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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1513 Session of  
2001

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INTRODUCED BY MICHLOVIC, DeWEESE, FICHTER, CAPPABIANCA,  
CALTAGIRONE, BEBKO-JONES, BELFANTI, CAPPELLI, CAWLEY,  
L. I. COHEN, COSTA, CREIGHTON, CURRY, DALEY, DERMODY, GEORGE,  
GRUCELA, HARHAI, HORSEY, JOSEPHS, LaGROTTA, LAUGHLIN,  
MANDERINO, MANN, MARKOSEK, McILHATTAN, MELIO, PALLONE,  
PISTELLA, READSHAW, ROEBUCK, ROSS, SCRIMENTI, SOLOBAY,  
TRAVAGLIO, WANSACZ, WASHINGTON, WILT, WOJNAROSKI, YOUNGBLOOD  
AND YUDICHAK, MAY 3, 2001

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REFERRED TO COMMITTEE ON EDUCATION, MAY 3, 2001

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AN ACT

1 Amending Title 24 (Education) of the Pennsylvania Consolidated  
2 Statutes, further providing for definitions, for eligibility  
3 for annuities, for benefits, for member contributions and for  
4 a vesting period.

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

7 Section 1. The definitions of "active member," "basic  
8 contribution rate," "class of service multiplier," "credited  
9 service," "inactive member," "standard single life annuity,"  
10 "superannuation or normal retirement age" and "vestee" in  
11 section 8102 of Title 24 of the Pennsylvania Consolidated  
12 Statutes are amended to read:

13 § 8102. Definitions.

14 The following words and phrases when used in this part shall  
15 have, unless the context clearly indicates otherwise, the  
16 meanings given to them in this section:

1 \* \* \*

2 "Active member." A school employee for whom pickup  
3 contributions are being made to the fund or for whom such  
4 contributions otherwise required for current school service are  
5 not being made solely by reason of any provision of this part  
6 relating to the [limitation] limitations under section  
7 401(a)(17) or 415(b) of the Internal Revenue Code of 1986  
8 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)).

9 \* \* \*

10 "Basic contribution rate." The rate of 6 1/4%. For Class T-D  
11 service, the rate of 6 1/4%.

12 \* \* \*

13 "Class of service multiplier."

14	Class of service	Multiplier
15	T-A	.714
16	T-B	.625
17	T-C	1.000
18	<u>T-D</u>	<u>1.000</u>

19 \* \* \*

20 "Credited service." School or creditable nonschool service  
21 for which the required contributions have been made, or for  
22 which the contributions otherwise required for such service were  
23 not made solely by reason of any provision of this part relating  
24 to the limitations under section 401(a)(17) or 415(b) of the  
25 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §  
26 401(a)(17) or 415(b)), or for which salary deductions or lump  
27 sum payments have been agreed upon in writing.

28 \* \* \*

1 "Inactive member." A member for whom no pickup contributions  
2 are being made, except in the case of an active member for whom  
3 such contributions otherwise required for current school service  
4 are not being made solely by reason of any provision of this  
5 part relating to the [limitation] limitations under section  
6 401(a)(17) or 415(b) of the Internal Revenue Code of 1986  
7 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)), who has  
8 accumulated deductions standing to his credit in the fund and  
9 for whom contributions have been made within the last two school  
10 years or a multiple service member who is active in the State  
11 Employees' Retirement System.

12 \* \* \*

13 "Standard single life annuity." [An] For Class T-A, T-B and  
14 T-C credited service of a member, an annuity equal to 2% of the  
15 final average salary, multiplied by the total number of years  
16 and fractional part of a year of credited service of a member.  
17 For Class T-D credited service of a member, an annuity equal to  
18 2.5% of the final average salary, multiplied by the total number  
19 of years and fractional part of a year of credited service.

20 \* \* \*

21 "Superannuation or normal retirement age."

22	Class of service	Age
23	T-A	62 or any age upon accrual
24		of 35 eligibility points
25	T-B	62
26	T-C <u>and T-D</u>	62 or age 60 provided the
27		member has at least 30
28		eligibility points or
29		any age upon accrual of
30		35 eligibility points

1       \* \* \*

2       "Vestee." A member with [ten] six or more eligibility points  
3 who has terminated school service, has left his accumulated  
4 deductions in the fund, and is deferring filing of an  
5 application for receipt of an annuity.

6       Section 2. Sections 8302(a), 8303(c), 8304(a) and 8305 of  
7 Title 24 are amended to read:

8       § 8302. Credited school service.

9       (a) Computation of credited service.--In computing credited  
10 school service of a member for the determination of benefits, a  
11 full-time salaried school employee shall receive one year of  
12 credit for each school year or the corresponding fraction  
13 thereof, in accordance with the proportion of the full school  
14 year for which the required regular member contributions have  
15 been made, or for which such contributions otherwise required  
16 for such service were not made solely by reason of any provision  
17 of this part relating to the [limitation] limitations under IRC  
18 § 401(a)(17) or 415(b). A per diem or hourly school employee  
19 shall receive one year of credited service for each  
20 nonoverlapping period of 12 consecutive months in which he is  
21 employed and for which contributions are made, or would have  
22 been made but for such [limitation] limitations under the IRC,  
23 for at least 180 full-day sessions or 1,100 hours of employment.  
24 If such member was employed and contributions were made for less  
25 than 180 full-day sessions or 1,100 hours, he shall be credited  
26 with a fractional portion of a year determined by the ratio of  
27 the number of full-day sessions or hours of service actually  
28 rendered to 180 full-day sessions or 1,100 hours, as the case  
29 may be. A part-time salaried employee shall be credited with the  
30 fractional portion of the year which corresponds to the service

1 actually rendered in relation to the service required as a  
2 comparable full-time salaried employee. In no case shall a  
3 member receive more than one year of credited service for any 12  
4 consecutive months or a member who has elected multiple service  
5 receive an aggregate in the two systems of more than one year of  
6 credited service for any 12 consecutive months.

7 \* \* \*

8 § 8303. Eligibility points for retention and reinstatement of  
9 service credits.

10 \* \* \*

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

16 (1) as a member of Class T-C for previous school service  
17 or creditable nonschool service; or

18 (2) as a member of Class T-D for previous school  
19 service, unless the member elects to remain a Class T-C  
20 member pursuant to section 8305.1 (relating to election to  
21 retain Class T-C service);

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

26 § 8304. Creditable nonschool service.

27 (a) Eligibility.--An active member or a multiple service  
28 member who is an active member of the State Employees'  
29 Retirement System shall be eligible to receive Class T-C service  
30 credit for creditable nonschool service and Class T-D service

1 for intervening military service, unless the member elects to  
2 remain a Class T-C member pursuant to section 8305.1 (relating  
3 to election to retain Class T-C service), as set forth in  
4 subsection (b) provided that he is not entitled to receive,  
5 eligible to receive now or in the future, or is receiving  
6 retirement benefits for such service under a retirement system  
7 administered and wholly or partially paid for by any other  
8 governmental agency or by any private employer, or a retirement  
9 program approved by the employer in accordance with section  
10 8301(a)(1) (relating to mandatory and optional membership), and  
11 further provided that such service is certified by the previous  
12 employer and the manner of payment of the amount due is agreed  
13 upon by the member, the employer, and the board.

14 \* \* \*

15 § 8305. Classes of service.

16 (a) Class T-C membership.--A school employee who is a member  
17 of Class T-C on the effective date of this part or who becomes a  
18 member of the system subsequent to the effective date of this  
19 part shall be classified as a Class T-C member, provided the  
20 school employee does not become a member of Class T-D pursuant  
21 to subsection (c).

22 (b) Other class membership.--A school employee who is a  
23 member of a class of service other than Class T-C on the  
24 effective date of this part may elect to become a member of  
25 Class T-C or Class T-D or may retain his membership in such  
26 other class until the service is discontinued or he elects to  
27 become a full coverage member or elects to purchase credit for  
28 previous school or creditable nonschool service. Any service  
29 thereafter shall be credited as Class T-D service.

30 (c) Class T-D membership.--

1       (1) A person who becomes a school employee and an active  
2 member on or after the effective date of this subsection  
3 shall be classified as a Class T-D member upon payment of  
4 regular member contributions. Any prior school service  
5 credited as Class T-C service shall be credited as Class T-D  
6 service.

7       (2) A school employee who, on the effective date of this  
8 subsection, is either an active member or an inactive member  
9 shall be classified as a Class T-D member and receive credit  
10 for Class T-D service performed on or after the effective  
11 date of this subsection upon payment of regular member  
12 contributions, unless the school employee elects to remain a  
13 Class T-C member pursuant to section 8305.1 (relating to  
14 election to retain Class T-C service). A school employee who  
15 becomes a Class T-D member shall also receive Class T-D  
16 service credit for all Class T-C school service performed  
17 before the effective date of this subsection.

18       (3) A former school employee who, on the effective date  
19 of this subsection, is either a vestee or a multiple service  
20 member who is a State employee and a member of the State  
21 Employees' Retirement System shall receive Class T-D service  
22 credit for all Class T-C school service performed before the  
23 effective date of this subsection, unless the former school  
24 employee elects to remain a Class T-C member pursuant to  
25 section 8305.1.

26       (4) School service performed as Class T-C service before  
27 the effective date of this subsection shall be credited as  
28 Class T-D service only upon completion of all acts necessary  
29 for the school service to be credited as Class T-C service  
30 had this subsection not been enacted.

1 Section 3. Title 24 is amended by adding a section to read:

2 § 8305.1. Election to retain Class T-C service.

3 (a) General rule.--A person who is:

4 (1) a member of the system; or

5 (2) a multiple service member who is a State employee

6 and a member of the State Employees' Retirement System;

7 and who, on the effective date of this subsection, is eligible

8 for Class T-D membership may elect to remain a member of Class

9 T-C.

10 (b) Time for making election.--The member must elect to

11 remain a Class T-C member by filing a written notice with the

12 board on or before December 31, 2001, or before the termination

13 of school service, whichever first occurs.

14 (c) Effect of election.--An election to remain a Class T-C

15 member shall remain in effect until the termination of

16 employment and shall result in all service which could have been

17 credited as Class T-D service being credited as Class T-C

18 service.

19 (d) Effect of failure to make election.--If the member fails

20 to timely file an election to remain a Class T-C member, then

21 all of the member's Class T-C school service shall be credited

22 as Class T-D service, and the member shall be deemed to have

23 accepted the limitations on benefits from the system as provided

24 under IRC § 415(b). Those members who, on the effective date of

25 this section, contribute at a rate of less than 6 1/4% shall be

26 deemed to have accepted the basic contribution rate of 6 1/4%

27 for all Class T-D service performed on or after January 1, 2002.

28 Section 4. Sections 8307(b), 8308, 8321 and 8323 of Title 24

29 are amended to read:

30 § 8307. Eligibility for annuities.



1       \* \* \*

2       (b) Withdrawal annuity.--A vestee with [ten] six or more  
3 eligibility points or an active or inactive member who  
4 terminates school service having [ten] six or more eligibility  
5 points shall, upon filing a proper application, be entitled to  
6 receive an early annuity.

7       \* \* \*

8       § 8308. Eligibility for vesting.

9       Any member who terminates school service with [ten] six or  
10 more eligibility points shall be entitled to vest his retirement  
11 benefits until attainment of superannuation age.

12       § 8321. Regular member contributions for current service.

13       Regular member contributions shall be made to the fund on  
14 behalf of each active member for current service except for any  
15 period of current service in which the making of such  
16 contributions has ceased solely by reason of any provision of  
17 this part relating to the [limitation] limitations under IRC §  
18 401(a)(17) or 415(b).

19       § 8323. Member contributions for creditable school service.

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

1 member is a Class T-D member and had such contributions been  
2 credited with statutory interest during the period the  
3 contributions would have been made and during all periods of  
4 subsequent school and State service up to the date of purchase.

5 (b) Class T-C membership.--The contributions to be paid by a  
6 member who elects to transfer to Class T-C shall be equal to the  
7 amount of additional contributions, if any, which he would have  
8 made had he become a member of Class T-C on July 1, 1967 and had  
9 such contributions been credited with statutory interest during  
10 all periods of subsequent school and State service up to the  
11 date of purchase.

12 (c) Approved leave of absence other than sabbatical leave  
13 and activated military service leave.--The contributions to be  
14 paid by an active member for credit for an approved leave of  
15 absence, other than sabbatical leave and activated military  
16 service leave, shall be sufficient to transfer his membership to  
17 Class T-C or to Class T-D if the member is a Class T-D member  
18 and further to provide an annuity as a Class T-C member or Class  
19 T-D member if the member is a Class T-D member for such  
20 additional credited service. Such amount shall be the sum of the  
21 amount required in accordance with the provisions of subsection  
22 (b) and an amount determined as the sum of the member's basic  
23 contribution rate and the normal contribution rate as provided  
24 in section 8328 (relating to actuarial cost method) during such  
25 period multiplied by the compensation which was received or  
26 which would have been received during such period and with  
27 statutory interest during all periods of subsequent school and  
28 State service up to the date of purchase.

29 (c.1) Activated military service leave.--The contributions  
30 to be paid by an active member for credit for all activated

1 military service leave as if he had been in regular attendance  
2 in the duties for which he is employed shall be sufficient to  
3 provide an amount equal to the accumulated deductions which  
4 would have been standing to the credit of the member for such  
5 service had regular member contributions been made with full  
6 coverage at the rate of contribution necessary to be credited as  
7 Class T-C service or Class T-D service if the member is a Class  
8 T-D member and had such contributions been credited with  
9 statutory interest during the period the contributions would  
10 have been made and during all periods of subsequent State and  
11 school service up to the date of purchase. In the case of  
12 activated military service leave beginning after the date of  
13 enactment of this subsection, contributions due from the member  
14 shall be made as if he is in regular attendance in the duties  
15 for which he is employed.

16 (d) Certification and payment of contributions.--

17 (1) In all cases other than for the purchase of credit  
18 for sabbatical leave and activated military service leave  
19 beginning before the effective date of paragraph (2), the  
20 amount payable shall be certified by the board in accordance  
21 with methods approved by the actuary and may be paid in a  
22 lump sum within 90 days or, in the case of an active member,  
23 may be amortized with statutory interest through salary  
24 deductions or by personal checks in amounts agreed upon by  
25 the member and the board.

26 (2) In the case of activated military service leave  
27 beginning before the effective date of this paragraph, the  
28 amount payable may be paid according to this subsection or  
29 subsection (c.1), but all lump sum payments must be made and  
30 all amortization payments commenced within one year of the

1 termination of activated military service leave.

2 Section 5. Sections 8342 and 8344 of Title 24 are amended by  
3 adding subsections to read:

4 § 8342. Maximum single life annuity.

5 \* \* \*

6 (c) Limitation regarding annual benefit under IRC §  
7 415(b).--Notwithstanding any provision of this part to the  
8 contrary, no benefit shall be payable to the extent that such  
9 benefit exceeds any limitation under IRC § 415(b) in effect with  
10 respect to governmental plans, as such term is defined in IRC §  
11 414(d), on the date the benefit payment becomes effective.

12 § 8344. Disability annuities.

13 \* \* \*

14 (e) Limitation regarding annual benefit under IRC §  
15 415(b).--Notwithstanding any provision of this part to the  
16 contrary, no benefit shall be payable to the extent that such  
17 benefit exceeds any limitation under IRC § 415(b) in effect with  
18 respect to governmental plans, as such term is defined in IRC §  
19 414(d), on the date the benefit payment becomes effective.

20 Section 6. Section 8345(a), 8346(d), 8503(a) and 8506(c) of  
21 Title 24 are amended to read:

22 § 8345. Member's options.

23 (a) General rule.--Any vestee with [ten] six or more  
24 eligibility points or any other eligible member upon termination  
25 of school service who has not withdrawn his accumulated  
26 deductions as provided in section 8341 (relating to return of  
27 accumulated deductions) may apply for and elect to receive  
28 either a maximum single life annuity, as calculated in  
29 accordance with the provisions of section 8342 (relating to  
30 maximum single life annuity), 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, except that no member shall elect an annuity payable to  
4 one or more survivor annuitants other than his spouse or  
5 alternate payee of such a magnitude that the present value of  
6 the annuity payable to him for life plus any lump sum payment he  
7 may have elected to receive is less than 50% of the present  
8 value of his maximum single life annuity.

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

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

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

23 (4) Option 4.--Some other benefit which shall be  
24 certified by the actuary to be actuarially equivalent to the  
25 maximum single life annuity, subject to the following  
26 restrictions:

27 (i) Any annuity shall be payable without reduction  
28 during the lifetime of the member.

29 (ii) The sum of all annuities payable to the  
30 designated survivor annuitants shall not be greater than

one and one-half times the annuity payable to the member.

(iii) A portion of the benefit may be payable as a lump sum, except that such lump sum payment shall not exceed an amount equal to the 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 8342(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 subparagraphs (i) and (ii) of this paragraph.

\* \* \*

§ 8346. Termination of annuities.

\* \* \*

(d) Elimination of the effect of frozen present value.--

(1) An annuitant who returns to school service and earns three eligibility points by performing credited school service following the most recent period of receipt of an annuity under this part, or an annuitant who enters State service and:

(i) is a multiple service member; or

(ii) who elects multiple service membership, and earns three eligibility points by performing credited State service or credited school service following the most recent period of receipt of an annuity under this part, and who had the present value of his annuity frozen in accordance with subsection (a), shall qualify to have the effect of the frozen present value resulting from all previous periods of retirement eliminated, provided that all payments under Option 4 and annuity payments payable during previous periods

1 of retirement plus interest as set forth in paragraph (3)  
2 shall be returned to the fund in the form of an actuarial  
3 adjustment to his subsequent benefits or in such form as the  
4 board may otherwise direct.

5 (2) Upon subsequent discontinuance of service and the  
6 filing of an application for an annuity, a former annuitant  
7 who qualifies to have the effect of a frozen present value  
8 eliminated under this subsection shall be entitled to receive  
9 the higher of either:

10 (i) an annuity (prior to optional modification)  
11 calculated as if the freezing of the former annuitant's  
12 account pursuant to subsection (a) had not occurred,  
13 adjusted by crediting Class T-C school service as Class  
14 T-D service as provided for in section 8305(c) (relating  
15 to classes of service) and further adjusted according to  
16 paragraph (3), provided that a former annuitant of the  
17 system or a former annuitant of the State Employees'  
18 Retirement System who retired under a provision of law  
19 granting additional service credit if termination of  
20 school or State service or retirement occurred during a  
21 specific period of time shall not be permitted to retain  
22 the additional service credit under the prior law when  
23 the annuity is computed for his most recent retirement;  
24 or

25 (ii) an annuity (prior to optional modification)  
26 calculated as if the former annuitant did not qualify to  
27 have the effect on the frozen present value eliminated,  
28 unless the former annuitant notifies the board in writing by  
29 the later of the date the application for annuity is filed or  
30 the effective date of retirement that the former annuitant

1 wishes to receive the lower annuity.

2 (3) In addition to any other adjustment to the present  
3 value of the maximum single life annuity that a member may be  
4 entitled to receive that occurs as a result of any other  
5 provision of law, the present value of the maximum single  
6 life annuity shall be reduced by all amounts paid or payable  
7 to him during all previous periods of retirement plus  
8 interest on these amounts until the date of subsequent  
9 retirement. The interest for each year shall be calculated  
10 based upon the annual interest rate adopted for that school  
11 year by the board for the calculation of the normal  
12 contribution rate pursuant to section 8328(b) (relating to  
13 actuarial cost method).

14 § 8503. Duties of board to advise and report to employers and  
15 members.

16 (a) Manual of regulations.--The board shall, with the advice  
17 of the Attorney General and the actuary, prepare within 90 days  
18 of the effective date of this part, a manual incorporating rules  
19 and regulations consistent with the provisions of this part for  
20 the employers who shall make information contained therein  
21 available to the general membership. The board shall thereafter  
22 advise the employers within 90 days of any changes in such rules  
23 and regulations due to changes in the law or due to changes in  
24 administrative policies. As soon as practicable after the  
25 commissioner's publication with respect thereto, the board shall  
26 also advise the employers as to any cost-of-living adjustment  
27 for the succeeding calendar year in the amount of the limitation  
28 under IRC § 401(a)(17) and the dollar amounts of the limitations  
29 under IRC § 415(b).

30 \* \* \*



1 § 8506. Duties of employers.

2 \* \* \*

3 (c) Member and employer contributions.--The employer shall  
4 certify to its treasurer the required member contributions  
5 picked up and any other contributions deducted from each  
6 payroll. On July 1, 1996, and upon any later effective date of  
7 employment of any noneligible member to whom [limitation]  
8 limitations under IRC § 401(a)(17) or 415(b) applies or is  
9 expected to apply, the employer shall identify to its treasurer  
10 or other payroll administrator the member or members to whom  
11 such limit applies or may apply and shall cause any such  
12 member's contributions deducted from payroll and the employer's  
13 contribution on his behalf to cease at the [limitation]  
14 limitations under IRC § 401(a)(17) or 415(b) on the payroll date  
15 if and when such limit shall be reached. The treasurer shall  
16 remit to the secretary of the board each month the total of the  
17 member contributions and the amount due from the employer  
18 determined in accordance with section 8327 (relating to payments  
19 by employers). If, upon crediting the remittance of a  
20 noneligible member's contributions to the member's savings  
21 account, the board shall determine that such account shall have  
22 been credited with pickup contributions attributable to  
23 compensation which is in excess of the annual compensation limit  
24 under IRC § 401(a)(17), or with total member contributions for  
25 such member which would cause such member's contributions or  
26 benefits to exceed any applicable limitation on contributions or  
27 benefits under IRC § 401(a)(17) or 415(b), the board shall as  
28 soon as practicable refund to the member from his individual  
29 member account such amount, together with the statutory interest  
30 thereon, as will cause the member's total member contributions

1 not to exceed the applicable limit. The payment of any such  
2 refund to the member shall be charged to the member's savings  
3 account.

4 \* \* \*

5 Section 7. A member whose most recent period of employment  
6 began before the effective date of this act shall not have  
7 benefits from the Public School Employees' Retirement System  
8 reduced by the limitations on benefits under section 415 of the  
9 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §  
10 415), as amended, to less than the member otherwise would have  
11 received had this act not been enacted.

12 Section 8. Nothing in this act shall be construed or deemed  
13 to imply that, but for the expressed applications of the  
14 limitations on benefits under section 415 of the Internal  
15 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 415), as  
16 amended, those limitations would not otherwise apply to members  
17 of the Public School Employees' Retirement System and the  
18 benefits payable pursuant to 24 Pa.C.S. Pt. IV.

19 Section 9. This act shall be construed and administered in  
20 such manner that the Public School Employees' Retirement System  
21 will satisfy the requirements necessary to qualify as a  
22 qualified pension plan under section 415(b) of the Internal  
23 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 415(b)), as  
24 amended.

25 Section 10. Except as may be otherwise specifically  
26 provided, references in this act to provisions of the Internal  
27 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.),  
28 including for this purpose administrative regulations  
29 promulgated thereunder, are intended to include such laws and  
30 regulations as in effect on the effective date of this section

1 and as they may hereafter be amended or supplemented or  
2 supplanted by successor provisions.

3 Section 11. Nothing in this act which amends or supplements  
4 provisions of 24 Pa.C.S. Pt. IV in relation to requirements for  
5 qualification of the Public School Employees' Retirement System  
6 as a qualified pension plan under the Internal Revenue Code of  
7 1986 (Public Law 99-514, 26 U.S.C. § 401(a) or 415(b)), as  
8 amended, nor any construction of such provisions as so amended  
9 or supplemented or any rules or regulations adopted under such  
10 part shall create in any member of the system or in any other  
11 person claiming an interest in the account of any member a  
12 contractual right, either express or implied in such provision.  
13 Such provision shall remain subject to the Internal Revenue Code  
14 of 1986, as amended, and regulations thereunder as the same may  
15 hereafter be amended, and the General Assembly reserves to  
16 itself such further exercise of its legislative power to amend  
17 or supplement such provisions as may from time to time be  
18 required to maintain the qualification of such system as a  
19 qualified pension plan under section 401(a) of the Internal  
20 Revenue Code of 1986.

21 Section 12. Notwithstanding the provisions of 24 Pa.C.S. Pt.  
22 IV, the statement for each member prepared by the Public School  
23 Employees' Retirement System for the period ending June 30,  
24 2001, and any other statements or estimates of benefits prepared  
25 by the board pursuant to the Public School Employees' Retirement  
26 Code from the effective date of this section to July 1, 2002,  
27 need not reflect provisions of this act.

28 Section 13. Notwithstanding the provisions of 24 Pa.C.S. Pt.  
29 IV, the obligation of the Public School Employees' Retirement  
30 Board to make payments within specified time periods of the

1 receipt of applications for benefits or other information shall  
2 not apply from the effective date of this act to July 1, 2002.

3       Section 14. The provisions of this act are severable to the  
4 extent that if any of its provisions shall be held to be legally  
5 or constitutionally impermissible as applied to any member, the  
6 decision of the court shall not affect or impair the application  
7 of the provisions of this act to other members, except if the  
8 basis for the holding is the granting of benefits to some  
9 members and not others, the legally or constitutionally  
10 impermissible provisions shall be revoked. Those members against  
11 whom the provision is legally or constitutionally impermissible  
12 shall have their pension or retirement benefits calculated under  
13 24 Pa.C.S. Pt. IV as if this act had not been enacted.

14       Section 15. This act shall take effect immediately.