

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2187 Session of
1998

INTRODUCED BY EVANS, NICKOL, DeWEESE, ITKIN, M. COHEN, COY,
BELARDI, D. W. SNYDER, FARGO, E. Z. TAYLOR, SATHER, JAROLIN,
COLAFELLA, BATTISTO, GORDNER, HERMAN, OLASZ, ROSS, TRAVAGLIO,
CASORIO, YOUNGBLOOD, COWELL, MANDERINO, ROBERTS, DeLUCA,
SURRA, RAMOS, McCALL, MASLAND, COLAIZZO, LAUGHLIN, FLEAGLE,
BUXTON, PESCI, DEMPSEY, MELIO, SCHULER, KAISER, SANTONI,
CALTAGIRONE, MUNDY, HALUSKA, FEESE, MARKOSEK, WOJNAROSKI,
STURLA, JOSEPHS, STABACK, SCRIMENTI, YEWCIC, DALLY, WALKO,
TANGRETTI, HESS, KENNEY, BAKER, FAIRCHILD, PETRARCA, BOYES,
LaGROTTA, STAIRS, ROEBUCK, SAYLOR, PLATTS, CURRY, J. TAYLOR,
LUCYK, HANNA, LYNCH, MICOZZIE, TIGUE, S. H. SMITH, GODSHALL,
PRESTON, MILLER, SAINATO, BUNT, STERN, ROONEY, SCHRODER,
THOMAS, VAN HORNE, CARONE, O'BRIEN, STEELMAN, SEMMEL,
BOSCOLA, BENNINGHOFF, KIRKLAND, DERMODY, SHANER, MICHLOVIC,
JADLOWIEC, ROBINSON, CLARK, CORPORA, CLYMER, LLOYD, READSHAW,
BEBKO-JONES, GEORGE, VANCE, GRUPPO, MAITLAND, TRELLO,
B. SMITH, HENNESSEY, NAILOR, ZUG, WOGAN, BELFANTI AND ARGALL,
FEBRUARY 4, 1998

REFERRED TO COMMITTEE ON STATE GOVERNMENT, FEBRUARY 4, 1998

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, further defining "basic
3 contribution rate"; and providing additional supplemental
4 annuities to retired members of the Public School Employees'
5 Retirement System and the State Employees' Retirement System.

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

8 Section 1. The definition of "basic contribution rate" in
9 section 8102 of Title 24 of the Pennsylvania Consolidated

10 Statutes is amended to read:

11 § 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:

* * *

"Basic contribution rate." The rate of [6 1/4%.] 5 1/4% for active members hired before July 22, 1983, and 6 1/4% for active members hired on or after July 22, 1983. Beginning July 1, 1998, the rate for active members hired on or after July 22, 1983, shall be 5 1/4%.

* * *

Section 2. Title 24 is amended by adding a section to read:
§ 8348.5. Supplemental annuities commencing 1998.

(a) Benefits.--Commencing with the first monthly annuity payment after July 1, 1998, any eligible benefit recipient shall be entitled to receive a further additional monthly supplemental annuity from the system. This additional supplemental annuity shall be in addition to the supplemental annuities provided for in §§ 8348 (relating to supplemental annuities), 8348.1 (relating to additional supplemental annuities), 8348.2 (relating to further additional supplemental annuities) and 8348.3 (relating to supplemental annuities commencing 1994).

(b) Amount of additional supplemental annuity.--The additional monthly supplemental annuity shall be determined on the basis of the most recent effective date of retirement and payable on the first \$3,500 of annuity received per month, as follows:

<u>Most recent effective</u>	<u>Percentage factor</u>
<u>date of retirement</u>	
<u>July 1, 1996, through June 30, 1997</u>	<u>2.3%</u>
<u>July 1, 1995, through June 30, 1996</u>	<u>4.1%</u>

1 July 1, 1994, through June 30, 1995 5.5%

2 On or prior to June 30, 1994 6.2%

3 In addition to the supplemental annuity payable as a result of
4 the percentage factors as set forth in this subsection, there
5 shall be a monthly longevity supplemental annuity payable as
6 follows:

7 (1) For those individuals whose most recent effective
8 date of retirement is on or after July 1, 1969, and on or
9 before July 1, 1984, and who have 20 or more eligibility
10 points, the monthly longevity supplemental annuity shall be
11 equal to 0.25% of the first \$3,500 of annuity received per
12 month multiplied by the number of years on retirement.

13 (2) For those individuals whose most recent effective
14 date of retirement is on or before June 30, 1969, and who
15 have 20 or more eligibility points, the monthly longevity
16 supplemental annuity shall be equal to 0.25% of the first
17 \$3,500 of annuity received per month multiplied by the number
18 of years on retirement between July 1, 1969, and July 1,
19 1989, plus 0.50% of the first \$3,500 of annuity received per
20 month multiplied by the years on retirement on or before June
21 1969.

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

27 (d) Conditions.--The additional supplemental annuity
28 provided under this section shall be payable under the same
29 terms and conditions as provided under the option plan in effect
30 on June 30, 1997.

1 (e) Benefits paid to beneficiaries or survivors.--No
2 supplemental annuity effective after the death of the member
3 shall be payable to the beneficiary or survivor annuitant of the
4 deceased member.

5 (f) Funding.--Notwithstanding section 8328(d) (relating to
6 actuarial cost method), the additional liability for the
7 increase in benefits provided in this section shall be funded in
8 annual installments increasing by 5% each year over a period of
9 20 years beginning July 1, 1998.

10 Section 3. Title 71 is amended by adding a section to read:
11 § 5708.5. Supplemental annuities commencing 1998.

12 (a) Benefits.--Commencing with the first monthly annuity
13 payment after July 1, 1998, any eligible benefit recipient shall
14 be entitled to receive a further additional monthly supplemental
15 annuity from the system. This additional supplemental annuity
16 shall be in addition to the supplemental annuities provided for
17 in §§ 5708 (relating to supplemental annuities), 5708.1
18 (relating to additional supplemental annuities), 5708.2
19 (relating to further additional supplemental annuities) and
20 5708.3 (relating to supplemental annuities commencing 1994).

21 (b) Amount of additional supplemental annuity.--The
22 additional monthly supplemental annuity shall be determined on
23 the basis of the most recent effective date of retirement and
24 payable on the first \$3,500 of annuity received per month, as
25 follows:

<u>Most recent effective</u>	<u>Percentage factor</u>
<u>date of retirement</u>	
<u>July 1, 1996, through June 30, 1997</u>	<u>2.3%</u>
<u>July 1, 1995, through June 30, 1996</u>	<u>4.1%</u>
<u>July 1, 1994, through June 30, 1995</u>	<u>5.5%</u>

1 On or prior to June 30, 1994 6.2%

2 In addition to the supplemental annuity payable as a result of
3 the percentage factors as set forth in this subsection, there
4 shall be a monthly longevity supplemental annuity payable as
5 follows:

6 (1) For those individuals whose most recent effective
7 date of retirement is on or after July 1, 1969, and on or
8 before July 1, 1984, and who have 20 or more eligibility
9 points, the monthly longevity supplemental annuity shall be
10 equal to 0.25% of the first \$3,500 of annuity received per
11 month multiplied by the number of years on retirement.

12 (2) For those individuals whose most recent effective
13 date of retirement is on or before June 30, 1969, and who
14 have 20 or more eligibility points, the monthly longevity
15 supplemental annuity shall be equal to 0.25% of the first
16 \$3,500 of annuity received per month multiplied by the number
17 of years on retirement between July 1, 1969, and July 1,
18 1989, plus 0.50% of the first \$3,500 of annuity received per
19 month multiplied by the years on retirement on or before June
20 1969.

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

26 (d) Conditions.--The additional supplemental annuity
27 provided under this section shall be payable under the same
28 terms and conditions as provided under the option plan in effect
29 on June 30, 1997.

30 (e) Benefits paid to beneficiaries or survivors.--No

1 supplemental annuity effective after the death of the member
2 shall be payable to the beneficiary or survivor annuitant of the
3 deceased member.

4 (f) Funding.--Notwithstanding section 5508(e) (relating to
5 actuarial cost method), the additional liability for the
6 increase in benefits provided in this section shall be funded in
7 annual installments increasing by 5% each year over a period of
8 20 years beginning July 1, 1998.

9 Section 4. This act shall take effect immediately.