

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2464 Session of
2006

INTRODUCED BY GABIG, ARMSTRONG, SONNEY AND RAPP,
FEBRUARY 15, 2006

REFERRED TO COMMITTEE ON STATE GOVERNMENT, FEBRUARY 15, 2006

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, further providing for the
3 definitions of "basic contribution rate," "class of service
4 multiplier," "standard single life annuity" and
5 "superannuation or normal retirement age," for eligibility
6 points for retention and reinstatement of service credits,
7 for classes of service and for member contributions for
8 creditable school service.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. The definitions of "basic contribution rate,"
12 "class of service multiplier," "standard single life annuity"
13 and "superannuation or normal retirement age" in section 8102 of
14 Title 24 of the Pennsylvania Consolidated Statutes are amended
15 to read:

16 § 8102. Definitions.

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

20 * * *

21 "Basic contribution rate." For Class T-A, T-B [and], T-C and

1 T-E service, the rate of 6 1/4%. For Class T-D service, the rate
2 of 7 1/2%. For all active members on the effective date of this
3 provision who are currently paying 5 1/4% and elect Class T-D
4 service, the rate of 6 1/2%.

5 * * *

6 "Class of service multiplier."

7	Class of service	Multiplier
8	T-A	.714
9	T-B	.625
10	T-C	1.000
11	T-D	1.000
12	<u>T-E</u>	<u>1.000</u>

13 * * *

14 "Standard single life annuity." For Class T-A, T-B [and], T-
15 C and T-E credited service of a member, an annuity equal to 2%
16 of the final average salary, multiplied by the total number of
17 years and fractional part of a year of credited service of a
18 member. For Class T-D credited service of a member, an annuity
19 equal to 2.5% of the final average salary, multiplied by the
20 total number of years and fractional part of a year of credited
21 service.

22 * * *

23 "Superannuation or normal retirement age."

24	Class of service	Age
25	T-A	62 or any age upon accrual
26		of 35 eligibility points
27	T-B	62
28	T-C [and],	62 or age 60 provided the

1 T-D and T-E member has at least 30
2 eligibility points or
3 any age upon accrual of
4 35 eligibility points

5 * * *

6 Section 2. Section 8303(c) of Title 24 is amended to read:
7 § 8303. Eligibility points for retention and reinstatement of
8 service credits.

9 * * *

10 (c) Purchase of previous creditable service.--Every active
11 member of the system or a multiple service member who is an
12 active member of the State Employees' Retirement System on or
13 after the effective date of this part may purchase credit and
14 receive eligibility points:

15 (1) as a member of Class T-C for previous school service
16 or creditable nonschool service; [or]

17 (2) as a member of Class T-D for previous school
18 service, provided the member elects to become a Class T-D
19 member pursuant to section 8305.1 (relating to election to
20 become a Class T-D member); or

21 (3) as a member of Class T-E for previous school service
22 or creditable nonschool service;

23 upon written agreement by the member and the board as to the
24 manner of payment of the amount due for credit for such service;
25 except, that any purchase for reinstatement of service credit
26 shall be for all service previously credited.

27 Section 3. Section 8305 of Title 24 is amended by adding
28 subsections to read:

29 § 8305. Classes of service.

30 * * *

1 (d) Class T-E membership.--A person who becomes a school
2 employee and an active member of the system after June 30, 2006,
3 shall be classified as a Class T-E member upon payment of
4 regular member contributions for Class T-E service.

5 (e) Retention of class membership.--A school employee who is
6 an active member of Class T-C or Class T-D on June 30, 2006,
7 shall retain membership in that class until such service is
8 discontinued; any service thereafter shall be credited as Class
9 T-E service as provided for in this section.

10 Section 4. Section 8323(a), (c) and (c.1) of Title 24 are
11 amended to read:

12 § 8323. Member contributions for creditable school service.

13 (a) Previous school service, sabbatical leave and full
14 coverage.--The contributions to be paid by an active member or
15 an eligible State employee for credit for reinstatement of all
16 previously credited school service, school service not
17 previously credited, sabbatical leave as if he had been in full-
18 time daily attendance, or full-coverage membership shall be
19 sufficient to provide an amount equal to the accumulated
20 deductions which would have been standing to the credit of the
21 member for such service had regular member contributions been
22 made with full coverage at the rate of contribution necessary to
23 be credited as Class T-C service or Class T-D service if the
24 member is a Class T-D member or Class T-E service if the member
25 is a Class T-E member and had such contributions been credited
26 with statutory interest during the period the contributions
27 would have been made and during all periods of subsequent school
28 and State service up to the date of purchase.

29 * * *

30 (c) Approved leave of absence other than sabbatical leave

1 and activated military service leave.--The contributions to be
2 paid by an active member for credit for an approved leave of
3 absence, other than sabbatical leave and activated military
4 service leave, shall be sufficient to transfer his membership to
5 Class T-C or to Class T-D if the member is a Class T-D member or
6 to Class T-E if the member is a Class T-E member and further to
7 provide an annuity as a Class T-C member or Class T-D member if
8 the member is a Class T-D member for such additional credited
9 service. Such amount shall be the sum of the amount required in
10 accordance with the provisions of subsection (b) and an amount
11 determined as the sum of the member's basic contribution rate
12 and the normal contribution rate as provided in section 8328
13 (relating to actuarial cost method) during such period
14 multiplied by the compensation which was received or which would
15 have been received during such period and with statutory
16 interest during all periods of subsequent school and State
17 service up to the date of purchase.

18 (c.1) Activated military service leave.--The contributions
19 to be paid by an active member for credit for all activated
20 military service leave as if he had been in regular attendance
21 in the duties for which he is employed shall be sufficient to
22 provide an amount equal to the accumulated deductions which
23 would have been standing to the credit of the member for such
24 service had regular member contributions been made with full
25 coverage at the rate of contribution necessary to be credited as
26 Class T-C service or Class T-D service if the member is a Class
27 T-D member or Class T-E service if the member is a Class T-E
28 member and had such contributions been credited with statutory
29 interest during the period the contributions would have been
30 made and during all periods of subsequent State and school

1 service up to the date of purchase. In the case of activated
2 military service leave beginning after the date of enactment of
3 this subsection, contributions due from the member shall be made
4 as if he is in regular attendance in the duties for which he is
5 employed.

6 * * *

7 Section 5. The definition of "class of service multiplier"
8 in section 5102 of Title 71 is amended to read:

9 § 5102. Definitions.

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

13 * * *

14 "Class of service multiplier."

15	Class of Service	Multiplier
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16	A	1
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17	AA	for all purposes
18		except
19		calculating regular
20		member contributions
21		on compensation

22		paid prior to
23		January 1, 2002
24	AA	for purposes

25		of calculating
26		regular member
27		contributions
28		on compensation

29		paid prior to
30		January 1, 2002
		1

1	<u>AAA</u>	<u>1</u>	
2	B		.625
3	C		1
4	D		1.25
5	D-1	prior to	
6		January 1, 1973	1.875
7	D-1	on and	
8		subsequent to	
9		January 1, 1973	1.731
10	D-2	prior to	
11		January 1, 1973	2.5
12	D-2	on and	
13		subsequent to	
14		January 1, 1973	1.731
15	D-3	prior to	
16		January 1, 1973	3.75
17	D-3	on and	
18		subsequent to	
19		January 1, 1973	1.731
20			except prior to December
21			1, 1974 as applied to any
22			additional legislative
23			compensation as an officer
24			of the General Assembly
25	D-4	for all purposes	3.75
26		except	
27		calculating	
28		regular member	
29		contributions	
30		on compensation	

1		paid prior to		
2		July 1, 2001	1.5	
3	D-4	for purposes of		
4		calculating		
5		regular member		
6		contributions		
7		on compensation		
8		paid prior to		
9		July 1, 2001	1	
10	E, E-1	prior to		
11		January 1, 1973	2	for each of the first ten
12				years of judicial service,
13				and
14			1.5	for each subsequent year
15				of judicial service
16	E, E-1	on and		
17		subsequent to		
18		January 1, 1973	1.50	for each of the first
19				ten years of judicial
20				service and
21			1.125	for each subsequent year
22				of judicial service
23	E-2	prior to		
24		September 1, 1973	1.5	
25	E-2	on and		
26		subsequent to		
27		September 1, 1973	1.125	
28	G		0.417	
29	H		0.500	
30	I		0.625	

1	J	0.714
2	K	0.834
3	L	1.000
4	M	1.100
5	N	1.250
6	T-C (Public School	1
7	Employees'	
8	Retirement Code)	

9 * * *

10 Section 6. Section 5306 of Title 71 is amended by adding
 11 subsections to read:

12 § 5306. Classes of service.

13 * * *

14 (a.3) Class AAA membership.---

15 (1) A person who becomes a State employee and an active
 16 member of the system after June 30, 2006, and who is not a
 17 State police officer and not employed in a position for which
 18 a class of service other than Class A or Class AA is credited
 19 or could be elected shall be classified as a Class AAA member
 20 and receive credit for Class AAA State service upon payment
 21 of regular member contributions for Class AAA service.

22 (2) A person who is a State employee on June 30, 2006,
 23 and July 1, 2006, but is not an active member of the system
 24 because membership in the system is optional or prohibited
 25 pursuant to section 5301 (relating to mandatory and optional
 26 membership) and who becomes an active member after June 30,
 27 2006, and who is not a State police officer and not employed
 28 in a position for which a class of service other than Class A
 29 or Class AA is credited or could be elected shall be
 30 classified as a Class AAA member and receive credit for Class

1 AAA State service upon payment of regular member
2 contributions for Class AAA service.

3 (a.4) Class of membership for members of the General
4 Assembly commencing 2006.--

5 (1) A person who:

6 (i) becomes a member of the General Assembly and an
7 active member of the system after June 30, 2006; or

8 (ii) is a member of the General Assembly on July 1,
9 2006, but is not an active member of the system because
10 membership in the system is optional pursuant to section
11 5301 and who becomes an active member after June 30,
12 2006;

13 and who was not a State police officer on or after July 1,
14 1989, shall be classified as a Class AAA member and receive
15 credit as a Class AAA member for all State service as a
16 member of the General Assembly upon payment of regular member
17 contributions for Class AAA service.

18 * * *

19 (b.1) Retention of class membership.--A State employee who
20 is an active member of Class A, Class AA or Class D-4 on June
21 30, 2006, shall retain that person's membership in that class
22 until such service is discontinued. Any service after June 30,
23 2006, shall be credited as Class AAA service as provided for in
24 this section.

25 Section 7. This act shall take effect immediately.