

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 244

Session of  
1985

INTRODUCED BY HOWARD, STAUFFER, FISHER, LEWIS, SHAFFER, MELLOW,  
REIBMAN, PECORA, CORMAN, HOPPER AND KRATZER, JANUARY 25, 1985

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,  
MAY 14, 1985

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the  
2 Pennsylvania Consolidated Statutes, clarifying duties of the  
3 boards regarding disability applications; clarifying  
4 provisions for certain creditable service; providing for  
5 certain installment payments; ~~FURTHER PROVIDING FOR~~ <—  
6 ~~ADDITIONAL CREDITABLE NONSTATE SERVICE;~~ and modifying  
7 eligibility for special early retirement in the State system.

8 The General Assembly of the Commonwealth of Pennsylvania  
9 hereby enacts as follows:

10 Section 1. Sections ~~8312~~, 8327(a), 8345(a) and 8505(c) and <—  
11 (d) of Title 24 of the Pennsylvania Consolidated Statutes are  
12 amended to read:

13 ~~§ 8312. Eligibility for special early retirement.~~ <—

14 ~~Notwithstanding any provisions of this title to the contrary,~~  
15 ~~for the period only of July 1, 1985 to June 30, 1986, the~~  
16 ~~following special early retirement provisions shall be~~  
17 ~~applicable to specified eligible members as follows:~~

18 ~~(1) During the period of July 1, 1985 to June 30, 1986,~~

1 ~~any active member who has attained the age of at least 53~~  
2 ~~years and has credit for at least 30 eligibility points shall~~  
3 ~~be entitled, upon termination of service and filing of a~~  
4 ~~proper application, to receive a maximum single life annuity~~  
5 ~~calculated pursuant to section 8342 (relating to maximum~~  
6 ~~single life annuity) without any reduction by virtue of an~~  
7 ~~effective date of retirement which is under the~~  
8 ~~superannuation age.~~

9 ~~(2) During the period of July 1, 1985 to June 30, 1986,~~  
10 ~~any active member who has attained the age of at least 50~~  
11 ~~years but not greater than 53 years and has credit for at~~  
12 ~~least 30 eligibility points shall be entitled, upon~~  
13 ~~termination of service and filing of a proper application, to~~  
14 ~~receive a maximum single life annuity calculated pursuant to~~  
15 ~~section 8342 with a reduction by virtue of an effective date~~  
16 ~~of retirement which is under the superannuation age of a~~  
17 ~~percentage determined by multiplying the number of months,~~  
18 ~~including a fraction of a month as a full month, by which the~~  
19 ~~effective date of retirement precedes the attainment of age~~  
20 ~~53 by 0.25%.~~

21 ~~(3) The special early retirement provisions shall not~~  
22 ~~apply to benefits payable under section 8347 (relating to~~  
23 ~~death benefits) except to the extent that such benefits enter~~  
24 ~~into the determination of the amounts payable under section~~  
25 ~~8347(c).~~

26 § 8327. Payments by employers.

27 (a) General rule.--Each employer, including the Commonwealth  
28 as employer of employees of the Department of Education, State-  
29 owned colleges and universities, Thaddeus Stevens [Trade] State  
30 School of Technology, Pennsylvania State Oral School for the

1 Deaf, Scotland School for Veterans' Children, and the  
2 Pennsylvania State University, shall make payments to the fund  
3 each quarter in an amount equal to one-half the sum of the  
4 percentages, as determined under section 8328 (relating to  
5 actuarial cost method), applied to the total compensation during  
6 the pay periods in the preceding quarter of all its employees  
7 who were members of the system during such period.

8 \* \* \*

9 § 8345. Member's options.

10 (a) General rule.--Any vestee with ten or more eligibility  
11 points or any other eligible member upon termination of school  
12 service who has not withdrawn his accumulated deductions as  
13 provided in section 8341 (relating to return of accumulated  
14 deductions) may apply for and elect to receive either a maximum  
15 single life annuity, as calculated in accordance with the  
16 provisions of section 8342 (relating to maximum single life  
17 annuity), or a reduced annuity certified by the actuary to be  
18 actuarially equivalent to the maximum single life annuity and in  
19 accordance with one of the following options, except that no  
20 member shall elect an annuity payable to one or more survivor  
21 annuitants other than his spouse of such a magnitude that the  
22 present value of the annuity payable to him for life plus any  
23 lump sum payment he may have elected to receive is less than 50%  
24 of the present value of his maximum single life annuity.

25 (1) Option 1.--A life annuity to the member with a  
26 guaranteed total payment equal to the present value of the  
27 maximum single life annuity on the effective date of  
28 retirement with the provision that, if, at his death, he has  
29 received less than such present value, the unpaid balance  
30 shall be payable to his beneficiary.

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

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

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

13           (i) Any annuity shall be payable without reduction  
14 during the lifetime of the member except as the result of  
15 the member's election to receive an annuity reduced upon  
16 attainment of age 65, in anticipation of the receipt of a  
17 social security benefit.

18           (ii) The sum of all annuities payable to the  
19 designated survivor annuitants shall not be greater than  
20 one and one-half times the annuity payable to the member.

21           (iii) A portion of the benefit may be payable as a  
22 lump sum, except that such lump sum payment [shall be  
23 limited to one such payment and it] shall not exceed an  
24 amount equal to the accumulated deductions standing to  
25 the credit of the member. The balance of the present  
26 value of the maximum single life annuity adjusted in  
27 accordance with section 8342(b) shall be paid in the form  
28 of an annuity with a guaranteed total payment, a single  
29 life annuity, or a joint and survivor annuity or any  
30 combination thereof but subject to the restrictions of

1           subparagraphs (i) and (ii) of this paragraph.

2           \* \* \*

3   § 8505. Duties of board regarding applications and elections of  
4           members.

5           \* \* \*

6           (c) Disability annuities.--In every case where the board has  
7   received an application for a disability annuity based upon  
8   physical or mental incapacity for the performance of the job for  
9   which the member is employed, the board shall:

10           (1) Through the [chief] medical examiner, have the  
11   [applicant examined] application and any supporting medical  
12   records and other documentation submitted with the  
13   application reviewed and, on the basis of said [examination]  
14   review and the subsequent recommendation by the [chief]  
15   medical examiner regarding the applicant's medical  
16   qualification for a disability annuity along with such other  
17   recommendations which he may make with respect to the  
18   permanency of disability or the need for subsequent  
19   [reexaminations] reviews, make a finding of disability or  
20   nondisability and, in the case of disability, establish an  
21   effective date of disability and the terms and conditions  
22   regarding subsequent [reexaminations] reviews.

23           (2) Upon the recommendation of the [chief] medical  
24   examiner on the basis of a review of subsequent medical  
25   [examinations] reports submitted with an application for  
26   continuance of disability, make a finding of disability or  
27   nondisability and, in the case of a finding of nondisability,  
28   establish the date of termination of disability and at that  
29   time discontinue any annuity payments in excess of any  
30   annuity to which he may be otherwise entitled under section

8342 (relating to maximum single life annuity).

(3) Upon receipt of a written statement from a disability annuitant of his earned income of the previous year, adjust the payments of the disability annuity for the following year in accordance with the provisions for a reduction of disability payments of section 8344 (relating to disability annuities).

[(d) Withdrawal of accumulated deductions.--Upon receipt of an application to withdraw his accumulated deductions executed by a member who is terminating school service and the required data from the employer, the board shall pay to such member within 60 days after filing the application or termination of school service, whichever is later, the accumulated deductions standing to his credit.]

\* \* \*

Section 2. Title 24 is amended by adding a section to read:  
§ 8505.1. Installment payments of accumulated deductions.

(a) General rule.--Notwithstanding any other provision of this part, whenever a member elects to withdraw his accumulated deductions pursuant to section 8310 (relating to eligibility for refunds) or 8341 (relating to return of accumulated deductions), or elects to receive a portion of his benefit payable as a lump sum pursuant to section 8345(a)(4)(iii) (relating to member's options), the member may elect to receive the amount in not more than four installments.

(b) Payment of first installment.--The payment of the first installment shall be made in the amount and within seven days of the date specified by the member, except as follows:

(1) Upon receipt of a member's application to withdraw his accumulated deductions as provided in section 8310 or

1 8341 and upon receipt of all required data from the employer,  
2 the board shall not be required to pay the first installment  
3 prior to 45 days after the filing of the application and the  
4 receipt of the data or the date of termination of service,  
5 whichever is later.

6 (2) In the case of an election as provided in section  
7 8345(a)(4)(iii) by a member terminating service within 60  
8 days prior to the end of a calendar year and upon receipt of  
9 all required data from the employer, the board shall not be  
10 required to pay the first installment prior to 21 days after  
11 the later of the filing of the application and the receipt of  
12 the data or date of termination of service but, unless  
13 otherwise directed by the member, the payment shall be made  
14 no later than 45 days after the filing of the application and  
15 the receipt of the data or the date of termination of  
16 service, whichever is later.

17 (3) In the case of an election as provided in section  
18 8345(a)(4)(iii) by a member who is not terminating service  
19 within 60 days prior to the end of a calendar year and upon  
20 receipt of all required data from the employer, the board  
21 shall not be required to pay the first installment prior to  
22 45 days after the filing of the application and the receipt  
23 of the data or the date of termination of service, whichever  
24 is later.

25 (c) Payment of subsequent installments.--The payment of  
26 subsequent installments shall be made at the time annuity checks  
27 are payable for the month and year specified by the member.

28 (d) Statutory interest.--Any lump sum or installment payable  
29 shall include statutory interest credited to the date of  
30 payment, except in the case of a member, other than a vestee,

1 who has not filed his application prior to 90 days following his  
2 date of termination of service.

3 Section 3. Sections 5303, 5304(c), 5308.1, 5505(c), 5704(e),  
4 5705(a), 5707(d) and 5905(c) and (d) of Title 71 are amended to  
5 read:

6 § 5303. Retention and reinstatement of service credits.

7 (a) Eligibility points for accrued credited service.--

8 Eligibility points shall be computed in accordance with section  
9 5307 (relating to eligibility points) with respect to all  
10 credited service accrued as of the effective date of this part.

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

12 Every active member of the system or a multiple service member  
13 who is a school employee and a member of the Public School

14 Employees' Retirement System on or after the effective date of  
15 this part shall receive eligibility points in accordance with  
16 section 5307 for current State service, previous State service,  
17 or creditable nonstate service upon compliance with sections

18 5501 (relating to regular member contributions for current

19 service), 5504 (relating to member contributions for the

20 purchase of credit for previous State service or to become a

21 full coverage member), 5505 (relating to contributions for the

22 purchase of credit for creditable nonstate service), 5505.1

23 (relating to additional member contributions) or 5506 (relating

24 to incomplete payments). The class or classes of service in

25 which the member may be credited for previous State service

26 prior to the effective date of this part shall be the class or

27 classes in which he was or could have at any time elected to be

28 credited for such service. The class of service in which a

29 member shall be credited for service subsequent to the effective

30 date of this part shall be determined in accordance with section



1 5306 (relating to classes of service).

2 (c) Election for purchase of certain creditable service.--

3 Every active member of the system or a multiple service member

4 who is a school employee and a member of the Public School

5 Employees' Retirement System who was employed by the Applied

6 Research Laboratory of The Pennsylvania State University prior

7 to June 3, 1984, and did not receive or is not receiving a

8 retirement or pension benefit as a result of that service may

9 elect to have the period of employment with the Applied Research

10 Laboratory treated as previous State service upon compliance

11 with sections 5504 and 5506 upon waiver in writing of any

12 benefit that he is entitled to under any other pension or

13 retirement plan by virtue of that service. If a member elects to

14 receive this previous State service credit, The Pennsylvania

15 State University shall make employer contributions equal to the

16 amount that would have been contributed had employer

17 contributions been made to the system concurrently with the

18 rendering of the service, plus valuation interest to the day of

19 the crediting of the service. Notwithstanding the provisions of

20 section 5504, the amount due as member contributions and

21 interest for an employee who is employed by the Applied Research

22 Laboratory on June 3, 1984, who elects to purchase this credit

23 with the State Employees' Retirement System shall not exceed the

24 amount of contributions and interest certified as having been

25 made to the pension plan administered by the Applied Research

26 Laboratory during his employment with the Applied Research

27 Laboratory. The Pennsylvania State University shall pay as

28 member contributions the difference between this amount and the

29 amount otherwise due under sections 5504 and 5506. The

30 additional contributions paid by The Pennsylvania State

1 University shall not be considered compensation for purposes of  
2 this part.

3 § 5304. Creditable nonstate service.

4 \* \* \*

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

7 (1) intervening military service;

8 (2) other military service not exceeding five years;

9 (3) service in any public school or public educational  
10 institution in any state other than this Commonwealth or in  
11 any territory or area under the jurisdiction of the United  
12 States; or service as an administrator, teacher, or  
13 instructor in the field of education for any agency or  
14 department of the government of the United States, whether or  
15 not such area was under the jurisdiction of the United  
16 States, the total of such service not exceeding the lesser of  
17 ten years or the number of years of active membership in the  
18 system, as an officer or employee of the Department of  
19 Education or as an administrator, teacher, or instructor  
20 employed in any State-owned educational institution or The  
21 Pennsylvania State University; ~~or~~ OR <—

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

27 ~~f~~service by an employee in the Applied Research <—  
28 Laboratory of The Pennsylvania State University prior to such  
29 employee's election of membership in the system, provided  
30 such previous service is certified by the university and

1 contributions are agreed upon and made by the university in  
2 accordance with sections 5505 (relating to contributions for  
3 the purchase of credit for creditable nonstate service) and  
4 5507(a) (relating to contributions by the Commonwealth and  
5 other employers)]. ~~PREVIOUS SERVICE WITH A COUNTY, CITY,~~ <—  
6 ~~BOROUGH, INCORPORATED TOWN OR TOWNSHIP, THE TOTAL OF SUCH~~  
7 ~~SERVICE NOT TO EXCEED FIVE YEARS, SUBJECT TO THE FOLLOWING~~  
8 ~~LIMITATIONS:~~

9 ~~(I) THAT DURING SUCH SERVICE THE PERSON WAS EITHER~~

10 ~~(A) A FULL TIME EMPLOYEE; OR~~

11 ~~(B) AN ELECTED OR APPOINTED OFFICIAL COVERED BY~~  
12 ~~A LOCAL RETIREMENT SYSTEM;~~

13 ~~(II) DURING SUCH SERVICE THE EMPLOYEE WAS AN ACTIVE~~  
14 ~~MEMBER OF THE LOCAL RETIREMENT SYSTEM, OR IN THE EVENT~~  
15 ~~THAT NO LOCAL RETIREMENT SYSTEM EXISTED DURING THAT~~  
16 ~~PERSON'S PERIOD OF EMPLOYMENT, THAT PERSON WOULD BE~~  
17 ~~ELIGIBLE TO BE AN ACTIVE MEMBER IN THE PRESENT LOCAL~~  
18 ~~RETIREMENT SYSTEM; AND~~

19 ~~(III) THAT THE PERIOD OF SUCH SERVICE USED FOR THIS~~  
20 ~~PARAGRAPH SHALL NOT BE INCLUDED IN OR COMPUTED AS PART OF~~  
21 ~~THE TOTAL SERVICE TIME WITH A COUNTY, CITY, BOROUGH,~~  
22 ~~INCORPORATED TOWN OR TOWNSHIP.~~

23 \* \* \*

24 § 5308.1. Eligibility for special early retirement.

25 Notwithstanding any provisions of this title to the contrary,  
26 for the period only of July 1, 1985 to June 30, 1986, the  
27 following special early retirement provisions shall be  
28 applicable to specified eligible members as follows:

29 (1) During the period of July 1, 1985 to June 30, 1986,  
30 any active member who has attained the age of at least 53

1 years and has [credit for] accrued at least 30 [years of  
2 credited State or school service] eligibility points shall be  
3 entitled, upon termination of State service and compliance  
4 with section 5907(f) (relating to rights and duties of State  
5 employees and members), to receive a maximum single life  
6 annuity calculated pursuant to section 5702 (relating to  
7 maximum single life annuity) without any reduction by virtue  
8 of an effective date of retirement which is under the  
9 superannuation age.

10 (2) During the period of July 1, 1985 to June 30, 1986,  
11 any active member who has attained the age of at least 50  
12 years but not greater than 53 years and has [credit for]  
13 accrued at least 30 [years of credited State or school  
14 service] eligibility points shall be entitled, upon  
15 termination of State service and compliance with section  
16 5907(f), to receive a maximum single life annuity calculated  
17 pursuant to section 5702 with a reduction by virtue of an  
18 effective date of retirement which is under the  
19 superannuation age of a percentage factor which shall be  
20 determined by multiplying the number of months, including a  
21 fraction of a month as a full month, by which the effective  
22 date of retirement precedes the attainment of age 53 by  
23 0.25%.

24 ~~(3) The special early retirement provisions shall not~~ <—  
25 ~~apply to benefits payable under section 5707 (relating to~~  
26 ~~death benefits) except to the extent that such benefits enter~~  
27 ~~into the determination of the amounts payable under section~~  
28 ~~5707(e).~~

29 § 5505. Contributions for the purchase of credit for creditable  
30 nonstate service.

1       \* \* \*

2       (c) Intervening military service.--Contributions on account  
3 of credit for intervening military service shall be determined  
4 by the member's contribution rate, the additional contribution  
5 rate WHICH SHALL BE APPLIED ONLY TO THOSE MEMBERS WHO BEGAN <—  
6 SERVICE AFTER ~~JULY 1, 1983~~ ON OR AFTER THE EFFECTIVE DATE OF <—  
7 THIS AMENDATORY ACT, and compensation at the time of entry of  
8 the member into active military service, together with statutory  
9 interest during all periods of subsequent State and school  
10 service to date of purchase. Upon application for such credit  
11 the amount due shall be certified in the case of each member by  
12 the board in accordance with methods approved by the actuary,  
13 and contributions may be made by:

14           (1) regular monthly payments during active military  
15 service; or

16           (2) a lump sum payment within 30 days of certification;  
17 or

18           (3) salary deductions in amounts agreed upon by the  
19 member and the board.

20       \* \* \*

21 § 5704. Disability annuities.

22       \* \* \*

23       (e) Termination of State service.--Upon termination of  
24 disability annuity payments in excess of an annuity calculated  
25 in accordance with section 5702, a disability annuitant who does  
26 not return to State service may file an application with the  
27 board for an amount equal to the excess, if any, of the [total]  
28 sum of the regular and additional accumulated deductions  
29 standing to his credit at the effective date of disability over  
30 one-third of the total disability annuity payments received. If

1 the annuitant on the date of termination of service was eligible  
2 for an annuity as provided in section 5308(b) (relating to  
3 eligibility for annuities), he may file an application with the  
4 board for an election of an optional modification of his  
5 annuity.

6 \* \* \*

7 § 5705. Member's options.

8 (a) General rule.--Any vestee having ten or more eligibility  
9 points or any other eligible member upon termination of State  
10 service who has not withdrawn his total accumulated deductions  
11 as provided in section 5701 (relating to return of total  
12 accumulated deductions) may apply for and elect to receive  
13 either a maximum single life annuity, as calculated in  
14 accordance with the provisions of section 5702 (relating to  
15 maximum single life annuity), or a reduced annuity certified by  
16 the actuary to be actuarially equivalent to the maximum single  
17 life annuity and in accordance with one of the following  
18 options; except that no member shall elect an annuity payable to  
19 one or more survivor annuitants other than his spouse of such a  
20 magnitude that the present value of the annuity payable to him  
21 for life plus any lump sum payment he may have elected to  
22 receive is less than 50% of the present value of his maximum  
23 single life annuity:

24 (1) Option 1.--A life annuity to the member with a  
25 guaranteed total payment equal to the present value of the  
26 maximum single life annuity on the effective date of  
27 retirement with the provision that, if, at his death, he has  
28 received less than such present value, the unpaid balance  
29 shall be payable to his beneficiary.

30 (2) Option 2.--A joint and survivor annuity payable

1 during the lifetime of the member with the full amount of  
2 such annuity payable thereafter to his survivor annuitant, if  
3 living at his death.

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

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

12 (i) any annuity shall be payable without reduction  
13 during the lifetime of the member except as the result of  
14 the member's election to receive an annuity reduced upon  
15 attainment of age 65, in anticipation of the receipt of a  
16 social security benefit;

17 (ii) the sum of all annuities payable to the  
18 designated survivor annuitants shall not be greater than  
19 one and one-half times the annuity payable to the member;  
20 and

21 (iii) a portion of the benefit may be payable as a  
22 lump sum, except that such lump sum payment [shall be  
23 limited to one such payment and it] shall not exceed an  
24 amount equal to the total accumulated deductions standing  
25 to the credit of the member. The balance of the present  
26 value of the maximum single life annuity adjusted in  
27 accordance with section 5702(b) shall be paid in the form  
28 of an annuity with a guaranteed total payment, a single  
29 life annuity, or a joint and survivor annuity or any  
30 combination thereof but subject to the restrictions of

1            subparagraphs (i) and (ii) under this option.

2            \* \* \*

3    § 5707.    Death benefits.

4            \* \* \*

5            (d)    Disability annuitants ineligible for withdrawal  
6    annuity.--In the event of the death of a disability annuitant  
7    who was not entitled to receive benefits under subsection (a),  
8    his beneficiary shall be paid the excess of the [total] sum of  
9    the regular and additional accumulated deductions standing to  
10   his credit on the effective date of disability over one-third of  
11   the total disability payments received.

12           \* \* \*

13   § 5905.    Duties of the board regarding applications and  
14                elections of members.

15           \* \* \*

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

22            (1)    through the [chief] medical examiner, have the  
23            [applicant examined] application and any supporting medical  
24            records and other documentation submitted with the  
25            application reviewed and on the basis of said [examination]  
26            review, and the subsequent recommendation by the [chief]  
27            medical examiner regarding the applicant's medical  
28            qualification for a disability annuity along with such other  
29            recommendations which he may make with respect to the  
30            permanency of disability or the need for subsequent



1 [reexaminations] reviews, make a finding of disability and  
2 whether or not the disability is service connected or  
3 nondisability and in the case of disability establish an  
4 effective date of disability and the terms and conditions  
5 regarding subsequent [reexaminations] reviews;

6 (2) upon the recommendation of the [chief] medical  
7 examiner on the basis of a review of subsequent medical  
8 [examinations] reports submitted with an application for  
9 continuance of disability, make a finding of continued  
10 disability and whether or not the disability continues to be  
11 service connected, or a finding of nondisability; and in the  
12 case of a finding that the disability is no longer service  
13 connected, discontinue any supplemental payments on account  
14 of such service connected disability as of the date of the  
15 finding; and in the case of a finding of nondisability  
16 establish the date of termination of disability and at that  
17 time discontinue any annuity payments in excess of an annuity  
18 calculated in accordance with section 5702 (relating to  
19 maximum single life annuity); and

20 (3) upon receipt of a written statement from a  
21 disability annuitant of his earned income of the previous  
22 quarter, adjust the payments of the disability annuity for  
23 the following quarter in accordance with the provisions of  
24 section 5704(c) (relating to disability annuities).

25 [(d) Withdrawal of accumulated deductions.--Upon receipt of a  
26 member's application to withdraw his total accumulated  
27 deductions and any data required from the head of the  
28 department, the board shall pay to such member within 60 days  
29 after filing the application or termination of State service  
30 whichever is later the total accumulated deductions standing to

1 his credit.]

2 \* \* \*

3 Section 4. Title 71 is amended by adding a section to read:

4 § 5905.1. Installment payments of accumulated deductions.

5 (a) General rule.--Notwithstanding any other provision of  
6 this part, whenever a member elects to withdraw his total  
7 accumulated deductions pursuant to section 5311(a) (relating to  
8 eligibility for refunds) or 5701 (relating to return of total  
9 accumulated deductions), or elects to receive a portion of his  
10 benefit payable as a lump sum pursuant to section  
11 5705(a)(4)(iii) (relating to member's options), the member may  
12 elect to receive the amount in not more than four installments.

13 (b) Payment of first installment.--The payment of the first  
14 installment shall be made in the amount and within seven days of  
15 the date specified by the member, except as follows:

16 (1) Upon receipt of a member's application to withdraw  
17 his total accumulated deductions as provided in section  
18 5311(a) or 5701 and upon receipt of all required data from  
19 the head of the department, the board shall not be required  
20 to pay the first installment prior to 45 days after the  
21 filing of the application and the receipt of the data or the  
22 date of termination of service, whichever is later.

23 (2) In the case of an election as provided in section  
24 5705(a)(4)(iii) by a member terminating service within 60  
25 days prior to the end of a calendar year and upon receipt of  
26 all required data from the head of the department, the board  
27 shall not be required to pay the first installment prior to  
28 21 days after the later of the filing of the application and  
29 the receipt of the data or the date of termination of service  
30 but, unless otherwise directed by the member, the payment

1 shall be made no later than 45 days after the filing of the  
2 application and the receipt of the data or the date of  
3 termination of service, whichever is later.

4 (3) In the case of an election as provided in section  
5 5705(a)(4)(iii) by a member who is not terminating service  
6 within 60 days prior to the end of a calendar year and upon  
7 receipt of all required data from the head of the department,  
8 the board shall not be required to pay the first installment  
9 prior to 45 days after the filing of the application and the  
10 receipt of the data or the date of termination of service,  
11 whichever is later.

12 (c) Payment of subsequent installments.--The payment of  
13 subsequent installments shall be made at the time annuity checks  
14 are payable for the month and year specified by the member.

15 (d) Statutory interest.--Any lump sum or installment payable  
16 shall include statutory interest credited to the date of  
17 payment, except in the case of a member, other than a vestee,  
18 who has not filed his application prior to 90 days following his  
19 termination of service.

20 ~~Section 5. This act shall take effect immediately.~~ (A) <—  
21 SECTIONS 2 AND 4 OF THIS ACT SHALL TAKE EFFECT IN 180 DAYS.

22 (B) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IMMEDIATELY.