

## AN ACT

1 Amending Title 71 (State Government) of the Pennsylvania  
2 Consolidated Statutes, in preliminary provisions relating to  
3 retirement for State employees and officers, further  
4 providing for definitions; in membership, credited service,  
5 classes of service and eligibility for benefits, further  
6 providing for mandatory and optional membership and for  
7 eligibility for vesting; and providing for election to  
8 discontinue active membership by optional members.

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

11 Section 1. The definitions of "additional accumulated  
12 deductions," "regular accumulated deductions," "shared-risk  
13 accumulated deductions," "total accumulated deductions" and  
14 "vestee" in section 5102 of Title 71 of the Pennsylvania  
15 Consolidated Statutes are amended to read:

16 § 5102. Definitions.

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

20 \* \* \*

1 "Additional accumulated deductions." The total of the  
2 additional member contributions paid into the fund on account of  
3 current service or previous State or creditable nonstate  
4 service, together with the statutory interest credited thereon  
5 until the date of termination of service. In the case of a  
6 vestee, statutory interest shall be credited until the effective  
7 date of retirement[.] or the date on which active membership is  
8 discontinued under section 5312 (relating to election to  
9 discontinue active membership by optional members), whichever is  
10 earlier. A member's account shall not be credited with statutory  
11 interest for more than two years during a leave without pay.

12 \* \* \*

13 "Regular accumulated deductions." The total of the regular  
14 or joint coverage member contributions paid into the fund on  
15 account of current service or previous State or creditable  
16 nonstate service, together with the statutory interest credited  
17 thereon until the date of termination of service[.] or the date  
18 on which active membership is discontinued under section 5312  
19 (relating to election to discontinue active membership by  
20 optional members), whichever is earlier. In the case of a vestee  
21 or a special vestee, statutory interest shall be credited until  
22 the effective date of retirement. A member's account shall not  
23 be credited with statutory interest for more than two years  
24 during a leave without pay.

25 \* \* \*

26 "Shared-risk accumulated deductions." The total of the  
27 shared-risk member contributions paid into the fund on account  
28 of current service or previous State service or creditable  
29 nonstate service, together with the statutory interest credited  
30 on the contributions until the date of termination of service[.]

1 or the date on which active membership is discontinued under  
2 section 5312 (relating to election to discontinue active  
3 membership by optional members), whichever is earlier. In the  
4 case of a vestee, statutory interest shall be credited until the  
5 effective date of retirement. A member's account shall not be  
6 credited with statutory interest for more than two years during  
7 a leave without pay.

8 \* \* \*

9 "Total accumulated deductions." The sum of the regular  
10 accumulated deductions, additional accumulated deductions, the  
11 social security integration accumulated deductions, shared-risk  
12 member contributions and all other contributions paid into the  
13 fund for the purchase, transfer or conversion of credit for  
14 service or other coverage together with all statutory interest  
15 credited thereon until the date of termination of service[.] or  
16 the date on which active membership is discontinued under  
17 section 5312 (relating to election to discontinue active  
18 membership by optional members), whichever is earlier. In the  
19 case of a vestee or a special vestee, statutory interest shall  
20 be credited until the effective date of retirement. A member's  
21 account shall not be credited with statutory interest for more  
22 than two years during a leave without pay.

23 \* \* \*

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

1 has elected to leave his total accumulated deductions in the  
2 fund and to defer receipt of an annuity[.] or who continues  
3 State service, discontinues active membership in the system  
4 under section 5312 (relating to election to discontinue active  
5 membership by optional members), and leaves his total  
6 accumulated deductions in the fund.

7 Section 2. Section 5301(a), (b) and (c) of Title 71 are  
8 amended to read:

9 § 5301. Mandatory and optional membership.

10 (a) Mandatory membership.--Membership in the system shall be  
11 mandatory as of the effective date of employment for all State  
12 employees except the following:

- 13 (1) Governor.
- 14 (2) Lieutenant Governor.
- 15 (3) Members of the General Assembly.
- 16 (4) Heads or deputy heads of administrative departments.
- 17 (5) Members of any independent administrative board or  
18 commission.
- 19 (6) Members of any departmental board or commission.
- 20 (7) Members of any advisory board or commission.
- 21 (8) Secretary to the Governor.
- 22 (9) Budget Secretary.
- 23 (10) Legislative employees.
- 24 (11) School employees who have elected membership in the  
25 Public School Employees' Retirement System.
- 26 (12) School employees who have elected membership in an  
27 independent retirement program approved by the employer,  
28 provided that in no case, except as hereinafter provided,  
29 shall the employer contribute on account of such elected  
30 membership at a rate greater than the employer normal

1 contribution rate as determined in section 5508(b) (relating  
2 to actuarial cost method). For the fiscal year 1986-1987 an  
3 employer may contribute on account of such elected membership  
4 at a rate which is the greater of 7% or the employer normal  
5 contribution rate as determined in section 5508(b) and for  
6 the fiscal year 1992-1993 and all years after that at a rate  
7 of 9.29%.

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

12 (14) Persons who are not members of the system and are  
13 employed on a per diem or hourly basis for less than 100 days  
14 or 750 hours in a 12-month period.

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

21 (16) Employees of the Juvenile Court Judges' Commission  
22 who, before the effective date of this paragraph, were  
23 transferred from the State System of Higher Education to the  
24 Juvenile Court Judges' Commission as a result of an  
25 interagency transfer of staff approved by the Office of  
26 Administration and who, while employees of the State System  
27 of Higher Education, had elected membership in an independent  
28 retirement program approved by the employer.

29 (17) State employees who have exercised the option to  
30 discontinue active membership in the system under section

1     5312 (relating to election to discontinue active membership  
2     by optional members).

3     (b) Optional membership.--The State employees listed in  
4 subsection (a)(1) through (11) shall have the right to elect  
5 membership in the system; once such election is exercised,  
6 membership shall continue until the termination of State  
7 service, unless the employee exercises the option to discontinue  
8 active membership in the system under section 5312.

9     (c) Prohibited membership.--The State employees listed in  
10 subsection (a)(12), (13), (14) [and], (15) and 17 shall not have  
11 the right to elect membership in the system.

12     \* \* \*

13     Section 3. Section 5309 of Title 71 is amended by adding  
14 paragraphs to read:

15     § 5309. Eligibility for vesting.

16     Any member who:

17     \* \* \*

18     (4) Does not have Class A-3 or Class A-4 service credit  
19 or Class T-E or Class T-F service credit in the Public School  
20 Employees' Retirement System and continues State service and  
21 discontinues active membership in the system under section  
22 5312 (relating to election to discontinue active membership  
23 by optional members) with five or more eligibility points,  
24 shall be eligible to vest his retirement benefits until  
25 attainment of superannuation age and termination of State  
26 service.

27     (5) Has Class A-3 or Class A-4 service credit or Class  
28 T-E or Class T-F service credit in the Public School  
29 Employees' Retirement System and ten or more eligibility  
30 points, continues State service and discontinues active

1 membership in the system under section 5312 shall be eligible  
2 to vest his retirement benefits until attainment of  
3 superannuation age and termination of State service.

4 (6) Has either Class A-3 or Class A-4 service credit or  
5 Class T-E or Class T-F service credit in the Public School  
6 Employees' Retirement System, also has service credited in  
7 the system in one or more other classes of service and has  
8 five or more, but fewer than ten, eligibility points,  
9 continues State service and discontinues active membership in  
10 the system under section 5312 shall be eligible, until  
11 attainment of superannuation age and termination of State  
12 service, to vest his retirement benefits calculated on his  
13 service credited in classes of service other than Class A-3  
14 or Class A-4 and to be credited with statutory interest on  
15 total accumulated deductions, regardless of whether or not  
16 any part of his accumulated deductions are a result of Class  
17 A-3 or Class A-4 service credit.

18 Section 4. Title 71 is amended by adding a section to read:  
19 § 5312. Election to discontinue active membership by optional  
20 members.

21 (a) General rule.--Notwithstanding any other provision of  
22 this title to the contrary, a State employee for whom membership  
23 is optional under section 5301 (relating to mandatory and  
24 optional membership), who is an active member of the system on  
25 the effective date of this section, may elect to discontinue  
26 active membership.

27 (b) Time for making election.--An election pursuant to  
28 subsection (a) must be made by the active member filing written  
29 notice with the board on or before 90 days after the effective  
30 date of this section or before the member terminates State

1 service, whichever occurs first.

2 (c) Effect of election.--Notwithstanding any other provision  
3 of this title to the contrary, an election to discontinue active  
4 membership shall be irrevocable and shall become effective when  
5 the election is filed with the board.

6 (d) Effect of failure to make election.--In the case of a  
7 State employee who is eligible to make an election under  
8 subsection (a), failure to elect to discontinue active  
9 membership within the election period specified in subsection  
10 (b) shall result in the continuation of the employee's active  
11 membership until the termination of State service.

12 Section 5. This act shall take effect in 90 days.