

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1676 Session of 2011

INTRODUCED BY BOYD, AUMENT, BEAR, CUTLER, DENLINGER, EVANKOVICH, EVERETT, GROVE, HICKERNELL, HUTCHINSON, KILLION, MOUL, PETRI, ROSS, SAYLOR, TALLMAN AND LAWRENCE, JUNE 17, 2011

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JUNE 17, 2011

AN ACT

1 Amending Title 71 (State Government) of the Pennsylvania
2 Consolidated Statutes, in retirement for State employees and
3 officers, further providing for definitions, for mandatory
4 and optional membership, for credited State service, for
5 retention and reinstatement of service credits, for
6 creditable nonstate service, for eligibility for actuarial
7 increase factor, for classes of service, for election to
8 become a Class A-4 member, for eligibility for annuities, for
9 eligibility for vesting, for eligibility for refunds and for
10 regular member contributions for current service; providing
11 for cash balance voluntary contributions; further providing
12 for waiver of regular member contributions and Social
13 Security integration member contributions, for pickup
14 contributions, for member contributions for the purchase of
15 credit for previous State service or to become a full
16 coverage member, for contributions for the purchase of credit
17 for creditable nonstate service, for contributions by the
18 Commonwealth and other employers, for appropriations and
19 assessments by the Commonwealth, for return of total
20 accumulated deductions, for maximum single life annuity, for
21 disability annuities, for member's options, for payment of
22 accumulated deductions resulting from Class A-3 and Class A-4
23 service, for termination of annuities, for death benefits,
24 for payment of benefits, for administrative duties of the
25 board, for duties of the board to advise and report to heads
26 of departments and members, for duties of the board regarding
27 applications and elections of members, for installment
28 payments of accumulated deductions, for duties of heads of
29 departments, for rights and duties of State employees and
30 members, for State Employees' Retirement Fund, for members'
31 savings account, for State accumulation account, for annuity
32 reserve account, for State Police benefit account and for
33 enforcement officers' benefit account; and providing for cash

1 balance savings account.

2 The General Assembly of the Commonwealth of Pennsylvania
3 hereby enacts as follows:

4 Section 1. The definitions of "class of service multiplier,"
5 "final average salary," "inactive member," "pickup
6 contributions," "regular member contributions," "standard single
7 life annuity," "superannuation age," "total accumulated
8 deductions," "valuation interest" and "vestee" in section 5102
9 of Title 71 of the Pennsylvania Consolidated Statutes, amended
10 November 23, 2010 (P.L.1269, No.120), are amended and the
11 section is amended by adding definitions to read:

12 § 5102. Definitions.

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

16 * * *

17 "Cash balance mandatory accumulated deductions." The total of
18 the cash balance mandatory contributions paid into the fund on
19 account of a member's service as a member of Class QB together
20 with the statutory interest thereon until the date of
21 termination of service. In the case of a vestee, statutory
22 interest shall be credited until the effective date of
23 retirement.

24 "Cash balance mandatory contributions." The product of the
25 basic contribution rate, the class of service multiplier if
26 greater than one and the compensation of the member for service
27 credited as Class QB.

28 "Cash balance member accumulated deductions." The sum of the
29 cash balance mandatory accumulated deductions and cash balance
30 voluntary accumulated deductions together with the statutory

1 interest thereon until the date of termination of service. In
2 the case of a vestee, statutory interest shall be credited until
3 the effective date of retirement.

4 "Cash balance voluntary accumulated deductions." The total of
5 the cash balance voluntary contributions paid into the fund by a
6 member of Class QB together with the statutory interest thereon
7 until the date of termination of service. In the case of a
8 vestee, statutory interest shall be credited until the effective
9 date of retirement.

10 "Cash balance voluntary contributions." Voluntary payroll
11 deductions and eligible rollovers made by an active member of
12 Class QB.

13 "Class of service multiplier."

14	Class of Service	Multiplier
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15	A	1
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16	AA	for all purposes
----	----	------------------

17		except
----	--	--------

18		calculating
----	--	-------------

19		regular member
----	--	----------------

20		contributions on
----	--	------------------

21		compensation
----	--	--------------

22		paid prior to
----	--	---------------

23		January 1, 2002	1.25
----	--	-----------------	------

24	AA	for purposes of
----	----	-----------------

25		calculating
----	--	-------------

26		regular member
----	--	----------------

27		contributions
----	--	---------------

28		on compensation
----	--	-----------------

29		paid prior to
----	--	---------------

30		January 1, 2002	1
----	--	-----------------	---

1	A-3	for all purposes	
2		except the	
3		calculation of	
4		regular member	
5		contributions	
6		and	
7		contributions	
8		for creditable	
9		nonstate service	1
10	A-3	for purposes of	
11		calculating	
12		regular member	
13		contributions	
14		and	
15		contributions	
16		for creditable	
17		nonstate service	1.25
18	A-4	for all purposes	
19		except the	
20		calculation of	
21		regular member	
22		contributions	1.25
23	A-4	for purposes of	
24		calculating	
25		regular member	
26		contributions	1.86
27	B		.625
28	C		1
29	D		1.25
30	D-1	prior to January	

1		1, 1973	1.875	
2	D-1	on and		
3		subsequent to		
4		January 1, 1973	1.731	
5	D-2	prior to January		
6		1, 1973	2.5	
7	D-2	on and		
8		subsequent to		
9		January 1, 1973	1.731	
10	D-3	prior to January		
11		1, 1973	3.75	
12	D-3	on and		
13		subsequent to		
14		January 1, 1973	1.731	except prior to
15				December 1, 1974
16				as applied to
17				any additional
18				legislative
19				compensation as
20				an officer of
21				the General
22				Assembly
23			3.75	
24	D-4	for all purposes		
25		except		
26		calculating		
27		regular member		
28		contributions		
29		on compensation		
30		paid prior to		

1		July 1, 2001	1.5	
2	D-4	for purposes of		
3		calculating		
4		regular member		
5		contributions on		
6		compensation		
7		paid prior to		
8		July 1, 2001	1	
9	E, E-1	prior to January		
10		1, 1973	2	for each of the
11				first ten years
12				of judicial
13				service, and
14			1.5	for each
15				subsequent year
16				of judicial
17				service
18	E, E-1	on and		for each of the
19		subsequent to		first ten years
20		January 1, 1973	1.50	of judicial
21				service and
22			1.125	for each
23				subsequent year
24				of judicial
25				service
26	E-2	prior to		
27		September 1,		
28		1973	1.5	
29	E-2	on and		
30		subsequent to		

1		September 1,	
2		1973	1.125
3	G		0.417
4	H		0.500
5	I		0.625
6	J		0.714
7	K		0.834
8	L		1.000
9	M		1.100
10	N		1.250
11	<u>QB</u>	<u>for all purposes</u>	
12		<u>except the</u>	
13		<u>calculation of</u>	
14		<u>cash balance</u>	
15		<u>mandatory</u>	
16		<u>contributions</u>	<u>1</u>
17	<u>QB</u>	<u>for purposes of</u>	
18		<u>calculating cash</u>	
19		<u>balance</u>	
20		<u>mandatory</u>	
21		<u>contributions</u>	<u>1.25</u>
22	T-C (Public		1
23	School		
24	Employees'		
25	Retirement Code)		
26	T-E (Public		1
27	School		
28	Employees'		
29	Retirement Code)		
30	T-F (Public		1

1 School

2 Employees'

3 Retirement Code)

4 * * *

5 "Final average salary." The highest average compensation
6 received as a member during any three nonoverlapping periods of
7 four consecutive calendar quarters during which the member was a
8 State employee excluding compensation received for State service
9 credited as a member of Class QB, with the compensation for
10 part-time service being annualized on the basis of the
11 fractional portion of the year for which credit is received;
12 except if the employee was not a member of one or more classes
13 of service other than Class QB for three nonoverlapping periods
14 of four consecutive calendar quarters, the total compensation
15 received as a member for State service credited other than as a
16 member of Class QB, annualized in the case of part-time service,
17 divided by the number of nonoverlapping periods of four
18 consecutive calendar quarters of membership in classes of
19 service other than Class QB; in the case of a member with
20 multiple service, the final average salary shall be determined
21 on the basis of the compensation received by him as a State
22 employee or as a school employee, or both excluding compensation
23 received for service performed as a member of Class QB or Class
24 T-G in the Public School Employees' Retirement System; in the
25 case of a member with Class A-3 or Class A-4 service and service
26 in one or more other classes of service, the final average
27 salary shall be determined on the basis of the compensation
28 received by him in all classes of State service other than Class
29 QB; and, in the case of a member who first became a member on or
30 after January 1, 1996, the final average salary shall be

determined as hereinabove provided but subject to the application of the provisions of section 5506.1(a) (relating to annual compensation limit under IRC § 401(a)(17)).

* * *

"Inactive member." A member for whom no pickup contributions are being made, except in the case of an active member for whom such contributions otherwise required for current State service are not being made solely by reason of section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or any provision of this part relating to the limitations under section 401(a)(17) or 415(b) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415(b)), but who has accumulated deductions or cash balance member accumulated deductions standing to his credit in the fund and who is not eligible to become or has not elected to become a vestee or has not filed an application for an annuity.

* * *

"Pickup contributions." Regular or joint coverage member contributions, shared risk member contributions, social security integration contributions, cash balance mandatory contributions and additional member contributions which are made by the Commonwealth or other employer for active members for current service on and after January 1, 1982.

* * *

"Regular member contributions." The product of the basic contribution rate, the class of service multiplier if greater than one and the compensation of the member for service in a class other than Class OB.

* * *

1 "Standard single life annuity." An annuity equal to 2% of
2 the final average salary, multiplied by the total number of
3 years and fractional part of a year of credited service of a
4 member other than service credited as a member of Class QB.

5 * * *

6 "Superannuation age." For classes of service other than
7 Class A-3 [and], Class A-4 and Class QB, any age upon accrual of
8 35 eligibility points or age 60, except for a member of the
9 General Assembly, an enforcement officer, a correction officer,
10 a psychiatric security aide, a Delaware River Port Authority
11 policeman or an officer of the Pennsylvania State Police, age
12 50, and, except for a member with Class G, Class H, Class I,
13 Class J, Class K, Class L, Class M or Class N service, age 55
14 upon accrual of 20 eligibility points. For Class A-3 and Class
15 A-4 service, any age upon attainment of a superannuation score
16 of 92, provided the member has accrued 35 eligibility points, or
17 age 65, or for park rangers or capitol police officers, age 55
18 with 20 years of service as a park ranger or capitol police
19 officer, except for a member of the General Assembly, an
20 enforcement officer, a correction officer, a psychiatric
21 security aide, a Delaware River Port Authority policeman or an
22 officer of the Pennsylvania State Police, age 55. For Class QB
23 service, age 55. A vestee with Class A-3 or Class A-4 service
24 credit attains superannuation age on the birthday the vestee
25 attains the age resulting in a superannuation score of 92,
26 provided that the vestee has at least 35 eligibility points, or
27 attains another applicable superannuation age, whichever occurs
28 first.

29 * * *

30 "Total accumulated deductions." The sum of the regular

1 accumulated deductions, additional accumulated deductions, the
2 social security integration accumulated deductions, shared-risk
3 member contributions and all other contributions other than cash
4 balance mandatory contributions, cash balance voluntary
5 contributions and other amounts credited to the cash balance
6 savings account paid into the fund for the purchase, transfer or
7 conversion of credit for service or other coverage together with
8 all statutory interest credited thereon until the date of
9 termination of service. In the case of a vestee or a special
10 vestee, statutory interest shall be credited until the effective
11 date of retirement. A member's account shall not be credited
12 with statutory interest for more than two years during a leave
13 without pay.

14 "Total cash balance accumulated deductions." The sum of the
15 cash balance member accumulated deductions and amounts credited
16 by the board as provided by section 5902(o) (relating to
17 administrative duties of the board) together with all statutory
18 interest thereon credited to a member's cash balance savings
19 account until the date of termination of service. In the case of
20 a vestee, statutory interest shall be credited until the
21 effective date of retirement.

22 "Valuation interest." Interest at 5 1/2% per annum
23 compounded annually and applied to all accounts other than the
24 members' savings account and the cash balance savings account.

25 "Vestee." A member with five or more eligibility points in a
26 class of service other than Class A-3 or Class A-4 or Class T-E
27 or Class T-F in the Public School Employees' Retirement System,
28 a member with Class G, Class H, Class I, Class J, Class K, Class
29 L, Class M or Class N service with five or more eligibility
30 points, or a member with Class A-3 or Class A-4 service with ten

1 or more eligibility points, or a member with Class QB service
2 who has terminated State service and has elected to leave his
3 total accumulated deductions and cash balance member accumulated
4 deductions in the fund and to defer receipt of an annuity.

5 Section 2. Section 5301(a) and (b) of Title 71 are amended
6 to read:

7 § 5301. Mandatory and optional membership.

8 (a) Mandatory membership.--Membership in the system shall be
9 mandatory as of the effective date of employment for all State
10 employees except the 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 who if they were active
22 members would be in a class of service other than Class QB.

23 (11) School employees who have elected membership in the
24 Public School Employees' Retirement System.

25 (12) School employees who have elected membership in an
26 independent retirement program approved by the employer,
27 provided that in no case, except as hereinafter provided,
28 shall the employer contribute on account of such elected
29 membership at a rate greater than the employer normal
30 contribution rate as determined in section 5508(b) (relating

1 to actuarial cost method). For the fiscal year 1986-1987 an
2 employer may contribute on account of such elected membership
3 at a rate which is the greater of 7% or the employer normal
4 contribution rate as determined in section 5508(b) and for
5 the fiscal year 1992-1993 and all years after that at a rate
6 of 9.29%, except that the employer shall contribute at a rate
7 of 5% for school employees who elect participation in an
8 independent retirement program instead of membership in Class
9 QB or Class T-G in the Public School Employees' Retirement
10 System.

11 (13) Persons who have elected to retain membership in
12 the retirement system of the political subdivision by which
13 they were employed prior to becoming eligible for membership
14 in the State Employees' Retirement System.

15 (14) Persons who are not members of the system and are
16 employed on a per diem or hourly basis for less than 100 days
17 or 750 hours in a 12-month period unless they would be
18 members of Class QB if an active member.

19 (15) Employees of the Philadelphia Regional Port
20 Authority who have elected to retain membership in the
21 pension plan or retirement system in which they were enrolled
22 as employees of the predecessor Philadelphia Port Corporation
23 prior to the creation of the Philadelphia Regional Port
24 Authority.

25 (16) Employees of the Juvenile Court Judges' Commission
26 who, before the effective date of this paragraph, were
27 transferred from the State System of Higher Education to the
28 Juvenile Court Judges' Commission as a result of an
29 interagency transfer of staff approved by the Office of
30 Administration and who, while employees of the State System

of Higher Education, had elected membership in an independent retirement program approved by the employer.

(b) Optional membership.--The State employees listed in subsection (a)(1) through (11) shall have the right to elect membership in the system; once such election is exercised, membership shall be effective from the effective date of employment if a member of a class of service other than Class QB and from the date of election if a member of Class QB and shall continue until the termination of State service.

* * *

Section 3. Section 5302(b) and (e) of Title 71, amended November 23, 2010 (P.L.1269, No.120), are amended to read:
§ 5302. Credited State service.

* * *

(b) Creditable leaves of absence.--

(1) A member on leave without pay who is studying under a Federal grant approved by the head of his department or who is engaged up to a maximum of two years of temporary service with the United States Government, another state or a local government under the Intergovernmental Personnel Act of 1970 (5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772) shall be eligible for credit for such service: Provided, That contributions are made in accordance with sections 5501 (relating to regular member contributions and cash balance mandatory contributions for current service), 5501.1 (relating to shared-risk member contributions for Class A-3 and Class A-4 service), 5505.1 (relating to additional member contributions) and 5507 (relating to contributions by the Commonwealth and other employers), the member returns from leave without pay to active State service for a period of at

1 least one year, and he is not entitled to retirement benefits
2 for such service under a retirement system administered by
3 any other governmental agency.

4 (2) An active member on paid leave granted by an
5 employer for purposes of serving as an elected full-time
6 officer for a Statewide employee organization which is a
7 collective bargaining representative under the act of June
8 24, 1968 (P.L.237, No.111), referred to as the Policemen and
9 Firemen Collective Bargaining Act, or the act of July 23,
10 1970 (P.L.563, No.195), known as the Public Employe Relations
11 Act, and up to 14 full-time business agents appointed by an
12 employee organization that represents correction officers
13 employed at State correctional institutions: Provided, That
14 for elected full-time officers such leave shall not be for
15 more than three consecutive terms of the same office and for
16 up to 14 full-time business agents appointed by an employee
17 organization that represents correction officers employed at
18 State correctional institutions no more than three
19 consecutive terms of the same office; that the employer shall
20 fully compensate the member, including, but not limited to,
21 salary, wages, pension and retirement contributions and
22 benefits, other benefits and seniority, as if he were in
23 full-time active service; and that the Statewide employee
24 organization shall fully reimburse the employer for all
25 expenses and costs of such paid leave, including, but not
26 limited to, contributions and [payment] payments in
27 accordance with sections 5501, 5501.1, 5501.3 (relating to
28 cash balance voluntary contributions), 5505.1 and 5507, if
29 the employee organization either directly pays, or reimburses
30 the Commonwealth or other employer for, contributions made in

1 accordance with section 5507.

2 * * *

3 (e) Cancellation of credited service.--All credited service
4 shall be cancelled if a member withdraws his total accumulated
5 deductions and cash balance member accumulated deductions,
6 except that:

7 (1) a member with Class A-3 or Class A-4 service credit
8 and one or more other classes of service credit shall not
9 have his service credit as a member of any classes of service
10 other than as a member of Class A-3 or Class A-4 cancelled
11 when the member receives a lump sum payment of accumulated
12 deductions resulting from Class A-3 or Class A-4 service
13 pursuant to section [5705.1] 5705.1(a) (relating to payment
14 of accumulated deductions resulting from [Class A-3 and Class
15 A-4] more than one class of service);

16 (2) a member with Class QB service credit and one or
17 more other classes of service credit shall not have his
18 service credit in the classes of service other than Class QB
19 cancelled when the member receives a lump sum payment of cash
20 balance member accumulated deductions pursuant to section
21 5705.1(b)(1); and

22 (3) a member with Class QB service credit and one or
23 more other classes of service credit shall not have his
24 service credit as a member of Class QB cancelled when the
25 member receives a lump sum payment of total accumulated
26 deductions resulting from the other classes of service
27 pursuant to section 5705.1(b)(2).

28 Section 4. Section 5303(b) of Title 71, amended November 23,
29 2010 (P.L.1269, No.120), is amended and the section is amended
30 by adding a subsection to read:

1 § 5303. Retention and reinstatement of service credits.

2 * * *

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

4 (1) Every active member of the system or a multiple
5 service member who is a school employee and a member of the
6 Public School Employees' Retirement System on or after the
7 effective date of this part shall receive eligibility points
8 in accordance with section 5307 for current State service,
9 previous State service, or creditable nonstate service upon
10 compliance with sections 5501 (relating to regular member
11 contributions and cash balance mandatory contributions for
12 current service), 5501.1 (relating to shared-risk
13 contributions for Class A-3 and Class A-4 service), 5504
14 (relating to member contributions for the purchase of credit
15 for previous State service or to become a full coverage
16 member), 5505 (relating to contributions for the purchase of
17 credit for creditable nonstate service), 5505.1 (relating to
18 additional member contributions) or 5506 (relating to
19 incomplete payments). Subject to the limitations in
20 subsection (i) and sections 5306.1 (relating to election to
21 become a Class AA member) and 5306.2 (relating to elections
22 by members of the General Assembly), the class or classes of
23 service in which the member may be credited for previous
24 State service prior to the effective date of this part shall
25 be the class or classes in which he was or could have at any
26 time elected to be credited for such service, except that a
27 State employee who first becomes a member of the system on or
28 after January 1, 2011, or on or after December 1, 2010, as a
29 member of the General Assembly and:

30 (i) is credited with Class A-3 service for such

1 membership, shall be credited only with Class A-3 service
2 for previous State service performed before January 1,
3 2011, that was not previously credited in the system; or
4 (ii) is credited with Class A-4 service for such
5 membership, shall be credited only with Class A-4 service
6 for previous State service performed before January 1,
7 2011, that was not previously credited in the system.

8 The class of service in which a member shall be credited for
9 service subsequent to the effective date of this part shall
10 be determined in accordance with section 5306 (relating to
11 classes of service).

12 (1.1) Every active member of the system who elects to
13 convert county service to State service pursuant to section
14 5303.1 (relating to election to convert county service to
15 State service) shall receive eligibility points in accordance
16 with section 5307 for converted county service upon
17 compliance with section 5303.1(b). The class or classes of
18 service in which the member may be credited for converted
19 county service shall be determined in accordance with section
20 5306(c).

21 (1.2) Every member of the system who elects to convert
22 school service to State service pursuant to section 5303.2
23 (relating to election to convert school service to State
24 service) shall receive eligibility points in accordance with
25 section 5307 for converted school service. The class or
26 classes of service in which the member may be credited for
27 converted school service shall be determined in accordance
28 with section 5306(d).

29 (2) A special vestee or person otherwise eligible to be
30 a special vestee who returns to State service or withdraws

1 his accumulated deductions pursuant to section 5311 (relating
2 to eligibility for refunds) or 5701 (relating to return of
3 total accumulated deductions and cash balance member
4 accumulated deductions) shall receive or retain eligibility
5 points in accordance with paragraph (1) but upon subsequent
6 termination of State service shall only be eligible to be an
7 annuitant vestee or inactive member without regard to
8 previous status as a special vestee and without regard to the
9 provisions of this part providing for special vestees.

10 (3) A special vestee or person otherwise eligible to be
11 a special vestee who becomes an active member of the Public
12 School Employees' Retirement System and elects multiple
13 service shall receive or retain eligibility points as
14 otherwise provided for in this part and 24 Pa.C.S. Pt. IV
15 (relating to retirement for school employees) but upon
16 subsequent termination of school service shall only be
17 eligible to be an annuitant, vestee or inactive member as
18 otherwise eligible as a multiple service member without
19 regard to previous status as a special vestee and without
20 regard to the provisions of this part providing for special
21 vestees.

22 * * *

23 (i) Ineligibility to purchase previous State service
24 credit.--An active member of Class QB shall not be eligible to
25 purchase service credit for previous State service except to the
26 extent that any other provision of law requires or allows the
27 crediting of any period of leave as State service to be
28 purchased after the member returns to State service and shall
29 not be eligible to purchase creditable nonstate service.

30 Section 5. Section 5304(a) and (b) of Title 71, amended

1 November 23, 2010 (P.L.1269, No.120), are amended to read:

2 § 5304. Creditable nonstate service.

3 (a) Eligibility.--

4 (1) An active member who first becomes an active member
5 before January 1, 2011, or before December 1, 2010, as a
6 member of the General Assembly, or a multiple service member
7 who first becomes an active member before January 1, 2011, or
8 before December 1, 2010, as a member of the General Assembly,
9 and who is a school employee and an active member of the
10 Public School Employees' Retirement System shall be eligible
11 for Class A service credit for creditable nonstate service as
12 set forth in subsections (b) and (c) except that intervening
13 military service shall be credited in the class of service
14 for which the member was eligible at the time of entering
15 into military service and for which he makes the required
16 contributions and except that a multiple service member who
17 is a school employee and an active member of the Public
18 School Employees' Retirement System shall not be eligible to
19 purchase service credit for creditable nonstate service set
20 forth in subsection (c)(5).

21 (2) An active member who first becomes an active member
22 on or after January 1, 2011, and is not an active member of
23 Class QB, or on or after December 1, 2010, as a member of the
24 General Assembly and is not an active member of Class QB, or
25 a multiple service member who first becomes an active member
26 on or after January 1, 2011, and is not an active member of
27 Class QB, or on or after December 1, 2010, as a member of the
28 General Assembly and is not an active member of Class QB, and
29 who is a school employee and an active member of the Public
30 School Employees' Retirement System in a class of service

1 other than T-G shall be eligible for Class A-3 service credit
2 for creditable nonstate service as set forth in subsections
3 (b) and (c) except that intervening military service shall be
4 credited in the class of service for which the member was
5 eligible at the time of entering into military service and
6 for which he makes the required contributions and except that
7 a multiple service member who is a school employee and an
8 active member of the Public School Employees' Retirement
9 System shall not be eligible to purchase service credit for
10 creditable nonstate service set forth in subsection (c)(5).

11 (3) An active member of Class QB is not eligible for
12 credit for nonstate service.

13 * * *

14 (b) Limitations on eligibility.--An active member who is not
15 an active member of Class QB or a multiple service member who is
16 a school employee and an active member of the Public School
17 Employees' Retirement System and is not an active member of
18 Class T-G shall be eligible to receive credit for nonstate
19 service provided that he does not have credit for such service
20 in the system or in the [school system] Public School Employees'
21 Retirement System and is not entitled to receive, eligible to
22 receive now or in the future, or is receiving retirement
23 benefits for such service in the system or under a retirement
24 system administered and wholly or partially paid for by any
25 other governmental agency or by any private employer, or a
26 retirement program approved by the employer in accordance with
27 section 5301(a)(12) (relating to mandatory and optional
28 membership), and further provided, that such service is
29 certified by the previous employer and contributions are agreed
30 upon and made in accordance with section 5505 (relating to

1 contributions for the purchase of credit for creditable nonstate
2 service).

3 * * *

4 Section 6. Section 5305.1 of Title 71 is amended to read:

5 § 5305.1. Eligibility for actuarial increase factor.

6 A person who has credit for a class of service other than
7 Class QB and is:

8 (1) an active member;

9 (2) an inactive member on leave without pay; or

10 (3) a multiple service member who is a school employee
11 and an active member of the Public School Employees'
12 Retirement System;

13 who terminates State service or school service, as the case may
14 be, after attaining age 70 and who applies for a superannuation
15 annuity with an effective date of retirement the day after the
16 date of termination of State service or school service shall
17 have that person's maximum single life annuity calculated
18 pursuant to section 5702(a.1) (relating to maximum single life
19 annuity).

20 Section 7. Section 5306(a) and (a.2)(4) of Title 71, amended
21 November 23, 2010 (P.L.1269, No.120), are amended and the
22 section is amended by adding a subsection to read:

23 § 5306. Classes of service.

24 (a) Class A and Class A-3 membership.--

25 (1) A State employee who is a member of Class A on the
26 effective date of this part or who first becomes a member of
27 the system subsequent to the effective date of this part and
28 before January 1, 2011, or before December 1, 2010, as a
29 member of the General Assembly, shall be classified as a
30 Class A member and receive credit for Class A service upon

1 payment of regular and additional member contributions for
2 Class A service, provided that the State employee does not
3 become a member of Class AA pursuant to subsection (a.1) or a
4 member of Class D-4 pursuant to subsection (a.2).

5 (2) A State employee who first becomes a member of the
6 system on or after January 1, 2011, or on or after December
7 1, 2010, as a member of the General Assembly, and before
8 January 1, 2012, shall be classified as a Class A-3 member
9 and receive credit for Class A-3 service upon payment of
10 regular member contributions and shared-risk member
11 contributions for Class A-3 service provided that the State
12 employee does not become a member of Class A-4 pursuant to
13 subsection (a.3), except that a State employee who first
14 becomes a member of the judiciary before January 1, 2012,
15 shall be classified as a member of such other class of
16 service for which the member of the judiciary is eligible,
17 shall elect and make regular member contributions.

18 (3) A State employee who first becomes a member of the
19 system on or after January 1, 2011, and who becomes a State
20 police officer on or after January 1, 2012, shall be
21 classified as a Class A-3 member and receive credit for Class
22 A-3 service as a State police officer upon payment of regular
23 member contributions and shared-risk member contributions for
24 Class A-3 service, provided that the State police officer
25 does not become a member of Class A-4 pursuant to subsection
26 (a.3).

27 * * *

28 (a.2) Class of membership for members of the General
29 Assembly.--

30 * * *

(4) Notwithstanding the provisions of this subsection, no service as a member of the General Assembly performed before December 1, 2010, that is not credited as Class D-4 service on November 30, 2010, shall be credited as Class D-4 service, unless such service was previously credited in the system as Class D-4 service and the member withdrew his total accumulated deductions as provided in section 5311 (relating to eligibility for refunds) or 5701 (relating to return of total accumulated deductions and cash balance member accumulated deductions). No service as a member of the General Assembly performed on or after December 1, 2010, shall be credited as Class D-4 service unless the member previously was credited with Class D-4 service credits.

* * *

(a.4) Class QB membership.--A State employee who first becomes a member of the system on or after January 1, 2012, and who is not a State police officer shall be classified as a Class QB member and shall receive credit for Class QB service upon payment of cash balance mandatory contributions for Class QB service.

* * *

Section 8. Sections 5306.3(c) and (d), 5308 and 5309 of Title 71, amended or added November 23, 2010 (P.L.1269, No.120), are amended to read:

§ 5306.3. Election to become a Class A-4 member.

* * *

(c) Effect of election.--An election to become a Class A-4 member shall be irrevocable and shall become effective on the effective date of membership in the system and shall remain in effect for all future creditable State service that otherwise

1 would not be credited as Class QB service, other than service
2 performed as a member of the judiciary. Payment of regular
3 member contributions for Class A-4 State service performed prior
4 to the election of Class A-4 membership shall be made in a form,
5 manner and time determined by the board. Upon termination and
6 subsequent reemployment, a member who elected Class A-4
7 membership shall be credited as a Class A-4 member for
8 creditable State service that otherwise would not be credited as
9 Class QB service performed after reemployment, except as a
10 member of the judiciary, regardless of termination of
11 employment, termination of membership by withdrawal of
12 accumulated deductions or status as an annuitant, vestee or
13 inactive member after the termination of service.

14 (d) Effect of failure to make election.--Failure to elect to
15 become a Class A-4 member within the election period set forth
16 in subsection (b) shall result in all of the member's State
17 service, other than service performed as a member of the
18 judiciary or that otherwise would be credited as Class QB, being
19 credited as Class A-3 service and not subject to further
20 election or crediting as Class A-4 service. Upon termination and
21 subsequent employment, a member who failed to elect to become a
22 Class A-4 member shall not be eligible to make another election
23 to become a Class A-4 member for either past or future State
24 service.

25 § 5308. Eligibility for annuities.

26 (a) Superannuation annuity.--Attainment of superannuation
27 age by an active member or an inactive member on leave without
28 pay with three or more years of credited State or school service
29 shall entitle him to receive a superannuation annuity upon
30 termination of State service and compliance with section 5907(f)

(relating to rights and duties of State employees and members).
Attainment of age 55 by a Class QB active member or inactive member on leave without pay, regardless of years of credited State service, shall entitle him to receive a superannuation annuity as calculated under section 5702(a)(7) (relating to maximum single life annuity) upon termination of State service and compliance with section 5907(f). A member may not receive an annuity on Class QB credited service unless the member has attained age 55 on the effective date of retirement regardless of whether the member has attained superannuation age for other classes of service.

(b) Withdrawal annuity.--

(1) Any vestee or any active member or inactive member on leave without pay who terminates State service having five or more eligibility points and who does not have Class A-3 or Class A-4 service credit or Class T-E or Class T-F service credit in the Public School Employees' Retirement System, or who has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service and terminates State service having five or more eligibility points, upon compliance with section 5907(f), (g) or (h) shall be entitled to receive an annuity.

(2) Any vestee, active member or inactive member on leave without pay who has Class A-3 or Class A-4 service credit or Class T-E or Class T-F service credit in the Public School Employees' Retirement System who terminates State service having ten or more eligibility points, upon compliance with section 5907(f), (g) or (h), shall be entitled to receive an annuity.

(3) Any vestee, active member or inactive member on

1 leave without pay who has either Class A-3 or Class A-4
2 service credit or Class T-E or Class T-F service credit in
3 the Public School Employees' Retirement System and also has
4 service credited in the system in one or more other classes
5 of service who has five or more, but fewer than ten,
6 eligibility points, upon compliance with section 5907(f), (g)
7 or (h), shall be eligible to receive an annuity calculated on
8 his service credited in classes of service other than Class
9 A-3 or Class A-4, provided that the member has five or more
10 eligibility points resulting from service in classes other
11 than Class A-3 or Class A-4 or Class T-E or Class T-F service
12 in the Public School Employees' Retirement System.

13 (4) Eligibility points as a member of Class QB shall be
14 included in determining if a member is eligible for a
15 withdrawal annuity under this subsection. No annuity shall be
16 paid pursuant to section 5702(a)(7) unless the member has
17 attained age 55.

18 (c) Disability annuity.--[An] A member who is an active
19 member or inactive member on leave without pay in a class of
20 service other than Class QB and who has credit for at least five
21 years of service or any active member or inactive member on
22 leave without pay who is an officer of the Pennsylvania State
23 Police or an enforcement officer in a class of service other
24 than Class QB shall, upon compliance with section 5907(k), be
25 entitled to a disability annuity based on his service in classes
26 other than Class QB if he becomes mentally or physically
27 incapable of continuing to perform the duties for which he is
28 employed and qualifies in accordance with the provisions of
29 section 5905(c)(1) (relating to duties of the board regarding
30 applications and elections of members).

1 § 5309. Eligibility for vesting.

2 Any member who:

3 (1) Does not have Class A-3 [or], Class A-4 or Class OB
4 service credit or Class T-E or Class T-F service credit in
5 the Public School Employees' Retirement System and terminates
6 State service with five or more eligibility points, or any
7 member with Class G, Class H, Class I, Class J, Class K,
8 Class L, Class M or Class N service with five or more
9 eligibility points, shall be eligible until attainment of
10 superannuation age to vest his retirement benefits.

11 (2) Has only Class A-3 or Class A-4 service credit or
12 Class T-E or Class T-F service credit in the Public School
13 Employees' Retirement System and terminates State service
14 with ten or more eligibility points shall be eligible until
15 attainment of superannuation age to vest his retirement
16 benefits.

17 (3) Has either Class A-3 or Class A-4 service credit or
18 Class T-E or Class T-F service credit in the Public School
19 Employees' Retirement System, also has service credited in
20 the system in one or more other classes of service other than
21 Class OB and has five or more, but fewer than ten,
22 eligibility points and terminates State service shall be
23 eligible until the attainment of superannuation age to vest
24 his retirement benefits calculated on his service credited in
25 classes of service other than Class A-3 or Class A-4 and to
26 be credited with statutory interest on total accumulated
27 deductions, regardless of whether or not any part of his
28 accumulated deductions are a result of Class A-3 or Class A-4
29 service credit.

30 (4) Has only Class OB service credit and terminates

1 State service shall be eligible until the attainment of
2 superannuation age to vest his retirement benefits based on
3 Class QB service except that a member who has a small cash
4 balance account subject to distribution as provided in
5 section 5709(d) (relating to payment of benefits) shall not
6 be permitted to vest until superannuation age.

7 (5) Has Class QB service credit and service credited in
8 one or more other classes of service and terminates State
9 service shall be eligible to vest his retirement benefits
10 based on Class QB service until the attainment of
11 superannuation age and if he has five or more eligibility
12 points to vest his retirement benefits on all other classes
13 of service other than Class A-3 or Class A-4 until the
14 attainment of the applicable superannuation age and if he has
15 ten or more eligibility points to vest his retirement
16 benefits on all classes of service until superannuation age.
17 Any such member shall be credited with statutory interest on
18 his total accumulated deductions and total cash balance
19 accumulated deductions until the effective date of
20 retirement.

21 (6) A member with more than one class of credited
22 service who vests his retirement benefits in any class of
23 service may not receive distributions from other classes of
24 service until his effective date of retirement, regardless of
25 whether his benefits resulting from such other classes of
26 service are vested or he is eligible to receive an annuity. A
27 member with service credited in more than one class of
28 service may not separately vest those benefits and receive
29 annuities from different classes of service with different
30 effective dates.

1 Section 9. Sections 5311(a) and 5501 of Title 71 are amended
2 to read:

3 § 5311. Eligibility for refunds.

4 (a) Total accumulated deductions.--Any active member,
5 regardless of eligibility for benefits, may elect to receive his
6 total accumulated deductions and his cash balance member
7 accumulated deductions upon termination of service in lieu of
8 any benefit to which he is entitled.

9 * * *

10 § 5501. Regular member contributions and cash balance mandatory
11 contributions for current service.

12 Regular member contributions or cash balance mandatory
13 contributions shall be made to the fund on behalf of each active
14 member for current service except for any period of current
15 service in which the making of such contributions has ceased
16 solely by reason of section 5502.1 (relating to waiver of
17 regular member contributions and Social Security integration
18 member contributions) or any provision of this part relating to
19 the limitations under IRC § 401(a)(17) or 415(b).

20 Section 10. Title 71 is amended by adding a section to read:
21 § 5501.3. Cash balance voluntary contributions.

22 (a) Payroll deductions.--An active member of Class QB who is
23 making cash balance mandatory contributions may make cash
24 balance voluntary contributions by payroll deductions withheld
25 by the agency head and transmitted to the board up to the
26 applicable limits under the IRC. Elections to make, increase,
27 decrease or stop cash balance voluntary contributions by payroll
28 deductions shall be made in writing filed with the board in a
29 form and manner as determined by the board. Cash balance
30 voluntary contributions by payroll deductions shall not be

picked up by the employer pursuant to IRC § 414(h) or section 5503.1 (relating to pickup contributions).

(b) Eligible rollovers.--An active member of Class QB who is making cash balance mandatory contributions may transfer money received in an eligible rollover distribution into the cash balance savings account to the extent allowed by IRC § 402. Such rollover shall be made in a form and manner as determined by the board, shall be credited to the member's cash balance accumulated deductions and shall be separately accounted for by the board.

Section 11. Sections 5502.1, 5503.1(a), 5504(a), 5505(i) and 5507(a) of Title 71, amended November 23, 2010 (P.L.1269, No.120), are amended to read:

§ 5502.1. Waiver of regular member contributions and Social Security integration member contributions.

(a) General rule.--Notwithstanding the provisions of sections 5501 (relating to regular member contributions and cash balance mandatory contributions for current service) and 5502 (relating to Social Security integration member contributions), no regular member contributions or Social Security integration member contributions shall be made by an active member for the period from July 1 to the following June 30 if the maximum single life annuity to which the member would have been entitled to receive had the member retired with an effective date of retirement on the preceding January 1 is greater than 110% of the highest calendar year compensation of the member, provided the member files a written election as prescribed by the board.

(b) Applicability.--This section shall not apply to any member who has Class A-3 [or], Class A-4 or Class QB service credit.

1 § 5503.1. Pickup contributions.

2 (a) Treatment for purposes of IRC § 414(h).--All
3 contributions required to be made under sections 5501 (relating
4 to regular member contributions and cash balance mandatory
5 contributions for current service), 5501.1 (relating to shared-
6 risk member contributions for Class A-3 and Class A-4 service),
7 5502 (relating to Social Security integration member
8 contributions), 5503 (relating to joint coverage member
9 contributions) and section 5505.1 (relating to additional member
10 contributions), with respect to current State service rendered
11 by an active member on or after January 1, 1982, shall be picked
12 up by the Commonwealth or other employer and shall be treated as
13 the employer's contribution for purposes of IRC § 414(h).

14 * * *

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

18 (a) Amount of contributions for service in other than Class
19 G through N and Class QB.--

20 (1) The contributions to be paid by an active member or
21 eligible school employee for credit for total previous State
22 service other than service in Class G, Class H, Class I,
23 Class J, Class K, Class L, Class M [and] Class N and Class
24 QB or to become a full coverage member shall be sufficient to
25 provide an amount equal to the regular and additional
26 accumulated deductions which would have been standing to the
27 credit of the member for such service had regular and
28 additional member contributions been made with full coverage
29 in the class of service and at the rate of contribution
30 applicable during such period of previous service and had his

1 regular and additional accumulated deductions been credited
2 with statutory interest during all periods of subsequent
3 State and school service up to the date of purchase.

4 (2) Notwithstanding paragraph (1), members with Class
5 A-3 State service shall make contributions and receive credit
6 for previously uncredited State service as if the previous
7 State service was Class A-3 service, and members with Class
8 A-4 State service shall make contributions and receive credit
9 as if the previous State service was Class A-4 service, even
10 if it would have been credited as a different class of
11 service had the State employee been a member of the system at
12 the time the service was performed unless it was mandatory
13 that the State employee be an active member of the system and
14 the previous State service is being credited as the result of
15 a mandatory active membership requirement.

16 * * *

17 § 5505. Contributions for the purchase of credit for creditable
18 nonstate service.

19 * * *

20 (i) Purchases of nonstate service credit by State employees
21 who first became members of the system on or after December 1,
22 2010.--

23 (1) Contributions on account of credit for creditable
24 nonstate service other than intervening military service and
25 magisterial service by State employees who first become
26 members of the system on or after January 1, 2011, or on or
27 after December 1, 2010, as a member of the General Assembly
28 shall be equal to the full actuarial cost of the increased
29 benefit obtained by virtue of such service.

30 (2) The full actuarial cost of the increased benefit

1 attributable to the purchased nonstate service credit shall
2 be the difference between:

3 (i) the present value of a standard single life
4 annuity, beginning at the earliest possible
5 superannuation age assuming Class A-3 service credit for
6 the nonstate service to be purchased; and

7 (ii) the present value of a standard single life
8 annuity, beginning at the earliest possible
9 superannuation age, excluding the nonstate service credit
10 to be purchased.

11 (3) The full actuarial cost under paragraph (2) shall be
12 calculated using future salary increases, mortality tables,
13 interest rates and other actuarial assumptions as adopted by
14 the board with the advice of the actuary. The earliest
15 possible superannuation age shall be the current attained age
16 of the member if the member has attained superannuation age
17 for his current class of service or, if the member has not
18 attained superannuation age, the age upon which the member
19 would attain superannuation age as a member in the current
20 class of service assuming continued full-time State service
21 through the attainment of superannuation age and credit for
22 the amount of service which the member has elected to
23 purchase.

24 (4) The payment for credit purchased under this
25 subsection shall be certified in each case by the board in
26 accordance with methods approved by the actuary and shall be
27 paid in a lump sum within 30 days or in the case of an active
28 member or eligible school employee who is an active member of
29 the Public School Employees' Retirement System may be
30 amortized with statutory interest through salary deductions

1 in amounts agreed upon by the member and the board. The
2 salary deduction amortization plans agreed to by members and
3 the board may include a deferral of payment amounts and
4 interest until the termination of school service or State
5 service as the board in its sole discretion decides to allow.
6 The board may limit the salary deduction amortization plans
7 to such terms as the board in its sole discretion determines.
8 In the case of an eligible school employee who is an active
9 member of the Public School Employees' Retirement System, the
10 agreed upon salary deductions shall be remitted to the Public
11 School Employees' Retirement Board, which shall certify and
12 transfer to the board the amounts paid.

13 (5) If any purchase price for creditable nonstate
14 service applicable to State employees who first become
15 members of the system on or after January 1, 2011, includes a
16 factor equal to the Commonwealth normal contribution rate for
17 active members at the time of the purchasing member's entry
18 into State service subsequent to the service being purchased,
19 such normal contribution rate shall be calculated as if all
20 active members were members of the class of service being
21 purchased and by determining the time of the purchasing
22 member's subsequent entry into State service without regard
23 to any service as a member of a Class QB. Any such
24 calculation that includes a factor based on the member's
25 compensation shall not include any compensation received for
26 Class QB service.

27 § 5507. Contributions by the Commonwealth and other employers.

28 (a) Contributions on behalf of active members.--The
29 Commonwealth and other employers whose employees are members of
30 the system shall make contributions to the fund on behalf of all

1 active members in such amounts as shall be certified by the
2 board as necessary to provide, together with the members' total
3 accumulated deductions and cash balance member accumulated
4 deductions, annuity reserves on account of prospective annuities
5 other than those provided in sections 5708 (relating to
6 supplemental annuities), 5708.1 (relating to additional
7 supplemental annuities), 5708.2 (relating to further additional
8 supplemental annuities), 5708.3 (relating to supplemental
9 annuities commencing 1994), 5708.4 (relating to special
10 supplemental postretirement adjustment), 5708.5 (relating to
11 supplemental annuities commencing 1998), 5708.6 (relating to
12 supplemental annuities commencing 2002), 5708.7 (relating to
13 supplemental annuities commencing 2003) and 5708.8 (relating to
14 special supplemental postretirement adjustment of 2002), in
15 accordance with the actuarial cost method provided in section
16 5508(a), (b), (c), (d) and (f) (relating to actuarial cost
17 method).

18 * * *

19 Section 12. Sections 5509(c) and 5701 of Title 71 are
20 amended to read:

21 § 5509. Appropriations and assessments by the Commonwealth.

22 * * *

23 (c) Contributions from funds other than General Fund.--The
24 amounts assessed other employers who are required to make the
25 necessary contributions out of funds other than the General Fund
26 shall be paid by such employers into the fund in accordance with
27 requisitions presented by the board. The General Fund of the
28 Commonwealth shall not be held liable to appropriate the moneys
29 required to build up the reserves necessary for the payment of
30 benefits to employees of such other employers. In case any such

1 other employer shall fail to provide the moneys necessary for
2 such purpose, then the service of such members for such period
3 for which money is not so provided shall be credited and pickup
4 contributions with respect to such members shall continue to be
5 credited to the members' savings account and the cash balance
6 savings account. The annuity to which such member is entitled
7 shall be determined as actuarially equivalent to the present
8 value of the maximum single life annuity of each such member
9 reduced by the amount of employer contributions payable on
10 account and attributable to his compensation during such
11 service.

12 § 5701. Return of total accumulated deductions and cash balance
13 member accumulated deductions.

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

18 Section 13. Section 5702(a) and (a.1) of Title 71, amended
19 November 23, 2010 (P.L.1269, No.120), are amended to read:

20 § 5702. Maximum single life annuity.

21 (a) General rule.--Any full coverage member who is eligible
22 to receive an annuity pursuant to the provisions of section
23 5308(a) or (b) (relating to eligibility for annuities) who
24 terminates State service, or if a multiple service member who is
25 a school employee who is an active member of the Public School
26 Employees' Retirement System who terminates school service,
27 before attaining age 70 shall be entitled to receive a maximum
28 single life annuity attributable to his credited service and
29 equal to the sum of the following single life annuities
30 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 other than service credited as a member of Class QB. 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 other than compensation attributable to State service as a member of Class QB and school service as a member of Class T-G. 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 service: Provided, That in the case of a member of Class E-1, a portion but not all of whose three years of highest annual judicial compensation is prior to January 1, 1973, two class of service multipliers shall be calculated on the basis of his entire judicial service, the one applying the judicial class of service multipliers effective prior to January 1, 1973 and the second applying the class of service multipliers effective subsequent to January 1, 1973. The average class of service multiplier to

1 be used for calculating benefits for his judicial service
2 shall be the average of the two calculated multipliers
3 weighted by the proportion of compensation attributable to
4 each of the calculated multipliers during the three years of
5 highest annual compensation in that class of service.

6 (2) If eligible, a single life annuity of 2% of his
7 average noncovered salary for each year of social security
8 integration credit as provided for in section 5305 (relating
9 to social security integration credits) multiplied, if on the
10 effective date of retirement the member is under
11 superannuation age for any service, by the actuarially
12 determined reduction factor for that service.

13 (3) If eligible, a single life annuity which is
14 actuarially equivalent to the regular and additional
15 accumulated deductions attributable to contributions as a
16 member of Class C, but not less than such annuity determined
17 as if the member were age 60 on the effective date of
18 retirement, actuarially reduced in the event the member is
19 under superannuation age on the effective date of retirement.

20 (4) If eligible, a single life annuity which is
21 actuarially equivalent to the amount by which his regular and
22 additional accumulated deductions attributable to any
23 credited service other than as a member of Class C are
24 greater than one-half of the actuarially equivalent value on
25 the effective date of retirement of the annuity as provided
26 in paragraph (1) attributable to service other than Class C
27 for which regular or joint coverage member contributions were
28 made. This paragraph shall not apply to any member with State
29 service credited as Class A-3 or Class A-4.

30 (5) If eligible, a single life annuity which is

1 actuarially equivalent to the amount by which his social
2 security integration accumulated deductions are greater than
3 one-half of the actuarially equivalent value on the effective
4 date of retirement of the annuity provided for under
5 paragraph (2).

6 (6) If eligible, a single life annuity sufficient
7 together with the annuity provided for in paragraph (1) as a
8 Class A, Class AA, Class A-3 and Class A-4 member and the
9 highest annuity provided for in paragraph (2) to which he is
10 entitled, or at his option could have been entitled, to
11 produce that percentage of a standard single life annuity
12 adjusted by the application of the class of service
13 multiplier for Class A, Class AA, Class A-3 or Class A-4 as
14 set forth in paragraph (1) in the case where any service is
15 credited as a member of Class A, Class AA, Class A-3 or Class
16 A-4 on the effective date of retirement as determined by his
17 total years of credited service as a member of Class A, Class
18 AA, Class A-3 and Class A-4 and by the following table:

Total Years of Credited Service as a Member of Class A, Class AA, Class A-3 and Class A-4	Percentage of Standard Single Life Annuity Adjusted for Class A, Class AA, Class A-3 and Class A-4 Class of Service Multipliers
35-40	100%
41	102%
42	104%
43	106%

1 44 108%

2 45 or more 110%

3 (7) If eligible, a single life annuity which is
4 actuarially equivalent to the total cash balance accumulated
5 deductions credited to his individual cash balance savings
6 account, provided, however, that a State police officer who
7 has 20 or more years of credited service shall receive a
8 single life annuity equal to only the cash balance voluntary
9 accumulated deductions credited to his individual cash
10 balance savings account.

11 (a.1) Rule for terminations after attaining age 70.--

12 (1) Any full coverage member who is eligible to receive
13 an annuity pursuant to the provisions of section 5308(a) who
14 terminates State service, or if a multiple service member who
15 is a school employee and an active member of the Public
16 School Employees' Retirement System who terminates school
17 service, on or after attaining age 70 and who applies for a
18 superannuation annuity to be effective the day after the
19 termination of State service or school service, as the case
20 may be, shall be entitled to receive a maximum single life
21 annuity as of a determination date that is equal to the
22 greater of subparagraph (i) or (ii), plus any annuity he may
23 be eligible to receive under subsection (a) (7):

24 (i) the sum of the annuities provided in subsection
25 (a) (1) through (6) calculated as of the determination
26 date; and

27 (ii) the greater of clause (A) or (B):

28 (A) the sum of the annuities provided in
29 subsection (a) (1), (3), (4) and (6) as of the
30 preceding determination date adjusted by the

1 actuarial increase factor, plus the annuities
2 provided in subsection (a) (2) and (5) as of the
3 determination date; and

4 (B) the maximum single life annuity calculated
5 without including any annuity payable under
6 subsection (a) (7) as of the preceding determination
7 date adjusted by the actuarial increase factor.

8 The maximum single life annuity calculated without including
9 any annuity payable under subsection (a) (7) shall be
10 calculated for each determination date.

11 (2) For purposes of this subsection, the determination
12 date shall be:

13 (i) the member's birthday, provided that as of such
14 date the member qualifies for a maximum single life
15 annuity under this subsection, determined excluding
16 eligibility for any annuity payable under subsection (a)
17 (7); or

18 (ii) if the member's maximum single life annuity is
19 being determined as of the member's effective date of
20 retirement, then the determination date shall be the
21 member's effective date of retirement.

22 (3) In the event an active member, an inactive member on
23 leave without pay or a multiple service member who is a
24 school employee and an active member of the Public School
25 Employees' Retirement System has attained age 70 before the
26 effective date of this subsection, or enters State service or
27 school service, as the case may be, after attaining age 70,
28 then section 5305.1 (relating to eligibility for actuarial
29 increase factor) and subsections (a) and (a.1) shall be
30 effective prospectively with respect to such member at the

1 member's next birthday after the effective date of this
2 subsection, entry into State service, or school service.
3 Nothing in this subsection shall be construed to provide an
4 actuarial increase factor for any period of service prior to the
5 effective date of this subsection.

6 * * *

7 Section 14. Section 5704(a), (e) and (f) of Title 71,
8 amended November 23, 2010 (P.L.1269, No.120), are amended and
9 the section is amended by adding a subsection to read:

10 § 5704. Disability annuities.

11 (a) Amount of annuity.--A member who has made application
12 for a disability annuity and has been found to be eligible in
13 accordance with the provisions of section 5905(c)(1) (relating
14 to duties of the board regarding applications and elections of
15 members) shall receive a disability annuity payable from the
16 effective date of disability as determined by the board and
17 continued until a subsequent determination by the board that the
18 annuitant is no longer entitled to a disability annuity. The
19 disability annuity shall be equal to a standard single life
20 annuity multiplied by the class of service multiplier applicable
21 to the class of service at the time of disability if the product
22 of such class of service multiplier and the total number of
23 years of credited service for service in a class other than
24 Class QB is greater than 16.667, otherwise the standard single
25 life annuity shall be multiplied by the lesser of the following
26 ratios:

$$27 \qquad \qquad \qquad MY^*/Y \text{ or } 16.667/Y$$

28 where Y = number of years of credited service in a class other
29 than Class QB, Y* = total years of credited service in a class
30 other than Class QB if the member were to continue as a State

1 employee until attaining superannuation age for classes of
2 service other than Class QB, as applicable at the time of
3 disability, or if the member has attained superannuation age for
4 classes of service other than Class QB, as applicable at the
5 time of disability, then the number of years of credited service
6 and M = the class of service multiplier as applicable at the
7 effective date of disability. A member of Class C shall receive,
8 in addition, any annuity to which he may be eligible under
9 section 5702(a)(3) (relating to maximum single life annuity).
10 The member shall be entitled to the election of a joint and
11 survivor annuity on that portion of the disability annuity to
12 which he is entitled under section 5702.

13 (a.1) Separate annuity or lump sum payment.--In addition to
14 the amount of disability annuity payable under subsection (a), a
15 member who has Class QB service credit shall be entitled to a
16 separate annuity calculated under section 5702(a)(7) if he has
17 attained age 55 on the effective date of disability, or if he
18 has not attained age 55 at the effective date of disability,
19 then a lump sum payment equal to his cash balance member
20 accumulated deductions.

21 * * *

22 (e) Termination of State service.--Upon termination of
23 disability annuity payments in excess of an annuity calculated
24 in accordance with section 5702, a disability annuitant who:

25 (1) does not have Class A-3 or Class A-4 service credit;

26 or

27 (2) has Class A-3 or Class A-4 service credit and fewer
28 than ten eligibility points;

29 and who does not return to State service may file an application
30 with the board for an amount equal to the excess, if any, of the

1 sum of [the shared-risk accumulated deductions plus] the regular
2 and additional accumulated deductions standing to his credit at
3 the effective date of disability over one-third of the total
4 disability annuity payments, excluding any disability annuity
5 payments under subsection (a.1), received. If the annuitant on
6 the date of termination of service was eligible for an annuity
7 as provided in section 5308(a) or (b) (relating to eligibility
8 for annuities), he may file an application with the board for an
9 election of an optional modification of his annuity.

10 (f) Supplement for service connected disability.--If a
11 member has been found to be eligible for a disability annuity
12 and if the disability has been found to be a service connected
13 disability and if the member is receiving workers' compensation
14 payments for other than medical benefits, such member shall
15 receive a supplement equal to 70% of his final average salary
16 less the sum of the annuity as determined under [subsection]
17 subsections (a) and (a.1) and any payments paid or payable on
18 account of such disability under the act of June 2, 1915
19 (P.L.736, No.338), known as the Workers' Compensation Act, the
20 act of June 21, 1939 (P.L.566, No.284), known as The
21 Pennsylvania Occupational Disease Act, and the Social Security
22 Act (49 Stat. 620, 42 U.S.C. § 301 et seq.). Such supplement
23 shall continue as long as he is determined to be disabled and is
24 receiving workers' compensation payments for other than medical
25 benefits on account of his service connected disability in
26 accordance with the Workers' Compensation Act or The
27 Pennsylvania Occupational Disease Act. If the member has
28 received a lump sum workers' compensation payment in lieu of
29 future weekly compensation payments, the length in weeks and
30 calculation of the service connected disability supplement shall

1 be determined by dividing the lump sum payment by the average
2 weekly wage as determined by the Workers' Compensation Board.

3 * * *

4 Section 15. Sections 5705(a) and 5705.1 of Title 71, amended
5 or added November 23, 2010 (P.L.1269, No.120), are amended to
6 read:

7 § 5705. Member's options.

8 (a) General rule.--Any special vestee who has attained
9 superannuation age, any vestee who does not have Class A-3 [or],
10 Class A-4 or Class QB service credit having five or more
11 eligibility points for service other than Class T-E or Class T-F
12 service in the Public School Employees' Retirement System,
13 vestee having Class QB service or vestee who has Class A-3 or
14 Class A-4 service credit having ten or more eligibility points,
15 any member with Class G, Class H, Class I, Class J, Class K,
16 Class L, Class M or Class N service having five or more
17 eligibility points or any other eligible member upon termination
18 of State service who has not withdrawn his total accumulated
19 deductions and cash balance member accumulated deductions as
20 provided in section 5701 (relating to return of total
21 accumulated deductions and cash balance member accumulated
22 deductions) may apply for and elect to receive either a maximum
23 single life annuity, as calculated in accordance with the
24 provisions of section 5702 (relating to maximum single life
25 annuity), or a reduced annuity certified by the actuary to be
26 actuarially equivalent to the maximum single life annuity and in
27 accordance with one of the following options; except that no
28 member shall elect an annuity payable to one or more survivor
29 annuitants other than his spouse or alternate payee of such a
30 magnitude that the present value of the annuity payable to him

1 for life plus any lump sum payment he may have elected to
2 receive is less than 50% of the present value of his maximum
3 single life annuity:

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 percent (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;

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

28 (iii) a portion of the benefit may be payable as a
29 lump sum, except that such lump sum payment shall not
30 exceed an amount equal to the total accumulated

deductions standing to the credit of the member that are not the result of contributions and statutory interest made or credited as a result of Class A-3 or Class A-4 service. 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 subparagraphs (i) and (ii) under this option.

* * *

§ 5705.1. Payment of accumulated deductions resulting from [Class A-3 and Class A-4] more than one class of service.

(a) Payment of accumulated deductions resulting from Class A-3 and Class A-4 service.--Any superannuation or withdrawal annuitant who:

- (1) has Class A-3 or Class A-4 service credit;
- (2) has service credited in one or more classes of service; [and]
- (3) because he has five or more, but fewer than ten, eligibility points is not eligible to receive an annuity on his Class A-3 or Class A-4 service; and

(4) does not have any service credited as Class QB shall receive in a lump sum at the time of his retirement, in addition to any other annuity or lump sum payment which he may elect, his accumulated deductions resulting from his Class A-3 or Class A-4 service credit. Payment of these accumulated deductions resulting from Class A-3 or Class A-4 service credit shall not be eligible for installment payments pursuant to

1 section 5905.1 (relating to installment payments of accumulated
2 deductions) but shall be considered a lump sum payment for
3 purposes of section 5905.1(d).

4 (b) Payment of cash balance member accumulated deductions
5 resulting from Class QB service.--Any annuitant who:

6 (1) Is receiving an annuity as a result of credited
7 service other than service as a member of Class QB who has
8 not attained age 55 on the effective date of retirement and
9 has cash balance member accumulated deductions standing to
10 his credit in the cash balance savings account, shall receive
11 in a lump sum at the time of his retirement, in addition to
12 any other annuity or lump sum payment which he may elect, his
13 cash balance member accumulated deductions. Payment of these
14 cash balance member accumulated deductions resulting from
15 Class QB service credit shall not be eligible for installment
16 payments under section 5905.1, but shall be considered a lump
17 sum payment for purposes of section 5905.1(d).

18 (2) Is a member with Class QB service credit and one or
19 more other classes of service credit who is receiving an
20 annuity based on his Class QB service but is not eligible to
21 receive an annuity based on his service credited in one or
22 more of his other classes of service shall receive in a lump
23 sum at the time of his retirement, in addition to any other
24 annuity which he may elect for his Class QB service, his
25 accumulated deductions resulting from his service credit in
26 classes of service other than Class QB for which he is not
27 eligible to receive an annuity. Payment of these accumulated
28 deductions resulting from service credit in classes of
29 service other than Class QB shall not be eligible for
30 installment payments under section 5905.1, but shall be

1 considered a lump sum payment for purposes of section
2 5905.1(d).

3 Section 16. Section 5706(a), (b) and (c) of Title 71 are
4 amended to read:

5 § 5706. Termination of annuities.

6 (a) General rule.--If the annuitant returns to State service
7 or enters or has entered school service and elects multiple
8 service membership, any annuity payable to him under this part
9 shall cease effective upon the date of his return to State
10 service or entering school service and in the case of an annuity
11 other than a disability annuity the present value of such
12 annuity, other than the portion of the annuity that is being
13 paid under section 5702(a)(7) (relating to maximum single life
14 annuity), adjusted for full coverage in the case of a joint
15 coverage member who makes the appropriate back contributions for
16 full coverage, shall be frozen as of the date such annuity
17 ceases. An annuitant who is credited with an additional 10% of
18 Class A and Class C service as provided in section 5302(c)
19 (relating to credited State service) and who returns to State
20 service shall forfeit such credited service and shall have his
21 frozen present value adjusted as if his 10% retirement incentive
22 had not been applied to his account. In the event that the cost-
23 of-living increase enacted December 18, 1979 occurred during the
24 period of such State or school employment, the frozen present
25 value shall be increased, on or after the member attains
26 superannuation age, by the percent applicable had he not
27 returned to service. This subsection shall not apply in the case
28 of any annuitant who may render services to the Commonwealth in
29 the capacity of an independent contractor or as a member of an
30 independent board or commission or as a member of a departmental

1 administrative or advisory board or commission when such members
2 of independent or departmental boards or commissions are
3 compensated on a per diem basis for not more than 150 days per
4 calendar year or as a member of an independent board or
5 commission requiring appointment by the Governor, with advice
6 and consent of the Senate, where the annual salary payable to
7 the member does not exceed \$35,000 and where the member has been
8 an annuitant for at least six months immediately preceding the
9 appointment. Such service shall not be subject to member
10 contributions or be eligible for qualification as creditable
11 State service.

12 * * *

13 (b) Subsequent discontinuance of service.--Upon subsequent
14 discontinuance of service, such member other than a former
15 annuitant who had the effect of his frozen present value
16 eliminated in accordance with subsection (c) or a former
17 disability annuitant shall be entitled to an annuity which is
18 actuarially equivalent to the sum of the present value as
19 determined under subsection (a) and the present value of a
20 maximum single life annuity, calculated excluding any annuity
21 payable under section 5702(a)(7), based on years of service
22 credited subsequent to reentry in the system and his final
23 average salary computed by reference to his compensation during
24 his entire period of State and school service and the total cash
25 balance accumulated deductions credited to the former annuitant
26 in the cash balance savings account.

27 (c) Elimination of the effect of frozen present value.--

28 (1) An annuitant who returns to State service and earns
29 three eligibility points by performing credited State service
30 following the most recent period of receipt of an annuity

1 under this part, or an annuitant who enters school service
2 and:

3 (i) is a multiple service member; or
4 (ii) who elects multiple service membership, and
5 earns three eligibility points by performing credited State
6 service or credited school service following the most recent
7 period of receipt of an annuity under this part, and who had
8 the present value of his annuity frozen in accordance with
9 subsection (a), shall qualify to have the effect of the
10 frozen present value resulting from all previous periods of
11 retirement eliminated, provided that all lump sum payments
12 under Option 4 and annuity payments, except those made under
13 section 5702(a)(7), payable during previous periods of
14 retirement plus interest as set forth in paragraph (3) shall
15 be returned to the fund in the form of an actuarial
16 adjustment to his subsequent benefits or in such form as the
17 board may otherwise direct.

18 (2) Upon subsequent discontinuance of service and the
19 filing of an application for an annuity, a former annuitant
20 who qualifies to have the effect of a frozen present value
21 eliminated under this subsection shall be entitled to receive
22 the higher of either:

23 (i) an annuity (prior to optional modification)
24 calculated as if the freezing of the former annuitant's
25 account pursuant to subsection (a) had not occurred,
26 adjusted by crediting Class A State service as Class AA
27 service as provided for in section 5306(a.1) (relating to
28 classes of service) and further adjusted according to
29 paragraph (3), provided that a former annuitant of the
30 system or a former annuitant of the Public School

1 Employees' Retirement System who retired under a
2 provision of law granting additional service credit if
3 termination of State or school service or retirement
4 occurred during a specific period of time shall not be
5 permitted to retain the additional service credit under
6 the prior law when the annuity is computed for his most
7 recent retirement; or

8 (ii) an annuity (prior to optional modification)
9 calculated as if the former annuitant did not qualify to
10 have the effect of the frozen present value eliminated,
11 unless the former annuitant notifies the board in writing by
12 the later of the date the application for annuity is filed or
13 the effective date of retirement that the former annuitant
14 wishes to receive the lower annuity.

15 (3) In addition to any other adjustment to the present
16 value of the maximum single life annuity that a member may be
17 entitled to receive that occurs as a result of any other
18 provision of law, the present value of the maximum single
19 life annuity shall be reduced by all amounts paid or payable
20 to him during all previous periods of retirement, except
21 those made under section 5702(a)(7), plus interest on these
22 amounts until the date of subsequent retirement. The interest
23 for each year shall be calculated based upon the annual
24 interest rate adopted for that fiscal year by the board for
25 the calculation of the normal contribution rate pursuant to
26 section 5508(b) (relating to actuarial cost method).

27 Section 17. Section 5707(a), (b), (d), (e) and (f) of Title
28 71 are amended and the section is amended by adding a subsection
29 to read:

30 § 5707. Death benefits.

1 (a) Members without Class QB service eligible for
2 annuities.--Any active member, inactive member on leave without
3 pay or vestee who dies and does not have Class QB service credit
4 and was eligible for an annuity in accordance with section
5 5308(a) or (b) (relating to eligibility for annuities) or
6 special vestee who has attained superannuation age and dies
7 before applying for a superannuation annuity shall be considered
8 as having applied for an annuity to become effective the day
9 before his death and in the event he has not elected an option
10 or such election has not been approved prior to his death, it
11 shall be assumed that he elected Option 1.

12 (b) Members without Class QB service ineligible for
13 annuities.--In the event of the death of a special vestee, an
14 active member or an inactive member on leave without pay who
15 does not have Class QB service credit and who is not entitled to
16 a death benefit as provided in subsection (a), his designated
17 beneficiary shall be paid the full amount of his total
18 accumulated deductions.

19 * * *

20 (d) Disability annuitants ineligible for withdrawal
21 annuity.--In the event of the death of a disability annuitant
22 who was not entitled to receive benefits under subsection (a),
23 his beneficiary shall be paid the excess of the sum of the
24 regular and additional accumulated deductions standing to his
25 credit on the effective date of disability over one-third of the
26 total disability payments received, excluding any disability
27 annuity payments under section 5704(a.1) (relating to disability
28 annuities).

29 (e) Annuitants electing maximum single life annuity.--In the
30 event of the death of an annuitant who has elected to receive

1 the maximum single life annuity before he has received in
2 annuity payments the full amount of the total accumulated
3 deductions and, if he was eligible for an annuity as provided in
4 section 5702(a)(7) (relating to maximum single life annuity),
5 the total cash balance accumulated deductions standing to his
6 credit on the effective date of retirement, the balance shall be
7 paid to his designated beneficiary.

8 (f) Members subject to limitations under section 5702(c).--
9 Subject to the limitations contained in section 401(a)(9) of the
10 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
11 401(a)(9)), the present value of any annuity in excess of that
12 payable under section 5702 [(relating to maximum single life
13 annuity)] that is not subject to the limitations under section
14 415(b) of the Internal Revenue Code of 1986 shall be paid in a
15 lump sum to the beneficiary designated by the member after the
16 death of the member. A beneficiary receiving a benefit under
17 this subsection shall not be able to elect a payment method
18 otherwise allowed under section 5709(b)(2) and (3) (relating to
19 payment of benefits).

20 (g) Members with Class QB service.--An active member,
21 inactive member on leave without pay or vestee who has Class QB
22 service credit and who dies shall be paid the total cash balance
23 accumulated deductions credited to him in addition to any other
24 payments he would be eligible to receive under subsection (a) or
25 (b) calculated without regard to any annuity payable under
26 section 5702(a)(7).

27 Section 18. Section 5709 of Title 71 is amended by adding a
28 subsection to read:

29 § 5709. Payment of benefits.

30 * * *

1 (d) Small cash balance accounts.--A member with only Class
2 QB service who terminates State service and whose total cash
3 balance accumulated deductions are \$5,000 or less as of the date
4 of termination of service shall be paid his accumulated
5 deductions in a lump sum as provided in IRC § 401(a)(31) and
6 have all Class QB service credit cancelled. This payment of
7 total cash balance accumulated deductions shall not be eligible
8 for installment payments under section 5905.1 (relating to
9 installment payments of accumulated deductions), but shall be
10 considered a lump sum payment for purposes of section 5905.1(d).

11 Section 19. Section 5902(1) of Title 71 is amended and the
12 section is amended by adding a subsection to read:

13 § 5902. Administrative duties of the board.

14 * * *

15 (1) Member contributions.--The board shall cause all pickup
16 contributions made on behalf of a member to be credited to the
17 account of the member and credit to his account any other
18 payment made by such member, including, but not limited to, cash
19 balance voluntary contributions, amounts collected by the Public
20 School Employees' Retirement System for the reinstatement of
21 previous State service or creditable nonstate service and
22 amounts paid to return benefits paid after the date of return to
23 State service or entering school service representing lump sum
24 payments made pursuant to section 5705(a)(4)(iii) (relating to
25 member's options) and member's annuity payments, but not
26 including other benefits returned pursuant to section 5706(a.2)
27 (relating to termination of annuities), and shall pay all such
28 amounts into the fund.

29 * * *

30 (o) Additional amounts credited to the members' cash balance

1 savings accounts.--In addition to cash balance mandatory
2 contributions and cash balance voluntary contributions and
3 statutory interest thereon, the board shall credit to the
4 individual members' cash balance savings accounts 4.75% of their
5 compensation. Such credited amounts shall be credited with
6 statutory interest.

7 Section 20. Sections 5903(b) and 5905(c.1), (e), (e.1) and
8 (f) of Title 71 are amended to read:

9 § 5903. Duties of the board to advise and report to heads of
10 departments and members.

11 * * *

12 (b) Member status statements and certifications.--The board
13 shall furnish annually to the head of each department on or
14 before April 1, a statement for each member employed in such
15 department showing the total accumulated deductions and total
16 cash balance accumulated deductions standing to his credit as of
17 December 31 of the previous year and requesting the member to
18 make any necessary corrections or revisions regarding his
19 designated beneficiary. In addition, for each member employed in
20 any department and for whom the department has furnished the
21 necessary information, the board shall certify the number of
22 years and fractional part of a year of credited service
23 attributable to each class of service, the number of years and
24 fractional part of a year attributable to social security
25 integration credits in each class of service and, in the case of
26 a member eligible to receive an annuity, the benefit to which he
27 is entitled upon the attainment of superannuation age.

28 * * *

29 § 5905. Duties of the board regarding applications and
30 elections of members.

1 * * *

2 (c.1) Termination of service.--In the case of any member
3 terminating State service who is entitled to an annuity and who
4 is not then a disability annuitant, the board shall advise such
5 member in writing of any benefits to which he may be entitled
6 under the provisions of this part and shall have the member
7 prepare, on or before the date of termination of State service,
8 one of the following three forms, a copy of which shall be given
9 to the member and the original of which shall be filed with the
10 board:

11 (1) an application for the return of total accumulated
12 deductions and cash balance member accumulated deductions;

13 (2) an election to vest his retirement rights and, if he
14 is a joint coverage member and so desires, elect to become a
15 full coverage member and agree to pay within 30 days of the
16 date of termination of service the lump sum required; or

17 (3) an application for an immediate annuity and, if he
18 desires:

19 (i) an election to convert his medical, major
20 medical and hospitalization insurance coverage to the
21 plan for State annuitants; and

22 (ii) if he is a joint coverage member, an election
23 to become a full coverage member and an agreement to pay
24 within 30 days of date of termination of service the lump
25 sum required.

26 (e) Certification to vestees and special vestees terminating
27 service.--The board shall certify to a vestee or to a special
28 vestee within one year of termination of State service of such
29 member:

30 (1) the total accumulated deductions and total cash

1 balance accumulated deductions standing to his credit at the
2 date of termination of service;

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

5 (3) the maximum single life annuity to which the vestee
6 or special vestee shall become entitled upon the attainment
7 of superannuation age and the filing of an application for
8 such annuity.

9 (e.1) Notification to vestees and special vestees
10 approaching superannuation age.--The board shall notify each
11 vestee and special vestee in writing 90 days prior to his
12 attainment of superannuation age that he shall apply for his
13 annuity within 90 days of attainment of superannuation age;
14 that, if he does so apply, his effective date of retirement will
15 be the date of attainment of superannuation age; that, if he
16 does not so apply but defers his application to a later date,
17 his effective date of retirement will be the date of filing such
18 application or the date specified on the application, whichever
19 is later[; and that, if he does not file an application within
20 seven years after attaining superannuation age, he shall be
21 deemed to have elected to receive his total accumulated
22 deductions upon attainment of superannuation age].

23 (f) Initial annuity payment and certification.--The board
24 shall make the first monthly payment to a member who is eligible
25 for an annuity within 60 days of the filing of his application
26 for an annuity or, in the case of a vestee or special vestee who
27 has deferred the filing of his application to a date later than
28 90 days following attainment of superannuation age, within 60
29 days of the effective date of retirement, and receipt of the
30 required data from the head of the department and, if the member

1 has Class G, Class H, Class I, Class J, Class K, Class L, Class
2 M or Class N service, any data required from the county
3 retirement system or pension plan to which the member was a
4 contributor before being a State employee. Concurrently, the
5 board shall certify to such member:

6 (1) the total accumulated deductions and total cash
7 balance accumulated deductions standing to his credit showing
8 separately the amount contributed by the member, the pickup
9 contribution and the interest credited to the date of
10 termination of service;

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

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

16 (4) the total annuity payable under the option elected
17 and the amount and effective date of any future reduction
18 under section 5703 (relating to reduction of annuities on
19 account of social security old-age insurance benefits).

20 * * *

21 Section 21. Section 5905.1(a), (b) and (d) of Title 71,
22 amended November 23, 2010 (P.L.1269, No.120), are amended to
23 read:

24 § 5905.1. Installment payments of accumulated deductions.

25 (a) General rule.--Notwithstanding any other provision of
26 this part, whenever a member elects to withdraw his total
27 accumulated deductions and cash balance member accumulated
28 deductions) pursuant to section 5311(a) (relating to eligibility
29 for refunds) or 5701 (relating to return of total accumulated
30 deductions[]) and cash balance member accumulated deductions) or

1 elects to receive a portion of his benefit payable as a lump sum
2 pursuant to section 5705(a)(4)(iii) (relating to member's
3 options), the member may elect to receive the amount in not more
4 than four installments.

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

8 (1) Upon receipt of a member's application to withdraw
9 his total accumulated deductions and cash balance member
10 accumulated deductions as provided in section 5311(a) or 5701
11 and upon receipt of all required data from the head of the
12 department and, if the member has Class G, Class H, Class I,
13 Class J, Class K, Class L, Class M or Class N service, any
14 data required from the county retirement system or pension
15 plan to which the member was a contributor before being
16 transferred to State employment, the board shall not be
17 required to pay the first installment prior to 45 days after
18 the filing of the application and the receipt of the data or
19 the date of termination of service, whichever is later.

20 (2) In the case of an election as provided in section
21 5705(a)(4)(iii) by a member terminating service within 60
22 days prior to the end of a calendar year and upon receipt of
23 all required data from the head of the department and, if the
24 member has Class G, Class H, Class I, Class J, Class K, Class
25 L, Class M or Class N service, any data required from the
26 county retirement system or pension plan to which the member
27 was a contributor before being transferred to State
28 employment, the board shall not be required to pay the first
29 installment prior to 21 days after the later of the filing of
30 the application and the receipt of the data or the date of

1 termination of service, but, unless otherwise directed by the
2 member, the payment shall be made no later than 45 days after
3 the filing of the application and the receipt of the data or
4 the date of termination of service, whichever is later.

5 (3) In the case of an election as provided in section
6 5705(a)(4)(iii) by a member who is not terminating service
7 within 60 days prior to the end of a calendar year and upon
8 receipt of all required data from the head of the department
9 and, if the member has Class G, Class H, Class I, Class J,
10 Class K, Class L, Class M or Class N service, any data
11 required from the county retirement system or pension plan to
12 which the member was a contributor before being transferred
13 to State employment, the board shall not be required to pay
14 the first installment prior to 45 days after the filing of
15 the application and the receipt of the data or the date of
16 termination of service, whichever is later.

17 * * *

18 (d) Statutory interest.--Any lump sum, including a lump sum
19 payable pursuant to section 5705.1 (relating to payment of
20 accumulated deductions resulting from [Class A-3 and Class A-4]
21 more than one class of service), or installment payable shall
22 include statutory interest credited to the date of payment,
23 except in the case of a member, other than a vestee or special
24 vestee, who has not filed his application prior to 90 days
25 following his termination of service.

26 Section 22. Section 5906(c), (g), (h) and (j) of Title 71
27 are amended to read:

28 § 5906. Duties of heads of departments.

29 * * *

30 (c) Member contributions.--The head of department shall

1 cause the required pickup contributions for current service to
2 be made and shall cause to be deducted any other required member
3 contributions, including, but not limited to, cash balance
4 voluntary contributions, contributions owed by an active member
5 with multiple service membership for school service and
6 creditable nonschool service in the Public School Employees'
7 Retirement System and amounts certified by the Public School
8 Employees' Retirement Board as due and owing on account of
9 termination of annuities, from each payroll. The head of
10 department shall notify the board at times and in a manner
11 prescribed by the board of the compensation of any noneligible
12 member to whom the limitation under IRC § 401(a)(17) either
13 applies or is expected to apply and shall cause such member's
14 contributions deducted from payroll to cease at the limitation
15 under IRC § 401(a)(17) on the payroll date if and when such
16 limit shall be reached. The head of department shall certify to
17 the State Treasurer the amounts picked up and deducted and shall
18 send the total amount picked up and deducted together with a
19 duplicate of such voucher to the secretary of the board every
20 pay period. The head of department shall pay pickup
21 contributions from the same source of funds which is used to pay
22 other compensation to the employee. On or before January 31,
23 1997, and on or before January 31 of each year thereafter, the
24 head of department shall, at the time when the income and
25 withholding information required by law is furnished to each
26 member, also furnish the amount of pickup contributions made on
27 his behalf and notify the board, if it has not been previously
28 notified, of any noneligible member whose compensation in the
29 preceding year exceeded the annual compensation limit under IRC
30 § 401(a)(17). If the board shall determine that the member's

savings account or cash balance savings account shall have been credited with pickup contributions for a noneligible member in the preceding year which are attributable to compensation in excess of the limitation under IRC § 401(a)(17), or with total member contributions or cash balance voluntary contributions for such member which would cause such member's contributions or benefits to exceed any applicable limitation under IRC § 401(a)(17) or 415(b), the board shall as soon as practicable refund to the member from his individual member account such amount, together with the statutory interest thereon, as will cause the member's total member contributions and cash balance contributions in the preceding year not to exceed the applicable limit. The payment of any such refund to the member shall be charged to the member's savings account or the member's individual cash balance savings account, as the case may be.

* * *

(g) Former school employee contributors.--The head of department shall, upon the employment of a former contributor to the Public School Employees' Retirement System who is not an annuitant of the Public School Employees' Retirement System, advise such employee of his right to elect within 365 days of entry into the system to become a multiple service member, and in the case of any such employee who so elects and has withdrawn his accumulated deductions, require him to reinstate his credit in the Public School Employees' Retirement System. The head of the department shall advise the board of such election. This subsection shall not apply to a State employee with Class QB service credit or Class T-G credit in the Public School Employees' Retirement System.

(h) Former school employee annuitants.--The head of

1 department shall, upon the employment of an annuitant of the
2 Public School Employees' Retirement System who applies for
3 membership in the system, advise such employee that he may elect
4 multiple service membership within 365 days of entry into the
5 system and if he so elects his public school employee's annuity
6 will be discontinued effective upon the date of his return to
7 State service and, upon termination of State service and
8 application for an annuity, the annuity will be adjusted in
9 accordance with section 5706 (relating to termination of
10 annuities). The head of department shall advise the board of
11 such election. This subsection shall not apply to a State
12 employee with Class QB service credit or Class T-G credit in the
13 Public School Employees' Retirement System.

14 * * *

15 (j) Termination of service.--The head of department shall,
16 in the case of any member who does not have Class QB service and
17 who is terminating State service and who is ineligible for an
18 annuity before attainment of superannuation age, advise such
19 member in writing of any benefits to which he may be entitled
20 under the provisions of this part and shall have the member
21 prepare, on or before the date of termination of State service,
22 an application for the return of total accumulated deductions
23 or, on or before September 30, 1997, an application to be vested
24 as a special vestee, if eligible.

25 * * *

26 Section 23. Section 5907(c), (f), (g), (h) and (k) of Title
27 71, amended November 23, 2010 (P.L.1269, No.120), are amended to
28 read:

29 § 5907. Rights and duties of State employees and members.

30 * * *

1 (c) Multiple service membership.--Any active member who does
2 not have Class QB service credit and who was formerly an active
3 member in the Public School Employees' Retirement System in a
4 class of service other than T-G may elect to become a multiple
5 service member. Such election shall occur no later than 365 days
6 after becoming an active member in this system.

7 * * *

8 (f) Termination of service.--Each member who terminates
9 State service and who is not then a disability annuitant shall
10 execute on or before the date of termination of service the
11 appropriate application, duly attested by the member or his
12 legally constituted representative, electing to:

13 (1) withdraw his total accumulated deductions and cash
14 balance member accumulated deductions; or

15 (2) vest his retirement rights; and if he is a joint
16 coverage member, and so desires, elect to become a full
17 coverage member and agree to pay within 30 days of the date
18 of termination of service the lump sum required; or

19 (3) receive an immediate annuity and may,

20 (i) if eligible, elect to convert his medical, major
21 medical, and hospitalization coverage to the plan for
22 State annuitants; and

23 (ii) if he is a joint coverage member, elect to
24 become a full coverage member and agree to pay within 30
25 days of date of termination of service the lump sum
26 required.

27 (g) Vesting of retirement rights.--If a member elects to
28 vest his retirement rights he shall nominate a beneficiary by
29 written designation filed with the board and he may anytime
30 thereafter, withdraw the total accumulated deductions and cash

1 balance member accumulated deductions standing to his credit or
2 apply for an annuity, provided, however, that a member may not
3 apply for an annuity based on service as a member of Class QB
4 with an effective date that is before the member attains age 55.

5 (h) Vestees and special vestees attaining superannuation
6 age.--Upon attainment of superannuation age a vestee or special
7 vestee shall execute and file an application for an annuity. Any
8 such application filed within 90 days after attaining
9 superannuation age shall be effective as of the date of
10 attainment of superannuation age. Any application filed after
11 such period shall be effective as of the date it is filed with
12 the board, subject to the provisions of section 5905(f)
13 (relating to duties of the board regarding applications and
14 elections of members). [If a vestee or special vestee does not
15 file an application within seven years after attaining
16 superannuation age, he shall be deemed to have elected to
17 receive his total accumulated deductions upon attainment of
18 superannuation age.]

19 * * *

20 (k) Disability annuities.--If service of a member who is an
21 active member or inactive member on leave without pay in a class
22 of service other than Class QB is terminated due to his physical
23 or mental incapacity for the performance of duty, in lieu of an
24 application and election under subsection (f), an application
25 for a disability annuity with or without a supplement for a
26 service connected disability may be executed by him or by a
27 person legally authorized to act on his behalf.

28 Section 24. Section 5932 of Title 71 is amended to read:

29 § 5932. State Employees' Retirement Fund.

30 The fund shall consist of all balances in the several

1 separate accounts set apart to be used under the direction of
2 the board for the benefit of members of the system; and the
3 Treasury Department shall credit to the fund all moneys received
4 from the Department of Revenue arising from the contributions
5 required under the provisions of Chapter 55 (relating to
6 contributions), and any income earned by the investments or
7 moneys of said fund. There shall be established and maintained
8 by the board the several ledger accounts specified in sections
9 5933 (relating to members' savings account), 5934 (relating to
10 State accumulation account), 5935 (relating to annuity reserve
11 account), 5936 (relating to State Police benefit account), 5937
12 (relating to enforcement officers' benefit account), 5938
13 (relating to supplemental annuity account) [and], 5939 (relating
14 to interest reserve account) and 5942 (relating to cash balance
15 savings account).

16 Section 25. Section 5933(a) and 5934 of Title 71, amended
17 November 23, 2010 (P.L.1269, No.120), are amended to read:
18 § 5933. Members' savings account.

19 (a) Credits to account.--The members' savings account shall
20 be the ledger account to which shall be credited the amounts of
21 the pickup contributions made by the Commonwealth or other
22 employer and contributions or lump sum payments made by active
23 members in accordance with the provisions of sections 5501
24 (relating to regular member contributions and cash balance
25 mandatory contributions for current service), 5501.1 (relating
26 to shared-risk member contributions for Class A-3 and Class A-4
27 service), 5502 (relating to social security integration member
28 contributions), 5503 (relating to joint coverage member
29 contributions), 5504 (relating to member contributions for the
30 purchase of credit for previous State service or to become a

1 full coverage member), 5505.1 (relating to additional member
2 contributions) and 5505 (relating to contributions for the
3 purchase of credit for creditable nonstate service) and
4 transferred from the members' savings account of the Public
5 School Employees' Retirement System in accordance with the
6 provisions of section 5303.2 (relating to election to convert
7 school service to State service).

8 * * *

9 § 5934. State accumulation account.

10 The State accumulation account shall be the ledger account to
11 which shall be credited all contributions of the Commonwealth or
12 other employers whose employees are members of the system and
13 made in accordance with the provisions of section 5507(a) or (d)
14 (relating to contributions by the Commonwealth and other
15 employers) except that the amounts received under the provisions
16 of the act of May 12, 1943 (P.L.259, No.120), and the amounts
17 received under the provisions of the Liquor Code, act of April
18 12, 1951 (P.L.90, No.21), shall be credited to the State Police
19 benefit account or the enforcement officers' benefit account as
20 the case may be. All amounts transferred to the fund by county
21 retirement systems or pension plans in accordance with the
22 provisions of section 5507(c) also shall be credited to the
23 State accumulation account. All amounts transferred to the fund
24 by the Public School Employees' Retirement System in accordance
25 with section 5303.2(e) (relating to election to convert school
26 service to State service), except amounts credited to the
27 members' savings account, and all amounts paid by the Department
28 of Corrections in accordance with section 5303.2(f) also shall
29 be credited to the State accumulation account. The State
30 accumulation account shall be credited with valuation interest.

1 The reserves necessary for the payment of annuities and death
2 benefits as approved by the board and as provided in Chapter 57
3 (relating to benefits) shall be transferred from the State
4 accumulation account to the annuity reserve account provided for
5 in section 5935 (relating to annuity reserve account), except
6 that the reserves necessary on account of a member who is an
7 officer of the Pennsylvania State Police or an enforcement
8 officer shall be transferred from the State accumulation account
9 to the State Police benefit account provided for in section 5936
10 (relating to State Police benefit account) or to the enforcement
11 officers' benefit account as provided for in section 5937
12 (relating to enforcement officers' benefit account) as the case
13 may be. The reserves necessary for the payment of supplemental
14 annuities in excess of those reserves credited to the
15 supplemental annuity account on June 30, 2010, shall be
16 transferred from the State accumulation account to the
17 supplemental annuity account. In the event that supplemental
18 annuities are increased by legislation enacted after December
19 31, 2009, the necessary reserves shall be transferred from the
20 State accumulation account to the supplemental annuity account.
21 The amounts credited to the members' individual cash balance
22 savings accounts as provided for in section 5902(o) (relating to
23 administrative duties of the board) shall be transferred from
24 the State accumulation account.

25 Section 26. Section 5935 of Title 71 is amended to read:

26 § 5935. Annuity reserve account.

27 (a) Credits and charges to account.--The annuity reserve
28 account shall be the ledger account to which shall be credited
29 the reserves held for payment of annuities and death benefits on
30 account of all annuitants except in the case of members who are

1 officers of the Pennsylvania State Police or enforcement
2 officers. The annuity reserve account shall be credited with
3 valuation interest. After the transfers provided in sections
4 5933 (relating to members' savings account), 5934 (relating to
5 State accumulation account) [and], 5938 (relating to
6 supplemental annuity account) and 5942 (relating to cash balance
7 savings account), all annuity and death benefit payments except
8 those payable to any member who retires as an officer of the
9 Pennsylvania State Police or an enforcement officer shall be
10 charged to the annuity reserve account and paid from the fund.

11 (b) Transfers from account.--Should an annuitant other than
12 a member who was retired as an officer of the Pennsylvania State
13 Police or an enforcement officer be subsequently restored to
14 active service, the present value of his member's annuity at the
15 time of reentry into State service shall be transferred from the
16 annuity reserve account and placed to his individual credit in
17 the members' savings account. In addition, the actuarial reserve
18 for his annuity based on all classes of credited service other
19 than Class QB less the amount transferred to the members'
20 savings account shall be transferred from the annuity reserve
21 account to the State accumulation account. The present value of
22 the annuity provided by section 5702(a)(7) (relating to maximum
23 single life annuity) at the time of reentry into State service
24 shall be transferred from the annuity reserve account and placed
25 to his individual credit in the cash balance savings account.

26 Section 27. Sections 5936 and 5937 of Title 71, amended
27 November 23, 2010 (P.L.1269, No.120), are amended to read:
28 § 5936. State Police benefit account.

29 (a) Credits and charges to account.--The State Police
30 benefit account shall be the ledger account to which shall be

1 credited all contributions received under the provisions of the
2 act of May 12, 1943 (P.L.259, No.120), referred to as the
3 Foreign Casualty Insurance Premium Tax Allocation Law, and any
4 additional Commonwealth or other employer contributions provided
5 for in section 5507 (relating to contributions by the
6 Commonwealth and other employers) which are creditable to the
7 State Police benefit account. The State Police benefit account
8 shall be credited with the required interest. In addition, upon
9 the filing of an application for an annuity by a member who is
10 an officer of the Pennsylvania State Police, the total
11 accumulated deductions standing to the credit of the member in
12 the members' savings account, the total cash balance accumulated
13 deductions standing to the credit of the member in the cash
14 balance savings account and the necessary reserves from the
15 State accumulation account shall be transferred to the State
16 Police benefit account. Thereafter, the total annuity of such
17 annuitant shall be charged to the State Police benefit account
18 and paid from the fund.

19 (b) Transfers from account.--Should the said annuitant be
20 subsequently restored to active service, the present value of
21 the member's annuity at the time of reentry into State service
22 shall be transferred from the State Police benefit account and
23 placed to his individual credit in the members' savings account.
24 In addition, the actuarial reserve for his annuity based on all
25 classes of credited service other than Class QB calculated as if
26 he had been a member of Class A if he has Class A or Class C
27 service credited; as if he had been a member of Class A-3 if the
28 annuitant has Class A-3 State service credited; or as if he had
29 been a member of Class A-4 if the annuitant has Class A-4
30 service credited, less the amount transferred to the members'

1 savings account shall be transferred from the State Police
2 benefit account to the State accumulation account. The present
3 value of the annuity provided by section 5702(a)(7) (relating to
4 maximum single life annuity) at the time of reentry into State
5 service shall be transferred from the State Police benefit
6 account and placed to his individual credit in the cash balance
7 savings account. Upon subsequent retirement other than as an
8 officer of the Pennsylvania State Police the actuarial reserve
9 remaining in the State Police benefit account shall be
10 transferred to the appropriate reserve account.

11 § 5937. Enforcement officers' benefit account.

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

1 annuity of such annuitant shall be charged to the enforcement
2 officers' benefit account and paid from the fund.

3 (b) Transfers from account.--Should the said annuitant be
4 subsequently restored to active service, the present value of
5 the member's annuity at the time of reentry into State service
6 shall be transferred from the enforcement officers' benefit
7 account and placed to his individual credit in the members'
8 savings account. In addition, the actuarial reserve for his
9 annuity based on all classes of credited service other than
10 Class QB calculated as if he had been a member of Class A if the
11 annuitant does not have any Class AA, Class A-3 or Class A-4
12 service credited; as if he had been a member of Class AA if the
13 annuitant does have Class AA service credited; as if he had been
14 a member of Class A-3 if the annuitant has Class A-3 State
15 service credited; or as if he had been a member of Class A-4 if
16 the annuitant has Class A-4 service credited, less the amount
17 transferred to the members' savings account shall be transferred
18 from the enforcement officers' benefit account to the State
19 accumulation account. The present value of the annuity provided
20 by section 5702(a)(7) (relating to maximum single life annuity)
21 at the time of reentry into State service shall be transferred
22 from the enforcement officers' benefit account and placed to his
23 individual credit in the cash balance savings account. Upon
24 subsequent retirement other than as an enforcement officer the
25 actuarial reserve remaining in the enforcement officers' benefit
26 account shall be transferred to the appropriate reserve account.
27 Section 28. Title 71 is amended by adding a section to read:
28 § 5942. Cash balance savings account.

29 (a) Credits to account.--The cash balance savings account
30 shall be the ledger account to which shall be credited the

amounts of the pickup contributions made by the Commonwealth or other employers, the cash balance voluntary contributions made by active members of Class QB and additional amounts credited to the individual members' cash balance savings accounts in accordance with the provisions of sections 5501 (relating to regular member contributions and cash balance mandatory contributions for current service), 5501.3 (relating to cash balance voluntary contributions) and 5902(o) (relating to administrative duties of the board).

(b) Interest and transfers from account.--The cash balance savings account in total and the individual member accounts shall be credited with statutory interest. The total cash balance accumulated deductions credited to a member whose application for an annuity has been approved shall be transferred from the cash balance savings account to the annuity reserve account provided for in section 5935 (relating to annuity reserve account), except in the case of a member who is an officer of the Pennsylvania State Police or an enforcement officer the total cash balance accumulated deductions to his credit shall be transferred from the cash balance savings account to the State Police benefit account provided for in section 5936 (relating to State Police benefit account) or to the enforcement officers' benefit account provided for in section 5937 (relating to enforcement officers' benefit account), as the case may be.

(c) Charges to account.--Upon the election of a member to withdraw his cash balance member accumulated deductions without receiving a benefit or upon payment of small cash balance account in a lump sum as provided for in section 5709(d) (relating to payment of benefits), the payment of such amount

shall be charged to the individual member's cash balance savings account. Any amounts remaining in an individual member's cash balance saving account after these charges shall be transferred to the State accumulation account.

Section 29. Nothing in this act which amends or supplements provisions of 71 Pa.C.S. Pt. XXV in relation to requirements for qualification of the State Employees' Retirement System as a qualified pension plan under section 401(a) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)), or any construction of 71 Pa.C.S. Pt. XXV, as so amended or supplemented, or any rules or regulations adopted under 71 Pa.C.S. Pt. XXV shall create in any member of the system or in any other person claiming an interest in the account of any such member a contractual right, either express or implied nor in any construction of 71 Pa.C.S. Pt. XXV, as so amended or supplemented, or any rules or regulations adopted under 71 Pa.C.S. Pt. XXV. The provisions of 71 Pa.C.S. Pt. XXV shall remain subject to the Internal Revenue Code of 1986, as amended, and regulations thereunder as the same may hereafter be amended, and the General Assembly reserves to itself such further exercise of its legislative power to amend or supplement such provisions as may from time to time be required in order to maintain the qualification of such system as a qualified pension plan under section 401(a) and other applicable provisions of the Internal Revenue Code of 1986.

Section 30. Nothing in this act shall be construed or deemed to imply that, but for the expressed applications of the limitations on benefits or other requirements under section 401(a) or applicable provisions of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.), those

1 limitations would not otherwise apply to member of the State
2 Employees' Retirement System and the benefits payable pursuant
3 to 71 Pa.C.S. Pt. XXV.

4 Section 31. Nothing in this act shall be construed or deemed
5 to imply that any interpretation or application of the
6 provisions of 71 Pa.C.S. Pt. XXV or benefits available to
7 members of the State Employees' Retirement System was not in
8 accordance with the provisions of 71 Pa.C.S. Pt. XXV or other
9 applicable law prior to the effective date of this section.

10 Section 32. It is the expressed intention of the General
11 Assembly that the provisions of this act pertaining to Class QB
12 service credit shall apply to all State employees who first
13 become members of the State Employees' Retirement System after
14 the applicable dates set forth in this act, except as
15 specifically stated otherwise, without regard to any other class
16 of service or benefits that may be applicable to any other State
17 employee or State office or employment position they may hold.

18 Section 33. References in this act to provisions of the
19 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1
20 et seq.), including for this purpose administrative regulations
21 promulgated thereunder, are intended to include such laws and
22 regulations as are in effect on the effective date of this
23 section and as they may hereafter be amended or supplemented or
24 supplanted by successor provisions.

25 Section 34. This act shall be construed and administered in
26 such a manner that the State Employees' Retirement System will
27 satisfy the requirements necessary to qualify as a qualified
28 pension plan under section 401(a) and other applicable
29 provisions of the Internal Revenue Code of 1986 (Public Law
30 99-514, 26 U.S.C. § 1 et seq.). The rules, regulations and

1 procedures adopted and promulgated by the State Employees'
2 Retirement Board under 71 Pa.C.S. § 5902(h) may include those
3 necessary to accomplish the purpose of this section.

4 Section 35. It is the express intent of the General Assembly
5 that nothing in this act shall be construed to grant to or be
6 deemed to imply that this act expands, contracts or otherwise
7 affects any contractual rights, either expressed or implied, or
8 any other constitutionally protected rights, in the terms and
9 conditions of the State Employees' Retirement System or other
10 pension or retirement benefits as a State employee, including,
11 but not limited to, benefits, options, rights or privileges
12 established by 71 Pa.C.S. Pt. XXV for any current or former
13 State employees.

14 Section 36. No State employee otherwise a member of,
15 eligible to be a member of or having State or nonstate service
16 credited in a class of service other than Class QB may cancel,
17 decline or waive membership in such other class of service in
18 order to obtain Class QB service credit, become a member of
19 Class QB or elect Class QB membership.

20 Section 37. Notwithstanding any other provision of law, any
21 change in accrued liability of the State Employees' Retirement
22 System created by this act as a result of changes in benefits
23 shall be funded in equal dollar installments over a period of 30
24 years beginning July 1, 2013, subject to any limits imposed by
25 71 Pa.C.S. Pt. XXV on employer contributions to the State
26 Employees' Retirement System. For purposes of 71 Pa.C.S. §§
27 5501.2, 5507 and 5508, any such changes shall not be considered
28 to be costs added by legislation.

29 Section 38. If any provision of this act or its application
30 to any person or circumstance is held invalid, the invalidity

1 shall not affect other provisions or applications of this act
2 which can be given effect without the invalid provision or
3 application.

4 Section 39. This act shall take effect immediately.