

# COMMONWEALTH OF PENNSYLVANIA

## LEGISLATIVE JOURNAL

MONDAY, JUNE 13, 2016

SESSION OF 2016

200TH OF THE GENERAL ASSEMBLY

No. 37

### HOUSE OF REPRESENTATIVES

The House convened at 1 p.m., e.d.t.

**THE SPEAKER (MIKE TURZAI)  
PRESIDING**

#### MOMENT OF SILENCE OBSERVED

The SPEAKER. If all members and guests could please rise.

As we begin today's session, I solemnly ask all members and guests to stay standing for a moment of silence as we remember those good men and women who were killed in the horrific shooting Sunday morning in Orlando, Florida. Our thoughts and prayers go out to each of them.

(Whereupon, a moment of silence was observed.)

#### PRAYER

The SPEAKER. Members and guests, please remain standing. Our prayer today will be offered by the Reverend Jay Broadnax of Mount Pisgah African Methodist Episcopal Church in the city of Philadelphia. He is the guest of our good friend and colleague, Representative Jordan Harris.

Reverend.

REV. JAY BROADNAX, Guest Chaplain of the House of Representatives, offered the following prayer:

I am deeply honored by the invitation to open this session with prayer. I wish to be respectful, but I will be offering a prayer from my tradition in which it is customary to pray in the name of Jesus. I respectfully invite and welcome all who are present to pray alongside me in your own traditions as we together seek the blessing of God on this session and on our great State.

Let us pray:

Almighty and everlasting God, we come today to praise and thank You first for another day that You have given us to breathe the breath of life, the breath that we are all given from Your mighty hand. We are grateful that in spite of our differences and imperfections and shortcomings, that You provide us with a fresh set of mercies every morning and grant us the privilege of serving the great people of this great State of Pennsylvania.

Lord, as we mourn together with the families of those massacred in this latest tragedy in Orlando, we collectively condemn the spirit of hatred and violence that has caused it and brought it into being. We recognize that same spirit as the spirit that motivates all kinds and acts of violence, from murder to police brutality, to spousal abuse, to even school bullying. We recognize it as a spirit of fear and ignorance and self-centeredness that influences those who would use intimidation to destroy, marginalize, and discriminate against people, against families, against communities, against all lives that matter to You.

Almighty God, we pray that we, across this great State, would not allow that spirit to creep into our thinking, or worse, into our mode of leading or governing. Help us to use our collective outrage not to polarize us further, not to drive us to be more resolute in staying entrenched in our parochial positions, but to compel us to hear the cries of grieving mothers and fathers, to hear the cries of needy and broken people. Help us to channel our frustrations to drive us across the aisles and not be enslaved to people, even constituents, who want to drive us into corners, but help us to be compelled to get over ourselves and move beyond our differences to work towards answers that will help all Pennsylvanians.

You have called us, You have appointed us to these positions of influence for such a time as this, in order that we might make a difference. Now, Lord, please empower us to take a fresh look at our problems, take a fresh look at one another, and to be courageous enough to do whatever it takes to make a difference. We know that it can only be done through You. You can help us to make a difference, You can move us, and You can break through any barriers and overcome any obstacles.

We will not fear, but we will stand in faith. We believe You are able to do exceedingly and abundantly beyond all we could ask or think. We pray this according to our traditions. I pray this in Jesus' name. Amen.

#### PLEDGE OF ALLEGIANCE

(The Pledge of Allegiance was recited by members and visitors.)

The SPEAKER. Thank you, Reverend.

#### JOURNAL APPROVAL POSTPONED

The SPEAKER. Without objection, the approval of the Journal of Thursday, June 9, 2016, will be postponed until printed.

Members, we are going to be taking up introductions and resolutions for those guests that are presently on the floor. We want to give each of them the opportunity to be introduced. With respect to member remarks on resolutions or other items, we are going to hold those off until after caucus today. For those guests that are here, however, we are going to take those items up first and then we are going to move to adjournment to caucuses for both the majority and the minority caucuses.

**BILLS REPORTED FROM COMMITTEE,  
CONSIDERED FIRST TIME, AND  
RECOMMITTED TO COMMITTEE ON RULES**

**HB 1578, PN 3499** (Amended) By Rep. SAYLOR

An Act amending the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, providing for the E-achievement Program.

EDUCATION.

**HB 1834, PN 3500** (Amended) By Rep. SAYLOR

An Act amending the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, in high schools, providing for professional development related to secondary transition services.

EDUCATION.

**HB 1915, PN 3011** By Rep. SAYLOR

An Act amending the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, providing for supplemental online course initiative; and establishing the Online Course Clearinghouse Restricted Account.

EDUCATION.

**BILL REPORTED FROM COMMITTEE,  
CONSIDERED FIRST TIME, AND TABLED**

**SB 1194, PN 1785** By Rep. SAYLOR

An Act amending the act of April 12, 2012 (P.L.232, No.29), known as the State Military College Legislative Appointment Initiative Program Act, repealing provisions relating to expiration.

EDUCATION.

**HOUSE BILLS  
INTRODUCED AND REFERRED**

**No. 2155** By Representative THOMAS

An Act amending Title 61 (Prisons and Parole) of the Pennsylvania Consolidated Statutes, in miscellaneous provisions, establishing the Pennsylvania Interagency Council on Inmate Reentry.

Referred to Committee on JUDICIARY, June 13, 2016.

**No. 2156** By Representatives DAVIS, DAWKINS, STEPHENS, STAATS, V. BROWN, GIBBONS, O'NEILL, GALLOWAY, D. PARKER, READSHAW, KAUFER and YOUNGBLOOD

An Act amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, in governing body, providing for municipal standards for recovery residences; and making an editorial change.

Referred to Committee on LOCAL GOVERNMENT, June 13, 2016.

**No. 2157** By Representatives MILLARD, V. BROWN, D. COSTA, DeLUCA, ROZZI and SAYLOR

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, in licensing of drivers, further providing for probationary license.

Referred to Committee on TRANSPORTATION, June 13, 2016.

The SPEAKER. Members, as I have indicated, we are going to take up items where guests are present on the House floor. Any other business will be held off until we come back from our caucuses. For those guests on the floor, however, we are going to take up those items.

**CUMBERLAND VALLEY HIGH SCHOOL  
RUGBY TEAM PRESENTED**

The SPEAKER. Representative Rothman is called to the rostrum to introduce a championship team. I know they are present in the hall. He will be joined by Representative Bloom and Representative Regan, I understand, and I am hoping at least one proud father that works with us is here as well.

Members, please take your seats. We have quite a contingent here from this championship team, so I would like to give them our undivided attention. Members, please take your seats.

Representative Rothman, you may proceed.

Mr. ROTHMAN. Thank you, Mr. Speaker.

It has been an outstanding year for athletics at Cumberland Valley High School. This is the third time this session I have had the opportunity to congratulate a State championship team from Cumberland Valley School District. So I stand here as a proud alumni of Cumberland Valley.

Today we are joined by the RugbyPA Junior State Champions, the Cumberland Valley Eagles. This is their third State championship in 5 years. The team played stellar defense to win the semifinal against the tough Downingtown squad and another hard effort in the championship game against Kiski Valley.

Crucial to CV's defense is their strong tackling skills. For those of you who do not know, rugby is like football without helmets, but they do not get concussions. CV's strong ball control kept their opponents playing defense for long periods.

And as it should have been, the championship game was a nail-biter, as Kiski drew within seven points in the final 10 minutes. You can imagine the elevated blood pressures on the sidelines of CV's fans. CV withstood the repeated Kiski attacks until the final whistle blew, giving them a 26-19 victory.

Congratulations to all team members for this outstanding achievement. The team members are Max Abom, who is behind me, and also the team MVP (most valuable player); Jakob Bado; Duncan Bedell; Jared Behr; Greg Blickley; Chase

Burkhart; Colin Cekovich; Alex Clarke; Wyatt Claypool; Owen Clifford; Quintin Collins; Samuel Deitch; Tyler Dunkle; Martin Gildea; Brett Govern; Caden Grove; Tristen Hart; Dylan Keefe; Dominic Kelly; Timothy Kissinger; William Kodlick; Braydn McClelland; Keegan McCoy; Korrd Micklo; Ben and Max Miskin – the sons of their proud father, Stephen Miskin, who serves us all well – Quinlan Nelson; Aidan Park; Jason Petrillo; Cade Reichart; Paul Romano; Joey Sailer; Nathan Samuel; Drew Shaffer; Jack Shepley; Caleb Smith; Erik Thorne; Mason Viehman; Blake Weary; Logan Weiser; Christopher Wickens; Noah Zeiders; and Ethan Zeigler. The coaches are Eric Freer and Bryan Wentz, and also providing assistance to the team is Jay Abom, the founding father of Cumberland Valley rugby.

Mr. Speaker, let us give a round of applause to the 2016 RugbyPA Junior State Champions, the Cumberland Valley Eagles.

The SPEAKER. The other members of the team, if you will please stand up to be recognized. It is great to have you here. I think some of the coaches are back there and parents.

Representative Bloom and Representative Rothman, thank you so much. We will take a few photos and we will move on, but we are so glad to have you here today and congratulations.

### LEAVES OF ABSENCE

The SPEAKER. The majority whip requests leaves of absence for the following: Representative BOBACK of Luzerne County for the day, Representative SANTORA of Delaware County for the day, and Representative FARRY of Bucks County for the day. Without objection, those will be granted.

The minority whip requests leaves of absence for the following: Representative FREEMAN of Northampton County for the day, Representative SCHREIBER of York County for the day, Representative BRADFORD of Montgomery County for the day, Representative DAVIDSON of Delaware County for the day, Representative ACOSTA of Philadelphia County for the day, Representative EVANS of Philadelphia County for the day, and Representative SAVAGE of Philadelphia County for the day. Without objection, those will be granted.

### MASTER ROLL CALL

The SPEAKER. Members, we will proceed to vote on the master roll.

(Members proceeded to vote.)

### LEAVE OF ABSENCE

The SPEAKER. Representative SIMMONS has requested to be placed on leave for the remainder of the day. Without objection, that will be granted.

### MASTER ROLL CALL CONTINUED

The following roll call was recorded:

### PRESENT—191

Adolph	Fabrizio	Lawrence	Rapp
Artis	Farina	Lewis	Ravenstahl
Baker	Fee	Longietti	Readshaw
Barbin	Flynn	Mackenzie	Reed
Barrar	Frankel	Maher	Reese
Benninghoff	Gabler	Mahoney	Regan
Bizzarro	Gainey	Major	Roae
Bloom	Galloway	Maloney	Roebuck
Boyle	Gergely	Markosek	Ross
Briggs	Gibbons	Marshall	Rothman
Brown, R.	Gillen	Marsico	Rozzi
Brown, V.	Gillespie	Masser	Sacccone
Bullock	Gingrich	Matzie	Sainato
Burns	Godshall	McCarter	Samuelson
Caltagirone	Goodman	McClinton	Sankey
Carroll	Greiner	McGinnis	Santarsiero
Causar	Grove	McNeill	Saylor
Christiana	Hahn	Mentzer	Schemel
Cohen	Hanna	Metcalf	Schlossberg
Conklin	Harhai	Metzgar	Schwayer
Corbin	Harhart	Miccarelli	Sims
Costa, D.	Harkins	Millard	Snyder
Costa, P.	Harper	Miller, B.	Sonney
Cox	Harris, A.	Miller, D.	Staats
Cruz	Harris, J.	Milne	Stephens
Culver	Heffley	Moul	Sturla
Cutler	Helm	Mullery	Tallman
Daley, M.	Hennessey	Murt	Taylor
Daley, P.	Hickernell	Mustio	Thomas
Davis	Hill	Neilson	Tobash
Dawkins	Irvin	Nelson	Toepel
Day	James	Nesbit	Toohil
Dean	Jozwiak	Neuman	Topper
Deasy	Kampf	O'Brien	Truitt
DeLissio	Kauf	O'Neill	Vereb
Delozier	Kauffman	Oberlander	Vitali
DeLuca	Kavulich	Ortity	Ward
Dermody	Keller, F.	Parker, D.	Warner
Diamond	Keller, M.K.	Pashinski	Watson
DiGirolamo	Keller, W.	Payne	Wentling
Donatucci	Kim	Peifer	Wheatley
Driscoll	Kinsey	Petrarca	Wheeland
Dunbar	Kirkland	Petri	White
Dush	Klunk	Pickett	Youngblood
Ellis	Knowles	Pyle	Zimmerman
Emrick	Kortz	Quigley	
English	Kotik	Quinn	Turzai,
Evankovich	Krueger	Rader	Speaker
Everett			

### ADDITIONS—0

### NOT VOTING—0

### EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evans	Santora	Simmons
Bradford	Farry	Savage	

### LEAVES ADDED—1

Evankovich

### LEAVES CANCELED—1

Farry

The SPEAKER. There are 191 members present on the House floor. A quorum is met.

**GUESTS INTRODUCED**

The SPEAKER. We are going to introduce the other guests on the House floor and in the gallery, and then we are going to do one resolution where we have guests present today, and I will be calling on our leadership members to announce caucus and other meetings for today.

Located in the rear of the House, the Chair welcomes the following members of the Philadelphia Black Clergy who are here with our Guest Chaplain today. They include Rev. Charles McNeill, Rev. Juanita Hall Walters, and Rev. Robert Collier. They are the guests today of Representative Jordan Harris. Thank you so much for joining us today.

Located to the left of the rostrum, the Chair welcomes interns who are working with Representative Scott Petri and the House Urban Affairs Committee. Paul Markovits attends Lebanon Valley College, where he studies digital communications and minors in law and society. He resides in Representative Dave Hickernell's district. And Cole Mase attends Shippensburg University, where he majors in political science, and resides in Representative Mauree Gingrich's district. Thank you so much for being with us today.

Located in the rear of the House, the Chair welcomes Gianluca Ciocca. He was the winner of the "There Ought To Be a Law" contest. He is here with his parents. Please stand. Great to have you, young man. They are the guests of Representative Martina White. Congratulations.

Located in the rear of the House, the Chair welcomes Girl Scout Troop 6090 from Fogelsville. Representative Gary Day's daughter, Claudia, is a part of the Girl Scout troop. Thank you so much for being with us today. And get that Gold Award, right? Thank you; thank you so much.

In the rear of the House, the Chair welcomes Representative Caltagirone's summer intern, Giuseppe Galantuomo, and he is a senior at Chestnut Hill College. Welcome. Thank you so much for being with us today.

In the rear of the House, the Chair welcomes Representative Madeleine Dean's interns, Leah Soloff and Caitlin Kushnir. Thank you so much for being with us today. Thank you for coming to the House floor.

Representative Santarsiero has to the left of the rostrum these guests: Diane Casey, Bernadette Buery, Eileen Heitman, and Jane Helmis. If you could please stand. It is so great to have you here today as our guests. Thank you.

In the rear of the House, Representative Scott Petri has with him today Joseph Hebert, retired captain, United States Navy, and Mark Reilly. If you could please stand. They are guests of Representative Petri. Thank you so much. Oh, they are over to the left. I am so sorry. They are over to my left. Joseph Hebert, retired captain, U.S. Navy, and Mark Reilly. Thank you.

And later I will be calling on Representative Harris for unanimous consent when we come back to the floor.

**LEAVE OF ABSENCE CANCELED**

The SPEAKER. Representative Frank Farry is back on the floor and should be placed on the master roll.

**LEAVE OF ABSENCE**

The SPEAKER. Representative EVANKOVICH has requested to be placed on leave for the remainder of the day. Without objection, that will be granted.

**GUESTS INTRODUCED**

The SPEAKER. At this time Representative Mike Reese has members of the Heritage United Methodist Church here, located in the gallery. If they could please stand; those guests, please stand. Thank you.

Actually, what we are going to do right now is we only have one other set of guests with a resolution. Representative Harris, if I might call upon you, and if any other members want to join you, because we are going at a good— You wanted unanimous consent? Yes, sir; you may do it from that location.

**STATEMENT BY MR. HARRIS**

The SPEAKER. Representative Jordan Harris is recognized on unanimous consent.

Members, if you could, we only have two further items before we are going to break for caucuses. If I could ask you to take your seats. I would like to give Representative Harris the floor and his attention with his special guests, and then we will move to one resolution, and then we will be breaking for caucus.

Representative Harris, the floor is yours, sir.

Mr. J. HARRIS. Thank you, Mr. Speaker.

Mr. Speaker, I wanted to thank you for allowing the Reverend Jay Broadnax to come and speak and offer the prayer this morning. Reverend Broadnax is also the president of the Black Clergy in the vicinity of Philadelphia County and a proud member of my fraternity, Phi Beta Sigma Fraternity, Inc. And I would also like to thank the good gentlelady from Philadelphia and Delaware County, Representative McClinton, for being a cohost of the Black Clergy to the Capitol today.

Thank you, Mr. Speaker.

The SPEAKER. Representative Harris and Representative McClinton, thank you so much.

And to your guests, it is so great to have them here. Please, after we break if you want to come up to the rostrum, we would love to have them come up, and we will take some photos with them, if you would not mind.

**CALENDAR****RESOLUTION PURSUANT TO RULE 35**

Mr. CUTLER called up **HR 882, PN 3343**, entitled:

A Resolution commemorating the 100th anniversary of the Pennsylvania Chamber of Business and Industry.

On the question,  
Will the House adopt the resolution?



The following roll call was recorded:

## YEAS—191

Adolph	Farina	Lawrence	Rapp
Artis	Farry	Lewis	Ravenstahl
Baker	Fee	Longietti	Readshaw
Barbin	Flynn	Mackenzie	Reed
Barrar	Frankel	Maher	Reese
Benninghoff	Gabler	Mahoney	Regan
Bizzarro	Gainey	Major	Roae
Bloom	Galloway	Maloney	Roebuck
Boyle	Gergely	Markosek	Ross
Briggs	Gibbons	Marshall	Rothman
Brown, R.	Gillen	Marsico	Rozzi
Brown, V.	Gillespie	Masser	Saccone
Bullock	Gingrich	Matzie	Sainato
Burns	Godshall	McCarter	Samuelson
Caltagirone	Goodman	McClinton	Sankey
Carroll	Greiner	McGinnis	Santarsiero
Causar	Grove	McNeill	Saylor
Christiana	Hahn	Mentzer	Schemel
Cohen	Hanna	Metcalfe	Schlossberg
Conklin	Harhai	Metzgar	Schweyer
Corbin	Harhart	Miccarelli	Sims
Costa, D.	Harkins	Millard	Snyder
Costa, P.	Harper	Miller, B.	Sonney
Cox	Harris, A.	Miller, D.	Staats
Cruz	Harris, J.	Milne	Stephens
Culver	Heffley	Moul	Sturla
Cutler	Helm	Mullery	Tallman
Daley, M.	Hennessey	Murt	Taylor
Daley, P.	Hickernell	Mustio	Thomas
Davis	Hill	Neilson	Tobash
Dawkins	Irvin	Nelson	Toepel
Day	James	Nesbit	Toohil
Dean	Jozwiak	Neuman	Topper
Deasy	Kampf	O'Brien	Truitt
DeLissio	Kaufer	O'Neill	Vereb
DeLozier	Kauffman	Oberlander	Vitali
DeLuca	Kavulich	Ortitay	Ward
Dermody	Keller, F.	Parker, D.	Warner
Diamond	Keller, M.K.	Pashinski	Watson
DiGirolamo	Keller, W.	Payne	Wentling
Donatucci	Kim	Peifer	Wheatley
Driscoll	Kinsey	Petrarca	Wheeland
Dunbar	Kirkland	Petri	White
Dush	Klunk	Pickett	Youngblood
Ellis	Knowles	Pyle	Zimmerman
Emrick	Kortz	Quigley	
English	Kotik	Quinn	Turzai,
Everett	Krueger	Rader	Speaker
Fabrizio			

## NAYS—0

## NOT VOTING—0

## EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

The majority having voted in the affirmative, the question was determined in the affirmative and the resolution was adopted.

## STATEMENT BY SPEAKER

The SPEAKER. If I might, I would just like to make some introductions and say some remarks with respect to the Pennsylvania Chamber of Business and Industry. Members, please take your seats. Any conversations, I would appreciate if they were in the anterooms.

Working with employers throughout the Commonwealth of Pennsylvania, without regard to party affiliation, the Pennsylvania Chamber of Business and Industry has been supportive of many important measures that have focused us on expanding the opportunities for family-sustaining jobs in the private sector.

I would like to introduce these esteemed guests, starting off with Gene Barr, president and CEO (chief executive officer) of the Pennsylvania Chamber of Business and Industry, and he is accompanied by board chair Gary Langmuir of Wohlsen Construction, and with Wendie DiMatteo Holsinger, the vice chair, and she is the CEO of ASK Foods. Gary is the CEO of Wohlsen Construction. If the three of you could rise to start off the introductions, I would greatly appreciate it. It is so great having you here.

He has brought with this team in the back, if they could stand as I announce their names, this very gregarious and effective team at the Chamber of Business and Industry, and it includes Sam Denisco; Jewell Lester, who is vice president of Finance and Administration; Jackie Williams, who is director of Human Resources; Greg Hetrick, who is chief with respect to marketing responsibilities; and the team's capable assistant, Cindy Rosborough.

So to the team in the back – Sam, Jewell, Jackie, Greg, and Cindy – thank you so much for your effective advocacy and for being with us today and for caring about Pennsylvanians in every one of our 67 counties. Thank you so much.

This is their anniversary, and this is why it is so important that we recognize this particular resolution. It is the 100th anniversary of the Pennsylvania Chamber of Business and Industry, the 100th anniversary, and they were founded on December 16 of 1916 by a group of more than 100 employers from 35 Pennsylvania cities, representing 50 local chambers of commerce. With more than 8,000 members statewide, it is the largest broad-based business association in the Commonwealth today. Its membership is comprised of thousands of businesses of all sizes and industry sectors, representing 50 percent of the private-sector workforce. In 2015 the United States Chamber of Commerce awarded the chamber with a rating of Accredited with Distinction, one of only five State chambers to reach this momentous achievement.

The Pennsylvania Chamber works with members on both sides of the aisle, and to recognize their 100th anniversary is really quite an honor. The fact of the matter is, it is designed to improve our employment climate and to maximize job growth and revitalize our State's economy.

To Gene and to his chair and vice chair, Gary and Wendie, thank you for taking the time to come to the House floor on this 100th anniversary. Continued Godspeed with your great work. Thank you.

## **RULES AND APPROPRIATIONS COMMITTEE MEETINGS**

The SPEAKER. At this time I am going to call upon our majority caucus chair. Actually, to the Appropriations chair first, Bill Adolph, for an announcement. To our majority caucus chair, Bill Adolph, for an announcement first.

Mr. ADOLPH. Thank you very much, Mr. Speaker.

I have two committee meetings I would like to announce. There will be an immediate meeting of the House Rules Committee in the Republican Appropriations conference room. At 1:40 there will be a House Appropriations Committee meeting in the majority caucus room. Thank you.

The SPEAKER. Thank you.

There will be an immediate meeting of the House Rules Committee in the Republican Appropriations conference room. There will be a meeting of the House Appropriations Committee meeting in the majority caucus room at 1:40.

## **ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE MEETING**

The SPEAKER. Representative John Maher, for a committee announcement.

Mr. MAHER. The House Environmental Resources and Energy Committee will be meeting in room 205, Ryan Building, at 1:45.

The SPEAKER. Thank you, sir.

The House Environmental Resources and Energy Committee will be meeting in room 205, Ryan Building, at 1:45.

## **HUMAN SERVICES COMMITTEE MEETING**

The SPEAKER. Representative Gene DiGirolamo, for a committee announcement.

Mr. DIGIROLAMO. Thank you, Mr. Speaker.

The Human Services Committee will be meeting immediately at the break in room 60, East Wing. This is a voting meeting. Thank you, Mr. Speaker.

The SPEAKER. Thank you, sir.

The Human Services Committee will meet immediately at the break in room 60, East Wing.

## **ANNOUNCEMENT BY MRS. DEAN**

The SPEAKER. Representative Madeleine Dean, for a caucus announcement.

Mrs. DEAN. Thank you, Mr. Speaker.

There will be a meeting of the Pennsylvania SAFE Caucus 15 minutes before our formal caucus. Pennsylvania SAFE Caucus, all are invited, 417 Main Capitol, 15 minutes before the Democratic Caucus. Thank you.

The SPEAKER. Thank you.

## **REPUBLICAN CAUCUS**

The SPEAKER. The majority caucus chair, Sandra Major, for a caucus announcement.

Ms. MAJOR. Thank you, Mr. Speaker.

I would like to announce Republicans will caucus today at 2 p.m. I would ask our Republican members to please report to caucus at 2 o'clock. We would be prepared to come back on the floor, Mr. Speaker, at 3 p.m. Thank you.

The SPEAKER. Thank you, Madam Chair.

## **DEMOCRATIC CAUCUS**

The SPEAKER. The minority caucus chair, Representative Dan Frankel, for a caucus announcement.

Mr. FRANKEL. Thank you, Mr. Speaker.

Democrats will caucus at 2 o'clock. Democrats will caucus at 2 o'clock. Thank you.

## **RECESS**

The SPEAKER. The House will stand in recess until 3 p.m.

## **RECESS EXTENDED**

The time of recess was extended until 3:30 p.m.; further extended until 4 p.m.; further extended until 4:15 p.m.

## **AFTER RECESS**

The time of recess having expired, the House was called to order.

## **BILLS REREPORTED FROM COMMITTEE**

### **HB 1415, PN 3450**

By Rep. ADOLPH

An Act amending the act of July 9, 1987 (P.L.220, No.39), known as the Social Workers, Marriage and Family Therapists and Professional Counselors Act, further providing for definitions, for reciprocity, for restriction on the use of title "licensed clinical social worker," for penalties and for unlawful practice; and repealing provisions related to appropriation.

### **APPROPRIATIONS.**

### **HB 1531, PN 2301**

By Rep. ADOLPH

An Act amending Title 23 (Domestic Relations) of the Pennsylvania Consolidated Statutes, in adoption, further providing for alternative procedure for relinquishment.

### **APPROPRIATIONS.**

### **HB 1532, PN 2302**

By Rep. ADOLPH

An Act amending Title 23 (Domestic Relations) of the Pennsylvania Consolidated Statutes, in adoption, further providing for the definition of "intermediary."

### **APPROPRIATIONS.**

### **HB 2087, PN 3469**

By Rep. ADOLPH

An Act amending the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, in terms and courses of study, further providing for fire and emergency evacuation drills.

### **APPROPRIATIONS.**

**SB 772, PN 1879**

By Rep. ADOLPH

An Act amending the act of March 23, 1972 (P.L.136, No.52), known as the Professional Psychologists Practice Act, further providing for definitions, for necessity for license, for qualifications for license, for refusal, suspension or revocation of license and for reporting of multiple licensure; making editorial changes; and making a related repeal.

## APPROPRIATIONS.

**SB 837, PN 1671**

By Rep. ADOLPH

An Act amending the act of July 9, 1987 (P.L.220, No.39), known as the Social Workers, Marriage and Family Therapists and Professional Counselors Act, further providing for State Board of Social Workers, Marriage and Family Therapists and Professional Counselors, for restriction on the use of title "Licensed Marriage and Family Therapist" and for penalties.

## APPROPRIATIONS.

**STATEMENT BY MR. SIMS**

The SPEAKER. Members, on unanimous consent, the Chair calls upon Representative Brian Sims to the well of the House. I would ask all members to please take their seats. This is a solemn message.

You may proceed, sir.

Mr. SIMS. Thank you, Mr. Speaker.

Mr. Speaker, just after midnight Sunday morning at an LGBT (lesbian, gay, bisexual, transgender) club celebrating a Latin night in Orlando, Florida, a U.S. citizen born in New York and working in Florida as a security guard opened fire on an enclosed crowd of over 300 people. He was carrying an AR-15 machine gun and a handgun that he purchased legally, and as a lone gunman, he killed or wounded over one-third of all of the people in the club at the time. When he was finished, he had completed the deadliest mass shooting in U.S. history and the largest act of terrorism against lesbian, gay, bisexual, and transgender people in world history.

In a world that politicizes us going to the bathroom and shields us from even basic human rights, clubs like this one are a sanctuary for so many. They are an escape for a world that hurts many of us. You shoot us when we kiss and you beat us when we hold hands and you hate us when we fall in love and you ban us from donating blood to our wounded loved ones, and there are many of them.

Mr. Speaker, not all of the names of the victims have been released, including several from Philadelphia, but we do know the following victims, and I ask all members of this body to reflect on their lives and their deaths as I read them aloud: Edward Sotomayor, Jr.; Stanley Almodovar; Luis Ocasio-Capo; Juan Guerrero; Eric Ortiz-Rivera; Peter Gonzalez-Cruz; Luis Vielma; Kimberly Morris; Eddie Justice; Darryl Burt; Deonka Drayton; Alejandro Martinez; Anthony Laureano Disla; Jean Perez; Franky Velazquez; Amanda Alvear; Martin Torres; Luis Wilson-Leon; Mercedes Flores; Xavier Rosado; Gilberto Menendez; Simon Fernandez; Oscar Aracena-Montero; Enrique Rios, Jr.; Miguel Honorato; Javier Jorge-Reyes; Joel Paniagua; Jason Josaphat; Cory Connell; Juan Velazquez; Luis Conde; Shane Tomlinson; Juan Chevez-Martinez; Jerald Wright; Leroy

Fernandez; Tevin Crosby; Jonathan Vega; Jean Rodriguez; Rodolfo Ayala-Ayala; Brenda McCool; Yilmayr Solivan; Christopher Leinonen; Angel Candelario-Padro; Frank Hernandez; Paul Henry; and 18-year-old Philadelphia, Akira Murray.

Mr. Speaker, let us not let these deaths be in vain. Let us honor these victims in our actions and not just our words.

(Remarks in Spanish.)

Thank you, Mr. Speaker.

The SPEAKER. Thank you, Representative Sims.

Our thoughts and prayers are with the victims, their families and friends.

We will resume with the conduct of business.

**BILL REPORTED FROM COMMITTEE,  
CONSIDERED FIRST TIME, AND  
RECOMMITTED TO COMMITTEE ON RULES**

**HB 2128, PN 3479**

By Rep. DiGIROLAMO

An Act amending the act of April 14, 1972 (P.L.233, No.64), known as The Controlled Substance, Drug, Device and Cosmetic Act, further providing for drug overdose medication and providing for requirements.

## HUMAN SERVICES.

**BILL REPORTED FROM COMMITTEE,  
CONSIDERED FIRST TIME, AND TABLED**

**SB 1195, PN 1899**

By Rep. MAHER

An Act amending the act of October 22, 2014 (P.L.2873, No.175), known as the Pennsylvania Greenhouse Gas Regulation Implementation Act, further providing for submission of State plan.

## ENVIRONMENTAL RESOURCES AND ENERGY.

**RESOLUTION REPORTED  
FROM COMMITTEE**

**HR 893, PN 3505 (Amended)**

By Rep. DiGIROLAMO

A Resolution directing the Joint State Government Commission to conduct a study and publish a report on the benefits, costs and drawbacks of alternative opioid dependence treatment programs that utilize Federal Food and Drug Administration-approved medications.

## HUMAN SERVICES.

**BILLS REREPORTED FROM COMMITTEE****HB 850, PN 3461**

By Rep. REED

An Act amending the act of September 2, 1965 (P.L.490, No.249), referred to as the Money Transmission Business Licensing Law, further providing for title of act, for definitions, for license required and for exemptions; repealing provisions relating to partial exemption; further providing for qualifications for a license, for application for license, for fee, financial statement and security, for investigation issuance of license, for term of license, for renewal of licenses and for authority of the Department of Banking; providing for suspension, revocation or

refusal and for licensee requirements; further providing for agents and subagents; repealing provisions relating to hearing and appeal, injunctions, rules and regulations and examinations by the Secretary of Banking; and further providing for penalties.

RULES.

**HB 1496, PN 3459**

By Rep. REED

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in firearms and other dangerous articles, further providing for persons not to possess, use, manufacture, control, sell or transfer firearms.

RULES.

**HB 1497, PN 3460**

By Rep. REED

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in firearms and other dangerous articles, further providing for persons not to possess, use, manufacture, control, sell or transfer firearms.

RULES.

**HB 1498, PN 2110**

By Rep. REED

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in firearms and other dangerous articles, further providing for duties of the Pennsylvania State Police.

RULES.

**ACTUARIAL NOTES**

The SPEAKER. The Speaker acknowledges receipt of an actuarial note for amendment No. 8206 to SB 1071, PN 1481, and receipt of an actuarial note for amendment No. 7967 to HB 1499, PN 3371.

(Copies of actuarial notes are on file with the Journal clerk.)

**BILLS SIGNED BY SPEAKER**

Bills numbered and entitled as follows having been prepared for presentation to the Governor, and the same being correct, the titles were publicly read as follows:

**SB 179, PN 230**

An Act amending Title 48 (Lodging and Housing) of the Pennsylvania Consolidated Statutes, consolidating statutory provisions on hotels; and repealing certain provisions of the Fire and Panic Act, The Landlord and Tenant Act of 1951, the Pennsylvania Innkeepers' Rights Act, the Infant Crib Safety Act and other acts relating to hotels.

**SB 1232, PN 1760**

An Act authorizing the Department of General Services, with the approval of the Governor, to grant and convey to Moshannon Valley Economic Development Partnership, Inc., certain lands and improvements situate in Rush Township, Centre County.

Whereupon, the Speaker, in the presence of the House, signed the same.

**STATEMENT BY MR. DERMODY**

The SPEAKER. On unanimous consent, Representative Frank Dermody is recognized to speak with respect to our long-serving colleague and friend.

Representative Dermody, I am going to turn the floor over to you, sir.

Mr. DERMODY. Thank you, Mr. Speaker.

Mr. Speaker, it is an honor for me to be here today on behalf of all our colleagues and friends in the Republican and Democratic Caucuses. I am here to congratulate Mark Cohen on a very singular achievement. It goes without saying that becoming the Representative with the longest service in the House, that you clearly have the most seniority in our caucus, Mark.

But Chairman Cohen has served this House and this caucus with distinction in several roles over the years. He was chairman of the Labor Relations Committee, caucus chairman, chairman of the State Government Committee, and I am sure I left a few out. More importantly, for 42 years he has fought for his constituents in Philadelphia, and for 42 years he has fought for the working families in Pennsylvania.

Mark Cohen has been one of the most consistent voices in this House, calling for better treatment and higher pay for working families. He was a big part of raising the State's minimum wage in the eighties, the nineties, and the last time was 2006, and it is on his agenda today.

Today he is sitting with us and serving as the longest serving member in Pennsylvania history, and that is definitely worth celebrating.

Mr. Speaker, I want to recognize Mark Cohen as a friend and a tireless advocate and fighter and a fierce defender of this House of Representatives.

Mark, you have made a difference here for 42 years. You are still making a difference. I want to say congratulations and thank you.

Thank you, Mr. Speaker.

**STATEMENT BY SPEAKER**

The SPEAKER. Representative Cohen, June 10 of 1974, Richard Nixon was President, the Vietnam war was coming to an end, the Pittsburgh Steelers had not yet won even one Super Bowl and Philadelphia Phillies' Mike Schmidt was about to be named to his first National League All-Star team, Milton Shapp was seeking reelection for a second term as Governor, Frank Rizzo was the mayor of Philadelphia, and in this spot, Kenneth Lee was Speaker of the House.

On that day a promising, smart, young man from Philadelphia's 202d District was sworn into office after having won a special election several weeks before. It was 42 years and 3 days ago that Representative Mark Cohen joined this body and has served here continuously ever since.

As my colleague, the Democratic leader indicated, Mark made history this week by becoming the longest serving member in the history of the House of Representatives. He has now served longer than our late friend, Speaker Matt Ryan. Matt served for 41 years. The previous record holder, Representative Norman Wood of Lancaster County, served for 42 years, from the 1920s to the 1960s.



I am honored to take a moment to recognize Representative Cohen's outstanding service and remarkable achievement. We know that you are not done with your service here in our ranks yet, Representative Cohen, but it is fitting that all of our colleagues, our staff, and our guests are aware of your outstanding career. Thank you.

### STATEMENT BY MR. DALEY

The SPEAKER. With that, the Chair is going to recognize Representative Pete Daley for remarks as well.

Mr. DALEY. Thank you, Mr. Speaker.

As a former history teacher, let us put this in perspective for all of us to understand as members of the General Assembly.

In 1686 the Pennsylvania legislature, which is the oldest in the United States, was created, and from that period ongoing to this day we have elected nearly 15,000 – Pennsylvanians have elected nearly 15,000 members of the seats that we sit in; 15,000. Today we are honoring someone, one of our own contemporaries, that has outlived all those people since 1686.

Mark, it is a great day for you. I have had the privilege to serve with you for 34 years. We went to law school together. We have been on many battles. And like my dad always told me, "Life is like a tunnel. You don't know how long that tunnel is going to be, but you have to touch the walls and leave your mark." Mark, I know the imprint that you have placed in the General Assembly, both on the Republican and Democratic sides. It has been an honor and privilege to be in battle with you for the last 34 years and for the 40 years you have served.

Thank you, Mark.

### STATEMENT BY MR. COHEN

The SPEAKER. Representative Mark Cohen.

Members, I would ask everybody to please take their seats. I would ask that all conversations please be taken to the anteroom.

Representative Cohen, the floor is yours, sir.

Mr. COHEN. Thank you, Mr. Speaker.

Mr. Speaker, I very much appreciate your kind words, the kind words of my good friend, Frank Dermody, and my good friend, Pete Daley.

Mr. Speaker, in your speech, I mean, I do not know if you are giving me any credit for the Steelers' six victories in Super Bowls, but I deeply appreciate learning the fact of which I was unaware that the Steelers had not won a Super Bowl until I got into the House of Representatives.

I have greatly enjoyed my service in the Pennsylvania House of Representatives. I have been fortunate to have the support of my wife, Mona, for most of those years, because we married in 1991; I have been fortunate to have a great staff, both in the Philadelphia office and in Harrisburg; and I am fortunate to have great friends here in both the Democratic and Republican Caucuses.

I deeply appreciate the value of the job of State legislator. I have enjoyed serving here. I have enjoyed the combination of being able to both help people with individual problems – they are not earthshaking in the grand scheme of things but are vital to them – and in the ability to work on major statewide and, occasionally, national issues as well.

I lost the Democratic primary, so these last 6 months are incredibly precious to me because this is the end of a career that I have greatly enjoyed.

During my tenure in the House of Representatives, I am pleased that we have done a lot to expand the definition of who a "human being" is. We take seriously all sorts of groups of people whom we did not take seriously when I was first elected.

In my first full term and first partial term, we worked on the problems of rape victims. Most people do not know this, but rape by the mid-1970s had basically been redefined to mean the rape of a woman who was a virgin. Anybody who could prove an accuser was not a virgin was almost certain to win the case. We addressed that and made clear that rape applied to everybody. We have addressed child abuse, not only in the current efforts, but in the 1970s we made clear that child abuse by welfare recipients and other people in custody was illegal. We have addressed organ donation. We addressed the plight of senior citizens for paid prescriptions. We addressed the concerns of low-wage workers. We have tried to a very great extent to recognize people who have been traditionally left out. We have recognized people with drug and alcohol abuse, people with AIDS (acquired immunodeficiency syndrome). We have recognized gays and lesbians. We have reached out to define "humanity" as being for everybody.

K. Leroy Irvis' statement that the most important words in the Constitution are "We the People" now stand on one of the walls in the South Office Building, now the Irvis Building. We have done a great job in reaching out, and I would hope we would do more. There are so many people in poverty who need our help. But I am proud of what has been done in the years I have been here, and I look forward to finding some capacity to stay involved and continue to work to make Pennsylvania a better place, as all of us try to do every day.

Thank you all very much.

The SPEAKER. Thank you, Representative Cohen.

### CALENDAR CONTINUED

#### BILLS ON SECOND CONSIDERATION

The House proceeded to second consideration of **HB 1334, PN 3342**, entitled:

An Act amending the act of July 10, 1981 (P.L.214, No.67), known as the Bingo Law, further providing for definitions, for rules for licensing and operation and for penalties.

On the question,

Will the House agree to the bill on second consideration?

Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **SB 1077, PN 1765**, entitled:

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in wiretapping and electronic surveillance, further providing for exceptions to prohibition of interception and disclosure of communications.

On the question,  
Will the House agree to the bill on second consideration?  
Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **SB 1104, PN 1896**, entitled:

An Act amending Title 20 (Decedents, Estates and Fiduciaries) of the Pennsylvania Consolidated Statutes, in orphans' court divisions, further providing for nonmandatory exercise of jurisdiction through orphans' court division; in wills, further providing for rules of interpretation; in dispositions independent of letters, family exemption, probate of wills and grant of letters, providing for submission to jurisdiction; in administration and personal representatives, further providing for continuation of business and for incorporation of estate's business; in accounts and distribution, further providing for determination of title to decedent's interest in real estate; in health care, further providing for definitions, for when health care power of attorney is operative, for authority of health care agent and for relation of health care agent to court-appointed guardian and other agents; in powers of attorney, further providing for general provisions, for authority that requires specific and general grant of authority, for form of power of attorney, for implementation of power of attorney, for durable powers of attorney and for account; providing for meaning and effect of power of attorney and for jurisdiction and venue; in estates, further providing for release or disclaimer of powers or interests; in estates, providing for release of powers and interests and disclaimer of powers; providing for powers of appointment; in trusts, further providing for nonjudicial settlement agreements - UTC 111, for representation of parties in interest in general, for division of trusts, for resignation of trustee and filing resignation, for duty to inform and report, for limitation of action against trustee and for powers, duties and liabilities identical with personal representatives; codifying provisions of the Charitable Instruments Act of 1971; in principal and income, further providing for charitable trusts; and making a related repeal.

On the question,  
Will the House agree to the bill on second consideration?  
Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **HB 1779, PN 2706**, entitled:

An Act amending Title 75 (Vehicles) of the Pennsylvania Consolidated Statutes, in registration of vehicles, further providing for person with disability plate and placard.

On the question,  
Will the House agree to the bill on second consideration?  
Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **SB 1071, PN 1481**, entitled:

An Act amending Titles 24 (Education), 51 (Military Affairs) and 71 (State Government) of the Pennsylvania Consolidated Statutes, extensively revising pension provisions as follows: In Title 24: for retirement for school employees, in the areas of preliminary provisions, of membership, contributions and benefits, of school employees' defined contribution plan and of administration and miscellaneous provisions; and for health insurance for retired school employees, in the area of preliminary provisions. In Title 51: for employment preferences and pensions, in the area of military leave of absence. In

Title 71: for boards and offices, in the area of Independent Fiscal Office; and for retirement for State employees and officers, in the areas of preliminary provisions, of membership, credited service, classes of service and eligibility for benefits, of contributions, of benefits, of State employees' defined contribution plan and of administration, funds, accounts, general provisions. Providing, as to the revisions: for construction and administration, for applicability, for liability, for member statements and for suspension of provisions of the Public Employee Retirement Study Commission Act.

On the question,  
Will the House agree to the bill on second consideration?

Mr. **TOBASH** offered the following amendment No. **A08206**:

Amend Bill, page 1, lines 21 through 31; page 2, lines 1 through 16; by striking out all of said lines on said pages and inserting  
Amending Titles 24 (Education), 51 (Military Affairs) and 71 (State Government) of the Pennsylvania Consolidated Statutes, extensively revising pension provisions: for the Public School Employees' Retirement System, in the areas of preliminary provisions, of membership, contributions and benefits, of School Employees' Defined Contribution Plan, of administration and miscellaneous provisions and of health insurance for retired school employees; for military pensions, in the area of military leave of absence; for the State Employees' Retirement System, in the areas of preliminary provisions, of membership, credited service, classes of service and eligibility for benefits, of contributions, of benefits, of State Employees' Defined Contribution Plan, of administration, funds, accounts, general provisions; providing, as to the revisions, for reservation of legislative authority, for construction, for accrued liability, for construction related to Federal law, for immunity from personal liability, for restoration of service credit or a retirement benefit, for recertification of contribution rates, for transfer of assets and for severability; and making editorial changes.

Amend Bill, page 400, lines 18 through 30; pages 401 through 729, lines 1 through 30; page 730, lines 1 through 18, by striking out all of said lines on said pages and inserting

#### ARTICLE I

Section 101. The definitions of "active member," "alternate payee," "basic contribution rate," "beneficiary," "class of service multiplier," "compensation," "creditable nonschool service," "credited service," "date of termination of service," "distribution," "domestic relations order," "final average salary," "inactive member," "intervening military service," "irrevocable beneficiary," "leave for service with a collective bargaining organization," "member's annuity," "multiple service," "reemployed from USERRA leave," "required beginning date," "salary deductions," "shared risk contribution rate," "standard single life annuity," "superannuation or normal retirement age," "valuation interest" and "vestee" in section 8102 of Title 24 of the Pennsylvania Consolidated Statutes, amended or added December 28, 2015 (P.L.529, No.93), are amended and the section is amended by adding definitions to read:

§ 8102. Definitions.

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

\* \* \*

"Accumulated employer defined contributions." The total of the employer defined contributions paid into the trust on account of a participant's school service, together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.

"Accumulated mandatory participant contributions." The total of the mandatory pickup participant contributions paid into the trust on account of a participant's school service, together with any investment earnings and losses and adjustments for fees, costs and expenses

credited or charged thereon.

"Accumulated total defined contributions." The total of the accumulated mandatory participant contributions, accumulated employer defined contributions and accumulated voluntary contributions, reduced by any distributions, standing to the credit of a participant in an individual investment account in the trust.

"Accumulated voluntary contributions." The total of any amounts rolled over by a participant or transferred by a direct trustee-to-trustee transfer into the trust, together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.

\* \* \*

"Active member." A school employee for whom pickup contributions are being made to the fund or for whom such contributions otherwise required for current school service are not being made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415)[.], or limitations on contributions to the system applicable to Class T-G members when the Class T-G member is making mandatory pickup participant contributions to the trust.

"Active participant." A school employee for whom mandatory pickup participant contributions are being made to the trust or for whom such contributions otherwise required for school service required to be credited in the plan are not being made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415).

\* \* \*

"Alternate payee." Any spouse, former spouse, child or dependent of a member or participant who is recognized by a domestic relations order as having a right to receive all or a portion of the moneys payable to that member or participant under this part.

\* \* \*

"Basic contribution rate." For Class T-A, T-B and T-C service, the rate of 6 1/4%. For Class T-D service, the rate of 7 1/2%. For all active members on the effective date of this provision who are currently paying 5 1/4% and elect Class T-D service, the rate of 6 1/2%. For Class T-E service, the rate of 7 1/2%. For Class T-F service, the rate of 10.30%. For Class T-G service for members with less than 25 eligibility points accrued as a Class T-G member, the rate of 6%, up to the defined benefit compensation limit. For Class T-G service for members with more than 25 eligibility points accrued as a Class T-G member, the rate of zero.

"Beneficiary." [The] In the case of the system, the person or persons last designated in writing to the board by a member to receive his accumulated deductions or a lump sum benefit upon the death of such member. In the case of the plan, the person or persons last designated in writing to the board by a participant to receive the participant's vested accumulated total defined contributions or a lump sum benefit upon the death of the participant.

\* \* \*

"Class of service multiplier."

Class of service	Multiplier
T-A	.714
T-B	.625
T-C	1.000
T-D	1.000
T-E	1.000
T-F	1.000
T-G	1.000

\* \* \*

"Compensation." Pickup contributions and mandatory pickup participant contributions plus any remuneration received as a school employee excluding reimbursements for expenses incidental to employment and excluding any bonus, severance payments, any other remuneration or other emolument received by a school employee

during his school service which is not based on the standard salary schedule under which he is rendering service, payments for unused sick leave or vacation leave, bonuses or other compensation for attending school seminars and conventions, payments under health and welfare plans based on hours of employment or any other payment or emolument which may be provided for in a collective bargaining agreement which may be determined by the Public School Employees' Retirement Board to be for the purpose of enhancing compensation as a factor in the determination of final average salary, and excluding payments for military leave and any other payments made by an employer while on USERRA leave, leave of absence granted under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees), military leave of absence granted under 51 Pa.C.S. § 7302 (relating to granting military leaves of absence), leave granted under section 1178 of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, or other types of military leave, including other types of leave payments, stipends, differential wage payments as defined in IRC § 414(u)(12) and any other payments, provided, however, that the limitation under section 401(a)(17) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17)) taken into account for the purpose of member contributions, including regular or joint coverage member contributions, regardless of class of service, shall apply to each member who first became a member of the Public School Employees' Retirement System on or after July 1, 1996, and who by reason of such fact is a noneligible member subject to the application of the provisions of section 8325.1 (relating to annual compensation limit under IRC § 401(a)(17)), and shall apply to each participant pertaining to his participation in the plan.

\* \* \*

"Creditable nonschool service." Service [other than service as a school employee] for which an active member may obtain credit in the system other than service as a school employee.

"Credited service." School or creditable nonschool service for which the required contributions have been made to the fund, or for which the contributions otherwise required for such service were not made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415), or limitations on contributions to the system applicable to Class T-G members when the Class T-G member is making mandatory pickup participant contributions to the trust or for which salary deductions or lump sum payments to the system have been agreed upon in writing.

"Date of termination of service." The latest of the following dates:

(1) the last [date] day of service for which pickup contributions are made for an active member or[,] for which the contributions otherwise required for such service were not made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415), or limitations on contributions applicable to a Class T-G member;

(2) in the case of an inactive member or an inactive participant, the effective date of his resignation or the date his employment is formally discontinued by his employer or two years following the last day of service for which contributions were made, whichever is earliest[.]; or

(3) the last day of service for which mandatory pickup participant contributions are made for an active participant.

"Defined benefit compensation limit." For fiscal year 2018-2019, the amount of \$50,000. For each subsequent fiscal year, this amount shall be increased by 3% per year, compounded annually, rounded to the nearest \$100.

\* \* \*

"Distribution." Payment of all or any portion of a person's interest in either the Public School Employees' Retirement Fund or the School Employees' Defined Contribution Trust, or both, which is

payable under this part.

"Domestic relations order." Any judgment, decree or order, including approval of a property settlement agreement, entered on or after the effective date of this definition by a court of competent jurisdiction pursuant to a domestic relations law which relates to the marital property rights of the spouse or former spouse of a member or participant, including the right to receive all or a portion of the moneys payable to that member or participant under this part in furtherance of the equitable distribution of marital assets. The term includes orders of support as that term is defined by 23 Pa.C.S. § 4302 (relating to definitions) and orders for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages).

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"Employer defined contributions." Contributions made to an active participant's account by an employer to the trust to be credited in the active participant's individual investment account as follows:

(1) For participants who have less than 25 eligibility points credited as a member of Class T-G, or if a multiple service member in Class A-5 of the State Employees' Retirement System, contributions shall equal to 0.5% of compensation up to the defined benefit compensation limit and 4% of compensation above such limit.

(2) For participants who have more than 25 eligibility points credited as a member of Class T-G, or if a multiple service member in Class A-5 of the State Employees' Retirement System, contributions shall equal to 4% of compensation.

"Final average salary." [The] As follows:

(1) For purposes of calculating all annuities and benefits from the system attributable to a class of service other than Class T-G, the highest average compensation received as an active member during any three nonoverlapping periods of 12 consecutive months, excluding compensation received from school service credited as a member of Class T-G, with the compensation for part-time service being annualized on the basis of the fractional portion of the school year for which credit is received; except, if the employee was not a member in a class of service other than Class T-G for three such periods, the total compensation received as an active member in a class of service other than Class T-G annualized in the case of part-time service divided by the number of such periods of membership in a class of service other than Class T-G; in the case of a member with multiple service credit, the final average salary, for purposes of calculating all annuities and benefits from the system attributable to a class of service other than Class T-G, shall be determined by reference to compensation received by him as a school employee or a State employee or both, excluding compensation received for service performed as a member of Class T-G or Class A-5 in the State Employees' Retirement System; and, in the case of a noneligible member, subject to the application of the provisions of section 8325.1 (relating to annual compensation limit under IRC § 401(a)(17)). [Final]

(2) For purposes of calculating all annuities and benefits from the system attributable to service as a member of Class T-G, the highest average compensation received as an active member of Class T-G during any five fiscal years, as limited each fiscal year by the defined benefit compensation limit, with the limited compensation for part-time service being annualized on the basis of the fractional portion of the school year for which credit is received; except, if the employee was not a member of Class T-G for five such periods, the total compensation received as an active member of Class T-G annualized in the case of part-time service divided by the number of such periods of membership in Class T-G; in the case of a member with multiple service credit, the final average salary, for purposes of calculating all annuities and benefits from the system attributable to Class T-G service, shall be determined by reference to compensation received by him as a school employee for service credited as Class T-G or as a State employee for service credited

as Class A-5, or both; and, in the case of a noneligible member, subject to the application of the provisions of section 8325.1.

(3) For all members, final average salary shall be determined by including in compensation, payments deemed to have been made to a member reemployed from USERRA leave to the extent member contributions have been made as provided in section 8302(d)(2) (relating to credited school service) and payments made to a member on leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) as provided in section 8302(d)(6).

\*\*\*

"Holding vehicle trust." The School Employees' Defined Contribution Holding Vehicle Trust.

"Inactive member." A member for whom no pickup contributions are being made to the fund, except in the case of an active member for whom such contributions otherwise required for current school service are not being made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415) or because the member is on USERRA leave, or limitations on contributions to the system applicable to a Class T-G member who is making mandatory pickup participant contributions to the trust, but who has accumulated deductions standing to his credit in the fund and for whom contributions have been made within the last two school years or a multiple service member who is active in the State Employees' Retirement System.

"Inactive participant." A participant for whom no mandatory pickup participant contributions are being made to the trust, except in the case of an active participant for whom such contributions otherwise required for current school service are not being made solely by reason of any provision of this part relating to limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415), but who has vested accumulated total defined contributions standing to his credit in the trust and who has not filed an application for an annuity.

"Individual investment account." The account in the trust to which are credited the amounts of the contributions made by a participant and the participant's employer in accordance with the provisions of this part, together with all investment earnings after deduction for fees, costs and expenses, investment losses and charges for distributions.

"Intervening military service." Active military service of a member who was a school employee and an active member of the system immediately preceding his induction into the armed services or forces of the United States in order to meet a draft obligation excluding any voluntary extension of such obligational service and who becomes a school employee and an active member of the system within 90 days of the expiration of such service.

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"Irrevocable beneficiary." The person or persons permanently designated by a member or participant in writing to the board pursuant to an approved domestic relations order to receive all or a portion of the accumulated deductions, vested accumulated total defined contributions or lump sum benefit payable upon the death of such member or participant.

"Irrevocable successor payee." The person permanently designated in writing by a participant receiving distributions to the board pursuant to an approved domestic relations order to receive one or more distributions from the plan upon the death of such participant.

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"Leave for service with a collective bargaining organization." Paid leave granted to an active member or active participant by an employer for purposes of working full time for or serving full time as an officer of a Statewide employee organization or a local collective bargaining representative under the act of July 23, 1970 (P.L.563, No.195), known as the Public Employee Relations Act: Provided, That greater than one-half of the members of the employee organization are active members of the system or active participants of the plan; that the



employer shall fully compensate the member or participant, including, but not limited to, salary, wages, pension and retirement contributions and benefits, employer defined contributions, other benefits and seniority, as if he were in full-time active service; and that the employee organization shall fully reimburse the employer for such salary, wages, pension and retirement contributions and benefits, employer defined contributions, and other benefits and seniority.

"Mandatory pickup participant contributions." Either of the following:

(1) For participants who have accrued less than 25 eligibility points credited as a member of Class T-G or, if a multiple service member, of Class A-5 in the State Employees' Retirement System, contributions shall equal 1.5% of compensation required to be credited in the plan up to the defined benefit compensation limit and 7.5% of compensation above such limit.

(2) For participants who have accrued more than 25 eligibility points credited as a member of Class T-G or, if a multiple service member, of Class A-5 in the State Employees' Retirement System, contributions shall equal 7.5% of compensation required to be credited in the plan.

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"Member's annuity." The single life annuity which is actuarially equivalent on the effective date of retirement and taking into account any delay in the receipt of the portion of the annuity based on Class T-G service, if the effective date of retirement is under superannuation age applicable to Class T-G service, to the sum of the accumulated deductions and the shared-risk member contributions and statutory interest credited on the deductions and contributions standing to the member's credit in the members' savings account.

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"Multiple service." Credited service of a member who has elected to combine his credited service in both the Public School Employees' Retirement System and the State Employees' Retirement System. A Class T-G member is eligible to elect multiple service membership only for service credited as Class A-5 service in the State Employees' Retirement System.

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"Participant." An active participant, inactive participant or participant receiving distributions.

"Participant receiving distributions." A participant in the plan who has commenced receiving distributions from his individual investment account, but who has not received a total distribution of his vested interest in the individual investment account.

\*\*\*

"Plan." The School Employees' Defined Contribution Plan as established by the provisions of this part and the board.

"Plan document." The documents created by the board under section 8402 (relating to plan document) that contain the terms and provisions of the plan and trust as established by the board regarding the establishment, administration and investment of the plan and trust.

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"Reemployed from USERRA leave." Resumption of active membership or active participation as a school employee after a period of USERRA leave, if the resumption of active membership or active participation was within the time period and under conditions and circumstances such that the school employee was entitled to reemployment rights under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services).

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"Required beginning date." The [beginning date] latest date by which distributions of a member's interest or a participant's interest in his individual investment account must commence under section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).

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"Salary deductions." The amounts certified by the board, deducted from the compensation of an active member or active

participant or the State service compensation of a multiple service member who is an active member of the State Employees' Retirement System and paid into the fund or trust.

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"Shared-risk contribution rate." The additional contribution rate that is added to the basic contribution rate for Class T-E [and], T-F and T-G members, as provided for in section 8321(b) (relating to regular member contributions for current service).

"Standard single life annuity." For Class T-A, T-B and T-C credited service of a member, an annuity equal to 2% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member. For Class T-D credited service of a member, an annuity equal to 2.5% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service. For Class T-E credited service of a member, an annuity equal to 2% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member. For Class T-F credited service of a member, an annuity equal to 2.5% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member. For Class T-G credited service of a member, an annuity equal to 2% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member, except that such total number of years shall not exceed 25.

"State Employees' Defined Contribution Plan." The defined contribution plan for State employees established by 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers).

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"Successor payee." The person or persons last designated in writing by a participant receiving distributions to the board to receive one or more distributions upon the death of the participant.

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"Superannuation or normal retirement age."

Class of service	Age
T-A	62 or any age upon accrual of 35 eligibility points
T-B	62
T-C and T-D	

62 or age 60 provided the member has at least 30 eligibility points or any age upon accrual of 35 eligibility points, excluding any eligibility points accrued as a member of Class T-G, and if a multiple service member, Class A-5

T-E [and], T-F and T-G

65 with accrual of at least three eligibility points or a combination of age and eligibility points totaling 92, provided the member has accrued at least 35 eligibility points, excluding any eligibility points accrued as a member of Class T-G, and if a multiple service member, Class

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"Trust." The School Employees' Defined Contribution Trust established under Chapter 84 (relating to School Employees' Defined Contribution Plan).

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"Valuation interest." Interest at 5 1/2% per annum, compounded annually and applied to all accounts of the fund other than the members' savings account.

"Vestee." A member with five or more eligibility points in a class of service other than Class T-E, Class T-F, Class T-G or Class A-5 in the State Employees' Retirement System who has terminated school service, has left his accumulated deductions in the fund and is deferring filing of an application for receipt of an annuity. For Class T-E [and], Class T-F and Class T-G members, a member with ten or more eligibility points who has terminated school service, has left his accumulated deductions in the fund and is deferring filing of an application for receipt of an annuity.

"Voluntary contributions." Contributions made by a participant to the trust and credited to his individual investment account in excess of his mandatory pickup participant contributions by an eligible rollover or direct trustee-to-trustee transfer.

Section 102. Section 8103 of Title 24 is amended by adding subsections to read:

§ 8103. Construction of part.

\* \* \*

(f) Exclusive source of rights and benefits.—Regardless of any other provision of law, pension and benefit rights of school employees shall be determined solely by this part, or the plan document established by the board, and no collective bargaining agreement nor any arbitration award between the employer and its employees or their collective bargaining representatives shall be construed to change any of the provisions in this part, to require the board to administer pension or retirement benefits not set forth in this part or not established by the board in the plan document, to require the board to modify, amend or change any of the terms and provisions of the plan document or otherwise require action by any other government body pertaining to pension or retirement benefits or rights of school employees.

(g) References to certain Federal statutes.—References in this part to the IRC or the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149), including administrative regulations promulgated under the IRC or the Uniformed Services Employment and Reemployment Rights Act of 1994, are intended to include laws and regulations in effect on or after the effective date of this subsection.

(h) Construction.—

(1) This part may not be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC that are applicable to participants in the plan do not apply to the participants or to the members of the system and the benefits payable under this part.

(2) This part may not be construed to mean that an interpretation or application of a provision of this part or benefits available to members of the Public School Employees' Retirement System was not in accordance with the provisions of Part IV or other applicable law, including the IRC and the Uniformed Services Employment and Reemployment Rights Act of 1994 before the effective date of this subsection.

(3) This part may not be construed to mean that the release or publicizing of a record, material or data that would not constitute a public record under section 8502(e)(2) (relating to administrative duties of board) is a violation of the fiduciary duties of the board.

(i) Applicability.—The following shall apply:

(1) The provisions of this part regarding the establishment of and participation in the plan shall apply to current and former members of the system who return to school service on or after July 1, 2018, after a termination of school service, notwithstanding the following:

(i) Whether the termination occurred before, on or after July 1, 2018.

(ii) Whether the school employee was an annuitant, inactive member or vestee or withdrew accumulated deductions during the period of termination.

(2) A terminated school employee who returns to school service on or after July 1, 2018, is subject to the provisions of this part regarding participation in the plan or membership in the

system that are in effect on the effective date of reemployment, including, but not limited to, benefit formulas and accrual rates, eligibility for annuities and distributions, contribution rates, definitions, purchase of creditable school and nonschool service provisions, purchase of creditable State and nonstate service provisions, and actuarial and funding assumptions.

Section 102.1. Section 8103.1 of Title 24, added December 28, 2015 (P.L.529, No.93), is amended to read:

§ 8103.1. Notice to members.

Notice by publication, including, but not limited to, newsletters, newspapers, forms, first class mail, letters, manuals and electronic notice, including, but not limited to, e-mail or publicly accessible Internet websites, distributed or made available to members in a manner reasonably calculated to give actual notice of the provisions of this part that require notice to members and participants shall be deemed sufficient notice for all purposes.

Section 103. Title 24 is amended by adding a section to read:

§ 8103.2. Reference to Public School Employees' Retirement System.

(a) General rule.—Unless the context clearly indicates otherwise, a reference to the Public School Employees' Retirement System in a statutory provision, other than this part and 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers), shall include a reference to the plan, and a reference to the Public School Employees' Retirement Fund shall include a reference to the trust.

(b) Certain agreements.—The agreement of an employer to make contributions to the fund or to enroll its employees as members in the system shall be deemed to be an agreement to make contributions to the trust or to enroll its employees in the plan.

Section 104. Section 8301 of Title 24 is amended to read:

§ 8301. Mandatory and optional membership in the system and participation in the plan.

(a) Mandatory membership.—Membership in the system shall be mandatory as of the effective date of employment for all school employees except the following:

(1) Any officer or employee of the [Department of Education] department, State-owned educational institutions, community colleges, area vocational-technical schools, technical institutes, or [the] The Pennsylvania State University and who is a member of the State Employees' Retirement System or a member of another retirement program approved by the employer.

(2) Any school employee who is not a member of the system and who is employed on a per diem or hourly basis for less than 80 full-day sessions or 500 hours in any fiscal year or annuitant who returns to school service under the provisions of section 8346(b) (relating to termination of annuities).

(3) Any officer or employee of a governmental entity who subsequent to December 22, 1965 and prior to July 1, 1975 administers, supervises, or teaches classes financed wholly or in part by the Federal Government so long as he continues in such service.

(4) Any part-time school employee who has an individual retirement account pursuant to the Federal act of September 2, 1974 (Public Law 93-406, 88 Stat. 829), known as the Employee Retirement Income Security Act of 1974.

(b) Prohibited membership in system.—The school employees categorized in subsection (a)(1) and (2) shall not have the right to elect membership in the system.

(c) Optional membership in system.—The school employees categorized in subsection (a)(3) and, if otherwise eligible, subsection (a)(4) shall have the right to elect membership in the system. Once such election is exercised, membership shall commence from the original date of eligibility and shall continue until the termination of such service.

(d) Mandatory participation in plan.—The school employees who are mandatory members of Class T-G shall be mandatory participants in the plan as of the effective date of membership in the system.

(e) Optional participation in plan.—The school employees who

are optional members of the system as members of Class T-G shall be optional participants in the plan. The school employees who elect membership in the system as members of Class T-G also elect participation in the plan as of the effective date of membership in the system.

Section 105. Section 8302(a), (b)(1) and (2), (c) and (d) of Title 24, amended December 28, 2015 (P.L.529, No.93), is amended and the section is amended by adding a subsection to read:

§ 8302. Credited school service.

(a) Computation of credited service.—In computing credited school service of a member for the determination of benefits, a full-time salaried school employee shall receive one year of credit for each school year or the corresponding fraction thereof, in accordance with the proportion of the full school year for which the required regular member contributions have been made to the fund, or for which such contributions otherwise required for such service were not made to the fund solely by reason of any provision of this part relating to the limitations under IRC § 401(a)(17) or 415 or limitations on contributions applicable to a Class T-G member. A per diem or hourly school employee shall receive one year of credited service for each nonoverlapping period of 12 consecutive months in which he is employed and for which contributions are made to the fund, or would have been made to the fund but for such limitations under the IRC, or limitations on contributions applicable to a Class T-G member for at least 180 full-day sessions or 1,100 hours of employment. If such member was employed and contributions were made to the fund for less than 180 full-day sessions or 1,100 hours, he shall be credited with a fractional portion of a year determined by the ratio of the number of full-day sessions or hours of service actually rendered to 180 full-day sessions or 1,100 hours, as the case may be. A part-time salaried employee shall be credited with the fractional portion of the year which corresponds to the service actually rendered and for which contributions are or would have been made to the fund except for the limitations under the IRC or limitations applicable to a Class T-G member in relation to the service required as a comparable full-time salaried employee. In no case shall a member receive more than one year of credited service for any 12 consecutive months or a member who has elected multiple service receive an aggregate in the two systems of more than one year of credited service for any 12 consecutive months.

(b) Approved leaves of absence.—An active member shall receive credit, and an active participant shall receive eligibility points, for an approved leave of absence provided that:

(1) the member returns for a period at least equal to the length of the leave or one year as a member of the system and, for Class T-G members, the participant returns to school service as an active participant in the plan, whichever is less, to the school district which granted his leave, unless such condition is waived by the employer; and

(2) the proper contributions are made by the member and the employer and, for Class T-G members, by the active participant and the employer.

\* \* \*

(c) Cancellation of credited service.—

(1) All credited service in the system shall be [cancelled] canceled if a member withdraws his accumulated deductions[.] except that:

(i) a member with Class T-G service credit and one or more other classes of service credit shall not have his service credit in the classes of service other than Class T-G canceled when the member receives a lump sum payment of accumulated deductions relating to the Class T-G service; and

(ii) a member with Class T-G service credit and one or more other classes of service credit shall not have his service credit as a member of Class T-G canceled when the member receives a lump sum payment of accumulated deductions resulting from the other classes

of service.

(2) A partial or total distribution of accumulated total defined contributions to a participant who also is a member shall not cancel service credited in the system.

(d) Credit for military service.—A school employee who has performed USERRA leave may receive credit in the system as follows:

(1) For purposes of determining whether a member is eligible to receive credited service in the system for a period of active military service, other than active duty service to meet periodic training requirements, rendered after August 5, 1991, and that began before the effective date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of absence) shall apply to all individuals who were active members of the system when the period of military service began, notwithstanding if the member is not defined as an employee under 51 Pa.C.S. § 7301 (relating to definitions).

(1.1) School employees may not receive service credit or exercise the options under 51 Pa.C.S. § 7306(a), (b) and (c) (relating to retirement rights) for military leaves that begin on or after the effective date of this subsection, except otherwise provided under this subsection.

(2) A school employee who has performed USERRA leave may receive credit as provided by this paragraph.

(i) A school employee who is reemployed from USERRA leave as an active member of the system shall be treated as not having incurred a break in school service by reason of the USERRA leave and shall be granted eligibility points as if the school employee had not been on the USERRA leave. If a school employee who is reemployed from USERRA leave as an active member of the system subsequently makes regular member contributions, shared-risk member contributions and any other member contributions in the amounts and in the time periods required by 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) as if the school employee had continued in his school office or employment and performed school service and been compensated during the period of USERRA leave, then the school employee shall be granted school service credit for the period of USERRA leave. The employee shall have his benefits, rights and obligations determined under this part as if he was an active member who performed creditable school service during the USERRA leave in the job position that he would have held had he not been on USERRA leave and received the compensation on which the member contributions to receive school service credit for the USERRA leave were determined.

(ii) For purposes of determining whether a school employee has made the required employee contributions for school service credit for USERRA leave, if an employee who is reemployed from USERRA leave as an active member of the system terminates school service or dies in school service before the expiration of the allowed payment period, school service credit for the USERRA leave shall be granted as if the required member contributions were paid the day before termination or death. The amount of the required member contributions shall be treated as an incomplete payment subject to the provisions of section 8325 (relating to incomplete payments). Upon a subsequent return to school service or to State service as a multiple service member, the required member contributions treated as incomplete payments shall be treated as member contributions that were either withdrawn in a lump sum at termination or paid as a lump sum under section 8345(a)(4) (relating to member's options). For this

purpose, the exclusion of Class T-E and Class T-F members from electing a form of payment under section 8345(a)(4)(iii) shall be ignored.

(iii) A school employee who is reemployed from USERRA leave as an active member of the system and who does not make the required member contributions or makes only part of the required member contributions within the allowed payment period shall not be:

(A) Granted credited service for the period of USERRA leave for which the required member contributions were not timely made.

(B) Eligible to subsequently make contributions.

(C) Granted either school service credit or nonschool service credit for the period of USERRA leave for which the required member contributions were not timely made.

(3) A school employee who is a member of the system and performs USERRA leave from which the employee could have been reemployed from USERRA leave had the school employee returned to school service in the time frames required by 38 U.S.C. Ch. 43 for reemployment rights, but did not do so, shall be able to receive creditable nonschool service as nonintervening military service for the period of USERRA leave if the employee later returns to school service and is otherwise eligible to purchase the service as nonintervening military service.

(4) [A school employee] An active or inactive member who, on or after the effective date of this subsection, is granted a leave of absence under section 1178 of the Public School Code, a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) or a military leave under 51 Pa.C.S. Ch. 73, that is not USERRA leave shall be able to receive creditable nonschool service as nonintervening military service should the employee return to school service as an active member of the system and is otherwise eligible to purchase the service as nonintervening military service.

(5) If a member dies while performing USERRA leave, the beneficiaries or survivor annuitants of the deceased member shall be entitled to any additional benefits, including eligibility points, other than benefit accruals relating to the period of qualified military service, provided under this part as if the member resumed and then terminated employment on account of death.

(6) A school employee who is on a leave of absence from his duties as a school employee and for which 51 Pa.C.S. § 4102 provides that he is not to suffer a loss of pay, time or efficiency shall not be an active member, receive service credit or make member contributions for the leave of absence except as provided for in this part. Notwithstanding this paragraph, any pay the member receives under section 1178 of the Public School Code or 51 Pa.C.S. § 4102 shall be included in the determination of final average salary and other calculations in the system utilizing compensation as if the payments were compensation under this part.

(e) Military service by participant.—A participant who has performed USERRA leave shall be treated and may make contributions as follows:

(1) A participant who is reemployed from USERRA leave shall be treated as not having incurred a break in school service by reason of the USERRA leave and shall be granted eligibility points as if the participant had not been on USERRA leave. If a participant who is reemployed from USERRA leave subsequently makes mandatory pickup participant contributions in the amounts and in the time periods required by 38 U.S.C. Ch. 43 and IRC § 414(u) as if the participant had continued in his school employment and performed school service and been compensated during the period of USERRA leave, the

participant's employer shall make the corresponding employer defined contributions. The employee shall have his contributions, benefits, rights and obligations determined under this part as if he was an active participant who performed school service during the USERRA leave in the job position that he would have held had he not been on USERRA leave and received the compensation on which the mandatory pickup participant contributions to receive school service credit for the USERRA leave were determined, including the right to make voluntary contributions as permitted by law.

(2) A participant who is reemployed from USERRA leave and does not make the mandatory pickup participant contributions or makes only part of the mandatory pickup participant contributions within the allowed payment period shall not be eligible to make mandatory pickup participant contributions and voluntary contributions at a later date for the period of USERRA leave for which the mandatory pickup participant contributions were not timely made.

(3) A participant who performs USERRA leave from which the employee could have been reemployed from USERRA leave had the school employee returned to school service in the time frames required by 38 U.S.C. Ch. 43 for reemployment rights, but did not do so, shall not be eligible to make mandatory pickup participant contributions or voluntary contributions for the period of USERRA leave should the employee later return to school service and be a participant in the plan.

(4) An active participant or inactive participant who, on or after the effective date of this subsection, is granted a leave of absence under 51 Pa.C.S. § 4102 or a military leave under 51 Pa.C.S. Ch. 73 that is not USERRA leave shall not be eligible to make mandatory pickup participant contributions or voluntary contributions during or for the leave of absence or military leave and shall not have employer defined contributions made during such leave, without regard to whether or not the participant received salary, wages, stipends, differential wage payments or other payments from his employer during the leave, notwithstanding any provision to the contrary in 51 Pa.C.S. § 4102 or Ch. 73.

(5) If a participant dies while performing USERRA leave, then the beneficiaries or successor payees, as the case may be, of the deceased participant are entitled to any additional benefits, other than benefit accruals relating to the period of qualified military service, provided under this part had the participant resumed and then terminated employment on account of death.

Section. 105.1. Section 8303(c) of Title 24 is amended and the section is amended by adding a subsection to read:

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

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(c) Purchase of previous creditable service.—[Every] Subject to the limitations in subsection (c.1), an active member of the system or a multiple service member who is an active member of the State Employees' Retirement System on or after the effective date of this part may purchase credit and receive eligibility points:

(1) as a member of Class T-C, Class T-E or Class T-F for previous creditable school service or creditable nonschool service; [or]

(2) as a member of Class T-D for previous creditable school service, provided the member elects to become a Class T-D member pursuant to section 8305.1 (relating to election to become a Class T-D member); or

(3) as a member of Class T-G for previous creditable school service performed as a Class T-G member;

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



(c.1) Ineligibility to purchase previous school service credit.—An active member of Class T-G, or a multiple service member who is an active member of Class A-5 in the State Employees' Retirement System, shall not be eligible to purchase service credit for previous school service, whether or not previously credited in the system, except to reinstate previously credited Class T-G service credit for which accumulated deductions were withdrawn, and except to the extent that any other provision of law requires or allows the crediting of any period of leave to be purchased as school service after the member returns from the leave to school service.

\* \* \*

Section 106. Section 8304(a) of Title 24 is amended to read:  
§ 8304. Creditable nonschool service.

(a) Eligibility.—An active member in a class other than Class T-G, or a multiple service member who is an active member of the State Employees' Retirement System in a class other than Class A-5, shall be eligible to receive Class T-C, Class T-E or Class T-F service credit for creditable nonschool service and Class T-D, Class T-E or Class T-F service for intervening military service, provided the member becomes a Class T-D member pursuant to section 8305.1 (relating to election to become a Class T-D member) or Class T-F member pursuant to section 8305.2 (relating to election to become a Class T-F member) or 8305 (relating to classes of service), as set forth in subsection (b) provided that he is not entitled to receive, eligible to receive now or in the future, or is receiving retirement benefits for such service under a retirement system administered and wholly or partially paid for by any other governmental agency or by any private employer, or a retirement program approved by the employer in accordance with section 8301(a)(1) (relating to mandatory and optional membership), and further provided that such service is certified by the previous employer and the manner of payment of the amount due is agreed upon by the member, the employer, and the board. An active member who is a member of Class T-G or a multiple service member who is a State employee and an active member of the State Employees' Retirement System as a member of Class A-5 shall be eligible for Class T-G service credit for creditable nonschool service as set forth in subsection (b)(2) for which the member makes the required contributions to the fund.

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Section 107. Section 8305(a), (b), (c)(1) and (4), (d) and (e) of Title 24 are amended and the section is amended by adding a subsection to read:

§ 8305. Classes of service.

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

(b) Other class membership.—A school employee who is a member of a class of service other than Class T-C on the effective date of this part may elect to become a member of Class T-C or Class T-D or may retain his membership in such other class until the service is discontinued or he elects to become a full coverage member or elects to purchase credit for previous school or creditable nonschool service. Any service thereafter as a member of the system shall be credited as Class T-C [or], T-D or T-G service as applicable.

(c) Class T-D membership.—

(1) A person who becomes a school employee and an active member, or a person who becomes a multiple service member who is a State employee and a member of the State Employees' Retirement System, on or after the effective date of this subsection shall be classified as a Class T-D member upon payment of regular member contributions. Any prior school service credited as Class T-C service shall be credited as Class T-D service, subject to the limitations contained in paragraph (4) and section 8303(c.1) (relating to eligibility points for retention

and reinstatement of service credits).

\* \* \*

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

(ii) A person who is not a school employee or a State employee on June 30, 2001, and July 1, 2001, and who has previous school service shall not receive Class T-D service credit for school service performed before July 1, 2001, until the person becomes an active member or an active member of the State Employees' Retirement System and a multiple service member and earns three eligibility points by performing credited school service in a class other than Class T-G or State service in a class other than Class A-5 after June 30, 2001. This subparagraph does not apply to a disability annuitant who returns to school service after June 30, 2001, upon termination of the disability annuity.

(d) Class T-E membership.—Notwithstanding any other provision, a person who first becomes a school employee and an active member, or a person who first becomes a multiple service member who is a State employee and a member of the State Employees' Retirement System, on or after the effective date of this subsection shall be classified as a Class T-E member upon payment of regular member contributions and the shared-risk contributions, provided the member does not terminate service and then return to service on or after July 1, 2018.

(e) Class T-F membership.—Notwithstanding any other provision, a person who first becomes a school employee and an active member, or a person who first becomes a multiple service member who is a State employee and a member of the State Employees' Retirement System, on or after the effective date of this subsection and who is eligible to become a Class T-E member shall have the right to elect into Class T-F membership, provided the person elects to become a Class T-F member pursuant to section 8305.2 (relating to election to become a Class T-F member), upon written election filed with the board and payment of regular member contributions and the shared-risk contributions, provided the member does not terminate service and then return to service on or after July 1, 2018.

(f) Class T-G membership.—A person who first becomes a school employee and an active member, or a person who first becomes a multiple service member who is a State employee and a member of the State Employees' Retirement System, on or after July 1, 2018, shall be classified as a Class T-G member upon payment of regular member contributions and the shared risk contributions.

Section 108. Sections 8305.1(c) and 8305.2(c) of Title 24 are amended to read:

§ 8305.1. Election to become a Class T-D member.

\* \* \*

(c) Effect of election.—An election to become a Class T-D member shall remain in effect until the termination of employment. Those members who, on the effective date of this section, contribute at the rate of 5 1/4% shall be deemed to have accepted the basic contribution rate of 6 1/2% for all Class T-D service performed on or after January 1, 2002. Those members who, on the effective date of this section, contribute at the rate of 6 1/4% shall be deemed to have accepted the basic contribution rate of 7 1/2% for all Class T-D service performed on or after January 1, 2002. Upon termination and a subsequent reemployment that occurs before July 1, 2018, the class of service of the school employee shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after July 1, 2018, the school employee's eligibility for membership and class of service in the system or participation in the plan shall be as provided in this part.

\* \* \*

§ 8305.2. Election to become a Class T-F member.

\* \* \*

(c) Effect of election.—An election to become a Class T-F member shall be irrevocable and shall commence from the original date of eligibility]. A member who elects Class T-F membership shall receive Class T-F service credit on any and all future service, regardless of whether the member terminates service or has a break in service.] and shall remain in effect for all future school service creditable in the system that otherwise would not be credited as Class T-G service.

\* \* \*

Section 108.1. Title 24 is amended by adding a section to read:  
 § 8305.3. Election to become a Class T-G member.

(a) General rule.—A member who returns to school service on or after July 1, 2018, may make a one-time election to become a member of Class T-G.

(b) Time for making election.—A member must elect to become a Class T-G member by filing a written election with the board within 45 days of notification by the board of the member's eligibility to elect Class T-G membership and participation. A school employee who is eligible to become a Class T-G member who begins USERRA leave during the election period without having elected Class T-G membership may make the election within 45 days after being reemployed from USERRA leave.

(c) Effect of election.—An election to become a Class T-G member shall be irrevocable and shall commence from the original date of the member's return to service. A member who elects Class T-G membership shall receive Class T-G service credit on any and all future service, regardless of whether the member terminates service or has a break in service.

(d) Effect of failure to make election.—A member who fails to timely file an election to become a Class T-G member shall never be able to elect Class T-G service, regardless of whether the member terminates service or has a break in service.

Section 108.2. Sections 8306 and 8307(b) and (c) of Title 24 are amended to read:

§ 8306. Eligibility points.

(a) General rule.—An active member of the system shall accrue one eligibility point for each year of credited service as a member of the [school or State retirement] system or if a multiple service member, as a member of the State Employees' Retirement system. A member shall accrue an additional two-thirds of an eligibility point for each year of Class D-3 credited service under the State Employees' Retirement System. In the case of a fractional part of a year of credited service, a member shall accrue the corresponding fractional portion of an eligibility point.

(a.1) USERRA leave.—A member or participant who is reemployed from USERRA leave or who dies while performing USERRA leave shall be granted the eligibility points that he would have accrued had he continued in his school office or employment instead of performing USERRA leave. If a school employee who is reemployed from USERRA leave makes the member or mandatory pickup participant contributions to be granted school service credit for the USERRA leave, no additional eligibility points may be granted.

(b) Transitional rule.—For the purposes of the transition:

(1) In determining whether a member, other than a disability annuitant who returns to school service after June 30, 2001, upon termination of the disability annuity, who is not a school employee or a State employee on June 30, 2001, and July 1, 2001, and who has previous school service, has the five eligibility points required by the definition of "vestee" in sections 8102 (relating to definitions), 8307 (relating to eligibility for annuities), 8308 (relating to eligibility for vesting) and 8345 (relating to member's options), only eligibility points earned by performing credited school service, USERRA leave credited as an active member of the system in a class of service other than Class T-G or credited State service as an active member of the State Employees' Retirement System in a class other than Class A-5 after June 30, 2001, shall be counted until such member

earns one such eligibility point by performing credited school service or credited State service after June 30, 2001, at which time all eligibility points, other than eligibility points in classes of service other than Class T-G or Class A-5, as determined under subsection (a) shall be counted.

(2) A member subject to paragraph (1) shall be considered to have satisfied any requirement for five eligibility points contained in this part if the member has at least ten eligibility points determined under subsection (a).

(c) Transitional rule for members with Class T-G service credit.—

(1) Any provision of this part pertaining to eligibility points applicable to the eligibility for or calculation of annuities or benefits attributable to classes of service other than Class T-G shall not include any eligibility points attributable to service credited in Class T-G or as a member of Class A-5 in the State Employees' Retirement System.

(2) Any provision of this part pertaining to eligibility points applicable to the eligibility for or calculation of annuities or benefits attributable to service in Class T-G shall include only eligibility points attributable to service credited in Class T-G or if a multiple service member as a member of Class A-5 in the State Employees' Retirement System.

(3) Only eligibility points earned as a member of Class T-G, or if a multiple service member as a member of Class A-5 in the State Employees' Retirement System, shall be applicable to any provision in this part requiring eligibility points for the determination or payment of benefits from the plan.

§ 8307. Eligibility for annuities.

\* \* \*

(b) Withdrawal annuity.—

(1) A vestee in Class T-C or Class T-D with five or more eligibility points or an active or inactive Class T-C or Class T-D member who terminates school service having five or more eligibility points in classes of service other than Class T-G, or if a multiple service member, Class A-5, shall, upon filing a proper application, be entitled to receive an early annuity based on the service credited as a Class T-C or T-D member.

(2) A vestee in Class T-E or Class T-F with ten or more eligibility points or an active or inactive Class T-E or Class T-F member who terminates school service having ten or more eligibility points in classes of service other than Class T-G, or if a multiple service member, Class A-5, shall, upon filing a proper application, be entitled to receive an early annuity based on the service credited as a Class T-E or T-F member.

(3) A vestee in Class T-G with ten or more eligibility points or an active or inactive Class T-G member who terminates school service having ten or more eligibility points credited as a Class T-G member, or if a multiple service member, as Class A-5, shall, upon filing a proper application, be entitled to receive an early annuity from the system based on the eligibility points credited as a Class T-G or Class A-5 member.

(4) A member who is vested with Class T-C, T-D, T-E, T-F or T-G credited service, shall, upon filing a proper application, be entitled to receive an early annuity based on the credited service in each class.

(c) Disability annuity.—An active or inactive member who has [credit for at least five years of service] five or more eligibility points other than eligibility points resulting from service as a member of Class T-G, or has five or more eligibility points as a member of Class T-G, shall, upon filing of a proper application, be entitled to a disability annuity based on service and compensation in classes other than Class T-G if he is eligible for a disability annuity on service and compensation other than Class T-G, and a disability annuity based on service and compensation as a member of Class T-G if he is eligible for a disability annuity on service and compensation as a member of Class T-G, if he becomes mentally or physically incapable of continuing to perform the duties for which he is employed and qualifies for an

annuity in accordance with the provisions of section 8505(c)(1) (relating to duties of board regarding applications and elections of members).

Section 108.3. Section 8308 of Title 24, amended December 28, 2015 (P.L.529, No.93), is amended to read:

§ 8308. Eligibility for vesting.

Eligibility for vesting shall be as follows:

(1) Any Class T-C or Class T-D member who terminates school service with five or more eligibility points shall be entitled to vest his retirement benefits until the member's required beginning date. Any Class T-E [or], Class T-F or Class T-G member who terminates school service with ten or more eligibility points shall be entitled to vest his retirement benefits until his required beginning date.

(2) Any member who has Class T-G service credit and service credited in one or more other classes of service and terminates school service, or if a multiple service member and an active member of the State Employees' Retirement System terminates State service, shall be eligible to vest his retirement benefits in each class in accordance with the requirements for that class of service.

Section 108.4. (Reserved).

Section 108.5. Sections 8310, 8321(a) and 8322.1(a) of Title 24, amended December 28, 2015 (P.L.529, No.93), are amended to read:

§ 8310. Eligibility for refunds.

Upon termination of service any active member, regardless of eligibility for benefits, may elect to receive his accumulated deductions by his required beginning date in lieu of any benefit from the system to which he is entitled.

§ 8321. Regular member contributions for current service.

(a) General.—Regular member contributions shall be made to the fund on behalf of each active member for current service except for any period of current service in which the making of such contributions has ceased solely by reason of any provision of this part relating to the limitations under IRC § 401(a)(17) or 415[,] or limitations on contributions to the system applicable to a Class T-G member when the Class T-G member is making mandatory pickup participant contributions to the trust.

(b) Class T-E [and], Class T-F and Class T-G shared-risk contributions.—Commencing with the annual actuarial valuation performed under section 8502(j) (relating to administrative duties of board), for the period ending June 30, 2014, and every three years thereafter, the board shall compare the actual investment rate of return, net of fees, to the annual interest rate adopted by the board for the calculation of the normal contribution rate, based on the market value of assets, for the prior ten-year period. If the actual investment rate of return, net of fees, is less than the annual interest rate adopted by the board by an amount of 1% or more, the shared-risk contribution rate of Class T-E [and], Class T-F and Class T-G members will increase by .5%. If the actual investment rate of return, net of fees, is equal to or exceeds the annual interest rate adopted by the board, the shared-risk contributions rate of Class T-E [and], Class T-F and Class T-G members will decrease by .5%. Class T-E [and], Class T-F and Class T-G members will contribute at the total member contribution rate in effect when they are hired. The total member contribution rate for Class T-E members shall not be less than 7.5%, nor more than 9.5%. The total member contribution rate for Class T-F members shall not be less than 10.3%, nor more than 12.3%. The total member contribution rate for Class T-G members shall not be less than 6% nor more than 8%. Notwithstanding this subsection, if the system's actuarial funded status is 100% or more as of the date used for the comparison required under this subsection, as determined in the current annual actuarial valuation, the shared-risk contribution rate shall be zero. In the event that the annual interest rate adopted by the board for the calculation of the normal contribution rate is changed during the period used to determine the shared-risk contribution rate, the board, with the advice of the actuary, shall determine the applicable rate during the entire period, expressed as an annual rate. The following provisions shall

apply:

(1) Until the system has a ten-year period of investment rate of return experience following the effective date of this subsection, the look-back period shall begin not earlier than the effective date of this subsection.

(2) For any fiscal year in which the employer contribution rate is lower than the final contribution rate under section 8328(h) (relating to actuarial cost method), the total member contribution rate for Class T-E [and], T-F and T-G members shall be prospectively reset to the basic contribution rate.

(3) There shall be no increase in the member contribution rate if there has not been an equivalent increase to the employer contribution rate over the previous three-year period.

§ 8322.1. Pickup contributions.

(a) Treatment for purposes of IRC § 414(h).—All contributions to the fund required to be made under sections 8321 (relating to regular member contributions for current service), 8322 (relating to joint coverage member contributions) and 8305 (relating to classes of service), with respect to current school service rendered by an active member on or after January 1, 1983, shall be picked up by the employer and shall be treated as the employer's contribution for purposes of IRC § 414(h).

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Section 108.6. Sections 8323(a), (c) and (d)(1), 8324(a), (b), (c) and (d), 8325.1(a), 8326(a) and (c) and 8327 of Title 24 are amended to read:

§ 8323. Member contributions for creditable school service.

(a) Previous school service, sabbatical leave and full coverage.—The contributions to be paid by an active member or an eligible State employee for credit in the system for reinstatement of [all] the portion of previously credited school service, school service not previously credited, sabbatical leave as if he had been in full-time daily attendance that a member is eligible to have credited, or full-coverage membership shall be sufficient to provide an amount equal to the accumulated deductions which would have been standing to the credit of the member for such service had regular member contributions been made with full coverage at the rate of contribution necessary to be credited as Class T-C service, Class T-D service if the member is a Class T-D member, Class T-E service if the member is a Class T-E member or Class T-F service if the member is a Class T-F member and had such contributions been credited with statutory interest during the period the contributions would have been made and during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay up to the date of purchase.

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

\* \* \*

## (d) Certification and payment of contributions.—

(1) In all cases other than for the purchase of credit for sabbatical leave and activated military service leave beginning before the effective date of paragraph (2), the amount payable shall be certified by the board in accordance with methods approved by the actuary and may be paid in a lump sum within 90 days or in the case of an active member or an eligible State employee who is an active member of the State Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

\* \* \*

## § 8324. Contributions for purchase of credit for creditable nonschool service and noncreditable school service.

(a) Source of contributions.—The total contributions to purchase credit as a member of Class T-C, Class T-E [or], Class T-F or Class T-G for creditable nonschool service of an active member or an eligible State employee shall be paid either by the member, the member's previous employer, the Commonwealth, or a combination thereof, as provided by law.

## (b) Nonintervening military service.—

(1) The amount due for the purchase of credit for military service other than intervening military service by a member not in Class T-G shall be determined by applying the member's basic contribution rate plus the normal contribution rate as provided in section 8328 (relating to actuarial cost method) at the time of entry of the member into school service subsequent to such military service to one-third of his total compensation received during the first three years of such subsequent credited school service, excluding compensation received for Class T-G service, and multiplying the product by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with statutory interest during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay to date of purchase.

(2) The amount due for the purchase of credit for military service other than intervening military service by a member who is eligible to make the purchase under section 8304 (relating to creditable nonschool service) shall be determined by applying the member's basic contribution rate, plus the Commonwealth's normal contribution rate for active members at the time of entry, subsequent to such military service, of the member into Class T-G service to his average annual rate of compensation received for Class T-G service subject to any limit each year by the application of the Class T-G defined benefit compensation limit, over the first three years of such subsequent Class T-G service and multiplying the result by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with statutory interest during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay of the State Employees' Retirement System to date of purchase.

(3) Upon certification of the amount due, payment may be made in a lump sum within 90 days or in the case of an active

member or an eligible State employee who is an active member of the State Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid. Application may be filed for all such military service credit upon completion of three years of subsequent credited school service and shall be credited as Class T-C service. In the event that a Class T-E member makes a purchase of credit for such military service, then such service shall be credited as Class T-E service. In the event that a Class T-F member makes a purchase of credit for such military service, then such service shall be credited as Class T-F service.

(c) Intervening military service.—Contributions on account of credit for intervening military service shall be determined by the member's basic contribution rate and compensation at the time of entry of the member into active military service, together with statutory interest during all periods of subsequent school service as an active member or inactive member and State service as an active member or inactive member on leave without pay to date of purchase. Upon application for such credit the amount due shall be certified in the case of each member by the board, in accordance with methods approved by the actuary, and contributions may be made by one of the following methods:

(1) Regular monthly payments during active military service.

(2) A lump sum payment within 90 days of certification of the amount due.

(3) Salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

(d) Other creditable nonschool service and noncreditable school service.—

(1) Contributions on account of Class T-C credit for creditable nonschool service other than military service shall be determined by applying the member's basic contribution rate plus the normal contribution rate as provided in section 8328 at the time of the member's entry into school service subsequent to such creditable nonschool service to his total compensation received during the first year of subsequent credited school service and multiplying the product by the number of years and fractional part of a year of creditable nonschool service being purchased together with statutory interest during all periods of subsequent school service as an active member or inactive member or State service service as an active member or inactive member on leave without pay to the date of purchase, except that in the case of purchase of credit for creditable nonschool service as set forth in section 8304(b)(5) (relating to creditable nonschool service) the member shall pay only the employee's share unless otherwise provided by law. Upon certification of the amount due, payment



may be made in a lump sum within 90 days or in the case of an active member or an eligible State employee who is an active member of the State Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

(2) Contributions on account of Class T-E or Class T-F credit for creditable nonschool service other than military service shall be the present value of the full actuarial cost of the increase in the projected superannuation annuity caused by the additional service credited on account of the purchase. Upon certification of the amount due, payment may be made in a lump sum within 90 days or, in the case of an active member or an eligible State employee who is an active member of the State Employees' Retirement System, it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to the terms as the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

(3) Contributions on account of Class T-E or Class T-F credit for noncreditable school service other than military service shall be the present value of the full actuarial cost of the increase in the projected superannuation annuity caused by the additional service credited on account of the purchase. Upon certification of the amount due, payment may be made in a lump sum within 90 days or, in the case of an active member or an eligible State employee who is an active member of the State Employees' Retirement System, it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to the terms as the board in its sole discretion determines. In the case of an eligible State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

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#### § 8325.1. Annual compensation limit under IRC § 401(a)(17).

(a) General rule.—In addition to other applicable limitations set forth in this part, and notwithstanding any provision of this part to the contrary, the annual compensation of each noneligible member and each participant taken into account for benefit purposes under this subchapter shall not exceed the limitation under IRC § 401(a)(17). On and after July 1, 1996, any reference in this part to the limitation under IRC § 401(a)(17) shall mean the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual

compensation limit set forth in this subsection. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the commissioner for increases in the cost of living in accordance with IRC § 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any determination period which is a period, not exceeding 12 months, over which compensation is determined, beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12.

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#### § 8326. Contributions by the Commonwealth.

(a) Contributions on behalf of active members.—The Commonwealth shall make contributions into the fund on behalf of all active members and participants, including members and participants on activated military service leave, in an amount equal to one-half the amount certified by the board as necessary to provide, together with the members' contributions, annuity reserves on account of prospective annuities as provided in this part in accordance with section 8328 (relating to actuarial cost method). In case a school employee has elected membership in a retirement program approved by the employer, the Commonwealth shall contribute to such program on account of his membership an amount no greater than the amount it would have contributed had the employee been a member of the Public School Employees' Retirement System.

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#### (c) Contributions after June 30, 1995.—

(1) The Commonwealth shall make contributions into the fund on behalf of all active members and participants, including members and participants on activated military service leave, for service performed after June 30, 1995, in the following manner:

(i) For members and participants who are employees of employers that are school entities, no Commonwealth contributions shall be made.

(ii) For members and participants who are employees of employers that are not school entities, the amount computed under subsection (a).

(2) The Commonwealth shall make contributions into the fund on behalf of annuitants for all amounts due to the fund after June 30, 1995, including, but not limited to, amounts due pursuant to section 8328(d) and (f), in the following manner:

(i) For members and participants who are employees of employers who are school entities, no Commonwealth contributions shall be made.

(ii) For members and participants who are employees of employers who are not school entities, the amount computed under subsection (b).

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#### § 8327. Payments by employers.

##### (a) [General rule.—Each] Timing of payments.—

(1) For payments prior to June 30, 2018, each employer, including the Commonwealth as employer of employees of the [Department of Education] department, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf, Scotland School for Veterans' Children, and [the] The Pennsylvania State University, shall make payments to the fund each quarter in an amount equal to one-half the sum of the percentages, as determined under section 8328 (relating to actuarial cost method), applied to the total compensation during the pay periods in the preceding quarter of all its employees who were members of the system during such period, including members on activated military service leave. In the event a member on activated military service leave does not return to service for the necessary time or receives an undesirable, bad conduct or dishonorable discharge or does not elect to receive credit for activated military service under section 8302(b.1)(3) (relating to credited school service), the

contributions made by the employer on behalf of such member shall be returned with valuation interest upon application by the employer.

(2) For payments after June 30, 2018, each employer, including the Commonwealth as employer of employees of the department, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf and The Pennsylvania State University, shall make payments to the fund each month in an amount equal to one-half the sum of the percentages, as determined under section 8328, applied to the total compensation during the pay periods in the preceding month of all its employees who were members of the system during such period, including members on activated or USERRA military service leave, plus the accrued liability contribution rate applied to the total compensation of all active participants in the plan. In the event a member on activated or USERRA military service leave does not return to service for the necessary time or receives an undesirable, bad conduct or dishonorable discharge or does not elect to receive credit for activated or USERRA military service under section 8302(b.1)(3), the contributions made by the employer on behalf of such member shall be returned with valuation interest upon application by the employer.

(b) Deduction from appropriations.—

(1) To facilitate the payment of amounts due from any employer to the fund and the trust through the State Treasurer and to permit the exchange of credits between the State Treasurer and any employer, the Secretary of Education and the State Treasurer shall cause to be deducted and paid into the fund and the trust from the amount of any moneys due to any employer on account of any appropriation for schools or other purposes amounts equal to the employer and pickup contributions which an employer is required to pay to the fund and the trust, as certified by the board, and as remains unpaid on the date such appropriations would otherwise be paid to the employer. Such amount shall be credited to the appropriate accounts in the fund and the trust.

(2) To facilitate the payments of amounts due from any charter school, as defined in Article XVII-A of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, to the fund and the trust through the State Treasurer and to permit the exchange of credits between the State Treasurer and any employer, the Secretary of Education and the State Treasurer shall cause to be deducted and paid into the fund and the trust from any funds appropriated to the [Department of Education] department for basic education of the chartering school district of a charter school and public school employees' retirement contributions amounts equal to the employer and pickup contributions which a charter school is required to pay to the fund and the trust, as certified by the board, and as remains unpaid on the date such appropriations would otherwise be paid to the chartering school district or charter school. Such amounts shall be credited to the appropriate accounts in the fund and the trust. Any reduction in payments to a chartering school district made pursuant to this section shall be deducted from the amount due to the charter school district pursuant to the Public School Code of 1949.

(c) Payments by employers after June 30, 1995, and before July 1, 2018.—After June 30, 1995, and before July 1, 2018, each employer, including the Commonwealth as employer of employees of the [Department of Education] department, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf, Scotland School for Veterans' Children and The Pennsylvania State University, shall make payments to the fund and the trust each quarter in an amount computed in the following manner:

(1) For an employer that is a school entity, the amount shall be the sum of the percentages as determined under section

8328 applied to the total compensation during the pay periods in the preceding quarter of all employees who were active members of the system or active participants of the plan during such period, including members or active participants on activated military service leave. In the event a member on activated military service leave does not return to service for the necessary time or receives an undesirable, bad conduct or dishonorable discharge or does not elect to receive credit for activated military service under section 8302(b.1)(3), the contribution made by the employer on behalf of such member shall be returned with valuation interest upon application by the employer.

(2) For an employer that is not a school entity, the amount computed under subsection (a).

(3) For any employer, whether or not a school entity, in computing the amount of payment due each quarter, there shall be excluded from the total compensation referred to in this subsection and subsection (a) any amount of compensation of a noneligible member on the basis of which member contributions have not been made by reason of the limitation under IRC § 401(a)(17), except as otherwise provided in this part. Any amount of contribution to the fund paid by the employer on behalf of a noneligible member on the basis of compensation which was subject to exclusion from total compensation in accordance with the provisions of this paragraph shall, upon the board's determination or upon application by the employer, be returned to the employer with valuation interest.

(d) Payments by employers after June 30, 2018.—After June 30, 2018, each employer, including the Commonwealth as employer of employees of the department, State-owned colleges and universities, Thaddeus Stevens College of Technology, Western Pennsylvania School for the Deaf and The Pennsylvania State University, shall make payments to the fund and the trust each month in an amount computed in the following manner:

(1) For an employer that is a school entity, the amount shall be the sum of the percentages as determined under section 8328 applied to the total compensation during the pay periods in the preceding month of all employees who were active members of the system during such period, including members on activated or USERRA military service leave, plus the accrued liability contribution rate applied to the total compensation of all active participants in the plan. In the event a member on activated or USERRA military service leave does not return to service for the necessary time or receives an undesirable, bad conduct or dishonorable discharge or does not elect to receive credit for activated or USERRA military service under section 8302(b.1)(3), the contribution made by the employer on behalf of such member shall be returned with valuation interest upon application by the employer.

(2) For an employer that is not a school entity, the amount computed under subsection (a).

(3) For any employer, whether or not a school entity, in computing the amount of payment due each month, there shall be excluded from the total compensation referred to in this subsection and subsection (a), any amount of compensation of a noneligible member or participant on the basis of which member or participant contributions have not been made by reason of the limitation under IRC § 401(a)(17). Any amount of contribution to the fund paid by the employer on behalf of a noneligible member or participant on the basis of compensation which was subject to exclusion from total compensation in accordance with the provisions of this paragraph shall, upon the board's determination or upon application by the employer, be returned to the employer with valuation interest.

(e) Deemed agreed to.—The agreement of an employer listed in the definition of school employee under section 8102 (relating to definitions) or any other law to make contributions to the fund or to enroll its employees as members in the system shall be deemed to be an agreement to make contributions to the trust or enroll its employees in

the plan.

(f) Contributions.—The employer employing a participant shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.

(g) Contributions resulting from members reemployed from USERRA leave.—When a school employee reemployed from USERRA leave makes the member contributions required to be granted school service credit for the USERRA leave after June 30, 2018, either by actual payment or by actuarial debt under section 8325 (relating to incomplete payments), the employer that employed the school employee when the member contributions were made or the last employer before termination in the case of payment under section 8325 shall make the employer contributions that would have been made under this section if the employee making the member contributions after he is reemployed from USERRA leave continued to be employed in his school office or position instead of performing USERRA leave.

Section 109. Section 8328(a), (b), (c)(4), (d)(2) and (e) of Title 24 are amended and subsections (c), (d) and (g) are amended by adding paragraphs to read:

§ 8328. Actuarial cost method.

(a) Employer contribution rate.—The amount of the total employer contributions shall be computed by the actuary as a percentage of the total compensation of all active members and active participants, as applicable, during the period for which the amount is determined and shall be so certified by the board. The total employer contribution rate shall be the sum of the final contribution rate as computed in subsection (h) plus the premium assistance contribution rate as computed in subsection (f). The actuarially required contribution rate shall consist of the normal contribution rate as defined in subsection (b), the accrued liability contribution rate as defined in subsection (c) and the supplemental annuity contribution rate as defined in subsection (d). Beginning July 1, 2004, the actuarially required contribution rate shall be modified by the experience adjustment factors as calculated in subsection (e).

(b) Normal contribution rate.—[The]

(1) For fiscal years ending before July 1, 2018, the normal contribution rate shall be determined after each actuarial valuation. Until all accrued liability contributions have been completed, the normal contribution rate shall be determined, on the basis of an annual interest rate and such mortality and other tables as shall be adopted by the board in accordance with generally accepted actuarial principles, as a level percentage of the compensation of the average new active member, which percentage, if contributed on the basis of his prospective compensation through the entire period of active school service, would be sufficient to fund the liability for any prospective benefit payable to him, in excess of that portion funded by his prospective member contributions, excluding the shared-risk contributions.

(2) For fiscal years beginning on or after July 1, 2018, the normal contribution rate shall be determined after each actuarial valuation. Until all accrued liability contributions have been completed, the normal contribution rate shall be determined, on the basis of an annual interest rate and such mortality and other tables as shall be adopted by the board in accordance with generally accepted actuarial principles, as a level percentage of the compensation of all active members in classes of service other than Class T-G, and for Class T-G members, as limited:

(i) By the defined benefit compensation limit.

(ii) To Class T-G members who have less than 25 eligibility points as a member of Class T-G, or if a multiple service member, as a member of Class A-5, which percentage, if contributed on the basis of the member's prospective compensation through the entire period of active school service, as limited by the defined benefit compensation limit, would be sufficient to fund the liability for any prospective benefit payable to him, in

excess of that portion funded by his prospective member contributions, excluding the shared-risk contributions. In no case shall the employer normal cost be less than zero.

(c) Accrued liability contribution rate.—

\* \* \*

(4) For the fiscal year beginning July 1, 2011, the accrued liability contribution rate shall be computed as the rate of total compensation of all active members which shall be certified by the actuary as sufficient to fund as a level percentage of compensation over a period of 24 years from July 1, 2011, the present value of the liabilities for all prospective benefits calculated as of June 30, 2010, including the supplemental benefits as provided in sections 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and 8348.7, in excess of the actuarially calculated assets in the fund (calculated recognizing all realized and unrealized investment gains and losses each year in level annual installments over a ten-year period). In the event that the accrued liability is increased by legislation enacted subsequent to June 30, 2010, but before July 1, 2018, such additional liability shall be funded as a level percentage of compensation over a period of ten years from the July 1 second succeeding the date such legislation is enacted.

(5) For fiscal years beginning on or after July 1, 2018, the actuarially calculated assets in the fund determined in accordance with paragraph (4) shall be no less than 70% and no more than 130% of market value. In the event that the accrued liability is changed by legislation enacted subsequent to June 30, 2016, such change in liability shall be funded as a level percentage of compensation of all active members and active participants, as applicable, over a period of ten years from the July 1 second succeeding the date such legislation is enacted.

(d) Supplemental annuity contribution rate.—

\* \* \*

(2) For fiscal years beginning July 1, 2011, and ending June 30, 2018, contributions from the Commonwealth and other employers whose employees are members of the system required to provide for the payment of supplemental annuities as provided in sections 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and 8348.7 shall be paid as part of the accrued liability contribution rate as provided for in subsection (c)(4), and there shall not be a separate supplemental annuity contribution rate attributable to those supplemental annuities. In the event that supplemental annuities are increased by legislation enacted subsequent to June 30, 2010, [the] but before July 1, 2016, such additional liability for the increase in benefits shall be funded as a level percentage of compensation over a period of ten years from the July 1 second succeeding the date such legislation is enacted.

(3) For fiscal years beginning on or after July 1, 2018, contributions from employers whose employees are members of the system required to provide for the payment of supplemental annuities as provided in sections 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and 8348.7 shall be paid as part of the accrued liability contribution rate as provided for in subsection (c)(4), and there shall not be a separate supplemental annuity contribution rate attributable to those supplemental annuities. In the event that supplemental annuities are increased by legislation enacted subsequent to June 30, 2016, the additional liability for the increase in benefits shall be funded as a level percentage of compensation of all active members and active participants over a period of ten years from the July 1 second succeeding the date such legislation is enacted.

(e) Experience adjustment factor.—

(1) For each year after the establishment of the accrued liability contribution rate for the fiscal year beginning July 1, 2011, and ending June 30, 2018, any increase or decrease in the unfunded accrued liability, excluding the gains or losses on the assets of the health insurance account, due to actual experience

differing from assumed experience, changes in actuarial assumptions, changes in contributions caused by the final contribution rate being different from the actuarially required contribution rate, active members making shared-risk contributions or changes in the terms and conditions of the benefits provided by the system by judicial, administrative or other processes other than legislation, including, but not limited to, reinterpretation of the provisions of this part, shall be amortized as a level percentage of compensation over a period of 24 years beginning with the July 1 second succeeding the actuarial valuation determining said increases or decreases.

(2) [(Reserved).] For fiscal years beginning on or after July 1, 2018, any increase or decrease in the unfunded accrued liability, excluding the gains or losses on the assets of the health insurance account, due to actual experience differing from assumed experience, changes in actuarial assumptions, changes in contributions caused by the final contribution rate being different from the actuarially required contribution rate, active members making shared-risk contributions or changes in the terms and conditions of the benefits provided by the system by judicial, administrative or other processes other than legislation, including, but not limited to, reinterpretation of the provisions of this part, shall be amortized as a level percentage of the compensation of all active members and active participants over a period of 24 years beginning with the July 1 second succeeding the actuarial valuation determining such increases or decreases.

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(g) Temporary application of collared contribution rate.—

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(3) For purposes of applying the collared contribution rate, compensation for determining the normal contribution rate shall be defined as the total compensation of all active members and active participants, as applicable.

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Section 110. Section 8330 of Title 24 is amended to read:

§ 8330. Appropriations by the Commonwealth.

(a) Annual submission of budget.—The board shall prepare and through the Governor submit annually to the General Assembly an itemized budget consisting of the amounts necessary to be appropriated by the Commonwealth out of the General Fund required to meet the separate obligations to the fund and the trust accruing during the fiscal period beginning July 1 of the following year.

(b) Appropriation and payment.—The General Assembly shall make an appropriation sufficient to provide for the separate obligations of the Commonwealth to the fund and the trust. Such amount shall be paid by the State Treasurer through the Department of Revenue into the fund or the trust, as the case may be, within 30 days of receipt of the requisition presented each quarter by the board.

Section 110.1. Section 8341 of Title 24, amended December 28, 2015 (P.L.529, No.93), is amended to read:

§ 8341. Return of accumulated deductions.

Any member upon termination of service may, in lieu of all benefits payable from the system under this chapter to which he may be entitled, elect to receive his accumulated deductions by his required beginning date.

Section 111. Sections 8342(a) and 8344(a), (b) and (d) of Title 24 are amended and the sections are amended by adding subsections to read:

§ 8342. Maximum single life annuity.

(a) General rule.—Upon termination of service, any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 8307(a) or (b) (relating to eligibility for annuities) and has made an application in accordance with the provisions of section 8507(f) (relating to rights and duties of school employees [and members], members and participants) shall be entitled to receive a maximum single life annuity attributable to his credited service and equal to the sum of the following single life annuities beginning at the effective date of retirement and, in case the member on the effective

date of retirement is under superannuation age, multiplied by a reduction factor calculated to provide benefits actuarially equivalent to an annuity starting at superannuation age: Provided however, That on or after July 1, 1976, in the case of any member who has attained age 55 and has 25 or more eligibility points such sum of single life annuities shall be reduced by a percentage determined by multiplying the number of months, including a fraction of a month as a full month, by which the effective date of retirement precedes superannuation age by 1/4%: Further provided, In no event shall a Class T-E or Class T-F member receive an annual benefit, calculated as of the effective date of retirement, greater than the member's final average salary attributable to Class T-E or T-F service:

(1) A [standard single life annuity multiplied by the] single life annuity that is the sum of annuities determined separately for each class of service [multiplier] and calculated on the basis of the number of years of credited school service other than concurrent service.

(2) A standard single life annuity multiplied by the class of service multiplier and calculated on the basis of the number of years of concurrent service and multiplied by the ratio of total compensation received in the school system during the period of concurrent service to the total compensation received during such period.

(3) A supplemental annuity such that the total annuity prior to any optional modification or any reduction due to retirement prior to superannuation age shall be at least \$100 for each full year of credited service.

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(d) Coordination of benefits.—The determination and payment of the maximum single life annuity under this section shall be in addition to any payments a member may be entitled to receive, has received or is receiving as a result of being a participant in the plan.

§ 8344. Disability annuities.

(a) Amount of annuity.—A member who has made application for a disability annuity as provided in section 8507(k) (relating to rights and duties of school employees [and members], members and participants) and has been found to be eligible in accordance with the provisions of sections 8307(c) (relating to eligibility for annuities) and 8505(c)(1) (relating to duties of board regarding applications and elections of members) shall receive a disability annuity payable from the effective date of disability and continued until a subsequent determination by the board that the annuitant is no longer entitled to a disability annuity. The disability annuity shall be a single life annuity that is equal to a sum of the standard single life [annuity] annuities determined separately for each class of service if the total number of years of credited service is greater than 16.667, otherwise [the] each standard single life annuity shall be multiplied by the lesser of the following ratios:

$$Y^*/Y \text{ or } 16.667/Y$$

where Y ' total number of years of credited service and Y\* ' total years of credited service if the member were to continue as a school employee until attaining superannuation age, or if the member has attained superannuation age then the number of years of credited service. In no event shall the disability annuity plus any cost-of-living increases be less than \$100 for each full year of credited service. The member shall be entitled to the election of a joint and survivor annuity on that portion of the disability annuity to which he is entitled under section 8342 (relating to maximum single life annuity).

(b) Reduction on account of earned income.—Payments on account of disability shall be reduced by that amount by which the earned income of the annuitant, as reported in accordance with section 8508(b) (relating to rights and duties of annuitants) for the preceding year together with the disability annuity payments for the year, exceeds the greater of \$5,000 or the last year's salary of the annuitant as a [school employee] member of the system, provided that the annuitant shall not receive less than his member's annuity or the amount to which he may be entitled under section 8342, whichever is greater.

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(d) Withdrawal of accumulated deductions.—Upon termination of disability annuity payments in excess of an annuity calculated in accordance with section 8342, a disability annuitant who:

(1) is a Class T-C or Class T-D member; or

(2) is a Class T-E [or] Class T-F or Class T-G member with less than ten eligibility points and who does not return to school service may file an application with the board for an amount equal to the accumulated deductions, shared-risk member contributions and statutory interest standing to his credit at the effective date of disability less the total payments received on account of his member's annuity.

\* \* \*

(f) Coordination of benefits.—The determination and payment of a disability annuity under this section shall be in addition to any payments a school employee may be entitled to receive, has received or is receiving as a result of being a participant in the plan.

Section 112. Sections 8345(a) and 8346 of Title 24, amended December 28, 2015 (P.L.529, No.93), are amended to read:  
§ 8345. Member's options.

(a) General rule.—Any Class T-C or Class T-D member who is [a vestee with five or more eligibility points, any Class T-E or] Class T-F or Class T-G member who is a vestee with ten or more eligibility points, or any [other] eligible member upon termination of school service [who has not withdrawn his accumulated deductions as provided in section 8341 (relating to return of accumulated deductions)] who is eligible to receive an annuity may apply for and elect to receive either a maximum single life annuity, as calculated in accordance with the provisions of section 8342 (relating to maximum single life annuity), or a reduced annuity certified by the actuary to be actuarially equivalent to the maximum single life annuity and in accordance with one of the following options, except that no member shall elect an annuity payable to one or more survivor annuitants other than his spouse or alternate payee of such a magnitude that the present value of the annuity payable to him for life plus any lump sum payment he may have elected to receive is less than 50% of the present value of his maximum single life annuity and no member may elect a payment option that would provide benefits that do not satisfy the minimum distribution requirements or would violate the incidental death benefit rules of IRC § 401(a)(9). In no event shall a Class T-E or Class T-F member receive an annual benefit, calculated as of the effective date of retirement, greater than the member's final average salary.

(1) Option 1.—A life annuity to the member with:

(i) a guaranteed total payment attributable to classes of service other than Class T-G equal to the present value of the maximum single life annuity attributable to classes of service other than Class T-G on the effective date of retirement with the provision that, if, at his death, he has received less than such present value, the unpaid balance shall be payable to his beneficiary[.]; and

(ii) a guaranteed total payment attributable to Class T-G service equal to the present value of the maximum single life annuity attributable to Class T-G service on the effective date of retirement with the provision that, if, at his death, he has received less than such present value, the unpaid balance shall be payable to his beneficiary.

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

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

(4) Option 4.—Some other benefit which shall be certified by the actuary to be actuarially equivalent to the maximum single life annuity, subject to the following

restrictions:

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

(ii) The sum of all annuities payable to the designated survivor annuitants shall not be greater than the annuity payable to the member.

(iii) A portion of the benefit may be payable as a lump sum, except that such lump sum payment shall not exceed an amount equal to the accumulated deductions standing to the credit of the member. The balance of the present value of the maximum single life annuity adjusted in accordance with section 8342(b) shall be paid in the form of an annuity with a guaranteed total payment, a single life annuity, or a joint and survivor annuity or any combination thereof but subject to the restrictions of subparagraphs (i) and (ii) of this paragraph. This subparagraph shall not apply to a Class T-E [or] Class T-F or Class T-G member.

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§ 8346. Termination of annuities.

(a) General rule.—If an annuitant returns to school service or enters or has entered State service and elects multiple service membership, any annuity payable to him under this part shall cease effective upon the date of his return to school service or entering State service without regard to whether he is a mandatory, optional or prohibited member of the system or participant in the plan or, if a multiple service member, whether he is a mandatory, optional or prohibited member or participant of the State Employees' Retirement System or State Employees' Defined Contribution Plan and in the case of an annuity other than a disability annuity the present value of such annuity, adjusted for full coverage in the case of a joint coverage member who makes the appropriate back contributions for full coverage, shall be frozen as of the date such annuity ceases. An annuitant who is credited with an additional 10% of membership service as provided in section 8302(b.2) (relating to credited school service) and who returns to school service, except as provided in subsection (b), shall forfeit such credited service and shall have his frozen present value adjusted as if his 10% retirement incentive had not been applied to his account. In the event that the cost-of-living increase enacted December 18, 1979, occurred during the period of such State or school employment, the frozen present value shall be increased, on or after the member attains superannuation age, by the percent applicable had he not returned to service.

(a.1) Return of benefits.—In the event an annuitant whose annuity from the system ceases pursuant to this section receives any annuity payment, including a lump sum payment pursuant to section 8345 (relating to member's options) on or after the date of his return to school service or entering State service, the annuitant shall return to the board the amount so received from the system plus statutory interest. The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 90 days or in the case of an active member or a State employee who is an active member of the State Employees' Retirement System may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the member and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of a State employee who is an active member of the State Employees' Retirement System, the agreed upon salary deductions shall be remitted to the State Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

(a.2) Return of benefits paid during USERRA leave.—If a former school employee is reemployed from USERRA leave who had received any payments or annuity from the system during the USERRA leave,

the employee shall return to the board the amount received plus statutory interest. The amount payable shall be certified by the board in accordance with methods approved by the actuary and:

(1) shall be paid in a lump sum within 30 days; or

(2) in the case of an active member, may be amortized with statutory interest through salary deductions in amounts agreed upon by the member and the board for not longer than a period that starts with the date of reemployment and continuing for up to three times the length of the member's immediate past period of USERRA leave. A repayment period under this paragraph may not exceed five years or a longer time as agreed to between the board and the member.

(b) Return to school service during emergency.—When, in the judgment of the employer, an emergency creates an increase in the work load such that there is serious impairment of service to the public or in the event of a shortage of appropriate subject certified teachers or other personnel, an annuitant or participant receiving distributions may be returned to school service for a period not to extend beyond the school year during which the emergency or shortage occurs, without loss of his annuity or distributions, provided that the annuitant meets the conditions set forth in subsection (b.2). The annuitant shall not be entitled to earn any credited service, and no contributions may be made by the annuitant, the employer or the Commonwealth on account of such employment. Such service shall not be subject to member contributions or be eligible for qualification as creditable school service or for participation in the plan, mandatory pickup participant contributions or employer defined contributions.

(b.1) Return to school service in an extracurricular position.—

(1) An annuitant or participant receiving distributions may be employed under separate contract by a public school or charter school in an extracurricular position performed primarily outside regular instructional hours and not part of mandated curriculum without loss of annuity, provided that the annuitant meets the conditions set forth in subsection (b.2). [Neither the annuitant nor] The annuitant, the participant receiving distribution and the employer shall not make contributions to the member's savings account, the individual investment account or State accumulation account respectively for such service. Further, such contract shall contain a waiver whereby the annuitant waives any potential retirement benefits that could arise from the contract and releases the employer and the board from any liability for such benefits. Such service shall not be subject to member or participant contributions or be eligible for qualification as creditable school service or for participation in the plan, mandatory pickup participant contributions or employer defined contributions.

(2) Nothing in this subsection shall be construed to abridge or limit any rights provided under a collective bargaining agreement or any rights provided under the act of July 23, 1970 (P.L.563, No.195), known as the Public Employee Relations Act.

(3) For purposes of this subsection, the term "extracurricular position" means a contract position filled by an annuitant that is separate from the established academic course structure, including the position of athletic director.

(b.2) Limitation on return to school service by an annuitant during emergency or in an extracurricular position.—

(1) An annuitant may return to school service under subsection (b) or (b.1), provided the annuitant otherwise meets the requirements of subsection (b) or (b.1) and has attained the age set forth in IRC § 401(a)(36) or the applicable "normal retirement age" in 26 C.F.R. § 1.401(a)-1(b)(2) (relating to post-ERISA qualified plans and qualified trusts; in general).

(2) An annuitant who has not reached the age as set forth in IRC § 401(a)(36), or the applicable "normal retirement age" under 26 C.F.R. § 1.401(a)-1(b)(2), may return to service under subsection (b) or (b.1) provided the annuitant otherwise meets the requirements of subsection (b) or (b.1) and has had a break in service, as set forth in paragraph (3).

(3) For purposes of this subsection, a break in service occurs when a member has a bona fide termination of service. The following factors will be considered in determining whether there had been a bona fide termination of service:

(i) whether the change in the employment relationship is more than a formal or technical change, requiring the severing of the employment connection with the employer;

(ii) whether there has been a reasonable anticipation or prearranged agreement between the member and the employer that a return to school service under this section shall take place;

(iii) the amount of time that has elapsed from the date the member becomes an annuitant and the return to school service;

(iv) whether the services are a continuation of the annuitant's previous service with the same employer; and

(v) such other factors as the board may deem appropriate.

(c) Subsequent discontinuance of service.—Upon subsequent discontinuance of service, such [member] terminating school employee other than a former annuitant who had the effect of his frozen present value eliminated in accordance with subsection (d) or a former disability annuitant shall be entitled to an annuity which is actuarially equivalent to [the sum of] the present value as determined under subsection (a) [and the] to which shall be added, if the service after reemployment was as a member of the system:

(1) The present value of a maximum single life annuity based on years of service credited in classes of service other than Class T-G subsequent to reentry in the system and his final average salary computed by reference to his compensation for service credited in classes of service other than Class T-G as a member of the system or as Class A-5 as a member of the State Employees' Retirement System during his entire period of school and State service.

(2) If eligible, the present value of a maximum single life annuity based on years of service credited in Class T-G subsequent to reentry in the system and his final average salary computed by reference to his compensation for service credited in Class T-G and Class A-5 during his entire period of school and State service.

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

(1) An annuitant who returns to school service as an active member of the system and earns three eligibility points by performing credited school service or reemployment from USERRA leave in a class of service other than Class T-G following the most recent period of receipt of an annuity under this part, or an annuitant who enters State service and:

(i) is a multiple service member; or

(ii) who elects multiple service membership, and earns three eligibility points by performing credited State service, reemployment from USERRA leave, in a class of service other than Class A-5 or credited school service in a class of service other than Class T-G following the most recent period of receipt of an annuity under this part, and who had the present value of his annuity frozen in accordance with subsection (a), shall qualify to have the effect of the frozen present value resulting from all previous periods of retirement eliminated, provided that all payments under Option 4 and annuity payments payable during previous periods of retirement plus interest as set forth in paragraph (3) shall be returned to the fund in the form of an actuarial adjustment to his subsequent benefits or in such form as the board may otherwise direct.

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

either:

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

(ii) an annuity (prior to optional modification) calculated as if the former annuitant did not qualify to have the effect on the frozen present value eliminated,

unless the former annuitant notifies the board in writing by the later of the date the application for annuity is filed or the effective date of retirement that the former annuitant wishes to receive the lower annuity.

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

Section 113. Section 8347(a) and (d) of Title 24 are amended and the section is amended by adding subsections to read:

§ 8347. Death benefits.

(a) Members eligible for annuities.—

(1) Any member or former member on USERRA leave, other than an annuitant, who dies and was eligible for an annuity in accordance with section 8307(a) or (b) (relating to eligibility for annuities) shall be considered as having applied for an annuity to become effective the day before his death; and, in the event he has not elected an option, it shall be assumed that he elected Option 1 and assigned as beneficiary that person last designated in writing to the board.

(2) This subsection shall also apply to a member with at least ten eligibility points credited as a member of Class T-G, or if a multiple service member, Class A-5, and who is under superannuation age.

\* \* \*

(b.1) Members eligible for annuities in some classes of service and ineligible in other classes of service.—In the event of the death of a member who is eligible for an annuity based on service credited in some classes of service and not eligible for an annuity for service credited in other classes of service, a benefit shall be paid under subsection (a) based on the service for which an annuity is deemed payable in addition to payment under subsection (b) of the accumulated deductions attributable to service for which the member was not eligible for an annuity.

\* \* \*

(c.1) Death of disability annuitant.—In the event of the death of a disability annuitant:

(1) Who has elected to receive a maximum disability annuity before he has received in annuity payments an amount equal to the present value, on the effective date of disability, of the benefits attributable to classes of service other than Class T-G to which he would have been entitled under subsection (a) had he died while in school service, the balance of such amount shall be

paid to his designated beneficiary, except that, in the event of the death of a disability annuitant who was not entitled to receive benefits attributable to classes of service other than Class T-G under subsection (a), his beneficiary shall be paid the accumulated deductions standing to his credit on the effective date of disability less the total payments received on account of his member's annuity.

(2) Who has elected to receive a maximum disability annuity before he has received in annuity payments an amount equal to the present value, on the effective date of disability, of the benefits attributable to Class T-G service to which he would have been entitled under subsection (a) had he died while in school service, the balance of such amount shall be paid to his designated beneficiary, except that, in the event of the death of a disability annuitant who was not entitled to receive benefits attributable to Class T-G service under subsection (a), his beneficiary shall be paid the accumulated deductions standing to his credit on the effective date of disability less the total payments received on account of his member's annuity.

(d) Other annuitants.—In the event of the death of an annuitant[who]:

(1) Who has elected to receive the maximum single life annuity before he has received in total annuity payments an amount equal to the full amount of the accumulated deductions on other than Class T-G service standing to his credit on the effective date of retirement, the difference between the total payments made to the date of death and the accumulated deductions shall be paid to his designated beneficiary[.] on other than Class T-G service.

(2) Who has elected to receive the maximum single life annuity before he has received in annuity payments the full amount of the accumulated deductions attributable to Class T-G service standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary.

\* \* \*

Section 113.1. Section 8349(a) and (b) of Title 24, amended December 28, 2015 (P.L.529, No.93), are amended to read:

§ 8349. Payment of benefits.

(a) Annuities.—Any annuity granted under the provisions of this part and paid from the fund shall be paid in equal monthly installments commencing by the required beginning date.

(b) Death benefits.—If the amount of a death benefit payable from the fund to a beneficiary of a member under section 8347 (relating to death benefits) or under the provisions of Option 1 of section 8345(a)(1) (relating to member's options) is \$10,000 or more, such beneficiary may elect to receive payment according to one of the following options:

(1) A lump sum payment.

(2) An annuity actuarially equivalent to the amount payable.

(3) A lump sum payment and an annuity such that the annuity is actuarially equivalent to the amount payable less the lump sum payment specified by the beneficiary.

\* \* \*

Section 114. Title 24 is amended by adding a chapter to read:

#### CHAPTER 84

#### SCHOOL EMPLOYEES' DEFINED CONTRIBUTION PLAN

Sec.

8401. Establishment.

8402. Plan document.

8403. Individual investment accounts.

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8414. Investments based on participants' investment allocation choices.

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8417. Establishment of School Employees' Defined Contribution Holding Vehicle Trust.

§ 8401. Establishment.

(a) School Employees' Defined Contribution Plan.—The School Employees' Defined Contribution Plan is established. The board shall administer and manage the plan, which shall be a defined contribution plan exclusively for the benefit of those school employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the plan not inconsistent with this part, the IRC and other applicable law and shall provide for the plan's administration.

(b) School Employees' Defined Contribution Trust.—The School Employees' Defined Contribution Trust is established as part of the plan in accordance with this part. The trust shall be comprised of the individual investment accounts and all assets and moneys in those accounts. The members of the board shall be the trustees of the trust, which shall be administered exclusively for the benefit of those school employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the trust not inconsistent with this part, the IRC and other applicable law and shall provide for the investment and administration of the trust.

(c) Assets held in trust.—All assets and income in the plan that have been or shall be withheld or contributed by the participants, the Commonwealth and employers in accordance with this part shall be held in trust in any funding vehicle permitted by the applicable provisions of IRC for the exclusive benefit of the plan's participants and their beneficiaries until such time as the funds are distributed to the participants or their beneficiaries in accordance with the terms of the plan document. The assets of the plan held in trust for the exclusive benefit of the participants and their beneficiaries may be used for the payment of the fees, costs and expenses related to the administration and investment of the plan and the trust.

(d) Name for transacting business.—By the name of "The School Employees' Defined Contribution Plan," all of the business of the plan shall be transacted, the trust invested, all requisitions for money drawn and payments made and all of its cash and securities and other property shall be held, except that, any other law to the contrary notwithstanding, the board may establish a nominee registration procedure for the purpose of registering securities in order to facilitate the purchase, sale or other disposition of securities pursuant to the provisions of this part.

§ 8402. Plan document.

The board shall set forth the terms and provisions of the plan and trust in a document containing the terms and conditions of the plan and in a trust declaration that shall be published in the Pennsylvania Bulletin. The creation of the document containing the terms and conditions of the plan and the trust declaration and the establishment of the terms and provisions of the plan and the trust need not be promulgated by regulation or formal rulemaking and shall not be subject to the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law. A reference in this part or other law to the plan shall include the plan document unless the context clearly indicates otherwise.

§ 8403. Individual investment accounts.

The board:

(1) Shall establish in the trust an individual investment account for each participant in the plan. All contributions by a participant or an employer for or on behalf of a participant shall be credited to the participant's individual investment account,

together with all interest and investment earnings and losses. Investment and administrative fees, costs and expenses shall be charged to the participant's individual investment accounts.

(2) Shall separately track participant contributions, including investment gains and losses, and employer contributions, including investment gains and losses, but all interest, investment gains and losses and administrative fees, costs and expenses shall be allocated proportionately.

(3) May contract with financial institutions, insurance companies or other types of third-party providers and other vendors to allow participants to deposit participant contributions into the individual investment accounts in a form and manner as provided by the contract.

§ 8404. Participant contributions.

(a) Mandatory contributions.—A participant shall make mandatory pickup participant contributions through payroll deductions to the participant's individual investment account for required school service. The employer shall cause the pickup contributions for required service to be made and deducted from each payroll or on a schedule established by the board.

(b) Voluntary contributions.—A participant may make voluntary contributions through direct trustee-to-trustee transfers or through transfers of money received in an eligible rollover into the trust to the extent allowed by IRC § 402. Rollovers shall be made in a form and manner as determined by the board, shall be credited to the participant's individual investment account and shall be separately accounted for by the board.

(c) Prohibition on contributions.—No contributions shall be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any participant contributions in excess of the limitations and investment earnings on those contributions shall be refunded to the participant by the board.

§ 8405. Mandatory pickup participant contributions.

(a) Treatment for purposes of IRC § 414(h).—The contributions to the trust required to be made under section 8404(a) (relating to participant contributions) with respect to required school service rendered by an active participant shall be picked up by the employer and shall be treated as the employer's contribution for purposes of IRC § 414(h). After the effective date of this section, an employer employing a participant in the plan shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.

(b) Treatment for other purposes.—For all other purposes under this part and otherwise, mandatory pickup participant contributions shall be treated as contributions made by a participant in the same manner and to the same extent as if the contributions were made directly by the participant and not picked up.

§ 8406. Employer defined contributions.

(a) Contributions for service.—The employer of a participant shall make employer defined contributions for service of an active participant that shall be credited to the active participant's individual investment account. Employer defined contributions must be recorded and accounted for separately from participant contributions.

(b) Contributions resulting from participants reemployed from USERRA leave.—When a school employee reemployed from USERRA leave makes the mandatory pickup participant contributions permitted to be made for the USERRA leave, the employer by whom the school employee is employed at the time the participant contributions are made shall make whatever employer defined contributions would have been made under this section had the employee making the participant contributions after being reemployed from USERRA leave continued to be employed in the employee's school position instead of performing USERRA leave. The employer defined contributions shall be placed in the participant's individual investment account as otherwise provided by this part.

(c) Limitations on contributions.—No contributions shall be



allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any employer defined contributions in excess of the limitations and investment earnings thereon shall be refunded to the employer by the board.

§ 8406.1. Use of plan savings.

(a) Determination.—The system shall determine the difference between:

(1) The current aggregate employer contributions and the aggregate employer contributions that would have been required by Act 120 of 2010.

(2) The current plan expenditures and the plan expenditures that would have been required by Act 120 of 2010.

(b) Utilization.—Any savings realized based on the implementation of the plan, as determined under subsection (a), shall be utilized to pay down the accrued unfunded liability.

(c) Intent.—It is the intent of the General Assembly to make an annual appropriation from the General Fund to the system in the amount determined under subsection (a)(1).

(d) Definition.—As used in this section, the term "Act 120 of 2010" shall mean the act of November 23, 2010 (P.L.1269, No.120), entitled, "An act amending Titles 24 (Education) and 71 (State Government) of the Pennsylvania Consolidated Statutes, in Title 24, further providing for definitions, for mandatory and optional membership, for contributions by the Commonwealth, for payments by employers, for actuarial cost method, for additional supplemental annuities, for further additional supplemental annuities, for supplemental annuities commencing 1994, for supplemental annuities commencing 1998, for supplemental annuities commencing 2002, for supplemental annuities commencing 2003, for administrative duties of board, for payments to school entities by Commonwealth, for eligibility points for retention and reinstatement of service credits and for creditable nonschool service; providing for election to become a Class T-F member; further providing for classes of service, for eligibility for annuities, for eligibility for vesting, for regular member contributions, for member contributions for creditable school service, for contributions for purchase of credit for creditable nonschool service, for maximum single life annuity, for disability annuities, for member's options, for duties of board regarding applications and elections of members and for rights and duties of school employees and members; providing for Independent Fiscal Office study; in Title 71, establishing an independent fiscal office and making a related repeal; further providing for definitions, for credited State service, for retention and reinstatement of service credits, for creditable nonstate service and for classes of service; providing for election to become a Class A-4 member; further providing for eligibility for annuities and for eligibility for vesting; providing for shared-risk member contributions for Class A-3 and Class A-4 service; further providing for waiver of regular member contributions and Social Security integration member contributions, for member contributions for purchase of credit for previous State service or to become a full coverage member, for contributions for the purchase of credit for creditable nonstate service, for contributions by the Commonwealth and other employers, for actuarial cost method, for maximum single life annuity, for disability annuities and for member's options; providing for payment of accumulated deductions resulting from Class A-3 service; further providing for additional supplemental annuities, for further additional supplemental annuities, for supplemental annuities commencing 1994, for supplemental annuities commencing 1998, for supplemental annuities commencing 2002, for supplemental annuities commencing 2003, for special supplemental postretirement adjustment of 2002, for administrative duties of the board, for duties of board to advise and report to heads of departments and members, for duties of board regarding applications and elections of members, for installment payments of accumulated deductions, for rights and duties of State employees and members, for members' savings account, for State accumulation account, for State Police Benefit Account, for

Enforcement Officers' Benefit Account, for supplemental annuity account and for construction of part; and providing for Independent Fiscal Office study, for retirement eligibility of Pennsylvania State Police officers or members, for a prohibition on the issuance of pension obligation bonds, for holding certain public officials harmless, for construction of calculation or actuarial method, for applicability and for certain operational provisions."

§ 8407. Eligibility for benefits.

(a) Termination of service.—A participant who terminates school service shall be eligible to withdraw the vested accumulated total defined contributions standing to the participant's credit in the participant's individual investment account or a lesser amount as the participant may request. Payment shall be made in a lump sum unless the board has established other forms of distribution in the plan document. A participant who withdraws the vested accumulated total defined contributions shall no longer be a participant in the plan, notwithstanding that the former school employee may continue to be a member of the system with Class T-G service credit or may contract to receive an annuity or other form of payment from a provider retained by the board for such purposes.

(b) Required distributions.—All payments pursuant to this section shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a)(9). The board shall take any action and make any distributions it may determine are necessary to comply with those requirements.

(c) Prohibited distributions.—A school employee must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution.

(d) Loans.—Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to school employees who have not terminated school service are not permitted, except as required by law.

(e) (Reserved).

(f) Small individual investment accounts.—A participant who terminates school service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of termination of service may be paid the vested accumulated total defined contributions in a lump sum as provided in IRC § 401(a)(31). § 8408. Death benefits.

(a) General rule.—In the event of the death of an active participant or inactive participant, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document.

(b) Death of participant receiving distributions.—In the event of the death of a participant receiving distributions, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document or, if the board has established alternative methods of distribution in the plan document under which the participant was receiving distributions, to the participant's beneficiary or successor payee as provided in the plan document.

(c) Contracts.—The board may contract with financial institutions, insurance companies or other types of third-party providers to allow participants who receive a lump sum distribution to receive payments and death benefits in a form and manner as provided by the contract.

§ 8409. Vesting.

(a) Participant and voluntary contributions.—Subject to the forfeiture and attachment provisions of section 8533 (relating to taxation, attachment and assignment of funds) or otherwise as provided by law, a participant shall be vested with respect to all mandatory pickup participant contributions and voluntary contributions paid by or on behalf of the participant to the trust plus interest and investment earnings on the participant contributions but minus investment fees and administrative charges.

(b) Employer defined contributions.—

(1) Subject to the forfeiture and attachment provisions of section 8533 or otherwise as provided by law, a participant shall be vested with respect to employer defined contributions paid plus interest and investment earnings by or on behalf of the participant to the trust after attaining three eligibility points.

(2) Nonvested employer defined contributions, including interest and investment gains and losses that are forfeited by a participant, shall be applied to the participant's most recent employer's obligations assessed in future years.

(c) USERRA leave and eligibility points.—A participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive eligibility points under this section for the school service that would have been performed had the member not performed USERRA leave.

§ 8410. Termination of distributions.(a) Return to school service.—

(1) A participant receiving distributions or an inactive participant who returns to school service shall cease receiving distributions and shall not be eligible to receive distributions until the participant subsequently terminates school service, without regard to whether the participant is a mandatory, optional or prohibited member of the system or participant in the plan.

(2) This subsection shall not apply to a distribution of accumulated employer defined contributions or other distributions that the participant has received or used to purchase an annuity from a provider contracted by the board.

(b) Return of benefits paid during USERRA leave.—

(1) If a former school employee is reemployed from USERRA leave and received any payments or annuity from the plan during the USERRA leave, the employee shall return to the board the amount so received plus interest as provided in the plan document.

(2) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or, in the case of an active participant, may be amortized with interest as provided in the plan document through salary deductions to the trust in amounts agreed upon by the active participant and the board, but not longer than a period that starts with the date of reemployment and continuing for up to three times the length of the active participant's immediate past period of USERRA leave. The repayment period shall not exceed five years.

§ 8411. Agreements with financial institutions and other organizations.

(a) Written agreement.—To establish and administer the plan, the board shall enter into a written agreement with one or more financial institutions or pension management organizations to administer the plan and the investment of funds held pursuant to the plan. The administrator shall be selected in accordance with the following:

(1) The board shall solicit proposals from financial institutions and pension management organizations.

(2) The board shall publish the solicitation in the Pennsylvania Bulletin.

(3) Proposals received shall be evaluated based on specific criteria adopted by the board. The criteria shall include experience, customer service history and other criteria.

(b) Rebid.—A contract to administer the plan under subsection (a) shall be rebid at least once every ten years.

§ 8411.1. Relation of administrators of School Employees' Defined Contribution Plan to providers of 403(b) plans.

(a) General rule.—A financial institution or pension management organization entering into a written agreement pursuant to section 8411 (relating to agreements with financial institutions and other organizations) may offer or provide services to any plan established or maintained by a school district under IRC § 403(b) or 457 if the written agreement for the administration of the School Employees' Defined Contribution Plan is not combined with any other written agreement for the administration of a school district's 403(b) plan or 457 plan. Each

school district that provides a 403(b) plan shall make available, in the manner provided by subsection (c), to participants, multiple financial institutions or pension management organizations that have not entered into a written agreement pursuant to section 8411 and which provide services to the school district's 403(b) plan or 457 plan.

(b) Plan transparency and administration.—A financial institution or pension management organization providing services for any plan established or maintained by a school district under IRC § 403(b) or 457 shall:

(1) enter into an agreement with the school district or the school district's independent compliance administrator that shall require the financial institution or pension management organization to provide in an electronic format all data necessary for the administration of the 403(b) plan or 457 plan as determined by the school district or the school district's compliance administrator; and

(2) provide all data required by the school district or a school district's compliance administrator to facilitate disclosure of all fees, charges, expenses, commissions, compensation and payments to third parties related to investments offered under the 403(b) plan or 457 plan.

(c) Provider selection.—A school district that establishes or maintains a plan under IRC § 403(b) or 457 shall select a minimum of four financial institutions or pension management organizations, in addition to the financial institution or pension management organization that entered into an agreement pursuant to section 8411, to provide services to the 403(b) plan or 457 plan. If fewer than four such additional financial institutions or pension management organizations are determined to be available or able to meet the requirements established in this section, then the school district shall select the number of available providers able to meet the school district's requirements. A financial institution or pension management organization shall be designated a 403(b) plan or 457 plan provider if the financial institution or pension management organization enters into an agreement in accordance with subsection (b).

§ 8412. Powers and duties of board.

The board shall have the following powers and duties to establish the plan and trust and to administer the provisions of this part:

(1) The board may commingle or pool assets with the assets of other persons or entities.

(2) The board shall pay all administrative fees, costs and expenses of managing, investing and administering the plan, the trust and the individual investment accounts from the balance of the individual investment accounts, except as the General Assembly otherwise provides through appropriations from the General Fund.

(3) The board may establish investment guidelines and limits on the types of investments that participants may make, consistent with the board's fiduciary obligations.

(4) The board shall have the power to change the terms of the plan as may be necessary to maintain the tax-qualified status of the plan.

(5) The board may establish a process for election to participate in the plan by those school employees for whom participation is not mandatory.

(6) The board may perform an annual or more frequent review of any qualified fund manager for the purpose of assuring it continues to meet all standards and criteria established.

(7) The board may allow for eligible rollovers and direct trustee-to-trustee transfers into the trust from qualified plans of other employers, regardless of whether the employers are private employers or public employers.

(8) The board may allow a former participant to maintain the participant's individual investment account within the plan.

(9) The board shall administer or ensure the administration of the plan in compliance with the qualifications and other rules of the IRC.

(10) The board may establish procedures to provide for the lawful payment of benefits.

(11) The board shall determine what constitutes a termination of school service.

(12) The board may establish procedures for distributions of small accounts as required or permitted by IRC.

(13) The board may establish procedures in the plan document or to promulgate rules and regulations as it deems necessary for the administration and management of the plan, including, but not limited to, establishing:

(i) Procedures by which eligible participants may change their investment choices on a periodic basis or make other elections regarding their participation in the plan.

(ii) Procedures for deducting mandatory pickup participant contributions from a participant's compensation.

(iii) Procedures for rollovers and trustee-to-trustee transfers allowed under the IRC and permitted by the board as part of the plan.

(iv) Standards and criteria for providing not less than ten options in accordance with three or more providers of investment options to eligible individuals regarding investment of amounts deferred under the plan. The standards and criteria must provide for a variety of investment options and shall be reviewed in accordance with criteria established by the board. One of the available options must serve as the default option for participants who do not make a timely election and, to the extent commercially available, one option must have an annuity.

(v) Standards and criteria for disclosing to the participants the anticipated and actual income attributable to amounts invested, property rights and all fees, costs and expenses to be made against amounts deferred to cover the costs and expenses of administering and managing the plan or trust.

(vi) Procedures, standards and criteria for the making of distributions from the plan upon termination from employment or death or in other circumstances consistent with the purpose of the plan.

(14) The board may waive any reporting or information requirement contained in this part if the board determines that the information is not needed for the administration of the plan.

(15) The board may contract any services and duties in lieu of staff except final adjudications and as prohibited by law. Any duties or responsibilities of the board not required by law to be performed by the board may be delegated to a third-party provider subject to appeal to the board.

(16) The board may provide that any duties of the employer or information provided by the participant to the employer be performed or received directly by the board.

(17) The board shall ensure that participants are provided with educational materials about investment options and choices.

#### § 8413. Responsibility for investment loss.

The Commonwealth, the board, an employer or a school entity or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not such other opportunity was offered to participants in the plan.

#### § 8414. Investments based on participants' investment allocation choices.

(a) Investment by participant.—All contributions, interest and investment earnings shall be invested based on a participant's investment allocation choices. All investment allocation choices shall be credited proportionally between contributions from the participant

and employer defined contributions. Each participant shall be credited individually with the amount of contributions, interest and investment earnings.

(b) Investment of contributions made by entities other than the Commonwealth.—Investment of contributions by any corporation, institution, insurance company or custodial bank or other entity that the board has approved shall not be unreasonably delayed, and in no case shall the investment of contributions be delayed more than 30 days from the date each payroll deduction is made to the date that the funds are invested. Any interest earned on the funds pending investment shall be allocated to the employers and credited to the individual investment accounts of participants who are then participating in the plan, unless the interest is used to defray administrative costs and fees that would otherwise be required to be borne by participants who are then participating in the plan.

#### § 8415. Expenses.

All expenses, fees and costs of administering the plan and the trust and investing the assets of the trust shall be borne by the participants and paid from assessments against the balances of the individual investment accounts as established by the board, except that, for fiscal years ending before July 1, 2020, the expenses, fees and costs of establishing and administering the plan and trust shall be paid by the Commonwealth through annual appropriations from the General Fund, made on the basis of estimates from the board.

#### § 8416. Tax qualification.

(a) Required distributions.—All payments under this chapter shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a).

(b) Limitations.—The following shall apply:

(1) (i) Except as provided under subparagraph (ii) and notwithstanding a provision of this part, a contribution or benefit related to the plan may not exceed a limitation under IRC § 415 with respect to governmental plans that is in effect on the date the contribution or benefit payment takes effect.

(ii) An increase in a limitation under IRC § 415 shall apply to the participants on or after the effective date of this section.

(iii) For the purposes of this paragraph, the term "governmental plans" shall have the same meaning as in IRC § 414(d).

(2) (i) Except as provided under subparagraph (ii), an amendment of this part on or after the effective date of this section that increases contributions or benefits for active participants, inactive participants or participants receiving distributions may not be deemed to provide for a contribution or benefit in excess of a limitation, adjusted on or after the effective date of this section under IRC § 415 unless specifically provided by legislation.

(ii) Notwithstanding subparagraph (i), an increase in benefits on or after the effective date of this section for a participant in the plan shall be authorized and apply to the fullest extent allowed by law.

#### § 8417. Establishment of School Employees' Defined Contribution Holding Vehicle Trust.

(a) School Employees' Defined Contribution Holding Vehicle Trust.—The School Employees' Defined Contribution Holding Vehicle Trust is established as part of the plan. The holding vehicle trust shall be comprised of the individual investment accounts and all assets and moneys in those accounts from July 1, 2018, until the earlier of the date the board certifies that the School Employees' Defined Contribution Trust is operational and able to accept participant and employer contributions or December 31, 2018. The members of the board shall be the trustees of the holding vehicle trust, which shall be held in a separate account, established by the Treasury Department and shall not be inconsistent with this part, the IRC or other applicable law. The holding vehicle trust shall be administered exclusively for the benefit

of those school employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a) subject to the requirements of Chapter 85 (relating to administration and miscellaneous provisions).

(b) Assets held in trust.—All assets and income in the holding vehicle trust that are withheld or contributed by the participants, the Commonwealth and other employers in accordance with this part shall be held in trust as permitted by the applicable provisions of the IRC for the exclusive benefit of the participants and their beneficiaries until such time as the funds are transferred to the School Employees' Defined Contribution Trust in accordance with the terms of the plan document. The assets of the holding vehicle trust may be used for the payment of the fees, costs and expenses related to the administration and investment of the holding vehicle trust and transfer of assets to the School Employees' Defined Contribution Trust.

(c) Mandatory pickup participant contributions.—All mandatory pickup participant contributions and employer defined contributions that will be required under sections 8404 (relating to participant contributions), 8405 (relating to mandatory pickup participant contributions) and 8406 (relating to employer defined contributions) to be made to the School Employees' Defined Contribution Trust upon certification of such trust shall be made to the holding vehicle trust prior to the date the board certifies the School Employees' Defined Contribution Trust. The employer shall cause those contributions for service required to be credited in the plan to be made and deducted from each payroll or on a schedule as established by the board, and participant contributions shall be picked up by the Commonwealth or other employer and shall be treated as the employer's contribution for purposes of IRC § 414(h). After the effective date of this section, an employer employing a participant in the plan shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant. No participant is permitted to make voluntary contributions to the holding vehicle trust.

(d) Treatment for other purposes.—For all purposes other than the IRC, the mandatory pickup participant contributions shall be treated as contributions made by a participant in the same manner and to the same extent as if the contributions were made directly by the participant and not picked up.

(e) Limitations on contributions.—No contributions may be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any employer defined contributions in excess of the limitations and investment earnings on the contributions shall be refunded to the employer by the board.

(f) Death benefits.—In the event of the death of an active participant or inactive participant, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum.

(g) Interest.—Upon the disbursement of a return of accumulated deductions to a participant who has terminated school service or of a death benefit to a participant's designated beneficiaries or upon the transfer of all assets in the holding vehicle trust to the School Employees' Defined Contribution Trust or December 31, 2018, whichever occurs first, the Commonwealth shall make an interest payment to the holding vehicle trust. The interest payment shall be equal to 4% annual rate of return on the mandatory pickup participant contributions and employer defined contributions made for the participant, increased or decreased for any investment losses or earnings while in the holding vehicle trust, but in no case shall the interest payment be less than zero.

(h) Responsibility for loss of investment opportunity.—The board, the Commonwealth, an employer or other political subdivision shall not be responsible for the failure of any investment in the holding vehicle trust to earn any specific or expected return greater than the 4% interest rate paid under subsection (g) or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the holding vehicle trust.

(i) Termination of holding vehicle trust.—After the disbursement or transfer of all assets in the holding vehicle trust and the certification by the board that no further liabilities from the holding vehicle trust exist, the holding vehicle trust shall be closed.

(j) Expiration.—The board shall publish the certification under subsection (i) in the Pennsylvania Bulletin. Subsections (a), (b), (c), (d), (e), (f), (g) and (i) and this subsection shall expire on the date of publication of the certification.

Section 115. Section 8501(a), (c), (d) and (e) of Title 24 are amended to read:

§ 8501. Public School Employees' Retirement Board.

(a) Status and membership.—The board shall be an independent administrative board and shall consist of 15 members: the Secretary of Education, ex officio; the State Treasurer, ex officio; two Senators; two members of the House of Representatives; the executive secretary of the Pennsylvania School Boards Association, ex officio; two to be appointed by the Governor, at least one of whom shall not be a school employee or an officer or employee of the State; three to be elected by the active professional members of the system and active professional participants of the plan from among their number; one to be elected by annuitants or a participant of the plan who has terminated school service and is receiving or is eligible to receive distributions from among their number; one to be elected by the active nonprofessional members of the system or active nonprofessional participants of the plan from among their number; and one to be elected by members of Pennsylvania public school boards from among their number. The appointments made by the Governor shall be confirmed by the Senate and each election shall be conducted in a manner approved by the board. The terms of the appointed and nonlegislative elected members shall be three years. The members from the Senate shall be appointed by the President pro tempore of the Senate and shall consist of one member from the majority and one member from the minority. The members from the House of Representatives shall be appointed by the Speaker of the House of Representatives and shall consist of one member from the majority and one member from the minority. The legislative members shall serve on the board for the duration of their legislative terms and shall continue to serve until 30 days after the convening of the next regular session of the General Assembly after the expiration of their respective legislative terms or until a successor is appointed for the new term, whichever occurs first. The chairman of the board shall be elected by the board members. Each ex officio member of the board and each legislative member of the board may appoint a duly authorized designee to act in his stead. In the event that a board member, who is designated as an active participant or as the participant in the plan who is receiving or is eligible to receive distributions, receives a total distribution of the board member's interest in the plan, that board member may continue to serve on the board for the remainder of the term.

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(c) Oath of office.—Each member of the board shall take an oath of office that he will, so far as it devolves upon him, diligently and honestly administer the affairs of said board, the system and the plan and that he will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this part. Such oath shall be subscribed by the member making it and certified by the officer before whom it is taken and shall be immediately filed in the office of the Secretary of the Commonwealth.

(d) Compensation and expenses.—The members of the board who are members of the system or participants in the plan shall serve without compensation. Members of the board who are members of the system or participants in the plan and who are employed by a governmental entity shall not suffer loss of salary or wages through serving on the board. The board, on request of the employer of any member of the board who is an active professional or nonprofessional member of the system or active professional or nonprofessional participant in the plan, may reimburse such employer for the salary or wages of the member or participant, or for the cost of employing a substitute for such member or participant, while the member or



participant is necessarily absent from employment to execute the duties of the board. The members of the board who are not members of either the school system or the State Employees' Retirement System may be paid \$100 per day when attending meetings and all board members shall be reimbursed for any necessary expenses. However, when the duties of the board as mandated are not executed, no compensation or reimbursement for expenses of board members shall be paid or payable during the period in which such duties are not executed.

(e) Corporate power and legal advisor.—For the purposes of this part, the board shall possess the power and privileges of a corporation. [The Attorney General of the Commonwealth shall be the legal advisor of the board.] Legal counsel to the board shall serve independently from the Governor's Office of General Counsel, the Attorney General and the General Assembly.

Section 116. Section 8502(b), (c), (e), (h), (i), (j), (k), (n) and (o) of Title 24 are amended and the section is amended by adding a subsection to read:

§ 8502. Administrative duties of board.

\* \* \*

(b) Professional personnel.—

(1) The board shall contract for the services of a chief medical examiner, an actuary, investment advisors, counselors, an investment coordinator, and such other professional personnel as it deems advisable.

(2) The board may utilize the same individuals and firms contracted under this subsection for both the system and the plan but shall allocate the fees, costs and expenses incurred under this subsection between the system and the plan as appropriate.

(c) Expenses.—

(1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part.] the system and a separate budget covering the administrative expenses of the plan. The separate budget shall include those expenses necessary to establish the plan and trust.

(2) Such expenses of the system as approved by the General Assembly in an appropriation bill shall be paid from investment earnings of the fund.

(3) For fiscal years ending on or before June 30, 2020, such expenses of the plan as approved by the General Assembly through an appropriation shall be paid from the General Fund. For fiscal years beginning on or after July 1, 2020, such expenses of the plan as approved by the General Assembly shall be paid from interest, pursuant to section 8414(b) (relating to investments based on participant investment allocation choices) or assessments on the balances of the participants' individual investment accounts.

(4) Concurrently with its administrative budget, the board shall also submit to the General Assembly annually a list of proposed expenditures which the board intends to pay through the use of directed commissions, together with a list of the actual expenditures from the past year actually paid by the board through the use of directed commissions. All such directed commission expenditures shall be made by the board for the exclusive benefit of the system and its members and for the exclusive benefit of the plan and its participants, respectively.

\* \* \*

(e) Records.—

(1) The board shall keep a record of all its proceedings which shall be [open to inspection by] accessible to the public, except as otherwise provided in this part or by other law.

(2) Any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment shall not constitute a public record subject to public [inspection] access under the act of [June 21, 1957 (P.L.390, No.212), referred to] February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law, if, in the reasonable judgment of the board, the [inspection] access would:

(i) in the case of an alternative investment or alternative investment vehicle involve the release of sensitive investment or financial information relating to the alternative investment or alternative investment vehicle which the fund or trust was able to obtain only upon agreeing to maintain its confidentiality;

(ii) cause substantial competitive harm to the person from whom sensitive investment or financial information relating to the investment was received; or

(iii) have a substantial detrimental impact on the value of an investment to be acquired, held or disposed of by the fund or trust, or would cause a breach of the standard of care or fiduciary duty set forth in this part.

(3) (i) The sensitive investment or financial information excluded from [inspection] access under paragraph (2)(i), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right-to-Know Law once the board is no longer required by its agreement to maintain confidentiality.

(ii) The sensitive investment or financial information excluded from [inspection] access under paragraph (2)(ii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right-to-Know Law once:

(A) the [inspection] access no longer causes substantial competitive harm to the person from whom the information was received; or

(B) the entity in which the investment was made is liquidated; whichever is later.

(iii) The sensitive investment or financial information excluded from [inspection] access under paragraph (2)(iii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right-to-Know Law once:

(A) the [inspection] access no longer has a substantial detrimental impact on the value of an investment of the fund or trust and would not cause a breach of the standard of care or fiduciary duty set forth in this part; or

(B) the entity in which the investment was made is liquidated; whichever is later.

(4) Except for the provisions of paragraph (3), nothing in this subsection shall be construed to designate any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment as a public record subject to public [inspection] access under the Right-to-Know Law.

(5) Notwithstanding the provisions of this subsection, the following information regarding an alternative investment vehicle shall be subject to public [inspection] access under the Right-to-Know Law:

(i) The name, address and vintage year of the alternative investment vehicle.

(ii) The identity of the manager of the alternative investment vehicle.

(iii) The dollar amount of the commitment made by the system or plan to the alternative investment vehicle.

(iv) The dollar amount of cash contributions made by the system or plan to the alternative investment vehicle since inception.

(v) The dollar amount of cash distributions received by the system or plan from the alternative

investment vehicle since inception.

(vi) The net internal rate of return of the alternative investment vehicle since inception, provided that the system or plan shall not be required to disclose the net internal rate of return under circumstances in which, because of the limited number of portfolio assets remaining in the alternative investment vehicle, the disclosure could reveal the values of specifically identifiable remaining portfolio assets to the detriment of the alternative investment.

(vii) The aggregate value of the remaining portfolio assets attributable to the system's or plan's investment in the alternative investment vehicle, provided that the system or plan shall not be required to disclose the value under circumstances in which, because of the limited number of portfolio assets remaining in the alternative investment vehicle, the disclosure could reveal the values of specifically identifiable remaining portfolio assets to the detriment of the alternative investment.

(viii) The dollar amount of total management fees and costs paid to the alternative investment vehicle by the system or plan on an annual fiscal year-end basis.

(6) Any record, material or data received, prepared, used or retained by the board or its employees or agents relating to a participant shall not constitute a public record subject to public access under the Right-to-Know Law, if, in the reasonable judgment of the board, the access would disclose any of the following:

(i) The existence, date, amount and any other information pertaining to the voluntary contributions, including rollover contributions and trustee-to-trustee transfers, of any participant.

(ii) The investment option selections of any participant.

(iii) The balance of a participant's individual investment account, including the amount distributed to the participant, and any investment gains or losses or rates of return.

(iv) The identity of a participant's designated beneficiary, successor payee or alternate payee.

(v) The benefit payment option of a participant.

(7) (i) Nothing in this part shall be construed to designate any record, material or data received, prepared, used or retained by the board or its employees or agents relating to the contributions, investments, account value or benefits payable to or on account of a participant as a public record subject to public access under the Right-to-Know Law.

(ii) This paragraph shall apply to a record, material or data under this subsection notwithstanding whether:

(A) the record, material or data was created, generated or stored before the effective date of this paragraph;

(B) the record, material or data was previously released or made public; or

(C) a request for the record, material or data was made or is pending final response under the former act of June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law, or the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law.

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(h) Regulations and procedures.—The board shall, with the advice of the Attorney General and the actuary, adopt and promulgate rules and regulations for the uniform administration of the system. The actuary shall approve in writing all computational procedures used in

the calculation of contributions and benefits pertaining to the system, and the board shall by resolution adopt such computational procedures, prior to their application by the board. Such rules, regulations and computational procedures as so adopted from time to time and as in force and effect at any time, together with such tables as are adopted and published pursuant to subsection (j) as necessary for the calculation of annuities and other benefits, shall be as effective as if fully set forth in this part. Any actuarial assumption specified in or underlying any such rule, regulation or computational procedure and utilized as a basis for determining any benefit shall be applied in a uniform manner.

(i) Data.—The board shall keep in convenient form such data as are stipulated by the actuary in order that an annual actuarial valuation of the various accounts of the fund can be completed within six months of the close of each fiscal year. The board shall have final authority over the means by which data is collected, maintained and stored and in so doing shall protect the rights of its membership as to privacy and confidentiality.

(j) Actuarial investigation and valuation.—The board shall have the actuary make an annual valuation of the various accounts of the fund within six months of the close of each fiscal year. In the fiscal year 1975 and in every fifth year thereafter, the board shall have the actuary conduct an actuarial investigation and evaluation of the system based on data including the mortality, service, and compensation experience provided by the board annually during the preceding five years concerning the members and beneficiaries of the system. The board shall by resolution adopt such tables as are necessary for the actuarial valuation of the fund and calculation of contributions, annuities, and other benefits based on the reports and recommendations of the actuary. Within 30 days of their adoption, the secretary of the board shall cause those tables which relate to the calculation of annuities and other benefits to be published in the Pennsylvania Bulletin in accordance with the provisions of 45 Pa.C.S. § 725(a) (relating to additional contents of Pennsylvania Bulletin) and, unless the board specifies therein a later effective date, such tables shall become effective on such publication. The board shall include a report on the significant facts, recommendations and data developed in each five-year actuarial investigation and evaluation of the system in the annual financial statement published pursuant to the requirements of subsection (n) for the fiscal year in which such investigation and evaluation were concluded.

(k) Certification of employer contributions to the fund.—The board shall, each year in addition to the itemized budget required under section 8330 (relating to appropriations by the Commonwealth), certify to the employers and the Commonwealth the employer contribution rate expressed as a percentage of members' payroll necessary for the funding of prospective annuities for active members and the annuities of annuitants, and certify the rates and amounts of the normal contributions as determined pursuant to section 8328(b) (relating to actuarial cost method), accrued liability contributions as determined pursuant to section 8328(c), supplemental annuities contribution rate as determined pursuant to section 8328(d), the experience adjustment factor as determined pursuant to section 8328(e), premium assistance contributions as determined pursuant to section 8328(f), the costs added by legislation as determined pursuant to section 8328(i), the actuarial required contribution rate as determined pursuant to section 8328(i), the collared contribution rate as determined pursuant to section 8328(g), the final contribution rate as determined pursuant to section 8328(h) and the shared-risk contribution rate as determined under section 8321(b) (relating to regular member contributions for current service), which shall be paid to the fund and credited to the appropriate accounts. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget.

\* \* \*

(n) Annual financial statement.—The board shall prepare and have published, on or before January 1 of each year, [a financial statement] financial statements as of the fiscal year ending June 30 of the previous year showing the condition of the fund, the trust and the various accounts, including, but not limited to, the board's accrual and

expenditure of directed commissions, and setting forth such other facts, recommendations and data as may be of use in the advancement of knowledge concerning annuities and other benefits provided by this part. The board shall submit said financial [statement] statements to the Governor and shall make copies available to the employers for the use of the school employees and the public.

(o) Independent [audit] audits.—The board shall provide for [an annual audit] annual audits of the system and the plan by an independent certified public accounting firm, which [audit] audits shall include the board's accrual and expenditure of directed commissions. The board may use the same independent certified public accounting firm for the audits of both the system and the plan.

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(q) Participant and employer contributions to trust.—The board shall, each year in addition to any fees and itemized budget required under section 8330, certify, as a percentage of each participant's compensation, the employer defined contributions, which shall be paid to the trust and credited to each participant's individual investment account. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget. The board shall cause all mandatory pickup participant contributions made on behalf of a participant and all voluntary contributions made by a participant to be credited to the participant's individual investment account.

Section 117. Section 8502.2(a) of Title 24 is amended to read: § 8502.2. Health insurance.

(a) Authority.—The board may sponsor a participant-funded group health insurance program for annuitants, participants receiving distributions, spouses of annuitants and participants receiving distributions, survivor annuitants and their dependents. The board may promulgate regulations regarding the prudent and efficient operation of the program, including, but not limited to:

- (1) Establishment of an annual budget and disbursements in accordance with the budget.
- (2) Determination of the benefits structure.
- (3) Determination of enrollment procedures.
- (4) Establishment of premium rates sufficient to fully fund the program, including administrative expenses.
- (5) Contracting for goods, equipment, services, consultants and other professional personnel as needed to operate the program.

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Section 117.1. Section 8503 heading of Title 24 is amended and the section is amended by adding a subsection to read:

§ 8503. Duties of board to advise and report to employers [and members], members and participants.

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(b.1) Participant status statements.—The board shall furnish annually to each participant on or before December 31, and more frequently as the board may agree or as required by law, a statement showing the accumulated total defined contributions credited to the participant's individual investment account, the nature and type of investments and the investment allocation of future contributions as of June 30 of the current year and requesting the participant to make any necessary correction or revision regarding his designated beneficiary.

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Section 118. Section 8505 heading, (h) and (i) of Title 24, amended December 28, 2015 (P.L.529, No.93), is amended and the section is amended by adding a subsections to read:

§ 8505. Duties of board regarding applications and elections of members and participants.

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(e.1) Certification to participants terminating service.—In the case of a participant terminating service, the board shall certify to a participant in writing of the vested accumulated total defined contributions credited to the participant's individual investment account as of the date stated in the writing, any notices regarding rollover or other matters required by IRC or other law, the obligation of the participant to commence distributions from the plan by the participant's

required beginning date and the ability to receive all or part of the vested balance in the participant's individual investment account in a lump sum or in such other form as the board may authorize or as required by law.

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(f.1) Notification to inactive participants approaching required beginning date.—The board shall notify each inactive participant who has terminated school service and for whom distribution has not commenced by 90 days before the participant's required beginning date, in writing, that the inactive participant has an obligation to commence distributions by the required beginning date in a form and manner required by IRC § 401(a)(9) and other applicable provisions of IRC.

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(g.1) Initial payment to participants.—The board shall make the initial payment to a participant who has applied for a distribution within 60 days of the filing of the application and receipt of the required data from the employer of the participant and other necessary data.

(h) Death benefits.—Upon receipt of notification of the death of a member or former member on USERRA leave, an active participant, an inactive participant or a former participant on USERRA leave, the board shall notify the designated beneficiary or survivor annuitant of the benefits to which he is entitled and shall make the first payment to the beneficiary under the plan elected by the beneficiary within 60 days of receipt of certification of death and other necessary data. If no beneficiary designation is in effect at the date of the member's or participant's death or no notice has been filed with the board to pay the amount of such benefits to the member's or participant's estate, the board is authorized to pay such benefits to the executor, administrator, surviving spouse or next-of-kin of the deceased member or participant, and payment pursuant hereto shall fully discharge the fund or plan from any further liability to make payment of such benefits to any other person.

(i) Medical insurance coverage.—Upon receipt of notification from an insurance carrier offering a health insurance program approved by the board that an annuitant who has attained age 65 has elected medical, major medical, and hospitalization insurance coverage or notification that annuitants with less than 24 1/2 eligibility points (other than disability annuitants), spouses of annuitants and survivor annuitants eligible to elect to enroll in the approved health insurance program have elected participation in such health insurance program, the board may deduct from the annuity payments, from payments to a participant receiving distributions, or from a successor payee the appropriate annual charges in equal monthly installments. Such deductions shall be transmitted to the insurance carrier.

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Section 118.1. Sections 8506(a), (d), (e), (g), (h), (i) and (k) and 8507(a), (c), (e) and (f) of Title 24 are amended and the section is amended by adding subsections to read:

§ 8506. Duties of employers.

(a) Status of members and participants.—The employer shall, each month, notify the board in a manner prescribed by the board of the salary changes effective during the past month, the date of all removals from the payroll, and the type of leave of any member or participant who has been removed from the payroll for any time during that month, and:

(1) if the removal is due to leave without pay, the employer shall furnish the board with the date of beginning leave, the date of return to service, and the reason for leave;

(2) if the removal is due to a transfer to another employer, the former employer shall furnish such employer and the board with a complete school service record, including credited or creditable nonschool service; or

(3) if the removal is due to termination of school service, the employer shall furnish the board with a complete school service record including credited or creditable nonschool service and in the case of death of the member or participant the

employer shall so notify the board.

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(c.1) Participant and employer defined contributions.—The employer shall cause the mandatory pickup participant contributions on behalf of a participant to be made. The employer shall also cause the employer defined contributions on behalf of a participant to be made. The employer shall notify the board at times and in a manner prescribed by the board of the compensation of any participant to whom the limitation under IRC § 401(a)(17) either applies or is expected to apply and shall cause the participant's contributions to be deducted from payroll to cease at the limitation under IRC § 401(a)(17) on the payroll date if and when such limit shall be reached. The employer shall certify to the board the amounts picked up and deducted and the employer defined contributions being made and shall send the total amount picked up, deducted and contributed together with a duplicate of such voucher to the secretary of the board every pay period or on such schedule as established by the board.

(d) New employees subject to mandatory membership or participation.—Upon the assumption of duties of each new school employee whose membership in the system or plan is mandatory, the employer shall no later than 30 days thereafter cause an application for membership or participation, which application shall include the employee's home address, birthdate certified by the employer, previous school or State service and any other information requested by the board, and a nomination of beneficiary to be made by such employee and filed with the board and shall make pickup contributions or mandatory pickup participant contributions from the effective date of school employment.

(e) New employees subject to optional membership or participation.—The employer shall inform any eligible school employee whose membership in the system or participation in the plan is not mandatory of his opportunity to become a member of the system or a participant in the plan provided that he elects to purchase credit for all such continuous creditable service. If such employee so elects, the employer shall no later than 30 days thereafter cause an application for membership or participation which application shall include the employee's home address, birthdate certified by the employer, previous school or State service and any other information requested by the board, and a nomination of beneficiary to be made by him and filed with the board and shall cause proper contributions to be made from the date of election of membership or participation.

\* \* \*

(g) Former State employee contributors.—The employer shall, upon the employment of a former member of the State Employees' Retirement System who is not an annuitant of the State Employees' Retirement System, advise such employee [of his] if he has a right to elect multiple service membership within 365 days of entry into the system or, for a member of Class T-G, if he has a right to elect within 45 days of entry into the system and, in the case any such employee who so elects has withdrawn his accumulated deductions, require him to restore his accumulated deductions as they would have been at the time of his separation had he been a full coverage member, together with statutory interest for all periods of subsequent State and school service to date of repayment. The employer shall advise the board of such election.

(h) Former State employee annuitants.—The employer shall, upon the employment of an annuitant of the State Employees' Retirement System who applies for membership in the system, advise such employee [that] if he may elect multiple service membership within 365 days of entry into the system or, for a member of Class T-G, if he has a right to elect within 45 days of entry into the system and that if he so elects his annuity from the State Employees' Retirement System will be discontinued effective upon the date of his return to school service and, upon termination of school service and application for an annuity, the annuity will be adjusted in accordance with section 8346 (relating to termination of annuities). The employer shall advise the board of such election.

(i) Termination of service.—The employer shall, in the case of

any member terminating school service, advise such member in writing of any benefits to which he may be entitled under the provisions of this part and shall have the member prepare, on or before the date of termination of school service, one or more of the following three forms, a copy of which shall be given to the member and the original of which shall be filed with the board:

(1) An application for the return of accumulated deductions, if eligible.

(2) An election to vest his retirement rights, if eligible, and, if he is a joint coverage member and so desires, an election to become a full coverage member and an agreement to pay within 30 days of the date of termination of service the lump sum required.

(3) An application for an immediate annuity, if eligible, and, if he is a joint coverage member and so desires, an election to become a full coverage member and an agreement to pay within 30 days of date of termination of service the lump sum required.

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(k) School employees performing USERRA or military-related leave of absence.—The employer shall report to the board all of the following:

(1) Any school employee who:

(i) ceases to be an active member or active participant to perform USERRA service; or

(ii) is granted a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) or a military leave of absence under 51 Pa.C.S. § 7302 (relating to granting military leaves of absence).

(2) The date on which the USERRA service, leave of absence or military leave of absence began.

(3) The date on which the school employee is reemployed from USERRA leave or returns after the leave of absence or military leave of absence, if applicable.

(4) Any other information the board may require.

(l) Differential wage payments and military leave of absence payments.—Notwithstanding the exclusion of differential wage payments as defined in IRC § 414(u)(12) from compensation under this part, the employer of any school employee on USERRA leave shall report differential wage payments made to the employee to the board, and the employer of any school employee on leave of absence pursuant to 51 Pa.C.S. § 4102 shall report any payment made to the employee, in the form and manner established by the board.

§ 8507. Rights and duties of school employees [and members], members and participants.

(a) Information on new employees.—Upon his assumption of duties, each new school employee shall furnish his employer with a complete record of his previous school or State service, or creditable nonschool service, proof of his date of birth, his home address, his current status in the system and the plan and in the State Employees' Retirement System and the State Employees' Defined Contribution Plan and such other information as the board may require. Willful failure to provide the information required by this subsection to the extent available or the provision of erroneous information upon entrance into the system shall result in the forfeiture of the right of the member to subsequently assert any right to benefits based on erroneous information or on any of the required information which he failed to provide. In any case in which the board finds that a member is receiving an annuity based on false information, the additional amounts received predicated on such false information together with statutory interest doubled and compounded shall be deducted from the present value of any remaining benefits to which the member is legally entitled and such remaining benefits shall be correspondingly decreased.

\* \* \*

(b.1) Application for participation.—On or after July 1, 2018, in the case of a new employee who is not currently a participant in the plan and whose participation is mandatory, the new employee shall



execute an application for participation and a nomination of a beneficiary.

(c) Multiple service membership.—

(1) Any [active member] school employee who is an active member in a class of service other than Class T-G and who was formerly an active member in the State Employees' Retirement System in a class of service other than Class A-5 may elect to become a multiple service member. Such election for a member in other than Class T-G shall occur no later than 365 days after becoming an active member in a class of service other than Class T-G in this system.

(2) Any school employee who is an active member of Class T-G and who was formerly an active member in the State Employees' Retirement System in Class A-5 may elect to become a multiple service member. Such election shall occur no later than 45 days after becoming an active member of Class T-G.

(3) A school employee who is eligible to elect to become a multiple service member and who begins USERRA leave during the election period without having elected multiple service membership may make the election within 365 days, or 45 days if a member of Class T-G, after being reemployed from USERRA leave.

\* \* \*

(d.2) Contributions for USERRA leave.—Any active participant or inactive participant or former participant who was reemployed from USERRA leave and who desires to make mandatory pickup participant contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions within the allowed time period, the employer shall make the corresponding employer defined contributions at the same time.

(d.3) Voluntary contributions by a participant.—Any participant who desires to make voluntary contributions to be credited to his individual investment account shall notify the board and, upon compliance with the requirements, procedures and limitations established by the board in the plan document, may do so subject to the limitations under IRC §§ 401(a) and 415 and other applicable law.

(e) Beneficiary for death benefits from system.—Every member shall nominate a beneficiary by written designation filed with the board to receive the death benefit or the benefit payable from the system under the provisions of Option 1. Such nomination may be changed at any time by the member by written designation filed with the board. A member may also nominate a contingent beneficiary or beneficiaries to receive the death benefit or the benefit payable under the provisions of Option 1.

(e.1) Beneficiary for death benefits from plan.—Every participant shall nominate a beneficiary by written designation filed with the board as provided in section 8506 (relating to duties of employers) to receive the death benefit payable under section 8347 (relating to death benefits). A participant may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 8408 (relating to death benefits). Such nomination may be changed at any time by the participant by written designation filed with the board.

(e.2) Beneficiary designation.—A school employee may designate or nominate different persons to be beneficiaries, survivor annuitants and successor payees for his benefits from the system and the plan.

(f) Termination of service by members.—Each member who terminates school service and who is not then a disability annuitant shall execute on or before the date of termination of service a written application, duly attested by the member or his legally constituted representative, electing to do one or more of the following:

(1) Withdraw his accumulated deductions, if eligible.

(2) Vest his retirement rights, if eligible, and if he is a joint coverage member, and so desires, elect to become a full coverage member and agree to pay within 30 days of the date of

termination of service the lump sum required.

(3) Receive an immediate annuity, if eligible, and may, if he is a joint coverage member, elect to become a full coverage member and agree to pay within 30 days of date of termination of service the lump sum required.

\* \* \*

(g.1) Deferral of retirement rights.—If a participant terminates school service and does not commence receiving a distribution, he shall nominate a beneficiary by written designation filed with the board, and he may anytime thereafter, but no later than his required beginning date, withdraw the vested accumulated total defined contributions standing to his credit or apply for another form of distribution required by law or authorized by the board.

\* \* \*

Section 119. Sections 8521(b), 8522, 8524, 8525 and 8531 of Title 24 are amended to read:

§ 8521. Management of fund and accounts.

\* \* \*

(b) Crediting of interest.—The board annually shall allow statutory interest, excluding the individual investment accounts, to the credit of the members' savings account on the mean amount of the accumulated deductions of all members for whom interest is payable for the preceding year and valuation interest on the mean amount of the annuity reserve account for the preceding year to the credit of that account. The board annually shall allow valuation interest calculated on the mean amount for the preceding year of the balance in the State accumulation account excluding any earnings of the fund credited to the account during that year. In the event the total earnings for the year do not exceed 5 1/2% of the mean amount for the preceding year of the total assets of the fund less earnings credited to the fund during that year plus the administrative expenses of the board, the difference required to be appropriated from the General Fund shall be credited to the State accumulation account.

\* \* \*

§ 8522. Public School Employees' Retirement Fund.

(a) General rule.—The fund shall consist of all moneys in the several separate funds in the State Treasury set apart to be used under the direction of the board for the benefit of members of the system; and the Treasury Department shall credit to the fund all moneys received from the Department of Revenue arising from the contributions relating to or on behalf of the members of the system required under the provisions of Chapter 83 (relating to membership, contributions and benefits) and all earnings from investments or moneys of said fund. There shall be established and maintained by the board the several ledger accounts specified in sections 8523 (relating to members' savings account), 8524 (relating to State accumulation account), 8525 (relating to annuity reserve account) and 8526 (relating to health insurance account).

(b) Individual investment accounts and trust.—The individual investment accounts that are part of the trust shall not be part of the fund. Mandatory pickup participant contributions, voluntary contributions and employer defined contributions made under this part and any income earned by the investment of such contributions shall not be paid or credited to the fund but instead shall be paid to the trust and credited to the individual investment accounts.

§ 8524. State accumulation account.

The State accumulation account shall be the ledger account to which shall be credited all contributions of the Commonwealth and other employers as well as the earnings of the fund, except the premium assistance contributions and earnings thereon in the health insurance account. Valuation interest shall be allowed on the total amount of such account less any earnings of the fund credited during the year. The reserves necessary for the payment of annuities and death benefits resulting from membership in the system as approved by the board and as provided in Chapter 83 (relating to membership, contributions and benefits) shall be transferred from the State accumulation account to the annuity reserve account. At the end of each year the required interest shall be transferred from the State

accumulation account to the credit of the members' savings account and the annuity reserve account. The administrative expenses of the board shall be charged to the State accumulation account. Employer defined contributions, mandatory pickup contributions and a participant's voluntary contributions, together with any income or interest earned thereon, may be temporarily placed into the State accumulation account pending allocation or distribution to the participant's individual investment account.

§ 8525. Annuity reserve account.

(a) Credits and charges to account.—The annuity reserve account shall be the ledger account to which shall be credited the reserves held for the payment of annuities and death benefits resulting from membership in the system on account of all annuitants and the contributions from the Commonwealth and other employers as determined in accordance with section 8328 (relating to actuarial cost method) for the payment of the supplemental annuities provided in sections 8348 (relating to supplemental annuities), 8348.1 (relating to additional supplemental annuities), 8348.2 (relating to further additional supplemental annuities), 8348.3 (relating to supplemental annuities commencing 1994), 8348.4 (relating to special supplemental postretirement adjustment), 8348.5 (relating to supplemental annuities commencing 1998), 8348.6 (relating to supplemental annuities commencing 2002) and 8348.7 (relating to supplemental annuities commencing 2003). The annuity reserve account shall be credited with valuation interest. After the transfers provided in sections 8523 (relating to members' savings account) and 8524 (relating to State accumulation account), all annuity and death benefit payments shall be charged to the annuity reserve account and paid from the fund.

(b) Transfers from account.—Should an annuitant be subsequently restored to active service either as a member of the system or participant in the plan, the present value of his member's annuity at the time of reentry into school service shall be transferred from the annuity reserve account and placed to his individual credit in the members' savings account. In addition, the actuarial reserve for his annuity less the amount transferred to the members' savings account shall be transferred from the annuity reserve account to the State accumulation account.

§ 8531. State guarantee regarding the system.

Statutory interest charges payable, the maintenance of reserves in the fund, and the payment of all annuities and other benefits granted by the board from the system under the provisions of this part relating to the establishment and administration of the system are hereby made obligations of the Commonwealth. All income, interest, and dividends derived from deposits and investments of the system authorized by this part shall be used for the payment of the said obligations of the Commonwealth and shall not be used for any obligations of the plan or trust.

Section 120. Section 8533(a), (b) and (d) of Title 24 are amended and the section is amended by adding a subsection to read:

§ 8533. Taxation, attachment and assignment of funds.

(a) General rule.—Except as provided in subsections (b), (c) and (d), the right of a person to a member's annuity, a State annuity, or retirement allowance, to the return of contributions, any benefit or right accrued or accruing to any person under the provisions of this part, and the moneys in the fund and the trust are hereby exempt from any State or municipal tax, [and exempt from] levy and sale, garnishment, attachment, or any other process whatsoever, and the provisions of Article XIII.1 of the the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, and shall be unassignable.

(a.1) Individual investment accounts and distributions.—No participant or beneficiary, successor payee or alternate payee of a participant shall have the ability to commute, sell, assign, alienate, anticipate, mortgage, pledge, hypothecate, commutate or otherwise transfer or convey any benefit or interest in an individual investment account or rights to receive or direct distributions under this part or under agreements entered into under this part except as otherwise provided in this part and in the case of either a member or a participant.

(b) Forfeiture.—

(1) Rights under this part shall be subject to forfeiture as provided by the act of July 8, 1978 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act. Forfeitures under this subsection or under any other provision of law may not be applied to increase the benefits that any member would otherwise receive under this part.

(2) Notwithstanding paragraph (1) and the provisions of section 16(b) of Article V of the Constitution of Pennsylvania, the act of July 8, 1978 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act and 42 Pa.C.S. § 3352 (relating to pension rights), the accumulated mandatory participant contributions and accumulated voluntary contributions standing to the credit of a participant shall not be forfeited but shall be available for payment of fines and restitution as provided by law. Amounts in the trust that have been ordered to be distributed to an alternate payee as the result of an equitable distribution of marital property as part of an approved domestic relations order entered before the date of the order or action in a court or other tribunal resulting in a forfeiture of a participant's interest in the trust shall not be subject to the provisions of section 16(b) of the Article V of the Constitution of Pennsylvania, the Public Employee Pension Forfeiture Act or 42 Pa.C.S. § 3352. Any accumulated employer defined contributions forfeited as a result of this subsection or other law shall be retained by the board and used for the payment of expenses of the plan.

\* \* \*

(d) Direct rollover.—Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this subsection, a "distributee" includes a member [and], a participant, a member's surviving spouse [and], a participant's surviving spouse, a member's former spouse who is an alternate payee under an approved domestic relations order[,] and a participant's former spouse who is an alternate payee under an approved domestic relations order and anyone else authorized under IRC and the plan terms approved by the board to have an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this subsection, the term "eligible rollover distribution" has the meaning given such term by IRC § 402(f)(2)(A) and "eligible retirement plan" has the meaning given such term by IRC § 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it accepts the distributee's eligible rollover distribution; however, in the case of an eligible rollover distribution to a surviving spouse, an eligible retirement plan is an "individual retirement account" or an "individual retirement annuity" as those terms are defined in IRC § 408(a) and (b).

Section 121. Sections 8533.1, 8533.2, 8533.3 and 8533.4(a) of Title 24 are amended to read:

§ 8533.1. Approval of domestic relations orders.

(a) Certification regarding members.—A domestic relations order pertaining to a member of the system shall be certified as an approved domestic relations order by the secretary of the board, or his designated representative, only if [such] the order meets all of the following:

(1) Requires the system to provide any type or form of benefit or any option applicable to members already provided under this part.

(2) Requires the system to provide no more than the total amount of benefits than the member would otherwise receive (determined on the basis of actuarial value) unless increased benefits are paid to the member or alternate payee based upon cost-of-living increases or increases based on other than actuarial value.

(3) Specifies the amount or percentage of the member's benefits to be paid by the system to each such alternate payee or the manner in which the amount or percentage is to be determined.

(4) Specifies the retirement option to be selected by the member upon retirement or states that the member may select any retirement option offered by this part upon retirement.

(5) Specifies the name and last known mailing address, if any, of the member and the name and last known mailing address of each alternate payee covered by the order and states that it is the responsibility of each alternate payee to keep a current mailing address on file with the system.

(6) Does not grant an alternate payee any of the rights, options or privileges of a member under this part.

(7) Requires the member to execute an authorization allowing each alternate payee to monitor the member's compliance with the terms of the domestic relations order through access to information concerning the member maintained by the system.

(a.1) Certification regarding participants.—A domestic relations order pertaining to a participant shall be certified as an approved domestic relations order by the secretary of the board, or his designated representative, only if the order meets all of the following:

(1) Does not require the segregation of the alternate payee's share of the participant's individual investment account into a subaccount or newly established individual account titled in the name of the alternate payee.

(2) Does not require the plan to recover or distribute any funds which were distributed to the participant or at the participant's direction prior to the approval of the domestic relations order by the secretary of the board or his designated representative.

(3) Requires the plan to pay to the alternate payee no more than the lesser of the vested amount of the participant's individual investment account specified by the domestic relations order or the vested amount of the participant's individual investment account as of the date of the transfer of the alternate payee's share to the alternate payee.

(4) States that the plan shall not be required to recoup or make good for losses in value to the participant's individual investment account incurred between the date of the valuation of the account used for equitable distribution purposes and the date of distribution to the alternate payee.

(5) Specifies the amount or percentage of the participant's individual investment account to be paid to the alternate payee and the date upon which such valuation is based.

(6) Specifies the name and last known mailing address, if any, of the participant and the name and last known mailing address of each alternate payee covered by the order and states that it is the responsibility of each alternate payee to keep a current mailing address on file with the plan.

(7) Does not grant an alternate payee the rights, privileges or options available to a participant.

(8) In the case of a participant who has not yet begun to receive distributions as of the date the domestic relations order is approved by the secretary of the board or his designated representative, requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be made by direct payment, eligible rollover or trustee-to-trustee transfer to another eligible plan or qualified account owned by the alternate payee.

(9) In the case of a participant who is currently receiving distributions from the plan as of the date the domestic relations order is approved by the secretary of the board or his designated representative, may not order the board to pay the alternate payee more than the balance available in the participant's individual investment account as of the date the order is approved or require that distributions continue to the alternate payee after the death of the participant and final settlement of the participant's individual investment account.

(b) Determination by secretary.—Within a reasonable period of time after receipt of a domestic relations order, the secretary of the

board, or his designated representative, shall determine whether this order is an approved domestic relations order and notify the member or participant and each alternate payee of this determination. Notwithstanding any other provision of law, the exclusive remedy of any member, participant or alternate payee aggrieved by a decision of the secretary of the board, or his designated representative, shall be the right to an adjudication by the board under 2 Pa.C.S. Ch. 5 (relating to practice and procedure) with appeal therefrom to the Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals from government agencies).

(c) Other orders.—The requirements for approval identified in [subsection (a)] subsections (a) and (a.1) shall not apply to any domestic relations order which is an order for support as that term is defined in 23 Pa.C.S. § 4302 (relating to definitions) or an order for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages). These orders shall be approved to the extent that they do not attach moneys in excess of the limits on attachments as established by the laws of this Commonwealth and the United States[,], require distributions of benefits in a manner that would violate the laws of the United States, any other state or this Commonwealth or require the distribution of funds for support or enforcement of arrearages against any participant who is not receiving distributions from the plan at the time such order is entered. These orders may be approved notwithstanding any other provision of this part or the plan that would otherwise require a distribution of accumulated employer defined contributions in the form of an annuity or to require the purchase of an annuity.

(d) Obligation discharged.—Only the requirements of this part and any regulations promulgated hereunder shall be used to govern the approval or disapproval of a domestic relations order. Therefore, if the secretary of the board, or his designated representative, acts in accordance with the provisions of this part and any promulgated regulations in approving or disapproving a domestic relations order, then the obligations of the system or plan with respect to such approval or disapproval shall be discharged.

§ 8533.2. Irrevocable beneficiary.

Notwithstanding any other provision of this part, a domestic relations order may provide for an irrevocable beneficiary. A domestic relations order requiring the nomination of an irrevocable beneficiary shall be deemed to be one that requires a member or participant to nominate an alternate payee as a beneficiary and that prohibits the removal or change of that beneficiary without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, after the member or participant makes such nomination, in which case the irrevocable beneficiary so ordered by the court cannot be changed by the member or participant without approval by the court.

§ 8533.3. Irrevocable survivor annuitant.

Notwithstanding any other provisions of this part, a domestic relations order may provide for an irrevocable survivor annuitant pertaining to a member. A domestic relations order requiring the designation of an irrevocable survivor annuitant shall be deemed to be one that requires a member to designate an alternate payee as a survivor annuitant and that prohibits the removal or change of that survivor annuitant without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, in which case the irrevocable survivor annuitant so ordered by the court cannot be changed by the member without approval by the court. A person ineligible to be designated as a survivor annuitant may not be designated an irrevocable survivor annuitant.

§ 8533.4. Amendment of approved domestic relations orders.

(a) Deceased alternate payee.—In the event that the alternate payee predeceases the member or participant and there are benefits payable to the alternate payee, the divorce court may amend the approved domestic relations order to substitute a person for the

deceased alternate payee to receive any benefits payable to the deceased alternate payee.

\* \* \*

Section 122. Title 24 is amended by adding a section to read:  
§ 8533.5. Irrevocable successor payee.

(a) Condition.—Notwithstanding any other provisions of this part, a domestic relations order pertaining to a participant may provide for an irrevocable successor payee, only if the participant is receiving a payment pursuant to a payment option provided by the board that allows for a successor payee.

(b) Determination.—A domestic relations order requiring the designation of an irrevocable successor payee shall be deemed to be one that requires a participant who is receiving payments from an annuity or other distribution option to designate an alternate payee as a successor payee and that prohibits the removal or change of that successor payee without approval of a court of competent jurisdiction, except by operation of law.

(c) Certification.—A domestic relations order under subsection (b) may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, in which case the irrevocable successor payee ordered by the court cannot be changed by the participant without approval by the court.

(d) Ineligibility.—A person ineligible to be designated as a successor payee may not be designated as an irrevocable successor payee. A court may not name an irrevocable successor payee if the alternate payee is eligible to receive a lump sum distribution of the alternate payee's portion of the marital portion of the pension benefit.

Section 123. Sections 8534 and 8535 of Title 24 are amended to read:

§ 8534. Fraud and adjustment of errors.

(a) Penalty for fraud.—Any person who shall knowingly make any false statement or shall falsify or permit to be falsified any record or records of this system or plan in any attempt to defraud the system or plan as a result of such act shall be guilty of a misdemeanor of the second degree.

(b) Adjustment of errors.—Should any change or mistake in records result in any member, participant, beneficiary, [or], survivor annuitant or successor payee receiving from the system or plan more or less than he would have been entitled to receive had the records been correct, then regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the board shall correct the error and if the error affects contributions to or payments from the system, then so far as practicable shall adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid. If the error affects contributions to or payments from the plan, the board shall take such action as shall be provided for in the plan document.

§ 8535. Payments to school entities by Commonwealth.

For each school year beginning with the 1995-1996 school year and ending with the 2017-2018 school year, each school entity shall be paid by the Commonwealth for contributions based upon school service of active members of the system after June 30, 1995, as follows:

(1) The Commonwealth shall pay each school entity for contributions made to the Public School Employees' Retirement Fund based upon school service of all active members, including members on activated military service leave, whose effective dates of employment with their school entities are after June 30, 1994, and who also had not previously been employed by any school entity within this Commonwealth an amount equal to the amount certified by the Public School Employees' Retirement Board as necessary to provide, together with the members' contributions, reserves on account of prospective annuities, supplemental annuities and the premium assistance program as provided in this part in accordance with section 8328 (relating to actuarial cost method), multiplied by the market value/income aid ratio of the school entity. For no school year shall any school

entity receive less than the amount that would result if the market value/income aid ratio as defined in section 2501(14.1) of the Public School Code [of 1949] was 0.50.

(2) The Commonwealth shall pay each school entity for contributions made to the Public School Employees' Retirement Fund based upon school service of all active members, including members on activated military service leave, who are not described in paragraph (1), one-half of the amount certified by the Public School Employees' Retirement Board as necessary to provide, together with the members' contributions, reserves on account of prospective annuities, supplemental annuities and the premium assistance program as provided in this part in accordance with section 8328.

(3) School entities shall have up to five days after receipt of the Commonwealth's portion of the employer's liability to make payment to the Public School Employees' Retirement Fund. School entities are expected to make the full payment to the Public School Employees' Retirement Fund in accordance with section 8327 (relating to payments by employers) in the event the receipt of the Commonwealth's portion of the employer's liability is delayed because of delinquent salary reporting or other conduct by the school entities.

Section 124. Title 24 is amended by adding sections to read:

§ 8535.1. Payments to school entities by Commonwealth commencing with the 2018-2019 school year.

For each school year, beginning with the 2018-2019 school year, each school entity shall be paid by the Commonwealth for contributions based upon school service of active members of the system and active participants of the plan after June 30, 2018, as follows:

(1) The Commonwealth shall pay each school entity for contributions made to the fund or the trust based upon school service of all active members or active participants, including members or participants on activated or USERRA military service leave, whose effective dates of employment with their school entities are after June 30, 1994, and who also had not previously been employed by any school entity within this Commonwealth, an amount equal to the amount certified by the board as necessary to provide, together with the members' and participants' contributions, reserves on account of prospective annuities, supplemental annuities and the premium assistance program as provided in this part in accordance with section 8328 (relating to actuarial cost method), multiplied by the market value/income aid ratio of the school entity. For no school year shall any school entity receive less than the amount that would result if the market value/income aid ratio as defined in section 2501(14.1) of the Public School Code was 0.50.

(2) The Commonwealth shall pay each school entity for contributions made to the fund or the trust based upon school service of all active members or active participants, including members or participants on activated military service leave, and active participants of the plan who are not described in paragraph (1) one-half of the amount certified by the board as necessary to provide, together with the members' and participants' contributions, reserves on account of prospective annuities, supplemental annuities and the premium assistance program as provided in this part in accordance with section 8328.

(3) School entities shall have up to five days after receipt of the Commonwealth's portion of the employer's liability to make payment to the fund or the trust. School entities are expected to make the full payment to the fund or the trust in accordance with section 8327 (relating to payments by employers) in the event the receipt of the Commonwealth's portion of the employer's liability is delayed because of delinquent salary reporting or other conduct by the school entities.

§ 8537. Internal Revenue Code limitations.

Notwithstanding any provisions of this part to the contrary, no



contribution or benefit related to the School Employees' Defined Contribution Plan shall be made or payable to the extent that the contribution or benefit exceeds a limitation under IRC § 415 in effect with respect to a "governmental plan," as defined in IRC § 414(d) on the date the contribution or benefit payment becomes effective. An increase in a limitation under IRC § 415 shall be applicable to all current and future participants.

Section 125. Section 8702(a) of Title 24 is amended to read: § 8702. Definitions.

(a) General rule.—Subject to additional definitions contained in subsequent provisions of this part which are applicable to specific provisions of this part, the following words and phrases when used in this part shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Eligible person." An individual who is:

(1) an annuitant or survivor annuitant or the spouse or dependent of an annuitant or survivor annuitant[.]; or

(2) a participant receiving distributions or a successor payee, or the spouse or dependent of a participant receiving distributions or successor payee.

"Fund." The Public School Retirees' Health Insurance Fund.

"Plan year." The period July 1, 2001, through December 31, 2001, shall be the first plan year. After December 31, 2001, the plan year shall be the calendar year.

"Program." The group health insurance program that may be sponsored by the Public School Employees' Retirement Board under this part.

"Reserve account." The restricted receipt account established in section 8902(b) (relating to Public School Retirees' Health Insurance Fund).

\* \* \*

## ARTICLE II

Section 201. Section 7306(a) introductory paragraph of Title 51 is amended and the section is amended by adding a subsection to read: § 7306. Retirement rights.

(a) Options available to employees.—Any employee who is a member of a retirement system other than an active member or inactive member on leave without pay of the State Employees' Retirement System [or], an active participant or inactive participant on leave without pay of the State Employees' Defined Contribution Plan, an active or inactive member of the Public School Employees' Retirement System or an active or inactive participant of the School Employees' Defined Contribution Plan at the time he is granted a military leave of absence shall be entitled to exercise any one of the following options in regard thereto:

\* \* \*

(f) Participant of a defined contribution plan.—

(1) An employee who is an active or inactive participant of the School Employees' Defined Contribution Plan at the time the employee is granted a military leave of absence shall be entitled to make contributions to the Public School Employees' Defined Contribution Trust for the leave as provided in 24 Pa.C.S. Pt. IV (relating to retirement for school employees).

(2) An employee who is an active participant or inactive participant on leave without pay of the State Employees' Defined Contribution Plan at the time he is granted a military leave of absence shall be entitled to make contributions to the State Employees' Defined Contribution Trust for the leave as provided in 71 Pa.C.S. Pt. XXV (relating to retirement for State employees and officers).

## ARTICLE III

Section 301. Section 4104(a)(7) of Title 71 is amended to read: § 4104. Duties of office.

(a) Mandatory.—The office shall:

\* \* \*

(7) Study and analyze the impact of shared-risk contributions under 24 Pa.C.S. § 8321(b) (relating to regular member contributions for current service) and section 5501.1

(relating to shared-risk member contributions for Class A-3 [and], Class A-4 and Class A-5 service).

\* \* \*

Section 302. The definitions of "active member," "alternate payee," "average noncovered salary," "beneficiary," "class of service multiplier," "compensation," "creditable nonstate service," "credited service," "date of termination of service," "distribution," "domestic relations order," "final average salary," "inactive member," "intervening military service," "irrevocable beneficiary," "member's annuity," "reemployed from USERRA leave," "regular membership contributions," "required beginning date," "retirement counselor," "salary deductions," "shared-risk member contributions," "special vestee," "standard single life annuity," "State employee," "superannuation age," "superannuation score," "total accumulated deductions," "valuation interest" and "vestee" in section 5102 of Title 71, amended or added December 28, 2015 (P.L.529, No.93), are amended and the section is amended by adding definitions to read:

§ 5102. Definitions.

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

\* \* \*

"Accumulated employer defined contributions." The total of the employer defined contributions paid into the trust on account of a participant's State service, together with any investment earnings and losses and adjustment for fees, costs and expenses credited or charged thereon.

"Accumulated mandatory participant contributions." The total of the mandatory pickup participant contributions paid into the trust on account of a participant's State service, together with any investment earnings and losses and adjustments for fees, costs and expenses credited or charged thereon.

"Accumulated total defined contributions." The total of the accumulated mandatory participant contributions, accumulated employer defined contributions and accumulated voluntary contributions, reduced by any distributions, standing to the credit of a participant in an individual investment account in the trust.

"Accumulated voluntary contributions." The total of any amounts rolled over by a participant or transferred by a direct trustee-to-trustee transfer into the trust, together with any investment earnings and losses and adjustment for fees, costs and expenses credited or charged thereon.

"Active member." A State employee, or a member on leave without pay, for whom pickup contributions are being made to the fund or 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 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415)[.] or limitations on contributions to the system applicable to a Class A-5 member who is making mandatory pickup participant contributions to the trust.

"Active participant." A State employee for whom mandatory pickup participant contributions are being made to the trust or for whom such contributions otherwise required for State service required to be credited in the plan are not being made solely by reason of any provision of this part relating to the limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415).

\* \* \*

"Alternate payee." Any spouse, former spouse, child or dependent of a member or participant who is recognized by a domestic relations order as having a right to receive all or a portion of the moneys payable to that member or participant under this part.

\* \* \*

"Average noncovered salary." The average of the amounts of compensation received by an active member, other than compensation

attributable to service as a Class A-5 member, each calendar year since January 1, 1956, exclusive of the amount which was or could have been covered by the Federal Social Security Act[, 42 U.S.C. § 301 et seq.] (42 U.S.C. § 301 et seq.), during that portion of the member's service since January 1, 1956, for which he has received social security integration credit.

\* \* \*

"Beneficiary." [The] In the case of the system, the person or persons last designated in writing to the board by a member to receive his accumulated deductions or a lump sum benefit upon the death of such member. In the case of the plan, the person or persons last designated in writing to the board by the participant to receive the participant's vested accumulated total defined contributions or a lump sum benefit upon the death of the participant.

\* \* \*

"Class A-5 accumulated deductions." The sum of the regular accumulated deductions, shared-risk member contributions and all other contributions paid into the fund for the purchase, transfer or conversion of credit for service or other coverage in Class A-5 together with all statutory interest credited thereon until the date of termination of service. In the case of a vestee, statutory interest shall be credited until the effective date of retirement. A member's account shall not be credited with statutory interest for more than two years during a leave without pay.

"Class A-5 annual compensation limit." For calendar year 2018, the amount of \$50,000. For each subsequent calendar year, the limit shall be 3% greater than the previous year's amount, rounded to the nearest hundred dollars.

"Class A-5 exempt employee." A sworn police officer.

"Class of service multiplier."

Class of Service	Multiplier
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A	1
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AA	for all purposes except calculating regular member contributions on compensation paid prior to January 1, 2002	1.25
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AA	for purposes of calculating regular member contributions on compensation paid prior to January 1, 2002	1
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A-3	for all purposes except the calculation of regular member contributions and contributions for creditable nonstate service	1
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A-3	for purposes of calculating regular member contributions and contributions for creditable nonstate service	1.25
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A-4	for all purposes except the	
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calculation of regular member contributions	1.25
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A-4	for purposes of calculating regular member contributions	1.86
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A-5	for all purposes except the calculation of regular member contributions	1
-----	---	---

A-5		
-----	--	--

for purposes of  
calculating regular  
member  
contributions on  
compensation up to  
the Class A-5  
annual  
compensation limit  
for members who  
have less than 25  
eligibility points  
credited as a  
member of Class  
A-5 or, if a  
multiple service  
member, as a  
member of Class T-  
G in the Public  
School Employees'  
Retirement System 1.2

A-5		
-----	--	--

for purposes of  
calculating regular  
member  
contributions on  
compensation over  
the Class A-5  
annual  
compensation limit  
or for members  
who have 25 or  
more eligibility  
points credited as a  
member of Class  
A-5 or, if a  
multiple service  
member, as a  
member of Class T-  
G in the Public  
School Employees'  
Retirement System 0

B		.625
---	--	------

C		1
---	--	---

D		1.25
---	--	------

D-1	prior to January 1, 1973	1.875
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D-1	on and subsequent to January 1, 1973	1.731	G	0.417
D-2	prior to January 1, 1973	2.5	H	0.500
D-2	on and subsequent to January 1, 1973	1.731	I	0.625
D-3	prior to January 1, 1973	3.75	J	0.714
D-3			K	0.834
			L	1.000
			M	1.100
			N	1.250
			T-C (Public School Employees' Retirement Code)	1
		except prior to December 1, 1974	T-E (Public School Employees' Retirement Code)	1
		as applied to any additional legislative compensation as an officer of the General Assembly	T-F (Public School Employees' Retirement Code)	1
	on and subsequent to January 1, 1973	3.75	T-G (Public School Employees' Retirement Code)	1
			***	
D-4	for all purposes except calculating regular member contributions on compensation paid prior to July 1, 2001	1.5	<p>"Compensation." Pickup contributions <u>and mandatory pickup participant contributions</u> plus remuneration actually received as a State employee excluding refunds for expenses, contingency and accountable expense allowances; excluding any severance payments or payments for unused vacation or sick leave; and excluding payments for military leave and any other payments made by an employer while on USERRA leave, leave of absence granted under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees), military leave of absence granted under 51 Pa.C.S. § 7302 (relating to granting military leaves of absence) or other types of military leave, including other types of leave payments, stipends, differential wage payments as defined in IRC § 414(u)(12) and any other payments[:]; <u>and for a member who first becomes an officer of the State police on or after January 1, 2018, excluding remuneration received in any pay period for voluntary overtime service for service as an officer of the State police that exceeds 10% of the member's base salary as an officer of the State police in that pay period, notwithstanding the provisions of a binding arbitration award issued before July 1, 1989, under the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, and implemented by the board:</u> Provided, however, That compensation received prior to January 1, 1973, shall be subject to the limitations for retirement purposes in effect December 31, 1972, if any: Provided further, That the limitation under section 401(a)(17) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17)) taken into account for the purpose of member contributions, including any additional member contributions in addition to regular or joint coverage member contributions and Social Security integration contributions, regardless of class of service, shall apply to each member who first became a member of the State Employees' Retirement System on or after January 1, 1996, and who by reason of such fact is a noneligible member subject to the application of the provisions of section 5506.1(a) (relating to annual compensation limit under IRC § 401(a)(17)) <u>and shall apply to each participant pertaining to his participation in the plan.</u></p> <p>***</p> <p>"Creditable nonstate service." Service <u>for which an active member may obtain credit in the system</u>, other than:</p> <p>(1) service as a State employee;</p> <p>(2) service converted to State service pursuant to section 5303.1 (relating to election to convert county service to State service); or</p> <p>(3) school service converted to State service pursuant to section 5303.2 (relating to election to convert school service to State service) [for which an active member may obtain credit].</p> <p>"Credited service." State or creditable nonstate service for which the required contributions have been made <u>to the fund</u> or for which the contributions otherwise required for such service were not made solely</p>	
D-4	for purposes of calculating regular member contributions on compensation paid prior to July 1, 2001	1		
E, E-1				
		for each of the first ten years of judicial service, and		
	prior to January 1, 1973	2		
		for each subsequent year of judicial service		
		1.5		
E, E-1				
		for each of the first ten years of judicial service and for each subsequent year of judicial service		
	on and subsequent to January 1, 1973	1.50		
		1.125		
E-2	prior to September 1, 1973	1.5		
E-2	on and subsequent to September 1, 1973	1.125		

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 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415), or limitations on contributions to the system applicable to a Class A-5 member who is making mandatory pickup participant contributions to the trust, except as otherwise provided in this part, or for which salary deductions or lump sum payments to the system have been agreed upon in writing.

"Date of termination of service." The latest of the following dates:

(1) the last day of service for which pickup contributions are made for an active member or for which the contributions otherwise required for such service were not 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 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415) or limitations on contributions to the system applicable to a Class A-5 member;

(2) the last day of service for which mandatory pickup participant contributions are made for an active participant; or

(3) in the case of an inactive member on leave without pay or an inactive participant on leave without pay, the date of his resignation or the date his employment is formally discontinued by his employer.

\* \* \*

"Distribution." Payment of all or any portion of a person's interest in either the State Employees' Retirement Fund or the State Employees' Defined Contribution Trust, or both, which is payable under this part.

"Domestic relations order." Any judgment, decree or order, including approval of a property settlement agreement, entered on or after the effective date of this definition by a court of competent jurisdiction pursuant to a domestic relations law which relates to the marital property rights of the spouse or former spouse of a member or participant, including the right to receive all or a portion of the moneys payable to that member or participant under this part in furtherance of the equitable distribution of marital assets. The term includes orders of support as that term is defined by 23 Pa.C.S. § 4302 (relating to definitions) and orders for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages).

\* \* \*

"Employer defined contributions." Contributions that are made by the Commonwealth or other employer to the trust to be credited in an active participant's individual investment account as follows:

(1) Except as provided under paragraph (2), contributions equal to 4% of an active participant's compensation.

(2) For participants who have less than 25 eligibility points credited as a member of Class A-5 or, if a multiple service member, in Class T-G in the Public School Employees' Retirement System, contributions equal to 0.5% of an active participant's compensation up to the Class A-5 annual compensation limit and for other compensation contributions as set forth in paragraph (1).

\* \* \*

"Final average salary." [The] As follows:

(1) For purposes of calculating all annuities and benefits from the system attributable to a class of service other than Class A-5, the highest average compensation received as a member during any three nonoverlapping periods of four consecutive calendar quarters during which the member was a State employee, excluding compensation received from State service credited as a member of Class A-5, with the compensation for part-time service being annualized on the basis of the fractional portion of the year for which credit is received; except if the

employee was not a member in classes of service other than Class A-5 for three nonoverlapping periods of four consecutive calendar quarters, the total compensation received as a member for State service credited other than as a member of Class A-5, annualized in the case of part-time service, divided by the number of nonoverlapping periods of four consecutive calendar quarters of membership in classes of service other than Class A-5; in the case of a member with multiple service, the final average salary for purposes of calculating all annuities and benefits from the system attributable to a class of service other than Class A-5 shall be determined on the basis of the compensation received by him as a [State employee] member of the system or as a school employee, or both[;], excluding compensation received for service performed as a member of Class A-5 or Class T-G in the Public School Employees' Retirement System; and, in the case of a member with Class A-3 or Class A-4 service and service in one or more other classes of service other than Class A-5, the final average salary shall be determined on the basis of the compensation received by him in all classes of State service[; and] other than Class A-5.

(2) For purposes of calculating all annuities and benefits from the system attributable to service as a member of Class A-5, the highest average compensation received for service as a member of Class A-5 during any five calendar years; except, if the employee was not a member of Class A-5 during five calendar years, the total compensation received as a member of Class A-5, divided by the number of calendar years of membership in Class A-5; in the case of a member with multiple service, the final average salary for purposes of calculating all annuities and benefits from the system attributable to Class A-5 service shall be determined on the basis of the compensation received by him as a State employee for service credited Class A-5 or as a school employee for service credited in Class T-G in the Public School Employees' Retirement System, or both. For the purpose of calculating final average salary under the paragraph, compensation for service as a member of Class A-5 shall be adjusted as set forth in section 5506.2 (relating to application of Class A-5 annual compensation limit).

(3) For all members, in the case of a member who first became a member on or 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)). Final average salary shall be determined by including in compensation payments deemed to have been made to a member reemployed from USERRA leave to the extent member contributions have been made as provided in section 5302(f)(2) (relating to credited State service) and payments made to a member on leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) as provided in section 5302(f)(6).

\* \* \*

"Holding vehicle trust." The State Employees' Defined Contribution Holding Vehicle Trust.

"Inactive member." A member for whom no pickup contributions are being made to the fund, 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 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415) or limitations on contributions to the system applicable to a Class A-5 member who is making mandatory pickup participant contributions to the trust, but who has 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.



"Inactive participant." A participant for whom no mandatory pickup participant contributions are being made to the trust, except in the case of an active participant for whom such contributions otherwise required for current State service are not being made solely by reason of any provision of this part relating to limitations under section 401(a)(17) or 415 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17) or 415), but who has vested accumulated total defined contributions standing to his credit in the trust and who has not filed an application for an annuity.

"Individual investment account." The account in the trust to which are credited the amounts of the contributions made by a participant and the participant's employer in accordance with the provisions of this part, together with all interest and investment earnings after deduction for fees, costs, expenses and investment losses and charges for distributions.

"Intervening military service." Active military service of a member who was a State employee and active member of the system immediately preceding his induction into the armed services or forces of the United States in order to meet a military obligation excluding any voluntary extension of such service and who becomes a State employee within 90 days of the expiration of such service.

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"Irrevocable beneficiary." The person or persons permanently designated by a member or participant in writing to the State Employees' Retirement Board pursuant to an approved domestic relations order to receive all or a portion of the accumulated deductions, vested accumulated total defined contributions or lump sum benefit payable upon the death of such member or participant.

"Irrevocable successor payee." The person permanently designated by a participant receiving distributions in writing to the board pursuant to an approved domestic relations order to receive one or more distributions from the plan upon the death of such participant.

\*\*\*

"Mandatory pickup participant contributions." Contributions that are made by the Commonwealth or other employer for active participants for State service required to be credited in the plan as follows:

(1) Except as provided under paragraph (2), contributions equal to 7.5% of compensation.

(2) For participants who have less than 25 eligibility points credited as a member of Class A-5 or, if a multiple service member, in Class T-G in the Public School Employees' Retirement System, contributions equal to 1.5% of an active participant's compensation for State service required to be credited in the plan up to the Class A-5 annual compensation limit and for other compensation contributions as set forth in paragraph (1).

\*\*\*

"Member's annuity." The single life annuity which is actuarially equivalent, at the effective date of retirement and taking into account any delay in the receipt of the portion of the annuity based on Class A-5 service, if the effective date of retirement is under the superannuation age applicable to Class A-5 service, to the sum of the regular accumulated deductions, shared-risk accumulated deductions, the additional accumulated deductions and the social security integration accumulated deductions standing to the member's credit in the members' savings account.

\*\*\*

"Participant." An active participant, inactive participant or participant receiving distributions.

"Participant receiving distributions." A participant in the plan who has commenced receiving distributions from his individual investment account but who has not received a total distribution of his vested interest in the individual investment account.

\*\*\*

"Plan." The State Employees' Defined Contribution Plan as established by the provisions of this part and the board.

"Plan document." The documents created by the board under

section 5802 (relating to plan document) that contain the terms and provisions of the plan and trust as established by the board regarding the establishment, administration and investment of the plan and trust.

\*\*\*

"Reemployed from USERRA leave." Resumption of active membership or active participation as a State employee after a period of USERRA leave, provided, however, that the resumption of active membership or active participation was within the time period and under conditions and circumstances such that the State employee was entitled to reemployment rights under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services).

\*\*\*

"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.

"Required beginning date." The latest date by which distributions of a member's interest or a participant's interest in his individual investment account must commence under section 401(a)(9) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(9)).

"Retirement counselor." The State Employees' Retirement System or State Employees' Defined Contribution Plan employee whose duty it shall be to advise each employee of his rights and duties as a member of the system or as a participant of the plan.

"Salary deductions." The amounts certified by the board, deducted from the compensation of an active member or active participant, or the school service compensation of a multiple service member who is an active member of the Public School Employees' Retirement System, and paid into the fund or trust.

"School Employees' Defined Contribution Plan." The defined contribution plan for school employees established under 24 Pa.C.S. Pt. IV (relating to retirement for school employees).

\*\*\*

"Shared-risk member contributions." The product of the applicable shared-risk contribution rate and the compensation of a member for service credited as Class A-3 or Class A-4 or the compensation of a member up to the Class A-5 annual compensation limit for service credited as Class A-5.

\*\*\*

"Special vestee." An employee of The Pennsylvania State University who is a member of the State Employees' Retirement System with five or more but less than ten eligibility points and who has a date of termination of service from The Pennsylvania State University of June 30, 1997, because of the transfer of his job position or duties to a controlled organization of the Penn State Geisinger Health System or because of the elimination of his job position or duties due to the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System, provided that:

(1) subsequent to termination of State service as an employee of The Pennsylvania State University, the member has not returned to State service in any other capacity or position as a State employee;

(2) The Pennsylvania State University certifies to the board that the member is eligible to be a special vestee;

(3) the member files an application to vest the member's retirement rights under section 5907(f) (relating to rights and duties of State employees [and] members and participants) on or before September 30, 1997; and

(4) the member elects to leave the member's total accumulated deductions in the fund and to defer receipt of an annuity until attainment of superannuation age or the member's required beginning date.

"Standard single life annuity." An annuity equal to 2% of the final average salary, multiplied by the total number of years and fractional part of a year of credited service of a member in each class service, limited in the case of Class A-5 service to 25 years.

"State employee." Any person holding a State office or position

under the Commonwealth, employed by the State Government of the Commonwealth, in any capacity whatsoever, except an independent contractor or any person compensated on a fee basis or any person paid directly by an entity other than a State Employees' Retirement System employer, and shall include members of the General Assembly, and any officer or employee of the following:

- (1) (i) The Department of Education.
- (ii) State-owned educational institutions.
- (iii) Community colleges.
- (iv) The Pennsylvania State University, except an employee in the College of Agriculture who is paid wholly from Federal funds or an employee who is participating in the Federal Civil Service Retirement System. The university shall be totally responsible for all employer contributions under section 5507 (relating to contributions to the system by the Commonwealth and other employers).

(2) The Pennsylvania Turnpike Commission, the Delaware River Port Authority, the Port Authority Transit Corporation, the Philadelphia Regional Port Authority, the Delaware River Joint Toll Bridge Commission, the State Public School Building Authority, The General State Authority, the State Highway and Bridge Authority, the Delaware Valley Regional Planning Commission, the Interstate Commission of the Delaware River Basin, and the Susquehanna River Basin Commission any time subsequent to its creation, provided the commission or authority agrees to contribute and does contribute to the fund or trust, from time to time, the moneys required to build up the reserves necessary for the payment of the annuities or other benefits of such officers and employees without any liability on the part of the Commonwealth to make appropriations for such purposes, and provided in the case of employees of the Interstate Commission of the Delaware River Basin, that the employee shall have been a member of the system for at least ten years prior to January 1, 1963.

(3) Any separate independent public corporation created by statute, not including any municipal or quasi-municipal corporation, so long as he remains an officer or employee of such public corporation, and provided that such officer or employee of such public corporation was an employee of the Commonwealth immediately prior to his employment by such corporation, and further provided such public corporation shall agree to contribute and contributes to the fund or trust, from time to time, the moneys required to build up the reserves necessary for the payment of the annuities or other benefits of such officers and employees without any liability on the part of the Commonwealth to make appropriations for such purposes.

\* \* \*

"Successor payee." The person or persons last designated in writing to the board by a participant receiving distributions to receive one or more distributions upon the death of the participant.

"Superannuation age." For classes of service in the system other than Class A-3 [and], Class A-4 and Class A-5, any age upon accrual of 35 eligibility points or age 60, except for a member of the General Assembly, an enforcement officer, a correction officer, a psychiatric security aide, a Delaware River Port Authority policeman or an officer of the Pennsylvania State Police, age 50, and, except for a member with Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, age 55 upon accrual of 20 eligibility points. For Class A-3 [and], Class A-4 and Class A-5 service, any age upon attainment of a superannuation score of 92, provided the member has accrued 35 eligibility points, or age 65, or for park rangers or capitol police officers, age 55 with 20 years of service as a park ranger or capitol police officer in classes of service other than Class A-5, except for a member of the General Assembly, an enforcement officer, a correction officer, a psychiatric security aide, a Delaware River Port Authority policeman or an officer of the Pennsylvania State Police, age 55. A vestee with Class A-3 [or], Class A-4 or Class A-5 service credit

attains superannuation age on the birthday the vestee attains the age resulting in a superannuation score of 92, provided that the vestee has at least 35 eligibility points, or attains another applicable superannuation age, whichever occurs first.

\* \* \*

"Superannuation score." The sum of the member's age in whole years on his last birthday and the amount of the member's total eligibility points, other than eligibility points resulting from Class A-5 service credit or, if a multiple service member, in Class T-G on the member's effective date of retirement, expressed in whole years and whole eligibility points and disregarding fractions of a year and fractions of total eligibility points.

"Sworn police officer." A State police officer who is employed and serving as an officer of the Pennsylvania State Police.

\* \* \*

"Total accumulated deductions." The sum of the regular accumulated deductions, additional accumulated deductions, the social security integration accumulated deductions, shared-risk member contributions and all other contributions other than Class A-5 accumulated deductions paid into the fund for the purchase, transfer or conversion of credit for service or other coverage other than service or coverage in Class A-5 together with all statutory interest credited thereon until the date of termination of service. In the case of a vestee or a special vestee, statutory interest shall be credited until the effective date of retirement. A member's account shall not be credited with statutory interest for more than two years during a leave without pay.

"Trust." The State Employees' Defined Contribution Trust established under Chapter 58 (relating to State Employees' Defined Contribution Plan).

\* \* \*

"Valuation interest." Interest at 5 1/2% per annum compounded annually and applied to all accounts of the fund other than the members' savings account.

"Vestee." Any of the following:

(1) A member with:

(i) five or more eligibility points in a class of service other than Class A-3 [or], Class A-4, Class A-5 or Class T-E [or], Class T-F or Class T-G in the Public School Employees' Retirement System[, a member with];

(ii) Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service with five or more eligibility points [, or a member with] in classes of service other than Class A-5 or Class T-G in the Public School Employees' Retirement System; or

(iii) Class A-3 or Class A-4 service with ten or more eligibility points in classes of service other than Class A-5 or Class T-G in the Public School Employees' Retirement System ; or

(iv) Class A-5 service with ten or more eligibility points for service in Class A-5 or, if a multiple service member, Class T-G service in the Public School Employees' Retirement System and

who has terminated State service and has elected to leave his total accumulated deductions in the fund and to defer receipt of an annuity.

"Voluntary contributions." Contributions made by a participant to the trust and credited to his individual investment account in excess of his mandatory pickup participant contributions by an eligible rollover or direct trustee-to-trustee transfer.

Section 303. Section 5103 of Title 71 is amended to read:

§ 5103. Notice to members and participants.

Notice by publication, including, without being limited to, newsletters, newspapers, forms, first class mail, letters, manuals and, to the extent authorized by a policy adopted by the board, electronically, including, without being limited to, e-mail or [World Wide Web sites] Internet websites, distributed or made available to members and participants in a manner reasonably calculated to give actual notice of [those sections of the State Employees' Retirement Code] the

provisions of this part that require notice to members or participants shall be deemed sufficient notice for all purposes.

Section 304. Title 71 is amended by adding a section to read:

§ 5104. Reference to State Employees' Retirement System.

(a) Construction.—Unless the context clearly indicates otherwise, any reference to the State Employees' Retirement System in a statutory provision other than this part and 24 Pa.C.S. Pt. IV (relating to retirement for school employees) shall include a reference to the State Employees' Defined Contribution Plan and any reference to the State Employees' Retirement Fund shall include a reference to the State Employees' Defined Contribution Trust.

(b) Agreement.—The agreement of an employer listed in the definition of "State employee" or any other law to make contributions to the fund or to enroll its employees as members in the system shall be deemed to be an agreement to make contributions to the trust or to enroll its employees in the plan.

Section 305. Section 5301(a), (b), (c) and (d) of Title 71 are amended and the section is amended by adding subsections to read:

§ 5301. Mandatory and optional membership in the system and participation in the plan.

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

- (1) Governor.
- (2) Lieutenant Governor.
- (3) Members of the General Assembly.
- (4) Heads or deputy heads of administrative departments.
- (5) Members of any independent administrative board or commission.
- (6) Members of any departmental board or commission.
- (7) Members of any advisory board or commission.
- (8) Secretary to the Governor.
- (9) Budget Secretary.
- (10) Legislative employees.
- (11) School employees who have elected membership in the Public School Employees' Retirement System.

(12) School employees who have elected membership in an independent retirement program approved by the employer, provided that in no case, except as hereinafter provided, shall the employer contribute on account of such elected membership at a rate greater than the employer normal contribution rate as determined in section 5508(b) (relating to actuarial cost method). For the fiscal year 1986-1987 an employer may contribute on account of such elected membership at a rate which is the greater of 7% or the employer normal contribution rate as determined in section 5508(b) and for the fiscal year 1992-1993 and all years after that at a rate of 9.29%.

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

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

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

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

(a.1) Mandatory participation in the plan.—A State employee who is a mandatory member of the system as a member of Class A-5 shall be a mandatory participant in the plan as of the effective date of membership in the system except for service as a Class A-5 exempt employee.

(b) Optional membership in the system.—The State employees listed in subsection (a)(1) through [(11)] (10) whose first period of State service begins before January 1, 2018, shall have the right to elect membership in the system[; once such election is] before January 1, 2018, or the termination of State service, whichever occurs first. The State employees listed in subsection (a)(1) through (10) who first become State employees on or after January 1, 2018, shall be members of the system effective as of the date of their employment unless they elect not to be members within 30 days after beginning State service. Once such elections are exercised, membership or nonmembership, as the case may be, shall continue until the termination of State service. The State employees listed under subsection (a)(11) shall have the right to elect membership in the system. Once the election is exercised, membership shall continue until the termination of State service.

(b.1) Optional participation in the plan.—The State employees who are optional members of the system as a member of Class A-5 also are optional participants in the plan. The State employees who elect membership in the system as members of Class A-5 also automatically elect participation in the plan as of the effective date of membership in the system except for service as a Class A-5 exempt employee.

(c) Prohibited membership in the system.—The State employees listed in subsection (a)(12), (13), (14) and (15) shall not have the right to elect membership in the system.

(c.1) Prohibited participation in the plan.—The State employees who are listed in subsection (a)(11), (12), (13), (14) and (15) or who are not members of Class A-5 shall not be eligible to participate in the plan.

(d) Return to service.—

(1) An annuitant who returns to service as a State employee before January 1, 2018, or as a Class A-5 exempt employee after December 31, 2017, shall resume active membership in the system as of the effective date of employment, except as otherwise provided in section 5706(a) (relating to termination of annuities), regardless of the optional membership category of the position.

(2) An annuitant, inactive participant or a participant receiving distributions who returns to service as a State employee on or after January 1, 2018, shall resume active membership in the system, if an active member of Class A-5 shall, and be an active participant in the plan as of the effective date of employment, except as otherwise provided in section 5706(a), regardless of the optional membership or participation category of the position.

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Section 306. Section 5302(a), (b), (e) and (f) of Title 71, amended December 28, 2015 (P.L.529, No.93), are amended to read:

§ 5302. Credited State service.

(a) Computation of credited service.—In computing credited State service of a member for the determination of benefits, a full-time salaried State employee, including any member of the General Assembly, shall receive credit for service in each period for which contributions as required are made to the fund, or for which contributions otherwise required for such service were not made to the fund 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 IRC § 401(a)(17) or 415, or limitations on contributions applicable to a Class A-5 member, except as otherwise provided in this part, but in no case shall he receive more than one year's credit for any 12 consecutive months or 26 consecutive biweekly pay periods. A per diem or hourly State employee shall receive one year of credited service for each nonoverlapping period of 12 consecutive months or 26 consecutive biweekly pay periods in which he is employed and for

which contributions are made to the fund or would have been made to the fund but for such waiver under section 5502.1 or limitations under the IRC or limitations on contributions applicable to a Class A-5 member for at least 220 days or 1,650 hours of employment. If the member was employed and contributions were made to the fund for less than 220 days or 1,650 hours, he shall be credited with a fractional portion of a year determined by the ratio of the number of days or hours of service actually rendered to 220 days or 1,650 hours, as the case may be. A part-time salaried employee shall be credited with the fractional portion of the year which corresponds to the number of hours or days of service actually rendered and for which contributions are or would have been made to the fund except for the waiver under section 5502.1, limitations under the IRC or limitations on contributions applicable to a Class A-5 member in relation to 1,650 hours or 220 days, as the case may be. In no case shall a member who has elected multiple service receive an aggregate in the two systems of more than one year of credited service for any 12 consecutive months.

(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 for current service), 5501.1 (relating to shared-risk member contributions for Class A-3 [and], Class A-4 and Class A-5 service), 5505.1 (relating to additional member contributions) and 5507 (relating to contributions to the system by the Commonwealth and other employers), the member returns from leave without pay to active State service as a member of the system for a period of at least one year, and he is not entitled to retirement benefits for such service under a retirement system administered by any other governmental agency.

(2) An active member or active participant on paid leave granted by an employer for purposes of serving as an elected full-time officer for a Statewide employee organization which is a collective bargaining representative under the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, or the act of July 23, 1970 (P.L.563, No.195), known as the Public Employee Relations Act, and up to 14 full-time business agents appointed by an employee organization that represents correction officers employed at State correctional institutions: Provided, That for elected full-time officers such leave shall not be for more than three consecutive terms of the same office and for up to 14 full-time business agents appointed by an employee organization that represents correction officers employed at State correctional institutions no more than three consecutive terms of the same office; that the employer shall fully compensate the member or participant, including, but not limited to, salary, wages, pension and retirement contributions and benefits, other benefits and seniority, as if he were in full-time active service; and that the Statewide employee organization shall fully reimburse the employer for all expenses and costs of such paid leave, including, but not limited to, contributions and payment in accordance with sections 5501, 5501.1, 5505.1 and 5507, 5804 (relating to participant contributions), 5805 (relating to mandatory pickup participant contributions) and 5806 (relating to employer defined contributions), if the employee organization either directly pays, or reimburses the Commonwealth or other employer for, contributions made in accordance with [section 5507] sections 5507, 5804, 5805 and 5806.

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(e) Cancellation of credited service.—

(1) All credited service in the system shall be cancelled

if a member withdraws his total accumulated deductions and Class A-5 accumulated deductions, except that:

(i) a member with Class A-3 or Class A-4 service credit and one or more other classes of service credit shall not have his service credit as a member of any classes of service other than as a member of Class A-3 or Class A-4 cancelled when the member receives a lump sum payment of accumulated deductions resulting from Class A-3 or Class A-4 service pursuant to section [5705.1] 5705.1(a) (relating to payment of accumulated deductions resulting from [Class A-3 and Class A-4] more than one class of service)[.];

(ii) a member with Class A-5 service credit and one or more other classes of service credit shall not have his service credit in the classes of service other than Class A-5 canceled when the member receives a lump sum payment of Class A-5 accumulated deductions pursuant to section 5705.1(b)(1); and

(iii) a member with Class A-5 service credit and one or more other classes of service credit shall not have his service credit as a member of Class A-5 canceled when the member receives a lump sum payment of total accumulated deductions resulting from the other classes of service pursuant to section 5705.1(b)(2).

(2) A partial or total distribution of accumulated total defined contributions to a participant who also is a member shall not cancel service credited in the system.

(f) Credit for military service.—A State employee who has performed USERRA leave may receive credit in the system or participate in the plan as follows:

(1) For purposes of determining whether a member is eligible to receive credited service in the system for a period of active military service, other than active duty service to meet periodic training requirements, rendered after August 5, 1991, and that began before the effective date of this paragraph, the provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of absence) shall apply to all individuals who were active members of the system when the period of military service began, even if not defined as an employee pursuant to 51 Pa.C.S. § 7301 (relating to definitions).

(1.1) State employees may not receive service credit in the system or exercise the options under 51 Pa.C.S. § 7306 (relating to retirement rights) for military leaves that begin on or after the effective date of this subsection, except as otherwise provided by this subsection.

(1.2) State employees may not participate in the plan or exercise the options under 51 Pa.C.S. § 7306 for military leaves that begin on or after the effective date of this paragraph, except as otherwise provided by this subsection.

(2) A State employee who has performed USERRA leave may receive credit in the system as provided by this paragraph. The following shall apply:

(i) A State employee who is reemployed from USERRA leave as an active member of the system shall be treated as not having incurred a break in State service by reason of the USERRA leave and shall be granted eligibility points as if the State employee had not been on the USERRA leave. If a State employee who is reemployed from USERRA leave as an active member of the system subsequently makes regular member contributions, additional member contributions, Social Security integration member contributions, shared-risk member contributions and any other member contributions in the amounts and in the time periods required by 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) as if the State employee had continued in State office or employment and performed



State service and was compensated during the period of USERRA leave, then the State employee shall be granted State service credit for the period of USERRA leave. The State employee shall have the State employee's benefits, rights and obligations determined under this part as if the State employee was an active member who performed creditable State service during the USERRA leave in the job position that the State employee would have held had the State employee not been on USERRA leave and received the compensation on which the member contributions to receive State service credit for the USERRA leave were determined.

(ii) For purposes of determining whether a State employee has made the required employee contributions for State service credit for USERRA leave, if an employee who is reemployed from USERRA leave as an active member of the system terminates State service or dies in State service before the expiration of the allowed payment period, then State service credit for the USERRA leave will be granted as if the required member contributions were paid the day before termination or death. The amount of the required member contributions will be treated as an incomplete payment subject to the provisions of section 5506 (relating to incomplete payments). Upon a subsequent return to State service or to school service as a multiple service member, the required member contributions treated as incomplete payments shall be treated as member contributions that were either withdrawn in a lump sum at termination or paid as a lump sum pursuant to section 5705(a)(4) (relating to member's options), as the case may be.

(iii) A State employee who is reemployed from USERRA leave as an active member of the system who does not make the required member contributions or makes only part of the required member contributions within the allowed payment period shall not be granted credited service for the period of USERRA leave for which the required member contributions were not timely made, shall not be eligible to subsequently make contributions and shall not be granted either State service credit or nonstate service credit for the period of USERRA leave for which the required member contributions were not timely made.

(2.1) (i) A participant who is reemployed from USERRA leave shall be treated as not having incurred a break in State service by reason of the USERRA leave and shall be granted eligibility points as if the participant had not been on USERRA leave. If a participant who is reemployed from USERRA leave subsequently makes mandatory pickup participant contributions in the amounts and in the time periods required by 38 U.S.C. Ch. 43 and IRC § 414(u) as if the participant had continued in his State office or employment and performed State service and been compensated during the period of USERRA leave, the participant's employer shall make the corresponding employer defined contributions. The employee shall have his contributions, benefits, rights and obligations determined under this part as if he were an active participant who performed State service during the USERRA leave in the job position that he would have held had he not been on USERRA leave and received the compensation on which the mandatory pickup participant contributions to receive State service credit for the USERRA leave were determined.

(ii) A participant who is reemployed from USERRA leave who does not make the mandatory pickup participant contributions or makes only part of the

mandatory pickup participant contributions within the allowed payment period shall not be eligible to make mandatory pickup participant contributions at a later date for the period of USERRA leave for which the mandatory pickup participant contributions were not timely made.

(3) A State employee who is a member of the system and performs USERRA leave from which the employee could have been reemployed from USERRA leave had the State employee returned to State service in the time frames required by 38 U.S.C. Ch. 43 for reemployment rights, but did not do so, shall be able to receive creditable nonstate service as nonintervening military service for the period of USERRA leave should the employee later return to State service as an active member of the system and is otherwise eligible to purchase the service as nonintervening military service.

(3.1) A State employee who is a participant in the plan and performs USERRA leave from which the employee could have been reemployed from USERRA leave had the employee returned to State service in the time frames required by 38 U.S.C. Ch. 43 for reemployment rights, but did not do so, shall not be eligible to make mandatory pickup participant contributions for the period of USERRA leave should the employee later return to State service and be a participant in the plan.

(4) [A State employee] An active member or inactive member on leave without pay who on or after the effective date of this subsection is granted a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) or a military leave under 51 Pa.C.S. Ch. 73, that is not USERRA leave shall be able to receive creditable nonstate service as nonintervening military service should the employee return to State service as an active member of the system and is otherwise eligible to purchase the service as nonintervening military service.

(4.1) An active participant or inactive participant on leave without pay who on or after the effective date of this paragraph is granted a leave of absence under 51 Pa.C.S. § 4102 or a military leave under 51 Pa.C.S. Ch. 73 that is not USERRA leave shall not be able to make mandatory pickup participant contributions during or for the leave of absence or military leave and shall not have employer defined contributions made during such leave, without regard to whether or not the State employee received salary, wages, stipends, differential wage payments or other payments from his employer during the leave, notwithstanding any provision to the contrary under 51 Pa.C.S. § 4102 or Ch. 73.

(5) If a member dies while performing USERRA leave, then the beneficiaries or survivor annuitants, as the case may be, of the deceased member are entitled to any additional benefits, including eligibility points, other than benefit accruals relating to the period of qualified military service, provided under this part had the member resumed and then terminated employment on account of death.

(5.1) If a participant dies while performing USERRA leave, the beneficiaries or successor payees of the deceased participant are entitled to any additional benefits, other than benefit accruals relating to the period of qualified military service, provided under this part had the participant resumed and then terminated employment on account of death.

(6) A State employee who is on a leave of absence from his duties as a State employee for which 51 Pa.C.S. § 4102 provides that he is not to suffer a loss of pay, time or efficiency rating shall not be an active member, receive service credit or make member contributions for the leave of absence, except as provided for in this part. Notwithstanding this paragraph, any pay the member receives pursuant to 51 Pa.C.S. § 4102 shall be included in the determination of final average salary and other calculations in the system utilizing compensation as if the

payments were compensation under this part.

Section 307. Section 5303(b) and (d)(1) of Title 71 are amended and the section is amended by adding a subsection to read:  
 § 5303. Retention and reinstatement of service credits.

\* \* \*

(b) Eligibility points for prospective credited service.—

(1) [Every] Subject to the limitations in subsection (i), an active member of the system or a multiple service member who is a school employee and a member of the Public School Employees' Retirement System on or after the effective date of this part shall receive eligibility points in accordance with section 5307 for current State service, previous State service, or creditable nonstate service upon compliance with sections 5501 (relating to regular member contributions for current service), 5501.1 (relating to shared-risk contributions for Class A-3 [and], Class A-4 and Class A-5 service), 5504 (relating to member contributions for the purchase of credit for previous State service or to become a full coverage member), 5505 (relating to contributions for the purchase of credit for creditable nonstate service), 5505.1 (relating to additional member contributions) or 5506 (relating to incomplete payments). Subject to the limitations in subsection (i) and sections 5306.1 (relating to election to become a Class AA member) and 5306.2 (relating to elections by members of the General Assembly), the class or classes of service in which the member may be credited for previous State service prior to the effective date of this part shall be the class or classes in which he was or could have at any time elected to be credited for such service, except that a State employee who first becomes a member of the system on or after January 1, 2011, or on or after December 1, 2010, as a member of the General Assembly and:

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

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

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

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

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

(1.3) A member of the system who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive eligibility points in accordance with section 5307 for the State service that would have been performed had the member not performed USERRA leave.

(2) A special vestee or person otherwise eligible to be a special vestee who returns to State service or withdraws his accumulated deductions pursuant to section 5311 (relating to

eligibility for refunds) or 5701 (relating to return of [total] accumulated deductions) shall receive or retain eligibility points in accordance with paragraph (1) but upon subsequent termination of State service shall only be eligible to be an annuitant vestee or inactive member without regard to previous status as a special vestee and without regard to the provisions of this part providing for special vestees.

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

\* \* \*

(d) Transfer of certain pension service credit.—

(1) Any person who was an employee of any county in this Commonwealth on the personal staff of an appellate court judge prior to September 9, 1985, and who had that employment transferred to the Commonwealth pursuant to 42 Pa.C.S. § 3703 (relating to local chamber facilities) shall be a member of the system for all service rendered as an employee of the Commonwealth on the personal staff of an appellate court judge subsequent to the date of the transfer unless specifically prohibited pursuant to section 5301(c) (relating to mandatory and optional membership in the system and participation in the plan). The employee shall be entitled to have any prior service credit in that county or other municipal pension plan or retirement system transferred to the system and deemed to be State service for all purposes under this part. However, for those employees who were in continuous county employment which commenced prior to July 22, 1983, section 5505.1 shall not apply. The transfer of prior service credit to the system shall occur upon the transfer, by the member, county or other municipal pension plan or retirement system, to the system of the amount of accumulated member contributions, pick-up contributions and credited interest standing in the employee's county or municipal pension plan or retirement system account as of the date that these funds are transferred to the system. In the event that these funds have been refunded to the member, the transfer of service credit shall occur when the member transfers an amount equal to either the refund which the member received from the county or municipal pension plan or retirement system or the amount due under section 5504, if less. In the case of a transfer by the member, the transfer shall occur by December 31, 1987, in order for the member to receive credit for the prior service. In the case of a transfer by the county or other municipal pension plan or retirement system, the transfer shall also occur by December 31, 1987. If the amount transferred to the system by the member of a county or municipal pension plan or retirement system is greater than the amount that would have accumulated in the member's account if the employee had been a member of the system, all excess funds shall be returned to the employee within 90 days of the date on which such funds are credited to the member's account in the system. Within 60 days of receipt of written notice that an employee has elected to transfer credits under the provisions of this subsection, the county or other municipal pension plans or retirement systems shall be required to transfer to the system an amount, excluding contributions due under section 5504(a), equal to the liability of the prior service in accordance with county or other municipal pension plan or retirement system benefit provisions, multiplied by the ratio of system actuarial value of assets for active members to the system actuarial accrued liability for active members. The Public

Employee Retirement Study Commission shall determine the appropriate amount of employer contributions to be transferred to the system by the county or other municipal pension plans or retirement systems.

\* \* \*

(i) Ineligibility to purchase previous State service credit.—An active member of Class A-5 or a multiple service member who is an active member of Class T-G in the Public School Employees' Retirement System shall not be eligible to purchase service credit for previous State service, whether or not previously credited in the system, except to reinstate previously credited Class A-5 service credit for which Class A-5 accumulated deductions were withdrawn under section 5311 or 5701, and except to the extent that any other provision of law requires or allows any period of leave to be credited as State service after the member returns from the leave to State service.

Section 308. Sections 5303.2(a) and 5304(a) and (b) of Title 71 are amended to read:

§ 5303.2. Election to convert school service to State service.

(a) Eligibility.—An active member or inactive member on leave without pay who was an employee transferred from the Department of Education to the Department of Corrections pursuant to section 908-B of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929, and who on the effective date of that transfer did not participate in an independent retirement program approved by the Department of Education under 24 Pa.C.S. § 8301(a)(1) (relating to mandatory and optional membership) or section 5301(a)(12) (relating to mandatory and optional membership in the system and participation in the plan), notwithstanding any other provision of law or any collective bargaining agreement, arbitration award, contract or term or conditions of any retirement system or pension plan, may make a one-time election to convert all service credited in the Public School Employees' Retirement System as of June 30, 1999, and transfer to the system all accumulated member contributions and statutory interest credited in the members' savings account in the Public School Employees' Retirement System as of June 30, 1999, plus statutory interest on that amount credited by the Public School Employees' Retirement System from July 1, 1999, to the date of transfer to the system.

\* \* \*

§ 5304. Creditable nonstate service.

(a) Eligibility.—

(1) An active member who first becomes an active member before January 1, 2011, or before December 1, 2010, as a member of the General Assembly and who is an active member of a class of service other than Class A-5, or a multiple service member who first becomes an active member before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, and who is a school employee and an active member of the Public School Employees' Retirement System in a class of service other than Class T-G shall be eligible for Class A service credit for creditable nonstate service as set forth in subsections (b) and (c) except that intervening military service shall be credited in the class of service for which the member was eligible at the time of entering into military service and for which he makes the required contributions to the fund and except that a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System shall not be eligible to purchase service credit for creditable nonstate service set forth in subsection (c)(5).

(2) An active member who first becomes an active member on or after January 1, 2011, or on or after December 1, 2010, as a member of the General Assembly and is an active member of a class of service other than Class A-5, or a multiple service member who first becomes an active member on or after January 1, 2011, or on or after December 1, 2010, as a member of the General Assembly, [and who] is a school employee and an active member of the Public School Employees' Retirement System in a class of service other than Class T-G and is not a

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

(3) An active member of Class A-5 or a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System as a member of Class T-G shall be eligible for Class A-5 service credit for creditable nonstate service as set forth in subsections (b) and (c)(2) for which the member makes the required contributions to the fund.

\* \* \*

(b) Limitations on eligibility.—An active member or a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System shall be eligible as set forth in subsection (a) to receive credit for nonstate service provided that he does not have credit for such service in the system or in the [school system] Public School Employees' Retirement System and is not entitled to receive, eligible to receive now or in the future, or is receiving retirement benefits for such service in the system or under a retirement system administered and wholly or partially paid for by any other governmental agency or by any private employer, or a retirement program approved by the employer in accordance with section 5301(a)(12) (relating to mandatory and optional membership in the system and participation in the plan), and further provided, that such service is certified by the previous employer and contributions are agreed upon and made in accordance with section 5505 (relating to contributions for the purchase of credit for creditable nonstate service).

\* \* \*

Section 309. Section 5305(b) of Title 71, amended December 28, 2015 (P.L.529, No.93), is amended and the section is amended by adding a subsection to read:

§ 5305. Social security integration credits.

\* \* \*

(b) Accrual of subsequent credits.—Any active member who has social security integration accumulated deductions to his credit or is receiving a benefit on account of social security integration credits may accrue one social security integration credit for each year of service as a State employee on or subsequent to March 1, 1974 and a fractional credit for a corresponding fractional year of service provided that contributions are made to the fund, or would have been made to the fund but for section 5502.1 (relating to waiver of regular member contributions and Social Security integration member contributions) or the limitations under IRC § 401(a)(17) or 415, except as otherwise provided in this part, in accordance with section 5502 (relating to Social Security integration member contributions), and he:

(1) continues subsequent to March 1, 1974 as an active member in either the [State or school system;] system in a class of service other than Class A-5 or, if a multiple service member, as an active member in the Public School Employees' Retirement System in a class of service other than Class T-G;

(2) terminates such continuous service in the [State or school] system or the Public School Employees' Retirement System and returns to active membership in the [State] system within six months in a class of service other than Class A-5; or

(3) terminates his status as a vestee or an annuitant and returns to State service as an active member of the system in a class of service other than Class A-5.

\* \* \*

(e) Class A-5 service ineligible for credit.—No social security integration credits shall accrue for any service performed or credited as Class A-5 service.

Section 310. Section 5305.1 of Title 71 is amended to read:  
 § 5305.1. Eligibility for actuarial increase factor.

A person who has credit for a class of service other than Class A-5 and is:

- (1) an active member;
- (2) an inactive member on leave without pay; or
- (3) a multiple service member who is a school employee

and an active member of the Public School Employees' Retirement System;

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

Section 311. Section 5306(a), (a.1), (a.2), (a.3) and (b) of Title 71 are amended and the section is amended by adding a subsection to read:

§ 5306. Classes of service.

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

(1) A State employee who is a member of Class A on the effective date of this part or who first becomes a member of the system subsequent to the effective date of this part and before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, shall be classified as a Class A member and receive credit for Class A service upon payment of regular and additional member contributions for Class A service, provided that the State employee does not become a member of Class AA pursuant to subsection (a.1) or a member of Class D-4 pursuant to subsection (a.2) or a member of Class A-5.

(2) A State employee who first becomes a member of the system on or after January 1, 2011, or on or after December 1, 2010, as a member of the General Assembly, and, unless a Class A-5 exempt employee, before January 1, 2018, shall be classified as a Class A-3 member and receive credit for Class A-3 service upon payment of regular member contributions and shared-risk member contributions for Class A-3 service provided that the State employee does not become a member of Class A-4 pursuant to subsection (a.3) or a member of Class A-5, except that a member of the judiciary shall be classified as a member of such other class of service for which the member of the judiciary is eligible[,] and shall elect and make regular member contributions unless the member of the judiciary subsequently becomes a member of Class A-5.

(3) A Class A-5 exempt employee who is a member of Class A-3 shall have all other State service performed concurrently with being a Class A-5 exempt employee classed as Class A-3 service instead of any other class of service the service might otherwise be credited as. This paragraph shall apply only to service performed concurrently with Class A-5 exempt service. Notwithstanding the provisions of a binding arbitration award issued before July 1, 1989, under the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, and implemented by the board, for a member who first becomes an officer of the Pennsylvania State Police on or after January 1, 2018, other service performed before or after service as a State police officer shall be credited in the class of service as provided under this part.

(a.1) Class AA membership.—

(1) A person who becomes a State employee and an active member of the system after June 30, 2001, and who first became an active member before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, and who is not a State police officer and not employed in a position for which a class of service other than Class A is credited or could be elected shall be classified as a Class AA member and receive credit for Class AA State service upon payment of regular member contributions for Class AA service and, subject

to the limitations contained in paragraph (7) and section 5303(i) (relating to retention and reinstatement of service credits), if previously a member of Class A or previously employed in a position for which Class A service could have been earned, shall have all Class A State service (other than State service performed as a State police officer or for which a class of service other than Class A was earned or could have been elected) classified as Class AA service.

(2) A person who is a State employee on June 30, 2001, and July 1, 2001, but is not an active member of the system because membership in the system is optional or prohibited pursuant to section 5301 (relating to mandatory and optional membership in the system and participation in the plan) and who first becomes an active member after June 30, 2001, and before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, and who is not a State police officer and not employed in a position for which a class of service other than Class A is credited or could be elected shall be classified as a Class AA member and receive credit for Class AA State service upon payment of regular member contributions for Class AA service and, subject to the limitations contained in paragraph (7) and section 5303(i), if previously a member of Class A or previously employed in a position for which Class A service could have been earned, shall have all Class A State service (other than State service performed as a State Police officer or for which a class of service other than Class A was earned or could have been elected) classified as Class AA service.

(3) Provided that an election to become a Class AA member is made pursuant to section 5306.1 (relating to election to become a Class AA member), a State employee, other than a State employee who is a State police officer on or after July 1, 1989, who on June 30, 2001, and July 1, 2001, is:

(i) a member of Class A, other than a member of Class A who could have elected membership in a Class C, Class D-3, Class E-1 or Class E-2; or

(ii) an inactive member on a leave without pay from a position in which the State employee would be a Class A active member if the employee was not on leave without pay, other than a position in which the State employee could elect membership in Class C, Class D-3, Class E-1 or Class E-2;

shall be classified as a Class AA member and receive credit for Class AA State service performed after June 30, 2001, upon payment of regular member contributions for Class AA service and, subject to the limitations contained in paragraph (7) and section 5303(i), shall receive Class AA service credit for all Class A State service, other than State service performed as a State police officer or as a State employee in a position for which the member could have elected membership in Class C, Class D-3, Class E-1 or Class E-2, performed before July 1, 2001.

(4) Provided that an election to become a Class AA member is made pursuant to section 5306.1, a former State employee, other than a former State employee who was a State police officer on or after July 1, 1989, who on June 30, 2001, and July 1, 2001, is a multiple service member and a school employee and a member of the Public School Employees' Retirement System, subject to the limitations contained in paragraph (7) and section 5303(i), shall receive Class AA service credit for all Class A State service, other than State service performed as a State police officer or as a State employee in a position in which the former State employee could have elected a class of service other than Class A, performed before July 1, 2001.

(5) A former State employee who first becomes a member before January 1, 2011, or before December 1, 2010, as a member of the General Assembly, other than a former State employee who was a State police officer on or after July 1, 1989, who is a school employee and who on or after July 1, 2001,



becomes a multiple service member, subject to the limitations contained in paragraph (7) and section 5303(i), shall receive Class AA service credit for all Class A State service other than State service performed as a State employee in a position in which the former State employee could have elected a class of service other than Class A.

(6) A State employee who after June 30, 2001, becomes a State police officer or who is employed in a position in which the member could elect membership in the system in a class of service other than Class AA or Class D-4 shall retain any Class AA service credited prior to becoming a State police officer or being so employed but shall be ineligible to receive Class AA credit thereafter and instead shall receive Class A credit for service as a member of the judiciary if the judicial service begins before January 1, 2018, and the State employee first becomes a member of the system before January 1, 2018, or if he first became a member before January 1, 2011, or December 1, 2010, as a member of the General Assembly, or Class A-3 credit for service other than as a member of the judiciary and other than service as a Class A-5 exempt employee before January 1, 2018, and he first became a member on or after January 1, 2011, or December 1, 2010, as a member of the General Assembly, unless a class of membership other than Class A is elected.

(7) (i) State service performed as Class A service before July 1, 2001, and State service for which Class A service could have been credited but was not credited because membership in the system was optional or prohibited pursuant to section 5301 shall be credited as Class AA service only upon the completion of all acts necessary for the State service to be credited as Class A service had this subsection not been enacted and upon payment of required Class AA member contributions as provided in section 5504 (relating to member contributions for the purchase of credit for previous State service or to become a full coverage member).

(ii) A person who is not a State employee or a school employee on June 30, 2001, and July 1, 2001, and who has previous State service (except a disability annuitant who returns to State service after June 30, 2001, upon termination of the disability annuity) shall not receive Class AA service credit for State service performed before July 1, 2001, until such person becomes an active member, or an active member of the Public School Employees' Retirement System and a multiple service member, and earns three eligibility points by performing credited State service in a class of service other than Class A-5 or credited school service in a class of service other than Class T-G after June 30, 2001.

(iii) Nothing in this paragraph shall be construed to authorize a member of Class A-5 or a multiple service member who is a member of Class T-G in the Public School Employees' Retirement System to reinstate or purchase credit for previously credited or uncredited State service other than as allowed under section 5303(i).

(a.2) Class of membership for members of the General Assembly.—

(1) A person who:

(i) becomes a member of the General Assembly and an active member of the system after June 30, 2001, and before December 1, 2010; or

(ii) is a member of the General Assembly on July 1, 2001, but is not an active member of the system because membership in the system is optional pursuant to section 5301 and who becomes an active member after June 30, 2001, and before December 1, 2010;

and who was not a State police officer on or after July 1, 1989, shall be classified as a Class D-4 member and unless he later

becomes a member of Class A-5 receive credit as a Class D-4 member for all State service as a member of the system performed as a member of the General Assembly upon payment of regular member contributions for Class D-4 service and, subject to the limitations contained in subsection (a.1)(7) and section 5303(i), if previously a member of Class A or employed in a position for which Class A service could have been earned, shall receive Class AA service credit for all Class A State service, other than State service performed as a State police officer or for which a class of service other than Class A or Class D-4 was or could have been elected or credited.

(2) Provided an election to become a Class D-4 member is made pursuant to section 5306.2 (relating to elections by members of the General Assembly), a State employee who was not a State police officer on or after July 1, 1989, who on July 1, 2001, is a member of the General Assembly and an active member of the system and not a member of Class D-3 shall be classified as a Class D-4 member and, unless he later becomes a member of Class A-5, receive credit as a Class D-4 member for all State service performed as a member of the General Assembly not credited as another class other than Class A upon payment of regular member contributions for Class D-4 service and, subject to the limitations contained in paragraph (a.1)(7), shall receive Class AA service credit for all Class A State service, other than State service performed as a State police officer or as a State employee in a position in which the member could have elected a class of service other than Class A, performed before July 1, 2001.

(3) A member of the General Assembly who after June 30, 2001, becomes a State police officer shall retain any Class AA service or Class D-4 service credited prior to becoming a State police officer or being so employed but shall be ineligible to receive Class AA or Class D-4 credit thereafter and instead shall receive Class A credit or Class A-3 credit if he first becomes a member of the system on or after January 1, 2011, and before January 1, 2018, or Class A-5 credit if his most recent period of State service begins on or after January 1, 2018.

(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). 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.3) Class A-4 membership.—Provided that an election to become a Class A-4 member is made pursuant to section 5306.3 (relating to election to become a Class A-4 member), a State employee who otherwise would be a member of Class A-3 shall be classified as a Class A-4 member and receive Class A-4 credit for all creditable State service performed after the effective date of membership in the system, except as a member of the judiciary, upon payment of regular member contributions and shared-risk member contributions for Class A-4 service[.], provided that the member does not terminate service and then, on or after January 1, 2018, returns to the State service in a position other than a Class A-5 exempt employee and elects to be a member of Class A-5 under section 5306.4 (relating to election to become a Class A-5 member and participant).

(a.4) Class A-5 membership.—

(1) A State employee who begins State service or becomes a member of the system on or after January 1, 2018, other than as a Class A-5 exempt employee, shall be classified as a Class A-5 member without regard to position or office held or class of service that the employee would have been a member of

or benefits that the member would have been eligible to accrue and receive but for this subsection and shall receive credit for Class A-5 service upon payment of regular member contributions for Class A-5 service.

(2) The provisions of this part regarding the establishment of and membership in Class A-5 shall apply to all current and former members of the State Employees' Retirement System who have returned to State service on or after January 1, 2018, other than as a Class A-5 exempt employee, after a termination of State service and who have elected to be a member of Class A-5 under section 5306.4.

(3) A terminated State employee who is a member of Class A-5 or who elects to be a member of Class A-5 under section 5306.4 who returns to State service on or after January 1, 2018, shall be subject to the provisions of this part regarding membership in Class A-5 that are in effect on the effective date of reemployment, including benefit formulas and accrual rates, eligibility for annuities and distributions, contribution rates, definitions, purchase of creditable school, nonschool, State and nonstate service provisions and actuarial and funding assumptions.

(4) An individual who is a State employee on January 1, 2018, but is not a member of the system or who first becomes a State employee on or after January 1, 2018, other than as a Class A-5 exempt employee, shall be ineligible for active membership in any of the several classes of State service as otherwise provided for under this section other than Class A-5. Any such State employee, if eligible, may be a member of Class A-5 as a result of such State service.

(5) Notwithstanding this subsection the following shall apply:

(i) A current or former Class A-5 exempt employee who has service as a Class A-5 exempt employee credited as Class A service shall receive Class A service credit for any State service that otherwise would be credited as Class A-5 and shall not be eligible to be an active participant in the plan for the service.

(ii) A current or former Class A-5 exempt employee who has service as a Class A-5 exempt employee credited as Class A-3 or Class A-4 service before January 1, 2018, shall receive Class A-3 or Class A-4 service credit, as the case may be, for any State service that otherwise would be credited as Class A-5 and shall not be eligible to be an active participant in the plan for the service.

(iii) A person who first becomes a Class A-5 exempt employee on or after January 1, 2018, shall receive credit for service as a State police officer as a member of Class A-3, unless the member would otherwise be eligible to receive Class A credit for service as a Class A-5 exempt employee, upon payment of the required member contributions and shall not be eligible to be an active participant in the plan for such service. All other creditable State service shall be credited as otherwise provided under this part, including as Class A-5 service, except that any State service performed concurrently with service as an active or inactive member on leave without pay as a Class A-5 exempt employee shall be credited as Class A-3 service and shall not be eligible for active participation in the plan. Class A-3 service provided for under this subparagraph shall be subject to an election to be credited as Class A-4 service.

(iv) Notwithstanding the provisions of a binding arbitration award issued before July 1, 1989, under the act of June 24, 1968 (P.L.237, No.111), referred to as the Policemen and Firemen Collective Bargaining Act, and implemented by the board, for a member who first becomes an officer of the Pennsylvania State Police on or

after January 1, 2018, other service performed before or after service as a officer of the Pennsylvania State Police shall be credited in the class of service provided under this part.

(b) Other class membership.—

(1) A State employee who is a member of a class of service other than Class A on the effective date of this part shall retain his membership in that class until such service is discontinued; any service thereafter shall be credited as Class A service, Class AA service, Class A-5 or Class D-4 service as provided for in this section.

(2) Notwithstanding any other provision of this section, a State employee [who] whose first period of State service began before January 1, 2018, is appointed [bail commissioner] arraignment court magistrate of the Philadelphia Municipal Court under 42 Pa.C.S. § 1123(a)(5) (relating to jurisdiction and venue) and is eligible to be a member of the system as an arraignment court magistrate may, within 30 days of the effective date of this sentence or within 30 days of his initial appointment as a [bail commissioner] arraignment court magistrate, whichever is later, elect Class E-2 service credit for service performed as [a bail commissioner] an arraignment court magistrate until the termination of State service. This class of service multiplier for E-2 service as a bail commissioner shall be 1.5.

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Section 312. Sections 5306.1(c), 5306.2(b) and 5306.3(c) and (d) of Title 71 are amended to read:

§ 5306.1. Election to become a Class AA member.

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(c) Effect of election.—An election to become a Class AA member shall become effective the later of July 1, 2001, or the date when the election is filed with the board and shall remain in effect until the termination of employment. Upon termination and a subsequent reemployment that occurs before January 1, 2018, the member's class of service shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after January 1, 2018, the State employee's eligibility for membership and class of service in the system or participation in the plan shall be as provided in this part.

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§ 5306.2. Elections by members of the General Assembly.

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(b) Effect of election.—Membership as a Class D-4 member shall become effective on July 1, 2001, and shall remain in effect until the termination of service as a member of the General Assembly. Upon termination and a subsequent reemployment that occurs before January 1, 2018, unless the reemployment is as a Class A-5 exempt employee the member's class of service shall be credited in the class of service otherwise provided for in this part. If the reemployment occurs on or after January 1, 2018, the State employee's eligibility for membership and class of service in the system or participation in the plan shall be as provided in this part.

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

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(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[.] creditable in the system that otherwise is not credited as Class A-5 service, other than service performed as a member of the judiciary, but shall not apply to service performed after a termination of State service and a reemployment when the reemployment occurs on or after January 1, 2018, and the member elects to be a member of Class A-5 under section 5306.4 (relating to election to become a Class A-5 member and participant). Payment of regular member contributions for Class A-4 State service performed prior to the election of Class A-4 membership shall be made in a form, manner and time determined by the board. Upon termination of State service and a subsequent reemployment, a member who

elected Class A-4 membership shall be credited as a Class A-4 member for creditable State service performed after reemployment, except as a member of the judiciary, regardless of termination of employment, termination of membership by withdrawal of accumulated deductions or status as an annuitant, vestee or inactive member after the termination of service; provided that the member does not elect to be a member of Class A-5.

(d) Effect of failure to make election.—Failure to elect to become a Class A-4 member within the election period set forth in subsection (b) shall result in all of the member's State service, other than service performed as a member of the judiciary or that would otherwise be credited as Class A-5 after a termination and return to State service, being credited as Class A-3 service and not subject to further election or crediting as Class A-4 service. Upon termination and subsequent employment, a member who failed to elect to become a Class A-4 member shall not be eligible to make another election to become a Class A-4 member for either past or future State service.

Section 312.1. Title 71 is amended by adding a section to read: § 5306.4. Election to become a Class A-5 member and participant.

(a) General rule.—A person who returns to State service on or after January 1, 2018, and becomes a member of a class of service other than Class A-5 who has not previously declined to elect Class A-5 membership under this section may elect to become a member of Class A-5 and a participant in the plan.

(b) Time for making election.—The election to become a Class A-5 member and participant must be made by the member filing written notice with the board in a form and manner determined by the board no later than 45 days after notice from the board of the member's eligibility to elect Class A-5 membership and participation. A State employee who is eligible to elect to become a Class A-5 member and participant who begins USERRA leave during the election period without having elected Class A-5 membership and participation may make the election within 45 days after being reemployed from USERRA leave.

(c) Effect of election.—An election to become a Class A-5 member and participant shall be irrevocable and shall become effective on the effective date of active membership in the system resulting from the member's return to service. Payment of regular member contributions and shared-risk member contributions for Class A-5 State service performed prior to the election of Class A-5 membership shall be made in a form, manner and time determined by the board. Payment of employer defined contributions and mandatory participant contributions to the plan for State service performed prior to the election of participation in the plan shall be as established in the plan document. Upon termination and subsequent reemployment, a member who elected Class A-5 membership and participation in the plan shall be credited as a Class A-5 member and participant for creditable State service performed after reemployment, regardless of termination of employment, termination of membership or participation by withdrawal of total accumulated deductions, Class A-5 accumulated deductions or distribution of all or part of accumulated total defined contributions or status as an annuitant, vestee, inactive member, participant receiving distributions or inactive participant after the termination of service.

(d) Effect of failure to make election.—Failure to elect to become a Class A-5 member and participant within the election period set forth in subsection (b) shall result in all of the member's State service being credited in the class of membership otherwise provided for under this part and not subject to further election or crediting as Class A-5 service or eligible for participation in the plan. Upon termination and subsequent employment, a member who failed to elect to become a Class A-5 member and participant shall not be eligible to make another election to become a Class A-5 member or participant for either past or future State service.

Section 312.2. Section 5307 of Title 71 is amended to read: § 5307. Eligibility points.

(a) General rule.—An active member of the system shall accrue one eligibility point for each year of credited service as a member of

the [State or] system and if a multiple service member as a member of the Public School Employees' Retirement System. A member shall accrue an additional two-thirds of an eligibility point for each year of Class D-3 credited service. In the case of a fractional part of a year of credited service, a member shall accrue the corresponding fractional portion of eligibility points to which the class of service entitles him.

(a.1) USERRA leave.—A member of the system or participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall be granted the eligibility points that he would have accrued had he continued in his State office or employment instead of performing USERRA leave. In the event that a State employee who is reemployed from USERRA leave makes the member contributions or mandatory pickup participant contributions to be granted State service credit for the USERRA leave, no additional eligibility points will be granted.

(b) Transitional rule.—

(1) In determining whether a member who is not a State employee or school employee on June 30, 2001, and July 1, 2001, and who has previous State service (except a disability annuitant who returns to State service after June 30, 2001, upon termination of the disability annuity) has the five eligibility points required by sections 5102 (relating to definitions), 5308(b) (relating to eligibility for annuities), 5309 (relating to eligibility for vesting), 5704(b) (relating to disability annuities) and 5705(a) (relating to member's options), only eligibility points earned by performing credited State service[, or USERRA leave in a class of service other than Class A-5, or credited school service as an active member of the Public School Employees' Retirement System in a class of service other than Class T-G after June 30, 2001, shall be counted until such member earns one such eligibility point by performing credited State service or credited school service after June 30, 2001, at which time all eligibility points other than eligibility points in classes of service other than Class A-5 or Class T-G as determined pursuant to subsection (a) shall be counted.

(2) Any member to whom paragraph (1) applies shall be considered to have satisfied any requirement for five eligibility points contained in this part if the member:

(i) has ten or more eligibility points of the applicable class of service as determined pursuant to subsection (a); or

(ii) has Class G, Class H, Class I, Class J, Class L, Class M or Class N service and has eight or more eligibility points of a class of service other than Class A-5 or Class T-G as determined pursuant to subsection (a).

(c) Transitional rule for members with Class A-5 service credit.—

(1) Any provision of this part pertaining to eligibility points applicable to the eligibility for or calculation of annuities or benefits attributable to classes of service other than Class A-5 shall not include any eligibility points attributable to service credited in Class A-5 or as a member of Class T-G in the Public School Employees' Retirement System.

(2) Any provision of this part pertaining to eligibility points applicable to the eligibility for or calculation of annuities or benefits attributable to service in Class A-5 shall include only eligibility points attributable to service credited in Class A-5 or if a multiple service member as a member of Class T-G in the Public School Employees' Retirement System.

(3) Only eligibility points earned as a member of Class A-5, or if a multiple service member, as a member of Class T-G in the Public School Employees' Retirement System, shall be applicable to any provision in this part requiring eligibility points for the determination or payment of benefits from the plan.

Section 312.3. Section 5308 of Title 71, amended December 28, 2015 (P.L.529, No.93), is amended to read:

§ 5308. Eligibility for annuities.

(a) Superannuation annuity.—Attainment of superannuation age by an active member or an inactive member on leave without pay with

three or more eligibility points other than eligibility points resulting from nonstate service or nonschool service shall entitle him to receive a superannuation annuity upon termination of State service and compliance with section 5907(f) (relating to rights and duties of State employees [and members].), members and participants; provided that only eligibility points earned in classes of service other than Class A-5 or, if a multiple service member, in Class T-G shall be used to determine if a member has the three eligibility points necessary to be eligible to receive a superannuation annuity attributable to classes of service other than Class A-5; and further provided, that only eligibility points earned in Class A-5 or, if a multiple service member, in Class T-G shall be used to determine if a member has the three eligibility points necessary to be eligible to receive a superannuation annuity attributable to Class A-5 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 or Class A-5 service credit or Class T-E [or], Class T-F or Class T-G 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, if a multiple service member, 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 in classes of service other than Class A-5 or Class T-G in the Public School Employees' Retirement System, upon compliance with section 5907(f), (g) or (h), shall be entitled to receive an annuity based on service and compensation in classes of service other than Class A-5 or Class T-G.

(3) Any vestee, active member or inactive member on leave without pay who has either Class A-3 [or], Class A-4 or Class A-5 service credit or, if a multiple service member, Class T-E [or], Class T-F or Class T-G service credit in the Public School Employees' Retirement System and also has service credited in the system in one or more other classes of service who has five or more, but fewer than ten, eligibility points from classes of service other than Class A-5 or Class T-G, upon compliance with section 5907(f), (g) or (h), shall be eligible to receive an annuity calculated on his service credited in classes of service other than Class A-3 [or], Class A-4 or Class A-5, provided that the member has five or more eligibility points resulting from service in classes other than Class A-3 [or], Class A-4 or Class A-5 or Class T-E [or], Class T-F or Class T-G service in the Public School Employees' Retirement System.

(4) In addition to any withdrawal annuity payable under paragraph (2) or (3), any vestee, active member or inactive member on leave without pay who terminates State service having ten or more eligibility points resulting from Class A-5 service credit or, if a multiple service member, Class T-G service credit in the Public School Employees' Retirement System, upon compliance with section 5907 (f), (g) or (h) shall be entitled to receive an annuity based on service and compensation as a member of Class A-5 and Class T-G in addition to any annuity the member is eligible to receive from other classes of service.

(c) Disability annuity.—An active member or inactive member on leave without pay who:

(1) has five or more eligibility points other than eligibility points resulting from service as a member of Class A-5 or membership in the Public School Employees' Retirement System [or any active member or inactive member on leave without pay who];

(2) is an officer of the Pennsylvania State Police or an

enforcement officer; or

(3) has five or more eligibility points resulting from service as a member of Class A-5;

shall, upon compliance with section 5907(k), be entitled to a disability annuity based on service and compensation in classes other than Class A-5 if he is eligible for a disability annuity on service other than as a member of Class A-5 and a disability annuity based on service and compensation in Class A-5 if he is eligible for a disability annuity based on service and compensation as a member of Class A-5 if he becomes mentally or physically incapable of continuing to perform the duties for which he is employed and qualifies in accordance with the provisions of section 5905(c)(1) (relating to duties of the board regarding applications and elections of members).

(d) Required beginning date.—Members eligible for an annuity must commence receiving the annuity by the member's required beginning date.

Section 312.4. Section 5308.1 introductory paragraph and (1) of Title 71 are amended to read:

§ 5308.1. Eligibility for special early retirement.

Notwithstanding any provisions of this title to the contrary, the following special early retirement provisions shall be applicable to specified eligible members [as follows]:

(1) During the period of July 1, 1985, to September 30, 1991, an active member who has attained the age of at least 53 years and has accrued at least 30 eligibility points shall be entitled, upon termination of State service and compliance with section 5907(f) (relating to rights and duties of State employees [and], members and participants), to receive a maximum single life annuity calculated under section 5702 (relating to maximum single life annuity) without a reduction by virtue of an effective date of retirement which is under the superannuation age.

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Section 312.5. Section 5309 of Title 71, amended December 28, 2015 (P.L.529, No.93), is amended to read:

§ 5309. Eligibility for vesting.

Any member who:

(1) Does not have Class A-3 [or], Class A-4 or Class A-5 service credit or if a multiple service member, Class T-E [or], Class T-F or Class T-G service credit in the Public School Employees' Retirement System and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, with five or more eligibility points, or any member with Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service with five or more eligibility points, shall be eligible until his required beginning date to vest his retirement benefits.

(2) Has only Class A-3 [or] and, if a multiple service member, only Class A-4 service credit or Class T-E or Class T-F service credit in the Public School Employees' Retirement System and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, with ten or more eligibility points shall be eligible until his required beginning date to vest his retirement benefits.

(3) Has either Class A-3 [or] and, if a multiple service member, Class A-4 service credit or Class T-E or Class T-F service credit in the Public School Employees' Retirement System, also has service other than Class A-5 credited in the system in one or more other classes of service and has five or more, but fewer than ten, eligibility points resulting from service in classes other than Class A-5 or Class T-G and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, shall be eligible until his required beginning date to vest his retirement benefits calculated on his service credited in classes of service other than Class A-3 [or], Class A-4 or Class A-5 and to be credited with statutory interest on total accumulated deductions, regardless of whether or not any part of



his accumulated deductions are a result of Class A-3 or Class A-4 service credit.

(4) Has only Class A-5 service credit and, if a multiple service member, only Class T-G service credit in the Public School Employees' Retirement System and terminates State service, or, if a multiple service member and an active member of the Public School Employees' Retirement System, terminates school service with ten or more eligibility points shall be eligible until his required beginning date to vest his retirement benefits resulting from Class A-5 service.

(5) Has Class A-5 service credit and service credited in one or more other classes of service and terminates State service, or if a multiple service member and an active member of the Public School Employees' Retirement System terminates school service, shall be eligible to vest his retirement benefits based on Class A-5 service until the attainment of the applicable superannuation age if he would be required or eligible to vest his retirement benefits based on Class A-5 service under paragraph (4) disregarding all classes of service other than Class A-5 and Class T-G and shall be eligible to vest his retirement benefits in each other class of service other than Class A-5 in accordance with the requirements of each class of service until the attainment of the applicable superannuation ages for each class of service for which he would be able to vest his retirement benefits under paragraph (1), (2) or (3) disregarding service in Class A-5 and Class T-G.

Section 312.6. Section 5310 of Title 71 is amended to read:

§ 5310. Eligibility for death benefits.

In the event of the death of a member who is eligible for an annuity in accordance with section 5308(a) or (b) (relating to eligibility for annuities), his beneficiary shall be entitled to a death benefit. For purposes of this section, a member with ten or more but less than 25 eligibility points resulting from Class A-5 service credit or, if a multiple service member, Class T-G service credit in the Public School Employees' Retirement System shall be considered eligible for an annuity based on Class A-5 service even if under superannuation age.

Section 312.7. Sections 5311 and 5501 of Title 71, amended December 28, 2015 (P.L.529, No.93), are amended to read:

§ 5311. Eligibility for refunds.

(a) Total accumulated deductions.—Any active member, regardless of eligibility for benefits, may elect to receive his total accumulated deductions by his required beginning date upon termination of service in lieu of any benefit from the system to which he is entitled.

(b) Social security integration accumulated deductions.—Any active member at any time after the attainment of normal retirement age may elect to receive his social security integration accumulated deductions and thereby to have all his social security integration credits and benefits therefor cancelled, and shall not be entitled to accrue any further social security integration credits or benefits; except that a disability annuitant who returns to State service in a class of service other than Class A-5 shall have the right to reinstate his social security integration accumulated deductions and credits therefor.

§ 5501. Regular member contributions for current service.

Regular member contributions shall be made to the fund on behalf of each active member for current service except for any period of current service in which the making of such contributions has ceased 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 IRC § 401(a)(17) or 415 or limitations on contributions to the system applicable to a Class A-5 member who is making mandatory pickup participant contributions to the trust.

Section 313. Section 5501.1(a) and (b)(1) and (7) of Title 71 are amended and the section is amended by adding a subsection to read:

§ 5501.1. Shared-risk member contributions for Class A-3 [and], Class A-4 and Class A-5 service.

(a) General.—Shared-risk member contributions shall be made to

the fund on behalf of each member of Class A-3 [or], Class A-4 or Class A-5 for current service credited as Class A-3 [or], Class A-4 or Class A-5 as provided under this section, except for any period of current service in which the making of the contributions has ceased solely by reason of any provision of this part relating to the limitations under IRC § 401(a)(17) or 415 or any provision of this part limiting contributions applicable to a Class A-5 member. Shared-risk member contributions shall be credited to the members' savings account.

(b) Determination of shared-risk contribution rate[.] for Class A-3 and Class A-4 service.—The shared-risk contribution for Class A-3 and Class A-4 service shall be determined as follows:

(1) For the period from the effective date of this section until June 30, 2014, the shared-risk contribution rate for Class A-3 and Class A-4 service shall be zero.

\* \* \*

(7) For any fiscal year in which the actual contributions by the Commonwealth or an employer are lower than those required to be made under section 5507(d) (relating to contributions to the system by the Commonwealth and other employers), the prospective shared-risk contribution rate for those employees whose employers are not making the contributions required by section 5507(d) shall be zero and shall not subsequently be increased, except as otherwise provided in this section.

\* \* \*

(c) Determination of shared-risk contribution rate for Class A-5 service.—The shared risk contribution for Class A-5 service shall be determined as follows:

(1) For the period from the effective date of this section until June 30, 2020, the shared-risk contribution rate for Class A-5 service shall be zero.

(2) For the period from July 1, 2020, to June 30, 2023, if the annual interest rate adopted by the board for use during the period from January 1, 2017, to December 31, 2019, for the calculation of the normal contribution rate is more than 1% greater than the actual rate of return, net of fees, of the investments of the fund based on market value over the period, the shared-risk contribution rate shall be 0.5%. In all other situations, the shared-risk contribution rate shall be zero.

(3) For each subsequent three-year period, the shared-risk contribution rate shall be increased by 0.5% if the annual interest rate adopted by the board for use during the previous ten-year period for the calculation of the normal contribution rate is more than 1% greater than the actual rate of return, net of fees, of the investments of the fund based on market value over the period. The shared-risk contribution rate shall be decreased by 0.5% if the annual interest rate adopted by the board for use during the previous ten-year period for the calculation of the normal contribution rate is equal to or less than the actual rate of return, net of fees, of the investments of the fund based on market value over that period.

(4) Notwithstanding paragraphs (2) and (3), the shared-risk contribution rate may not be less than zero and may not be more than the experience adjustment factor resulting from investment gains or losses in effect on the first day when the new rate would be applied, expressed as a percentage of member compensation, provided that in no event may the shared-risk contribution rate be more than 2%. For the determination of the shared-risk contribution rate to be effective July 1, 2023, the determination period shall be January 1, 2017, through December 31, 2022. For the determination of the shared-risk contribution rate to be effective July 1, 2026, the determination period shall be January 1, 2020, through December 31, 2025.

(5) The shared-risk contribution rate and the factors entering into its calculation shall be certified by the actuary as part of the annual valuations and the actuarial investigation and evaluation of the system conducted every five years under section 5902(j) (relating to administrative duties of the board).

(6) In the event that the annual interest rate adopted by the board for the calculation is changed during the period used to determine the shared-risk contribution rate, the board, with the advice of the actuary, shall determine the applicable rate during the entire period, expressed as an annual rate.

(7) For any fiscal year in which the actual contributions by the Commonwealth or an employer are lower than those required to be made under section 5507(d) (relating to contributions to the system by the Commonwealth and other employers), the prospective shared-risk contribution rate for those employees whose employers are not making the contributions required by section 5507(d) shall be zero and shall not subsequently be increased, except as otherwise provided in this section.

(8) If the actuary certifies that the accrued liability contributions calculated in accordance with the actuarial cost method provided in section 5508(b), as adjusted by the experience adjustment factor, are zero or less, then the shared-risk contribution rate for the next fiscal year shall be zero and shall not subsequently be increased, except as otherwise provided in this section.

Section 314. Section 5502 of Title 71, amended December 28, 2015 (P.L.529, No.93), is amended to read:

§ 5502. Social Security integration member contributions.

Except for any period of current service in which the making of regular member contributions has ceased 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 limitations under IRC § 401(a)(17) or 415, contributions shall be made on behalf of [a] an active member of any class other than Class A-5 who prior to March 1, 1974, has elected Social Security integration coverage. The amount of such contributions shall be 6 1/4% of that portion of his compensation as an active member in excess of the maximum wages taxable under the provisions of the Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.), in addition to the regular member contributions which, after such election, shall be determined on the basis of the basic contribution rate of 5% and the additional member contribution of 1 1/4%: Provided, That a member may elect to discontinue Social Security integration coverage and shall thereafter be ineligible to accrue any further Social Security integration credits or any additional benefits on account of Social Security integration membership.

Section 314.1. Sections 5502.1(b) and 5503.1(a) of Title 71 are amended to read:

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

\* \* \*

(b) Applicability.—This section shall not apply to any member who has Class A-3 [or], Class A-4 or Class A-5 service credit.

\* \* \*

§ 5503.1. Pickup contributions.

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

\* \* \*

Section 314.2. Section 5504 of Title 71, amended December 28, 2015 (P.L.529, No.93), is amended to read:

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

(a) Amount of contributions for service in other than Class G through N.—

(1) The contributions to be paid by an active member or eligible school employee for credit [for] in the system for the portion of total previous State service other than service in Class G, Class H, Class I, Class J, Class K, Class L, Class M and Class N that a member is eligible to have credited or to become a full coverage member shall be sufficient to provide an amount equal to the regular and additional accumulated deductions which would have been standing to the credit of the member for such service had regular and additional member contributions been made with full coverage in the class of service and at the rate of contribution applicable during such period of previous service and had his regular and additional accumulated deductions been credited with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member of the Public School Employees' Retirement System up to the date of purchase.

(2) Notwithstanding paragraph (1), active members [with] who perform State service credited as Class A-3 [State] service shall make contributions and receive credit as if the previous State service was Class A-3 service, and active members [with] who perform State service credited as Class A-4 [State] service shall make contributions and receive credit as if the previous State service was Class A-4 service, even if it would have been credited as a different class of service had the State employee been a member of the system at the time the service was performed unless it was mandatory that the State employee be an active member of the system and the previous State service is being credited as the result of a mandatory active membership requirement.

(a.1) Converted county service.—No contributions shall be required to restore credit for previously credited State service in Class G, Class H, Class I, Class J, Class K, Class L, Class M and Class N. Such service shall be restored upon the commencement of payment of the contributions by an active member of a class of service other than Class A-5 required to restore credit in the system for all other previous State service other than Class A-5 service.

(b) Certification and method of payment.—

(1) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School Employees' Retirement System may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit the salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

(2) No payments for service or coverage shall be allowed for which the required contributions would cause a violation of the limitation related to contributions applicable to governmental plans contained in IRC § 415. In the event that any service credit or coverage based on such disallowed contributions is granted after the effective date of this paragraph, then such service credit shall be canceled and benefits calculated without regard to such service or contributions and any member contributions in excess of the limitations and statutory interest credited on those contributions shall be refunded to the member

by the board.

Section 314.3. Sections 5505(b)(1), (c), (d) and (i)(4) and 5506.1(a) of Title 71 are amended to read:

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

\* \* \*

(b) Nonintervening military service.—

(1) (i) The amount due for the purchase of credit for military service other than intervening military service by a member who is eligible to make the purchase under section 5304(a)(1) or (2) (relating to creditable nonstate service) shall be determined by applying the member's basic contribution rate, the additional contribution rate plus the Commonwealth normal contribution rate for active members at the time of entry, subsequent to such military service, of the member into State service to his average annual rate of compensation, excluding compensation received for Class A-5 service, over the first three years of such subsequent State service and multiplying the result by the number of years and fractional part of a year of creditable nonintervening military service being purchased together with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member of the Public School Employees' Retirement System to date of purchase.

(ii) The amount due for the purchase of credit for military service other than intervening military service by a member who is eligible to make the purchase under section 5304(a)(3) shall be determined by applying the member's basic contribution rate, plus the Commonwealth normal contribution rate for active members at the time of entry, subsequent to such military service, of the member into Class A-5 State service to his average annual rate of compensation received for Class A-5 service subject to any limit each year by the application of the Class A-5 annual compensation limit, over the first three years of such subsequent Class A-5 State service and multiplying the result by the number of years and fractional part of a year of creditable nonintervening military service being purchased, together with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member of the Public School Employees' Retirement System to date of purchase.

(iii) Upon application for credit for such service, payment shall be made in a lump sum within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School Employees' Retirement System it may be amortized with statutory interest through salary deductions in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid. Application may be filed for all such military service credit upon completion of three years of subsequent State service and

shall be credited as Class A service.

\* \* \*

(c) Intervening military service.—Contributions on account of credit for intervening military service shall be determined by the member's regular contribution rate, shared-risk contribution rate, Social Security integration contribution rate, the additional contribution rate which shall be applied only to those members who began service on or after the effective date of this amendatory act and compensation at the time of entry of the member into active military service, together with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member of the Public School Employees' Retirement System to date of purchase. Upon application for such credit the amount due shall be certified in the case of each member by the board in accordance with methods approved by the actuary, and contributions may be made by:

(1) regular monthly payments during active military service; or

(2) a lump sum payment within 30 days of certification; or

(3) salary deductions to the system in amounts agreed upon by the member or eligible school employee who is an active member of the Public School Employees' Retirement System and the board.

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

(d) Nonmilitary and nonmagisterial service.—Contributions on account of credit for creditable nonstate service other than military and magisterial service by State employees who first become members of the system before January 1, 2011, or before December 1, 2010, as a member of the General Assembly shall be determined by applying the member's basic contribution rate, the additional contribution rate plus the Commonwealth normal contribution rate for active members at the time of entry subsequent to such creditable nonstate service of the member into State service to his compensation at the time of entry into State service as a member of the system and multiplying the result by the number of years and fractional part of a year of creditable nonstate service being purchased together with statutory interest during all periods of subsequent State service as an active member or inactive member on leave without pay and school service as an active member or inactive member of the Public School Employees' Retirement System to the date of purchase. Upon application for credit for such service payment shall be made in a lump sum within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School Employees' Retirement System it may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deduction shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

\* \* \*

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

\* \* \*

(4) The payment for credit purchased under this subsection shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active member or eligible school employee who is an active member of the Public School Employees' Retirement System may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by members and the board may include a deferral of payment amounts and interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit the salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of an eligible school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

\* \* \*

§ 5506.1. Annual compensation limit under IRC § 401(a)(17).

(a) General rule.—In addition to other applicable limitations set forth in this part, and notwithstanding any provision of this part to the contrary, the annual compensation of each noneligible member and each participant taken into account for benefit purposes under this part shall not exceed the limitation under IRC § 401(a)(17). On and after January 1, 1996, any reference in this part to the limitation under IRC § 401(a)(17) shall mean the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) (Public Law 103-66, 107 Stat. 312) annual compensation limit set forth in this subsection. The OBRA '93 annual compensation limit is \$150,000, as adjusted by the commissioner for increases in the cost of living in accordance with IRC § 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any determination period which is a period, not exceeding 12 months, over which compensation is determined, beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12.

\* \* \*

Section 315. Title 71 is amended by adding a section to read:

§ 5506.2. Application of Class A-5 annual compensation limit.

(a) General rule.—The Class A-5 annual compensation limit shall be applied to the total compensation received each calendar year for service as a member of Class A-5 and, if a multiple service member, for service in Class T-G in the Public School Employees' Retirement System.

(b) Adjustment required.—For purposes of calculating final average salary for the determination of standard single life annuities and other benefits resulting from Class A-5 service, compensation received each calendar year for Class A-5 service and, if a multiple service member, as a school employee for service as a Class T-G member of the Public School Employees' Retirement System shall be adjusted by first limiting the compensation to the Class A-5 annual compensation limit for that year. The limited Class A-5 service compensation shall then be annualized for any part-time service on the basis of the fractional portion of the year for which credit is received.

Section 316. Section 5507(a), (b), (d) and (e) of Title 71 are amended and the section is amended by adding a subsection to read:

§ 5507. Contributions to the system by the Commonwealth and other employers.

(a) Contributions on behalf of active members.—The Commonwealth and other employers whose employees are members of the system or participants in the plan shall make contributions to the fund on behalf of all active members in such amounts as shall be certified by the board as necessary to provide, together with the members' total accumulated deductions and Class A-5 accumulated

deductions, annuity reserves on account of prospective annuities other than those provided in sections 5708 (relating to supplemental annuities), 5708.1 (relating to additional supplemental annuities), 5708.2 (relating to further additional supplemental annuities), 5708.3 (relating to supplemental annuities commencing 1994), 5708.4 (relating to special supplemental postretirement adjustment), 5708.5 (relating to supplemental annuities commencing 1998), 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to supplemental annuities commencing 2003) and 5708.8 (relating to special supplemental postretirement adjustment of 2002), in accordance with the actuarial cost method provided in section 5508(a), (b), (c), (d) and (f) (relating to actuarial cost method).

(b) Contributions on behalf of annuitants.—The Commonwealth and other employers whose employees are members of the system or participants in the plan shall make contributions on behalf of annuitants in such amounts as shall be certified by the board as necessary to fund the liabilities for supplemental annuities in accordance with the actuarial cost method provided in section 5508(e) [(relating to actuarial cost method)].

(b.1) Payment of employer contributions to the system.—

(1) Payment of employer normal contributions shall be as a percentage of:

(i) the compensation of active members in classes of service other than Class A-5; and

(ii) the compensation of active members of Class A-5 who have 25 or fewer eligibility points resulting from Class A-5 service or, if a multiple service member, Class T-G service up to each employee's Class A-5 annual compensation limit.

(2) Payment of accrued liability contributions as modified by the experience adjustment factor shall be as a percentage of compensation of active members and active participants.

\* \* \*

(d) Payment of final contribution rate.—Notwithstanding the calculation of the actuarially required contribution rate and the provisions of subsections (a) and (b), the Commonwealth and other employers whose employees are members of the system or participants in the plan shall make contributions to the fund on behalf of all active members and annuitants in such amounts as shall be certified by the board in accordance with section 5508(i).

(e) Benefits completion plan contributions.—In addition to all other contributions required under this section and section 5508, the Commonwealth and other employers whose employees are members of the system shall make contributions as certified by the board pursuant to section 5941 (relating to benefits completion plan). Payment of contributions under this subsection shall be as a percentage of the compensation of active members in classes of service other than Class A-5 and the compensation of active members of Class A-5 who have 25 or fewer eligibility points resulting from Class A-5 service or, if a multiple service member, Class T-G up to each employee's Class A-5 annual compensation limit.

\* \* \*

Section 317. Section 5508(a), (b), (c)(1) and (3), (e)(2), (f) and (h) of Title 71 are amended and subsection (c) is amended by adding a paragraph to read:

§ 5508. Actuarial cost method.

(a) Employer contribution rate on behalf of active members.—The amount of the Commonwealth and other employer contributions on behalf of all active members shall be computed by the actuary as a percentage of the total compensation of all active members and participants, subject to the limitations in section 5507(b.1) (relating to contributions to the system by the Commonwealth and other employees), during the period for which the amount is determined and shall be so certified by the board. The actuarially required contribution rate on behalf of all active members shall consist of the employer normal contribution rate, as defined in subsection (b), and the accrued liability contribution rate as defined in subsection (c). The actuarially



required contribution rate on behalf of all active members shall be modified by the experience adjustment factor as calculated in subsection (f).

(b) Employer normal contribution rate.—The employer normal contribution rate shall be determined after each actuarial valuation on the basis of an annual interest rate and such mortality and other tables as shall be adopted by the board in accordance with generally accepted actuarial principles. The employer normal contribution rate shall be determined as a level percentage of the compensation of the average new active member on which employer normal contributions are made under section 5507(b.1), which percentage, if contributed on the basis of his prospective compensation on which employer normal contributions are made under section 5507(b.1) through his entire period of active State service, would be sufficient to fund the liability for any prospective benefit payable to him in excess of that portion funded by his prospective member contributions, excluding shared-risk member contributions. In no case shall the employer normal contribution rate be less than zero.

(c) Accrued liability contribution rate.—

(1) For the fiscal years beginning July 1, 2002, and July 1, 2003, the accrued liability contribution rate shall be computed as the rate of total compensation of all active members which shall be certified by the actuary as sufficient to fund over a period of ten years from July 1, 2002, the present value of the liabilities for all prospective benefits, except for the supplemental benefits as provided in sections 5708 (relating to supplemental annuities), 5708.1 (relating to additional supplemental annuities), 5708.2 (relating to further additional supplemental annuities), 5708.3 (relating to supplemental annuities commencing 1994), 5708.4 (relating to special supplemental postretirement adjustment), 5708.5 (relating to supplemental annuities commencing 1998), 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to supplemental annuities commencing 2003) and 5708.8 (relating to special supplemental postretirement adjustment of 2002), in excess of the total assets in the fund (calculated recognizing all investment gains and losses over a five-year period), excluding the balance in the supplemental annuity account, and the present value of employer normal contributions and of member contributions payable with respect to all active members on December 31, 2001, and excluding contributions to be transferred by county retirement systems or pension plans pursuant to section 5507(c) (relating to contributions to the system by the Commonwealth and other employers). The amount of each annual accrued liability contribution shall be equal to the amount of such contribution for the fiscal year beginning July 1, 2002, except that, if the accrued liability is increased by legislation enacted subsequent to June 30, 2002, but before July 1, 2003, such additional liability shall be funded over a period of ten years from the first day of July, coincident with or next following the effective date of the increase. The amount of each annual accrued liability contribution for such additional legislative liabilities shall be equal to the amount of such contribution for the first annual payment.

\* \* \*

(3) For the fiscal year beginning July 1, 2010, the accrued liability contribution rate shall be computed as the rate of total compensation of all active members which shall be certified by the actuary as sufficient to fund in equal dollar installments over a period of 30 years from July 1, 2010, the present value of the liabilities for all prospective benefits calculated as of the immediately prior valuation date, including the supplemental benefits as provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7 and 5708.8, but excluding the benefits payable from the retirement benefit plan established pursuant to section 5941 (relating to benefits completion plan), in excess of the actuarially calculated assets in the fund (calculated recognizing all realized and unrealized investment gains and

losses each year in level annual installments over five years), including the balance in the supplemental annuity account, and the present value of employer normal contributions and of member contributions payable with respect to all active members, inactive members on leave without pay, vestees and special vestees on December 31, 2009. If the accrued liability is changed by legislation enacted subsequent to December 31, 2009, and before January 1, 2017, such change in liability shall be funded in equal dollar installments over a period of ten years from the first day of July following the valuation date coincident with or next following the date such legislation is enacted.

(4) For fiscal years beginning on or after July 1, 2017, the accrued liability contribution rate shall be computed as provided for under paragraph (3), except that the rate shall be computed as a rate of total compensation of all active members and active participants. In addition to any employer defined contributions made to the trust, the Commonwealth and other employers of participants shall make the accrued liability contributions to the fund certified by the board. If the accrued liability is changed by legislation enacted subsequent to December 31, 2016, the change in liability shall be funded in equal dollar installments as a percentage of compensation of all active members and active participants over a period of ten years from the first day of July following the valuation date coincident with or next following the date such legislation is enacted. The accrued liability contribution rate shall be determined after each actuarial valuation on the basis of an annual interest rate and the mortality and other tables adopted by the board in accordance with generally accepted actuarial principles.

\* \* \*

(e) Supplemental annuity contribution rate.—

\* \* \*

(2) For fiscal years beginning on or after July 1, 2010, contributions from the Commonwealth and other employers whose employees are members of the system required to provide for the payment of supplemental annuities as provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7 and 5708.8 shall be paid as part of the accrued liability contribution rate as provided for in subsection (c)(3), and there shall not be a separate supplemental annuity contribution rate attributable to those supplemental annuities. In the event that supplemental annuities are increased by legislation enacted subsequent to December 31, 2009, the additional liability for the increase in benefits shall be funded in equal dollar installments as a percentage of compensation of all active members and active participants over a period of ten years from the first day of July following the valuation date coincident with or next following the date such legislation is enacted.

(f) Experience adjustment factor.—

(1) For each year after the establishment of the accrued liability contribution rate and the supplemental annuity contribution rate for the fiscal year beginning July 1, 2010, any increase or decrease in the unfunded accrued liability and any increase or decrease in the liabilities and funding for supplemental annuities, due to actual experience differing from assumed experience (recognizing all realized and unrealized investment gains and losses over a five-year period), changes in contributions caused by the final contribution rate being different from the actuarially required contribution rate, State employees making shared-risk member contributions, changes in actuarial assumptions or changes in the terms and conditions of the benefits provided by the system by judicial, administrative or other processes other than legislation, including, but not limited to, reinterpretation of the provisions of this part, shall be amortized in equal dollar annual contributions as a percentage of compensation of all active members and active participants over a period of 30 years beginning with the July 1 succeeding the actuarial valuation determining said increases or decreases.

(2) The actuarially required contribution rate shall be the sum of the normal contribution rate, the accrued liability contribution rate and the supplemental annuity contribution rate, modified by the experience adjustment factor as calculated in paragraph (1).

\* \* \*

(h) Temporary application of collared contribution rate.—The collared contribution rate for each fiscal year shall be determined by comparing the actuarially required contribution rate calculated without regard for costs added by legislation to the prior year's final contribution rate. If, for any of the fiscal years beginning July 1, 2011, July 1, 2012, and on or after July 1, 2013, the actuarially required contribution rate calculated without regard for costs added by legislation is more than 3%, 3.5% and 4.5%, respectively, of the total compensation of all active members greater than the prior year's final contribution rate, then the collared contribution rate shall be applied and be equal to the prior year's final contribution rate increased by the respective percentage above of total compensation of all active members. Otherwise, and for all subsequent fiscal years, the collared contribution rate shall not be applicable. In no case shall the collared contribution rate be less than 4% of total compensation of all active members.

\* \* \*

Section 318. Section 5509 of Title 71 is amended to read:  
§ 5509. Appropriations and assessments by the Commonwealth.

(a) Annual submission of budget.—The board shall prepare and submit annually an itemized budget consisting of the amounts necessary to be appropriated by the Commonwealth out of the General Fund and special operating funds and the amounts to be assessed the other employers required to meet the separate obligations to the fund and the trust accruing during the fiscal period beginning the first day of July of the following year.

(b) Appropriation and payment.—The General Assembly shall make an appropriation sufficient to provide for the separate obligations of the Commonwealth to the fund and the trust. Such amount shall be paid by the State Treasurer through the Department of Revenue into the fund or trust, as the case may be, in accordance with requisitions presented by the board. The contributions to the system by the Commonwealth on behalf of active members who are officers of the Pennsylvania State Police shall be charged to the General Fund and to the Motor License Fund in the same ratios as used to apportion the appropriations for salaries of members of the Pennsylvania State Police. The contributions to the system by the Commonwealth on behalf of active members who are enforcement officers and investigators of the Pennsylvania Liquor Control Board shall be charged to the General Fund and to the State Stores Fund.

(c) Contributions from funds other than General Fund.—The amounts assessed other employers who are required to make the necessary separate contributions to the fund and the trust out of funds other than the General Fund shall be paid by such employers into the fund or trust, as the case may be, in accordance with requisitions presented by the board. The General Fund of the Commonwealth shall not be held liable to appropriate the moneys required to build up the reserves in the fund necessary for the payment of benefits from the system to employees or to make the employer defined contributions for employees of such other employers. In case any such other employer shall fail to provide to the fund the moneys necessary for such purpose, then the service of such members of the system for such period for which money is not so provided shall be credited and pickup contributions with respect to such members shall continue to be credited to the members' savings account. The annuity to which such member is entitled shall be determined as actuarially equivalent to the present value of the maximum single life annuity of each such member reduced by the amount of employer contributions to the system payable on account and attributable to his compensation during such service, except that no reduction shall be made as a result of the failure of an employer to make contributions required for a period of USERRA leave.

Section 318.1. Section 5701 of Title 71, amended December 28, 2015 (P.L.529, No.93), is amended to read:

§ 5701. Return of total accumulated deductions.

Any member upon termination of service may, in lieu of all benefits payable from the system under this chapter to which he may be entitled, elect to receive his total accumulated deductions by his required beginning date.

Section 318.2. Section 5701.1 of Title 71 is amended to read:

§ 5701.1. Transfer of accumulated deductions.

When an employee of the Juvenile Court Judges' Commission elects membership in an independent retirement program pursuant to section 5301(f) (relating to mandatory and optional membership in the system and participation in the plan), the board shall transfer directly to the trustee or administrator of the independent retirement program all accumulated deductions resulting from service credited while an employee of the Juvenile Court Judges' Commission.

Section 319. Section 5702(a), (a.1), (b) and (c) and 5704(a), (c), (e) and (f) of Title 71 are amended and the sections are amended by adding subsections to read:

§ 5702. Maximum single life annuity.

(a) General rule.—Any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 5308(a) or (b) (relating to eligibility for annuities) who terminates State service, or if a multiple service member who is a school employee who is an active member of the Public School Employees' Retirement System who terminates school service, before attaining age 70 shall be entitled to receive a maximum single life annuity attributable to his credited service and equal to the sum of the following single life annuities beginning at the effective date of retirement:

(1) A single life annuity that is the sum of the standard single life [annuity multiplied by the sum of the products,] annuities determined separately for each class of service[, obtained by multiplying] multiplied by the appropriate class of service multiplier [by the ratio of years of service credited in that class to the total credited service] applicable to each standard single life annuity. 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 as a member of the system. 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 be used for calculating benefits for his judicial service shall be the average of the two calculated multipliers weighted by the proportion of compensation attributable to each of the calculated multipliers during the three years of highest annual compensation in that class of service.] separate standard single life annuities shall be calculated for the portion of service in such class applicable to each class of service multiplier.

(2) If eligible, a single life annuity of 2% of his average noncovered salary for each year of social security integration credit as provided for in section 5305 (relating to social security integration credits) multiplied, if on the effective date of

retirement the member is under superannuation age for any service, by the actuarially determined reduction factor for that service.

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

(4) If eligible, a single life annuity which is actuarially equivalent to the amount by which his regular and additional accumulated deductions attributable to any credited service other than as a member of Class A-3, Class A-4, Class A-5 and Class C are greater than one-half of the actuarially equivalent value on the effective date of retirement of the annuity as provided in paragraph (1) attributable to service other than Class A-3, Class A-4, Class A-5 and Class C for which regular or joint coverage member contributions were made. [This paragraph shall not apply to any member with State service credited as Class A-3 or Class A-4.]

(5) If eligible, a single life annuity which is actuarially equivalent to the amount by which his social security integration accumulated deductions are greater than one-half of the actuarially equivalent value on the effective date of retirement of the annuity provided for under paragraph (2).

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

Total Years of Credited Service as a Member of	Percentage of <u>Sums of</u> Standard Single Life [Annuity] <u>Annuities</u> 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%
44	108%
45 or more	110%

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

(1) Any full coverage member who is eligible to receive an annuity pursuant to the provisions of section 5308(a) who terminates State service, or if a multiple service member who is a school employee and an active member of the Public School Employees' Retirement System who terminates school service, on or after attaining age 70 and who applies for a superannuation annuity to be effective the day after the termination of State service or school service, as the case may be, shall be entitled to receive a maximum single life annuity as of a determination date that is equal to the greater of subparagraph (i) or (ii), plus any annuity he may be eligible to receive attributable to Class A-5 service credit:

(i) the sum of the annuities provided in subsection (a)(1) through (6) calculated without including any annuity attributable to Class A-5 service credit as of the determination date; and

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

(A) the sum of the annuities provided in subsection (a)(1), (3), (4) and (6) as of the preceding determination date without including any annuity attributable to Class A-5 service credit adjusted by the actuarial increase factor, plus the annuities provided in subsection (a)(2) and (5) as of the determination date; and

(B) the maximum single life annuity calculated without including any annuity attributable to Class A-5 service credit as of the preceding determination date adjusted by the actuarial increase factor.

The maximum single life annuity calculated without including any annuity attributable to Class A-5 service credit shall be calculated for each determination date.

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

(i) the member's birthday, provided that as of such date the member qualifies for a maximum single life annuity under this subsection, determined excluding eligibility for any annuity attributable to Class A-5 service credit; or

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

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

Nothing in this subsection shall be construed to provide an actuarial increase factor for any period of service prior to the effective date of this subsection.

(b) Present value of annuity.—The present value of the maximum single life annuity as calculated in accordance with subsection (a) of this section shall be determined by multiplying the maximum single life annuity by the cost of a dollar annuity on the effective date of retirement, which shall take into account any delay in the receipt of the portion of the annuity based on Class A-5 if the effective date of retirement is under the superannuation age applicable to Class A-5 service. Such present value shall be decreased only as required under the provisions of section 5506 (relating to incomplete payments), 5509(c) (relating to appropriations and assessments by the Commonwealth) or 5703 (relating to reduction of annuities on account of social security old-age insurance benefits).

(c) Limitation on amount of annuity.—The annuity paid to a member under subsection (a) attributable to any credited service other than as a member of Class A-5 and reduced in accordance with the option elected under section 5705 (relating to member's options) shall not exceed the highest compensation received for any credited service other than service credited as Class A-5 during any period of twelve consecutive months of credited service. No limit on the total annuity paid to a member with Class D-3 service shall be applied in the case of a member who served as a constitutional officer of the General Assembly.

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(e) Coordination of benefits.—The determination and payment of the maximum single life annuity under this section shall be in addition to any payments a member may be entitled to receive, has received or is receiving as a result of being a participant in the plan.  
§ 5704. Disability annuities.

(a) Amount of annuity.—A member who has made application for a disability annuity and has been found to be eligible in accordance with the provisions of section 5905(c)(1) (relating to duties of the board regarding applications and elections of members) shall receive a disability annuity payable from the effective date of disability as determined by the board and continued until a subsequent determination by the board that the annuitant is no longer entitled to a disability annuity. [The] If the sum of the products of the number of years and fractional part of a year of credited service in each class and the appropriate class of service multiplier is greater than 16.667, then the disability annuity shall be a single life annuity that is equal to [a] the sum of the standard single life [annuity] annuities determined separately for each class of service multiplied by the appropriate class of service multiplier [applicable to the class of service at the time of disability if the product of such class of service multiplier and the total number of years of credited service is greater than 16.667, otherwise the], otherwise each standard single life annuity shall be multiplied by the lesser of the following ratios:

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

where Y ' total number of years of credited service, Y\* ' total years of credited service if the member were to continue as a State employee until attaining superannuation age as applicable to that class of service at the time of disability, or if the member has attained superannuation age, as applicable to that class of service at the time of disability, then the number of years of credited service and M ' the class of service multiplier as applicable to that class of service at the effective date of disability. A member of Class C shall receive, in addition, any annuity to which he may be eligible under section 5702(a)(3) (relating to maximum single life annuity). The member shall be entitled to the election of a joint and survivor annuity on that portion of the disability annuity to which he is entitled under section 5702.

\* \* \*

(c) Reduction on account of earned income.—Subsequent to January 1, 1972, payments on account of disability shall be reduced by that amount by which the earned income of the annuitant, as reported in accordance with section 5908(b) (relating to rights and duties of annuitants), for the preceding calendar year together with the disability annuity payments provided in this section other than subsection (b), for the year, exceeds the product of:

[(i)] (1) the last year's salary of the annuitant as a [State employee] member of the system; and

[(ii)] (2) the ratio of the current monthly payment to the monthly payment at the effective date of disability;

Provided, That the annuitant shall not receive less than his member's annuity or the amount to which he may be entitled under section 5702 whichever is greater.

\* \* \*

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

(1) does not have Class A-3 [or], Class A-4 or Class A-5 service credit; or

(2) has Class A-3 [or], Class A-4 or Class A-5 service credit and fewer than ten eligibility points;

and who does not return to State service may file an application with the board for an amount equal to the excess, if any, of the sum of the shared-risk accumulated deductions plus the regular and additional accumulated deductions standing to his credit at the effective date of disability over one-third of the total disability annuity payments received. If the annuitant on the date of termination of service was eligible for an annuity as provided in section 5308(a) or (b) (relating to eligibility for annuities), he may file an application with the board for an election of an optional modification of his annuity.

(f) Supplement for service connected disability.—

(1) If a member has been found to be eligible for a disability annuity and if the disability has been found to be a service connected disability and if the member is receiving workers' compensation payments for other than medical benefits, such member shall receive a supplement equal to [70% of his final average salary] the amount determined under paragraph (2) less the sum of the annuity as determined under subsection (a) and any payments paid or payable on account of such disability under the act of June 2, 1915 (P.L.736, No.338), known as the Workers' Compensation Act, the act of June 21, 1939 (P.L.566, No.284), known as The Pennsylvania Occupational Disease Act, and the Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.). Such supplement shall continue as long as he is determined to be disabled and is receiving workers' compensation payments for other than medical benefits on account of his service connected disability in accordance with the Workers' Compensation Act or The Pennsylvania Occupational Disease Act. If the member has received a lump sum workers' compensation payment in lieu of future weekly compensation payments, the length in weeks and calculation of the service connected disability supplement shall be determined by dividing the lump sum payment by the average weekly wage as determined by the Workers' Compensation Board.

(2) For a member who does not have Class A-5 service or has only Class A-5 service, the amount to be used to determine eligibility for the supplement under paragraph (1) shall be 70% of his final average salary. For a member who has Class A-5 service and other classes of service, the amount to be used to determine eligibility for the supplement under paragraph (1) shall be determined using the following formula:

$$A' 0.7 [(FAS^{A-5} \text{ multiplied by } Y^{A-5}/Y^T) + (FAS^W \text{ multiplied by } Y^W/Y^T)].$$

(3) The following apply to the formula in paragraph (2):

(i) A equals the amount used to determine the supplement;

(ii) Y<sup>T</sup> equals total years of credited service;

(iii) Y<sup>W</sup> equals years of service credited in classes of service other than Class A-5;

(iv) FAS<sup>W</sup> equals final average salary calculated for classes of service other than Class A-5;

(v) Y<sup>A-5</sup> equals years of service credited in Class A-5; and

(vi) FAS<sup>A-5</sup> equals final average salary calculated for service credited in Class A-5.

\* \* \*

(h) Coordination of benefits.—The determination and payment of a disability annuity under this section is in addition to any payments a member may be entitled to receive, has received or is receiving as a result of being a participant in the plan.

Section 320. Section 5705(a) of Title 71, amended December 28, 2015 (P.L.529, No.93), is amended to read:

§ 5705. Member's options.

(a) General rule.—Any special vestee [who has attained superannuation age, any vestee who does not have Class A-3 or Class A-4 service credit having five or more eligibility points for service other than Class T-E or Class T-F service in the Public School Employees' Retirement System, or vestee who has Class A-3 or Class A-4 service credit having ten or more eligibility points, any member with Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service having five or more eligibility points or any other eligible member upon termination of State service who has not withdrawn his total accumulated deductions as provided in section 5701 (relating to return of total accumulated deductions)] , vestee or any other member upon termination of State service who is eligible to receive an annuity as provided in section 5308(a) or (b) (relating to eligibility for annuities) may apply for and elect to receive either a maximum single life annuity, as calculated in accordance with the



provisions of section 5702 (relating to maximum single life annuity), or a reduced annuity certified by the actuary to be actuarially equivalent to the maximum single life annuity and in accordance with one of the following options; except that no member shall elect an annuity payable to one or more survivor annuitants other than his spouse or alternate payee of such a magnitude that the present value of the annuity payable to him for life plus any lump sum payment he may have elected to receive is less than 50% of the present value of his maximum single life annuity and no member may elect a payment option that would provide benefits that do not satisfy the minimum distribution requirements or would violate the incidental death benefit rules of IRC § 401(a)(9):

(1) Option 1.—A life annuity to the member with:

(i) a guaranteed total payment attributable to all classes of service other than Class A-5 equal to the present value of the maximum single life annuity attributable to all classes of service other than Class A-5 on the effective date of retirement with the provision that, if, at his death, he has received less than such present value, the unpaid balance shall be payable to his beneficiary[.]; and

(ii) a guaranteed total payment attributable to Class A-5 service equal to the present value of the maximum single life annuity attributable to Class A-5 service on the effective date of retirement with the provision that, if, at his death, he has received less than such present value, the unpaid balance shall be payable to his beneficiary.

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

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

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

(i) any annuity shall be payable without reduction during the lifetime of the member;

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

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

\* \* \*

Section 320.1. Section 5705.1 of Title 71 is amended to read:

§ 5705.1. Payment of accumulated deductions resulting from Class A-3 [and], Class A-4 and Class A-5 service.

Any superannuation or withdrawal annuitant who:

(1) has Class A-3 [or], Class A-4 or Class A-5 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 and Class A-5 service

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 and Class A-5 service credit shall not be eligible for installment payments pursuant to section 5905.1 (relating to installment payments of accumulated deductions) but shall be considered a lump sum payment for purposes of section 5905.1(d).

Section 320.2 Section 5706(a), (a.1), (a.2), (b) and (c)(1) of Title 71, amended December 28, 2015 (P.L.529, No.93), are amended to read:

§ 5706. Termination of annuities.

(a) General rule.—

(1) If the annuitant returns to State service or enters or has entered school service and elects multiple service membership, any annuity payable to him under this part shall cease effective upon the date of his return to State service or entering school service without regard to whether he is a mandatory, optional or prohibited member of the system or participant in the plan or, if a multiple service member, whether he is a mandatory, optional or prohibited member or participant of the Public School Employees' Retirement System or School Employees' Defined Contribution Plan and in the case of an annuity other than a disability annuity the present value of such annuity, adjusted for full coverage in the case of a joint coverage member who makes the appropriate back contributions for full coverage, shall be frozen as of the date such annuity ceases. An annuitant who is credited with an additional 10% of Class A and Class C service as provided in section 5302(c) (relating to credited State service) and who returns to State service shall forfeit such credited service and shall have his frozen present value adjusted as if his 10% retirement incentive had not been applied to his account. In the event that the cost-of-living increase enacted December 18, 1979 occurred during the period of such State or school employment, the frozen present value shall be increased, on or after the member attains superannuation age, by the percent applicable had he not returned to service.

(2) This subsection shall not apply in the case of any annuitant who:

(i) may render services to the Commonwealth in the capacity of an independent contractor; or

(ii) is over normal retirement age or who has been an annuitant for more than one year and who may render service to the Commonwealth:

(A) as a member of an independent board or commission or as a member of a departmental administrative or advisory board or commission when such members of independent or departmental boards or commissions are compensated on a per diem basis for not more than 150 days per calendar year; or

(B) as a member of an independent board or commission requiring appointment by the Governor, with advice and consent of the Senate, where the annual salary payable to the member does not exceed \$35,000 and where the member has been an annuitant for at least six months immediately preceding the appointment.

Such service shall not be eligible for participation in the plan, mandatory pickup participant contributions or employer defined contributions.

(a.1) Return to State service during emergency.—When, in the judgment of the employer, an emergency creates an increase in the work load such that there is serious impairment of service to the public, an annuitant who is over normal retirement age or who has been an

annuitant for more than one year may be returned to State service for a period not to exceed 95 days in any calendar year without loss of his annuity. In computing the number of days an annuitant has returned to State service, any amount of time less than one-half of a day shall be counted as one-half of a day. For agencies, boards and commissions under the Governor's jurisdiction, the approval of the Governor that an emergency exists shall be required before an annuitant may be returned to State service his service shall not be subject to member contributions or be eligible for qualification as creditable State service or for participation in the plan, mandatory pickup participant contributions or employer defined contributions.

(a.2) Return of benefits.—In the event an annuitant whose annuity from the system ceases pursuant to this section receives any annuity payment, including a lump sum payment pursuant to section 5705 (relating to member's options) on or after the date of his return to State service or entering school service, the annuitant shall return to the board the amount so received from the system plus statutory interest. The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active member or school employee who is an active member of the Public School Employees' Retirement System may be amortized with statutory interest through salary deductions to the system in amounts agreed upon by the member and the board. The salary deduction amortization plans agreed to by the member and the board may include a deferral of payment amounts and statutory interest until the termination of school service or State service as the board in its sole discretion decides to allow. The board may limit salary deduction amortization plans to such terms as the board in its sole discretion determines. In the case of a school employee who is an active member of the Public School Employees' Retirement System, the agreed upon salary deductions shall be remitted to the Public School Employees' Retirement Board, which shall certify and transfer to the board the amounts paid.

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(b) Subsequent discontinuance of service.—Upon subsequent discontinuance of service, such member other than a former annuitant who had the effect of his frozen present value eliminated in accordance with subsection (c) or a former disability annuitant shall be entitled to an annuity which is actuarially equivalent to the sum of:

(1) the present value as determined under subsection (a) [and];

(2) the present value of a maximum single life annuity based on years of service credited in classes of service other than Class A-5 subsequent to reentry in the system and his final average salary computed by reference to his compensation for service credited in classes of service other than Class A-5 and Class T-G during his entire period of State and school service[.]; and

(3) if eligible, the present value of a maximum single life annuity based on years of service credited in Class A-5 subsequent to reentry in the system and his final average salary computed by reference to his compensation for service credited in Class A-5 and Class T-G during his entire period of State and school service.

(c) Elimination of the effect of frozen present value.—

(1) An annuitant who returns to State service as an active member of the system and earns three eligibility points by performing credited State service in a class of service other than Class A-5 following the most recent period of receipt of an annuity under this part, or an annuitant who enters school service and:

(i) is a multiple service member; or

(ii) who elects multiple service membership, and earns three eligibility points by performing credited State service or credited school service in classes of service other than Class A-5 or Class T-G following the most recent period of receipt of an annuity under this part, and who had the present value of his annuity frozen in accordance with subsection (a), shall qualify to

have the effect of the frozen present value resulting from all previous periods of retirement eliminated, provided that all payments under Option 4 and annuity payments payable during previous periods of retirement plus interest as set forth in paragraph (3) shall be returned to the fund in the form of an actuarial adjustment to his subsequent benefits or in such form as the board may otherwise direct.

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Section 321. Section 5707(b), (e) and (f) of Title 71 are amended and the section is amended by adding a subsection to read:

§ 5707. Death benefits.

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(b) Members ineligible for annuities.—In the event of the death of a special vestee, an active member, an inactive member on leave without pay or a current or former State employee performing USERRA leave who is not entitled to a death benefit as provided in subsection (a), his designated beneficiary shall be paid the full amount of his total accumulated deductions and Class A-5 accumulated deductions.

(b.1) Members eligible for annuities in some classes of service and ineligible in other classes of service.—In the event of the death of a member who is eligible for an annuity based on service credited in some classes of service and ineligible for an annuity for service credited in other classes of service, a benefit shall be paid under subsection (a) based on the service for which an annuity is deemed payable in addition to payment under subsection (b) of the accumulated deductions attributable to service for which the member was not eligible for an annuity.

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(e) Annuitants electing maximum single life annuity.—

(1) In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in annuity payments based on his service credited in classes other than Class A-5 the full amount of the total accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary.

(2) In the event of the death of an annuitant who has elected to receive the maximum single life annuity before he has received in annuity payments based on his service credited in Class A-5 the full amount of the Class A-5 accumulated deductions standing to his credit on the effective date of retirement, the balance shall be paid to his designated beneficiary.

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

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Section 321.1. Section 5709(a) of Title 71 is amended to read:  
§ 5709. Payment of benefits from the system.

(a) Annuities.—Any annuity granted under the provisions of this part and paid from the fund shall be paid in equal monthly installments.

(b) Death benefits.—If the amount of a death benefit payable from the fund to a beneficiary of a member under section 5707 (relating to death benefits) or under the provisions of Option 1 of section 5705(a)(1) (relating to member's options) is \$10,000 or more, such beneficiary may elect to receive payment according to one of the following options:

(1) a lump sum payment;

(2) an annuity actuarially equivalent to the amount

payable; or

(3) a lump sum payment and an annuity such that the annuity is actuarially equivalent to the amount payable less the lump sum payment specified by the beneficiary.

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Section 322. Title 71 is amended by adding a chapter to read:

#### CHAPTER 58

#### STATE EMPLOYEES' DEFINED CONTRIBUTION PLAN

Sec.

5801. Establishment.

5802. Plan document.

5803. Individual investment accounts.

5804. Participant contributions.

5805. Mandatory pickup participant contributions.

5806. Employer defined contributions.

5806.1. Use of plan savings.

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5811. Agreements with financial institutions and other organizations.

5812. Powers and duties of board.

5813. Responsibility for investment loss.

5814. Investments based on participants' investment allocation choices.

5815. Expenses.

5816. (Reserved).

5817. Tax qualification.

5818. State Employees' Defined Contribution Holding Vehicle Trust.

§ 5801. Establishment.

(a) State Employees' Defined Contribution Plan.—The State Employees' Defined Contribution Plan is established. The board shall administer and manage the plan which shall be a defined contribution plan exclusively for the benefit of those State employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the plan not inconsistent with this part, IRC or other applicable law and shall provide for the plan's administration.

(b) State Employees' Defined Contribution Trust.—The State Employees' Defined Contribution Trust is established as part of the plan. The trust shall be comprised of the individual investment accounts and all assets and moneys in those accounts. The members of the board shall be the trustees of the trust, which shall be administered exclusively for the benefit of those State employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a). The board shall determine the terms and provisions of the trust not inconsistent with this part, IRC or other applicable law and shall provide for the investment and administration of the trust.

(c) Assets held in trust.—All assets and income in the plan that have been or shall be withheld or contributed by the participants, the Commonwealth and other employers in accordance with this part shall be held in trust in any funding vehicle permitted by the applicable provisions of IRC for the exclusive benefit of the participants and their beneficiaries until such time as the funds are distributed to the participants or their beneficiaries in accordance with the terms of the plan document. The assets of the plan held in trust for the exclusive benefit of the participants and their beneficiaries may be used for the payment of the fees, costs and expenses related to the administration and investment of the plan and the trust.

(d) Name for transacting business.—All of the business of the plan shall be transacted, the trust invested, all requisitions for money drawn and payments made and all of its cash and securities and other property shall be held by the name of the "State Employees' Defined Contribution Plan." Notwithstanding any other law to the contrary, the board may establish a nominee registration procedure for the purpose of registering securities in order to facilitate the purchase, sale or other disposition of securities pursuant to the provisions of this part.

§ 5802. Plan document.

The board shall set forth the terms and provisions of the plan and trust in a document containing the terms and conditions of the plan and in a trust declaration that shall be published in the Pennsylvania Bulletin. The creation of the document containing the terms and conditions of the plan and the trust declaration and the establishment of the terms and provisions of the plan and the trust need not be promulgated by regulation or formal rulemaking and shall not be subject to the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law. A reference in this part or other law to the plan shall include the plan document unless the context clearly indicates otherwise.

§ 5803. Individual investment accounts.

The board shall establish in the trust an individual investment account for each participant in the plan. All contributions by a participant or an employer for or on behalf of a participant shall be credited to the participant's individual investment account, together with all interest and investment earnings and losses. Investment and administrative fees, costs and expenses shall be charged to the participants' individual investment accounts. Employer defined contributions shall be recorded and accounted for separately from participant contributions, but all interest, investment earnings and losses, and investment and administrative fees, costs and expenses shall be allocated proportionately.

§ 5804. Participant contributions.

(a) Mandatory contributions.—A participant shall make mandatory pickup participant contributions through payroll deductions to the participant's individual investment account for State service required to be credited in the plan. The employer shall cause those contributions for service required to be credited in the plan to be made and deducted from each payroll or on such schedule as established by the board.

(b) Voluntary contributions.—A participant may make voluntary contributions through direct trustee-to-trustee transfers or through transfers of money received in an eligible rollover into the trust to the extent allowed by IRC § 402. The rollovers shall be made in a form and manner as determined by the board, shall be credited to the participant's individual investment account and shall be separately accounted for by the board.

(c) Prohibited contributions.—No contributions may be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any participant contributions in excess of the limitations and investment earnings on those contributions shall be refunded to the participant by the board.

§ 5805. Mandatory pickup participant contributions.

(a) Treatment for purposes of IRC § 414(h).—The contributions to the trust required to be made under section 5804(a) (relating to participant contributions) with respect to State service rendered by an active participant shall be picked up by the Commonwealth or other employer and shall be treated as the employer's contribution for purposes of IRC § 414(h). After the effective date of this section, an employer employing a participant in the plan shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant.

(b) Treatment for other purposes.—For all purposes other than the IRC, the mandatory pickup participant contributions shall be treated as contributions made by a participant in the same manner and to the same extent as if the contributions were made directly by the participant and not picked up.

§ 5806. Employer defined contributions.

(a) Contributions for service.—The Commonwealth or other employer of an active participant shall make employer defined contributions for service of an active participant that shall be credited to the active participant's individual investment account. Employer defined contributions shall be recorded and accounted for separately from participant contributions.

(b) Contributions resulting from participants reemployed from USERRA leave.—When a State employee reemployed from USERRA leave makes the mandatory pickup participant contributions permitted to be made for the USERRA leave, the Commonwealth or other employer by whom the State employee is employed at the time the participant contributions are made shall make whatever employer defined contributions would have been made under this section had the employee making the participant contributions continued to be employed in the participant's State office or position instead of performing USERRA leave. The employer defined contributions shall be placed in the participant's individual investment account as otherwise provided by this part.

(c) Limitations on contributions.—No contributions may be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any employer defined contributions in excess of the limitations and investment earnings on the contributions shall be refunded to the employer by the board.

§ 5806.1. Use of plan savings.

(a) Determination.—The system shall determine the difference between:

(1) The current aggregate employer contributions and the aggregate employer contributions that would have been required by Act 120 of 2010.

(2) The current plan expenditures and the plan expenditures that would have been required by Act 120 of 2010.

(b) Utilization.—Any savings realized based on the implementation of the plan, as determined under subsection (a), shall be utilized to pay down the accrued unfunded liability.

(c) Intent.—It is the intent of the General Assembly to make an annual appropriation from the General Fund to the system in the amount determined under subsection (a)(1).

(d) Definition.—As used in this section, the term "Act 120 of 2010" shall mean the act of November 23, 2010 (P.L.1269, No.120), entitled, "An act amending Titles 24 (Education) and 71 (State Government) of the Pennsylvania Consolidated Statutes, in Title 24, further providing for definitions, for mandatory and optional membership, for contributions by the Commonwealth, for payments by employers, for actuarial cost method, for additional supplemental annuities, for further additional supplemental annuities, for supplemental annuities commencing 1994, for supplemental annuities commencing 1998, for supplemental annuities commencing 2002, for supplemental annuities commencing 2003, for administrative duties of board, for payments to school entities by Commonwealth, for eligibility points for retention and reinstatement of service credits and for creditable nonschool service; providing for election to become a Class T-F member; further providing for classes of service, for eligibility for annuities, for eligibility for vesting, for regular member contributions, for member contributions for creditable school service, for contributions for purchase of credit for creditable nonschool service, for maximum single life annuity, for disability annuities, for member's options, for duties of board regarding applications and elections of members and for rights and duties of school employees and members; providing for Independent Fiscal Office study; in Title 71, establishing an independent fiscal office and making a related repeal; further providing for definitions, for credited State service, for retention and reinstatement of service credits, for creditable nonstate service and for classes of service; providing for election to become a Class A-4 member; further providing for eligibility for annuities and for eligibility for vesting; providing for shared-risk member contributions for Class A-3 and Class A-4 service; further providing for waiver of regular member contributions and Social Security integration member contributions, for member contributions for purchase of credit for previous State service or to become a full coverage member, for contributions for the purchase of credit for creditable nonstate service, for contributions by the Commonwealth and other employers, for actuarial cost method, for maximum single life annuity, for disability

annuities and for member's options; providing for payment of accumulated deductions resulting from Class A-3 service; further providing for additional supplemental annuities, for further additional supplemental annuities, for supplemental annuities commencing 1994, for supplemental annuities commencing 1998, for supplemental annuities commencing 2002, for supplemental annuities commencing 2003, for special supplemental postretirement adjustment of 2002, for administrative duties of the board, for duties of board to advise and report to heads of departments and members, for duties of board regarding applications and elections of members, for installment payments of accumulated deductions, for rights and duties of State employees and members, for members' savings account, for State accumulation account, for State Police Benefit Account, for Enforcement Officers' Benefit Account, for supplemental annuity account and for construction of part; and providing for Independent Fiscal Office study, for retirement eligibility of Pennsylvania State Police officers or members, for a prohibition on the issuance of pension obligation bonds, for holding certain public officials harmless, for construction of calculation or actuarial method, for applicability and for certain operational provisions."

§ 5807. Eligibility for benefits.

(a) Termination of service.—A participant who terminates State service shall be eligible to withdraw the vested accumulated total defined contributions standing to the participant's credit in the participant's individual investment account or a lesser amount as the participant may request. Payment shall be made in a lump sum unless the board has established other forms of distribution in the plan document. A participant who withdraws his vested accumulated total defined contributions shall no longer be a participant in the plan, notwithstanding that the former State employee may continue to be a member of the system with Class A-5 service credit or may have contracted to receive an annuity or other form of payment from a provider retained by the board for such purposes.

(b) Required distributions.—All payments pursuant to this section shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a)(9). The board shall take any action and make any distributions it may determine are necessary to comply with those requirements.

(c) (Reserved).

(d) Prohibited distributions.—A participant who also is a member of the system must be terminated from all positions that result in either membership in the system or participation in the plan to be eligible to receive a distribution.

(e) Loans.—Loans or other distributions, including hardship or unforeseeable emergency distributions, from the plan to State employees who have not terminated State service are not permitted, except as required by law.

(f) Small individual investment accounts.—A participant who terminates State service and whose vested accumulated total defined contributions are below the threshold established by law as of the date of termination of service may be paid the vested accumulated total defined contributions in a lump sum as provided in IRC § 401(a)(31).

§ 5808. Death benefits.

(a) General rule.—In the event of the death of an active participant or inactive participant, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document.

(b) Death of participant receiving distributions.—In the event of the death of a participant receiving distributions, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum or in such other manner as the board may establish in the plan document or, if the board has established alternative methods of distribution in the plan document under which the participant was receiving distributions, to the participant's beneficiary or successor payee, as the case may be, as provided in the plan document.

(c) Contracts.—The board may contract with financial



institutions, insurance companies or other types of third-party providers to allow participants who receive a lump sum distribution to receive payments and death benefits in a form and manner as provided by the contract.

§ 5809. Vesting.

(a) Participant and voluntary contributions.—Subject to the forfeiture and attachment provisions of section 5953 (relating to taxation, attachment and assignment of funds) or otherwise as provided by law, a participant shall be vested with respect to all mandatory pickup participant contributions and voluntary contributions paid by or on behalf of the participant to the trust in addition to interest and investment gains or losses on the participant contributions but not including investment fees and administrative charges.

(b) Employer defined contributions.—

(1) Subject to the forfeiture and attachment provisions of section 5953 or otherwise as provided by law, a participant with three eligibility points as provided under section 5307(c)(3) (relating to eligibility points) shall be vested with respect to all employer defined contributions paid to the participant's individual investment account in the trust in addition to interest and investment gains and losses on the employer defined contributions but not including investment fees and administrative charges.

(2) Nonvested employer defined contributions and the interest and investment gains and losses on the nonvested employer defined contributions that are forfeited when a participant terminates State service before accruing three eligibility points as provided under section 5307(c)(3) are credited to the participant's most recent employer's future obligation assessed under section 5509 (relating to appropriations and assessments by the Commonwealth).

(c) USERRA leave and eligibility points.—A participant in the plan who is reemployed from USERRA leave or who dies while performing USERRA leave shall receive eligibility points under this section for the State service that would have been performed had the member not performed USERRA leave.

§ 5810. Termination of distributions.

(a) Return to State service.—

(1) A participant receiving distributions or an inactive participant who returns to State service shall cease receiving distributions and shall not be eligible to receive distributions until the participant subsequently terminates State service, without regard to whether the participant is a mandatory, optional or prohibited member of the system or participant in the plan.

(2) This subsection shall not apply to a distribution of accumulated employer defined contributions or other distributions that the participant has received or used to purchase an annuity from a provider contracted by the board.

(b) Return of benefits paid during USERRA leave.—

(1) If a former State employee is reemployed from USERRA leave and received any payments or annuity from the plan during the USERRA leave, the employee shall return to the board the amount so received plus interest as provided in the plan document.

(2) The amount payable shall be certified in each case by the board in accordance with methods approved by the actuary and shall be paid in a lump sum within 30 days or in the case of an active participant may be amortized with interest as provided in the plan document through salary deductions to the trust in amounts agreed upon by the active participant and the board, but for not longer than a period that starts with the date of reemployment and continues for up to three times the length of the active participant's immediate past period of USERRA leave. The repayment period shall not exceed five years.

§ 5811. Agreements with financial institutions and other organizations.

(a) Written agreement.—To establish and administer the plan, the board shall enter into a written agreement with one or more financial institutions or pension management organizations to administer the

plan and the investment of funds held pursuant to the plan. The administrator shall be selected in accordance with the following:

(1) The board shall solicit proposals from financial institutions and pension management organizations.

(2) The board shall publish the solicitation in the Pennsylvania Bulletin.

(3) Proposals received shall be evaluated based on specific criteria adopted by the board. The criteria shall include experience, customer service history and other criteria.

(b) Rebid.—A contract to administer the plan under subsection (a) shall be rebid at least once every ten years.

§ 5812. Powers and duties of board.

The board shall have the following powers and duties to establish the plan and trust and administer the provisions of this chapter and part:

(1) The board may commingle or pool assets with the assets of other persons or entities.

(2) The board shall pay all administrative fees, costs and expenses of managing, investing and administering the plan, the trust and the individual investment accounts from the balance of such individual investment accounts except as the General Assembly otherwise provides by appropriations from the General Fund.

(3) The board may establish investment guidelines and limits on the types of investments that participants may make, consistent with the board's fiduciary obligations.

(4) The board shall have the power to change the terms of the plan as may be necessary to maintain the tax-qualified status of the plan.

(5) The board may establish a process for election to participate in the plan by those State employees for whom participation is not mandatory.

(6) The board may perform an annual or more frequent review of any qualified fund manager for the purpose of assuring that the fund manager continues to meet all standards and criteria established.

(7) The board may allow for eligible rollovers and direct trustee-to-trustee transfers into the trust from qualified plans of other employers, regardless of whether the employers are private employers or public employers.

(8) The board may allow a former participant to maintain the participant's individual investment account within the plan.

(9) The board shall administer or ensure the administration of the plan in compliance with the qualifications and other rules of the IRC.

(10) The board may establish procedures to provide for the lawful payment of benefits.

(11) The board shall determine what constitutes a termination of State service.

(12) The board may establish procedures for distributions of small accounts as required or permitted by the IRC.

(13) The board may establish procedures in the plan document or promulgate rules and regulations as it deems necessary for the administration and management of the plan, including, but not limited to, establishing:

(i) Procedures for eligible participants to change their investment choices on a periodic basis or make other elections regarding their participation in the plan.

(ii) Procedures for deducting mandatory pickup participant contributions from a participant's compensation.

(iii) Procedures for rollovers and trustee-to-trustee transfers allowed under the IRC and permitted as part of the plan.

(iv) Standards and criteria for providing not less than ten options in accordance with three or more providers of investment options to eligible individuals

regarding investments of amounts deferred under the plan. The standards and criteria must provide for variety of investment options and shall be reviewed in accordance with criteria established by the board. One of the available options must serve as the default option for participants who do not make a timely election and, to the extent commercially available, one option must have an annuity.

(v) Standards and criteria for disclosing to the participants the anticipated and actual income attributable to amounts invested, property rights and all fees, costs and expenses to be made against amounts deferred to cover the fees, costs and expenses of administering and managing the plan or trust.

(vi) Procedures, standards and criteria for the making of distributions from the plan upon termination from employment or death or in other circumstances consistent with the purpose of the plan.

(14) The board may waive any reporting or information requirement contained in this part if the board determines that the information is not needed for the administration of the plan.

(15) The board may contract any services and duties in lieu of staff, except final adjudications and as prohibited by law. Any duties or responsibilities of the board not required by law to be performed by the board can be delegated to a third-party provider subject to appeal to the board.

(16) The board may provide that any duties of the employer or information provided by the participant to the employer be performed or received directly by the board.

(17) The board shall ensure that participants are provided with educational materials about investment options and choices.

#### § 5813. Responsibility for investment loss.

The board, the Commonwealth, an employer or other political subdivision shall not be responsible for any investment loss incurred under the plan or for the failure of any investment to earn any specific or expected return or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the plan.

#### § 5814. Investments based on participants' investment allocation choices.

(a) Investment by participant.—All contributions, interest and investment earnings shall be invested based on a participant's investment allocation choices. All investment allocation choices shall be credited proportionally between participant contributions and employer defined contributions. Each participant shall be credited individually with the amount of contributions, interest and investment earnings.

(b) Investment of contributions made by entities other than the Commonwealth.—Investment of contributions by any corporation, institution, insurance company or custodial bank that the board has approved shall not be unreasonably delayed, and in no case may the investment of contributions be delayed more than 30 days from the date of payroll deduction or the date voluntary contributions are made to the date that funds are invested. Any interest earned on the funds pending investment shall be allocated to the Commonwealth and credited to the individual investment accounts of participants who are then participating in the plan unless the interest is used to defray administrative costs and fees that would otherwise be required to be borne by participants who are then participating in the plan.

#### § 5815. Expenses.

All fees, costs and expenses of administering the plan and the trust and investing the assets of the trust shall be borne by the participants and paid from assessments against the balances of the individual investment accounts as established by the board, except that for fiscal years ending before July 1, 2020, and for any additional fiscal years as the General Assembly may provide, the fees, costs and expenses of establishing and administering the plan and the trust shall

be paid by the Commonwealth through annual appropriations from the General Fund, made on the basis of estimates from the board.

#### § 5816. (Reserved).

#### § 5817. Tax qualification.

(a) Required distributions.—All payments pursuant to this chapter shall start and be made in compliance with the minimum distribution requirements and incidental death benefit rules of IRC § 401(a).

(b) Limitations.—The following shall apply:

(1) (i) Except as provided under subparagraph (ii) and notwithstanding a provision of this part, a contribution or benefit related to the plan may not exceed any limitation under IRC § 415 with respect to governmental plans which is in effect on the date the contribution or benefit payment takes effect.

(ii) An increase in a limitation under IRC § 415 shall apply to all participants on and after the effective date of this section.

(iii) For the purposes of this paragraph, the term "government plans" shall have the same meaning as the term has in IRC § 414(d).

(2) (i) Except as provided under subparagraph (ii), an amendment of this part on or after the effective date of this section that increases contributions or benefits for active participants, inactive participants or participants receiving distributions shall not be deemed to provide for a contribution or benefit in excess of any limitation, adjusted on or after the effective date of this section, under IRC § 415 unless specifically provided by legislation.

(ii) Notwithstanding subparagraph (i), an increase in benefits on or after the effective date of this section for a participant in the plan shall be authorized and apply to the fullest extent allowed by law.

#### § 5818. State Employees' Defined Contribution Holding Vehicle Trust.

(a) Establishment.—The State Employees' Defined Contribution Holding Vehicle Trust is established as part of the plan. The holding vehicle trust shall be comprised of the individual investment accounts and all assets and moneys in those accounts from January 1, 2018, until the earlier of the date the board certifies that the State Employees' Defined Contribution Trust is operational and able to accept participant and employer contributions or December 31, 2018, unless the board so certifies on or before January 1, 2018. The members of the board shall be the trustees of the holding vehicle trust, which shall be held in a separate account, established by the Treasury Department and shall not be inconsistent with this part, the IRC or other applicable law. The holding vehicle trust shall be administered exclusively for the benefit of those State employees who participate in the plan and their beneficiaries within the meaning of and in conformity with IRC § 401(a) subject to the requirements of Chapter 59 (relating to administration, funds, accounts, general provisions).

(b) Assets held in trust.—All assets and income in the holding vehicle trust that are withheld or contributed by the participants, the Commonwealth and other employers in accordance with this part shall be held in trust as permitted by the applicable provisions of the IRC for the exclusive benefit of the participants and their beneficiaries until such time as the funds are transferred to the State Employees' Defined Contribution Trust in accordance with the terms of the plan document. The assets of the holding vehicle trust may be used for the payment of the fees, costs and expenses related to the administration and investment of the holding vehicle trust and transfer of assets to the State Employees' Defined Contribution Trust.

(c) Mandatory pickup participant contributions.—All mandatory pickup participant contributions and employer defined contributions that are required under sections 5804 (relating to participant contributions), 5805 (relating to mandatory pickup participant contributions) and 5806 (relating to employer defined contributions) to be made to the State Employees' Defined Contribution Trust upon certification of such trust shall be made to the holding vehicle trust

prior to the date the board certifies the State Employees' Defined Contribution Trust. The employer shall cause those contributions for service required to be credited in the plan to be made and deducted from each payroll or on such schedule as established by the board and such participant contributions shall be picked up by the Commonwealth or other employer and shall be treated as the employer's contribution for purposes of IRC § 414(h). On and after the effective date of this section, an employer employing a participant in the plan shall pick up the required mandatory participant contributions by a reduction in the compensation of the participant. No participant is permitted to make voluntary contributions to the holding vehicle trust.

(d) Treatment for other purposes.—For all purposes other than the IRC, the mandatory pickup participant contributions shall be treated as contributions made by a participant in the same manner and to the same extent as if the contributions were made directly by the participant and not picked up.

(e) Limitations on contributions.—No contributions may be allowed that would cause a violation of the limitations related to contributions applicable to governmental plans contained in IRC § 415 or in other provisions of law. In the event that any disallowed contributions are made, any employer defined contributions in excess of the limitations and investment earnings on the contributions shall be refunded to the employer by the board.

(f) Death benefits.—In the event of the death of an active participant or inactive participant, the board shall pay to the participant's beneficiary the vested balance in the participant's individual investment account in a lump sum.

(g) Interest.—Upon the disbursement of a return of Class A-5 accumulated deductions to a participant who has terminated State service or of a death benefit to a participant's designated beneficiaries or upon the transfer of all assets in the holding vehicle trust to the State Employees' Defined Contribution Trust or December 31, 2017, whichever occurs first, the Commonwealth shall make an interest payment to the holding vehicle trust. The interest payment shall be equal to 4% annual rate of return on the mandatory pickup participant contributions and employer defined contributions made for the participant, increased or decreased for any investment losses or earnings while in the holding vehicle trust, but in no case shall the interest payment be less than zero.

(h) Responsibility for loss of investment opportunity.—The board, the Commonwealth, an employer or other political subdivision shall not be responsible for the failure of any investment in the holding vehicle trust to earn any specific or expected return greater than the 4% interest rate paid under subsection (g) or to earn as much as any other investment opportunity, whether or not the other opportunity was offered to participants in the holding vehicle trust.

(i) Termination of holding vehicle trust.—After the disbursement or transfer of all assets in the holding vehicle trust and the certification by the board that no further liabilities from the holding vehicle trust exist, the holding vehicle trust shall be closed, and this section, except for subsection (h), shall become inoperative.

Section 323. Section 5901(a), (c), (d) and (e) of Title 71 are amended to read:

§ 5901. The State Employees' Retirement Board.

(a) Status and membership.—The board shall be an independent administrative board and consist of 11 members: the State Treasurer, ex officio, two Senators, two members of the House of Representatives and six members appointed by the Governor, one of whom shall be an annuitant of the system or a participant in the plan who has terminated State service and is receiving or is eligible to receive distributions, for terms of four years, subject to confirmation by the Senate. At least five board members shall be active members of the system or active participants in the plan, and at least two shall have ten or more years of credited State service or shall have been active participants in the plan for ten calendar years. The chairman of the board shall be designated by the Governor from among the members of the board. Each member of the board who is a member of the General Assembly may appoint a duly authorized designee to act in his stead. In the event that a board

member, who is designated as an active participant or as a participant in the plan who is receiving or is eligible to receive distributions, receives a total distribution of his interest in the plan, that board member may continue to serve on the board for the remainder of his term.

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(c) Oath of office.—Each member of the board shall take an oath of office that he will, so far as it devolves upon him, diligently and honestly, administer the affairs of said board, the system and the plan and that he will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this part. Such oath shall be subscribed by the member taking it and certified by the officer before whom it is taken and shall be immediately filed in the Office of the Secretary of the Commonwealth.

(d) Compensation and expenses.—The members of the board who are members of the system or participants in the plan shall serve without compensation but shall not suffer loss of salary or wages through serving on the board. The members of the board who are not members of the system or participants in the plan shall receive \$100 per day when attending meetings and all board members shall be reimbursed for any necessary expenses. However, when the duties of the board as mandated are not executed, no compensation or reimbursement for expenses of board members shall be paid or payable during the period in which such duties are not executed.

(e) Corporate power and legal advisor.—For the purposes of this part, the board shall possess the power and privileges of a corporation. [The Attorney General of the Commonwealth shall be the legal advisor of the board.] The board shall be considered to be an independent agency under the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act. Legal counsel to the board shall serve independently from the Governor's Office of General Counsel, the Attorney General and the General Assembly.

Section 324. Sections 5902(a)(2), (a.1), (b), (c), (e), (h), (i), (j), (k), (m) and (n) and 5903 heading and (b) of Title 71 are amended and the sections are amended by adding subsections to read:

§ 5902. Administrative duties of the board.

(a) Employees.—

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(2) Notwithstanding any other provisions of law, the compensation of investment professionals and legal counsel shall be established by the board. The compensation of all other officers and employees of the board who are not covered by a collective bargaining agreement shall be established by the board consistent with the standards of compensation established by the Executive Board of the Commonwealth.

(a.1) Secretary.—The secretary shall act as chief administrative officer for the board with respect to both the system and the plan. In addition to other powers and duties conferred upon and delegated to the secretary by the board, the secretary shall:

(1) Serve as the administrative agent of the board.

(2) Serve as liaison between the board and applicable legislative committees, the Treasury Department, the Department of the Auditor General, and between the board and the investment counsel and the mortgage supervisor in arranging for investments to secure maximum returns to the fund.

(3) Review and analyze proposed legislation and legislative developments affecting the system or the plan and present findings to the board, legislative committees, and other interested groups or individuals.

(4) Direct the maintenance of files and records and preparation of periodic reports required for actuarial evaluation studies.

(5) Receive inquiries and requests for information concerning the system or the plan from the press, Commonwealth officials, State employees, the general public, research organizations, and officials and organizations from other states, and provide information as authorized by the board.

(6) (i) Supervise a staff of administrative, technical, and

clerical employees engaged in record-keeping and clerical processing activities for both the system and the plan in maintaining files of members and participants, accounting for contributions, processing payments to annuitants and terminated participants, preparing required reports, and retirement counseling.

(ii) The board may utilize the staff of employees provided for under this paragraph for both the system and the plan but shall allocate the fees, costs and expenses incurred under this paragraph between the system and the plan as appropriate.

(b) Professional personnel.—

(1) The board shall contract for the services of a chief medical examiner, an actuary, investment advisors and counselors, and such other professional personnel as it deems advisable. The board may, with the approval of the Attorney General, contract for legal services.

(2) The board may utilize the same individuals and firms contracted under this subsection for both the system and the plan but shall allocate the fees, costs and expenses incurred under this subsection between the system and the plan as appropriate.

(c) Expenses.—

(1) The board shall, through the Governor, submit to the General Assembly annually a budget covering the administrative expenses of [this part] the system and a separate budget covering the administrative expenses of the plan which budgets shall include those expenses necessary to establish the plan and trust.

(2) Such expenses of the system as approved by the General Assembly in an appropriation bill shall be paid from investment earnings of the fund.

(3) For fiscal years ending on or before June 30, 2019, such expenses of the plan and the holding vehicle trust as approved by the General Assembly in an appropriation bill shall be paid from the General Fund. For fiscal years beginning on or after July 1, 2019, such expenses of the plan and the holding vehicle trust as approved by the General Assembly shall be paid from interest, pursuant to section 5814(b) (relating to investments based on participants' investment allocation choices), assessments on the balances of the participants' individual investment accounts or as otherwise provided in this part except as the General Assembly provides by appropriations from the General Fund.

(4) Concurrently with its administrative budget, the board shall also submit to the General Assembly annually a list of proposed expenditures which the board intends to pay through the use of directed commissions, together with a list of the actual expenditures from the past year actually paid by the board through the use of directed commissions. All such directed commission expenditures shall be made by the board for the exclusive benefit of the system and its members.

\* \* \*

(e) Records.—

(1) The board shall keep a record of all its proceedings which shall be open to [inspection] access by the public, except as otherwise provided in this part or by other law.

(2) Any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment shall not constitute a public record subject to public [inspection] access under the act of [June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law] February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law, if, in the reasonable judgment of the board, the [inspection] access would:

(i) in the case of an alternative investment or alternative investment vehicle, involve the release of sensitive investment or financial information relating to the alternative investment or alternative investment vehicle which the fund or trust was able to obtain only

upon agreeing to maintain its confidentiality;

(ii) cause substantial competitive harm to the person from whom sensitive investment or financial information relating to the investment was received; or

(iii) have a substantial detrimental impact on the value of an investment to be acquired, held or disposed of by the fund or trust or would cause a breach of the standard of care or fiduciary duty set forth in this part.

(3) (i) The sensitive investment or financial information excluded from [inspection] access under paragraph (2)(i), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right-to-Know Law once the board is no longer required by its agreement to maintain confidentiality.

(ii) The sensitive investment or financial information excluded from [inspection] access under paragraph(2)(ii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right-to-Know Law once:

(A) the [inspection] access no longer causes substantial competitive harm to the person from whom the information was received; or

(B) the entity in which the investment was made is liquidated;

whichever is later.

(iii) The sensitive investment or financial information excluded from [inspection] access under paragraph(2)(iii), to the extent not otherwise excluded from [inspection] access, shall constitute a public record subject to public [inspection] access under the Right-to-Know Law once:

(A) the [inspection] access no longer has a substantial detrimental impact on the value of an investment of the fund or trust and would not cause a breach of the standard of care or fiduciary duty set forth in this part; or

(B) the entity in which the investment was made is liquidated;

whichever is later.

(4) Except for the provisions of paragraph (3), nothing in this subsection shall be construed to designate any record, material or data received, prepared, used or retained by the board or its employees, investment professionals or agents relating to an investment as a public record subject to public [inspection] access under the Right-to-Know Law.

(5) Any record, material or data received, prepared, used or retained by the board or its employees, or agents relating to the contributions, account value or benefits payable to or on account of a participant shall not constitute a public record subject to public access under the Right-to-Know Law if, in the reasonable judgment of the board, the access would disclose any of the following:

(i) The existence, date, amount and any other information pertaining to the rollover contributions or trustee-to-trustee transfers, of any participant.

(ii) The investment options selections of any participant.

(iii) The balance of a participant's individual investment account, including the amount distributed to the participant, investment gains or losses or rates of return.

(iv) The identity of a participant's designated beneficiary, successor payee or alternate payee.

(v) The benefit payment option of a participant.

(6) Nothing in this subsection shall be construed to designate any record, material or data received, prepared, used or



retained by the board or its employees, or agents relating to the contributions, account value or benefits payable to or on account of a participant as a public record subject to public access under the Right-to-Know Law.

(7) The following shall apply:

(i) Nothing in this part shall be construed to mean that the release or publicizing of a record, material or data which would not constitute a public record under this subsection shall be a violation of the board's fiduciary duties.

(ii) This paragraph shall apply to a record, material or data under this subsection, notwithstanding any of the following:

(A) Whether the record, material or data was created, generated or stored before the effective date of this paragraph.

(B) Whether the record, material or data was previously released or made public.

(C) Whether a request for the record, material or data was made or is pending final response under the Right-to-Know Law.

\* \* \*

(h) Regulations and procedures.—The board shall, with the advice of the Attorney General, legal counsel and the actuary, adopt and promulgate rules and regulations for the uniform administration of the system. The actuary shall approve in writing all computational procedures used in the calculation of contributions and benefits pertaining to the system, and the board shall by resolution adopt such computational procedures, prior to their application by the board. Such rules, regulations and computational procedures as so adopted from time to time and as in force and effect at any time, together with such tables as are adopted pursuant to subsection (j) as necessary for the calculation of annuities and other benefits, shall be as effective as if fully set forth in this part. Any actuarial assumption specified in or underlying any such rule, regulation or computational procedure and utilized as a basis for determining any benefit shall be applied in a uniform manner.

(i) Data.—The board shall keep in convenient form such data as are stipulated by the actuary in order that an annual actuarial valuation of the various accounts of the fund can be completed within six months of the close of each calendar year.

(j) Actuarial investigation and valuation.—The board shall have the actuary make an annual valuation of the various accounts of the fund within six months of the close of each calendar year. In the year 1975 and in every fifth year thereafter the board shall have the actuary conduct an actuarial investigation and evaluation of the system based on data including the mortality, service, and compensation experience provided by the board annually during the preceding five years concerning the members and beneficiaries of the system. The board shall by resolution adopt such tables as are necessary for the actuarial valuation of the fund and calculation of contributions, annuities and other benefits based on the reports and recommendations of the actuary. Within 30 days of their adoption, the secretary of the board shall cause those tables which relate to the calculation of annuities and other benefits to be published in the Pennsylvania Bulletin in accordance with the provisions of 45 Pa.C.S. § 725(a) (relating to additional contents of Pennsylvania Bulletin) and, unless the board specifies therein a later effective date, such tables shall become effective on such publication. The board shall include a report on the significant facts, recommendations and data developed in each five-year actuarial investigation and evaluation of the system in the annual financial statement published pursuant to the requirements of subsection (m) for the fiscal year in which such investigation and evaluation were concluded.

(k) Certification of employer contributions to fund.—The board shall, each year in addition to the itemized budget required under section 5509 (relating to appropriations and assessments by the Commonwealth), certify, as a percentage of the members' payroll, the

shared-risk contribution rate, the employers' contributions as determined pursuant to section 5508 (relating to actuarial cost method) necessary for the funding of prospective annuities for active members and the annuities of annuitants and certify the rates and amounts of the employers' normal contributions as determined pursuant to section 5508(b), accrued liability contributions as determined pursuant to section 5508(c), supplemental annuities contribution rate as determined pursuant to section 5508(e), the experience adjustment factor as determined pursuant to section 5508(f), the collared contribution rate pursuant to section 5508(h) and the final contribution rate pursuant to section 5508(i), which shall be paid to the fund and credited to the appropriate accounts. The board may allocate the final contribution rate and certify various employer contribution rates and amounts based upon the different benefit eligibility, class of service multiplier, superannuation age, final average salary calculation, compensation limits and other benefit differences resulting from State service credited for individual members even though such allocated employer contribution rate on behalf of any given member may be more or less than 5% of the member's compensation for the period from July 1, 2010, to June 30, 2011, or may differ from the prior year's contribution for that member by more or less than the percentages used to calculate the collared contribution rate for that year and may be below any minimum contribution rate established for the collared contribution rate or final contribution rate. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget.

\* \* \*

(m) Annual financial statement.—The board shall prepare and have published, on or before July 1 of each year, [a financial statement] financial statements as of the calendar year ending December 31 of the previous year showing the condition of the fund, the trust and the various accounts, including, but not limited to, the board's accrual and expenditure of directed commissions, and setting forth such other facts, recommendations, and data as may be of use in the advancement of knowledge concerning annuities and other benefits provided by this part. The board shall submit said financial [statement] statements to the Governor and shall file copies with the head of each department for the use of the State employees and the public.

(n) Independent [audit] audits.—The board shall provide for [an annual audit] annual audits of the system and the plan by [an] independent certified public [accountant] accountants, which [audit] audits shall include the board's accrual and expenditure of directed commissions. The board may use the same independent certified public accountant for the audits of both the system and the plan.

\* \* \*

(p) Participant and employer contributions to trust.—The board shall, each year in addition to any fees and itemized budget required under section 5509 (relating to appropriations and assessments by the Commonwealth), certify, as a percentage of each participant's compensation, the employer defined contributions, which shall be paid to the trust and credited to each participant's individual investment account. These certifications shall be regarded as final and not subject to modification by the Secretary of the Budget. The board shall cause all mandatory pickup participant contributions made on behalf of a participant and all voluntary contributions made by a participant to be credited to the participant's individual investment account.

§ 5903. Duties of the board to advise and report to heads of departments [and], members and participants.

\* \* \*

(b) Member status statements and certifications.—The board shall furnish annually to the head of each department on or before April 1, a statement for each member employed in such department showing the total accumulated deductions and Class A-5 accumulated deductions standing to his credit as of December 31 of the previous year and requesting the member to make any necessary corrections or revisions regarding his designated beneficiary. In addition, for each member employed in any department and for whom the department has furnished the necessary information, the board shall certify the number of years and fractional part of a year of credited service attributable to

each class of service, the number of years and fractional part of a year attributable to social security integration credits in each class of service and, in the case of a member eligible to receive an annuity, the benefit to which he is entitled upon the attainment of superannuation age.

(b.1) Participant status statements.—The board shall furnish annually to each participant, on or before April 1 and more frequently as the board may agree or as required by law, a statement showing the accumulated total defined contributions credited to the participant's individual investment account, the nature and type of investments and the investment allocation of future contributions as of December 31 of the previous year and requesting the participant to make any necessary correction or revision regarding his designated beneficiary.

\* \* \*

Section 325. Section 5904(c) of Title 71 is amended to read:

§ 5904. Duties of the board to report to the Public School Employees' Retirement Board.

\* \* \*

(c) Applications for benefits for school employees.—Upon receipt of notification and the required data from the Public School Employees' Retirement Board that a former State employee who elected multiple service has applied for a public school employees' retirement benefit or, in the event of his death, his legally constituted representative has applied for such benefit, the board shall:

(1) certify to the Public School Employees' Retirement Board;

(i) the salary history as a member of the State Employees' Retirement System and the final average salary as calculated on the basis of the compensation received as a State and school employee; and

(ii) the annuity or benefit to which the member or his beneficiary is entitled as modified according to the option selected; and

(2) transfer to the Public School Employees' Retirement Fund the total accumulated deductions or Class A-5 accumulated deductions standing to such member's credit and the actuarial reserve required on account of years of credited service in the State system, final average salary determined on the basis of his compensation in both systems and the average noncovered salary to be charged to the State accumulation account, the State Police benefit account or the enforcement officers' benefit account, as each case may require.

\* \* \*

Section 326. Section 5905(b), (c.1), (f) and (g) of Title 71, amended December 28, 2015 (P.L.529, No.93), are amended and the section is amended by adding subsections to read:

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

\* \* \*

(b) School employees electing multiple service status.—Upon receipt of notification from the Public School Employees' Retirement Board that a former State employee has become an active member in the Public School Employees' Retirement System and has elected to become a member with multiple service status the board shall:

(1) in case of a member receiving an annuity from the system:

(i) discontinue payments, transfer the present value of the member's annuity at the time of entering school service, plus the amount withdrawn in a lump sum payment, on or after the date of entering school service, pursuant to section 5705 (relating to member's options), with statutory interest to date of transfer, minus the amount to be returned to the board on account of return to service, that the board has determined is to be credited in the members' savings account, from the annuity reserve account to the members' savings account and resume crediting of statutory interest on the amount restored to his credit;

(ii) transfer the balance of the present value of

the total annuity, minus the amount to be returned to the board on account of return to service that the board has determined is to be credited in the State accumulation account, from the annuity reserve account to the State accumulation account; and

(iii) certify to the member the amount of lump sum and annuity payments with statutory interest the member is to return to the board and, of those amounts, which amount shall be credited to the members' savings account and credited with statutory interest as such payments are returned and which amount shall be credited to the State accumulation account; or

(2) in case of a member who is not receiving an annuity and has not withdrawn his total accumulated deductions or Class A-5 accumulated deductions, continue or resume the crediting of statutory interest on his total accumulated deductions and Class A-5 accumulated deductions during the period his total accumulated deductions and Class A-5 accumulated deductions remain in the fund; or

(3) in case of a former State employee who is not receiving an annuity from the system and his total accumulated deductions or Class A-5 accumulated deductions were withdrawn, certify to the former State employee the accumulated deductions as they would have been at the time of his separation had he been a full coverage member together with statutory interest for all periods of subsequent State and school service to the date of repayment and the amount of such total accumulated deductions or Class A-5 accumulated deduction he is eligible to restore. Such amount shall be restored by him and shall be credited with statutory interest as such payments are restored.

\* \* \*

(c.1) Termination of service by members.—In the case of any member terminating State service who is entitled to an annuity and who is not then a disability annuitant, the board shall advise such member in writing of any benefits from the system to which he may be entitled under the provisions of this part and shall have the member prepare, on or before the date of termination of State service, one or more of the following three forms, a copy of which shall be given to the member and the original of which shall be filed with the board:

(1) an application for the return of total accumulated deductions and if eligible, for the return of Class A-5 accumulated deductions;

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

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

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

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

(c.2) Termination of service by participants.—In the case of a participant terminating State service, the board shall advise the participant in writing of the vested accumulated total defined contributions credited to the participant's individual investment account as of the date stated in the writing, any notices regarding rollover or other matters required by IRC or other law, the obligation of the participant to commence distributions from the plan by the participant's required beginning date and the ability to receive all or part of the vested balance in the participant's individual investment account in a lump sum or in such other form as the board may authorize or as required by law.

\* \* \*

(e.2) Notification to inactive participants approaching required

beginning date.—The board shall notify in writing each inactive participant who has terminated State service and has not commenced distribution by 90 days before the participant's required beginning date that the inactive participant has an obligation to commence distributions by the required beginning date in a form and manner required by IRC § 401(a)(9) and other applicable provisions of the IRC.

(f) Initial annuity payment and certification.—The board shall make the first monthly payment to a member who is eligible for an annuity within 60 days of the filing of his application for an annuity or, in the case of a vestee or special vestee who has deferred the filing of his application to a date later than 90 days following attainment of superannuation age, within 60 days of the effective date of retirement, and receipt of the required data from the head of the department and, if the member has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, any data required from the county retirement system or pension plan to which the member was a contributor before being a State employee. Concurrently, the board shall certify to such member:

(1) the total accumulated deductions and Class A-5 accumulated deductions standing to his credit showing separately the amount contributed by the member, the pickup contribution and the interest credited to the date of termination of service;

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

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

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

(f.1) Initial payment to participants.—The board shall make the initial payment to a participant who has applied for a distribution within 60 days of the filing of the application.

(g) Death benefits.—Upon receipt of notification from the head of a department of the death of an active member, a member performing USERRA leave [or], a member on leave without pay, an active participant, an inactive participant on leave without pay or a former participant performing USERRA leave, the board shall advise the designated beneficiary of the benefits to which he is entitled, and shall make the first payment to the beneficiary within 60 days of receipt of certification of death and other necessary data. If no beneficiary designation is in effect at the date of the member's death or no notice has been filed with the board to pay the amount of the benefits to the member's estate, the board is authorized to pay the benefits to the executor, administrator, surviving spouse or next of kin of the deceased member, and payment pursuant [hereto] to this section shall fully discharge the fund from any further liability to make payment of such benefits to any other person. If no beneficiary designation is in effect at the date of a participant's death or no notice has been filed with the board to pay the amount of the benefits to the participant's estate, the board may pay the benefits to the surviving spouse, executor, administrator or next of kin of the deceased participant, and payment pursuant to this subsection shall fully discharge the fund from any further liability to make payment of such benefits to any other person.

\* \* \*

Section 327. Section 5905.1(a), (b) and (d) of Title 71 are amended to read:

§ 5905.1. Installment payments of accumulated deductions.

(a) General rule.—Notwithstanding any other provision of this part, whenever a member elects to withdraw his total accumulated deductions or Class A-5 accumulated deductions pursuant to section 5311(a) (relating to eligibility for refunds) or 5701 (relating to return of [total] accumulated deductions) or elects to receive a portion of his benefit payable as a lump sum pursuant to section 5705(a)(4)(iii) (relating to member's options), the member may elect to receive the amount in not more than four installments.

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

(1) Upon receipt of a member's application to withdraw his total accumulated deductions or Class A-5 accumulated deductions as provided in section 5311(a) or 5701 and upon receipt of all required data from the head of the department and, if the member has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, any data required from the county retirement system or pension plan to which the member was a contributor before being transferred to State employment, the board shall not be required to pay the first installment prior to 45 days after the filing of the application and the receipt of the data or the date of termination of service, whichever is later.

(2) In the case of an election as provided in section 5705(a)(4)(iii) by a member terminating service within 60 days prior to the end of a calendar year and upon receipt of all required data from the head of the department and, if the member has Class G, Class H, Class I, Class J, Class K, Class L, Class M or Class N service, any data required from the county retirement system or pension plan to which the member was a contributor before being transferred to State employment, the board shall not be required to pay the first installment prior to 21 days after the later of the filing of the application and the receipt of the data or the date of termination of service, but, unless otherwise directed by the member, the payment shall be made no later than 45 days after the filing of the application and the receipt of the data or the date of termination of service, whichever is later.

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

\* \* \*

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

Section 328. Section 5906(a), (b), (d), (e), (g), (h), (i), (j) and (l) of Title 71 are amended and the section is amended by adding a subsection to read:

§ 5906. Duties of heads of departments.

(a) Status of members and participants.—The head of department shall, at the end of each pay period, notify the board in a manner prescribed by the board of salary changes effective during that period for any members and participants of the department, the date of all removals from the payroll, and the type of leave of any members and participants of the department who have been removed from the payroll for any time during that period, and:

(1) if the removal is due to leave without pay, he shall furnish the board with the date of beginning leave and the date of return to service, and the reason for leave; or

(2) if the removal is due to a transfer to another department, he shall furnish such department and the board with a complete State service record, including past State service in other departments or agencies, or creditable nonstate service; or

(3) if the removal is due to termination of State service, he shall furnish the board with a complete State service record, including service in other departments or agencies, or creditable

nonstate service and;

(i) in the case of death of the member or participant, the head of the department shall so notify the board;

(ii) in the case of a service connected disability of a member, the head of department shall, to the best of his ability, investigate the circumstances surrounding the disablement of the member and submit in writing to the board information which shall include but not necessarily be limited to the following: date, place and time of disablement to the extent ascertainable; nature of duties being performed at such time; and whether or not the duties being performed were authorized and included among the member's regular duties. In addition, the head of department shall furnish in writing to the board all such other information as may be related to the member's disablement;

(iii) in the case of a member terminating from The Pennsylvania State University who is a member of the system with five or more but less than ten eligibility points and who has terminated State service on June 30, 1997, because of the transfer of his job position or duties to a controlled organization of the Penn State Geisinger Health System or because of the elimination of his job position or duties due to the transfer of other job positions or duties to a controlled organization of the Penn State Geisinger Health System, the head of the department shall so certify to the board.

(b) Records and information.—At any time at the request of the board and at termination of service of a member or a participant, the head of department shall furnish service and compensation records and such other information as the board may require and shall maintain and preserve such records as the board may direct for the expeditious discharge of its duties.

\* \* \*

(c.1) Participant and employer defined contributions.—The head of department shall:

(1) Cause the mandatory pickup participant contributions on behalf of a participant to be made.

(2) Cause the employer defined contributions on behalf of a participant to be made.

(3) Notify the board at times and in a manner prescribed by the board of the compensation of any participant to whom the limitation under IRC § 401(a)(17) either applies or is expected to apply and cause the participant's contributions to be deducted from payroll to cease at the limitation under IRC § 401(a)(17) on the payroll date if and when such limit shall be reached.

(4) Certify to the State Treasurer the amounts picked up and deducted and the employer defined contributions being made and send the total amount picked up, deducted and contributed together with a duplicate of the voucher to the secretary of the board every pay period or on such schedule as established by the board.

(d) New employees subject to mandatory membership or participation.—Upon the assumption of duties of each new State employee whose membership in the system or plan is mandatory, the head of department shall cause an application for membership or participation and a nomination of beneficiary to be made by such employee and filed with the board and shall make pickup contributions or mandatory pickup participant contributions from the effective date of State employment.

(e) New employees subject to optional membership or participation.—The head of department shall, upon the employment or entering into office of any State employee whose membership in the system or participation in the plan is not mandatory, inform such employee of his opportunity to become a member of the system or participant in the plan. If such employee so elects, the head of department shall cause an application for membership or participation

and a nomination of beneficiary to be made by him and filed with the board and shall cause proper contributions to be made from the effective date of membership or participation.

\* \* \*

(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] if he has a right to elect within 365 days of entry into the system or, for a member of Class A-5, if he has a right to elect within 45 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.

(h) Former school employee annuitants.—The head of department shall, upon the employment of an annuitant of the Public School Employees' Retirement System who applies for membership in the system, advise such employee [that] if he may elect multiple service membership within 365 days of entry into the system or, for a member of Class A-5, if he has a right to elect multiple service within 45 days of entry into the system, and if he so elects his public school employee's annuity will be discontinued effective upon the date of his return to State service and, upon termination of State service and application for an annuity, the annuity will be adjusted in accordance with section 5706 (relating to termination of annuities). The head of department shall advise the board of such election.

(i) Annual statement to members.—Annually, upon receipt from the board, the head of department shall furnish to each member the statement specified in section 5903(b) (relating to duties of the board to advise and report to heads of departments [and], members and participants).

(j) Termination of service.—The head of department shall, in the case of any member terminating State service who is ineligible for an annuity before attainment of superannuation age, advise such member in writing of any benefits to which he may be entitled under the provisions of this part and shall have the member prepare, on or before the date of termination of State service, an application for the return of total accumulated deductions and Class A-5 accumulated deductions or, on or before September 30, 1997, an application to be vested as a special vestee, if eligible.

\* \* \*

(l) State employees performing USERRA or military-related leave of absence.—The head of department shall report to the board any State employee who ceases to be an active member or active participant to perform USERRA service, or who is granted a leave of absence under 51 Pa.C.S. § 4102 (relating to leaves of absence for certain government employees) or a military leave of absence under 51 Pa.C.S. § 7302 (relating to granting military leaves of absence), the date on which the USERRA service, leave of absence or military leave of absence began, the date on which the State employee is reemployed from USERRA leave or returns after the leave of absence or military leave of absence, if the event occurs, and any other information the board may require or direct.

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Section 328.1. Section 5907(a), (c), (d), (e) and (f) of Title 71, amended December 28, 2015 (P.L.529, No.93), are amended and the section is amended by adding subsections to read:

§ 5907. Rights and duties of State employees [and], members and participants.

(a) Information on new employees.—Upon his assumption of duties each new State employee shall furnish the head of department with a complete record of his previous State service, his school service or creditable nonstate service, and proof of his date of birth and current status in the system and the plan and in the Public School Employees' Retirement System and the School Employees' Defined Contribution Plan. Willful failure to provide the information required by this subsection to the extent available upon entrance into the system shall



result in the forfeiture of the right of the member to subsequently assert any right to benefits based on any of the required information which he failed to provide. In any case in which the board finds that a member is receiving an annuity based on false information, the total amount received predicated on such false information together with statutory interest doubled and compounded shall be deducted from the present value of any remaining benefits to which the member is legally entitled.

\* \* \*

(b.1) Application for participation.—On or after January 1, 2018, in the case of an employee who is not currently a participant in the plan and whose participation is mandatory, or in the case of an employee whose participation is not mandatory but is permitted and who desires to become a participant in the plan, the new employee shall execute an application for participation and a nomination of a beneficiary.

(c) Multiple service membership.—Any [active member] State employee who is an active member in a class of service other than Class A-5 who was formerly an active member in the Public School Employees' Retirement System in a class of service other than Class T-G may elect to become a multiple service member. Such election shall occur no later than 365 days after becoming an active member in a class of service other than Class A-5 in this system. Any State employee who is an active member of Class A-5 who was formerly an active member in Public School Employees' Retirement System in Class T-G may elect to become a multiple service member. Such election shall occur no later than 45 days after becoming an active member of Class A-5. A State employee who is eligible to elect to become a multiple service member who begins USERRA leave during the election period without having elected multiple service membership may make the election within 365 days, or 45 days if a member of Class A-5, after being reemployed from USERRA leave.

(d) Credit for previous service or change in membership status.—Any active member or eligible school employee who desires to receive credit for the portion of his total previous State service or creditable nonstate service to which he is entitled, or a joint coverage member who desires to become a full coverage member, shall so notify the board and upon written agreement by the member and the board as to the manner of payment of the amount due, the member shall receive credit for such service as of the date of such agreement subject to the provisions in this part relating to the limitations under IRC § 415.

\* \* \*

(d.2) Contributions for USERRA leave.—Any active participant or inactive participant on leave without pay or former participant who was reemployed from USERRA leave who desires to make mandatory pickup participant contributions for his USERRA leave shall so notify the board within the time period required under 38 U.S.C. Ch. 43 (relating to employment and reemployment rights of members of the uniformed services) and IRC § 414(u) of his desire to make such contributions. Upon making the permitted mandatory pickup participant contributions within the allowed time period, the head of department shall make the corresponding employer defined contributions at the same time.

(d.3) Voluntary contributions by a participant.—Any participant who desires to make voluntary contributions to be credited to his individual investment account shall notify the board and, upon compliance with the requirements, procedures and limitations established by the board in the plan document, may do so subject to the limitations under IRC §§ 401(a) and 415 and other applicable law.

(e) Beneficiary for death benefits from system.—Every member shall nominate a beneficiary by written designation filed with the board as provided in section 5906(d) or (e) (relating to duties of heads of departments) to receive the death benefit payable under section 5707 (relating to death benefits) or the benefit payable under the provisions of Option 1 of section 5705(a)(1) (relating to member's options). Such nomination may be changed at any time by the member by written designation filed with the board. A member may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 5707 or the benefit payable under the

provisions of Option 1 of section 5705(a)(1).

(e.1) Beneficiary for death benefits from the plan.—Every participant shall nominate a beneficiary by written designation filed with the board as provided in section 5906(d) or (e) to receive the death benefit payable under section 5808 (relating to death benefits). A participant may also nominate a contingent beneficiary or beneficiaries to receive the death benefit provided under section 5808. Such nomination may be changed at any time by the participant by written designation filed with the board.

(e.2) Beneficiaries for employees who are members and participants.—A State employee who is both a member of the system and a participant in the plan may designate or nominate different persons to be beneficiaries, survivor annuitants and successor payees for his benefits from the system and the plan.

(f) Termination of service by members.—Each member who terminates State service and who is not then a disability annuitant shall execute on or before the date of termination of service one or more of the appropriate [application] applications, duly attested by the member or his legally constituted representative, electing to:

(1) withdraw his total accumulated deductions and if eligible withdraw his Class A-5 accumulated deductions; or

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

(3) if eligible, receive an immediate annuity and may,

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

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

\* \* \*

(g.1) Deferral of retirement rights.—If a participant terminates State service and does not commence receiving a distribution, he shall nominate a beneficiary, and he may anytime thereafter, but no later than his required beginning date, withdraw the accumulated total defined contributions standing to his credit or apply for another form of distribution required by law or authorized by the board.

\* \* \*

Section 329. Sections 5931(b), 5932, 5933, 5934, 5935, 5936, 5937, 5938, 593 and 5951 of Title 71 are amended to read:

§ 5931. Management of fund and accounts.

\* \* \*

(b) Crediting of interest.—The board, annually, shall allow the required interest on the mean amount for the preceding year to the credit of each of the accounts other than the individual investment accounts. The amount so allowed shall be credited thereto by the board and transferred from the interest reserve account.

\* \* \*

§ 5932. State Employees' Retirement Fund.

(a) General rule.—The fund shall consist of all balances in the several separate accounts set apart to be used under the direction of the board for the benefit of members of the system; and the Treasury Department shall credit to the fund all moneys received from the Department of Revenue arising from the contributions relating to or on behalf of members of the system required under the provisions of Chapter 55 (relating to contributions), and any income earned by the investments or moneys of said fund. There shall be established and maintained by the board the several ledger accounts specified in sections 5933 (relating to members' savings account), 5934 (relating to State accumulation account), 5935 (relating to annuity reserve account), 5936 (relating to State Police benefit account), 5937 (relating to enforcement officers' benefit account), 5938 (relating to supplemental annuity account) and 5939 (relating to interest reserve account).

(b) Individual investment accounts and trust.—The individual

investment accounts that are part of the trust shall not be part of the fund. Mandatory pickup participant contributions, voluntary contributions and employer defined contributions made under this part and any income earned by the investment of such contributions shall not be paid or credited to the fund but shall be paid to the trust and credited to the individual investment accounts.

§ 5933. Members' savings account.

(a) Credits to account.—The members' savings account shall be the ledger account to which shall be credited the amounts of the pickup contributions made by the Commonwealth or other employer and contributions or lump sum payments made by active members in accordance with the provisions of sections 5501 (relating to regular member contributions for current service), 5501.1 (relating to shared-risk member contributions for Class A-3 [and], Class A-4 and Class A-5 service), 5502 (relating to social security integration member contributions), 5503 (relating to joint coverage member contributions), 5504 (relating to member contributions for the purchase of credit for previous State service or to become a full coverage member), 5505.1 (relating to additional member contributions) and 5505 (relating to contributions for the purchase of credit for creditable nonstate service) and transferred from the members' savings account of the Public School Employees' Retirement System in accordance with the provisions of section 5303.2 (relating to election to convert school service to State service).

(b) Interest and transfers from account.—The members' savings account in total and the individual member accounts shall be credited with statutory interest. The total accumulated deductions and Class A-5 accumulated deductions credited to a member whose application for an annuity has been approved shall be transferred from the members' 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 accumulated deductions and Class A-5 accumulated deductions to his credit shall be transferred from the members' 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 total accumulated deductions or Class A-5 accumulated deductions or upon the transfer of accumulated deductions pursuant to section 5701.1 (relating to transfer of accumulated deductions), the payment of such amount shall be charged to the members' savings account.

§ 5934. State accumulation account.

The State accumulation account shall be the ledger account to which shall be credited all contributions of the Commonwealth or other employers whose employees are members of the system and made in accordance with the provisions of section 5507(a) or (d) (relating to contributions to the system by the Commonwealth and other employers) except that the amounts received under the provisions of the act of May 12, 1943 (P.L.259, No.120), and the amounts received under the provisions of the Liquor Code, act of April 12, 1951 (P.L.90, No.21), shall be credited to the State Police benefit account or the enforcement officers' benefit account as the case may be. All amounts transferred to the fund by county retirement systems or pension plans in accordance with the provisions of section 5507(c) also shall be credited to the State accumulation account. All amounts transferred to the fund by the Public School Employees' Retirement System in accordance with section 5303.2(e) (relating to election to convert school service to State service), except amounts credited to the members' savings account, and all amounts paid by the Department of Corrections in accordance with section 5303.2(f) also shall be credited to the State accumulation account. The State accumulation account shall be credited with valuation interest. The reserves necessary for the payment of annuities and death benefits resulting from membership in the system as approved by the board and as provided in Chapter 57 (relating to benefits) shall be transferred from the State accumulation

account to the annuity reserve account provided for in section 5935 (relating to annuity reserve account), except that the reserves necessary on account of a member who is an officer of the Pennsylvania State Police or an enforcement officer shall be transferred from the State accumulation 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 as provided for in section 5937 (relating to enforcement officers' benefit account) as the case may be. The reserves necessary for the payment of supplemental annuities in excess of those reserves credited to the supplemental annuity account on June 30, 2010, shall be transferred from the State accumulation account to the supplemental annuity account. In the event that supplemental annuities are increased by legislation enacted after December 31, 2009, the necessary reserves shall be transferred from the State accumulation account to the supplemental annuity account.

§ 5935. Annuity reserve account.

(a) Credits and charges to account.—The annuity reserve account shall be the ledger account to which shall be credited the reserves held for payment of annuities and death benefits on account of all annuitants except in the case of members who are officers of the Pennsylvania State Police or enforcement officers. The annuity reserve account shall be credited with valuation interest. After the transfers provided in sections 5933 (relating to members' savings account), 5934 (relating to State accumulation account) and 5938 (relating to supplemental annuity account), all annuity and death benefit payments resulting from membership in the system except those payable to any member who retires as an officer of the Pennsylvania State Police or an enforcement officer shall be charged to the annuity reserve account and paid from the fund.

(b) Transfers from account.—Should an annuitant other than a member who was retired as an officer of the Pennsylvania State Police or an enforcement officer be subsequently restored to active service as a member of the system or as a participant in the plan, the present value of his member's annuity at the time of reentry into State service shall be transferred from the annuity reserve account and placed to his individual credit in the members' savings account. In addition, the actuarial reserve for his annuity less the amount transferred to the members' savings account shall be transferred from the annuity reserve account to the State accumulation account.

§ 5936. State Police benefit account.

(a) Credits and charges to account.—The State Police benefit account shall be the ledger account to which shall be credited all contributions received under the provisions of the act of May 12, 1943 (P.L.259, No.120), and any additional Commonwealth or other employer contributions provided for in section 5507 (relating to contributions to the system by the Commonwealth and other employers) which are creditable to the State Police benefit account. The State Police benefit account shall be credited with the required interest. In addition, upon the filing of an application for an annuity by a member who is an officer of the Pennsylvania State Police, the total accumulated deductions and Class A-5 accumulated deductions standing to the credit of the member in the members' savings account and the necessary reserves from the State accumulation account shall be transferred to the State Police benefit account. Thereafter, the total annuity of such annuitant shall be charged to the State Police benefit account and paid from the fund.

(b) Transfers from account.—Should the said annuitant be subsequently restored to active service as a member of the system or as a participant in the plan, the present value of the member's annuity at the time of reentry into State service shall be transferred from the State Police benefit account and placed to his individual credit in the members' savings account. In addition, the actuarial reserve for his annuity calculated as if he had been a member of Class A if he has Class A or Class C service credited; as if he had been a member of Class A-3 if the annuitant has Class A-3 State service credited; or as if he had been a member of Class A-4 if the annuitant has Class A-4 service credited, less the amount transferred to the members' savings account shall be transferred from the State Police benefit account to the

State accumulation account. Upon subsequent retirement other than as an officer of the Pennsylvania State Police the actuarial reserve remaining in the State Police benefit account shall be transferred to the appropriate reserve account.

§ 5937. Enforcement officers' benefit account.

(a) Credits and charges to account.—The enforcement officers' benefit account shall be the ledger account to which shall be credited moneys transferred from the enforcement officers' retirement account in the State Stores Fund according to the provisions of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, and any additional Commonwealth or other employer contributions provided for in section 5507 (relating to contributions to the system by the Commonwealth and other employers) which are creditable to the enforcement officers' benefit account. The enforcement officers' benefit account shall be credited with the required interest. In addition, upon the filing of an application for an annuity by a member who is an enforcement officer of the Pennsylvania Liquor Control Board, the total accumulated deductions and Class A-5 accumulated deductions standing to the credit of the member in the members' savings account and the necessary reserves from the State accumulation account shall be transferred to the enforcement officers' benefit account. Thereafter, the total annuity of such annuitant shall be charged to the enforcement officers' benefit account and paid from the fund.

(b) Transfers from account.—Should the said annuitant be subsequently restored to active service as a member of the system or as a participant in the plan, the present value of the member's annuity at the time of reentry into State service shall be transferred from the enforcement officers' benefit account and placed to his individual credit in the members' savings account. In addition, the actuarial reserve for his annuity calculated as if he had been a member of Class A if the annuitant does not have any Class AA, Class A-3 or Class A-4 service credited; as if he had been a member of Class AA if the annuitant does have Class AA service credited; as if he had been a member of Class A-3 if the annuitant has Class A-3 State service credited; or as if he had been a member of Class A-4 if the annuitant has Class A-4 service credited, less the amount transferred to the members' savings account shall be transferred from the enforcement officers' benefit account to the State accumulation account. Upon subsequent retirement other than as an enforcement officer the actuarial reserve remaining in the enforcement officers' benefit account shall be transferred to the appropriate reserve account.

§ 5938. Supplemental annuity account.

The supplemental annuity account shall be the ledger account to which shall be credited all contributions from the Commonwealth and other employers in accordance with section 5507(b) (relating to contributions to the system by the Commonwealth and other employers) for the payment of the supplemental annuities provided in sections 5708 (relating to supplemental annuities), 5708.1 (relating to additional supplemental annuities), 5708.2 (relating to further additional supplemental annuities), 5708.3 (relating to supplemental annuities commencing 1994), 5708.4 (relating to special supplemental postretirement adjustment), 5708.5 (relating to supplemental annuities commencing 1998), 5708.6 (relating to supplemental annuities commencing 2002), 5708.7 (relating to supplemental annuities commencing 2003) and 5708.8 (relating to special supplemental postretirement adjustment of 2002) made before July 1, 2010, the amount transferred from the State accumulation account to provide all additional reserves necessary as of June 30, 2010, to pay such supplemental annuities and adjustments, and the amounts transferred from the State accumulation account to provide all additional reserves necessary as a result of supplemental annuities enacted after December 31, 2009. The supplemental annuity account shall be credited with valuation interest. The reserves necessary for the payment of such supplemental annuities shall be transferred from the supplemental annuity account to the annuity reserve account as provided in section 5935 (relating to annuity reserve account).

§ 5939. Interest reserve account.

The interest reserve account shall be the ledger account to which

shall be credited all income earned by the fund and to which shall be charged all administrative and investment expenses incurred by the fund. At the end of each year the required interest shall be transferred from the interest reserve account to the credit of each of the accounts of the fund in accordance with the provisions of this subchapter. In addition, at the end of each accounting period, the interest reserve account shall be credited or charged with all recognized changes in the market valuation of the investments of the fund. The administrative and investment expenses of the board relating to the administration of the system and investments of the fund shall be paid from the fund out of earnings. Any surplus or deficit in the interest reserve account at the end of each year shall be transferred to the State accumulation account.

§ 5951. State guarantee regarding the system.

The required interest charges payable, the maintenance of reserves in the fund, and the payment of all annuities and other benefits granted by the board from the system under the provisions of this part relating to the establishment and administration of the system are hereby made obligations of the Commonwealth. All income, interest, and dividends derived from deposits and investments of the system authorized by this part shall be used for the payment of the said obligations of the Commonwealth and shall not be used for any obligations of the plan or trust.

Section 329.1. Section 5953 of Title 71, amended December 29, 2015 (P.L.529, No.93), is amended to read:

§ 5953. Taxation, attachment and assignment of funds.

(a) General rule.—

(1) Except as provided in paragraphs (2), (3) and (4), the right of a person to any benefit or right accrued or accruing under the provisions of this part and the moneys in the fund and the trust are hereby exempt from any State or municipal tax, levy and sale, garnishment, attachment, spouse's election, the provisions of Article XIII.1 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, or any other process whatsoever and no participant or beneficiary, successor payee, or alternate payee of a participant shall have the ability to commute, sell, assign, alienate, anticipate, mortgage, pledge, hypothecate, commutate or otherwise transfer or convey any benefit or interest in an individual investment account or rights to receive or direct distributions under this part or under agreements entered into under this part except as otherwise provided in this part and in the case of either a member or a participant except for a set-off by the Commonwealth in the case provided in this paragraph, and shall be unassignable except to the Commonwealth in the case of a member or participant who is terminating State service and has been determined to be obligated to the Commonwealth for the repayment of money owed on account of his employment.

(2) (i) Rights under this part shall be subject to forfeiture as provided by the act of July 8, 1978 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act, and by or pursuant to section 16(b) of Article V of the Constitution of Pennsylvania. Forfeitures under this subsection or under any other provision of law may not be applied to increase the benefits that any member would otherwise receive under this part.

(ii) Notwithstanding this paragraph and the provisions of section 16(b) of Article V of the Constitution of Pennsylvania, the act of July 8, 1978 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act, or 42 Pa.C.S. § 3352 (relating to pension rights), the accumulated mandatory participant contributions and accumulated voluntary contributions standing to the credit of a participant shall not be forfeited but shall be available for payment of fines and restitution as provided by law. Amounts in the trust that have been ordered to be distributed to an alternate payee as the result of an equitable distribution of marital property as part of an approved domestic relations order entered before the date of the order or action in a court or

other tribunal resulting in a forfeiture of a participant's interest in the trust shall not be subject to the provisions of section 16(b) of Article V of the Constitution of Pennsylvania, the Public Employee Pension Forfeiture Act, or 42 Pa.C.S. § 3352. Any accumulated employer defined contributions forfeited as a result of this paragraph or other law shall be retained by the board and notwithstanding sections 5812(2) (relating to powers and duties of board), 5815 (relating to expenses) and 5902(c) (relating to administrative duties of the board) used for the payment of expenses of the plan.

(3) Rights under this part shall be subject to attachment in favor of an alternate payee as set forth in an approved domestic relations order.

(4) Effective with distributions made on or after January 1, 1993, and notwithstanding any other provision of this part to the contrary, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this paragraph, a "distributee" includes a member [and], a participant, a member's surviving spouse [and], a participant's surviving spouse, a member's former spouse who is an alternate payee under an approved domestic relations order[,], a participant's former spouse who is an alternate payee under an approved domestic relations order and anyone else authorized under the IRC and the plan terms approved by the board to have an eligible rollover distribution paid directly to an eligible retirement plan by way of a direct rollover. For purposes of this paragraph, the term "eligible rollover distribution" has the meaning given such term by IRC § 402(f)(2)(A), and "eligible retirement plan" has the meaning given such term by IRC § 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it accepts the distributee's eligible rollover distribution; however, in the case of an eligible rollover distribution to a surviving spouse, an eligible retirement plan is an "individual retirement account" or an "individual retirement annuity" as those terms are defined in IRC § 408(a) and (b).

(b) Authorized payments from fund.—The board shall be authorized to pay from the fund [in]:

(1) In the case of a member or participant who is terminating service, the amount determined after certification by the head of the department that the member or participant is so obligated, and after review and approval by the department or agency's legal representative or upon receipt of an assignment from the member or participant in the amount so certified[,], except that no payment shall be made from the individual investment account of a participant until the participant otherwise applies for and receives a distribution and shall not exceed the amount of the distribution.

(2) In the case of a participant whose former spouse is an alternate payee of an equitable distribution of marital assets under an approved domestic relations order, a lump sum of the alternate payee's interest in the participant's accumulated total defined contributions. This paragraph shall apply without regard to whether the participant has not terminated, is terminating or has terminated State service.

Section 329.2. Sections 5953.1, 5953.2, 5953.3 and 5953.4(a) of Title 71 are amended to read:

§ 5953.1. Approval of domestic relations orders.

(a) Certification regarding members.—A domestic relations order pertaining to a member of the system shall be certified as an approved domestic relations order by the secretary of the board, or his designated representative, only if that order meets all of the following:

(1) Requires the system to provide any type or form of benefit or any option applicable to members already provided under this part.

(2) Requires the system to provide no more than the total

amount of benefits than the member would otherwise receive (determined on the basis of actuarial value) unless increased benefits are paid to the member or alternate payee based upon cost-of-living increases or increases based on other than actuarial value.

(3) Specifies the amount or percentage of the member's benefits to be paid by the system to each such alternate payee or the manner in which such amount or percentage is to be determined.

(4) Specifies the retirement option to be selected by the member upon retirement or states that the member may select any retirement option offered by this part upon retirement.

(5) Specifies the name and last known mailing address, if any, of the member and the name and last known mailing address of each alternate payee covered by the order and states that it is the responsibility of each alternate payee to keep a current mailing address on file with the system.

(6) Does not grant an alternate payee any of the rights, options or privileges of a member under this part.

(7) Requires the member to execute an authorization allowing each alternate payee to monitor the member's compliance with the terms of the domestic relations order through access to information concerning the member maintained by the system.

(a.1) Certification regarding participants.—A domestic relations order pertaining to a participant shall be certified as an approved domestic relations order by the secretary of the board, or his designated representative, only if the order meets all of the following:

(1) Does not require the segregation of the alternate payee's share of the participant's individual investment account into a subaccount or newly established individual account titled in the name of the alternate payee.

(2) Does not require the plan to recover or distribute any funds which were distributed to the participant or at the participant's direction prior to the approval of the domestic relations order by the secretary of the board or his designated representative.

(3) Requires the plan to pay to the alternate payee no more than the lesser of the vested amount of the participant's individual investment account specified by the domestic relations order or the vested amount of the participant's individual investment account as of the date of the transfer of the alternate payee's share to the alternate payee.

(4) States that the plan shall not be required to recoup or make good for losses in value to the participant's individual investment account incurred between the date of the valuation of the account used for equitable distribution purposes and the date of distribution to the alternate payee.

(5) Specifies the amount or percentage of the participant's individual investment account to be paid to the alternate payee and the date upon which the valuation is based.

(6) Specifies the name and last known mailing address, if any, of the participant and the name and last known mailing address of each alternate payee covered by the order and states that it is the responsibility of each alternate payee to keep a current mailing address on file with the plan.

(7) Does not grant an alternate payee the rights, privileges or options available to a participant.

(8) Includes provisions for the deferred distribution of the equitable distribution share of benefits payable from any defined benefit pension program administered by the system in which the participant may have an interest as a member of the system or states that the alternate payee may not receive any portion or any benefits payable to the participant as a result of his membership in the system.

(9) Requires the immediate distribution of the alternate payee's share of the participant's individual investment account, which may be made by direct payment, eligible rollover or



trustee-to-trustee transfer to another eligible plan or qualified account owned by the alternate payee.

(10) In the case of a participant who is currently receiving distributions from the plan as of the date the domestic relations order is approved by the secretary of the board or his designated representative, may not order the board to pay the alternate payee more than the balance available in the participant's individual investment account as of the date the order is approved.

(b) Determination by secretary.—Within a reasonable period after receipt of a domestic relations order, the secretary of the board, or his designated representative, shall determine whether this order is an approved domestic relations order and notify the member or participant and each alternate payee of this determination. Notwithstanding any other provision of law, the exclusive remedy of any member, participant or alternate payee aggrieved by a decision of the secretary of the board, or his designated representative, shall be the right to an adjudication by the board under 2 Pa.C.S. Ch. 5 Subch. A (relating to practice and procedure) with appeal therefrom to the Commonwealth Court under 2 Pa.C.S. Ch. 7 (relating to judicial review) and 42 Pa.C.S. § 763(a)(1) (relating to direct appeals from government agencies).

(c) Other orders.—The requirements for approval identified in [subsection (a)] subsections (a) and (a.1) shall not apply to any domestic relations order which is an order for support as the term is defined at 23 Pa.C.S. § 4302 (relating to definitions) or an order for the enforcement of arrearages as provided in 23 Pa.C.S. § 3703 (relating to enforcement of arrearages). These orders shall be approved to the extent that they do not attach moneys in excess of the limits on attachments as established by the laws of the United States and this Commonwealth[,], require distributions of benefits in a manner which would violate the laws of the United States, any other state or this Commonwealth or require the distribution of funds for support or enforcement of arrearages against a participant who is not receiving distributions from the plan at the time the order is entered. These orders may be approved notwithstanding any other provision of this part or the plan that would require a distribution of accumulated employer defined contributions in the form of an annuity or to require the purchase of an annuity.

(d) Obligation discharged.—Only the requirements of this part and any regulations promulgated hereunder shall be used to govern the approval or disapproval of a domestic relations order. Therefore, if the secretary of the board, or his designated representative, acts in accordance with the provisions of this part and any promulgated regulations in approving or disapproving a domestic relations order, then the obligations of the system or the plan with respect to such approval or disapproval shall be discharged.

§ 5953.2. Irrevocable beneficiary.

Notwithstanding any other provision of this part, a domestic relations order may provide for an irrevocable beneficiary. A domestic relations order requiring the nomination of an irrevocable beneficiary shall be deemed to be one that requires a member or participant to nominate an alternate payee as a beneficiary and that prohibits the removal or change of that beneficiary without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified as an approved domestic relations order by the secretary of the board, or his designated representative, after the member or participant makes such nomination, in which case the irrevocable beneficiary so ordered by the court cannot be changed by the member or participant without approval by the court.

§ 5953.3. Irrevocable survivor annuitant.

Notwithstanding any other provisions of this part, a domestic relations order pertaining to a member may provide for an irrevocable survivor annuitant. A domestic relations order requiring the designation of an irrevocable survivor annuitant shall be deemed to be one that requires a member to designate an alternate payee as a survivor annuitant and that prohibits the removal or change of that survivor annuitant without approval of a court of competent jurisdiction, except by operation of law. Such a domestic relations order may be certified

as an approved domestic relations order by the secretary of the board, or his designated representative, in which case the irrevocable survivor annuitant so ordered by the court cannot be changed by the member without approval by the court. A person ineligible to be designated as a survivor annuitant may not be designated as an irrevocable survivor annuitant.

§ 5953.4. Amendment of approved domestic relations orders.

(a) Deceased alternate payee.—In the event that the alternate payee predeceases the member or the participant and there are benefits payable to the alternate payee, the divorce court may amend the approved domestic relations order to substitute a person for the deceased alternate payee to receive any benefits payable to the deceased alternate payee.

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Section 330. Title 71 is amended by adding a section to read:

§ 5953.6. Irrevocable successor payee.

(a) Condition.—Notwithstanding any other provision of this part, a domestic relations order pertaining to a participant may provide for an irrevocable successor payee if the participant is receiving a payment pursuant to a payment option provided by the board that allows for a successor payee.

(b) Determination.—A domestic relations order requiring the designation of an irrevocable successor payee shall be deemed to be one that requires a participant who is receiving payments from an annuity or other distribution option to designate an alternate payee as a successor payee and that prohibits the removal or change of the successor payee without approval of a court of competent jurisdiction, except by operation of law.

(c) Certification.—A domestic relations order under subsection (b) may be certified as an approved domestic relations order by the secretary of the board or his designated representative. If a domestic relations order is certified under this subsection, the irrevocable successor payee ordered by the court shall not be changed by the participant without approval by the court.

(d) Ineligibility.—A person ineligible to be designated as a successor payee shall not be designated as an irrevocable successor payee. A court shall not name an irrevocable successor payee if the alternate payee is eligible to receive a lump sum distribution of the alternate payee's portion of the marital portion of the pension benefit.

Section 331. Sections 5954, 5955 and 5957 of Title 71 are amended to read:

§ 5954. Fraud and adjustment of errors.

(a) Penalty for fraud.—Any person who shall knowingly make any false statement or shall falsify or permit to be falsified any record or records of this system or plan in any attempt to defraud the system or plan as a result of such act shall be guilty of a misdemeanor of the second degree.

(b) Adjustment of errors.—Should any change or mistake in records result in any member, participant, beneficiary [or], survivor annuitant or successor payee receiving from the system or plan more or less than he would have been entitled to receive had the records been correct, then regardless of the intentional or unintentional nature of the error and upon the discovery of such error, the board shall correct the error and if the error affects contributions to or payments from the system, then so far as practicable shall adjust the payments which may be made for and to such person in such a manner that the actuarial equivalent of the benefit to which he was correctly entitled shall be paid. If the error affects contributions to or payments from the plan, the board shall take action as provided for in the plan document.

§ 5955. Construction of part.

(a) Exclusive source of rights and benefits.—Regardless of any other provision of law, pension and benefit rights of State employees shall be determined solely by this part or any amendment thereto or the plan document established by the board, and no collective bargaining agreement nor any arbitration award between the Commonwealth and [its] other employers and the Commonwealth's and other employers' employees or their collective bargaining representatives shall be construed to change any of the provisions herein, to require the board

to administer pension or retirement benefits not set forth in this part or not established by the board in the plan document, to require the board to modify, amend or change any of the terms and provisions of the plan document, or otherwise require action by any other government body pertaining to pension or retirement benefits or rights of State employees. Notwithstanding the foregoing, any pension or retirement benefits or rights previously so established by or as a result of an arbitration award shall remain in effect after the expiration of the current collective bargaining agreement between the State employees so affected and the Commonwealth until the expiration of each of the collective bargaining agreements in effect on January 1, 2011, at which time the classes of membership and resulting member contribution rates and contributions for creditable nonstate service, eligibility for vesting, withdrawal and superannuation annuities, optional modification of annuities and other terms and conditions related to class of membership shall be as determined by this part for employees covered by those and successor collective bargaining agreements. For purposes of administering this part, for those State employees who are members of each such collective bargaining unit, the date January 1, 2011, contained in this part, except in this section, shall be replaced with the date of the day immediately following the expiration of each such collective bargaining agreement. The provisions of this part insofar as they are the same as those of existing law are intended as a continuation of such laws and not as new enactments. The provisions of this part shall not affect any act done, liability incurred, right accrued or vested, or any suit or prosecution pending or to be instituted to enforce any right or penalty or to punish any offense under the authority of any repealed laws.

(b) (Reserved).

(c) (Reserved).

(d) (Reserved).

(e) Adverse inference.—Nothing in this part shall be construed to mean that the limitations on benefits or other requirements under IRC § 401(a) or other applicable provisions of the IRC which are applicable to participants in the plan do not apply to the participants or to members of the system and the benefits payable under this part.

(f) Applicability.—A terminated State employee who has Class A-5 service credit and who returns to State service on or after January 1, 2018, shall be subject to the provisions of this part regarding participation in the plan or membership in the system that are in effect on the effective date of reemployment, including, but not limited to, benefit formulas and accrual rates, eligibility for annuities and distributions, contribution rates, definitions, purchase of creditable school, nonschool, State and nonstate service provisions and actuarial and funding assumptions.

(g) Furloughs.—For purposes of sections 5302 (relating to credited State service), 5306 (relating to classes of service) and this section, a State employee who is furloughed under section 802 of the act of August 5, 1941 (P.L. 752, No. 286), known as the Civil Service Act, and reemployed pursuant to the Civil Service Act in any class of service or civil service status which was previously held, shall not be treated as having been terminated from State service and beginning a new period of State service.

§ 5957. Independent Fiscal Office study.

The Independent Fiscal Office shall study and analyze the implementation of shared-risk contributions under section 5501.1 (relating to shared-risk member contributions for Class A-3 [and], Class A-4 and Class A-5 service) and its impact on the system. The study shall be completed by December 31, 2015, and shall be transmitted to the Appropriations Committee and the Finance Committee of the Senate, the Appropriations Committee and the Finance Committee of the House of Representatives and to the Governor.

#### ARTICLE IV

Section 401. The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"School Retirement Board." The Public School Employees' Retirement Board.

Retirement Board.

"School System." The Public School Employees' Retirement System.

"State Retirement Board." The State Employees' Retirement Board.

"State System." The State Employees' Retirement System.

Section 402. The following apply to reservation of legislative authority:

(1) In regard to the School System:

(i) The following provisions shall not create an express or implied contractual right in a member of the School System, a participant in the School Employees' Defined Contribution Plan or another person claiming an interest in the account of a member or participant:

(A) A provision of this act which amends 24 Pa.C.S. Pt. IV or 51 Pa.C.S. Ch. 77, in relation to requirements for any of the following:

(I) Qualification of the School Employees' Defined Contribution Plan as a qualified pension plan under sections 401(a) and 415(b) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §§ 401(a) and 415(b)).

(II) Compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149).

(III) A domestic relations order regarding an alternate payee of a participant in the School Employees' Defined Contribution Plan.

(B) (Reserved).

(ii) The provisions of 24 Pa.C.S. Pt. IV shall remain subject to the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 and regulations promulgated under those statutes.

(iii) The General Assembly reserves to itself the further exercise of its legislative power to amend or supplement the provisions of 24 Pa.C.S. Pt. IV solely in order to maintain the qualification of the system as a qualified pension plan under section 401(a) of the Internal Revenue Code of 1986 (26 U.S.C. § 401(a)) and other applicable provisions of the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994.

(2) In regard to the State System:

(i) The following provisions shall not create an express or implied contractual right in a member of the State System, a participant in the State Employees' Defined Contribution Plan or another person claiming an interest in the account of a member or participant:

(A) A provision of this act which amends 51 Pa.C.S. § 7306 or 71 Pa.C.S. Pt. XXV, in relation to requirements for any of the following:

(I) Qualification of the State Employees' Defined Contribution Plan as a qualified pension plan under sections 401(a) and 415(b) of the Internal Revenue Code of 1986 (26 U.S.C. §§ 401(a) and 415(b)).

(II) Compliance with the Uniformed Services Employment and Reemployment Rights Act of 1994.

(III) A domestic relations order regarding an alternate payee of a

participant in the State Employees' Defined Contribution Plan.

(B) (Reserved).

(ii) The provisions of 71 Pa.C.S. Pt. XXV shall remain subject to the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 and regulations promulgated under those statutes.

(iii) The General Assembly reserves to itself the further exercise of its legislative power to amend or supplement the provisions of 71 Pa.C.S. Pt. XXV solely in order to maintain the qualification of the State System as a qualified pension plan under section 401(a) of the Internal Revenue Code of 1986 (26 U.S.C. § 401) and other applicable provisions of the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994.

Section 403. Nothing in this act shall be construed to mean that:

(1) a calculation or actuarial method used by the School Retirement Board, its actuaries or the School System was not in accordance with the provisions of 24 Pa.C.S. Pt. IV or other applicable law prior to the effective date of this paragraph; or

(2) a calculation or actuarial method used by the State Retirement Board, its actuaries or the State System was not in accordance with the provisions of 71 Pa.C.S. Pt. XXV or other applicable law prior to the effective date of this paragraph.

Section 404. The following apply to accrued liability:

(1) In regard to the School System:

(i) (Reserved).

(ii) Payments required to fund a change in accrued liability resulting from this act shall be subject to limits imposed under this act on employer contributions to the School System.

(iii) For purposes of 24 Pa.C.S. §§ 8326, 8327 and 8328, changes under this paragraph shall not be considered to be costs added by legislation.

(2) In regard to the State System:

(i) Notwithstanding any other provision of law, a change in accrued liability of the State System created under this act as a result of changes in benefits shall be funded in equal dollar installments over a period of 20 years beginning July 1, 2018.

(ii) (Reserved).

(iii) Payments required to fund a change in accrued liability resulting from this act shall be subject to limits imposed under this act on employer contributions to the State System.

(iv) For purposes of 71 Pa.C.S. §§ 5501.2, 5507 and 5508, changes under this paragraph shall not be considered to be costs added by legislation.

Section 405. The following shall apply to construction related to Federal law:

(1) In regard to the School System:

(i) This act shall be construed and administered in such a manner that the School System and the School Employees' Defined Contribution Plan satisfy the requirements necessary to qualify 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)), other applicable provisions of the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994 (Public Law 103-353, 108 Stat. 3149). Regulations promulgated by the School Retirement Board and terms and conditions of the plan document and trust declaration adopted by the School Retirement Board may include provisions necessary to accomplish the purpose of this subparagraph.

(ii) Nothing in this act shall be construed to

require a member of Class T-G to make contributions to the School System in excess of the limits established by section 415(n)(3)(A)(iii) of the Internal Revenue Code of 1986 (26 U.S.C. § 415(n)(3)(A)(iii)). A contribution made by a member of Class T-G which is determined to be in excess of the limits shall be refunded to the member in a lump sum subject to withholding for all applicable taxes and penalties as soon as administratively possible after the determination is made. A refund under this subparagraph shall not affect the benefit payable to the member and shall not be treated as or deemed to be a withdrawal of the member's accumulated deductions.

(2) As to the State System:

(i) This act shall be construed and administered in a manner that the State System and the State Employees' Defined Contribution Plan shall satisfy the requirements necessary to qualify as a qualified pension plan under section 401(a) of the Internal Revenue Code of 1986 (26 U.S.C. § 401(a)), other applicable provisions of the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994. The regulations promulgated by the State Retirement Board and the terms and conditions of the plan document and trust declaration adopted by the State Retirement Board may include provisions necessary to accomplish the purpose of this subparagraph.

(ii) Nothing in this act shall be construed or deemed to imply that any member of Class A-5 shall be required to make contributions to the State System in excess of the limits established by section 415(n)(3)(A)(iii) of the Internal Revenue Code of 1986 (26 U.S.C. § 415(n)(3)(A)(iii)). A contribution made by a member of Class A-5 which is determined to be in excess of the limits shall be refunded to the member in a lump sum subject to withholding for all applicable taxes and penalties as soon as administratively possible after the determination is made. A refund under this subparagraph shall not affect the benefit payable to the member and shall not be treated as or deemed to be a withdrawal of the member's accumulated deductions.

(iii) Nothing in this act shall be construed to mean that an interpretation or application of 71 Pa.C.S. Pt. XXV or benefits available to members of the State System was not in accordance with 71 Pa.C.S. Pt. XXV or other applicable law, including the Internal Revenue Code of 1986 and the Uniformed Services Employment and Reemployment Rights Act of 1994, before the effective date of this subparagraph.

Section 406. The following shall apply to immunity from personal liability:

(1) Notwithstanding any other provision of law, fiduciary requirement, actuarial standard of practice or other requirement, no member of the School Retirement Board nor an actuary, employee or official of the School System shall be held liable or in breach or violation of a law or standard, as an individual, in an official capacity or as a governmental or corporate entity, for an action or calculation related to calculating and certifying a final contribution rate as provided under this act that is different from the actuarially required contribution rate as appropriately calculated under 24 Pa.C.S. Pt. IV.

(2) Notwithstanding any other provision of law, fiduciary requirement, actuarial standard of practice or other requirement, no member of the State Retirement Board nor an actuary employee or official of the State System shall be held liable or in breach or violation of a law or standard, as an individual, in an official capacity or as a governmental or corporate entity, for an action or calculation related to calculating and certifying a final contribution rate as provided under this act

that is different from the actuarially required contribution rate as appropriately calculated under 71 Pa.C.S. Pt. XXV.

Section 407. Notwithstanding the amendment of 71 Pa.C.S. § 5901(e), the Governor's Office of General Counsel shall continue to provide legal counsel and legal services to the board until such time as the board appoints a chief counsel and such other counsel as it deems necessary to provide it with legal services.

Section 408. Notwithstanding the amendment of 24 Pa.C.S. § 8501(e), the Governor's Office of General Counsel shall continue to provide legal counsel and legal services to the board until such time as the board appoints a chief counsel and such other counsel as it deems necessary to provide it with legal services.

Section 409. Nothing in this act shall be deemed to permit the restoration of service credit or a retirement benefit which:

(1) was or is subject to section 16 of Article V of the Constitution of Pennsylvania or 42 Pa.C.S. § 3352; or

(2) the subject of an order of forfeiture under the act of July 8, 1978 (P.L.752, No.140), known as the Public Employee Pension Forfeiture Act.

Section 410. If a provision of this act or its application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act that can be given effect without the invalid provision or application.

Section 411. This act shall take effect immediately.

On the question,

Will the House agree to the amendment?

The SPEAKER. On the question, the Chair recognizes Representative Mike Tobash.

Mr. TOBASH. Thank you, Mr. Speaker.

SB 1071, as amended by 8206, amendment 8206 establishes a mandatory defined contribution plan for future employees in the Commonwealth of Pennsylvania. It will take our existing defined benefit plan and cap it at \$50,000 of earnings with a 3-percent index per year. After 25 years, future members will be fully earned in the defined benefit plan and their entire contribution will be going into the defined contribution 401(k)-style plan. The total contributions for members of SERS (State Employees' Retirement System) and PSERS (Public School Employees' Retirement System) will be 7 1/2 percent, with 1 1/2 percent going into the defined contribution plan from the first dollar of earnings, and 0.5 percent, one-half of 1 percent, being contributed from the employer.

Mr. Speaker, this is a major change for the retirement benefits of Pennsylvanians. Moving forward, future employees will be subject to a plan that is more suitable for a modern workforce. This plan will save Commonwealth taxpayers billions of dollars and will shift some of the risk away from those taxpayers.

Mr. Speaker, I encourage a "yes" vote on amendment 8206.

Thank you, Mr. Speaker.

The SPEAKER. Thank you, sir.

### POINT OF ORDER

The SPEAKER. Representative Markosek, a point of order, sir.

Mr. MARKOSEK. Thank you, Mr. Speaker.

Yes, point of order.

Mr. Speaker, I am honored to serve as the Democratic member of the Public School Employees' Retirement System, and I would just like a ruling as to whether I can vote on this or if I have to abstain.

The SPEAKER. Sir, it is the ruling of the Chair that there is no conflict, that you certainly can vote on this legislation, as can the Republican member, Steve Bloom. There is past history for members of the PSERS Board to vote on legislation affecting retirement benefits.

Mr. MARKOSEK. Thank you, Mr. Speaker.

The SPEAKER. Thank you for your inquiry.

### PARLIAMENTARY INQUIRY

The SPEAKER. Does anybody else wish to speak on the amendment?

Representative Dan Truitt is recognized.

Mr. TRUITT. Thank you, Mr. Speaker.

First, I have a parliamentary inquiry.

The SPEAKER. Yes, sir, you may proceed with a parliamentary inquiry.

Mr. TRUITT. There was an announcement earlier regarding actuarial notes that had been received from PERC (Public Employee Retirement Commission), and I was wondering, does this amendment to this bill have a PERC note?

The SPEAKER. Yes, it does.

Mr. TRUITT. When was that received?

The SPEAKER. 1 p.m. this afternoon.

Mr. TRUITT. Do you know, Mr. Speaker, is that PERC note based on the new assumptions that were released on Friday by PSERS, that the assumed rate of return has been reduced from 7 1/2 percent to 7 1/4 percent?

The SPEAKER. Sir, if you approach leadership staff, you can obtain a hard copy of the PERC note.

We just are in receipt of PERC notes. From a procedural perspective, we did receive a PERC note at 1 p.m. today. You can, in fact, if you wish, obtain the PERC note from leadership staff, and if you wish to ask any questions of the maker of the amendment, you certainly may do so on the House floor.

Mr. TRUITT. But, Mr. Speaker, since we are about to proceed with a vote on the amendment, I think it is critical that we ascertain whether the PERC note that we have in hand for this amendment to this bill is even relevant, and if we are going to move ahead, we should know—

The SPEAKER. Representative Truitt, that is not a parliamentary inquiry. On the amendment you may ask that type of a question. It would probably more appropriately be directed to the maker of the amendment.

Mr. TRUITT. Okay.

Mr. Speaker, have any other PERC notes been received for amendments on this bill?

The SPEAKER. No.

### MOTION TO TABLE

Mr. TRUITT. Mr. Speaker, I would like to make a motion.

The SPEAKER. Yes, sir, you may make a motion.

Mr. TRUITT. Mr. Speaker, given the fact that we just learned on Wednesday of last week, the end of the day, that this was going to be the vehicle for pension reform here in the House, and there really was not a whole lot of time to file amendments and get PERC notes back from PERC, I would like to make a motion that we table the bill until such time as, you know, enough time has been allowed for the remaining PERC notes to come through so that rank-and-file members here in the



House have their opportunity to raise their concerns or their ideas to improve the bill.

So I do not know if I have to name a specific date and time or—

The SPEAKER. You do not.

Let me correct that. If you can, with a motion to table, you should clarify— Yes, you are correct. You should clarify to when you want to move that. You want a motion to table the amendment, which tables the bill under our rules to what date.

Mr. TRUITT. Then, Mr. Speaker, I would like to make a motion that we table the bill until 2 weeks from today, so that would be June 27.

The SPEAKER. Before us is a motion by the good gentleman from Chester County to table the amendment, which tables the bill, until June 27.

On the question,

Will the House agree to the motion?

The SPEAKER. The only members that may speak on this motion, under our rules, are the maker of the motion, the maker of the amendment, and the two floor leaders.

At this time, Representative Truitt, would you like to speak on the motion?

Mr. TRUITT. Yes, Mr. Speaker.

The SPEAKER. You may proceed, sir.

Mr. TRUITT. Thank you, Mr. Speaker.

I do not think anybody in this room can argue that it is laziness or slowness that would lead someone to not be able to get their amendment in in time, such that the PERC note would come back in time, so that an amendment could be considered on the floor, when we did not know what bill was going to be the vehicle for pension reform until Wednesday of last week.

I filed my amendment on Thursday morning immediately after learning that this was the bill, and getting the PERC note back from PERC is not something that I have any control over. So if we move ahead with the consideration of this bill right now, effectively, my amendment has been cut out of consideration due to no fault of my own, and the same applies to several other members here in the room today who have filed amendments. They filed them very quickly on Thursday right after we knew that this was going to be the bill.

So it just seems to me that in the interest of not cutting rank-and-file members out of the discussion on pension reform, that we should allow enough time for PERC notes to come back on timely filed amendments. So I would ask my colleagues to vote in favor of the motion to table the bill until at least June 27, and hopefully that gives us enough time for the PERC notes to come back on all of the timely filed amendments.

Thank you, Mr. Speaker.

The SPEAKER. Thank you, sir.

Representative Tobash, followed by Representative Dermody, followed by Representative Reed.

Representative Tobash, the floor is yours.

Mr. TOBASH. Thank you, Mr. Speaker.

I would ask my colleagues respectfully to vote "no" on the motion to table this bill.

There were two points that were made. The first point was that the board of PSERS has recently moved to change their assumption from 7 1/2 percent earnings to 7.25, but the actuarial notes are not based on the decision from the board but, in fact, the last audited financial statements from the system. So we are

not working with actuarial assumptions that have just been changed at the last meeting. We are working on actuarial assumptions that were developed over the year 2014 or 2015 and are audited financial statements. So they really would not change it, number one.

Number two, the fact of the matter is that the PERC process, the Public Employee Retirement Commission's process, under Act 205, can be a lengthy and arduous process. We actually started working on this amendment a number of years ago. I would respectfully ask the maker of the motion to table to offer a bill on pension reform that includes some of the things that he has talked about. I think they are very valid points and I think they should be addressed, but our ability to address them today could take us far past the 2-week period, and I would ask my colleagues to respectfully vote "no" on the motion to table.

Thank you, Mr. Speaker.

The SPEAKER. Thank you, Representative Tobash.

Representative Dermody, on the motion to table.

Mr. DERMODY. Thank you, Mr. Speaker.

Mr. Speaker, I would also urge the members to vote "no" on the motion to table.

Thank you, Mr. Speaker.

The SPEAKER. Representative Reed, on the motion to table, sir.

Mr. REED. Thank you very much, Mr. Speaker.

We have a busy month ahead of us. We have a lot of work to do in the next couple weeks to get a budget in place. Today is an opportunity to move forward with a piece of legislation that many folks, Republican and Democrat, have been working on for quite some time. I would ask the members to oppose the motion to table. Thank you.

The SPEAKER. Representative Truitt, you are recognized for the second time on the motion to table, sir.

Mr. TRUITT. Thank you, Mr. Speaker.

I just want to emphasize to my colleagues that the bill and the amendment will have no immediate impact on this year's budget. All of the savings in the bill and in the amendment are for years down the line. They are not going to affect this year's budget. There is no urgency to get this done today, and I respectfully ask for everyone's support, your support to defend your position and your right to participate in the process of developing legislation here in the House. So I encourage my colleagues to vote "yes," and I thank those of you who will.

On the question recurring,

Will the House agree to the motion?

The following roll call was recorded:

#### YEAS—16

Brown, R.	Keller, F.	Miller, B.	Schemel
Dush	Lawrence	Murt	Tallman
Hennessey	Masser	Mustio	Truitt
Kaufer	McGinnis	Parker, D.	Vereb

#### NAYS—175

Adolph	Everett	Kortz	Rapp
Artis	Fabrizio	Kotik	Ravenstahl
Baker	Farina	Krueger	Readshaw
Barbin	Farry	Lewis	Reed
Barrar	Fee	Longiotti	Reese
Benninghoff	Flynn	Mackenzie	Regan

Bizzarro	Frankel	Maher	Roae
Bloom	Gabler	Mahoney	Roebuck
Boyle	Gainey	Major	Ross
Briggs	Galloway	Maloney	Rothman
Brown, V.	Gergely	Markosek	Rozzi
Bullock	Gibbons	Marshall	Saccone
Burns	Gillen	Marsico	Sainato
Caltagirone	Gillespie	Matzie	Samuelson
Carroll	Gingrich	McCarter	Sankey
Causser	Godshall	McClinton	Santarsiero
Christiana	Goodman	McNeill	Saylor
Cohen	Greiner	Mentzer	Schlossberg
Conklin	Grove	Metcalfe	Schweyer
Corbin	Hahn	Metzgar	Sims
Costa, D.	Hanna	Miccarelli	Snyder
Costa, P.	Harhai	Millard	Sonney
Cox	Harhart	Miller, D.	Staats
Cruz	Harkins	Milne	Stephens
Culver	Harper	Moul	Sturla
Cutler	Harris, A.	Mullery	Taylor
Daley, M.	Harris, J.	Neilson	Thomas
Daley, P.	Heffley	Nelson	Tobash
Davis	Helm	Nesbit	Toepel
Dawkins	Hickernell	Neuman	Toohil
Day	Hill	O'Brien	Topper
Dean	Irvin	O'Neill	Vitali
Deasy	James	Oberlander	Ward
DeLissio	Jozwiak	Ortitay	Warner
DeLozier	Kampf	Pashinski	Watson
DeLuca	Kauffman	Payne	Wentling
Dermody	Kavulich	Peifer	Wheatley
Diamond	Keller, M.K.	Petrarca	Wheeland
DiGrolamo	Keller, W.	Petri	White
Donatucci	Kim	Pickett	Youngblood
Driscoll	Kinsey	Pyle	Zimmerman
Dunbar	Kirkland	Quigley	
Ellis	Klunk	Quinn	Turzai,
Emrick	Knowles	Rader	Speaker
English			

## NOT VOTING—0

## EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

Less than the majority having voted in the affirmative, the question was determined in the negative and the motion was not agreed to.

On the question recurring,  
Will the House agree to the amendment?

The SPEAKER. At this time does anybody else wish to be recognized on the amendment?

Representative McGinnis, the floor is yours, sir.

Mr. McGINNIS. Thank you, Mr. Speaker.

The SPEAKER. Sir, just suspend for one second, please.

Mr. McGINNIS. Sure.

The SPEAKER. Members, if you could please take your seats. The floor is Representative McGinnis'.

You may proceed.

Mr. McGINNIS. Thank you, Mr. Speaker.

Mr. Speaker, we are continuing today another grim tradition of the Keystone State, and that is deplorable pension legislation. The PERC process, which was part of that terrible Act 120, but the PERC process had as its aim that we each have a chance to get informed on the economic consequences of the legislation

we are voting on. How can we be informed when we have not had the PERC note at least since 1 p.m., and most of us have been busy then doing other things. So we have had no chance to review it, we have had no chance of looking at what the consequences are economically if the assumptions hold, and we have no chance to ask, what if those assumptions do not hold? They never have in the past.

In the past we have passed pension bills that were assumed to get investment returns of 7.5 percent; did not happen. In the past we assumed we would fully fund our pensions; did not happen. In the past we assumed that those benefits would be fixed; did not happen. There is only one way the benefits go and that is upward in this House, thanks to our Constitution.

So anybody that thinks that there is some cap on the salary that is going to be into the defined benefit plan is just foolish. That \$50,000 first-year figure grows at 3 percent a year. That is over \$100,000 of salary before anybody is going to be put into a defined contribution plan. Give me a break.

The PERC note actually says the present value of the so-called savings of this plan is less than \$200 million. We will blow through that in the next 2 weeks in interest payments on the debt that the pension legislation of the past has given us.

Let us grow up. Let us not continue the travesty of pension depredation that is forced on our taxpayers. This is no vehicle to solve our pension woes. It is centered on the very thing that caused our pension woes, the defined benefit plan. That is the core piece. That is the first \$50,000 of salary this year, the first \$53,000 next year, and so on, until we get over \$100,000. What new employee is going to get over \$50,000 this year and not have their salary grow at less than \$3,000 for the next 25 years? Come on. Anybody that thinks or says that this is moving us into the 21st century of pension reform and we are doing something historic here with creating a defined contribution plan, you are crazy. You are deluding the taxpayers of this State, and we should not stand for it with this legislation done in this improper fashion where none of us get a chance to even look at the PERC note.

And again, I repeat, the PERC notes were created to give us a chance to analyze the economic consequence of this issue. This PERC note arrived late. This PERC note is based on wrong assumptions. What are we doing here even considering this? Come on. Do we have to repeat Act 9, Act 38, Act 40, and Act 120? Do we have to have one for the thumb when it comes to sticking it to the taxpayers of Pennsylvania?

Thank you, Mr. Speaker.

The SPEAKER. Thank you, Representative McGinnis.  
Representative Dush.

Mr. DUSH. I actually was not waving to speak, but I was waving for Representative Truitt, but since you brought me up here.

Mr. Speaker, thank you.

I just want to echo Representative McGinnis. Recently I did the calculation – well, actually, I went back and looked at AFSCME's (American Federation of State, County, and Municipal Employees) pay scales. The median income in the United States is around \$57,000. January 1 of 2007, pay line 9, step 1, for AFSCME, \$55,000. Three years and 10 months later it was \$7,700 more. If we think that we are going to have— And by the way, that is just the cost of replacing the position. That is not the cost including the step increase for that employee over those 4 years. So it is more than \$7,700.

If this body thinks that this bill is going to be – and if you think you are going to roll out of here and say you are voting for pension reform without attacking this kind of stuff that is going on behind the scenes, you are mistaken. This is not pension reform. We may be making some adjustments, and there will be people who will end up on the defined contribution program and we will be making a small step in that direction, but this goes absolutely nowhere to correcting the problem.

Thank you, Mr. Speaker.

On the question recurring,  
Will the House agree to the amendment?

The following roll call was recorded:

#### YEAS—150

Adolph	Everett	Kinsey	Rader
Baker	Fabrizio	Klunk	Rapp
Barbin	Farina	Knowles	Ravenstahl
Barrar	Farry	Kortz	Readshaw
Benninghoff	Fee	Kotik	Reed
Bizzarro	Flynn	Lawrence	Reese
Bloom	Frankel	Lewis	Regan
Briggs	Gabler	Mackenzie	Roae
Brown, R.	Galloway	Maher	Ross
Bullock	Gibbons	Mahoney	Rothman
Burns	Gillen	Major	Rozzi
Carroll	Gillespie	Maloney	Saccone
Causser	Gingrich	Markosek	Sankey
Christiana	Godshall	Marshall	Santarsiero
Cohen	Goodman	Marsico	Saylor
Corbin	Greiner	Masser	Schlossberg
Costa, D.	Grove	Matzie	Schweyer
Costa, P.	Hahn	McNeill	Sims
Cox	Hanna	Mentzer	Sonney
Cruz	Harhai	Metcalfe	Staats
Culver	Harhart	Metzgar	Stephens
Cutler	Harkins	Millard	Sturla
Daley, M.	Harper	Milne	Tallman
Davis	Harris, A.	Moul	Taylor
Day	Heffley	Mullery	Tobash
Deasy	Helm	Nelson	Toepel
DeLissio	Hennessey	Nesbit	Toohil
Delozier	Hickernell	O'Neill	Topper
DeLuca	Hill	Oberlander	Ward
Dermody	Irvin	Ortitay	Warner
Diamond	James	Parker, D.	Watson
DiGirolamo	Jozwiak	Payne	Wentling
Donatucci	Kampf	Peifer	Wheeland
Dunbar	Kaufer	Petri	Youngblood
Dush	Kauffman	Pickett	Zimmerman
Ellis	Kavulich	Pyle	
Emrick	Keller, M.K.	Quigley	Turzai,
English	Kim	Quinn	Speaker

#### NAYS—41

Artis	Harris, J.	Miller, B.	Sainato
Boyle	Keller, F.	Miller, D.	Samuelson
Brown, V.	Keller, W.	Murt	Schemel
Caltagirone	Kirkland	Mustio	Snyder
Conklin	Krueger	Neilson	Thomas
Daley, P.	Longietti	Neuman	Truitt
Dawkins	McCarter	O'Brien	Vereb
Dean	McClinton	Pashinski	Vitali
Driscoll	McGinnis	Petrarca	Wheatley
Gainey	Miccarelli	Roebuck	White

#### NOT VOTING—0

#### EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

The majority having voted in the affirmative, the question was determined in the affirmative and the amendment was agreed to.

On the question,  
Will the House agree to the bill on second consideration as amended?

The SPEAKER. All other amendments are not in order.

On the question recurring,  
Will the House agree to the bill on second consideration as amended?  
Bill as amended was agreed to.

The SPEAKER. The bill as amended will be reprinted.

### PARLIAMENTARY INQUIRY

The SPEAKER. At this time Representative Truitt is recognized, and then Representative Vereb will be recognized.

Representative Truitt, the floor is yours, sir.

Mr. TRUITT. Thank you, Mr. Speaker.

It was just a brief parliamentary inquiry that may now be irrelevant.

I was curious to know, you ruled my amendment out of order, but my amendment is based on HB 900, which did have a PERC note. And I just wondered if indeed it really is out of order on the basis that the PERC note is not for this specific bill and that specific amendment.

The SPEAKER. Representative, there was, in fact, a PERC note received for amendment 8206.

Mr. TRUITT. That is correct.

The SPEAKER. Sir, your amendments, 8202 and 8203, PERC notes were not received. We just receive PERC notes. That is what the Chair does, we just receive them.

Mr. TRUITT. But we do have a PERC note—

The SPEAKER. There was not a PERC note received for either of those amendments, and under 43 P.S. § 1407, "Except as otherwise provided in subsection (f)(2)," which is not applicable, "no amendment to any bill concerning any public employee pension or retirement plan shall be considered by either House of the General Assembly until an actuarial note prepared by an enrolled pension actuary has been attached." That is the sum and substance of it.

Mr. TRUITT. Thank you, Mr. Speaker.

The SPEAKER. Thank you, sir.

### PARLIAMENTARY INQUIRY

The SPEAKER. Representative Mike Vereb.

Mr. VEREB. Thank you, Mr. Speaker.

I had heard rumors, but now, obviously, it is fact. You have declared my amendments out of order. Can you explain briefly, if you could, why?

The SPEAKER. Yes. Representative Vereb, your amendment, 8238, was late-filed and it does not have a PERC note, so that is why it is out of order. It is late-filed. Now, you would have been able to file a motion to suspend but you would have needed a two-thirds vote on that, but in addition, there was not a PERC note.

Sir, you may proceed though; you may proceed.

Mr. VEREB. Well, we are beyond second consideration at this point. You know, I do not even know how I could challenge that, Mr. Speaker, respectfully, but I was not aware that what staff and I had done was late-filed. I understand the PERC note piece.

Thank you, Mr. Speaker.

The SPEAKER. Thank you, Representative.

### PARLIAMENTARY INQUIRY

The SPEAKER. Representative Mustio.

Mr. MUSTIO. Just to follow up, Mr. Speaker, on what Representative Vereb said. Mr. Speaker?

The SPEAKER. Yes, Representative Mustio, you may proceed, sir.

Mr. MUSTIO. I am assuming the answer will be similar on my amendment that the previous two speakers have had.

Just to be clear though, from Representative Vereb's standpoint, the comment was made that the amendments were late-filed. I think it is probably irrelevant if they were filed timely or not. Based on what I am hearing, if there is no PERC note, then they could have been timely filed, but it was still going to be ruled out of order.

The SPEAKER. Correct; that is correct, Representative Mustio.

Mr. MUSTIO. And it was brought to my attention by another Representative that in the future do we have to use PERC to get the appropriate actuarial notes. Is it possible then, since we somewhat seem to be having a problem in timing, to get them from another organization if we are going to have other bills running in the future?

The SPEAKER. Well, the statute is that they have to be prepared by the Public Employee Retirement Commission.

Mr. MUSTIO. Okay. Thank you, Mr. Speaker.

The SPEAKER. Thank you.

### VOTE CORRECTION

The SPEAKER. Representative Kinsey, you are recognized, sir.

Mr. KINSEY. Thank you, Mr. Speaker.

My button malfunctioned, so I was recorded as a "yes." I want to be recorded as a "no" for amendment A8206.

The SPEAKER. Yes, Representative Kinsey, the record will reflect that you should be marked as "no" on amendment 8206.

### SUPPLEMENTAL CALENDAR A

#### BILLS ON SECOND CONSIDERATION

The House proceeded to second consideration of **HB 850, PN 3461**, entitled:

An Act amending the act of September 2, 1965 (P.L.490, No.249), referred to as the Money Transmission Business Licensing Law, further providing for title of act, for definitions, for license required and for exemptions; repealing provisions relating to partial exemption; further providing for qualifications for a license, for application for license, for fee, financial statement and security, for investigation issuance of license, for term of license, for renewal of licenses and for authority of the Department of Banking; providing for suspension, revocation or refusal and for licensee requirements; further providing for agents and subagents; repealing provisions relating to hearing and appeal, injunctions, rules and regulations and examinations by the Secretary of Banking; and further providing for penalties.

On the question,

Will the House agree to the bill on second consideration?

Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **HB 1496, PN 3459**, entitled:

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in firearms and other dangerous articles, further providing for persons not to possess, use, manufacture, control, sell or transfer firearms.

On the question,

Will the House agree to the bill on second consideration?

Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **HB 1497, PN 3460**, entitled:

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in firearms and other dangerous articles, further providing for persons not to possess, use, manufacture, control, sell or transfer firearms.

On the question,

Will the House agree to the bill on second consideration?

Bill was agreed to.

\* \* \*

The House proceeded to second consideration of **HB 1498, PN 2110**, entitled:

An Act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, in firearms and other dangerous articles, further providing for duties of the Pennsylvania State Police.

On the question,

Will the House agree to the bill on second consideration?

The SPEAKER. There is an amendment filed by Representative Rick Saccone. It is 8277. It is a late-filed amendment.

The gentleman, Representative Saccone, is called up to offer a motion, if he would like.

Mr. SACCONI. Mr. Speaker, I would like to withdraw that amendment.

The SPEAKER. Thank you, Representative Saccone.

The amendment is withdrawn.



On the question recurring,  
Will the House agree to the bill on second consideration?  
Bill was agreed to.

## SUPPLEMENTAL CALENDAR B

### BILLS ON THIRD CONSIDERATION

The House proceeded to third consideration of **HB 1531**, **PN 2301**, entitled:

An Act amending Title 23 (Domestic Relations) of the Pennsylvania Consolidated Statutes, in adoption, further providing for alternative procedure for relinquishment.

On the question,  
Will the House agree to the bill on third consideration?  
Bill was agreed to.

(Bill analysis was read.)

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

#### YEAS—190

Adolph	Fabrizio	Krueger	Rader
Artis	Farina	Lawrence	Rapp
Baker	Farry	Lewis	Ravenstahl
Barbin	Fee	Longietti	Readshaw
Barrar	Flynn	Mackenzie	Reed
Benninghoff	Frankel	Maher	Reese
Bizzarro	Gabler	Mahoney	Regan
Bloom	Gainey	Major	Roae
Boyle	Galloway	Maloney	Roebuck
Briggs	Gergely	Markosek	Ross
Brown, R.	Gibbons	Marshall	Rothman
Brown, V.	Gillen	Marsico	Rozzi
Bullock	Gillespie	Masser	Saccone
Burns	Gingrich	Matzie	Sainato
Caltagirone	Godshall	McCarter	Samuelson
Carroll	Goodman	McClinton	Sankey
Causser	Greiner	McGinnis	Santarsiero
Christiana	Grove	McNeill	Saylor
Cohen	Hahn	Mentzer	Schemel
Conklin	Hanna	Metcalfe	Schlossberg
Corbin	Harhai	Metzgar	Schweyer
Costa, D.	Harhart	Miccarelli	Sims
Costa, P.	Harkins	Millard	Snyder
Cox	Harper	Miller, B.	Sonney
Cruz	Harris, A.	Miller, D.	Staats
Culver	Harris, J.	Milne	Stephens
Cutler	Heffley	Moul	Sturla
Daley, M.	Helm	Mullery	Taylor
Daley, P.	Hennessey	Murt	Thomas
Davis	Hickernell	Mustio	Tobash
Dawkins	Hill	Neilson	Toepel
Day	Irvin	Nelson	Toohil
Dean	James	Nesbit	Topper
Deasy	Jozwiak	Neuman	Truitt
DeLissio	Kampf	O'Brien	Vereb
Delozier	Kaufer	O'Neill	Vitali
DeLuca	Kauffman	Oberlander	Ward
Dermody	Kavulich	Ortitay	Warner
Diamond	Keller, F.	Parker, D.	Watson

DiGirolamo	Keller, M.K.	Pashinski	Wentling
Donatucci	Keller, W.	Payne	Wheatley
Driscoll	Kim	Peifer	Wheeland
Dunbar	Kinsey	Petrarca	White
Dush	Kirkland	Petri	Youngblood
Ellis	Klunk	Pickett	Zimmerman
Emrick	Knowles	Pyle	
English	Kortz	Quigley	Turzai,
Everett	Kotik	Quinn	Speaker

#### NAYS—1

Tallman

#### NOT VOTING—0

#### EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk present the same to the Senate for concurrence.

\* \* \*

The House proceeded to third consideration of **HB 1532**, **PN 2302**, entitled:

An Act amending Title 23 (Domestic Relations) of the Pennsylvania Consolidated Statutes, in adoption, further providing for the definition of "intermediary."

On the question,  
Will the House agree to the bill on third consideration?  
Bill was agreed to.

(Bill analysis was read.)

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

#### YEAS—191

Adolph	Farina	Lawrence	Rapp
Artis	Farry	Lewis	Ravenstahl
Baker	Fee	Longietti	Readshaw
Barbin	Flynn	Mackenzie	Reed
Barrar	Frankel	Maher	Reese
Benninghoff	Gabler	Mahoney	Regan
Bizzarro	Gainey	Major	Roae
Bloom	Galloway	Maloney	Roebuck
Boyle	Gergely	Markosek	Ross
Briggs	Gibbons	Marshall	Rothman
Brown, R.	Gillen	Marsico	Rozzi
Brown, V.	Gillespie	Masser	Saccone
Bullock	Gingrich	Matzie	Sainato
Burns	Godshall	McCarter	Samuelson
Caltagirone	Goodman	McClinton	Sankey

Carroll	Greiner	McGinnis	Santarsiero
Causar	Grove	McNeill	Saylor
Christiana	Hahn	Mentzer	Schemel
Cohen	Hanna	Metcalfe	Schlossberg
Conklin	Harhai	Metzgar	Schweyer
Corbin	Harhart	Miccarelli	Sims
Costa, D.	Harkins	Millard	Snyder
Costa, P.	Harper	Miller, B.	Sonney
Cox	Harris, A.	Miller, D.	Staats
Cruz	Harris, J.	Milne	Stephens
Culver	Heffley	Moul	Sturla
Cutler	Helm	Mullery	Tallman
Daley, M.	Hennessey	Murt	Taylor
Daley, P.	Hickernell	Mustio	Thomas
Davis	Hill	Neilson	Tobash
Dawkins	Irvin	Nelson	Toepel
Day	James	Nesbit	Toohil
Dean	Jozwiak	Neuman	Topper
Deasy	Kampf	O'Brien	Truitt
DeLissio	Kaufer	O'Neill	Vereb
Delozier	Kauffman	Oberlander	Vitali
DeLuca	Kavulich	Ortitay	Ward
Dermody	Keller, F.	Parker, D.	Warner
Diamond	Keller, M.K.	Pashinski	Watson
DiGirolamo	Keller, W.	Payne	Wentling
Donatucci	Kim	Peifer	Wheatley
Driscoll	Kinsey	Petrarca	Wheeland
Dunbar	Kirkland	Petri	White
Dush	Klunk	Pickett	Youngblood
Ellis	Knowles	Pyle	Zimmerman
Emrick	Kortz	Quigley	
English	Kotik	Quinn	Turzai,
Everett	Krueger	Rader	Speaker
Fabrizio			

## NAYS—0

## NOT VOTING—0

## EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk present the same to the Senate for concurrence.

\* \* \*

The House proceeded to third consideration of **HB 2087, PN 3469**, entitled:

An Act amending the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, in terms and courses of study, further providing for fire and emergency evacuation drills.

On the question,  
Will the House agree to the bill on third consideration?  
Bill was agreed to.

(Bill analysis was read.)

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

## YEAS—191

Adolph	Farina	Lawrence	Rapp
Artis	Farry	Lewis	Ravenstahl
Baker	Fee	Longietti	Readshaw
Barbin	Flynn	Mackenzie	Reed
Barrar	Frankel	Maher	Reese
Benninghoff	Gabler	Mahoney	Regan
Bizzarro	Gainey	Major	Roae
Bloom	Galloway	Maloney	Roebuck
Boyle	Gergely	Markosek	Ross
Briggs	Gibbons	Marshall	Rothman
Brown, R.	Gillen	Marsico	Rozzi
Brown, V.	Gillespie	Masser	Saccone
Bullock	Gingrich	Matzie	Sainato
Burns	Godshall	McCarter	Samuelson
Caltagirone	Goodman	McClinton	Sankey
Carroll	Greiner	McGinnis	Santarsiero
Causar	Grove	McNeill	Saylor
Christiana	Hahn	Mentzer	Schemel
Cohen	Hanna	Metcalfe	Schlossberg
Conklin	Harhai	Metzgar	Schweyer
Corbin	Harhart	Miccarelli	Sims
Costa, D.	Harkins	Millard	Snyder
Costa, P.	Harper	Miller, B.	Sonney
Cox	Harris, A.	Miller, D.	Staats
Cruz	Harris, J.	Milne	Stephens
Culver	Heffley	Moul	Sturla
Cutler	Helm	Mullery	Tallman
Daley, M.	Hennessey	Murt	Taylor
Daley, P.	Hickernell	Mustio	Thomas
Davis	Hill	Neilson	Tobash
Dawkins	Irvin	Nelson	Toepel
Day	James	Nesbit	Toohil
Dean	Jozwiak	Neuman	Topper
Deasy	Kampf	O'Brien	Truitt
DeLissio	Kaufer	O'Neill	Vereb
Delozier	Kauffman	Oberlander	Vitali
DeLuca	Kavulich	Ortitay	Ward
Dermody	Keller, F.	Parker, D.	Warner
Diamond	Keller, M.K.	Pashinski	Watson
DiGirolamo	Keller, W.	Payne	Wentling
Donatucci	Kim	Peifer	Wheatley
Driscoll	Kinsey	Petrarca	Wheeland
Dunbar	Kirkland	Petri	White
Dush	Klunk	Pickett	Youngblood
Ellis	Knowles	Pyle	Zimmerman
Emrick	Kortz	Quigley	
English	Kotik	Quinn	Turzai,
Everett	Krueger	Rader	Speaker
Fabrizio			

## NAYS—0

## NOT VOTING—0

## EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk present the same to the Senate for concurrence.

\* \* \*

The House proceeded to third consideration of **HB 1415, PN 3450**, entitled:

An Act amending the act of July 9, 1987 (P.L.220, No.39), known as the Social Workers, Marriage and Family Therapists and Professional Counselors Act, further providing for definitions, for reciprocity, for restriction on the use of title "licensed clinical social worker," for penalties and for unlawful practice; and repealing provisions related to appropriation.

On the question,  
Will the House agree to the bill on third consideration?  
Bill was agreed to.

(Bill analysis was read.)

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

## YEAS—186

Adolph	Fabrizio	Kotik	Rapp
Artis	Farina	Krueger	Ravenstahl
Baker	Farry	Lawrence	Readshaw
Barbin	Fee	Lewis	Reed
Barrar	Flynn	Longietti	Reese
Benninghoff	Frankel	Mackenzie	Regan
Bizzarro	Gabler	Maher	Roae
Bloom	Gainey	Mahoney	Roebuck
Boyle	Galloway	Major	Ross
Briggs	Gergely	Maloney	Rothman
Brown, R.	Gibbons	Markosek	Rozzi
Brown, V.	Gillen	Marshall	Saccone
Bullock	Gillespie	Marsico	Sainato
Burns	Gingrich	Masser	Samuelson
Caltagirone	Godshall	Matzie	Sankey
Carroll	Goodman	McCarter	Santarsiero
Causar	Greiner	McClinton	Saylor
Christiana	Grove	McNeill	Schemel
Cohen	Hahn	Mentzer	Schlossberg
Conklin	Hanna	Miccarelli	Schweyer
Corbin	Harhai	Millard	Sims
Costa, D.	Harhart	Miller, B.	Snyder
Costa, P.	Harkins	Miller, D.	Sonney
Cox	Harper	Milne	Staats
Cruz	Harris, A.	Moul	Stephens
Culver	Harris, J.	Mullery	Sturla
Cutler	Heffley	Murt	Tallman
Daley, M.	Helm	Mustio	Taylor
Daley, P.	Hennessey	Neilson	Thomas
Davis	Hickernell	Nelson	Tobash
Dawkins	Hill	Nesbit	Toepel
Day	Irvin	Neuman	Toohil
Dean	James	O'Brien	Topper
Deasy	Jozwiak	O'Neill	Verab
DeLissio	Kampf	Oberlander	Vitali
Delozier	Kaufer	Ortitay	Ward
DeLuca	Kauffman	Parker, D.	Warner
Dermody	Kavulich	Pashinski	Watson
Diamond	Keller, F.	Payne	Wentling
DiGirolamo	Keller, M.K.	Peifer	Wheatley
Donatucci	Keller, W.	Petrarca	Wheeland
Driscoll	Kim	Petri	White
Dunbar	Kinsey	Pickett	Youngblood
Ellis	Kirkland	Pyle	Zimmerman

Emrick	Klunk	Quigley	
English	Knowles	Quinn	Turzai,
Everett	Kortz	Rader	Speaker

## NAYS—5

Dush	Metcalf	Metzgar	Truitt
McGinnis			

## NOT VOTING—0

## EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk present the same to the Senate for concurrence.

\* \* \*

The House proceeded to third consideration of **SB 772, PN 1879**, entitled:

An Act amending the act of March 23, 1972 (P.L.136, No.52), known as the Professional Psychologists Practice Act, further providing for definitions, for necessity for license, for qualifications for license, for refusal, suspension or revocation of license and for reporting of multiple licensure; making editorial changes; and making a related repeal.

On the question,  
Will the House agree to the bill on third consideration?  
Bill was agreed to.

(Bill analysis was read.)

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

## YEAS—187

Adolph	Farina	Krueger	Rapp
Artis	Farry	Lawrence	Ravenstahl
Baker	Fee	Lewis	Readshaw
Barbin	Flynn	Longietti	Reed
Barrar	Frankel	Mackenzie	Reese
Benninghoff	Gabler	Maher	Regan
Bizzarro	Gainey	Mahoney	Roae
Bloom	Galloway	Major	Roebuck
Boyle	Gergely	Maloney	Ross
Briggs	Gibbons	Markosek	Rothman
Brown, R.	Gillen	Marshall	Rozzi
Brown, V.	Gillespie	Marsico	Saccone
Bullock	Gingrich	Masser	Sainato
Burns	Godshall	Matzie	Samuelson
Caltagirone	Goodman	McCarter	Sankey
Carroll	Greiner	McClinton	Santarsiero
Causar	Grove	McNeill	Saylor

Christiana	Hahn	Mentzer	Schemel
Cohen	Hanna	Metzgar	Schlossberg
Conklin	Harhai	Miccarelli	Schweyer
Corbin	Harhart	Millard	Sims
Costa, D.	Harkins	Miller, B.	Snyder
Costa, P.	Harper	Miller, D.	Sonney
Cox	Harris, A.	Milne	Staats
Cruz	Harris, J.	Moul	Stephens
Culver	Heffley	Mullery	Sturla
Cutler	Helm	Murt	Tallman
Daley, M.	Hennessey	Mustio	Taylor
Daley, P.	Hickernell	Neilson	Thomas
Davis	Hill	Nelson	Tobash
Dawkins	Irvin	Nesbit	Toepel
Day	James	Neuman	Toohil
Dean	Jozwiak	O'Brien	Topper
Deasy	Kampf	O'Neill	Vereb
DeLissio	Kaufer	Oberlander	Vitali
DeLozier	Kaufman	Ortitay	Ward
DeLuca	Kavulich	Parker, D.	Warner
Dermody	Keller, F.	Pashinski	Watson
Diamond	Keller, M.K.	Payne	Wentling
DiGirolamo	Keller, W.	Peifer	Wheatley
Donatucci	Kim	Petrarca	Wheeland
Driscoll	Kinsey	Petri	White
Dunbar	Kirkland	Pickett	Youngblood
Ellis	Klunk	Pyle	Zimmerman
Emrick	Knowles	Quigley	
English	Kortz	Quinn	Turzai,
Everett	Kotik	Rader	Speaker
Fabrizio			

## NAYS—4

Dush	McGinnis	Metcalfe	Truitt
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## NOT VOTING—0

## EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk return the same to the Senate with the information that the House has passed the same with amendment in which the concurrence of the Senate is requested.

\* \* \*

The House proceeded to third consideration of **SB 837, PN 1671**, entitled:

An Act amending the act of July 9, 1987 (P.L.220, No.39), known as the Social Workers, Marriage and Family Therapists and Professional Counselors Act, further providing for State Board of Social Workers, Marriage and Family Therapists and Professional Counselors, for restriction on the use of title "Licensed Marriage and Family Therapist" and for penalties.

On the question,  
Will the House agree to the bill on third consideration?  
Bill was agreed to.

(Bill analysis was read.)

The SPEAKER. This bill has been considered on three different days and agreed to and is now on final passage.

The question is, shall the bill pass finally?

Agreeable to the provisions of the Constitution, the yeas and nays will now be taken.

The following roll call was recorded:

## YEAS—186

Adolph	Fabrizio	Krueger	Rapp
Artis	Farina	Lawrence	Ravenstahl
Baker	Farry	Lewis	Readshaw
Barbin	Fee	Longietti	Reed
Barrar	Flynn	Mackenzie	Reese
Benninghoff	Frankel	Maher	Regan
Bizzarro	Gabler	Mahoney	Roae
Bloom	Gainey	Major	Roebuck
Boyle	Galloway	Maloney	Ross
Briggs	Gergely	Markosek	Rothman
Brown, R.	Gibbons	Marshall	Rozzi
Brown, V.	Gillen	Marsico	Sacccone
Bullock	Gillespie	Masser	Sainato
Burns	Gingrich	Matzie	Samuelson
Caltagirone	Godshall	McCarter	Sankey
Carroll	Goodman	McClinton	Santarsiero
Causar	Greiner	McNeill	Saylor
Christiana	Grove	Mentzer	Schemel
Cohen	Hahn	Metzgar	Schlossberg
Conklin	Hanna	Miccarelli	Schweyer
Corbin	Harhai	Millard	Sims
Costa, D.	Harhart	Miller, B.	Snyder
Costa, P.	Harkins	Miller, D.	Sonney
Cox	Harper	Milne	Staats
Cruz	Harris, A.	Moul	Stephens
Culver	Harris, J.	Mullery	Sturla
Cutler	Heffley	Murt	Tallman
Daley, M.	Helm	Mustio	Taylor
Daley, P.	Hennessey	Neilson	Thomas
Davis	Hickernell	Nelson	Tobash
Dawkins	Hill	Nesbit	Toepel
Day	Irvin	Neuman	Toohil
Dean	James	O'Brien	Topper
Deasy	Jozwiak	O'Neill	Vereb
DeLissio	Kampf	Oberlander	Vitali
DeLozier	Kaufer	Ortitay	Ward
DeLuca	Kaufman	Parker, D.	Warner
Dermody	Kavulich	Pashinski	Watson
Diamond	Keller, M.K.	Payne	Wentling
DiGirolamo	Keller, W.	Peifer	Wheatley
Donatucci	Kim	Petrarca	Wheeland
Driscoll	Kinsey	Petri	White
Dunbar	Kirkland	Pickett	Youngblood
Ellis	Klunk	Pyle	Zimmerman
Emrick	Knowles	Quigley	
English	Kortz	Quinn	Turzai,
Everett	Kotik	Rader	Speaker

## NAYS—5

Dush	McGinnis	Metcalfe	Truitt
Keller, F.			

## NOT VOTING—0

## EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	



The majority required by the Constitution having voted in the affirmative, the question was determined in the affirmative and the bill passed finally.

Ordered, That the clerk return the same to the Senate with the information that the House has passed the same without amendment.

## UNCONTESTED CALENDAR

### RESOLUTIONS PURSUANT TO RULE 35

Mr. GOODMAN called up **HR 914, PN 3470**, entitled:

A Resolution designating the month of June 2016 as "Corrections Officers and Employees Month" in Pennsylvania.

\* \* \*

Mrs. BULLOCK called up **HR 918, PN 3473**, entitled:

A Resolution recognizing the week of June 13 through 19, 2016, as "Men's Health Week" in Pennsylvania.

\* \* \*

Mrs. BULLOCK called up **HR 919, PN 3474**, entitled:

A Resolution designating the month of June 2016 as "Healthy Living and Healthy Eating Month" in Pennsylvania and encouraging all residents to eat healthily and exercise.

\* \* \*

Mrs. BULLOCK called up **HR 920, PN 3475**, entitled:

A Resolution designating the month of June 2016 as "Adopt a Cat Month" in Pennsylvania.

On the question,  
Will the House adopt the resolutions?

The following roll call was recorded:

### YEAS—190

Adolph	Fabrizio	Krueger	Rader
Artis	Farina	Lawrence	Rapp
Baker	Farry	Lewis	Ravenstahl
Barbin	Fee	Longietti	Readshaw
Barrar	Flynn	Mackenzie	Reed
Benninghoff	Frankel	Maher	Reese
Bizzarro	Gabler	Mahoney	Regan
Bloom	Gainey	Major	Roae
Boyle	Galloway	Maloney	Roebuck
Briggs	Gergely	Markosek	Ross
Brown, R.	Gibbons	Marshall	Rothman
Brown, V.	Gillen	Marsico	Rozzi
Bullock	Gillespie	Masser	Saccone
Burns	Gingrich	Matzie	Sainato
Caltagirone	Godshall	McCarter	Samuelson
Carroll	Goodman	McClinton	Sankey
Causar	Greiner	McGinnis	Santarsiero
Christiana	Grove	McNeill	Saylor
Cohen	Hahn	Mentzer	Schemel
Conklin	Hanna	Metcalfe	Schlossberg
Corbin	Harhai	Metzgar	Schweyer
Costa, D.	Harhart	Miccarelli	Sims
Costa, P.	Harkins	Millard	Snyder
Cox	Harper	Miller, B.	Sonney

Cruz	Harris, A.	Miller, D.	Staats
Culver	Harris, J.	Milne	Stephens
Cutler	Heffley	Moul	Sturla
Daley, M.	Helm	Mullery	Taylor
Daley, P.	Hennessey	Murt	Thomas
Davis	Hickernell	Mustio	Tobash
Dawkins	Hill	Neilson	Toepel
Day	Irvin	Nelson	Toohil
Dean	James	Nesbit	Topper
Deasy	Jozwiak	Neuman	Truitt
DeLissio	Kampf	O'Brien	Vereb
Delozier	Kaufer	O'Neill	Vitali
DeLuca	Kauffman	Oberlander	Ward
Dermody	Kavulich	Ortitay	Warner
Diamond	Keller, F.	Parker, D.	Watson
DiGirolamo	Keller, M.K.	Pashinski	Wentling
Donatucci	Keller, W.	Payne	Wheatley
Driscoll	Kim	Peifer	Wheeland
Dunbar	Kinsey	Petrarca	White
Dush	Kirkland	Petri	Youngblood
Ellis	Klunk	Pickett	Zimmerman
Emrick	Knowles	Pyle	
English	Kortz	Quigley	Turzai,
Everett	Kotik	Quinn	Speaker

### NAYS—1

Tallman

### NOT VOTING—0

### EXCUSED—11

Acosta	Davidson	Freeman	Schreiber
Boback	Evankovich	Santora	Simmons
Bradford	Evans	Savage	

The majority having voted in the affirmative, the question was determined in the affirmative and the resolutions were adopted.

The SPEAKER. Members, given the lateness of the hour, I had asked the good gentleman, the Democratic leader, and Representative Costa if we might do HR 912 honoring the life of William Campbell tomorrow when I think everybody would, you know, pay significant attention to that resolution honoring the gentleman's life.

I had thought that we would be putting off HR 918, but it is on the uncontested calendar. So if Representative Bullock and Representative Kinsey would wish to speak on that right now – we did just pass it with the uncontested calendar – you certainly may speak at this time. Representative Bullock and Representative Kinsey would be recognized to speak on HR 918, which was a part of the uncontested House calendar. If you wish to speak tomorrow on it, I am okay with that as well. Tomorrow? Then I will make sure to call you first thing tomorrow when we speak on resolutions, and I do apologize for that; I do. But we did pass it with the uncontested, but tomorrow Representative Bullock and Representative Kinsey will be recognized to speak on HR 918.

With that, we have no remaining votes for today.

## BILLS RECOMMITTED

The SPEAKER. The Chair recognizes the majority leader, who moves that the following bills be recommitted to the Committee on Appropriations:

HB 850;  
HB 1334;  
HB 1496;  
HB 1497;  
HB 1498;  
HB 1779;  
SB 1071;  
SB 1077; and  
SB 1104.

On the question,  
Will the House agree to the motion?  
Motion was agreed to.

### BILLS REMOVED FROM TABLE

The SPEAKER. The Chair recognizes the majority leader, who moves that the following bills be removed from the tabled calendar and placed on the active calendar:

HB 1104;  
SB 279; and  
SB 1195.

On the question,  
Will the House agree to the motion?  
Motion was agreed to.

### CALENDAR CONTINUED

### BILL ON THIRD CONSIDERATION

The House proceeded to third consideration of **SB 316, PN 1524**, entitled:

An Act amending Title 62 (Procurement) of the Pennsylvania Consolidated Statutes, in general provisions, providing for public access to procurement records; and, in source selection and contract formation, further providing for sole source procurement and for emergency procurement and providing for legal services contracts.

On the question,  
Will the House agree to the bill on third consideration?

### BILL TABLED

The SPEAKER. The Chair recognizes the majority leader, who moves that SB 316 be removed from the active calendar and placed on the tabled calendar.

On the question,  
Will the House agree to the motion?  
Motion was agreed to.

### BILL REMOVED FROM TABLE

The SPEAKER. The Chair recognizes the majority leader, who moves that SB 316 be removed from the tabled calendar and placed on the active calendar.

On the question,  
Will the House agree to the motion?  
Motion was agreed to.

### REMARKS SUBMITTED FOR THE RECORD

The SPEAKER. Representative Gary Day is recognized on unanimous consent.

Mr. DAY. Thank you, Mr. Speaker.

Mr. Speaker, I rise to just submit my comments for the record on HB 2087. Thank you.

The SPEAKER. Those will be accepted. On HB 2087, Representative Gary Day, the prime sponsor, has submitted remarks for the record.

Mr. DAY submitted the following remarks for the Legislative Journal:

HB 2087 is a commonsense change that is the result of the hard work of the Select Committee for School Safety empowered last session to study the issues of safety and security in our schools.

This legislation simply requires public schools to conduct one school security drill in each school building within 90 days of the beginning of the school year in place of one monthly fire drill, which is required under current law. This is a reasonable step toward ensuring that schools, students, and staff are prepared for emergency situations early in the school year. By not mandating an additional drill and simply replacing one drill for another, this bill also recognizes the many requirements already placed on schools.

Most importantly, this bill avoids a one-size-fits-all approach to school safety and instead allows schools to determine what type of school security drill best suits the needs of their students, employees, and communities.

I would like to thank Representative Craig Staats and Representative Sid Kavulich for their desire to support safe schools.

I am pleased that this legislation has the support of the Association of School Business Officials, the Association of School Administrators, and PSEA (Pennsylvania State Education Association), and I hope that my colleagues in the House will join me in supporting this legislation.

### REMARKS SUBMITTED FOR THE RECORD

Mr. PETRI submitted the following remarks for the Legislative Journal:

Mr. Speaker, it is my privilege to bring to the attention of the Speaker and the members of the Pennsylvania House of Representatives the name of Brandon Connor Smith, who has recently been awarded Scouting's highest honor – Eagle Scout.

Mr. Speaker, I would like to read to the members of the House of Representatives the following citation.

Whereas, Brandon Connor Smith has earned the Eagle Award in Scouting. This is the highest award that Boy Scouts of America can bestow and as such represents great sacrifice and tremendous effort on the part of this young man. Brandon is a member of Troop 34.

Now therefore, Mr. Speaker and members of the House of Representatives, it is my privilege to congratulate and place in the Legislative Journal the name of Brandon Connor Smith.

The SPEAKER. Do any other members wish to be recognized?

**BILLS AND RESOLUTIONS PASSED OVER**

The SPEAKER. Without objection, all remaining bills and resolutions on today's calendar will be passed over. The Chair hears no objection.

**ADJOURNMENT**

The SPEAKER. Representative Adam Harris has moved that we be adjourned until Tuesday, June 14, 2016, at 11 a.m., e.d.t., unless sooner recalled by the Speaker.

On the question,

Will the House agree to the motion?

Motion was agreed to, and at 5:29 p.m., e.d.t., the House adjourned.