

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 2497** Session of
2010

INTRODUCED BY D. EVANS, BRIGGS, PARKER, WILLIAMS, GALLOWAY,
DePASQUALE, KORTZ, W. KELLER, MYERS, SHAPIRO AND SIPTROTH,
MAY 11, 2010

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 16, 2010

AN ACT

1 Amending Titles 24 (Education) and 71 (State Government) of the
2 Pennsylvania Consolidated Statutes, in Title 24, further
3 providing for definitions, for contributions by the
4 Commonwealth, for payments by employers, for actuarial cost
5 method, for additional supplemental annuities, for further
6 additional supplemental annuities, for supplemental annuities
7 commencing 1994, for supplemental annuities commencing 1998,
8 for supplemental annuities commencing 2002, for supplemental
9 annuities commencing 2003, for administrative duties of
10 board, for payments to school entities by Commonwealth, for
11 eligibility points for retention and reinstatement of service
12 credits and for creditable nonschool service; providing for
13 election to become a Class T-F member; further providing for
14 classes of service, for eligibility for annuities, for
15 eligibility for vesting, for member contributions for
16 creditable school service, for contributions for purchase of
17 credit for creditable nonschool service, for maximum single
18 life annuity, for disability annuities, for member's options,
19 for duties of board regarding applications and elections of
20 members and for rights and duties of school employees and
21 members; in Title 71, providing for definitions; further
22 providing for credited State service, for retention and
23 reinstatement of service credits, for creditable NONSTATE
24 service and for classes of service; providing for election to
25 become a Class A-4 member; further providing for eligibility
26 for annuities, for eligibility for vesting, for waiver of
27 regular member contributions and Social Security integration
28 member contributions, for member contributions for purchase
29 of credit for previous State service or to become a full
30 coverage member, for contributions for the purchase of credit
31 for creditable nonstate service, for contributions by the
32 Commonwealth and other employers, for actuarial cost method,

1 for maximum single life annuity, for disability annuities and
2 for member's options; providing for payment of accumulated
3 deductions resulting from Class A-3 service; further
4 providing for additional supplemental annuities, for further
5 additional supplemental annuities, for supplemental annuities
6 commencing 1994, for supplemental annuities commencing 1998,
7 for supplemental annuities commencing 2002, for supplemental
8 annuities commencing 2003, for special supplemental
9 postretirement adjustment of 2002, for administrative duties
10 of the board, for duties of board to advise and report to
11 heads of departments and members, for duties of board
12 regarding applications and elections of members, for
13 installment payments of accumulated deductions, for rights
14 and duties of State employees and members, for State
15 accumulation account, for State Police Benefit Account, for
16 Enforcement Officers' Benefit Account, for supplemental
17 annuity account and for construction of part; and providing
18 for recertification to the Secretary of the Budget, for
19 holding certain public officials harmless, for construction
20 of calculation or actuarial method and for certain
21 operational provisions.

22 The General Assembly of the Commonwealth of Pennsylvania

23 hereby enacts as follows:

24 Section 1. The definitions of "basic contribution rate,"
25 "class of service multiplier," "employer," "standard single life
26 annuity," "superannuation or normal retirement age" and "vestee"
27 in section 8102 of Title 24 of the Pennsylvania Consolidated
28 Statutes are amended to read:

29 § 8102. Definitions.

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

33 * * *

34 "Basic contribution rate." For Class T-A, T-B and T-C
35 service, the rate of 6 1/4%. For Class T-D service, the rate of
36 7 1/2%. For all active members on the effective date of this
37 provision who are currently paying 5 1/4% and elect Class T-D
38 service, the rate of 6 1/2%. For Class T-E service, the rate of
39 7 1/2%. For Class T-F service, the rate of 10.30%.

40 * * *

1 "Class of service multiplier."

2	Class of service	Multiplier
3	T-A	.714
4	T-B	.625
5	T-C	1.000
6	T-D	1.000
7	<u>T-E</u>	<u>1.000</u>
8	<u>T-F</u>	<u>1.000</u>

9 * * *

10 "Employer." Any governmental entity directly responsible for
11 the employment and payment of the school employee and charged
12 with the responsibility of providing public education within
13 this Commonwealth, including but not limited to: State-owned
14 colleges and universities, the Pennsylvania State University,
15 community colleges, area vocational-technical schools,
16 intermediate units, the State Board of Education, Scotland
17 School for Veterans' Children, Thaddeus Stevens [State School]
18 College of Technology, and the [Pennsylvania State Oral] Western
19 Pennsylvania School for the Deaf.

20 * * *

21 "Standard single life annuity." For Class T-A, T-B and T-C
22 credited service of a member, an annuity equal to 2% of the
23 final average salary, multiplied by the total number of years
24 and fractional part of a year of credited service of a member.
25 For Class T-D credited service of a member, an annuity equal to
26 2.5% of the final average salary, multiplied by the total number
27 of years and fractional part of a year of credited service. For
28 Class T-E credited service of a member, an annuity equal to 2%
29 of the final average salary, multiplied by the total number of
30 years and fractional part of a year of credited service of a

1 member. For Class T-F credited service of a member, an annuity
2 equal to 2.5% of the final average salary, multiplied by the
3 total number of years and fractional part of a year of credited
4 service of a member.

5 * * *

6 "Superannuation or normal retirement age."

7 Class of service

Age

8 T-A

62 or any age upon accrual of
35 eligibility points

9

10 T-B

62

11 T-C and T-D

62 or age 60 provided the
member has at least 30
eligibility points or any
age upon accrual of 35
eligibility points

12

13

14

15

16 T-E and T-F

65 with accrual of at least
three eligibility points
or any age upon accrual
of 35 eligibility points

17

18

19

20 * * *

21 "Vestee." A member with five or more eligibility points who
22 has terminated school service, has left his accumulated
23 deductions in the fund and is deferring filing of an application
24 for receipt of an annuity. For Class T-E and Class T-F members,
25 a member with ten or more eligibility points who has terminated
26 school service, has left his accumulated deductions in the fund
27 and is deferring filing of an application for receipt of an
28 annuity.

29 Section 2. Sections 8303(c) and 8304(a) of Title 24 are
30 amended to read:

1 § 8303. Eligibility points for retention and reinstatement of
2 service credits.

3 * * *

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

9 (1) as a member of Class T-C, Class T-E or Class T-F for
10 previous school service or creditable nonschool service; or

11 (2) as a member of Class T-D for previous school
12 service, provided the member elects to become a Class T-D
13 member pursuant to section 8305.1 (relating to election to
14 become a Class T-D member);

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

19 § 8304. Creditable nonschool service.

20 (a) Eligibility.--An active member or a multiple service
21 member who is an active member of the State Employees'
22 Retirement System shall be eligible to receive Class T-C, Class
23 T-E or Class T-F service credit for creditable nonschool service
24 and Class T-D, Class T-E or Class T-F service for intervening
25 military service, provided the member becomes a Class T-D member
26 pursuant to section 8305.1 (relating to election to become a
27 Class T-D member) or Class T-F member pursuant to section 8305.2
28 (relating to election to become a Class T-F member) or 8305
29 (relating to classes of service), as set forth in subsection (b)
30 provided that he is not entitled to receive, eligible to receive

1 now or in the future, or is receiving retirement benefits for
2 such service under a retirement system administered and wholly
3 or partially paid for by any other governmental agency or by any
4 private employer, or a retirement program approved by the
5 employer in accordance with section 8301(a)(1) (relating to
6 mandatory and optional membership), and further provided that
7 such service is certified by the previous employer and the
8 manner of payment of the amount due is agreed upon by the
9 member, the employer, and the board.

10 * * *

11 Section 3. Section 8305 of Title 24 is amended by adding
12 subsections to read:

13 § 8305. Classes of service.

14 * * *

15 (d) Class T-E membership.--Notwithstanding any other
16 provision, a person who first becomes a school employee and an
17 active member, or a person who first becomes a multiple service
18 member who is a State employee and a member of the State
19 Employees' Retirement System, on or after the effective date of
20 this subsection shall be classified as a Class T-E member upon
21 payment of regular member contributions.

22 (e) Class T-F membership.--Notwithstanding any other
23 provision, a person who first becomes a school employee and an
24 active member, or a person who first becomes a multiple service
25 member who is a State employee and a member of the State
26 Employees' Retirement System, on or after the effective date of
27 this subsection, and who is eligible to become a Class T-E
28 member, shall have the right to elect into Class T-F membership,
29 provided the person elects to become a Class T-F member pursuant
30 to section 8305.2 (relating to election to become a Class T-F

1 member), upon written election filed with the board and payment
2 of regular member contributions.

3 Section 4. Title 24 is amended by adding a section to read:
4 § 8305.2. Election to become a Class T-F member.

5 (a) General rule.--A person who first becomes a school
6 employee and an active member, or a person who first becomes a
7 multiple service member who is a State employee and a member of
8 the State Employees' Retirement System, on or after the
9 effective date of this subsection and who is eligible to become
10 a Class T-E member may elect to become a member of Class T-F.

11 (b) Time for making election.--A member must elect to become
12 a Class T-F member by filing a written election with the board
13 within 45 days of notification by the board that such member is
14 eligible for such election.

15 (c) Effect of election.--An election to become a Class T-F
16 member shall be irrevocable. A member who elects Class T-F
17 membership shall receive Class T-F service credit on any and all
18 future service, regardless of whether the member terminates
19 service or has a break in service.

20 (d) Effect of failure to make election.--If a member fails
21 to timely file an election to become a Class T-F member, then
22 the member shall be enrolled as a member of Class T-E and the
23 member shall never be able to elect Class T-F service,
24 regardless of whether the member terminates service or has a
25 break in service.

26 Section 5. Sections 8307(b), 8308, 8323(a), (c) and (c.1),
27 8324(a), (b), (d), (e) and (f), 8326(a), 8327(a) and (c), 8328,
28 8342(a), 8344(d), 8345(a), 8348.1(f), 8348.2(f), 8348.3(f),
29 8348.5(f), 8348.6(f), 8348.7(f) and 8502(k) of Title 24 are
30 amended to read:

1 § 8307. Eligibility for annuities.

2 * * *

3 (b) Withdrawal annuity.--A vestee in Class T-C or Class T-D
4 with five or more eligibility points or an active or inactive
5 Class T-C or Class T-D member who terminates school service
6 having five or more eligibility points shall, upon filing a
7 proper application, be entitled to receive an early annuity. A
8 vestee in Class T-E or Class T-F with ten or more eligibility
9 points or an active or inactive Class T-E or Class T-F member
10 who terminates school service having ten or more eligibility
11 points shall, upon filing a proper application, be entitled to
12 receive an early annuity.

13 * * *

14 § 8308. Eligibility for vesting.

15 Any Class T-C or Class T-D member who terminates school
16 service with five or more eligibility points shall be entitled
17 to vest his retirement benefits until attainment of
18 superannuation age. Any Class T-E or Class T-F member who
19 terminates school service with ten or more eligibility points
20 shall be entitled to vest his retirement benefits until
21 attainment of superannuation age.

22 § 8323. Member contributions for creditable school service.

23 (a) Previous school service, sabbatical leave and full
24 coverage.--The contributions to be paid by an active member or
25 an eligible State employee for credit for reinstatement of all
26 previously credited school service, school service not
27 previously credited, sabbatical leave as if he had been in full-
28 time daily attendance, or full-coverage membership shall be
29 sufficient to provide an amount equal to the accumulated
30 deductions which would have been standing to the credit of the

1 member for such service had regular member contributions been
2 made with full coverage at the rate of contribution necessary to
3 be credited as Class T-C service [or], Class T-D service if the
4 member is a Class T-D member, or Class T-E service if the member
5 is a Class T-E member, or Class T-F service if the member is a
6 Class T-F member, and had such contributions been credited with
7 statutory interest during the period the contributions would
8 have been made and during all periods of subsequent school and
9 State service up to the date of purchase.

10 * * *

11 (c) Approved leave of absence other than sabbatical leave
12 and activated military service leave.--The contributions to be
13 paid by an active member for credit for an approved leave of
14 absence, other than sabbatical leave and activated military
15 service leave, shall be sufficient to transfer his membership to
16 Class T-C or to Class T-D if the member is a Class T-D member or
17 to Class T-E if the member is a Class T-E member or to Class T-F
18 if the member is a Class T-F member and further to provide an
19 annuity as a Class T-C member or Class T-D member if the member
20 is a Class T-D member or Class T-E if the member is a Class T-E
21 member or to Class T-F if the member is a Class T-F member for
22 such additional credited service. Such amount shall be the sum
23 of the amount required in accordance with the provisions of
24 subsection (b) and an amount determined as the sum of the
25 member's basic contribution rate and the normal contribution
26 rate as provided in section 8328 (relating to actuarial cost
27 method) during such period multiplied by the compensation which
28 was received or which would have been received during such
29 period and with statutory interest during all periods of
30 subsequent school and State service up to the date of purchase.

1 (c.1) Activated military service leave.--The contributions
2 to be paid by an active member for credit for all activated
3 military service leave as if he had been in regular attendance
4 in the duties for which he is employed shall be sufficient to
5 provide an amount equal to the accumulated deductions which
6 would have been standing to the credit of the member for such
7 service had regular member contributions been made with full
8 coverage at the rate of contribution necessary to be credited as
9 Class T-C service or Class T-D service if the member is a Class
10 T-D member or Class T-E service if the member is a Class T-E
11 member or Class T-F if the member is a Class T-F member and had
12 such contributions been credited with statutory interest during
13 the period the contributions would have been made and during all
14 periods of subsequent State and school service up to the date of
15 purchase. In the case of activated military service leave
16 beginning after the date of enactment of this subsection,
17 contributions due from the member shall be made as if he is in
18 regular attendance in the duties for which he is employed.

19 * * *

20 § 8324. Contributions for purchase of credit for creditable
21 nonschool service.

22 (a) Source of contributions.--The total contributions to
23 purchase credit as a member of Class T-C, Class T-E or Class T-F
24 for creditable nonschool service of an active member or an
25 eligible State employee shall be paid either by the member, the
26 member's previous employer, the Commonwealth, or a combination
27 thereof, as provided by law.

28 (b) Nonintervening military service.--The amount due for the
29 purchase of credit for military service other than intervening
30 military service shall be determined by applying the member's

1 basic contribution rate plus the normal contribution rate as
2 provided in section 8328 (relating to actuarial cost method) at
3 the time of entry of the member into school service subsequent
4 to such military service to one-third of his total compensation
5 received during the first three years of such subsequent
6 credited school service and multiplying the product by the
7 number of years and fractional part of a year of creditable
8 nonintervening military service being purchased together with
9 statutory interest during all periods of subsequent school and
10 State service to date of purchase. Upon certification of the
11 amount due, payment may be made in a lump sum within 90 days or
12 in the case of an active member or an eligible State employee
13 who is an active member of the State Employees' Retirement
14 System it may be amortized with statutory interest through
15 salary deductions in amounts agreed upon by the member and the
16 board. The salary deduction amortization plans agreed to by
17 members and the board may include a deferral of payment amounts
18 and statutory interest until the termination of school service
19 or State service as the board in its sole discretion decides to
20 allow. The board may limit salary deduction amortization plans
21 to such terms as the board in its sole discretion determines. In
22 the case of an eligible State employee who is an active member
23 of the State Employees' Retirement System, the agreed upon
24 salary deductions shall be remitted to the State Employees'
25 Retirement Board, which shall certify and transfer to the board
26 the amounts paid. Application may be filed for all such military
27 service credit upon completion of three years of subsequent
28 credited school service and shall be credited as Class T-C
29 service. In the event that a Class T-E member makes a purchase
30 of credit for such military service, then such service shall be

1 credited as Class T-E service. In the event that a Class T-F
2 member makes a purchase of credit for such military service,
3 then such service shall be credited as Class T-F service.

4 * * *

5 (d) Other creditable nonschool service.--Contributions on
6 account of Class T-C, Class T-E or Class T-F credit for
7 creditable nonschool service other than military service shall
8 be determined by applying the member's basic contribution rate
9 plus the normal contribution rate as provided in section 8328 at
10 the time of the member's entry into school service subsequent to
11 such creditable nonschool service to his total compensation
12 received during the first year of subsequent credited school
13 service and multiplying the product by the number of years and
14 fractional part of a year of creditable nonschool service being
15 purchased together with statutory interest during all periods of
16 subsequent school or State service to the date of purchase,
17 except that in the case of purchase of credit for creditable
18 nonschool service as set forth in section 8304(b)(5) (relating
19 to creditable nonschool service) the member shall pay only the
20 employee's share unless otherwise provided by law. Upon
21 certification of the amount due, payment may be made in a lump
22 sum within 90 days or in the case of an active member or an
23 eligible State employee who is an active member of the State
24 Employees' Retirement System it may be amortized with statutory
25 interest through salary deductions in amounts agreed upon by the
26 member and the board. The salary deduction amortization plans
27 agreed to by the members and the board may include a deferral of
28 payment amounts and statutory interest until the termination of
29 school service or State service as the board in its sole
30 discretion decides to allow. The board may limit salary

1 deduction amortization plans to such terms as the board in its
2 sole discretion determines. In the case of an eligible State
3 employee who is an active member of the State Employees'
4 Retirement System, the agreed upon salary deductions shall be
5 remitted to the State Employees' Retirement Board, which shall
6 certify and transfer to the board the amounts paid.

7 (e) Creditable work experience.--Contributions on account of
8 Class T-C, Class T-E or Class T-F credit for creditable work
9 experience pursuant to section 8304(b)(6) shall be the present
10 value of the full actuarial cost of the increase in the
11 projected superannuation annuity caused by the additional
12 service credited on account of the purchase of creditable work
13 experience. The amount paid for the purchase of credit for
14 creditable work experience shall not be payable as a lump sum
15 under section 8345(a)(4)(iii) (relating to member's options).
16 Any individual eligible to receive an annuity, excluding an
17 annuity received under the Federal Social Security Act (42
18 U.S.C. § 301 et seq.), in another pension system, other than a
19 military pension system, shall not be eligible to purchase this
20 service.

21 (f) Creditable maternity leave.--Contributions on account of
22 Class T-C, Class T-E or Class T-F credit for creditable
23 maternity leave pursuant to section 8304(b)(7) shall be
24 determined by applying the member's basic contribution rate plus
25 the normal contribution rate as provided in section 8328 at the
26 time of the member's return to school service to the total
27 compensation received during the first year of subsequent school
28 service and multiplying the product by the number of years and
29 fractional part of a year of creditable service being purchased,
30 together with statutory interest during all periods of

1 subsequent school or State service to the date of purchase. The
2 amount paid for the purchase of credit for creditable maternity
3 leave shall not be eligible for withdrawal as a lump sum under
4 section 8345(a)(4)(iii).

5 § 8326. Contributions by the Commonwealth.

6 (a) Contributions on behalf of active members.--The
7 Commonwealth shall make contributions into the fund on behalf of
8 all active members, including members on activated military
9 service leave, in an amount equal to one-half the amount
10 certified by the board as necessary to provide, together with
11 the members' contributions, annuity reserves on account of
12 prospective annuities as provided in this part in accordance
13 with section 8328[(a), (b), (c) and (e)] (relating to actuarial
14 cost method). In case a school employee has elected membership
15 in a retirement program approved by the employer, the
16 Commonwealth shall contribute to such program on account of his
17 membership an amount no greater than the amount it would have
18 contributed had the employee been a member of the Public School
19 Employees' Retirement System.

20 * * *

21 § 8327. Payments by employers.

22 (a) General rule.--Each employer, including the Commonwealth
23 as employer of employees of the Department of Education, State-
24 owned colleges and universities, Thaddeus Stevens [State School]
25 College of Technology, [Pennsylvania State Oral] Western
26 Pennsylvania School for the Deaf, Scotland School for Veterans'
27 Children, and the Pennsylvania State University, shall make
28 payments to the fund each quarter in an amount equal to one-half
29 the sum of the percentages, as determined under section 8328
30 (relating to actuarial cost method), applied to the total

1 compensation during the pay periods in the preceding quarter of
2 all its employees who were members of the system during such
3 period, including members on activated military service leave.
4 In the event a member on activated military service leave does
5 not return to service for the necessary time or receives an
6 undesirable, bad conduct or dishonorable discharge or does not
7 elect to receive credit for activated military service under
8 section 8302(b.1)(3) (relating to credited school service), the
9 contributions made by the employer on behalf of such member
10 shall be returned with valuation interest upon application by
11 the employer.

12 * * *

13 (c) Payments by employers after June 30, 1995.--After June
14 30, 1995, each employer, including the Commonwealth as employer
15 of employees of the Department of Education, State-owned
16 colleges and universities, Thaddeus Stevens [State School]
17 College of Technology, [Pennsylvania State Oral] Western
18 Pennsylvania School for the Deaf, Scotland School for Veterans'
19 Children and The Pennsylvania State University, shall make
20 payments to the fund each quarter in an amount computed in the
21 following manner:

22 (1) For an employer that is a school entity, the amount
23 shall be the sum of the percentages as determined under
24 section 8328 applied to the total compensation during the pay
25 periods in the preceding quarter of all employees who were
26 active members of the system during such period, including
27 members on activated military service leave. In the event a
28 member on activated military service leave does not return to
29 service for the necessary time or receives an undesirable,
30 bad conduct or dishonorable discharge or does not elect to

1 receive credit for activated military service under section
2 8302(b.1)(3), the contribution made by the employer on behalf
3 of such member shall be returned with valuation interest upon
4 application by the employer.

5 (2) For an employer that is not a school entity, the
6 amount computed under subsection (a).

7 (3) For any employer, whether or not a school entity, in
8 computing the amount of payment due each quarter, there shall
9 be excluded from the total compensation referred to in this
10 subsection and subsection (a) any amount of compensation of a
11 noneligible member on the basis of which member contributions
12 have not been made by reason of the limitation under IRC §
13 401(a)(17). Any amount of contribution to the fund paid by
14 the employer on behalf of a noneligible member on the basis
15 of compensation which was subject to exclusion from total
16 compensation in accordance with the provisions of this
17 paragraph shall, upon the board's determination or upon
18 application by the employer, be returned to the employer with
19 valuation interest.

20 § 8328. Actuarial cost method.

21 (a) Employer contribution rate [on behalf of active
22 members].--The amount of the total employer contributions [on
23 behalf of all active members] shall be computed by the actuary
24 as a percentage of the total compensation of all active members
25 during the period for which the amount is determined and shall
26 be so certified by the board. The total employer contribution
27 rate shall be the sum of the final contribution rate as computed
28 in subsection (h) plus the premium assistance contribution rate
29 as computed in subsection (f). The [total] actuarially required
30 contribution rate [on behalf of all active members] shall

1 consist of the normal contribution rate as defined in subsection
2 (b), the accrued liability contribution rate as defined in
3 subsection (c) and the supplemental annuity contribution rate as
4 defined in subsection (d). Beginning July 1, 2004, the [total]
5 actuarially required contribution rate shall be modified by the
6 experience adjustment factors as calculated in subsection (e)
7 [but in no case shall it be less than 4% plus the premium
8 assistance contribution rate].

9 (b) Normal contribution rate.--The normal contribution rate
10 shall be determined after each actuarial valuation. [Until all
11 accrued liability contributions have been completed, the] The
12 normal contribution rate shall be determined, on the basis of
13 the actuarial cost method, an annual interest rate and such
14 mortality and other tables as shall be adopted by the board in
15 accordance with generally accepted actuarial principles, as a
16 level percentage of the compensation of the average new active
17 member, which percentage, if contributed on the basis of his
18 prospective compensation through the entire period of active
19 school service, would be sufficient to fund the liability for
20 any prospective benefit payable to him, in excess of that
21 portion funded by his prospective member contributions[, except
22 for the supplemental benefits provided in sections 8348
23 (relating to supplemental annuities), 8348.1 (relating to
24 additional supplemental annuities), 8348.2 (relating to further
25 additional supplemental annuities), 8348.3 (relating to
26 supplemental annuities commencing 1994), 8348.4 (relating to
27 special supplemental postretirement adjustment), 8348.5
28 (relating to supplemental annuities commencing 1998), 8348.6
29 (relating to supplemental annuities commencing 2002) and 8348.7
30 (relating to supplemental annuities commencing 2003)].

1 (c) Accrued liability contribution rate.--

2 (1) For the fiscal [year] years beginning July 1, 2002,
3 and ending June 30, 2011, the accrued liability contribution
4 rate shall be computed as the rate of total compensation of
5 all active members which shall be certified by the actuary as
6 sufficient to fund over a period of ten years from July 1,
7 2002, the present value of the liabilities for all
8 prospective benefits of active members, except for the
9 supplemental benefits provided in sections 8348 (relating to
10 supplemental annuities), 8348.1 (relating to additional
11 supplemental annuities), 8348.2 (relating to further
12 additional supplemental annuities), 8348.3 (relating to
13 supplemental annuities commencing 1994), 8348.4 (relating to
14 special supplemental postretirement adjustment), 8348.5
15 (relating to supplemental annuities commencing 1998), 8348.6
16 (relating to supplemental annuities commencing 2002) and
17 8348.7 (relating to supplemental annuities commencing 2003),
18 in excess of the total assets in the fund (calculated by
19 recognizing the actuarially expected investment return
20 immediately and recognizing the difference between the actual
21 investment return and the actuarially expected investment
22 return over a five-year period), excluding the balance in the
23 annuity reserve account, and of the present value of normal
24 contributions and of member contributions payable with
25 respect to all active members on July 1, 2002, during the
26 remainder of their active service.

27 (2) [Thereafter] For the fiscal years beginning July 1,
28 2003, and ending June 30, 2011, the amount of each annual
29 accrued liability contribution shall be equal to the amount
30 of such contribution for the fiscal year, beginning July 1,

1 2002, except that, if the accrued liability is increased by
2 legislation enacted subsequent to June 30, 2002, but before
3 July 1, 2003, such additional liability shall be funded over
4 a period of ten years from the first day of July, coincident
5 with or next following the effective date of the increase.
6 The amount of each annual accrued liability contribution for
7 such additional legislative liabilities shall be equal to the
8 amount of such contribution for the first annual payment.

9 (3) Notwithstanding any other provision of law,
10 beginning July 1, 2004, and ending June 30, 2011, the
11 outstanding balance of the increase in accrued liability due
12 to the change in benefits enacted in 2001 and the outstanding
13 balance of the net actuarial loss incurred in fiscal year
14 2000-2001 shall be amortized in equal dollar annual
15 contributions over a period that ends 30 years after July 1,
16 2002, and the outstanding balance of the net actuarial loss
17 incurred in fiscal year 2001-2002 shall be amortized in equal
18 dollar annual contributions over a period that ends 30 years
19 after July 1, 2003. For fiscal years beginning on or after
20 July 1, 2004, if the accrued liability is increased by
21 legislation enacted subsequent to June 30, 2003, such
22 additional liability shall be funded in equal dollar annual
23 contributions over a period of ten years from the first day
24 of July coincident with or next following the effective date
25 of the increase.

26 (4) For the fiscal year beginning July 1, 2011, the
27 accrued liability contribution rate shall be computed as the
28 rate of total compensation of all active members which shall
29 be certified by the actuary as sufficient to fund as a level
30 percentage of compensation over a period of 30 years from

1 July 1, 2011, the present value of the liabilities for all
2 prospective benefits calculated as of June 30, 2010,
3 including the supplemental benefits as provided in sections
4 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and
5 8348.7, in excess of the actuarially calculated assets in the
6 fund (calculated recognizing all realized and unrealized
7 investment gains and losses each year in level annual
8 installments over a ten-year period). In the event that the
9 accrued liability is increased by legislation enacted
10 subsequent to June 30, 2010, such additional liability shall
11 be funded as a level percentage of compensation over a period
12 of ten years from the July 1 second succeeding the date such
13 legislation is enacted.

14 (d) Supplemental annuity contribution rate.--[Contributions]

15 (1) For the period of July 1, 2002, to June 30, 2011,
16 contributions from the Commonwealth and other employers
17 required to provide for the payment of the supplemental
18 annuities provided for in sections 8348, 8348.1, 8348.2,
19 8348.4 and 8348.5 shall be paid over a period of ten years
20 from July 1, 2002. The funding for the supplemental annuities
21 commencing 2002 provided for in section 8348.6 shall be as
22 provided in section 8348.6(f). The funding for the
23 supplemental annuities commencing 2003 provided for in
24 section 8348.7 shall be as provided in section 8348.7(f). The
25 amount of each annual supplemental annuities contribution
26 shall be equal to the amount of such contribution for the
27 fiscal year beginning July 1, 2002. [In the event that
28 supplemental annuities are increased by legislation enacted
29 subsequent to June 30, 2002, the additional liability for the
30 increased benefits to be amortized shall be funded in equal

1 dollar annual installments over a period of ten years.]

2 (2) For fiscal years beginning July 1, 2011,
3 contributions from the Commonwealth and other employers whose
4 employees are members of the system required to provide for
5 the payment of supplemental annuities as provided in sections
6 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and
7 8348.7 shall be paid as part of the accrued liability
8 contribution rate as provided for in subsection (c)(4), and
9 there shall not be a separate supplemental annuity
10 contribution rate attributable to those supplemental
11 annuities. In the event that supplemental annuities are
12 increased by legislation enacted subsequent to June 30, 2010,
13 the additional liability for the increase in benefits shall
14 be funded as a level percentage of compensation over a period
15 of ten years from the July 1 second succeeding the date such
16 legislation is enacted.

17 (e) Experience adjustment factor.--

18 (1) For each year after the establishment of the accrued
19 liability contribution rate for the fiscal year beginning
20 July 1, [2002] 2011, any increase or decrease in the unfunded
21 accrued liability, excluding the gains or losses on the
22 assets of the health insurance account, due to actual
23 experience differing from assumed experience, changes in
24 actuarial assumptions, changes in contributions caused by the
25 final contribution rate being different from the actuarially
26 required contribution rate or changes in the terms and
27 conditions of the benefits provided by the system by
28 judicial, administrative or other processes other than
29 legislation, including, but not limited to, reinterpretation
30 of the provisions of this part, shall be amortized [in equal

1 dollar annual contributions] as a level percentage of
2 compensation over a period of [ten] 30 years beginning with
3 the July 1 second succeeding the actuarial valuation
4 determining said increases or decreases.

5 (2) [Notwithstanding the provisions of paragraph (1),
6 for each year after the establishment of the accrued
7 liability contribution rate for the fiscal year beginning
8 July 1, 2003, any increase or decrease in the unfunded
9 accrued liability, excluding the gains or losses on the
10 assets of the health insurance account, due to actual
11 experience differing from assumed experience, changes in
12 actuarial assumptions, changes in the terms and conditions of
13 the benefits provided by the system by judicial,
14 administrative or other processes other than legislation,
15 including, but not limited to, reinterpretation of the
16 provisions of this part, shall be amortized in equal dollar
17 annual contributions over a period of 30 years beginning with
18 the July 1 second succeeding the actuarial valuation
19 determining said increases and decreases] (Reserved).

20 (f) Premium assistance contribution rate.--For each fiscal
21 year beginning with July 1, 1991, the total contribution rate as
22 calculated according to this section shall be increased annually
23 in the full amount certified by the board as necessary to fund
24 the premium assistance program in accordance with section 8509
25 (relating to health insurance premium assistance program),
26 notwithstanding any other provisions of this section.

27 (g) Temporary application of collared contribution rate.--

28 (1) The collared contribution rate for each year shall
29 be determined by comparing the actuarially required
30 contribution rate, calculated without regard for the costs

1 added by legislation, to the prior year's final contribution
2 rate.

3 (2) If, for any of the fiscal years beginning July 1,
4 2011, July 1, 2012, and on or after July 1, 2013, the
5 actuarially required contribution rate, calculated without
6 regard for the costs added by legislation, is more than 3%,
7 3.5% and 4.5%, respectively, of the total compensation of all
8 active members greater than the prior year's final
9 contribution rate, then the collared contribution rate shall
10 be applied and be equal to the prior year's final
11 contribution rate increased by 3%, 3.5% and 4.5%,
12 respectively, of total compensation of all active members.
13 Otherwise, and for all other fiscal years, the collared
14 contribution rate shall not be applicable. In no case shall
15 the collared contribution rate be less than 4% of the total
16 compensation of all active members.

17 (h) Final contribution rate.--

18 (1) For the fiscal year beginning July 1, 2010, the
19 final contribution rate shall be 5% of the total compensation
20 of all active members. For each subsequent fiscal year for
21 which the collared contribution rate is applicable, the final
22 contribution rate shall be the collared contribution rate as
23 calculated in subsection (g), plus the costs added by
24 legislation.

25 (2) For all other fiscal years, the final contribution
26 rate shall be the actuarially required contribution rate,
27 provided that the final contribution rate shall not be less
28 than the normal contribution rate as provided in subsection
29 (b).

30 (i) Definitions.--As used in this section, the following

1 words and phrases shall have the meanings given to them in this
2 subsection unless the context clearly indicates otherwise:

3 "Actuarially required contribution rate." The sum of the
4 following:

5 (1) the normal contribution rate as calculated in
6 subsection (b);

7 (2) the accrued liability contribution rate as
8 calculated in subsection (c);

9 (3) the supplemental annuity contribution rate as
10 calculated in subsection (d);

11 (4) the experience adjustment factor as calculated in
12 subsection (e); and

13 (5) any costs added by legislation enacted prior to the
14 last actuarial valuation.

15 "Costs added by legislation." The sum, if positive, of all
16 changes in the actuarially required contribution rate resulting
17 from legislation enacted in the year since the last actuarial
18 valuation and not included in the determination of the prior
19 year's final contribution rate, computed as the rate of total
20 compensation of all active members certified by the actuary as
21 sufficient to make the employer normal contributions and
22 sufficient to amortize legislatively created changes in the
23 unfunded actuarial liability as a level percentage of
24 compensation over a period of ten years from the July 1 second
25 succeeding the date of enactment.

26 § 8342. Maximum single life annuity.

27 (a) General rule.--Upon termination of service, any full
28 coverage member who is eligible to receive an annuity pursuant
29 to the provisions of section 8307(a) or (b) (relating to
30 eligibility for annuities) and has made an application in

1 accordance with the provisions of section 8507(f) (relating to
2 rights and duties of school employees and members) shall be
3 entitled to receive a maximum single life annuity attributable
4 to his credited service and equal to the sum of the following
5 single life annuities beginning at the effective date of
6 retirement and, in case the member on the effective date of
7 retirement is under superannuation age, multiplied by a
8 reduction factor calculated to provide benefits actuarially
9 equivalent to an annuity starting at superannuation age:
10 Provided however, That on or after July 1, 1976, in the case of
11 any Class T-C, T-D, T-E or T-F member who has attained age 55
12 and has 25 or more eligibility points such sum of single life
13 annuities shall be reduced by a percentage determined by
14 multiplying the number of months, including a fraction of a
15 month as a full month, by which the effective date of retirement
16 precedes superannuation age by 1/4%:

17 (1) A standard single life annuity multiplied by the
18 class of service multiplier and calculated on the basis of
19 the number of years of credited school service other than
20 concurrent service.

21 (2) A standard single life annuity multiplied by the
22 class of service multiplier and calculated on the basis of
23 the number of years of concurrent service and multiplied by
24 the ratio of total compensation received in the school system
25 during the period of concurrent service to the total
26 compensation received during such period.

27 (3) A supplemental annuity such that the total annuity
28 prior to any optional modification or any reduction due to
29 retirement prior to superannuation age shall be at least \$100
30 for each full year of credited service.

1 * * *

2 § 8344. Disability annuities.

3 * * *

4 (d) Withdrawal of accumulated deductions.--Upon termination
5 of disability annuity payments in excess of an annuity
6 calculated in accordance with section 8342, a disability
7 annuitant who:

8 (1) is a Class T-C or Class T-D member; or

9 (2) is a Class T-E or Class T-F member with less than
10 ten eligibility points

11 and who does not return to school service may file an
12 application with the board for an amount equal to the
13 accumulated deductions standing to his credit at the effective
14 date of disability less the total payments received on account
15 of his member's annuity.

16 * * *

17 § 8345. Member's options.

18 (a) General rule.--Any Class T-C or Class T-D member who is
19 a vestee with five or more eligibility points, any Class T-E or
20 Class T-F member who is a vestee with ten or more eligibility
21 points, or any other eligible member upon termination of school
22 service who has not withdrawn his accumulated deductions as
23 provided in section 8341 (relating to return of accumulated
24 deductions) may apply for and elect to receive either a maximum
25 single life annuity, as calculated in accordance with the
26 provisions of section 8342 (relating to maximum single life
27 annuity), or a reduced annuity certified by the actuary to be
28 actuarially equivalent to the maximum single life annuity and in
29 accordance with one of the following options, except that no
30 member shall elect an annuity payable to one or more survivor

1 annuitants other than his spouse or alternate payee of such a
2 magnitude that the present value of the annuity payable to him
3 for life plus any lump sum payment he may have elected to
4 receive is less than 50% of the present value of his maximum
5 single life annuity.

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

12 (2) Option 2.--A joint and survivor annuity payable
13 during the lifetime of the member with the full amount of
14 such annuity payable thereafter to his survivor annuitant, if
15 living at his death.

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

20 (4) Option 4.--Some other benefit which shall be
21 certified by the actuary to be actuarially equivalent to the
22 maximum single life annuity, subject to the following
23 restrictions:

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

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

29 (iii) A portion of the benefit may be payable as a
30 lump sum, except that such lump sum payment shall not

1 exceed an amount equal to the accumulated deductions
2 standing to the credit of the member. The balance of the
3 present value of the maximum single life annuity adjusted
4 in accordance with section 8342(b) shall be paid in the
5 form of an annuity with a guaranteed total payment, a
6 single life annuity, or a joint and survivor annuity or
7 any combination thereof but subject to the restrictions
8 of subparagraphs (i) and (ii) of this paragraph. This
9 subparagraph shall not apply to a Class T-E or Class T-F
10 member.

11 * * *

12 § 8348.1. Additional supplemental annuities.

13 * * *

14 (f) Funding.--The actuary shall annually certify the amount
15 of Commonwealth appropriations for the next fiscal year needed
16 to fund, over a period of ten years from July 1, 2002, the
17 additional monthly supplemental annuity provided for in this
18 section[. The board shall submit the actuary's certification to
19 the Secretary of the Budget on or before November 1 of each
20 year. If, in any year after 1984, the amount certified is
21 disapproved under section 610 of the act of April 9, 1929
22 (P.L.177, No.175), known as The Administrative Code of 1929, as
23 insufficient to meet the funding requirements of this subsection
24 or is not appropriated on or before July 1, the additional
25 supplemental annuity provided for in this section shall be
26 suspended until such time as an amount certified and approved as
27 sufficient is appropriated], which amounts shall be paid during
28 the period beginning July 1, 2002, and ending June 30, 2011. For
29 fiscal years beginning on or after July 1, 2011, the additional
30 liability provided in this section shall be funded as part of

1 the actuarial accrued liability as provided in section 8328
2 (relating to actuarial cost method).

3 * * *

4 § 8348.2. Further additional supplemental annuities.

5 * * *

6 (f) Funding.--The actuary shall annually estimate the amount
7 of Commonwealth appropriations for the next fiscal year needed
8 to fund, over a period of ten years from July 1, 2002, the
9 additional monthly supplemental annuity provided for in this
10 section[. The board shall submit the actuary's estimation to the
11 Secretary of the Budget on or before November 1 of each year.
12 If, in any year after 1988, the amount estimated is disapproved
13 under section 610 of the act of April 9, 1929 (P.L.177, No.175),
14 known as The Administrative Code of 1929, as insufficient to
15 meet the funding requirements of this subsection or is not
16 appropriated on or before July 1, the additional supplemental
17 annuity provided for in this section shall be suspended until
18 such time as an amount certified and approved as sufficient is
19 appropriated], which amounts shall be paid during the period
20 beginning July 1, 2002, and ending June 30, 2011. For fiscal
21 years beginning on or after July 1, 2011, the additional
22 liability provided in this section shall be funded as part of
23 the actuarial accrued liability as provided in section 8328
24 (relating to actuarial cost method).

25 * * *

26 § 8348.3. Supplemental annuities commencing 1994.

27 * * *

28 (f) Funding.--[The]

29 (1) For the period beginning July 1, 2002, and ending
30 June 30, 2011, the additional liability for the increase in

1 benefits provided in this section shall be funded in equal
2 dollar annual installments over a period of ten years
3 beginning July 1, 2002.

4 (2) For fiscal years beginning on or after July 1, 2011,
5 the additional liability provided in this section shall be
6 funded as part of the actuarial accrued liability as provided
7 in section 8328 (relating to actuarial cost method).

8 * * *

9 § 8348.5. Supplemental annuities commencing 1998.

10 * * *

11 (f) Funding.--[The]

12 (1) For the period beginning July 1, 2002, and ending
13 June 30, 2011, the additional liability for the increase in
14 benefits provided in this section shall be funded in equal
15 dollar annual installments over a period of ten years
16 beginning July 1, 2002.

17 (2) For fiscal years beginning on or after July 1, 2011,
18 the additional liability provided in this section shall be
19 funded as part of the actuarial accrued liability as provided
20 in section 8328 (relating to actuarial cost method).

21 (3) Notwithstanding the provisions of section 212 of the
22 act of April 22, 1998 (P.L.1341, No.6A), known as the General
23 Appropriation Act of 1998, regarding payment for cost-of-
24 living increases for annuitants, payments for cost-of-living
25 increases for annuitants shall be made under section 8535
26 (relating to payments to school entities by Commonwealth).

27 * * *

28 § 8348.6. Supplemental annuities commencing 2002.

29 * * *

30 (f) Funding.--[The]

1 (1) For the period beginning July 1, 2002, and ending
2 June 30, 2011, the additional liability for the increase in
3 benefits provided in this section shall be funded in equal
4 dollar annual installments over a period of ten years
5 beginning July 1, 2003.

6 (2) For fiscal years beginning on or after July 1, 2011,
7 the additional liability provided in this section shall be
8 funded as part of the actuarial accrued liability as provided
9 in section 8328 (relating to actuarial cost method).

10 * * *

11 § 8348.7. Supplemental annuities commencing 2003.

12 * * *

13 (f) Funding.--[The]

14 (1) For the period beginning July 1, 2002, and ending
15 June 30, 2011, the additional liability for the increase in
16 benefits provided in this section shall be funded in equal
17 dollar annual installments over a period of ten years
18 beginning July 1, 2004.

19 (2) For fiscal years beginning on or after July 1, 2011,
20 the additional liability provided in this section shall be
21 funded as part of the actuarial accrued liability as provided
22 in section 8328 (relating to actuarial cost method).

23 * * *

24 § 8502. Administrative duties of board.

25 * * *

26 (k) Certification of employer contributions.--The board
27 shall, each year in addition to the itemized budget required
28 under section 8330 (relating to appropriations by the
29 Commonwealth), certify to the employers and the Commonwealth the
30 employer contribution rate expressed as a percentage of members'

1 payroll necessary for the funding of prospective annuities for
2 active members and the annuities of annuitants, and certify the
3 rates and amounts of the normal contributions as determined
4 pursuant to section 8328(b) (relating to actuarial cost method),
5 accrued liability contributions as determined pursuant to
6 section 8328(c), supplemental annuities contribution rate as
7 determined pursuant to section 8328(d) [and], the experience
8 adjustment factor as determined pursuant to section 8328(e)
9 [and], premium assistance contributions as determined pursuant
10 to section 8328(f), the costs added by legislation as determined
11 pursuant to section 8328(i), the actuarial required contribution
12 rate as determined pursuant to section 8328(i), the collared
13 contribution rate as determined pursuant to section 8328(g) and
14 the final contribution rate as determined pursuant to section
15 8328(h), which shall be paid to the fund and credited to the
16 appropriate accounts. These certifications shall be regarded as
17 final and not subject to modification by the [Budget Secretary]
18 Secretary of the Budget.

19 * * *

20 Section 6. Section 8505 of Title 24 is amended by adding a
21 subsection to read:

22 § 8505. Duties of board regarding applications and elections of
23 members.

24 * * *

25 (1) Notification of Class T-F membership.--The board shall
26 inform any eligible school employee of the right to elect Class
27 T-F membership.

28 Section 7. Sections 8507(f) and (g) and 8535(3) of Title 24
29 are amended to read:

30 § 8507. Rights and duties of school employees and members.

1 * * *

2 (f) Termination of service.--Each member who terminates
3 school service and who is not then a disability annuitant shall
4 execute on or before the date of termination of service a
5 written application, duly attested by the member or his legally
6 constituted representative, electing to do one of the following:

7 (1) Withdraw his accumulated deductions.

8 (2) Vest his retirement rights and if he is a joint
9 coverage member, and so desires, elect to become a full
10 coverage member and agree to pay within 30 days of the date
11 of termination of service the lump sum required.

12 (3) Receive an immediate annuity, if eligible, and may,
13 if he is a joint coverage member, elect to become a full
14 coverage member and agree to pay within 30 days of date of
15 termination of service the lump sum required.

16 (g) Vesting of retirement rights.--If a member elects to
17 vest his retirement rights, he shall nominate a beneficiary by
18 written designation filed with the board and he may anytime
19 thereafter withdraw the accumulated deductions standing to his
20 credit or[, if he has five or more eligibility points,] apply
21 for an annuity if eligible as provided in section 8307(a) or (b)
22 (relating to eligibility for annuitants).

23 * * *

24 § 8535. Payments to school entities by Commonwealth.

25 For each school year beginning with the 1995-1996 school
26 year, each school entity shall be paid by the Commonwealth for
27 contributions based upon school service of active members of the
28 system after June 30, 1995, as follows:

29 * * *

30 (3) School entities shall have up to five days after

1 receipt of the Commonwealth's portion of the employer's
2 liability to make payment to the Public School Employees'
3 Retirement Fund. School entities are expected to make the
4 full payment to the Public School Employees' Retirement Fund
5 in accordance with section 8327 (relating to payments by
6 employers) in the event the receipt of the Commonwealth's
7 portion of the employer's liability is delayed because of
8 delinquent salary reporting or other conduct by the school
9 entities.

10 Section 7.1. The definitions of "class of service
11 multiplier," "final average salary," "superannuation age" and
12 "vestee" in section 5102 of Title 71 are amended to read:

13 § 5102. Definitions.

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

17 * * *

18 "Class of service multiplier."

19 Class of Service	Multiplier
20 A	1
21 AA for all purposes	1.25
22 except	
23 calculating	
24 regular member	
25 contributions on	
26 compensation	
27 paid prior to	
28 January 1, 2002	
29 AA for purposes of	
30 calculating	

1 regular member
2 contributions
3 on compensation
4 paid prior to
5 January 1, 2002 1
6 A-3 for all purposes
7 except the
8 calculation of
9 regular member
10 contributions
11 and
12 contributions
13 for creditable
14 nonstate service 1
15 A-3 for purposes of
16 calculating
17 regular member
18 contributions
19 and
20 contributions
21 for creditable
22 nonstate service 1.25
23 A-4 for all purposes
24 except the
25 calculation of
26 regular member
27 contributions 1.25
28 A-4 for purposes of
29 calculating
30 regular member

1		<u>contributions</u>	<u>1.86</u>	
2	B		.625	
3	C		1	
4	D		1.25	
5	D-1	prior to January		
6		1, 1973	1.875	
7	D-1	on and		
8		subsequent to		
9		January 1, 1973	1.731	
10	D-2	prior to January		
11		1, 1973	2.5	
12	D-2	on and		
13		subsequent to		
14		January 1, 1973	1.731	
15	D-3	prior to January		
16		1, 1973	3.75	
17	D-3	on and		except prior to
18		subsequent to		December 1, 1974
19		January 1, 1973	1.731	as applied to
20				any additional
21				legislative
22				compensation as
23				an officer of
24				the General
25				Assembly
26			3.75	
27	D-4	for all purposes		
28		except		
29		calculating		
30		regular member		

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

1	H	0.500
2	I	0.625
3	J	0.714
4	K	0.834
5	L	1.000
6	M	1.100
7	N	1.250
8	T-C (Public	1
9	School	
10	Employees'	
11	Retirement Code)	
12	<u>T-E (Public</u>	<u>1</u>
13	<u>School</u>	
14	<u>Employees'</u>	
15	<u>Retirement Code)</u>	
16	<u>T-F (Public</u>	<u>1</u>
17	<u>School</u>	
18	<u>Employees'</u>	
19	<u>Retirement Code)</u>	

20 * * *

21 "Final average salary." The highest average compensation
22 received as a member during any three nonoverlapping periods of
23 four consecutive calendar quarters during which the member was a
24 State employee, with the compensation for part-time service
25 being annualized on the basis of the fractional portion of the
26 year for which credit is received; except if the employee was
27 not a member for three nonoverlapping periods of four
28 consecutive calendar quarters, the total compensation received
29 as a member, annualized in the case of part-time service,
30 divided by the number of nonoverlapping periods of four

1 consecutive calendar quarters of membership; in the case of a
2 member with multiple service, the final average salary shall be
3 determined on the basis of the compensation received by him as a
4 State employee or as a school employee, or both; in the case of
5 a member with Class A-3 or Class A-4 service and service in one
6 or more other classes of service, the final average salary shall
7 be determined on the basis of the compensation received by him
8 in all classes of State service; and, in the case of a member
9 who first became a member on or after January 1, 1996, the final
10 average salary shall be determined as hereinabove provided but
11 subject to the application of the provisions of section
12 5506.1(a) (relating to annual compensation limit under IRC §
13 401(a)(17)).

14 * * *

15 "Superannuation age." [Any] For classes of service other
16 than Class A-3 and Class A-4, any age upon accrual of 35
17 eligibility points or age 60, except for a member of the General
18 Assembly, an enforcement officer, a correction officer, a
19 psychiatric security aide, a Delaware River Port Authority
20 policeman or an officer of the Pennsylvania State Police, age
21 50, and, except for a member with Class G, Class H, Class I,
22 Class J, Class K, Class L, Class M or Class N service, age 55
23 upon accrual of 20 eligibility points. For Class A-3 and Class
24 A-4 service, any age upon accrual of 35 eligibility points or
25 age 65, or for park rangers or capitol police officers, age 55
26 with 20 years of service as a park ranger or capitol police
27 officer, except for a member of the General Assembly, an
28 enforcement officer, a correction officer, a psychiatric
29 security aide, a Delaware River Port Authority policeman or an
30 officer of the Pennsylvania State Police, age 55.

1 * * *

2 "Vestee." A member with five or more eligibility points[,
3 or] in a class of service other than Class A-3 or Class A-4 or
4 Class T-E or Class T-F in the Public School Employees'
5 Retirement System, a member with Class G, Class H, Class I,
6 Class J, Class K, Class L, Class M or Class N service with five
7 or more eligibility points, or a member with Class A-3 or Class
8 A-4 service with ten or more eligibility points who has
9 terminated State service and has elected to leave his total
10 accumulated deductions in the fund and to defer receipt of an
11 annuity.

12 Section 7.2. Sections 5302(e), 5303(b)(1) and 5304(a) of
13 Title 71 are amended to read:

14 § 5302. Credited State service.

15 * * *

16 (e) Cancellation of credited service.--All credited service
17 shall be cancelled if a member withdraws his total accumulated
18 deductions except that a member with Class A-3 or Class A-4
19 service credit and one or more other classes of service credit
20 shall not have his service as a member of any classes of service
21 other than as a member of Class A-3 or Class A-4 cancelled when
22 the member receives a lump sum payment of accumulated deductions
23 resulting from Class A-3 or Class A-4 service pursuant to
24 section 5705.1 (relating to payment of accumulated deductions
25 resulting from Class A-3 and Class A-4 service).

26 § 5303. Retention and reinstatement of service credits.

27 * * *

28 (b) Eligibility points for prospective credited service.--

29 (1) Every active member of the system or a multiple
30 service member who is a school employee and a member of the

1 Public School Employees' Retirement System on or after the
2 effective date of this part shall receive eligibility points
3 in accordance with section 5307 for current State service,
4 previous State service, or creditable nonstate service upon
5 compliance with sections 5501 (relating to regular member
6 contributions for current service), 5504 (relating to member
7 contributions for the purchase of credit for previous State
8 service or to become a full coverage member), 5505 (relating
9 to contributions for the purchase of credit for creditable
10 nonstate service), 5505.1 (relating to additional member
11 contributions) or 5506 (relating to incomplete payments).
12 Subject to the limitations in sections 5306.1 (relating to
13 election to become a Class AA member) and 5306.2 (relating to
14 elections by members of the General Assembly), the class or
15 classes of service in which the member may be credited for
16 previous State service prior to the effective date of this
17 part shall be the class or classes in which he was or could
18 have at any time elected to be credited for such service,
19 except that a State employee who first becomes a member of
20 the system on or after January 1, 2011, or on or after
21 December 1, 2010, as a member of the General Assembly and:

22 (i) is credited with Class A-3 service for such
23 membership, shall be credited only with Class A-3 service
24 for previous State service performed before January 1,
25 2011, that was not previously credited in the system; or

26 (ii) is credited with Class A-4 service for such
27 membership, shall be credited only with Class A-3 service
28 for previous State service performed before January 1,
29 2011, that was not previously credited in the system. The
30 class of service in which a member shall be credited for

1 service subsequent to the effective date of this part
2 shall be determined in accordance with section 5306
3 (relating to classes of service).

4 * * *

5 § 5304. Creditable nonstate service.

6 (a) Eligibility.--

7 (1) An active member who first becomes an active member
8 before January 1, 2011, or before December 1, 2010, as a
9 member of the General Assembly, or a multiple service member
10 who first becomes an active member before January 1, 2011, or
11 before December 1, 2010, as a member of the General Assembly,
12 and who is a school employee and an active member of the
13 Public School Employees' Retirement System shall be eligible
14 for Class A service credit for creditable nonstate service as
15 set forth in subsections (b) and (c) except that intervening
16 military service shall be credited in the class of service
17 for which the member was eligible at the time of entering
18 into military service and for which he makes the required
19 contributions and except that a multiple service member who
20 is a school employee and an active member of the Public
21 School Employees' Retirement System shall not be eligible to
22 purchase service credit for creditable nonstate service set
23 forth in subsection (c) (5).

24 (2) An active member who first becomes an active member
25 on or after January 1, 2011, or on or after December 1, 2010,
26 as a member of the General Assembly, or a multiple service
27 member who first becomes an active member on or after January
28 1, 2011, or on or after December 1, 2010, as a member of the
29 General Assembly, and who is a school employee and an active
30 member of the Public School Employees' Retirement System

1 shall be eligible for Class A-3 service credit for creditable
2 nonstate service as set forth in subsections (b) and (c)
3 except that intervening military service shall be credited in
4 the class of service for which the member was eligible at the
5 time of entering into military service and for which he makes
6 the required contributions and except that a multiple service
7 member who is a school employee and an active member of the
8 Public School Employees' Retirement System shall not be
9 eligible to purchase service credit for creditable nonstate
10 service set forth in subsection (c) (5).

11 * * *

12 Section 7.3. Section 5306(a), (a.1)(1), (2), (5) and (6) and
13 (a.2) of Title 71 are amended and the section is amended by
14 adding a subsection to read:

15 § 5306. Classes of service.

16 (a) Class A and Class A-3 membership.--

17 (1) A State employee who is a member of Class A on the
18 effective date of this part or who first becomes a member of
19 the system subsequent to the effective date of this part and
20 before January 1, 2011, or before December 1, 2010, as a
21 member of the General Assembly, shall be classified as a
22 Class A member and receive credit for Class A service upon
23 payment of regular and additional member contributions for
24 Class A service, provided that the State employee does not
25 become a member of Class AA pursuant to subsection (a.1) or a
26 member of Class D-4 pursuant to subsection (a.2).

27 (2) A State employee who first becomes a member of the
28 system on or after January 1, 2011, or on or after December
29 1, 2010, as a member of the General Assembly, shall be
30 classified as a Class A-3 member and receive credit for Class

1 A-3 service upon payment of regular member contributions for
2 Class A-3 service provided that the State employee does not
3 become a member of Class A-4 pursuant to subsection (a.3),
4 except that a member of the judiciary shall be classified as
5 a member of such other class of service for which the member
6 of the judiciary is eligible, shall elect, and make regular
7 member contributions.

8 (a.1) Class AA membership.--

9 (1) A person who becomes a State employee and an active
10 member of the system after June 30, 2001, and who first
11 became an active member before January 1, 2011, or before
12 December 1, 2010, as a member of the General Assembly, and
13 who is not a State police officer and not employed in a
14 position for which a class of service other than Class A is
15 credited or could be elected shall be classified as a Class
16 AA member and receive credit for Class AA State service upon
17 payment of regular member contributions for Class AA service
18 and, subject to the limitations contained in paragraph (7),
19 if previously a member of Class A or previously employed in a
20 position for which Class A service could have been earned,
21 shall have all Class A State service (other than State
22 service performed as a State police officer or for which a
23 class of service other than Class A was earned or could have
24 been elected) classified as Class AA service.

25 (2) A person who is a State employee on June 30, 2001,
26 and July 1, 2001, but is not an active member of the system
27 because membership in the system is optional or prohibited
28 pursuant to section 5301 (relating to mandatory and optional
29 membership) and who first becomes an active member after June
30 30, 2001, and before January 1, 2011, or before December 1,

1 2010, as a member of the General Assembly, and who is not a
2 State police officer and not employed in a position for which
3 a class of service other than Class A is credited or could be
4 elected shall be classified as a Class AA member and receive
5 credit for Class AA State service upon payment of regular
6 member contributions for Class AA service and, subject to the
7 limitations contained in paragraph (7), if previously a
8 member of Class A or previously employed in a position for
9 which Class A service could have been earned, shall have all
10 Class A State service (other than State service performed as
11 a State Police officer or for which a class of service other
12 than Class A was earned or could have been elected)
13 classified as Class AA service.

14 * * *

15 (5) A former State employee who first becomes a member
16 before January 1, 2011, or before December 1, 2010, as a
17 member of the General Assembly, other than a former State
18 employee who was a State police officer on or after July 1,
19 1989, who is a school employee and who on or after July 1,
20 2001, becomes a multiple service member, subject to the
21 limitations contained in paragraph (7), shall receive Class
22 AA service credit for all Class A State service other than
23 State service performed as a State employee in a position in
24 which the former State employee could have elected a class of
25 service other than Class A.

26 (6) A State employee who after June 30, 2001, becomes a
27 State police officer or who is employed in a position in
28 which the member could elect membership in a class of service
29 other than Class AA or Class D-4 shall retain any Class AA
30 service credited prior to becoming a State police officer or

1 being so employed but shall be ineligible to receive Class AA
2 credit thereafter and instead shall receive Class A credit
3 for service as a member of the judiciary or if he first
4 became a member before January 1, 2011, or December 1, 2010,
5 as a member of the General Assembly, or Class A-3 credit for
6 service other than as a member of the judiciary and he first
7 became a member on or after January 1, 2011, or December 1,
8 2010, as a member of the General Assembly, unless a class of
9 membership other than Class A is elected.

10 * * *

11 (a.2) Class of membership for members of the General
12 Assembly.--

13 (1) A person who:

14 (i) becomes a member of the General Assembly and an
15 active member of the system after June 30, 2001, and
16 before December 1, 2010; or

17 (ii) is a member of the General Assembly on July 1,
18 2001, but is not an active member of the system because
19 membership in the system is optional pursuant to section
20 5301 and who becomes an active member after June 30,
21 2001, and before December 1, 2010;

22 and who was not a State police officer on or after July 1,
23 1989, shall be classified as a Class D-4 member and receive
24 credit as a Class D-4 member for all State service as a
25 member of the General Assembly upon payment of regular member
26 contributions for Class D-4 service and, subject to the
27 limitations contained in subsection (a.1)(7), if previously a
28 member of Class A or employed in a position for which Class A
29 service could have been earned, shall receive Class AA
30 service credit for all Class A State service, other than

1 State service performed as a State police officer or for
2 which a class of service other than Class A or Class D-4 was
3 or could have been elected or credited.

4 (2) Provided an election to become a Class D-4 member is
5 made pursuant to section 5306.2 (relating to elections by
6 members of the General Assembly), a State employee who was
7 not a State police officer on or after July 1, 1989, who on
8 July 1, 2001, is a member of the General Assembly and an
9 active member of the system and not a member of Class D-3
10 shall be classified as a Class D-4 member and receive credit
11 as a Class D-4 member for all State service performed as a
12 member of the General Assembly not credited as another class
13 other than Class A upon payment of regular member
14 contributions for Class D-4 service and, subject to the
15 limitations contained in paragraph (a.1)(7), shall receive
16 Class AA service credit for all Class A State service, other
17 than State service performed as a State police officer or as
18 a State employee in a position in which the member could have
19 elected a class of service other than Class A, performed
20 before July 1, 2001.

21 (3) A member of the General Assembly who after June 30,
22 2001, becomes a State police officer shall retain any Class
23 AA service or Class D-4 service credited prior to becoming a
24 State police officer or being so employed but shall be
25 ineligible to receive Class AA or Class D-4 credit thereafter
26 and instead shall receive Class A credit or Class A-3 credit
27 if he first becomes a member of the system on or after
28 January 1, 2011.

29 (4) Notwithstanding the provisions of this subsection,
30 no service as a member of the General Assembly performed

1 before December 1, 2010, that is not credited as Class D-4
2 service on November 30, 2010, shall be credited as Class D-4
3 service, unless such service was previously credited in the
4 system as Class D-4 service and the member withdrew his total
5 accumulated deductions as provided in section 5311 (relating
6 to eligibility for refunds) or 5701 (relating to return of
7 total accumulated deductions). No service as a member of the
8 General Assembly performed on or after December 1, 2010,
9 shall be credited as Class D-4 service unless the member
10 previously was credited with Class D-4 service credits.

11 (a.3) Class ~~A-3~~ A-4 membership.--Provided that an election ←
12 to become a Class A-4 member is made pursuant to section 5306.3
13 (relating to election to become a Class A-4 member), a State
14 employee who otherwise would be a member of Class A-3 shall be
15 classified as a Class A-4 member and receive credit for all
16 creditable State service performed after the effective date of
17 membership in the system, except as a member of the judiciary,
18 upon payment of regular member contributions for Class A-4
19 service.

20 * * *

21 Section 7.4. Title 71 is amended by adding a section to
22 read:

23 § 5306.3. Election to become a class A-4 member.

24 (a) General rule.--A person who otherwise is eligible for
25 Class A-3 membership who has not previously elected or declined
26 to elect Class A-4 membership may elect to become a member of
27 Class A-4.

28 (b) Time for making election.--The election to become a
29 Class A-4 member must be made by the member filing written
30 notice with the board in a form and manner determined by the

1 board no later than 45 days after notice from the board of the
2 member's eligibility to elect Class A-4 membership.

3 (c) Effect of election.--An election to become a Class A-4
4 member shall be irrevocable and shall become effective on the
5 effective date of membership in the system and shall remain in
6 effect for all future creditable State service, other than
7 service performed as a member of the judiciary. Payment of
8 regular member contributions for Class A-4 State service
9 performed prior to the election of Class A-4 service shall be
10 made in a form, manner and time determined by the board. Upon
11 termination and subsequent reemployment, a member who elected
12 Class A-4 membership shall be credited as a Class A-4 member for
13 creditable State service performed after reemployment, except as
14 a member of the judiciary, regardless of termination of
15 employment, termination of membership by withdrawal of
16 accumulated deductions or status as an annuitant, vestee or
17 inactive member after the termination of service.

18 (d) Effect of failure to make election.--Failure to elect to
19 become a Class A-4 member within the election period set forth
20 in subsection (b) shall result in all of the member's State
21 service, other than service performed as a member of the
22 judiciary, being credited as Class A-3 service and not subject
23 to further election or crediting as Class A-4 service. Upon
24 termination and subsequent employment, a member who failed to
25 elect to become a Class A-4 member shall not be eligible to make
26 another election to become a Class A-4 member for either past or
27 future State service.

28 Section 7.5. Sections 5308(b) and 5309 of Title 71 are
29 amended to read:

30 § 5308. Eligibility for annuities.

1 * * *

2 (b) Withdrawal annuity.--

3 (1) Any vestee or any active member or inactive member
4 on leave without pay who terminates State service having five
5 or more eligibility points and who does not have Class A-3 or
6 Class A-4 service credit or Class T-E or Class T-F service
7 credit in the Public School Employees' Retirement System, or
8 who has Class G, Class H, Class I, Class J, Class K, Class L,
9 Class M or Class N service and terminates State service
10 having five or more eligibility points, upon compliance with
11 section 5907(f), (g) or (h) shall be entitled to receive an
12 annuity.

13 (2) Any vestee, active member or inactive member on
14 leave without pay who has Class A-3 or Class A-4 service
15 credit or Class T-E or Class T-F service credit in the Public
16 School Employees' Retirement System who terminates State
17 service having ten or more eligibility points, upon
18 compliance with section 5907(f), (g) or (h), shall be
19 entitled to receive an annuity.

20 (3) Any vestee, active member or inactive member on
21 leave without pay who has either Class A-3 or Class A-4
22 service credit or Class T-E or Class T-F service credit in
23 the Public School Employees' Retirement System and also has
24 service credited in the system in one or more other classes
25 of service who has five or more, but fewer than ten,
26 eligibility points, upon compliance with section 5907(f), (g)
27 or (h) shall be eligible to receive an annuity calculated on
28 his service credited in classes of service other than Class
29 A-3 or Class A-4, provided that the member has five or more
30 eligibility points resulting from service in classes other

1 than Class A-3 or Class A-4 or Class T-E or Class T-F service
2 in the Public School Employees' Retirement System.

3 * * *

4 § 5309. Eligibility for vesting.

5 Any member who:

6 (1) Does not have Class A-3 or Class A-4 service credit
7 or Class T-E or Class T-F service credit in the Public School
8 Employees' Retirement System and terminates State service
9 with five or more eligibility points, or any member with
10 Class G, Class H, Class I, Class J, Class K, Class L, Class M
11 or Class N service with five or more eligibility points,
12 shall be eligible until attainment of superannuation age to
13 vest his retirement benefits.

14 (2) Has Class A-3 or Class A-4 service credit or Class
15 T-E or Class T-F service credit in the Public School
16 Employees' Retirement System and terminates State service
17 with ten or more eligibility points shall be eligible until
18 attainment of superannuation age to vest his retirement
19 benefits.

20 (3) Has either Class A-3 or Class A-4 service credit or
21 Class T-E or Class T-F service credit in the Public School
22 Employees' Retirement System, also has service credited in
23 the system in one or more other classes of service and has
24 five or more, but fewer than ten, eligibility points shall be
25 eligible until the attainment of superannuation age to vest
26 his retirement benefits calculated on his service credited in
27 classes of service other than Class A-3 or Class A-4 and to
28 be credited with statutory interest on total accumulated
29 deductions, regardless of whether or not any part of his
30 accumulated deductions are a result of Class A-3 or Class A-4

1 service credit.

2 Section 8. Title 71 is amended by adding a section to read:

3 § 5501.1. Definitions.

4 The following words and phrases when used in this chapter
5 shall have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 "Actuarially required contribution rate." The employer
8 contribution rate as calculated pursuant to section 5508(a),
9 (b), (c), (e) and (f) (relating to actuarial cost method).

10 "Costs added by legislation." The sum, if positive, of all
11 changes in the actuarially required contribution rate resulting
12 from legislation enacted in the year since the last actuarial
13 valuation and not included in the determination of the prior
14 year's final contribution rate, computed as the rate of total
15 compensation of all active members certified by the actuary as
16 sufficient to make the employer normal contributions and
17 sufficient to amortize legislatively created changes in the
18 unfunded actuarial liability as a level percentage of
19 compensation over a period of ten years from the July 1
20 following the valuation date.

21 Section 9. Sections 5502.1, 5504(a), 5505(b) and (d), 5507,
22 5508, 5702(a)(4) and (6), 5704(e) and 5705(a) of Title 71 are
23 amended to read:

24 § 5502.1. Waiver of regular member contributions and Social
25 Security integration member contributions.

26 (a) General rule.--Notwithstanding the provisions of
27 sections 5501 (relating to regular member contributions for
28 current service) and 5502 (relating to Social Security
29 integration member contributions), no regular member
30 contributions or Social Security integration member

1 contributions shall be made by an active member for the period
2 from July 1 to the following June 30 if the maximum single life
3 annuity to which the member would have been entitled to receive
4 had the member retired with an effective date of retirement on
5 the preceding January 1 is greater than 110% of the highest
6 calendar year compensation of the member, provided the member
7 files a written election as prescribed by the board.

8 (b) Applicability.--This section shall not apply to any
9 member who has Class A-3 or Class A-4 service credit.

10 § 5504. Member contributions for the purchase of credit for
11 previous State service or to become a full coverage
12 member.

13 (a) Amount of contributions for service in other than Class
14 G through N.--

15 (1) The contributions to be paid by an active member or
16 eligible school employee for credit for total previous State
17 service other than service in Class G, Class H, Class I,
18 Class J, Class K, Class L, Class M and Class N or to become a
19 full coverage member shall be sufficient to provide an amount
20 equal to the regular and additional accumulated deductions
21 which would have been standing to the credit of the member
22 for such service had regular and additional member
23 contributions been made with full coverage in the class of
24 service and at the rate of contribution applicable during
25 such period of previous service and had his regular and
26 additional accumulated deductions been credited with
27 statutory interest during all periods of subsequent State and
28 school service up to the date of purchase.

29 (2) Notwithstanding paragraph (1), members with Class
30 A-3 State service shall make contributions and receive credit

1 as if the previous State service was Class A-3 service, and
2 members with Class A-4 State service shall make contributions
3 and receive credit as if the previous State service was Class
4 A-4 service, even if it would have been credited as a
5 different class of service had the State employee been a
6 member of the system at the time the service was performed
7 unless it was mandatory that the State employee be an active
8 member of the system and the previous State service is being
9 credited as the result of a mandatory active membership
10 requirement.

11 * * *

12 § 5505. Contributions for the purchase of credit for creditable
13 nonstate service.

14 * * *

15 (b) Nonintervening military service.--

16 (1) The amount due for the purchase of credit for
17 military service other than intervening military service
18 shall be determined by applying the product of the member's
19 basic contribution rate and the class of service multiplier
20 applicable to contributions for the class of service to which
21 the military service will be credited, the additional
22 contribution rate plus the Commonwealth normal contribution
23 rate for active members at the time of entry, subsequent to
24 such military service, of the member into State service to
25 his average annual rate of compensation over the first three
26 years of such subsequent State service and multiplying the
27 result by the number of years and fractional part of a year
28 of creditable nonintervening military service being purchased
29 together with statutory interest during all periods of
30 subsequent State and school service to date of purchase. Upon

1 application for credit for such service, payment shall be
2 made in a lump sum within 30 days or in the case of an active
3 member or eligible school employee who is an active member of
4 the Public School Employees' Retirement System it may be
5 amortized with statutory interest through salary deductions
6 in amounts agreed upon by the member and the board. The
7 salary deduction amortization plans agreed to by members and
8 the board may include a deferral of payment amounts and
9 statutory interest until the termination of school service or
10 State service as the board in its sole discretion decides to
11 allow. The board may limit salary deduction amortization
12 plans to such terms as the board in its sole discretion
13 determines. In the case of an eligible school employee who is
14 an active member of the Public School Employees' Retirement
15 System, the agreed upon salary deductions shall be remitted
16 to the Public School Employees' Retirement Board, which shall
17 certify and transfer to the board the amounts paid.

18 Application may be filed for all such military service credit
19 upon completion of three years of subsequent State service
20 and shall be credited as Class A-3 service for State
21 employees who first become members of the system on or after
22 January 1, 2011, or on or after December 1, 2010, as a member
23 of the General Assembly, and as Class A service for all other
24 members.

25 (2) Applicants may purchase credit as follows:

26 (i) one purchase of the total amount of creditable
27 nonintervening military service; or

28 (ii) one purchase per 12-month period of a portion
29 of creditable nonintervening military service.

30 The amount of each purchase shall be not less than one year

1 of creditable nonintervening military service.

2 * * *

3 (d) Nonmilitary and nonmagisterial service.--Contributions
4 on account of credit for creditable nonstate service other than
5 military and magisterial service shall be determined by applying
6 the product of the member's basic contribution rate and the
7 class of service multiplier applicable to contributions for the
8 class of service to which such nonstate service will be
9 credited, the additional contribution rate plus the Commonwealth
10 normal contribution rate for active members at the time of entry
11 subsequent to such creditable nonstate service of the member
12 into State service to his compensation at the time of entry into
13 State service and multiplying the result by the number of years
14 and fractional part of a year of creditable nonstate service
15 being purchased together with statutory interest during all
16 periods of subsequent State and school service to the date of
17 purchase. Upon application for credit for such service payment
18 shall be made in a lump sum within 30 days or in the case of an
19 active member or eligible school employee who is an active
20 member of the Public School Employees' Retirement System it may
21 be amortized with statutory interest through salary deductions
22 in amounts agreed upon by the member and the board. The salary
23 deduction amortization plans agreed to by members and the board
24 may include a deferral of payment amounts and statutory interest
25 until the termination of school service or State service as the
26 board in its sole discretion decides to allow. The board may
27 limit salary deduction amortization plans to such terms as the
28 board in its sole discretion determines. In the case of an
29 eligible school employee who is an active member of the Public
30 School Employees' Retirement System, the agreed upon salary

1 deduction shall be remitted to the Public School Employees'
2 Retirement Board, which shall certify and transfer to the board
3 the amounts paid.

4 * * *

5 § 5507. Contributions by the Commonwealth and other employers.

6 (a) Contributions on behalf of active members.--The
7 Commonwealth and other employers whose employees are members of
8 the system shall make contributions to the fund on behalf of all
9 active members in such amounts as shall be certified by the
10 board as necessary to provide, together with the members' total
11 accumulated deductions, annuity reserves on account of
12 prospective annuities other than those provided in section 5708
13 (relating to supplemental annuities), 5708.1 (relating to
14 additional supplemental annuities), 5708.2 (relating to further
15 additional supplemental annuities), 5708.3 (relating to
16 supplemental annuities commencing 1994), 5708.4 (relating to
17 special supplemental postretirement adjustment), 5708.5
18 (relating to supplemental annuities commencing 1998), 5708.6
19 (relating to supplemental annuities commencing 2002), 5708.7
20 (relating to supplemental annuities commencing 2003) and 5708.8
21 (relating to special supplemental postretirement adjustment of
22 2002), in accordance with the actuarial cost method provided in
23 section 5508(a), (b), (c), (d) and (f) (relating to actuarial
24 cost method).

25 (b) Contributions on behalf of annuitants.--The Commonwealth
26 and other employers whose employees are members of the system
27 shall make contributions on behalf of annuitants in such amounts
28 as shall be certified by the board as necessary to fund the
29 liabilities for supplemental annuities in accordance with the
30 actuarial cost method provided in section 5508(e) (relating to

1 actuarial cost method).

2 (c) Contributions transferred by county retirement
3 systems.--

4 (1) Each county retirement system or pension plan which
5 is notified by certification from the board that a former
6 contributor who was transferred to State employment pursuant
7 to 42 Pa.C.S. § 1905 (relating to county-level court
8 administrators) has elected to convert county service to
9 State service in accordance with section 5303.1 (relating to
10 election to convert county service to State service) shall
11 transfer to the board an amount equal to the actuarial
12 liability for the additional benefits that result in the
13 system as a result of the conversion as certified by the
14 board. This amount shall be calculated in such a manner and
15 using such actuarial factors and assumptions as the board,
16 after obtaining the advice of its actuary, shall determine
17 and shall be calculated by determining the present value of
18 the future benefits for the former county contributors and
19 subtracting from that present value the present value of
20 future employee contributions and future employer normal cost
21 contributions.

22 (2) The transfer shall occur no later than 180 days
23 after the certification by the board of the actuarial
24 liability for the additional benefits or 30 days following
25 the date of termination of service if the member terminates
26 State service after making the election to convert service,
27 whichever occurs first.

28 (3) If any county retirement system or pension plan
29 fails to transfer, within the required time, the money
30 certified by the board under this subsection, then the

1 service of such members for the period of converted service
2 shall be credited, and the board shall notify the county
3 which employed the employee who is converting the county
4 service and the State Treasurer of the amount due. The State
5 Treasurer shall withhold out of any grants, subsidies or
6 other payments from the State General Fund appropriation or
7 appropriations next due such county an amount equal to the
8 amount which the county retirement system or pension plan
9 failed to pay and shall pay the amount so withheld to the
10 board for the payment of the amount due from that county's
11 retirement system or pension plan for the converted service.

12 (d) Payment of final contribution rate.--Notwithstanding the
13 calculation of the actuarially required contribution rate and
14 the provisions of subsections (a) and (b), the Commonwealth and
15 other employers whose employees are members of the system shall
16 make contributions to the fund on behalf of all active members
17 and annuitants in such amounts as shall be certified by the
18 board in accordance with section 5508(i).

19 (e) Benefits completion plan contributions.--In addition to
20 all other contributions required under this section and section
21 5508, the Commonwealth and other employers shall make
22 contributions as certified by the board pursuant to section 5941
23 (relating to benefits completion plan).

24 § 5508. Actuarial cost method.

25 (a) Employer contribution rate on behalf of active
26 members.--The amount of the Commonwealth and other employer
27 contributions on behalf of all active members shall be computed
28 by the actuary as a percentage of the total compensation of all
29 active members during the period for which the amount is
30 determined and shall be so certified by the board. The [total

1 employer] actuarially required contribution rate on behalf of
2 all active members shall consist of the employer normal
3 contribution rate, as defined in subsection (b), and the accrued
4 liability contribution rate as defined in subsection (c). The
5 [total employer] actuarially required contribution rate on
6 behalf of all active members shall be modified by the experience
7 adjustment factor as calculated in subsection (f) [but in no
8 case shall it be less than zero. The total employer contribution
9 rate shall be modified by the experience adjustment factor as
10 calculated in subsection (f), but in no case shall it be less
11 than:

- 12 (1) 2% for the fiscal year beginning July 1, 2004;
- 13 (2) 3% for the fiscal year beginning July 1, 2005; and
- 14 (3) 4% for the fiscal year beginning July 1, 2006, and
15 thereafter].

16 (b) Employer normal contribution rate.--The employer normal
17 contribution rate shall be determined after each actuarial
18 valuation on the basis of an annual interest rate and such
19 mortality and other tables as shall be adopted by the board in
20 accordance with generally accepted actuarial principles. The
21 employer normal contribution rate shall be determined as a level
22 percentage of the compensation of the average new active member,
23 which percentage, if contributed on the basis of his prospective
24 compensation through his entire period of active State service,
25 would be sufficient to fund the liability for any prospective
26 benefit payable to him[, except for the supplemental benefits
27 provided for in sections 5708 (relating to supplemental
28 annuities), 5708.1 (relating to additional supplemental
29 annuities), 5708.2 (relating to further additional supplemental
30 annuities), 5708.3 (relating to supplemental annuities

1 commencing 1994), 5708.4 (relating to special supplemental
2 postretirement adjustment), 5708.5 (relating to supplemental
3 annuities commencing 1998), 5708.6 (relating to supplemental
4 annuities commencing 2002), 5708.7 (relating to supplemental
5 annuities commencing 2003) and 5708.8 (relating to special
6 supplemental postretirement adjustment of 2002),] in excess of
7 that portion funded by his prospective member contributions.

8 (c) Accrued liability contribution rate.--

9 (1) For the fiscal [year] years beginning July 1, 2002,
10 and July 1, 2003, the accrued liability contribution rate
11 shall be computed as the rate of total compensation of all
12 active members which shall be certified by the actuary as
13 sufficient to fund over a period of ten years from July 1,
14 2002, the present value of the liabilities for all
15 prospective benefits, except for the supplemental benefits as
16 provided in sections 5708 (relating to supplemental
17 annuities), 5708.1 (relating to additional supplemental
18 annuities), 5708.2 (relating to further additional
19 supplemental annuities), 5708.3 (relating to supplemental
20 annuities commencing 1994), 5708.4 (relating to special
21 supplemental postretirement adjustment), 5708.5 (relating to
22 supplemental annuities commencing 1998), 5708.6 (relating to
23 supplemental annuities commencing 2002), 5708.7 (relating to
24 supplemental annuities commencing 2003) and 5708.8 (relating
25 to special supplemental postretirement adjustment of 2002),
26 in excess of the total assets in the fund (calculated
27 recognizing all investment gains and losses over a five-year
28 period), excluding the balance in the supplemental annuity
29 account, and the present value of employer normal
30 contributions and of member contributions payable with

1 respect to all active members on December 31, 2001, and
2 excluding contributions to be transferred by county
3 retirement systems or pension plans pursuant to section
4 5507(c) (relating to contributions by the Commonwealth and
5 other employers). The amount of each annual accrued liability
6 contribution shall be equal to the amount of such
7 contribution for the fiscal year beginning July 1, 2002,
8 except that, if the accrued liability is increased by
9 legislation enacted subsequent to June 30, 2002, but before
10 July 1, 2003, such additional liability shall be funded over
11 a period of ten years from the first day of July, coincident
12 with or next following the effective date of the increase.
13 The amount of each annual accrued liability contribution for
14 such additional legislative liabilities shall be equal to the
15 amount of such contribution for the first annual payment.

16 (2) Notwithstanding any other provision of law,
17 beginning July 1, 2004, and ending June 30, 2010, the
18 outstanding balance of the increase in accrued liability due
19 to the change in benefits enacted in 2001 shall be amortized
20 in equal dollar annual contributions over a period that ends
21 30 years after July 1, 2002, and the outstanding balance of
22 the net actuarial loss incurred in calendar year 2002 shall
23 be amortized in equal dollar annual contributions over a
24 period that ends 30 years after July 1, 2003. For fiscal
25 years beginning on or after July 1, 2004, and ending June 30,
26 2010, if the accrued liability is increased by legislation
27 enacted subsequent to June 30, 2003, but before January 1,
28 2009, such additional liability shall be funded in equal
29 dollar annual contributions over a period of ten years from
30 the first day of July coincident with or next following the

1 effective date of the increase.

2 (3) For the fiscal year beginning July 1, 2010, the
3 accrued liability contribution rate shall be computed as the
4 rate of total compensation of all active members which shall
5 be certified by the actuary as sufficient to fund as a level
6 percentage of compensation over a period of 30 years from
7 July 1, 2010, the present value of the liabilities for all
8 prospective benefits calculated as of the immediately prior
9 valuation date, including the supplemental benefits as
10 provided in sections 5708, 5708.1, 5708.2, 5708.3, 5708.4,
11 5708.5, 5708.6, 5708.7 and 5708.8, but excluding the benefits
12 payable from the retirement benefit plan established pursuant
13 to section 5941 (relating to benefits completion plan), in
14 excess of the actuarially calculated assets in the fund
15 (calculated recognizing all realized and unrealized
16 investment gains and losses each year in level annual
17 installments over five years), including the balance in the
18 supplemental annuity account, and the present value of
19 employer normal contributions and of member contributions
20 payable with respect to all active members, inactive members
21 on leave without pay, vestees and special vestees on December
22 31, 2009. If the accrued liability is changed by legislation
23 enacted subsequent to December 31, 2009, such change in
24 liability shall be funded as a level percentage of
25 compensation over a period of ten years from the first day of
26 July following the valuation date coincident with or next
27 following the date such legislation is enacted.

28 (d) Special provisions on calculating contributions.--In
29 calculating the contributions required by subsections (a), (b)
30 and (c), the active members of Class C shall be considered to be

1 members of Class A. In addition, the actuary shall determine the
2 Commonwealth or other employer contributions required for active
3 members of Class C and officers of the Pennsylvania State Police
4 and enforcement officers and investigators of the Pennsylvania
5 Liquor Control Board who are members of Class A to finance their
6 benefits in excess of those to which other members of Class A
7 are entitled. Such additional contributions shall be determined
8 separately for officers and employees of the Pennsylvania State
9 Police and for enforcement officers and investigators of the
10 Pennsylvania Liquor Control Board. Such contributions payable on
11 behalf of officers and employees of the Pennsylvania State
12 Police shall include the amounts received by the system under
13 the provisions of the act of May 12, 1943 (P.L.259, No.120),
14 referred to as the Foreign Casualty Insurance Premium Tax
15 Allocation Law, and on behalf of enforcement officers or
16 investigators of the Pennsylvania Liquor Control Board, the
17 amounts received by the system under the provisions of the act
18 of April 12, 1951 (P.L.90, No.21), known as the Liquor Code.

19 (e) Supplemental annuity contribution rate.--[Contributions]

20 (1) For the period July 1, 2002, to June 30, 2010,
21 contributions from the Commonwealth and other employers whose
22 employees are members of the system required to provide for
23 the payment of supplemental annuities as provided in sections
24 5708, 5708.1, 5708.2, 5708.3, 5708.4 and 5708.5 shall be paid
25 over a period of ten years from July 1, 2002. The funding for
26 the supplemental annuities commencing 2002 provided for in
27 section 5708.6 shall be as provided in section 5708.6(f). The
28 funding for the supplemental annuities commencing 2003
29 provided for in section 5708.7 shall be as provided in
30 section 5708.7(f). The funding for the special supplemental

1 postretirement adjustment of 2002 under section 5708.8 shall
2 be as provided in section 5708.8(g). The amount of each
3 annual supplemental annuities contribution shall be equal to
4 the amount of such contribution for the fiscal year beginning
5 July 1, 2002. [In the event that supplemental annuities are
6 increased by legislation enacted subsequent to June 30, 2002,
7 the additional liability for the increase in benefits shall
8 be funded in equal dollar annual installments over a period
9 of ten years from the July first, coincident with or next
10 following the effective date of such legislation.]

11 (2) For fiscal years beginning on or after July 1, 2010,
12 contributions from the Commonwealth and other employers whose
13 employees are members of the system required to provide for
14 the payment of supplemental annuities as provided in sections
15 5708, 5708.1, 5708.2, 5708.3, 5708.4, 5708.5, 5708.6, 5708.7
16 and 5708.8 shall be paid as part of the accrued liability
17 contribution rate as provided for in subsection (c)(3) and
18 there shall not be a separate supplemental annuity
19 contribution rate attributable to those supplemental
20 annuities. In the event that supplemental annuities are
21 increased by legislation enacted subsequent to December 31,
22 2009, the additional liability for the increase in benefits
23 shall be funded as a level percentage of compensation over a
24 period of ten years from the first day of July following the
25 valuation date coincident with or next following the date
26 such legislation is enacted.

27 (f) Experience adjustment factor.--

28 (1) For each year after the establishment of the accrued
29 liability contribution rate and the supplemental annuity
30 contribution rate for the fiscal year beginning July 1,

1 [2002] 2010, any increase or decrease in the unfunded accrued
2 liability[, including liability] and any increase or decrease
3 in the liabilities and funding for supplemental annuities,
4 due to actual experience differing from assumed experience[,]
5 (recognizing all realized and unrealized investment gains and
6 losses over a five-year period), changes in contributions
7 caused by the final contribution rate being different from
8 the actuarially required contribution rate, changes in
9 actuarial assumptions[,]
10 or changes in the terms and
11 conditions of the benefits provided by the system by
12 judicial, administrative or other processes other than
13 legislation, including, but not limited to, reinterpretation
14 of the provisions of this part, shall be amortized [in equal
15 dollar annual contributions] as a level percentage of
16 compensation over a period of [ten] 30 years beginning with
17 the July 1 succeeding the actuarial valuation determining
said increases or decreases.

18 (2) [Notwithstanding the provisions of paragraph (1),
19 for each year after the establishment of the accrued
20 liability contribution rate for the fiscal year beginning
21 July 1, 2003, any increase or decrease in the unfunded
22 accrued liability due to actual experience differing from
23 assumed experience, changes in actuarial assumptions, changes
24 in the terms and conditions of the benefits provided by the
25 system by judicial, administrative or other processes other
26 than legislation, including, but not limited to,
27 reinterpretation of the provisions of this part, shall be
28 amortized in equal dollar annual contributions over a period
29 of 30 years beginning with the July 1 succeeding the
30 actuarial valuation determining said increases and decreases]

1 The actuarially required contribution rate shall be the sum
2 of the normal contribution rate, the accrued liability
3 contribution rate and the supplemental annuity contribution
4 rate, modified by the experience adjustment factor as
5 calculated in paragraph (1).

6 (g) Determination of liability for special vestee.--

7 Notwithstanding any other provision of this part or other law,
8 the total additional accrued actuarial liability resulting from
9 eligibility of special vestees for benefits upon the attainment
10 of superannuation age shall be determined by the actuary as part
11 of the first annual valuation made after June 30, 1997. The
12 resulting additional accrued actuarial liability shall be paid
13 by The Pennsylvania State University to the board in one lump
14 sum payment within 90 days of the board's certification of the
15 amount to The Pennsylvania State University.

16 (h) Temporary application of collared contribution rate.--

17 The collared contribution rate for each year shall be determined
18 by comparing the actuarially required contribution rate
19 calculated without regard for costs added by legislation to the
20 prior year's final contribution rate. If for any of the fiscal
21 years beginning July 1, 2011, July 1, 2012 and on or after July
22 1, 2013, the actuarially required contribution rate calculated
23 without regard for costs added by legislation is more than 3%,
24 3.5% and 4.5%, respectively, of the total compensation of all
25 active members greater than the prior year's final contribution
26 rate, then the collared contribution rate shall be applied and
27 be equal to the prior year's final contribution rate increased
28 by the respective percentage above of total compensation of all
29 active members. Otherwise, and for all subsequent fiscal years,
30 the collared contribution rate shall not be applicable. In no

1 case shall the collared contribution rate be less than 4% of
2 total compensation of all active members.

3 (i) Final contribution rate.--For the fiscal year beginning
4 July 1, 2010, the final contribution rate shall be 5% of total
5 compensation of all active members. For each subsequent fiscal
6 year for which the collared contribution rate is applicable, the
7 final contribution rate shall be the collared contribution rate
8 plus the costs added by legislation. For all other fiscal years,
9 the final contribution rate shall be the actuarially required
10 contribution rate, provided that the final contribution rate
11 shall not be less than the employer normal contribution rate, as
12 defined in subsection (b).

13 § 5702. Maximum single life annuity.

14 (a) General rule.--Any full coverage member who is eligible
15 to receive an annuity pursuant to the provisions of section
16 5308(a) or (b) (relating to eligibility for annuities) who
17 terminates State service, or if a multiple service member who is
18 a school employee who is an active member of the Public School
19 Employees' Retirement System who terminates school service,
20 before attaining age 70 shall be entitled to receive a maximum
21 single life annuity attributable to his credited service and
22 equal to the sum of the following single life annuities
23 beginning at the effective date of retirement:

24 * * *

25 (4) If eligible, a single life annuity which is
26 actuarially equivalent to the amount by which his regular and
27 additional accumulated deductions attributable to any
28 credited service other than as a member of Class C are
29 greater than one-half of the actuarially equivalent value on
30 the effective date of retirement of the annuity as provided

1 in paragraph (1) attributable to service other than Class C
2 for which regular or joint coverage member contributions were
3 made. This paragraph shall not apply to any member with State
4 service credited as Class A-3 or Class A-4.

5 * * *

6 (6) If eligible, a single life annuity sufficient
7 together with the annuity provided for in paragraph (1) as a
8 Class A [and], Class AA, Class A-3 and Class A-4 member and
9 the highest annuity provided for in paragraph (2) to which he
10 is entitled, or at his option could have been entitled, to
11 produce that percentage of a standard single life annuity
12 adjusted by the application of the class of service
13 multiplier for Class A, Class AA, Class A-3 or Class A-4 as
14 set forth in paragraph (1) in the case where any service is
15 credited as a member of Class A, Class AA, Class A-3 or Class
16 A-4 on the effective date of retirement as determined by his
17 total years of credited service as a member of Class A [and],
18 Class AA, Class A-3 and Class A-4 and by the following table:

19 Total Years of	20 Percentage of
21 Credited Service	22 Standard
23 as a Member of	24 Single Life
25 Class A [and],	26 Annuity <u>Adjusted for</u>
27 Class AA, <u>Class A-3</u>	28 <u>Class A, Class AA,</u>
29 <u>and Class A-4</u>	30 <u>Class A-3 and Class A-4</u>
	31 <u>Class of</u>
	32 <u>Service Multipliers</u>
33 35-40	34 100%
35 41	36 102%
37 42	38 104%
39 43	40 106%

1 44 108%

2 45 or more 110%

3 * * *

4 § 5704. Disability annuities.

5 * * *

6 (e) Termination of State service.--Upon termination of
7 disability annuity payments in excess of an annuity calculated
8 in accordance with section 5702, a disability annuitant who:

9 (1) does not have Class A-3 or Class A-4 service credit;

10 or

11 (2) has Class A-3 or Class A-4 service credit and fewer
12 than ten eligibility points;

13 and who does not return to State service may file an application
14 with the board for an amount equal to the excess, if any, of the
15 sum of the regular and additional accumulated deductions
16 standing to his credit at the effective date of disability over
17 one-third of the total disability annuity payments received. If
18 the annuitant on the date of termination of service was eligible
19 for an annuity as provided in section [5308(b)] 5308(a) or (b)
20 (relating to eligibility for annuities), he may file an
21 application with the board for an election of an optional
22 modification of his annuity.

23 * * *

24 § 5705. Member's options.

25 (a) General rule.--Any special vestee who has attained
26 superannuation age, any vestee who does not have Class A-3 or
27 Class A-4 service credit having five or more eligibility points
28 for service other than Class T-E or Class T-F service in the
29 Public School Employees' Retirement System, or vestee who has
30 Class A-3 or Class A-4 service credit having ten or more

1 eligibility points, any member with Class G, Class H, Class I,
2 Class J, Class K, Class L, Class M or Class N service having
3 five or more eligibility points or any other eligible member
4 upon termination of State service who has not withdrawn his
5 total accumulated deductions as provided in section 5701
6 (relating to return of total accumulated deductions) may apply
7 for and elect to receive either a maximum single life annuity,
8 as calculated in accordance with the provisions of section 5702
9 (relating to maximum single life annuity), or a reduced annuity
10 certified by the actuary to be actuarially equivalent to the
11 maximum single life annuity and in accordance with one of the
12 following options; except that no member shall elect an annuity
13 payable to one or more survivor annuitants other than his spouse
14 or alternate payee of such a magnitude that the present value of
15 the annuity payable to him for life plus any lump sum payment he
16 may have elected to receive is less than 50% of the present
17 value of his maximum single life annuity:

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

24 (2) Option 2.--A joint and survivor annuity payable
25 during the lifetime of the member with the full amount of
26 such annuity payable thereafter to his survivor annuitant, if
27 living at his death.

28 (3) Option 3.--A joint and fifty percent (50%) survivor
29 annuity payable during the lifetime of the member with one-
30 half of such annuity payable thereafter to his survivor

1 annuitant, if living at his death.

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

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

8 (ii) the sum of all annuities payable to the
9 designated survivor annuitants shall not be greater than
10 one and one-half times the annuity payable to the member;
11 and

12 (iii) a portion of the benefit may be payable as a
13 lump sum, except that such lump sum payment shall not
14 exceed an amount equal to the total accumulated
15 deductions standing to the credit of the member that are
16 not the result of contributions and statutory interest
17 made or credited as a result of Class A-3 or Class A-4
18 service. The balance of the present value of the maximum
19 single life annuity adjusted in accordance with section
20 5702(b) shall be paid in the form of an annuity with a
21 guaranteed total payment, a single life annuity, or a
22 joint and survivor annuity or any combination thereof but
23 subject to the restrictions of subparagraphs (i) and (ii)
24 under this option.

25 * * *

26 Section 10. Title 71 is amended by adding a section to read:

27 § 5705.1. Payment of accumulated deductions resulting from
28 Class A-3 and Class A-4 service.

29 Any superannuation or withdrawal annuitant who:

30 (1) has Class A-3 or Class A-4 service credit;

1 (2) has service credited in one or more classes of
2 service; and
3 (3) because he has five or more, but fewer than ten,
4 eligibility points is not eligible to receive an annuity on
5 his Class A-3 or Class A-4 service
6 shall receive in a lump sum at the time of his retirement, in
7 addition to any other annuity or lump sum payment which he may
8 elect, his accumulated deductions resulting from his Class A-3
9 or Class A-4 service credit. Payment of these accumulated
10 deductions resulting from Class A-3 or Class A-4 service credit
11 shall not be eligible for installment payments pursuant to
12 section 5905.1 (relating to installment payments of accumulated
13 deductions) but shall be considered a lump sum payment for
14 purposes of section 5905.1(d).

15 Section 11. Sections 5708.1(f), 5708.2(f), 5708.3(f),
16 5708.5(f), 5708.6(f), 5708.7(f), 5708.8(g), 5902(k), 5903(c),
17 5905(a), 5905.1(d), 5907(c), 5934, 5936(b), 5937(b), 5938 and
18 5955 of Title 71 are amended to read:

19 § 5708.1. Additional supplemental annuities.

20 * * *

21 (f) Funding.--The actuary shall annually certify the amount
22 of appropriations for the next fiscal year needed to fund, over
23 a period of ten years from July 1, 2002, the additional monthly
24 supplemental annuity provided for in this section[. The board
25 shall submit the actuary's certification to the Secretary of the
26 Budget on or before November 1 of each year. If, in any year
27 after 1984, the amount certified is disapproved under section
28 610 of the act of April 9, 1929 (P.L.177, No.175), known as The
29 Administrative Code of 1929, as insufficient to meet the funding
30 requirements of this subsection or is not appropriated on or

1 before July 1, the additional supplemental annuity provided for
2 in this section shall be suspended until such time as an amount
3 certified and approved as sufficient is appropriated], which
4 amounts shall be paid during the period beginning July 1, 2002,
5 and ending June 30, 2010. For fiscal years beginning on or after
6 July 1, 2010, the additional liability provided in this section
7 shall be funded as part of the actuarial accrued liability as
8 provided in section 5508 (relating to actuarial cost method).

9 * * *

10 § 5708.2. Further additional supplemental annuities.

11 * * *

12 (f) Funding.--The actuary shall annually estimate the amount
13 of Commonwealth appropriations for the next fiscal year needed
14 to fund, over a period of ten years from July 1, 2002, the
15 additional monthly supplemental annuity provided for in this
16 section[. The board shall submit the actuary's estimation to the
17 Secretary of the Budget on or before November 1 of each year.
18 If, in any year after 1988, the amount estimated is disapproved
19 under section 610 of the act of April 9, 1929 (P.L.177, No.175),
20 known as The Administrative Code of 1929, as insufficient to
21 meet the funding requirements of this subsection or is not
22 appropriated on or before July 1, the additional supplemental
23 annuity provided for in this section shall be suspended until
24 such time as an amount certified and approved as sufficient is
25 appropriated], which amounts shall be paid during the period
26 beginning July 1, 2002, and ending June 30, 2010. For fiscal
27 years beginning on or after July 1, 2010, the additional
28 liability provided in this section shall be funded as part of
29 the actuarial accrued liability as provided in section 5508
30 (relating to actuarial cost method).

1 * * *

2 § 5708.3. Supplemental annuities commencing 1994.

3 * * *

4 (f) Funding.--[The] For the period beginning July 1, 2002,
5 and ending June 30, 2010, the additional liability for the
6 increase in benefits provided in this section shall be funded in
7 equal dollar annual installments over a period of ten years
8 beginning July 1, 2002. For fiscal years beginning on or after
9 July 1, 2010, the additional liability for the increase in
10 benefits provided in this section shall be funded as part of the
11 actuarial accrued liability as provided in section 5508
12 (relating to actuarial cost method).

13 * * *

14 § 5708.5. Supplemental annuities commencing 1998.

15 * * *

16 (f) Funding.--[The] For the period beginning July 1, 2002,
17 and ending June 30, 2010, the additional liability for the
18 increase in benefits provided in this section shall be funded in
19 equal dollar annual installments over a period of ten years
20 beginning July 1, 2002. For fiscal years beginning on or after
21 July 1, 2010, the additional liability for the increase in
22 benefits provided in this section shall be funded as part of the
23 actuarial accrued liability as provided in section 5508
24 (relating to actuarial cost method).

25 * * *

26 § 5708.6. Supplemental annuities commencing 2002.

27 * * *

28 (f) Funding.--[The] For the period beginning July 1, 2003,
29 and ending June 30, 2010, the additional liability for the
30 increase in benefits provided in this section shall be funded in

1 equal dollar annual installments over a period of ten years
2 beginning July 1, 2003. For fiscal years beginning on or after
3 July 1, 2010, the additional liability for the increase in
4 benefits provided in this section shall be funded as part of the
5 actuarial accrued liability as provided in section 5508
6 (relating to actuarial cost method).

7 * * *

8 § 5708.7. Supplemental annuities commencing 2003.

9 * * *

10 (f) Funding.--[The] For the period beginning July 1, 2004,
11 and ending June 30, 2010, the additional liability for the
12 increase in benefits provided in this section shall be funded in
13 equal dollar annual installments over a period of ten years
14 beginning July 1, 2004. For fiscal years beginning on or after
15 July 1, 2010, the additional liability for the increase in
16 benefits provided in this section shall be funded as part of the
17 actuarial accrued liability as provided in section 5508
18 (relating to actuarial cost method).

19 * * *

20 § 5708.8. Special supplemental postretirement adjustment of
21 2002.

22 * * *

23 (g) Funding.--[The] For the period beginning July 1, 2003,
24 and ending June 30, 2010, the additional liability for the
25 increase in benefits provided in this section shall be funded in
26 equal dollar annual installments over a period of ten years
27 beginning July 1, 2003. For fiscal years beginning on or after
28 July 1, 2010, the additional liability for the increase in
29 benefits provided in this section shall be funded as part of the
30 actuarial accrued liability as provided in section 5508

1 (relating to actuarial cost method).

2 * * *

3 § 5902. Administrative duties of the board.

4 * * *

5 (k) Certification of employer contributions.--The board
6 shall, each year in addition to the itemized budget required
7 under section 5509 (relating to appropriations and assessments
8 by the Commonwealth), certify, as a percentage of the members'
9 payroll, the employers' contributions as determined pursuant to
10 section 5508 (relating to actuarial cost method) necessary for
11 the funding of prospective annuities for active members and the
12 annuities of annuitants and certify the rates and amounts of the
13 employers' normal contributions as determined pursuant to
14 section 5508(b), accrued liability contributions as determined
15 pursuant to section 5508(c), supplemental annuities contribution
16 rate as determined pursuant to section 5508(e) [and], the
17 experience adjustment factor as determined pursuant to section
18 5508(f), the collared contribution rate pursuant to section
19 5508(h) and the final contribution rate pursuant to section
20 5508(i), which shall be paid to the fund and credited to the
21 appropriate accounts. The board may allocate the final
22 contribution rate and certify various employer contribution
23 rates based upon the different benefit eligibility, class of
24 service multiplier, superannuation age and other benefit
25 differences resulting from State service credited for individual
26 members even though such allocated employer contribution rate on
27 behalf of any given member may be more or less than 5% of the
28 member's compensation for the period from July 1, 2010, to June
29 30, 2011, or may differ from the prior year's contribution for
30 that member by more or less than the percentages used to

1 calculate the collared contribution rate for that year and may
2 be below any minimum contribution rate established for the
3 collared contribution rate or final contribution rate. These
4 certifications shall be regarded as final and not subject to
5 modification by the [Budget Secretary] Secretary of the Budget.

6 * * *

7 § 5903. Duties of the board to advise and report to heads of
8 departments and members.

9 * * *

10 (c) Purchase of credit and full coverage membership
11 certifications.--Upon receipt of an application from an active
12 member or eligible school employee to purchase credit for
13 previous State or creditable nonstate service, an election for
14 membership in a specific class of service, or an election to
15 become a full coverage member, the board shall determine and
16 certify to the member the amount required to be paid by the
17 member. When necessary, the board shall certify to the previous
18 employer the amount due in accordance with sections 5504
19 (relating to member contributions for the purchase of credit for
20 previous State service or to become a full coverage member) and
21 5505 (relating to contributions for the purchase of credit for
22 creditable nonstate service).

23 * * *

24 § 5905. Duties of the board regarding applications and
25 elections of members.

26 (a) Statement to new members.--As soon as practicable after
27 each member shall have become an active member in the system,
28 the board shall issue to the member notice of any election of
29 class of service membership he may be eligible to make, a
30 statement certifying his class of service, his member

1 contribution rate, and the aggregate length of total previous
2 State service and creditable nonstate service for which he may
3 receive credit.

4 * * *

5 § 5905.1. Installment payments of accumulated deductions.

6 * * *

7 (d) Statutory interest.--Any lump sum, including a lump sum
8 payable pursuant to section 5705.1 (relating to payment of
9 accumulated deductions resulting from Class A-3 and Class A-4
10 service), or installment payable shall include statutory
11 interest credited to the date of payment, except in the case of
12 a member, other than a vestee or special vestee, who has not
13 filed his application prior to 90 days following his termination
14 of service.

15 § 5907. Rights and duties of State employees and members.

16 * * *

17 (c) Multiple service membership.--Any active member who was
18 formerly an active member in the Public School Employees'
19 Retirement System may elect to become a multiple service member.
20 Such election shall occur no later than [30] 365 days after
21 becoming an active member in this system.

22 * * *

23 § 5934. State accumulation account.

24 The State accumulation account shall be the ledger account to
25 which shall be credited all contributions of the Commonwealth or
26 other employers whose employees are members of the system and
27 made in accordance with the provisions of section 5507(a) or (d)
28 (relating to contributions by the Commonwealth and other
29 employers) except that the amounts received under the provisions
30 of the act of May 12, 1943 (P.L.259, No.120), and the amounts

1 received under the provisions of the Liquor Code, act of April
2 12, 1951 (P.L.90, No.21), shall be credited to the State Police
3 benefit account or the enforcement officers' benefit account as
4 the case may be. All amounts transferred to the fund by county
5 retirement systems or pension plans in accordance with the
6 provisions of section 5507(c) also shall be credited to the
7 State accumulation account. All amounts transferred to the fund
8 by the Public School Employees' Retirement System in accordance
9 with section 5303.2(e) (relating to election to convert school
10 service to State service), except amounts credited to the
11 members' savings account, and all amounts paid by the Department
12 of Corrections in accordance with section 5303.2(f) also shall
13 be credited to the State accumulation account. The State
14 accumulation account shall be credited with valuation interest.
15 The reserves necessary for the payment of annuities and death
16 benefits as approved by the board and as provided in Chapter 57
17 (relating to benefits) shall be transferred from the State
18 accumulation account to the annuity reserve account provided for
19 in section 5935 (relating to annuity reserve account), except
20 that the reserves necessary on account of a member who is an
21 officer of the Pennsylvania State Police or an enforcement
22 officer shall be transferred from the State accumulation account
23 to the State Police benefit account provided for in section 5936
24 (relating to State Police benefit account) or to the enforcement
25 officers' benefit account as provided for in section 5937
26 (relating to enforcement officers' benefit account) as the case
27 may be. The reserves necessary for the payment of supplemental
28 annuities in excess of those reserves credited to the
29 supplemental annuity account on June 30, 2010, shall be
30 transferred from the State accumulation account to the

1 supplemental annuity account. In the event that supplemental
2 annuities are increased by legislation enacted subsequent to
3 December 31, 2009, the necessary reserves shall be transferred
4 from the State accumulation account to the supplemental annuity
5 account.

6 § 5936. State Police benefit account.

7 * * *

8 (b) Transfers from account.--Should the said annuitant be
9 subsequently restored to active service, the present value of
10 the member's annuity at the time of reentry into State service
11 shall be transferred from the State Police benefit account and
12 placed to his individual credit in the members' savings account.
13 In addition, the actuarial reserve for his annuity calculated as
14 if he had been a member of Class A if he has Class A or Class C
15 service credited; as if he had been a member of Class A-3 if the
16 annuitant has Class A-3 State service credited; or as if he had
17 been a member of Class A-4 if the annuitant has Class A-4
18 service credited, less the amount transferred to the members'
19 savings account shall be transferred from the State Police
20 benefit account to the State accumulation account. Upon
21 subsequent retirement other than as an officer of the
22 Pennsylvania State Police the actuarial reserve remaining in the
23 State Police benefit account shall be transferred to the
24 appropriate reserve account.

25 § 5937. Enforcement officers' benefit account.

26 * * *

27 (b) Transfers from account.--Should the said annuitant be
28 subsequently restored to active service, the present value of
29 the member's annuity at the time of reentry into State service
30 shall be transferred from the enforcement officers' benefit

1 account and placed to his individual credit in the members'
2 savings account. In addition, the actuarial reserve for his
3 annuity calculated as if he had been a member of Class A if the
4 annuitant does not have any Class AA, Class A-3 or Class A-4
5 service credited [and calculated]; as if he had been a member of
6 Class AA if the annuitant does have Class AA service credited;
7 as if he had been a member of Class A-3 if the annuitant has
8 Class A-3 State service credited; or as if he had been a member
9 of Class A-4 if the annuitant has Class A-4 service credited,
10 less the amount transferred to the members' savings account
11 shall be transferred from the enforcement officers' benefit
12 account to the State accumulation account. Upon subsequent
13 retirement other than as an enforcement officer the actuarial
14 reserve remaining in the enforcement officers' benefit account
15 shall be transferred to the appropriate reserve account.

16 § 5938. Supplemental annuity account.

17 The supplemental annuity account shall be the ledger account
18 to which shall be credited all contributions from the
19 Commonwealth and other employers in accordance with section
20 5507(b) (relating to contributions by the Commonwealth and other
21 employers) for the payment of the supplemental annuities
22 provided in sections 5708 (relating to supplemental annuities),
23 5708.1 (relating to additional supplemental annuities), 5708.2
24 (relating to further additional supplemental annuities), 5708.3
25 (relating to supplemental annuities commencing 1994), 5708.4
26 (relating to special supplemental postretirement adjustment),
27 5708.5 (relating to supplemental annuities commencing 1998),
28 5708.6 (relating to supplemental annuities commencing 2002),
29 5708.7 (relating to supplemental annuities commencing 2003) and
30 5708.8 (relating to special supplemental postretirement

1 adjustment of 2002) made before July 1, 2010, the amount
2 transferred from the State accumulation account to provide all
3 additional reserves necessary as of June 30, 2010, to pay such
4 supplemental annuities and adjustments, and the amounts
5 transferred from the State accumulation account to provide all
6 additional reserves necessary as a result of supplemental
7 annuities enacted after December 31, 2009. The supplemental
8 annuity account shall be credited with valuation interest. The
9 reserves necessary for the payment of such supplemental
10 annuities shall be transferred from the supplemental annuity
11 account to the annuity reserve account as provided in section
12 5935 (relating to annuity reserve account).

13 § 5955. Construction of part.

14 Regardless of any other provision of law, pension rights of
15 State employees shall be determined solely by this part or any
16 amendment thereto, and no collective bargaining agreement nor
17 any arbitration award between the Commonwealth and its employees
18 or their collective bargaining representatives shall be
19 construed to change any of the provisions herein, to require the
20 board to administer pension or retirement benefits not set forth
21 in this part, or otherwise require action by any other
22 government body pertaining to pension or retirement benefits or
23 rights of State employees. Notwithstanding the foregoing, any
24 pension or retirement benefits or rights previously so
25 established by or as a result of an arbitration award shall
26 remain in effect after the expiration of the current collective
27 bargaining agreement between the State employees so affected and
28 the Commonwealth until the expiration of each of the collective
29 bargaining agreements in effect on January 1, 2011, at which
30 time the classes of membership and resulting member contribution

1 rates, eligibility for vesting, withdrawal and superannuation
2 annuities, optional modification of annuities and other terms
3 and conditions related to class of membership shall be as
4 determined by this part for employees covered by those and
5 successor collective bargaining agreements. For purposes of
6 administering this part, for those State employees who are
7 members of each such collective bargaining unit, the date
8 January 1, 2011, contained in this part, except in this section,
9 shall be replaced with the date of the day immediately following
10 the expiration of each such collective bargaining agreement. The
11 provisions of this part insofar as they are the same as those of
12 existing law are intended as a continuation of such laws and not
13 as new enactments. The provisions of this part shall not affect
14 any act done, liability incurred, right accrued or vested, or
15 any suit or prosecution pending or to be instituted to enforce
16 any right or penalty or to punish any offense under the
17 authority of any repealed laws.

18 Section 12. Contribution rates shall remain in effect until
19 June 30, 2010, as follows:

20 (1) Notwithstanding the provisions of this act, the
21 employer contribution rates certified by the Public School
22 Employees' Retirement Board for fiscal year 2009-2010 shall
23 remain in effect until June 30, 2010.

24 (2) Notwithstanding the provisions of this act, the
25 employer contribution rates certified by the State Employees'
26 Retirement Board for fiscal year 2009-2010 shall remain in
27 effect until June 30, 2010.

28 Section 13. Recertification to the Secretary of the Budget
29 shall be as follows:

30 (1) Within 15 days of the later of:

- 1 (i) the effective date of this section; or
2 (ii) the date of the passage of this Commonwealth's
3 budget for fiscal year 2010-2011, the Secretary of the
4 Budget shall certify to the Public School Employees'
5 Retirement Board the amount of money appropriated for
6 public school employees' retirement.

7 Notwithstanding any other provisions of law to the contrary,
8 the Public School Employees' Retirement Board shall,
9 effective for the fiscal year beginning July 1, 2010,
10 recertify to the Secretary of the Budget, within 15 days of
11 the effective date of the Secretary of the Budget's
12 certification to the Public School Employees' Retirement
13 Board of the amount of money appropriated for public school
14 employees' retirement, the employer contributions, rates,
15 factors and amounts set forth in 24 Pa.C.S. § 8502(k), as
16 amended by this act. The recertification rate shall be not
17 less than 5% nor more than 7.58%, plus the premium assistance
18 contribution rate. The recertification shall supersede the
19 prior certification for all purposes. This recertified rate
20 shall not affect the application of the collared contribution
21 rate as set forth in 24 Pa.C.S. § 8328(g).

22 (2) Notwithstanding any other provision of law to the
23 contrary, the State Employees' Retirement Board shall,
24 effective for the fiscal year beginning July 1, 2010,
25 recertify to the Secretary of the Budget and heads of
26 departments, within 15 days of the effective date of this
27 section, the contributions, rates, factors and amounts set
28 forth in 71 Pa.C.S. § 5902(k), as amended by this act. The
29 recertification shall supersede the prior certification for
30 all purposes.

1 Section 14. Certain public officials shall be held harmless,
2 as follows:

3 (1) Notwithstanding any other provision of law,
4 fiduciary requirement, actuarial standard of practice or
5 other requirement to the contrary, the members of the Public
6 School Employees' Retirement Board, the actuary and other
7 employees and officials of the Public School Employees'
8 Retirement System shall not be held liable or in breach or
9 violation of any law or standard either as individuals or in
10 their official capacity or as a governmental or corporate
11 entity for any action or calculation related to calculating
12 and certifying a final contribution rate as provided for in
13 this act that is different from the actuarially required
14 contribution rate as otherwise appropriately calculated under
15 the provisions of the Public School Employees' Retirement
16 Code.

17 (2) Notwithstanding any other provision of law,
18 fiduciary requirement, actuarial standard of practice or
19 other requirement to the contrary, the members of the State
20 Employees' Retirement Board, the actuary and other employees
21 and officials of the State Employees' Retirement System shall
22 not be held liable or in breach or violation of any law or
23 standard either as individuals or in their official capacity
24 or as a governmental or corporate entity for any action or
25 calculation related to calculating and certifying a final
26 contribution rate as provided for in this act that is
27 different from the actuarially required contribution rate as
28 otherwise appropriately calculated under the provisions of
29 the State Employees' Retirement Code.

30 Section 15. Construction of a calculation or actuarial

1 method shall be as follows:

2 (1) Nothing in this act shall be construed or deemed to
3 imply that any calculation or actuarial method used by the
4 Public School Employees' Retirement Board, its actuaries or
5 the Public School Employees' Retirement System was not in
6 accordance with the provisions of the Public School
7 Employees' Retirement Code or other applicable law prior to
8 the effective date of this section.

9 (2) Nothing in this act shall be construed or deemed to
10 imply that any calculation or actuarial method used by the
11 State Employees' Retirement Board, its actuaries or the State
12 Employees' Retirement System was not in accordance with the
13 provisions of the State Employees' Retirement Code or other
14 applicable law prior to the effective date of this section.

15 Section 16. Nothing in this act shall be deemed to permit
16 the restoration of service credit or retirement benefits which
17 were the subject of an order of forfeiture pursuant to the act
18 of July 8, 1978 (P.L.752, No.140), known as the Public Employee
19 Pension Forfeiture Act, or subject to section 16 of Article V of
20 the Constitution of Pennsylvania or 42 Pa.C.S. § 3352.

21 Section 17. Nothing in this act shall be construed or deemed
22 to imply that any interpretation or application of the
23 provisions of 24 Pa.C.S. Pt. IV or benefits available to members
24 of the Public School Employees' Retirement System was not in
25 accordance with the provisions of 24 Pa.C.S. Pt. IV or other
26 applicable law prior to the effective date of this section.

27 ~~Nothing~~ IT IS THE EXPRESS INTENT OF THE GENERAL ASSEMBLY THAT ←
28 NOTHING in this act shall be construed to grant to or BE deemed ←
29 to imply that ~~any current or former school employees on the~~ ←
30 ~~effective date of this section possessed~~ THIS ACT EXPANDS, ←

1 CONTRACTS OR OTHERWISE AFFECTS any contractual rights, either
2 expressed or implied, or any other constitutionally protected
3 rights, in the terms and conditions of the Public School
4 Employees' Retirement System or other pension or retirement
5 benefits as a school employee, including, but not limited to,
6 benefits, ~~option~~ OPTIONS, rights or privileges established by 24 ←
7 Pa.C.S. Pt. IV FOR ANY CURRENT OR FORMER SCHOOL EMPLOYEES. ←

8 Section 18. This act shall be construed and administered in
9 such a manner that the Public School Employees' Retirement
10 System will satisfy the requirements necessary to qualify as a
11 qualified pension plan under section 401(a) and other applicable
12 provisions of the Internal Revenue Code of 1986 (Public Law
13 99-514, 26 U.S.C. § 1 et seq.). The rules, regulations and
14 procedures adopted and promulgated by the Public School
15 Employees' Retirement Board under 24 Pa.C.S. § 8502(h) may
16 include those necessary to accomplish the purpose of this
17 section.

18 Section 19. (a) Nothing in this act which amends or
19 supplements provisions of 24 Pa.C.S. Pt. IV shall create in any
20 member of the system or in any other person claiming an interest
21 in the account of any such member a contractual right, either
22 express or implied, in relation to requirements for
23 qualification of the Public School Employees' Retirement System
24 as a qualified pension plan under the Internal Revenue Code of
25 1986 (Public Law 99-514, 26 U.S.C. § 401(a)) nor any
26 construction of 24 Pa.C.S. Pt. IV, as so amended or
27 supplemented, or any rules or regulations adopted under 24
28 Pa.C.S. Pt. IV. The provisions of 24 Pa.C.S. Pt. IV shall remain
29 subject to the Internal Revenue Code of 1986, and the General
30 Assembly reserves to itself such further exercise of its

1 legislative power to amend or supplement such provisions as may
2 from time to time be required in order to maintain the
3 qualification of such system as a qualified pension plan under
4 section 401(a) and other applicable provisions of the Internal
5 Revenue Code of 1986.

6 (b) References in this act to the Internal Revenue Code of
7 1986, including for this purpose administrative regulations
8 promulgated thereunder, are intended to include such laws and
9 regulations in effect on the effective date of this section and
10 as they may hereafter be amended or supplemented or supplanted
11 by successor provisions.

12 Section 20. No school employee otherwise a member of,
13 eligible to be a member of, or having school or nonschool
14 service credited in a class of service other than Class T-E or
15 Class T-F may cancel, decline or waive membership in such other
16 class of service in order to obtain Class T-E or Class T-F
17 service credit, become a member of Class T-E or Class T-F or
18 elect Class T-E or Class T-F membership.

19 Section 21. Notwithstanding any other provision of law, any
20 change in accrued liability of the Public School Employees'
21 Retirement System created by this act shall be funded as a level
22 percentage of compensation over a period of 30 years beginning
23 July 1, 2012, subject to any limits imposed on employer
24 contributions to the Public School Employees' Retirement System.
25 For purposes of 24 Pa.C.S. §§ 8321, 8326 and 8328, such changes
26 shall not be considered to be costs added by legislation.

27 Section 22. Notwithstanding any regulation promulgated by
28 the Public School Employees' Retirement Board, application or
29 interpretation of 24 Pa.C.S. Pt. IV, or administrative practice
30 to the contrary, a member's eligibility deriving from Class T-E

1 or Class T-F service credit for a superannuation annuity or
2 other rights and benefits based upon attaining superannuation
3 age shall require the actual accrual of 35 eligibility points.

4 Section 23. Nothing in this act shall be construed or deemed
5 to imply that any interpretation or application of the
6 provisions of 71 Pa.C.S. Pt. XXV or benefits available to
7 members of the State Employees' Retirement System was not in
8 accordance with the provisions of 71 Pa.C.S. Pt. XXV or other
9 applicable law prior to the effective date of this section.

10 ~~Nothing~~ IT IS THE EXPRESS INTENT OF THE GENERAL ASSEMBLY THAT ←
11 NOTHING in this act shall be construed to grant to or BE deemed ←
12 to imply that ~~any current or former State employees on the~~ ←
13 ~~effective date of this section possessed~~ THIS ACT EXPANDS, ←
14 CONTRACTS OR OTHERWISE AFFECTS any contractual rights, either
15 expressed or implied, or any other constitutionally protected
16 rights, in the terms and conditions of the State Employees'
17 Retirement System or other pension or retirement benefits as a
18 State employee, including, but not limited to, benefits,
19 options, rights or privileges established by 71 Pa.C.S. Pt. XXV
20 FOR ANY CURRENT OR FORMER STATE EMPLOYEES. ←

21 Section 24. This act shall be construed and administered in
22 such a manner that the State Employees' Retirement System will
23 satisfy the requirements necessary to qualify as a qualified
24 pension plan under section 401(a) and other applicable
25 provisions of the Internal Revenue Code of 1986 (Public Law
26 99-514, 26 U.S.C. § 1 et seq.). The rules, regulations and
27 procedures adopted and promulgated by the State Employees'
28 Retirement Board under 71 Pa.C.S. § 5902(h) may include those
29 necessary to accomplish the purpose of this section.

30 Section 25. (a) Nothing in this act which amends or

1 supplements provisions of 71 Pa.C.S. Pt. XXV shall create in any
2 member of the system or in any other person claiming an interest
3 in the account of any such member a contractual right, either
4 express or implied, in relation to requirements for
5 qualification of the State Employees' Retirement System as a
6 qualified pension plan under the Internal Revenue Code of 1986
7 (Public Law 99-514, 26 U.S.C. § 401(a)) nor any construction of
8 71 Pa.C.S. Pt. XXV, as so amended or supplemented, or any rules
9 or regulations adopted under 71 Pa.C.S. Pt. XXV. The provisions
10 of 71 Pa.C.S. Pt. XXV shall remain subject to the Internal
11 Revenue Code of 1986, and the General Assembly reserves to
12 itself such further exercise of its legislative power to amend
13 or supplement such provisions as may from time to time be
14 required in order to maintain the qualification of such system
15 as a qualified pension plan under section 401(a) and other
16 applicable provisions of the Internal Revenue Code of 1986.

17 (b) References in this act to the Internal Revenue Code of
18 1986, including for this purpose administrative regulations
19 promulgated thereunder, are intended to include such laws and
20 regulations in effect on the effective date of this section and
21 as they may hereafter be amended or supplemented or supplanted
22 by successor provisions.

23 Section 26. No State employee otherwise a member of,
24 eligible to be a member of, or having State or nonstate service
25 credited in, a class of service other than Class A-3 may cancel,
26 decline or waive membership in such other class of service in
27 order to obtain Class A-3 or Class A-4 service credit, become a
28 member of Class A-3 or Class A-4 or elect Class A-3 or Class A-4
29 membership.

30 Section 27. Notwithstanding any other provision of law, any

1 change in accrued liability of the State Employees' Retirement
2 System created by this act as a result of changes in benefits
3 shall be funded as a level percentage of compensation over a
4 period of 30 years beginning July 1, ~~2012~~ 2011, subject to any ←
5 limits imposed on employer contributions to the State Employees'
6 Retirement System. For purposes of 71 Pa.C.S. §§ 5501.1, 5507
7 and 5508, any such changes shall not be considered to be costs
8 added by legislation.

9 Section 28. Notwithstanding any regulation promulgated by
10 the State Employees' Retirement Board, application or
11 interpretation of 71 Pa.C.S. Pt. XXV, or administrative practice
12 to the contrary, a member's eligibility deriving from Class A-3
13 or Class A-4 service credit for a superannuation annuity or
14 other rights and benefits based upon attaining superannuation
15 age shall require the actual accrual of 35 eligibility points.

16 Section 29. This act shall take effect as follows:

17 (1) The amendment or addition of the following
18 provisions of 24 Pa.C.S. shall take effect July 1, 2011:

- 19 section 8102;
- 20 section 8303(c);
- 21 section 8304(a);
- 22 section 8305(d) and (e);
- 23 section 8305.2;
- 24 section 8307(b);
- 25 section 8308;
- 26 section 8323(a), (c) and (c.1);
- 27 section 8324(a), (d), (e) and (f);
- 28 section 8326(a);
- 29 section 8327(a) and (c);
- 30 section 8328

1 section 8342(a);
2 section 8344(d);
3 section 8345(a);
4 section 8348.1(f);
5 section 8348.2(f);
6 section 8348.3(f);
7 section 8348.5(f);
8 section 8348.6(f);
9 section 8348.7(f);
10 section 8502(k)
11 section 8505(1); and
12 section 8535(3).

13 (2) Sections 17, 18, 19, 20, 21 and 22 of this act shall
14 take effect July 1, 2011.

15 (3) The remainder of this act shall take effect
16 immediately.