

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 whichever is earlier. In the case of a vestee or a special
20 vestee, statutory interest shall be credited until the effective
21 date of retirement. A member's account shall not be credited
22 with statutory interest for more than two years during a leave
23 without pay.

24 * * *

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

1 section 5312, whichever is earlier. In the case of a vestee,
2 statutory interest shall be credited until the effective date of
3 retirement. A member's account shall not be credited with
4 statutory interest for more than two years during a leave
5 without pay.

6 * * *

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

20 * * *

21 "Vestee." A member with five or more eligibility points in a
22 class of service other than Class A-3 or Class A-4 or Class T-E
23 or Class T-F in the Public School Employees' Retirement System,
24 a member with Class G, Class H, Class I, Class J, Class K, Class
25 L, Class M or Class N service with five or more eligibility
26 points, or a member with Class A-3 or Class A-4 service with ten
27 or more eligibility points who has terminated State service and
28 has elected to leave his total accumulated deductions in the
29 fund and to defer receipt of an annuity[.] or who continues
30 State service, discontinues active membership in the system

1 under section 5312, and leaves his total accumulated deductions
2 in the fund.

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

5 § 5301. Mandatory and optional membership.

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

9 (1) Governor.

10 (2) Lieutenant Governor.

11 (3) Members of the General Assembly.

12 (4) Heads or deputy heads of administrative departments.

13 (5) Members of any independent administrative board or
14 commission.

15 (6) Members of any departmental board or commission.

16 (7) Members of any advisory board or commission.

17 (8) Secretary to the Governor.

18 (9) Budget Secretary.

19 (10) Legislative employees.

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

22 (12) School employees who have elected membership in an
23 independent retirement program approved by the employer,
24 provided that in no case, except as hereinafter provided,
25 shall the employer contribute on account of such elected
26 membership at a rate greater than the employer normal
27 contribution rate as determined in section 5508(b) (relating
28 to actuarial cost method). For the fiscal year 1986-1987 an
29 employer may contribute on account of such elected membership
30 at a rate which is the greater of 7% or the employer normal

1 contribution rate as determined in section 5508(b) and for
2 the fiscal year 1992-1993 and all years after that at a rate
3 of 9.29%.

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

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

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

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

25 (17) State employees who have exercised the option to
26 discontinue active membership in the system under section
27 5312 (relating to election to discontinue active membership
28 by optional members).

29 (b) Optional membership.--The State employees listed in
30 subsection (a) (1) through (11) shall have the right to elect

1 membership in the system; once such election is exercised,
2 membership shall continue until the termination of State
3 service, unless the employee exercises the option to discontinue
4 active membership in the system under section 5312.

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

8 * * *

9 Section 3. Section 5309 of Title 71 is amended by adding
10 paragraphs to read:

11 § 5309. Eligibility for vesting.

12 Any member who:

13 * * *

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

23 (5) Has Class A-3 or Class A-4 service credit or Class
24 T-E or Class T-F service credit in the Public School
25 Employees' Retirement System and 10 or more eligibility
26 points, continues State service and discontinues active
27 membership in the system under section 5312 shall be eligible
28 to vest his retirement benefits until attainment of
29 superannuation age and termination of State service.

30 (6) Has either Class A-3 or Class A-4 service credit or

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

14 Section 4. Title 71 is amended by adding a section to read:
15 § 5312. Election to discontinue active membership by optional
16 members.

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

23 (b) Time for making election.--An election under subsection
24 (a) must be made by the active member filing written notice with
25 the board on or before 90 days after the effective date of this
26 section or before the member terminates State service, whichever
27 occurs first.

28 (c) Effect of election.--Notwithstanding any other provision
29 of this title to the contrary, an election to discontinue active
30 membership shall be irrevocable and shall become effective when

1 the election is filed with the board.

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

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