

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

SENATE BILL

No. 334 Session of  
2003

---

INTRODUCED BY LOGAN, LAVALLE, KUKOVICH, COSTA, TARTAGLIONE,  
MELLOW, MUSTO, KASUNIC AND STACK, MARCH 5, 2003

---

REFERRED TO FINANCE, MARCH 5, 2003

---

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the  
2 Pennsylvania Consolidated Statutes, further providing for  
3 cost-of-living increases to annuitants.

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

6 Section 1. Sections 8346(a) and 8348 (a) and (b) of Title 24  
7 of the Pennsylvania Consolidated Statutes are amended to read:

8 § 8346. Termination of annuities.

9 (a) General rule.--If an annuitant returns to school service  
10 or enters or has entered State service and elects multiple  
11 service membership, any annuity payable to him under this part  
12 shall cease effective upon the date of his return to school  
13 service or entering State service and in the case of an annuity  
14 other than a disability annuity the present value of such  
15 annuity, adjusted for full coverage in the case of a joint  
16 coverage member who makes the appropriate back contributions for  
17 full coverage, shall be frozen as of the date such annuity  
18 ceases. An annuitant who is credited with an additional 10% of

1 membership service as provided in section 8302(b.2) (relating to  
2 credited school service) and who returns to school service,  
3 except as provided in subsection (b), shall forfeit such  
4 credited service and shall have his frozen present value  
5 adjusted as if his 10% retirement incentive had not been applied  
6 to his account. In the event that [the] a cost-of-living  
7 increase [enacted December 18, 1979,] occurred during the period  
8 of such State or school employment, the frozen present value  
9 shall be increased, on or after the member attains  
10 superannuation age, by the percent applicable had he not  
11 returned to service.

12 \* \* \*

13 § 8348. Supplemental annuities.

14 (a) General rule.--Every annuitant who is in receipt of a  
15 superannuation, withdrawal or disability annuity, shall continue  
16 to receive such annuity [and beginning July 1, 1979, any  
17 annuitant who retired on or prior to July 1, 1978, shall receive  
18 a cost-of-living supplement determined as a percentage applied  
19 to the retirement annuity as of June 30, 1979. Such cost-of-  
20 living supplement shall be payable under the same terms and  
21 conditions as provided under the option plan in effect as of  
22 June 30, 1979.], and beginning January 1, 2003, and annually  
23 thereafter, a cost-of-living supplement shall be payable to each  
24 annuitant whose annuity has been in effect for at least 24  
25 consecutive months. Any cost-of-living supplement provided in  
26 this subsection shall be payable under the same terms and  
27 conditions as provided under the option plan in effect as of  
28 December 31 of the year preceding the adjustment. The minimum  
29 annual cost-of-living increase shall be 3% or such higher  
30 percentage or such lower percentage as the board shall determine

1 based on an actual determination of the fiscal impact of the  
2 cost-of-living adjustment on the fund. The board shall only  
3 lower the percentage of the annual cost-of-living increase when  
4 the actuarial determination shows that the fiscal impact of such  
5 cost-of-living adjustment places the fund in an unsafe financial  
6 position. No cost-of-living supplement shall be payable to an  
7 annuitant receiving a withdrawal annuity prior to his attainment  
8 of superannuation age.

9 [(b) Cost-of-living adjustment factors.--The percentage  
10 which is to be applied in the determination of the cost-of-  
11 living supplements shall be determined on the basis of the  
12 effective date of retirement payable on the first \$12,000 of  
13 annuity received per year. The applicable percentage factors  
14 are:

Effective date of retirement	Percentage factor
After July 1, 1977 through July 1, 1978	5%
After July 1, 1976 through July 1, 1977	10%
After July 1, 1975 through July 1, 1976	13%
After July 1, 1974 through July 1, 1975	20%
After July 1, 1973 through July 1, 1974	27%
On or prior to July 1, 1973	31%]

22 \* \* \*

23 Section 2. Section 8348.1 of Title 24 is repealed.

24 Section 3. Sections 5706(a) and 5708 (a) and (b) of Title 71  
25 are amended to read:

26 § 5706. Termination of annuities.

27 (a) General rule.--If the annuitant returns to State service  
28 or enters or has entered school service and elects multiple  
29 service membership, any annuity payable to him under this part  
30 shall cease effective upon the date of his return to State

1 service or entering school service and in the case of an annuity  
2 other than a disability annuity the present value of such  
3 annuity, adjusted for full coverage in the case of a joint  
4 coverage member who makes the appropriate back contributions for  
5 full coverage, shall be frozen as of the date such annuity  
6 ceases. An annuitant who is credited with an additional 10% of  
7 Class A and Class C service as provided in section 5302(c)  
8 (relating to credited State service) and who returns to State  
9 service shall forfeit such credited service and shall have his  
10 frozen present value adjusted as if his 10% retirement incentive  
11 had not been applied to his account. In the event that [the] a  
12 cost-of-living increase [enacted December 18, 1979] occurred  
13 during the period of such State or school employment, the frozen  
14 present value shall be increased, on or after the member attains  
15 superannuation age, by the percent applicable had he not  
16 returned to service. This subsection shall not apply in the case  
17 of any annuitant who may render services to the Commonwealth in  
18 the capacity of an independent contractor or as a member of an  
19 independent board or commission or as a member of a departmental  
20 administrative or advisory board or commission when such members  
21 of independent or departmental boards or commissions are  
22 compensated on a per diem basis for not more than 150 days per  
23 calendar year or as a member of an independent board or  
24 commission requiring appointment by the Governor, with advice  
25 and consent of the Senate, where the annual salary payable to  
26 the member does not exceed \$35,000 and where the member has been  
27 an annuitant for at least six months immediately preceding the  
28 appointment. Such service shall not be subject to member  
29 contributions or be eligible for qualification as creditable  
30 State service.

1       \* \* \*

2   § 5708. Supplemental annuities.

3       (a) General rule.--Every annuitant [who retired prior to  
4 July 1, 1978 and] who is in receipt of a superannuation,  
5 withdrawal or disability annuity, shall continue to receive the  
6 annuity [to which he was entitled prior to July 1, 1979 and  
7 beginning July 1, 1979, any annuitant retiring on or prior to  
8 June 30, 1978 shall receive a cost-of-living supplement  
9 determined as a percentage applied to the retirement annuity to  
10 which he was entitled prior to July 1, 1979. Such cost-of-living  
11 supplement shall be payable under the same terms and conditions  
12 as provided under the option plan in effect as of June 30,  
13 1979.], and beginning January 1, 2003, and annually thereafter,  
14 a cost-of-living supplement shall be payable to each annuitant  
15 whose annuity has been in effect for at least 24 consecutive  
16 months. Any cost-of-living supplement provided in this  
17 subsection shall be payable under the same terms and conditions  
18 as provided under the option plan in effect as of December 31 of  
19 the year preceding the adjustment. The minimum annual cost-of-  
20 living increase shall be 3% or such higher percentage or such  
21 lower percentage as the board shall determine based on an actual  
22 determination of the fiscal impact of the cost-of-living  
23 adjustment on the fund. The board shall only lower the  
24 percentage of the annual cost-of-living increase when the  
25 actuarial determination shows that the fiscal impact of such  
26 cost-of-living adjustment places the fund in an unsafe financial  
27 position. No cost-of-living supplement shall be payable to an  
28 annuitant receiving a withdrawal annuity prior to his attainment  
29 of superannuation age.

30       [(b) Cost-of-living adjustment factors.--The percentage

1 which is to be applied in the determination of the cost-of-  
2 living supplements, shall be determined on the basis of the  
3 effective date of retirement payable on the first \$12,000 of  
4 annuity received per year, as follows:

5	Effective date of retirement	Percentage factor
6	July 1, 1977 through June 30, 1978	5%
7	July 1, 1976 through June 30, 1977	10%
8	July 1, 1975 through June 30, 1976	13%
9	July 1, 1974 through June 30, 1975	20%
10	March 1, 1974 through June 30, 1974	27%
11	Prior to March 1, 1974	31%

12 Provided, however, That such cost-of-living supplement as  
13 determined above shall not be payable to an annuitant receiving  
14 a withdrawal annuity prior to the first day of July coincident  
15 with or following his attainment of superannuation age: And  
16 further provided, That any member terminating legislative  
17 service subsequent to November 30, 1970, shall be entitled to  
18 receive on account of Class D-3 service a maximum single life  
19 annuity per year of service as a regular member of the General  
20 Assembly which shall not be less than the corresponding maximum  
21 single life annuity, including any cost-of-living supplements  
22 enacted prior to October 1, 1979, of a member retiring from  
23 legislative service November 30, 1970.]

24 \* \* \*

25 Section 4. Section 5708.1 of Title 71 is repealed.

26 Section 5. This act shall be retroactive to January 1, 2003.

27 Section 6. This act shall take effect immediately.