

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 472

Session of
1973

INTRODUCED BY WOOD, COPPERSMITH AND DENGLER, MARCH 12, 1973

AS AMENDED ON SECOND CONSIDERATION, JANUARY 28, 1974

AN ACT

1 Amending the act of November 25, 1970 (P.L.707, No.230),
2 entitled "An act codifying and compiling a part of the law of
3 the Commonwealth," adding provisions relating to retirement
4 for State employees and officers and making repeals.

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24 The General Assembly of the Commonwealth of Pennsylvania
25 hereby enacts as follows:

26 Section 1. Title 71, act of November 25, 1970 (P.L.707,
27 No.230), known as the "Consolidated Pennsylvania Statutes," is
28 amended to read:

29 TITLE 71

30 STATE GOVERNMENT

1 Part

2 XXV. Retirement for State Employees and Officers.

3 PART XXV

4 RETIREMENT FOR STATE EMPLOYEES AND OFFICERS

5 CHAPTER 51

6 PRELIMINARY PROVISIONS

7 § 5101. Short title.

8 This act shall be known and may be cited as the "State
9 Employees' Retirement Code."

10 § 5102. Definitions.

11 The following words and phrases as used in this code, unless
12 a different meaning is plainly required by the context, shall
13 have the following meanings:

14 "Active member." A State employee who is contributing to the
15 fund or a member on leave without pay for whom authorized
16 contributions are being made to the fund.

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

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

21 (1) a member of the American Academy of Actuaries; or

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

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

29 "Annuitant." Any member on or after the effective date of
30 retirement.

1 "Average noncovered salary." The average of the amounts of
2 compensation received each calendar year since January 1, 1956
3 exclusive of the amount which was or could have been covered by
4 the Federal Social Security Act, 42 U.S.C. §§ 301 et seq.,
5 during that portion of the member's service since January 1,
6 1956 for which he has received social security integration
7 credit.

8 "Basic contribution rate." Five per cent (5%), except that
9 in no case shall any member be required to contribute, excluding
10 contributions for social security integration credit, at a rate
11 greater than his contribution rate on the effective date of this
12 act so long as he does not elect additional coverage or
13 membership in another class of service.

14 "Beneficiary." The person or persons last designated by a
15 member to receive his accumulated deductions or a lump sum
16 benefit upon the death of such member.

17 "Board." The State Employees' Retirement Board.

18 "Class of service multiplier."

19	Class of Service	Multiplier
20	A	1
21	B	.625
22	C	1
23	D	1.25
24	D-1 Prior to	
25	January 1, 1973	1.875
26	D-1 On and	
27	subsequent to	
28	January 1, 1973	1.731
29	D-2 prior to	
30	January 1,	

1	1973	2.5
2	D-2 on and	
3	subsequent to	
4	January 1, 1973	
5		1.731
6	D-3 prior to	
7	January 1, 1973	3.75
8	D-3 on and	
9	subsequent to	
10	January 1, 1973	
11		1.731 except prior to December 1,
12		1974 as applied to any
13		additional legislative
14		compensation as an officer
15		of the General Assembly
16		3.75
17	E, E-1 prior to	
18	January 1,	
19	1973	2 for each of the first ten
20		years of judicial service,
21		and
22		1.5 for each subsequent year of
23		judicial service
24	E, E-1 on and	
25	subsequent to	
26	January 1, 1973	
27		1.50 for each of the first
28		ten years of judicial
29		service and
30		1.125 for each subsequent year

of judicial service

E-2 prior to

September 1, 1973 1.5

E-2 on and

subsequent to

September 1, 1973 1.125

T-C (Public School 1

Employees'

Retirement Code)

"Compensation." Remuneration actually received as a State employee excluding refunds for expenses, contingency and accountable expense allowances, and any severance payments for unused vacation or sick leave: Provided, however, That compensation received prior to January 1, 1973 shall be subject to the limitations for retirement purposes in effect December 31, 1972, if any.

"Concurrent service." Service credited in more than one class of service during the same period of time.

"Correction officer." Any employee whose principal duty is the care, custody and control of inmates of a penal or correctional institution or community treatment center operated by the Department of Justice.

"Creditable nonstate service." Service other than service as a State employee for which an active member may obtain credit.

"Credited service." State or creditable nonstate service for which the required contributions have been made or for which salary deductions or lump sum payments have been agreed upon in writing.

"Date of termination of service." The last day of service for which an active member makes contributions, or in the case

1 of an inactive member on leave without pay the date of his
2 resignation or the date his employment is formally discontinued
3 by his employer.

4 "Effective date of retirement." The first day following the
5 date of termination of service of a member if he has properly
6 filed an application for an annuity within ninety days of such
7 date; in the case of a vestee or a member who does not apply for
8 an annuity within ninety days after termination of service, the
9 date of filing an application for an annuity or the date
10 specified on the application, whichever is later. In the case of
11 a finding of disability, the date certified by the board as the
12 effective date of disability.

13 "Eligibility points." Points which are accrued by an active
14 member for credited service and are used in the determination of
15 eligibility for benefits.

16 "Enforcement officer." Any enforcement officer or
17 investigator of the Pennsylvania Liquor Control Board who is a
18 peace officer vested with police power and authority throughout
19 the Commonwealth and any administrative or supervisory employee
20 of the Pennsylvania Liquor Control Board vested with police
21 power who is charged with the administration or enforcement of
22 the liquor laws of the Commonwealth.

23 "Final average salary." The highest average compensation
24 received as a member during any three nonoverlapping periods of
25 twelve consecutive months or of twenty-six consecutive biweekly
26 pay periods, with the compensation for part-time service being
27 annualized on the basis of the fractional portion of the year
28 for which credit is received; except if the employee was not a
29 member for three nonoverlapping periods of twelve consecutive
30 months or of twenty-six consecutive biweekly pay periods, the

1 total compensation received as a member, annualized in the case
2 of part-time service, divided by the number of nonoverlapping
3 periods of twelve consecutive months or of twenty-six
4 consecutive biweekly pay periods of membership; and in the case
5 of a member with multiple service, the final average salary
6 shall be determined on the basis of the compensation received by
7 him as a State employee or as a school employee, or both.

8 "Full coverage member." Any member who has made or is making
9 regular member contributions, or has paid or has agreed to pay
10 to the fund the actuarial equivalent of regular member
11 contributions over the entire period of his credited service.

12 "Fund." The State Employees' Retirement Fund.

13 "Head of department." The chief administrative officer of
14 the department, the chairman or executive director of the
15 agency, authority, or independent board or commission, the Chief
16 Justice or the President Judge of a court, any justice of the
17 peace, and the Chief Clerk of the Senate, or the Chief Clerk of
18 the House of Representatives.

19 "Inactive member." A member who is not making member
20 contributions, including a member on leave without pay for whom
21 contributions are not authorized, but who has accumulated
22 deductions standing to his credit in the fund and who is not
23 eligible to become or has not elected to become a vestee or has
24 not filed an application for an annuity.

25 "Intervening military service." Active military service of a
26 member who was a State employee immediately preceding his
27 induction into the armed services or forces of the United States
28 in order to meet a military obligation excluding any voluntary
29 extension of such service and who becomes a State employee
30 within ninety days of the expiration of such service.

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

4 "Joint coverage member contributions." Regular member
5 contributions reduced for a joint coverage member.

6 "Member." Active member, inactive member, annuitant, or
7 vestee.

8 "Member of the judiciary." Any justice of the Supreme Court,
9 any judge of the Superior Court, the Commonwealth Court, any
10 court of common pleas, the Municipal Court and the Traffic Court
11 of Philadelphia, or any community court.

12 "Member's annuity." The single life annuity which is
13 actuarially equivalent, at the effective date of retirement, to
14 the sum of the regular accumulated deductions and the social
15 security integration accumulated deductions standing to the
16 member's credit in the members' savings account.

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

20 "Multiple service." Credited service of a member who has
21 elected to combine his credited service in both the State
22 Employees' Retirement System and the Public School Employees'
23 Retirement System.

24 "Previous State service." Service rendered as a State
25 employee prior to his most recent entrance in the system.

26 "Psychiatric security aide." Any employee whose principal
27 duty is the care, custody and control of the criminally insane,
28 inmates of a maximum security institution for the criminally
29 insane or detention facility operated by the Department of
30 Public Welfare.

1 "Public School Employees' Retirement System." The retirement
2 system established by the act of July 18, 1917, (P.L.1043, No.
3 343), and codified by the act of June 1, 1959 (P.L.350, No. 77).

4 "Regular accumulated deductions." The total of the regular
5 or joint coverage member contributions paid into the fund on
6 account of current service or previous State or creditable
7 nonstate service, together with the statutory interest credited
8 thereon until the date of termination of service. In the case of
9 a vestee, statutory interest shall be credited until the
10 effective date of retirement. A member's account shall not be
11 credited with statutory interest for more than two years during
12 a leave without pay.

13 "Regular member contributions." The product of the basic
14 contribution rate, the class of service multiplier if greater
15 than one and the compensation of the member.

16 "Retirement counselor." The State employee whose duty it
17 shall be to advise each employee of the department of his rights
18 and duties as a member of the system. Such employee shall be
19 designated by the head of each department with the approval of
20 the board.

21 "Salary deductions." The amounts certified by the board,
22 deducted from the compensation of an active member and paid into
23 the fund.

24 "School service." Service rendered as a public school
25 employee and credited as service in the Public School Employees'
26 Retirement System.

27 "Service connected disability." A disability resulting from
28 an injury arising in the course of State employment, and which
29 is compensable under the applicable provisions of the act of
30 June 2, 1915 (P.L.736, No.338), known as The Pennsylvania

1 Workmen's Compensation Act, or the act of June 21, 1939
2 (P.L.566, No.284), known as The Pennsylvania Occupational
3 Disease Act.

4 "Social security integration accumulated deductions." The
5 total of the additional member contributions paid into the fund
6 on account of social security integration credit, together with
7 the statutory interest credited thereon until the date of
8 termination of service. In the case of a vestee statutory
9 interest shall be credited until the effective date of
10 retirement. A member's account shall not be credited with
11 statutory interest for more than two years during a leave
12 without pay.

13 "Standard single life annuity." An annuity equal to two per
14 cent (2%) of the final average salary, multiplied by the total
15 number of years and fractional part of a year of credited
16 service of a member.

17 "State employee." Any person holding a State office or
18 position under the Commonwealth, employed by the State
19 Government of the Commonwealth, in any capacity whatsoever,
20 except an independent contractor or any person compensated on a
21 fee basis, and shall include members of the General Assembly,
22 and any officer or employee of the following:

23 (1) the Department of Education, State-owned educational
24 institutions, community colleges, and The Pennsylvania State
25 University, except an employee paid wholly from Federal
26 funds;

27 (2) the Pennsylvania Turnpike Commission, the Delaware
28 River Port Authority, the Port Authority Transit Corporation,
29 the Delaware River Joint Toll Bridge Commission, the State
30 Public School Building Authority, The General State

1 Authority, the State Highway and Bridge Authority, the
2 Delaware Valley Regional Planning Commission, the Interstate
3 Commission of the Delaware River Basin, and the Susquehanna
4 River Basin Commission any time subsequent to its creation,
5 provided the commission or authority agrees to contribute and
6 does contribute to the fund, from time to time, the moneys
7 required to build up the reserves necessary for the payment
8 of the annuities of such officers and employees without any
9 liability on the part of the Commonwealth to make
10 appropriations for such purposes, and provided in the case of
11 employees of the Interstate Commission of the Delaware River
12 Basin, that the employee shall have been a member of the
13 system for at least ten years prior to January 1, 1963;

14 (3) any separate independent public corporation created
15 by statute, not including any municipal or quasi-municipal
16 corporation, so long as he remains an officer or employee of
17 such public corporation, and provided that such officer or
18 employee of such public corporation was an employee of the
19 Commonwealth immediately prior to his employment by such
20 corporation, and further provided such public corporation
21 shall agree to contribute and contributes to the fund, from
22 time to time, the moneys required to build up the reserves
23 necessary for the payment of the annuities of such officers
24 and employees without any liability on the part of the
25 Commonwealth to make appropriations for such purposes; or

26 (4) any single county department of health or any joint
27 county department of health created under the "Local Health
28 Administration Law," act of August 24, 1951 (P.L.1304, No.
29 315).

30 "State service." Service rendered as a State employee.

1 "Statutory interest." Interest at four per cent (4%) per
2 annum, compounded annually.

3 "Superannuation age." Age sixty, except for a member of the
4 General Assembly, an enforcement officer, a correction officer,
5 a psychiatric security aide or an officer of the Pennsylvania
6 State Police, age fifty.

7 "Superannuation annuitant." An annuitant whose annuity
8 becomes payable on or after the attainment of superannuation
9 age.

10 "Survivor annuitant." The person or persons last designated
11 by a member under a joint and survivor annuity option to receive
12 an annuity upon the death of such member.

13 "System." The State Employees' Retirement System of
14 Pennsylvania as established by the act of June 27, 1923
15 (P.L.858, No.331), and codified by the act of June 1, 1959
16 (P.L.392, No.78).

17 "Total accumulated deductions." The sum of the regular
18 accumulated deductions, the social security integration
19 accumulated deductions, and all other contributions paid into
20 the fund for the purchase of credit for service or other
21 coverage together with all statutory interest credited thereon
22 until the date of termination of service. In the case of a
23 vestee, statutory interest shall be credited until the effective
24 date of retirement. A member's account shall not be credited
25 with statutory interest for more than two years during a leave
26 without pay.

27 "Valuation interest." Interest at five and one-half per cent
28 (5 1/2%) per annum compounded annually and applied to all
29 accounts other than the members' savings account.

30 "Vestee." A member with ten or more eligibility points who

1 has terminated State service and has elected to leave his total
2 accumulated deductions in the fund and to defer receipt of an
3 annuity.

4 CHAPTER 53
5 MEMBERSHIP, CREDITED SERVICE, CLASSES OF SERVICE,
6 AND ELIGIBILITY FOR BENEFITS

7 § 5301. Mandatory and optional membership.

8 (a) Membership in the system shall be mandatory as of the
9 effective date of employment for all State employees except the
10 following:

- 11 (1) Governor.
- 12 (2) Lieutenant Governor.
- 13 (3) Members of the General Assembly.
- 14 (4) Heads or deputy heads of administrative departments.
- 15 (5) Members of any independent administrative board or
16 commission.
- 17 (6) Members of any departmental board or commission.
- 18 (7) Members of any advisory board or commission.
- 19 (8) Secretary to the Governor.
- 20 (9) Budget Secretary.
- 21 (10) Legislative employees.
- 22 (11) School employees who have elected membership in the
23 Public School Employees' Retirement System.
- 24 (12) School employees who have elected membership in an
25 approved independent retirement program, provided that in no
26 case shall the employer contribute on account of such elected
27 membership at a rate greater than the employer normal
28 contribution rate as determined in section 5508(b).
- 29 (13) Persons who have elected to retain membership in
30 the retirement system of the political subdivision by which

1 they were employed prior to becoming eligible for membership
2 in the State Employees' Retirement System.

3 (14) Persons employed on a per diem or hourly basis for
4 less than one hundred days or seven hundred fifty hours in a
5 twelve-month period.

6 (b) The State employees listed in paragraphs (a)(1) through
7 (11) of this section shall have the right to elect membership in
8 the system; once such election is exercised, membership shall
9 continue until the termination of State service.

10 (c) The State employees listed in paragraphs (a)(12), (13)
11 and (14) of this section shall not have the right to elect
12 membership in the system.

13 § 5302. Credited State service.

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

1 thousand six hundred fifty hours, as the case may be. A part-
2 time salaried employee shall be credited with the fractional
3 portion of the year which corresponds to the number of hours or
4 days of service actually rendered in relation to one thousand
5 six hundred fifty hours or two hundred twenty days, as the case
6 may be. In no case shall a member who has elected multiple
7 service receive an aggregate in the two systems of more than one
8 year of credited service for any twelve consecutive months.

9 (b) A member on leave without pay who is studying under a
10 Federal grant approved by the head of his department or who is
11 engaged up to a maximum of two years of temporary service with
12 the United States Government, another state or a local
13 government under the Intergovernmental Personnel Act of 1970, 5
14 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772, shall be
15 eligible for credit for such service: Provided, That
16 contributions are made in accordance with sections 5501 and
17 5507, the member returns from leave without pay to active State
18 service for a period of at least one year, and he is not
19 entitled to retirement benefits for such service under a
20 retirement system administered by any other governmental agency.

21 (c) All credited service shall be cancelled if a member
22 withdraws his total accumulated deductions.

23 § 5303. Retention and reinstatement of service credits.

24 (a) Eligibility points shall be computed in accordance with
25 section 5307 with respect to all credited service accrued as of
26 the effective date of this act.

27 (b) Every active member of the system or a multiple service
28 member who is a school employee and a member of the Public
29 School Employees' Retirement System on or after the effective
30 date of this act shall receive eligibility points in accordance

1 with section 5307 for current State service, previous State
2 service, or creditable nonstate service upon compliance with
3 sections 5501, 5504, 5505 or 5506. The class or classes of
4 service in which the member may be credited for previous State
5 service prior to the effective date of this act shall be the
6 class or classes in which he was or could have at any time
7 elected to be credited for such service. The class of service in
8 which a member shall be credited for service subsequent to the
9 effective date of this act shall be determined in accordance
10 with section 5306.

11 § 5304. Creditable nonstate service.

12 (a) An active member or a multiple service member who is a
13 school employee and a member of the Public School Employees'
14 Retirement System shall be eligible for Class A service credit
15 for creditable nonstate service as set forth in subsections (b)
16 and (c) of this section except that intervening military service
17 shall be credited in the class of service for which the member
18 was eligible at the time of entering into military service and
19 for which he makes the required contributions.

20 (b) An active member or a multiple service member who is a
21 school employee and a member of the Public School Employees'
22 Retirement System shall be eligible to receive credit for
23 nonstate service provided that he does not have credit for such
24 service in the school system and is not entitled to retirement
25 benefits for such service under a retirement system administered
26 by any other governmental agency, and that such service is
27 certified by the previous employer and contributions are agreed
28 upon and made in accordance with section 5505.

29 (c) Creditable nonstate service credit shall be limited to:

30 (1) intervening military service;

1 (2) other military service not exceeding five years,
2 provided that the member has three years of credited State
3 service subsequent to such military service;

4 (3) service as an administrator, teacher, or instructor
5 in the field of education for any agency or department of the
6 government of the United States, not exceeding the lesser of
7 ten years or the number of years of active membership in the
8 system, as an officer or employee of the Department of
9 Education or as an administrator, teacher, or instructor
10 employed in any State-owned educational institution or The
11 Pennsylvania State University; or

12 (4) Previous service with a governmental agency other
13 than the Commonwealth which employment with said agency was
14 terminated because of the transfer of the administration of
15 such service or of the entire agency to the Commonwealth.

16 § 5305. Social security integration credits.

17 Any member shall be credited with the social security
18 integration credits which he has accrued up to the effective
19 date of this act, and shall accrue after the effective date of
20 this act one social security integration credit for each year of
21 service and a fractional credit for a corresponding fractional
22 year of service for which he makes appropriate contributions in
23 accordance with section 5502.

24 § 5306. Classes of service.

25 (a) A State employee who is a member of Class A on the
26 effective date of this act or who becomes a member of the system
27 subsequent to the effective date of this act shall be classified
28 as a Class A member and receive credit for Class A service upon
29 payment of regular member contributions for Class A service.

30 (b) A State employee who is a member of a class of service

1 other than Class A on the effective date of this act shall
2 retain his membership in that class until such service is
3 discontinued; any service thereafter shall be credited as Class
4 A service.

5 § 5307. Eligibility points.

6 An active member of the system shall accrue one eligibility
7 point for each year of credited service as a member of the State
8 or the Public School Employees' Retirement System. A member
9 shall accrue an additional two-thirds of an eligibility point
10 for each year of Class D-3 credited service. In the case of a
11 fractional part of a year of credited service, a member shall
12 accrue the corresponding fractional portion of eligibility
13 points to which the class of service entitles him.

14 § 5308. Eligibility for annuities.

15 (a) Attainment of superannuation age by an active member or
16 an inactive member on leave without pay shall entitle him to
17 receive a superannuation annuity upon termination of State
18 service and compliance with section 5907(f).

19 (b) Any vestee or any active member or inactive member on
20 leave without pay who terminates State service having ten or
21 more eligibility points, upon compliance with section 5907(f) or
22 (h), shall be entitled to receive an annuity.

23 (c) An active member or inactive member on leave without pay
24 who has credit for at least five years of service or any active
25 member or inactive member on leave without pay who is an officer
26 of the Pennsylvania State Police or an enforcement officer
27 shall, upon compliance with section 5907(k), be entitled to a
28 disability annuity if prior to attainment of superannuation age
29 he becomes mentally or physically incapable of continuing to
30 perform the duties for which he is employed and qualifies in

1 accordance with the provisions of section 5905(c)(1).

2 § 5309. Eligibility for vesting.

3 Any member who terminates State service with ten or more
4 eligibility points shall be eligible until attainment of
5 superannuation age to vest his retirement benefits.

6 § 5310. Eligibility for death benefits.

7 In the event of the death of a member who is eligible for an
8 annuity in accordance with section 5308(a) or (b), his
9 beneficiary shall be entitled to a death benefit.

10 § 5311. Eligibility for refunds.

11 Any active member, regardless of eligibility for benefits,
12 may elect to receive his total accumulated deductions upon
13 termination of service in lieu of any benefit to which he is
14 entitled.

15 CHAPTER 55

16 CONTRIBUTIONS

17 § 5501. Regular member contributions for current service.

18 Every active member shall make regular member contributions
19 to the fund for current service by salary deductions or some
20 other agreed upon method.

21 § 5502. Social security integration member contributions.

22 A member of any class who has elected social security
23 integration coverage shall contribute five per cent (5%) of that
24 portion of his compensation in excess of the maximum wages
25 taxable under the provisions of the Federal Social Security Act,
26 42 U.S.C. §§ 301 et seq., in addition to the regular member
27 contributions which, after such election, shall be determined on
28 the basis of the basic contribution rate of five per cent (5%):
29 Provided, That on the first day of January following the time at
30 which the maximum single life annuity to which a member is

1 entitled is found to be equal to or greater than his highest
2 compensation in any twelve consecutive months, the member's
3 contributions toward social security integration credits shall
4 cease and no further social security integration credits shall
5 accrue to him.

6 § 5503. Joint coverage member contributions.

7 The regular member contributions for current service of a
8 joint coverage member in any class shall be reduced by forty per
9 cent (40%) of the tax on taxable wages prescribed by the Federal
10 Insurance Contributions Act, 26 U.S.C. §§ 3101-3125, exclusive
11 of that portion of such tax attributable to coverage for
12 disability and medical benefits.

13 § 5504. Member contributions for the purchase of credit for
14 previous State service or to become a full coverage
15 member.

16 (a) The contributions to be paid by an active member or
17 eligible school employee for credit for total previous State
18 service or to become a full coverage member shall be sufficient
19 to provide an amount equal to the regular accumulated deductions
20 which would have been standing to the credit of the member for
21 such service had he made regular member contributions with full
22 coverage in the class of service and at the rate of contribution
23 applicable during such period of previous service and had his
24 regular accumulated deductions been credited with statutory
25 interest during all periods of subsequent State or school
26 service up to the date of purchase.

27 (b) The amount payable shall be certified in each case by
28 the board in accordance with methods approved by the actuary and
29 shall be paid in a lump sum within thirty days or in the case of
30 an active member may be amortized with statutory interest

1 through salary deductions in amounts agreed upon by the member
2 and the board.

3 § 5505. Contributions for the purchase of credit for
4 creditable nonstate service.

5 (a) The total contributions to purchase credit for
6 creditable nonstate service of an active member or eligible
7 school employee shall be paid either by the member, the member's
8 previous employer, or by some agreed upon combination of the
9 member, his previous employer, and, if specifically provided,
10 the Commonwealth.

11 (b) The amount due for the purchase of credit for military
12 service other than intervening military service shall be
13 determined by applying the member's basic contribution rate plus
14 the Commonwealth normal contribution rate for active members at
15 the time of entry, subsequent to such military service, of the
16 member into State service to his average annual rate of
17 compensation over the first three years of such subsequent State
18 service and multiplying the result by the number of years and
19 fractional part of a year of creditable nonintervening military
20 service being purchased together with statutory interest during
21 all periods of subsequent State or school service to date of
22 purchase. Upon application for credit for such service, payment
23 shall be made in a lump sum within thirty days or in the case of
24 an active member it may be amortized with statutory interest
25 through salary deductions in amounts agreed upon by the member
26 and the board. Application may be filed for all such military
27 service credit upon completion of three years of subsequent
28 State service and shall be credited as Class A service.

29 (c) Contributions on account of credit for intervening
30 military service shall be determined by the member's

1 contribution rate and compensation at the time of entry of the
2 member into active military service, together with statutory
3 interest during all periods of subsequent State service to date
4 of purchase. Upon application for such credit the amount due
5 shall be certified in the case of each member by the board in
6 accordance with methods approved by the actuary, and
7 contributions may be made by:

8 (1) regular monthly payments during active military
9 service; or

10 (2) a lump sum payment within thirty days of
11 certification; or

12 (3) salary deductions in amounts agreed upon by the
13 member and the board.

14 (d) Contributions on account of credit for creditable
15 nonstate service other than military and magisterial service
16 shall be determined by applying the member's basic contribution
17 rate plus the Commonwealth normal contribution rate for active
18 members at the time of entry subsequent to such creditable
19 nonstate service of the member into State service to his
20 compensation at the time of entry into State service and
21 multiplying the result by the number of years and fractional
22 part of a year of creditable nonstate service being purchased
23 together with statutory interest during all periods of
24 subsequent State or school service to the date of purchase. Upon
25 application for credit for such service payment shall be made in
26 a lump sum within thirty days or in the case of an active member
27 it may be amortized with statutory interest through salary
28 deductions in amounts agreed upon by the member and the board.

29 (e) Contributions on account of credit for service as a
30 magistrate of the City of Philadelphia shall be determined by

1 the board to be equal to the amount he would have paid as
2 employee contributions together with statutory interest to date
3 of purchase had he been a State employee during his period of
4 service as a magistrate of the City of Philadelphia. The amount
5 so determined by the State Employees' Retirement Board to be paid
6 into the State Employees' Retirement System shall be the
7 obligation of the judge who requested credit for previous
8 service as a magistrate of the City of Philadelphia; in no event
9 shall such amount be an obligation of the City of Philadelphia
10 or the City of Philadelphia retirement system.

11 § 5506. Incomplete payments.

12 In the event that a member terminates State service before
13 the agreed upon payments for credit for previous State service,
14 creditable nonstate service, social security integration, or
15 full coverage membership have been completed, or before any
16 other amount due the fund has been paid, the member shall have
17 the right to pay within thirty days of termination of State
18 service the balance due, including interest, in a lump sum and
19 the annuity shall be calculated including full credit for the
20 previous State service, creditable nonstate service, social
21 security integration, or full coverage membership. A disability
22 annuitant who does not return to State service shall have the
23 right to pay such amount within thirty days of termination of
24 his disability annuity. In the event a member does not pay the
25 balance due within thirty days of termination of State service
26 or termination of disability payments or in the event a member
27 dies in State service or within thirty days of termination of
28 State service or termination of disability payments and before
29 the agreed upon payments have been completed, the present value
30 of the benefit otherwise payable shall be reduced by the balance

1 due, including interest, and the benefit payable shall be
2 calculated as the actuarial equivalent of such reduced present
3 value.

4 § 5507. Contributions by the Commonwealth and other employers.

5 (a) The Commonwealth and other employers whose employees are
6 members of the system shall make contributions to the fund on
7 behalf of all active members in such amounts as shall be
8 certified by the board as necessary to provide, together with
9 the members' total accumulated deductions, annuity reserves on
10 account of prospective annuities other than those provided in
11 section 5708 in accordance with the actuarial cost method
12 provided in section 5508(a),(b),(c) and (d).

13 (b) The Commonwealth shall make contributions on behalf of
14 annuitants in such amounts as shall be certified by the board as
15 necessary to fund the liabilities for supplemental annuities in
16 accordance with the actuarial cost method provided in section
17 5508(e).

18 § 5508. Actuarial cost method.

19 (a) The amount of the Commonwealth and other employer
20 contributions on behalf of all active members shall be computed
21 by the actuary as a percentage of the total compensation of all
22 active members during the period for which the amount is
23 determined and shall be so certified by the board. The total
24 employer contribution rate on behalf of all active members shall
25 consist of the employer normal contribution rate and the accrued
26 liability contribution rate.

27 (b) The employer normal contribution rate shall be
28 determined after each actuarial valuation on the basis of an
29 annual five and one-half per cent (5 1/2%) interest rate and
30 such mortality and other tables as shall be adopted by the

1 board. Until all accrued liability contributions have been
2 completed, the employer normal contribution rate shall be
3 determined as a level percentage of the compensation of the
4 average new active member, which percentage, if contributed on
5 the basis of his prospective compensation through his entire
6 period of active State service, would be sufficient to fund the
7 liability for any prospective benefit payable to him, except a
8 supplemental benefit as provided in section 5708, in excess of
9 that portion funded by his prospective member contributions.
10 After all accrued liability contributions have been completed,
11 the employer normal contribution rate shall be determined by
12 deducting from the present value of the liabilities for all
13 prospective benefits, except supplemental benefits as provided
14 in section 5708, the sum of the total assets in the fund on the
15 valuation date, excluding the balance in the supplemental
16 annuity account, and the present value of prospective member
17 contributions, and dividing the remainder by the present value
18 of the future compensation of all active members.

19 (c) For the fiscal year beginning July 1, 1969, the accrued
20 liability contribution rate shall be computed as the rate of
21 total compensation of all active members which shall be
22 certified by the actuary as sufficient to fund over a period of
23 thirty years from such date the present value of the liabilities
24 for all prospective benefits, except supplemental benefits as
25 provided in section 5708, in excess of the total assets in the
26 fund, excluding the balance in the supplemental annuity account,
27 and the present value of employer normal contributions and of
28 member contributions payable with respect to all active members
29 on such date during the remainder of their active service,
30 assuming that the total compensation of all active members will

1 increase at the annual rate of four per cent (4%) compounded
2 annually. Thereafter, the amount of each annual accrued
3 liability contribution shall be at least four per cent (4%)
4 greater than the amount of such contribution for the previous
5 fiscal year, except that, if the accrued liability is increased
6 by legislation enacted subsequent to July 1, 1969, such
7 additional liability shall be funded over a period of thirty
8 years from the first day of July, coincident with or next
9 following the effective date of the increase assuming that the
10 total compensation of all active members will increase at the
11 annual rate of four per cent (4%) compounded annually. The
12 accrued liability contributions under this section shall be
13 discontinued as soon as the total assets in the fund, excluding
14 the balance in the supplemental annuity account, equals the
15 present value of the liability for all prospective benefits,
16 except the supplemental benefits as provided in section 5708,
17 less the present value of the prospective employer normal
18 contributions and of member contributions payable with respect
19 to all active members on such date during the remainder of their
20 active service.

21 (d) In calculating the contributions required by subsections
22 (a), (b) and (c) of this section, the active members of Class C
23 shall be considered to be members of Class A. In addition, the
24 actuary shall determine the Commonwealth or other employer
25 contributions required for active members of Class C and
26 officers of the Pennsylvania State Police and enforcement
27 officers and investigators of the Pennsylvania Liquor Control
28 Board who are members of Class A to finance their benefits in
29 excess of those to which other members of Class A are entitled.
30 Such additional contributions shall be determined separately for

1 officers and employees of the Pennsylvania State Police and for
2 enforcement officers and investigators of the Pennsylvania
3 Liquor Control Board. Such contributions payable on behalf of
4 officers and employees of the Pennsylvania State Police shall
5 include the amounts received by the system under the provisions
6 of the act of May 12, 1943 (P.L.259, No.120), and on behalf of
7 enforcement officers or investigators of the Pennsylvania Liquor
8 Control Board, the amounts received by the system under the
9 provisions of the "Liquor Code," act of April 12, 1951 (P.L.90,
10 No.21).

11 (e) Contributions from the Commonwealth required to provide
12 for the payment of supplemental annuities as provided in section
13 5708 shall be determined as a percentage of the total
14 compensation of all active members during the period for which
15 the amount is certified as sufficient to fund the liabilities of
16 the supplemental annuity account as of July 1, 1969, as a level
17 percentage over a period of twenty years from such date. In the
18 event that supplemental annuities are increased by legislation
19 enacted subsequent to July 1, 1969, the additional liability for
20 the increase in benefits shall be funded as a level percentage
21 over a period of twenty years from the July first, coincident
22 with or next following the effective date of such legislation.

23 § 5509. Appropriations and assessments by the Commonwealth.

24 (a) The board shall prepare and submit annually an itemized
25 budget consisting of the amounts necessary to be appropriated by
26 the Commonwealth out of the General Fund and special operating
27 funds and the amounts to be assessed the other employers
28 required to meet the obligations accruing during the fiscal
29 period beginning the first day of July of the following year.

30 (b) The General Assembly shall make an appropriation

1 sufficient to provide for the obligations of the Commonwealth.
2 Such amount shall be paid by the State Treasurer through the
3 Department of Revenue into the fund in accordance with
4 requisitions presented by the board. The contributions by the
5 Commonwealth on behalf of active members who are officers of the
6 Pennsylvania State Police shall be charged to the General Fund
7 and to the Motor License Fund in the same ratios as used to
8 apportion the appropriations for salaries of members of the
9 Pennsylvania State Police. The contributions by the Commonwealth
10 on behalf of active members who are enforcement officers and
11 investigators of the Pennsylvania Liquor Control Board shall be
12 charged to the General Fund and to the State Stores Fund.

13 (c) The amounts assessed other employers who are required to
14 make the necessary contributions out of funds other than the
15 General Fund shall be paid by such employers into the fund in
16 accordance with requisitions presented by the board. The General
17 Fund of the Commonwealth shall not be held liable to appropriate
18 the moneys required to build up the reserves necessary for the
19 payment of benefits to employees of such other employers. In
20 case any such other employer shall fail to provide the moneys
21 necessary for such purpose, then the service of such members for
22 such period for which money is not so provided shall be credited
23 and payroll deductions shall continue from such members to be
24 credited to the members' savings account. The annuity to which
25 such member is entitled shall be determined as actuarially
26 equivalent to the present value of the maximum single life
27 annuity of each such member reduced by the amount of employer
28 contributions payable on account and attributable to his
29 compensation during such service.

BENEFITS

§ 5701. Return of total accumulated deductions.

Any member upon termination of service may, in lieu of all benefits payable under this chapter to which he may be entitled, elect to receive his total accumulated deductions.

§ 5702. Maximum single life annuity.

(a) Any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 5308(a) or (b) shall be entitled to receive a maximum single life annuity equal to the sum of the following single life annuities beginning at the effective date of retirement:

(1) A standard single life annuity multiplied by the sum of the products, determined separately for each class of service, obtained by multiplying the appropriate class of service multiplier by the ratio of years of service credited in that class to the total credited service. In case the member on the effective date of retirement is under superannuation age for any service, a reduction factor calculated to provide benefits actuarially equivalent to an annuity starting at superannuation age shall be applied to the product determined for that service. The class of service multiplier for any period of concurrent service shall be multiplied by the proportion of total State and school compensation during such period attributable to State service. In the event a member has two multipliers for one class of service the class of service multiplier to be used for calculating benefits for that class shall be the average of the two multipliers weighted by the proportion of compensation attributable to each multiplier during the three years of highest annual compensation in that class of

1 service: Provided, That in the case of a member of Class E-1,
2 a portion but not all of whose three years of highest annual
3 judicial compensation is prior to January 1, 1973, two class
4 of service multipliers shall be calculated on the basis of
5 his entire judicial service, the one applying the judicial
6 class of service multipliers effective prior to January 1,
7 1973 and the second applying the class of service multipliers
8 effective subsequent to January 1, 1973. The average class of
9 service multiplier to be used for calculating benefits for
10 his judicial service shall be the average of the two
11 calculated multipliers weighted by the proportion of
12 compensation attributable to each of the calculated
13 multipliers during the three years of highest annual
14 compensation in that class of service.

15 (2) If eligible, a single life annuity of two per cent
16 (2%) of his average noncovered salary for each year of social
17 security integration credit as provided for in section 5305
18 multiplied, if on the effective date of retirement the member
19 is under superannuation age for any service, by the
20 actuarially determined reduction factor for that service.

21 (3) If eligible, a single life annuity which is
22 actuarially equivalent to the regular accumulated deductions
23 attributable to contributions as a member of Class C, but not
24 less than such annuity determined as if the member were age
25 sixty on the effective date of retirement, actuarially
26 reduced in the event the member is under superannuation age
27 on the effective date of retirement.

28 (4) If eligible, a single life annuity which is
29 actuarially equivalent to the amount by which his regular
30 accumulated deductions attributable to any credited service

other than as a member of Class C are greater than one-half of the actuarially equivalent value on the effective date of retirement of the annuity as provided in paragraph(a)(1) of this section attributable to service other than Class C for which regular or joint coverage member contributions were made.

(5) If eligible, a single life annuity which is actuarially equivalent to the amount by which his social security integration accumulated deductions are greater than one-half of the actuarially equivalent value on the effective date of retirement of the annuity provided for under paragraph(a)(2) of this section.

(6) If eligible, a single life annuity sufficient together with the annuity provided for in paragraph(a)(1) of this section as a Class A member and the highest annuity provided for in paragraph(a)(2) of this section to which he is entitled, or at his option could have been entitled, to produce that percentage of a standard single life annuity on the effective date of retirement as determined by his total years of credited service as a member of Class A and by the following table:

Total Years of Credited Service as a Member of Class A	Percentage of Standard Single Life Annuity
35-40	100%
41	102
42	104
43	106
44	108

2 (b) The present value of the maximum single life annuity as
3 calculated in accordance with subsection(a) of this section
4 shall be determined by multiplying the maximum single life
5 annuity by the cost of a dollar annuity on the effective date of
6 retirement. Such present value shall be decreased only as
7 required under the provisions of sections 5506, 5509(c), 5703,
8 5706(b) or 5953.

9 (c) The annuity paid to a member under subsection (a) of
10 this section and reduced in accordance with the option elected
11 under section 5705 shall not exceed the highest compensation
12 received during any period of twelve consecutive months of
13 credited service: Provided, That the portion of any annuity paid
14 to a member on account of Class D-3 service under paragraph
15 (a)(1) of this section and reduced in accordance with the option
16 elected under section 5705 shall not exceed the greater of
17 twelve thousand dollars (\$12,000) or his highest annual
18 compensation as a member of the General Assembly. No limit shall
19 be applied in the case of a member who served as a
20 constitutional officer of the General Assembly prior to January
21 1, 1973.

22 § 5703. Reduction of annuities on account of social security
23 old-age insurance benefits.

24 (a) A joint coverage member who is eligible to receive an
25 annuity under section 5308(a) or (b) shall be entitled to
26 receive the annuity provided for in section 5702 which shall be
27 reduced at the time at which the member would be entitled to
28 receive full social security old-age insurance benefits whether
29 or not he has applied for such benefits. The reduction shall be
30 an amount equal to forty per cent (40%) of the primary insurance

1 amount paid or payable to him and subject to the following
2 provisions:

3 (1) The eligibility of such member for the old-age
4 insurance benefit and the amount of such benefit upon which
5 the reduction in his annuity shall be based shall be
6 determined by the board in accordance with the provisions of
7 the Federal Social Security Act, 42 U.S.C. §§ 301 et seq., in
8 effect on the effective date of retirement, except that in
9 determining such eligibility and such amount only wages or
10 compensation for services covered by the system shall be
11 included.

12 (2) The reduction shall not be more than one-half of the
13 standard single life annuity multiplied by the ratio of the
14 sum of the three years of highest taxable wages to an amount
15 equal to three times the final average salary and by the
16 ratio of the years of credited service after December 31,
17 1955 to total years of credited service.

18 (3) Whenever the amount of the reduction from the
19 annuity shall have been once determined, it shall remain
20 fixed for the duration of the annuity except that any
21 decrease in the old-age insurance benefit under the Federal
22 Social Security Act, 42 U.S.C. §§301 et seq., shall result in
23 a corresponding decrease in the amount of the reduction from
24 the annuity.

25 (b) The reduction provided for in subsection (a) of this
26 section shall not apply to annuities payable under the
27 provisions of section 5704(a).

28 § 5704. Disability annuities.

29 (a) A member who has made application for a disability
30 annuity and has been found to be eligible in accordance with the

1 provisions of section 5905(c)(1) shall receive a disability
2 annuity payable from the effective date of disability as
3 determined by the board and continued until a subsequent
4 determination by the board that the annuitant is no longer
5 entitled to a disability annuity. The disability annuity shall
6 be equal to a standard single life annuity multiplied by the
7 class of service multiplier applicable to the class of service
8 at the time of disability if the product of such class of
9 service multiplier and the total number of years of credited
10 service is greater than 16.667, otherwise the standard single
11 life annuity shall be multiplied by the lesser of the following
12 ratios:

13
$$MY^*/Y \text{ or } 16.667/Y$$

14 where Y = number of years of credited service, Y* = total years
15 of credited service if the member were to continue as a State
16 employee until attaining superannuation age as applicable at the
17 time of disability, and M = the class of service multiplier as
18 applicable at the time of disability. A member of Class C shall
19 receive, in addition, any annuity to which he may be eligible
20 under section 5702(a)(3).

21 (b) If the member has been found to be eligible for a
22 disability annuity and has social security integration credits
23 as provided in section 5305, he may elect to withdraw his social
24 security integration accumulated deductions or if he has ten or
25 more eligibility points to his credit and does not withdraw his
26 social security integration accumulated deductions he may
27 execute an application to be filed with the board to receive, in
28 addition to his disability annuity, an annuity calculated in
29 accordance with section 5702(a)(2).

30 (c) Subsequent to January 1, 1972, payments on account of

1 disability shall be reduced by that amount by which the earned
2 income of the annuitant, as reported in accordance with section
3 5908(b) for the preceding calendar quarter together with the
4 disability annuity payments provided in this section other than
5 subsection (b), for the quarter, exceeds the product of:

6 (i) the greater of one thousand two hundred fifty
7 dollars (\$1,250) or one-quarter of the last year's salary
8 of the annuitant as a State employee;

9 (ii) the ratio of the current monthly payment to the
10 monthly payment at the effective date of disability; and

11 (iii) the percentage factor determined by the
12 following table for the calendar year of the member's
13 effective date of disability:

14	Calendar Year of	
15	Effective Date of	Percentage
16	Disability	Factor
17	1966 or earlier	135%
18	1967	130
19	1968	125
20	1969	120
21	1970	115
22	1971	110
23	1972	105

24 Provided, That the annuitant shall not receive less than his
25 member's annuity or the amount to which he may be entitled under
26 section 5702 whichever is greater.

27 (d) Payment of that portion of the disability annuity in
28 excess of the annuity to which the annuitant was entitled at the
29 effective date of disability calculated in accordance with
30 section 5702 shall cease if the annuitant is no longer eligible

1 under the provisions of sections 5905(c)(2) or 5908(b) or (c).

2 (e) Upon termination of disability annuity payments in
3 excess of an annuity calculated in accordance with section 5702,
4 a disability annuitant who does not return to State service may
5 file an application with the board for an amount equal to the
6 excess, if any, of the regular accumulated deductions standing
7 to his credit at the effective date of disability over one-third
8 of the total disability annuity payments received. If the
9 annuitant on the date of termination of service was eligible for
10 an annuity as provided in section 5308(b), he may file an
11 application with the board for an election of an optional
12 modification of his annuity.

13 (f) If a member has been found to be eligible for a
14 disability annuity and if the disability has been found to be a
15 service connected disability, such member shall receive a
16 supplement equal to seventy per cent (70%) of his final average
17 salary less the sum of the annuity as determined under
18 subsection (a) of this section and any payments paid or payable
19 on account of such disability under The Pennsylvania Workmen's
20 Compensation Act, The Pennsylvania Occupational Disease Act and
21 the Federal Social Security Act. Such supplement shall continue
22 as long as he is determined to be disabled on account of his
23 service connected disability.

24 § 5705. Member's options.

25 (a) Any vestee having ten or more eligibility points or any
26 other eligible member upon termination of State service who has
27 not withdrawn his total accumulated deductions as provided in
28 section 5701 may apply for and elect to receive either a maximum
29 single life annuity, as calculated in accordance with the
30 provisions of section 5702, or a reduced annuity certified by

1 the actuary to be actuarially equivalent to the maximum single
2 life annuity and in accordance with one of the following
3 options:

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

10 (2) Option 2. A joint and survivor annuity payable
11 during the lifetime of the member with the full amount of
12 such annuity payable thereafter to his survivor annuitant, if
13 living at his death.

14 (3) Option 3. A joint and fifty per cent (50%) survivor
15 annuity payable during the lifetime of the member with one-
16 half of such annuity payable thereafter to his survivor
17 annuitant, if living at his death.

18 (4) Option 4. Some other benefit which shall be
19 certified by the actuary to be actuarially equivalent to the
20 maximum single life annuity, subject to the following
21 restrictions:

22 (i) any annuity shall be payable without reduction
23 during the lifetime of the member except as the result of
24 the member's election to receive an annuity reduced upon
25 attainment of age sixty-five, in anticipation of the
26 receipt of a social security benefit;

27 (ii) the sum of all annuities payable to the
28 designated survivor annuitants shall not be greater than
29 one and one-half times the annuity payable to the member;
30 and

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

(b) In calculating an annuity payable to a member of the joint coverage group, the present value of such adjusted annuity shall be determined by taking into account prospectively the reduction applicable upon the attainment of the age at which full social security benefits are payable.

§ 5706. Termination of annuities.

(a) Any annuity payable under this code shall cease if the annuitant returns to State service or enters school service and elects multiple service membership until subsequent discontinuance of service: Provided, however, That this provision shall not apply in the case of any annuitant who may render services to the Commonwealth in the capacity of an independent contractor: And, provided further, That when, in the judgment of the head of the department, an emergency creates an increase in the work load such that there is serious impairment of service to the public, an annuitant may, with the approval of the Governor, be returned to State service in a classification in which he had at least two years' experience and without loss of annuity shall receive the pay for such classification for a

1 period not to exceed sixty days in any calendar year.

2 (b) Upon subsequent discontinuance of service, the annuity
3 of an active member whose former annuity as provided by the
4 system had been discontinued, shall be computed with respect to
5 total credited service and reduced by an annuity actuarially
6 equivalent to the benefit payments received as an annuitant
7 prior to attainment of superannuation age.

8 § 5707. Death benefits.

9 (a) Any active member, inactive member on leave without pay
10 or vestee who dies and was eligible for an annuity in accordance
11 with section 5308(a) or (b), shall be considered as having
12 applied for an annuity to become effective the day before his
13 death and in the event he has not elected an option or such
14 election has not been approved prior to his death, it shall be
15 assumed that he elected Option 1.

16 (b) In the event of the death of an active member or an
17 inactive member on leave without pay who is not entitled to a
18 death benefit as provided in subsection(a) of this section, his
19 designated beneficiary shall be paid the full amount of his
20 total accumulated deductions.

21 (c) In the event of the death of a disability annuitant
22 before he has received in annuity payments an amount equal to
23 the present value, on the effective date of disability, of the
24 benefits to which he would have been entitled under
25 subsection(a) of this section had he died while in State
26 service, the balance of such amount shall be paid to his
27 designated beneficiary.

28 (d) In the event of the death of a disability annuitant who
29 was not entitled to receive benefits under subsection(a) of this
30 section, his beneficiary shall be paid the excess of the regular

1 accumulated deductions standing to his credit on the effective
2 date of disability over one-third of the total disability
3 payments received.

4 (e) In the event of the death of an annuitant who has
5 elected to receive the maximum single life annuity before he has
6 received in annuity payments the full amount of the total
7 accumulated deductions standing to his credit on the effective
8 date of retirement, the balance shall be paid to his designated
9 beneficiary.

10 § 5708. Supplemental annuities.

11 (a) Every annuitant who is in receipt of a superannuation,
12 withdrawal or disability annuity, shall continue to receive such
13 annuity and beginning July 1, 1974, any annuitant retiring on or
14 prior to June 30, 1972, shall receive a cost-of-living
15 supplement determined as a percentage applied to the entire
16 retirement annuity. Such cost-of-living supplement shall be
17 payable under the same terms and conditions as provided under
18 the option plan in effect as of July 1, 1974.

19 (b) The percentage which is to be applied in the
20 determination of the cost-of-living supplements, shall be
21 determined on the basis of the effective date of retirement as
22 follows:

Effective date of retirement	Percentage factor
July 1, 1971 to June 30, 1972	5%
July 1, 1970 to June 30, 1971	10%
July 1, 1969 to June 30, 1970	15%
July 1, 1968 to June 30, 1969	20%
July 1, 1967 to June 30, 1968	25%
Prior to July 1, 1967	30%

30 Provided, however, That such cost-of-living supplement as

1 determined above shall not be payable to an annuitant receiving
2 a withdrawal annuity prior to the first day of July coincident
3 with or following his attainment of superannuation age: And
4 further provided, That any member terminating legislative
5 service subsequent to November 30, 1970, shall be entitled to
6 receive on account of Class D-3 service a maximum single life
7 annuity per year of service as a regular member of the General
8 Assembly which shall not be less than the corresponding maximum
9 single life annuity, including any cost-of-living supplements,
10 of a member retiring from legislative service November 30, 1970.

11 (c) No cost-of-living supplement determined after the death
12 of the member shall be payable to the beneficiary or survivor
13 annuitant of such deceased former State employee.

14 (d) Any superannuation or disability annuitant shall be
15 entitled to receive a supplement such that his total annuity
16 including any cost-of-living supplement shall be actuarially
17 equivalent to a maximum single life annuity of eighty-four
18 dollars and fifty cents (\$84.50) for each full year of credited
19 service.

20 § 5709. Payment of benefits.

21 (a) Any annuity granted under the provisions of this code
22 shall be paid in equal monthly installments.

23 (b) If the amount of a death benefit payable to a
24 beneficiary under section 5707 or under the provisions of Option
25 1 of section 5705(a)(1) is five thousand dollars (\$5,000) or
26 more, such beneficiary may elect to receive payment according to
27 one of the following options:

28 (1) a lump sum payment;

29 (2) an annuity actuarially equivalent to the amount
30 payable; or

1 years, one for an initial term of three years, and two for an
2 initial term of four years. A vacancy occurring during the term
3 of an appointed member shall be filled for the unexpired term by
4 the appointment and confirmation of a successor in the same
5 manner as his predecessor. No appointed member shall serve more
6 than two consecutive full terms.

7 (c) Each member of the board shall take an oath of office
8 that he will, so far as it devolves upon him, diligently and
9 honestly, administer the affairs of said board and that he will
10 not knowingly violate or wilfully permit to be violated any of
11 the provisions of law applicable to this code. Such oath shall
12 be subscribed by the member taking it and certified by the
13 officer before whom it is taken and shall be immediately filed
14 in the Office of the Secretary of the Commonwealth.

15 (d) The members of the board who are members of the system
16 shall serve without compensation but shall not suffer loss of
17 salary or wages through serving on the board. The members of the
18 board who are not members of the system shall receive one
19 hundred dollars (\$100) per day when attending meetings and all
20 board members shall be reimbursed for any necessary expenses.
21 However, when the duties of the board as mandated are not
22 executed, no compensation or reimbursement for expenses of board
23 members shall be paid or payable during the period in which such
24 duties are not executed.

25 (e) For the purposes of this code, the board shall possess
26 the power and privileges of a corporation. The Attorney General
27 of the Commonwealth shall be the legal advisor of the board.

28 § 5902. Administrative duties of the board.

29 (a) The secretary, clerical, and other employees of the
30 board and their successors whose positions on the effective date

1 of this act are under the classified service provisions of the
2 "Civil Service Act" of August 5, 1941 (P.L.752, No.286), shall
3 continue under such provisions. The compensation of all other
4 persons appointed shall be determined by the board and shall be
5 consistent with the standards established by the Executive Board
6 of this Commonwealth.

7 (b) The board shall contract for the services of a chief
8 medical examiner, an actuary, an investment counselor, and such
9 other professional personnel as it deems advisable.

10 (c) The board shall, through the Governor, submit to the
11 General Assembly annually a budget covering the administrative
12 expenses of this code. Such expenses as approved by the General
13 Assembly in an appropriation bill shall be paid from investment
14 earnings of the fund in excess of the required interest, except
15 that if in any year such earnings are not sufficient the balance
16 required, after pro rata assessments payable by any other
17 employer whose employees are members of the system, shall be
18 appropriated from the General Fund and the special operating
19 funds.

20 (d) The board shall hold at least six regular meetings
21 annually and such other meetings as it may deem necessary.

22 (e) The board shall keep a record of all its proceedings
23 which shall be open to inspection by the public.

24 (f) The board shall perform such other functions as are
25 required for the execution of the provisions of this code.

26 (g) In the event the head of the department fails to comply
27 with the procedures as mandated in section 5906, the board shall
28 perform such duties and bill the department for the cost of
29 same.

30 (h) The board shall, with the advice of the Attorney General

1 and the actuary, adopt and promulgate rules and regulations for
2 the uniform administration of the system. The actuary shall
3 approve in writing all computational procedures used in the
4 calculation of contributions and benefits prior to their
5 application by the board.

6 (i) The board shall keep in convenient form such data as are
7 stipulated by the actuary in order that an annual actuarial
8 valuation of the various accounts can be completed within six
9 months of the close of each calendar year.

10 (j) The board shall have the actuary make an annual
11 valuation of the various accounts within six months of the close
12 of each calendar year. In the year 1975 and in every fifth year
13 thereafter the board shall have the actuary conduct an actuarial
14 investigation and evaluation of the system based on data
15 including the mortality, service, and compensation experience
16 provided by the board annually during the preceding five years
17 concerning the members and beneficiaries. The board shall adopt
18 such tables as are necessary for the actuarial valuation of the
19 fund and calculation of contributions, annuities and benefits
20 based on the reports and recommendations of the actuary.

21 (k) The board shall, each year in addition to the itemized
22 budget required under section 5509, certify, as a percentage of
23 the members' payroll, the employers' contributions necessary for
24 the funding of prospective annuities for active members and
25 certify the rates and amounts of the employers' normal
26 contributions and accrued liability contributions which shall be
27 paid to the fund and credited to the appropriate accounts. These
28 certifications shall be regarded as final and not subject to
29 modification by the Budget Secretary.

30 (l) The board shall cause each payroll deduction to be

1 credited to the account of the member from whose compensation
2 the deduction was made and shall pay all such amounts into the
3 fund.

4 (m) The board shall prepare and have published, on or before
5 July first of each year, a financial statement as of the
6 calendar year ending December thirty-first of the previous year
7 showing the condition of the fund and the various accounts and
8 setting forth such other facts, recommendations, and data as may
9 be of use in the advancement of knowledge concerning annuities
10 and other benefits provided by this code. The board shall submit
11 said financial statement to the Governor and shall file copies
12 with the head of each department for the use of the State
13 employees and the public.

14 § 5903. Duties of the board to advise and report to heads of
15 departments and members.

16 (a) The board shall, with the advice of the Attorney General
17 and the actuary, prepare and provide, within ninety days of the
18 effective date of this act, a manual incorporating rules and
19 regulations consistent with the provisions of this code to the
20 heads of departments and their respective retirement counselors
21 who shall make the information contained therein available to
22 the general membership. The board shall thereafter advise the
23 heads of departments within ninety days of any changes in such
24 rules and regulations due to changes in the law or due to
25 changes in administrative policies.

26 (b) The board shall furnish annually to the head of each
27 department on or before April first, a statement for each member
28 employed in such department showing the total accumulated
29 deductions standing to his credit as of December thirty-first of
30 the previous year and requesting the member to make any

1 necessary corrections or revisions regarding his designated
2 beneficiary. In addition, for each member employed in any
3 department and for whom the retirement counselor has furnished
4 the necessary information, the board shall certify the number of
5 years and fractional part of a year of credited service
6 attributable to each class of service, the number of years and
7 fractional part of a year attributable to social security
8 integration credits in each class of service and, in the case of
9 a member eligible to receive an annuity, the benefit to which he
10 is entitled upon the attainment of superannuation age.

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

18 (d) Upon receipt of an application from a joint coverage
19 member who elects to become a full coverage member, the board
20 shall certify to the member the effective date of such transfer
21 and the prospective rate for regular member contributions.

22 § 5904. Duties of the board to report to the Public School
23 Employees' Retirement Board.

24 (a) Upon receipt of an application for membership in the
25 system of a State employee who is a former public school
26 employee and who has elected multiple service membership, the
27 board shall advise the Public School Employees' Retirement Board
28 accordingly.

29 (b) Upon receipt of notification from the Public School
30 Employees' Retirement Board that a former State employee has

1 become an active member in the Public School Employees'
2 Retirement System and has elected to receive credit for multiple
3 service, the board shall certify to the Public School Employees'
4 Retirement Board and concurrently to the member:

5 (1) the total credited service in the system and the
6 number of years and fractional part of a year of service
7 credited in each class of service;

8 (2) the annual compensation received each calendar year
9 by the member for credited State service; and

10 (3) the social security integration credited service to
11 which the member is entitled and the average noncovered
12 salary upon which the single life annuity attributable to
13 such service will be computed.

14 (c) Upon receipt of notification and the required data from
15 the Public School Employees' Retirement Board that a former State
16 employee who elected multiple service has applied for a public
17 school employees' retirement benefit or, in the event of his
18 death, his legally constituted representative has applied for
19 such benefit, the board shall:

20 (1) certify to the Public School Employees' Retirement
21 Board;

22 (i) the salary history as a member of the State
23 Employees' Retirement System and the final average salary
24 as calculated on the basis of the compensation received
25 as a State and school employee; and

26 (ii) the annuity or benefit to which the member or
27 his beneficiary is entitled as modified according to the
28 option selected; and

29 (2) transfer to the Public School Employees' Retirement
30 Fund the total accumulated deductions standing to such

member's credit and the actuarial reserve required on account of years of credited service in the State system, final average salary and the average noncovered salary to be charged to the State accumulation account, the State Police benefit account or the enforcement officers' benefit account, as each case may require.

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

(a) As soon as practicable after each member shall have become an active member in the system, the board shall issue to the member a statement certifying his class of service, his member contribution rate, and the aggregate length of total previous State service and creditable nonstate service for which he may receive credit.

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

(1) in case of a member receiving an annuity from the system, discontinue payments, transfer the present value, at that time, of the member's annuity from the annuity reserve account to the members' savings account and resume crediting of statutory interest on the amount restored to his credit and transfer the balance of the present value of the total annuity from the annuity reserve account to the State accumulation account; or

(2) in case of a member who is not receiving an annuity and has not withdrawn his total accumulated deductions, continue or resume the crediting of statutory interest on his

1 total accumulated deductions during the period his total
2 accumulated deductions remain in the fund; or

3 (3) in case of a former State employee who is not
4 receiving an annuity from the system and his total
5 accumulated deductions were withdrawn, certify to the former
6 State employee the accumulated deductions as they would have
7 been at the time of his separation had he been a full
8 coverage member together with statutory interest for all
9 periods of subsequent State and school service to the date of
10 repayment. Such amount shall be restored by him and shall be
11 credited with statutory interest as such payments are
12 restored.

13 (c) In every case where the board has received an
14 application for a disability annuity based upon physical or
15 mental incapacity for the performance of the job for which the
16 member is employed, taking into account relevant decisions by
17 The Pennsylvania Workmen's Compensation Board, the board shall:

18 (1) through the chief medical examiner, have the
19 applicant examined and on the basis of said examination, and
20 the subsequent recommendation by the chief medical examiner
21 regarding the applicant's medical qualification for a
22 disability annuity along with such other recommendations
23 which he may make with respect to the permanency of
24 disability or the need for subsequent reexaminations, make a
25 finding of disability and whether or not the disability is
26 service connected or nondisability and in the case of
27 disability establish an effective date of disability and the
28 terms and conditions regarding subsequent reexaminations;

29 (2) upon the recommendation of the chief medical
30 examiner on the basis of subsequent medical examinations,

1 make a finding of continued disability and whether or not the
2 disability continues to be service connected, or a finding of
3 nondisability; and in the case of a finding that the
4 disability is no longer service connected, discontinue any
5 supplemental payments on account of such service connected
6 disability as of the date of the finding; and in the case of
7 a finding of nondisability establish the date of termination
8 of disability and at that time discontinue any annuity
9 payments in excess of an annuity calculated in accordance
10 with section 5702; and

11 (3) upon receipt of a written statement from a
12 disability annuitant of his earned income of the previous
13 quarter, adjust the payments of the disability annuity for
14 the following quarter in accordance with the provisions of
15 section 5704(c).

16 (d) Upon receipt of a member's application to withdraw his
17 total accumulated deductions and any data required from the head
18 of the department, the board shall pay to such member within
19 sixty days after filing the application or termination of State
20 service whichever is later the total accumulated deductions
21 standing to his credit.

22 (e) The board shall certify to a vestee within one year of
23 termination of State service of such member:

24 (1) the total accumulated deductions standing to his
25 credit at the date of termination of service;

26 (2) the number of years and fractional part of a year of
27 credit in each class of service; and

28 (3) the maximum single life annuity to which the vestee
29 shall become entitled upon the attainment of superannuation
30 age and the filing of an application for such annuity.

1 (f) The board shall make the first monthly payment to a
2 member who is eligible for an annuity within sixty days of the
3 filing of his application for an annuity and receipt of the
4 required data from the head of the department. Concurrently the
5 board shall certify to such member:

6 (1) the total accumulated deductions standing to his
7 credit showing separately the amount contributed and the
8 interest credited to the date of termination of service;

9 (2) the number of years and fractional part of a year
10 credited in each class of service;

11 (3) the final average salary on which his annuity is
12 based as well as any applicable reduction factors due to age
13 and/or election of an option; and

14 (4) the total annuity payable under the option elected
15 and the amount and effective date of any future reduction
16 under section 5703.

17 (g) Upon receipt of notification from the head of a
18 department of the death of an active member or a member on leave
19 without pay, the board shall advise the designated beneficiary
20 of the benefits to which he is entitled, and shall make the
21 first payment to the beneficiary within sixty days of receipt of
22 certification of death.

23 (h) Upon receipt of the election by an eligible member to
24 convert his medical, major medical, and hospitalization
25 insurance coverage to the plan for State annuitants, the board
26 shall notify the insurance carrier of such election and shall
27 deduct the appropriate annual charges in equal monthly
28 installments. Such deductions shall be transmitted to the
29 designated fiscal officer of the Commonwealth having
30 jurisdiction over the payment of such group charges on behalf of

1 the annuitant.

2 (i) The board shall notify in writing each joint coverage
3 annuitant who retired prior to July 1, 1962 that he may elect
4 any time prior to July 1, 1974 to receive his annuity without
5 reduction attributable to social security coverage upon payment
6 in a lump sum of the amount which shall be certified by the
7 board within sixty days of such election. Upon receipt of such
8 payment the board shall recompute the annuity payable to such
9 annuitant and the annuity and/or lump sum, if any, payable upon
10 his death to his beneficiary or survivor annuitant as though he
11 had been a full coverage member on the effective date of
12 retirement. Such recomputed annuity shall be paid beginning with
13 the second monthly payment next following the month in which the
14 lump sum payment is received.

15 § 5906. Duties of heads of departments.

16 (a) The head of department shall, at the end of each pay
17 period, notify the board in a manner prescribed by the board of
18 salary changes effective during that period for any members of
19 the department, the date of all removals from the payroll, and
20 the type of leave of any members of the department who have been
21 removed from the payroll for any time during that period, and:

22 (1) if the removal is due to leave without pay, he shall
23 furnish the board with the date of beginning leave and the
24 date of return to service, and the reason for leave; or

25 (2) if the removal is due to a transfer to another
26 department, he shall furnish such department and the board
27 with a complete State service record, including past State
28 service in other departments or agencies, or creditable
29 nonstate service; or

30 (3) if the removal is due to termination of State

1 service, he shall furnish the board with a complete State
2 service record, including service in other departments or
3 agencies, or creditable nonstate service and;

4 (i) in the case of death of the member the head of
5 the department shall so notify the board;

6 (ii) in the case of a service connected disability
7 the head of department shall, to the best of his ability,
8 investigate the circumstances surrounding the disablement
9 of the member and submit in writing to the board
10 information which shall include but not necessarily be
11 limited to the following: date, place and time of
12 disablement to the extent ascertainable; nature of duties
13 being performed at such time; and whether or not the
14 duties being performed were authorized and included among
15 the member's regular duties. In addition, the head of
16 department shall furnish in writing to the board all such
17 other information as may be related to the member's
18 disablement.

19 (b) At any time at the request of the board and at
20 termination of service of a member, the head of department shall
21 furnish service and compensation records and such other
22 information as the board may require and shall maintain and
23 preserve such records as the board may direct for the
24 expeditious discharge of its duties.

25 (c) The head of department shall cause to be deducted the
26 required member contributions from each payroll. The head of
27 department shall certify to the State Treasurer the amounts
28 deducted and shall send the total amount deducted together with
29 a duplicate of such voucher to the secretary of the board every
30 pay period.

1 (d) Upon the assumption of duties of each new State employee
2 whose membership in the system is mandatory, the head of
3 department shall cause an application for membership and a
4 nomination of beneficiary to be made by such employee and filed
5 with the board and shall make payroll deductions from the
6 effective date of State employment.

7 (e) The head of department shall, upon the employment or
8 entering into office of any State employee whose membership in
9 the system is not mandatory, inform such employee of his
10 opportunity to become a member of the system. If such employee
11 so elects, the head of department shall cause an application for
12 membership and a nomination of beneficiary to be made by him and
13 filed with the board and shall make payroll deductions from the
14 effective date of membership.

15 (f) The head of department shall designate an employee of
16 his department to serve as a retirement counselor subject to
17 approval by the board. Such retirement counselor shall assist
18 the head of department in advising the employees of the
19 department of their rights and duties as members of the system.

20 (g) The head of department shall, upon the employment of a
21 former contributor to the Public School Employees' Retirement
22 System who is not an annuitant of the Public School Employees'
23 Retirement System, advise such employee of his right to elect to
24 become a multiple service member, and in the case of any such
25 employee who has withdrawn his accumulated deductions, advise
26 him of his right at any time prior to termination of service as
27 a State employee to reinstate his credit in the Public School
28 Employees' Retirement System by restoring his accumulated
29 deductions. The head of the department shall advise the board of
30 such election.

1 (h) The head of department shall, upon the employment of an
2 annuitant of the Public School Employees' Retirement System who
3 applies for membership in the system, advise such employee that
4 he may elect multiple service membership and if he so elects his
5 public school employee's annuity will be discontinued and, upon
6 termination of State service and application for retirement, the
7 annuity will be recomputed and paid on the basis of his total
8 school and State service. The head of department shall advise
9 the board of such election.

10 (i) Annually, upon receipt from the board, the head of
11 department shall furnish to each member the statement specified
12 in section 5903(b).

13 (j) The head of department shall, in the case of any member
14 terminating State service, advise such member in writing of any
15 benefits to which he may be entitled under the provisions of
16 this code and shall have the member prepare, on or before the
17 date of termination of State service one of the following three
18 forms, a copy of which shall be given to the member and the
19 original of which shall be filed with the board:

20 (1) an application for the return of total accumulated
21 deductions; or

22 (2) an election to vest his retirement rights, and if he
23 is a joint coverage member and so desires, elect to become a
24 full coverage member and agree to pay within thirty days of
25 the date of termination of service the lump sum required; or

26 (3) an application for an immediate annuity; and if he
27 desires,

28 (i) an election to convert his medical, major
29 medical, and hospitalization insurance coverage to the
30 plan for State annuitants; and

1 (ii) if he is a joint coverage member, an election
2 to become a full coverage member and an agreement to pay
3 within thirty days of date of termination of service the
4 lump sum required.

5 (k) Any application properly executed and filed under
6 subsection (j) with the department and not filed with the board
7 within thirty days shall be deemed to have been filed with the
8 board on the date filed with the department and in such case all
9 required data shall be furnished to the board immediately.

10 § 5907. Rights and duties of State employees and members.

11 (a) Upon his assumption of duties each new State employee
12 shall furnish the head of department with a complete record of
13 his previous State service, his school service or creditable
14 nonstate service, and proof of his date of birth and current
15 status in the system and in the Public School Employees'
16 Retirement System. Wilful failure to provide the information
17 required by this subsection to the extent available upon
18 entrance into the system shall result in the forfeiture of the
19 right of the member to subsequently assert any right to benefits
20 based on any of the required information which he failed to
21 provide. In any case in which the board finds that a member is
22 receiving an annuity based on false information, the total
23 amount received predicated on such false information together
24 with statutory interest doubled and compounded shall be deducted
25 from the present value of any remaining benefits to which the
26 member is legally entitled.

27 (b) In the case of a new employee who is not currently a
28 member of the system, and whose membership is mandatory or in
29 the case of a new employee whose membership in the system is not
30 mandatory but who desires to become a member of the system, the

1 new employee shall execute an application for membership and a
2 nomination of beneficiary and shall make the proper
3 contributions.

4 (c) Any active member who was formerly an active member in
5 the Public School Employees' Retirement System may elect to
6 become a multiple service member.

7 (d) Any active member or eligible school employee who
8 desires to receive credit for his total previous State service
9 or creditable nonstate service to which he is entitled, or a
10 joint coverage member who desires to become a full coverage
11 member, shall so notify the board and upon written agreement by
12 the member and the board as to the manner of payment of the
13 amount due, the member shall receive credit for such service as
14 of the date of such agreement.

15 (e) Every member shall nominate a beneficiary by written
16 designation duly acknowledged and filed with the board as
17 provided in section 5906(d) or (e) to receive the death benefit
18 payable under section 5707 or the benefit payable under the
19 provisions of Option 1 of section 5705(a)(1). Such nomination
20 may be changed at any time by the member by written designation
21 duly acknowledged and filed with the board. A member may also
22 nominate a contingent beneficiary or beneficiaries to receive
23 the death benefit provided under section 5707 or the benefit
24 payable under the provisions of Option 1 of section 5705(a)(1).

25 (f) Each member who terminates State service shall execute
26 on or before the date of termination of service the appropriate
27 application, duly attested by the member or his legally
28 constituted representative, electing to:

29 (1) withdraw his total accumulated deductions; or

30 (2) vest his retirement rights; and if he is a joint

1 coverage member, and so desires, elect to become a full
2 coverage member and agree to pay within thirty days of the
3 date of termination of service the lump sum required; or

4 (3) receive an immediate annuity, and may,

5 (i) if eligible, elect to convert his medical, major
6 medical, and hospitalization coverage to the plan for
7 State annuitants; and

8 (ii) if he is a joint coverage member, elect to
9 become a full coverage member and agree to pay within 30
10 days of date of termination of service the lump sum
11 required.

12 (g) If a member elects to vest his retirement rights he
13 shall nominate a beneficiary by written designation duly
14 acknowledged and filed with the board and he may anytime
15 thereafter, withdraw the total accumulated deductions standing
16 to his credit or apply for an annuity.

17 (h) Upon attainment of superannuation age a vestee shall
18 execute and file an application for an annuity. Any such
19 application filed within ninety days after attaining
20 superannuation age shall be effective as of the date of
21 attainment of superannuation age. Any application filed after
22 such period shall be effective as of the date it is filed with
23 the board. If a vestee does not file an application within seven
24 years after attaining superannuation age, he shall be deemed to
25 have elected to receive his total accumulated deductions upon
26 attainment of superannuation age.

27 (i) If a member is eligible to receive an annuity and does
28 not file a proper application within ninety days of termination
29 of service, his annuity will become effective as of the date the
30 application is filed with the board or the date designated on

1 the application whichever is later.

2 (j) A member who is eligible and elects to receive a reduced
3 annuity under Option 1, 2, 3, or 4, shall nominate a beneficiary
4 or a survivor annuitant, as the case may be, by written
5 designation duly acknowledged and filed with the board at the
6 time of his retirement. A member having designated a survivor
7 annuitant at the time of retirement shall not be permitted to
8 nominate a new survivor annuitant unless such survivor annuitant
9 predeceases him. In such event, the annuitant shall have the
10 right to reelect an option and to nominate a beneficiary or a
11 new survivor annuitant and to have his annuity recomputed to be
12 actuarially equivalent as of the date of recomputation to a
13 single life annuity in the amount of the reduced annuity which
14 he was receiving immediately prior to the recomputation.

15 (k) If service of a member who is under superannuation age
16 is terminated due to his physical or mental incapacity for the
17 performance of duty, an application for a disability annuity
18 with or without a supplement for a service connected disability
19 may be executed by him or by a person legally authorized to act
20 on his behalf.

21 § 5908. Rights and duties of annuitants.

22 (a) Any annuitant who is a joint coverage member who was
23 receiving an annuity prior to July 1, 1962, may elect to receive
24 his annuity without reduction on account of social security old-
25 age insurance benefits: Provided, That he shall file such
26 election with the board prior to July 1, 1974 and shall make a
27 lump sum payment within sixty days of receipt of the
28 certification of the amount due.

29 (b) It shall be the duty of an annuitant receiving a
30 disability annuity prior to the attainment of age fifty to

1 furnish a written statement within thirty days of the close of
2 each calendar quarter of all earned income during that quarter
3 and information showing whether or not he is able to engage in a
4 gainful occupation and such other information as may be required
5 by the board. On failure, neglect, or refusal to furnish such
6 information for the period of the preceding quarter, the board
7 may refuse to make further payments due to disability to such
8 annuitant until he has furnished such information to the
9 satisfaction of the board. Should such refusal continue for six
10 months, all of his rights to the disability annuity payments in
11 excess of any annuity to which he is otherwise entitled shall be
12 forfeited from the date of his last written statement to the
13 board. Any moneys received in excess of those to which he was
14 entitled shall be deducted from the present value of the annuity
15 to which he is otherwise entitled.

16 (c) Should any annuitant receiving a disability annuity
17 while still under superannuation age refuse to submit to a
18 medical examination by a physician or physicians at the request
19 of the board, his payments due to disability shall be
20 discontinued until the withdrawal of such refusal. Should such
21 refusal continue for a period of six months, all of his rights
22 to the disability annuity payments in excess of any annuity to
23 which he is otherwise entitled shall be forfeited.

24 SUBCHAPTER C

25 STATE EMPLOYES' RETIREMENT FUND AND ACCOUNTS

26 § 5931. Management of fund and accounts.

27 (a) The members of the board shall be the trustees of the
28 fund and shall have exclusive control and management of the said
29 fund and full power to invest the same, subject, however, to all
30 the terms, conditions, limitations and restrictions imposed by

1 this code or other law upon the making of investments. Subject
2 to like terms, conditions, limitations and restrictions, said
3 trustees shall have the power to hold, purchase, sell, assign,
4 transfer or dispose of any of the securities and investments in
5 which any of the moneys in the fund shall have been invested as
6 well as of the proceeds of said investments and of any moneys
7 belonging to said fund.

8 (b) The board, annually, shall allow the required interest
9 on the mean amount for the preceding year to the credit of each
10 of the accounts. The amount so allowed shall be credited thereto
11 by the board and transferred from the interest reserve account.

12 (c) The State Treasurer shall be the custodian of the fund.

13 (d) All payments from the fund shall be made by the State
14 Treasurer in accordance with requisitions signed by the
15 secretary of the board and ratified by resolution of the board.

16 (e) The members of the board, employees of the board and
17 agents thereof shall stand in a fiduciary relationship to the
18 members of the system regarding the investments and
19 disbursements of any of the moneys of the fund and shall not
20 profit either directly or indirectly with respect thereto.

21 (f) By the name of "The State Employees' Retirement System"
22 all of the business of the system shall be transacted, its fund
23 invested, all requisitions for money drawn and payments made,
24 and all of its cash and securities and other property shall be
25 held, except that, any other law to the contrary
26 notwithstanding, the board may establish a nominee registration
27 procedure for the purpose of registering securities in order to
28 facilitate the purchase, sale or other disposition of securities
29 pursuant to the provisions of this law.

30 (g) For the purpose of meeting disbursements for annuities

1 and other payments in excess of the receipts, there shall be
2 kept available by the State Treasurer an amount, not exceeding
3 ten per cent (10%) of the total amount in the fund, on deposit
4 in any bank or banks in this Commonwealth organized under the
5 laws thereof or under the laws of the United States or with any
6 trust company or companies incorporated by any law of this
7 Commonwealth, provided any of such banks or trust companies
8 shall furnish adequate security for said deposit, and provided
9 that the sum so deposited in any one bank or trust company shall
10 not exceed twenty-five per cent (25%) of the paid-up capital and
11 surplus of said bank or trust company.

12 (h) Preferred and common stock as defined in subsection (i)
13 of any corporation as defined in subsection (j) organized under
14 the laws of the United States or of any commonwealth or state
15 thereof or of the District of Columbia shall be an authorized
16 investment of the fund, regardless of any other provision of law
17 provided that:

18 (1) such stock be purchased with the exercise of that
19 degree of judgment and care under the circumstances then
20 prevailing which men of prudence, discretion and intelligence
21 exercise in the management of their own affairs not in regard
22 to speculation, but in regard to the permanent disposition of
23 the funds, considering the probable income to be derived
24 therefrom as well as the probable safety of their capital;

25 (2) in the case of any stock other than stock of a bank
26 or insurance company, the stock be listed or traded (or if
27 unlisted or not entitled to trading privileges shall be
28 eligible for listing and application for such listing shall
29 have been made) on the New York Stock Exchange or any other
30 exchange approved by the Secretary of Banking;

1 (3) no investment in common stock be made which at that
2 time would cause the book value of the investments in common
3 stock to exceed twenty-five per cent (25%) of the total
4 assets of the fund;

5 (4) no more than five per cent (5%) of the total assets
6 of the fund be invested in common stocks in any one year,
7 provided that any unused portion may be used in subsequent
8 years, but in no event shall more than eight per cent (8%) of
9 such assets be invested in common stocks in any one year;

10 (5) the amount invested in the common stock of any one
11 company not exceed at cost two per cent (2%) of the book
12 value of the assets of the fund at the time of purchase and
13 shall not exceed five per cent (5%) of the issued and
14 outstanding common stock of that company; and

15 (6) no sale or other liquidation of any investment be
16 required solely because of any change in market values
17 whereby the percentages of stocks hereinabove set forth are
18 exceeded.

19 (i) "Common stock" as used in subsection (h) shall include
20 the stock certificates, certificates of beneficial interests or
21 trust participation certificates issued by any corporation or
22 unincorporated association included under the definition of
23 "corporation" in the following paragraph.

24 (j) "Corporation" as used in subsection (h) shall include a
25 voluntary association, a joint-stock association or company, a
26 business trust, a Massachusetts trust, a common-law trust and
27 any other organization organized and existing for any lawful
28 purpose and which like a corporation, continues to exist,
29 notwithstanding changes in the personnel of its members or
30 participants and conducts its affairs through a committee, a

1 board or some other group acting in a representative capacity.

2 § 5932. State Employees' Retirement Fund.

3 The fund shall consist of all moneys in the several separate
4 funds in the State Treasury, set apart to be used under the
5 direction of the board for the benefit of members of the system;
6 and the Treasury Department shall credit to the fund all moneys
7 received from the Department of Revenue arising from the
8 contributions required under the provisions of Chapter 55, and
9 all interest earned by the investments or moneys of said fund.
10 There shall be established and maintained by the board the
11 several ledger accounts specified in sections 5933, 5934, 5935,
12 5936, 5937, 5938 and 5939.

13 § 5933. Members' savings account.

14 (a) The members' savings account shall be the ledger account
15 to which shall be credited the amounts of the contributions or
16 lump sum payments made by active members in accordance with the
17 provisions of sections 5501, 5502, 5503, 5504 and 5505.

18 (b) The members' savings account in total and the individual
19 member accounts shall be credited with statutory interest. The
20 total accumulated deductions credited to a member whose
21 application for an annuity has been approved shall be
22 transferred from the members' savings account to the annuity
23 reserve account provided for in section 5935, except in the case
24 of a member who is an officer of the Pennsylvania State Police
25 or an enforcement officer the total accumulated deductions to
26 his credit shall be transferred from the members' savings
27 account to the State Police benefit account provided for in
28 section 5936 or to the enforcement officers benefit account
29 provided for in section 5937, as the case may be.

30 (c) Upon the election of a member to withdraw his total

1 accumulated deductions, the payment of such amount shall be
2 charged to the members' savings account.

3 § 5934. State accumulation account.

4 The State accumulation account shall be the ledger account to
5 which shall be credited all contributions of the Commonwealth or
6 other employers whose employees are members of the system and
7 made in accordance with the provisions of section 5507(a) except
8 that the amounts received under the provisions of the act of May
9 12, 1943 (P.L.259, No. 120), and the amounts received under the
10 provisions of the "Liquor Code," act of April 12, 1951 (P.L.90,
11 No.21), shall be credited to the State Police benefit account or
12 the enforcement officers' benefit account as the case may be.

13 The State accumulation account shall be credited with valuation
14 interest. The reserves necessary for the payment of annuities
15 and death benefits as approved by the board and as provided in
16 Chapter 57 shall be transferred from the State accumulation
17 account to the annuity reserve account provided for in section
18 5935, except that the reserves necessary on account of a member
19 who is an officer of the Pennsylvania State Police or an
20 enforcement officer shall be transferred from the State
21 accumulation account to the State Police benefit account
22 provided for in section 5936 or to the enforcement officers'
23 benefit account as provided for in section 5937 as the case may
24 be.

25 § 5935. Annuity reserve account.

26 (a) The annuity reserve account shall be the ledger account
27 to which shall be credited the reserves held for payment of
28 annuities and death benefits on account of all annuitants except
29 in the case of members who are officers of the Pennsylvania
30 State Police or enforcement officers. The annuity reserve

1 account shall be credited with valuation interest. After the
2 transfers provided in sections 5933, 5934 and 5938, all annuity
3 and death benefit payments except those payable to any member
4 who retires as an officer of the Pennsylvania State Police or an
5 enforcement officer shall be charged to the annuity reserve
6 account and paid from the fund.

7 (b) Should an annuitant other than a member who was retired
8 as an officer of the Pennsylvania State Police or an enforcement
9 officer be subsequently restored to active service, the present
10 value of his member's annuity at the time of reentry into State
11 service shall be transferred from the annuity reserve account
12 and placed to his individual credit in the members' savings
13 account. In addition, the actuarial reserve for his annuity less
14 the amount transferred to the members' savings account shall be
15 transferred from the annuity reserve account to the State
16 accumulation account.

17 § 5936. State Police benefit account.

18 (a) The State Police benefit account shall be the ledger
19 account to which shall be credited all contributions received
20 under the provisions of the act of May 12, 1943 (P.L.259, No.
21 120), and any additional Commonwealth or other employer
22 contributions provided for in section 5507 which are creditable
23 to the State Police benefit account. The State Police benefit
24 account shall be credited with the required interest. In
25 addition, upon the filing of an application for an annuity by a
26 member who is an officer of the Pennsylvania State Police, the
27 total accumulated deductions standing to the credit of the
28 member in the members' savings account and the necessary
29 reserves from the State accumulation account shall be
30 transferred to the State Police benefit account. Thereafter, the

1 total annuity of such annuitant shall be charged to the State
2 Police benefit account and paid from the fund.

3 (b) Should the said annuitant be subsequently restored to
4 active service, the present value of the member's annuity at the
5 time of reentry into State service shall be transferred from the
6 State Police benefit account and placed to his individual credit
7 in the members' savings account. In addition, the actuarial
8 reserve for his annuity calculated as if he had been a member of
9 Class A less the amount transferred to the members' savings
10 account shall be transferred from the State Police benefit
11 account to the State accumulation account. Upon subsequent
12 retirement other than as an officer of the Pennsylvania State
13 Police the actuarial reserve remaining in the State Police
14 benefit account shall be transferred to the appropriate reserve
15 account.

16 § 5937. Enforcement officers' benefit account.

17 (a) The enforcement officers' benefit account shall be the
18 ledger account to which shall be credited moneys transferred
19 from the Enforcement Officers' Retirement Account in the State
20 Stores Fund according to the provisions of the "Liquor Code,"
21 act of April 12, 1951 (P.L.90, No. 21), and any additional
22 Commonwealth or other employer contributions provided for in
23 section 5507 which are creditable to the enforcement officers'
24 benefit account. The enforcement officers' benefit account shall
25 be credited with the required interest. In addition, upon the
26 filing of an application for an annuity by a member who is an
27 enforcement officer of the Pennsylvania Liquor Control Board,
28 the total accumulated deductions standing to the credit of the
29 member in the members' savings account and the necessary
30 reserves from the State accumulation account shall be

1 transferred to the enforcement officers' benefit account.
2 Thereafter, the total annuity of such annuitant shall be charged
3 to the enforcement officers' benefit account and paid from the
4 fund.

5 (b) Should the said annuitant be subsequently restored to
6 active service, the present value of the member's annuity at the
7 time of reentry into State service shall be transferred from the
8 enforcement officers' benefit account and placed to his
9 individual credit in the members' savings account. In addition,
10 the actuarial reserve for his annuity calculated as if he had
11 been a member of Class A less the amount transferred to the
12 members' savings account shall be transferred from the
13 enforcement officers' benefit account to the State accumulation
14 account. Upon subsequent retirement other than as an enforcement
15 officer the actuarial reserve remaining in the enforcement
16 officers' benefit account shall be transferred to the
17 appropriate reserve account.

18 § 5938. Supplemental annuity account.

19 The supplemental annuity account shall be the ledger account
20 to which shall be credited all contributions from the
21 Commonwealth in accordance with section 5507(b) for the payment
22 of the supplemental annuities provided in section 5708. The
23 supplemental annuity account shall be credited with valuation
24 interest. The reserves necessary for the payment of such
25 supplemental annuities shall be transferred from the
26 supplemental annuity account to the annuity reserve account as
27 provided in section 5935.

28 § 5939. Interest reserve account.

29 The interest reserve account shall be the ledger account to
30 which shall be credited all moneys earned by the fund. At the

1 end of each year the required interest shall be transferred from
2 the interest reserve account to the credit of each of the
3 accounts in accordance with the provisions of this subchapter.
4 The administrative expenses of the board shall be charged to the
5 interest reserve account and paid from the fund out of earnings
6 in excess of the total interest required for all accounts. Any
7 balance remaining in the interest reserve account at the end of
8 each year shall be transferred to the State accumulation
9 account.

10 SUBCHAPTER E

11 GENERAL PROVISIONS

12 § 5951. State guarantee.

13 The required interest charges payable, the maintenance of
14 reserves in the fund, and the payment of all annuities and other
15 benefits granted by the board under the provisions of this code
16 are hereby made obligations of the Commonwealth. All income,
17 interest, and dividends derived from deposits and investments
18 authorized by this code shall be used for the payment of the
19 said obligations of the Commonwealth.

20 § 5952. State supervision.

21 The fund and ledger accounts provided for by this code shall
22 be subject to the supervision of the State Insurance Department.

23 § 5953. Exemption from execution; assignment of rights.

24 (a) The right of a person to any benefit or right accrued or
25 accruing under the provisions of this code and the moneys in the
26 fund are hereby exempt from any State or municipal tax, levy and
27 sale, garnishment, attachment, spouse's election, or any other
28 process whatsoever, and shall be unassignable except:

29 (1) To the Commonwealth in the case of a member who is
30 terminating State service and has been determined to be

1 obligated to the Commonwealth for the repayment of money;

2 (2) To a credit union as security for a loan not to
3 exceed seven hundred fifty dollars (\$750) and interest not to
4 exceed six per cent (6%) per annum discounted and/or fines
5 thereon provided that the credit union is now or hereafter
6 organized and incorporated under the laws of the Commonwealth
7 and the membership of such credit union is limited solely to
8 officials and employees of the Commonwealth.

9 (b) The board shall be authorized to pay from the fund:

10 (1) In the case of a member who is terminating service,
11 the amount determined after certification by the head of the
12 department that the member is so obligated, and after review
13 and approval by the department or agency's legal
14 representative and upon receipt of an assignment from the
15 member in the amount so certified;

16 (2) In the case of a loan the amount of the loan and any
17 fine or interest due thereon to the credit union:

18 (i) if the member obtaining the loan shall have been
19 in default in required payments for a period of not less
20 than two years; or

21 (ii) at such time as the Department of Banking shall
22 require the credit union to charge the amount of the loan
23 against the reserve fund of such credit union. Any member
24 who shall have pledged such rights as security for a loan
25 from a credit union and, on whose behalf the board shall
26 have made any payment by reason of that member's default,
27 may not thereafter pledge or assign such rights to a
28 credit union.

29 § 5954. Fraud and adjustment of errors.

30 Any person who shall knowingly make any false statement or

1 shall falsify or permit to be falsified any record or records of
2 this system in any attempt to defraud the system as a result of
3 such act shall be guilty of a misdemeanor of the second degree.
4 Should such change or mistake in records result in any member,
5 beneficiary or survivor annuitant receiving from the system more
6 or less than he would have been entitled to receive had the
7 records been correct, then on the discovery of any such error,
8 the board shall correct such error and so far as practicable
9 shall adjust the payments which may be made for and to such
10 person in such a manner that the actuarial equivalent of the
11 benefit to which he was correctly entitled shall be paid.

12 § 5955. Construction of code.

13 Pension rights of State employees shall be determined solely
14 by this act or any amendment thereto, and no collective
15 bargaining agreement between the Commonwealth and its employees
16 shall be construed to change any of the provisions herein.

17 The provisions of this code insofar as they are the same as
18 those of existing law are intended as a continuation of such
19 laws and not as new enactments. The provisions of this code
20 shall not affect any act done, liability incurred, right accrued
21 or vested, or any suit or prosecution pending or to be
22 instituted to enforce any right or penalty or to punish any
23 offense under the authority of any repealed laws.

24 § 5956. Provisions severable.

25 The provisions of this code are severable and if any of its
26 provisions shall be held to be unconstitutional, the decision of
27 the court shall not affect or impair any of the remaining
28 provisions. It is hereby declared to be the legislative intent
29 that this code would have been adopted had such unconstitutional
30 provisions not been included.

1 Section 2. Repeals.--(a) The following acts or parts of acts
2 are repealed absolutely.

3 Act of May 24, 1923 (P.L.436, No. 231), entitled "An act
4 relating to the retirement of certain officers and employes of
5 the State Government, and their compensation, including officers
6 and employes heretofore retired."

7 Act of June 27, 1923 (P.L.858, No. 331), entitled "An act
8 establishing a State employes' retirement system, and creating a
9 retirement board for the administration thereof; establishing
10 certain funds from contributions by the Commonwealth and
11 contributing State employes, defining the uses and purposes
12 thereof and the manner of payments therefrom, and providing for
13 the guaranty by the Commonwealth of certain of said funds;
14 imposing powers and duties upon the heads of departments in
15 which State employes serve; excepting annuities, allowances,
16 returns, benefits, and rights from taxation and judicial
17 process; and providing penalties."

18 Act of July 3, 1941 (P.L.244, No. 116), entitled "A
19 supplement to the act, approved the twenty-seventh day of June,
20 one thousand nine hundred twenty-three (Pamphlet Laws, eight
21 hundred fifty-eight), as amended, entitled 'An act establishing
22 a State employes' retirement system, and creating a retirement
23 board for the administration thereof; establishing certain funds
24 from contributions by the Commonwealth and contributing State
25 employes, defining the uses and purposes thereof and the manner
26 of payments therefrom, and providing for the guaranty by the
27 Commonwealth of certain said funds; imposing powers and duties
28 upon the heads of departments in which State employes serve;
29 excepting annuities, allowances, returns, benefits, and rights
30 from taxation and judicial process; and providing penalties.'"

1 Act of May 23, 1945 (P.L.930, No. 370), entitled "An act to
2 amend sections three, four and five, and to repeal sections six,
3 seven, eight, nine and ten, of a supplementary act, approved the
4 third day of July, one thousand nine hundred forty-one (Pamphlet
5 Laws, two hundred forty-four), entitled 'A supplement to the
6 act, approved the twenty-seventh day of June, one thousand nine
7 hundred twenty-three (Pamphlet Laws, eight hundred fifty-eight),
8 as amended, entitled, "An act establishing a State employees'
9 retirement system, and creating a retirement board for the
10 administration thereof; establishing certain funds from
11 contributions by the Commonwealth and contributing State
12 employees, defining the uses and purposes thereof and the manner
13 of payments therefrom, and providing for the guaranty by the
14 Commonwealth of certain of said funds; imposing powers and
15 duties upon the heads of departments in which State employees
16 serve; excepting annuities, allowances, returns, benefits, and
17 rights from taxation and judicial process; and providing
18 penalties,"' by extending the time of State employees to rejoin
19 the State employees' retirement association after completion of
20 active military service; and removing the requirement for a
21 physical examination in certain cases."

22 Act of May 31, 1947 (P.L.377, No. 172), entitled "A
23 supplement to the act, approved the twenty-seventh day of June,
24 one thousand nine hundred twenty-three (Pamphlet Laws 858),
25 entitled 'An act establishing a State employees' retirement
26 system, and creating a retirement board for the administration
27 thereof; establishing certain funds from contributions by the
28 Commonwealth and contributing State employees, defining the uses
29 and purposes thereof and the manner of payments therefrom, and
30 providing for the guaranty by the Commonwealth of certain of

1 said funds; imposing powers and duties upon the heads of
2 departments in which State employes serve; excepting annuities,
3 allowances, returns, benefits, and rights from taxation and
4 judicial process; and providing penalties,' permitting certain
5 State employes, who during the war were loaned to the United
6 States Government and who have now returned to State employment,
7 to pay into the retirement fund the amount of the contributions
8 they would have made during such period, with interest, and
9 prescribing how the Commonwealth shall build up the necessary
10 State annuity reserves."

11 Act of August 16, 1951 (P.L.1240, No. 286), entitled "A
12 supplement to the act, approved the twenty-seventh day of June,
13 one thousand nine hundred twenty-three (Pamphlet Laws 858),
14 entitled 'An act establishing a State employes' retirement
15 system, and creating a retirement board for the administration
16 thereof; establishing certain funds from contributions by the
17 Commonwealth and contributing State employes, defining the uses
18 and purposes thereof and the manner of payments therefrom, and
19 providing for the guaranty by the Commonwealth of certain of
20 said funds; imposing powers and duties upon the heads of
21 departments in which State employes serve; excepting annuities,
22 allowances, returns, benefits, and rights from taxation and
23 judicial process; and providing penalties,' by permitting
24 certain members to obtain credit for military service who were
25 not eligible members at time of entry into military service."

26 Act of August 19, 1953 (P.L.1098, No. 295), entitled "A
27 supplement to the act, approved the twenty-seventh day of June,
28 one thousand nine hundred twenty-three (Pamphlet Laws 858),
29 entitled 'An act establishing a State employes' retirement
30 system, and creating a retirement board for the administration

1 thereof; establishing certain funds from contributions by the
2 Commonwealth and contributing State employes, defining the uses
3 and purposes thereof and the manner of payments therefrom, and
4 providing for the guaranty by the Commonwealth of certain of
5 said funds; imposing powers and duties upon the heads of
6 departments in which State employes serve; excepting annuities,
7 allowances, returns, benefits, and rights from taxation and
8 judicial process; and providing penalties,' by permitting any
9 State employe, as a contributor under the provisions of the
10 State employes' retirement system, and who was an employe under
11 the public school system of the Commonwealth and made
12 contributions to the Public School Employes' Retirement Fund on
13 account of such public school service, to obtain credit for such
14 service in State employes' retirement system under certain
15 conditions."

16 Act of May 17, 1956 (P.L.1625, No. 540), entitled "A
17 supplement to the act, approved the twenty-seventh day of June,
18 one thousand nine hundred twenty-three (Pamphlet Laws 858),
19 entitled 'An act establishing a State employes' retirement
20 system, and creating a retirement board for the administration
21 thereof; establishing certain funds from contributions by the
22 Commonwealth and contributing State employes, defining the uses
23 and purposes thereof and the manner of payments therefrom and
24 providing for the guaranty by the Commonwealth of certain of
25 said funds; imposing powers and duties upon the heads of
26 departments in which State employes serve; excepting annuities,
27 allowances, returns, benefits, and rights from taxation and
28 judicial process; and providing penalties,' by permitting former
29 contributors who have become public school employes and members
30 of the Public School Employes' Retirement System to restore

1 membership in the State Employees' Retirement Association, and
2 authorizing the transfer of monetary credits in the State
3 Employees' Retirement Association to the Public School Employees'
4 Retirement Association under certain conditions."

5 Act of May 17, 1956 (P.L.1626, No. 542), entitled "An act
6 amending the act of May thirty-one, one thousand nine hundred
7 forty-seven (Pamphlet Laws 377), entitled 'A supplement to the
8 act, approved the twenty-seventh day of June one thousand nine
9 hundred twenty-three (Pamphlet Laws 858), entitled "An act
10 establishing a State employees' retirement system, and creating a
11 retirement board for the administration thereof; establishing
12 certain funds from contributions by the Commonwealth and
13 contributing State employees, defining the uses and purposes
14 thereof and the manner of payments therefrom, and providing for
15 the guaranty by the Commonwealth of certain of said funds;
16 imposing powers and duties upon the heads of departments in
17 which State employees serve; excepting annuities, allowances,
18 returns, benefits, and rights from taxation and judicial
19 process; and providing penalties," permitting certain State
20 employees, who during the war were loaned to the United States
21 Government and who have now returned to State employment, to pay
22 into the retirement fund the amount of the contributions they
23 would have made during such period, with interest, and
24 prescribing how the Commonwealth shall build up the necessary
25 State annuity reserves,' providing for credit for time spent by
26 employees of the Bureau of Unemployment Security in the
27 Department of Labor and Industry as employees of the United
28 States Government."

29 Act of June 1, 1956 (P.L.2016, No. 674), entitled "A
30 supplement to the act approved the twenty-seventh day of June,

1 one thousand nine hundred twenty-three (Pamphlet Laws 858),
2 entitled 'An act establishing a State employees' retirement
3 system, and creating a retirement board for the administration
4 thereof; establishing certain funds from contributions by the
5 Commonwealth and contributing State employees, defining the uses
6 and purposes thereof and the manner of payments therefrom, and
7 providing for the guaranty by the Commonwealth of certain of
8 said funds; imposing powers and duties upon the heads of
9 departments in which State employees serve; excepting annuities,
10 allowances, returns, benefits, and rights from taxation and
11 judicial process; and providing penalties,' by permitting any
12 State employe as a contributor under the provisions of the State
13 employees' retirement system and who was an employe under the
14 public school system of the Commonwealth and made contributions
15 to the Public School Employees' Retirement Fund on account of
16 such public school service to obtain credit for such service in
17 the State employees' retirement system under certain conditions."

18 Act of June 14, 1957 (P.L.320, No. 168), entitled "A
19 supplement to the act of June 27, 1923 (P.L.858), entitled 'An
20 act establishing a State employees' retirement system, and
21 creating a retirement board for the administration thereof;
22 establishing certain funds from contributions by the
23 Commonwealth and contributing State employees, defining the uses
24 and purposes thereof and the manner of payments therefrom, and
25 providing for the guaranty by the Commonwealth of certain of
26 said funds; imposing powers and duties upon the heads of
27 departments in which State employees serve; excepting annuities,
28 allowances, returns, benefits, and rights from taxation and
29 judicial process; and providing penalties,' authorizing the
30 Public School Employees' Retirement Board to realow credit for

1 service of certain State and Pennsylvania State University
2 employes."

3 Act of June 29, 1937 (P.L.2423, No. 453), entitled, as
4 amended, "An act establishing a Pennsylvania State Police
5 Retirement System; providing for payments upon retirement,
6 death, disability, involuntary retirement, and of certain
7 medical expenses from the State Employees' Retirement Fund, under
8 the Administration of the State Employees' Retirement Board;
9 providing for contributions by members of the Pennsylvania State
10 Police and the Commonwealth; providing for the guarantee by the
11 Commonwealth of certain of said funds; providing for the
12 subrogation of the Commonwealth to the rights of the member or
13 dependents against certain third parties; exempting annuities,
14 allowances, returns, benefits, and rights from taxation and
15 judicial processes; and providing penalties."

16 Act of July 3, 1941 (P.L.249, No. 117), entitled, as amended,
17 "A supplement to the act, approved the twenty-ninth day of June
18 one thousand nine hundred thirty-seven (Pamphlet Laws, two
19 thousand four hundred twenty-three), as amended, entitled 'An
20 act establishing a Pennsylvania State Police Retirement System;
21 providing for payments upon retirement, death, disability,
22 involuntary retirement, and of certain medical expenses from the
23 State Employees' Retirement Fund, under the Administration of the
24 State Employees' Retirement Board; providing for contributions by
25 members of the Pennsylvania State Police and the Commonwealth;
26 providing for the guarantee by the Commonwealth of certain of
27 said funds; providing for the subrogation of the Commonwealth to
28 the rights of the member or dependents against certain third
29 parties; exempting annuities, allowances, returns, benefits, and
30 rights from taxation and judicial processes; and providing

1 penalties.'"

2 Act of May 22, 1945 (P.L.834, No. 336), entitled "An act to
3 amend section three, and to further amend sections four and five
4 of a supplementary act, approved the third day of July, one
5 thousand nine hundred forty-one (Pamphlet Laws, two hundred
6 forty-nine), entitled, as amended 'A supplement to the act,
7 approved the twenty-ninth day of June, one thousand nine hundred
8 thirty seven (Pamphlet Laws, two thousand four hundred twenty-
9 three), as amended, entitled "An act establishing a Pennsylvania
10 State Police Retirement System; providing for payments upon
11 retirement, death, disability, involuntary retirement, and of
12 certain medical expenses from the State Employees' Retirement
13 Fund, under the Administration of the State Employees' Retirement
14 Board; providing for contributions by members of the
15 Pennsylvania State Police and the Commonwealth; providing for
16 the guarantee by the Commonwealth of certain of said funds;
17 providing for the subrogation of the Commonwealth to the rights
18 of the member or dependents against certain third parties;
19 exempting annuities, allowances, returns, benefits, and rights
20 from taxation and judicial processes; and providing penalties,"'
21 by extending the time for State employes to rejoin the State
22 Employees' Retirement Association after completion of active
23 military service; and removing the requirement for a physical
24 examination in certain cases."

25 Act of June 1, 1959 (P.L.392, No. 78), known as the "State
26 Employees' Retirement Code of 1959."

27 As much of section 202 of the act of April 9, 1929 (P.L.177,
28 No. 175), known as "The Administrative Code of 1929," as relates
29 to the State Employees' Retirement Board in the Department of
30 State.

1 Section 402 of the act of April 9, 1929 (P.L.177, No. 175),
2 known as "The Administrative Code of 1929."

3 Section 808 of the act of April 9, 1929 (P.L.177, No. 175),
4 known as "The Administrative Code of 1929."

5 (b) All other acts or parts of acts inconsistent with this
6 act are hereby repealed to the extent of such inconsistency.

7 (c) In the case of any member terminating service on or
8 after the effective date of this act any limitations on salaries
9 as determined for retirement purposes pursuant to the act of
10 June 16, 1971 (P.L.157, No.8), are repealed retroactive to
11 January 1, 1973.

12 (d) The following acts are repealed in so far as
13 inconsistent with the provisions of § 5955 (relating to
14 prohibition of collective bargaining on subject matter):

15 Act of June 24, 1968 (P.L.237, No.111), entitled "An act
16 specifically authorizing collective bargaining between policemen
17 and firemen and their public employers; providing for
18 arbitration in order to settle disputes, and requiring
19 compliance with collective bargaining agreements and findings of
20 arbitrators."

21 Act of July 23, 1970 (P.L.563, No.195), known as the "Public
22 Employe Relations Act."

23 Section 3. Savings Clause.--In order to assure an orderly
24 transition, the following provisions of repealed law shall be
25 saved and applicable as specified:

26 (1) The rights provided in section 401(4) of the act of
27 (P.L.392, No.78), relating to additional retirement benefits
28 for certain judges, shall continue to apply to those members
29 of Class E or E-1 who have exercised the option therein
30 contained prior to the effective date of this act.

1 (2) The provisions of section 301 of the act of June 1,
2 1959 (P.L.392, No.78), relating to the contribution rate of a
3 member shall be applicable until the first day of his first
4 full pay period following the effective date of this act.

5 ~~(3) In the event the class of service multiplier of a~~ <—
6 ~~given class is reduced any member of that class may elect to~~
7 ~~have his retirement benefits attributable to service prior to~~
8 ~~the date the class of service multiplier is reduced~~
9 ~~calculated on the basis of his final average salary as of~~
10 ~~that date together with any limitations on salaries in effect~~
11 ~~on that date and the class of service multiplier which is~~
12 ~~applicable to his class of service prior to such date. All~~
13 ~~benefits of the member attributable to service subsequent to~~
14 ~~such date shall be calculated on the basis of his~~
15 ~~compensation and class of service multiplier effective~~
16 ~~subsequent to such date.~~

17 (3) ANY MEMBER MAY ELECT TO HAVE HIS RETIREMENT BENEFITS <—
18 ATTRIBUTABLE TO SERVICE PRIOR TO JANUARY 1, 1973 CALCULATED ON
19 THE BASIS OF ANY LIMITATIONS ON SALARIES AS DETERMINED FOR
20 RETIREMENT PURPOSES PURSUANT TO THE ACT OF JUNE 16, 1971
21 (P.L.157, NO.8) AND THE BENEFIT RATES WHICH ARE APPLICABLE TO
22 THE APPROPRIATE CLASS OF SERVICE PRIOR TO JANUARY 1, 1973. ALL
23 BENEFITS ATTRIBUTABLE TO SERVICE SUBSEQUENT TO JANUARY 1, 1973
24 SHALL BE CALCULATED ON THE COMPENSATION AND BENEFIT RATES
25 EFFECTIVE SUBSEQUENT TO JANUARY 1, 1973.

26 (4) THE RETIREMENT BENEFITS ATTRIBUTABLE TO ANY ADDITIONAL
27 COMPENSATION RECEIVED AS AN OFFICER OF THE GENERAL ASSEMBLY
28 PRIOR TO DECEMBER 1, 1974 BY A MEMBER SERVING AS AN OFFICER OF
29 THE GENERAL ASSEMBLY SUBSEQUENT TO THAT DATE SHALL NOT BE LESS
30 THAN THE BENEFITS CALCULATED ON THE BASIS OF THE HIGHEST THREE

1 YEAR AVERAGE OF ADDITIONAL COMPENSATION APPLIED TO THE NUMBER OF
2 YEARS OF LEGISLATIVE SERVICE AND CLASS OF SERVICE MULTIPLIER AS
3 OF NOVEMBER 30, 1974.

4 Section 4. Effective Date.--This act shall take effect
5 immediately, except that:

6 (1) Its provisions relating to the crediting of
7 statutory interest to the accounts of members on leave
8 without pay shall become effective on July 1, 1974.

9 (2) The provisions of section 5706(b), relating to the
10 calculation of annuities of annuitants who return to State
11 service and subsequently retire, shall not apply to former
12 annuitants who are active members of the system on the
13 effective date of this act.

14 (3) As applicable to officers of the Pennsylvania State
15 Police the provisions of section 5102 relating to "final
16 average salary" and section 5704(f) relating to service
17 connected disability shall be effective July 1, 1973.

SOURCE NOTES

(As Supplied by the Joint State Government Commission)

Part XXV of Title 71 is derived, unless new, in its entirety from the act of June 1, 1959 (P.L.392) which is the source of all references. Corresponding references in Purdon's Pennsylvania Statutes Annotated are in 71 Pa. S. § 1725-101 et seq.

71 Pa. S. § 5101: Derived from § 101.

71 Pa. S. § 5102: "Active member." New.

"Actuarially equivalent." Derived from § 102(23).

"Actuary." New.

"Annuitant." Derived from § 102(9).

"Average noncovered salary." Derived from § 102(19.1).

"Basic contribution rate." New.

"Beneficiary." Derived from § 102(10).

"Board." Derived from § 102(4).

"Class of service multiplier." Derived from §§ 202(1); (301(1)(a),(c),(d.3),(e.1),(e.2).

"Compensation." Derived from § 102(15) and the report of the Commonwealth Compensation Commission of June 22, 1972.

"Concurrent service." New.

"Correction officer." New.

"Creditable nonstate service." New.

"Credited service." Derived from § 102(13).

"Date of termination of service." New.

"Effective date of retirement." New.

"Eligibility points." New.

"Enforcement officer." Derived from § 102(6.1).

"Final average salary." Derived from § 102(19).

"Full coverage member." Derived from § 203(3).

"Fund." Derived from § 102(2)

"Head of department." Derived from § 102(7).

"Inactive member." New.

"Intervening military service." New.

"Joint coverage member." Derived from § 203(1).

"Joint coverage member contributions." New.

"Member." New.

"Member of the judiciary." New.

"Member's annuity." Derived from § 102(21).

"Military service." Derived from § 207(3).

"Multiple service." Derived from § 102(12.1).

"Previous State service." New.

"Psychiatric security aide." New.

"Public School Employees' Retirement System." Derived from § 102(5).

"Regular accumulated deductions." Derived from § 102(17).

"Regular member contributions." New.

"Retirement counselor." New.

"Salary deductions." Derived from § 102(16).

"School service." New.

"Social security integration accumulated deductions." Derived from § 102(17.1).

"Standard single life annuity." New.

"State employee." Derived from § 102(6)(a)(iii),(iv),(v),(vii),(viii),(ix).

1 (1) Derived from § 102(6)(a)(vi),(b).
 2 (2) Derived from § 102(6)(d).
 3 (3) Derived from § 102(6)(e).
 4 (4) Derived from § 102(6)(c).
 5 "State service." New.
 6 "Statutory interest." Derived from § 102(18).
 7 "Superannuation age." Derived from § 102(14).
 8 "Superannuation annuitant." New.
 9 "Survivor annuitant." New.
 10 "System." Derived from § 102(1).
 11 "Total accumulated deductions." Derived from §
 12 102(17),(17.1).
 13 "Valuation interest." New.
 14 "Vestee." Derived from § 102(23.1).

15 71 Pa. S. § 5301: (a) Derived from §§ 102(6); 201(1),(3).
 16 (b) Derived from §§ 201(2),(3); 301(2)(f).
 17 (c) Derived from § 201(2).

18 71 Pa. S. § 5302: Derived from §§ 204(1); 208(1),(2).

19 71 Pa. S. § 5303: Derived from §§
 20 204(2),(2.1),(3),(4),(5),(5.1),(5.2),(5.3),(6),(6.1),(6.2);
 21 208(1),(2).

22 71 Pa. S. § 5304: (a) Derived from §§
 23 204(4),(5),(5.1),(5.2),(5.3),(6),(6.1),(6.2);
 24 207(1),(2),(4),(5).
 25 (b) Derived from §§
 26 204(4),(5),(5.1),(5.2),(5.3),(6),(6.1),(6.2);
 27 207(1),(2),(4),(5).
 28 (c) (1) Derived from § 207(2).
 29 (2) Derived from § 207(1),(4),(5).
 30 (3) Derived from § 204(6.2).
 31 (4) Derived from §
 32 204(4),(5),(5.1),(5.2),(5.3),(6),(6.1).

33 71 Pa. S. § 5305: Derived from §§ 204(8); 208(4).

34 71 Pa. S. § 5306: (a) New.
 35 (b) Derived from § 202(1)(a).
 36 (1) Derived from § 202(1)(c).
 37 (2) Derived from § 202(1)(d.3).
 38 (3) Derived from § 202(1)(e.1).
 39 (4) Derived from § 202(1)(e.2).
 40 (5) New.

41 71 Pa. S. § 5307: Derived from § 402(2.1).

42 71 Pa. S. § 5308: (a) Derived from § 401(1).
 43 (b) Derived from § 402 (2),(2.1).
 44 (c) Derived from § 405(1),(3.1).

45 71 Pa. S. § 5309: Derived from §§ 102(23.1); 401(5),(7).

46 71 Pa. S. § 5310: Derived from § 407(2),(3),(4).

47 71 Pa. S. § 5311: Derived from § 404(1)(b).

1 71 Pa. S. § 5501: Derived from §
2 301(1)(a),(c),(d.3),(e.1),(e.2).

3 71 Pa. S. § 5502: Derived from § 301(6).

4 71 Pa. S. § 5503: Derived from § 301(4).

5 71 Pa. S. § 5504: Derived from §§ 208(1),(2),(4);
6 302(1),(2),(3).

7 71 Pa. S. § 5505: (a) Derived from §§ 301(3); 302(1),(2).
8 (b) Derived from § 302(2)(k).
9 (c) Derived from §§ 301(3), 302(2)(j).
10 (d) Derived from § 302(2)(h.1).
11 (e) Derived from § 506(4.5).

12 71 Pa. S. § 5506: Derived from §§ 204(6.2); 208(3),(5);
13 302(1).

14 71 Pa. S. § 5507: (a) Derived from § 304(1)(a),(2).
15 (b) Derived from § 304(1)(b),(3).

16 71 Pa. S. § 5508: (a), (b), (c) Derived from § 304(1)(a).
17 (d) Derived from § 304(2).
18 (e) Derived from § 304(1)(b),(3).

19 71 Pa. S. § 5509: (a), (b) Derived from § 306(1).
20 (c) Derived from § 306(2).

21 71 Pa. S. § 5701: Derived from §§ 402(1)(a); 404(1)(b).

22 71 Pa. S. § 5702: (a) Derived from § 401(1).
23 (1) through (5). Derived from §§
24 401(1)(a),(b),(c),(d),(d.1),(d.2),(d.3),(e),(e.1),(e.2),(1.1),(6);
25 402(2),(2.1),(4),(5).
26 (6) Derived from §§ 401(8); 402(6).
27 (b) Derived from § 401(2.1).
28 (c) Derived from § 401(1)(d.3).

29 71 Pa. S. § 5703: (a) Derived from §§ 401(3); 402(4);
30 403(1)(a),(e).
31 (1) Derived from § 403(1)(a).
32 (2) Derived from § 403(1)(b),(c),(d),(f),(g).
33 (3) Derived from § 403(1)(i).
34 (b) Derived from § 403(2).

35 71 Pa. S. § 5704: (a) Derived from § 405(1)(a),(b).
36 (b) Derived from § 405(6).
37 (c) Derived from § 405(4).
38 (d) Derived from § 405(4).
39 (e) New.

40 71 Pa. S. § 5705: (a) Derived from §§ 401(5),(7);
41 404(1)(a),(b),(c).
42 (1) Derived from § 404(1)(c), Option 1.
43 (2) Derived from § 404(1)(c), Option 2.
44 (3) Derived from § 404(1)(c), Option 3.
45 (4) Derived from § 404(1)(c), Option 4.
46 (b) Derived from § 404(2).

1 71 Pa. S. § 5706: (a) Derived from § 405.1(1).
2 (b) Derived from § 405.1(2).

3 71 Pa. S. § 5707: (a) Derived from § 407(2),(3),(7).
4 (b) Derived from § 407(4).
5 (c) Derived from § 407(5).
6 (d) Derived from § 407(5).
7 (e) Derived from § 407(4.1).

8 71 Pa. S. § 5708: Derived from § 409(4),(5).

9 71 Pa. S. § 5709: (a) Derived from § 410.
10 (b) Derived from § 404(1)(c), Option 1.
11 (c) New.

12 71 Pa. S. § 5710: Derived from § 412.

13 71 Pa. S. § 5901: (a) Derived from § 501(1).
14 (b) Derived from § 501(1).
15 (c) Derived from § 501(2).
16 (d) New.
17 (e) Derived from § 501(6).

18 71 Pa. S. § 5902: (a) Derived from § 501(5).
19 (b) Derived from § 501(4).
20 (c) Derived from § 501(3).
21 (d) New.
22 (e) Derived from § 503(10).
23 (f) Derived from § 503(11).
24 (g) New.
25 (h) Derived from § 503(1).
26 (i) Derived from § 503(2).
27 (j) Derived from § 503(3)(a),(b).
28 (k) Derived from §§ 306(1); 503(3)(c),(4).
29 (l) Derived from § 505.
30 (m) Derived from § 503(5).

31 71 Pa. S. § 5903: (a) New.
32 (b) Derived from § 503(9).
33 (c) Derived from §
34 503(6.1),(6.2),(6.3),(9.2),(9.7),(9.9).
35 (d) Derived from § 503(9.2),(9.9).

36 71 Pa. S. § 5904: (a) New.
37 (b) Derived from § 503(9.1).
38 (c) Derived from § 503(8.2),(8.3).

39 71 Pa. S. § 5905: (a) Derived from § 503(6),
40 (6.1),(6.2),(6.3),(9.7),(9.9).
41 (b) Derived from § 503(8.1).
42 (c) Derived from § 503(7),(8).
43 (d) New.
44 (e) New.
45 (f) New.
46 (g) New.
47 (h) Derived from § 503(9.4).
48 (i) Derived from § 503(9.6).

49 71 Pa. S. § 5906: (a) Derived from § 504(3).

1 (b) Derived from § 504(4).
2 (c) Derived from §§ 301(1); 504(5).
3 (d) Derived from § 504(1).
4 (e) Derived from § 504(2).
5 (f) New.
6 (g) Derived from § 504(7).
7 (h) New.
8 (i) Derived from § 504(6).
9 (j) Derived from § 504(8),(9).
10 (k) New.

11 71 Pa. S. § 5907: (a) Derived from § 506(5).
12 (b) Derived from §§ 201(3); 506(13).
13 (c) Derived from § 506(5).
14 (d) Derived from §
15 506(4.1),(4.2),(4.4),(4.5),(10),(10.1),(12).
16 (e) Derived from § 411.
17 (f) Derived from § 506(1),(1.1),(11),(12).
18 (g) Derived from § 506(1).
19 (h) Derived from § 506(1).
20 (i) Derived from § 506(1).
21 (j) Derived from § 411.
22 (k) Derived from § 506(2).

23 71 Pa. S. § 5908: (a) Derived from §§ 302(4); 506(4.3).
24 (b) Derived from § 506(3).
25 (c) Derived from §§ 506(4); 507

26 71 Pa. S. § 5931: (a) Derived from § 502(1).
27 (b) Derived from § 502(2).
28 (c) Derived from § 502(3).
29 (d) Derived from § 502(4).
30 (e) Derived from § 502(6).
31 (f) Derived from § 502(7).
32 (g) Derived from § 502(5).
33 (h) Derived from § 502(8).
34 (i) Derived from § 502(8).
35 (j) Derived from § 502(8).

36 71 Pa. S. § 5932: Derived from § 602.

37 71 Pa. S. § 5933: Derived from §§ 607; 611.

38 71 Pa. S. § 5934: Derived from § 603.

39 71 Pa. S. § 5935: Derived from §§ 604; 608.

40 71 Pa. S. § 5936: Derived from §§ 606; 609.

41 71 Pa. S. § 5937: Derived from §§ 606.1; 608.

42 71 Pa. S. § 5938: Derived from § 610.

43 71 Pa. S. § 5939: New.

44 71 Pa. S. § 5951: Derived from § 801.

45 71 Pa. S. § 5952: Derived from § 802.

- 1 71 Pa. S. § 5953: Derived from § 803.
- 2 71 Pa. S. § 5954: Derived from § 805.
- 3 71 Pa. S. § 5955: Derived from § 806.
- 4 71 Pa. S. § 5956: Derived from § 807.