

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 405 Session of
1991

INTRODUCED BY MELLOW, O'PAKE, REIBMAN, STAPLETON, LINCOLN, HART,
MUSTO, STOUT, DAWIDA, LYNCH, FUMO, BODACK, PECORA, BELAN,
SCHWARTZ, ANDREZESKI, BORTNER, JONES, AFFLERBACH, SCANLON,
LAVALLE, LEWIS, WILLIAMS, PORTERFIELD, RHOADES, SHUMAKER,
HELFRICK, LEMMOND, BELL AND STEWART, FEBRUARY 11, 1991

SENATOR TILGHMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED,
APRIL 2, 1991

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, adding provisions
3 relating to credited service as a retirement incentive;
4 PROVIDING FOR LEGAL ADVISORS TO THE RESPECTIVE BOARDS; and <—
5 further providing for special early retirement and for
6 accrued liability.

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

9 Section 1. The introductory paragraph and paragraph (3) of
10 section 8312 AND SECTIONS 8501(E) AND 8502(B) AND (H) of Title <—
11 24 of the Pennsylvania Consolidated Statutes are amended to
12 read:

13 § 8312. Eligibility for special early retirement.

14 Notwithstanding any provisions of this title to the contrary,
15 for the period only of July 1, 1985, to [September 30, 1991]
16 June 30, 1993, the following special early retirement provisions
17 shall be applicable to specified eligible members as follows:

18 * * *

1 (3) During the period of July 1, 1987, to [September 30,
2 1991] June 30, 1993, a member who has credit for at least 30
3 eligibility points shall be entitled, upon termination of
4 service and filing of a proper application, to receive a
5 maximum single life annuity calculated pursuant to section
6 8342 without any reduction by virtue of an effective date of
7 retirement which is under the superannuation age.

8 § 8501. PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD. <—

9 * * *

10 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF
11 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A
12 CORPORATION. THE [ATTORNEY GENERAL OF THE COMMONWEALTH] COUNSEL
13 EMPLOYED BY THE BOARD SHALL BE THE LEGAL ADVISOR OF THE BOARD.

14 § 8502. ADMINISTRATIVE DUTIES OF BOARD.

15 * * *

16 (B) PROFESSIONAL PERSONNEL.--THE BOARD SHALL CONTRACT FOR
17 THE SERVICES OF A CHIEF MEDICAL EXAMINER, AN ACTUARY, INVESTMENT
18 ADVISORS, COUNSELORS, AN INVESTMENT COORDINATOR, AND SUCH OTHER
19 PROFESSIONAL PERSONNEL AS IT DEEMS ADVISABLE. THE BOARD SHALL
20 HAVE THE POWER TO CONTRACT FOR LEGAL SERVICES.

21 * * *

22 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
23 ADVICE OF THE [ATTORNEY GENERAL] BOARD COUNSEL AND THE ACTUARY,
24 ADOPT AND PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM
25 ADMINISTRATION OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN
26 WRITING ALL COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF
27 CONTRIBUTIONS AND BENEFITS PRIOR TO THEIR APPLICATION BY THE
28 BOARD.

29 * * *

30 Section 2. Section 5302(c) of Title 71 is amended and the

1 section is amended by adding a subsection to read:

2 § 5302. Credited State service.

3 * * *

4 (c) Credited service as retirement incentive.--

5 Notwithstanding any provisions of this title to the contrary,

6 for the period February 1, 1991, to September 30, 1991, any

7 active member who is, DURING SUCH PERIOD, 55 years of age or <—

8 older, OR WILL ATTAIN 55 YEARS OF AGE BETWEEN SEPTEMBER 30, <—

9 1991, AND JANUARY 31, 1992, who terminates active service ON OR <—

10 BEFORE SEPTEMBER 30, 1991, with ten or more eligibility points,

11 and who files an application for retirement prior to January 1,

12 1992, shall be credited with an additional 10% of his Class A

13 and Class C service. This provision shall not apply in the case

14 of active members who are justices, judges or district justices,

15 legislators, other elected officials, and officers of the

16 Pennsylvania State Police.

17 [(c)] (d) Cancellation of credited service.--All credited

18 service shall be cancelled if a member withdraws his total

19 accumulated deductions.

20 Section 3. Sections 5308.1, 5508(c) ~~and 5706(a)~~, 5706(A), <—

21 5901(E) AND 5902(B) AND (H) of Title 71 are amended to read:

22 § 5308.1. Eligibility for special early retirement.

23 Notwithstanding any provisions of this title to the contrary,

24 [for the period only of July 1, 1985, to September 30, 1991,]

25 the following special early retirement provisions shall be

26 applicable to specified eligible members as follows:

27 (1) During the period of July 1, 1985, to [September 30,

28 1991] the effective date of paragraph (3), an active member

29 who has attained the age of at least 53 years and has accrued

30 at least 30 eligibility points shall be entitled, upon

1 termination of State service and compliance with section
2 5907(f) (relating to rights and duties of State employees and
3 members), to receive a maximum single life annuity calculated
4 under section 5702 (relating to maximum single life annuity)
5 without a reduction by virtue of an effective date of
6 retirement which is under the superannuation age.

7 (2) During the period of July 1, 1985, to [September 30,
8 1991] the effective date of paragraph (3), an active member
9 who has attained the age of at least 50 years but not greater
10 than 53 years and has accrued at least 30 eligibility points
11 shall be entitled, upon termination of State service and
12 compliance with section 5907(f), to receive a maximum single
13 life annuity calculated under section 5702 with a reduction
14 by virtue of an effective date of retirement which is under
15 the superannuation age of a percentage factor which shall be
16 determined by multiplying the number of months, including a
17 fraction of a month as a full month, by which the effective
18 date of retirement precedes the attainment of age 53 by
19 0.25%.

20 (3) From the effective date of this paragraph to June
21 30, 1993, a member who has credit for at least 30 eligibility
22 points shall be entitled, upon termination of service and
23 filing of a proper application, to receive a maximum single
24 life annuity calculated pursuant to section 5702 without any
25 reduction by virtue of an effective date of retirement which
26 is under the superannuation age.

27 § 5508. Actuarial cost method.

28 * * *

29 (c) Accrued liability contribution rate.--For the fiscal
30 year beginning July 1, 1969, the accrued liability contribution

1 rate shall be computed as the rate of total compensation of all
2 active members which shall be certified by the actuary as
3 sufficient to fund over a period of 30 years from such date the
4 present value of the liabilities for all prospective benefits,
5 except supplemental benefits as provided in section 5708, in
6 excess of the total assets in the fund, excluding the balance in
7 the supplemental annuity account, and the present value of
8 employer normal contributions and of member contributions
9 payable with respect to all active members on such date during
10 the remainder of their active service, assuming that the total
11 compensation of all active members will increase at the annual
12 rate of 4% compounded annually. Thereafter, the amount of each
13 annual accrued liability contribution shall be at least 4%
14 greater than the amount of such contribution for the previous
15 fiscal year, except that, if the accrued liability is increased
16 by legislation enacted subsequent to July 1, 1969, such
17 additional liability, except as provided for by section 5302(c)
18 (relating to credited State service), shall be funded over a
19 period of 30 years from the first day of July, coincident with
20 or next following the effective date of the increase assuming
21 that the total compensation of all active members will increase
22 at the annual rate of 4% compounded annually. The added
23 liability created by the enactment of section 5302(c) shall be
24 funded over a period of ten years from July 1, 1991, on a
25 uniform annual dollar amount over that period. The accrued
26 liability contributions under this section shall be discontinued
27 as soon as the total assets in the fund, excluding the balance
28 in the supplemental annuity account, equals the present value of
29 the liability for all prospective benefits, except the
30 supplemental benefits as provided in section 5708, less the

1 present value of the prospective employer normal contributions
2 and of member contributions payable with respect to all active
3 members on such date during the remainder of their active
4 service.

5 * * *

6 § 5706. Termination of annuities.

7 (a) General rule.--If the annuitant returns to State service
8 or enters school service and elects multiple service membership,
9 any annuity payable to him under this part shall cease and in
10 the case of an annuity other than a disability annuity the
11 present value of such annuity, adjusted for full coverage in the
12 case of a joint coverage member who makes the appropriate back
13 contributions for full coverage, shall be frozen as of the date
14 such annuity ceases. An annuitant who is credited with an
15 additional 10% of Class A and Class C service as provided in
16 section 5302(c) (relating to credited State service) and who
17 returns to State service shall forfeit such credited service and
18 the additional 10% of Class A and Class C service as provided in <—
19 section 5302(c). SHALL HAVE HIS FROZEN PRESENT VALUE ADJUSTED AS <—
20 IF HIS 10% RETIREMENT INCENTIVE HAD NOT BEEN APPLIED TO HIS

21 ACCOUNT. In the event that the cost-of-living increase enacted
22 December 18, 1979, occurred during the period of such State or
23 school employment, the frozen present value shall be increased,
24 on or after the member attains superannuation age, by the
25 percent applicable had he not returned to service. This
26 subsection shall not apply in the case of any annuitant who may
27 render services to the Commonwealth in the capacity of an
28 independent contractor or as a member of an independent board or
29 commission or as a member of a departmental administrative or
30 advisory board or commission when such members of independent or

1 departmental boards or commissions are compensated on a per diem
2 basis for not more than 100 days per calendar year.

3 * * *

4 § 5901. THE STATE EMPLOYEES' RETIREMENT BOARD. <—

5 * * *

6 (E) CORPORATE POWER AND LEGAL ADVISOR.--FOR THE PURPOSES OF
7 THIS PART, THE BOARD SHALL POSSESS THE POWER AND PRIVILEGES OF A
8 CORPORATION. THE [ATTORNEY GENERAL OF THE COMMONWEALTH] COUNSEL
9 EMPLOYED BY THE BOARD SHALL BE THE LEGAL ADVISOR OF THE BOARD.

10 § 5902. ADMINISTRATIVE DUTIES OF THE BOARD.

11 * * *

12 (B) PROFESSIONAL PERSONNEL.--THE BOARD SHALL CONTRACT FOR
13 THE SERVICES OF A CHIEF MEDICAL EXAMINER, AN ACTUARY, INVESTMENT
14 ADVISORS AND COUNSELORS, AND SUCH OTHER PROFESSIONAL PERSONNEL
15 AS IT DEEMS ADVISABLE. THE BOARD [MAY, WITH THE APPROVAL OF THE
16 ATTORNEY GENERAL,] SHALL HAVE THE POWER TO CONTRACT FOR LEGAL
17 SERVICES.

18 * * *

19 (H) REGULATIONS AND PROCEDURES.--THE BOARD SHALL, WITH THE
20 ADVICE OF THE [ATTORNEY GENERAL] BOARD COUNSEL AND THE ACTUARY,
21 ADOPT AND PROMULGATE RULES AND REGULATIONS FOR THE UNIFORM
22 ADMINISTRATION OF THE SYSTEM. THE ACTUARY SHALL APPROVE IN
23 WRITING ALL COMPUTATIONAL PROCEDURES USED IN THE CALCULATION OF
24 CONTRIBUTIONS AND BENEFITS PRIOR TO THEIR APPLICATION BY THE
25 BOARD.

26 * * *

27 Section 4. Upon the effective date of this act, the State
28 Employees' Retirement Board shall recompute the retirement
29 benefits of annuitants who filed applications for retirement in
30 accordance with 71 Pa.C.S. § 5302(c) but prior to the effective

1 date of this act.

2 SECTION 5. IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE <—
3 PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD AND THE STATE
4 EMPLOYEES' RETIREMENT BOARD BE INDEPENDENT AGENCIES WITHIN THE
5 MEANING THE ACT OF OCTOBER 15, 1980 (P.L.950, NO.164), KNOWN AS
6 THE COMMONWEALTH ATTORNEYS ACT. ACCORDINGLY, WITHIN 60 DAYS OF
7 THE EFFECTIVE DATE OF THIS ACT, THE PUBLIC SCHOOL EMPLOYEES'
8 RETIREMENT BOARD AND THE STATE EMPLOYEES' RETIREMENT BOARD SHALL
9 EACH EMPLOY COUNSEL FOR THE RESPECTIVE BOARDS.

10 Section ~~5~~ 6. This act shall take effect immediately. <—