINED AS A LEVEL  
14 PERCENTAGE OF THE COMPENSATION OF [THE AVERAGE NEW ACTIVE  
15 MEMBER] ALL ACTIVE MEMBERS, WHICH PERCENTAGE, IF CONTRIBUTED  
16 FROM THE START OF THEIR EMPLOYMENT ON THE BASIS OF [HIS] THEIR  
17 PROSPECTIVE COMPENSATION THROUGH [HIS] THEIR ENTIRE PERIOD OF  
18 ACTIVE STATE SERVICE, WOULD BE SUFFICIENT TO FUND THE LIABILITY  
19 FOR ANY PROSPECTIVE BENEFIT PAYABLE TO [HIM] THEM IN EXCESS OF  
20 THAT PORTION FUNDED BY [HIS] THEIR PROSPECTIVE MEMBER  
21 CONTRIBUTIONS, EXCLUDING SHARED-RISK MEMBER CONTRIBUTIONS[.] AND  
22 SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER CONTRIBUTIONS. IN NO  
23 CASE SHALL THE EMPLOYER NORMAL CONTRIBUTION RATE BE LESS THAN  
24 ZERO.

25 (C) ACCRUED LIABILITY CONTRIBUTION RATE.--

26 (1) FOR THE FISCAL YEARS BEGINNING JULY 1, 2002, AND  
27 JULY 1, 2003, THE ACCRUED LIABILITY CONTRIBUTION RATE SHALL  
28 BE COMPUTED AS THE RATE OF TOTAL COMPENSATION OF ALL ACTIVE  
29 MEMBERS WHICH SHALL BE CERTIFIED BY THE ACTUARY AS SUFFICIENT  
30 TO FUND OVER A PERIOD OF TEN YEARS FROM JULY 1, 2002, THE



PRESENT VALUE OF THE LIABILITIES FOR ALL PROSPECTIVE  
BENEFITS, EXCEPT FOR THE SUPPLEMENTAL BENEFITS AS PROVIDED IN  
SECTIONS 5708 (RELATING TO SUPPLEMENTAL ANNUITIES), 5708.1  
(RELATING TO ADDITIONAL SUPPLEMENTAL ANNUITIES), 5708.2  
(RELATING TO FURTHER ADDITIONAL SUPPLEMENTAL ANNUITIES),  
5708.3 (RELATING TO SUPPLEMENTAL ANNUITIES COMMENCING 1994),  
5708.4 (RELATING TO SPECIAL SUPPLEMENTAL POSTRETIREMENT  
ADJUSTMENT), 5708.5 (RELATING TO SUPPLEMENTAL ANNUITIES  
COMMENCING 1998), 5708.6 (RELATING TO SUPPLEMENTAL ANNUITIES  
COMMENCING 2002), 5708.7 (RELATING TO SUPPLEMENTAL ANNUITIES  
COMMENCING 2003) AND 5708.8 (RELATING TO SPECIAL SUPPLEMENTAL  
POSTRETIREMENT ADJUSTMENT OF 2002), IN EXCESS OF THE TOTAL  
ASSETS IN THE FUND (CALCULATED RECOGNIZING ALL INVESTMENT  
GAINS AND LOSSES OVER A FIVE-YEAR PERIOD), EXCLUDING THE  
BALANCE IN THE SUPPLEMENTAL ANNUITY ACCOUNT, AND THE PRESENT  
VALUE OF EMPLOYER NORMAL CONTRIBUTIONS AND OF MEMBER  
CONTRIBUTIONS PAYABLE WITH RESPECT TO ALL ACTIVE MEMBERS ON  
DECEMBER 31, 2001, AND EXCLUDING CONTRIBUTIONS TO BE  
TRANSFERRED BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS  
PURSUANT TO SECTION 5507(C) (RELATING TO CONTRIBUTIONS TO THE  
SYSTEM BY THE COMMONWEALTH AND OTHER EMPLOYERS). THE AMOUNT  
OF EACH ANNUAL ACCRUED LIABILITY CONTRIBUTION SHALL BE EQUAL  
TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE FISCAL YEAR  
BEGINNING JULY 1, 2002, EXCEPT THAT, IF THE ACCRUED LIABILITY  
IS INCREASED BY LEGISLATION ENACTED SUBSEQUENT TO JUNE 30,  
2002, BUT BEFORE JULY 1, 2003, SUCH ADDITIONAL LIABILITY  
SHALL BE FUNDED OVER A PERIOD OF TEN YEARS FROM THE FIRST DAY  
OF JULY, COINCIDENT WITH OR NEXT FOLLOWING THE EFFECTIVE DATE  
OF THE INCREASE. THE AMOUNT OF EACH ANNUAL ACCRUED LIABILITY  
CONTRIBUTION FOR SUCH ADDITIONAL LEGISLATIVE LIABILITIES

1 SHALL BE EQUAL TO THE AMOUNT OF SUCH CONTRIBUTION FOR THE  
2 FIRST ANNUAL PAYMENT.

3 \* \* \*

4 (F) EXPERIENCE ADJUSTMENT FACTOR.--

5 (1) FOR EACH FISCAL YEAR AFTER THE ESTABLISHMENT OF THE  
6 ACCRUED LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL  
7 ANNUITY CONTRIBUTION RATE FOR THE FISCAL YEAR BEGINNING JULY  
8 1, 2010, ANY INCREASE OR DECREASE IN THE UNFUNDED ACCRUED  
9 LIABILITY AND ANY INCREASE OR DECREASE IN THE LIABILITIES AND  
10 FUNDING FOR SUPPLEMENTAL ANNUITIES, DUE TO ACTUAL EXPERIENCE  
11 DIFFERING FROM ASSUMED EXPERIENCE (RECOGNIZING ALL REALIZED  
12 AND UNREALIZED INVESTMENT GAINS AND LOSSES OVER A FIVE-YEAR  
13 PERIOD), CHANGES IN CONTRIBUTIONS CAUSED BY THE FINAL  
14 CONTRIBUTION RATE BEING DIFFERENT FROM THE ACTUARIALLY  
15 REQUIRED CONTRIBUTION RATE, STATE EMPLOYEES MAKING SHARED-  
16 RISK MEMBER CONTRIBUTIONS OR HAVING SHARED-GAIN ADJUSTMENTS  
17 TO THEIR REGULAR MEMBER CONTRIBUTIONS, CHANGES IN ACTUARIAL  
18 ASSUMPTIONS OR CHANGES IN THE TERMS AND CONDITIONS OF THE  
19 BENEFITS PROVIDED BY THE SYSTEM BY JUDICIAL, ADMINISTRATIVE  
20 OR OTHER PROCESSES OTHER THAN LEGISLATION, INCLUDING, BUT NOT  
21 LIMITED TO, REINTERPRETATION OF THE PROVISIONS OF THIS PART,  
22 SHALL BE AMORTIZED IN EQUAL DOLLAR ANNUAL CONTRIBUTIONS AS A  
23 PERCENTAGE OF COMPENSATION OF ALL ACTIVE MEMBERS OVER A  
24 PERIOD OF 30 YEARS BEGINNING WITH THE JULY 1 SUCCEEDING THE  
25 ACTUARIAL VALUATION DETERMINING SAID INCREASES OR DECREASES.  
26 (2) THE ACTUARIALLY REQUIRED CONTRIBUTION RATE SHALL BE  
27 THE SUM OF THE NORMAL CONTRIBUTION RATE, THE ACCRUED  
28 LIABILITY CONTRIBUTION RATE AND THE SUPPLEMENTAL ANNUITY  
29 CONTRIBUTION RATE, MODIFIED BY THE EXPERIENCE ADJUSTMENT  
30 FACTOR AS CALCULATED IN PARAGRAPH (1).

1       \* \* \*

2       (H) TEMPORARY APPLICATION OF COLLARED CONTRIBUTION RATE.--

3 THE COLLARED CONTRIBUTION RATE FOR EACH FISCAL YEAR SHALL BE  
4 DETERMINED BY COMPARING THE ACTUARIALLY REQUIRED CONTRIBUTION  
5 RATE CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION TO  
6 THE PRIOR YEAR'S FINAL CONTRIBUTION RATE. IF, FOR ANY OF THE  
7 FISCAL YEARS BEGINNING JULY 1, 2011, JULY 1, 2012, AND ON OR  
8 AFTER JULY 1, 2013, THE ACTUARIALLY REQUIRED CONTRIBUTION RATE  
9 CALCULATED WITHOUT REGARD FOR COSTS ADDED BY LEGISLATION IS MORE  
10 THAN 3%, 3.5% AND 4.5%, RESPECTIVELY, OF THE TOTAL COMPENSATION  
11 OF ALL ACTIVE MEMBERS GREATER THAN THE PRIOR YEAR'S FINAL  
12 CONTRIBUTION RATE, THEN THE COLLARED CONTRIBUTION RATE SHALL BE  
13 APPLIED AND BE EQUAL TO THE PRIOR YEAR'S FINAL CONTRIBUTION RATE  
14 INCREASED BY THE RESPECTIVE PERCENTAGE ABOVE OF TOTAL  
15 COMPENSATION OF ALL ACTIVE MEMBERS. OTHERWISE, AND FOR ALL  
16 SUBSEQUENT FISCAL YEARS, THE COLLARED CONTRIBUTION RATE SHALL  
17 NOT [BE APPLICABLE] APPLY. IN NO CASE SHALL THE COLLARED  
18 CONTRIBUTION RATE BE LESS THAN 4% OF TOTAL COMPENSATION OF ALL  
19 ACTIVE MEMBERS.

20       \* \* \*

21 § 5509. APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH.

22       (A) ANNUAL SUBMISSION OF BUDGET.--THE BOARD SHALL PREPARE  
23 AND SUBMIT ANNUALLY AN ITEMIZED BUDGET CONSISTING OF THE AMOUNTS  
24 NECESSARY TO BE APPROPRIATED BY THE COMMONWEALTH OUT OF THE  
25 GENERAL FUND AND SPECIAL OPERATING FUNDS AND THE AMOUNTS TO BE  
26 ASSESSED THE OTHER EMPLOYERS REQUIRED TO MEET THE SEPARATE  
27 OBLIGATIONS TO THE FUND AND THE TRUST ACCRUING DURING THE FISCAL  
28 PERIOD BEGINNING THE FIRST DAY OF JULY OF THE FOLLOWING YEAR.

29       (B) APPROPRIATION AND PAYMENT.--THE GENERAL ASSEMBLY SHALL  
30 MAKE AN APPROPRIATION SUFFICIENT TO PROVIDE FOR THE SEPARATE

1 OBLIGATIONS OF THE COMMONWEALTH TO THE FUND AND THE TRUST. SUCH  
2 AMOUNT SHALL BE PAID BY THE STATE TREASURER THROUGH THE  
3 DEPARTMENT OF REVENUE INTO THE FUND OR TRUST IN ACCORDANCE WITH  
4 REQUISITIONS PRESENTED BY THE BOARD. THE CONTRIBUTIONS TO THE  
5 SYSTEM BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO ARE  
6 OFFICERS OF THE PENNSYLVANIA STATE POLICE SHALL BE CHARGED TO  
7 THE GENERAL FUND AND TO THE MOTOR LICENSE FUND IN THE SAME  
8 RATIOS AS USED TO APPORTION THE APPROPRIATIONS FOR SALARIES OF  
9 MEMBERS OF THE PENNSYLVANIA STATE POLICE. THE CONTRIBUTIONS TO  
10 THE SYSTEM BY THE COMMONWEALTH ON BEHALF OF ACTIVE MEMBERS WHO  
11 ARE ENFORCEMENT OFFICERS AND INVESTIGATORS OF THE PENNSYLVANIA  
12 LIQUOR CONTROL BOARD SHALL BE CHARGED TO THE GENERAL FUND AND TO  
13 THE STATE STORES FUND.

14 (C) CONTRIBUTIONS FROM FUNDS OTHER THAN GENERAL FUND.--THE  
15 AMOUNTS ASSESSED OTHER EMPLOYERS WHO ARE REQUIRED TO MAKE THE  
16 NECESSARY SEPARATE CONTRIBUTIONS TO THE FUND AND THE TRUST OUT  
17 OF FUNDS OTHER THAN THE GENERAL FUND SHALL BE PAID BY SUCH  
18 EMPLOYERS INTO THE FUND OR TRUST IN ACCORDANCE WITH REQUISITIONS  
19 PRESENTED BY THE BOARD. THE GENERAL FUND OF THE COMMONWEALTH  
20 SHALL NOT BE HELD LIABLE TO APPROPRIATE THE MONEYS REQUIRED TO  
21 BUILD UP THE RESERVES IN THE FUND NECESSARY FOR THE PAYMENT OF  
22 BENEFITS FROM THE SYSTEM TO EMPLOYEES OR TO MAKE THE EMPLOYER  
23 DEFINED CONTRIBUTIONS FOR EMPLOYEES OF SUCH OTHER EMPLOYERS. IN  
24 CASE ANY SUCH OTHER EMPLOYER SHALL FAIL TO PROVIDE TO THE FUND  
25 THE MONEYS NECESSARY FOR SUCH PURPOSE, THEN THE SERVICE OF SUCH  
26 MEMBERS OF THE SYSTEM FOR SUCH PERIOD FOR WHICH MONEY IS NOT SO  
27 PROVIDED SHALL BE CREDITED AND PICKUP CONTRIBUTIONS WITH RESPECT  
28 TO SUCH MEMBERS SHALL CONTINUE TO BE CREDITED TO THE MEMBERS'  
29 SAVINGS ACCOUNT. THE ANNUITY TO WHICH SUCH MEMBER IS ENTITLED  
30 SHALL BE DETERMINED AS ACTUARIALLY EQUIVALENT TO THE PRESENT

1 VALUE OF THE MAXIMUM SINGLE LIFE ANNUITY OF EACH SUCH MEMBER  
2 REDUCED BY THE AMOUNT OF EMPLOYER CONTRIBUTIONS TO THE SYSTEM  
3 PAYABLE ON ACCOUNT AND ATTRIBUTABLE TO HIS COMPENSATION DURING  
4 SUCH SERVICE, EXCEPT THAT NO REDUCTION SHALL BE MADE AS A RESULT  
5 OF THE FAILURE OF AN EMPLOYER TO MAKE CONTRIBUTIONS REQUIRED FOR  
6 A PERIOD OF USERRA LEAVE.

7 SECTION 311. TITLE 71 IS AMENDED BY ADDING A SECTION TO  
8 READ:

9 § 5510. EMPLOYER FUNDING MANDATE PROTECTION.

10 (A) LIMITED EXPANSION OF CONTRACTUAL RIGHT TO FUNDING.--  
11 COMMENCING ON THE JULY 1 FOLLOWING THE ACTUARIAL VALUATION IN  
12 WHICH THE ACTUARY CERTIFIES THAT THE FINAL CONTRIBUTION RATE IS  
13 THE ACTUARIALLY REQUIRED CONTRIBUTION, EACH ACTIVE MEMBER OF  
14 SHALL HAVE A CONTRACTUAL RIGHT TO THE TIMELY PAYMENT OF THE  
15 ANNUAL ACTUARIALLY REQUIRED CONTRIBUTIONS PURSUANT TO SECTION  
16 5508 (RELATING TO ACTUARIAL COST METHOD) AND SECTION 5902(K)  
17 (RELATING TO ADMINISTRATIVE DUTIES OF THE BOARD) BY SUCH  
18 MEMBER'S EMPLOYER. THE FOLLOWING APPLY:

19 (1) THE FAILURE OF A MEMBER'S EMPLOYER TO MAKE THE  
20 ANNUALLY REQUIRED CONTRIBUTION TO THE FUND WILL BE DEEMED TO  
21 BE AN IMPAIRMENT OF THE CONTRACTUAL RIGHT OF SUCH MEMBER.

22 (2) ANY CLAIM OF CONTRACT IMPAIRMENT SHALL BE BROUGHT  
23 AGAINST THE EMPLOYER OF THE MEMBER FOR WHOM CONTRIBUTIONS  
24 WERE NOT PAID, AND NEITHER THE BOARD NOR THE SYSTEM OR THEIR  
25 EMPLOYEES OR AGENTS SHALL BE A DEFENDANT IN ANY SUCH ACTION  
26 OR LIABLE FOR ANY PAYMENTS OR DAMAGES ARISING FROM SUCH  
27 IMPAIRMENT.

28 (B) JURISDICTION OF SUPREME COURT.--NOTWITHSTANDING ANY  
29 PROVISION OF 2 PA.C.S. (RELATING TO ADMINISTRATIVE LAW AND  
30 PROCEDURE), 42 PA.C.S. (RELATING TO JUDICIARY AND JUDICIAL

PROCEDURE) OR ANY OTHER PROVISION OF LAW, THE PENNSYLVANIA  
SUPREME COURT SHALL HAVE EXCLUSIVE JURISDICTION TO DO AS  
FOLLOWS:

(1) HEAR ANY CLAIM OF CONTRACT IMPAIRMENT FOR FAILURE TO  
PAY CERTIFIED CONTRIBUTIONS;

(2) RENDER A DECLARATORY JUDGMENT OR TAKE SUCH OTHER  
ACTION AS IT DEEMS APPROPRIATE, CONSISTENT WITH THE SUPREME  
COURT RETAINING JURISDICTION OVER SUCH MATTER; AND

(3) FIND FACTS OR EXPEDITE A FINAL JUDGMENT IN  
CONNECTION WITH SUCH A CHALLENGE OR REQUEST FOR DECLARATORY  
RELIEF.

(C) SOVEREIGN IMMUNITY WAIVED.--SOVEREIGN IMMUNITY IS HEREBY  
WAIVED, AND THE PROVISIONS OF 42 PA.C.S. CH. 85 (RELATING TO  
MATTERS AFFECTING GOVERNMENT UNITS) OR LACK OF JURISDICTION BY  
THE SUPREME COURT SHALL NOT BE RAISED AS A DEFENSE AGAINST A  
CLAIM BROUGHT AGAINST AN EMPLOYER UNDER THIS SECTION.

(D) ATTORNEY FEES.--A MEMBER WHO PREVAILS IN A CLAIM BROUGHT  
UNDER THIS PART MAY BE AWARDED REASONABLE ATTORNEY FEES.

(E) LIMITATION OF CONTRACT RIGHT.--NOTHING IN THIS SECTION  
SHALL BE CONSTRUED TO CREATE A CONTRACT RIGHT OR CLAIM OF  
CONTRACT IMPAIRMENT IN ANY MEMBER AS TO ANY BENEFIT FORMULA,  
BENEFIT PAYMENT OPTION, OR ANY OTHER PROVISION OF THIS PART  
OTHER THAN THE FUNDING MANDATE OF THE MEMBER'S EMPLOYER, OR TO  
CHANGE THE JURISDICTION OF THE BOARD OR THE COURTS REGARDING ANY  
CLAIM OTHER THAN FOR PAYMENT OF THE ANNUAL ACTUARIALLY REQUIRED  
CONTRIBUTIONS.

(F) EMPLOYER CONTRIBUTIONS.--NOTHING IN THIS SECTION SHALL  
BE DEEMED TO SUPERSEDE OR CONFLICT WITH THE RIGHTS AND  
OBLIGATIONS SET FORTH IN SECTION 5509 (RELATING TO  
APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH).

1       SECTION 312.   SECTIONS 5701 AND 5701.1 OF TITLE 71 ARE  
2 AMENDED TO READ:

3   § 5701.   RETURN OF TOTAL ACCUMULATED DEDUCTIONS.

4       ANY MEMBER UPON TERMINATION OF SERVICE MAY, IN LIEU OF ALL  
5 BENEFITS PAYABLE FROM THE SYSTEM UNDER THIS CHAPTER TO WHICH HE  
6 MAY BE ENTITLED, ELECT TO RECEIVE HIS TOTAL ACCUMULATED  
7 DEDUCTIONS.

8   § 5701.1.   TRANSFER OF ACCUMULATED DEDUCTIONS.

9       WHEN AN EMPLOYEE OF THE JUVENILE COURT JUDGES' COMMISSION  
10 ELECTS MEMBERSHIP IN AN INDEPENDENT RETIREMENT PROGRAM PURSUANT  
11 TO SECTION 5301(F) (RELATING TO MANDATORY AND OPTIONAL  
12 MEMBERSHIP IN THE SYSTEM AND PARTICIPATION IN THE PLAN), THE  
13 BOARD SHALL TRANSFER DIRECTLY TO THE TRUSTEE OR ADMINISTRATOR OF  
14 THE INDEPENDENT RETIREMENT PROGRAM ALL ACCUMULATED DEDUCTIONS  
15 RESULTING FROM SERVICE CREDITED WHILE AN EMPLOYEE OF THE  
16 JUVENILE COURT JUDGES' COMMISSION.

17       SECTION 313.   SECTIONS 5702(A)(1), (4) AND (6) ~~AND~~, 5704(A), <--  
18 (C), (E) AND (F) AND 5705(A) OF TITLE 71 ARE AMENDED AND THE <--  
19 SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO READ:

20   § 5702.   MAXIMUM SINGLE LIFE ANNUITY.

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

(1) A SINGLE LIFE ANNUITY THAT IS THE SUM OF THE  
STANDARD SINGLE LIFE [ANNUITY MULTIPLIED BY THE SUM OF THE  
PRODUCTS,] ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF  
SERVICE[, OBTAINED BY MULTIPLYING] MULTIPLIED BY THE  
APPROPRIATE CLASS OF SERVICE MULTIPLIER [BY THE RATIO OF  
YEARS OF SERVICE CREDITED IN THAT CLASS TO THE TOTAL CREDITED  
SERVICE] APPLICABLE TO EACH STANDARD SINGLE LIFE ANNUITY. IN  
CASE THE MEMBER ON THE EFFECTIVE DATE OF RETIREMENT IS UNDER  
SUPERANNUATION AGE FOR ANY SERVICE, A REDUCTION FACTOR  
CALCULATED TO PROVIDE BENEFITS ACTUARIALLY EQUIVALENT TO AN  
ANNUITY STARTING AT SUPERANNUATION AGE SHALL BE APPLIED TO  
THE PRODUCT DETERMINED FOR THAT SERVICE. THE CLASS OF SERVICE  
MULTIPLIER FOR ANY PERIOD OF CONCURRENT SERVICE SHALL BE  
MULTIPLIED BY THE PROPORTION OF TOTAL STATE AND SCHOOL  
COMPENSATION DURING SUCH PERIOD ATTRIBUTABLE TO STATE SERVICE  
AS A MEMBER OF THE SYSTEM. IN THE EVENT A MEMBER HAS TWO  
MULTIPLIERS FOR ONE CLASS OF SERVICE [THE CLASS OF SERVICE  
MULTIPLIER TO BE USED FOR CALCULATING BENEFITS FOR THAT CLASS  
SHALL BE THE AVERAGE OF THE TWO MULTIPLIERS WEIGHTED BY THE  
PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH MULTIPLIER  
DURING THE THREE YEARS OF HIGHEST ANNUAL COMPENSATION IN THAT  
CLASS OF SERVICE: PROVIDED, THAT IN THE CASE OF A MEMBER OF  
CLASS E-1, A PORTION BUT NOT ALL OF WHOSE THREE YEARS OF  
HIGHEST ANNUAL JUDICIAL COMPENSATION IS PRIOR TO JANUARY 1,  
1973, TWO CLASS OF SERVICE MULTIPLIERS SHALL BE CALCULATED ON  
THE BASIS OF HIS ENTIRE JUDICIAL SERVICE, THE ONE APPLYING  
THE JUDICIAL CLASS OF SERVICE MULTIPLIERS EFFECTIVE PRIOR TO  
JANUARY 1, 1973 AND THE SECOND APPLYING THE CLASS OF SERVICE  
MULTIPLIERS EFFECTIVE SUBSEQUENT TO JANUARY 1, 1973. THE  
AVERAGE CLASS OF SERVICE MULTIPLIER TO BE USED FOR



1 CALCULATING BENEFITS FOR HIS JUDICIAL SERVICE SHALL BE THE  
2 AVERAGE OF THE TWO CALCULATED MULTIPLIERS WEIGHTED BY THE  
3 PROPORTION OF COMPENSATION ATTRIBUTABLE TO EACH OF THE  
4 CALCULATED MULTIPLIERS DURING THE THREE YEARS OF HIGHEST  
5 ANNUAL COMPENSATION IN THAT CLASS OF SERVICE.] SEPARATE  
6 STANDARD SINGLE LIFE ANNUITIES SHALL BE CALCULATED FOR THE  
7 PORTION OF SERVICE IN SUCH CLASS APPLICABLE TO EACH CLASS OF  
8 SERVICE MULTIPLIER.

9 \* \* \*

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

22 \* \* \*

23 (6) IF ELIGIBLE, A SINGLE LIFE ANNUITY SUFFICIENT  
24 TOGETHER WITH THE ANNUITY PROVIDED FOR IN PARAGRAPH (1) AS A  
25 CLASS A, CLASS AA, CLASS A-3 [AND], CLASS A-4 AND CLASS A-5  
26 MEMBER AND THE HIGHEST ANNUITY PROVIDED FOR IN PARAGRAPH (2)  
27 TO WHICH HE IS ENTITLED, OR AT HIS OPTION COULD HAVE BEEN  
28 ENTITLED, TO PRODUCE THAT PERCENTAGE OF [A] THE SUMS OF THE  
29 STANDARD SINGLE LIFE [ANNUITY] ANNUITIES ADJUSTED BY THE  
30 APPLICATION OF THE CLASS OF SERVICE MULTIPLIER FOR CLASS A,

CLASS AA, CLASS A-3 [OR] CLASS A-4 AND CLASS A-5 AS SET FORTH IN PARAGRAPH (1) IN THE CASE WHERE ANY SERVICE IS CREDITED AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 [OR] CLASS A-4 AND CLASS A-5 ON THE EFFECTIVE DATE OF RETIREMENT AS DETERMINED BY HIS TOTAL YEARS OF CREDITED SERVICE AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 [AND] CLASS A-4 AND CLASS A-5 AND BY THE FOLLOWING TABLE:

TOTAL YEARS OF CREDITED SERVICE AS A MEMBER OF CLASS A, CLASS AA, CLASS A-3 [AND] <u>CLASS A-4 AND CLASS A-5</u>	PERCENTAGE OF <u>SUMS OF</u> STANDARD SINGLE LIFE [ANNUITY] <u>ANNUITIES</u> ADJUSTED FOR CLASS A, CLASS AA, CLASS A-3 [AND] <u>CLASS A-4 AND CLASS A-5</u> CLASS OF SERVICE MULTIPLIERS
35-40	100%
41	102%
42	104%
43	106%
44	108%
45 OR MORE	110%

\* \* \*

(E) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT OF THE MAXIMUM SINGLE LIFE ANNUITY UNDER THIS SECTION SHALL BE IN ADDITION TO ANY PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE, HAS RECEIVED OR IS RECEIVING AS A RESULT OF BEING A PARTICIPANT IN THE PLAN.

§ 5704. DISABILITY ANNUITIES.

(A) AMOUNT OF ANNUITY.--A MEMBER WHO HAS MADE APPLICATION

1 FOR A DISABILITY ANNUITY AND HAS BEEN FOUND TO BE ELIGIBLE IN  
2 ACCORDANCE WITH THE PROVISIONS OF SECTION 5905(C) (1) (RELATING  
3 TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND ELECTIONS OF  
4 MEMBERS AND PARTICIPANTS) SHALL RECEIVE A DISABILITY ANNUITY  
5 PAYABLE FROM THE EFFECTIVE DATE OF DISABILITY AS DETERMINED BY  
6 THE BOARD AND CONTINUED UNTIL A SUBSEQUENT DETERMINATION BY THE  
7 BOARD THAT THE ANNUITANT IS NO LONGER ENTITLED TO A DISABILITY  
8 ANNUITY. [THE] IF THE SUM OF THE PRODUCTS OF THE NUMBER OF YEARS  
9 AND FRACTIONAL PART OF A YEAR OF CREDITED SERVICE IN EACH CLASS  
10 AND THE APPROPRIATE CLASS OF SERVICE MULTIPLIER IS GREATER THAN  
11 16.667, THE DISABILITY ANNUITY SHALL BE A SINGLE LIFE ANNUITY  
12 THAT IS EQUAL TO [A] THE SUM OF THE STANDARD SINGLE LIFE  
13 [ANNUITY] ANNUITIES DETERMINED SEPARATELY FOR EACH CLASS OF  
14 SERVICE MULTIPLIED BY THE APPROPRIATE CLASS OF SERVICE  
15 MULTIPLIER [APPLICABLE TO THE CLASS OF SERVICE AT THE TIME OF  
16 DISABILITY IF THE PRODUCT OF SUCH CLASS OF SERVICE MULTIPLIER  
17 AND THE TOTAL NUMBER OF YEARS OF CREDITED SERVICE IS GREATER  
18 THAN 16.667, OTHERWISE THE], OTHERWISE EACH STANDARD SINGLE LIFE  
19 ANNUITY SHALL BE MULTIPLIED BY THE LESSER OF THE FOLLOWING  
20 RATIOS:

21 
$$MY^*/Y \text{ OR } 16.667/Y$$
  
22 [WHERE] WHERE  $Y = \text{TOTAL NUMBER OF YEARS OF CREDITED SERVICE}$  [,] ;  
23  $Y^* = \text{TOTAL YEARS OF CREDITED SERVICE IF THE MEMBER WERE TO}$   
24  $\text{CONTINUE AS A STATE EMPLOYEE UNTIL ATTAINING SUPERANNUATION AGE}$   
25  $\text{AS APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF}$   
26  $\text{DISABILITY, OR IF THE MEMBER HAS ATTAINED SUPERANNUATION AGE, AS}$   
27  $\text{APPLICABLE TO THAT CLASS OF SERVICE AT THE TIME OF DISABILITY,}$   
28  $\text{THEN THE NUMBER OF YEARS OF CREDITED SERVICE AND } M = \text{THE CLASS}$   
29  $\text{OF SERVICE MULTIPLIER AS APPLICABLE TO THAT CLASS OF SERVICE AT}$   
30  $\text{THE EFFECTIVE DATE OF DISABILITY. A MEMBER OF CLASS C SHALL}$

1 RECEIVE, IN ADDITION, ANY ANNUITY TO WHICH HE MAY BE ELIGIBLE  
2 UNDER SECTION 5702(A)(3) (RELATING TO MAXIMUM SINGLE LIFE  
3 ANNUITY). THE MEMBER SHALL BE ENTITLED TO THE ELECTION OF A  
4 JOINT AND SURVIVOR ANNUITY ON THAT PORTION OF THE DISABILITY  
5 ANNUITY TO WHICH HE IS ENTITLED UNDER SECTION 5702.

6 \* \* \*

7 (C) REDUCTION ON ACCOUNT OF EARNED INCOME.--SUBSEQUENT TO  
8 JANUARY 1, 1972, PAYMENTS ON ACCOUNT OF DISABILITY SHALL BE  
9 REDUCED BY THAT AMOUNT BY WHICH THE EARNED INCOME OF THE  
10 ANNUITANT, AS REPORTED IN ACCORDANCE WITH SECTION 5908(B)  
11 (RELATING TO RIGHTS AND DUTIES OF ANNUITANTS), FOR THE PRECEDING  
12 CALENDAR YEAR TOGETHER WITH THE DISABILITY ANNUITY PAYMENTS  
13 PROVIDED IN THIS SECTION OTHER THAN SUBSECTION (B), FOR THE  
14 YEAR, EXCEEDS THE PRODUCT OF:

15 [(I)] (1) THE LAST YEAR'S SALARY OF THE ANNUITANT AS A  
16 STATE EMPLOYEE; AND

17 [(II)] (2) THE RATIO OF THE CURRENT MONTHLY PAYMENT TO  
18 THE MONTHLY PAYMENT AT THE EFFECTIVE DATE OF DISABILITY;  
19 PROVIDED, THAT THE ANNUITANT SHALL NOT RECEIVE LESS THAN HIS  
20 MEMBER'S ANNUITY OR THE AMOUNT TO WHICH HE MAY BE ENTITLED UNDER  
21 SECTION 5702 WHICHEVER IS GREATER.

22 \* \* \*

23 (E) TERMINATION OF STATE SERVICE.--UPON TERMINATION OF  
24 DISABILITY ANNUITY PAYMENTS IN EXCESS OF AN ANNUITY CALCULATED  
25 IN ACCORDANCE WITH SECTION 5702, A DISABILITY ANNUITANT WHO[:  
26

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

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

AND WHO] DOES NOT RETURN TO STATE SERVICE MAY FILE AN

1 APPLICATION WITH THE BOARD FOR AN AMOUNT EQUAL TO THE EXCESS, IF  
2 ANY, OF THE SUM OF THE SHARED-RISK ACCUMULATED DEDUCTIONS PLUS  
3 THE REGULAR AND ADDITIONAL ACCUMULATED DEDUCTIONS STANDING TO  
4 HIS CREDIT AT THE EFFECTIVE DATE OF DISABILITY OVER ONE-THIRD OF  
5 THE TOTAL DISABILITY ANNUITY PAYMENTS RECEIVED. IF THE ANNUITANT  
6 ON THE DATE OF TERMINATION OF SERVICE WAS ELIGIBLE FOR AN  
7 ANNUITY AS PROVIDED IN SECTION 5308(A) OR (B) (RELATING TO  
8 ELIGIBILITY FOR ANNUITIES), HE MAY FILE AN APPLICATION WITH THE  
9 BOARD FOR AN ELECTION OF AN OPTIONAL MODIFICATION OF HIS  
10 ANNUITY.

11 (F) SUPPLEMENT FOR SERVICE CONNECTED DISABILITY.--

12 (1) IF A MEMBER HAS BEEN FOUND TO BE ELIGIBLE FOR A  
13 DISABILITY ANNUITY AND IF THE DISABILITY HAS BEEN FOUND TO BE  
14 A SERVICE CONNECTED DISABILITY AND IF THE MEMBER IS RECEIVING  
15 WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN MEDICAL  
16 BENEFITS, SUCH MEMBER SHALL RECEIVE A SUPPLEMENT EQUAL TO  
17 [70% OF HIS FINAL AVERAGE SALARY] THE AMOUNT DETERMINED UNDER  
18 PARAGRAPH (2) LESS THE SUM OF THE ANNUITY AS DETERMINED UNDER  
19 SUBSECTION (A) AND ANY PAYMENTS PAID OR PAYABLE ON ACCOUNT OF  
20 SUCH DISABILITY UNDER THE ACT OF JUNE 2, 1915 (P.L.736,  
21 NO.338), KNOWN AS THE WORKERS' COMPENSATION ACT, THE ACT OF  
22 JUNE 21, 1939 (P.L.566, NO.284), KNOWN AS THE PENNSYLVANIA  
23 OCCUPATIONAL DISEASE ACT, AND THE SOCIAL SECURITY ACT (49  
24 STAT. 620, 42 U.S.C. § 301 ET SEQ.). SUCH SUPPLEMENT SHALL  
25 CONTINUE AS LONG AS HE IS DETERMINED TO BE DISABLED AND IS  
26 RECEIVING WORKERS' COMPENSATION PAYMENTS FOR OTHER THAN  
27 MEDICAL BENEFITS ON ACCOUNT OF HIS SERVICE CONNECTED  
28 DISABILITY IN ACCORDANCE WITH THE WORKERS' COMPENSATION ACT  
29 OR THE PENNSYLVANIA OCCUPATIONAL DISEASE ACT. IF THE MEMBER  
30 HAS RECEIVED A LUMP SUM WORKERS' COMPENSATION PAYMENT IN LIEU

1 OF FUTURE WEEKLY COMPENSATION PAYMENTS, THE LENGTH IN WEEKS  
2 AND CALCULATION OF THE SERVICE CONNECTED DISABILITY  
3 SUPPLEMENT SHALL BE DETERMINED BY DIVIDING THE LUMP SUM  
4 PAYMENT BY THE AVERAGE WEEKLY WAGE AS DETERMINED BY THE  
5 WORKERS' COMPENSATION BOARD.

6 (2) FOR A MEMBER WHO DOES NOT HAVE POST-DECEMBER 2016  
7 SERVICE OR CLASS A-5 SERVICE, THE AMOUNT TO BE USED TO  
8 DETERMINE ELIGIBILITY FOR THE SUPPLEMENT UNDER PARAGRAPH (1)  
9 SHALL BE 70% OF THE MEMBER'S FINAL AVERAGE SALARY. FOR A  
10 MEMBER WHO HAS POST-DECEMBER 2016 SERVICE OR CLASS A-5  
11 SERVICE, THE AMOUNT TO BE USED TO DETERMINE ELIGIBILITY FOR  
12 THE SUPPLEMENT UNDER PARAGRAPH (1) SHALL BE CALCULATED  
13 ACCORDING TO THE FOLLOWING FORMULA:

$$14 \quad A = .7 \left[ \frac{(Y^W \text{ MULTIPLIED BY } FAS^W)}{Y^T} + \frac{(Y^P \text{ MULTIPLIED BY } FAS^P)}{Y^T} \right]$$

16 (3) THE FOLLOWING APPLY TO THE FORMULA IN PARAGRAPH (2):

17 (I) A EQUALS THE AMOUNT USED TO DETERMINE THE  
18 SUPPLEMENT;

19 (II) Y<sup>T</sup> EQUALS TOTAL YEARS OF CREDITED SERVICE;

20 (III) Y<sup>W</sup> EQUALS YEARS OF CREDITED SERVICE THAT ARE  
21 NOT POST-DECEMBER 2016 SERVICE OR CLASS A-5 SERVICE;

22 (IV) FAS<sup>W</sup> EQUALS FINAL AVERAGE SALARY CALCULATED FOR  
23 CREDITED SERVICE OTHER THAN POST-DECEMBER 2016 SERVICE OR  
24 CLASS A-5 SERVICE;

25 (V) Y<sup>P</sup> EQUALS YEARS OF SERVICE CREDITED AS POST-  
26 DECEMBER 2016 SERVICE OR CLASS A-5 SERVICE; AND

27 (VI) FAS<sup>P</sup> EQUALS FINAL AVERAGE SALARY CALCULATED FOR  
28 SERVICE CREDITED AS POST-DECEMBER 2016 SERVICE OR CLASS  
29 A-5 SERVICE.

30 \* \* \*

1     (H) COORDINATION OF BENEFITS.--THE DETERMINATION AND PAYMENT  
2 OF A DISABILITY ANNUITY UNDER THIS SECTION IS IN ADDITION TO ANY  
3 PAYMENTS A MEMBER MAY BE ENTITLED TO RECEIVE, HAS RECEIVED OR IS  
4 RECEIVING AS A RESULT OF BEING A PARTICIPANT IN THE PLAN.

5     § 5705. MEMBER'S OPTIONS.

6     (A) GENERAL RULE.--ANY SPECIAL VESTEE [WHO HAS ATTAINED  
7 SUPERANNUATION AGE, ANY VESTEE WHO DOES NOT HAVE CLASS A-3 OR  
8 CLASS A-4 SERVICE CREDIT HAVING FIVE OR MORE ELIGIBILITY POINTS  
9 FOR SERVICE OTHER THAN CLASS T-E OR CLASS T-F SERVICE IN THE  
10 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, OR VESTEE WHO HAS  
11 CLASS A-3 OR CLASS A-4 SERVICE CREDIT HAVING TEN OR MORE  
12 ELIGIBILITY POINTS, ANY MEMBER WITH CLASS G, CLASS H, CLASS I,  
13 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE HAVING  
14 FIVE OR MORE ELIGIBILITY POINTS OR ANY OTHER ELIGIBLE MEMBER  
15 UPON TERMINATION OF STATE SERVICE WHO HAS NOT WITHDRAWN HIS  
16 TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION 5701  
17 (RELATING TO RETURN OF TOTAL ACCUMULATED DEDUCTIONS)], VESTEE OR  
18 ANY OTHER MEMBER UPON TERMINATION OF STATE SERVICE WHO IS  
19 ELIGIBLE TO RECEIVE AN ANNUITY AS PROVIDED IN SECTION 5308(A) OR  
20 (B) (RELATING TO ELIGIBILITY FOR ANNUITIES) MAY APPLY FOR AND  
21 ELECT TO RECEIVE EITHER A MAXIMUM SINGLE LIFE ANNUITY, AS  
22 CALCULATED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5702  
23 (RELATING TO MAXIMUM SINGLE LIFE ANNUITY), OR A REDUCED ANNUITY  
24 CERTIFIED BY THE ACTUARY TO BE ACTUARIALLY EQUIVALENT TO THE  
25 MAXIMUM SINGLE LIFE ANNUITY PAYABLE AFTER REDUCTION UNDER  
26 SUBSECTION (A.1) AND IN ACCORDANCE WITH ONE OF THE FOLLOWING  
27 OPTIONS; EXCEPT THAT NO MEMBER SHALL ELECT AN ANNUITY PAYABLE TO  
28 ONE OR MORE SURVIVOR ANNUITANTS OTHER THAN HIS SPOUSE OR  
29 ALTERNATE PAYEE OF SUCH A MAGNITUDE THAT THE PRESENT VALUE OF  
30 THE ANNUITY PAYABLE TO HIM FOR LIFE PLUS ANY LUMP SUM PAYMENT

1 UNDER THIS SUBSECTION AND SUBSECTION (A.1) HE MAY HAVE ELECTED  
2 TO RECEIVE IS LESS THAN 50% OF THE PRESENT VALUE OF HIS MAXIMUM  
3 SINGLE LIFE ANNUITY:

4 (1) OPTION 1.--A LIFE ANNUITY TO THE MEMBER WITH A  
5 GUARANTEED TOTAL PAYMENT EQUAL TO THE PRESENT VALUE OF THE  
6 MAXIMUM SINGLE LIFE ANNUITY ON THE EFFECTIVE DATE OF  
7 RETIREMENT WITH THE PROVISION THAT, IF, AT HIS DEATH, HE HAS  
8 RECEIVED LESS THAN SUCH PRESENT VALUE, THE UNPAID BALANCE  
9 SHALL BE PAYABLE TO HIS BENEFICIARY.

10 (2) OPTION 2.--A JOINT AND SURVIVOR ANNUITY PAYABLE  
11 DURING THE LIFETIME OF THE MEMBER WITH THE FULL AMOUNT OF  
12 SUCH ANNUITY PAYABLE THEREAFTER TO HIS SURVIVOR ANNUITANT, IF  
13 LIVING AT HIS DEATH.

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

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

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

24 (II) THE SUM OF ALL ANNUITIES PAYABLE TO THE  
25 DESIGNATED SURVIVOR ANNUITANTS SHALL NOT BE GREATER THAN  
26 ONE AND ONE-HALF TIMES THE ANNUITY PAYABLE TO THE MEMBER;  
27 AND

28 (III) A PORTION OF THE BENEFIT MAY BE PAYABLE AS A  
29 LUMP SUM, EXCEPT THAT SUCH LUMP SUM PAYMENT SHALL NOT  
30 EXCEED AN AMOUNT EQUAL TO THE TOTAL ACCUMULATED



1 DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER THAT ARE  
2 NOT THE RESULT OF CONTRIBUTIONS AND STATUTORY INTEREST  
3 MADE OR CREDITED AS A RESULT OF CLASS A-3 [OR] CLASS A-4  
4 OR CLASS A-5 SERVICE. THE BALANCE OF THE PRESENT VALUE OF  
5 THE MAXIMUM SINGLE LIFE ANNUITY ADJUSTED IN ACCORDANCE  
6 WITH SECTION 5702(B) SHALL BE PAID IN THE FORM OF AN  
7 ANNUITY WITH A GUARANTEED TOTAL PAYMENT, A SINGLE LIFE  
8 ANNUITY, OR A JOINT AND SURVIVOR ANNUITY OR ANY  
9 COMBINATION THEREOF BUT SUBJECT TO THE RESTRICTIONS OF  
10 SUBPARAGRAPHS (I) AND (II) UNDER THIS OPTION. IF A  
11 MEMBER'S EFFECTIVE DATE OF RETIREMENT IS ON OR AFTER JULY  
12 1, 2016, THEN THE PORTION OF THE BENEFIT PAYABLE UNDER  
13 THIS SUBPARAGRAPH SHALL BE FURTHER LIMITED TO THE TOTAL  
14 ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE  
15 MEMBER ON JUNE 30, 2016, THAT ARE NOT THE RESULT OF  
16 CONTRIBUTIONS AND STATUTORY INTEREST MADE OR CREDITED AS  
17 A RESULT OF CLASS A-3 OR CLASS A-4 SERVICE, PLUS ANY  
18 STATUTORY INTEREST CREDITED ON THOSE ACCUMULATED  
19 DEDUCTIONS BEFORE THE EFFECTIVE DATE OF RETIREMENT.

20 (A.1) ADDITIONAL LUMP SUM WITHDRAWAL.--THE FOLLOWING SHALL  
21 APPLY:

22 (1) AFTER JUNE 30, 2016, IF A MEMBER HAS ELECTED TO HAVE  
23 THE FULL AMOUNT ALLOWED UNDER SUBSECTION (A) (4) (III) PAID IN  
24 LUMP SUM, OR IS NOT ELIGIBLE TO HAVE ANY MONEY PAID UNDER  
25 SUBSECTION (A) (4) (III), THEN THE MEMBER MAY ELECT TO RECEIVE  
26 AN ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM AT THE SAME TIME  
27 AS THE PAYMENT ELECTED UNDER SUBSECTION (A) (4) (III), IF ANY.

28 (2) THE ADDITIONAL AMOUNT PAYABLE IN A LUMP SUM MAY NOT  
29 EXCEED AN AMOUNT EQUAL TO THE EXCESS OF THE TOTAL ACCUMULATED  
30 DEDUCTIONS STANDING TO THE CREDIT OF THE MEMBER ON THE

1 EFFECTIVE DATE OF RETIREMENT OVER THE AMOUNT PAYABLE UNDER  
2 SUBSECTION (A) (4) (III).

3 (3) IF A MEMBER ELECTS TO BE PAID AN ADDITIONAL LUMP SUM  
4 AMOUNT UNDER THIS SUBSECTION, THEN THE MAXIMUM SINGLE LIFE  
5 ANNUITY CALCULATED UNDER SECTION 5702 AND PAYABLE UNDER  
6 SUBSECTION (A) SHALL BE REDUCED BY THE ADDITIONAL AMOUNT  
7 WITHDRAWN DIVIDED BY THE COST OF A DOLLAR ANNUITY ON THE  
8 EFFECTIVE DATE OF RETIREMENT COMPUTED ON THE BASIS OF THE  
9 ANNUAL INTEREST RATE ADOPTED FOR THAT FISCAL YEAR BY THE  
10 BOARD FOR THE CALCULATION OF THE EMPLOYER NORMAL CONTRIBUTION  
11 RATE UNDER SECTION 5508(B) (RELATING TO ACTUARIAL COST  
12 METHOD) AND THE MORTALITY TABLES ADOPTED BY THE BOARD FOR THE  
13 DETERMINATION OF ACTUARIALLY EQUIVALENT BENEFITS UNDER THIS  
14 PART. THE REDUCTION IN THE MAXIMUM SINGLE LIFE ANNUITY UNDER  
15 THIS PARAGRAPH SHALL APPLY BEFORE THE ELECTION AND  
16 CALCULATION OF ANY REDUCED ANNUITIES PAYABLE UNDER SUBSECTION  
17 (A).

18 \* \* \*

19 SECTION 314. SECTIONS 5705.1 AND 5706(A), (A.1), (A.2) AND  
20 (C) (1) OF TITLE 71 ARE AMENDED TO READ:

21 § 5705.1. PAYMENT OF ACCUMULATED DEDUCTIONS RESULTING FROM  
22 CLASS A-3 [AND] CLASS A-4 OR CLASS A-5 SERVICE.

23 ANY SUPERANNUATION OR WITHDRAWAL ANNUITANT WHO:

24 (1) HAS CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 SERVICE  
25 CREDIT;

26 (2) HAS SERVICE CREDITED IN ONE OR MORE CLASSES OF  
27 SERVICE; AND

28 (3) BECAUSE HE HAS FIVE OR MORE, BUT FEWER THAN TEN,  
29 ELIGIBILITY POINTS IS NOT ELIGIBLE TO RECEIVE AN ANNUITY ON  
30 HIS CLASS A-3 [OR] CLASS A-4 OR CLASS A-5 SERVICE

1 SHALL RECEIVE IN A LUMP SUM AT THE TIME OF HIS RETIREMENT, IN  
2 ADDITION TO ANY OTHER ANNUITY OR LUMP SUM PAYMENT WHICH HE MAY  
3 ELECT, HIS ACCUMULATED DEDUCTIONS RESULTING FROM HIS CLASS A-3  
4 [OR], CLASS A-4 OR CLASS A-5 SERVICE CREDIT. PAYMENT OF THESE  
5 ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [OR], CLASS A-4  
6 OR CLASS A-5 SERVICE CREDIT SHALL NOT BE ELIGIBLE FOR  
7 INSTALLMENT PAYMENTS PURSUANT TO SECTION 5905.1 (RELATING TO  
8 INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS) BUT SHALL BE  
9 CONSIDERED A LUMP SUM PAYMENT FOR PURPOSES OF SECTION 5905.1(D).  
10 § 5706. TERMINATION OF ANNUITIES.

11 (A) GENERAL RULE.--IF THE ANNUITANT RETURNS TO STATE SERVICE  
12 OR ENTERS OR HAS ENTERED SCHOOL SERVICE AND ELECTS MULTIPLE  
13 SERVICE MEMBERSHIP, ANY ANNUITY PAYABLE TO HIM UNDER THIS PART  
14 SHALL CEASE EFFECTIVE UPON THE DATE OF HIS RETURN TO STATE  
15 SERVICE OR ENTERING SCHOOL SERVICE WITHOUT REGARD TO WHETHER HE  
16 IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR  
17 PARTICIPANT IN THE PLAN OR, IF A MULTIPLE SERVICE MEMBER,  
18 WHETHER HE IS A MANDATORY, OPTIONAL OR PROHIBITED MEMBER OR  
19 PARTICIPANT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OR  
20 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN; AND, IN THE CASE OF  
21 AN ANNUITY OTHER THAN A DISABILITY ANNUITY THE PRESENT VALUE OF  
22 SUCH ANNUITY, ADJUSTED FOR FULL COVERAGE IN THE CASE OF A JOINT  
23 COVERAGE MEMBER WHO MAKES THE APPROPRIATE BACK CONTRIBUTIONS FOR  
24 FULL COVERAGE, SHALL BE FROZEN AS OF THE DATE SUCH ANNUITY  
25 CEASES. AN ANNUITANT WHO IS CREDITED WITH AN ADDITIONAL 10% OF  
26 CLASS A AND CLASS C SERVICE AS PROVIDED IN SECTION 5302(C)  
27 (RELATING TO CREDITED STATE SERVICE) AND WHO RETURNS TO STATE  
28 SERVICE SHALL FORFEIT SUCH CREDITED SERVICE AND SHALL HAVE HIS  
29 FROZEN PRESENT VALUE ADJUSTED AS IF HIS 10% RETIREMENT INCENTIVE  
30 HAD NOT BEEN APPLIED TO HIS ACCOUNT. IN THE EVENT THAT THE COST-

1 OF-LIVING INCREASE ENACTED DECEMBER 18, 1979 OCCURRED DURING THE  
2 PERIOD OF SUCH STATE OR SCHOOL EMPLOYMENT, THE FROZEN PRESENT  
3 VALUE SHALL BE INCREASED, ON OR AFTER THE MEMBER ATTAINS  
4 SUPERANNUATION AGE, BY THE PERCENT APPLICABLE HAD HE NOT  
5 RETURNED TO SERVICE. THIS SUBSECTION SHALL NOT APPLY IN THE CASE  
6 OF ANY ANNUITANT WHO MAY RENDER SERVICES TO THE COMMONWEALTH IN  
7 THE CAPACITY OF AN INDEPENDENT CONTRACTOR OR AS A MEMBER OF AN  
8 INDEPENDENT BOARD OR COMMISSION OR AS A MEMBER OF A DEPARTMENTAL  
9 ADMINISTRATIVE OR ADVISORY BOARD OR COMMISSION WHEN SUCH MEMBERS  
10 OF INDEPENDENT OR DEPARTMENTAL BOARDS OR COMMISSIONS ARE  
11 COMPENSATED ON A PER DIEM BASIS FOR NOT MORE THAN 150 DAYS PER  
12 CALENDAR YEAR OR AS A MEMBER OF AN INDEPENDENT BOARD OR  
13 COMMISSION REQUIRING APPOINTMENT BY THE GOVERNOR, WITH ADVICE  
14 AND CONSENT OF THE SENATE, WHERE THE ANNUAL SALARY PAYABLE TO  
15 THE MEMBER DOES NOT EXCEED \$35,000 AND WHERE THE MEMBER HAS BEEN  
16 AN ANNUITANT FOR AT LEAST SIX MONTHS IMMEDIATELY PRECEDING THE  
17 APPOINTMENT. SUCH SERVICE SHALL NOT BE SUBJECT TO MEMBER  
18 CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE  
19 STATE SERVICE[.] OR FOR PARTICIPATION IN THE PLAN, MANDATORY  
20 PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR  
21 EMPLOYER DEFINED CONTRIBUTIONS.

22 (A.1) RETURN TO STATE SERVICE DURING EMERGENCY.--WHEN, IN  
23 THE JUDGMENT OF THE EMPLOYER, AN EMERGENCY CREATES AN INCREASE  
24 IN THE WORK LOAD SUCH THAT THERE IS SERIOUS IMPAIRMENT OF  
25 SERVICE TO THE PUBLIC, AN ANNUITANT MAY BE RETURNED TO STATE  
26 SERVICE FOR A PERIOD NOT TO EXCEED 95 DAYS IN ANY CALENDAR YEAR  
27 WITHOUT LOSS OF HIS ANNUITY. IN COMPUTING THE NUMBER OF DAYS AN  
28 ANNUITANT HAS RETURNED TO STATE SERVICE, ANY AMOUNT OF TIME LESS  
29 THAN ONE-HALF OF A DAY SHALL BE COUNTED AS ONE-HALF OF A DAY.  
30 FOR AGENCIES, BOARDS AND COMMISSIONS UNDER THE GOVERNOR'S

JURISDICTION, THE APPROVAL OF THE GOVERNOR THAT AN EMERGENCY EXISTS SHALL BE REQUIRED BEFORE AN ANNUITANT MAY BE RETURNED TO STATE SERVICE. THIS SERVICE SHALL NOT BE SUBJECT TO MEMBER CONTRIBUTIONS OR BE ELIGIBLE FOR QUALIFICATION AS CREDITABLE STATE SERVICE OR FOR PARTICIPATION IN THE PLAN, MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS OR EMPLOYER DEFINED CONTRIBUTIONS.

(A.2) RETURN OF BENEFITS.--IN THE EVENT AN ANNUITANT WHOSE ANNUITY FROM THE SYSTEM CEASES PURSUANT TO THIS SECTION RECEIVES ANY ANNUITY PAYMENT, INCLUDING A LUMP SUM PAYMENT PURSUANT TO SECTION 5705 (RELATING TO MEMBER'S OPTIONS) ON OR AFTER THE DATE OF HIS RETURN TO STATE SERVICE OR ENTERING SCHOOL SERVICE, THE ANNUITANT SHALL RETURN TO THE BOARD THE AMOUNT SO RECEIVED FROM THE SYSTEM PLUS STATUTORY INTEREST. THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE MEMBER OR SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS TO THE SYSTEM IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBER AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN THE CASE OF A SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL

1 CERTIFY AND TRANSFER TO THE BOARD THE AMOUNTS PAID.

2 \* \* \*

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

4 (1) AN ANNUITANT WHO RETURNS TO STATE SERVICE AS AN  
5 ACTIVE MEMBER OF THE SYSTEM AND EARNS THREE ELIGIBILITY  
6 POINTS BY PERFORMING CREDITED STATE SERVICE FOLLOWING THE  
7 MOST RECENT PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART,  
8 OR AN ANNUITANT WHO ENTERS SCHOOL SERVICE AND:

9 (I) IS A MULTIPLE SERVICE MEMBER; OR

10 (II) WHO ELECTS MULTIPLE SERVICE MEMBERSHIP, AND  
11 EARNS THREE ELIGIBILITY POINTS BY PERFORMING CREDITED STATE  
12 SERVICE OR CREDITED SCHOOL SERVICE FOLLOWING THE MOST RECENT  
13 PERIOD OF RECEIPT OF AN ANNUITY UNDER THIS PART, AND WHO HAD  
14 THE PRESENT VALUE OF HIS ANNUITY FROZEN IN ACCORDANCE WITH  
15 SUBSECTION (A), SHALL QUALIFY TO HAVE THE EFFECT OF THE  
16 FROZEN PRESENT VALUE RESULTING FROM ALL PREVIOUS PERIODS OF  
17 RETIREMENT ELIMINATED, PROVIDED THAT ALL LUMP SUM PAYMENTS  
18 UNDER OPTION 4 OR UNDER SECTION 5705(A.1) AND ANNUITY  
19 PAYMENTS PAYABLE DURING PREVIOUS PERIODS OF RETIREMENT PLUS  
20 INTEREST AS SET FORTH IN PARAGRAPH (3) SHALL BE RETURNED TO  
21 THE FUND IN THE FORM OF AN ACTUARIAL ADJUSTMENT TO HIS  
22 SUBSEQUENT BENEFITS OR IN SUCH FORM AS THE BOARD MAY  
23 OTHERWISE DIRECT.

24 \* \* \*

25 SECTION 315. SECTION 5707(F) OF TITLE 71 IS AMENDED AND THE  
26 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

27 § 5707. DEATH BENEFITS.

28 \* \* \*

29 (B.1) MEMBERS ELIGIBLE FOR ANNUITIES IN SOME CLASSES OF  
30 SERVICE AND INELIGIBLE IN OTHER CLASSES OF SERVICE.--IN THE

1 EVENT OF THE DEATH OF A MEMBER WHO IS ELIGIBLE FOR AN ANNUITY  
2 BASED ON SERVICE CREDITED IN SOME CLASSES OF SERVICE AND  
3 INELIGIBLE FOR AN ANNUITY FOR SERVICE CREDITED IN OTHER CLASSES  
4 OF SERVICE, A BENEFIT SHALL BE PAID UNDER SUBSECTION (A) BASED  
5 ON THE SERVICE FOR WHICH AN ANNUITY IS DEEMED PAYABLE IN  
6 ADDITION TO PAYMENT UNDER SUBSECTION (B) OF THE ACCUMULATED  
7 DEDUCTIONS ATTRIBUTABLE TO SERVICE FOR WHICH THE MEMBER WAS NOT  
8 ELIGIBLE FOR AN ANNUITY.

9 \* \* \*

10 (F) MEMBERS SUBJECT TO LIMITATIONS UNDER SECTION 5702(C).--  
11 SUBJECT TO THE LIMITATIONS CONTAINED IN SECTION 401(A)(9) OF THE  
12 INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. §  
13 401(A)(9)), THE PRESENT VALUE OF ANY ANNUITY IN EXCESS OF THAT  
14 PAYABLE UNDER SECTION 5702 (RELATING TO MAXIMUM SINGLE LIFE  
15 ANNUITY) THAT IS NOT SUBJECT TO THE LIMITATIONS UNDER SECTION  
16 415(B) OF THE INTERNAL REVENUE CODE OF 1986 SHALL BE PAID IN A  
17 LUMP SUM TO THE BENEFICIARY DESIGNATED BY THE MEMBER AFTER THE  
18 DEATH OF THE MEMBER. A BENEFICIARY RECEIVING A BENEFIT UNDER  
19 THIS SUBSECTION SHALL NOT BE ABLE TO ELECT A PAYMENT METHOD  
20 OTHERWISE ALLOWED UNDER SECTION 5709(B)(2) AND (3) (RELATING TO  
21 PAYMENT OF BENEFITS FROM THE SYSTEM).

22 SECTION 316. SECTION 5709 HEADING, (A) AND (B) OF TITLE 71  
23 ARE AMENDED TO READ:

24 § 5709. PAYMENT OF BENEFITS FROM THE SYSTEM.

25 (A) ANNUITIES.--ANY ANNUITY GRANTED UNDER THE PROVISIONS OF  
26 THIS PART AND PAID FROM THE FUND SHALL BE PAID IN EQUAL MONTHLY  
27 INSTALLMENTS.

28 (B) DEATH BENEFITS.--IF THE AMOUNT OF A DEATH BENEFIT  
29 PAYABLE FROM THE FUND TO A BENEFICIARY OF A MEMBER UNDER SECTION  
30 5707 (RELATING TO DEATH BENEFITS) OR UNDER THE PROVISIONS OF

OPTION 1 OF SECTION 5705(A) (1) (RELATING TO MEMBER'S OPTIONS) IS  
\$10,000 OR MORE, SUCH BENEFICIARY MAY ELECT TO RECEIVE PAYMENT  
ACCORDING TO ONE OF THE FOLLOWING OPTIONS:

(1) A LUMP SUM PAYMENT;

(2) AN ANNUITY ACTUARIALLY EQUIVALENT TO THE AMOUNT  
PAYABLE; OR

(3) A LUMP SUM PAYMENT AND AN ANNUITY SUCH THAT THE  
ANNUITY IS ACTUARIALLY EQUIVALENT TO THE AMOUNT PAYABLE LESS  
THE LUMP SUM PAYMENT SPECIFIED BY THE BENEFICIARY.

\* \* \*

SECTION 317. TITLE 71 IS AMENDED BY ADDING A CHAPTER TO  
READ:

CHAPTER 58

STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN

SEC.

5801. ESTABLISHMENT.

5802. PLAN DOCUMENT.

5803. INDIVIDUAL INVESTMENT ACCOUNTS.

5804. PARTICIPANT CONTRIBUTIONS.

5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

5806. EMPLOYER DEFINED CONTRIBUTIONS.

5807. ELIGIBILITY FOR BENEFITS.

5808. DEATH BENEFITS.

5809. VESTING.

5810. TERMINATION OF DISTRIBUTIONS.

5811. (RESERVED).

5812. POWERS AND DUTIES OF BOARD.

5813. RESPONSIBILITY FOR INVESTMENT LOSS.

5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT ALLOCATION  
CHOICES.



1 5815. EXPENSES.

2 5816. TAX QUALIFICATION.

3 \$ 5801. ESTABLISHMENT.

4 (A) STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN.--THE STATE  
5 EMPLOYEES' DEFINED CONTRIBUTION PLAN IS ESTABLISHED. THE BOARD  
6 SHALL ADMINISTER AND MANAGE THE PLAN WHICH SHALL BE A DEFINED  
7 CONTRIBUTION PLAN EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE  
8 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES  
9 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE  
10 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE PLAN NOT  
11 INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND  
12 SHALL PROVIDE FOR THE PLAN'S ADMINISTRATION.

13 (B) STATE EMPLOYEES' DEFINED CONTRIBUTION TRUST.--THE STATE  
14 EMPLOYEES' DEFINED CONTRIBUTION TRUST IS ESTABLISHED AS PART OF  
15 THE PLAN. THE TRUST SHALL BE COMPRISED OF THE INDIVIDUAL  
16 INVESTMENT ACCOUNTS AND ALL ASSETS AND MONEYS IN THOSE ACCOUNTS,  
17 AND ANY ASSETS AND MONEYS HELD BY THE BOARD AS PART OF THE PLAN  
18 THAT ARE NOT ALLOCATED TO INDIVIDUAL INVESTMENT ACCOUNTS. THE  
19 MEMBERS OF THE BOARD SHALL BE THE TRUSTEES OF THE TRUST, WHICH  
20 SHALL BE ADMINISTERED EXCLUSIVELY FOR THE BENEFIT OF THOSE STATE  
21 EMPLOYEES WHO PARTICIPATE IN THE PLAN AND THEIR BENEFICIARIES  
22 WITHIN THE MEANING OF AND IN CONFORMITY WITH IRC § 401(A). THE  
23 BOARD SHALL DETERMINE THE TERMS AND PROVISIONS OF THE TRUST NOT  
24 INCONSISTENT WITH THIS PART, THE IRC OR OTHER APPLICABLE LAW AND  
25 SHALL PROVIDE FOR THE INVESTMENT AND ADMINISTRATION OF THE  
26 TRUST.

27 (C) ASSETS HELD IN TRUST.--ALL ASSETS AND INCOME IN THE PLAN  
28 THAT HAVE BEEN OR SHALL BE WITHHELD OR CONTRIBUTED BY THE  
29 PARTICIPANTS, THE COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE  
30 WITH THIS PART SHALL BE HELD IN TRUST IN ANY FUNDING VEHICLE

1 PERMITTED BY THE APPLICABLE PROVISIONS OF THE IRC FOR THE  
2 EXCLUSIVE BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES  
3 UNTIL SUCH TIME AS THE FUNDS ARE DISTRIBUTED TO THE PARTICIPANTS  
4 OR THEIR BENEFICIARIES IN ACCORDANCE WITH THE TERMS OF THE PLAN  
5 DOCUMENT. THE ASSETS OF THE PLAN HELD IN TRUST FOR THE EXCLUSIVE  
6 BENEFIT OF THE PARTICIPANTS AND THEIR BENEFICIARIES MAY BE USED  
7 FOR THE PAYMENT OF THE FEES, COSTS AND EXPENSES RELATED TO THE  
8 ADMINISTRATION AND INVESTMENT OF THE PLAN AND THE TRUST.

9 (D) NAME FOR TRANSACTING BUSINESS.--ALL OF THE BUSINESS OF  
10 THE PLAN SHALL BE TRANSACTED, THE TRUST INVESTED, ALL  
11 REQUISITIONS FOR MONEY DRAWN AND PAYMENTS MADE AND ALL OF ITS  
12 CASH AND SECURITIES AND OTHER PROPERTY SHALL BE HELD BY THE NAME  
13 OF THE "STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN."  
14 NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE BOARD MAY  
15 ESTABLISH A NOMINEE REGISTRATION PROCEDURE FOR THE PURPOSE OF  
16 REGISTERING SECURITIES TO FACILITATE THE PURCHASE, SALE OR OTHER  
17 DISPOSITION OF SECURITIES UNDER THE PROVISIONS OF THIS PART.  
18 § 5802. PLAN DOCUMENT.

19 THE BOARD SHALL SET FORTH THE TERMS AND PROVISIONS OF THE  
20 PLAN AND TRUST IN A DOCUMENT CONTAINING THE TERMS AND CONDITIONS  
21 OF THE PLAN AND IN A TRUST DECLARATION THAT SHALL BE PUBLISHED  
22 IN THE PENNSYLVANIA BULLETIN. ANY AMENDMENTS TO THE PLAN AND  
23 TRUST DECLARATION ALSO SHALL BE PUBLISHED. THE CREATION OF THE  
24 DOCUMENT CONTAINING THE TERMS AND CONDITIONS OF THE PLAN AND THE  
25 TRUST DECLARATION AND THE ESTABLISHMENT OF THE TERMS AND  
26 PROVISIONS OF THE PLAN AND THE TRUST NEED NOT BE PROMULGATED BY  
27 REGULATION OR FORMAL RULEMAKING AND SHALL NOT BE SUBJECT TO THE  
28 ACT OF JULY 31, 1968 (P.L.769, NO.240), REFERRED TO AS THE  
29 COMMONWEALTH DOCUMENTS LAW. A REFERENCE IN THIS PART OR OTHER  
30 LAW TO THE PLAN SHALL INCLUDE THE PLAN DOCUMENT UNLESS THE

1 CONTEXT CLEARLY INDICATES OTHERWISE.

2 § 5803. INDIVIDUAL INVESTMENT ACCOUNTS.

3 THE BOARD SHALL ESTABLISH IN THE TRUST AN INDIVIDUAL  
4 INVESTMENT ACCOUNT FOR EACH PARTICIPANT IN THE PLAN. ALL  
5 CONTRIBUTIONS BY A PARTICIPANT OR AN EMPLOYER FOR OR ON BEHALF  
6 OF A PARTICIPANT SHALL BE CREDITED TO THE PARTICIPANT'S  
7 INDIVIDUAL INVESTMENT ACCOUNT, TOGETHER WITH ALL INTEREST AND  
8 INVESTMENT EARNINGS AND LOSSES. INVESTMENT AND ADMINISTRATIVE  
9 FEES, COSTS AND EXPENSES SHALL BE CHARGED TO THE PARTICIPANTS'  
10 INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS OTHERWISE PROVIDED  
11 UNDER THIS PART OR AS THE GENERAL ASSEMBLY OTHERWISE PROVIDES BY  
12 APPROPRIATIONS FROM THE GENERAL FUND. EMPLOYER DEFINED  
13 CONTRIBUTIONS SHALL BE RECORDED AND ACCOUNTED FOR SEPARATELY  
14 FROM PARTICIPANT CONTRIBUTIONS, BUT ALL INTEREST, INVESTMENT  
15 EARNINGS AND LOSSES, AND INVESTMENT AND ADMINISTRATIVE FEES,  
16 COSTS AND EXPENSES SHALL BE ALLOCATED PROPORTIONATELY.

17 § 5804. PARTICIPANT CONTRIBUTIONS.

18 (A) MANDATORY CONTRIBUTIONS.--A PARTICIPANT WHO IS A MEMBER  
19 WHO MAKES THE ELECTION TO BECOME A CLASS A-5 MEMBER UNDER  
20 SECTION 5306.4 (RELATING TO LIMITED ELECTION TO BECOME A CLASS  
21 A-5 MEMBER AND PLAN PARTICIPANT) SHALL MAKE MANDATORY PICKUP  
22 PARTICIPANT CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS TO THE  
23 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT EQUAL TO 3.25%, OR  
24 SUCH OTHER PERCENTAGE AS SET FORTH IN SECTION 5306.4(E), OF  
25 COMPENSATION FOR CURRENT STATE SERVICE. THE EMPLOYER SHALL CAUSE  
26 THOSE CONTRIBUTIONS FOR CURRENT SERVICE TO BE MADE AND DEDUCTED  
27 FROM EACH PAYROLL OR ON SUCH SCHEDULE AS ESTABLISHED BY THE  
28 BOARD.

29 (B) VOLUNTARY CONTRIBUTIONS.--A PARTICIPANT MAY MAKE  
30 VOLUNTARY CONTRIBUTIONS THROUGH PAYROLL DEDUCTIONS, THROUGH

1 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS, OR THROUGH TRANSFERS OF  
2 MONEY RECEIVED IN AN ELIGIBLE ROLLOVER INTO THE TRUST TO THE  
3 EXTENT ALLOWED BY IRC § 402. THE ROLLOVERS SHALL BE MADE IN A  
4 FORM AND MANNER AS DETERMINED BY THE BOARD, SHALL BE CREDITED TO  
5 THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AND SHALL BE  
6 SEPARATELY ACCOUNTED FOR BY THE BOARD.

7 (C) PROHIBITED CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE  
8 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
9 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
10 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
11 DISALLOWED CONTRIBUTIONS ARE MADE, ANY PARTICIPANT CONTRIBUTIONS  
12 IN EXCESS OF THE LIMITATIONS AND INVESTMENT EARNINGS ON THOSE  
13 CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE  
14 CHARGES, SHALL BE REFUNDED TO THE PARTICIPANT BY THE BOARD.  
15 § 5805. MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS.

16 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--THE  
17 CONTRIBUTIONS TO THE TRUST REQUIRED TO BE MADE UNDER SECTION  
18 5804(A) (RELATING TO PARTICIPANT CONTRIBUTIONS) WITH RESPECT TO  
19 STATE SERVICE RENDERED BY AN ACTIVE PARTICIPANT SHALL BE PICKED  
20 UP BY THE COMMONWEALTH OR OTHER EMPLOYER AND SHALL BE TREATED AS  
21 THE EMPLOYER'S CONTRIBUTION FOR PURPOSES OF IRC § 414(H). AFTER  
22 THE EFFECTIVE DATE OF THIS SECTION, AN EMPLOYER EMPLOYING A  
23 PARTICIPANT IN THE PLAN SHALL PICK UP THE REQUIRED MANDATORY  
24 PARTICIPANT CONTRIBUTIONS BY A REDUCTION IN THE COMPENSATION OF  
25 THE PARTICIPANT.

26 (B) TREATMENT FOR OTHER PURPOSES.--FOR ALL OTHER PURPOSES  
27 UNDER THIS PART AND OTHERWISE, MANDATORY PICKUP PARTICIPANT  
28 CONTRIBUTIONS SHALL BE TREATED AS CONTRIBUTIONS MADE BY A  
29 PARTICIPANT IN THE SAME MANNER AND TO THE SAME EXTENT AS IF THE  
30 CONTRIBUTIONS WERE MADE DIRECTLY BY THE PARTICIPANT AND NOT

1 PICKED UP.

2 § 5806. EMPLOYER DEFINED CONTRIBUTIONS.

3 (A) CONTRIBUTIONS FOR SERVICE.--THE COMMONWEALTH OR OTHER  
4 EMPLOYER OF AN ACTIVE PARTICIPANT SHALL MAKE EMPLOYER DEFINED  
5 CONTRIBUTIONS FOR SERVICE OF AN ACTIVE PARTICIPANT THAT SHALL BE  
6 CREDITED TO THE ACTIVE PARTICIPANT'S INDIVIDUAL INVESTMENT  
7 ACCOUNT. EMPLOYER DEFINED CONTRIBUTIONS SHALL BE RECORDED AND  
8 ACCOUNTED FOR SEPARATELY FROM PARTICIPANT CONTRIBUTIONS.

9 (B) CONTRIBUTIONS RESULTING FROM PARTICIPANTS REEMPLOYED  
10 FROM USERRA LEAVE.--WHEN A STATE EMPLOYEE REEMPLOYED FROM USERRA  
11 LEAVE MAKES THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
12 PERMITTED TO BE MADE FOR THE USERRA LEAVE, THE COMMONWEALTH OR  
13 OTHER EMPLOYER BY WHOM THE STATE EMPLOYEE IS EMPLOYED AT THE  
14 TIME THE PARTICIPANT CONTRIBUTIONS ARE MADE SHALL MAKE WHATEVER  
15 EMPLOYER DEFINED CONTRIBUTIONS WOULD HAVE BEEN MADE UNDER THIS  
16 SECTION HAD THE EMPLOYEE MAKING THE PARTICIPANT CONTRIBUTIONS  
17 CONTINUED TO BE EMPLOYED IN THE PARTICIPANT'S STATE OFFICE OR  
18 POSITION INSTEAD OF PERFORMING USERRA LEAVE. THE EMPLOYER  
19 DEFINED CONTRIBUTIONS SHALL BE PLACED IN THE PARTICIPANT'S  
20 INDIVIDUAL INVESTMENT ACCOUNT AS OTHERWISE PROVIDED BY THIS  
21 PART.

22 (C) LIMITATIONS ON CONTRIBUTIONS.--NO CONTRIBUTIONS MAY BE  
23 ALLOWED THAT WOULD CAUSE A VIOLATION OF THE LIMITATIONS RELATED  
24 TO CONTRIBUTIONS APPLICABLE TO GOVERNMENTAL PLANS CONTAINED IN  
25 IRC § 415 OR IN OTHER PROVISIONS OF LAW. IN THE EVENT THAT ANY  
26 DISALLOWED CONTRIBUTIONS ARE MADE, ANY EMPLOYER DEFINED  
27 CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS AND INVESTMENT  
28 EARNINGS ON THE CONTRIBUTIONS, BUT MINUS INVESTMENT FEES AND  
29 ADMINISTRATIVE CHARGES, SHALL BE REFUNDED TO THE EMPLOYER BY THE  
30 BOARD.

1 § 5807. ELIGIBILITY FOR BENEFITS.

2 (A) TERMINATION OF SERVICE.--A PARTICIPANT WHO TERMINATES  
3 STATE SERVICE SHALL BE ELIGIBLE TO WITHDRAW THE VESTED  
4 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS STANDING TO THE  
5 PARTICIPANT'S CREDIT IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
6 ACCOUNT OR A LESSER AMOUNT AS THE PARTICIPANT MAY REQUEST.  
7 PAYMENT SHALL BE MADE IN A LUMP SUM UNLESS THE BOARD HAS  
8 ESTABLISHED OTHER FORMS OF DISTRIBUTION IN THE PLAN DOCUMENT. A  
9 PARTICIPANT WHO WITHDRAWS HIS VESTED ACCUMULATED TOTAL DEFINED  
10 CONTRIBUTIONS SHALL NO LONGER BE A PARTICIPANT IN THE PLAN,  
11 NOTWITHSTANDING THAT THE FORMER STATE EMPLOYEE MAY CONTINUE TO  
12 BE A MEMBER OF THE SYSTEM OR MAY HAVE CONTRACTED TO RECEIVE AN  
13 ANNUITY OR OTHER FORM OF PAYMENT FROM A PROVIDER RETAINED BY THE  
14 BOARD FOR SUCH PURPOSES.

15 (B) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS SECTION  
16 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM  
17 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF  
18 IRC § 401(A)(9). THE BOARD SHALL TAKE ANY ACTION AND MAKE ANY  
19 DISTRIBUTIONS IT MAY DETERMINE ARE NECESSARY TO COMPLY WITH  
20 THOSE REQUIREMENTS.

21 (C) (RESERVED).

22 (D) PROHIBITED DISTRIBUTIONS.--A STATE EMPLOYEE MUST BE  
23 TERMINATED FROM ALL POSITIONS THAT RESULT IN EITHER MEMBERSHIP  
24 IN THE SYSTEM OR PARTICIPATION IN THE PLAN TO BE ELIGIBLE TO  
25 RECEIVE A DISTRIBUTION.

26 (E) LOANS.--LOANS OR OTHER DISTRIBUTIONS, INCLUDING HARDSHIP  
27 OR UNFORESEEABLE EMERGENCY DISTRIBUTIONS, FROM THE PLAN TO STATE  
28 EMPLOYEES WHO HAVE NOT TERMINATED STATE SERVICE ARE NOT  
29 PERMITTED, EXCEPT AS REQUIRED BY LAW.

30 (F) SMALL INDIVIDUAL INVESTMENT ACCOUNTS.--A PARTICIPANT WHO

1 TERMINATES STATE SERVICE AND WHOSE VESTED ACCUMULATED TOTAL  
2 DEFINED CONTRIBUTIONS ARE BELOW THE THRESHOLD ESTABLISHED BY LAW  
3 AS OF THE DATE OF TERMINATION OF SERVICE MAY BE PAID THE VESTED  
4 ACCUMULATED TOTAL DEFINED CONTRIBUTIONS IN A LUMP SUM AS  
5 PROVIDED IN IRC § 401(A)(31).  
6 § 5808. DEATH BENEFITS.

7 (A) GENERAL RULE.--IN THE EVENT OF THE DEATH OF AN ACTIVE  
8 PARTICIPANT OR INACTIVE PARTICIPANT, THE BOARD SHALL PAY TO THE  
9 PARTICIPANT'S BENEFICIARY THE VESTED BALANCE IN THE  
10 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A LUMP SUM OR IN  
11 SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN THE PLAN  
12 DOCUMENT.

13 (B) DEATH OF PARTICIPANT RECEIVING DISTRIBUTIONS.--IN THE  
14 EVENT OF THE DEATH OF A PARTICIPANT RECEIVING DISTRIBUTIONS, THE  
15 BOARD SHALL PAY TO THE PARTICIPANT'S BENEFICIARY THE VESTED  
16 BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT IN A  
17 LUMP SUM OR IN SUCH OTHER MANNER AS THE BOARD MAY ESTABLISH IN  
18 THE PLAN DOCUMENT OR, IF THE BOARD HAS ESTABLISHED ALTERNATIVE  
19 METHODS OF DISTRIBUTION IN THE PLAN DOCUMENT UNDER WHICH THE  
20 PARTICIPANT WAS RECEIVING DISTRIBUTIONS, TO THE PARTICIPANT'S  
21 BENEFICIARY OR SUCCESSOR PAYEE, AS THE CASE MAY BE, AS PROVIDED  
22 IN THE PLAN DOCUMENT.

23 (C) CONTRACTS.--THE BOARD MAY CONTRACT WITH FINANCIAL  
24 INSTITUTIONS, INSURANCE COMPANIES OR OTHER TYPES OF THIRD-PARTY  
25 PROVIDERS TO ALLOW PARTICIPANTS WHO RECEIVE A LUMP SUM  
26 DISTRIBUTION TO RECEIVE PAYMENTS AND DEATH BENEFITS IN A FORM  
27 AND MANNER AS PROVIDED BY THE CONTRACT.  
28 § 5809. VESTING.

29 (A) PARTICIPANT AND VOLUNTARY CONTRIBUTIONS.--SUBJECT TO THE  
30 FORFEITURE AND ATTACHMENT PROVISIONS OF SECTION 5953 (RELATING

1 TO TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) OR OTHERWISE AS  
2 PROVIDED BY LAW, A PARTICIPANT SHALL BE IMMEDIATELY VESTED WITH  
3 RESPECT TO ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND  
4 VOLUNTARY CONTRIBUTIONS PAID BY OR ON BEHALF OF THE PARTICIPANT  
5 TO THE TRUST IN ADDITION TO INTEREST AND INVESTMENT GAINS OR  
6 LOSSES ON THE PARTICIPANT CONTRIBUTIONS BUT MINUS INVESTMENT  
7 FEES AND ADMINISTRATIVE CHARGES.

8 (B) EMPLOYER DEFINED CONTRIBUTIONS.--

9 (1) SUBJECT TO THE FORFEITURE AND ATTACHMENT PROVISIONS  
10 OF SECTION 5953 OR OTHERWISE AS PROVIDED BY LAW, A  
11 PARTICIPANT SHALL BE VESTED WITH RESPECT TO ALL EMPLOYER  
12 DEFINED CONTRIBUTIONS PAID TO THE PARTICIPANT'S INDIVIDUAL  
13 INVESTMENT ACCOUNT IN THE TRUST IN ADDITION TO INTEREST AND  
14 INVESTMENT GAINS AND LOSSES ON THE EMPLOYER DEFINED  
15 CONTRIBUTIONS BUT MINUS INVESTMENT FEES AND ADMINISTRATIVE  
16 CHARGES ACCORDING TO THE FOLLOWING SCHEDULE:

17 (I) UNTIL SUCH TIME AS A PARTICIPANT HAS EARNED  
18 THREE ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 0%;

19 (II) AT AND AFTER THE ATTAINMENT OF THREE  
20 ELIGIBILITY POINTS AS A MEMBER OF THE SYSTEM, 100%.

21 (2) FOR PURPOSES OF THIS SUBSECTION, ALL ELIGIBILITY  
22 POINTS CREDITED TO A MEMBER OF THE SYSTEM IN ANY CLASS OF  
23 SERVICE SHALL BE USED FOR DETERMINING VESTED STATUS IN THE  
24 PLAN EVEN IF THE EMPLOYEE WAS NOT A PARTICIPANT IN THE PLAN  
25 AT THE TIME THE ELIGIBILITY POINTS WERE EARNED.

26 (3) NONVESTED EMPLOYER DEFINED CONTRIBUTIONS AND THE  
27 INTEREST AND INVESTMENT GAINS AND LOSSES ON THE NONVESTED  
28 EMPLOYER DEFINED CONTRIBUTIONS THAT ARE FORFEITED WHEN A  
29 PARTICIPANT TERMINATES STATE SERVICE BEFORE ACCRUING THREE  
30 ELIGIBILITY POINTS AS PROVIDED UNDER SECTION 5307(C)(3) ARE



1 CREDITED TO THE PARTICIPANT'S MOST RECENT EMPLOYER'S FUTURE  
2 OBLIGATION ASSESSED UNDER SECTION 5509 (RELATING TO  
3 APPROPRIATIONS AND ASSESSMENTS BY THE COMMONWEALTH)).

4 (C) USERRA LEAVE AND ELIGIBILITY POINTS.--A PARTICIPANT IN  
5 THE PLAN WHO IS REEMPLOYED FROM USERRA LEAVE OR WHO DIES WHILE  
6 PERFORMING USERRA LEAVE SHALL RECEIVE ELIGIBILITY POINTS UNDER  
7 THIS SECTION FOR THE STATE SERVICE THAT WOULD HAVE BEEN  
8 PERFORMED HAD THE MEMBER NOT PERFORMED USERRA LEAVE.

9 § 5810. TERMINATION OF DISTRIBUTIONS.

10 (A) RETURN TO STATE SERVICE.--

11 (1) A PARTICIPANT RECEIVING DISTRIBUTIONS OR AN INACTIVE  
12 PARTICIPANT WHO RETURNS TO STATE SERVICE SHALL CEASE  
13 RECEIVING DISTRIBUTIONS AND SHALL NOT BE ELIGIBLE TO RECEIVE  
14 DISTRIBUTIONS UNTIL THE PARTICIPANT SUBSEQUENTLY TERMINATES  
15 STATE SERVICE, WITHOUT REGARD TO WHETHER THE PARTICIPANT IS A  
16 MANDATORY, OPTIONAL OR PROHIBITED MEMBER OF THE SYSTEM OR  
17 PARTICIPANT IN THE PLAN.

18 (2) THIS SUBSECTION SHALL NOT APPLY TO DISTRIBUTIONS  
19 THAT THE PARTICIPANT HAS RECEIVED OR USED TO PURCHASE AN  
20 ANNUITY FROM A PROVIDER CONTRACTED BY THE BOARD.

21 (B) RETURN OF BENEFITS PAID DURING USERRA LEAVE.--

22 (1) IF A FORMER STATE EMPLOYEE IS REEMPLOYED FROM USERRA  
23 LEAVE AND RECEIVED ANY PAYMENTS OR ANNUITY FROM THE PLAN  
24 DURING THE USERRA LEAVE, THE EMPLOYEE SHALL RETURN TO THE  
25 BOARD THE AMOUNT SO RECEIVED PLUS INTEREST AS PROVIDED IN THE  
26 PLAN DOCUMENT.

27 (2) THE AMOUNT PAYABLE SHALL BE CERTIFIED IN EACH CASE  
28 BY THE BOARD IN ACCORDANCE WITH METHODS APPROVED BY THE  
29 ACTUARY AND SHALL BE PAID IN A LUMP SUM WITHIN 30 DAYS OR IN  
30 THE CASE OF AN ACTIVE PARTICIPANT MAY BE AMORTIZED WITH

1 INTEREST AS PROVIDED IN THE PLAN DOCUMENT THROUGH SALARY  
2 DEDUCTIONS TO THE TRUST IN AMOUNTS AGREED UPON BY THE ACTIVE  
3 PARTICIPANT AND THE BOARD, BUT FOR NOT LONGER THAN A PERIOD  
4 THAT STARTS WITH THE DATE OF REEMPLOYMENT AND CONTINUES FOR  
5 UP TO THREE TIMES THE LENGTH OF THE ACTIVE PARTICIPANT'S  
6 IMMEDIATE PAST PERIOD OF USERRA LEAVE. THE REPAYMENT PERIOD  
7 SHALL NOT EXCEED FIVE YEARS.

8 § 5811. (RESERVED).

9 § 5812. POWERS AND DUTIES OF BOARD.

10 THE BOARD, IN ADDITION TO ITS POWERS AND DUTIES SET FORTH IN  
11 CHAPTER 59 (RELATING TO ADMINISTRATION, FUNDS, ACCOUNTS, GENERAL  
12 PROVISIONS), SHALL HAVE THE FOLLOWING POWERS AND DUTIES TO  
13 ESTABLISH THE PLAN AND TRUST AND ADMINISTER THE PROVISIONS OF  
14 THIS CHAPTER AND PART:

15 (1) THE BOARD MAY COMMINGLE OR POOL ASSETS WITH THE  
16 ASSETS OF OTHER PERSONS OR ENTITIES.

17 (2) THE BOARD SHALL PAY ALL ADMINISTRATIVE FEES, COSTS  
18 AND EXPENSES OF MANAGING, INVESTING AND ADMINISTERING THE  
19 PLAN, THE TRUST AND THE INDIVIDUAL INVESTMENT ACCOUNTS FROM  
20 THE BALANCE OF SUCH INDIVIDUAL INVESTMENT ACCOUNTS EXCEPT AS  
21 OTHERWISE PROVIDED UNDER THIS PART OR AS THE GENERAL ASSEMBLY  
22 OTHERWISE PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.

23 (3) THE BOARD MAY ESTABLISH INVESTMENT GUIDELINES AND  
24 LIMITS ON THE TYPES OF INVESTMENTS THAT PARTICIPANTS MAY  
25 MAKE, CONSISTENT WITH THE BOARD'S FIDUCIARY OBLIGATIONS.

26 (4) THE BOARD SHALL HAVE THE POWER TO CHANGE THE TERMS  
27 OF THE PLAN AS MAY BE NECESSARY TO MAINTAIN THE TAX-QUALIFIED  
28 STATUS OF THE PLAN.

29 (5) THE BOARD MAY ESTABLISH A PROCESS FOR ELECTION TO  
30 PARTICIPATE IN THE PLAN BY THOSE STATE EMPLOYEES ELIGIBLE TO

1 DO SO FOR WHOM PARTICIPATION IS NOT MANDATORY.

2 (6) THE BOARD MAY PERFORM AN ANNUAL OR MORE FREQUENT  
3 REVIEW OF ANY QUALIFIED FUND MANAGER FOR THE PURPOSE OF  
4 ASSURING THAT THE FUND MANAGER CONTINUES TO MEET ALL  
5 STANDARDS AND CRITERIA ESTABLISHED.

6 (7) THE BOARD MAY ALLOW FOR ELIGIBLE ROLLOVERS AND  
7 DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS INTO THE TRUST FROM  
8 QUALIFIED PLANS OF OTHER EMPLOYERS, REGARDLESS OF WHETHER THE  
9 EMPLOYERS ARE PRIVATE EMPLOYERS OR PUBLIC EMPLOYERS.

10 (8) THE BOARD MAY ALLOW AN INACTIVE PARTICIPANT TO  
11 MAINTAIN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
12 WITHIN THE PLAN.

13 (9) THE BOARD SHALL ADMINISTER OR ENSURE THE  
14 ADMINISTRATION OF THE PLAN IN COMPLIANCE WITH THE  
15 QUALIFICATIONS AND OTHER RULES OF THE IRC.

16 (10) THE BOARD MAY ESTABLISH PROCEDURES TO PROVIDE FOR  
17 THE LAWFUL PAYMENT OF BENEFITS, INCLUDING BUT NOT LIMITED TO  
18 ALTERNATE PAYEES AS SET FORTH IN SECTIONS 5953 (RELATING TO  
19 TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS) THROUGH 5953.6  
20 (RELATING TO IRREVOCABLE SUCCESSOR PAYEE).

21 (11) THE BOARD SHALL DETERMINE, AFTER REVIEWING  
22 APPLICABLE LAW, WHAT CONSTITUTES A TERMINATION OF STATE  
23 SERVICE.

24 (12) THE BOARD MAY ESTABLISH PROCEDURES FOR  
25 DISTRIBUTIONS OF SMALL ACCOUNTS AS REQUIRED OR PERMITTED BY  
26 THE IRC.

27 (13) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN  
28 DOCUMENT OR PROMULGATE RULES AND REGULATIONS AS IT DEEMS  
29 NECESSARY FOR THE ADMINISTRATION AND MANAGEMENT OF THE PLAN,  
30 INCLUDING, BUT NOT LIMITED TO, ESTABLISHING:

1           (I) PROCEDURES FOR ELIGIBLE PARTICIPANTS TO CHANGE  
2 VOLUNTARY CONTRIBUTION AMOUNTS OR THEIR INVESTMENT  
3 CHOICES ON A PERIODIC BASIS OR MAKE OTHER ELECTIONS  
4 REGARDING THEIR PARTICIPATION IN THE PLAN.

5           (II) PROCEDURES FOR DEDUCTING MANDATORY PICKUP  
6 PARTICIPANT CONTRIBUTIONS AND VOLUNTARY CONTRIBUTIONS  
7 FROM A PARTICIPANT'S COMPENSATION.

8           (III) PROCEDURES FOR ROLLOVERS AND TRUSTEE-TO-  
9 TRUSTEE TRANSFERS ALLOWED UNDER THE IRC AND PERMITTED AS  
10 PART OF THE PLAN.

11           ~~(IV) STANDARDS AND CRITERIA FOR PROVIDING OPTIONS TO <--~~  
12 ~~ELIGIBLE INDIVIDUALS REGARDING INVESTMENT OF AMOUNTS~~  
13 ~~DEFERRED UNDER THE PLAN. ONE OF THE AVAILABLE OPTIONS~~  
14 ~~MUST SERVE AS THE DEFAULT OPTION FOR PARTICIPANTS WHO DO~~  
15 ~~NOT MAKE A TIMELY ELECTION.~~

16           (IV) STANDARDS AND CRITERIA FOR PROVIDING NOT LESS <--  
17 THAN 10 OPTIONS WHICH ARE OFFERED BY THREE OR MORE  
18 PROVIDERS OF INVESTMENT OPTIONS TO ELIGIBLE INDIVIDUALS  
19 REGARDING INVESTMENTS OF AMOUNTS DEFERRED UNDER THE PLAN.  
20 THE STANDARDS AND CRITERIA MUST PROVIDE FOR A VARIETY OF  
21 INVESTMENT OPTIONS AND SHALL BE REVIEWED IN ACCORDANCE  
22 WITH CRITERIA ESTABLISHED BY THE BOARD.

23           (V) STANDARDS AND CRITERIA FOR DISCLOSING TO THE  
24 PARTICIPANTS THE ANTICIPATED AND ACTUAL INCOME  
25 ATTRIBUTABLE TO AMOUNTS INVESTED, PROPERTY RIGHTS AND ALL  
26 FEES, COSTS AND EXPENSES TO BE MADE AGAINST AMOUNTS  
27 DEFERRED TO COVER THE FEES, COSTS AND EXPENSES OF  
28 ADMINISTERING AND MANAGING THE PLAN OR TRUST.

29           (VI) PROCEDURES, STANDARDS AND CRITERIA FOR THE  
30 MAKING OF DISTRIBUTIONS FROM THE PLAN UPON TERMINATION

1 FROM EMPLOYMENT OR DEATH OR IN OTHER CIRCUMSTANCES  
2 CONSISTENT WITH THE PURPOSE OF THE PLAN.

3 (14) THE BOARD MAY WAIVE ANY REPORTING OR INFORMATION  
4 REQUIREMENT CONTAINED IN THIS PART IF THE BOARD DETERMINES  
5 THAT THE INFORMATION IS NOT NEEDED FOR THE ADMINISTRATION OF  
6 THE PLAN.

7 (15) THE BOARD MAY CONTRACT ANY SERVICES AND DUTIES IN  
8 LIEU OF STAFF, EXCEPT FINAL ADJUDICATIONS AND AS PROHIBITED  
9 BY LAW. ANY DUTIES OR RESPONSIBILITIES OF THE BOARD NOT  
10 REQUIRED BY LAW TO BE PERFORMED BY THE BOARD CAN BE DELEGATED  
11 TO A THIRD-PARTY PROVIDER SUBJECT TO APPEAL TO THE BOARD.

12 (16) THE BOARD MAY PROVIDE THAT ANY DUTIES OF THE  
13 EMPLOYER OR INFORMATION PROVIDED BY THE PARTICIPANT TO THE  
14 EMPLOYER BE PERFORMED OR RECEIVED DIRECTLY BY THE BOARD.

15 (17) THE BOARD SHALL ENSURE THAT PARTICIPANTS ARE  
16 PROVIDED WITH EDUCATIONAL MATERIALS ABOUT INVESTMENT OPTIONS  
17 AND CHOICES.

18 (18) THE BOARD MAY ESTABLISH PROCEDURES IN THE PLAN  
19 DOCUMENT FOR AUTOMATIC INCREASES IN A PARTICIPANT'S VOLUNTARY  
20 CONTRIBUTIONS, WHETHER OR NOT THE PARTICIPANT IS THEN MAKING  
21 VOLUNTARY CONTRIBUTIONS, AND PROCEDURES FOR A PARTICIPANT TO  
22 ELECT NOT TO HAVE INCREASED VOLUNTARY CONTRIBUTIONS.

23 § 5813. RESPONSIBILITY FOR INVESTMENT LOSS.

24 THE BOARD, THE COMMONWEALTH, AN EMPLOYER OR OTHER POLITICAL  
25 SUBDIVISION SHALL NOT BE RESPONSIBLE FOR ANY INVESTMENT OR OTHER  
26 LOSS INCURRED UNDER THE PLAN OR FOR THE FAILURE OF ANY  
27 INVESTMENT TO EARN ANY SPECIFIC OR EXPECTED RETURN OR TO EARN AS  
28 MUCH AS ANY OTHER INVESTMENT OPPORTUNITY OR TO COST LESS THAN  
29 ANY OTHER INVESTMENT OPPORTUNITY, WHETHER OR NOT THE OTHER  
30 OPPORTUNITY WAS OFFERED TO PARTICIPANTS IN THE PLAN.

1 § 5814. INVESTMENTS BASED ON PARTICIPANT'S INVESTMENT

2 ALLOCATION CHOICES.

3 (A) INVESTMENT BY PARTICIPANT.--ALL CONTRIBUTIONS, INTEREST  
4 AND INVESTMENT EARNINGS SHALL BE INVESTED BASED ON A  
5 PARTICIPANT'S INVESTMENT ALLOCATION CHOICES. ALL INVESTMENT  
6 ALLOCATION CHOICES SHALL BE CREDITED PROPORTIONALLY BETWEEN  
7 PARTICIPANT CONTRIBUTIONS AND EMPLOYER DEFINED CONTRIBUTIONS.  
8 EACH PARTICIPANT SHALL BE CREDITED INDIVIDUALLY WITH THE AMOUNT  
9 OF CONTRIBUTIONS, INTEREST AND INVESTMENT EARNINGS.

10 (B) INVESTMENT OF CONTRIBUTIONS MADE BY ENTITIES OTHER THAN  
11 THE COMMONWEALTH.--INVESTMENT OF CONTRIBUTIONS BY ANY  
12 CORPORATION, INSTITUTION, INSURANCE COMPANY, CUSTODIAL BANK OR  
13 OTHER ENTITY THAT THE BOARD HAS APPROVED SHALL NOT BE  
14 UNREASONABLY DELAYED, AND IN NO CASE MAY THE INVESTMENT OF  
15 CONTRIBUTIONS BE DELAYED MORE THAN 30 DAYS FROM THE DATE OF  
16 PAYROLL DEDUCTION OR THE DATE VOLUNTARY CONTRIBUTIONS ARE MADE  
17 TO THE DATE THAT FUNDS ARE INVESTED. ANY INTEREST EARNED ON THE  
18 FUNDS PENDING INVESTMENT SHALL BE USED TO PAY ADMINISTRATIVE  
19 COSTS AND FEES THAT WOULD OTHERWISE BE REQUIRED TO BE BORNE BY  
20 PARTICIPANTS WHO ARE THEN PARTICIPATING IN THE PLAN OR PAID BY  
21 APPROPRIATIONS FROM THE GENERAL FUND.

22 § 5815. EXPENSES.

23 ALL FEES, COSTS AND EXPENSES OF ESTABLISHING AND  
24 ADMINISTERING THE PLAN AND THE TRUST AND INVESTING THE ASSETS OF  
25 THE TRUST SHALL BE BORNE BY THE PARTICIPANTS AND PAID FROM  
26 ASSESSMENTS AGAINST THE BALANCES OF THE INDIVIDUAL INVESTMENT  
27 ACCOUNTS AS ESTABLISHED BY THE BOARD, EXCEPT THAT FOR FISCAL  
28 YEARS 2015-2016, 2016-2017 AND 2017-2018, AND FOR ANY ADDITIONAL  
29 FISCAL YEARS AS THE GENERAL ASSEMBLY MAY PROVIDE, THE FEES,  
30 COSTS AND EXPENSES OF ESTABLISHING AND ADMINISTERING THE PLAN

1 AND THE TRUST SHALL BE PAID BY THE COMMONWEALTH THROUGH ANNUAL  
2 APPROPRIATIONS, MADE ON THE BASIS OF ESTIMATES FROM THE BOARD.  
3 § 5816. TAX QUALIFICATION.

4 (A) REQUIRED DISTRIBUTIONS.--ALL PAYMENTS UNDER THIS CHAPTER  
5 SHALL START AND BE MADE IN COMPLIANCE WITH THE MINIMUM  
6 DISTRIBUTION REQUIREMENTS AND INCIDENTAL DEATH BENEFIT RULES OF  
7 IRC § 401(A).

8 (B) LIMITATIONS.--THE FOLLOWING SHALL APPLY:

9 (1) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) AND  
10 NOTWITHSTANDING A PROVISION OF THIS PART, A CONTRIBUTION  
11 OR BENEFIT RELATED TO THE PLAN MAY NOT EXCEED ANY  
12 LIMITATION UNDER IRC § 415 WITH RESPECT TO A GOVERNMENTAL  
13 PLAN WHICH IS IN EFFECT ON THE DATE THE CONTRIBUTION OR  
14 BENEFIT PAYMENT TAKES EFFECT.

15 (II) AN INCREASE IN A LIMITATION UNDER IRC § 415  
16 SHALL APPLY TO ALL PARTICIPANTS ON AND AFTER THE  
17 EFFECTIVE DATE OF THIS SECTION.

18 (III) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM  
19 "GOVERNMENTAL PLAN" SHALL HAVE THE SAME MEANING AS THE  
20 TERM HAS IN IRC § 414(D).

21 (2) (I) EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II), AN  
22 AMENDMENT OF THIS PART ON OR AFTER THE EFFECTIVE DATE OF  
23 THIS SECTION THAT INCREASES CONTRIBUTIONS OR BENEFITS FOR  
24 ACTIVE PARTICIPANTS, INACTIVE PARTICIPANTS OR  
25 PARTICIPANTS RECEIVING DISTRIBUTIONS SHALL NOT BE DEEMED  
26 TO PROVIDE FOR A CONTRIBUTION OR BENEFIT IN EXCESS OF ANY  
27 LIMITATION, ADJUSTED ON OR AFTER THE EFFECTIVE DATE OF  
28 THIS SECTION, UNDER IRC § 415 UNLESS SPECIFICALLY  
29 PROVIDED BY LEGISLATION.

30 (II) NOTWITHSTANDING SUBPARAGRAPH (I), AN INCREASE

1 IN BENEFITS ON OR AFTER THE EFFECTIVE DATE OF THIS  
2 SECTION FOR A PARTICIPANT IN THE PLAN SHALL BE AUTHORIZED  
3 AND APPLY TO THE FULLEST EXTENT ALLOWED BY LAW.

4 SECTION 318. (RESERVED).

5 SECTION 319. SECTIONS 5901(A), (C), (D) AND (E), 5902(A.1),  
6 (B), (C), (E), (H), (I), (J), (K), (L), (M) AND (N), ~~5903(A)~~ <--  
7 5903 HEADING, (A) AND ~~5905(C.1)~~ 5905 HEADING, (C.1) AND (G) OF <--  
8 TITLE 71 ARE AMENDED AND THE SECTIONS ARE AMENDED BY ADDING  
9 SUBSECTIONS TO READ:

10 § 5901. THE STATE EMPLOYEES' RETIREMENT BOARD.

11 (A) STATUS AND MEMBERSHIP.--THE BOARD SHALL BE AN  
12 INDEPENDENT ADMINISTRATIVE BOARD AND CONSIST OF [11] 12 MEMBERS:  
13 THE STATE TREASURER, EX OFFICIO, THE SECRETARY OF BANKING AND  
14 SECURITIES, EX OFFICIO, TWO SENATORS, TWO MEMBERS OF THE HOUSE  
15 OF REPRESENTATIVES AND SIX MEMBERS APPOINTED BY THE GOVERNOR,  
16 ONE OF WHOM SHALL BE AN ANNUITANT OF THE SYSTEM OR A PARTICIPANT  
17 IN THE PLAN WHO HAS TERMINATED STATE SERVICE AND IS RECEIVING OR  
18 IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, FOR TERMS OF FOUR YEARS,  
19 SUBJECT TO CONFIRMATION BY THE SENATE. AT LEAST FIVE BOARD  
20 MEMBERS SHALL BE ACTIVE MEMBERS OF THE SYSTEM OR ACTIVE  
21 PARTICIPANTS IN THE PLAN, AND AT LEAST TWO SHALL HAVE TEN OR  
22 MORE YEARS OF CREDITED STATE SERVICE[.] OR SHALL HAVE BEEN  
23 ACTIVE PARTICIPANTS IN THE PLAN FOR TEN CALENDAR YEARS OR HAVE A  
24 COMBINATION OF YEARS OF CREDITED STATE SERVICE IN THE SYSTEM AND  
25 CALENDAR YEARS AS ACTIVE PARTICIPANTS IN THE PLAN EQUAL TO TEN  
26 OR MORE YEARS. THE CHAIRMAN OF THE BOARD SHALL BE DESIGNATED BY  
27 THE GOVERNOR FROM AMONG THE MEMBERS OF THE BOARD. NO MEMBER OF  
28 THE BOARD WHO REPRESENTS ACTIVE MEMBERS OR ANNUITANTS OR IS A  
29 CURRENT MEMBER OF THE GENERAL ASSEMBLY CAN SERVE AS CHAIRMAN.  
30 EACH MEMBER OF THE BOARD WHO IS A MEMBER OF THE GENERAL ASSEMBLY



1 MAY APPOINT A DULY AUTHORIZED DESIGNEE TO ACT IN HIS STEAD. IN  
2 THE EVENT THAT A BOARD MEMBER, WHO IS DESIGNATED AS AN ACTIVE  
3 PARTICIPANT OR AS A PARTICIPANT IN THE PLAN WHO IS RECEIVING OR  
4 IS ELIGIBLE TO RECEIVE DISTRIBUTIONS, RECEIVES A TOTAL  
5 DISTRIBUTION OF HIS INTEREST IN THE PLAN, THAT BOARD MEMBER MAY  
6 CONTINUE TO SERVE ON THE BOARD FOR THE REMAINDER OF HIS TERM.

7 \* \* \*

8 (C) OATH OF OFFICE.--EACH MEMBER OF THE BOARD SHALL TAKE AN  
9 OATH OF OFFICE THAT HE WILL, SO FAR AS IT DEVOLVES UPON HIM,  
10 DILIGENTLY AND HONESTLY, ADMINISTER THE AFFAIRS OF SAID BOARD,  
11 THE SYSTEM AND THE PLAN AND THAT HE WILL NOT KNOWINGLY VIOLATE  
12 OR WILLFULLY PERMIT TO BE VIOLATED ANY OF THE PROVISIONS OF LAW  
13 APPLICABLE TO THIS PART. SUCH OATH SHALL BE SUBSCRIBED BY THE  
14 MEMBER TAKING IT AND CERTIFIED BY THE OFFICER BEFORE WHOM IT IS  
15 TAKEN AND SHALL BE IMMEDIATELY FILED IN THE OFFICE OF THE  
16 SECRETARY OF THE COMMONWEALTH.

17 (D) COMPENSATION AND EXPENSES.--THE MEMBERS OF THE BOARD WHO  
18 ARE MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN SHALL  
19 SERVE WITHOUT COMPENSATION BUT SHALL NOT SUFFER LOSS OF SALARY  
20 OR WAGES THROUGH SERVING ON THE BOARD. THE MEMBERS OF THE BOARD  
21 WHO ARE NOT MEMBERS OF THE SYSTEM OR PARTICIPANTS IN THE PLAN  
22 SHALL RECEIVE \$100 PER DAY WHEN ATTENDING MEETINGS AND ALL BOARD  
23 MEMBERS SHALL BE REIMBURSED FOR ANY NECESSARY EXPENSES. HOWEVER,  
24 WHEN THE DUTIES OF THE BOARD AS MANDATED ARE NOT EXECUTED, NO  
25 COMPENSATION OR REIMBURSEMENT FOR EXPENSES OF BOARD MEMBERS  
26 SHALL BE PAID OR PAYABLE DURING THE PERIOD IN WHICH SUCH DUTIES  
27 ARE NOT EXECUTED.

28 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF  
29 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A  
30 CORPORATION. [THE ATTORNEY GENERAL OF THE COMMONWEALTH SHALL BE

1 THE LEGAL ADVISOR OF THE BOARD.] LEGAL COUNSEL TO THE BOARD  
2 SHALL SERVE INDEPENDENTLY FROM THE GOVERNOR'S OFFICE OF GENERAL  
3 COUNSEL, THE GENERAL ASSEMBLY AND THE ATTORNEY GENERAL.

4 (F) BOARD TRAINING.--EACH MEMBER OF THE BOARD WILL BE  
5 REQUIRED TO OBTAIN EIGHT HOURS OF MANDATORY TRAINING IN  
6 INVESTMENT STRATEGIES, ACTUARIAL COST ANALYSIS AND RETIREMENT  
7 PORTFOLIO MANAGEMENT ON AN ANNUAL BASIS.

8 § 5902. ADMINISTRATIVE DUTIES OF THE BOARD.

9 \* \* \*

10 (A.1) SECRETARY.--THE SECRETARY SHALL ACT AS CHIEF  
11 ADMINISTRATIVE OFFICER FOR THE BOARD WITH RESPECT TO BOTH THE  
12 SYSTEM AND THE PLAN. IN ADDITION TO OTHER POWERS AND DUTIES  
13 CONFERRED UPON AND DELEGATED TO THE SECRETARY BY THE BOARD, THE  
14 SECRETARY SHALL:

15 (1) SERVE AS THE ADMINISTRATIVE AGENT OF THE BOARD.

16 (2) SERVE AS LIAISON BETWEEN THE BOARD AND APPLICABLE  
17 LEGISLATIVE COMMITTEES, THE TREASURY DEPARTMENT, THE  
18 DEPARTMENT OF THE AUDITOR GENERAL, AND BETWEEN THE BOARD AND  
19 THE INVESTMENT COUNSEL AND THE MORTGAGE SUPERVISOR IN  
20 ARRANGING FOR INVESTMENTS TO SECURE MAXIMUM RETURNS TO THE  
21 FUND.

22 (3) REVIEW AND ANALYZE PROPOSED LEGISLATION AND  
23 LEGISLATIVE DEVELOPMENTS AFFECTING THE SYSTEM OR THE PLAN AND  
24 PRESENT FINDINGS TO THE BOARD, LEGISLATIVE COMMITTEES, AND  
25 OTHER INTERESTED GROUPS OR INDIVIDUALS.

26 (4) DIRECT THE MAINTENANCE OF FILES AND RECORDS AND  
27 PREPARATION OF PERIODIC REPORTS REQUIRED FOR ACTUARIAL  
28 EVALUATION STUDIES.

29 (5) RECEIVE INQUIRIES AND REQUESTS FOR INFORMATION  
30 CONCERNING THE SYSTEM OR THE PLAN FROM THE PRESS,

1 COMMONWEALTH OFFICIALS, STATE EMPLOYEES, THE GENERAL PUBLIC,  
2 RESEARCH ORGANIZATIONS, AND OFFICIALS AND ORGANIZATIONS FROM  
3 OTHER STATES, AND PROVIDE INFORMATION AS AUTHORIZED BY THE  
4 BOARD.

5 (6) (I) SUPERVISE A STAFF OF ADMINISTRATIVE, TECHNICAL,  
6 AND CLERICAL EMPLOYEES ENGAGED IN RECORD-KEEPING AND  
7 CLERICAL PROCESSING ACTIVITIES FOR BOTH THE SYSTEM AND  
8 THE PLAN IN MAINTAINING FILES OF MEMBERS AND  
9 PARTICIPANTS, ACCOUNTING FOR CONTRIBUTIONS, PROCESSING  
10 PAYMENTS TO ANNUITANTS AND TERMINATED PARTICIPANTS,  
11 PREPARING REQUIRED REPORTS, AND RETIREMENT COUNSELING.

12 (II) THE BOARD MAY UTILIZE THE STAFF OF EMPLOYEES  
13 PROVIDED FOR UNDER THIS PARAGRAPH FOR BOTH THE SYSTEM AND  
14 THE PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES  
15 INCURRED UNDER THIS PARAGRAPH BETWEEN THE SYSTEM AND THE  
16 PLAN AS APPROPRIATE.

17 (B) PROFESSIONAL PERSONNEL.--

18 (1) THE BOARD SHALL CONTRACT FOR THE SERVICES OF A CHIEF  
19 MEDICAL EXAMINER, AN ACTUARY, INVESTMENT ADVISORS AND  
20 COUNSELORS, AND SUCH OTHER PROFESSIONAL PERSONNEL AS IT DEEMS  
21 ADVISABLE. THE BOARD MAY, WITH THE APPROVAL OF THE ATTORNEY  
22 GENERAL, CONTRACT FOR LEGAL SERVICES.

23 (2) THE BOARD MAY UTILIZE THE SAME INDIVIDUALS AND FIRMS  
24 CONTRACTED UNDER THIS SUBSECTION FOR BOTH THE SYSTEM AND THE  
25 PLAN BUT SHALL ALLOCATE THE FEES, COSTS AND EXPENSES INCURRED  
26 UNDER THIS SUBSECTION BETWEEN THE SYSTEM AND THE PLAN AS  
27 APPROPRIATE.

28 (C) EXPENSES.--

29 (1) THE BOARD SHALL, THROUGH THE GOVERNOR, SUBMIT TO THE  
30 GENERAL ASSEMBLY ANNUALLY A BUDGET COVERING THE

ADMINISTRATIVE EXPENSES OF [THIS PART.] THE SYSTEM AND A  
SEPARATE BUDGET COVERING THE ADMINISTRATIVE EXPENSES OF THE  
PLAN. BUDGETS UNDER THIS PARAGRAPH SHALL INCLUDE THOSE  
EXPENSES NECESSARY TO ESTABLISH THE PLAN AND TRUST.

(2) SUCH EXPENSES OF THE SYSTEM AS APPROVED BY THE  
GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM  
INVESTMENT EARNINGS OF THE FUND.

(3) FOR FISCAL YEARS ENDING ON OR BEFORE JUNE 30, 2018,  
AND FOR ANY ADDITIONAL FISCAL YEARS AS THE GENERAL ASSEMBLY  
MAY PROVIDE, SUCH EXPENSES OF THE PLAN AS APPROVED BY THE  
GENERAL ASSEMBLY IN AN APPROPRIATION BILL SHALL BE PAID FROM  
THE GENERAL FUND. FOR FISCAL YEARS BEGINNING ON OR AFTER JULY  
1, 2018, SUCH EXPENSES OF THE PLAN AS APPROVED BY THE GENERAL  
ASSEMBLY SHALL BE PAID FROM INTEREST UNDER SECTION 5814(B)  
(RELATING TO INVESTMENTS BASED ON PARTICIPANTS' INVESTMENT  
ALLOCATION CHOICES) OR ASSESSMENTS ON THE BALANCES OF THE  
PARTICIPANTS' INDIVIDUAL INVESTMENT ACCOUNTS OR AS OTHERWISE  
PROVIDED IN THIS PART EXCEPT AS THE GENERAL ASSEMBLY  
OTHERWISE PROVIDES BY APPROPRIATIONS FROM THE GENERAL FUND.

(4) CONCURRENTLY WITH ITS ADMINISTRATIVE BUDGET, THE  
BOARD SHALL ALSO SUBMIT TO THE GENERAL ASSEMBLY ANNUALLY A  
LIST OF PROPOSED EXPENDITURES WHICH THE BOARD INTENDS TO PAY  
THROUGH THE USE OF DIRECTED COMMISSIONS, TOGETHER WITH A LIST  
OF THE ACTUAL EXPENDITURES FROM THE PAST YEAR ACTUALLY PAID  
BY THE BOARD THROUGH THE USE OF DIRECTED COMMISSIONS. ALL  
SUCH DIRECTED COMMISSION EXPENDITURES SHALL BE MADE BY THE  
BOARD FOR THE EXCLUSIVE BENEFIT OF THE SYSTEM AND ITS  
MEMBERS.

\* \* \*

(E) RECORDS.--

1           (1) THE BOARD SHALL KEEP A RECORD OF ALL ITS PROCEEDINGS  
2 WHICH SHALL BE OPEN TO [INSPECTION] ACCESS BY THE PUBLIC,  
3 EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR BY OTHER LAW.

4           (2) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
5 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, INVESTMENT  
6 PROFESSIONALS OR AGENTS RELATING TO AN INVESTMENT SHALL NOT  
7 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC [INSPECTION]  
8 ACCESS UNDER THE ACT OF [JUNE 21, 1957 (P.L.390, NO.212),  
9 REFERRED TO AS THE RIGHT-TO-KNOW LAW] FEBRUARY 14, 2008  
10 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW, IF, IN THE  
11 REASONABLE JUDGMENT OF THE BOARD, THE [INSPECTION] ACCESS  
12 WOULD:

13                 (I) IN THE CASE OF AN ALTERNATIVE INVESTMENT OR  
14 ALTERNATIVE INVESTMENT VEHICLE, INVOLVE THE RELEASE OF  
15 SENSITIVE INVESTMENT OR FINANCIAL INFORMATION RELATING TO  
16 THE ALTERNATIVE INVESTMENT OR ALTERNATIVE INVESTMENT  
17 VEHICLE WHICH THE FUND OR TRUST WAS ABLE TO OBTAIN ONLY  
18 UPON AGREEING TO MAINTAIN ITS CONFIDENTIALITY;

19                 (II) CAUSE SUBSTANTIAL COMPETITIVE HARM TO THE  
20 PERSON FROM WHOM SENSITIVE INVESTMENT OR FINANCIAL  
21 INFORMATION RELATING TO THE INVESTMENT WAS RECEIVED; OR

22                 (III) HAVE A SUBSTANTIAL DETRIMENTAL IMPACT ON THE  
23 VALUE OF AN INVESTMENT TO BE ACQUIRED, HELD OR DISPOSED  
24 OF BY THE FUND OR TRUST OR WOULD CAUSE A BREACH OF THE  
25 STANDARD OF CARE OR FIDUCIARY DUTY SET FORTH IN THIS  
26 PART.

27           (3) THE FOLLOWING APPLY:

28                 (I) THE SENSITIVE INVESTMENT OR FINANCIAL  
29 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
30 PARAGRAPH (2) (I), TO THE EXTENT NOT OTHERWISE EXCLUDED

1 FROM INSPECTION, SHALL CONSTITUTE A PUBLIC RECORD SUBJECT  
2 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW  
3 ONCE THE BOARD IS NO LONGER REQUIRED BY ITS AGREEMENT TO  
4 MAINTAIN CONFIDENTIALITY.

5 (II) THE SENSITIVE INVESTMENT OR FINANCIAL  
6 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
7 PARAGRAPH (2)(II), TO THE EXTENT NOT OTHERWISE EXCLUDED  
8 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
9 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
10 RIGHT-TO-KNOW LAW ONCE:

11 (A) THE [INSPECTION] ACCESS NO LONGER CAUSES  
12 SUBSTANTIAL COMPETITIVE HARM TO THE PERSON FROM WHOM  
13 THE INFORMATION WAS RECEIVED; OR

14 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE  
15 IS LIQUIDATED;  
16 WHICHEVER IS LATER.

17 (III) THE SENSITIVE INVESTMENT OR FINANCIAL  
18 INFORMATION EXCLUDED FROM [INSPECTION] ACCESS UNDER  
19 PARAGRAPH (2)(III), TO THE EXTENT NOT OTHERWISE EXCLUDED  
20 FROM [INSPECTION] ACCESS, SHALL CONSTITUTE A PUBLIC  
21 RECORD SUBJECT TO PUBLIC [INSPECTION] ACCESS UNDER THE  
22 RIGHT-TO-KNOW LAW ONCE:

23 (A) THE [INSPECTION] ACCESS NO LONGER HAS A  
24 SUBSTANTIAL DETRIMENTAL IMPACT ON THE VALUE OF AN  
25 INVESTMENT OF THE FUND OR TRUST AND WOULD NOT CAUSE A  
26 BREACH OF THE STANDARD OF CARE OR FIDUCIARY DUTY SET  
27 FORTH IN THIS PART; OR

28 (B) THE ENTITY IN WHICH THE INVESTMENT WAS MADE  
29 IS LIQUIDATED;  
30 WHICHEVER IS LATER.

1           (4) EXCEPT FOR THE PROVISIONS OF PARAGRAPH (3), NOTHING  
2 IN THIS SUBSECTION SHALL BE CONSTRUED TO DESIGNATE ANY  
3 RECORD, MATERIAL OR DATA RECEIVED, PREPARED, USED OR RETAINED  
4 BY THE BOARD OR ITS EMPLOYEES, INVESTMENT PROFESSIONALS OR  
5 AGENTS RELATING TO AN INVESTMENT AS A PUBLIC RECORD SUBJECT  
6 TO PUBLIC [INSPECTION] ACCESS UNDER THE RIGHT-TO-KNOW LAW.

7           (5) ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
8 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS  
9 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS  
10 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT SHALL NOT  
11 CONSTITUTE A PUBLIC RECORD SUBJECT TO PUBLIC ACCESS UNDER THE  
12 RIGHT-TO-KNOW LAW IF, IN THE REASONABLE JUDGMENT OF THE  
13 BOARD, THE ACCESS WOULD DISCLOSE ANY OF THE FOLLOWING:

14           (I) THE EXISTENCE, DATE, AMOUNT AND ANY OTHER  
15 INFORMATION PERTAINING TO THE VOLUNTARY CONTRIBUTIONS,  
16 INCLUDING ROLLOVER CONTRIBUTIONS OR TRUSTEE-TO-TRUSTEE  
17 TRANSFERS, OF ANY PARTICIPANT.

18           (II) THE INVESTMENT OPTION SELECTIONS OF ANY  
19 PARTICIPANT.

20           (III) THE BALANCE OF A PARTICIPANT'S INDIVIDUAL  
21 INVESTMENT ACCOUNT, INCLUDING THE AMOUNT DISTRIBUTED TO  
22 THE PARTICIPANT, INVESTMENT GAINS OR LOSSES OR RATES OF  
23 RETURN.

24           (IV) THE IDENTITY OF A PARTICIPANT'S DESIGNATED  
25 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE.

26           (V) THE BENEFIT PAYMENT OPTION OF A PARTICIPANT.

27           (6) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO  
28 DESIGNATE ANY RECORD, MATERIAL OR DATA RECEIVED, PREPARED,  
29 USED OR RETAINED BY THE BOARD OR ITS EMPLOYEES, OR AGENTS  
30 RELATING TO THE CONTRIBUTIONS, ACCOUNT VALUE OR BENEFITS

1 PAYABLE TO OR ON ACCOUNT OF A PARTICIPANT AS A PUBLIC RECORD  
2 SUBJECT TO PUBLIC ACCESS UNDER THE RIGHT-TO-KNOW LAW.

3 (7) THE FOLLOWING APPLY:

4 (I) NOTHING IN THIS PART SHALL BE CONSTRUED TO MEAN  
5 THAT THE RELEASE OR PUBLICIZING OF A RECORD, MATERIAL OR  
6 DATA WHICH WOULD NOT CONSTITUTE A PUBLIC RECORD UNDER  
7 THIS SUBSECTION SHALL BE A VIOLATION OF THE BOARD'S  
8 FIDUCIARY DUTIES.

9 (II) THIS SUBSECTION SHALL APPLY TO A RECORD,  
10 MATERIAL OR DATA UNDER THIS SUBSECTION, NOTWITHSTANDING  
11 ANY OF THE FOLLOWING:

12 (A) WHETHER THE RECORD, MATERIAL OR DATA WAS  
13 CREATED, GENERATED OR STORED BEFORE THE EFFECTIVE  
14 DATE OF THIS PARAGRAPH.

15 (B) WHETHER THE RECORD, MATERIAL OR DATA WAS  
16 PREVIOUSLY RELEASED OR MADE PUBLIC.

17 (C) WHETHER A REQUEST FOR THE RECORD, MATERIAL  
18 OR DATA WAS MADE OR IS PENDING FINAL RESPONSE UNDER  
19 THE RIGHT-TO-KNOW LAW.

20 \* \* \*

21 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE  
22 ADVICE OF THE ATTORNEY GENERAL AND THE ACTUARY, ADOPT AND  
23 PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM ADMINISTRATION  
24 OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN WRITING ALL  
25 COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF  
26 CONTRIBUTIONS AND BENEFITS PERTAINING TO THE SYSTEM, AND THE  
27 BOARD SHALL BY RESOLUTION ADOPT SUCH COMPUTATIONAL PROCEDURES,  
28 PRIOR TO THEIR APPLICATION BY THE BOARD. SUCH RULES, REGULATIONS  
29 AND COMPUTATIONAL PROCEDURES AS SO ADOPTED FROM TIME TO TIME AND  
30 AS IN FORCE AND EFFECT AT ANY TIME, TOGETHER WITH SUCH TABLES AS



1 ARE ADOPTED PURSUANT TO SUBSECTION (J) AS NECESSARY FOR THE  
2 CALCULATION OF ANNUITIES AND OTHER BENEFITS, SHALL BE AS  
3 EFFECTIVE AS IF FULLY SET FORTH IN THIS PART. ANY ACTUARIAL  
4 ASSUMPTION SPECIFIED IN OR UNDERLYING ANY SUCH RULE, REGULATION  
5 OR COMPUTATIONAL PROCEDURE AND UTILIZED AS A BASIS FOR  
6 DETERMINING ANY BENEFIT SHALL BE APPLIED IN A UNIFORM MANNER.

7 (I) DATA.--THE BOARD SHALL KEEP IN CONVENIENT FORM SUCH DATA  
8 AS ARE STIPULATED BY THE ACTUARY IN ORDER THAT AN ANNUAL  
9 ACTUARIAL VALUATION OF THE VARIOUS ACCOUNTS OF THE FUND CAN BE  
10 COMPLETED WITHIN SIX MONTHS OF THE CLOSE OF EACH CALENDAR YEAR.

11 (J) ACTUARIAL INVESTIGATION AND VALUATION.--THE BOARD SHALL  
12 HAVE THE ACTUARY MAKE AN ANNUAL VALUATION OF THE VARIOUS  
13 ACCOUNTS OF THE FUND WITHIN SIX MONTHS OF THE CLOSE OF EACH  
14 CALENDAR YEAR. IN THE YEAR 1975 AND IN EVERY FIFTH YEAR  
15 THEREAFTER THE BOARD SHALL HAVE THE ACTUARY CONDUCT AN ACTUARIAL  
16 INVESTIGATION AND EVALUATION OF THE SYSTEM BASED ON DATA  
17 INCLUDING THE MORTALITY, SERVICE, AND COMPENSATION EXPERIENCE  
18 PROVIDED BY THE BOARD ANNUALLY DURING THE PRECEDING FIVE YEARS  
19 CONCERNING THE MEMBERS AND BENEFICIARIES OF THE SYSTEM. THE  
20 BOARD SHALL BY RESOLUTION ADOPT SUCH TABLES AS ARE NECESSARY FOR  
21 THE ACTUARIAL VALUATION OF THE FUND AND CALCULATION OF  
22 CONTRIBUTIONS, ANNUITIES AND OTHER BENEFITS BASED ON THE REPORTS  
23 AND RECOMMENDATIONS OF THE ACTUARY. WITHIN 30 DAYS OF THEIR  
24 ADOPTION, THE SECRETARY OF THE BOARD SHALL CAUSE THOSE TABLES  
25 WHICH RELATE TO THE CALCULATION OF ANNUITIES AND OTHER BENEFITS  
26 TO BE PUBLISHED IN THE PENNSYLVANIA BULLETIN IN ACCORDANCE WITH  
27 THE PROVISIONS OF 45 PA.C.S. § 725(A) (RELATING TO ADDITIONAL  
28 CONTENTS OF PENNSYLVANIA BULLETIN) AND, UNLESS THE BOARD  
29 SPECIFIES THEREIN A LATER EFFECTIVE DATE, SUCH TABLES SHALL  
30 BECOME EFFECTIVE ON SUCH PUBLICATION. THE BOARD SHALL INCLUDE A

1 REPORT ON THE SIGNIFICANT FACTS, RECOMMENDATIONS AND DATA  
2 DEVELOPED IN EACH FIVE-YEAR ACTUARIAL INVESTIGATION AND  
3 EVALUATION OF THE SYSTEM IN THE ANNUAL FINANCIAL STATEMENT  
4 PUBLISHED PURSUANT TO THE REQUIREMENTS OF SUBSECTION (M) FOR THE  
5 FISCAL YEAR IN WHICH SUCH INVESTIGATION AND EVALUATION WERE  
6 CONCLUDED.

7 (K) CERTIFICATION OF EMPLOYER CONTRIBUTIONS TO FUND.--THE  
8 BOARD SHALL, EACH YEAR IN ADDITION TO THE ITEMIZED BUDGET  
9 REQUIRED UNDER SECTION 5509 (RELATING TO APPROPRIATIONS AND  
10 ASSESSMENTS BY THE COMMONWEALTH), CERTIFY, AS A PERCENTAGE OF  
11 THE MEMBERS' PAYROLL, THE SHARED-RISK CONTRIBUTION RATE, THE  
12 EMPLOYERS' CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508  
13 (RELATING TO ACTUARIAL COST METHOD) NECESSARY FOR THE FUNDING OF  
14 PROSPECTIVE ANNUITIES FOR ACTIVE MEMBERS AND THE ANNUITIES OF  
15 ANNUITANTS AND CERTIFY THE RATES AND AMOUNTS OF THE EMPLOYERS'  
16 NORMAL CONTRIBUTIONS AS DETERMINED PURSUANT TO SECTION 5508(B),  
17 ACCRUED LIABILITY CONTRIBUTIONS AS DETERMINED PURSUANT TO  
18 SECTION 5508(C), SUPPLEMENTAL ANNUITIES CONTRIBUTION RATE AS  
19 DETERMINED PURSUANT TO SECTION 5508(E), THE EXPERIENCE  
20 ADJUSTMENT FACTOR AS DETERMINED PURSUANT TO SECTION 5508(F), THE  
21 COLLARED CONTRIBUTION RATE PURSUANT TO SECTION 5508(H) AND THE  
22 FINAL CONTRIBUTION RATE PURSUANT TO SECTION 5508(I), WHICH SHALL  
23 BE PAID TO THE FUND AND CREDITED TO THE APPROPRIATE ACCOUNTS.  
24 THE BOARD MAY ALLOCATE THE FINAL CONTRIBUTION RATE AND CERTIFY  
25 VARIOUS EMPLOYER CONTRIBUTION RATES AND AMOUNTS BASED UPON THE  
26 DIFFERENT BENEFIT ELIGIBILITY, CLASS OF SERVICE MULTIPLIER,  
27 SUPERANNUATION AGE, FINAL AVERAGE SALARY CALCULATION AND OTHER  
28 BENEFIT DIFFERENCES RESULTING FROM STATE SERVICE CREDITED FOR  
29 INDIVIDUAL MEMBERS EVEN THOUGH SUCH ALLOCATED EMPLOYER  
30 CONTRIBUTION RATE ON BEHALF OF ANY GIVEN MEMBER MAY BE MORE OR

1 LESS THAN 5% OF THE MEMBER'S COMPENSATION FOR THE PERIOD FROM  
2 JULY 1, 2010, TO JUNE 30, 2011, OR MAY DIFFER FROM THE PRIOR  
3 YEAR'S CONTRIBUTION FOR THAT MEMBER BY MORE OR LESS THAN THE  
4 PERCENTAGES USED TO CALCULATE THE COLLARED CONTRIBUTION RATE FOR  
5 THAT YEAR AND MAY BE BELOW ANY MINIMUM CONTRIBUTION RATE  
6 ESTABLISHED FOR THE COLLARED CONTRIBUTION RATE OR FINAL  
7 CONTRIBUTION RATE. THESE CERTIFICATIONS SHALL BE REGARDED AS  
8 FINAL AND NOT SUBJECT TO MODIFICATION BY THE SECRETARY OF THE  
9 BUDGET.

10 (L) MEMBER CONTRIBUTIONS.--THE BOARD SHALL CAUSE ALL PICKUP  
11 CONTRIBUTIONS MADE ON BEHALF OF A MEMBER TO BE CREDITED TO THE  
12 ACCOUNT OF THE MEMBER AND CREDIT TO HIS ACCOUNT ANY OTHER  
13 PAYMENT MADE BY SUCH MEMBER, INCLUDING, BUT NOT LIMITED TO,  
14 AMOUNTS COLLECTED BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
15 SYSTEM FOR THE REINSTATEMENT OF PREVIOUS STATE SERVICE OR  
16 CREDITABLE NONSTATE SERVICE AND AMOUNTS PAID TO RETURN BENEFITS  
17 PAID AFTER THE DATE OF RETURN TO STATE SERVICE OR ENTERING  
18 SCHOOL SERVICE REPRESENTING LUMP SUM PAYMENTS MADE PURSUANT TO  
19 SECTION 5705(A)(4)(III) OR (A.1) (RELATING TO MEMBER'S OPTIONS)  
20 AND MEMBER'S ANNUITY PAYMENTS, BUT NOT INCLUDING OTHER BENEFITS  
21 RETURNED PURSUANT TO SECTION 5706(A.2) OR (A.3) (RELATING TO  
22 TERMINATION OF ANNUITIES), AND SHALL PAY ALL SUCH AMOUNTS INTO  
23 THE FUND.

24 (M) ANNUAL FINANCIAL STATEMENT.--THE BOARD SHALL PREPARE AND  
25 HAVE PUBLISHED, ON OR BEFORE JULY 1 OF EACH YEAR, [A FINANCIAL  
26 STATEMENT] FINANCIAL STATEMENTS AS OF THE CALENDAR YEAR ENDING  
27 DECEMBER 31 OF THE PREVIOUS YEAR SHOWING THE CONDITION OF THE  
28 FUND, THE TRUST AND THE VARIOUS ACCOUNTS, INCLUDING, BUT NOT  
29 LIMITED TO, THE BOARD'S ACCRUAL AND EXPENDITURE OF DIRECTED  
30 COMMISSIONS, AND SETTING FORTH SUCH OTHER FACTS,

1 RECOMMENDATIONS, AND DATA AS MAY BE OF USE IN THE ADVANCEMENT OF  
2 KNOWLEDGE CONCERNING ANNUITIES AND OTHER BENEFITS PROVIDED BY  
3 THIS PART. THE BOARD SHALL SUBMIT SAID FINANCIAL [STATEMENT]  
4 STATEMENTS TO THE GOVERNOR AND SHALL FILE COPIES WITH THE HEAD  
5 OF EACH DEPARTMENT FOR THE USE OF THE STATE EMPLOYEES AND THE  
6 PUBLIC.

7 (N) INDEPENDENT [AUDIT] AUDITS.--THE BOARD SHALL PROVIDE FOR  
8 [AN ANNUAL AUDIT] ANNUAL AUDITS OF THE SYSTEM AND THE PLAN BY  
9 [AN] INDEPENDENT CERTIFIED PUBLIC [ACCOUNTANT, WHICH AUDIT]  
10 ACCOUNTANTS. THE AUDITS SHALL INCLUDE THE BOARD'S ACCRUAL AND  
11 EXPENDITURE OF DIRECTED COMMISSIONS. THE BOARD MAY USE THE SAME  
12 INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT FOR THE AUDITS OF BOTH  
13 THE SYSTEM AND THE PLAN.

14 \* \* \*

15 (P) PARTICIPANT AND EMPLOYER CONTRIBUTIONS TO TRUST.--THE  
16 BOARD SHALL, EACH YEAR IN ADDITION TO ANY FEES AND ITEMIZED  
17 BUDGET REQUIRED UNDER SECTION 5509, CERTIFY, AS A PERCENTAGE OF  
18 EACH PARTICIPANT'S COMPENSATION, THE EMPLOYER DEFINED  
19 CONTRIBUTIONS, WHICH SHALL BE PAID TO THE TRUST AND CREDITED TO  
20 EACH PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT. CERTIFICATIONS  
21 UNDER THIS SUBSECTION SHALL BE REGARDED AS FINAL AND NOT SUBJECT  
22 TO MODIFICATION BY THE SECRETARY OF THE BUDGET. THE BOARD SHALL  
23 CAUSE ALL MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS MADE ON  
24 BEHALF OF A PARTICIPANT AND ALL VOLUNTARY CONTRIBUTIONS MADE BY  
25 A PARTICIPANT TO BE CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
26 INVESTMENT ACCOUNT.

27 (Q) MANAGEMENT FEES.--

<--

28 (1) AT THE BEGINNING OF THE NEXT FISCAL YEAR AFTER THE  
29 REPORT IN SECTION 5958(B) (5) (RELATING TO PUBLIC PENSION  
30 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION) IS

1 DELIVERED TO THE GOVERNOR AND THE GENERAL ASSEMBLY, THE BOARD  
2 SHALL IMPLEMENT A STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT  
3 FEES TO BE WITHIN THE 75% LEAST EXPENSIVE SYSTEMS COMPARED TO  
4 OTHER STATEWIDE PUBLIC PENSION FUNDS PERFORMING IN THE UNITED  
5 STATES BY THE FIFTH FISCAL YEAR, BASED ON BENCHMARKING  
6 ANALYSIS PROVIDED BY A CONSULTANT WITH DATA AND EXPERTISE ON  
7 PENSION FUNDS.

8 (2) SUBSEQUENT TO THE FIVE-YEAR PERIOD DESCRIBED IN  
9 PARAGRAPH (1), THE BOARD SHALL IMPLEMENT AN ADDITIONAL  
10 STRATEGY TO REDUCE TOTAL PENSION MANAGEMENT FEES TO BE WITHIN  
11 THE 60% LEAST COSTLY STATEWIDE PUBLIC PENSION SYSTEMS  
12 PERFORMING IN THE UNITED STATES BY THE TENTH FISCAL YEAR,  
13 BASED ON BENCHMARKING ANALYSIS PROVIDED BY A CONSULTANT WITH  
14 DATA AND EXPERTISE ON PENSION FUNDS.

15 (3) FOR THE PURPOSES OF THIS SECTION, PENSION MANAGEMENT  
16 FEES SHALL MEAN INVESTMENT MANAGEMENT FEES EXPRESSED AS A  
17 PERCENTAGE OF ASSETS UNDER MANAGEMENT.

18 § 5903. DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF  
19 DEPARTMENTS [AND], MEMBERS AND PARTICIPANTS.

20 (A) MANUAL OF REGULATIONS.--THE BOARD SHALL, WITH THE ADVICE  
21 OF THE ATTORNEY GENERAL AND THE ACTUARY, PREPARE AND PROVIDE,  
22 WITHIN 90 DAYS OF THE EFFECTIVE DATE OF THIS PART, A MANUAL  
23 INCORPORATING RULES AND REGULATIONS CONSISTENT WITH THE  
24 PROVISIONS OF THIS PART TO THE HEADS OF DEPARTMENTS WHO SHALL  
25 MAKE THE INFORMATION CONTAINED THEREIN AVAILABLE TO THE GENERAL  
26 MEMBERSHIP. THE BOARD SHALL THEREAFTER ADVISE THE HEADS OF  
27 DEPARTMENTS WITHIN 90 DAYS OF ANY CHANGES IN SUCH RULES AND  
28 REGULATIONS DUE TO CHANGES IN THE LAW OR DUE TO CHANGES IN  
29 ADMINISTRATIVE POLICIES. AS SOON AS PRACTICABLE AFTER THE  
30 COMMISSIONER'S ANNOUNCEMENT WITH RESPECT THERETO, THE BOARD

1 SHALL ALSO ADVISE THE HEADS OF DEPARTMENTS AS TO ANY COST-OF-  
2 LIVING ADJUSTMENT FOR THE SUCCEEDING CALENDAR YEAR IN THE AMOUNT  
3 OF THE LIMITATION UNDER IRC § 401(A)(17) AND THE DOLLAR AMOUNTS  
4 OF THE LIMITATIONS UNDER IRC § [415(B)] 415. AS SOON AS  
5 PRACTICABLE AFTER JANUARY 1 OF EACH YEAR, THE BOARD SHALL ALSO  
6 ADVISE THE HEADS OF DEPARTMENTS OF THE EMPLOYEES FOR WHOM,  
7 PURSUANT TO SECTION 5502.1 (RELATING TO WAIVER OF REGULAR MEMBER  
8 CONTRIBUTIONS AND SOCIAL SECURITY INTEGRATION MEMBER  
9 CONTRIBUTIONS), PICKUP CONTRIBUTIONS ARE NOT TO BE MADE.

10 \* \* \*

11 (B.1) PARTICIPANT STATUS STATEMENTS.--THE BOARD SHALL  
12 FURNISH ANNUALLY TO EACH PARTICIPANT, ON OR BEFORE APRIL 1 AND  
13 MORE FREQUENTLY AS THE BOARD MAY AGREE OR AS REQUIRED BY LAW, A  
14 STATEMENT SHOWING THE ACCUMULATED TOTAL DEFINED CONTRIBUTIONS  
15 CREDITED TO THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT, THE  
16 NATURE AND TYPE OF INVESTMENTS AND THE INVESTMENT ALLOCATION OF  
17 FUTURE CONTRIBUTIONS AS OF DECEMBER 31 OF THE PREVIOUS YEAR, AND  
18 SHALL REQUEST THE PARTICIPANT TO MAKE ANY NECESSARY CORRECTION  
19 OR REVISION REGARDING THE DESIGNATED BENEFICIARY.

20 \* \* \*

21 § 5905. DUTIES OF THE BOARD REGARDING APPLICATIONS AND  
22 ELECTIONS OF MEMBERS AND PARTICIPANTS.

23 \* \* \*

24 (C.1) TERMINATION OF SERVICE BY A MEMBER.--IN THE CASE OF  
25 ANY MEMBER TERMINATING STATE SERVICE WHO IS ENTITLED TO AN  
26 ANNUITY AND WHO IS NOT THEN A DISABILITY ANNUITANT, THE BOARD  
27 SHALL ADVISE SUCH MEMBER IN WRITING OF ANY BENEFITS FROM THE  
28 SYSTEM TO WHICH HE MAY BE ENTITLED UNDER THE PROVISIONS OF THIS  
29 PART AND SHALL HAVE THE MEMBER PREPARE, ON OR BEFORE THE DATE OF  
30 TERMINATION OF STATE SERVICE, ONE OF THE FOLLOWING THREE FORMS,

1 A COPY OF WHICH SHALL BE GIVEN TO THE MEMBER AND THE ORIGINAL OF  
2 WHICH SHALL BE FILED WITH THE BOARD:

3 (1) AN APPLICATION FOR THE RETURN OF TOTAL ACCUMULATED  
4 DEDUCTIONS;

5 (2) IF ELIGIBLE, AN ELECTION TO VEST HIS RETIREMENT  
6 RIGHTS AND, IF HE IS A JOINT COVERAGE MEMBER AND SO DESIRES,  
7 ELECT TO BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY  
8 WITHIN 30 DAYS OF THE DATE OF TERMINATION OF SERVICE THE LUMP  
9 SUM REQUIRED; OR

10 (3) IF ELIGIBLE, AN APPLICATION FOR AN IMMEDIATE ANNUITY  
11 AND, IF HE DESIRES:

12 (I) AN ELECTION TO CONVERT HIS MEDICAL, MAJOR  
13 MEDICAL AND HOSPITALIZATION INSURANCE COVERAGE TO THE  
14 PLAN FOR STATE ANNUITANTS; AND

15 (II) IF HE IS A JOINT COVERAGE MEMBER, AN ELECTION  
16 TO BECOME A FULL COVERAGE MEMBER AND AN AGREEMENT TO PAY  
17 WITHIN 30 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP  
18 SUM REQUIRED.

19 (C.2) TERMINATION OF SERVICE BY PARTICIPANT.--IN THE CASE OF  
20 A PARTICIPANT TERMINATING STATE SERVICE, THE BOARD SHALL ADVISE  
21 THE PARTICIPANT IN WRITING OF THE VESTED ACCUMULATED TOTAL  
22 DEFINED CONTRIBUTIONS CREDITED TO THE PARTICIPANT'S INDIVIDUAL  
23 INVESTMENT ACCOUNT AS OF THE DATE STATED IN THE WRITING, ANY  
24 NOTICES REGARDING ROLLOVER OR OTHER MATTERS REQUIRED BY IRC OR  
25 OTHER LAW, THE OBLIGATION OF THE PARTICIPANT TO COMMENCE  
26 DISTRIBUTIONS FROM THE PLAN BY THE PARTICIPANT'S REQUIRED  
27 BEGINNING DATE AND THE ABILITY TO RECEIVE ALL OR PART OF THE  
28 VESTED BALANCE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
29 ACCOUNT IN A LUMP SUM OR IN SUCH OTHER FORM AS THE BOARD MAY  
30 AUTHORIZE OR AS REQUIRED BY LAW.

1       \* \* \*

2       (E.2) NOTIFICATION TO INACTIVE PARTICIPANTS APPROACHING  
3 REQUIRED BEGINNING DATE.--THE BOARD SHALL NOTIFY IN WRITING EACH  
4 INACTIVE PARTICIPANT WHO HAS TERMINATED STATE SERVICE AND HAS  
5 NOT COMMENCED DISTRIBUTION BY 90 DAYS BEFORE THE PARTICIPANT'S  
6 REQUIRED BEGINNING DATE THAT THE INACTIVE PARTICIPANT HAS AN  
7 OBLIGATION TO COMMENCE DISTRIBUTIONS BY THE REQUIRED BEGINNING  
8 DATE IN A FORM AND MANNER REQUIRED BY IRC § 401(A)(9) AND OTHER  
9 APPLICABLE PROVISIONS OF THE IRC.

10      \* \* \*

11      (F.1) INITIAL PAYMENT TO PARTICIPANTS.--THE BOARD SHALL MAKE  
12 THE INITIAL PAYMENT TO A PARTICIPANT WHO HAS APPLIED FOR A  
13 DISTRIBUTION WITHIN 60 DAYS OF THE RECEIPT OF ALL INFORMATION  
14 NECESSARY TO PROCESS THE APPLICATION FOR A DISTRIBUTION.

15      (G) DEATH BENEFITS.--UPON RECEIPT OF NOTIFICATION FROM THE  
16 HEAD OF A DEPARTMENT OF THE DEATH OF AN ACTIVE MEMBER, A MEMBER  
17 PERFORMING USERRA LEAVE [OR], A MEMBER ON LEAVE WITHOUT PAY, AN  
18 ACTIVE PARTICIPANT, AN INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY  
19 OR A FORMER PARTICIPANT PERFORMING USERRA LEAVE, THE BOARD SHALL  
20 ADVISE THE DESIGNATED BENEFICIARY OF THE BENEFITS TO WHICH HE IS  
21 ENTITLED, AND SHALL MAKE THE FIRST PAYMENT TO THE BENEFICIARY  
22 WITHIN 60 DAYS OF RECEIPT OF CERTIFICATION OF DEATH AND OTHER  
23 NECESSARY DATA. IF NO BENEFICIARY DESIGNATION IS IN EFFECT AT  
24 THE DATE OF THE MEMBER'S DEATH OR NO NOTICE HAS BEEN FILED WITH  
25 THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE MEMBER'S  
26 ESTATE, THE BOARD IS AUTHORIZED TO PAY THE BENEFITS TO THE  
27 EXECUTOR, ADMINISTRATOR, SURVIVING SPOUSE OR NEXT OF KIN OF THE  
28 DECEASED MEMBER, AND PAYMENT PURSUANT [HERETO] TO THIS  
29 SUBSECTION SHALL FULLY DISCHARGE THE FUND FROM ANY FURTHER  
30 LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON.



1 IF THE SURVIVING SPOUSE OR NEXT OF KIN OF THE DECEASED MEMBER  
2 CANNOT BE FOUND FOR THE PURPOSE OF PAYING THE BENEFITS FOR A  
3 PERIOD OF SEVEN YEARS FROM THE DATE OF DEATH OF THE MEMBER, THEN  
4 THE BENEFITS SHALL BE ESCHEATED TO THE COMMONWEALTH FOR THE  
5 BENEFIT OF THE FUND. IF NO BENEFICIARY DESIGNATION IS IN EFFECT  
6 AT THE DATE OF A PARTICIPANT'S DEATH OR NO NOTICE HAS BEEN FILED  
7 WITH THE BOARD TO PAY THE AMOUNT OF THE BENEFITS TO THE  
8 PARTICIPANT'S ESTATE, THE BOARD MAY PAY THE BENEFITS AS  
9 ESTABLISHED IN THE PLAN DOCUMENT, AND PAYMENT PURSUANT TO THIS  
10 SUBSECTION SHALL FULLY DISCHARGE THE TRUST FROM ANY FURTHER  
11 LIABILITY TO MAKE PAYMENT OF SUCH BENEFITS TO ANY OTHER PERSON.

12 \* \* \*

13 SECTION 320. SECTION 5905.1(A), (B) AND (D) OF TITLE 71 ARE  
14 AMENDED TO READ:

15 § 5905.1. INSTALLMENT PAYMENTS OF ACCUMULATED DEDUCTIONS.

16 (A) GENERAL RULE.--NOTWITHSTANDING ANY OTHER PROVISION OF  
17 THIS PART, WHENEVER A MEMBER ELECTS TO WITHDRAW HIS TOTAL  
18 ACCUMULATED DEDUCTIONS PURSUANT TO SECTION 5311(A) (RELATING TO  
19 ELIGIBILITY FOR REFUNDS) OR 5701 (RELATING TO RETURN OF TOTAL  
20 ACCUMULATED DEDUCTIONS) OR ELECTS TO RECEIVE A PORTION OF HIS  
21 BENEFIT PAYABLE AS A LUMP SUM PURSUANT TO SECTION 5705(A) (4)  
22 (III) OR (A.1) (RELATING TO MEMBER'S OPTIONS), THE MEMBER MAY  
23 ELECT TO RECEIVE THE AMOUNT IN NOT MORE THAN FOUR INSTALLMENTS.

24 (B) PAYMENT OF FIRST INSTALLMENT.--THE PAYMENT OF THE FIRST  
25 INSTALLMENT SHALL BE MADE IN THE AMOUNT AND WITHIN SEVEN DAYS OF  
26 THE DATE SPECIFIED BY THE MEMBER, EXCEPT AS FOLLOWS:

27 (1) UPON RECEIPT OF A MEMBER'S APPLICATION TO WITHDRAW  
28 HIS TOTAL ACCUMULATED DEDUCTIONS AS PROVIDED IN SECTION  
29 5311(A) OR 5701 AND UPON RECEIPT OF ALL REQUIRED DATA FROM  
30 THE HEAD OF THE DEPARTMENT AND, IF THE MEMBER HAS CLASS G,

1 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M OR CLASS  
2 N SERVICE, ANY DATA REQUIRED FROM THE COUNTY RETIREMENT  
3 SYSTEM OR PENSION PLAN TO WHICH THE MEMBER WAS A CONTRIBUTOR  
4 BEFORE BEING TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL  
5 NOT BE REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS  
6 AFTER THE FILING OF THE APPLICATION AND THE RECEIPT OF THE  
7 DATA OR THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS  
8 LATER.

9 (2) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION  
10 5705(A)(4)(III) OR (A.1) BY A MEMBER TERMINATING SERVICE  
11 WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR AND UPON  
12 RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE DEPARTMENT  
13 AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I, CLASS J,  
14 CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY DATA  
15 REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION PLAN TO  
16 WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING TRANSFERRED  
17 TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE REQUIRED TO PAY  
18 THE FIRST INSTALLMENT PRIOR TO 21 DAYS AFTER THE LATER OF THE  
19 FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR THE  
20 DATE OF TERMINATION OF SERVICE, BUT, UNLESS OTHERWISE  
21 DIRECTED BY THE MEMBER, THE PAYMENT SHALL BE MADE NO LATER  
22 THAN 45 DAYS AFTER THE FILING OF THE APPLICATION AND THE  
23 RECEIPT OF THE DATA OR THE DATE OF TERMINATION OF SERVICE,  
24 WHICHEVER IS LATER.

25 (3) IN THE CASE OF AN ELECTION AS PROVIDED IN SECTION  
26 5705(A)(4)(III) OR (A.1) BY A MEMBER WHO IS NOT TERMINATING  
27 SERVICE WITHIN 60 DAYS PRIOR TO THE END OF A CALENDAR YEAR  
28 AND UPON RECEIPT OF ALL REQUIRED DATA FROM THE HEAD OF THE  
29 DEPARTMENT AND, IF THE MEMBER HAS CLASS G, CLASS H, CLASS I,  
30 CLASS J, CLASS K, CLASS L, CLASS M OR CLASS N SERVICE, ANY

DATA REQUIRED FROM THE COUNTY RETIREMENT SYSTEM OR PENSION  
PLAN TO WHICH THE MEMBER WAS A CONTRIBUTOR BEFORE BEING  
TRANSFERRED TO STATE EMPLOYMENT, THE BOARD SHALL NOT BE  
REQUIRED TO PAY THE FIRST INSTALLMENT PRIOR TO 45 DAYS AFTER  
THE FILING OF THE APPLICATION AND THE RECEIPT OF THE DATA OR  
THE DATE OF TERMINATION OF SERVICE, WHICHEVER IS LATER.

\* \* \*

(D) STATUTORY INTEREST.--ANY LUMP SUM, INCLUDING A LUMP SUM  
PAYABLE PURSUANT TO SECTION 5705.1 (RELATING TO PAYMENT OF  
ACCUMULATED DEDUCTIONS RESULTING FROM CLASS A-3 [AND] CLASS A-4  
AND CLASS A-5 SERVICE), OR INSTALLMENT PAYABLE SHALL INCLUDE  
STATUTORY INTEREST CREDITED TO THE DATE OF PAYMENT, EXCEPT IN  
THE CASE OF A MEMBER, OTHER THAN A VESTEE OR SPECIAL VESTEE, WHO  
HAS NOT FILED HIS APPLICATION PRIOR TO 90 DAYS FOLLOWING HIS  
TERMINATION OF SERVICE.

SECTION 321. SECTIONS 5906(A), (B), (D), (E), (I) AND (L)  
AND ~~5907(A)~~ 5907 HEADING, (A), (E), (F) AND (H) OF TITLE 71 ARE <--  
AMENDED AND THE SECTIONS ARE AMENDED BY ADDING SUBSECTIONS TO  
READ:

§ 5906. DUTIES OF HEADS OF DEPARTMENTS.

(A) STATUS OF MEMBERS AND PARTICIPANTS.--THE HEAD OF  
DEPARTMENT SHALL, AT THE END OF EACH PAY PERIOD, NOTIFY THE  
BOARD IN A MANNER PRESCRIBED BY THE BOARD OF SALARY CHANGES  
EFFECTIVE DURING THAT PERIOD FOR ANY MEMBERS AND PARTICIPANTS OF  
THE DEPARTMENT, THE DATE OF ALL REMOVALS FROM THE PAYROLL, AND  
THE TYPE OF LEAVE OF ANY MEMBERS AND PARTICIPANTS OF THE  
DEPARTMENT WHO HAVE BEEN REMOVED FROM THE PAYROLL FOR ANY TIME  
DURING THAT PERIOD, AND:

(1) IF THE REMOVAL IS DUE TO LEAVE WITHOUT PAY, HE SHALL  
FURNISH THE BOARD WITH THE DATE OF BEGINNING LEAVE AND THE

1 DATE OF RETURN TO SERVICE, AND THE REASON FOR LEAVE; OR

2 (2) IF THE REMOVAL IS DUE TO A TRANSFER TO ANOTHER  
3 DEPARTMENT, HE SHALL FURNISH SUCH DEPARTMENT AND THE BOARD  
4 WITH A COMPLETE STATE SERVICE RECORD, INCLUDING PAST STATE  
5 SERVICE IN OTHER DEPARTMENTS OR AGENCIES, OR CREDITABLE  
6 NONSTATE SERVICE; OR

7 (3) IF THE REMOVAL IS DUE TO TERMINATION OF STATE  
8 SERVICE, HE SHALL FURNISH THE BOARD WITH A COMPLETE STATE  
9 SERVICE RECORD, INCLUDING SERVICE IN OTHER DEPARTMENTS OR  
10 AGENCIES, OR CREDITABLE NONSTATE SERVICE AND;

11 (I) IN THE CASE OF DEATH OF THE MEMBER OR  
12 PARTICIPANT, THE HEAD OF THE DEPARTMENT SHALL SO NOTIFY  
13 THE BOARD;

14 (II) IN THE CASE OF A SERVICE CONNECTED DISABILITY  
15 OF A MEMBER, THE HEAD OF DEPARTMENT SHALL, TO THE BEST OF  
16 HIS ABILITY, INVESTIGATE THE CIRCUMSTANCES SURROUNDING  
17 THE DISABLEMENT OF THE MEMBER AND SUBMIT IN WRITING TO  
18 THE BOARD INFORMATION WHICH SHALL INCLUDE BUT NOT  
19 NECESSARILY BE LIMITED TO THE FOLLOWING: DATE, PLACE AND  
20 TIME OF DISABLEMENT TO THE EXTENT ASCERTAINABLE; NATURE  
21 OF DUTIES BEING PERFORMED AT SUCH TIME; AND WHETHER OR  
22 NOT THE DUTIES BEING PERFORMED WERE AUTHORIZED AND  
23 INCLUDED AMONG THE MEMBER'S REGULAR DUTIES. IN ADDITION,  
24 THE HEAD OF DEPARTMENT SHALL FURNISH IN WRITING TO THE  
25 BOARD ALL SUCH OTHER INFORMATION AS MAY BE RELATED TO THE  
26 MEMBER'S DISABLEMENT;

27 (III) IN THE CASE OF A MEMBER TERMINATING FROM THE  
28 PENNSYLVANIA STATE UNIVERSITY WHO IS A MEMBER OF THE  
29 SYSTEM WITH FIVE OR MORE BUT LESS THAN TEN ELIGIBILITY  
30 POINTS AND WHO HAS TERMINATED STATE SERVICE ON JUNE 30,

1 1997, BECAUSE OF THE TRANSFER OF HIS JOB POSITION OR  
2 DUTIES TO A CONTROLLED ORGANIZATION OF THE PENN STATE  
3 GEISINGER HEALTH SYSTEM OR BECAUSE OF THE ELIMINATION OF  
4 HIS JOB POSITION OR DUTIES DUE TO THE TRANSFER OF OTHER  
5 JOB POSITIONS OR DUTIES TO A CONTROLLED ORGANIZATION OF  
6 THE PENN STATE GEISINGER HEALTH SYSTEM, THE HEAD OF THE  
7 DEPARTMENT SHALL SO CERTIFY TO THE BOARD.

8 (B) RECORDS AND INFORMATION.--AT ANY TIME AT THE REQUEST OF  
9 THE BOARD AND AT TERMINATION OF SERVICE OF A MEMBER OR  
10 PARTICIPANT, THE HEAD OF DEPARTMENT SHALL FURNISH SERVICE AND  
11 COMPENSATION RECORDS AND SUCH OTHER INFORMATION AS THE BOARD MAY  
12 REQUIRE AND SHALL MAINTAIN AND PRESERVE SUCH RECORDS AS THE  
13 BOARD MAY DIRECT FOR THE EXPEDITIOUS DISCHARGE OF ITS DUTIES.

14 \* \* \*

15 (C.1) PARTICIPANT AND EMPLOYER DEFINED CONTRIBUTIONS.--THE  
16 HEAD OF DEPARTMENT SHALL:

17 (1) CAUSE TO BE MADE:

18 (I) THE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS  
19 ON BEHALF OF A PARTICIPANT;

20 (II) THE DEDUCTION OF ANY VOLUNTARY CONTRIBUTIONS  
21 AUTHORIZED BY A PARTICIPANT; AND

22 (III) THE EMPLOYER DEFINED CONTRIBUTIONS ON BEHALF  
23 OF A PARTICIPANT.

24 (2) NOTIFY THE BOARD AT TIMES AND IN A MANNER PRESCRIBED  
25 BY THE BOARD OF THE COMPENSATION OF ANY PARTICIPANT TO WHOM  
26 THE LIMITATION UNDER IRC § 401(A)(17) EITHER APPLIES OR IS  
27 EXPECTED TO APPLY AND CAUSE THE PARTICIPANT'S CONTRIBUTIONS  
28 TO BE DEDUCTED FROM PAYROLL TO CEASE AT THE LIMITATION UNDER  
29 IRC § 401(A)(17) ON THE PAYROLL DATE IF AND WHEN SUCH LIMIT  
30 SHALL BE REACHED.

1           (3) CERTIFY TO THE STATE TREASURER THE AMOUNTS PICKED UP  
2           AND DEDUCTED AND THE EMPLOYER DEFINED CONTRIBUTIONS BEING  
3           MADE AND SEND THE TOTAL AMOUNT PICKED UP, DEDUCTED AND  
4           CONTRIBUTED TOGETHER WITH A DUPLICATE OF THE VOUCHER TO THE  
5           SECRETARY OF THE BOARD EVERY PAY PERIOD OR ON SUCH SCHEDULE  
6           AS ESTABLISHED BY THE BOARD.

7           (D) NEW EMPLOYEES SUBJECT TO MANDATORY MEMBERSHIP OR  
8           PARTICIPATION.--UPON THE ASSUMPTION OF DUTIES OF EACH NEW STATE  
9           EMPLOYEE WHOSE MEMBERSHIP IN THE SYSTEM OR PLAN IS MANDATORY,  
10          THE HEAD OF DEPARTMENT SHALL CAUSE AN APPLICATION FOR MEMBERSHIP  
11          OR PARTICIPATION AND A NOMINATION OF BENEFICIARY TO BE MADE BY  
12          SUCH EMPLOYEE AND FILED WITH THE BOARD AND SHALL MAKE PICKUP  
13          CONTRIBUTIONS OR MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS FROM  
14          THE EFFECTIVE DATE OF STATE EMPLOYMENT.

15          (E) NEW EMPLOYEES SUBJECT TO OPTIONAL MEMBERSHIP OR  
16          PARTICIPATION.--THE HEAD OF DEPARTMENT SHALL, UPON THE  
17          EMPLOYMENT OR ENTERING INTO OFFICE OF ANY STATE EMPLOYEE WHOSE  
18          MEMBERSHIP IN THE SYSTEM OR PARTICIPATION IN THE PLAN IS NOT  
19          MANDATORY, INFORM SUCH EMPLOYEE OF HIS OPPORTUNITY TO BECOME A  
20          MEMBER OF THE SYSTEM OR A PARTICIPANT IN THE PLAN. IF SUCH  
21          EMPLOYEE SO ELECTS, THE HEAD OF DEPARTMENT SHALL CAUSE AN  
22          APPLICATION FOR MEMBERSHIP OR PARTICIPATION AND A NOMINATION OF  
23          BENEFICIARY TO BE MADE BY HIM AND FILED WITH THE BOARD AND SHALL  
24          CAUSE PROPER CONTRIBUTIONS TO BE MADE FROM THE EFFECTIVE DATE OF  
25          MEMBERSHIP OR PARTICIPATION.

26          \* \* \*

27          (I) ANNUAL STATEMENT TO MEMBERS.--ANNUALLY, UPON RECEIPT  
28          FROM THE BOARD, THE HEAD OF DEPARTMENT SHALL FURNISH TO EACH  
29          MEMBER THE STATEMENT SPECIFIED IN SECTION 5903(B) (RELATING TO  
30          DUTIES OF THE BOARD TO ADVISE AND REPORT TO HEADS OF DEPARTMENTS

1 [AND], MEMBERS AND PARTICIPANTS).

2 \* \* \*

3 (L) STATE EMPLOYEES PERFORMING USERRA OR MILITARY-RELATED  
4 LEAVE OF ABSENCE.--THE HEAD OF DEPARTMENT SHALL REPORT TO THE  
5 BOARD ANY STATE EMPLOYEE WHO CEASES TO BE AN ACTIVE MEMBER OR  
6 ACTIVE PARTICIPANT TO PERFORM USERRA SERVICE, OR WHO IS GRANTED  
7 A LEAVE OF ABSENCE UNDER 51 PA.C.S. § 4102 (RELATING TO LEAVES  
8 OF ABSENCE FOR CERTAIN GOVERNMENT EMPLOYEES) OR A MILITARY LEAVE  
9 OF ABSENCE UNDER 51 PA.C.S. § 7302 (RELATING TO GRANTING  
10 MILITARY LEAVES OF ABSENCE), THE DATE ON WHICH THE USERRA  
11 SERVICE, LEAVE OF ABSENCE OR MILITARY LEAVE OF ABSENCE BEGAN,  
12 THE DATE ON WHICH THE STATE EMPLOYEE IS REEMPLOYED FROM USERRA  
13 LEAVE OR RETURNS AFTER THE LEAVE OF ABSENCE OR MILITARY LEAVE OF  
14 ABSENCE, IF THE EVENT OCCURS, AND ANY OTHER INFORMATION THE  
15 BOARD MAY REQUIRE OR DIRECT.

16 \* \* \*

17 (N) EMPLOYEES RECEIVING PAYMENTS FOR OVERTIME SERVICE OR  
18 DUTIES.--THE HEAD OF DEPARTMENT SHALL REPORT TO THE BOARD IN A  
19 FORM AND MANNER ESTABLISHED BY THE BOARD ANY PAYMENTS MADE TO A  
20 MEMBER FOR OVERTIME SERVICE OR DUTIES FOR POST-DECEMBER 2016  
21 SERVICE.

22 § 5907. RIGHTS AND DUTIES OF STATE EMPLOYEES [AND], MEMBERS AND  
23 PARTICIPANTS.

24 (A) INFORMATION ON NEW EMPLOYEES.--UPON HIS ASSUMPTION OF  
25 DUTIES EACH NEW STATE EMPLOYEE SHALL FURNISH THE HEAD OF  
26 DEPARTMENT WITH A COMPLETE RECORD OF HIS PREVIOUS STATE SERVICE,  
27 HIS SCHOOL SERVICE OR CREDITABLE NONSTATE SERVICE, AND PROOF OF  
28 HIS DATE OF BIRTH AND CURRENT STATUS IN THE SYSTEM AND THE PLAN  
29 AND IN THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE  
30 SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN. WILLFUL FAILURE TO

1 PROVIDE THE INFORMATION REQUIRED BY THIS SUBSECTION TO THE  
2 EXTENT AVAILABLE UPON ENTRANCE INTO THE SYSTEM SHALL RESULT IN  
3 THE FORFEITURE OF THE RIGHT OF THE MEMBER TO SUBSEQUENTLY ASSERT  
4 ANY RIGHT TO BENEFITS BASED ON ANY OF THE REQUIRED INFORMATION  
5 WHICH HE FAILED TO PROVIDE. IN ANY CASE IN WHICH THE BOARD FINDS  
6 THAT A MEMBER IS RECEIVING AN ANNUITY BASED ON FALSE  
7 INFORMATION, THE TOTAL AMOUNT RECEIVED PREDICATED ON SUCH FALSE  
8 INFORMATION TOGETHER WITH STATUTORY INTEREST DOUBLED AND  
9 COMPOUNDED SHALL BE DEDUCTED FROM THE PRESENT VALUE OF ANY  
10 REMAINING BENEFITS TO WHICH THE MEMBER IS LEGALLY ENTITLED.

11 \* \* \*

12 (B.1) APPLICATION FOR PARTICIPATION.--ON OR AFTER JANUARY 1,  
13 2018, THE FOLLOWING TYPES OF EMPLOYEES SHALL EXECUTE AN  
14 APPLICATION FOR PARTICIPATION AND A NOMINATION OF A BENEFICIARY:

15 (1) AN EMPLOYEE WHO IS NOT CURRENTLY A PARTICIPANT IN  
16 THE PLAN AND WHOSE PARTICIPATION IS MANDATORY.

17 (2) AN EMPLOYEE WHOSE PARTICIPATION IS NOT MANDATORY BUT  
18 IS PERMITTED AND WHO DESIRES TO BECOME A PARTICIPANT IN THE  
19 PLAN.

20 \* \* \*

21 (D.2) CONTRIBUTIONS FOR USERRA LEAVE.--ANY ACTIVE  
22 PARTICIPANT OR INACTIVE PARTICIPANT ON LEAVE WITHOUT PAY OR  
23 FORMER PARTICIPANT WHO WAS REEMPLOYED FROM USERRA LEAVE WHO  
24 DESIRES TO MAKE MANDATORY PICKUP PARTICIPANT CONTRIBUTIONS AND  
25 VOLUNTARY CONTRIBUTIONS FOR HIS USERRA LEAVE SHALL NOTIFY THE  
26 BOARD WITHIN THE TIME PERIOD REQUIRED UNDER 38 U.S.C. CH. 43  
27 (RELATING TO EMPLOYMENT AND REEMPLOYMENT RIGHTS OF MEMBERS OF  
28 THE UNIFORMED SERVICES) AND IRC § 414(U) OF HIS DESIRE TO MAKE  
29 SUCH CONTRIBUTIONS. UPON MAKING THE PERMITTED MANDATORY PICKUP  
30 PARTICIPANT CONTRIBUTIONS WITHIN THE ALLOWED TIME PERIOD, THE



1 HEAD OF DEPARTMENT SHALL MAKE THE CORRESPONDING EMPLOYER DEFINED  
2 CONTRIBUTIONS AT THE SAME TIME.

3 (D.3) VOLUNTARY CONTRIBUTIONS BY A PARTICIPANT.--ANY  
4 PARTICIPANT WHO DESIRES TO MAKE VOLUNTARY CONTRIBUTIONS TO BE  
5 CREDITED TO HIS INDIVIDUAL INVESTMENT ACCOUNT SHALL NOTIFY THE  
6 BOARD AND, UPON COMPLIANCE WITH THE REQUIREMENTS, PROCEDURES AND  
7 LIMITATIONS ESTABLISHED BY THE BOARD IN THE PLAN DOCUMENT, MAY  
8 DO SO SUBJECT TO THE LIMITATIONS UNDER IRC §§ 401(A) AND 415 AND  
9 OTHER APPLICABLE LAW.

10 (E) BENEFICIARY FOR DEATH BENEFITS FROM SYSTEM.--EVERY  
11 MEMBER SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION FILED  
12 WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) (RELATING  
13 TO DUTIES OF HEADS OF DEPARTMENTS) TO RECEIVE THE DEATH BENEFIT  
14 PAYABLE UNDER SECTION 5707 (RELATING TO DEATH BENEFITS) OR THE  
15 BENEFIT PAYABLE UNDER THE PROVISIONS OF OPTION 1 OF SECTION  
16 5705(A)(1) (RELATING TO MEMBER'S OPTIONS). SUCH NOMINATION MAY  
17 BE CHANGED AT ANY TIME BY THE MEMBER BY WRITTEN DESIGNATION  
18 FILED WITH THE BOARD. A MEMBER MAY ALSO NOMINATE A CONTINGENT  
19 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT  
20 PROVIDED UNDER SECTION 5707 OR THE BENEFIT PAYABLE UNDER THE  
21 PROVISIONS OF OPTION 1 OF SECTION 5705(A)(1).

22 (E.1) BENEFICIARY FOR DEATH BENEFITS FROM THE PLAN.--EVERY  
23 PARTICIPANT SHALL NOMINATE A BENEFICIARY BY WRITTEN DESIGNATION  
24 FILED WITH THE BOARD AS PROVIDED IN SECTION 5906(D) OR (E) TO  
25 RECEIVE THE DEATH BENEFIT PAYABLE UNDER SECTION 5808 (RELATING  
26 TO DEATH BENEFITS). A PARTICIPANT MAY ALSO NOMINATE A CONTINGENT  
27 BENEFICIARY OR BENEFICIARIES TO RECEIVE THE DEATH BENEFIT  
28 PROVIDED UNDER SECTION 5808. SUCH NOMINATIONS MAY BE CHANGED AT  
29 ANY TIME BY THE PARTICIPANT BY WRITTEN DESIGNATION FILED WITH  
30 THE BOARD.

1     (E.2) BENEFICIARIES FOR EMPLOYEES WHO ARE MEMBERS AND  
2     PARTICIPANTS.--A STATE EMPLOYEE WHO IS BOTH A MEMBER OF THE  
3     SYSTEM AND A PARTICIPANT IN THE PLAN MAY DESIGNATE OR NOMINATE  
4     DIFFERENT PERSONS TO BE BENEFICIARIES, SURVIVOR ANNUITANTS AND  
5     SUCCESSOR PAYEES FOR HIS BENEFITS FROM THE SYSTEM AND THE PLAN.

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

11         (1) WITHDRAW HIS TOTAL ACCUMULATED DEDUCTIONS; OR

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

16         (3) IF ELIGIBLE, RECEIVE AN IMMEDIATE ANNUITY AND MAY,

17                 (I) IF ELIGIBLE, ELECT TO CONVERT HIS MEDICAL, MAJOR  
18                 MEDICAL, AND HOSPITALIZATION COVERAGE TO THE PLAN FOR  
19                 STATE ANNUITANTS; AND

20                 (II) IF HE IS A JOINT COVERAGE MEMBER, ELECT TO  
21                 BECOME A FULL COVERAGE MEMBER AND AGREE TO PAY WITHIN 30  
22                 DAYS OF DATE OF TERMINATION OF SERVICE THE LUMP SUM  
23                 REQUIRED.

24         \* \* \*

25     (G.1) DEFERRAL OF RETIREMENT RIGHTS.--IF A PARTICIPANT  
26     TERMINATES STATE SERVICE AND DOES NOT COMMENCE RECEIVING A  
27     DISTRIBUTION, HE SHALL NOMINATE A BENEFICIARY, AND HE MAY  
28     ANYTIME THEREAFTER, BUT NO LATER THAN HIS REQUIRED BEGINNING  
29     DATE, WITHDRAW THE VESTED ACCUMULATED TOTAL DEFINED  
30     CONTRIBUTIONS STANDING TO HIS CREDIT OR APPLY FOR ANOTHER FORM

1 OF DISTRIBUTION REQUIRED BY LAW OR AUTHORIZED BY THE BOARD.

2 (H) VESTEES AND SPECIAL VESTEES ATTAINING SUPERANNUATION  
3 AGE.--UPON ATTAINMENT OF SUPERANNUATION AGE A VESTEE OR SPECIAL  
4 VESTEE SHALL EXECUTE AND FILE AN APPLICATION FOR AN ANNUITY. ANY  
5 SUCH APPLICATION FILED WITHIN 90 DAYS AFTER ATTAINING  
6 SUPERANNUATION AGE SHALL BE EFFECTIVE AS OF THE DATE OF  
7 ATTAINMENT OF SUPERANNUATION AGE. ANY APPLICATION FILED AFTER  
8 SUCH PERIOD SHALL BE EFFECTIVE AS OF THE DATE IT IS FILED WITH  
9 THE BOARD, SUBJECT TO THE PROVISIONS OF SECTION 5905(F)  
10 (RELATING TO DUTIES OF THE BOARD REGARDING APPLICATIONS AND  
11 ELECTIONS OF MEMBERS AND PARTICIPANTS). IF A VESTEE OR SPECIAL  
12 VESTEE DOES NOT FILE AN APPLICATION WITHIN SEVEN YEARS AFTER  
13 ATTAINING SUPERANNUATION AGE, HE SHALL BE DEEMED TO HAVE ELECTED  
14 TO RECEIVE HIS TOTAL ACCUMULATED DEDUCTIONS UPON ATTAINMENT OF  
15 SUPERANNUATION AGE.

16 \* \* \*

17 SECTION 322. SECTIONS 5931(B), 5932, 5933(A), 5934, 5935,  
18 5936, 5937, 5938, 5939, 5951, 5953, 5953.1, 5953.2, 5953.3 AND  
19 5953.4(A) OF TITLE 71 ARE AMENDED TO READ:

20 § 5931. MANAGEMENT OF FUND AND ACCOUNTS.

21 \* \* \*

22 (B) CREDITING OF INTEREST.--THE BOARD, ANNUALLY, SHALL ALLOW  
23 THE REQUIRED INTEREST ON THE MEAN AMOUNT FOR THE PRECEDING YEAR  
24 TO THE CREDIT OF EACH OF THE ACCOUNTS OTHER THAN THE INDIVIDUAL  
25 INVESTMENT ACCOUNTS. THE AMOUNT SO ALLOWED SHALL BE CREDITED  
26 THERETO BY THE BOARD AND TRANSFERRED FROM THE INTEREST RESERVE  
27 ACCOUNT.

28 \* \* \*

29 § 5932. STATE EMPLOYEES' RETIREMENT FUND.

30 (A) GENERAL RULE.--THE FUND SHALL CONSIST OF ALL BALANCES IN

1 THE SEVERAL SEPARATE ACCOUNTS SET APART TO BE USED UNDER THE  
2 DIRECTION OF THE BOARD FOR THE BENEFIT OF MEMBERS OF THE SYSTEM;  
3 AND THE TREASURY DEPARTMENT SHALL CREDIT TO THE FUND ALL MONEYS  
4 RECEIVED FROM THE DEPARTMENT OF REVENUE ARISING FROM THE  
5 CONTRIBUTIONS RELATING TO OR ON BEHALF OF MEMBERS OF THE SYSTEM  
6 REQUIRED UNDER THE PROVISIONS OF CHAPTER 55 (RELATING TO  
7 CONTRIBUTIONS), AND ANY INCOME EARNED BY THE INVESTMENTS OR  
8 MONEYS OF SAID FUND. THERE SHALL BE ESTABLISHED AND MAINTAINED  
9 BY THE BOARD THE SEVERAL LEDGER ACCOUNTS SPECIFIED IN SECTIONS  
10 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO  
11 STATE ACCUMULATION ACCOUNT), 5935 (RELATING TO ANNUITY RESERVE  
12 ACCOUNT), 5936 (RELATING TO STATE POLICE BENEFIT ACCOUNT), 5937  
13 (RELATING TO ENFORCEMENT OFFICERS' BENEFIT ACCOUNT), 5938  
14 (RELATING TO SUPPLEMENTAL ANNUITY ACCOUNT) AND 5939 (RELATING TO  
15 INTEREST RESERVE ACCOUNT).

16 (B) INDIVIDUAL INVESTMENT ACCOUNTS AND TRUST.--THE  
17 INDIVIDUAL INVESTMENT ACCOUNTS THAT ARE PART OF THE TRUST SHALL  
18 NOT BE PART OF THE FUND. MANDATORY PICKUP PARTICIPANT  
19 CONTRIBUTIONS, VOLUNTARY CONTRIBUTIONS AND EMPLOYER DEFINED  
20 CONTRIBUTIONS MADE UNDER THIS PART AND ANY INCOME EARNED BY THE  
21 INVESTMENT OF SUCH CONTRIBUTIONS SHALL NOT BE PAID OR CREDITED  
22 TO THE FUND BUT SHALL BE PAID TO THE TRUST AND CREDITED TO THE  
23 INDIVIDUAL INVESTMENT ACCOUNTS.

24 § 5933. MEMBERS' SAVINGS ACCOUNT.

25 (A) CREDITS TO ACCOUNT.--THE MEMBERS' SAVINGS ACCOUNT SHALL  
26 BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF  
27 THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER  
28 EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE  
29 MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501  
30 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE),

1 5501.1 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS  
2 A-3 AND CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO  
3 REGULAR MEMBER CONTRIBUTIONS), 5502 (RELATING TO SOCIAL SECURITY  
4 INTEGRATION MEMBER CONTRIBUTIONS), 5503 (RELATING TO JOINT  
5 COVERAGE MEMBER CONTRIBUTIONS), 5504 (RELATING TO MEMBER  
6 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR PREVIOUS STATE  
7 SERVICE OR TO BECOME A FULL COVERAGE MEMBER), 5505.1 (RELATING  
8 TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5505 (RELATING TO  
9 CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR CREDITABLE NONSTATE  
10 SERVICE) AND TRANSFERRED FROM THE MEMBERS' SAVINGS ACCOUNT OF  
11 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE  
12 WITH THE PROVISIONS OF SECTION 5303.2 (RELATING TO ELECTION TO  
13 CONVERT SCHOOL SERVICE TO STATE SERVICE).

14 \* \* \*

15 § 5934. STATE ACCUMULATION ACCOUNT.

16 THE STATE ACCUMULATION ACCOUNT SHALL BE THE LEDGER ACCOUNT TO  
17 WHICH SHALL BE CREDITED ALL CONTRIBUTIONS OF THE COMMONWEALTH OR  
18 OTHER EMPLOYERS WHOSE EMPLOYEES ARE MEMBERS OF THE SYSTEM AND  
19 MADE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5507(A) OR (D)  
20 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND  
21 OTHER EMPLOYERS) EXCEPT THAT THE AMOUNTS RECEIVED UNDER THE  
22 PROVISIONS OF THE ACT OF MAY 12, 1943 (P.L.259, NO.120), AND THE  
23 AMOUNTS RECEIVED UNDER THE PROVISIONS OF THE LIQUOR CODE, ACT OF  
24 APRIL 12, 1951 (P.L.90, NO.21), SHALL BE CREDITED TO THE STATE  
25 POLICE BENEFIT ACCOUNT OR THE ENFORCEMENT OFFICERS' BENEFIT  
26 ACCOUNT AS THE CASE MAY BE. ALL AMOUNTS TRANSFERRED TO THE FUND  
27 BY COUNTY RETIREMENT SYSTEMS OR PENSION PLANS IN ACCORDANCE WITH  
28 THE PROVISIONS OF SECTION 5507(C) ALSO SHALL BE CREDITED TO THE  
29 STATE ACCUMULATION ACCOUNT. ALL AMOUNTS TRANSFERRED TO THE FUND  
30 BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE

1 WITH SECTION 5303.2(E) (RELATING TO ELECTION TO CONVERT SCHOOL  
2 SERVICE TO STATE SERVICE), EXCEPT AMOUNTS CREDITED TO THE  
3 MEMBERS' SAVINGS ACCOUNT, AND ALL AMOUNTS PAID BY THE DEPARTMENT  
4 OF CORRECTIONS IN ACCORDANCE WITH SECTION 5303.2(F) ALSO SHALL  
5 BE CREDITED TO THE STATE ACCUMULATION ACCOUNT. THE STATE  
6 ACCUMULATION ACCOUNT SHALL BE CREDITED WITH VALUATION INTEREST.  
7 THE RESERVES NECESSARY FOR THE PAYMENT OF ANNUITIES AND DEATH  
8 BENEFITS RESULTING FROM MEMBERSHIP IN THE SYSTEM AS APPROVED BY  
9 THE BOARD AND AS PROVIDED IN CHAPTER 57 (RELATING TO BENEFITS)  
10 SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE  
11 ANNUITY RESERVE ACCOUNT PROVIDED FOR IN SECTION 5935 (RELATING  
12 TO ANNUITY RESERVE ACCOUNT), EXCEPT THAT THE RESERVES NECESSARY  
13 ON ACCOUNT OF A MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA  
14 STATE POLICE OR AN ENFORCEMENT OFFICER SHALL BE TRANSFERRED FROM  
15 THE STATE ACCUMULATION ACCOUNT TO THE STATE POLICE BENEFIT  
16 ACCOUNT PROVIDED FOR IN SECTION 5936 (RELATING TO STATE POLICE  
17 BENEFIT ACCOUNT) OR TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT  
18 AS PROVIDED FOR IN SECTION 5937 (RELATING TO ENFORCEMENT  
19 OFFICERS' BENEFIT ACCOUNT) AS THE CASE MAY BE. THE RESERVES  
20 NECESSARY FOR THE PAYMENT OF SUPPLEMENTAL ANNUITIES IN EXCESS OF  
21 THOSE RESERVES CREDITED TO THE SUPPLEMENTAL ANNUITY ACCOUNT ON  
22 JUNE 30, 2010, SHALL BE TRANSFERRED FROM THE STATE ACCUMULATION  
23 ACCOUNT TO THE SUPPLEMENTAL ANNUITY ACCOUNT. IN THE EVENT THAT  
24 SUPPLEMENTAL ANNUITIES ARE INCREASED BY LEGISLATION ENACTED  
25 AFTER DECEMBER 31, 2009, THE NECESSARY RESERVES SHALL BE  
26 TRANSFERRED FROM THE STATE ACCUMULATION ACCOUNT TO THE  
27 SUPPLEMENTAL ANNUITY ACCOUNT.

28 § 5935. ANNUITY RESERVE ACCOUNT.

29 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ANNUITY RESERVE  
30 ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED

1 THE RESERVES HELD FOR PAYMENT OF ANNUITIES AND DEATH BENEFITS ON  
2 ACCOUNT OF ALL ANNUITANTS EXCEPT IN THE CASE OF MEMBERS WHO ARE  
3 OFFICERS OF THE PENNSYLVANIA STATE POLICE OR ENFORCEMENT  
4 OFFICERS. THE ANNUITY RESERVE ACCOUNT SHALL BE CREDITED WITH  
5 VALUATION INTEREST. AFTER THE TRANSFERS PROVIDED IN SECTIONS  
6 5933 (RELATING TO MEMBERS' SAVINGS ACCOUNT), 5934 (RELATING TO  
7 STATE ACCUMULATION ACCOUNT) AND 5938 (RELATING TO SUPPLEMENTAL  
8 ANNUITY ACCOUNT), ALL ANNUITY AND DEATH BENEFIT PAYMENTS  
9 RESULTING FROM MEMBERSHIP IN THE SYSTEM EXCEPT THOSE PAYABLE TO  
10 ANY MEMBER WHO RETIRES AS AN OFFICER OF THE PENNSYLVANIA STATE  
11 POLICE OR AN ENFORCEMENT OFFICER SHALL BE CHARGED TO THE ANNUITY  
12 RESERVE ACCOUNT AND PAID FROM THE FUND.

13 (B) TRANSFERS FROM ACCOUNT.--SHOULD AN ANNUITANT OTHER THAN  
14 A MEMBER WHO WAS RETIRED AS AN OFFICER OF THE PENNSYLVANIA STATE  
15 POLICE OR AN ENFORCEMENT OFFICER BE SUBSEQUENTLY RESTORED TO  
16 ACTIVE SERVICE AS A MEMBER OF THE SYSTEM OR AS A PARTICIPANT IN  
17 THE PLAN, THE PRESENT VALUE OF HIS MEMBER'S ANNUITY AT THE TIME  
18 OF REENTRY INTO STATE SERVICE SHALL BE TRANSFERRED FROM THE  
19 ANNUITY RESERVE ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN  
20 THE MEMBERS' SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE  
21 FOR HIS ANNUITY LESS THE AMOUNT TRANSFERRED TO THE MEMBERS'  
22 SAVINGS ACCOUNT SHALL BE TRANSFERRED FROM THE ANNUITY RESERVE  
23 ACCOUNT TO THE STATE ACCUMULATION ACCOUNT.

24 § 5936. STATE POLICE BENEFIT ACCOUNT.

25 (A) CREDITS AND CHARGES TO ACCOUNT.--THE STATE POLICE  
26 BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH SHALL BE  
27 CREDITED ALL CONTRIBUTIONS RECEIVED UNDER THE PROVISIONS OF THE  
28 ACT OF MAY 12, 1943 (P.L.259, NO.120), REFERRED TO AS THE  
29 FOREIGN CASUALTY INSURANCE PREMIUM TAX ALLOCATION LAW, AND ANY  
30 ADDITIONAL COMMONWEALTH OR OTHER EMPLOYER CONTRIBUTIONS PROVIDED

1 FOR IN SECTION 5507 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY  
2 THE COMMONWEALTH AND OTHER EMPLOYERS) WHICH ARE CREDITABLE TO  
3 THE STATE POLICE BENEFIT ACCOUNT. THE STATE POLICE BENEFIT  
4 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN  
5 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A  
6 MEMBER WHO IS AN OFFICER OF THE PENNSYLVANIA STATE POLICE, THE  
7 TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE CREDIT OF THE  
8 MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE NECESSARY  
9 RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE  
10 TRANSFERRED TO THE STATE POLICE BENEFIT ACCOUNT. THEREAFTER, THE  
11 TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED TO THE STATE  
12 POLICE BENEFIT ACCOUNT AND PAID FROM THE FUND.

13 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE  
14 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE AS A MEMBER OF THE  
15 SYSTEM OR AS A PARTICIPANT IN THE PLAN, THE PRESENT VALUE OF THE  
16 MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE SHALL  
17 BE TRANSFERRED FROM THE STATE POLICE BENEFIT ACCOUNT AND PLACED  
18 TO HIS INDIVIDUAL CREDIT IN THE MEMBERS' SAVINGS ACCOUNT. IN  
19 ADDITION, THE ACTUARIAL RESERVE FOR HIS ANNUITY CALCULATED AS IF  
20 HE HAD BEEN A MEMBER OF CLASS A IF HE HAS CLASS A OR CLASS C  
21 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF THE  
22 ANNUITANT HAS CLASS A-3 STATE SERVICE CREDITED; [OR] AS IF HE  
23 HAD BEEN A MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4  
24 SERVICE CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A-5 IF  
25 THE ANNUITANT HAS CLASS A-5 SERVICE CREDITED, LESS THE AMOUNT  
26 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED  
27 FROM THE STATE POLICE BENEFIT ACCOUNT TO THE STATE ACCUMULATION  
28 ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS AN OFFICER OF  
29 THE PENNSYLVANIA STATE POLICE THE ACTUARIAL RESERVE REMAINING IN  
30 THE STATE POLICE BENEFIT ACCOUNT SHALL BE TRANSFERRED TO THE



1 APPROPRIATE RESERVE ACCOUNT.

2 § 5937. ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.

3 (A) CREDITS AND CHARGES TO ACCOUNT.--THE ENFORCEMENT  
4 OFFICERS' BENEFIT ACCOUNT SHALL BE THE LEDGER ACCOUNT TO WHICH  
5 SHALL BE CREDITED MONEYS TRANSFERRED FROM THE ENFORCEMENT  
6 OFFICERS' RETIREMENT ACCOUNT IN THE STATE STORES FUND ACCORDING  
7 TO THE PROVISIONS OF THE ACT OF APRIL 12, 1951 (P.L.90, NO.21),  
8 KNOWN AS THE LIQUOR CODE, AND ANY ADDITIONAL COMMONWEALTH OR  
9 OTHER EMPLOYER CONTRIBUTIONS PROVIDED FOR IN SECTION 5507  
10 (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE COMMONWEALTH AND  
11 OTHER EMPLOYERS) WHICH ARE CREDITABLE TO THE ENFORCEMENT  
12 OFFICERS' BENEFIT ACCOUNT. THE ENFORCEMENT OFFICERS' BENEFIT  
13 ACCOUNT SHALL BE CREDITED WITH THE REQUIRED INTEREST. IN  
14 ADDITION, UPON THE FILING OF AN APPLICATION FOR AN ANNUITY BY A  
15 MEMBER WHO IS AN ENFORCEMENT OFFICER OF THE PENNSYLVANIA LIQUOR  
16 CONTROL BOARD, THE TOTAL ACCUMULATED DEDUCTIONS STANDING TO THE  
17 CREDIT OF THE MEMBER IN THE MEMBERS' SAVINGS ACCOUNT AND THE  
18 NECESSARY RESERVES FROM THE STATE ACCUMULATION ACCOUNT SHALL BE  
19 TRANSFERRED TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT.  
20 THEREAFTER, THE TOTAL ANNUITY OF SUCH ANNUITANT SHALL BE CHARGED  
21 TO THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT AND PAID FROM THE  
22 FUND.

23 (B) TRANSFERS FROM ACCOUNT.--SHOULD THE SAID ANNUITANT BE  
24 SUBSEQUENTLY RESTORED TO ACTIVE SERVICE, THE PRESENT VALUE OF  
25 THE MEMBER'S ANNUITY AT THE TIME OF REENTRY INTO STATE SERVICE  
26 SHALL BE TRANSFERRED FROM THE ENFORCEMENT OFFICERS' BENEFIT  
27 ACCOUNT AND PLACED TO HIS INDIVIDUAL CREDIT IN THE MEMBERS'  
28 SAVINGS ACCOUNT. IN ADDITION, THE ACTUARIAL RESERVE FOR HIS  
29 ANNUITY CALCULATED AS IF HE HAD BEEN A MEMBER OF CLASS A IF THE  
30 ANNUITANT DOES NOT HAVE ANY CLASS AA, CLASS A-3 [OR]    CLASS A-4

1 OR CLASS A-5 SERVICE CREDITED; AS IF HE HAD BEEN A MEMBER OF  
2 CLASS AA IF THE ANNUITANT DOES HAVE CLASS AA SERVICE CREDITED;  
3 AS IF HE HAD BEEN A MEMBER OF CLASS A-3 IF THE ANNUITANT HAS  
4 CLASS A-3 STATE SERVICE CREDITED; [OR] AS IF HE HAD BEEN A  
5 MEMBER OF CLASS A-4 IF THE ANNUITANT HAS CLASS A-4 SERVICE  
6 CREDITED; OR AS IF HE HAD BEEN A MEMBER OF CLASS A-5 IF THE  
7 ANNUITANT HAS CLASS A-5 SERVICE CREDITED, LESS THE AMOUNT  
8 TRANSFERRED TO THE MEMBERS' SAVINGS ACCOUNT SHALL BE TRANSFERRED  
9 FROM THE ENFORCEMENT OFFICERS' BENEFIT ACCOUNT TO THE STATE  
10 ACCUMULATION ACCOUNT. UPON SUBSEQUENT RETIREMENT OTHER THAN AS  
11 AN ENFORCEMENT OFFICER THE ACTUARIAL RESERVE REMAINING IN THE  
12 ENFORCEMENT OFFICERS' BENEFIT ACCOUNT SHALL BE TRANSFERRED TO  
13 THE APPROPRIATE RESERVE ACCOUNT.

14 § 5938. SUPPLEMENTAL ANNUITY ACCOUNT.

15 THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE THE LEDGER ACCOUNT  
16 TO WHICH SHALL BE CREDITED ALL CONTRIBUTIONS FROM THE  
17 COMMONWEALTH AND OTHER EMPLOYERS IN ACCORDANCE WITH SECTION  
18 5507(B) (RELATING TO CONTRIBUTIONS TO THE SYSTEM BY THE  
19 COMMONWEALTH AND OTHER EMPLOYERS) FOR THE PAYMENT OF THE  
20 SUPPLEMENTAL ANNUITIES PROVIDED IN SECTIONS 5708 (RELATING TO  
21 SUPPLEMENTAL ANNUITIES), 5708.1 (RELATING TO ADDITIONAL  
22 SUPPLEMENTAL ANNUITIES), 5708.2 (RELATING TO FURTHER ADDITIONAL  
23 SUPPLEMENTAL ANNUITIES), 5708.3 (RELATING TO SUPPLEMENTAL  
24 ANNUITIES COMMENCING 1994), 5708.4 (RELATING TO SPECIAL  
25 SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT), 5708.5 (RELATING TO  
26 SUPPLEMENTAL ANNUITIES COMMENCING 1998), 5708.6 (RELATING TO  
27 SUPPLEMENTAL ANNUITIES COMMENCING 2002), 5708.7 (RELATING TO  
28 SUPPLEMENTAL ANNUITIES COMMENCING 2003) AND 5708.8 (RELATING TO  
29 SPECIAL SUPPLEMENTAL POSTRETIREMENT ADJUSTMENT OF 2002) MADE  
30 BEFORE JULY 1, 2010, THE AMOUNT TRANSFERRED FROM THE STATE

1 ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES  
2 NECESSARY AS OF JUNE 30, 2010, TO PAY SUCH SUPPLEMENTAL  
3 ANNUITIES AND ADJUSTMENTS, AND THE AMOUNTS TRANSFERRED FROM THE  
4 STATE ACCUMULATION ACCOUNT TO PROVIDE ALL ADDITIONAL RESERVES  
5 NECESSARY AS A RESULT OF SUPPLEMENTAL ANNUITIES ENACTED AFTER  
6 DECEMBER 31, 2009. THE SUPPLEMENTAL ANNUITY ACCOUNT SHALL BE  
7 CREDITED WITH VALUATION INTEREST. THE RESERVES NECESSARY FOR THE  
8 PAYMENT OF SUCH SUPPLEMENTAL ANNUITIES SHALL BE TRANSFERRED FROM  
9 THE SUPPLEMENTAL ANNUITY ACCOUNT TO THE ANNUITY RESERVE ACCOUNT  
10 AS PROVIDED IN SECTION 5935 (RELATING TO ANNUITY RESERVE  
11 ACCOUNT) .

12 § 5939. INTEREST RESERVE ACCOUNT.

13 THE INTEREST RESERVE ACCOUNT SHALL BE THE LEDGER ACCOUNT TO  
14 WHICH SHALL BE CREDITED ALL INCOME EARNED BY THE FUND AND TO  
15 WHICH SHALL BE CHARGED ALL ADMINISTRATIVE AND INVESTMENT  
16 EXPENSES INCURRED BY THE FUND. AT THE END OF EACH YEAR THE  
17 REQUIRED INTEREST SHALL BE TRANSFERRED FROM THE INTEREST RESERVE  
18 ACCOUNT TO THE CREDIT OF EACH OF THE ACCOUNTS OF THE FUND IN  
19 ACCORDANCE WITH THE PROVISIONS OF THIS SUBCHAPTER. IN ADDITION,  
20 AT THE END OF EACH ACCOUNTING PERIOD, THE INTEREST RESERVE  
21 ACCOUNT SHALL BE CREDITED OR CHARGED WITH ALL RECOGNIZED CHANGES  
22 IN THE MARKET VALUATION OF THE INVESTMENTS OF THE FUND. THE  
23 ADMINISTRATIVE AND INVESTMENT EXPENSES OF THE BOARD RELATING TO  
24 THE ADMINISTRATION OF THE SYSTEM AND INVESTMENTS OF THE FUND  
25 SHALL BE PAID FROM THE FUND OUT OF EARNINGS. ANY SURPLUS OR  
26 DEFICIT IN THE INTEREST RESERVE ACCOUNT AT THE END OF EACH YEAR  
27 SHALL BE TRANSFERRED TO THE STATE ACCUMULATION ACCOUNT.

28 § 5951. STATE GUARANTEE REGARDING THE SYSTEM.

29 THE REQUIRED INTEREST CHARGES PAYABLE, THE MAINTENANCE OF  
30 RESERVES IN THE FUND, AND THE PAYMENT OF ALL ANNUITIES AND OTHER

1 BENEFITS GRANTED BY THE BOARD FROM THE SYSTEM UNDER THE  
2 PROVISIONS OF THIS PART RELATING TO THE ESTABLISHMENT AND  
3 ADMINISTRATION OF THE SYSTEM ARE HEREBY MADE OBLIGATIONS OF THE  
4 COMMONWEALTH. ALL INCOME, INTEREST, AND DIVIDENDS DERIVED FROM  
5 DEPOSITS AND INVESTMENTS OF THE SYSTEM AUTHORIZED BY THIS PART  
6 SHALL BE USED FOR THE PAYMENT OF THE SAID OBLIGATIONS OF THE  
7 COMMONWEALTH AND SHALL NOT BE USED FOR ANY OBLIGATION OF THE  
8 PLAN OR TRUST.

9 § 5953. TAXATION, ATTACHMENT AND ASSIGNMENT OF FUNDS.

10 (A) GENERAL RULE.--

11 (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2), (3) AND (4),  
12 THE RIGHT OF A PERSON TO ANY BENEFIT OR RIGHT ACCRUED OR  
13 ACCRUING UNDER THE PROVISIONS OF THIS PART AND THE MONEYS IN  
14 THE FUND AND THE TRUST ARE HEREBY EXEMPT FROM ANY STATE OR  
15 MUNICIPAL TAX, LEVY AND SALE, GARNISHMENT, ATTACHMENT,  
16 SPOUSE'S ELECTION, THE PROVISIONS OF ARTICLE XIII.1 OF THE  
17 ACT OF APRIL 9, 1929 (P.L.343, NO.176), KNOWN AS THE FISCAL  
18 CODE, OR ANY OTHER PROCESS WHATSOEVER, AND NO PARTICIPANT OR  
19 BENEFICIARY, SUCCESSOR PAYEE OR ALTERNATE PAYEE OF A  
20 PARTICIPANT SHALL HAVE THE ABILITY TO COMMUTE, SELL, ASSIGN,  
21 ALIENATE, ANTICIPATE, MORTGAGE, PLEDGE, HYPOTHECATE,  
22 COMMUTATE OR OTHERWISE TRANSFER OR CONVEY ANY BENEFIT OR  
23 INTEREST IN AN INDIVIDUAL INVESTMENT ACCOUNT OR RIGHTS TO  
24 RECEIVE OR DIRECT DISTRIBUTIONS UNDER THIS PART OR UNDER  
25 AGREEMENTS ENTERED INTO UNDER THIS PART EXCEPT AS PROVIDED IN  
26 THIS PART, AND IN THE CASE OF EITHER A MEMBER OR A  
27 PARTICIPANT EXCEPT FOR A SET-OFF BY THE COMMONWEALTH IN THE  
28 CASE PROVIDED IN SUBPARAGRAPH (I), AND SHALL BE UNASSIGNABLE  
29 EXCEPT:

30 (I) TO THE COMMONWEALTH IN THE CASE OF A MEMBER OR

1        PARTICIPANT WHO IS TERMINATING STATE SERVICE AND HAS BEEN  
2        DETERMINED TO BE OBLIGATED TO THE COMMONWEALTH FOR THE  
3        REPAYMENT OF MONEY OWED ON ACCOUNT OF HIS EMPLOYMENT OR  
4        TO THE FUND ON ACCOUNT OF A LOAN FROM A CREDIT UNION TO A  
5        MEMBER WHICH HAS BEEN SATISFIED BY THE BOARD FROM THE  
6        FUND.

7                (II)    TO A CREDIT UNION AS SECURITY FOR A LOAN TO A  
8        MEMBER NOT TO EXCEED \$750 AND INTEREST NOT TO EXCEED 6%  
9        PER ANNUM DISCOUNTED AND/OR FINES THEREON IF THE CREDIT  
10       UNION IS NOW OR HEREAFTER ORGANIZED AND INCORPORATED  
11       UNDER THE LAWS OF THIS COMMONWEALTH AND THE MEMBERSHIP OF  
12       SUCH CREDIT UNION IS LIMITED SOLELY TO OFFICIALS AND  
13       EMPLOYEES OF THE COMMONWEALTH AND IF SUCH CREDIT UNION  
14       HAS PAID TO THE FUND \$3 FOR EACH SUCH ASSIGNMENT.

15       (2)    (I)    RIGHTS UNDER THIS PART SHALL BE SUBJECT TO  
16       FORFEITURE AS PROVIDED BY THE ACT OF JULY 8, 1978  
17       (P.L.752, NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION  
18       FORFEITURE ACT, AND BY OR PURSUANT TO SECTION 16(B) OF  
19       ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA.

20       FORFEITURES UNDER THIS SUBSECTION OR UNDER ANY OTHER  
21       PROVISION OF LAW MAY NOT BE APPLIED TO INCREASE THE  
22       BENEFITS THAT ANY MEMBER WOULD OTHERWISE RECEIVE UNDER  
23       THIS PART.

24       (II)    IN ACCORDANCE WITH SECTION 16(B) OF ARTICLE V OF  
25       THE CONSTITUTION OF PENNSYLVANIA AND NOT WITHSTANDING  
26       THIS PARAGRAPH, THE ACT OF JULY 8, 1978 (P.L.752,  
27       NO.140), KNOWN AS THE PUBLIC EMPLOYEE PENSION FORFEITURE  
28       ACT, OR 42 PA.C.S. § 3352 (RELATING TO PENSION RIGHTS),  
29       THE ACCUMULATED MANDATORY PARTICIPANT CONTRIBUTIONS AND  
30       ACCUMULATED VOLUNTARY CONTRIBUTIONS STANDING TO THE

1 CREDIT OF A PARTICIPANT SHALL NOT BE FORFEITED BUT SHALL  
2 BE AVAILABLE FOR PAYMENT OF FINES AND RESTITUTION AS  
3 PROVIDED BY LAW. IN ACCORDANCE WITH SECTION 16(B) OF  
4 ARTICLE V OF THE CONSTITUTION OF PENNSYLVANIA, AMOUNTS IN  
5 THE TRUST THAT HAVE BEEN ORDERED TO BE DISTRIBUTED TO AN  
6 ALTERNATE PAYEE AS THE RESULT OF AN EQUITABLE  
7 DISTRIBUTION OF MARITAL PROPERTY AS PART OF AN APPROVED  
8 DOMESTIC RELATIONS ORDER ENTERED BEFORE THE DATE OF THE  
9 ORDER OR ACTION IN A COURT OR OTHER TRIBUNAL RESULTING IN  
10 A FORFEITURE OF A PARTICIPANT'S INTEREST IN THE TRUST  
11 SHALL NOT BE SUBJECT TO THE PROVISIONS OF THE PUBLIC  
12 EMPLOYEE PENSION FORFEITURE ACT OR 42 PA.C.S. § 3352. ANY  
13 ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS FORFEITED AS A  
14 RESULT OF THIS PARAGRAPH OR OTHER LAW SHALL BE RETAINED  
15 BY THE BOARD AND NOTWITHSTANDING SECTIONS 5812(2)  
16 (RELATING TO POWERS AND DUTIES OF BOARD), 5815 (RELATING  
17 TO EXPENSES) AND 5902(C) (RELATING TO ADMINISTRATIVE  
18 DUTIES OF THE BOARD) USED FOR THE PAYMENT OF EXPENSES OF  
19 THE PLAN.

20 (3) RIGHTS UNDER THIS PART SHALL BE SUBJECT TO  
21 ATTACHMENT IN FAVOR OF AN ALTERNATE PAYEE AS SET FORTH IN AN  
22 APPROVED DOMESTIC RELATIONS ORDER.

23 (4) EFFECTIVE WITH DISTRIBUTIONS MADE ON OR AFTER  
24 JANUARY 1, 1993, AND NOTWITHSTANDING ANY OTHER PROVISION OF  
25 THIS PART TO THE CONTRARY, A DISTRIBUTE MAY ELECT, AT THE  
26 TIME AND IN THE MANNER PRESCRIBED BY THE BOARD, TO HAVE ANY  
27 PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION PAID DIRECTLY TO  
28 AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT ROLLOVER. FOR  
29 PURPOSES OF THIS PARAGRAPH, A "DISTRIBUTE" INCLUDES A MEMBER  
30 [AND], A PARTICIPANT, A MEMBER'S SURVIVING SPOUSE [AND], A

1 PARTICIPANT'S SURVIVING SPOUSE, A MEMBER'S FORMER SPOUSE WHO  
2 IS AN ALTERNATE PAYEE UNDER AN APPROVED DOMESTIC RELATIONS  
3 ORDER[.], A PARTICIPANT'S FORMER SPOUSE WHO IS AN ALTERNATE  
4 PAYEE UNDER AN APPROVED DOMESTIC RELATIONS ORDER AND ANYONE  
5 ELSE AUTHORIZED UNDER THE IRC AND THE PLAN TERMS APPROVED BY  
6 THE BOARD TO HAVE AN ELIGIBLE ROLLOVER DISTRIBUTION PAID  
7 DIRECTLY TO AN ELIGIBLE RETIREMENT PLAN BY WAY OF A DIRECT  
8 ROLLOVER. FOR PURPOSES OF THIS PARAGRAPH, THE TERM "ELIGIBLE  
9 ROLLOVER DISTRIBUTION" HAS THE MEANING GIVEN SUCH TERM BY IRC  
10 § 402(F)(2)(A), AND "ELIGIBLE RETIREMENT PLAN" HAS THE  
11 MEANING GIVEN SUCH TERM BY IRC § 402(C)(8)(B), EXCEPT THAT A  
12 QUALIFIED TRUST SHALL BE CONSIDERED AN ELIGIBLE RETIREMENT  
13 PLAN ONLY IF IT ACCEPTS THE DISTRIBUTEES' ELIGIBLE ROLLOVER  
14 DISTRIBUTION; HOWEVER, IN THE CASE OF AN ELIGIBLE ROLLOVER  
15 DISTRIBUTION TO A SURVIVING SPOUSE, AN ELIGIBLE RETIREMENT  
16 PLAN IS AN "INDIVIDUAL RETIREMENT ACCOUNT" OR AN "INDIVIDUAL  
17 RETIREMENT ANNUITY" AS THOSE TERMS ARE DEFINED IN IRC §  
18 408(A) AND (B).

19 (B) AUTHORIZED PAYMENTS FROM FUND AND TRUST.--THE BOARD  
20 SHALL BE AUTHORIZED TO PAY FROM THE FUND AND THE TRUST:

21 (1) IN THE CASE OF A MEMBER OR PARTICIPANT WHO IS  
22 TERMINATING SERVICE, THE AMOUNT DETERMINED AFTER  
23 CERTIFICATION BY THE HEAD OF THE DEPARTMENT THAT THE MEMBER  
24 OR PARTICIPANT IS SO OBLIGATED, AND AFTER REVIEW AND APPROVAL  
25 BY THE DEPARTMENT OR AGENCY'S LEGAL REPRESENTATIVE OR UPON  
26 RECEIPT OF AN ASSIGNMENT FROM THE MEMBER OR PARTICIPANT IN  
27 THE AMOUNT SO CERTIFIED[.], EXCEPT THAT NO PAYMENT SHALL BE  
28 MADE FROM THE INDIVIDUAL INVESTMENT ACCOUNT OF A PARTICIPANT  
29 UNTIL THE PARTICIPANT OTHERWISE APPLIES FOR AND RECEIVES A  
30 DISTRIBUTION AND SHALL NOT EXCEED THE AMOUNT OF THE

1     DISTRIBUTION.

2           (2)   IN THE CASE OF A LOAN TO A MEMBER THE AMOUNT OF THE  
3   LOAN AND ANY FINE OR INTEREST DUE THEREON TO THE CREDIT UNION  
4   EXCEPT 5% OF THE TOTAL AMOUNT DUE WHICH IS TO BE RETAINED IN  
5   THE FUND AS A COLLECTION FEE:

6           (I)   IF THE MEMBER OBTAINING THE LOAN SHALL HAVE BEEN  
7   IN DEFAULT IN REQUIRED PAYMENTS FOR A PERIOD OF NOT LESS  
8   THAN TWO YEARS; OR

9           (II)  AT SUCH TIME AS THE DEPARTMENT OF BANKING SHALL  
10   REQUIRE THE CREDIT UNION TO CHARGE THE AMOUNT OF THE LOAN  
11   AGAINST THE RESERVE FUND OF SUCH CREDIT UNION.

12   ANY MEMBER WHO SHALL HAVE PLEDGED SUCH RIGHTS AS SECURITY FOR  
13   A LOAN FROM A CREDIT UNION AND, ON WHOSE BEHALF THE BOARD SHALL  
14   HAVE MADE ANY PAYMENT BY REASON OF THAT MEMBER'S DEFAULT, MAY  
15   NOT THEREAFTER PLEDGE OR ASSIGN SUCH RIGHTS TO A CREDIT UNION.

16           (3)   IN THE CASE OF A PARTICIPANT WHOSE FORMER SPOUSE IS  
17   AN ALTERNATE PAYEE OF AN EQUITABLE DISTRIBUTION OF MARITAL  
18   ASSETS UNDER AN APPROVED DOMESTIC RELATIONS ORDER, A LUMP SUM  
19   OF THE ALTERNATE PAYEE'S INTEREST IN THE PARTICIPANT'S  
20   ACCUMULATED TOTAL DEFINED CONTRIBUTIONS. THIS PARAGRAPH SHALL  
21   APPLY WITHOUT REGARD TO WHETHER THE PARTICIPANT HAS NOT  
22   TERMINATED, IS TERMINATING OR HAS TERMINATED STATE SERVICE.

23   § 5953.1.   APPROVAL OF DOMESTIC RELATIONS ORDERS.

24           (A)   CERTIFICATION REGARDING MEMBERS.--A DOMESTIC RELATIONS  
25   ORDER PERTAINING TO A MEMBER OF THE SYSTEM SHALL BE CERTIFIED AS  
26   AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE  
27   BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THAT ORDER  
28   MEETS ALL OF THE FOLLOWING:

29           (1)   REQUIRES THE SYSTEM TO PROVIDE ANY TYPE OR FORM OF  
30   BENEFIT OR ANY OPTION APPLICABLE TO MEMBERS ALREADY PROVIDED



1 UNDER THIS PART.

2 (2) REQUIRES THE SYSTEM TO PROVIDE NO MORE THAN THE  
3 TOTAL AMOUNT OF BENEFITS THAN THE MEMBER WOULD OTHERWISE  
4 RECEIVE (DETERMINED ON THE BASIS OF ACTUARIAL VALUE) UNLESS  
5 INCREASED BENEFITS ARE PAID TO THE MEMBER OR ALTERNATE PAYEE  
6 BASED UPON COST-OF-LIVING INCREASES OR INCREASES BASED ON  
7 OTHER THAN ACTUARIAL VALUE.

8 (3) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE MEMBER'S  
9 BENEFITS TO BE PAID BY THE SYSTEM TO EACH SUCH ALTERNATE  
10 PAYEE OR THE MANNER IN WHICH SUCH AMOUNT OR PERCENTAGE IS TO  
11 BE DETERMINED.

12 (4) SPECIFIES THE RETIREMENT OPTION TO BE SELECTED BY  
13 THE MEMBER UPON RETIREMENT OR STATES THAT THE MEMBER MAY  
14 SELECT ANY RETIREMENT OPTION OFFERED BY THIS PART UPON  
15 RETIREMENT.

16 (5) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,  
17 IF ANY, OF THE MEMBER AND THE NAME AND LAST KNOWN MAILING  
18 ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER AND  
19 STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE PAYEE  
20 TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE SYSTEM.

21 (6) DOES NOT GRANT AN ALTERNATE PAYEE ANY OF THE RIGHTS,  
22 OPTIONS OR PRIVILEGES OF A MEMBER UNDER THIS PART.

23 (7) REQUIRES THE MEMBER TO EXECUTE AN AUTHORIZATION  
24 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE MEMBER'S  
25 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER  
26 THROUGH ACCESS TO INFORMATION CONCERNING THE MEMBER  
27 MAINTAINED BY THE SYSTEM. AN AUTHORIZATION GRANTED UNDER THIS  
28 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE  
29 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE  
30 ADMINISTRATION, CALCULATION AND PAYMENT OF THE ALTERNATE

1 PAYEE'S SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART  
2 AND NOT AS AN AUTHORIZATION TO EXERCISE THE RIGHTS AFFORDED  
3 TO MEMBERS OR OBTAIN INFORMATION WHICH IS NOT RELATED TO THE  
4 ADMINISTRATION, CALCULATION AND PAYMENT OF ALTERNATE PAYEE'S  
5 SHARE OF THE BENEFITS PAYABLE PURSUANT TO THIS PART.

6 (A.1) CERTIFICATION REGARDING PARTICIPANTS.--A DOMESTIC  
7 RELATIONS ORDER PERTAINING TO A PARTICIPANT SHALL BE CERTIFIED  
8 AS AN APPROVED DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE  
9 BOARD, OR HIS DESIGNATED REPRESENTATIVE, ONLY IF THE ORDER MEETS  
10 ALL OF THE FOLLOWING:

11 (1) DOES NOT REQUIRE THE PLAN TO PROVIDE A TYPE OR FORM  
12 OF BENEFIT OR AN OPTION APPLICABLE TO MEMBERS OF THE SYSTEM  
13 OR PARTICIPANTS IN THE PLAN.

14 (2) DOES NOT REQUIRE THE SEGREGATION OF THE ALTERNATE  
15 PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL INVESTMENT  
16 ACCOUNT INTO A SUBACCOUNT OR NEWLY ESTABLISHED INDIVIDUAL  
17 ACCOUNT TITLED IN THE NAME OF THE ALTERNATE PAYEE.

18 (3) DOES NOT REQUIRE THE PLAN TO RECOVER OR DISTRIBUTE  
19 ANY FUNDS THAT WERE DISTRIBUTED TO THE PARTICIPANT OR AT THE  
20 PARTICIPANT'S DIRECTION PRIOR TO THE APPROVAL OF THE DOMESTIC  
21 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS  
22 DESIGNATED REPRESENTATIVE.

23 (4) REQUIRES THE PLAN TO PAY TO THE ALTERNATE PAYEE NO  
24 MORE THAN THE LESSER OF THE VESTED AMOUNT OF THE  
25 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT SPECIFIED BY THE  
26 DOMESTIC RELATIONS ORDER OR THE VESTED AMOUNT OF THE  
27 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT AS OF THE DATE OF  
28 THE TRANSFER OF THE ALTERNATE PAYEE'S SHARE TO THE ALTERNATE  
29 PAYEE.

30 (5) STATES THAT THE PLAN SHALL NOT BE REQUIRED TO RECOUP

1 OR MAKE GOOD FOR LOSSES IN VALUE TO THE PARTICIPANT'S  
2 INDIVIDUAL INVESTMENT ACCOUNT INCURRED BETWEEN THE DATE OF  
3 THE VALUATION OF THE ACCOUNT USED FOR EQUITABLE DISTRIBUTION  
4 PURPOSES AND THE DATE OF DISTRIBUTION TO THE ALTERNATE PAYEE.

5 (6) SPECIFIES THE AMOUNT OR PERCENTAGE OF THE  
6 PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT TO BE PAID TO THE  
7 ALTERNATE PAYEE AND THE DATE UPON WHICH THE VALUATION IS  
8 BASED.

9 (7) SPECIFIES THE NAME AND LAST KNOWN MAILING ADDRESS,  
10 IF ANY, OF THE PARTICIPANT AND THE NAME AND LAST KNOWN  
11 MAILING ADDRESS OF EACH ALTERNATE PAYEE COVERED BY THE ORDER  
12 AND STATES THAT IT IS THE RESPONSIBILITY OF EACH ALTERNATE  
13 PAYEE TO KEEP A CURRENT MAILING ADDRESS ON FILE WITH THE  
14 PLAN.

15 (8) DOES NOT GRANT AN ALTERNATE PAYEE THE RIGHTS,  
16 PRIVILEGES OR OPTIONS AVAILABLE TO A PARTICIPANT.

17 (9) REQUIRES THE PARTICIPANT TO EXECUTE AN AUTHORIZATION  
18 ALLOWING EACH ALTERNATE PAYEE TO MONITOR THE PARTICIPANT'S  
19 COMPLIANCE WITH THE TERMS OF THE DOMESTIC RELATIONS ORDER  
20 THROUGH ACCESS TO INFORMATION CONCERNING THE PARTICIPANT  
21 MAINTAINED BY THE PLAN. AN AUTHORIZATION GRANTED UNDER THIS  
22 SECTION SHALL BE CONSTRUED AS AN AUTHORIZATION FOR THE  
23 ALTERNATE PAYEE TO RECEIVE INFORMATION CONCERNING THE  
24 PARTICIPANT THAT RELATES TO THE ADMINISTRATION, CALCULATION  
25 AND PAYMENT OF THE ALTERNATE PAYEE'S SHARE OF THE  
26 PARTICIPANT'S ACCOUNT AND NOT AS AN AUTHORIZATION TO EXERCISE  
27 THE RIGHTS AFFORDED TO PARTICIPANTS OR OBTAIN INFORMATION  
28 THAT IS NOT RELATED TO THE ADMINISTRATION, CALCULATION AND  
29 PAYMENT OF ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S  
30 INDIVIDUAL INVESTMENT ACCOUNT.

1       (10) REQUIRES THE IMMEDIATE DISTRIBUTION OF THE  
2       ALTERNATE PAYEE'S SHARE OF THE PARTICIPANT'S INDIVIDUAL  
3       INVESTMENT ACCOUNT, WHICH MAY BE MADE BY DIRECT PAYMENT,  
4       ELIGIBLE ROLLOVER OR TRUSTEE-TO-TRUSTEE TRANSFER TO ANOTHER  
5       ELIGIBLE PLAN OR QUALIFIED ACCOUNT OWNED BY THE ALTERNATE  
6       PAYEE.

7       (11) IN THE CASE OF A PARTICIPANT WHO IS CURRENTLY  
8       RECEIVING DISTRIBUTIONS FROM THE PLAN AS OF THE DATE THE  
9       DOMESTIC RELATIONS ORDER IS APPROVED BY THE SECRETARY OF THE  
10       BOARD OR HIS DESIGNATED REPRESENTATIVE, MAY NOT ORDER THE  
11       BOARD TO PAY THE ALTERNATE PAYEE MORE THAN THE BALANCE  
12       AVAILABLE IN THE PARTICIPANT'S INDIVIDUAL INVESTMENT ACCOUNT  
13       AS OF THE DATE THE ORDER IS APPROVED OR REQUIRE THAT  
14       DISTRIBUTIONS CONTINUE TO THE ALTERNATE PAYEE AFTER THE DEATH  
15       OF THE PARTICIPANT AND FINAL SETTLEMENT OF THE PARTICIPANT'S  
16       INDIVIDUAL INVESTMENT ACCOUNT.

17       (B) DETERMINATION BY SECRETARY.--WITHIN A REASONABLE PERIOD  
18 AFTER RECEIPT OF A DOMESTIC RELATIONS ORDER, THE SECRETARY OF  
19 THE BOARD, OR HIS DESIGNATED REPRESENTATIVE, SHALL DETERMINE  
20 WHETHER THIS ORDER IS AN APPROVED DOMESTIC RELATIONS ORDER AND  
21 NOTIFY THE MEMBER OR PARTICIPANT AND EACH ALTERNATE PAYEE OF  
22 THIS DETERMINATION. NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
23 THE EXCLUSIVE REMEDY OF ANY MEMBER, PARTICIPANT OR ALTERNATE  
24 PAYEE AGGRIEVED BY A DECISION OF THE SECRETARY OF THE BOARD, OR  
25 HIS DESIGNATED REPRESENTATIVE, SHALL BE THE RIGHT TO AN  
26 ADJUDICATION BY THE BOARD UNDER 2 PA.C.S. CH. 5 SUBCH. A  
27 (RELATING TO PRACTICE AND PROCEDURE) WITH APPEAL THEREFROM TO  
28 THE COMMONWEALTH COURT UNDER 2 PA.C.S. CH. 7 (RELATING TO  
29 JUDICIAL REVIEW) AND 42 PA.C.S. § 763(A)(1) (RELATING TO DIRECT  
30 APPEALS FROM GOVERNMENT AGENCIES).

1 (C) OTHER ORDERS.--THE REQUIREMENTS FOR APPROVAL IDENTIFIED  
2 IN [SUBSECTION (A)] SUBSECTIONS (A) AND (A.1) SHALL NOT APPLY TO  
3 ANY DOMESTIC RELATIONS ORDER WHICH IS AN ORDER FOR SUPPORT AS  
4 THE TERM IS DEFINED AT 23 PA.C.S. § 4302 (RELATING TO  
5 DEFINITIONS) OR AN ORDER FOR THE ENFORCEMENT OF ARREARAGES AS  
6 PROVIDED IN 23 PA.C.S. § 3703 (RELATING TO ENFORCEMENT OF  
7 ARREARAGES). THESE ORDERS SHALL BE APPROVED TO THE EXTENT THAT  
8 THEY DO NOT ATTACH MONEYS IN EXCESS OF THE LIMITS ON ATTACHMENTS  
9 AS ESTABLISHED BY THE LAWS OF THE UNITED STATES AND THIS  
10 COMMONWEALTH[.], REQUIRE DISTRIBUTIONS OF BENEFITS IN A MANNER  
11 THAT WOULD VIOLATE THE LAWS OF THE UNITED STATES, ANY OTHER  
12 STATE OR THIS COMMONWEALTH OR REQUIRE THE DISTRIBUTION OF FUNDS  
13 FOR SUPPORT OR ENFORCEMENT OF ARREARAGES AGAINST A PARTICIPANT  
14 WHO IS NOT RECEIVING DISTRIBUTIONS FROM THE PLAN AT THE TIME THE  
15 ORDER IS ENTERED. THESE ORDERS MAY BE APPROVED NOTWITHSTANDING  
16 ANY OTHER PROVISION OF THIS PART OR THE PLAN THAT WOULD REQUIRE  
17 A DISTRIBUTION OF ACCUMULATED EMPLOYER DEFINED CONTRIBUTIONS IN  
18 THE FORM OF AN ANNUITY OR TO REQUIRE THE PURCHASE OF AN ANNUITY.

19 (D) OBLIGATION DISCHARGED.--ONLY THE REQUIREMENTS OF THIS  
20 PART AND ANY REGULATIONS PROMULGATED HEREUNDER SHALL BE USED TO  
21 GOVERN THE APPROVAL OR DISAPPROVAL OF A DOMESTIC RELATIONS  
22 ORDER. THEREFORE, IF THE SECRETARY OF THE BOARD, OR HIS  
23 DESIGNATED REPRESENTATIVE, ACTS IN ACCORDANCE WITH THE  
24 PROVISIONS OF THIS PART AND ANY PROMULGATED REGULATIONS IN  
25 APPROVING OR DISAPPROVING A DOMESTIC RELATIONS ORDER, THEN THE  
26 OBLIGATIONS OF THE SYSTEM OR THE PLAN WITH RESPECT TO SUCH  
27 APPROVAL OR DISAPPROVAL SHALL BE DISCHARGED.

28 § 5953.2. IRREVOCABLE BENEFICIARY.

29 NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART, A DOMESTIC  
30 RELATIONS ORDER MAY PROVIDE FOR AN IRREVOCABLE BENEFICIARY. A

1 DOMESTIC RELATIONS ORDER REQUIRING THE NOMINATION OF AN  
2 IRREVOCABLE BENEFICIARY SHALL BE DEEMED TO BE ONE THAT REQUIRES  
3 A MEMBER OR PARTICIPANT TO NOMINATE AN ALTERNATE PAYEE AS A  
4 BENEFICIARY AND THAT PROHIBITS THE REMOVAL OR CHANGE OF THAT  
5 BENEFICIARY WITHOUT APPROVAL OF A COURT OF COMPETENT  
6 JURISDICTION, EXCEPT BY OPERATION OF LAW. SUCH A DOMESTIC  
7 RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED DOMESTIC  
8 RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS DESIGNATED  
9 REPRESENTATIVE, AFTER THE MEMBER OR PARTICIPANT MAKES SUCH  
10 NOMINATION, IN WHICH CASE THE IRREVOCABLE BENEFICIARY SO ORDERED  
11 BY THE COURT CANNOT BE CHANGED BY THE MEMBER OR PARTICIPANT  
12 WITHOUT APPROVAL BY THE COURT.

13 § 5953.3. IRREVOCABLE SURVIVOR ANNUITANT.

14 NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS PART, A DOMESTIC  
15 RELATIONS ORDER PERTAINING TO A MEMBER MAY PROVIDE FOR AN  
16 IRREVOCABLE SURVIVOR ANNUITANT. A DOMESTIC RELATIONS ORDER  
17 REQUIRING THE DESIGNATION OF AN IRREVOCABLE SURVIVOR ANNUITANT  
18 SHALL BE DEEMED TO BE ONE THAT REQUIRES A MEMBER TO DESIGNATE AN  
19 ALTERNATE PAYEE AS A SURVIVOR ANNUITANT AND THAT PROHIBITS THE  
20 REMOVAL OR CHANGE OF THAT SURVIVOR ANNUITANT WITHOUT APPROVAL OF  
21 A COURT OF COMPETENT JURISDICTION, EXCEPT BY OPERATION OF LAW.  
22 SUCH A DOMESTIC RELATIONS ORDER MAY BE CERTIFIED AS AN APPROVED  
23 DOMESTIC RELATIONS ORDER BY THE SECRETARY OF THE BOARD, OR HIS  
24 DESIGNATED REPRESENTATIVE, IN WHICH CASE THE IRREVOCABLE  
25 SURVIVOR ANNUITANT SO ORDERED BY THE COURT CANNOT BE CHANGED BY  
26 THE MEMBER WITHOUT APPROVAL BY THE COURT. A PERSON INELIGIBLE TO  
27 BE DESIGNATED AS A SURVIVOR ANNUITANT MAY NOT BE DESIGNATED AS  
28 AN IRREVOCABLE SURVIVOR ANNUITANT.

29 § 5953.4. AMENDMENT OF APPROVED DOMESTIC RELATIONS ORDERS.

30 (A) DECEASED ALTERNATE PAYEE.--IN THE EVENT THAT THE

1 ALTERNATE PAYEE PREDECEASES THE MEMBER OR THE PARTICIPANT AND  
2 THERE ARE BENEFITS PAYABLE TO THE ALTERNATE PAYEE, THE DIVORCE  
3 COURT MAY AMEND THE APPROVED DOMESTIC RELATIONS ORDER TO  
4 SUBSTITUTE A PERSON FOR THE DECEASED ALTERNATE PAYEE TO RECEIVE  
5 ANY BENEFITS PAYABLE TO THE DECEASED ALTERNATE PAYEE.

6 \* \* \*

7 SECTION 323. TITLE 71 IS AMENDED BY ADDING A SECTION TO  
8 READ:

9 § 5953.6. IRREVOCABLE SUCCESSOR PAYEE.

10 (A) CONDITION.--NOTWITHSTANDING ANY OTHER PROVISION OF THIS  
11 PART, A DOMESTIC RELATIONS ORDER PERTAINING TO A PARTICIPANT MAY  
12 PROVIDE FOR AN IRREVOCABLE SUCCESSOR PAYEE IF THE PARTICIPANT IS  
13 RECEIVING A PAYMENT PURSUANT TO A PAYMENT OPTION PROVIDED BY THE  
14 BOARD THAT ALLOWS FOR A SUCCESSOR PAYEE.

15 (B) DETERMINATION.--A DOMESTIC RELATIONS ORDER REQUIRING THE  
16 DESIGNATION OF AN IRREVOCABLE SUCCESSOR PAYEE IS AN ORDER WHICH:

17 (1) REQUIRES A PARTICIPANT WHO IS RECEIVING PAYMENTS  
18 FROM AN ANNUITY OR OTHER DISTRIBUTION OPTION TO DESIGNATE AN  
19 ALTERNATE PAYEE AS A SUCCESSOR PAYEE; AND

20 (2) EXCEPT BY OPERATION OF LAW, PROHIBITS THE REMOVAL OR  
21 CHANGE OF THE SUCCESSOR PAYEE WITHOUT APPROVAL OF A COURT OF  
22 COMPETENT JURISDICTION.

23 (C) CERTIFICATION.--A DOMESTIC RELATIONS ORDER UNDER  
24 SUBSECTION (B) MAY BE CERTIFIED AS AN APPROVED DOMESTIC  
25 RELATIONS ORDER BY THE SECRETARY OF THE BOARD OR HIS DESIGNATED  
26 REPRESENTATIVE. IF A DOMESTIC RELATIONS ORDER IS CERTIFIED UNDER  
27 THIS SUBSECTION, THE IRREVOCABLE SUCCESSOR PAYEE ORDERED BY THE  
28 COURT SHALL NOT BE CHANGED BY THE PARTICIPANT WITHOUT APPROVAL  
29 BY THE COURT.

30 (D) INELIGIBILITY.--A PERSON INELIGIBLE TO BE DESIGNATED AS

1 A SUCCESSOR PAYEE SHALL NOT BE DESIGNATED AS AN IRREVOCABLE  
2 SUCCESSOR PAYEE. A COURT SHALL NOT NAME AN IRREVOCABLE SUCCESSOR  
3 PAYEE IF THE ALTERNATE PAYEE IS ELIGIBLE TO RECEIVE A LUMP SUM  
4 DISTRIBUTION OF THE ALTERNATE PAYEE'S PORTION OF THE MARITAL  
5 PORTION OF THE PENSION BENEFIT.

6 SECTION 324. SECTIONS 5954, 5955 AND 5957 OF TITLE 71 ARE  
7 AMENDED TO READ:

8 § 5954. FRAUD AND ADJUSTMENT OF ERRORS.

9 (A) PENALTY FOR FRAUD.--ANY PERSON WHO SHALL KNOWINGLY MAKE  
10 ANY FALSE STATEMENT OR SHALL FALSIFY OR PERMIT TO BE FALSIFIED  
11 ANY RECORD OR RECORDS OF THIS SYSTEM OR PLAN IN ANY ATTEMPT TO  
12 DEFRAUD THE SYSTEM OR PLAN AS A RESULT OF SUCH ACT SHALL BE  
13 GUILTY OF A MISDEMEANOR OF THE SECOND DEGREE.

14 (B) ADJUSTMENT OF ERRORS.--SHOULD ANY CHANGE OR MISTAKE IN  
15 RECORDS RESULT IN ANY MEMBER, PARTICIPANT, BENEFICIARY [OR],  
16 SURVIVOR ANNUITANT OR SUCCESSOR PAYEE RECEIVING FROM THE SYSTEM  
17 OR PLAN MORE OR LESS THAN HE WOULD HAVE BEEN ENTITLED TO RECEIVE  
18 HAD THE RECORDS BEEN CORRECT, THEN REGARDLESS OF THE INTENTIONAL  
19 OR UNINTENTIONAL NATURE OF THE ERROR AND UPON THE DISCOVERY OF  
20 SUCH ERROR, THE BOARD SHALL CORRECT THE ERROR AND IF THE ERROR  
21 AFFECTED CONTRIBUTIONS TO OR PAYMENTS FROM THE SYSTEM, THEN SO  
22 FAR AS PRACTICABLE SHALL ADJUST THE PAYMENTS WHICH MAY BE MADE  
23 FOR AND TO SUCH PERSON IN SUCH A MANNER THAT THE ACTUARIAL  
24 EQUIVALENT OF THE BENEFIT TO WHICH HE WAS CORRECTLY ENTITLED  
25 SHALL BE PAID. IF THE ERROR AFFECTED CONTRIBUTIONS TO OR  
26 PAYMENTS FROM THE PLAN, THE BOARD SHALL TAKE ACTION AS PROVIDED  
27 FOR IN THE PLAN DOCUMENT.

28 § 5955. CONSTRUCTION OF PART.

29 (A) EXCLUSIVE SOURCE OF RIGHTS AND BENEFITS.--REGARDLESS OF  
30 ANY OTHER PROVISION OF LAW, PENSION AND BENEFIT RIGHTS OF STATE



1 EMPLOYEES SHALL BE DETERMINED SOLELY BY THIS PART OR ANY  
2 AMENDMENT THERETO[, ] OR THE PLAN DOCUMENT ESTABLISHED BY THE  
3 BOARD; AND NO COLLECTIVE BARGAINING AGREEMENT NOR ANY  
4 ARBITRATION AWARD BETWEEN THE COMMONWEALTH AND [ITS] OTHER  
5 EMPLOYERS AND THE COMMONWEALTH'S AND OTHER EMPLOYER'S EMPLOYEES  
6 OR THEIR COLLECTIVE BARGAINING REPRESENTATIVES SHALL BE  
7 CONSTRUED TO CHANGE ANY OF THE PROVISIONS HEREIN, TO REQUIRE THE  
8 BOARD TO ADMINISTER PENSION OR RETIREMENT BENEFITS NOT SET FORTH  
9 IN THIS PART OR NOT ESTABLISHED BY THE BOARD IN THE PLAN  
10 DOCUMENT, TO REQUIRE THE BOARD TO MODIFY, AMEND OR CHANGE ANY OF  
11 THE TERMS AND PROVISIONS OF THE PLAN DOCUMENT, OR TO OTHERWISE  
12 REQUIRE ACTION BY ANY OTHER GOVERNMENT BODY PERTAINING TO  
13 PENSION OR RETIREMENT BENEFITS OR RIGHTS OF STATE EMPLOYEES.  
14 NOTWITHSTANDING THE FOREGOING, ANY PENSION OR RETIREMENT  
15 BENEFITS OR RIGHTS PREVIOUSLY SO ESTABLISHED BY OR AS A RESULT  
16 OF AN ARBITRATION AWARD SHALL REMAIN IN EFFECT AFTER THE  
17 EXPIRATION OF THE CURRENT COLLECTIVE BARGAINING AGREEMENT  
18 BETWEEN THE STATE EMPLOYEES SO AFFECTED AND THE COMMONWEALTH  
19 UNTIL THE EXPIRATION OF EACH OF THE COLLECTIVE BARGAINING  
20 AGREEMENTS IN EFFECT ON JANUARY 1, 2011, AT WHICH TIME THE  
21 CLASSES OF MEMBERSHIP AND RESULTING MEMBER CONTRIBUTION RATES  
22 AND CONTRIBUTIONS FOR CREDITABLE NONSTATE SERVICE, ELIGIBILITY  
23 FOR VESTING, WITHDRAWAL AND SUPERANNUATION ANNUITIES, OPTIONAL  
24 MODIFICATION OF ANNUITIES AND OTHER TERMS AND CONDITIONS RELATED  
25 TO CLASS OF MEMBERSHIP SHALL BE AS DETERMINED BY THIS PART FOR  
26 EMPLOYEES COVERED BY THOSE AND SUCCESSOR COLLECTIVE BARGAINING  
27 AGREEMENTS. FOR PURPOSES OF ADMINISTERING THIS PART, FOR THOSE  
28 STATE EMPLOYEES WHO ARE MEMBERS OF EACH SUCH COLLECTIVE  
29 BARGAINING UNIT, THE DATE JANUARY 1, 2011, CONTAINED IN THIS  
30 PART, EXCEPT IN THIS SECTION, SHALL BE REPLACED WITH THE DATE OF

1 THE DAY IMMEDIATELY FOLLOWING THE EXPIRATION OF EACH SUCH  
2 COLLECTIVE BARGAINING AGREEMENT. THE PROVISIONS OF THIS PART  
3 INsofar AS THEY ARE THE SAME AS THOSE OF EXISTING LAW ARE  
4 INTENDED AS A CONTINUATION OF SUCH LAWS AND NOT AS NEW  
5 ENACTMENTS. THE PROVISIONS OF THIS PART SHALL NOT AFFECT ANY ACT  
6 DONE, LIABILITY INCURRED, RIGHT ACCRUED OR VESTED, OR ANY SUIT  
7 OR PROSECUTION PENDING OR TO BE INSTITUTED TO ENFORCE ANY RIGHT  
8 OR PENALTY OR TO PUNISH ANY OFFENSE UNDER THE AUTHORITY OF ANY  
9 REPEALED LAWS.

10 (B) REFERENCES.--REFERENCES IN THIS PART TO THE INTERNAL  
11 REVENUE CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.)  
12 OR THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT  
13 OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), INCLUDING  
14 ADMINISTRATIVE REGULATIONS PROMULGATED UNDER THE INTERNAL  
15 REVENUE CODE OF 1986 OR THE UNIFORMED SERVICES EMPLOYMENT AND  
16 REEMPLOYMENT RIGHTS ACT OF 1994, ARE INTENDED TO INCLUDE LAWS  
17 AND REGULATIONS:

18 (1) IN EFFECT ON THE EFFECTIVE DATE OF THIS SUBSECTION.

19 (2) AMENDED, SUPPLEMENTED OR SUPPLANTED ON AND AFTER THE  
20 EFFECTIVE DATE OF THIS SUBSECTION.

21 (C) OFFICER OR MEMBER OF THE PENNSYLVANIA STATE POLICE.--

22 (1) NOTWITHSTANDING A PROVISION OF SUBSECTION (A) OR  
23 SECTION 12.1 OF THE ACT OF NOVEMBER 23, 2010 (P.L.1269,  
24 NO.120), REGARDING THE CONTINUED EFFECTIVENESS OF PENSION OR  
25 RETIREMENT BENEFITS OR RIGHTS PREVIOUSLY ESTABLISHED BY OR AS  
26 A RESULT OF A BINDING ARBITRATION AWARD ISSUED BEFORE JULY 1,  
27 1989, PURSUANT TO THE ACT OF JUNE 24, 1968 (P.L.237, NO.111),  
28 REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE  
29 BARGAINING ACT, AND IMPLEMENTED BY THE BOARD, THE PENSION OR  
30 RETIREMENT BENEFITS OR RIGHTS OF A STATE EMPLOYEE WHO IS A

1 CURRENT OR FORMER STATE POLICE OFFICER OR WHO BECOMES A STATE  
2 POLICE OFFICER AFTER THE EFFECTIVE DATE OF THIS SUBSECTION  
3 SHALL BE AS PROVIDED IN THIS PART AS IF THE BINDING  
4 ARBITRATION AWARD WAS NOT ISSUED, EXCEPT AS PROVIDED UNDER  
5 THIS SUBSECTION.

6 (2) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE  
7 POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER  
8 THE EFFECTIVE DATE OF THIS SUBSECTION WHO:

9 (I) TERMINATES STATE SERVICE BEFORE JANUARY 1, 2018;

10 OR

11 (II) TERMINATES STATE SERVICE ON OR AFTER JANUARY 1,  
12 2018, AND DOES NOT HAVE SERVICE CREDITED IN CLASS A-5

13 SHALL BE ELIGIBLE TO RECEIVE THE MAXIMUM SINGLE LIFE  
14 ANNUITY, BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705  
15 (RELATING TO MEMBER'S OPTIONS), THAT THE STATE EMPLOYEE  
16 WOULD HAVE BEEN ELIGIBLE TO RECEIVE IF PARAGRAPH (1) HAD  
17 NOT BEEN ENACTED.

18 (3) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE  
19 POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER  
20 THE EFFECTIVE DATE OF THIS SUBSECTION WHO HAS SERVICE  
21 CREDITED IN CLASS A-5, HAS 20 OR MORE QUALIFYING ELIGIBILITY  
22 POINTS AND WHO TERMINATES STATE SERVICE ON OR AFTER JANUARY  
23 1, 2018, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM SINGLE LIFE  
24 ANNUITY BEFORE OPTIONAL MODIFICATION UNDER SECTION 5705 EQUAL  
25 TO THE SUM OF:

26 (I) THE MAXIMUM SINGLE LIFE ANNUITY THAT THE STATE  
27 EMPLOYEE WOULD HAVE BEEN ELIGIBLE TO RECEIVE WITHOUT  
28 REGARD TO ANY ELIGIBILITY POINTS, SERVICE CREDIT,  
29 COMPENSATION OR CONTRIBUTIONS ATTRIBUTABLE TO CLASS A-5  
30 SERVICE IF PARAGRAPH (1) HAD NOT BEEN ENACTED EXCEPT THAT

1 SERVICE CREDIT AND ELIGIBILITY POINTS FOR SERVICE OTHER  
2 THAN AS A MEMBER OF CLASS A-5 SHALL BE ADJUSTED FOR ANY  
3 CONCURRENT SERVICE AS A MEMBER OF CLASS A-5; AND

4 (II) IF ELIGIBLE, THE MAXIMUM SINGLE LIFE ANNUITY  
5 THAT THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS  
6 PART ATTRIBUTABLE TO CLASS A-5 SERVICE AND, IF A MULTIPLE  
7 SERVICE MEMBER, SERVICE CREDITED IN THE PUBLIC SCHOOL  
8 EMPLOYEES' RETIREMENT SYSTEM.

9 (4) A STATE EMPLOYEE WHO IS A CURRENT OR FORMER STATE  
10 POLICE OFFICER OR WHO BECOMES A STATE POLICE OFFICER AFTER  
11 THE EFFECTIVE DATE OF THIS SUBSECTION WHO HAS SERVICE  
12 CREDITED IN CLASS A-5, DOES NOT HAVE 20 OR MORE QUALIFYING  
13 ELIGIBILITY POINTS AND WHO TERMINATES STATE SERVICE ON OR  
14 AFTER JANUARY 1, 2018, SHALL BE ELIGIBLE TO RECEIVE A MAXIMUM  
15 SINGLE LIFE ANNUITY BEFORE OPTIONAL MODIFICATION UNDER  
16 SECTION 5705 EQUAL TO THE MAXIMUM SINGLE LIFE ANNUITY THAT  
17 THE STATE EMPLOYEE IS ELIGIBLE TO RECEIVE UNDER THIS PART  
18 ATTRIBUTABLE TO ALL CREDITED SERVICE, COMPENSATION AND  
19 ELIGIBILITY POINTS.

20 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS PART, SERVICE  
21 AS A STATE POLICE OFFICER CREDITED IN THE SYSTEM SHALL NOT  
22 OPERATE TO PREVENT ANY STATE EMPLOYEE FROM BEING A  
23 PARTICIPANT IN THE PLAN FOR ANY STATE SERVICE THAT IS NOT  
24 SERVICE AS A CLASS A-5 EXEMPT EMPLOYEE THAT WOULD OTHERWISE  
25 RESULT IN PARTICIPATION IN THE PLAN. ANY BENEFIT RESULTING  
26 FROM PARTICIPATION IN THE PLAN SHALL BE IN ADDITION TO ANY  
27 BENEFIT A STATE POLICE OFFICER MAY BE ELIGIBLE TO RECEIVE AS  
28 A MEMBER OF THE SYSTEM.

29 (6) AS USED IN THIS SUBSECTION, THE FOLLOWING WORDS AND  
30 PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS

1 PARAGRAPH UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

2 "BINDING ARBITRATION AWARD." A BINDING ARBITRATION AWARD  
3 ISSUED BEFORE JULY 1, 1989, UNDER THE ACT OF JUNE 24, 1968  
4 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN  
5 COLLECTIVE BARGAINING ACT, ACT OF JUNE 24, 1968 (P.L.237,  
6 NO.111), REFERRED TO AS THE POLICEMEN AND FIREMEN COLLECTIVE  
7 BARGAINING ACT, AND IMPLEMENTED BY THE BOARD.

8 "QUALIFYING ELIGIBILITY POINTS." ELIGIBILITY POINTS AS A  
9 RESULT OF STATE SERVICE, NONSTATE SERVICE OR BEING REEMPLOYED  
10 FROM USERRA LEAVE CREDITED IN CLASSES OF SERVICE OTHER THAN  
11 CLASS A-5.

12 (D) ADVERSE INFERENCE.--NOTHING IN THIS PART SHALL BE  
13 CONSTRUED TO MEAN THAT THE LIMITATIONS ON BENEFITS OR OTHER  
14 REQUIREMENTS UNDER IRC § 401(A) OR OTHER APPLICABLE PROVISIONS  
15 OF THE IRC WHICH ARE APPLICABLE TO PARTICIPANTS IN THE PLAN DO  
16 NOT APPLY TO THE PARTICIPANTS OR TO MEMBERS OF THE SYSTEM AND  
17 THE BENEFITS PAYABLE UNDER THIS PART.

18 § 5957. INDEPENDENT FISCAL OFFICE STUDY.

19 THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE  
20 IMPLEMENTATION OF SHARED-RISK CONTRIBUTIONS UNDER SECTION 5501.1  
21 (RELATING TO SHARED-RISK MEMBER CONTRIBUTIONS [FOR CLASS A-3 AND  
22 CLASS A-4 SERVICE] AND SHARED-GAIN ADJUSTMENTS TO REGULAR MEMBER  
23 CONTRIBUTIONS) AND ITS IMPACT ON THE SYSTEM. THE STUDY SHALL BE  
24 COMPLETED BY DECEMBER 31, 2015, AND SHALL BE TRANSMITTED TO THE  
25 APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF THE  
26 SENATE, THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE  
27 OF THE HOUSE OF REPRESENTATIVES AND TO THE GOVERNOR.

28 SECTION 325. TITLE 71 IS AMENDED BY ADDING A SECTION TO  
29 READ:

30 § 5958. PUBLIC PENSION MANAGEMENT AND ASSET INVESTMENT REVIEW

1                   COMMISSION.

2       (A) ESTABLISHMENT.--A PUBLIC PENSION MANAGEMENT AND ASSET  
3 INVESTMENT REVIEW COMMISSION SHALL BE ESTABLISHED, WHICH SHALL  
4 BE COMPOSED OF FIVE APPOINTEES, ONE APPOINTED BY EACH OF THE  
5 FOLLOWING:

- 6           (1) GOVERNOR;  
7           (2) PRESIDENT PRO TEMPORE OF THE SENATE;  
8           (3) SENATE MINORITY LEADER;  
9           (4) SPEAKER OF THE HOUSE OF REPRESENTATIVES;  
10          (5) HOUSE MINORITY LEADER.

11 THE APPOINTEES SHALL BE INVESTMENT PROFESSIONALS AND RETIREMENT  
12 ADVISORS AND SHALL BE APPOINTED WITHIN 90 DAYS OF THE EFFECTIVE  
13 DATE OF THIS SECTION.

14       (B) DUTIES.--THE DUTIES OF THE PUBLIC PENSION MANAGEMENT AND  
15 ASSET INVESTMENT REVIEW COMMISSION ARE AS FOLLOWS:

16           (1) STUDY THE PERFORMANCE OF CURRENT INVESTMENT  
17 STRATEGIES AND PROCEDURES OF THE SYSTEM, COMPARING REALIZED  
18 RATES OF RETURN TO ESTABLISHED BENCHMARKS AND CONSIDERING  
19 ASSOCIATED FEES PAID FOR ACTIVE AND PASSIVE MANAGEMENT.

20           (2) STUDY THE COSTS AND BENEFITS OF BOTH ACTIVE AND  
21 PASSIVE INVESTMENT STRATEGIES IN RELATION TO FUTURE  
22 INVESTMENT ACTIVITIES OF THE STATE EMPLOYEES' RETIREMENT  
23 SYSTEM.

24           (3) STUDY ALTERNATIVE FUTURE INVESTMENT STRATEGIES WITH  
25 AVAILABLE ASSETS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM  
26 THAT WILL MAXIMIZE FUTURE RATES OF RETURN NET OF FEES.

27           (3.1) THE COMMISSION SHALL EVALUATE AND MAKE  
28 RECOMMENDATIONS ON:

- 29           (I) IMPROVING INVESTMENT FEE TRANSPARENCY ON  
30 ALTERNATIVE INVESTMENTS AS SPECIFIED IN THE STANDARDIZED

1 REPORTING GUIDELINES OF THE INSTITUTIONAL LIMITED  
2 PARTNERS ASSOCIATION.

3 (II) IMPLEMENTING THE RECOMMENDATIONS OF THE SOCIETY  
4 OF ACTUARIES BLUE RIBBON PANEL ON STRESS TESTING, TO TEST  
5 THE ABILITY OF THE PLAN TO WITHSTAND A PERIOD OF  
6 INVESTMENT RETURNS ABOVE OR BELOW THE LEVEL OF ASSUMED  
7 RETURN.

8 (4) PUBLISH EXTENSIVE AND DETAILED FINDINGS ON-LINE,  
9 INCLUDING FINDINGS ABOUT:

- 10 (I) ASSETS;  
11 (II) RETURNS;  
12 (III) FINANCIAL MANAGERS;  
13 (IV) CONSULTANTS;  
14 (V) REQUESTS FOR PROPOSALS; AND  
15 (VI) INVESTMENT PERFORMANCE MEASURED AGAINST  
16 BENCHMARKS.

17 (5) REPORT ITS FINDINGS AND RECOMMENDATIONS TO THE  
18 GOVERNOR AND THE GENERAL ASSEMBLY WITHIN SIX MONTHS OF ITS  
19 FIRST ORGANIZATIONAL MEETING.

20 (C) QUORUM.--A MAJORITY OF APPOINTED MEMBERS SHALL  
21 CONSTITUTE A QUORUM FOR THE PURPOSE OF CONDUCTING BUSINESS. THE  
22 MEMBERS SHALL SELECT ONE OF THEIR NUMBER TO BE CHAIRPERSON AND  
23 ANOTHER TO BE THE VICE-CHAIRPERSON.

24 (D) TRANSPARENCY AND ETHICS.--THE PUBLIC PENSION MANAGEMENT  
25 AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE SUBJECT TO THE  
26 FOLLOWING LAWS:

27 (1) THE ACT OF JULY 19, 1957 (P.L.1017, NO.451), KNOWN  
28 AS THE STATE ADVERSE INTEREST ACT.

29 (2) THE ACT OF OCTOBER 4, 1978 (P.L.883, NO.170), KNOWN <--  
30 AS THE PUBLIC OFFICIAL AND EMPLOYEE ETHICS ACT 65 PA.C.S. CH. <--

1 11 (RELATING TO ETHICS STANDARDS AND FINANCIAL DISCLOSURE).

2 (3) ~~THE ACT OF JULY 3, 1986 (P.L.388, NO.84), KNOWN AS~~ <--  
3 ~~THE SUNSHINE ACT 65 PA.C.S. CH. 7 (RELATING TO OPEN~~ <--  
4 ~~MEETINGS).~~

5 (4) THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS  
6 THE RIGHT-TO-KNOW LAW.

7 (E) INFORMATION GATHERING.--THE PUBLIC PENSION MANAGEMENT  
8 AND ASSET INVESTMENT REVIEW COMMISSION MAY CONDUCT HEARINGS AND  
9 OTHERWISE GATHER PERTINENT INFORMATION AND ANALYSIS THAT IT  
10 CONSIDERS APPROPRIATE AND NECESSARY TO FULFILL ITS DUTIES.

11 (F) LOGISTICAL AND OTHER SUPPORT.--THE PUBLIC PENSION  
12 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL RECEIVE  
13 LOGISTICAL AND OTHER SUPPORT FROM THE JOINT STATE GOVERNMENT  
14 COMMISSION AND MAY EMPLOY ADDITIONAL TEMPORARY STAFF AS NEEDED.

15 (G) REIMBURSEMENT.--THE MEMBERS OF THE PUBLIC PENSION  
16 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION SHALL BE  
17 REIMBURSED FOR REASONABLE EXPENSES.

18 (H) EXPIRATION.--THE PUBLIC PENSION MANAGEMENT AND ASSET  
19 INVESTMENT REVIEW COMMISSION SHALL EXPIRE 60 DAYS AFTER DELIVERY  
20 OF ITS REPORT IN ACCORDANCE WITH SUBSECTION (B) (5). ANY UNSPENT  
21 APPROPRIATION SHALL LAPSE BACK TO THE GENERAL FUND.

22 (I) ADMINISTRATIVE COSTS AND PAYMENT.--NONE OF THE  
23 ADMINISTRATIVE COSTS AND EXPENSES OF THE PUBLIC PENSION  
24 MANAGEMENT AND ASSET INVESTMENT REVIEW COMMISSION, INCLUDING,  
25 BUT NOT LIMITED TO, MEMBER AND EMPLOYEE SALARY, WAGES, BENEFITS  
26 AND OTHER FORMS OF COMPENSATION OR REMUNERATION SHALL BE PAID OR  
27 APPROPRIATED FROM THE FUND OR THE TRUST.

28 ARTICLE IV

29 SECTION 401. THE FOLLOWING SHALL APPLY:

30 (1) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A



1 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, A  
2 PARTICIPANT IN THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION  
3 PLAN OR ANOTHER PERSON CLAIMING AN INTEREST IN THE ACCOUNT OF  
4 A MEMBER OR PARTICIPANT AN EXPRESS OR IMPLIED CONTRACTUAL  
5 RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 24 PA.C.S.  
6 PT. IV, 51 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24  
7 PA.C.S. PT. IV OR 51 PA.C.S.:

8 (I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S.  
9 OR 24 PA.C.S. PT. IV IN RELATION TO REQUIREMENTS FOR ANY  
10 OF THE FOLLOWING:

11 (A) (RESERVED) .

12 (B) QUALIFICATION OF THE SCHOOL EMPLOYEES'  
13 DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN  
14 UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW  
15 99-514, 26 U.S.C. §§ 401(A) AND 415(B)), OR  
16 COMPLIANCE WITH THE UNIFORMED SERVICES EMPLOYMENT AND  
17 REEMPLOYMENT RIGHTS ACT OF 1994 (PUBLIC LAW 103-353,  
18 108 STAT. 3149) .

19 (C) CONTRIBUTIONS TO, PARTICIPATION IN OR  
20 BENEFITS FROM THE SCHOOL EMPLOYEES' DEFINED  
21 CONTRIBUTION PLAN OR SCHOOL EMPLOYEES' DEFINED  
22 CONTRIBUTION TRUST.

23 (D) DOMESTIC RELATIONS ORDERS REGARDING  
24 ALTERNATE PAYEES OF PARTICIPANTS IN THE SCHOOL  
25 EMPLOYEES' DEFINED CONTRIBUTION PLAN.

26 (II) A CONSTRUCTION OF 24 PA.C.S. PT. IV OR 51  
27 PA.C.S. OR RULES OR REGULATIONS ADOPTED UNDER 24 PA.C.S.  
28 PT. IV OR 51 PA.C.S. OR A TERM OR PROVISION OF THE SCHOOL  
29 EMPLOYEES' DEFINED CONTRIBUTION PLAN OR SCHOOL EMPLOYEES'  
30 DEFINED CONTRIBUTION TRUST, ESTABLISHED BY STATUTE OR IN

1 THE PLAN DOCUMENT OR TRUST DECLARATION.

2 (2) THE PROVISIONS OF 24 PA.C.S. PT. IV SHALL REMAIN  
3 SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE  
4 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF  
5 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), AND REGULATIONS  
6 UNDER THOSE STATUTES, AND THE GENERAL ASSEMBLY RESERVES TO  
7 ITSELF THE FURTHER EXERCISE OF ITS LEGISLATIVE POWER TO AMEND  
8 OR SUPPLEMENT THE PROVISIONS AS MAY BE REQUIRED IN ORDER TO  
9 MAINTAIN THE QUALIFICATION OF THE SYSTEM AS A QUALIFIED  
10 PENSION PLAN UNDER SECTION 401(A) AND OTHER APPLICABLE  
11 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE  
12 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF  
13 1994 (PUBLIC LAW 103-353, 108 STAT. 3149).

14 (3) THE FOLLOWING PROVISIONS SHALL NOT CREATE IN A  
15 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, A  
16 PARTICIPANT IN THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN  
17 OR ANOTHER PERSON CLAIMING AN INTEREST IN THE ACCOUNT OF A  
18 MEMBER OR PARTICIPANT AN EXPRESSED OR IMPLIED CONTRACTUAL  
19 RIGHT IN THE PROVISIONS NOR IN A CONSTRUCTION OF 51 PA.C.S. §  
20 7306, 71 PA.C.S. ~~PART~~ PT. XXV, OR RULES OR REGULATIONS <--  
21 ADOPTED UNDER 51 PA.C.S. § 7306 OR 71 PA.C.S. PT. XXV:

22 (I) A PROVISION OF THIS ACT WHICH AMENDS 51 PA.C.S.  
23 § 7306 OR 71 PA.C.S. PT. XXV, IN RELATION TO REQUIREMENTS  
24 FOR ANY OF THE FOLLOWING:

25 (A) QUALIFICATION OF THE STATE EMPLOYEES'  
26 DEFINED CONTRIBUTION PLAN AS A QUALIFIED PENSION PLAN  
27 UNDER THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW  
28 99-514, 26 U.S.C. § 401(A)).

29 (B) COMPLIANCE WITH THE UNIFORMED SERVICES  
30 EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994

1 (PUBLIC LAW 103-353).

2 (C) DOMESTIC RELATIONS ORDERS REGARDING  
3 ALTERNATE PAYEES OF PARTICIPANTS IN THE STATE  
4 EMPLOYEES' DEFINED CONTRIBUTION PLAN.

5 (II) A CONSTRUCTION OF 51 PA.C.S. OR 71 PA.C.S. PT.  
6 XXV, OR RULES OR REGULATION PROMULGATED UNDER 51 PA.C.S.  
7 OR 71 PA.C.S. PT. XXV, OR A TERM OR PROVISION OF THE  
8 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN OR STATE  
9 EMPLOYEES' DEFINED CONTRIBUTION TRUST ESTABLISHED BY  
10 STATUTE OR IN THE PLAN DOCUMENT OR TRUST DECLARATION OR  
11 BY CONTRACT WITH PROVIDERS OF INVESTMENT AND  
12 ADMINISTRATIVE SERVICES TO THE STATE EMPLOYEES' DEFINED  
13 CONTRIBUTION PLAN OR STATE EMPLOYEES' DEFINED  
14 CONTRIBUTION TRUST.

15 (4) THE PROVISIONS OF 71 PA.C.S. PT. XXV SHALL REMAIN  
16 SUBJECT TO THE INTERNAL REVENUE CODE OF 1986 AND THE  
17 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF  
18 1994 (PUBLIC LAW 103-353, 108 STAT. 3149), AND REGULATIONS  
19 PROMULGATED UNDER THOSE STATUTES.

20 (5) THE GENERAL ASSEMBLY RESERVES TO ITSELF THE FURTHER  
21 EXERCISE OF ITS LEGISLATIVE POWER TO AMEND OR SUPPLEMENT THE  
22 PROVISIONS OF 71 PA.C.S. PT. XXV IN ORDER TO MAINTAIN THE  
23 QUALIFICATION OF THE STATE EMPLOYEES' RETIREMENT SYSTEM AND  
24 THE STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN AS QUALIFIED  
25 PENSION PLANS UNDER SECTION 401(A) AND OTHER APPLICABLE  
26 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE  
27 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF  
28 1994 (PUBLIC LAW 103-353, 108 STAT. 3149).

29 SECTION 402. THE FOLLOWING SHALL APPLY:

30 (1) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT

1 A CALCULATION OR ACTUARIAL METHOD USED BY THE PUBLIC SCHOOL  
2 EMPLOYEES' RETIREMENT BOARD, ITS ACTUARIES OR THE PUBLIC  
3 SCHOOL EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE  
4 WITH THE PROVISIONS OF 24 PA.C.S. PT. IV OR OTHER APPLICABLE  
5 LAW PRIOR TO THE EFFECTIVE DATE OF THIS PARAGRAPH.

6 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT  
7 A CALCULATION OR ACTUARIAL METHOD USED BY THE STATE  
8 EMPLOYEES' RETIREMENT BOARD, ITS ACTUARIES OR THE STATE  
9 EMPLOYEES' RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH THE  
10 PROVISIONS OF 71 PA.C.S. PT. XXV OR OTHER APPLICABLE LAW  
11 PRIOR TO THE EFFECTIVE DATE OF THIS SECTION.  
12 SECTION 403. THE FOLLOWING SHALL APPLY:

13 (1) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED  
14 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO LIMITS  
15 IMPOSED UNDER 24 PA.C.S. § 8328(G) ON EMPLOYER CONTRIBUTIONS  
16 TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM.

17 (2) FOR PURPOSES OF 24 PA.C.S. §§ 8326, 8327, AND 8328,  
18 CHANGES UNDER THIS SECTION SHALL NOT BE CONSIDERED TO BE  
19 COSTS ADDED BY LEGISLATION.

20 SECTION 404. THE FOLLOWING SHALL APPLY:

21 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A CHANGE  
22 IN ACCRUED LIABILITY OF THE STATE EMPLOYEES' RETIREMENT  
23 SYSTEM CREATED UNDER THIS ACT SHALL BE FUNDED IN EQUAL DOLLAR  
24 INSTALLMENTS OVER A PERIOD OF 30 YEARS BEGINNING JULY 1,  
25 2016.

26 (2) PAYMENTS REQUIRED TO FUND A CHANGE IN ACCRUED  
27 LIABILITY RESULTING FROM THIS ACT SHALL BE SUBJECT TO LIMITS  
28 IMPOSED UNDER 71 PA.C.S. § 5508(H) ON EMPLOYER CONTRIBUTIONS  
29 TO THE STATE EMPLOYEES' RETIREMENT SYSTEM.

30 (3) FOR PURPOSES OF 71 PA.C.S. §§ 5501.2, 5507 AND 5508,

CHANGES UNDER THIS ACT SHALL NOT BE CONSIDERED TO BE COSTS  
ADDED BY LEGISLATION.

SECTION 405. THE FOLLOWING SHALL APPLY:

(1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN SUCH  
A MANNER THAT THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
AND THE SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN SHALL  
SATISFY THE REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED  
PENSION PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE  
CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER  
APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986  
AND THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS  
ACT OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149). THE RULES,  
REGULATIONS AND PROCEDURES ADOPTED AND PROMULGATED BY THE  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AND THE TERMS AND  
CONDITIONS OF THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED  
BY THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD MAY INCLUDE  
PROVISIONS NECESSARY TO ACCOMPLISH THE PURPOSE OF THIS  
SECTION.

(2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO  
IMPLY THAT ANY MEMBER OF SHALL BE REQUIRED TO MAKE  
CONTRIBUTIONS TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
SYSTEM IN EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N)  
(3) (A) (III) OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. §  
415(N) (3) (A) (III)). A CONTRIBUTION MADE BY A MEMBER THAT IS  
DETERMINED TO BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED TO  
THE MEMBER IN A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL  
APPLICABLE TAXES AND PENALTIES AS SOON AS ADMINISTRATIVELY  
POSSIBLE AFTER THE DETERMINATION IS MADE. A REFUND UNDER THIS  
SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE  
MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A

1 WITHDRAWAL OF THE MEMBER'S ACCUMULATED DEDUCTIONS.

2 (3) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT  
3 AN INTERPRETATION OR APPLICATION OF 24 PA.C.S. PT. IV OR  
4 BENEFITS AVAILABLE TO MEMBERS OF THE PUBLIC SCHOOL EMPLOYEES'  
5 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 24 PA.C.S. PT.  
6 IV OR OTHER APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE  
7 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.) AND  
8 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT  
9 OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149) BEFORE THE  
10 EFFECTIVE DATE OF THIS SECTION.

11 SECTION 406. THE FOLLOWING SHALL APPLY TO CONSTRUCTION  
12 RELATED TO FEDERAL LAW AS TO THE STATE EMPLOYEES' RETIREMENT  
13 SYSTEM:

14 (1) THIS ACT SHALL BE CONSTRUED AND ADMINISTERED IN A  
15 MANNER THAT THE STATE EMPLOYEES' RETIREMENT SYSTEM AND THE  
16 STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN SHALL SATISFY THE  
17 REQUIREMENTS NECESSARY TO QUALIFY AS A QUALIFIED PENSION PLAN  
18 UNDER SECTION 401(A) OF THE INTERNAL REVENUE CODE OF 1986  
19 (PUBLIC LAW 99-514, 26 U.S.C. § 401(A)), OTHER APPLICABLE  
20 PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986 AND THE  
21 UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF  
22 1994 (PUBLIC LAW 103-353, 108 STAT. 3149). THE RULES,  
23 REGULATIONS AND PROCEDURES PROMULGATED BY THE STATE  
24 EMPLOYEES' RETIREMENT BOARD AND THE TERMS AND CONDITIONS OF  
25 THE PLAN DOCUMENT AND TRUST DECLARATION ADOPTED BY THE STATE  
26 EMPLOYEES' RETIREMENT BOARD MAY INCLUDE PROVISIONS NECESSARY  
27 TO ACCOMPLISH THE PURPOSE OF THIS SECTION.

28 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO  
29 IMPLY THAT ANY MEMBER OF CLASS A-5 SHALL BE REQUIRED TO MAKE  
30 CONTRIBUTIONS TO THE STATE EMPLOYEES' RETIREMENT SYSTEM IN

1 EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N) (3) (A) (III)  
2 OF THE INTERNAL REVENUE CODE OF 1986 (26 U.S.C. § 415(N) (3)  
3 (A) (III)). A CONTRIBUTION MADE BY A MEMBER OF CLASS A-5 THAT  
4 IS DETERMINED TO BE IN EXCESS OF THE LIMITS SHALL BE REFUNDED  
5 TO THE MEMBER IN A LUMP SUM SUBJECT TO WITHHOLDING FOR ALL  
6 APPLICABLE TAXES AND PENALTIES AS SOON AS ADMINISTRATIVELY  
7 POSSIBLE AFTER THE DETERMINATION IS MADE. A REFUND UNDER THIS  
8 SUBPARAGRAPH SHALL NOT AFFECT THE BENEFIT PAYABLE TO THE  
9 MEMBER AND SHALL NOT BE TREATED AS OR DEEMED TO BE A  
10 WITHDRAWAL OF THE MEMBER'S ACCUMULATED DEDUCTIONS.

11 (3) NOTHING IN THIS ACT SHALL BE CONSTRUED TO MEAN THAT  
12 AN INTERPRETATION OR APPLICATION OF 71 PA.C.S. PT. XXV OR  
13 BENEFITS AVAILABLE TO MEMBERS OF THE STATE EMPLOYEES'  
14 RETIREMENT SYSTEM WAS NOT IN ACCORDANCE WITH 71 PA.C.S. PT.  
15 XXV OR OTHER APPLICABLE LAW, INCLUDING THE INTERNAL REVENUE  
16 CODE OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.) AND  
17 THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT  
18 OF 1994 (PUBLIC LAW 103-353, 108 STAT. 3149) BEFORE THE  
19 EFFECTIVE DATE OF THIS SECTION.

20 SECTION 407. THE FOLLOWING SHALL APPLY:

21 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
22 FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR  
23 OTHER REQUIREMENT, THE MEMBERS OF THE PUBLIC SCHOOL  
24 EMPLOYEES' RETIREMENT BOARD, THE ACTUARY AND EMPLOYEES AND  
25 OFFICIALS OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
26 MAY NOT BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR  
27 STANDARD AS INDIVIDUALS, IN THEIR OFFICIAL CAPACITY OR AS A  
28 GOVERNMENTAL OR CORPORATE ENTITY, FOR AN ACTION OR  
29 CALCULATION RELATED TO CALCULATING AND CERTIFYING A FINAL  
30 CONTRIBUTION RATE AS PROVIDED UNDER THIS ACT THAT IS

1 DIFFERENT FROM THE ACTUARIALLY REQUIRED CONTRIBUTION RATE AS  
2 APPROPRIATELY CALCULATED UNDER 24 PA.C.S. PT. IV.

3 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW,  
4 FIDUCIARY REQUIREMENT, ACTUARIAL STANDARD OF PRACTICE OR  
5 OTHER REQUIREMENT, THE MEMBERS OF THE STATE EMPLOYEES'  
6 RETIREMENT BOARD, THE ACTUARY AND OTHER EMPLOYEES AND  
7 OFFICIALS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM MAY NOT  
8 BE HELD LIABLE OR IN BREACH OR VIOLATION OF A LAW OR STANDARD  
9 AS INDIVIDUALS, IN AN OFFICIAL CAPACITY OR AS A GOVERNMENTAL  
10 OR CORPORATE ENTITY, FOR AN ACTION OR CALCULATION RELATED TO  
11 CALCULATING AND CERTIFYING A FINAL CONTRIBUTION RATE AS  
12 PROVIDED UNDER THIS ACT THAT IS DIFFERENT FROM THE  
13 ACTUARIALLY REQUIRED CONTRIBUTION RATE AS APPROPRIATELY  
14 CALCULATED UNDER 71 PA.C.S. PT. XXV.

15 SECTION 408. NOTHING IN THIS ACT SHALL BE DEEMED TO PERMIT  
16 THE RESTORATION OF SERVICE CREDIT OR RETIREMENT BENEFITS THAT:

17 (1) WERE OR IS SUBJECT TO SECTION 16 OF ARTICLE V OF THE  
18 CONSTITUTION OF PENNSYLVANIA OR 42 PA.C.S. § 3352; OR

19 (2) WERE OR ARE THE SUBJECT OF AN ORDER OF FORFEITURE  
20 UNDER THE ACT OF JULY 8, 1978 (P.L.752, NO.140), KNOWN AS THE  
21 PUBLIC EMPLOYEE PENSION FORFEITURE ACT.

22 SECTION 409. (RESERVED).

23 SECTION 410. NO SCHOOL EMPLOYEE OTHERWISE A MEMBER OF,  
24 ELIGIBLE TO BE A MEMBER OF, OR HAVING SCHOOL OR NONSCHOOL  
25 SERVICE CREDITED IN A CLASS OF SERVICE OTHER THAN CLASS T-G MAY  
26 CANCEL, DECLINE OR WAIVE MEMBERSHIP IN SUCH OTHER CLASS OF  
27 SERVICE IN ORDER TO OBTAIN CLASS T-G SERVICE CREDIT, BECOME A  
28 MEMBER OF CLASS T-G OR ELECT CLASS T-G MEMBERSHIP.

29 SECTION 411. NO STATE EMPLOYEE OTHERWISE A MEMBER OF,  
30 ELIGIBLE TO BE A MEMBER OF OR HAVING STATE OR NONSTATE SERVICE



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

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5 SECTION 412. NOTWITHSTANDING ANY REGULATION PROMULGATED BY  
6 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD, APPLICATION OR  
7 INTERPRETATION OF 24 PA.C.S. PT. IV, OR ADMINISTRATIVE PRACTICE  
8 TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS T-G  
9 SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND  
10 BENEFITS BASED UPON ATTAINING SUPERANNUATION AGE SHALL BE  
11 DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY  
12 ACCRUED.

13 SECTION 413. NOTWITHSTANDING ANY REGULATION PROMULGATED BY  
14 THE STATE EMPLOYEES' RETIREMENT BOARD, APPLICATION OR  
15 INTERPRETATION OF 71 PA.C.S. PT. XXV, OR ADMINISTRATIVE PRACTICE  
16 TO THE CONTRARY, A MEMBER'S ELIGIBILITY DERIVING FROM CLASS A-5  
17 SERVICE CREDIT FOR A SUPERANNUATION ANNUITY OR OTHER RIGHTS AND  
18 BENEFITS BASED UPON ATTAINING A SUPERANNUATION SCORE OF 92 OR  
19 THE ACCRUAL OF 35 ELIGIBILITY POINTS SHALL BE DETERMINED BY  
20 INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY ACCRUED.

21 SECTION 414. IF A PROVISION OF THIS ACT OR ITS APPLICATION  
22 TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY  
23 SHALL NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS ACT  
24 THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR  
25 APPLICATION.

26 SECTION 415. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S. S  
27 5903(B), THE STATEMENT FOR EACH MEMBER PREPARED BY THE STATE  
28 EMPLOYEES' RETIREMENT BOARD FOR THE PERIODS ENDING DECEMBER 31,  
29 2015, AND DECEMBER 31, 2016, AND ANY OTHER STATEMENTS OR  
30 ESTIMATES OF BENEFITS PREPARED BY THE BOARD PURSUANT TO THE

1 STATE EMPLOYEES' RETIREMENT CODE FROM THE EFFECTIVE DATE OF THIS  
2 SECTION TO DECEMBER 31, 2016, NEED NOT REFLECT THE PROVISIONS OF  
3 THIS ACT AND IN THE CASE OF THE STATEMENTS FOR EACH MEMBER FOR  
4 THE PERIODS ENDING DECEMBER 31, 2015 AND DECEMBER 31, 2016, NEED  
5 NOT INCLUDE A PROJECTION OF THE BENEFIT TO WHICH THE MEMBER IS  
6 ENTITLED UPON ATTAINMENT OF SUPERANNUATION AGE.

7 SECTION 416. NOTWITHSTANDING THE PROVISIONS OF 71 PA.C.S.  
8 PT. XXV, THE OBLIGATION OF THE STATE EMPLOYEES' RETIREMENT BOARD  
9 TO MAKE PAYMENTS WITHIN SPECIFIED TIME PERIODS OF THE RECEIPT OF  
10 APPLICATIONS FOR BENEFITS OR OTHER INFORMATION SHALL NOT APPLY  
11 FROM THE EFFECTIVE DATE OF THIS SECTION TO DECEMBER 31, 2016.

12 SECTION 417. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

13 (1) THE AMENDMENT OF 24 PA.C.S. § 8501(E) AND 71 PA.C.S.  
14 § 5901(E) SHALL TAKE EFFECT IN 365 DAYS.

15 (2) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT  
16 IMMEDIATELY:

17 (I) THIS SECTION.

18 (II) THE REMAINDER OF THIS ACT.