

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1220 Session of  
2005

INTRODUCED BY HERMAN, STAIRS, ROEBUCK, BASTIAN, CURRY, FLEAGLE, GRUCELA, O'NEILL, KIRKLAND, QUIGLEY, LEACH, T. STEVENSON, PALLONE, SHANER, SURRA, YUDICHAK, BAKER, BELARDI, BELFANTI, BENNINGHOFF, BUXTON, CALTAGIRONE, CAPPELLI, CASORIO, CAUSER, CAWLEY, CORNELL, CORRIGAN, CRAHALLA, DENLINGER, DeWEESE, DIGIROLAMO, DONATUCCI, FABRIZIO, FAIRCHILD, FICHTER, FRANKEL, FREEMAN, GEIST, GEORGE, GINGRICH, GOOD, GOODMAN, HALUSKA, HANNA, HARHAI, HARRIS, HERSHEY, HESS, HUTCHINSON, KAUFFMAN, M. KELLER, W. KELLER, KENNEY, KOTIK, LaGROTTA, LEDERER, LEH, LESCOVITZ, MANN, MARKOSEK, MARSICO, McILHATTAN, MICOZZIE, MUSTIO, NAILOR, PETRARCA, PETRONE, PHILLIPS, PICKETT, PISTELLA, RAPP, RAYMOND, READSHAW, REED, REICHLEY, ROBERTS, RUBLEY, SAINATO, SANTONI, SATHER, SCAVELLO, SCHRODER, SEMMEL, B. SMITH, SOLOBAY, STABACK, STERN, TANGRETTI, E. Z. TAYLOR, TIGUE, TRUE, WALKO, WANSACZ, WILT, WOJNAROSKI AND YOUNGBLOOD, MARCH 30, 2005

REFERRED TO COMMITTEE ON STATE GOVERNMENT, MARCH 30, 2005

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) of Title 24 of the  
7 Pennsylvania Consolidated Statutes are amended to read:

8 § 8346. Termination of annuities.

9 (a) General rule.--If an annuitant returns to school service  
10 or enters State service and elects multiple service membership,  
11 any annuity payable to him under this part shall cease and in

1 the case of an annuity other than a disability annuity the  
2 present value of such annuity, adjusted for full coverage in the  
3 case of a joint coverage member who makes the appropriate back  
4 contributions for full coverage, shall be frozen as of the date  
5 such annuity ceases. An annuitant who is credited with an  
6 additional 10% of membership service as provided in section  
7 8302(b.2) (relating to credited school service) and who returns  
8 to school service, except as provided in subsection (b), shall  
9 forfeit such credited service and shall have his frozen present  
10 value adjusted as if his 10% retirement incentive had not been  
11 applied to his account. In the event that [the] a cost-of-living  
12 increase [enacted December 18, 1979,] occurred during the period  
13 of such State or school employment, the frozen present value  
14 shall be increased, on or after the member attains  
15 superannuation age, by the percent applicable had he not  
16 returned to service.

17 \* \* \*

18 § 8348. Supplemental annuities.

19 (a) General rule.--Every annuitant who is in receipt of a  
20 superannuation, withdrawal or disability annuity[,] shall  
21 continue to receive such annuity [and beginning July 1, 1979,  
22 any annuitant who retired on or prior to July 1, 1978, shall  
23 receive a cost-of-living supplement determined as a percentage  
24 applied to the retirement annuity as of June 30, 1979. Such  
25 cost-of-living supplement shall be payable under the same terms  
26 and conditions as provided under the option plan in effect as of  
27 June 30, 1979.], and beginning July 1, 2006, and annually  
28 thereafter, a cost-of-living supplement shall be payable to each  
29 annuitant whose annuity has been in effect for at least 24  
30 consecutive months. Any cost-of-living supplement provided in

1 this subsection shall be payable under the same terms and  
2 conditions as provided under the option plan in effect as of  
3 June 30 of the year preceding the adjustment. The annual cost-  
4 of-living increase shall be as the board shall determine, based  
5 on an actual determination of the fiscal impact of the cost-of-  
6 living adjustment on the fund. No cost-of-living supplement  
7 shall be payable to an annuitant receiving a withdrawal annuity  
8 prior to his attainment of superannuation age.

9 \* \* \*

10 Section 2. Sections 8348(b) and 8348.1 of Title 24 are  
11 repealed.

12 Section 3. Sections 5706(a) and 5708(a) of Title 71 are  
13 amended to read:

14 § 5706. Termination of annuities.

15 (a) General rule.--If the annuitant returns to State service  
16 or enters or has entered school service and elects multiple  
17 service membership, any annuity payable to him under this part  
18 shall cease effective upon the date of his return to State  
19 service or entering school service and in the case of an annuity  
20 other than a disability annuity the present value of such  
21 annuity, adjusted for full coverage in the case of a joint  
22 coverage member who makes the appropriate back contributions for  
23 full coverage, shall be frozen as of the date such annuity  
24 ceases. An annuitant who is credited with an additional 10% of  
25 Class A and Class C service as provided in section 5302(c)  
26 (relating to credited State service) and who returns to State  
27 service shall forfeit such credited service and shall have his  
28 frozen present value adjusted as if his 10% retirement incentive  
29 had not been applied to his account. In the event that [the] a  
30 cost-of-living increase [enacted December 18, 1979] occurred

1 during 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. This subsection shall not apply in the case  
5 of any annuitant who may render services to the Commonwealth in  
6 the capacity of an independent contractor or as a member of an  
7 independent board or commission or as a member of a departmental  
8 administrative or advisory board or commission when such members  
9 of independent or departmental boards or commissions are  
10 compensated on a per diem basis for not more than 150 days per  
11 calendar year or as a member of an independent board or  
12 commission requiring appointment by the Governor, with advice  
13 and consent of the Senate, where the annual salary payable to  
14 the member does not exceed \$35,000 and where the member has been  
15 an annuitant for at least six months immediately preceding the  
16 appointment. Such service shall not be subject to member  
17 contributions or be eligible for qualification as creditable  
18 State service.

19 \* \* \*

20 § 5708. Supplemental annuities.

21 (a) General rule.--Every annuitant [who retired prior to  
22 July 1, 1978 and] who is in receipt of a superannuation,  
23 withdrawal or disability annuity, shall continue to receive the  
24 annuity [to which he was entitled prior to July 1, 1979 and  
25 beginning July 1, 1979, any annuitant retiring on or prior to  
26 June 30, 1978 shall receive a cost-of-living supplement  
27 determined as a percentage applied to the retirement annuity to  
28 which he was entitled prior to July 1, 1979. Such cost-of-living  
29 supplement shall be payable under the same terms and conditions  
30 as provided under the option plan in effect as of June 30,

1 1979.], and beginning July 1, 2006, and annually thereafter, a  
2 cost-of-living supplement shall be payable to each annuitant  
3 whose annuity has been in effect for at least 24 consecutive  
4 months. Any cost-of-living supplement provided in this  
5 subsection shall be payable under the same terms and conditions  
6 as provided under the option plan in effect as of June 30 of the  
7 year preceding the adjustment. The annual cost-of-living  
8 increase shall be as the board shall determine based on an  
9 actual determination of the fiscal impact of the cost-of-living  
10 adjustment on the fund. No cost-of-living supplement shall be  
11 payable to an annuitant receiving a withdrawal annuity prior to  
12 his attainment of superannuation age.

13 \* \* \*

14 Section 4. Sections 5708(b) and 5708.1 of Title 71 are  
15 repealed.

16 Section 5. This act shall take effect immediately.