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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 715

Session of  
1983

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INTRODUCED BY RHOADES, LINCOLN, BELL, HELFRICK, O'PAKE, LOEPER,  
SHAFFER, MELLOW, SCANLON, LLOYD, LEWIS, MOORE, HANKINS, STOUT  
AND SINGEL, MAY 3, 1983

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REFERRED TO FINANCE, MAY 3, 1983

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AN ACT

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

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

6 Section 1. Sections 8346(a) and 8348(a), (b) and (c) of  
7 Title 24 of the Pennsylvania Consolidated Statutes are amended  
8 to read:

9 § 8346. Termination of annuities.

10 (a) General rule.--If an annuitant returns to school service  
11 or enters State service and elects multiple service membership,  
12 any annuity payable to him under this part shall cease and in  
13 the case of an annuity other than a disability annuity the  
14 present value of such annuity, adjusted for full coverage in the  
15 case of a joint coverage member who makes the appropriate back  
16 contributions for full coverage, shall be frozen as of the date  
17 such annuity ceases. In the event that [the] any cost-of-living  
18 increase enacted December 18, 1979 or thereafter occurred during

1 the period of such State or school employment, the frozen  
2 present value shall be increased, on or after the member attains  
3 superannuation age, by the percent applicable had he not  
4 returned to service.

5 \* \* \*

6 § 8348. Supplemental annuities.

7 (a) General rule.--Every annuitant who is in receipt of a  
8 superannuation, withdrawal or disability annuity, shall continue  
9 to receive such annuity and [beginning July 1, 1979], effective  
10 January 1, 1984, any annuitant who retired on or prior to July  
11 1, [1978,] 1982 shall receive a cost-of-living supplement  
12 determined as a percentage applied to the retirement annuity [as  
13 of June 30, 1979. Such cost-of-living supplement shall be  
14 payable under the same terms and conditions as provided under  
15 the option plan in effect as of June 30, 1979.] to which he was  
16 entitled as of December 31, 1983 as follows:

<u>Effective date of retirement</u>	<u>Percentage factor</u>
<u>After July 1, 1981 through July 1, 1982</u>	<u>1.7%</u>
<u>After July 1, 1980 through July 1, 1981</u>	<u>5.4%</u>
<u>After July 1, 1979 through July 1, 1980</u>	<u>10.7%</u>
<u>On or prior to July 1, 1979</u>	<u>19.3%</u>

22 Beginning January 1, 1985 and annually thereafter, a cost-of-  
23 living supplement shall be payable to each annuitant whose  
24 superannuation, withdrawal or disability annuity has been in  
25 effect for at least 18 consecutive months. Any cost-of-living  
26 supplement provided in this subsection shall be payable under  
27 the same terms and conditions as provided under the option plan  
28 in effect as of December 31 of the year preceding the  
29 adjustment. As soon as possible subsequent to July 1984 and each  
30 year thereafter, the board shall determine the percentage

1 increase in the Consumer Price Index as published in the United  
2 States City Average--All Urban Consumers--All Items, from June  
3 of the preceding calendar year to June of the calendar year of  
4 the determination. On the basis of such determination, each  
5 annuity shall be adjusted by one-half of the percentage increase  
6 so determined, rounded to the nearest 0.1%. The automatic  
7 percentage increase paid in any one year shall not exceed 3%. No  
8 cost-of-living supplement shall be payable to an annuitant  
9 receiving a withdrawal annuity prior to his attainment of  
10 superannuation age.

11 [(b) Cost-of-living adjustment factors.--The percentage  
12 which is to be applied in the determination of the cost-of-  
13 living supplements shall be determined on the basis of the  
14 effective date of retirement payable on the first \$12,000 of  
15 annuity received per year. The applicable percentage factors  
16 are:

Effective date of retirement	Percentage factor
After July 1, 1977 through July 1, 1978	5%
After July 1, 1976 through July 1, 1977	10%
After July 1, 1975 through July 1, 1976	13%
After July 1, 1974 through July 1, 1975	20%
After July 1, 1973 through July 1, 1974	27%
On or prior to July 1, 1973	31%

24 (c) Withdrawal annuitants.--The cost-of-living supplement as  
25 determined in subsection (b) shall not be payable to an  
26 annuitant receiving a withdrawal annuity prior to the first day  
27 of July coincident with or following his attainment of  
28 superannuation age.]

29 \* \* \*

30 Section 2. Sections 5706(a) and 5708(a) and (b) of Title 71

1 are amended to read:

2 § 5706. Termination of annuities.

3 (a) General rule.--If the annuitant returns to State service  
4 or enters school service and elects multiple service membership,  
5 any annuity payable to him under this part shall cease and in  
6 the case of an annuity other than a disability annuity the  
7 present value of such annuity, adjusted for full coverage in the  
8 case of a joint coverage member who makes the appropriate back  
9 contributions for full coverage, shall be frozen as of the date  
10 such annuity ceases. In the event that [the] a cost-of-living  
11 increase enacted December 18, [1979] or thereafter occurred  
12 during the period of such State or school employment, the frozen  
13 present value shall be increased, on or after the member attains  
14 superannuation age, by the percent applicable had he not  
15 returned to service. This subsection shall not apply in the case  
16 of any annuitant who may render services to the Commonwealth in  
17 the capacity of an independent contractor or as a member of an  
18 independent board or commission or as a member of a departmental  
19 administrative or advisory board or commission when such members  
20 of independent or departmental boards or commissions are  
21 compensated on a per diem basis for not more than 100 days per  
22 calendar year.

23 \* \* \*

24 § 5708. Supplemental annuities.

25 (a) General rule.--Every annuitant who retired prior to  
26 [July 1, 1978] July 1, 1982 and who is in receipt of a  
27 superannuation, withdrawal or disability annuity, shall continue  
28 to receive [the] such annuity [to which he was entitled prior to  
29 July 1, 1979 and beginning July 1, 1979] and, effective January  
30 1, 1984, any annuitant retiring on or prior to June 30, [1978]

1 1982 shall receive a cost-of-living supplement determined as a  
2 percentage applied to the retirement annuity to which he was  
3 entitled [prior to July 1, 1979. Such cost-of-living supplement  
4 shall be payable under the same terms and conditions as provided  
5 under the option plan in effect as of June 30, 1979.] as of  
6 December 31, 1983 as follows:

<u>Effective date of retirement</u>	<u>Percentage factor</u>
<u>July 1, 1981 through June 30, 1982</u>	<u>1.7%</u>
<u>July 1, 1980 through June 30, 1981</u>	<u>5.4%</u>
<u>July 1, 1979 through June 30, 1980</u>	<u>10.7%</u>
<u>Prior to July 1, 1979</u>	<u>19.3%</u>

12 Beginning January 1, 1985 and annually thereafter, a cost-of-  
13 living supplement shall be payable to each annuitant whose  
14 superannuation, withdrawal or disability annuity has been in  
15 effect for at least 18 consecutive months. Any cost-of-living  
16 supplement provided in this subsection shall be payable under  
17 the same terms and conditions as provided under the option plan  
18 in effect as of December 31 of the year preceding the  
19 adjustment. As soon as possible subsequent to July 1984 and each  
20 year thereafter, the board shall determine the percentage  
21 increase in the Consumer Price Index as published in the United  
22 States City Average--All Urban Consumers--All Items, from June  
23 of the preceding calendar year to June of the calendar year of  
24 the determination. On the basis of such determination, each  
25 annuity shall be adjusted by one-half of the percentage increase  
26 so determined, rounded to the nearest 0.1%. The automatic  
27 percentage increase paid in any one year shall not exceed 3%. No  
28 cost-of-living supplement shall be payable to an annuitant  
29 receiving a withdrawal annuity prior to the first day of July  
30 coincident with or following his attainment of superannuation

1 age.

2 [(b) Cost-of-living adjustment factors.--The percentage  
3 which is to be applied in the determination of the cost-of-  
4 living supplements, shall be determined on the basis of the  
5 effective date of retirement payable on the first \$12,000 of  
6 annuity received per year, as follows:

Effective date of retirement	Percentage factor
July 1, 1977 through June 30, 1978	5%
July 1, 1976 through June 30, 1977	10%
July 1, 1975 through June 30, 1976	13%
July 1, 1974 through June 30, 1975	20%
March 1, 1974 through June 30, 1974	27%
Prior to March 1, 1974	31%

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

26 \* \* \*

27 Section 3. This act shall take effect immediately.