

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2339 Session of  
2006

INTRODUCED BY HERMAN, CLYMER, BEBKO-JONES, GINGRICH, HUTCHINSON,  
KILLION, REED, SATHER, FABRIZIO, SHAPIRO, YOUNGBLOOD,  
BENNINGHOFF, ADOLPH, BAKER, BALDWIN, BASTIAN, BELARDI,  
BELFANTI, BUNT, BUXTON, CALTAGIRONE, CAPPELLI, CASORIO,  
CAUSER, CORRIGAN, CRAHALLA, CREIGHTON, DALLY, DeLUCA,  
DeWEESE, DIVEN, J. EVANS, FAIRCHILD, FICHTER, GEIST, GEORGE,  
GOOD, GRUCELA, HALUSKA, HANNA, HARHAI, HARHART, HARRIS,  
HASAY, HERSHEY, HESS, JAMES, KAUFFMAN, M. KELLER, KOTIK,  
LEVDANSKY, MAITLAND, MAJOR, MANDERINO, MARKOSEK, MARSICO,  
McILHATTAN, McNAUGHTON, MICOZZIE, MUNDY, MUSTIO, O'NEILL,  
PAYNE, PETRARCA, PHILLIPS, PICKETT, PISTELLA, RAYMOND,  
READSHAW, REICHLEY, ROSS, RUBLEY, RUFFING, SANTONI, SCAVELLO,  
SCHRODER, SEMMEL, SIPTROTH, B. SMITH, SOLOBAY, STABACK,  
STERN, R. STEVENSON, T. STEVENSON, E. Z. TAYLOR, J. TAYLOR,  
THOMAS, TIGUE, TRUE, WALKO, WANSACZ, WATERS, WILT,  
WOJNAROSKI, YUDICHAK, FRANKEL, LEH, HARPER AND SURRA,  
JANUARY 3, 2006

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JANUARY 3, 2006

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the  
2 Pennsylvania Consolidated Statutes, providing for  
3 supplemental annuities commencing 2006 and 2007; further  
4 providing for annuity reserve account and for supplemental  
5 annuity account.

6 The General Assembly of the Commonwealth of Pennsylvania  
7 hereby enacts as follows:

8 Section 1. Title 24 of the Pennsylvania Consolidated  
9 Statutes is amended by adding sections to read:

10 § 8348.8. Supplemental annuities commencing 2006.

11 (a) Benefits.--Commencing with the first monthly annuity

12 payment after July 1, 2006, any eligible benefit recipient shall

1 be entitled to receive an additional monthly supplemental  
2 annuity from the system. This shall be in addition to the  
3 supplemental annuities provided for in sections 8348 (relating  
4 to supplemental annuities), 8348.1 (relating to additional  
5 supplemental annuities), 8348.2 (relating to further additional  
6 supplemental annuities), 8348.3 (relating to supplemental  
7 annuities commencing 1994), 8348.4 (relating to special  
8 supplemental postretirement adjustment), 8348.5 (relating to  
9 supplemental annuities commencing 1998), 8348.6 (relating to  
10 supplemental annuities commencing 2002) and 8348.7 (relating to  
11 supplemental annuities commencing 2003).

12 (b) Amount of supplemental annuity.--The amount of the  
13 supplemental annuity payable pursuant to this section shall be a  
14 percentage of the amount of the monthly annuity payment on July  
15 1, 2006, determined on the basis of the most recent effective  
16 date of retirement, as follows:

<u>Most recent effective date</u>	<u>Percentage factor</u>
<u>of retirement</u>	
<u>July 2, 1990, through July 1, 1992</u>	<u>8.0%</u>
<u>July 2, 1988, through July 1, 1990</u>	<u>10.0%</u>
<u>July 2, 1985, through July 1, 1988</u>	<u>15.0%</u>
<u>Prior to July 2, 1985</u>	<u>25.0%</u>

23 (c) Payment.--The supplemental annuity provided under this  
24 section shall be paid automatically unless the annuitant files a  
25 written notice with the board requesting that the additional  
26 monthly supplemental annuity not be paid.

27 (d) Conditions.--The supplemental annuity provided under  
28 this section shall be payable under the same terms and  
29 conditions as provided under the option plan in effect as of  
30 July 1, 2006.

1     (e) Benefits to beneficiaries or survivors.--No supplemental  
2 annuity provided under this section shall be payable to the  
3 beneficiary or survivor annuitant of a member who dies before  
4 July 1, 2006.

5     (f) Funding.--The additional liability for the increase in  
6 benefits provided in this section shall be funded in equal  
7 dollar annual installments over a period of ten years beginning  
8 July 1, 2006.

9     (g) Eligible benefit recipient.--As used in this section,  
10 the term "eligible benefit recipient" means a person who is  
11 receiving a superannuation, withdrawal or disability annuity on  
12 July 1, 2006, and whose most recent effective date of retirement  
13 is prior to July 2, 1992, but the supplemental annuities  
14 provided under this section shall not be payable to an annuitant  
15 receiving a withdrawal annuity prior to the first day of July  
16 coincident with or following the annuitant's attainment of  
17 superannuation age.

18 § 8348.9. Supplemental annuities commencing 2007.

19     (a) Benefits.--Commencing with the first monthly annuity  
20 payment after July 1, 2007, any eligible benefit recipient shall  
21 be entitled to receive an additional monthly supplemental  
22 annuity from the system. This shall be in addition to the  
23 supplemental annuities provided for in sections 8348 (relating  
24 to supplemental annuities), 8348.1 (relating to additional  
25 supplemental annuities), 8348.2 (relating to further additional  
26 supplemental annuities), 8348.3 (relating to supplemental  
27 annuities commencing 1994), 8348.4 (relating to special  
28 supplemental postretirement adjustment), 8348.5 (relating to  
29 supplemental annuities commencing 1998), 8348.6 (relating to  
30 supplemental annuities commencing 2002) and 8348.7 (relating to

1 supplemental annuities commencing 2003).

2 (b) Amount of supplemental annuity.--The amount of the  
3 supplemental annuity payable pursuant to this section shall be a  
4 percentage of the amount of the monthly annuity payment on July  
5 1, 2007, determined on the basis of the most recent effective  
6 date of retirement, as follows:

7 <u>Most recent effective date</u>	<u>Percentage factor</u>
8 <u>of retirement</u>	

9 <u>July 2, 2005, through July 1, 2006</u>	<u>2.27%</u>
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10 <u>July 2, 2004, through July 1, 2005</u>	<u>3.08%</u>
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11 <u>July 2, 2003, through July 1, 2004</u>	<u>4.87%</u>
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12 <u>July 2, 2001, through July 1, 2003</u>	<u>6.35%</u>
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13 <u>July 2, 1998, through July 1, 2001</u>	<u>7.50%</u>
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14 <u>July 2, 1992, through July 1, 1998</u>	<u>9.00%</u>
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15 <u>Prior to July 2, 1992</u>	<u>0.00%</u>
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16 (c) Payment.--The supplemental annuity provided under this  
17 section shall be paid automatically unless the annuitant files a  
18 written notice with the board requesting that the additional  
19 monthly supplemental annuity not be paid.

20 (d) Conditions.--The supplemental annuity provided under  
21 this section shall be payable under the same terms and  
22 conditions as provided under the option plan in effect as of  
23 July 1, 2007.

24 (e) Benefits to beneficiaries or survivors.--No supplemental  
25 annuity provided under this section shall be payable to the  
26 beneficiary or survivor annuitant of a member who dies before  
27 July 1, 2007.

28 (f) Funding.--The additional liability for the increase in  
29 benefits provided in this section shall be funded in equal  
30 dollar annual installments over a period of ten years beginning

1 July 1, 2007.

2 (g) Eligible benefit recipient.--As used in this section,  
3 the term "eligible benefit recipient" means a person:

4 (1) who is receiving a superannuation, withdrawal or  
5 disability annuity on July 1, 2007; and

6 (2) whose most recent effective date of retirement is  
7 prior to July 2, 2006.

8 Notwithstanding the above, the supplemental annuities provided  
9 under this section shall not be payable to an annuitant  
10 receiving a withdrawal annuity prior to the first day of July  
11 coincident with or following the annuitant's attainment of  
12 superannuation age.

13 Section 2. Section 8525(a) of Title 24 is amended to read:  
14 § 8525. Annuity reserve account.

15 (a) Credits and charges to account.--The annuity reserve  
16 account shall be the ledger account to which shall be credited  
17 the reserves held for the payment of annuities and death  
18 benefits on account of all annuitants and the contributions from  
19 the Commonwealth and other employers as determined in accordance  
20 with section 8328 (relating to actuarial cost method) for the  
21 payment of the supplemental annuities provided in sections 8348  
22 (relating to supplemental annuities), 8348.1 (relating to  
23 additional supplemental annuities), 8348.2 (relating to further  
24 additional supplemental annuities), 8348.3 (relating to  
25 supplemental annuities commencing 1994), 8348.4 (relating to  
26 special supplemental postretirement adjustment), 8348.5  
27 (relating to supplemental annuities commencing 1998), 8348.6  
28 (relating to supplemental annuities commencing 2002) [and],  
29 8348.7 (relating to supplemental annuities commencing 2003),  
30 8348.8 (relating to supplemental annuities commencing 2006) and

1 8348.9 (relating to supplemental annuities commencing 2007). The  
2 annuity reserve account shall be credited with valuation  
3 interest. After the transfers provided in sections 8523  
4 (relating to members' savings account) and 8524 (relating to  
5 State accumulation account), all annuity and death benefit  
6 payments shall be charged to the annuity reserve account and  
7 paid from the fund.

8 \* \* \*

9 Section 3. Title 71 is amended by adding sections to read:

10 § 5708.9. Supplemental annuities commencing 2006.

11 (a) Benefits.--Commencing with the first monthly annuity  
12 payment after July 1, 2006, any eligible benefit recipient shall  
13 be entitled to receive an additional monthly supplemental  
14 annuity from the system. This shall be in addition to the  
15 supplemental annuities provided for in sections 5708 (relating  
16 to supplemental annuities), 5708.1 (relating to additional  
17 supplemental annuities), 5708.2 (relating to further additional  
18 supplemental annuities), 5708.3 (relating to supplemental  
19 annuities commencing 1994), 5708.5 (relating to supplemental  
20 annuities commencing 1998), the special supplemental  
21 postretirement adjustment provided for in section 5708.4  
22 (relating to special supplemental postretirement adjustment),  
23 5708.6 (relating to supplemental annuities commencing 2002) and  
24 5708.7 (relating to supplemental annuities commencing 2003).

25 (b) Amount of supplemental annuity.--The amount of the  
26 supplemental annuity payable pursuant to this section shall be a  
27 percentage of the amount of the monthly annuity payment on July  
28 1, 2006, determined on the basis of the most recent effective  
29 date of retirement, as follows:

30	<u>Most recent effective date</u>	<u>Percentage factor</u>
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1           of retirement

2           July 2, 1990, through July 1, 1992                               8.0%

3           July 2, 1988, through July 1, 1990                               10.0%

4           July 2, 1985, through July 1, 1988                               15.0%

5           Prior to July 2, 1985   25.0%

6           (c) Payment.--The supplemental annuity provided under this  
7 section shall be paid automatically unless the annuitant files a  
8 written notice with the board requesting that the additional  
9 monthly supplemental annuity not be paid.

10          (d) Conditions.--The supplemental annuity provided under  
11 this section shall be payable under the same terms and  
12 conditions as provided under the option plan in effect as of  
13 July 1, 2006.

14          (e) Benefits to beneficiaries or survivors.--No supplemental  
15 annuity provided under this section shall be payable to the  
16 beneficiary or survivor annuitant of a member who dies before  
17 July 1, 2006.

18          (f) Funding.--The additional liability for the increase in  
19 benefits provided in this section shall be funded in equal  
20 dollar annual installments over a period of ten years beginning  
21 July 1, 2006.

22          (g) Eligible benefit recipient.--As used in this section,  
23 the term "eligible benefit recipient" means a person who is  
24 receiving a superannuation, withdrawal or disability annuity on  
25 July 1, 2006, and whose most recent effective date of retirement  
26 is prior to July 2, 1992, but the supplemental annuities  
27 provided under this section shall not be payable to an annuitant  
28 receiving a superannuation or withdrawal annuity prior to the  
29 first day of July coincident with or following the annuitant's  
30 attainment of superannuation age.

1 § 5708.10. Supplemental annuities commencing 2007.

2 (a) Benefits.--Commencing with the first monthly annuity  
3 payment after July 1, 2007, any eligible benefit recipient shall  
4 be entitled to receive an additional monthly supplemental  
5 annuity from the system. This shall be in addition to the  
6 supplemental annuities provided for in sections 5708 (relating  
7 to supplemental annuities), 5708.1 (relating to additional  
8 supplemental annuities), 5708.2 (relating to further additional  
9 supplemental annuities), 5708.3 (relating to supplemental  
10 annuities commencing 1994) and section 5708.5 (relating to  
11 supplemental annuities commencing 1998) and the special  
12 supplemental postretirement adjustments provided for in sections  
13 5708.4 (relating to special supplemental postretirement  
14 adjustment), 5708.6 (relating to supplemental annuities  
15 commencing 2002) and 5708.7 (relating to supplemental annuities  
16 commencing 2003), 5708.8 (relating to special supplemental  
17 postretirement adjustment of 2002).

18 (b) Amount of supplemental annuity.--The amount of the  
19 supplemental annuity payable pursuant to this section shall be a  
20 percentage of the amount of the monthly annuity payment on July  
21 1, 2007, determined on the basis of the most recent effective  
22 date of retirement, as follows:

<u>Most recent effective date</u>	<u>Percentage factor</u>
<u>of retirement</u>	
<u>July 2, 2005, through July 1, 2006</u>	<u>2.27%</u>
<u>July 2, 2004, through July 1, 2005</u>	<u>3.08%</u>
<u>July 2, 2003, through July 1, 2004</u>	<u>4.87%</u>
<u>July 2, 2001, through July 1, 2003</u>	<u>6.35%</u>
<u>July 2, 1998, through July 1, 2001</u>	<u>7.50%</u>
<u>July 2, 1992, through July 1, 1998</u>	<u>9.00%</u>



Prior to July 2, 1992 0.00%

(c) Payment.--The supplemental annuity provided under this section shall be paid automatically unless the annuitant files a written notice with the board requesting that the additional monthly supplemental annuity not be paid.

(d) Conditions.--The supplemental annuity provided under this section shall be payable under the same terms and conditions as provided under the option plan in effect as of July 1, 2007.

(e) Benefits to beneficiaries or survivors.--No supplemental annuity provided under this section shall be payable to the beneficiary or survivor annuitant of a member who dies before July 1, 2007.

(f) Funding.--The additional liability for the increase in benefits provided in this section shall be funded in equal dollar annual installments over a period of ten years beginning July 1, 2007.

(g) Eligible benefit recipient.--As used in this section, the term "eligible benefit recipient" means a person:

(1) who is receiving a superannuation, withdrawal or disability annuity on July 1, 2007; and

(2) whose most recent effective date of retirement is prior to January 1, 2006.

Notwithstanding the above, the supplemental annuities provided under this section shall not be payable to an annuitant receiving a superannuation or withdrawal annuity prior to the first day of July coincident with or following the annuitant's attainment of superannuation age.

Section 4. Section 5938 of Title 71 is amended to read:

§ 5938. Supplemental annuity account.

1       The supplemental annuity account shall be the ledger account  
2 to which shall be credited all contributions from the  
3 Commonwealth in accordance with section 5507(b) (relating to  
4 contributions by the Commonwealth and other employers) for the  
5 payment of the supplemental annuities provided in sections 5708  
6 (relating to supplemental annuities), 5708.1 (relating to  
7 additional supplemental annuities), 5708.2 (relating to further  
8 additional supplemental annuities), 5708.3 (relating to  
9 supplemental annuities commencing 1994), 5708.4 (relating to  
10 special supplemental postretirement adjustment), 5708.5  
11 (relating to supplemental annuities commencing 1998), 5708.6  
12 (relating to supplemental annuities commencing 2002), 5708.7  
13 (relating to supplemental annuities commencing 2003) [and],  
14 5708.8 (relating to special supplemental postretirement  
15 adjustment of 2002), 5708.9 (relating to supplemental annuities  
16 commencing 2006) and 5708.10 (relating to supplemental annuities  
17 commencing 2007). The supplemental annuity account shall be  
18 credited with valuation interest. The reserves necessary for the  
19 payment of such supplemental annuities shall be transferred from  
20 the supplemental annuity account to the annuity reserve account  
21 as provided in section 5935 (relating to annuity reserve  
22 account).

23       Section 5. This act shall take effect immediately.