

## AMENDMENTS TO HOUSE BILL NO. 2497

Sponsor: REPRESENTATIVE D. EVANS

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1 Amend Bill, page 1, line 10, by striking out "and" and  
2 inserting a comma

3 Amend Bill, page 1, line 10, by inserting after  
4 "Commonwealth"

5 , for eligibility points for retention and reinstatement of  
6 service credits and for creditable nonschool service; providing  
7 for election to become a Class T-F member; further providing for  
8 classes of service, for eligibility for annuities, for  
9 eligibility for vesting, for member contributions for creditable  
10 school service, for contributions for purchase of credit for  
11 creditable nonschool service, for maximum single life annuity,  
12 for disability annuities, for member's options, for duties of  
13 board regarding applications and elections of members and for  
14 rights and duties of school employees and members

15 Amend Bill, page 1, lines 11 and 12, by striking out "RIGHTS"  
16 in line 11 and "AND DUTIES OF STATE EMPLOYEES AND MEMBERS" in  
17 line 12 and inserting

18 credited State service, for retention and reinstatement of  
19 service credits, for creditable non-State service and for  
20 classes of service; providing for election to become a Class A-4  
21 member; further providing for eligibility for annuities, for  
22 eligibility for vesting, for waiver of regular member  
23 contributions and Social Security integration member  
24 contributions, for member contributions for purchase of credit  
25 for previous State service or to become a full coverage member,  
26 for contributions for the purchase of credit for creditable non-  
27 State service

28 Amend Bill, page 1, line 14, by inserting after "method,"  
29 for maximum single life annuity, for disability annuities and  
30 for member's options; providing for payment of accumulated  
31 deductions resulting from Class A-3 service; further providing

1 Amend Bill, page 1, line 20, by inserting after "board,"  
2 for duties of board to advise and report to heads of departments  
3 and members, for duties of board regarding applications and  
4 elections of members, for installment payments of accumulated  
5 deductions, for rights and duties of State employees and  
6 members,

7 Amend Bill, page 1, line 20, by striking out "and" and  
8 inserting

9 , for State Police Benefit Account, for Enforcement  
10 Officers' Benefit Account,

11 Amend Bill, page 1, line 21, by inserting after "account"  
12 and for construction of part

13 Amend Bill, page 1, line 22, by striking out "and" and  
14 inserting a comma

15 Amend Bill, page 1, line 23, by inserting after "harmless"  
16 , for construction of calculation or actuarial method and  
17 for certain operational provisions

18 Amend Bill, page 1, lines 26 and 27; page 2, line 1, by  
19 striking out all of said lines on said pages and inserting

20 Section 1. The definitions of "basic contribution rate,"  
21 "class of service multiplier," "employer," "standard single life  
22 annuity," "superannuation or normal retirement age" and "vestee"  
23 in section 8102 of Title 24 of the Pennsylvania Consolidated  
24 Statutes are amended to read:

25 Amend Bill, page 2, by inserting between lines 6 and 7

26 "Basic contribution rate." For Class T-A, T-B and T-C  
27 service, the rate of 6 1/4%. For Class T-D service, the rate of  
28 7 1/2%. For all active members on the effective date of this  
29 provision who are currently paying 5 1/4% and elect Class T-D  
30 service, the rate of 6 1/2%. For Class T-E service, the rate of  
31 7 1/2%. For Class T-F service, the rate of 10.30%.

32 \* \* \*

33 "Class of service multiplier."

34	Class of service	Multiplier
35	T-A	.714
36	T-B	.625
37	T-C	1.000
38	T-D	1.000
39	<u>T-E</u>	<u>1.000</u>
40	<u>T-F</u>	<u>1.000</u>

1       \* \* \*

2       Amend Bill, page 2, line 14, by inserting a bracket before  
3 "State"

4       Amend Bill, page 2, line 14, by inserting after "School"  
5 where it occurs the second time

6       ] College

7       Amend Bill, page 2, by inserting between lines 17 and 18

8       "Standard single life annuity." For Class T-A, T-B and T-C  
9 credited service of a member, an annuity equal to 2% of the  
10 final average salary, multiplied by the total number of years  
11 and fractional part of a year of credited service of a member.  
12 For Class T-D credited service of a member, an annuity equal to  
13 2.5% of the final average salary, multiplied by the total number  
14 of years and fractional part of a year of credited service. For  
15 Class T-E credited service of a member, an annuity equal to 2%  
16 of the final average salary, multiplied by the total number of  
17 years and fractional part of a year of credited service of a  
18 member. For Class T-F credited service of a member, an annuity  
19 equal to 2.5% of the final average salary, multiplied by the  
20 total number of years and fractional part of a year of credited  
21 service of a member.

22       \* \* \*

23       "Superannuation or normal retirement age."

24       Class of service	Age
25           T-A	62 or any age upon accrual of
26	35 eligibility points
27           T-B	62
28           T-C and T-D	62 or age 60 provided the
29	member has at least 30
30	eligibility points or any
31	age upon accrual of 35
32 <u>T-E and T-F</u>	<u>65 with accrual of at least</u>
33	<u>three eligibility points</u>
34	<u>or any age upon accrual</u>
35	<u>of 35 eligibility points</u>

36       \* \* \*

37       "Vestee." A member with five or more eligibility points who  
38 has terminated school service, has left his accumulated  
39 deductions in the fund and is deferring filing of an application  
40 for receipt of an annuity. For Class T-E and Class T-F members,  
41 a member with ten or more eligibility points who has terminated  
42 school service, has left his accumulated deductions in the fund  
43 and is deferring filing of an application for receipt of an  
44 annuity.

1 Amend Bill, page 2, lines 18 through 20, by striking out  
2 "8326(a), 8327(a) and (c), 8328, " in line 18, all of line 19  
3 and "8348.7(f), 8502(k) and 8535(3)" in line 20 and inserting  
4 8303(c) and 8304(a)

5 Amend Bill, page 2, by inserting between lines 20 and 21  
6 § 8303. Eligibility points for retention and reinstatement of  
7 service credits.

8 \* \* \*

9 (c) Purchase of previous creditable service.--Every active  
10 member of the system or a multiple service member who is an  
11 active member of the State Employees' Retirement System on or  
12 after the effective date of this part may purchase credit and  
13 receive eligibility points:

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

16 (2) as a member of Class T-D for previous school  
17 service, provided the member elects to become a Class T-D  
18 member pursuant to section 8305.1 (relating to election to  
19 become a Class T-D member);

20 upon written agreement by the member and the board as to the  
21 manner of payment of the amount due for credit for such service;  
22 except, that any purchase for reinstatement of service credit  
23 shall be for all service previously credited.

24 § 8304. Creditable nonschool service.

25 (a) Eligibility.--An active member or a multiple service  
26 member who is an active member of the State Employees'  
27 Retirement System shall be eligible to receive Class T-C, Class  
28 T-E or Class T-F service credit for creditable nonschool service  
29 and Class T-D, Class T-E or Class T-F service for intervening  
30 military service, provided the member becomes a Class T-D member  
31 pursuant to section 8305.1 (relating to election to become a  
32 Class T-D member) or Class T-F member pursuant to section 8305.2  
33 (relating to election to become a Class T-F member) or 8305  
34 (relating to classes of service), as set forth in subsection (b)  
35 provided that he is not entitled to receive, eligible to receive  
36 now or in the future, or is receiving retirement benefits for  
37 such service under a retirement system administered and wholly  
38 or partially paid for by any other governmental agency or by any  
39 private employer, or a retirement program approved by the  
40 employer in accordance with section 8301(a)(1) (relating to  
41 mandatory and optional membership), and further provided that  
42 such service is certified by the previous employer and the  
43 manner of payment of the amount due is agreed upon by the  
44 member, the employer, and the board.

45 \* \* \*

46 Section 3. Section 8305 of Title 24 is amended by adding  
47 subsections to read:

1 § 8305. Classes of service.

2 \* \* \*

3 (d) Class T-E membership.--Notwithstanding any other  
4 provision, a person who first becomes a school employee and an  
5 active member, or a person who first becomes a multiple service  
6 member who is a State employee and a member of the State  
7 Employees' Retirement System, on or after the effective date of  
8 this subsection shall be classified as a Class T-E member upon  
9 payment of regular member contributions.

10 (e) Class T-F membership.--Notwithstanding any other  
11 provision, a person who first becomes a school employee and an  
12 active member, or a person who first becomes a multiple service  
13 member who is a State employee and a member of the State  
14 Employees' Retirement System, on or after the effective date of  
15 this subsection, and who is eligible to become a Class T-E  
16 member, shall have the right to elect into Class T-F membership,  
17 provided the person elects to become a Class T-F member pursuant  
18 to section 8305.2 (relating to election to become a Class T-F  
19 member), upon written election filed with the board and payment  
20 of regular member contributions.

21 Section 4. Title 24 is amended by adding a section to read:  
22 § 8305.2. Election to become a Class T-F member.

23 (a) General rule.--A person who first becomes a school  
24 employee and an active member, or a person who first becomes a  
25 multiple service member who is a State employee and a member of  
26 the State Employees' Retirement System, on or after the  
27 effective date of this subsection and who is eligible to become  
28 a Class T-E member may elect to become a member of Class T-F.

29 (b) Time for making election.--A member must elect to become  
30 a Class T-F member by filing a written election with the board  
31 within 45 days of notification by the board that such member is  
32 eligible for such election.

33 (c) Effect of election.--An election to become a Class T-F  
34 member shall be irrevocable. A member who elects Class T-F  
35 membership shall receive Class T-F service credit on any and all  
36 future service, regardless of whether the member terminates  
37 service or has a break in service.

38 (d) Effect of failure to make election.--If a member fails  
39 to timely file an election to become a Class T-F member, then  
40 the member shall be enrolled as a member of Class T-E and the  
41 member shall never be able to elect Class T-F service,  
42 regardless of whether the member terminates service or has a  
43 break in service.

44 Section 5. Sections 8307(b), 8308, 8323(a), (c) and (c.1),  
45 8324(a), (b), (d), (e) and (f), 8326(a), 8327(a) and (c), 8328,  
46 8342(a), 8344(d), 8345(a), 8348.1(f), 8348.2(f), 8348.3(f),  
47 8348.5(f), 8348.6(f), 8348.7(f) and 8502(k) of Title 24 are  
48 amended to read:

49 § 8307. Eligibility for annuities.

50 \* \* \*

51 (b) Withdrawal annuity.--A vestee in Class T-C or Class T-D

1 with five or more eligibility points or an active or inactive  
2 Class T-C or Class T-D member who terminates school service  
3 having five or more eligibility points shall, upon filing a  
4 proper application, be entitled to receive an early annuity. A  
5 vestee in Class T-E or Class T-F with ten or more eligibility  
6 points or an active or inactive Class T-E or Class T-F member  
7 who terminates school service having ten or more eligibility  
8 points shall, upon filing a proper application, be entitled to  
9 receive an early annuity.

10 \* \* \*

11 § 8308. Eligibility for vesting.

12 Any Class T-C or Class T-D member who terminates school  
13 service with five or more eligibility points shall be entitled  
14 to vest his retirement benefits until attainment of  
15 superannuation age. Any Class T-E or Class T-F member who  
16 terminates school service with ten or more eligibility points  
17 shall be entitled to vest his retirement benefits until  
18 attainment of superannuation age.

19 § 8323. Member contributions for creditable school service.

20 (a) Previous school service, sabbatical leave and full  
21 coverage.--The contributions to be paid by an active member or  
22 an eligible State employee for credit for reinstatement of all  
23 previously credited school service, school service not  
24 previously credited, sabbatical leave as if he had been in full-  
25 time daily attendance, or full-coverage membership shall be  
26 sufficient to provide an amount equal to the accumulated  
27 deductions which would have been standing to the credit of the  
28 member for such service had regular member contributions been  
29 made with full coverage at the rate of contribution necessary to  
30 be credited as Class T-C service [or], Class T-D service if the  
31 member is a Class T-D member, or Class T-E service if the member  
32 is a Class T-E member, or Class T-F service if the member is a  
33 Class T-F member, and had such contributions been credited with  
34 statutory interest during the period the contributions would  
35 have been made and during all periods of subsequent school and  
36 State service up to the date of purchase.

37 \* \* \*

38 (c) Approved leave of absence other than sabbatical leave  
39 and activated military service leave.--The contributions to be  
40 paid by an active member for credit for an approved leave of  
41 absence, other than sabbatical leave and activated military  
42 service leave, shall be sufficient to transfer his membership to  
43 Class T-C or to Class T-D if the member is a Class T-D member or  
44 to Class T-E if the member is a Class T-E member or to Class T-F  
45 if the member is a Class T-F member and further to provide an  
46 annuity as a Class T-C member or Class T-D member if the member  
47 is a Class T-D member or Class T-E if the member is a Class T-E  
48 member or to Class T-F if the member is a Class T-F member for  
49 such additional credited service. Such amount shall be the sum  
50 of the amount required in accordance with the provisions of  
51 subsection (b) and an amount determined as the sum of the

1 member's basic contribution rate and the normal contribution  
2 rate as provided in section 8328 (relating to actuarial cost  
3 method) during such period multiplied by the compensation which  
4 was received or which would have been received during such  
5 period and with statutory interest during all periods of  
6 subsequent school and State service up to the date of purchase.

7 (c.1) Activated military service leave.--The contributions  
8 to be paid by an active member for credit for all activated  
9 military service leave as if he had been in regular attendance  
10 in the duties for which he is employed shall be sufficient to  
11 provide an amount equal to the accumulated deductions which  
12 would have been standing to the credit of the member for such  
13 service had regular member contributions been made with full  
14 coverage at the rate of contribution necessary to be credited as  
15 Class T-C service or Class T-D service if the member is a Class  
16 T-D member or Class T-E service if the member is a Class T-E  
17 member or Class T-F if the member is a Class T-F member and had  
18 such contributions been credited with statutory interest during  
19 the period the contributions would have been made and during all  
20 periods of subsequent State and school service up to the date of  
21 purchase. In the case of activated military service leave  
22 beginning after the date of enactment of this subsection,  
23 contributions due from the member shall be made as if he is in  
24 regular attendance in the duties for which he is employed.

25 \* \* \*

26 § 8324. Contributions for purchase of credit for creditable  
27 nonschool service.

28 (a) Source of contributions.--The total contributions to  
29 purchase credit as a member of Class T-C, Class T-E or Class T-F  
30 for creditable nonschool service of an active member or an  
31 eligible State employee shall be paid either by the member, the  
32 member's previous employer, the Commonwealth, or a combination  
33 thereof, as provided by law.

34 (b) Nonintervening military service.--The amount due for the  
35 purchase of credit for military service other than intervening  
36 military service shall be determined by applying the member's  
37 basic contribution rate plus the normal contribution rate as  
38 provided in section 8328 (relating to actuarial cost method) at  
39 the time of entry of the member into school service subsequent  
40 to such military service to one-third of his total compensation  
41 received during the first three years of such subsequent  
42 credited school service and multiplying the product by the  
43 number of years and fractional part of a year of creditable  
44 nonintervening military service being purchased together with  
45 statutory interest during all periods of subsequent school and  
46 State service to date of purchase. Upon certification of the  
47 amount due, payment may be made in a lump sum within 90 days or  
48 in the case of an active member or an eligible State employee  
49 who is an active member of the State Employees' Retirement  
50 System it may be amortized with statutory interest through  
51 salary deductions in amounts agreed upon by the member and the

1 board. The salary deduction amortization plans agreed to by  
2 members and the board may include a deferral of payment amounts  
3 and statutory interest until the termination of school service  
4 or State service as the board in its sole discretion decides to  
5 allow. The board may limit salary deduction amortization plans  
6 to such terms as the board in its sole discretion determines. In  
7 the case of an eligible State employee who is an active member  
8 of the State Employees' Retirement System, the agreed upon  
9 salary deductions shall be remitted to the State Employees'  
10 Retirement Board, which shall certify and transfer to the board  
11 the amounts paid. Application may be filed for all such military  
12 service credit upon completion of three years of subsequent  
13 credited school service and shall be credited as Class T-C  
14 service. In the event that a Class T-E member makes a purchase  
15 of credit for such military service, then such service shall be  
16 credited as Class T-E service. In the event that a Class T-F  
17 member makes a purchase of credit for such military service,  
18 then such service shall be credited as Class T-F service.

19 \* \* \*

20 (d) Other creditable nonschool service.--Contributions on  
21 account of Class T-C, Class T-E or Class T-F credit for  
22 creditable nonschool service other than military service shall  
23 be determined by applying the member's basic contribution rate  
24 plus the normal contribution rate as provided in section 8328 at  
25 the time of the member's entry into school service subsequent to  
26 such creditable nonschool service to his total compensation  
27 received during the first year of subsequent credited school  
28 service and multiplying the product by the number of years and  
29 fractional part of a year of creditable nonschool service being  
30 purchased together with statutory interest during all periods of  
31 subsequent school or State service to the date of purchase,  
32 except that in the case of purchase of credit for creditable  
33 nonschool service as set forth in section 8304(b)(5) (relating  
34 to creditable nonschool service) the member shall pay only the  
35 employee's share unless otherwise provided by law. Upon  
36 certification of the amount due, payment may be made in a lump  
37 sum within 90 days or in the case of an active member or an  
38 eligible State employee who is an active member of the State  
39 Employees' Retirement System it may be amortized with statutory  
40 interest through salary deductions in amounts agreed upon by the  
41 member and the board. The salary deduction amortization plans  
42 agreed to by the members and the board may include a deferral of  
43 payment amounts and statutory interest until the termination of  
44 school service or State service as the board in its sole  
45 discretion decides to allow. The board may limit salary  
46 deduction amortization plans to such terms as the board in its  
47 sole discretion determines. In the case of an eligible State  
48 employee who is an active member of the State Employees'  
49 Retirement System, the agreed upon salary deductions shall be  
50 remitted to the State Employees' Retirement Board, which shall  
51 certify and transfer to the board the amounts paid.



(e) Creditable work experience.--Contributions on account of Class T-C, Class T-E or Class T-F credit for creditable work experience pursuant to section 8304(b)(6) shall be the present value of the full actuarial cost of the increase in the projected superannuation annuity caused by the additional service credited on account of the purchase of creditable work experience. The amount paid for the purchase of credit for creditable work experience shall not be payable as a lump sum under section 8345(a)(4)(iii) (relating to member's options). Any individual eligible to receive an annuity, excluding an annuity received under the Federal Social Security Act (42 U.S.C. § 301 et seq.), in another pension system, other than a military pension system, shall not be eligible to purchase this service.

(f) Creditable maternity leave.--Contributions on account of Class T-C, Class T-E or Class T-F credit for creditable maternity leave pursuant to section 8304(b)(7) shall be determined by applying the member's basic contribution rate plus the normal contribution rate as provided in section 8328 at the time of the member's return to school service to the total compensation received during the first year of subsequent school service and multiplying the product by the number of years and fractional part of a year of creditable service being purchased, together with statutory interest during all periods of subsequent school or State service to the date of purchase. The amount paid for the purchase of credit for creditable maternity leave shall not be eligible for withdrawal as a lump sum under section 8345(a)(4)(iii).

Amend Bill, page 4, line 2, by inserting a bracket before "State"

Amend Bill, page 4, line 2, by inserting after "School"

] College

Amend Bill, page 5, line 27, by inserting after "of"

the actuarial cost method,

Amend Bill, page 13, by inserting between lines 10 and 11 § 8342. Maximum single life annuity.

(a) General rule.--Upon termination of service, any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 8307(a) or (b) (relating to eligibility for annuities) and has made an application in accordance with the provisions of section 8507(f) (relating to rights and duties of school employees and members) 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

1 retirement and, in case the member on the effective date of  
2 retirement is under superannuation age, multiplied by a  
3 reduction factor calculated to provide benefits actuarially  
4 equivalent to an annuity starting at superannuation age:  
5 Provided however, That on or after July 1, 1976, in the case of  
6 any Class T-C, T-D, T-E or T-F member who has attained age 55  
7 and has 25 or more eligibility points such sum of single life  
8 annuities shall be reduced by a percentage determined by  
9 multiplying the number of months, including a fraction of a  
10 month as a full month, by which the effective date of retirement  
11 precedes superannuation age by 1/4%:

12 (1) A standard single life annuity multiplied by the  
13 class of service multiplier and calculated on the basis of  
14 the number of years of credited school service other than  
15 concurrent service.

16 (2) A standard single life annuity multiplied by the  
17 class of service multiplier and calculated on the basis of  
18 the number of years of concurrent service and multiplied by  
19 the ratio of total compensation received in the school system  
20 during the period of concurrent service to the total  
21 compensation received during such period.

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

26 \* \* \*

27 § 8344. Disability annuities.

28 \* \* \*

29 (d) Withdrawal of accumulated deductions.--Upon termination  
30 of disability annuity payments in excess of an annuity  
31 calculated in accordance with section 8342, a disability  
32 annuitant who:

33 (1) is a Class T-C or Class T-D member; or

34 (2) is a Class T-E or Class T-F member with less than  
35 ten eligibility points

36 and who does not return to school service may file an  
37 application with the board for an amount equal to the  
38 accumulated deductions standing to his credit at the effective  
39 date of disability less the total payments received on account  
40 of his member's annuity.

41 \* \* \*

42 § 8345. Member's options.

43 (a) General rule.--Any Class T-C or Class T-D member who is  
44 a vestee with five or more eligibility points, any Class T-E or  
45 Class T-F member who is a vestee with ten or more eligibility  
46 points, or any other eligible member upon termination of school  
47 service who has not withdrawn his accumulated deductions as  
48 provided in section 8341 (relating to return of accumulated  
49 deductions) may apply for and elect to receive either a maximum  
50 single life annuity, as calculated in accordance with the  
51 provisions of section 8342 (relating to maximum single life

1 annuity), or a reduced annuity certified by the actuary to be  
2 actuarially equivalent to the maximum single life annuity and in  
3 accordance with one of the following options, except that no  
4 member shall elect an annuity payable to one or more survivor  
5 annuitants other than his spouse or alternate payee of such a  
6 magnitude that the present value of the annuity payable to him  
7 for life plus any lump sum payment he may have elected to  
8 receive is less than 50% of the present value of his maximum  
9 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  
31 designated survivor annuitants shall not be greater than  
32 one and one-half times the annuity payable to the member.

33 (iii) A portion of the benefit may be payable as a  
34 lump sum, except that such lump sum payment shall not  
35 exceed an amount equal to the accumulated deductions  
36 standing to the credit of the member. The balance of the  
37 present value of the maximum single life annuity adjusted  
38 in accordance with section 8342(b) shall be paid in the  
39 form of an annuity with a guaranteed total payment, a  
40 single life annuity, or a joint and survivor annuity or  
41 any combination thereof but subject to the restrictions  
42 of subparagraphs (i) and (ii) of this paragraph. This  
43 subparagraph shall not apply to a Class T-E or Class T-F  
44 member.

45 \* \* \*

46 Amend Bill, page 17, by inserting between lines 18 and 19

47 Section 6. Section 8505 of Title 24 is amended by adding a  
48 subsection to read:

49 § 8505. Duties of board regarding applications and elections of

1 members.

2 \* \* \*

3 (1) Notification of Class T-F membership.--The board shall  
4 inform any eligible school employee of the right to elect Class  
5 T-F membership.

6 Section 7. Sections 8507(f) and (g) and 8535(3) of Title 24  
7 are amended to read:

8 § 8507. Rights and duties of school employees and members.

9 \* \* \*

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

15 (1) Withdraw his accumulated deductions.

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

20 (3) Receive an immediate annuity, if eligible, and may,  
21 if he is a joint coverage member, elect to become a full  
22 coverage member and agree to pay within 30 days of date of  
23 termination of service the lump sum required.

24 (g) Vesting of retirement rights.--If a member elects to  
25 vest his retirement rights, he shall nominate a beneficiary by  
26 written designation filed with the board and he may anytime  
27 thereafter withdraw the accumulated deductions standing to his  
28 credit or[, if he has five or more eligibility points,] apply  
29 for an annuity if eligible as provided in section 8307(a) or (b)  
30 (relating to eligibility for annuitants).

31 \* \* \*

32 Amend Bill, page 18, by inserting between lines 4 and 5

33 Section 7.1. The definitions of "class of service  
34 multiplier," "final average salary," "superannuation age" and  
35 "vestee" in section 5102 of Title 71 are amended to read:  
36 § 5102. Definitions.

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

40 \* \* \*

41 "Class of service multiplier."

Class of Service	Multiplier
A	1
AA	1.25
except	
calculating	
regular member	
contributions on	
compensation	

1		paid prior to	
2		January 1, 2002	
3	AA	for purposes of	
4		calculating	
5		regular member	
6		contributions	
7		on compensation	
8		paid prior to	
9		January 1, 2002	1
10	<u>A-3</u>	<u>for all purposes</u>	
11		<u>except the</u>	
12		<u>calculation of</u>	
13		<u>regular member</u>	
14		<u>contributions</u>	
15		<u>and</u>	
16		<u>contributions</u>	
17		<u>for creditable</u>	
18		<u>nonstate service</u>	<u>1</u>
19	<u>A-3</u>	<u>for purposes of</u>	
20		<u>calculating</u>	
21		<u>regular member</u>	
22		<u>contributions</u>	
23		<u>and</u>	
24		<u>contributions</u>	
25		<u>for creditable</u>	
26		<u>nonstate service</u>	<u>1.25</u>
27	<u>A-4</u>	<u>for all purposes</u>	
28		<u>except the</u>	
29		<u>calculation of</u>	
30		<u>regular member</u>	
31		<u>contributions</u>	<u>1.25</u>
32	<u>A-4</u>	<u>for purposes of</u>	
33		<u>calculating</u>	
34		<u>regular member</u>	
35		<u>contributions</u>	<u>1.86</u>
36	B		.625
37	C		1
38	D		1.25
39	D-1	prior to January	
40		1, 1973	1.875
41	D-1	on and	
42		subsequent to	
43		January 1, 1973	1.731
44	D-2	prior to January	
45		1, 1973	2.5
46	D-2	on and	
47		subsequent to	
48		January 1, 1973	1.731
49	D-3	prior to January	
50		1, 1973	3.75
51	D-3	on and	
			except prior to

1		subsequent to		December 1, 1974
2		January 1, 1973	1.731	as applied to
3				any additional
4				legislative
5				compensation as
6				an officer of
7				the General
8				Assembly
9			3.75	
10	D-4	for all purposes		
11		except		
12		calculating		
13		regular member		
14		contributions		
15		on compensation		
16		paid prior to		
17		July 1, 2001	1.5	
18	D-4	for purposes of		
19		calculating		
20		regular member		
21		contributions on		
22		compensation		
23		paid prior to		
24		July 1, 2001	1	
25	E, E-1	prior to January		for each of the
26		1, 1973	2	first ten years
27				of judicial
28				service, and
29			1.5	for each
30				subsequent year
31				of judicial
32				service
33	E, E-1	on and		for each of the
34		subsequent to		first ten years
35		January 1, 1973	1.50	of judicial
36				service and
37	E-2	prior to		
38		September 1 1973	1.5	
39	E-2	on and		
40		subsequent to		
41		September 1,		
42		1973	1.125	
43	G		0.417	
44	H		0.500	
45	I		0.625	
46	J		0.714	
47	K		0.834	
48	L		1.000	
49	M		1.100	
50	N		1.250	
51	T-C (Public		1	

1 School  
2 Employees'  
3 Retirement Code)  
4 T-E (Public 1  
5 School  
6 Employees'  
7 Retirement Code)  
8 T-F (Public 1  
9 School  
10 Employees'  
11 Retirement Code)  
12 \* \* \*

13 "Final average salary." The highest average compensation  
14 received as a member during any three nonoverlapping periods of  
15 four 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 the  
18 year for which credit is received; except if the employee was  
19 not a member for three nonoverlapping periods of four  
20 consecutive calendar quarters, the total compensation received  
21 as a member, annualized in the case of part-time service,  
22 divided by the number of nonoverlapping periods of four  
23 consecutive calendar quarters of membership; in the case of a  
24 member with multiple service, the final average salary shall be  
25 determined on the basis of the compensation received by him as a  
26 State employee or as a school employee, or both; in the case of  
27 a member with Class A-3 or Class A-4 service and service in one  
28 or more other classes of service, the final average salary shall  
29 be determined on the basis of the compensation received by him  
30 in all classes of State service; and, in the case of a member  
31 who first became a member on or after January 1, 1996, the final  
32 average salary shall be determined as hereinabove provided but  
33 subject to the application of the provisions of section  
34 5506.1(a) (relating to annual compensation limit under IRC §  
35 401(a)(17)).

36 \* \* \*

37 "Superannuation age." [Any] For classes of service other  
38 than Class A-3 and Class A-4, any age upon accrual of 35  
39 eligibility points or age 60, except for a member of the General  
40 Assembly, an enforcement officer, a correction officer, a  
41 psychiatric security aide, a Delaware River Port Authority  
42 policeman or an officer of the Pennsylvania State Police, age  
43 50, and, except for a member with Class G, Class H, Class I,  
44 Class J, Class K, Class L, Class M or Class N service, age 55  
45 upon accrual of 20 eligibility points. For Class A-3 and Class  
46 A-4 service, any age upon accrual of 35 eligibility points or  
47 age 65, or for park rangers or capitol police officers, age 55  
48 with 20 years of service as a park ranger or capitol police  
49 officer, except for a member of the General Assembly, an  
50 enforcement officer, a correction officer, a psychiatric  
51 security aide, a Delaware River Port Authority policeman or an

1 officer of the Pennsylvania State Police, age 55.

2 \* \* \*

3 "Vestee." A member with five or more eligibility points[,  
4 or] in a class of service other than Class A-3 or Class A-4 or  
5 Class T-E or Class T-F in the Public School Employees'  
6 Retirement System, a member with Class G, Class H, Class I,  
7 Class J, Class K, Class L, Class M or Class N service with five  
8 or more eligibility points, or a member with Class A-3 or Class  
9 A-4 service with ten or more eligibility points who has  
10 terminated State service and has elected to leave his total  
11 accumulated deductions in the fund and to defer receipt of an  
12 annuity.

13 Section 7.2. Sections 5302(e), 5303(b)(1) and 5304(a) of  
14 Title 71 are amended to read:

15 § 5302. Credited State service.

16 \* \* \*

17 (e) Cancellation of credited service.--All credited service  
18 shall be cancelled if a member withdraws his total accumulated  
19 deductions except that a member with Class A-3 or Class A-4  
20 service credit and one or more other classes of service credit  
21 shall not have his service as a member of any classes of service  
22 other than as a member of Class A-3 or Class A-4 cancelled when  
23 the member receives a lump sum payment of accumulated deductions  
24 resulting from Class A-3 or Class A-4 service pursuant to  
25 section 5705.1 (relating to payment of accumulated deductions  
26 resulting from Class A-3 and Class A-4 service).

27 § 5303. Retention and reinstatement of service credits.

28 \* \* \*

29 (b) Eligibility points for prospective credited service.--

30 (1) Every active member of the system or a multiple  
31 service member who is a school employee and a member of the  
32 Public School Employees' Retirement System on or after the  
33 effective date of this part shall receive eligibility points  
34 in accordance with section 5307 for current State service,  
35 previous State service, or creditable nonstate service upon  
36 compliance with sections 5501 (relating to regular member  
37 contributions for current service), 5504 (relating to member  
38 contributions for the purchase of credit for previous State  
39 service or to become a full coverage member), 5505 (relating  
40 to contributions for the purchase of credit for creditable  
41 nonstate service), 5505.1 (relating to additional member  
42 contributions) or 5506 (relating to incomplete payments).  
43 Subject to the limitations in sections 5306.1 (relating to  
44 election to become a Class AA member) and 5306.2 (relating to  
45 elections by members of the General Assembly), the class or  
46 classes of service in which the member may be credited for  
47 previous State service prior to the effective date of this  
48 part shall be the class or classes in which he was or could  
49 have at any time elected to be credited for such service,  
50 except that a State employee who first becomes a member of  
51 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, 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, 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. 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).

\* \* \*

§ 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, 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 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 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, or on or after December 1, 2010, as a member of the General Assembly, 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 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).

\* \* \*

1 Section 7.3. Section 5306(a), (a.1)(1), (2), (5) and (6) and  
2 (a.2) of Title 71 are amended and the section is amended by  
3 adding a subsection to read:

4 § 5306. Classes of service.

5 (a) Class A and Class A-3 membership.--

6 (1) A State employee who is a member of Class A on the  
7 effective date of this part or who first becomes a member of  
8 the system subsequent to the effective date of this part and  
9 before January 1, 2011, or before December 1, 2010, as a  
10 member of the General Assembly, shall be classified as a  
11 Class A member and receive credit for Class A service upon  
12 payment of regular and additional member contributions for  
13 Class A service, provided that the State employee does not  
14 become a member of Class AA pursuant to subsection (a.1) or a  
15 member of Class D-4 pursuant to subsection (a.2).

16 (2) A State employee who first becomes a member of the  
17 system on or after January 1, 2011, or on or after December  
18 1, 2010, as a member of the General Assembly, shall be  
19 classified as a Class A-3 member and receive credit for Class  
20 A-3 service upon payment of regular member contributions for  
21 Class A-3 service provided that the State employee does not  
22 become a member of Class A-4 pursuant to subsection (a.3),  
23 except that a member of the judiciary shall be classified as  
24 a member of such other class of service for which the member  
25 of the judiciary is eligible, shall elect, and make regular  
26 member contributions.

27 (a.1) Class AA membership.--

28 (1) A person who becomes a State employee and an active  
29 member of the system after June 30, 2001, and who first  
30 became an active member before January 1, 2011, or before  
31 December 1, 2010, as a member of the General Assembly, and  
32 who is not a State police officer and not employed in a  
33 position for which a class of service other than Class A is  
34 credited or could be elected shall be classified as a Class  
35 AA member and receive credit for Class AA State service upon  
36 payment of regular member contributions for Class AA service  
37 and, subject to the limitations contained in paragraph (7),  
38 if previously a member of Class A or previously employed in a  
39 position for which Class A service could have been earned,  
40 shall have all Class A State service (other than State  
41 service performed as a State police officer or for which a  
42 class of service other than Class A was earned or could have  
43 been elected) classified as Class AA service.

44 (2) A person who is a State employee on June 30, 2001,  
45 and July 1, 2001, but is not an active member of the system  
46 because membership in the system is optional or prohibited  
47 pursuant to section 5301 (relating to mandatory and optional  
48 membership) and who first becomes an active member after June  
49 30, 2001, and before January 1, 2011, or before December 1,  
50 2010, as a member of the General Assembly, and who is not a  
51 State police officer and not employed in a position for which

1 a class of service other than Class A is credited or could be  
2 elected shall be classified as a Class AA member and receive  
3 credit for Class AA State service upon payment of regular  
4 member contributions for Class AA service and, subject to the  
5 limitations contained in paragraph (7), if previously a  
6 member of Class A or previously employed in a position for  
7 which Class A service could have been earned, shall have all  
8 Class A State service (other than State service performed as  
9 a State Police officer or for which a class of service other  
10 than Class A was earned or could have been elected)  
11 classified as Class AA service.

12 \* \* \*

13 (5) A former State employee who first becomes a member  
14 before January 1, 2011, or before December 1, 2010, as a  
15 member of the General Assembly, other than a former State  
16 employee who was a State police officer on or after July 1,  
17 1989, who is a school employee and who on or after July 1,  
18 2001, becomes a multiple service member, subject to the  
19 limitations contained in paragraph (7), shall receive Class  
20 AA service credit for all Class A State service other than  
21 State service performed as a State employee in a position in  
22 which the former State employee could have elected a class of  
23 service other than Class A.

24 (6) A State employee who after June 30, 2001, becomes a  
25 State police officer or who is employed in a position in  
26 which the member could elect membership in a class of service  
27 other than Class AA or Class D-4 shall retain any Class AA  
28 service credited prior to becoming a State police officer or  
29 being so employed but shall be ineligible to receive Class AA  
30 credit thereafter and instead shall receive Class A credit  
31 for service as a member of the judiciary or if he first  
32 became a member before January 1, 2011, or December 1, 2010,  
33 as a member of the General Assembly, or Class A-3 credit for  
34 service other than as a member of the judiciary and he first  
35 became a member on or after January 1, 2011, or December 1,  
36 2010, as a member of the General Assembly, unless a class of  
37 membership other than Class A is elected.

38 \* \* \*

39 (a.2) Class of membership for members of the General  
40 Assembly.--

41 (1) A person who:

42 (i) becomes a member of the General Assembly and an  
43 active member of the system after June 30, 2001, and  
44 before December 1, 2010; or

45 (ii) is a member of the General Assembly on July 1,  
46 2001, but is not an active member of the system because  
47 membership in the system is optional pursuant to section  
48 5301 and who becomes an active member after June 30,  
49 2001, and before December 1, 2010;

50 and who was not a State police officer on or after July 1,  
51 1989, shall be classified as a Class D-4 member and receive

1 credit as a Class D-4 member for all State service as a  
2 member of the General Assembly upon payment of regular member  
3 contributions for Class D-4 service and, subject to the  
4 limitations contained in subsection (a.1)(7), if previously a  
5 member of Class A or employed in a position for which Class A  
6 service could have been earned, shall receive Class AA  
7 service credit for all Class A State service, other than  
8 State service performed as a State police officer or for  
9 which a class of service other than Class A or Class D-4 was  
10 or could have been elected or credited.

11 (2) Provided an election to become a Class D-4 member is  
12 made pursuant to section 5306.2 (relating to elections by  
13 members of the General Assembly), a State employee who was  
14 not a State police officer on or after July 1, 1989, who on  
15 July 1, 2001, is a member of the General Assembly and an  
16 active member of the system and not a member of Class D-3  
17 shall be classified as a Class D-4 member and receive credit  
18 as a Class D-4 member for all State service performed as a  
19 member of the General Assembly not credited as another class  
20 other than Class A upon payment of regular member  
21 contributions for Class D-4 service and, subject to the  
22 limitations contained in paragraph (a.1)(7), shall receive  
23 Class AA service credit for all Class A State service, other  
24 than State service performed as a State police officer or as  
25 a State employee in a position in which the member could have  
26 elected a class of service other than Class A, performed  
27 before July 1, 2001.

28 (3) A member of the General Assembly who after June 30,  
29 2001, becomes a State police officer shall retain any Class  
30 AA service or Class D-4 service credited prior to becoming a  
31 State police officer or being so employed but shall be  
32 ineligible to receive Class AA or Class D-4 credit thereafter  
33 and instead shall receive Class A credit or Class A-3 credit  
34 if he first becomes a member of the system on or after  
35 January 1, 2011.

36 (4) Notwithstanding the provisions of this subsection,  
37 no service as a member of the General Assembly performed  
38 before December 1, 2010, that is not credited as Class D-4  
39 service on November 30, 2010, shall be credited as Class D-4  
40 service, unless such service was previously credited in the  
41 system as Class D-4 service and the member withdrew his total  
42 accumulated deductions as provided in section 5311 (relating  
43 to eligibility for refunds) or 5701 (relating to return of  
44 total accumulated deductions). No service as a member of the  
45 General Assembly performed on or after December 1, 2010,  
46 shall be credited as Class D-4 service unless the member  
47 previously was credited with Class D-4 service credits.

48 (a.3) Class A-3 membership.--Provided that an election to  
49 become a Class A-4 member is made pursuant to section 5306.3  
50 (relating to election to become a Class A-4 member), a State  
51 employee who otherwise would be a member of Class A-3 shall be

1 classified as a Class A-4 member and receive credit for all  
2 creditable State service performed after the effective date of  
3 membership in the system, except as a member of the judiciary,  
4 upon payment of regular member contributions for Class A-4  
5 service.

6 \* \* \*

7 Section 7.4. Title 71 is amended by adding a section to  
8 read:

9 § 5306.3. Election to become a class A-4 member.

10 (a) General rule.--A person who otherwise is eligible for  
11 Class A-3 membership who has not previously elected or declined  
12 to elect Class A-4 membership may elect to become a member of  
13 Class A-4.

14 (b) Time for making election.--The election to become a  
15 Class A-4 member must be made by the member filing written  
16 notice with the board in a form and manner determined by the  
17 board no later than 45 days after notice from the board of the  
18 member's eligibility to elect Class A-4 membership.

19 (c) Effect of election.--An election to become a Class A-4  
20 member shall be irrevocable and shall become effective on the  
21 effective date of membership in the system and shall remain in  
22 effect for all future creditable State service, other than  
23 service performed as a member of the judiciary. Payment of  
24 regular member contributions for Class A-4 State service  
25 performed prior to the election of Class A-4 service shall be  
26 made in a form, manner and time determined by the board. Upon  
27 termination and subsequent reemployment, a member who elected  
28 Class A-4 membership shall be credited as a Class A-4 member for  
29 creditable State service performed after reemployment, except as  
30 a member of the judiciary, regardless of termination of  
31 employment, termination of membership by withdrawal of  
32 accumulated deductions or status as an annuitant, vestee or  
33 inactive member after the termination of service.

34 (d) Effect of failure to make election.--Failure to elect to  
35 become a Class A-4 member within the election period set forth  
36 in subsection (b) shall result in all of the member's State  
37 service, other than service performed as a member of the  
38 judiciary, being credited as Class A-3 service and not subject  
39 to further election or crediting as Class A-4 service. Upon  
40 termination and subsequent employment, a member who failed to  
41 elect to become a Class A-4 member shall not be eligible to make  
42 another election to become a Class A-4 member for either past or  
43 future State service.

44 Section 7.5. Sections 5308(b) and 5309 of Title 71 are  
45 amended to read:

46 § 5308. Eligibility for annuities.

47 \* \* \*

48 (b) Withdrawal annuity.--

49 (1) Any vestee or any active member or inactive member  
50 on leave without pay who terminates State service having five  
51 or more eligibility points and who does not have Class A-3 or

1 Class A-4 service credit or Class T-E or Class T-F service  
2 credit in the Public School Employees' Retirement System, or  
3 who has Class G, Class H, Class I, Class J, Class K, Class L,  
4 Class M or Class N service and terminates State service  
5 having five or more eligibility points, upon compliance with  
6 section 5907(f), (g) or (h) shall be entitled to receive an  
7 annuity.

8 (2) Any vestee, active member or inactive member on  
9 leave without pay who has Class A-3 or Class A-4 service  
10 credit or Class T-E or Class T-F service credit in the Public  
11 School Employees' Retirement System who terminates State  
12 service having ten or more eligibility points, upon  
13 compliance with section 5907(f), (g) or (h), shall be  
14 entitled to receive an annuity.

15 (3) Any vestee, active member or inactive member on  
16 leave without pay who has either Class A-3 or Class A-4  
17 service credit or Class T-E or Class T-F service credit in  
18 the Public School Employees' Retirement System and also has  
19 service credited in the system in one or more other classes  
20 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 \* \* \*

29 § 5309. Eligibility for vesting.

30 Any member who:

31 (1) Does not have Class A-3 or Class A-4 service credit  
32 or Class T-E or Class T-F service credit in the Public School  
33 Employees' Retirement System and terminates State service  
34 with five or more eligibility points, or any member with  
35 Class G, Class H, Class I, Class J, Class K, Class L, Class M  
36 or Class N service with five or more eligibility points,  
37 shall be eligible until attainment of superannuation age to  
38 vest his retirement benefits.

39 (2) Has Class A-3 or Class A-4 service credit or Class  
40 T-E or Class T-F service credit in the Public School  
41 Employees' Retirement System and terminates State service  
42 with ten or more eligibility points shall be eligible until  
43 attainment of superannuation age to vest his retirement  
44 benefits.

45 (3) Has either Class A-3 or Class A-4 service credit or  
46 Class T-E or Class T-F service credit in the Public School  
47 Employees' Retirement System, also has service credited in  
48 the system in one or more other classes of service and has  
49 five or more, but fewer than ten, eligibility points shall be  
50 eligible until the attainment of superannuation age to vest  
51 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.

Amend Bill, page 18, line 5, by striking out "3" and inserting

8

Amend Bill, page 18, lines 24 through 26, by striking out all of said lines and inserting

Section 9. Sections 5502.1, 5504(a), 5505(b) and (d), 5507, 5508, 5702(a)(4) and (6), 5704(e) and 5705(a) 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 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 service credit.

§ 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.--

(1) The contributions to be paid by an active member or eligible school employee for credit for 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 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 and

1 school service up to the date of purchase.

2 (2) Notwithstanding paragraph (1), members with Class  
3 A-3 State service shall make contributions and receive credit  
4 as if the previous State service was Class A-3 service, and  
5 members with Class A-4 State service shall make contributions  
6 and receive credit as if the previous State service was Class  
7 A-4 service, even if it would have been credited as a  
8 different class of service had the State employee been a  
9 member of the system at the time the service was performed  
10 unless it was mandatory that the State employee be an active  
11 member of the system and the previous State service is being  
12 credited as the result of a mandatory active membership  
13 requirement.

14 \* \* \*

15 § 5505. Contributions for the purchase of credit for creditable  
16 nonstate service.

17 \* \* \*

18 (b) Nonintervening military service.--

19 (1) The amount due for the purchase of credit for  
20 military service other than intervening military service  
21 shall be determined by applying the product of the member's  
22 basic contribution rate and the class of service multiplier  
23 applicable to contributions for the class of service to which  
24 the military service will be credited, the additional  
25 contribution rate plus the Commonwealth normal contribution  
26 rate for active members at the time of entry, subsequent to  
27 such military service, of the member into State service to  
28 his average annual rate of compensation over the first three  
29 years of such subsequent State service and multiplying the  
30 result by the number of years and fractional part of a year  
31 of creditable nonintervening military service being purchased  
32 together with statutory interest during all periods of  
33 subsequent State and school service to date of purchase. Upon  
34 application for credit for such service, payment shall be  
35 made in a lump sum within 30 days or in the case of an active  
36 member or eligible school employee who is an active member of  
37 the Public School Employees' Retirement System it may be  
38 amortized with statutory interest through salary deductions  
39 in amounts agreed upon by the member and the board. The  
40 salary deduction amortization plans agreed to by members and  
41 the board may include a deferral of payment amounts and  
42 statutory interest until the termination of school service or  
43 State service as the board in its sole discretion decides to  
44 allow. The board may limit salary deduction amortization  
45 plans to such terms as the board in its sole discretion  
46 determines. In the case of an eligible school employee who is  
47 an active member of the Public School Employees' Retirement  
48 System, the agreed upon salary deductions shall be remitted  
49 to the Public School Employees' Retirement Board, which shall  
50 certify and transfer to the board the amounts paid.  
51 Application may be filed for all such military service credit



1 upon completion of three years of subsequent State service  
2 and shall be credited as Class A-3 service for State  
3 employees who first become members of the system on or after  
4 January 1, 2011, or on or after December 1, 2010, as a member  
5 of the General Assembly, and as Class A service for all other  
6 members.

7 (2) Applicants may purchase credit as follows:

8 (i) one purchase of the total amount of creditable  
9 nonintervening military service; or

10 (ii) one purchase per 12-month period of a portion  
11 of creditable nonintervening military service.

12 The amount of each purchase shall be not less than one year  
13 of creditable nonintervening military service.

14 \* \* \*

15 (d) Nonmilitary and nonmagisterial service.--Contributions  
16 on account of credit for creditable nonstate service other than  
17 military and magisterial service shall be determined by applying  
18 the product of the member's basic contribution rate and the  
19 class of service multiplier applicable to contributions for the  
20 class of service to which such nonstate service will be  
21 credited, the additional contribution rate plus the Commonwealth  
22 normal contribution rate for active members at the time of entry  
23 subsequent to such creditable nonstate service of the member  
24 into State service to his compensation at the time of entry into  
25 State service and multiplying the result by the number of years  
26 and fractional part of a year of creditable nonstate service  
27 being purchased together with statutory interest during all  
28 periods of subsequent State and school service to the date of  
29 purchase. Upon application for credit for such service payment  
30 shall be made in a lump sum within 30 days or in the case of an  
31 active member or eligible school employee who is an active  
32 member of the Public School Employees' Retirement System it may  
33 be amortized with statutory interest through salary deductions  
34 in amounts agreed upon by the member and the board. The salary  
35 deduction amortization plans agreed to by members and the board  
36 may include a deferral of payment amounts and statutory interest  
37 until the termination of school service or State service as the  
38 board in its sole discretion decides to allow. The board may  
39 limit salary deduction amortization plans to such terms as the  
40 board in its sole discretion determines. In the case of an  
41 eligible school employee who is an active member of the Public  
42 School Employees' Retirement System, the agreed upon salary  
43 deduction shall be remitted to the Public School Employees'  
44 Retirement Board, which shall certify and transfer to the board  
45 the amounts paid.

46 \* \* \*

47 Amend Bill, page 30, by inserting between lines 4 and 5

48 § 5702. Maximum single life annuity.

49 (a) General rule.--Any full coverage member who is eligible

1 to receive an annuity pursuant to the provisions of section  
2 5308(a) or (b) (relating to eligibility for annuities) who  
3 terminates State service, or if a multiple service member who is  
4 a school employee who is an active member of the Public School  
5 Employees' Retirement System who terminates school service,  
6 before attaining age 70 shall be entitled to receive a maximum  
7 single life annuity attributable to his credited service and  
8 equal to the sum of the following single life annuities  
9 beginning at the effective date of retirement:

10 \* \* \*

11 (4) If eligible, a single life annuity which is  
12 actuarially equivalent to the amount by which his regular and  
13 additional accumulated deductions attributable to any  
14 credited service other than as a member of Class C are  
15 greater than one-half of the actuarially equivalent value on  
16 the effective date of retirement of the annuity as provided  
17 in paragraph (1) attributable to service other than Class C  
18 for which regular or joint coverage member contributions were  
19 made. This paragraph shall not apply to any member with State  
20 service credited as Class A-3 or Class A-4.

21 \* \* \*

22 (6) If eligible, a single life annuity sufficient  
23 together with the annuity provided for in paragraph (1) as a  
24 Class A [and], Class AA, Class A-3 and Class A-4 member and  
25 the highest annuity provided for in paragraph (2) to which he  
26 is entitled, or at his option could have been entitled, to  
27 produce that percentage of a standard single life annuity  
28 adjusted by the application of the class of service  
29 multiplier for Class A, Class AA, Class A-3 or Class A-4 as  
30 set forth in paragraph (1) in the case where any service is  
31 credited as a member of Class A, Class AA, Class A-3 or Class  
32 A-4 on the effective date of retirement as determined by his  
33 total years of credited service as a member of Class A [and],  
34 Class AA, Class A-3 and Class A-4 and by the following table:

Total Years of Credited Service as a Member of Class A [and], Class AA, Class A-3 and Class A-4	Percentage of Standard Single Life Annuity <u>Adjusted for</u> <u>Class A, Class AA,</u> <u>Class A-3 and Class A-4</u> <u>Class of</u> <u>Service Multipliers</u>
35-40	100%
41	102%
42	104%
43	106%
44	108%
45 or more	110%

49 \* \* \*

50 § 5704. Disability annuities.

51 \* \* \*

(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 regular and additional 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(b)] 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.

\* \* \*

§ 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 for service other than Class T-E or Class T-F service in the Public School Employees' Retirement System, or vestee who has Class A-3 or Class A-4 service credit having ten or more eligibility points, any member with Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service having five 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 life annuity and in accordance with one of the following options; except that no member shall elect an annuity payable to one or more survivor annuitants other than his spouse or alternate payee of such a magnitude that the present value of the annuity payable to him for life plus any lump sum payment he may have elected to receive is less than 50% of the present value of his maximum single life annuity:

(1) Option 1.--A life annuity to the member with a 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

1 living at his death.

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

6 (4) Option 4.--Some other benefit which shall be  
7 certified by the actuary to be actuarially equivalent to the  
8 maximum single life annuity, subject to the following  
9 restrictions:

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

12 (ii) the sum of all annuities payable to the  
13 designated survivor annuitants shall not be greater than  
14 one and one-half times the annuity payable to the member;  
15 and

16 (iii) a portion of the benefit may be payable as a  
17 lump sum, except that such lump sum payment shall not  
18 exceed an amount equal to the total accumulated  
19 deductions standing to the credit of the member that are  
20 not the result of contributions and statutory interest  
21 made or credited as a result of Class A-3 or Class A-4  
22 service. The balance of the present value of the maximum  
23 single life annuity adjusted in accordance with section  
24 5702(b) shall be paid in the form of an annuity with a  
25 guaranteed total payment, a single life annuity, or a  
26 joint and survivor annuity or any combination thereof but  
27 subject to the restrictions of subparagraphs (i) and (ii)  
28 under this option.

29 \* \* \*

30 Section 10. Title 71 is amended by adding a section to read:  
31 \$ 5705.1. Payment of accumulated deductions resulting from  
32 Class A-3 and Class A-4 service.

33 Any superannuation or withdrawal annuitant who:

34 (1) has Class A-3 or Class A-4 service credit;

35 (2) has service credited in one or more classes of  
36 service; and

37 (3) because he has five or more, but fewer than ten,  
38 eligibility points is not eligible to receive an annuity on  
39 his Class A-3 or Class A-4 service  
40 shall receive in a lump sum at the time of his retirement, in  
41 addition to any other annuity or lump sum payment which he may  
42 elect, his accumulated deductions resulting from his Class A-3  
43 or Class A-4 service credit. Payment of these accumulated  
44 deductions resulting from Class A-3 or Class A-4 service credit  
45 shall not be eligible for installment payments pursuant to  
46 section 5905.1 (relating to installment payments of accumulated  
47 deductions) but shall be considered a lump sum payment for  
48 purposes of section 5905.1(d).

49 Section 11. Sections 5708.1(f), 5708.2(f), 5708.3(f),  
50 5708.5(f), 5708.6(f), 5708.7(f), 5708.8(g), 5902(k), 5903(c),  
51 5905(a), 5905.1(d), 5907(c), 5934, 5936(b), 5937(b), 5938 and

1 5955 of Title 71 are amended to read:

2 Amend Bill, page 34, by inserting between lines 22 and 23

3 § 5903. Duties of the board to advise and report to heads of  
4 departments and members.

5 \* \* \*

6 (c) Purchase of credit and full coverage membership  
7 certifications.--Upon receipt of an application from an active  
8 member or eligible school employee to purchase credit for  
9 previous State or creditable nonstate service, an election for  
10 membership in a specific class of service, or an election to  
11 become a full coverage member, the board shall determine and  
12 certify to the member the amount required to be paid by the  
13 member. When necessary, the board shall certify to the previous  
14 employer the amount due in accordance with sections 5504  
15 (relating to member contributions for the purchase of credit for  
16 previous State service or to become a full coverage member) and  
17 5505 (relating to contributions for the purchase of credit for  
18 creditable nonstate service).

19 \* \* \*

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

22 (a) Statement to new members.--As soon as practicable after  
23 each member shall have become an active member in the system,  
24 the board shall issue to the member notice of any election of  
25 class of service membership he may be eligible to make, a  
26 statement certifying his class of service, his member  
27 contribution rate, and the aggregate length of total previous  
28 State service and creditable nonstate service for which he may  
29 receive credit.

30 \* \* \*

31 § 5905.1. Installment payments of accumulated deductions.

32 \* \* \*.

33 (d) Statutory interest.--Any lump sum, including a lump sum  
34 payable pursuant to section 5705.1 (relating to payment of  
35 accumulated deductions resulting from Class A-3 and Class A-4  
36 service), or installment payable shall include statutory  
37 interest credited to the date of payment, except in the case of  
38 a member, other than a vestee or special vestee, who has not  
39 filed his application prior to 90 days following his termination  
40 of service.

41 Amend Bill, page 36, by inserting between lines 13 and 14

42 § 5936. State Police benefit account.

43 \* \* \*

44 (b) Transfers from account.--Should the said annuitant be  
45 subsequently restored to active service, the present value of  
46 the member's annuity at the time of reentry into State service  
47 shall be transferred from the State Police benefit account and  
48 placed to his individual credit in the members' savings account.

1 In addition, the actuarial reserve for his annuity calculated as  
2 if he had been a member of Class A if he has Class A or Class C  
3 service credited; as if he had been a member of Class A-3 if the  
4 annuitant has Class A-3 State service credited; or as if he had  
5 been a member of Class A-4 if the annuitant has Class A-4  
6 service credited, less the amount transferred to the members'  
7 savings account shall be transferred from the State Police  
8 benefit account to the State accumulation account. Upon  
9 subsequent retirement other than as an officer of the  
10 Pennsylvania State Police the actuarial reserve remaining in the  
11 State Police benefit account shall be transferred to the  
12 appropriate reserve account.  
13 § 5937. Enforcement officers' benefit account.

14 \* \* \*

15 (b) Transfers from account.--Should the said annuitant be  
16 subsequently restored to active service, the present value of  
17 the member's annuity at the time of reentry into State service  
18 shall be transferred from the enforcement officers' benefit  
19 account and placed to his individual credit in the members'  
20 savings account. In addition, the actuarial reserve for his  
21 annuity calculated as if he had been a member of Class A if the  
22 annuitant does not have any Class AA, Class A-3 or Class A-4  
23 service credited [and calculated]; as if he had been a member of  
24 Class AA if the annuitant does have Class AA service credited;  
25 as if he had been a member of Class A-3 if the annuitant has  
26 Class A-3 State service credited; or as if he had been a member  
27 of Class A-4 if the annuitant has Class A-4 service credited,  
28 less the amount transferred to the members' savings account  
29 shall be transferred from the enforcement officers' benefit  
30 account to the State accumulation account. Upon subsequent  
31 retirement other than as an enforcement officer the actuarial  
32 reserve remaining in the enforcement officers' benefit account  
33 shall be transferred to the appropriate reserve account.

34 Amend Bill, page 37, by inserting between lines 10 and 11

35 § 5955. Construction of part.

36 Regardless of any other provision of law, pension rights of  
37 State employees shall be determined solely by this part or any  
38 amendment thereto, and no collective bargaining agreement nor  
39 any arbitration award between the Commonwealth and its employees  
40 or their collective bargaining representatives shall be  
41 construed to change any of the provisions herein, to require the  
42 board to administer pension or retirement benefits not set forth  
43 in this part, or otherwise require action by any other  
44 government body pertaining to pension or retirement benefits or  
45 rights of State employees. Notwithstanding the foregoing, any  
46 pension or retirement benefits or rights previously so  
47 established by or as a result of an arbitration award shall  
48 remain in effect after the expiration of the current collective  
49 bargaining agreement between the State employees so affected and

1 the Commonwealth until the expiration of each of the collective  
2 bargaining agreements in effect on January 1, 2011, at which  
3 time the classes of membership and resulting member contribution  
4 rates, eligibility for vesting, withdrawal and superannuation  
5 annuities, optional modification of annuities and other terms  
6 and conditions related to class of membership shall be as  
7 determined by this part for employees covered by those and  
8 successor collective bargaining agreements. For purposes of  
9 administering this part, for those State employees who are  
10 members of each such collective bargaining unit, the date  
11 January 1, 2011, contained in this part, except in this section,  
12 shall be replaced with the date of the day immediately following  
13 the expiration of each such collective bargaining agreement. The  
14 provisions of this part insofar as they are the same as those of  
15 existing law are intended as a continuation of such laws and not  
16 as new enactments. The provisions of this part shall not affect  
17 any act done, liability incurred, right accrued or vested, or  
18 any suit or prosecution pending or to be instituted to enforce  
19 any right or penalty or to punish any offense under the  
20 authority of any repealed laws.

21 Amend Bill, page 37, line 11, by striking out "5" and  
22 inserting

23 12

24 Amend Bill, page 37, line 21, by striking out "6" and  
25 inserting

26 13

27 Amend Bill, page 37, line 23, by striking out  
28 "Notwithstanding" and inserting

29 Within 15 days of the later of:

30 (i) the effective date of this section; or

31 (ii) the date of the passage of this Commonwealth's  
32 budget for fiscal year 2010-2011, the Secretary of the  
33 Budget shall certify to the Public School Employees'  
34 Retirement Board the amount of money appropriated for  
35 public school employees' retirement.

36 Notwithstanding

37 Amend Bill, page 37, line 27, by striking out "this act," and  
38 inserting

39 the Secretary of the Budget's certification to the Public  
40 School Employees' Retirement Board of the amount of money  
41 appropriated for public school employees' retirement, the

42 Amend Bill, page 37, line 29, by inserting after "act."

1       The recertification rate shall be not less than 5% nor  
2       more than 7.58%, plus the premium assistance contribution  
3       rate.

4       Amend Bill, page 37, line 30, by inserting after "purposes."

5             This recertified rate shall not affect the application of  
6       the collared contribution rate as set forth in 24 Pa.C.S.  
7       § 8328(g).

8       Amend Bill, page 38, line 4, by inserting after "Budget"  
9       and heads of departments

10       Amend Bill, page 38, line 5, by striking out "act" and  
11       inserting  
12       section

13       Amend Bill, page 38, line 9, by striking out "7" and  
14       inserting

15       14

16       Amend Bill, page 39, line 8, by striking out "8" and  
17       inserting

18       15

19       Amend Bill, page 39, line 16, by striking out "enactment" and  
20       inserting

21       effective date

22       Amend Bill, page 39, line 16, by striking out "act" and  
23       inserting

24       section

25       Amend Bill, page 39, line 22, by striking out "enactment of  
26       this act" and inserting

27       effective date of this section

28       Amend Bill, page 39, line 23, by striking out all of said  
29       line and inserting

30       Section 16. Nothing in this act shall be deemed to permit  
31       the restoration of service credit or retirement benefits which  
32       were the subject of an order of forfeiture pursuant to the act  
33       of July 8, 1978 (P.L.752, No.140), known as the Public Employee  
34       Pension Forfeiture Act, or subject to section 16 of Article V of  
35       the Constitution of Pennsylvania or 42 Pa.C.S. § 3352.



1 Section 17. Nothing in this act shall be construed or deemed  
2 to imply that any interpretation or application of the  
3 provisions of 24 Pa.C.S. Pt. IV or benefits available to members  
4 of the Public School Employees' Retirement System was not in  
5 accordance with the provisions of 24 Pa.C.S. Pt. IV or other  
6 applicable law prior to the effective date of this section.  
7 Nothing in this act shall be construed to grant to or deemed to  
8 imply that any current or former school employees on the  
9 effective date of this section possessed any contractual rights,  
10 either expressed or implied, or any other constitutionally  
11 protected rights, in the terms and conditions of the Public  
12 School Employees' Retirement System or other pension or  
13 retirement benefits as a school employee, including, but not  
14 limited to, benefits, option rights or privileges established by  
15 24 Pa.C.S. Pt. IV.

16 Section 18. This act shall be construed and administered in  
17 such a manner that the Public School Employees' Retirement  
18 System will satisfy the requirements necessary to qualify as a  
19 qualified pension plan under section 401(a) and other applicable  
20 provisions of the Internal Revenue Code of 1986 (Public Law  
21 99-514, 26 U.S.C. § 1 et seq.). The rules, regulations and  
22 procedures adopted and promulgated by the Public School  
23 Employees' Retirement Board under 24 Pa.C.S. § 8502(h) may  
24 include those necessary to accomplish the purpose of this  
25 section.

26 Section 19. (a) Nothing in this act which amends or  
27 supplements provisions of 24 Pa.C.S. Pt. IV shall create in any  
28 member of the system or in any other person claiming an interest  
29 in the account of any such member a contractual right, either  
30 express or implied, in relation to requirements for  
31 qualification of the Public School Employees' Retirement System  
32 as a qualified pension plan under the Internal Revenue Code of  
33 1986 (Public Law 99-514, 26 U.S.C. § 401(a)) nor any  
34 construction of 24 Pa.C.S. Pt. IV, as so amended or  
35 supplemented, or any rules or regulations adopted under 24  
36 Pa.C.S. Pt. IV. The provisions of 24 Pa.C.S. Pt. IV shall remain  
37 subject to the Internal Revenue Code of 1986, and the General  
38 Assembly reserves to itself such further exercise of its  
39 legislative power to amend or supplement such provisions as may  
40 from time to time be required in order to maintain the  
41 qualification of such system as a qualified pension plan under  
42 section 401(a) and other applicable provisions of the Internal  
43 Revenue Code of 1986.

44 (b) References in this act to the Internal Revenue Code of  
45 1986, including for this purpose administrative regulations  
46 promulgated thereunder, are intended to include such laws and  
47 regulations in effect on the effective date of this section and  
48 as they may hereafter be amended or supplemented or supplanted  
49 by successor provisions.

50 Section 20. No school employee otherwise a member of,  
51 eligible to be a member of, or having school or nonschool

1 service credited in a class of service other than Class T-E or  
2 Class T-F may cancel, decline or waive membership in such other  
3 class of service in order to obtain Class T-E or Class T-F  
4 service credit, become a member of Class T-E or Class T-F or  
5 elect Class T-E or Class T-F membership.

6 Section 21. Notwithstanding any other provision of law, any  
7 change in accrued liability of the Public School Employees'  
8 Retirement System created by this act shall be funded as a level  
9 percentage of compensation over a period of 30 years beginning  
10 July 1, 2012, subject to any limits imposed on employer  
11 contributions to the Public School Employees' Retirement System.  
12 For purposes of 24 Pa.C.S. §§ 8321, 8326 and 8328, such changes  
13 shall not be considered to be costs added by legislation.

14 Section 22. Notwithstanding any regulation promulgated by  
15 the Public School Employees' Retirement Board, application or  
16 interpretation of 24 Pa.C.S. Pt. IV, or administrative practice  
17 to the contrary, a member's eligibility deriving from Class T-E  
18 or Class T-F service credit for a superannuation annuity or  
19 other rights and benefits based upon attaining superannuation  
20 age shall require the actual accrual of 35 eligibility points.

21 Section 23. Nothing in this act shall be construed or deemed  
22 to imply that any interpretation or application of the  
23 provisions of 71 Pa.C.S. Pt. XXV or benefits available to  
24 members of the State Employees' Retirement System was not in  
25 accordance with the provisions of 71 Pa.C.S. Pt. XXV or other  
26 applicable law prior to the effective date of this section.  
27 Nothing in this act shall be construed to grant to or deemed to  
28 imply that any current or former State employees on the  
29 effective date of this section possessed any contractual rights,  
30 either expressed or implied, or any other constitutionally  
31 protected rights, in the terms and conditions of the State  
32 Employees' Retirement System or other pension or retirement  
33 benefits as a State employee, including, but not limited to,  
34 benefits, options, rights or privileges established by 71  
35 Pa.C.S. Pt. XXV.

36 Section 24. This act shall be construed and administered in  
37 such a manner that the State Employees' Retirement System will  
38 satisfy the requirements necessary to qualify as a qualified  
39 pension plan under section 401(a) and other applicable  
40 provisions of the Internal Revenue Code of 1986 (Public Law  
41 99-514, 26 U.S.C. § 1 et seq.). The rules, regulations and  
42 procedures adopted and promulgated by the State Employees'  
43 Retirement Board under 71 Pa.C.S. § 5902(h) may include those  
44 necessary to accomplish the purpose of this section.

45 Section 25. (a) Nothing in this act which amends or  
46 supplements provisions of 71 Pa.C.S. Pt. XXV shall create in any  
47 member of the system or in any other person claiming an interest  
48 in the account of any such member a contractual right, either  
49 express or implied, in relation to requirements for  
50 qualification of the State Employees' Retirement System as a  
51 qualified pension plan under the Internal Revenue Code of 1986

1 (Public Law 99-514, 26 U.S.C. § 401(a)) nor any construction of  
2 71 Pa.C.S. Pt. XXV, as so amended or supplemented, or any rules  
3 or regulations adopted under 71 Pa.C.S. Pt. XXV. The provisions  
4 of 71 Pa.C.S. Pt. XXV shall remain subject to the Internal  
5 Revenue Code of 1986, and the General Assembly reserves to  
6 itself such further exercise of its legislative power to amend  
7 or supplement such provisions as may from time to time be  
8 required in order to maintain the qualification of such system  
9 as a qualified pension plan under section 401(a) and other  
10 applicable provisions of the Internal Revenue Code of 1986.

11 (b) References in this act to the Internal Revenue Code of  
12 1986, including for this purpose administrative regulations  
13 promulgated thereunder, are intended to include such laws and  
14 regulations in effect on the effective date of this section and  
15 as they may hereafter be amended or supplemented or supplanted  
16 by successor provisions.

17 Section 26. No State employee otherwise a member of,  
18 eligible to be a member of, or having State or nonstate service  
19 credited in, a class of service other than Class A-3 may cancel,  
20 decline or waive membership in such other class of service in  
21 order to obtain Class A-3 or Class A-4 service credit, become a  
22 member of Class A-3 or Class A-4 or elect Class A-3 or Class A-4  
23 membership.

24 Section 27. Notwithstanding any other provision of law, any  
25 change in accrued liability of the State Employees' Retirement  
26 System created by this act as a result of changes in benefits  
27 shall be funded as a level percentage of compensation over a  
28 period of 30 years beginning July 1, 2012, subject to any limits  
29 imposed on employer contributions to the State Employees'  
30 Retirement System. For purposes of 71 Pa.C.S. §§ 5501.1, 5507  
31 and 5508, any such changes shall not be considered to be costs  
32 added by legislation.

33 Section 28. Notwithstanding any regulation promulgated by  
34 the State Employees' Retirement Board, application or  
35 interpretation of 71 Pa.C.S. Pt. XXV, or administrative practice  
36 to the contrary, a member's eligibility deriving from Class A-3  
37 or Class A-4 service credit for a superannuation annuity or  
38 other rights and benefits based upon attaining superannuation  
39 age shall require the actual accrual of 35 eligibility points.

40 Section 29. This act shall take effect as follows:

41 (1) The amendment or addition of the following  
42 provisions of 24 Pa.C.S. shall take effect July 1, 2011:

43 section 8102;  
44 section 8303(c);  
45 section 8304(a);  
46 section 8305(d) and (e);  
47 section 8305.2;  
48 section 8307(b);  
49 section 8308;  
50 section 8323(a), (c) and (c.1);  
51 section 8324(a), (d), (e) and (f);

1 section 8326(a);  
2 section 8327(a) and (c);  
3 section 8328  
4 section 8342(a);  
5 section 8344(d);  
6 section 8345(a);  
7 section 8348.1(f);  
8 section 8348.2(f);  
9 section 8348.3(f);  
10 section 8348.5(f);  
11 section 8348.6(f);  
12 section 8348.7(f);  
13 section 8502(k)  
14 section 8505(1); and  
15 section 8535(3).  
16 (2) Sections 17, 18, 19, 20, 21 and 22 of this act shall  
17 take effect July 1, 2011.  
18 (3) The remainder of this act shall take effect  
19 immediately.