
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1846 Session of
1979

INTRODUCED BY SPENCER, L. E. SMITH AND GAMBLE, OCTOBER 15, 1979

REFERRED TO COMMITTEE ON STATE GOVERNMENT, OCTOBER 15, 1979

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, providing for an increase
3 in the contribution rates, cost-of-living supplements for
4 annuitants of the Public School Employees' Retirement System
5 and the State Employees' Retirement System, and changing
6 disability provisions in both systems.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Section 8102 of Title 24, act of November 25,
10 1970 (P.L.707, No.230), known as the Pennsylvania Consolidated
11 Statutes, is amended by amending or adding definitions to read:
12 § 8102. Definitions.

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

16 * * *

17 "Basic contribution rate." The rate of [5 1/4%] 5 3/4%
18 except [for an active] that in the case of a member of Class T-A
19 or T-B, the appropriate rate based on sex and age at entry into

1 the system shall be increased by 1/2%.

2 "Disability." Any medically determinable physical or mental
3 impairment that is expected to result in death or has lasted or
4 is expected to last for a continuous period of not less than 12
5 months and that renders a member unable to engage in any
6 substantial gainful activity.

7 "Effective date of retirement." The first day following the
8 date of termination of service of a member if he has properly
9 filed an application for an annuity within 90 days of such date
10 or:

11 (1) In the case of a member who applies for an annuity
12 subsequent to 90 days after termination of service, the date
13 of filing such application or the date specified on the
14 application, whichever is later.

15 (2) In the case of a vestee who files an application for
16 an annuity within 90 days of his superannuation age, the
17 attainment of such age.

18 (3) In the case of a finding of disability, [the date
19 certified by the board as the effective date of disability]
20 the first day of the sixth month following the date of filing
21 of the application for disability annuity or the last day for
22 which the member reports for work, whichever is later.

23 * * *

24 "Service connected disability." A disability resulting from
25 an injury arising in the course of school employment and which
26 is compensable under the applicable provisions of the act of
27 June 2, 1915 (P.L.736, No.338), known as "The Pennsylvania
28 Workmen's Compensation Act," or the act of June 21, 1939
29 (P.L.566, No.284), known as "The Pennsylvania Occupational
30 Disease Act."

1 * * *

2 "Substantial gainful activity." Performance of physical or
3 mental duties for remuneration or profit from which earnings
4 derived average more than the amount prescribed pursuant to the
5 Federal Social Security Act, 42 U.S.C. § 301 et seq.

6 * * *

7 Section 2. Sections 8304(a), 8306, 8307(c), 8344(a), (b) and
8 (e), 8345(a), 8348(a), (b) and (c), 8505(c), 8507(k) and 8508(b)
9 of Title 24, are amended or added to read:

10 § 8304. Creditable nonschool service.

11 (a) Eligibility.--An active member or a multiple service
12 member who is an active member of the State Employees'
13 Retirement System shall be eligible to receive Class T-C service
14 credit for creditable nonschool service as set forth in
15 subsection (b) provided that he is not entitled to receive,
16 eligible to receive now or in the future, or is receiving
17 retirement benefits or has forfeited a right to receive, now or
18 in the future, retirement benefits for such service under a
19 retirement system administered and wholly or partially paid for
20 by any other governmental agency or by any private employer, or
21 a retirement program approved by the employer in accordance with
22 section 8301(a)(1) (relating to mandatory and optional
23 membership), and further provided that such service is certified
24 by the previous employer and the manner of payment of the amount
25 due is agreed upon by the member, the employer, and the board.

26 * * *

27 § 8306. Eligibility points.

28 An active member of the system shall accrue one eligibility
29 point for each year of credited service as a member of the
30 [school or State retirement system] Public School Employees'

1 Retirement System or in the case of a multiple service member
2 each year of credited service as a member of the Public School
3 Employees' Retirement System or the State Employees' Retirement
4 System. A member shall accrue an additional two-thirds of an
5 eligibility point for each year of Class D-3 credited service
6 under the State Employees' Retirement System. In the case of a
7 fractional part of a year of credited service, a member shall
8 accrue the corresponding fractional portion of an eligibility
9 point.

10 § 8307. Eligibility for annuities.

11 * * *

12 (c) Disability annuity.--An active or inactive member who
13 has credit for at least five years of continuous school service
14 from his most recent employment effective date shall, upon
15 filing of a proper application, be entitled to a disability
16 annuity if, prior to attainment of superannuation age, he
17 [becomes mentally or physically incapable of continuing to
18 perform the duties for which he is employed] sustains a
19 disability to the extent that he is unable to engage in any
20 substantial gainful activity and qualifies for an annuity in
21 accordance with the provisions of section 8505(c)(1) (relating
22 to duties of board regarding applications and elections of
23 members). There shall be no minimum service requirement in the
24 case of a service connected disability.

25 § 8344. Disability annuities.

26 (a) Amount of annuity.--A member who has made application
27 for a disability annuity as provided in section 8507(k)
28 (relating to rights and duties of school employees and members)
29 and has been found to be eligible in accordance with the
30 provisions of sections 8307(c) (relating to eligibility for

1 annuities) and 8505(c)(1) (relating to duties of board regarding
2 applications and elections of members) shall receive a
3 disability annuity payable from the effective date of
4 [disability] retirement and continued until a subsequent
5 determination by the board that the annuitant is no longer
6 entitled to a disability annuity. The disability annuity shall
7 be equal to a standard single life annuity if the total number
8 of years of credited service is greater than 16.667, otherwise
9 the standard single life annuity shall be multiplied by the
10 lesser of the following ratios:

11
$$Y^*/Y \text{ or } 16.667/Y$$

12 where Y = number of years of credited service and Y* = total
13 years of credited service if the member were to continue as a
14 school employee until attaining superannuation age. In the case
15 of a member who joins or rejoins the system on or after July 1,
16 1975 the disability annuity shall be equal to a standard single
17 life annuity. In no event shall the disability annuity plus any
18 cost-of-living increases prior to any optional modification be
19 less than \$100 for each full year of credited service. The
20 member shall be entitled to the election of a joint and survivor
21 annuity on that portion of the disability annuity to which he is
22 entitled under section 8342 (relating to maximum single life
23 annuity).

24 (b) Reduction on account of earned income.--[Payments] In
25 the case of a member who was a disability annuitant prior to the
26 effective date of this amendatory act payments on account
27 disability shall be reduced by that amount by which the earned
28 income of the annuitant, as reported in accordance with section
29 8508(b) (relating to rights and duties of annuitants) for the
30 preceding year together with the disability annuity payments for

1 the year, exceeds the greater of \$5,000 or the last year's
2 salary of the annuitant as a school employee, provided that the
3 annuitant shall not receive less than his member's annuity or
4 the amount to which he may be entitled under section 8342,
5 whichever is greater.

6 * * *

7 (e) Service connected disability.--If a member has been
8 found to be eligible for a disability annuity and if the
9 disability has been found to be a service connected disability,
10 such member shall receive a supplement equal to 70% of his final
11 average salary less the sum of the annuity as determined under
12 subsection (a) and any payments paid or payable on account of
13 such disability under the act of June 2, 1915 (P.L.736, No.338),
14 known as "The Pennsylvania Workmen's Compensation Act," the act
15 of June 21, 1939 (P.L.566, No.284), known as "The Pennsylvania
16 Occupational Disease Act," and the Federal Social Security Act,
17 42 U.S.C. § 301 et seq. Such supplement shall continue as long
18 as he is determined to be disabled on account of his service
19 connected disability in accordance with "The Pennsylvania
20 Workmen's Compensation Act" or "The Pennsylvania Occupational
21 Disease Act."

22 § 8345. Member's options.

23 (a) General rule.--Any vestee with ten or more eligibility
24 points or any other eligible member upon termination of school
25 service who has not withdrawn his accumulated deductions as
26 provided in section 8341 (relating to return of accumulated
27 deductions) may apply for and elect to receive either a maximum
28 single life annuity, as calculated in accordance with the
29 provisions of section 8342 (relating to maximum single life
30 annuity), or a reduced annuity certified by the actuary to be

1 actuarially equivalent to the maximum single life annuity and in
2 accordance with one of the following options, except that no
3 member shall elect an annuity payable to one or more survivor
4 annuitants other than his spouse of such a magnitude that the
5 present value of the annuity payable to him for life plus any
6 lump sum payment he may have elected to receive is less than 50%
7 of the present value of his maximum single life annuity.

8 (1) Option 1.--A life annuity to the member with a
9 guaranteed total payment equal to the present value of the
10 maximum single life annuity on the effective date of
11 retirement with the provision that, if, at his death, he has
12 received less than such present value, the unpaid balance
13 shall be payable to his beneficiary.

14 (2) Option 2.--A joint and survivor annuity payable
15 during the lifetime of the member with the full amount of
16 such annuity payable thereafter to his survivor annuitant, if
17 living at his death.

18 (3) Option 3.--A joint and fifty percent (50%) survivor
19 annuity payable during the lifetime of the member with one-
20 half of such annuity payable thereafter to his survivor
21 annuitant, if living at his death.

22 (4) Option 4.--Some other benefit which shall be
23 certified by the actuary to be actuarially equivalent to the
24 maximum single life annuity, subject to the following
25 restrictions:

26 (i) Any annuity shall be payable without reduction
27 during the lifetime of the member except as the result of
28 the member's election to receive an annuity reduced upon
29 attainment of age 65, in anticipation of the receipt of a
30 social security benefit.

(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.

(iii) A portion of the benefit may be payable as a lump sum, except that such lump sum payment shall be limited to one such payment payable only at the time of retirement and it shall not exceed an amount equal to the accumulated deductions standing to the credit of the member. The balance of the present value of the maximum single life annuity adjusted in accordance with section 8342(b) shall be paid in the form of an annuity with a guaranteed total payment, a single life annuity, or a joint and survivor annuity or any combination thereof but subject to the restrictions of subparagraphs (i) and (ii) of this paragraph.

* * *

§ 8348. Supplemental annuities.

(a) General rule.--Every annuitant who is in receipt of a superannuation, withdrawal or disability annuity, shall continue to receive such annuity and beginning July 1, [1974, any annuitant who retired on or prior to July 1, 1973, shall receive a cost-of-living supplement determined as a percentage applied to the entire retirement annuity as of June 30, 1974. Beginning July 1, 1974, any annuitant whose effective date of retirement is after July 1, 1973 and prior to March 1, 1974 shall receive a supplement determined as an adjustment of 5% applied to the entire retirement annuity on the effective date of retirement] 1980 and annually thereafter, a cost-of-living supplement shall be payable to each annuitant whose superannuation, withdrawal or disability annuity has been in effect for at least 24

1 consecutive months. [All supplements provided in this
2 subsection] Such cost-of-living supplement shall be payable
3 under the same terms and conditions as provided under the option
4 plan in effect as of June 30, [1974] of the year of adjustment
5 and shall be determined as a constant proportion of percentage
6 increases in the consumer price index (United States average all
7 items) prepared and published by the United States Department of
8 Labor, Bureau of Labor Statistics. For increases payable July 1,
9 1980 each percentage factor shall be equal to one-half (rounded
10 to the nearest 1/2%) of the percentage change in said index from
11 June 1973 or June of the fiscal year of retirement, whichever is
12 later, to June 1979 and applied to the annuity received as of
13 June 30, 1980. In 1981 and each year thereafter between January
14 1 and February 1, the retirement board shall determine the
15 percentage change in the consumer price index (United States
16 average all items) from the later of June 1979 or June of the
17 year preceding the most recent cost-of-living adjustment to June
18 of the year preceding the determination. On the basis of the
19 determination and effective July 1 thereafter, each annuity paid
20 as of this date to a member whose annuity has been in effect for
21 at least 24 consecutive months prior to this date shall be
22 adjusted by one-half (rounded to the nearest 1/2%) of the
23 percentage change in the consumer price index so determined.
24 Such automatic percentage increase paid in any one year shall
25 not exceed 2%.

26 [(b) Cost-of-living adjustment factors.--The percentage
27 which is to be applied in the determination of the cost-of-
28 living supplements shall be determined on the basis of the
29 effective date of retirement as follows:

| 30 | Effective date of retirement | Percentage factor |
|----|------------------------------|-------------------|
|----|------------------------------|-------------------|

| | | |
|---|---|------|
| 1 | After July 1, 1971 through July 1, 1973 | 5% |
| 2 | After July 1, 1970 through July 1, 1971 | 10% |
| 3 | After July 1, 1969 through July 1, 1970 | 15% |
| 4 | After July 1, 1968 through July 1, 1969 | 20% |
| 5 | After July 1, 1967 through July 1, 1968 | 25% |
| 6 | On or prior to July 1, 1967 | 30%] |

7 (c) Withdrawal annuitants.--The cost-of-living supplement as
8 determined in subsection [(b)] (a) shall not be payable to an
9 annuitant receiving a withdrawal annuity prior to the first day
10 of July coincident with or following his attainment of
11 superannuation age.

12 * * *

13 § 8505. Duties of board regarding applications and
14 elections of members.

15 * * *

16 (c) Disability annuities.--In every case where the board has
17 received an application for a disability annuity based upon
18 physical or mental incapacity [for the performance of the job
19 for which the member is employed,] to engage in any substantial
20 gainful activity, the board shall:

21 (1) Through the chief medical examiner, have the
22 applicant examined and, on the basis of said examination and
23 the subsequent recommendation by the chief medical examiner
24 regarding the applicant's medical qualification for a
25 disability annuity along with such other recommendations
26 which he may make with respect to the [permanency of
27 disability or the] need for subsequent reexaminations, make a
28 finding of disability or nondisability and, in the case of
29 disability, establish [an effective date of disability and]
30 the terms and conditions regarding subsequent reexaminations.

1 (2) Upon the recommendation of the chief medical
2 examiner on the basis of subsequent medical examinations,
3 make a finding of disability or nondisability and, in the
4 case of a finding of nondisability, establish the date of
5 termination of disability and at that time discontinue any
6 annuity payments in excess of any annuity to which he may be
7 otherwise entitled under section 8342 (relating to maximum
8 single life annuity).

9 (3) Upon receipt of a written statement from a
10 disability annuitant of his earned income of the previous
11 year, adjust the payments of the disability annuity for the
12 following year in accordance with the provisions for a
13 reduction of disability payments of section 8344 (relating to
14 disability annuities); or in the case of a disability annuity
15 which became effective after the effective date of this
16 amendatory act, discontinue all disability annuity payments
17 in excess of the annuity to which he may be entitled under
18 section 8342 if the disability annuitant has been engaged in
19 substantial gainful activity in the previous year.

20 * * *

21 § 8507. Rights and duties of school employees and members.

22 * * *

23 (k) Disability annuities.--If service of a member who is
24 under superannuation age is terminated due to his physical or
25 mental incapacity [for the performance of duty] to engage in any
26 substantial gainful activity, an application for a disability
27 annuity may be executed by him or by a person legally authorized
28 to act on his behalf.

29 § 8508. Rights and duties of annuitants.

30 * * *

1 (b) Periodic earnings statements by disability annuitants.--
2 It shall be the duty of an annuitant receiving a disability
3 annuity while still under superannuation age to furnish a
4 written statement within 30 days of the close of each year of
5 all earned income during that year and information showing
6 whether or not he is able to engage in [a gainful occupation]
7 any substantial gainful activity and such other information as
8 may be required by the board. On failure, neglect, or refusal to
9 furnish such information for the period of the preceding year,
10 the board may refuse to make further payments due to disability
11 to such annuitant until he has furnished such information to the
12 satisfaction of the board. Should such refusal continue for six
13 months, all of his rights to the disability annuity payments in
14 excess of any annuity to which he is otherwise entitled shall be
15 forfeited from the date of his last statement to the board. Any
16 moneys received in excess of those to which he was entitled
17 shall be deducted from the present value of the annuity to which
18 he is otherwise entitled.

19 * * *

20 Section 3. Section 5102 of Title 71, act of November 25,
21 1970 (P.L.707, No.230), is amended by amending or adding
22 definitions to read:

23 § 5102. Definitions.

24 The following words and phrases as used in this part, unless
25 a different meaning is plainly required by the context, shall
26 have the following meanings:

27 * * *

28 "Basic contribution rate." [Five percent (5%), except that
29 in no case shall any member be required to contribute, excluding
30 contributions for social security integration credit, at a rate

1 greater than his contribution rate on the effective date of this
2 part so long as he does not elect additional coverage or
3 membership in another class of service.] Five and one-half
4 percent (5 1/2%) except that in the case of a member whose rate
5 is based on sex and age at entry into the system, such rate
6 shall be increased by 1/2%.

7 * * *

8 "Date of termination of service." The last day of service
9 for which an active member makes contributions, or in the case
10 of an inactive member on leave without pay the date of his
11 resignation or the date his employment is formally discontinued
12 by his employer. For the purposes of this part, there shall be
13 no termination of service for the receipt of any benefits
14 provided herein, if a member transfers between departments or
15 returns to employment in the same department within 14 days
16 after the last day of compensation.

17 "Disability." Any medically determinable physical or mental
18 impairment that is expected to result in death or has lasted or
19 is expected to last for a continuous period of not less than 12
20 months and that renders a member unable to engage in any
21 substantial gainful activity.

22 "Effective date of retirement." The first day following the
23 date of termination of service of a member if he has properly
24 filed an application for an annuity within 90 days of such date;
25 in the case of a vestee or a member who does not apply for an
26 annuity within 90 days after termination of service, the date of
27 filing an application for an annuity or the date specified on
28 the application, whichever is later. In the case of a finding of
29 disability, [the date certified by the board as the effective
30 date of disability] the first day of the sixth month following

1 the date of filing of the application for disability annuity or
2 the last day for which the member reports for work, whichever is
3 later.

4 * * *

5 "Final average salary." The highest average compensation
6 received as a member during any three nonoverlapping periods of
7 four consecutive calendar quarters during which the member was a
8 State employee, with the compensation for part-time service
9 being annualized on the basis of the fractional portion of the
10 year for which credit is received; except if the employee was
11 not a member for three nonoverlapping periods of four
12 consecutive calendar quarters, the total compensation received
13 as a member, annualized in the case of part-time service,
14 divided by the number of nonoverlapping periods of four
15 consecutive calendar quarters of membership; [and in] however,
16 there will be no annualization of compensation for periods of
17 part-time salaried service rendered prior to March 1, 1974. In
18 the case of a member with multiple service, the final average
19 salary shall be determined on the basis of the compensation
20 received by him as a State employee or as a school employee, or
21 both.

22 * * *

23 "Part-time service." Service of less than 1,650 hours in a
24 12-month period performed as a State employee.

25 * * *

26 "Public School Employees' Retirement System." The retirement
27 system established by the act of July 18, 1917 (P.L.1043, No.
28 343), and codified by the act of June 1, 1959 (P.L.350, No.77)
29 and Part IV of Title 24 (relating to retirement for public
30 school employees).

1 * * *

2 "Substantial gainful activity." Performance of physical or
3 mental duties for remuneration or profit from which earnings
4 derived average more than the amount prescribed pursuant to the
5 Federal Social Security Act, 42 U.S.C. 301 et seq.

6 "Superannuation age." Any age upon accrual of 35 eligibility
7 points or age 60, except [for] as applied to service as a member
8 of the General Assembly, an enforcement officer, a correction
9 officer, a psychiatric security aide or an officer of the
10 Pennsylvania State Police, age 50.

11 * * *

12 "Temporary service." Service performed as a State employee
13 who is hired:

- 14 (1) for less than nine consecutive months; or
15 (2) on an active pay status from nine to 12 consecutive
16 months inclusive but not on an annually recurring basis.

17 * * *

18 Section 4. Sections 5301(a)(14) and (b), 5302, 5304(b),
19 5307, 5308, 5502, 5704(a), and (c), 5705(a), 5708(a) and (b),
20 5905(c), 5906(e), 5907(k) and 5908(b) of Title 71 are amended to
21 read:

22 § 5301. Mandatory and optional membership.

23 (a) Mandatory membership.--Membership in the system shall be
24 mandatory as of the effective date of employment for all State
25 employees except the following:

26 * * *

- 27 (14) Persons who are not members of the system and are
28 employed [on a per diem or hourly basis] for part-time
29 service, for less than 100 days or 750 hours in a 12-month
30 period or render temporary service as defined in section 5102

1 (relating to definitions).

2 (b) Optional membership.--The State employees listed in
3 subsection (a)(1) through (11) shall have the right to elect
4 membership or nonmembership in the system; once such election is
5 exercised, membership or nonmembership shall continue until the
6 termination of [State service] employment in any of the
7 categories listed in subsection (a)(1) through (11). The
8 election of membership or nonmembership must be made within 30
9 days of the effective date of entering employment.

10 * * *

11 § 5302. Credited State service.

12 (a) Computation of credited service.--[In] For State service
13 rendered prior to January 1, 1976, in computing credited State
14 service of a member for the determination of benefits, a full-
15 time salaried State employee including any member of the General
16 Assembly, shall receive credit for service in each calendar
17 period for which he makes contributions as required but in no
18 case shall he receive more than one year's credit for any 12
19 consecutive months or 26 consecutive biweekly pay periods. A per
20 diem or hourly State employee shall receive one year of credited
21 service for each nonoverlapping period of 12 consecutive months
22 or 26 consecutive biweekly pay periods in each calendar year in
23 which he is employed and for which he contributes for at least
24 220 days or 1,650 hours of employment. If the member was
25 employed and contributed for less than 220 days or 1,650 hours
26 in a calendar year, he shall be credited with a fractional
27 portion of a year determined by the ratio of the number of days
28 or hours of service actually rendered to 220 days or 1,650
29 hours, as the case may be. [A part-time salaried employee shall
30 be credited with the fractional portion of the year which

1 corresponds to the number of hours or days of service actually
2 rendered in relation to 1,650 hours or 220 days, as the case may
3 be. In no case shall a member who has elected multiple service
4 receive an aggregate in the two systems of more than one year of
5 credited service for any 12 consecutive months.]

6 (a.1) For State service rendered on and after January 1,
7 1976.--In computing credited State service of a member for the
8 determination of benefits, a State employee shall receive one
9 year of credited service for each calendar year in which he is
10 employed and for which he contributes for at least 1,650 hours
11 of employment. If the member was employed and contributed for
12 less than 1,650 hours in a calendar year, he shall be credited
13 with a fractional portion of a year determined by the ratio of
14 the number of hours of service for which he made contributions
15 to 1,650 hours. A member who is not compensated on the basis of
16 hours worked but who receives statutory, contractual or a
17 similar type compensation, shall receive credit for each
18 calendar period for which he makes the required contributions.

19 (a.2) For part-time salaried employment.--For State service
20 rendered prior to March 1, 1974, a member shall receive credited
21 service in each calendar period for which he makes contributions
22 as required in the same manner as a full-time salaries employee.
23 For State service rendered on and after March 1, 1974, a part-
24 time salaried employee shall be credited with the fractional
25 portion of the year which corresponds to the number of hours of
26 service actually rendered and for which contributions were made,
27 in relation to 1,650 hours.

28 (a.3) Limits on certain credits.--In no case shall a member
29 who has elected multiple service receive an aggregate in the two
30 systems of more than one year of credited service for any 12

1 consecutive months.

2 * * *

3 § 5304. Creditable nonstate service.

4 * * *

5 (b) Limitations on eligibility.--An active member or a
6 multiple service member who is a school employee and an active
7 member of the Public School Employees' Retirement System shall
8 be eligible to receive credit for nonstate service provided that
9 he does not have credit for such service in the school system
10 and is not entitled to receive, eligible to receive now or in
11 the future, or is receiving retirement benefits or has forfeited
12 a right to receive now or in the future, retirement benefits for
13 such service under a retirement system administered and wholly
14 or partially paid for by any other governmental agency or by any
15 private employer, or a retirement program approved by the
16 employer in accordance with section 5301(a)(12) (relating to
17 mandatory and optional membership), and further provided, that
18 such service is certified by the previous employer and
19 contributions are agreed upon and made in accordance with
20 section 5505 (relating to contributions for the purchase of
21 credit for creditable nonstate service).

22 * * *

23 § 5307. Eligibility points.

24 An active member of the system shall accrue one eligibility
25 point for each year of credited service as a member of the State
26 Employees' Retirement System or in the case of a multiple
27 service member each year of credited service as a member of the
28 State Employees' Retirement System or the Public School
29 Employees' Retirement System. A member shall accrue an
30 additional two-thirds of an eligibility point for each year of

1 Class D-3 credited service. In the case of a fractional part of
2 a year of credited service, a member shall accrue the
3 corresponding fractional portion of eligibility points to which
4 the class of service entitles him.

5 § 5308. Eligibility for annuities.

6 (a) Superannuation annuity.--Attainment of superannuation
7 age by an active member or an inactive member on leave without
8 pay with three or more years of credited State [or school]
9 service shall entitle him to receive a superannuation annuity
10 upon termination of State service and compliance with section
11 5907(f) (relating to rights and duties of State employees and
12 members).

13 (b) Withdrawal annuity.--Any vestee or any active member or
14 inactive member on leave without pay who terminates State
15 service having ten or more eligibility points, upon compliance
16 with section 5907(f), (g) or (h) shall be entitled to receive an
17 annuity.

18 (c) Disability annuity.--An active member or inactive member
19 on leave without pay who has credit for at least five years of
20 continuous State service from his most recent employment
21 effective date or any active member or inactive member on leave
22 without pay who is an officer of the Pennsylvania State Police
23 or an enforcement officer shall, upon compliance with section
24 5907(k), be entitled to a disability annuity if prior to
25 attainment of superannuation age he [becomes mentally or
26 physically incapable of continuing to perform the duties for
27 which he is employed] sustains a disability to the extent that
28 he is unable to engage in any substantial gainful activity and
29 qualifies in accordance with the provisions of section
30 5905(c)(1) (relating to duties of the board regarding

1 applications and elections of members). There shall be no
2 minimum service requirement in the case of a service connected
3 disability.

4 § 5502. Social security integration member contributions.

5 A member of any class who prior to March 1, 1974 has elected
6 social security integration coverage shall contribute [5%]
7 5 1/2% of that portion of his compensation in excess of the
8 maximum wages taxable under the provisions of the Federal Social
9 Security Act, 42 U.S.C.A. § 301 et seq., in addition to the
10 regular member contributions [which, after such election, shall
11 be determined on the basis of the basic contribution rate of
12 5%]: Provided, That a member may elect to discontinue
13 contributions on account of social security integration coverage
14 and shall thereafter be ineligible to accrue any further social
15 security integration credits or any additional benefits on
16 account of social security integration membership.

17 § 5704. Disability annuities.

18 (a) Amount of annuity.--A member who has made application
19 for a disability annuity and has been found to be eligible in
20 accordance with the provisions of section 5905(c)(1) (relating
21 to duties of the board regarding applications and elections of
22 members) shall receive a disability annuity payable from the
23 effective date of [disability as determined by the board]
24 retirement and continued until a subsequent determination by the
25 board that the annuitant is no longer entitled to a disability
26 annuity. The disability annuity shall be equal to a standard
27 single life annuity multiplied by the class of service
28 multiplier applicable to the class of service at the time of
29 disability if the product of such class of service multiplier
30 and the total number of years of credited service is greater

1 than 16.667, otherwise the standard single life annuity shall be
2 multiplied by the lesser of the following ratios:

3 MY^*/Y or 16.667/Y

4 where Y = number of years of credited service, Y* = total years
5 of credited service if the member were to continue as a State
6 employee until attaining superannuation age as applicable at the
7 time of disability, and M = the class of service multiplier as
8 applicable at the time of disability. In the case of a member
9 who joins or rejoins the system on or after July 1, 1975, the
10 disability annuity shall be equal to a standard single life
11 annuity. A member of Class C shall receive, in addition, any
12 annuity to which he may be eligible under section 5702(a)(3)
13 (relating to maximum single life annuity). The member shall be
14 entitled to the election of a joint and survivor annuity on that
15 portion of the disability annuity to which he is entitled under
16 section 5702.

17 * * *

18 (c) Reduction on account of earned income.--[Subsequent] In
19 the case of a member who was a disability annuitant subsequent
20 to January 1, 1972, and prior to the effective date of this
21 amendatory act, payments on account of disability shall be
22 reduced by that amount by which the earned income of the
23 annuitant, as reported in accordance with section 5908(b)
24 (relating to rights and duties of annuitants), for the preceding
25 calendar quarter together with the disability annuity payments
26 provided in this section other than subsection (b), for the
27 quarter, exceeds the product of:

28 (i) the greater of \$1,250 or one-quarter of the last

year's salary of the annuitant as a State employee;
(ii) the ratio of the current monthly payment to the
monthly payment at the effective date of disability; and
(iii) the percentage factor determined by the
following table for the calendar year of the member's
effective date of disability:

| Calendar Year of Effective Date of Disability | Percentage Factor |
|---|----------------------|
| 1966 or earlier | 135% |
| 1967 | 130% |
| 1968 | 125% |
| 1969 | 120% |
| 1970 | 115% |
| 1971 | 110% |
| 1972 | 105% |

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.

* * *

§ 5705. Member's options.

(a) General rule.--Any vestee having ten or more eligibility
points or any other eligible member upon termination of State
service who has not withdrawn his total accumulated deductions
as provided in section 5701 (relating to return of total
accumulated deductions) may apply for and elect to receive
either a maximum single life annuity, as calculated in
accordance with the provisions of section 5702 (relating to
maximum single life annuity), or a reduced annuity certified by
the actuary to be actuarially equivalent to the maximum single

1 life annuity and in accordance with one of the following
2 options; except that no member shall elect an annuity payable to
3 one or more survivor annuitants other than his spouse of such a
4 magnitude that the present value of the annuity payable to him
5 for life plus any lump sum payment he may have elected to
6 receive is less than 50% of the present value of his maximum
7 single life annuity:

8 (1) Option 1.--A life annuity to the member with a
9 guaranteed total payment equal to the present value of the
10 maximum single life annuity on the effective date of
11 retirement with the provision that, if, at his death, he has
12 received less than such present value, the unpaid balance
13 shall be payable to his beneficiary.

14 (2) Option 2.--A joint and survivor annuity payable
15 during the lifetime of the member with the full amount of
16 such annuity payable thereafter to his survivor annuitant, if
17 living at his death.

18 (3) Option 3.--A joint and fifty percent (50%) survivor
19 annuity payable during the lifetime of the member with one-
20 half of such annuity payable thereafter to his survivor
21 annuitant, if living at his death.

22 (4) Option 4.--Some other benefit which shall be
23 certified by the actuary to be actuarially equivalent to the
24 maximum single life annuity, subject to the following
25 restrictions:

26 (i) any annuity shall be payable without reduction
27 during the lifetime of the member except as the result of
28 the member's election to receive an annuity reduced upon
29 attainment of age 65, in anticipation of the receipt of a
30 social security benefit;

(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 be limited to one such payment payable only at the time of retirement and it shall not exceed an amount equal to the total accumulated deductions standing to the credit of the member. The balance of the present value of the maximum single life annuity adjusted in accordance with section 5702(b) shall be paid in the form of an annuity with a guaranteed total payment, a single life annuity, or a joint and survivor annuity or any combination thereof but subject to the restrictions of (i) and (ii) under this option.

* * *

§ 5708. Supplemental annuities.

(a) General rule.--Every annuitant who [retired prior to March 1, 1974 and who] is in receipt of a superannuation, withdrawal or disability annuity, shall continue to receive [the] such annuity [to which he was entitled prior to March 1, 1974] and beginning [January 1, 1975, any annuitant retiring on or prior to February 28, 1974 shall receive a cost-of-living supplement determined as a percentage applied to the entire retirement annuity to which he was entitled prior to March 1, 1974] July 1, 1980 and annually thereafter, a cost-of-living supplement shall be payable to each annuitant whose superannuation, withdrawal or disability annuity has been in effect for at least 24 consecutive months. Such cost-of-living

1 supplement shall be payable under the same terms and conditions
2 as provided under the option plan in effect as of [the effective
3 date of this amendatory act] June 30 of the year of adjustment
4 and shall be determined as a constant proportion of percentage
5 increases in the consumer price index (United States average all
6 items) prepared and published by the United States Department of
7 Labor, Bureau of Labor Statistics. For increases payable July 1,
8 1980 each percentage factor shall be equal to one-half (rounded
9 to the nearest 1/2%) of the percentage change in said index from
10 June 1973 to June of the fiscal year of retirement, whichever is
11 later, to June 1979 and applied to the annuity received as of
12 June 30, 1980. In 1981 and each year thereafter between January
13 1 and February 1, the retirement board shall determine the
14 percentage change in the consumer price index (United States
15 average all items) from the later of June 1979 or June of the
16 year preceding the most recent cost-of-living adjustment to June
17 of the year preceding the determination. On the basis of the
18 determination and effective July 1 thereafter each annuity paid
19 as of this date to a member whose annuity has been in effect for
20 at least 24 consecutive months prior to this date shall be
21 adjusted by one-half (rounded to the nearest 1/2%) of the
22 percentage change in the consumer price index so determined.
23 Such automatic percentage increase paid in any one year shall
24 not exceed 2%.

25 (b) Cost-of-living adjustment factors.--[The percentage
26 which is to be applied in the determination of the cost-of-
27 living supplements, shall be determined on the basis of the
28 effective date of retirement as follows:

| Effective date of retirement | Percentage factor |
|-----------------------------------|-------------------|
| July 1, 1971 to February 28, 1974 | 5% |

| | | |
|---|-------------------------------|-----|
| 1 | July 1, 1970 to June 30, 1971 | 10% |
| 2 | July 1, 1969 to June 30, 1970 | 15% |
| 3 | July 1, 1968 to June 30, 1969 | 20% |
| 4 | July 1, 1967 to June 30, 1968 | 25% |
| 5 | Prior to July 1, 1967 | 30% |

6 Provided, however, That such] Such cost-of-living supplement as
7 determined above shall not be payable to an annuitant receiving
8 a withdrawal annuity prior to the first day of July coincident
9 with or following his attainment of superannuation age[: And
10 further provided, That any] Any member terminating legislative
11 service subsequent to November 30, 1970, shall be entitled to
12 receive on account of Class D-3 service a maximum single life
13 annuity per year of service as a regular member of the General
14 Assembly which shall not be less than the corresponding maximum
15 single life annuity, including any cost-of-living supplements
16 enacted prior to October 1, 1979,, of a member retiring from
17 legislative service November 30, 1970.

18 * * *

19 § 5905. Duties of the board regarding applications and
20 elections of members.

21 * * *

22 (c) Disability annuities.--In every case where the board has
23 received an application for a disability annuity based upon
24 physical or mental incapacity [for the performance of the job
25 for which the member is employed] to engage in any substantial
26 gainful activity, taking into account relevant decisions by The
27 Pennsylvania Workmen's Compensation Board, the board shall:

28 (1) through the chief medical examiner, have the
29 applicant examined and on the basis of said examination, and
30 the subsequent recommendation by the chief medical examiner

1 regarding the applicant's medical qualification for a
2 disability annuity along with such other recommendations
3 which he may make with respect to the [permanency of
4 disability or the] need for subsequent reexaminations, make a
5 finding of disability and whether or not the disability is
6 service connected or nondisability and in the case of
7 disability establish [an effective date of disability and]
8 the terms and conditions regarding subsequent reexaminations;

9 (2) upon the recommendation of the chief medical
10 examiner on the basis of subsequent medical examinations,
11 make a finding of continued disability and whether or not the
12 disability continues to be service connected, or a finding of
13 nondisability; and in the case of a finding that the
14 disability is no longer service connected, discontinue any
15 supplemental payments on account of such service connected
16 disability as of the date of the finding; and in the case of
17 a finding of nondisability establish the date of termination
18 of disability and at that time discontinue any annuity
19 payments in excess of an annuity calculated in accordance
20 with section 5702 (relating to maximum single life annuity);
21 and

22 (3) upon receipt of a written statement from a
23 disability annuitant of his earned income of the previous
24 quarter, adjust the payments of the disability annuity for
25 the following quarter in accordance with the provisions of
26 section 5704(c) (relating to disability annuities); or in the
27 case of a disability annuity which became effective after the
28 effective date of this amendatory act discontinue all
29 disability annuity payments in excess of the annuity to which
30 he may be entitled under section 5702 if the disability

1 annuitant has been engaged in substantial gainful activity in
2 the previous quarter.

3 * * *

4 § 5906. Duties of heads of departments.

5 * * *

6 (e) New employees subject to optional membership.--The head
7 of department shall, upon the employment or entering into office
8 of any State employee whose membership in the system is not
9 mandatory, inform such employee of his opportunity to become a
10 member of the system within 30 days of the effective date of
11 entering such employment. If such employee so elects, the head
12 of department shall cause an application for membership and a
13 nomination of beneficiary to be made by him and filed with the
14 board and shall make payroll deductions from the effective date
15 of membership. if such employee declines membership in the
16 system, the head of department shall cause him to execute a
17 declination of membership on the form specified by the board and
18 forward such declination to the board.

19 * * *

20 § 5907. Rights and duties of State employees and members.

21 * * *

22 (k) Disability annuities.--If service of a member who is
23 under superannuation age is terminated due to his physical or
24 mental incapacity [for the performance of duty] to engage in any
25 substantial gainful activity, an application for a disability
26 annuity with or without a supplement for a service connected
27 disability may be executed by him or by a person legally
28 authorized to act on his behalf.

29 § 5908. Rights and duties of annuitants.

30 * * *

1 (b) Periodic earnings statements by disability annuitants.--
2 It shall be the duty of an annuitant receiving a disability
3 annuity prior to the attainment of age 50 to furnish a written
4 statement within 30 days of the close of each calendar quarter
5 of all earned income during that quarter and information showing
6 whether or not he is able to engage in [a gainful occupation]
7 any substantial gainful activity and such other information as
8 may be required by the board. On failure, neglect, or refusal to
9 furnish such information for the period of the preceding
10 quarter, the board may refuse to make further payments due to
11 disability to such annuitant until he has furnished such
12 information to the satisfaction of the board. Should such
13 refusal continue for six months, all of his rights to the
14 disability annuity payments in excess of any annuity to which he
15 is otherwise entitled shall be forfeited from the date of his
16 last written statement to the board. Any moneys received in
17 excess of those to which he was entitled shall be deducted from
18 the present value of the annuity to which he is otherwise
19 entitled.

20 * * *

21 Section 5. Continuing Review of Annuity Supplements.--Within
22 30 days after the convening of the General Assembly in an odd-
23 numbered year, the Joint State Government Commission shall
24 organize a select task force, composed of such members of the
25 General Assembly as set forth in 1979 Senate Resolution No. 6,
26 for the purposes of reviewing cost-of-living supplements
27 accruing pursuant to section 8348 of Title 24 and section 5708
28 of Title 71 during the previous two years, the changes in the
29 consumer price index and the earnings of the funds, for the
30 purpose of determining the equitability of the increases in

1 light of the then prevailing economic conditions and for the
2 purposes set forth in 1979 Senate Resolution No. 6. The task
3 force shall report its recommendations to the General Assembly
4 prior to the end of the session.

5 Section 6. Effective date.--This act shall take effect
6 immediately, except the provisions relating to the exclusion of
7 temporary service as provided for in section 5301(a)(14) of
8 Title 71 shall not apply to such service for which a member has
9 elected to receive credit prior to the 60th day following the
10 effective date of this amendatory act.