

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 556 Session of  
2007

INTRODUCED BY KASUNIC, LAVALLE, COSTA, MELLOW, HUGHES, O'PAKE,  
BOSCOLA, PUNT, TARTAGLIONE, RAFFERTY, ERICKSON, RHOADES,  
STACK, STOUT, WASHINGTON, FONTANA, MUSTO, LOGAN AND  
GREENLEAF, MARCH 19, 2007

REFERRED TO FINANCE, MARCH 19, 2007

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the  
2 Pennsylvania Consolidated Statutes, providing for permanent  
3 cost-of-living increases for retirees.

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

6 Section 1. Title 24 of the Pennsylvania Consolidated  
7 Statutes is amended by adding a section to read:

8 § 8348.8. Supplemental annuities commencing 2007.

9 (a) Benefits.--Commencing with the first monthly annuity  
10 payment after July 1, 2007, any eligible benefit recipient shall  
11 be entitled to receive a further additional monthly supplemental  
12 annuity from the system. This shall be in addition to the  
13 supplemental annuities provided for in sections 8348 (relating  
14 to supplemental annuities), 8348.1 (relating to additional  
15 supplemental annuities), 8348.2 (relating to further additional  
16 supplemental annuities), 8348.3 (relating to supplemental  
17 annuities commencing 1994), 8348.4 (relating to special

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

5 (b) Amount of supplemental annuity.--The amount of the  
6 supplemental annuity payable pursuant to this section shall be  
7 an amount equal to the increase in the Consumer Price Index for  
8 Urban Wage Earners for the immediately preceding calendar year.

9 (c) Payment.--The supplemental annuity provided under this  
10 section shall be paid automatically unless the annuitant files a  
11 written notice with the board requesting that the additional  
12 monthly supplemental annuity not be paid.

13 (d) Conditions.--The supplemental annuity provided under  
14 this section shall be payable under the same terms and  
15 conditions as provided under the option plan in effect as of  
16 July 1, 2007.

17 (e) Benefits to beneficiaries or survivors.--No supplemental  
18 annuity provided under this section shall be payable to the  
19 beneficiary or survivor annuitant of a member who dies before  
20 July 1, 2007.

21 (f) Funding.--

22 (1) Notwithstanding section 8328 (relating to actuarial  
23 cost method), the additional liability for the increase in  
24 benefits provided in this section shall be funded in annual  
25 installments increasing by 5% each year over a period of 20  
26 years beginning July 1, 2007.

27 (2) Notwithstanding the provisions of the act of July 1,  
28 2004 (P.L.1837, No.7A), known as the General Appropriation  
29 Act of 2004, regarding payment for cost-of-living increases  
30 for annuitants, payments for cost-of-living increases for

annuitants shall be made under section 8535 (relating to payments to school entities by Commonwealth).

(g) Eligible benefit recipient.--As used in this section, the term "eligible benefit recipient" means a person who is receiving a superannuation, withdrawal or disability annuity on July 1, 2007, and whose most recent effective date of retirement is prior to July 1, 2006, but the supplemental annuities provided under this section shall not be payable to an annuitant receiving a withdrawal annuity prior to the first day of July coincident with or following the annuitant's attainment of superannuation age.

Section 2. Title 71 is amended by adding a section to read:

§ 5708.9. Supplemental annuities commencing 2007.

(a) Benefits.--Commencing with the first monthly annuity payment after June 30, 2007, any eligible benefit recipient shall be entitled to receive a supplemental monthly annuity from the system. This shall be in addition to the supplemental annuities provided for 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), 5708.5 (relating to supplemental annuities commencing 1998) 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to supplemental annuities commencing 2003) and the special supplemental postretirement adjustments provided for in sections 5708.4 (relating to special supplemental postretirement adjustment) and 5708.8 (relating to special supplemental postretirement adjustment of 2002).

(b) Amount of supplemental annuity.--The amount of the

1 supplemental annuity payable pursuant to this section shall be  
2 an amount equal to the increase in the Consumer Price Index for  
3 Urban Wage Earners for the immediately preceding calendar year.

4 (c) Payment.--The supplemental annuity provided under this  
5 section shall be paid automatically unless the annuitant files a  
6 written notice with the board requesting that the additional  
7 monthly supplemental annuity not be paid.

8 (d) Conditions.--The supplemental annuity provided under  
9 this section shall be payable under the same terms and  
10 conditions as provided under the option plan in effect as of  
11 July 1, 2007.

12 (e) Benefits paid to beneficiaries or survivors.--No  
13 supplemental annuity provided under this section shall be  
14 payable to the beneficiary or survivor annuitant of a member who  
15 dies before July 1, 2007.

16 (f) Funding.--Notwithstanding section 5508(e) (relating to  
17 actuarial cost method), the additional liability for the  
18 increase in benefits provided in this section shall be funded in  
19 annual installments increasing by 5% each year over a period of  
20 20 years beginning July 1, 2007.

21 (g) Eligible benefit recipient.--As used in this section,  
22 the term "eligible benefit recipient" means a person who is  
23 receiving a superannuation, withdrawal or disability annuity on  
24 July 1, 2007, and whose most recent effective date of retirement  
25 is prior to July 1, 2006, but the supplemental annuities  
26 provided under this section shall not be payable to an annuitant  
27 receiving a withdrawal annuity prior to the first day of July  
28 coincident with or following the annuitant's attainment of  
29 superannuation age.

30 Section 3. This act shall take effect immediately.