

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

SENATOR BROWNE, FINANCE, IN SENATE, RE-REPORTED AS AMENDED,  
OCTOBER 12, 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 MANDATORY AND OPTIONAL ←  
4 MEMBERSHIP, for contributions by the Commonwealth, for  
5 payments by employers, for actuarial cost method, for  
6 additional supplemental annuities, for further additional  
7 supplemental annuities, for supplemental annuities commencing  
8 1994, for supplemental annuities commencing 1998, for  
9 supplemental annuities commencing 2002, for supplemental  
10 annuities commencing 2003, for administrative duties of  
11 board, for payments to school entities by Commonwealth, for  
12 eligibility points for retention and reinstatement of service  
13 credits and for creditable nonschool service; providing for  
14 election to become a Class T-F member; further providing for  
15 classes of service, for eligibility for annuities, for ←  
16 eligibility for vesting, FOR REGULAR MEMBER CONTRIBUTIONS,  
17 for member contributions for creditable school service, for  
18 contributions for purchase of credit for creditable nonschool  
19 service, for maximum single life annuity, for disability  
20 annuities, for member's options, for duties of board  
21 regarding applications and elections of members and for  
22 rights and duties of school employees and members; PROVIDING ←  
23 FOR INDEPENDENT FISCAL OFFICE STUDY; in Title 71, FURTHER ←  
24 providing for definitions, ~~further providing~~, for credited ←  
25 State service, for retention and reinstatement of service  
26 credits, for creditable ~~NONSTATE~~ NONSTATE service and for ←  
27 classes of service; providing for election to become a Class  
28 A-4 member; further providing for eligibility for annuities, ←  
29 AND for eligibility for vesting, ~~7~~; PROVIDING FOR SHARED RISK ←  
30 MEMBER CONTRIBUTIONS FOR CLASS A-3 AND CLASS A-4 SERVICE;  
31 FURTHER PROVIDING for waiver of regular member contributions

1 and Social Security integration member contributions, for  
2 member contributions for purchase of credit for previous  
3 State service or to become a full coverage member, for  
4 contributions for the purchase of credit for creditable  
5 nonstate service, for contributions by the Commonwealth and  
6 other employers, for actuarial cost method, for maximum  
7 single life annuity, for disability annuities and for  
8 member's options; providing for payment of accumulated  
9 deductions resulting from Class A-3 service; further  
10 providing for additional supplemental annuities, for further  
11 additional supplemental annuities, for supplemental annuities  
12 commencing 1994, for supplemental annuities commencing 1998,  
13 for supplemental annuities commencing 2002, for supplemental  
14 annuities commencing 2003, for special supplemental  
15 postretirement adjustment of 2002, for administrative duties  
16 of the board, for duties of board to advise and report to  
17 heads of departments and members, for duties of board  
18 regarding applications and elections of members, for  
19 installment payments of accumulated deductions, for rights  
20 and duties of State employees and members, FOR MEMBERS' ←  
21 SAVINGS ACCOUNT, for State accumulation account, for State  
22 Police Benefit Account, for Enforcement Officers' Benefit  
23 Account, for supplemental annuity account and for  
24 construction of part; and providing for ~~recertification to~~ ←  
25 ~~the Secretary of the Budget~~, INDEPENDENT FISCAL OFFICE STUDY, ←  
26 FOR A PROHIBITION ON THE ISSUANCE OF PENSION OBLIGATION  
27 BONDS, for holding certain public officials harmless, for  
28 construction of calculation or actuarial method, FOR ←  
29 APPLICABILITY and for certain operational provisions.

30 The General Assembly of the Commonwealth of Pennsylvania  
31 hereby enacts as follows:

32 Section 1. The definitions of "basic contribution rate,"  
33 "class of service multiplier," "employer," "MEMBER'S ANNUITY," ←  
34 "PICKUP CONTRIBUTIONS," "standard single life annuity,"  
35 "superannuation or normal retirement age" and "vestee" in  
36 section 8102 of Title 24 of the Pennsylvania Consolidated  
37 Statutes are amended AND THE SECTION IS AMENDED BY ADDING ←  
38 DEFINITIONS to read:

39 § 8102. Definitions.

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

43 \* \* \*

44 "Basic contribution rate." For Class T-A, T-B and T-C

1 service, the rate of 6 1/4%. For Class T-D service, the rate of  
2 7 1/2%. For all active members on the effective date of this  
3 provision who are currently paying 5 1/4% and elect Class T-D  
4 service, the rate of 6 1/2%. For Class T-E service, the rate of  
5 7 1/2%. For Class T-F service, the rate of 10.30%.

6 \* \* \*

7 "Class of service multiplier."

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

15 \* \* \*

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

26 \* \* \*

27 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS  
28 ACTUARIALY EQUIVALENT ON THE EFFECTIVE DATE OF RETIREMENT TO  
29 THE SUM OF THE ACCUMULATED DEDUCTIONS AND THE SHARED RISK MEMBER  
30 CONTRIBUTIONS AND STATUTORY INTEREST CREDITED ON THE DEDUCTIONS



1 AND CONTRIBUTIONS STANDING TO THE MEMBER'S CREDIT IN THE  
2 MEMBERS' SAVINGS ACCOUNT.

3 \* \* \*

4 "PICKUP CONTRIBUTIONS." REGULAR OR JOINT COVERAGE MEMBER  
5 CONTRIBUTIONS AND SHARED RISK MEMBER CONTRIBUTIONS WHICH ARE  
6 MADE BY THE EMPLOYER FOR ACTIVE MEMBERS FOR CURRENT SERVICE ON  
7 AND AFTER JANUARY 1, 1983.

8 \* \* \*

9 "SHARED RISK CONTRIBUTION RATE." THE ADDITIONAL CONTRIBUTION  
10 RATE THAT IS ADDED TO THE BASIC CONTRIBUTION RATE FOR CLASS T-E  
11 AND T-F MEMBERS, AS PROVIDED FOR IN SECTION 8321(B) (RELATING TO  
12 REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE).

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

27 \* \* \*

28 "Superannuation or normal retirement age."

29 Class of service

Age

30 T-A

62 or any age upon accrual of

1 35 eligibility points  
2 T-B 62  
3 T-C and T-D 62 or age 60 provided the  
4 member has at least 30  
5 eligibility points or any  
6 age upon accrual of 35  
7 eligibility points

8 ~~T-E and T-F~~ ~~65 with accrual of at least~~ ←  
9 ~~three eligibility points~~  
10 ~~or any age upon accrual~~  
11 ~~of 35 eligibility points~~

12 T-E and T-F 65 WITH ACCRUAL OF AT LEAST ←  
13 THREE ELIGIBILITY POINTS  
14 OR A COMBINATION OF AGE  
15 AND ELIGIBILITY POINTS  
16 TOTALING 92, PROVIDED THE  
17 MEMBER HAS ACCRUED AT  
18 LEAST 35 ELIGIBILITY  
19 POINTS

20 \* \* \*

21 "TOTAL MEMBER CONTRIBUTION RATE." THE SUM OF THE BASIC ←  
22 CONTRIBUTION RATE AND THE SHARED RISK CONTRIBUTION RATE.

23 \* \* \*

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

1 annuity.

2 ~~Section 2. Sections 8303(c) and 8304(a) of Title 24 are~~ ←  
3 ~~amended to read:~~

4 SECTION 1.1. SECTION 8301(A) (2) OF TITLE 24 IS AMENDED TO ←  
5 READ:

6 § 8301. MANDATORY AND OPTIONAL MEMBERSHIP.

7 (A) MANDATORY MEMBERSHIP.--MEMBERSHIP IN THE SYSTEM SHALL BE  
8 MANDATORY AS OF THE EFFECTIVE DATE OF EMPLOYMENT FOR ALL SCHOOL  
9 EMPLOYEES EXCEPT THE FOLLOWING:

10 \* \* \*

11 (2) ANY SCHOOL EMPLOYEE WHO IS NOT A MEMBER OF THE  
12 SYSTEM AND WHO IS EMPLOYED ON A PER DIEM OR HOURLY BASIS FOR  
13 LESS THAN 80 FULL-DAY SESSIONS OR 500 HOURS IN ANY FISCAL  
14 YEAR OR ANNUITANT WHO RETURNS TO SCHOOL SERVICE UNDER THE  
15 PROVISIONS OF SECTION 8346(B) (RELATING TO TERMINATION OF  
16 ANNUITIES).

17 \* \* \*

18 SECTION 2. SECTION 8303(C) OF TITLE 24 IS AMENDED AND THE  
19 SECTION IS AMENDED BY ADDING A SUBSECTION TO READ:

20 § 8303. Eligibility points for retention and reinstatement of  
21 service credits.

22 \* \* \*

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

28 (1) as a member of Class T-C, Class T-E or Class T-F for  
29 previous CREDITABLE school service or creditable nonschool ←  
30 service; or

1 (2) as a member of Class T-D for previous CREDITABLE ←  
2 school service, provided the member elects to become a Class  
3 T-D member pursuant to section 8305.1 (relating to election  
4 to become a Class T-D member);  
5 upon written agreement by the member and the board as to the  
6 manner of payment of the amount due for credit for such service;  
7 except, that any purchase for reinstatement of service credit  
8 shall be for all service previously credited.

9 (D) PURCHASE OF PREVIOUS NONCREDITABLE SERVICE.--CLASS T-C ←  
10 AND CLASS T-D MEMBERS WHO ARE ACTIVE MEMBERS ON THE EFFECTIVE  
11 DATE OF THIS SUBSECTION SHALL HAVE THREE YEARS FROM THE  
12 EFFECTIVE DATE OF THIS SUBSECTION TO FILE A WRITTEN APPLICATION  
13 WITH THE BOARD TO PURCHASE ANY PREVIOUS NONCREDITABLE SCHOOL  
14 SERVICE. CLASS T-C AND CLASS T-D MEMBERS WHO ARE NOT ACTIVE  
15 MEMBERS ON THE EFFECTIVE DATE OF THIS SUBSECTION BUT WHO BECOME  
16 ACTIVE MEMBERS AFTER THE EFFECTIVE DATE OF THIS SUBSECTION AND  
17 CLASS T-E AND CLASS T-F MEMBERS SHALL HAVE 365 DAYS FROM ENTRY  
18 INTO THE SYSTEM TO FILE A WRITTEN APPLICATION WITH THE BOARD TO  
19 PURCHASE ANY PREVIOUS NONCREDITABLE SCHOOL SERVICE.

20 SECTION 2.1. SECTION 8304(A) OF TITLE 24 IS AMENDED TO READ:  
21 § 8304. Creditable nonschool service.

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

1 (relating to classes of service), as set forth in subsection (b)  
2 provided that he is not entitled to receive, eligible to receive  
3 now or in the future, or is receiving retirement benefits for  
4 such service under a retirement system administered and wholly  
5 or partially paid for by any other governmental agency or by any  
6 private employer, or a retirement program approved by the  
7 employer in accordance with section 8301(a)(1) (relating to  
8 mandatory and optional membership), and further provided that  
9 such service is certified by the previous employer and the  
10 manner of payment of the amount due is agreed upon by the  
11 member, the employer, and the board.

12 \* \* \*

13 Section 3. Section 8305 of Title 24 is amended by adding  
14 subsections to read:

15 § 8305. Classes of service.

16 \* \* \*

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

25 (e) Class T-F membership.--Notwithstanding any other  
26 provision, a person who first becomes a school employee and an  
27 active member, or a person who first becomes a multiple service  
28 member who is a State employee and a member of the State  
29 Employees' Retirement System, on or after the effective date of  
30 this subsection, and who is eligible to become a Class T-E



1 member, shall have the right to elect into Class T-F membership,  
2 provided the person elects to become a Class T-F member pursuant  
3 to section 8305.2 (relating to election to become a Class T-F  
4 member), upon written election filed with the board and payment  
5 of regular member contributions AND THE SHARED RISK ←  
6 CONTRIBUTIONS.

7 Section 4. Title 24 is amended by adding a section to read:  
8 § 8305.2. Election to become a Class T-F member.

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

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

19 (c) Effect of election.--An election to become a Class T-F  
20 member shall be irrevocable AND SHALL COMMENCE FROM THE ORIGINAL ←  
21 DATE OF ELIGIBILITY. A member who elects Class T-F membership  
22 shall receive Class T-F service credit on any and all future  
23 service, regardless of whether the member terminates service or  
24 has a break in service.

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

1 ~~Section 5. Sections 8307(b), 8308, 8323(a), (c) and (c.1),~~ ←  
2 ~~8324(a), (b), (d), (e) and (f), 8326(a), 8327(a) and (c), 8328,~~  
3 ~~8342(a), 8344(d), 8345(a), 8348.1(f), 8348.2(f), 8348.3(f),~~  
4 ~~8348.5(f), 8348.6(f), 8348.7(f) and 8502(k) of Title 24 are~~  
5 ~~amended to read:~~

6 SECTION 5. SECTIONS 8307(B), 8308, 8321, 8323(A), (C) AND ←  
7 (C.1), 8324 HEADING, (A), (B), (D), (E) AND (F), 8326(A),  
8 8327(A) AND (C), 8328, 8342(A), 8344(D), 8345(A), 8348.1(F),  
9 8348.2(F), 8348.3(F), 8348.5(F), 8348.6(F), 8348.7(F) AND  
10 8502(K) OF TITLE 24 ARE AMENDED TO READ:

11 § 8307. Eligibility for annuities.

12 \* \* \*

13 (b) Withdrawal annuity.--A vestee in Class T-C or Class T-D  
14 with five or more eligibility points or an active or inactive  
15 Class T-C or Class T-D member who terminates school service  
16 having five or more eligibility points shall, upon filing a  
17 proper application, be entitled to receive an early annuity. A  
18 vestee in Class T-E or Class T-F with ten or more eligibility  
19 points or an active or inactive Class T-E or Class T-F member  
20 who terminates school service having ten or more eligibility  
21 points shall, upon filing a proper application, be entitled to  
22 receive an early annuity.

23 \* \* \*

24 § 8308. Eligibility for vesting.

25 Any Class T-C or Class T-D member who terminates school  
26 service with five or more eligibility points shall be entitled  
27 to vest his retirement benefits until attainment of  
28 superannuation age. Any Class T-E or Class T-F member who  
29 terminates school service with ten or more eligibility points  
30 shall be entitled to vest his retirement benefits until

1 attainment of superannuation age.

2 § 8321. REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE. ←

3 (A) GENERAL.--REGULAR MEMBER CONTRIBUTIONS SHALL BE MADE TO  
4 THE FUND ON BEHALF OF EACH ACTIVE MEMBER FOR CURRENT SERVICE  
5 EXCEPT FOR ANY PERIOD OF CURRENT SERVICE IN WHICH THE MAKING OF  
6 SUCH CONTRIBUTIONS HAS CEASED SOLELY BY REASON OF ANY PROVISION  
7 OF THIS PART RELATING TO THE LIMITATIONS UNDER IRC § 401(A) (17)  
8 OR 415(B) .

9 (B) CLASS T-E AND CLASS T-F SHARED RISK CONTRIBUTIONS.--  
10 COMMENCING WITH THE ANNUAL ACTUARIAL VALUATION PERFORMED UNDER  
11 SECTION 8502(J) (RELATING TO ADMINISTRATIVE DUTIES OF BOARD) ,  
12 FOR THE PERIOD ENDING JUNE 30, 2014, AND EVERY THREE YEARS  
13 THEREAFTER, THE BOARD SHALL COMPARE THE ACTUAL INVESTMENT RATE  
14 OF RETURN, NET OF FEES, TO THE ANNUAL INTEREST RATE ADOPTED BY  
15 THE BOARD FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE,  
16 BASED ON THE MARKET VALUE OF ASSETS, FOR THE PRIOR TEN-YEAR  
17 PERIOD. IF THE ACTUAL INVESTMENT RATE OF RETURN, NET OF FEES, IS  
18 LESS THAN THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD BY AN  
19 AMOUNT OF 1% OR MORE, THE SHARED RISK CONTRIBUTION RATE OF CLASS  
20 T-E AND T-F MEMBERS WILL INCREASE BY .5%. IF THE ACTUAL  
21 INVESTMENT RATE OF RETURN, NET OF FEES, IS EQUAL TO OR EXCEEDS  
22 THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD, THE SHARED RISK  
23 CONTRIBUTIONS RATE OF CLASS T-E AND T-F MEMBERS WILL DECREASE BY  
24 .5%. CLASS T-E AND T-F MEMBERS WILL CONTRIBUTE AT THE TOTAL  
25 MEMBER CONTRIBUTION RATE IN EFFECT WHEN THEY ARE HIRED. THE  
26 TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-E MEMBERS SHALL NOT  
27 BE LESS THAN 7.5%, NOR MORE THAN 9.5%. THE TOTAL MEMBER  
28 CONTRIBUTION RATE FOR CLASS T-F MEMBERS SHALL NOT BE LESS THAN  
29 10.3%, NOR MORE THAN 12.3%. NOTWITHSTANDING THIS SUBSECTION, IF  
30 THE SYSTEM'S ACTUARIAL FUNDED STATUS IS 100% OR MORE AS OF THE

1 DATE USED FOR THE COMPARISON REQUIRED UNDER THIS SUBSECTION, AS  
2 DETERMINED IN THE CURRENT ANNUAL ACTUARIAL VALUATION, THE SHARED  
3 RISK CONTRIBUTION RATE SHALL BE ZERO. IN THE EVENT THAT THE  
4 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR THE CALCULATION OF  
5 THE NORMAL CONTRIBUTION RATE IS CHANGED DURING THE PERIOD USED  
6 TO DETERMINE THE SHARED RISK CONTRIBUTION RATE, THE BOARD, WITH  
7 THE ADVICE OF THE ACTUARY, SHALL DETERMINE THE APPLICABLE RATE  
8 DURING THE ENTIRE PERIOD, EXPRESSED AS AN ANNUAL RATE.

9 (1) UNTIL THE SYSTEM HAS A TEN-YEAR PERIOD OF INVESTMENT  
10 RATE OF RETURN EXPERIENCE FOLLOWING THE EFFECTIVE DATE OF  
11 THIS SUBSECTION, THE LOOK-BACK PERIOD SHALL BEGIN NOT EARLIER  
12 THAN THE EFFECTIVE DATE OF THIS SUBSECTION.

13 (2) FOR ANY FISCAL YEAR IN WHICH THE EMPLOYER  
14 CONTRIBUTION RATE IS LOWER THAN THE FINAL CONTRIBUTION RATE  
15 UNDER SECTION 8328(H) (RELATING TO ACTUARIAL COST METHOD),  
16 THE TOTAL MEMBER CONTRIBUTION RATE FOR CLASS T-E AND T-F  
17 MEMBERS SHALL BE PROSPECTIVELY RESET TO THE BASIC  
18 CONTRIBUTION RATE.

19 (3) THERE SHALL BE NO INCREASE IN THE MEMBER  
20 CONTRIBUTION RATE IF THERE HAS NOT BEEN AN EQUIVALENT  
21 INCREASE TO THE EMPLOYER CONTRIBUTION RATE OVER THE PREVIOUS  
22 THREE-YEAR PERIOD.

23 § 8323. Member contributions for creditable school service.

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

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

11 \* \* \*

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

1 subsequent school and State service up to the date of purchase.

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

20 \* \* \*

21 § 8324. Contributions for purchase of credit for creditable  
22 nonschool service AND NONCREDITABLE SCHOOL SERVICE. ←

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

29 (b) Nonintervening military service.--The amount due for the  
30 purchase of credit for military service other than intervening

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

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

5 \* \* \*

6 ~~(d) Other creditable nonschool service. Contributions on~~ ←

7 (D) OTHER CREDITABLE NONSCHOOL SERVICE[.--] AND ←

8 NONCREDITABLE SCHOOL SERVICE.--

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



1 amortization plans agreed to by the members and the board may  
2 include a deferral of payment amounts and statutory interest  
3 until the termination of school service or State service as  
4 the board in its sole discretion decides to allow. The board  
5 may limit salary deduction amortization plans to such terms  
6 as the board in its sole discretion determines. In the case  
7 of an eligible State employee who is an active member of the  
8 State Employees' Retirement System, the agreed upon salary  
9 deductions shall be remitted to the State Employees'  
10 Retirement Board, which shall certify and transfer to the  
11 board the amounts paid.

12 (2) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E OR CLASS T-F ←  
13 CREDIT FOR CREDITABLE NONSCHOOL SERVICE OTHER THAN MILITARY  
14 SERVICE SHALL BE THE PRESENT VALUE OF THE FULL ACTUARIAL COST  
15 OF THE INCREASE IN THE PROJECTED SUPERANNUATION ANNUITY  
16 CAUSED BY THE ADDITIONAL SERVICE CREDITED ON ACCOUNT OF THE  
17 PURCHASE. UPON CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY  
18 BE MADE IN A LUMP SUM WITHIN 90 DAYS OR, IN THE CASE OF AN  
19 ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE  
20 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, IT MAY BE  
21 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS  
22 IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE  
23 SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBERS  
24 AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND  
25 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR  
26 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO  
27 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION  
28 PLANS TO THE TERMS AS THE BOARD IN ITS SOLE DISCRETION  
29 DETERMINES. IN THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS  
30 AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM,

1 THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE  
2 STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND  
3 TRANSFER TO THE BOARD THE AMOUNTS PAID.

4 (3) CONTRIBUTIONS ON ACCOUNT OF CLASS T-E OR CLASS T-F  
5 CREDIT FOR NONCREDITABLE SCHOOL SERVICE OTHER THAN MILITARY  
6 SERVICE SHALL BE THE PRESENT VALUE OF THE FULL ACTUARIAL COST  
7 OF THE INCREASE IN THE PROJECTED SUPERANNUATION ANNUITY  
8 CAUSED BY THE ADDITIONAL SERVICE CREDITED ON ACCOUNT OF THE  
9 PURCHASE. UPON CERTIFICATION OF THE AMOUNT DUE, PAYMENT MAY  
10 BE MADE IN A LUMP SUM WITHIN 90 DAYS OR, IN THE CASE OF AN  
11 ACTIVE MEMBER OR AN ELIGIBLE STATE EMPLOYEE WHO IS AN ACTIVE  
12 MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM, IT MAY BE  
13 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS  
14 IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE  
15 SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY THE MEMBERS  
16 AND THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND  
17 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR  
18 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO  
19 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION  
20 PLANS TO THE TERMS AS THE BOARD IN ITS SOLE DISCRETION  
21 DETERMINES. IN THE CASE OF AN ELIGIBLE STATE EMPLOYEE WHO IS  
22 AN ACTIVE MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM,  
23 THE AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE  
24 STATE EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND  
25 TRANSFER TO THE BOARD THE AMOUNTS PAID.

26 (e) Creditable work experience.--Contributions on account of  
27 Class T-C, Class T-E or Class T-F credit for creditable work  
28 experience pursuant to section 8304(b)(6) shall be the present  
29 value of the full actuarial cost of the increase in the  
30 projected superannuation annuity caused by the additional

1 service credited on account of the purchase of creditable work  
2 experience. The amount paid for the purchase of credit for  
3 creditable work experience shall not be payable as a lump sum  
4 under section 8345(a)(4)(iii) (relating to member's options).  
5 Any individual eligible to receive an annuity, excluding an  
6 annuity received under the Federal Social Security Act (42  
7 U.S.C. § 301 et seq.), in another pension system, other than a  
8 military pension system, shall not be eligible to purchase this  
9 service.

10 (f) Creditable maternity leave.--Contributions on account of  
11 Class T-C, Class T-E or Class T-F credit for creditable  
12 maternity leave pursuant to section 8304(b)(7) shall be  
13 determined by applying the member's basic contribution rate plus  
14 the normal contribution rate as provided in section 8328 at the  
15 time of the member's return to school service to the total  
16 compensation received during the first year of subsequent school  
17 service and multiplying the product by the number of years and  
18 fractional part of a year of creditable service being purchased,  
19 together with statutory interest during all periods of  
20 subsequent school or State service to the date of purchase. The  
21 amount paid for the purchase of credit for creditable maternity  
22 leave shall not be eligible for withdrawal as a lump sum under  
23 section 8345(a)(4)(iii).

24 § 8326. Contributions by the Commonwealth.

25 (a) Contributions on behalf of active members.--The  
26 Commonwealth shall make contributions into the fund on behalf of  
27 all active members, including members on activated military  
28 service leave, in an amount equal to one-half the amount  
29 certified by the board as necessary to provide, together with  
30 the members' contributions, annuity reserves on account of

1 prospective annuities as provided in this part in accordance  
2 with section 8328[(a), (b), (c) and (e)] (relating to actuarial  
3 cost method). In case a school employee has elected membership  
4 in a retirement program approved by the employer, the  
5 Commonwealth shall contribute to such program on account of his  
6 membership an amount no greater than the amount it would have  
7 contributed had the employee been a member of the Public School  
8 Employees' Retirement System.

9 \* \* \*

10 § 8327. Payments by employers.

11 (a) General rule.--Each employer, including the Commonwealth  
12 as employer of employees of the Department of Education, State-  
13 owned colleges and universities, Thaddeus Stevens [State School]  
14 College of Technology, [Pennsylvania State Oral] Western  
15 Pennsylvania School for the Deaf, Scotland School for Veterans'  
16 Children, and the Pennsylvania State University, shall make  
17 payments to the fund each quarter in an amount equal to one-half  
18 the sum of the percentages, as determined under section 8328  
19 (relating to actuarial cost method), applied to the total  
20 compensation during the pay periods in the preceding quarter of  
21 all its employees who were members of the system during such  
22 period, including members on activated military service leave.  
23 In the event a member on activated military service leave does  
24 not return to service for the necessary time or receives an  
25 undesirable, bad conduct or dishonorable discharge or does not  
26 elect to receive credit for activated military service under  
27 section 8302(b.1)(3) (relating to credited school service), the  
28 contributions made by the employer on behalf of such member  
29 shall be returned with valuation interest upon application by  
30 the employer.

1 \* \* \*

2 (c) Payments by employers after June 30, 1995.--After June  
3 30, 1995, each employer, including the Commonwealth as employer  
4 of employees of the Department of Education, State-owned  
5 colleges and universities, Thaddeus Stevens [State School]  
6 College of Technology, [Pennsylvania State Oral] Western  
7 Pennsylvania School for the Deaf, Scotland School for Veterans'  
8 Children and The Pennsylvania State University, shall make  
9 payments to the fund each quarter in an amount computed in the  
10 following manner:

11 (1) For an employer that is a school entity, the amount  
12 shall be the sum of the percentages as determined under  
13 section 8328 applied to the total compensation during the pay  
14 periods in the preceding quarter of all employees who were  
15 active members of the system during such period, including  
16 members on activated military service leave. In the event a  
17 member on activated military service leave does not return to  
18 service for the necessary time or receives an undesirable,  
19 bad conduct or dishonorable discharge or does not elect to  
20 receive credit for activated military service under section  
21 8302(b.1)(3), the contribution made by the employer on behalf  
22 of such member shall be returned with valuation interest upon  
23 application by the employer.

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

26 (3) For any employer, whether or not a school entity, in  
27 computing the amount of payment due each quarter, there shall  
28 be excluded from the total compensation referred to in this  
29 subsection and subsection (a) any amount of compensation of a  
30 noneligible member on the basis of which member contributions

1 have not been made by reason of the limitation under IRC §  
2 401(a)(17). Any amount of contribution to the fund paid by  
3 the employer on behalf of a noneligible member on the basis  
4 of compensation which was subject to exclusion from total  
5 compensation in accordance with the provisions of this  
6 paragraph shall, upon the board's determination or upon  
7 application by the employer, be returned to the employer with  
8 valuation interest.

9 § 8328. Actuarial cost method.

10 (a) Employer contribution rate [on behalf of active  
11 members].--The amount of the total employer contributions [on  
12 behalf of all active members] shall be computed by the actuary  
13 as a percentage of the total compensation of all active members  
14 during the period for which the amount is determined and shall  
15 be so certified by the board. The total employer contribution  
16 rate shall be the sum of the final contribution rate as computed  
17 in subsection (h) plus the premium assistance contribution rate  
18 as computed in subsection (f). The [total] actuarially required  
19 contribution rate [on behalf of all active members] shall  
20 consist of the normal contribution rate as defined in subsection  
21 (b), the accrued liability contribution rate as defined in  
22 subsection (c) and the supplemental annuity contribution rate as  
23 defined in subsection (d). Beginning July 1, 2004, the [total]  
24 actuarially required contribution rate shall be modified by the  
25 experience adjustment factors as calculated in subsection (e)  
26 [but in no case shall it be less than 4% plus the premium  
27 assistance contribution rate].

28 (b) Normal contribution rate.--The normal contribution rate  
29 shall be determined after each actuarial valuation. †Until all ←  
30 accrued liability contributions have been completed, the† ~~The~~ ←

1 normal contribution rate shall be determined, on the basis of  
2 ~~the actuarial cost method,~~ an annual interest rate and such ←  
3 mortality and other tables as shall be adopted by the board in  
4 accordance with generally accepted actuarial principles, as a  
5 level percentage of the compensation of the average new active  
6 member, which percentage, if contributed on the basis of his  
7 prospective compensation through the entire period of active  
8 school service, would be sufficient to fund the liability for  
9 any prospective benefit payable to him, in excess of that  
10 portion funded by his prospective member contributions[, except  
11 for the supplemental benefits provided in sections 8348  
12 (relating to supplemental annuities), 8348.1 (relating to  
13 additional supplemental annuities), 8348.2 (relating to further  
14 additional supplemental annuities), 8348.3 (relating to  
15 supplemental annuities commencing 1994), 8348.4 (relating to  
16 special supplemental postretirement adjustment), 8348.5  
17 (relating to supplemental annuities commencing 1998), 8348.6  
18 (relating to supplemental annuities commencing 2002) and 8348.7  
19 (relating to supplemental annuities commencing 2003)], EXCLUDING ←  
20 THE SHARED RISK CONTRIBUTIONS.

21 (c) Accrued liability contribution rate.--

22 (1) For the fiscal [year] years beginning July 1, 2002,  
23 and ending June 30, 2011, the accrued liability contribution  
24 rate shall be computed as the rate of total compensation of  
25 all active members which shall be certified by the actuary as  
26 sufficient to fund over a period of ten years from July 1,  
27 2002, the present value of the liabilities for all  
28 prospective benefits of active members, except for the  
29 supplemental benefits provided in sections 8348 (relating to  
30 supplemental annuities), 8348.1 (relating to additional

1 supplemental annuities), 8348.2 (relating to further  
2 additional supplemental annuities), 8348.3 (relating to  
3 supplemental annuities commencing 1994), 8348.4 (relating to  
4 special supplemental postretirement adjustment), 8348.5  
5 (relating to supplemental annuities commencing 1998), 8348.6  
6 (relating to supplemental annuities commencing 2002) and  
7 8348.7 (relating to supplemental annuities commencing 2003),  
8 in excess of the total assets in the fund (calculated by  
9 recognizing the actuarially expected investment return  
10 immediately and recognizing the difference between the actual  
11 investment return and the actuarially expected investment  
12 return over a five-year period), excluding the balance in the  
13 annuity reserve account, and of the present value of normal  
14 contributions and of member contributions payable with  
15 respect to all active members on July 1, 2002, during the  
16 remainder of their active service.

17 (2) [Thereafter] For the fiscal years beginning July 1,  
18 2003, and ending June 30, 2011, the amount of each annual  
19 accrued liability contribution shall be equal to the amount  
20 of such contribution for the fiscal year, beginning July 1,  
21 2002, except that, if the accrued liability is increased by  
22 legislation enacted subsequent to June 30, 2002, but before  
23 July 1, 2003, such additional liability shall be funded over  
24 a period of ten years from the first day of July, coincident  
25 with or next following the effective date of the increase.  
26 The amount of each annual accrued liability contribution for  
27 such additional legislative liabilities shall be equal to the  
28 amount of such contribution for the first annual payment.

29 (3) Notwithstanding any other provision of law,  
30 beginning July 1, 2004, and ending June 30, 2011, the



1 outstanding balance of the increase in accrued liability due  
2 to the change in benefits enacted in 2001 and the outstanding  
3 balance of the net actuarial loss incurred in fiscal year  
4 2000-2001 shall be amortized in equal dollar annual  
5 contributions over a period that ends 30 years after July 1,  
6 2002, and the outstanding balance of the net actuarial loss  
7 incurred in fiscal year 2001-2002 shall be amortized in equal  
8 dollar annual contributions over a period that ends 30 years  
9 after July 1, 2003. For fiscal years beginning on or after  
10 July 1, 2004, if the accrued liability is increased by  
11 legislation enacted subsequent to June 30, 2003, such  
12 additional liability shall be funded in equal dollar annual  
13 contributions over a period of ten years from the first day  
14 of July coincident with or next following the effective date  
15 of the increase.

16 (4) For the fiscal year beginning July 1, 2011, the  
17 accrued liability contribution rate shall be computed as the  
18 rate of total compensation of all active members which shall  
19 be certified by the actuary as sufficient to fund as a level  
20 percentage of compensation over a period of ~~30~~ 24 years from ←  
21 July 1, 2011, the present value of the liabilities for all  
22 prospective benefits calculated as of June 30, 2010,  
23 including the supplemental benefits as provided in sections  
24 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and  
25 8348.7, in excess of the actuarially calculated assets in the  
26 fund (calculated recognizing all realized and unrealized  
27 investment gains and losses each year in level annual  
28 installments over a ten-year period). In the event that the  
29 accrued liability is increased by legislation enacted  
30 subsequent to June 30, 2010, such additional liability shall

1 be funded as a level percentage of compensation over a period  
2 of ten years from the July 1 second succeeding the date such  
3 legislation is enacted.

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

5 (1) For the period of July 1, 2002, to June 30, 2011,  
6 contributions from the Commonwealth and other employers  
7 required to provide for the payment of the supplemental  
8 annuities provided for in sections 8348, 8348.1, 8348.2,  
9 8348.4 and 8348.5 shall be paid over a period of ten years  
10 from July 1, 2002. The funding for the supplemental annuities  
11 commencing 2002 provided for in section 8348.6 shall be as  
12 provided in section 8348.6(f). The funding for the  
13 supplemental annuities commencing 2003 provided for in  
14 section 8348.7 shall be as provided in section 8348.7(f). The  
15 amount of each annual supplemental annuities contribution  
16 shall be equal to the amount of such contribution for the  
17 fiscal year beginning July 1, 2002. [In the event that  
18 supplemental annuities are increased by legislation enacted  
19 subsequent to June 30, 2002, the additional liability for the  
20 increased benefits to be amortized shall be funded in equal  
21 dollar annual installments over a period of ten years.]

22 (2) For fiscal years beginning July 1, 2011,  
23 contributions from the Commonwealth and other employers whose  
24 employees are members of the system required to provide for  
25 the payment of supplemental annuities as provided in sections  
26 8348, 8348.1, 8348.2, 8348.3, 8348.4, 8348.5, 8348.6 and  
27 8348.7 shall be paid as part of the accrued liability  
28 contribution rate as provided for in subsection (c)(4), and  
29 there shall not be a separate supplemental annuity  
30 contribution rate attributable to those supplemental

1 annuities. In the event that supplemental annuities are  
2 increased by legislation enacted subsequent to June 30, 2010,  
3 the additional liability for the increase in benefits shall  
4 be funded as a level percentage of compensation over a period  
5 of ten years from the July 1 second succeeding the date such  
6 legislation is enacted.

7 (e) Experience adjustment factor.--

8 (1) For each year after the establishment of the accrued  
9 liability contribution rate for the fiscal year beginning  
10 July 1, [2002] 2011, any increase or decrease in the unfunded  
11 accrued liability, excluding the gains or losses on the  
12 assets of the health insurance account, due to actual  
13 experience differing from assumed experience, changes in  
14 actuarial assumptions, changes in contributions caused by the  
15 final contribution rate being different from the actuarially  
16 required contribution rate, ACTIVE MEMBERS MAKING SHARED RISK ←  
17 CONTRIBUTIONS or changes in the terms and conditions of the  
18 benefits provided by the system by judicial, administrative  
19 or other processes other than legislation, including, but not  
20 limited to, reinterpretation of the provisions of this part,  
21 shall be amortized [in equal dollar annual contributions] as  
22 a level percentage of compensation over a period of [ten] 30 ←  
23 24 years beginning with the July 1 second succeeding the ←  
24 actuarial valuation determining said increases or decreases.

25 (2) [Notwithstanding the provisions of paragraph (1),  
26 for each year after the establishment of the accrued  
27 liability contribution rate for the fiscal year beginning  
28 July 1, 2003, any increase or decrease in the unfunded  
29 accrued liability, excluding the gains or losses on the  
30 assets of the health insurance account, due to actual

1 experience differing from assumed experience, changes in  
2 actuarial assumptions, changes in the terms and conditions of  
3 the benefits provided by the system by judicial,  
4 administrative or other processes other than legislation,  
5 including, but not limited to, reinterpretation of the  
6 provisions of this part, shall be amortized in equal dollar  
7 annual contributions over a period of 30 years beginning with  
8 the July 1 second succeeding the actuarial valuation  
9 determining said increases and decreases] (Reserved).

10 (f) Premium assistance contribution rate.--For each fiscal  
11 year beginning with July 1, 1991, the total contribution rate as  
12 calculated according to this section shall be increased annually  
13 in the full amount certified by the board as necessary to fund  
14 the premium assistance program in accordance with section 8509  
15 (relating to health insurance premium assistance program),  
16 notwithstanding any other provisions of this section.

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

18 (1) The collared contribution rate for each year shall  
19 be determined by comparing the actuarially required  
20 contribution rate, calculated without regard for the costs  
21 added by legislation, to the prior year's final contribution  
22 rate.

23 (2) If, for any of the fiscal years beginning July 1,  
24 2011, July 1, 2012, and on or after July 1, 2013, the  
25 actuarially required contribution rate, calculated without  
26 regard for the costs added by legislation, is more than 3%,  
27 3.5% and 4.5%, respectively, of the total compensation of all  
28 active members greater than the prior year's final  
29 contribution rate, then the collared contribution rate shall  
30 be applied and be equal to the prior year's final

1 contribution rate increased by 3%, 3.5% and 4.5%,  
2 respectively, of total compensation of all active members.  
3 Otherwise, and for all other fiscal years, the collared  
4 contribution rate shall not be applicable. In no case shall  
5 the collared contribution rate be less than 4% of the total  
6 compensation of all active members.

7 (h) Final contribution rate.--

8 (1) For the fiscal year beginning July 1, 2010, the  
9 final contribution rate shall be IS 5% of the total  
10 compensation of all active members. For each subsequent  
11 fiscal year for which the collared contribution rate is  
12 applicable, the final contribution rate shall be the collared  
13 contribution rate as calculated in subsection (g), plus the  
14 costs added by legislation.

15 (2) For all other fiscal years, the final contribution  
16 rate shall be the actuarially required contribution rate,  
17 provided that the final contribution rate shall not be less  
18 than the normal contribution rate as provided in subsection  
19 (b).

20 (i) Definitions.--As used in this section, the following  
21 words and phrases shall have the meanings given to them in this  
22 subsection unless the context clearly indicates otherwise:

23 "Actuarially required contribution rate." The sum of the  
24 following:

25 (1) the normal contribution rate as calculated in  
26 subsection (b);

27 (2) the accrued liability contribution rate as  
28 calculated in subsection (c);

29 (3) the supplemental annuity contribution rate as  
30 calculated in subsection (d);

1           (4) the experience adjustment factor as calculated in  
2           subsection (e); and

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

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

16 § 8342. Maximum single life annuity.

17           (a) General rule.--Upon termination of service, any full  
18 coverage member who is eligible to receive an annuity pursuant  
19 to the provisions of section 8307(a) or (b) (relating to  
20 eligibility for annuities) and has made an application in  
21 accordance with the provisions of section 8507(f) (relating to  
22 rights and duties of school employees and members) shall be  
23 entitled to receive a maximum single life annuity attributable  
24 to his credited service and equal to the sum of the following  
25 single life annuities beginning at the effective date of  
26 retirement and, in case the member on the effective date of  
27 retirement is under superannuation age, multiplied by a  
28 reduction factor calculated to provide benefits actuarially  
29 equivalent to an annuity starting at superannuation age:

30 Provided however, That on or after July 1, 1976, in the case of

1 any ~~Class T-C, T-D, T-E or T-F~~ member who has attained age 55 ←  
2 and has 25 or more eligibility points such sum of single life  
3 annuities shall be reduced by a percentage determined by  
4 multiplying the number of months, including a fraction of a  
5 month as a full month, by which the effective date of retirement  
6 precedes superannuation age by 1/4%:

7 FURTHER PROVIDED, IN NO EVENT SHALL A CLASS T-E OR CLASS T-F ←  
8 MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF THE EFFECTIVE  
9 DATE OF RETIREMENT, GREATER THAN THE MEMBER'S FINAL AVERAGE  
10 SALARY:

11 (1) A standard single life annuity multiplied by the  
12 class of service multiplier and calculated on the basis of  
13 the number of years of credited school service other than  
14 concurrent service.

15 (2) A standard single life annuity multiplied by the  
16 class of service multiplier and calculated on the basis of  
17 the number of years of concurrent service and multiplied by  
18 the ratio of total compensation received in the school system  
19 during the period of concurrent service to the total  
20 compensation received during such period.

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

25 \* \* \*

26 § 8344. Disability annuities.

27 \* \* \*

28 (d) Withdrawal of accumulated deductions.--Upon termination  
29 of disability annuity payments in excess of an annuity  
30 calculated in accordance with section 8342, a disability

1 annuitant who:

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

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

5 and who does not return to school service may file an  
6 application with the board for an amount equal to the  
7 accumulated deductions, SHARED RISK MEMBER CONTRIBUTIONS AND ←  
8 STATUTORY INTEREST standing to his credit at the effective date  
9 of disability less the total payments received on account of his  
10 member's annuity.

11 \* \* \*

12 § 8345. Member's options.

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



1 MEMBER RECEIVE AN ANNUAL BENEFIT, CALCULATED AS OF THE EFFECTIVE  
2 DATE OF RETIREMENT, GREATER THAN THE MEMBER'S FINAL AVERAGE  
3 SALARY.

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

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

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

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

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

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

27 (iii) A portion of the benefit may be payable as a  
28 lump sum, except that such lump sum payment shall not  
29 exceed an amount equal to the accumulated deductions  
30 standing to the credit of the member. The balance of the

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

9 \* \* \*

10 § 8348.1. Additional supplemental annuities.

11 \* \* \*

12 (f) Funding.--The actuary shall annually certify 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 certification to  
17 the Secretary of the Budget on or before November 1 of each  
18 year. If, in any year after 1984, the amount certified is  
19 disapproved under section 610 of the act of April 9, 1929  
20 (P.L.177, No.175), known as The Administrative Code of 1929, as  
21 insufficient to meet the funding requirements of this subsection  
22 or is not appropriated on or before July 1, the additional  
23 supplemental annuity provided for in this section shall be  
24 suspended until such time as an amount certified and approved as  
25 sufficient is appropriated], which amounts shall be paid during  
26 the period beginning July 1, 2002, and ending June 30, 2011. For  
27 fiscal years beginning on or after July 1, 2011, the additional  
28 liability provided in this section shall be funded as part of  
29 the actuarial accrued liability as provided in section 8328  
30 (relating to actuarial cost method).

1 \* \* \*

2 § 8348.2. Further additional supplemental annuities.

3 \* \* \*

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

23 \* \* \*

24 § 8348.3. Supplemental annuities commencing 1994.

25 \* \* \*

26 (f) Funding.--[The]

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

1 beginning July 1, 2002.

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

6 \* \* \*

7 § 8348.5. Supplemental annuities commencing 1998.

8 \* \* \*

9 (f) Funding.--[The]

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

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

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

25 \* \* \*

26 § 8348.6. Supplemental annuities commencing 2002.

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, 2003.

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 § 8348.7. Supplemental annuities commencing 2003.

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, 2004.

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 \* \* \*

22 § 8502. Administrative duties of board.

23 \* \* \*

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

1 rates and amounts of the normal contributions as determined  
2 pursuant to section 8328(b) (relating to actuarial cost method),  
3 accrued liability contributions as determined pursuant to  
4 section 8328(c), supplemental annuities contribution rate as  
5 determined pursuant to section 8328(d) [and], the experience  
6 adjustment factor as determined pursuant to section 8328(e)  
7 [and], premium assistance contributions as determined pursuant  
8 to section 8328(f), the costs added by legislation as determined  
9 pursuant to section 8328(i), the actuarial required contribution  
10 rate as determined pursuant to section 8328(i), the collared  
11 contribution rate as determined pursuant to section 8328(g) and, ←  
12 the final contribution rate as determined pursuant to section  
13 8328(h) AND THE SHARED RISK CONTRIBUTION RATE AS DETERMINED ←  
14 UNDER SECTION 8321(B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS  
15 FOR CURRENT SERVICE), which shall be paid to the fund and  
16 credited to the appropriate accounts. These certifications shall  
17 be regarded as final and not subject to modification by the  
18 [Budget Secretary] 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 6.1. Sections 8507(f) and (g) and 8535(3) of Title ←  
29 24 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. TITLE 24 IS AMENDED BY ADDING A SECTION TO READ: ←  
11 § 8536. INDEPENDENT FISCAL OFFICE STUDY.

12 THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE  
13 IMPLEMENTATION OF SHARED RISK CONTRIBUTIONS UNDER SECTION  
14 8321(B) (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT  
15 SERVICE) AND ITS IMPACT ON THE SYSTEM. THE STUDY SHALL BE  
16 COMPLETED BY DECEMBER 31, 2015, AND SHALL BE TRANSMITTED TO THE  
17 APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF THE SENATE  
18 AND THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF  
19 THE HOUSE OF REPRESENTATIVES AND TO THE GOVERNOR.

20 Section 7.1. The definitions of "class of service  
21 multiplier," "final average salary," "~~superannuation age~~" ←  
22 "MEMBER'S ANNUITY," "PICKUP CONTRIBUTIONS," "SUPERANNUATION ←  
23 AGE," "TOTAL ACCUMULATED DEDUCTIONS" and "vestee" in section  
24 5102 of Title 71 are amended AND THE SECTION IS AMENDED BY ←  
25 ADDING DEFINITIONS to read:

26 § 5102. Definitions.

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

30 \* \* \*



1 "Class of service multiplier."

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

1		<u>contributions</u>	
2		<u>and</u>	
3		<u>contributions</u>	
4		<u>for creditable</u>	
5		<u>nonstate service</u>	<u>1.25</u>
6	<u>A-4</u>	<u>for all purposes</u>	
7		<u>except the</u>	
8		<u>calculation of</u>	
9		<u>regular member</u>	
10		<u>contributions</u>	<u>1.25</u>
11	<u>A-4</u>	<u>for purposes of</u>	
12		<u>calculating</u>	
13		<u>regular member</u>	
14		<u>contributions</u>	<u>1.86</u>
15	B		.625
16	C		1
17	D		1.25
18	D-1	prior to January	
19		1, 1973	1.875
20	D-1	on and	
21		subsequent to	
22		January 1, 1973	1.731
23	D-2	prior to January	
24		1, 1973	2.5
25	D-2	on and	
26		subsequent to	
27		January 1, 1973	1.731
28	D-3	prior to January	
29		1, 1973	3.75
30	D-3	on and	
			except prior to

1		subsequent to		December 1, 1974
2		January 1, 1973	1.731	as applied to
3				any additional
4				legislative
5				compensation as
6				an officer of
7				the General
8				Assembly
9			3.75	
10	D-4	for all purposes		
11		except		
12		calculating		
13		regular member		
14		contributions		
15		on compensation		
16		paid prior to		
17		July 1, 2001	1.5	
18	D-4	for purposes of		
19		calculating		
20		regular member		
21		contributions on		
22		compensation		
23		paid prior to		
24		July 1, 2001	1	
25	E, E-1	prior to January		for each of the
26		1, 1973	2	first ten years
27				of judicial
28				service, and
29			1.5	for each
30				subsequent year

1				of judicial
2				service
3	E, E-1	on and		for each of the
4		subsequent to		first ten years
5		January 1, 1973	1.50	of judicial
6				service and
7	E-2	prior to		
8		September 1 1973	1.5	
9	E-2	on and		
10		subsequent to		
11		September 1,		
12		1973	1.125	
13	G		0.417	
14	H		0.500	
15	I		0.625	
16	J		0.714	
17	K		0.834	
18	L		1.000	
19	M		1.100	
20	N		1.250	
21	T-C (Public		1	
22	School			
23	Employees'			
24	Retirement Code)			
25	<u>T-E (Public</u>		<u>1</u>	
26	<u>School</u>			
27	<u>Employees'</u>			
28	<u>Retirement Code)</u>			
29	<u>T-F (Public</u>		<u>1</u>	
30	<u>School</u>			

1 Employees'  
2 Retirement Code)

3 \* \* \*

4 "Final average salary." The highest average compensation  
5 received as a member during any three nonoverlapping periods of  
6 four consecutive calendar quarters during which the member was a  
7 State employee, with the compensation for part-time service  
8 being annualized on the basis of the fractional portion of the  
9 year for which credit is received; except if the employee was  
10 not a member for three nonoverlapping periods of four  
11 consecutive calendar quarters, the total compensation received  
12 as a member, annualized in the case of part-time service,  
13 divided by the number of nonoverlapping periods of four  
14 consecutive calendar quarters of membership; in the case of a  
15 member with multiple service, the final average salary shall be  
16 determined on the basis of the compensation received by him as a  
17 State employee or as a school employee, or both; in the case of  
18 a member with Class A-3 or Class A-4 service and service in one  
19 or more other classes of service, the final average salary shall  
20 be determined on the basis of the compensation received by him  
21 in all classes of State service; and, in the case of a member  
22 who first became a member on or after January 1, 1996, the final  
23 average salary shall be determined as hereinabove provided but  
24 subject to the application of the provisions of section  
25 5506.1(a) (relating to annual compensation limit under IRC §  
26 401(a) (17)).

27 \* \* \*

28 "MEMBER'S ANNUITY." THE SINGLE LIFE ANNUITY WHICH IS  
29 ACTUARIALLY EQUIVALENT, AT THE EFFECTIVE DATE OF RETIREMENT, TO  
30 THE SUM OF THE REGULAR ACCUMULATED DEDUCTIONS, SHARED RISK



1 ACCUMULATED DEDUCTIONS, THE ADDITIONAL ACCUMULATED DEDUCTIONS  
2 AND THE SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS  
3 STANDING TO THE MEMBER'S CREDIT IN THE MEMBERS' SAVINGS ACCOUNT.

4 \* \* \*

5 "PICKUP CONTRIBUTIONS." REGULAR OR JOINT COVERAGE MEMBER  
6 CONTRIBUTIONS, SHARED RISK MEMBER CONTRIBUTIONS, SOCIAL SECURITY  
7 INTEGRATION CONTRIBUTIONS AND ADDITIONAL MEMBER CONTRIBUTIONS  
8 WHICH ARE MADE BY THE COMMONWEALTH OR OTHER EMPLOYER FOR ACTIVE  
9 MEMBERS FOR CURRENT SERVICE ON AND AFTER JANUARY 1, 1982.

10 \* \* \*

11 "SHARED RISK ACCUMULATED DEDUCTIONS." THE TOTAL OF THE  
12 SHARED RISK MEMBER CONTRIBUTIONS PAID INTO THE FUND ON ACCOUNT  
13 OF CURRENT SERVICE OR PREVIOUS STATE SERVICE OR CREDITABLE  
14 NONSTATE SERVICE, TOGETHER WITH THE STATUTORY INTEREST CREDITED  
15 ON THE CONTRIBUTIONS UNTIL THE DATE OF TERMINATION OF SERVICE.  
16 IN THE CASE OF A VESTEE, STATUTORY INTEREST SHALL BE CREDITED  
17 UNTIL THE EFFECTIVE DATE OF RETIREMENT. A MEMBER'S ACCOUNT SHALL  
18 NOT BE CREDITED WITH STATUTORY INTEREST FOR MORE THAN TWO YEARS  
19 DURING A LEAVE WITHOUT PAY.

20 "SHARED RISK MEMBER CONTRIBUTIONS." THE PRODUCT OF THE  
21 SHARED RISK CONTRIBUTION RATE AND THE COMPENSATION OF A MEMBER  
22 FOR SERVICE CREDITED AS CLASS A-3 OR CLASS A-4.

23 \* \* \*

24 "Superannuation age." [Any] For classes of service other  
25 than Class A-3 and Class A-4, any age upon accrual of 35  
26 eligibility points or age 60, except for a member of the General  
27 Assembly, an enforcement officer, a correction officer, a  
28 psychiatric security aide, a Delaware River Port Authority  
29 policeman or an officer of the Pennsylvania State Police, age  
30 50, and, except for a member with Class G, Class H, Class I,

1 Class J, Class K, Class L, Class M or Class N service, age 55  
2 upon accrual of 20 eligibility points. For Class A-3 and Class  
3 A-4 service, any age upon accrual of 35 eligibility points ←  
4 ATTAINMENT OF A SUPERANNUATION SCORE OF 92, PROVIDED THE MEMBER ←  
5 HAS ACCRUED 35 ELIGIBILITY POINTS or age 65, or for park rangers  
6 or capitol police officers, age 55 with 20 years of service as a  
7 park ranger or capitol police officer, except for a member of  
8 the General Assembly, an enforcement officer, a correction  
9 officer, a psychiatric security aide, a Delaware River Port  
10 Authority policeman or an officer of the Pennsylvania State  
11 Police, age 55. A VESTEE WITH CLASS A-3 OR CLASS A-4 SERVICE ←  
12 CREDIT ATTAINS SUPERANNUATION AGE ON THE BIRTHDAY THE VESTEE  
13 ATTAINS THE AGE RESULTING IN A SUPERANNUATION SCORE OF 92,  
14 PROVIDED THE VESTEE HAS AT LEAST 35 ELIGIBILITY POINTS, OR  
15 ATTAINS ANOTHER APPLICABLE SUPERANNUATION AGE, WHICHEVER OCCURS  
16 FIRST.

17 "SUPERANNUATION SCORE." THE SUM OF THE MEMBER'S AGE IN WHOLE  
18 YEARS ON HIS LAST BIRTHDAY AND THE AMOUNT OF THE MEMBER'S TOTAL  
19 ELIGIBILITY POINTS ON THE MEMBER'S EFFECTIVE DATE OF RETIREMENT,  
20 EXPRESSED IN WHOLE YEARS AND WHOLE ELIGIBILITY POINTS AND  
21 DISREGARDING FRACTIONS OF A YEAR AND FRACTIONS OF TOTAL  
22 ELIGIBILITY POINTS.

23 \* \* \*

24 "TOTAL ACCUMULATED DEDUCTIONS." THE SUM OF THE REGULAR  
25 ACCUMULATED DEDUCTIONS, ADDITIONAL ACCUMULATED DEDUCTIONS, THE  
26 SOCIAL SECURITY INTEGRATION ACCUMULATED DEDUCTIONS, SHARED RISK  
27 MEMBER CONTRIBUTIONS AND ALL OTHER CONTRIBUTIONS PAID INTO THE  
28 FUND FOR THE PURCHASE, TRANSFER OR CONVERSION OF CREDIT FOR  
29 SERVICE OR OTHER COVERAGE TOGETHER WITH ALL STATUTORY INTEREST  
30 CREDITED THEREON UNTIL THE DATE OF TERMINATION OF SERVICE. IN

1 THE CASE OF A VESTEE OR A SPECIAL VESTEE, STATUTORY INTEREST  
2 SHALL BE CREDITED UNTIL THE EFFECTIVE DATE OF RETIREMENT. A  
3 MEMBER'S ACCOUNT SHALL NOT BE CREDITED WITH STATUTORY INTEREST  
4 FOR MORE THAN TWO YEARS DURING A LEAVE WITHOUT PAY.

5 \* \* \*

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

16 Section 7.2. Sections ~~5302(e)~~ 5302(B) AND (E), 5303(b)(1) ←  
17 and 5304(a) of Title 71 are amended to read:

18 § 5302. Credited State service.

19 \* \* \*

20 (B) CREDITABLE LEAVES OF ABSENCE.-- ←

21 (1) A MEMBER ON LEAVE WITHOUT PAY WHO IS STUDYING UNDER  
22 A FEDERAL GRANT APPROVED BY THE HEAD OF HIS DEPARTMENT OR WHO  
23 IS ENGAGED UP TO A MAXIMUM OF TWO YEARS OF TEMPORARY SERVICE  
24 WITH THE UNITED STATES GOVERNMENT, ANOTHER STATE OR A LOCAL  
25 GOVERNMENT UNDER THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970,  
26 5 U.S.C. §§ 1304, 3371-3376; 42 U.S.C. §§ 4701-4772, SHALL BE  
27 ELIGIBLE FOR CREDIT FOR SUCH SERVICE: PROVIDED, THAT  
28 CONTRIBUTIONS ARE MADE IN ACCORDANCE WITH SECTIONS 5501  
29 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT  
30 SERVICE), 5501.1 (RELATING TO SHARED RISK MEMBER



1       CONTRIBUTIONS), 5505.1 (RELATING TO ADDITIONAL MEMBER  
2       CONTRIBUTIONS) AND 5507 (RELATING TO CONTRIBUTIONS BY THE  
3       COMMONWEALTH AND OTHER EMPLOYERS), THE MEMBER RETURNS FROM  
4       LEAVE WITHOUT PAY TO ACTIVE STATE SERVICE FOR A PERIOD OF AT  
5       LEAST ONE YEAR, AND HE IS NOT ENTITLED TO RETIREMENT BENEFITS  
6       FOR SUCH SERVICE UNDER A RETIREMENT SYSTEM ADMINISTERED BY  
7       ANY OTHER GOVERNMENTAL AGENCY.

8           (2) AN ACTIVE MEMBER ON PAID LEAVE GRANTED BY AN  
9       EMPLOYER FOR PURPOSES OF SERVING AS AN ELECTED FULL-TIME  
10      OFFICER FOR A STATEWIDE EMPLOYEE ORGANIZATION WHICH IS A  
11      COLLECTIVE BARGAINING REPRESENTATIVE UNDER THE ACT OF JUNE  
12      24, 1968 (P.L.237, NO.111), REFERRED TO AS THE POLICEMEN AND  
13      FIREMEN COLLECTIVE BARGAINING ACT, OR THE ACT OF JULY 23,  
14      1970 (P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE RELATIONS  
15      ACT, AND UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN  
16      EMPLOYEE ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS  
17      EMPLOYED AT STATE CORRECTIONAL INSTITUTIONS: PROVIDED, THAT  
18      FOR ELECTED FULL-TIME OFFICERS SUCH LEAVE SHALL NOT BE FOR  
19      MORE THAN THREE CONSECUTIVE TERMS OF THE SAME OFFICE AND FOR  
20      UP TO 14 FULL-TIME BUSINESS AGENTS APPOINTED BY AN EMPLOYEE  
21      ORGANIZATION THAT REPRESENTS CORRECTION OFFICERS EMPLOYED AT  
22      STATE CORRECTIONAL INSTITUTIONS NO MORE THAN THREE  
23      CONSECUTIVE TERMS OF THE SAME OFFICE; THAT THE EMPLOYER SHALL  
24      FULLY COMPENSATE THE MEMBER, INCLUDING, BUT NOT LIMITED TO,  
25      SALARY, WAGES, PENSION AND RETIREMENT CONTRIBUTIONS AND  
26      BENEFITS, OTHER BENEFITS AND SENIORITY, AS IF HE WERE IN  
27      FULL-TIME ACTIVE SERVICE; AND THAT THE STATEWIDE EMPLOYEE  
28      ORGANIZATION SHALL FULLY REIMBURSE THE EMPLOYER FOR ALL  
29      EXPENSES AND COSTS OF SUCH PAID LEAVE, INCLUDING, BUT NOT  
30      LIMITED TO, CONTRIBUTIONS AND PAYMENT IN ACCORDANCE WITH

1 SECTIONS 5501, 5501.1, 5505.1 AND 5507, IF THE EMPLOYEE  
2 ORGANIZATION EITHER DIRECTLY PAYS, OR REIMBURSES THE  
3 COMMONWEALTH OR OTHER EMPLOYER FOR, CONTRIBUTIONS MADE IN  
4 ACCORDANCE WITH SECTION 5507.

5 \* \* \*

6 (e) Cancellation of credited service.--All credited service  
7 shall be cancelled if a member withdraws his total accumulated  
8 deductions except that a member with Class A-3 or Class A-4  
9 service credit and one or more other classes of service credit  
10 shall not have his service CREDIT as a member of any classes of ←  
11 service other than as a member of Class A-3 or Class A-4  
12 cancelled when the member receives a lump sum payment of  
13 accumulated deductions resulting from Class A-3 or Class A-4  
14 service pursuant to section 5705.1 (relating to payment of  
15 accumulated deductions resulting from Class A-3 and Class A-4  
16 service).

17 § 5303. Retention and reinstatement of service credits.

18 \* \* \*

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

20 (1) Every active member of the system or a multiple  
21 service member who is a school employee and a member of the  
22 Public School Employees' Retirement System on or after the  
23 effective date of this part shall receive eligibility points  
24 in accordance with section 5307 for current State service,  
25 previous State service, or creditable nonstate service upon  
26 compliance with sections 5501 (relating to regular member  
27 contributions for current service), 5501.1 (RELATING TO ←  
28 SHARED RISK CONTRIBUTIONS), 5504 (relating to member  
29 contributions for the purchase of credit for previous State  
30 service or to become a full coverage member), 5505 (relating

1 to contributions for the purchase of credit for creditable  
2 nonstate service), 5505.1 (relating to additional member  
3 contributions) or 5506 (relating to incomplete payments).  
4 Subject to the limitations in sections 5306.1 (relating to  
5 election to become a Class AA member) and 5306.2 (relating to  
6 elections by members of the General Assembly), the class or  
7 classes of service in which the member may be credited for  
8 previous State service prior to the effective date of this  
9 part shall be the class or classes in which he was or could  
10 have at any time elected to be credited for such service,  
11 except that a State employee who first becomes a member of  
12 the system on or after January 1, 2011, or on or after  
13 December 1, 2010, as a member of the General Assembly and:

14 (i) is credited with Class A-3 service for such  
15 membership, shall be credited only with Class A-3 service  
16 for previous State service performed before January 1,  
17 2011, that was not previously credited in the system; or

18 (ii) is credited with Class A-4 service for such  
19 membership, shall be credited only with Class ~~A-3~~ A-4 ←  
20 service for previous State service performed before  
21 January 1, 2011, that was not previously credited in the  
22 system. ~~The class of service in which a member shall be~~ ←  
23 credited for

24 THE CLASS OF SERVICE IN WHICH A MEMBER SHALL BE CREDITED FOR ←  
25 service subsequent to the effective date of this part shall  
26 be determined in accordance with section 5306 (relating to  
27 classes of service).

28 \* \* \*

29 § 5304. Creditable nonstate service.

30 (a) Eligibility.--

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

18           (2) An active member who first becomes an active member  
19 on or after January 1, 2011, or on or after December 1, 2010,  
20 as a member of the General Assembly, or a multiple service  
21 member who first becomes an active member on or after January  
22 1, 2011, or on or after December 1, 2010, as a member of the  
23 General Assembly, and who is a school employee and an active  
24 member of the Public School Employees' Retirement System  
25 shall be eligible for Class A-3 service credit for creditable  
26 nonstate service as set forth in subsections (b) and (c)  
27 except that intervening military service shall be credited in  
28 the class of service for which the member was eligible at the  
29 time of entering into military service and for which he makes  
30 the required contributions and except that a multiple service

1 member who is a school employee and an active member of the  
2 Public School Employees' Retirement System shall not be  
3 eligible to purchase service credit for creditable nonstate  
4 service set forth in subsection (c) (5).

5 \* \* \*

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

9 § 5306. Classes of service.

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

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

21 (2) A State employee who first becomes a member of the  
22 system on or after January 1, 2011, or on or after December  
23 1, 2010, as a member of the General Assembly, shall be  
24 classified as a Class A-3 member and receive credit for Class  
25 A-3 service upon payment of regular member contributions AND ←  
26 SHARED RISK MEMBER CONTRIBUTIONS for Class A-3 service  
27 provided that the State employee does not become a member of  
28 Class A-4 pursuant to subsection (a.3), except that a member  
29 of the judiciary shall be classified as a member of such  
30 other class of service for which the member of the judiciary

1 is eligible, shall elect, and make regular member  
2 contributions.

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

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

20 (2) A person who is a State employee on June 30, 2001,  
21 and July 1, 2001, but is not an active member of the system  
22 because membership in the system is optional or prohibited  
23 pursuant to section 5301 (relating to mandatory and optional  
24 membership) and who first becomes an active member after June  
25 30, 2001, and before January 1, 2011, or before December 1,  
26 2010, as a member of the General Assembly, and who is not a  
27 State police officer and not employed in a position for which  
28 a class of service other than Class A is credited or could be  
29 elected shall be classified as a Class AA member and receive  
30 credit for Class AA State service upon payment of regular

1 member contributions for Class AA service and, subject to the  
2 limitations contained in paragraph (7), if previously a  
3 member of Class A or previously employed in a position for  
4 which Class A service could have been earned, shall have all  
5 Class A State service (other than State service performed as  
6 a State Police officer or for which a class of service other  
7 than Class A was earned or could have been elected)  
8 classified as Class AA service.

9 \* \* \*

10 (5) A former State employee who first becomes a member  
11 before January 1, 2011, or before December 1, 2010, as a  
12 member of the General Assembly, other than a former State  
13 employee who was a State police officer on or after July 1,  
14 1989, who is a school employee and who on or after July 1,  
15 2001, becomes a multiple service member, subject to the  
16 limitations contained in paragraph (7), shall receive Class  
17 AA service credit for all Class A State service other than  
18 State service performed as a State employee in a position in  
19 which the former State employee could have elected a class of  
20 service other than Class A.

21 (6) A State employee who after June 30, 2001, becomes a  
22 State police officer or who is employed in a position in  
23 which the member could elect membership in a class of service  
24 other than Class AA or Class D-4 shall retain any Class AA  
25 service credited prior to becoming a State police officer or  
26 being so employed but shall be ineligible to receive Class AA  
27 credit thereafter and instead shall receive Class A credit  
28 for service as a member of the judiciary or if he first  
29 became a member before January 1, 2011, or December 1, 2010,  
30 as a member of the General Assembly, or Class A-3 credit for

1 service other than as a member of the judiciary and he first  
2 became a member on or after January 1, 2011, or December 1,  
3 2010, as a member of the General Assembly, unless a class of  
4 membership other than Class A is elected.

5 \* \* \*

6 (a.2) Class of membership for members of the General  
7 Assembly.--

8 (1) A person who:

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

12 (ii) is a member of the General Assembly on July 1,  
13 2001, but is not an active member of the system because  
14 membership in the system is optional pursuant to section  
15 5301 and who becomes an active member after June 30,  
16 2001, and before December 1, 2010;

17 and who was not a State police officer on or after July 1,  
18 1989, shall be classified as a Class D-4 member and receive  
19 credit as a Class D-4 member for all State service as a  
20 member of the General Assembly upon payment of regular member  
21 contributions for Class D-4 service and, subject to the  
22 limitations contained in subsection (a.1)(7), if previously a  
23 member of Class A or employed in a position for which Class A  
24 service could have been earned, shall receive Class AA  
25 service credit for all Class A State service, other than  
26 State service performed as a State police officer or for  
27 which a class of service other than Class A or Class D-4 was  
28 or could have been elected or credited.

29 (2) Provided an election to become a Class D-4 member is  
30 made pursuant to section 5306.2 (relating to elections by



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

16 (3) A member of the General Assembly who after June 30,  
17 2001, becomes a State police officer shall retain any Class  
18 AA service or Class D-4 service credited prior to becoming a  
19 State police officer or being so employed but shall be  
20 ineligible to receive Class AA or Class D-4 credit thereafter  
21 and instead shall receive Class A credit or Class A-3 credit  
22 if he first becomes a member of the system on or after  
23 January 1, 2011.

24 (4) Notwithstanding the provisions of this subsection,  
25 no service as a member of the General Assembly performed  
26 before December 1, 2010, that is not credited as Class D-4  
27 service on November 30, 2010, shall be credited as Class D-4  
28 service, unless such service was previously credited in the  
29 system as Class D-4 service and the member withdrew his total  
30 accumulated deductions as provided in section 5311 (relating

1 to eligibility for refunds) or 5701 (relating to return of  
2 total accumulated deductions). No service as a member of the  
3 General Assembly performed on or after December 1, 2010,  
4 shall be credited as Class D-4 service unless the member  
5 previously was credited with Class D-4 service credits.

6 (a.3) Class A-4 membership.--Provided that an election to  
7 become a Class A-4 member is made pursuant to section 5306.3  
8 (relating to election to become a Class A-4 member), a State  
9 employee who otherwise would be a member of Class A-3 shall be  
10 classified as a Class A-4 member and receive CLASS A-4 credit ←  
11 for all creditable State service performed after the effective  
12 date of membership in the system, except as a member of the  
13 judiciary, upon payment of regular member contributions AND ←  
14 SHARED RISK MEMBER CONTRIBUTIONS for Class A-4 service.

15 \* \* \*

16 Section 7.4. Title 71 is amended by adding a section to  
17 read:

18 § 5306.3. Election to become a ~~class~~ CLASS A-4 member. ←

19 (a) General rule.--A person who otherwise is eligible for  
20 Class A-3 membership who has not previously elected or declined  
21 to elect Class A-4 membership may elect to become a member of  
22 Class A-4.

23 (b) Time for making election.--The election to become a  
24 Class A-4 member must be made by the member filing written  
25 notice with the board in a form and manner determined by the  
26 board no later than 45 days after notice from the board of the  
27 member's eligibility to elect Class A-4 membership.

28 (c) Effect of election.--An election to become a Class A-4  
29 member shall be irrevocable and shall become effective on the  
30 effective date of membership in the system and shall remain in

1 effect for all future creditable State service, other than  
2 service performed as a member of the judiciary. Payment of  
3 regular member contributions for Class A-4 State service  
4 performed prior to the election of Class A-4 ~~service~~ MEMBERSHIP ←  
5 shall be made in a form, manner and time determined by the  
6 board. Upon termination and subsequent reemployment, a member  
7 who elected Class A-4 membership shall be credited as a Class  
8 A-4 member for creditable State service performed after  
9 reemployment, except as a member of the judiciary, regardless of  
10 termination of employment, termination of membership by  
11 withdrawal of accumulated deductions or status as an annuitant,  
12 vestee or inactive member after the termination of service.

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

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

25 § 5308. Eligibility for annuities.

26 \* \* \*

27 (b) Withdrawal annuity.--

28 (1) Any vestee or any active member or inactive member  
29 on leave without pay who terminates State service having five  
30 or more eligibility points and who does not have Class A-3 or

1 Class A-4 service credit or Class T-E or Class T-F service  
2 credit in the Public School Employees' Retirement System, or  
3 who has Class G, Class H, Class I, Class J, Class K, Class L,  
4 Class M or Class N service and terminates State service  
5 having five or more eligibility points, upon compliance with  
6 section 5907(f), (g) or (h) shall be entitled to receive an  
7 annuity.

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

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

28 \* \* \*

29 § 5309. Eligibility for vesting.

30 Any member who:

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

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

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

27 Section 8. Title 71 is amended by adding ~~a section~~ SECTIONS     ←  
28 to read:

29 § 5501.1. SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 AND     ←  
30 CLASS A-4 SERVICE.

1 (A) GENERAL.--SHARED RISK MEMBER CONTRIBUTIONS SHALL BE MADE  
2 TO THE FUND ON BEHALF OF EACH MEMBER OF CLASS A-3 OR CLASS A-4  
3 FOR CURRENT SERVICE CREDITED AS CLASS A-3 OR CLASS A-4 AS  
4 PROVIDED UNDER THIS SECTION, EXCEPT FOR ANY PERIOD OF CURRENT  
5 SERVICE IN WHICH THE MAKING OF THE CONTRIBUTIONS HAS CEASED  
6 SOLELY BY REASON OF ANY PROVISION OF THIS PART RELATING TO THE  
7 LIMITATIONS UNDER IRC § 401(A)(17) OR 415. SHARED RISK MEMBER  
8 CONTRIBUTIONS SHALL BE CREDITED TO THE MEMBERS' SAVINGS ACCOUNT.

9 (B) DETERMINATION OF SHARED RISK CONTRIBUTION RATE.--

10 (1) FOR THE PERIOD FROM THE EFFECTIVE DATE OF THIS  
11 SECTION UNTIL JUNE 30, 2014, THE SHARED RISK CONTRIBUTION  
12 RATE SHALL BE ZERO.

13 (2) FOR THE PERIOD FROM JULY 1, 2014, TO JUNE 30, 2017,  
14 IF THE ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE  
15 DURING THE PERIOD FROM JANUARY 1, 2011, TO DECEMBER 31, 2013,  
16 FOR THE CALCULATION OF THE NORMAL CONTRIBUTION RATE IS MORE  
17 THAN 1% GREATER THAN THE ACTUAL RATE OF RETURN, NET OF FEES,  
18 OF THE INVESTMENTS OF THE FUND BASED ON MARKET VALUE OVER THE  
19 PERIOD, THE SHARED RISK CONTRIBUTION RATE SHALL BE .5%. IN  
20 ALL OTHER SITUATIONS, THE SHARED RISK CONTRIBUTION RATE SHALL  
21 BE ZERO.

22 (3) FOR EACH SUBSEQUENT THREE-YEAR PERIOD, THE SHARED  
23 RISK CONTRIBUTION RATE SHALL BE INCREASED BY .5% IF THE  
24 ANNUAL INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE  
25 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
26 CONTRIBUTION RATE IS MORE THAN 1% GREATER THAN THE ACTUAL  
27 RATE OF RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND  
28 BASED ON MARKET VALUE OVER THE PERIOD. THE SHARED RISK  
29 CONTRIBUTION RATE SHALL BE DECREASED BY .5% IF THE ANNUAL  
30 INTEREST RATE ADOPTED BY THE BOARD FOR USE DURING THE

1 PREVIOUS TEN-YEAR PERIOD FOR THE CALCULATION OF THE NORMAL  
2 CONTRIBUTION RATE IS EQUAL TO OR LESS THAN THE ACTUAL RATE OF  
3 RETURN, NET OF FEES, OF THE INVESTMENTS OF THE FUND BASED ON  
4 MARKET VALUE OVER THAT PERIOD.

5 (4) NOTWITHSTANDING PARAGRAPHS (2) AND (3), THE SHARED  
6 RISK CONTRIBUTION RATE SHALL NOT BE LESS THAN ZERO AND SHALL  
7 NOT BE MORE THAN THE EXPERIENCE ADJUSTMENT FACTOR RESULTING  
8 FROM INVESTMENT GAINS OR LOSSES IN EFFECT ON THE FIRST DAY  
9 WHEN THE NEW RATE WOULD BE APPLIED, EXPRESSED AS A PERCENTAGE  
10 OF MEMBER COMPENSATION AND SHALL NOT BE MORE THAN 2%. FOR THE  
11 DETERMINATION OF THE SHARED RISK CONTRIBUTION RATE TO BE  
12 EFFECTIVE JULY 1, 2017, THE DETERMINATION PERIOD SHALL BE  
13 JANUARY 1, 2011, THROUGH DECEMBER 31, 2016. FOR THE  
14 DETERMINATION OF THE SHARED RISK CONTRIBUTION RATE TO BE  
15 EFFECTIVE JULY 1, 2020, THE DETERMINATION PERIOD SHALL BE  
16 JANUARY 1, 2011, THROUGH DECEMBER 31, 2019.

17 (5) THE SHARED RISK CONTRIBUTION RATE AND THE FACTORS  
18 ENTERING INTO ITS CALCULATION SHALL BE CERTIFIED BY THE  
19 ACTUARY AS PART OF THE ANNUAL VALUATIONS AND THE ACTUARIAL  
20 INVESTIGATION AND EVALUATION OF THE SYSTEM CONDUCTED EVERY  
21 FIVE YEARS UNDER SECTION 5902(J) (RELATING TO ADMINISTRATIVE  
22 DUTIES OF THE BOARD).

23 (6) IN THE EVENT THAT THE ANNUAL INTEREST RATE ADOPTED  
24 BY THE BOARD FOR THE CALCULATION IS CHANGED DURING THE PERIOD  
25 USED TO DETERMINE THE SHARED RISK CONTRIBUTION RATE, THE  
26 BOARD WITH THE ADVICE OF THE ACTUARY SHALL DETERMINE THE  
27 APPLICABLE RATE DURING THE ENTIRE PERIOD, EXPRESSED AS AN  
28 ANNUAL RATE.

29 (7) FOR ANY FISCAL YEAR IN WHICH THE ACTUAL  
30 CONTRIBUTIONS BY THE COMMONWEALTH OR AN EMPLOYER ARE LOWER

1 THAN THOSE REQUIRED TO BE MADE UNDER SECTION 5507(D)  
2 (RELATING TO CONTRIBUTIONS BY THE COMMONWEALTH AND OTHER  
3 EMPLOYERS), THE PROSPECTIVE SHARED RISK CONTRIBUTION RATE FOR  
4 THOSE EMPLOYEES WHOSE EMPLOYERS ARE NOT MAKING THE  
5 CONTRIBUTIONS REQUIRED BY SECTION 5507(D) SHALL BE ZERO AND  
6 SHALL NOT SUBSEQUENTLY BE INCREASED EXCEPT AS OTHERWISE  
7 PROVIDED IN THIS SECTION.

8 (8) IF THE ACTUARY CERTIFIES THAT THE ACCRUED LIABILITY  
9 CONTRIBUTIONS CALCULATED IN ACCORDANCE WITH THE ACTUARIAL  
10 COST METHOD PROVIDED IN SECTION 5508(B) (RELATING TO  
11 ACTUARIAL COST METHOD), AS ADJUSTED BY THE EXPERIENCE  
12 ADJUSTMENT FACTOR, ARE ZERO OR LESS, THEN THE SHARED RISK  
13 CONTRIBUTION RATE FOR THE NEXT FISCAL YEAR SHALL BE ZERO AND  
14 SHALL NOT SUBSEQUENTLY BE INCREASED EXCEPT AS OTHERWISE  
15 PROVIDED IN THIS SECTION.

16 § ~~5501.1~~ 5501.2. Definitions.

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

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

23 "Costs added by legislation." The sum, if positive, of all  
24 changes in the actuarially required contribution rate resulting  
25 from legislation enacted in the year since the last actuarial  
26 valuation and not included in the determination of the prior  
27 year's final contribution rate, computed as the rate of total  
28 compensation of all active members certified by the actuary as  
29 sufficient to make the employer normal contributions and  
30 sufficient to amortize legislatively created changes in the





1 ~~unfunded actuarial liability as a level percentage of~~ ←  
2 ~~compensation~~ IN EQUAL DOLLAR ANNUAL INSTALLMENTS over a period ←  
3 ~~of ten years from the July 1 following the valuation date.~~

4 ~~Section 9. Sections 5502.1, 5504(a), 5505(b) and (d), 5507,~~ ←  
5 ~~5508, 5702(a) (4) and (6), 5704(e) and 5705(a) of Title 71 are~~  
6 ~~amended to read:~~

7 SECTION 9. SECTIONS 5502.1, 5503.1(A), 5504(A), 5505, 5507, ←  
8 5508, 5702(A) (4) AND (6), 5704(E) AND 5705(A) OF TITLE 71 ARE  
9 AMENDED TO READ:

10 § 5502.1. Waiver of regular member contributions and Social  
11 Security integration member contributions.

12 (a) General rule.--Notwithstanding the provisions of  
13 sections 5501 (relating to regular member contributions for  
14 current service) and 5502 (relating to Social Security  
15 integration member contributions), no regular member  
16 contributions or Social Security integration member  
17 contributions shall be made by an active member for the period  
18 from July 1 to the following June 30 if the maximum single life  
19 annuity to which the member would have been entitled to receive  
20 had the member retired with an effective date of retirement on  
21 the preceding January 1 is greater than 110% of the highest  
22 calendar year compensation of the member, provided the member  
23 files a written election as prescribed by the board.

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

26 § 5503.1. PICKUP CONTRIBUTIONS. ←

27 (A) TREATMENT FOR PURPOSES OF IRC § 414(H).--ALL  
28 CONTRIBUTIONS REQUIRED TO BE MADE UNDER SECTIONS 5501 (RELATING  
29 TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE), 5501.1  
30 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS), 5502 (RELATING

1 TO SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS), 5503  
2 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS) AND SECTION  
3 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS), WITH  
4 RESPECT TO CURRENT STATE SERVICE RENDERED BY AN ACTIVE MEMBER ON  
5 OR AFTER JANUARY 1, 1982, SHALL BE PICKED UP BY THE COMMONWEALTH  
6 OR OTHER EMPLOYER AND SHALL BE TREATED AS THE EMPLOYER'S  
7 CONTRIBUTION FOR PURPOSES OF IRC § 414(H).

8 \* \* \*

9 § 5504. Member contributions for the purchase of credit for  
10 previous State service or to become a full coverage  
11 member.

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

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

28 (2) Notwithstanding paragraph (1), members with Class  
29 A-3 State service shall make contributions and receive credit  
30 as if the previous State service was Class A-3 service, and

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

10 \* \* \*

11 § 5505. Contributions for the purchase of credit for creditable  
12 nonstate service.

13 \* \* \*

14 (A) SOURCE OF CONTRIBUTIONS.--THE TOTAL CONTRIBUTIONS TO  
15 PURCHASE CREDIT FOR CREDITABLE NONSTATE SERVICE OF AN ACTIVE  
16 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE SHALL BE PAID EITHER BY THE  
17 MEMBER, THE MEMBER'S PREVIOUS EMPLOYER, OR BY SOME AGREED UPON  
18 COMBINATION OF THE MEMBER, HIS PREVIOUS EMPLOYER, AND, IF  
19 SPECIFICALLY PROVIDED, THE COMMONWEALTH.

20 (b) Nonintervening military service.--

21 (1) The amount due for the purchase of credit for  
22 military service other than intervening military service BY  
23 STATE EMPLOYEES WHO FIRST BECOME MEMBERS OF THE SYSTEM BEFORE  
24 JANUARY 1, 2011, OR BEFORE DECEMBER 1, 2010, AS A MEMBER OF  
25 THE GENERAL ASSEMBLY shall be determined by applying the  
26 ~~product of the~~ member's basic contribution rate ~~and the class~~  
27 ~~of service multiplier applicable to contributions for the~~  
28 ~~class of service to which the military service will be~~  
29 ~~credited~~, the additional contribution rate plus the  
30 Commonwealth normal contribution rate for active members at

1 the time of entry, subsequent to such military service, of  
2 the member into State service to his average annual rate of  
3 compensation over the first three years of such subsequent  
4 State service and multiplying the result by the number of  
5 years and fractional part of a year of creditable  
6 nonintervening military service being purchased together with  
7 statutory interest during all periods of subsequent State and  
8 school service to date of purchase. Upon application for  
9 credit for such service, payment shall be made in a lump sum  
10 within 30 days or in the case of an active member or eligible  
11 school employee who is an active member of the Public School  
12 Employees' Retirement System it may be amortized with  
13 statutory interest through salary deductions in amounts  
14 agreed upon by the member and the board. The salary deduction  
15 amortization plans agreed to by members and the board may  
16 include a deferral of payment amounts and statutory interest  
17 until the termination of school service or State service as  
18 the board in its sole discretion decides to allow. The board  
19 may limit salary deduction amortization plans to such terms  
20 as the board in its sole discretion determines. In the case  
21 of an eligible school employee who is an active member of the  
22 Public School Employees' Retirement System, the agreed upon  
23 salary deductions shall be remitted to the Public School  
24 Employees' Retirement Board, which shall certify and transfer  
25 to the board the amounts paid. Application may be filed for  
26 all such military service credit upon completion of three  
27 years of subsequent State service and shall be credited ~~as~~ ←  
28 ~~Class A 3 service for State employees who first become~~  
29 ~~members of the system on or after January 1, 2011, or on or~~  
30 ~~after December 1, 2010, as a member of the General Assembly,~~

1 ~~and~~ as Class A service ~~for all other members~~.

2 (2) Applicants may purchase credit as follows:

3 (i) one purchase of the total amount of creditable  
4 nonintervening military service; or

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

7 The amount of each purchase shall be not less than one year  
8 of creditable nonintervening military service.

9 \* \* \*

10 (C) INTERVENING MILITARY SERVICE.--CONTRIBUTIONS ON ACCOUNT  
11 OF CREDIT FOR INTERVENING MILITARY SERVICE SHALL BE DETERMINED  
12 BY THE MEMBER'S REGULAR CONTRIBUTION RATE, SHARED RISK  
13 CONTRIBUTION RATE, SOCIAL SECURITY INTEGRATION CONTRIBUTION  
14 RATE, THE ADDITIONAL CONTRIBUTION RATE WHICH SHALL BE APPLIED  
15 ONLY TO THOSE MEMBERS WHO BEGAN SERVICE ON OR AFTER THE  
16 EFFECTIVE DATE OF THIS AMENDATORY ACT AND COMPENSATION AT THE  
17 TIME OF ENTRY OF THE MEMBER INTO ACTIVE MILITARY SERVICE,  
18 TOGETHER WITH STATUTORY INTEREST DURING ALL PERIODS OF  
19 SUBSEQUENT STATE AND SCHOOL SERVICE TO DATE OF PURCHASE. UPON  
20 APPLICATION FOR SUCH CREDIT THE AMOUNT DUE SHALL BE CERTIFIED IN  
21 THE CASE OF EACH MEMBER BY THE BOARD IN ACCORDANCE WITH METHODS  
22 APPROVED BY THE ACTUARY, AND CONTRIBUTIONS MAY BE MADE BY:

23 (1) REGULAR MONTHLY PAYMENTS DURING ACTIVE MILITARY  
24 SERVICE; OR

25 (2) A LUMP SUM PAYMENT WITHIN 30 DAYS OF CERTIFICATION;  
26 OR

27 (3) SALARY DEDUCTIONS IN AMOUNTS AGREED UPON BY THE  
28 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF  
29 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM AND THE BOARD.  
30 THE SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND

1 THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND  
2 STATUTORY INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR  
3 STATE SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO  
4 ALLOW. THE BOARD MAY LIMIT SALARY DEDUCTION AMORTIZATION PLANS  
5 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES. IN  
6 THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER  
7 OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE AGREED  
8 UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC SCHOOL  
9 EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND TRANSFER TO  
10 THE BOARD THE AMOUNTS PAID.

11 (d) Nonmilitary and nonmagisterial service.--Contributions  
12 on account of credit for creditable nonstate service other than  
13 military and magisterial service BY STATE EMPLOYEES WHO FIRST ←  
14 BECOME MEMBERS OF THE SYSTEM BEFORE JANUARY 1, 2011, OR BEFORE  
15 DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY shall be  
16 determined by applying the ~~product of the~~ member's basic ←  
17 contribution rate ~~and the class of service multiplier applicable~~ ←  
18 ~~to contributions for the class of service to which such nonstate~~  
19 ~~service will be credited,~~ the additional contribution rate plus  
20 the Commonwealth normal contribution rate for active members at  
21 the time of entry subsequent to such creditable nonstate service  
22 of the member into State service to his compensation at the time  
23 of entry into State service and multiplying the result by the  
24 number of years and fractional part of a year of creditable  
25 nonstate service being purchased together with statutory  
26 interest during all periods of subsequent State and school  
27 service to the date of purchase. Upon application for credit for  
28 such service payment shall be made in a lump sum within 30 days  
29 or in the case of an active member or eligible school employee  
30 who is an active member of the Public School Employees'

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

14 \* \* \*

15 (E) PHILADELPHIA MAGISTERIAL SERVICE.--CONTRIBUTIONS ON  
16 ACCOUNT OF CREDIT FOR SERVICE AS A MAGISTRATE OF THE CITY OF  
17 PHILADELPHIA SHALL BE DETERMINED BY THE BOARD TO BE EQUAL TO THE  
18 AMOUNT HE WOULD HAVE PAID AS EMPLOYEE CONTRIBUTIONS TOGETHER  
19 WITH STATUTORY INTEREST TO DATE OF PURCHASE HAD HE BEEN A STATE  
20 EMPLOYEE DURING HIS PERIOD OF SERVICE AS A MAGISTRATE OF THE  
21 CITY OF PHILADELPHIA. THE AMOUNT SO DETERMINED BY THE STATE  
22 EMPLOYEES' RETIREMENT BOARD TO BE PAID INTO THE STATE EMPLOYEES'  
23 RETIREMENT SYSTEM SHALL BE THE OBLIGATION OF THE JUDGE WHO  
24 REQUESTED CREDIT FOR PREVIOUS SERVICE AS A MAGISTRATE OF THE  
25 CITY OF PHILADELPHIA; IN NO EVENT SHALL SUCH AMOUNT BE AN  
26 OBLIGATION OF THE CITY OF PHILADELPHIA OR THE CITY OF  
27 PHILADELPHIA RETIREMENT SYSTEM.

28 (F) TEMPORARY FEDERAL SERVICE.--CONTRIBUTIONS ON ACCOUNT OF  
29 CREDIT FOR SERVICE AS A TEMPORARY FEDERAL EMPLOYEE ASSIGNED TO  
30 AN AIR QUALITY CONTROL COMPLEMENT FOR THE DEPARTMENT OF

1 ENVIRONMENTAL RESOURCES DURING THE PERIOD OF 1970 THROUGH 1975,  
2 AS AUTHORIZED IN SECTION 5304(C) (5) (RELATING TO CREDITABLE  
3 NONSTATE SERVICE), SHALL BE EQUAL TO THE FULL ACTUARIAL COST OF  
4 THE INCREASED BENEFIT OBTAINED BY VIRTUE OF THE PURCHASE. THE  
5 INCREASED BENEFIT ATTRIBUTABLE TO THE PURCHASED SERVICE SHALL BE  
6 THE DIFFERENCE BETWEEN:

7 (1) THE ANNUAL AMOUNT OF A STANDARD SINGLE LIFE ANNUITY,  
8 BEGINNING AT THE EARLIEST POSSIBLE SUPERANNUATION AGE,  
9 CALCULATED ASSUMING NO FUTURE SALARY INCREASES, ASSUMING  
10 CREDIT FOR THE SERVICE TO BE PURCHASED; AND

11 (2) THE ANNUAL AMOUNT OF A STANDARD SINGLE LIFE ANNUITY,  
12 CALCULATED ON THE SAME BASIS, BUT EXCLUDING CREDIT FOR THE  
13 SERVICE TO BE PURCHASED.

14 THE EARLIEST POSSIBLE SUPERANNUATION AGE SHALL BE THE AGE AT  
15 WHICH THE MEMBER BECOMES FIRST ELIGIBLE FOR SUPERANNUATION  
16 RETIREMENT ASSUMING CONTINUED FULL-TIME SERVICE AND CREDIT FOR  
17 THE AMOUNT OF SERVICE WHICH THE MEMBER HAS ELECTED TO PURCHASE,  
18 OR THE CURRENT ATTAINED AGE OF THE MEMBER, WHICHEVER IS LATER.  
19 THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT ATTRIBUTABLE TO  
20 THE PURCHASED SERVICE SHALL BE THE ACTUARIAL PRESENT VALUE OF A  
21 DEFERRED ANNUITY EQUAL TO THE AMOUNT OF THE INCREASED BENEFIT  
22 DETERMINED ABOVE, BEGINNING AT THE EARLIEST POSSIBLE  
23 SUPERANNUATION AGE AND PAYABLE FOR LIFE, CALCULATED USING A  
24 PRERETIREMENT INTEREST ASSUMPTION OF 1.5%, A POSTRETIREMENT  
25 INTEREST ASSUMPTION OF 4%, NO PRERETIREMENT MORTALITY ASSUMPTION  
26 AND STANDARD POSTRETIREMENT MORTALITY ASSUMPTIONS. THE PURCHASE  
27 PAYMENT SHALL BE MADE IN LUMP SUM BY THE MEMBER WITHIN 30 DAYS  
28 OF CERTIFICATION BY THE BOARD OF THE REQUIRED PURCHASE AMOUNT OR  
29 MAY BE AMORTIZED THROUGH SALARY DEDUCTIONS IN AMOUNTS AGREED  
30 UPON BY THE MEMBER AND THE BOARD WITH INTEREST PAYABLE ON THE



1 UNPAID BALANCE AT THE RATE APPLICABLE TO THE MOST RECENTLY  
2 ISSUED 30-YEAR BONDS OF THE UNITED STATES TREASURY DEPARTMENT.

3 (G) JUSTICE OF THE PEACE SERVICE.--CONTRIBUTIONS ON ACCOUNT  
4 OF CREDIT FOR SERVICE AS A JUSTICE OF THE PEACE SHALL BE  
5 DETERMINED BY THE BOARD TO BE EQUAL TO THE AMOUNT HE WOULD HAVE  
6 PAID AS EMPLOYEE CONTRIBUTIONS TOGETHER WITH STATUTORY INTEREST  
7 TO DATE OF PURCHASE HAD HE BEEN A STATE EMPLOYEE DURING HIS  
8 PERIOD OF SERVICE AS A JUSTICE OF THE PEACE FOR THE COMMONWEALTH  
9 PLUS THE AMOUNT DETERMINED BY APPLYING THE COMMONWEALTH NORMAL  
10 CONTRIBUTION RATE FOR ACTIVE MEMBERS AT THE BEGINNING OF THE  
11 DISTRICT JUSTICE SYSTEM AS OF JANUARY 1970 TO THE STARTING  
12 SALARY OF THE DISTRICT JUSTICE FOR THE MAGISTERIAL DISTRICT IN  
13 WHICH THE MEMBER WAS ELECTED DATING FROM THE BEGINNING OF THE  
14 DISTRICT JUSTICE SYSTEM AS OF JANUARY 1970 AND MULTIPLYING THE  
15 RESULT BY THE NUMBER OF YEARS AND FRACTIONAL PART OF A YEAR OF  
16 CREDITABLE SERVICE BEING PURCHASED TOGETHER WITH STATUTORY  
17 INTEREST FROM ENTRY INTO STATE SERVICE AS A DISTRICT JUSTICE TO  
18 THE DATE OF PURCHASE. THE AMOUNT SO DETERMINED BY BOARD TO BE  
19 PAID INTO THE SYSTEM SHALL BE THE OBLIGATION OF THE JUSTICE WHO  
20 REQUESTED CREDIT FOR PREVIOUS SERVICE AS A JUSTICE OF THE PEACE  
21 FOR THE COMMONWEALTH PRIOR TO 1970. A JUSTICE OF THE PEACE  
22 DESIRING TO PURCHASE HIS OR HER SERVICE TIME PRIOR TO 1970 SHALL  
23 HAVE BEEN ELECTED OR APPOINTED A DISTRICT JUSTICE ANY TIME  
24 DURING OR AFTER 1970. THE CLASS OF SERVICE CREDIT A MEMBER SHALL  
25 RECEIVE UPON ENTRY INTO THE SYSTEM SHALL BE DETERMINED BY THE  
26 TIME OF HIS ENTRY INTO THE DISTRICT JUSTICE SYSTEM. IT SHALL BE  
27 INCUMBENT UPON THE DISTRICT JUSTICE TO CERTIFY TO THE BOARD WITH  
28 A COPY OF HIS COMMISSION OR COMMISSIONS THE AMOUNT OF TIME THAT  
29 HE SERVED THE COMMONWEALTH AS A JUSTICE OF THE PEACE. THE SALARY  
30 DOLLAR AMOUNT THAT SHALL BE USED IN THE FORMULA FOR DETERMINING

1 THE MEMBER'S CONTRIBUTIONS SHALL BE EQUAL TO THE STARTING SALARY  
2 OF THE DISTRICT JUSTICE FOR THE MAGISTERIAL DISTRICT IN WHICH HE  
3 WAS ELECTED, DATING FROM THE BEGINNING OF THE DISTRICT JUSTICE  
4 SYSTEM AS OF JANUARY 1970. IN NO EVENT SHALL SUCH AN AMOUNT BE  
5 THE OBLIGATION OF THE COMMONWEALTH OR THE COUNTY IN WHICH THE  
6 JUSTICE SERVED.

7 (H) COUNTY SERVICE.--FOR PURPOSES OF THIS SECTION, CLASS G,  
8 CLASS H, CLASS I, CLASS J, CLASS K, CLASS L, CLASS M AND CLASS N  
9 SERVICE SHALL BE DISREGARDED IN DETERMINING WHEN A MEMBER ENTERS  
10 STATE SERVICE OR THE PERIOD OF SUBSEQUENT STATE SERVICE.

11 (I) PURCHASES OF NONSTATE SERVICE CREDIT BY STATE EMPLOYEES  
12 WHO FIRST BECAME MEMBERS OF THE SYSTEM ON OR AFTER DECEMBER 1,  
13 2010.--

14 (1) CONTRIBUTIONS ON ACCOUNT OF CREDIT FOR CREDITABLE  
15 NONSTATE SERVICE OTHER THAN INTERVENING MILITARY SERVICE AND  
16 MAGISTERIAL SERVICE BY STATE EMPLOYEES WHO FIRST BECOME  
17 MEMBERS OF THE SYSTEM ON OR AFTER JANUARY 1, 2011, OR ON OR  
18 AFTER DECEMBER 1, 2010, AS A MEMBER OF THE GENERAL ASSEMBLY  
19 SHALL BE EQUAL TO THE FULL ACTUARIAL COST OF THE INCREASED  
20 BENEFIT OBTAINED BY VIRTUE OF SUCH SERVICE.

21 (2) THE FULL ACTUARIAL COST OF THE INCREASED BENEFIT  
22 ATTRIBUTABLE TO THE PURCHASED NONSTATE SERVICE CREDIT SHALL  
23 BE THE DIFFERENCE BETWEEN:

24 (I) THE PRESENT VALUE OF A STANDARD SINGLE LIFE  
25 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE  
26 SUPERANNUATION AGE ASSUMING CLASS A-3 SERVICE CREDIT FOR  
27 THE NONSTATE SERVICE TO BE PURCHASED; AND

28 (II) THE PRESENT VALUE OF A STANDARD SINGLE LIFE  
29 ANNUITY, BEGINNING AT THE EARLIEST POSSIBLE  
30 SUPERANNUATION AGE, EXCLUDING THE NONSTATE SERVICE CREDIT

1           TO BE PURCHASED.

2           (3) THE FULL ACTUARIAL COST UNDER PARAGRAPH (2) SHALL BE  
3 CALCULATED USING FUTURE SALARY INCREASES, MORTALITY TABLES,  
4 INTEREST RATES AND OTHER ACTUARIAL ASSUMPTIONS AS ADOPTED BY  
5 THE BOARD WITH THE ADVICE OF THE ACTUARY. THE EARLIEST  
6 POSSIBLE SUPERANNUATION AGE SHALL BE THE CURRENT ATTAINED AGE  
7 OF THE MEMBER IF THE MEMBER HAS ATTAINED SUPERANNUATION AGE  
8 FOR HIS CURRENT CLASS OF SERVICE OR IF THE MEMBER HAS NOT  
9 ATTAINED SUPERANNUATION AGE, THE AGE UPON WHICH THE MEMBER  
10 WOULD ATTAIN SUPERANNUATION AGE AS A MEMBER IN THE CURRENT  
11 CLASS OF SERVICE ASSUMING CONTINUED FULL-TIME STATE SERVICE  
12 THROUGH THE ATTAINMENT OF SUPERANNUATION AGE AND CREDIT FOR  
13 THE AMOUNT OF SERVICE WHICH THE MEMBER HAS ELECTED TO  
14 PURCHASE.

15           (4) THE PAYMENT FOR CREDIT PURCHASED UNDER THIS  
16 SUBSECTION SHALL BE CERTIFIED IN EACH CASE BY THE BOARD IN  
17 ACCORDANCE WITH METHODS APPROVED BY THE ACTUARY AND SHALL BE  
18 PAID IN A LUMP SUM WITHIN 30 DAYS OR IN THE CASE OF AN ACTIVE  
19 MEMBER OR ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE MEMBER OF  
20 THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM MAY BE  
21 AMORTIZED WITH STATUTORY INTEREST THROUGH SALARY DEDUCTIONS  
22 IN AMOUNTS AGREED UPON BY THE MEMBER AND THE BOARD. THE  
23 SALARY DEDUCTION AMORTIZATION PLANS AGREED TO BY MEMBERS AND  
24 THE BOARD MAY INCLUDE A DEFERRAL OF PAYMENT AMOUNTS AND  
25 INTEREST UNTIL THE TERMINATION OF SCHOOL SERVICE OR STATE  
26 SERVICE AS THE BOARD IN ITS SOLE DISCRETION DECIDES TO ALLOW.  
27 THE BOARD MAY LIMIT THE SALARY DEDUCTION AMORTIZATION PLANS  
28 TO SUCH TERMS AS THE BOARD IN ITS SOLE DISCRETION DETERMINES.  
29 IN THE CASE OF AN ELIGIBLE SCHOOL EMPLOYEE WHO IS AN ACTIVE  
30 MEMBER OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, THE

1 AGREED UPON SALARY DEDUCTIONS SHALL BE REMITTED TO THE PUBLIC  
2 SCHOOL EMPLOYEES' RETIREMENT BOARD, WHICH SHALL CERTIFY AND  
3 TRANSFER TO THE BOARD THE AMOUNTS PAID.

4 § 5507. Contributions by the Commonwealth and other employers.

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

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

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

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

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

27 (3) If any county retirement system or pension plan  
28 fails to transfer, within the required time, the money  
29 certified by the board under this subsection, then the  
30 service of such members for the period of converted service

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

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

18 (e) Benefits completion plan contributions.--In addition to  
19 all other contributions required under this section and section  
20 5508, the Commonwealth and other employers WHOSE EMPLOYEES ARE ←  
21 MEMBERS OF THE SYSTEM shall make contributions as certified by  
22 the board pursuant to section 5941 (relating to benefits  
23 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 EXCLUDING SHARED RISK MEMBER CONTRIBUTIONS.

9 (c) Accrued liability contribution rate.--

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



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

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

1 the first day of July coincident with or next following the  
2 effective date of the increase.

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

30 (d) Special provisions on calculating contributions.--In

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

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

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

1 provided for in section 5708.7 shall be as provided in  
2 section 5708.7(f). The funding for the special supplemental  
3 postretirement adjustment of 2002 under section 5708.8 shall  
4 be as provided in section 5708.8(g). The amount of each  
5 annual supplemental annuities contribution shall be equal to  
6 the amount of such contribution for the fiscal year beginning  
7 July 1, 2002. [In the event that supplemental annuities are  
8 increased by legislation enacted subsequent to June 30, 2002,  
9 the additional liability for the increase in benefits shall  
10 be funded in equal dollar annual installments over a period  
11 of ten years from the July first, coincident with or next  
12 following the effective date of such legislation.]

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

29 (f) Experience adjustment factor.--

30 (1) For each year after the establishment of the accrued

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

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

1 of 30 years beginning with the July 1 succeeding the  
2 actuarial valuation determining said increases and decreases]  
3 The actuarially required contribution rate shall be the sum  
4 of the normal contribution rate, the accrued liability  
5 contribution rate and the supplemental annuity contribution  
6 rate, modified by the experience adjustment factor as  
7 calculated in paragraph (1).

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

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

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

19 The collared contribution rate for each year shall be determined  
20 by comparing the actuarially required contribution rate  
21 calculated without regard for costs added by legislation to the  
22 prior year's final contribution rate. If for any of the fiscal  
23 years beginning July 1, 2011, July 1, 2012 and on or after July  
24 1, 2013, the actuarially required contribution rate calculated  
25 without regard for costs added by legislation is more than 3%,  
26 3.5% and 4.5%, respectively, of the total compensation of all  
27 active members greater than the prior year's final contribution  
28 rate, then the collared contribution rate shall be applied and  
29 be equal to the prior year's final contribution rate increased  
30 by the respective percentage above of total compensation of all

1 active members. Otherwise, and for all subsequent fiscal years,  
2 the collared contribution rate shall not be applicable. In no  
3 case shall the collared contribution rate be less than 4% of  
4 total compensation of all active members.

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

15 § 5702. Maximum single life annuity.

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

26 \* \* \*

27 (4) If eligible, a single life annuity which is  
28 actuarially equivalent to the amount by which his regular and  
29 additional accumulated deductions attributable to any  
30 credited service other than as a member of Class C are

1 greater than one-half of the actuarially equivalent value on  
 2 the effective date of retirement of the annuity as provided  
 3 in paragraph (1) attributable to service other than Class C  
 4 for which regular or joint coverage member contributions were  
 5 made. This paragraph shall not apply to any member with State  
 6 service credited as Class A-3 or Class A-4.

7 \* \* \*

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

Total Years of	Percentage of
Credited Service	Standard
as a Member of	Single Life
Class A [and],	Annuity <u>Adjusted for</u>
Class AA, <u>Class A-3</u>	<u>Class A, Class AA,</u>
<u>and Class A-4</u>	<u>Class A-3 and Class A-4</u>
	<u>Class of</u>
	<u>Service Multipliers</u>
35-40	100%
41	102%



1	42	104%
2	43	106%
3	44	108%
4	45 or more	110%

5 \* \* \*

6 § 5704. Disability annuities.

7 \* \* \*

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

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

12 or

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

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

26 \* \* \*

27 § 5705. Member's options.

28 (a) General rule.--Any special vestee who has attained  
29 superannuation age, any vestee who does not have Class A-3 or  
30 Class A-4 service credit having five or more eligibility points

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

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

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

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

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

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

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

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

28 \* \* \*

29 Section 10. Title 71 is amended by adding a section to read:  
30 § 5705.1. Payment of accumulated deductions resulting from

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

18       Section 11. Sections 5708.1(f), 5708.2(f), 5708.3(f),  
19       5708.5(f), 5708.6(f), 5708.7(f), 5708.8(g), 5902(k), 5903(c),  
20       5905(a), 5905.1(d), 5907(c), 5933(A), 5934, 5936(b), 5937(b),  
21       5938 and 5955 of Title 71 are amended to read:

22       § 5708.1. Additional supplemental annuities.

23       \* \* \*

24       (f) Funding.--The actuary shall annually certify the amount  
25       of appropriations for the next fiscal year needed to fund, over  
26       a period of ten years from July 1, 2002, the additional monthly  
27       supplemental annuity provided for in this section[. The board  
28       shall submit the actuary's certification to the Secretary of the  
29       Budget on or before November 1 of each year. If, in any year  
30       after 1984, the amount certified is disapproved under section

1 610 of the act of April 9, 1929 (P.L.177, No.175), known as The  
2 Administrative Code of 1929, as insufficient to meet the funding  
3 requirements of this subsection or is not appropriated on or  
4 before July 1, the additional supplemental annuity provided for  
5 in this section shall be suspended until such time as an amount  
6 certified and approved as sufficient is appropriated], which  
7 amounts shall be paid during the period beginning July 1, 2002,  
8 and ending June 30, 2010. For fiscal years beginning on or after  
9 July 1, 2010, the additional liability provided in this section  
10 shall be funded as part of the actuarial accrued liability as  
11 provided in section 5508 (relating to actuarial cost method).

12 \* \* \*

13 § 5708.2. Further additional supplemental annuities.

14 \* \* \*

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

1 liability provided in this section shall be funded as part of  
2 the actuarial accrued liability as provided in section 5508  
3 (relating to actuarial cost method).

4 \* \* \*

5 § 5708.3. Supplemental annuities commencing 1994.

6 \* \* \*

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

16 \* \* \*

17 § 5708.5. Supplemental annuities commencing 1998.

18 \* \* \*

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

28 \* \* \*

29 § 5708.6. Supplemental annuities commencing 2002.

30 \* \* \*

1 (f) Funding.--[The] For the period beginning July 1, 2003,  
2 and ending June 30, 2010, the additional liability for the  
3 increase in benefits provided in this section shall be funded in  
4 equal dollar annual installments over a period of ten years  
5 beginning July 1, 2003. For fiscal years beginning on or after  
6 July 1, 2010, the additional liability for the increase in  
7 benefits provided in this section shall be funded as part of the  
8 actuarial accrued liability as provided in section 5508  
9 (relating to actuarial cost method).

10 \* \* \*

11 § 5708.7. Supplemental annuities commencing 2003.

12 \* \* \*

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

22 \* \* \*

23 § 5708.8. Special supplemental postretirement adjustment of  
24 2002.

25 \* \* \*

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

1 July 1, 2010, the additional liability for the increase in  
2 benefits provided in this section shall be funded as part of the  
3 actuarial accrued liability as provided in section 5508  
4 (relating to actuarial cost method).

5 \* \* \*

6 § 5902. Administrative duties of the board.

7 \* \* \*

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



1 more or less than 5% of the member's compensation for the period  
2 from July 1, 2010, to June 30, 2011, or may differ from the  
3 prior year's contribution for that member by more or less than  
4 the percentages used to calculate the collared contribution rate  
5 for that year and may be below any minimum contribution rate  
6 established for the collared contribution rate or final  
7 contribution rate. These certifications shall be regarded as  
8 final and not subject to modification by the [Budget Secretary]  
9 Secretary of the Budget.

10 \* \* \*

11 § 5903. Duties of the board to advise and report to heads of  
12 departments and members.

13 \* \* \*

14 (c) Purchase of credit and full coverage membership  
15 certifications.--Upon receipt of an application from an active  
16 member or eligible school employee to purchase credit for  
17 previous State or creditable nonstate service, an election for  
18 membership in a specific class of service, or an election to  
19 become a full coverage member, the board shall determine and  
20 certify to the member the amount required to be paid by the  
21 member. When necessary, the board shall certify to the previous  
22 employer the amount due in accordance with sections 5504  
23 (relating to member contributions for the purchase of credit for  
24 previous State service or to become a full coverage member) and  
25 5505 (relating to contributions for the purchase of credit for  
26 creditable nonstate service).

27 \* \* \*

28 § 5905. Duties of the board regarding applications and  
29 elections of members.

30 (a) Statement to new members.--As soon as practicable after

1 each member shall have become an active member in the system,  
2 the board shall issue to the member notice of any election of  
3 class of service membership he may be eligible to make, a  
4 statement certifying his class of service, his member  
5 contribution rate, and the aggregate length of total previous  
6 State service and creditable nonstate service for which he may  
7 receive credit.

8 \* \* \*

9 § 5905.1. Installment payments of accumulated deductions.

10 \* \* \*

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

19 § 5907. Rights and duties of State employees and members.

20 \* \* \*

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

26 \* \* \*

27 § 5933. MEMBERS' SAVINGS ACCOUNT. 

28 (A) CREDITS TO ACCOUNT.--THE MEMBERS' SAVINGS ACCOUNT SHALL  
29 BE THE LEDGER ACCOUNT TO WHICH SHALL BE CREDITED THE AMOUNTS OF  
30 THE PICKUP CONTRIBUTIONS MADE BY THE COMMONWEALTH OR OTHER

1 EMPLOYER AND CONTRIBUTIONS OR LUMP SUM PAYMENTS MADE BY ACTIVE  
2 MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 5501  
3 (RELATING TO REGULAR MEMBER CONTRIBUTIONS FOR CURRENT SERVICE),  
4 5501.1 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS), 5502  
5 (RELATING TO SOCIAL SECURITY INTEGRATION MEMBER CONTRIBUTIONS),  
6 5503 (RELATING TO JOINT COVERAGE MEMBER CONTRIBUTIONS), 5504  
7 (RELATING TO MEMBER CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR  
8 PREVIOUS STATE SERVICE OR TO BECOME A FULL COVERAGE MEMBER),  
9 5505.1 (RELATING TO ADDITIONAL MEMBER CONTRIBUTIONS) AND 5505  
10 (RELATING TO CONTRIBUTIONS FOR THE PURCHASE OF CREDIT FOR  
11 CREDITABLE NONSTATE SERVICE) AND TRANSFERRED FROM THE MEMBERS'  
12 SAVINGS ACCOUNT OF THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT  
13 SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5303.2  
14 (RELATING TO ELECTION TO CONVERT SCHOOL SERVICE TO STATE  
15 SERVICE).

16 \* \* \*

17 § 5934. State accumulation account.

18 The State accumulation account shall be the ledger account to  
19 which shall be credited all contributions of the Commonwealth or  
20 other employers whose employees are members of the system and  
21 made in accordance with the provisions of section 5507(a) or (d)  
22 (relating to contributions by the Commonwealth and other  
23 employers) except that the amounts received under the provisions  
24 of the act of May 12, 1943 (P.L.259, No.120), and the amounts  
25 received under the provisions of the Liquor Code, act of April  
26 12, 1951 (P.L.90, No.21), shall be credited to the State Police  
27 benefit account or the enforcement officers' benefit account as  
28 the case may be. All amounts transferred to the fund by county  
29 retirement systems or pension plans in accordance with the  
30 provisions of section 5507(c) also shall be credited to the

1 State accumulation account. All amounts transferred to the fund  
2 by the Public School Employees' Retirement System in accordance  
3 with section 5303.2(e) (relating to election to convert school  
4 service to State service), except amounts credited to the  
5 members' savings account, and all amounts paid by the Department  
6 of Corrections in accordance with section 5303.2(f) also shall  
7 be credited to the State accumulation account. The State  
8 accumulation account shall be credited with valuation interest.  
9 The reserves necessary for the payment of annuities and death  
10 benefits as approved by the board and as provided in Chapter 57  
11 (relating to benefits) shall be transferred from the State  
12 accumulation account to the annuity reserve account provided for  
13 in section 5935 (relating to annuity reserve account), except  
14 that the reserves necessary on account of a member who is an  
15 officer of the Pennsylvania State Police or an enforcement  
16 officer shall be transferred from the State accumulation account  
17 to the State Police benefit account provided for in section 5936  
18 (relating to State Police benefit account) or to the enforcement  
19 officers' benefit account as provided for in section 5937  
20 (relating to enforcement officers' benefit account) as the case  
21 may be. The reserves necessary for the payment of supplemental  
22 annuities in excess of those reserves credited to the  
23 supplemental annuity account on June 30, 2010, shall be  
24 transferred from the State accumulation account to the  
25 supplemental annuity account. In the event that supplemental  
26 annuities are increased by legislation enacted ~~subsequent to~~  
27 AFTER December 31, 2009, the necessary reserves shall be  
28 transferred from the State accumulation account to the  
29 supplemental annuity account.  
30 § 5936. State Police benefit account.



1 \* \* \*

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

19 § 5937. Enforcement officers' benefit account.

20 \* \* \*

21 (b) Transfers from account.--Should the said annuitant be  
22 subsequently restored to active service, the present value of  
23 the member's annuity at the time of reentry into State service  
24 shall be transferred from the enforcement officers' benefit  
25 account and placed to his individual credit in the members'  
26 savings account. In addition, the actuarial reserve for his  
27 annuity calculated as if he had been a member of Class A if the  
28 annuitant does not have any Class AA, Class A-3 or Class A-4  
29 service credited [and calculated]; as if he had been a member of  
30 Class AA if the annuitant does have Class AA service credited;

1 as if he had been a member of Class A-3 if the annuitant has  
2 Class A-3 State service credited; or as if he had been a member  
3 of Class A-4 if the annuitant has Class A-4 service credited,  
4 less the amount transferred to the members' savings account  
5 shall be transferred from the enforcement officers' benefit  
6 account to the State accumulation account. Upon subsequent  
7 retirement other than as an enforcement officer the actuarial  
8 reserve remaining in the enforcement officers' benefit account  
9 shall be transferred to the appropriate reserve account.

10 § 5938. Supplemental annuity account.

11 The supplemental annuity account shall be the ledger account  
12 to which shall be credited all contributions from the  
13 Commonwealth and other employers in accordance with section  
14 5507(b) (relating to contributions by the Commonwealth and other  
15 employers) for the payment of the supplemental annuities  
16 provided in sections 5708 (relating to supplemental annuities),  
17 5708.1 (relating to additional supplemental annuities), 5708.2  
18 (relating to further additional supplemental annuities), 5708.3  
19 (relating to supplemental annuities commencing 1994), 5708.4  
20 (relating to special supplemental postretirement adjustment),  
21 5708.5 (relating to supplemental annuities commencing 1998),  
22 5708.6 (relating to supplemental annuities commencing 2002),  
23 5708.7 (relating to supplemental annuities commencing 2003) and  
24 5708.8 (relating to special supplemental postretirement  
25 adjustment of 2002) made before July 1, 2010, the amount  
26 transferred from the State accumulation account to provide all  
27 additional reserves necessary as of June 30, 2010, to pay such  
28 supplemental annuities and adjustments, and the amounts  
29 transferred from the State accumulation account to provide all  
30 additional reserves necessary as a result of supplemental

1 annuities enacted after December 31, 2009. The supplemental  
2 annuity account shall be credited with valuation interest. The  
3 reserves necessary for the payment of such supplemental  
4 annuities shall be transferred from the supplemental annuity  
5 account to the annuity reserve account as provided in section  
6 5935 (relating to annuity reserve account).

7 § 5955. Construction of part.

8       Regardless of any other provision of law, pension rights of  
9 State employees shall be determined solely by this part or any  
10 amendment thereto, and no collective bargaining agreement nor  
11 any arbitration award between the Commonwealth and its employees  
12 or their collective bargaining representatives shall be  
13 construed to change any of the provisions herein, to require the  
14 board to administer pension or retirement benefits not set forth  
15 in this part, or otherwise require action by any other  
16 government body pertaining to pension or retirement benefits or  
17 rights of State employees. Notwithstanding the foregoing, any  
18 pension or retirement benefits or rights previously so  
19 established by or as a result of an arbitration award shall  
20 remain in effect after the expiration of the current collective  
21 bargaining agreement between the State employees so affected and  
22 the Commonwealth until the expiration of each of the collective  
23 bargaining agreements in effect on January 1, 2011, at which  
24 time the classes of membership and resulting member contribution  
25 rates AND CONTRIBUTIONS FOR CREDITABLE NONSTATE SERVICE, ←  
26 eligibility for vesting, withdrawal and superannuation  
27 annuities, optional modification of annuities and other terms  
28 and conditions related to class of membership shall be as  
29 determined by this part for employees covered by those and  
30 successor collective bargaining agreements. For purposes of

1 administering this part, for those State employees who are  
2 members of each such collective bargaining unit, the date  
3 January 1, 2011, contained in this part, except in this section,  
4 shall be replaced with the date of the day immediately following  
5 the expiration of each such collective bargaining agreement. The  
6 provisions of this part insofar as they are the same as those of  
7 existing law are intended as a continuation of such laws and not  
8 as new enactments. The provisions of this part shall not affect  
9 any act done, liability incurred, right accrued or vested, or  
10 any suit or prosecution pending or to be instituted to enforce  
11 any right or penalty or to punish any offense under the  
12 authority of any repealed laws.

13 SECTION 11.1. TITLE 71 IS AMENDED BY ADDING A SECTION TO  
14 READ:

15 § 5957. INDEPENDENT FISCAL OFFICE STUDY.

16 THE INDEPENDENT FISCAL OFFICE SHALL STUDY AND ANALYZE THE  
17 IMPLEMENTATION OF SHARED RISK CONTRIBUTIONS UNDER SECTION 5501.1  
18 (RELATING TO SHARED RISK MEMBER CONTRIBUTIONS FOR CLASS A-3 AND  
19 CLASS A-4 SERVICE) AND ITS IMPACT ON THE SYSTEM. THE STUDY SHALL  
20 BE COMPLETED BY DECEMBER 31, 2015, AND SHALL BE TRANSMITTED TO  
21 THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE OF THE  
22 SENATE, THE APPROPRIATIONS COMMITTEE AND THE FINANCE COMMITTEE  
23 OF THE HOUSE OF REPRESENTATIVES AND TO THE GOVERNOR.

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

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

30 (2) Notwithstanding the provisions of this act, the



1 employer contribution rates certified by the State Employees'  
2 Retirement Board for fiscal year 2009-2010 shall remain in  
3 effect until June 30, 2010.

4 ~~Section 13. Recertification to the Secretary of the Budget~~ ←  
5 ~~shall be as follows:~~

6 ~~(1) Within 15 days of the later of:~~

7 ~~(i) the effective date of this section; or~~

8 ~~(ii) the date of the passage of this Commonwealth's~~  
9 ~~budget for fiscal year 2010-2011, the Secretary of the~~  
10 ~~Budget shall certify to the Public School Employees'~~  
11 ~~Retirement Board the amount of money appropriated for~~  
12 ~~public school employees' retirement.~~

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

28 ~~(2) Notwithstanding any other provision of law to the~~  
29 ~~contrary, the State Employees' Retirement Board shall,~~  
30 ~~effective for the fiscal year beginning July 1, 2010,~~

1 ~~recertify to the Secretary of the Budget and heads of~~  
2 ~~departments, within 15 days of the effective date of this~~  
3 ~~section, the contributions, rates, factors and amounts set~~  
4 ~~forth in 71 Pa.C.S. § 5902(k), as amended by this act. The~~  
5 ~~recertification shall supersede the prior certification for~~  
6 ~~all purposes.~~

7 SECTION 13. THE FOLLOWING APPLY TO PENSION OBLIGATION BONDS: ←

8 (1) NO EXECUTIVE AGENCY OR INDEPENDENT AGENCY MAY ISSUE  
9 A PENSION OBLIGATION BOND FOR THE BENEFIT OF:

10 (I) THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
11 OF PENNSYLVANIA; OR

12 (II) THE STATE EMPLOYEES' RETIREMENT SYSTEM OF  
13 PENNSYLVANIA.

14 (2) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND  
15 PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS  
16 PARAGRAPH UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

17 "EXECUTIVE AGENCY." AS DEFINED IN 62 PA.C.S. § 103  
18 (RELATING TO DEFINITIONS).

19 "INDEPENDENT AGENCY." AS DEFINED IN 62 PA.C.S. §  
20 103.

21 Section 14. Certain public officials shall be held harmless,  
22 as follows:

23 (1) Notwithstanding any other provision of law,  
24 fiduciary requirement, actuarial standard of practice or  
25 other requirement to the contrary, the members of the Public  
26 School Employees' Retirement Board, the actuary and other  
27 employees and officials of the Public School Employees'  
28 Retirement System shall not be held liable or in breach or  
29 violation of any law or standard either as individuals or in  
30 their official capacity or as a governmental or corporate

1 entity for any action or calculation related to calculating  
2 and certifying a final contribution rate as provided for in  
3 this act that is different from the actuarially required  
4 contribution rate as otherwise appropriately calculated under  
5 the provisions of the Public School Employees' Retirement  
6 Code.

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

20 Section 15. Construction of a calculation or actuarial  
21 method shall be as follows:

22 (1) Nothing in this act shall be construed or deemed to  
23 imply that any calculation or actuarial method used by the  
24 Public School Employees' Retirement Board, its actuaries or  
25 the Public School Employees' Retirement System was not in  
26 accordance with the provisions of the Public School  
27 Employees' Retirement Code or other applicable law prior to  
28 the effective date of this section.

29 (2) Nothing in this act shall be construed or deemed to  
30 imply that any calculation or actuarial method used by the

1 State Employees' Retirement Board, its actuaries or the State  
2 Employees' Retirement System was not in accordance with the  
3 provisions of the State Employees' Retirement Code or other  
4 applicable law prior to the effective date of this section.

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

11 Section 17. ~~Nothing~~ EXCEPT FOR 24 PA.C.S. § 8303(D), NOTHING ←  
12 in this act shall be construed or deemed to imply that any  
13 interpretation or application of the provisions of 24 Pa.C.S.  
14 Pt. IV or benefits available to members of the Public School  
15 Employees' Retirement System was not in accordance with the  
16 provisions of 24 Pa.C.S. Pt. IV or other applicable law prior to  
17 the effective date of this section. It is the express intent of  
18 the General Assembly that nothing in this act shall be construed  
19 to grant to or be deemed to imply that this act expands,  
20 contracts or otherwise affects any contractual rights, either  
21 expressed or implied, or any other constitutionally protected  
22 rights, in the terms and conditions of the Public School  
23 Employees' Retirement System or other pension or retirement  
24 benefits as a school employee, including, but not limited to,  
25 benefits, options, rights or privileges established by 24  
26 Pa.C.S. Pt. IV for any current or former school employees.

27 Section 18. This act shall be construed and administered in  
28 such a manner that the Public School Employees' Retirement  
29 System will satisfy the requirements necessary to qualify as a  
30 qualified pension plan under section 401(a) and other applicable

1 provisions of the Internal Revenue Code of 1986 (Public Law  
2 99-514, 26 U.S.C. § 1 et seq.). The rules, regulations and  
3 procedures adopted and promulgated by the Public School  
4 Employees' Retirement Board under 24 Pa.C.S. § 8502(h) may  
5 include those necessary to accomplish the purpose of this  
6 section.

7 Section 19. (a) Nothing in this act which amends or  
8 supplements provisions of 24 Pa.C.S. Pt. IV shall create in any  
9 member of the system or in any other person claiming an interest  
10 in the account of any such member a contractual right, either  
11 express or implied, in relation to requirements for  
12 qualification of the Public School Employees' Retirement System  
13 as a qualified pension plan under the Internal Revenue Code of  
14 1986 (Public Law 99-514, 26 U.S.C. § 401(a)) nor any  
15 construction of 24 Pa.C.S. Pt. IV, as so amended or  
16 supplemented, or any rules or regulations adopted under 24  
17 Pa.C.S. Pt. IV. The provisions of 24 Pa.C.S. Pt. IV shall remain  
18 subject to the Internal Revenue Code of 1986, and the General  
19 Assembly reserves to itself such further exercise of its  
20 legislative power to amend or supplement such provisions as may  
21 from time to time be required in order to maintain the  
22 qualification of such system as a qualified pension plan under  
23 section 401(a) and other applicable provisions of the Internal  
24 Revenue Code of 1986.

25 (b) References in this act to the Internal Revenue Code of  
26 1986, including for this purpose administrative regulations  
27 promulgated thereunder, are intended to include such laws and  
28 regulations in effect on the effective date of this section and  
29 as they may hereafter be amended or supplemented or supplanted  
30 by successor provisions.

1 Section 20. No school employee otherwise a member of,  
2 eligible to be a member of, or having school or nonschool  
3 service credited in a class of service other than Class T-E or  
4 Class T-F may cancel, decline or waive membership in such other  
5 class of service in order to obtain Class T-E or Class T-F  
6 service credit, become a member of Class T-E or Class T-F or  
7 elect Class T-E or Class T-F membership.

8 Section 21. Notwithstanding any other provision of law, any  
9 change in accrued liability of the Public School Employees'  
10 Retirement System created by this act shall be funded as a level  
11 percentage of compensation over a period of ~~30~~ 24 years ←  
12 beginning July 1, ~~2012~~ 2011, subject to any limits imposed on ←  
13 employer contributions to the Public School Employees'  
14 Retirement System. For purposes of 24 Pa.C.S. §§ 8321, 8326 and  
15 8328, such changes shall not be considered to be costs added by  
16 legislation.

17 Section 22. Notwithstanding any regulation promulgated by  
18 the Public School Employees' Retirement Board, application or  
19 interpretation of 24 Pa.C.S. Pt. IV, or administrative practice  
20 to the contrary, a member's eligibility deriving from Class T-E  
21 or Class T-F service credit for a superannuation annuity or  
22 other rights and benefits based upon attaining superannuation  
23 age shall ~~require the actual accrual of 35 eligibility points~~ BE ←  
24 DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY  
25 ACCRUED.

26 Section 23. Nothing in this act shall be construed or deemed  
27 to imply that any interpretation or application of the  
28 provisions of 71 Pa.C.S. Pt. XXV or benefits available to  
29 members of the State Employees' Retirement System was not in  
30 accordance with the provisions of 71 Pa.C.S. Pt. XXV or other

1 applicable law prior to the effective date of this section. It  
2 is the express intent of the General Assembly that nothing in  
3 this act shall be construed to grant to or be deemed to imply  
4 that this act expands, contracts or otherwise affects any  
5 contractual rights, either expressed or implied, or any other  
6 constitutionally protected rights, in the terms and conditions  
7 of the State Employees' Retirement System or other pension or  
8 retirement benefits as a State employee, including, but not  
9 limited to, benefits, options, rights or privileges established  
10 by 71 Pa.C.S. Pt. XXV for any current or former State employees.

11 Section 24. This act shall be construed and administered in  
12 such a manner that the State Employees' Retirement System will  
13 satisfy the requirements necessary to qualify as a qualified  
14 pension plan under section 401(a) and other applicable  
15 provisions of the Internal Revenue Code of 1986 (Public Law  
16 99-514, 26 U.S.C. § 1 et seq.). The rules, regulations and  
17 procedures adopted and promulgated by the State Employees'  
18 Retirement Board under 71 Pa.C.S. § 5902(h) may include those  
19 necessary to accomplish the purpose of this section.

20 Section 25. (a) Nothing in this act which amends or  
21 supplements provisions of 71 Pa.C.S. Pt. XXV shall create in any  
22 member of the system or in any other person claiming an interest  
23 in the account of any such member a contractual right, either  
24 express or implied, in relation to requirements for  
25 qualification of the State Employees' Retirement System as a  
26 qualified pension plan under the Internal Revenue Code of 1986  
27 (Public Law 99-514, 26 U.S.C. § 401(a)) nor any construction of  
28 71 Pa.C.S. Pt. XXV, as so amended or supplemented, or any rules  
29 or regulations adopted under 71 Pa.C.S. Pt. XXV. The provisions  
30 of 71 Pa.C.S. Pt. XXV shall remain subject to the Internal

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

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

13 Section 26. No State employee otherwise a member of,  
14 eligible to be a member of, or having State or nonstate service  
15 credited in, a class of service other than Class A-3 OR CLASS ←  
16 A-4 may cancel, decline or waive membership in such other class  
17 of service in order to obtain Class A-3 or Class A-4 service  
18 credit, become a member of Class A-3 or Class A-4 or elect Class  
19 A-3 or Class A-4 membership.

20 Section 27. Notwithstanding any other provision of law, any  
21 change in accrued liability of the State Employees' Retirement  
22 System created by this act as a result of changes in benefits  
23 shall be funded ~~as a level percentage of compensation~~ IN EQUAL ←  
24 DOLLAR INSTALLMENTS over a period of 30 years beginning July 1,  
25 2011, subject to any limits imposed BY THIS ACT on employer ←  
26 contributions to the State Employees' Retirement System. For  
27 purposes of 71 Pa.C.S. §§ ~~5501.1~~ 5501.2, 5507 and 5508, any such ←  
28 changes shall not be considered to be costs added by  
29 legislation.

30 Section 28. Notwithstanding any regulation promulgated by



1 the State Employees' Retirement Board, application or  
2 interpretation of 71 Pa.C.S. Pt. XXV, or administrative practice  
3 to the contrary, a member's eligibility deriving from Class A-3  
4 or Class A-4 service credit for a superannuation annuity or  
5 other rights and benefits based upon attaining A superannuation ←  
6 ~~age shall require the actual accrual of 35 eligibility points~~ ←  
7 SCORE OF 92 OR THE ACCRUAL OF 35 ELIGIBILITY POINTS SHALL BE ←  
8 DETERMINED BY INCLUDING ONLY THOSE ELIGIBILITY POINTS ACTUALLY  
9 ACCRUED.

10 SECTION 28.1. (1) NOTHING IN THIS ACT SHALL BE CONSTRUED OR ←  
11 DEEMED TO IMPLY THAT, BUT FOR THE EXPRESSED APPLICATIONS OF THE  
12 LIMITATIONS ON BENEFITS OR OTHER REQUIREMENTS UNDER SECTION  
13 401(A) OR 415 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW  
14 99-514, 26 U.S.C. § 401 OR 415), THOSE LIMITATIONS WOULD NOT  
15 OTHERWISE APPLY TO MEMBERS OF THE STATE EMPLOYEES' RETIREMENT  
16 SYSTEM AND THE BENEFITS PAYABLE UNDER 71 PA.C.S. PT. XXV.

17 (2) NOTHING IN THIS ACT SHALL BE CONSTRUED OR DEEMED TO  
18 IMPLY THAT ANY MEMBER OF CLASS A-3 OR CLASS A-4 SHALL BE  
19 REQUIRED TO MAKE CONTRIBUTIONS TO THE STATE EMPLOYEES'  
20 RETIREMENT SYSTEM FOR THE PURCHASE OF NONSTATE SERVICE CREDIT IN  
21 EXCESS OF THE LIMITS ESTABLISHED BY SECTION 415(N) (3) (A) (III) OF  
22 THE INTERNAL REVENUE CODE OF 1986. ANY CONTRIBUTIONS MADE BY A  
23 MEMBER OF CLASS A-3 OR CLASS A-4 FOR THE PURCHASE OF NONSTATE  
24 SERVICE CREDIT WHICH ARE DETERMINED TO BE IN EXCESS OF THE  
25 LIMITS SHALL BE REFUNDED TO THE MEMBER IN A LUMP SUM SUBJECT TO  
26 WITHHOLDING FOR ALL APPLICABLE TAXES AND PENALTIES AS SOON AS  
27 ADMINISTRATIVELY POSSIBLE AFTER SUCH DETERMINATION IS MADE. ANY  
28 REFUND OF EXCESS CONTRIBUTIONS MADE UNDER THIS SECTION SHALL NOT  
29 AFFECT THE BENEFIT PAYABLE TO THE MEMBER AND SHALL NOT BE  
30 TREATED AS OR DEEMED TO BE A WITHDRAWAL OF THE MEMBER'S

1 ACCUMULATED DEDUCTIONS.

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

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

- 5 (I) section 8102; ←
- 6 (II) section 8303(c) AND (D); ←
- 7 (III) section 8304(a); ←
- 8 (IV) section 8305(d) and (e); ←
- 9 (V) section 8305.2; ←
- 10 (VI) section 8307(b); ←
- 11 (VII) section 8308; ←
- 12 (VIII) SECTION 8321(B); ←
- 13 (IX) section 8323(a), (c) and (c.1); ←
- 14 (X) section 8324(a), (d), (e) and (f); ←
- 15 (XI) section 8326(a); ←
- 16 (XII) section 8327(a) and (c); ←
- 17 (XIII) section 8328; ←
- 18 (XIV) section 8342(a); ←
- 19 (XV) section 8344(d); ←
- 20 (XVI) section 8345(a); ←
- 21 (XVII) section 8348.1(f); ←
- 22 (XVIII) section 8348.2(f); ←
- 23 (XIX) section 8348.3(f); ←
- 24 (XX) section 8348.5(f); ←
- 25 (XXI) section 8348.6(f); ←
- 26 (XXII) section 8348.7(f); ←
- 27 (XXIII) SECTION 8348.8; ←
- 28 (XXIV) section 8502(k); ←
- 29 (XXV) section 8505(1); and ←
- 30 (XXVI) section 8535(3). ←

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

3           ~~(3) The remainder of this act shall take effect~~ ←  
4 immediately.

5           (3) EXCEPT AS SET FORTH IN PARAGRAPH (4), THIS ACT SHALL ←  
6 TAKE EFFECT UPON THE ENACTMENT OF LEGISLATION ESTABLISHING AN  
7 INDEPENDENT FISCAL OFFICE CHARGED WITH PROVIDING INDEPENDENT  
8 REVENUE ESTIMATES AND OTHER FUNCTIONS.

9           (4) PARAGRAPH (3) AND THIS PARAGRAPH SHALL TAKE EFFECT  
10 IMMEDIATELY.