

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 962 Session of  
1999

INTRODUCED BY PIPPY, TRELLO, LAUGHLIN, MAHER, MARKOSEK,  
READSHAW, ORIE, WALKO, YOUNGBLOOD AND ZUG, MARCH 22, 1999

REFERRED TO COMMITTEE ON STATE GOVERNMENT, MARCH 22, 1999

AN ACT

1 Amending Title 71 (State Government) of the Pennsylvania  
2 Consolidated Statutes, providing for the purchase of  
3 retirement credit for service as an employee of the Allegheny  
4 County Department of Health.

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

7 Section 1. Sections 5304(c), 5505(f) and 5705(a) of Title 71  
8 of the Pennsylvania Consolidated Statutes are amended to read:

9 § 5304. Creditable nonstate service.

10 \* \* \*

11 (c) Limitations on nonstate service.--Creditable nonstate  
12 service credit shall be limited to:

13 (1) intervening military service;

14 (2) military service other than intervening military  
15 service and military service purchasable under section  
16 5302(d) (relating to credited State service) not exceeding  
17 five years, provided that a member with multiple service may  
18 not purchase more than a total of five years of military

1 service in both the system and the Public School Employees'  
2 Retirement System;

3 (3) in the case of an academic administrator, teacher or  
4 instructor employed in the Department of Education, the State  
5 System of Higher Education, any State-owned educational  
6 institution or The Pennsylvania State University, provided  
7 that the total amount of service creditable under this  
8 paragraph shall not exceed the lesser of ten years or the  
9 number of years of active membership in the system as an  
10 academic administrator, teacher or instructor in the  
11 Department of Education, State System of Higher Education,  
12 any State-owned educational institution or The Pennsylvania  
13 State University:

14 (i) nonstudent service as an academic administrator,  
15 teacher or instructor in any public school or public  
16 educational institution in any state other than this  
17 Commonwealth; or

18 (ii) nonstudent service as an academic  
19 administrator, teacher or instructor in the field of  
20 education for any agency or department of the Federal  
21 Government, whether or not such area was under the  
22 jurisdiction of the United States;

23 (4) previous service with a governmental agency other  
24 than the Commonwealth which employment with said agency was  
25 terminated because of the transfer by statute of the  
26 administration of such service or of the entire agency to the  
27 Commonwealth;

28 (5) service as a temporary Federal employee assigned to  
29 an air quality control complement for the Pennsylvania  
30 Department of Environmental Resources at any time during the

1 period of 1970 through 1975. This service time may be  
2 purchased only if the member makes an election to purchase  
3 within one year of the effective date of this paragraph, and  
4 the member shall pay an amount which is equal to the full  
5 actuarial cost of the increased benefit obtained by virtue of  
6 the purchase as provided in section 5505(f);

7 (6) service in the Cadet Nurse Corps with respect to any  
8 period of training as a student or graduate nurse under a  
9 plan approved under section 2 of the act of June 15, 1943  
10 (Public Law 78-73, 57 Stat. 153), if the total period of  
11 training under such plan was at least two years, the credit  
12 for such service not to exceed three years;

13 (7) service prior to July 1, 1971, at a community  
14 college established under the act of August 24, 1963  
15 (P.L.1132, No.484), known as the Community College Act of  
16 1963; [or]

17 (8) service as a justice of the peace prior to January  
18 1970[.]; or

19 (9) service as an employee of the Allegheny County  
20 Department of Health after May 23, 1956, and before November  
21 27, 1982, subject to the following limitations:

22 (i) that during the service the member was a full-  
23 time employee;

24 (ii) that the member may only make the election to  
25 purchase the service after accruing ten eligibility  
26 points;

27 (iii) that the member makes the election to purchase  
28 the service within three years of the later of the  
29 effective date of this paragraph or the date of accruing  
30 ten eligibility points;

1           (iv) that the member pays a contribution that is  
2           equal to the full actuarial cost of the increased benefit  
3           obtained by virtue of the purchase as provided in section  
4           5505(f); and

5           (v) that the portion of the contribution the member  
6           pays to purchase the service credit that represents  
7           employer costs shall not be payable as a lump sum under  
8           section 5705(a)(4)(iii) (relating to member's options).

9           \* \* \*

10       § 5505. Contributions for the purchase of credit for creditable  
11               nonstate service.

12           \* \* \*

13       (f) Temporary Federal service and service as an employee of  
14       the Allegheny County Department of Health.--Contributions on  
15       account of credit for service as a temporary Federal employee  
16       assigned to an air quality control complement for the Department  
17       of Environmental Resources during the period of 1970 through  
18       1975 or service as an employee of the Allegheny County  
19       Department of Health during the period after May 23, 1956, and  
20       before November 27, 1982, as authorized in section 5304(c)(5) or  
21       (9) (relating to creditable nonstate service), shall be equal to  
22       the full actuarial cost of the increased benefit obtained by  
23       virtue of the purchase. The increased benefit attributable to  
24       the purchased service shall be the difference between:

25           (1) the annual amount of a standard single life annuity,  
26           beginning at the earliest possible superannuation age,  
27           calculated assuming no future salary increases, assuming  
28           credit for the service to be purchased; and

29           (2) the annual amount of a standard single life annuity,  
30           calculated on the same basis, but excluding credit for the

1 service to be purchased.

2 The earliest possible superannuation age shall be the age at

3 which the member becomes first eligible for superannuation

4 retirement assuming continued full-time service and credit for

5 the amount of service which the member has elected to purchase,

6 or the current attained age of the member, whichever is later.

7 The full actuarial cost of the increased benefit attributable to

8 the purchased service shall be the actuarial present value of a

9 deferred annuity equal to the amount of the increased benefit

10 determined above, beginning at the earliest possible

11 superannuation age and payable for life, calculated using a

12 preretirement interest assumption of 1.5%, a postretirement

13 interest assumption of 4%, no preretirement mortality assumption

14 and standard postretirement mortality assumptions. The purchase

15 payment shall be made in lump sum by the member within 30 days

16 of certification by the board of the required purchase amount or

17 may be amortized through salary deductions in amounts agreed

18 upon by the member and the board with interest payable on the

19 unpaid balance at the rate applicable to the most recently

20 issued 30-year bonds of the United States Treasury Department.

21 \* \* \*

22 § 5705. Member's options.

23 (a) General rule.--Any special vestee who has attained

24 superannuation age, any vestee having ten or more eligibility

25 points or any other eligible member upon termination of State

26 service who has not withdrawn his total accumulated deductions

27 as provided in section 5701 (relating to return of total

28 accumulated deductions) may apply for and elect to receive

29 either a maximum single life annuity, as calculated in

30 accordance with the provisions of section 5702 (relating to

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

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

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

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

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

28               (i) any annuity shall be payable without reduction  
29       during the lifetime of the member;

30               (ii) the sum of all annuities payable to the

1 designated survivor annuitants shall not be greater than  
2 one and one-half times the annuity payable to the member;  
3 and

4 (iii) a portion of the benefit may be payable as a  
5 lump sum, except that such lump sum payment shall not  
6 exceed an amount equal to the total accumulated  
7 deductions standing to the credit of the member[.] and  
8 shall not include the portion of the service credit  
9 purchase contribution by the member representing employer  
10 cost for the purchase of credit under sections 5304(c)(9)  
11 (relating to creditable nonstate service) and 5505(f)  
12 (relating to contributions for the purchase of credit for  
13 creditable nonstate service) for service as an employee  
14 of the Allegheny County Department of Health. The balance  
15 of the present value of the maximum single life annuity  
16 adjusted in accordance with section 5702(b) shall be paid  
17 in the form of an annuity with a guaranteed total  
18 payment, a single life annuity, or a joint and survivor  
19 annuity or any combination thereof but subject to the  
20 restrictions of subparagraphs (i) and (ii) under this  
21 option.

22 \* \* \*

23 Section 2. This act shall take effect in 60 days.