

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 422 Session of
2001

INTRODUCED BY ARMSTRONG, COSTA, M. WHITE, THOMPSON, BELL,
CORMAN, SCHWARTZ, LOGAN AND KASUNIC, FEBRUARY 12, 2001

REFERRED TO FINANCE, FEBRUARY 12, 2001

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, reducing the vesting
3 period for pension benefits.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. The definition of "vestee" in section 8102 of
7 Title 24 of the Pennsylvania Consolidated Statutes is amended to
8 read:

9 § 8102. Definitions.

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

13 * * *

14 "Vestee." A member with [ten] five or more eligibility
15 points who has terminated school service, has left his
16 accumulated deductions in the fund, and is deferring filing of
17 an application for receipt of an annuity.

18 Section 2. Sections 8307(b), 8308 and 8345(a) of Title 24

1 are amended to read:

2 § 8307. Eligibility for annuities.

3 * * *

4 (b) Withdrawal annuity.--A vestee with [ten] five or more
5 eligibility points or an active or inactive member who
6 terminates school service having [ten] five or more eligibility
7 points shall, upon filing a proper application, be entitled to
8 receive an early annuity.

9 * * *

10 § 8308. Eligibility for vesting.

11 Any member who terminates school service with [ten] five or
12 more eligibility points shall be entitled to vest his retirement
13 benefits until attainment of superannuation age.

14 § 8345. Member's options.

15 (a) General rule.--Any vestee with [ten] five or more
16 eligibility points or any other eligible member upon termination
17 of school service who has not withdrawn his accumulated
18 deductions as provided in section 8341 (relating to return of
19 accumulated deductions) may apply for and elect to receive
20 either a maximum single life annuity, as calculated in
21 accordance with the provisions of section 8342 (relating to
22 maximum single life annuity), or a reduced annuity certified by
23 the actuary to be actuarially equivalent to the maximum single
24 life annuity and in accordance with one of the following
25 options, except that no member shall elect an annuity payable to
26 one or more survivor annuitants other than his spouse or
27 alternate payee of such a magnitude that the present value of
28 the annuity payable to him for life plus any lump sum payment he
29 may have elected to receive is less than 50% of the present
30 value of his maximum single life annuity.

1 (1) Option 1.--A life annuity to the member with a
2 guaranteed total payment equal to the present value of the
3 maximum single life annuity on the effective date of
4 retirement with the provision that, if, at his death, he has
5 received less than such present value, the unpaid balance
6 shall be payable to his beneficiary.

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

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

15 (4) Option 4.--Some other benefit which shall be
16 certified by the actuary to be actuarially equivalent to the
17 maximum single life annuity, subject to the following
18 restrictions:

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

21 (ii) The sum of all annuities payable to the
22 designated survivor annuitants shall not be greater than
23 one and one-half times the annuity payable to the member.

24 (iii) A portion of the benefit may be payable as a
25 lump sum, except that such lump sum payment shall not
26 exceed an amount equal to the accumulated deductions
27 standing to the credit of the member. The balance of the
28 present value of the maximum single life annuity adjusted
29 in accordance with section 8342(b) shall be paid in the
30 form of an annuity with a guaranteed total payment, a

1 single life annuity, or a joint and survivor annuity or
2 any combination thereof but subject to the restrictions
3 of subparagraphs (i) and (ii) of this paragraph.

4 * * *

5 Section 3. The definition of "vestee" in section 5102 of
6 Title 71 is amended to read:

7 § 5102. Definitions.

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

11 * * *

12 "Vestee." A member with [ten] five or more eligibility
13 points, or a member with Class G, Class H, Class I, Class J,
14 Class K, Class L, Class M or Class N service with [eight] five
15 or more eligibility points, who has terminated State service and
16 has elected to leave his total accumulated deductions in the
17 fund and to defer receipt of an annuity.

18 Section 4. Sections 5308(b), 5309, 5704(b) and 5705(a) of
19 Title 71 are amended to read:

20 § 5308. Eligibility for annuities.

21 * * *

22 (b) Withdrawal annuity.--Any vestee or any active member or
23 inactive member on leave without pay who terminates State
24 service having [ten] five or more eligibility points, or who has
25 Class G, Class H, Class I, Class J, Class K, Class L, Class M or
26 Class N service and terminates State service having [eight] five
27 or more eligibility points, upon compliance with section
28 5907(f), (g) or (h) shall be entitled to receive an annuity.

29 * * *

30 § 5309. Eligibility for vesting.

1 Any member who terminates State service with [ten] five or
2 more eligibility points, or any member with Class G, Class H,
3 Class I, Class J, Class K, Class L, Class M or Class N service
4 with [eight] five or more eligibility points, shall be eligible
5 until attainment of superannuation age to vest his retirement
6 benefits.

7 § 5704. Disability annuities.

8 * * *

9 (b) Benefit attributable to social security integration
10 credit.--If the member has been found to be eligible for a
11 disability annuity and has social security integration credits
12 as provided in section 5305 (relating to social security
13 integration credits), he may elect to withdraw his social
14 security integration accumulated deductions or if he has [ten]
15 five or more eligibility points to his credit and does not
16 withdraw his social security integration accumulated deductions
17 he may execute an application to be filed with the board to
18 receive, in addition to his disability annuity, an annuity
19 calculated in accordance with section 5702(a)(2).

20 * * *

21 § 5705. Member's options.

22 (a) General rule.--Any special vestee who has attained
23 superannuation age, any vestee having [ten] five or more
24 eligibility points, any member with Class G, Class H, Class I,
25 Class J, Class K, Class L, Class M or Class N service having
26 [eight] five or more eligibility points or any other eligible
27 member upon termination of State service who has not withdrawn
28 his total accumulated deductions as provided in section 5701
29 (relating to return of total accumulated deductions) may apply
30 for and elect to receive either a maximum single life annuity,

1 as calculated in accordance with the provisions of section 5702
2 (relating to maximum single life annuity), or a reduced annuity
3 certified by the actuary to be actuarially equivalent to the
4 maximum single life annuity and in accordance with one of the
5 following options; except that no member shall elect an annuity
6 payable to one or more survivor annuitants other than his spouse
7 or alternate payee of such a magnitude that the present value of
8 the annuity payable to him for life plus any lump sum payment he
9 may have elected to receive is less than 50% of the present
10 value of his maximum single life annuity:

11 (1) Option 1.--A life annuity to the member with a
12 guaranteed total payment equal to the present value of the
13 maximum single life annuity on the effective date of
14 retirement with the provision that, if, at his death, he has
15 received less than such present value, the unpaid balance
16 shall be payable to his beneficiary.

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

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

25 (4) Option 4.--Some other benefit which shall be
26 certified by the actuary to be actuarially equivalent to the
27 maximum single life annuity, subject to the following
28 restrictions:

29 (i) any annuity shall be payable without reduction
30 during the lifetime of the member;

1 (ii) the sum of all annuities payable to the
2 designated survivor annuitants shall not be greater than
3 one and one-half times the annuity payable to the member;
4 and

5 (iii) a portion of the benefit may be payable as a
6 lump sum, except that such lump sum payment shall not
7 exceed an amount equal to the total accumulated
8 deductions standing to the credit of the member. The
9 balance of the present value of the maximum single life
10 annuity adjusted in accordance with section 5702(b) shall
11 be paid in the form of an annuity with a guaranteed total
12 payment, a single life annuity, or a joint and survivor
13 annuity or any combination thereof but subject to the
14 restrictions of subparagraphs (i) and (ii) under this
15 option.

16 * * *

17 Section 5. This act shall apply to all members of the Public
18 School Employees' Retirement System who are active or who are
19 inactive but who have not terminated service, on or after the
20 effective date of this act. This act shall apply to all members
21 of the State Employees' Retirement System who are active or
22 inactive on leave without pay, on or after the effective date of
23 this act.

24 Section 6. This act shall take effect July 1, 2001.