

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 797 Session of 2013

INTRODUCED BY BROWNE, FARNESE, SCARNATI, BRUBAKER, TEPLITZ, VANCE, MENSCH, FONTANA, RAFFERTY, FERLO, ERICKSON, BREWSTER, YUDICHAK, WASHINGTON, BAKER, TARTAGLIONE, WHITE, SOLOBAY, WOZNIAK, SCHWANK AND BLAKE, APRIL 1, 2013

SENATOR CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED, JUNE 3, 2013

AN ACT

1 Amending Titles 24 (Education) and 51 (Military Affairs) of the
2 Pennsylvania Consolidated Statutes, further providing for the
3 calculation of military members' Public School Employees
4 Retirement System benefits.

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

7 Section 1. Section 8102 of Title 24 of the Pennsylvania
8 Consolidated Statutes is amended to read:

9 § 8102. Definitions.

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

13 "Accumulated deductions." The total of pickup contributions
14 and the contributions paid into the fund by the member on
15 account of current school service, previous school service, or
16 creditable nonschool service and the statutory interest credited
17 on all such contributions.

1 "Activated military service." Military service by a member  
2 of a reserve component of the armed forces, pursuant to an order  
3 on or after July 1, 1990, and prior to July 1, 2013, to enter  
4 into active military service, other than an order to enter into  
5 active duty to meet periodic training requirements, who was an  
6 active member of the system immediately preceding the order into  
7 active military service and to whom the military leave  
8 provisions of 51 Pa.C.S. Ch. 73 (relating to military leave of  
9 absence) do not apply.

10 "Active member." A school employee for whom pickup  
11 contributions are being made to the fund or for whom such  
12 contributions otherwise required for current school service are  
13 not being made solely by reason of any provision of this part  
14 relating to the limitations under section 401(a)(17) or 415(b)  
15 of the Internal Revenue Code of 1986 (Public Law 99-514, 26  
16 U.S.C. § 401(a)(17) or 415(b)).

17 "Actuarially equivalent." Equal present values, computed on  
18 the basis of statutory interest and the mortality tables adopted  
19 by the board.

20 "Actuary." The consultant to the board who shall be:

- 21 (1) a member of the American Academy of Actuaries;  
22 (2) an individual who has demonstrated to the  
23 satisfaction of the Insurance Commissioner of Pennsylvania  
24 that he has the educational background necessary for the  
25 practice of actuarial science and has had at least seven  
26 years of actuarial experience; or  
27 (3) a firm, partnership, or corporation of which at  
28 least one member meets the requirements of paragraph (1) or  
29 (2).

30 "Alternate payee." Any spouse, former spouse, child or

1 dependent of a member who is recognized by a domestic relations  
2 order as having a right to receive all or a portion of the  
3 moneys payable to that member under this part.

4 "Alternative investment." An investment in a private equity  
5 fund, private debt fund, venture fund, real estate fund, hedge  
6 fund or absolute return fund.

7 "Alternative investment vehicle." A limited partnership,  
8 limited liability company or any other legal vehicle for  
9 authorized investments under section 8521(i) (relating to  
10 management of fund and accounts) through which the system makes  
11 an alternative investment.

12 "Annuitant." Any member on or after the effective date of  
13 retirement until his annuity is terminated.

14 "Approved domestic relations order." Any domestic relations  
15 order which has been determined to be approved in accordance  
16 with section 8533.1 (relating to approval of domestic relations  
17 orders).

18 "Approved leave of absence." A leave of absence for  
19 activated military service or which has been approved by the  
20 employer for sabbatical leave, service as an exchange teacher,  
21 service with a collective bargaining organization or  
22 professional study.

23 "Basic contribution rate." For Class T-A, T-B and T-C  
24 service, the rate of 6 1/4%. For Class T-D service, the rate of  
25 7 1/2%. For all active members on the effective date of this  
26 provision who are currently paying 5 1/4% and elect Class T-D  
27 service, the rate of 6 1/2%. For Class T-E service, the rate of  
28 7 1/2%. For Class T-F service, the rate of 10.30%.

29 "Beneficiary." The person or persons last designated in  
30 writing to the board by a member to receive his accumulated

1 deductions or a lump sum benefit upon the death of such member.

2 "Board." The Public School Employees' Retirement Board or  
3 the Public School Employees' Retirement Board.

4 "Class of service multiplier."

5	Class of service	Multiplier
6	T-A	.714
7	T-B	.625
8	T-C	1.000
9	T-D	1.000
10	T-E	1.000
11	T-F	1.000

12 "Commissioner." The Commissioner of the Internal Revenue  
13 Service.

14 "Compensation." Pickup contributions plus any remuneration  
15 received as a school employee excluding reimbursements for  
16 expenses incidental to employment and excluding any bonus,  
17 severance payments, any other remuneration or other emolument  
18 received by a school employee during his school service which is  
19 not based on the standard salary schedule under which he is  
20 rendering service, payments for unused sick leave or vacation  
21 leave, bonuses or other compensation for attending school  
22 seminars and conventions, payments under health and welfare  
23 plans based on hours of employment or any other payment or  
24 emolument which may be provided for in a collective bargaining  
25 agreement which may be determined by the Public School  
26 Employees' Retirement Board to be for the purpose of enhancing  
27 compensation as a factor in the determination of final average  
28 salary~~f~~, [provided]† and excluding payments for military leave <--  
29 and any other payments made by an employer while on USERRA  
30 leave, leave of absence granted under 51 Pa.C.S. § 4102

1 (relating to leaves of absence for certain government  
2 employees), military leave of absence granted under 51 Pa.C.S. §  
3 7302 (relating to granting military leaves of absence), leave  
4 granted under section 1178 of the act of March 10, 1949 (P.L.30,  
5 No.14), known as the Public School Code of 1949, or other types  
6 of military leave, including other types of leave payments,  
7 stipends, differential wage payments as defined in IRC § 414(u)  
8 (12) and any other payments: ~~Provided~~, PROVIDED, however, that <--  
9 the limitation under section 401(a)(17) of the Internal Revenue  
10 Code of 1986 (Public Law 99-514, 26 U.S.C. § 401(a)(17)) taken  
11 into account for the purpose of member contributions, including  
12 regular or joint coverage member contributions, regardless of  
13 class of service, shall apply to each member who first became a  
14 member of the Public School Employees' Retirement System on or  
15 after July 1, 1996, and who by reason of such fact is a  
16 noneligible member subject to the application of the provisions  
17 of section 8325.1 (relating to annual compensation limit under  
18 IRC § 401(a)(17)).

19 "Concurrent service." Simultaneously credited school and  
20 State service.

21 "Creditable nonschool service." Service other than service  
22 as a school employee for which an active member may obtain  
23 credit.

24 "Credited service." School or creditable nonschool service  
25 for which the required contributions have been made, or for  
26 which the contributions otherwise required for such service were  
27 not made solely by reason of any provision of this part relating  
28 to the limitations under section 401(a)(17) or 415(b) of the  
29 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §  
30 401(a)(17) or 415(b)), or for which salary deductions or lump

1 sum payments have been agreed upon in writing.

2 "Date of termination of service." The last date of service  
3 for which pickup contributions are made for an active member or,  
4 in the case of an inactive member, the effective date of his  
5 resignation or the date his employment is formally discontinued  
6 by his employer or two years following the last day of service  
7 for which contributions were made, whichever is earliest.

8 "Disability annuitant." A member on or after the effective  
9 date of disability until his disability annuity or the portion  
10 of his disability annuity payments in excess of any annuity to  
11 which he may otherwise be entitled is terminated.

12 "Distribution." Payment of all or any portion of a person's  
13 interest in the Public School Employees' Retirement Fund which  
14 is payable under this part.

15 "Domestic relations order." Any judgment, decree or order,  
16 including approval of a property settlement agreement, entered  
17 on or after the effective date of this definition by a court of  
18 competent jurisdiction pursuant to a domestic relations law  
19 which relates to the marital property rights of the spouse or  
20 former spouse of a member, including the right to receive all or  
21 a portion of the moneys payable to that member under this part  
22 in furtherance of the equitable distribution of marital assets.  
23 The term includes orders of support as that term is defined by  
24 23 Pa.C.S. § 4302 (relating to definitions) and orders for the  
25 enforcement of arrearages as provided in 23 Pa.C.S. § 3703  
26 (relating to enforcement of arrearages).

27 "Effective date of retirement." The first day following the  
28 date of termination of service of a member if he has properly  
29 filed an application for an annuity within 90 days of such date  
30 or:

1           (1) In the case of a member who applies for an annuity  
2 subsequent to 90 days after termination of service, the date  
3 of filing such application or the date specified on the  
4 application, whichever is later.

5           (2) In the case of a vestee who files an application for  
6 an annuity within 90 days of his superannuation age, the  
7 attainment of such age.

8           (3) In the case of a vestee who defers the filing of an  
9 application for an annuity to a date later than 90 days  
10 following attainment of superannuation age, the date of  
11 filing or the date specified on the application, whichever is  
12 later.

13           (4) In the case of a finding of disability, the date  
14 certified by the board as the effective date of disability.

15 "Eligible annuitants." All current and prospective  
16 annuitants with 24 1/2 or more eligibility points and all  
17 current and prospective disability annuitants. Beginning January  
18 1, 1995, "eligible annuitants" shall include members with 15 or  
19 more eligibility points who terminated or who terminate school  
20 service on or after attaining superannuation retirement age and  
21 who are annuitants with an effective date of retirement after  
22 superannuation age.

23 "Eligibility points." Points which are accrued by an active  
24 member [or], a multiple service member who is an active member  
25 of the State Employees' Retirement System for credited service  
26 or by a member who has been reemployed from USERRA leave or dies  
27 while performing USERRA leave and are used in the determination  
28 of eligibility for benefits as provided in section 8306  
29 (relating to eligibility points).

30 "Employer." Any governmental entity directly responsible for

1 the employment and payment of the school employee and charged  
2 with the responsibility of providing public education within  
3 this Commonwealth, including but not limited to: State-owned  
4 colleges and universities, the Pennsylvania State University,  
5 community colleges, area vocational-technical schools,  
6 intermediate units, the State Board of Education, Scotland  
7 School for Veterans' Children, Thaddeus Stevens College of  
8 Technology, and the Western Pennsylvania School for the Deaf.

9 "Final average salary." The highest average compensation  
10 received as an active member during any three nonoverlapping  
11 periods of 12 consecutive months with the compensation for part-  
12 time service being annualized on the basis of the fractional  
13 portion of the school year for which credit is received; except,  
14 if the employee was not a member for three such periods, the  
15 total compensation received as an active member annualized in  
16 the case of part-time service divided by the number of such  
17 periods of membership; in the case of a member with multiple  
18 service credit, the final average salary shall be determined by  
19 reference to compensation received by him as a school employee  
20 or a State employee or both; and, in the case of a noneligible  
21 member, subject to the application of the provisions of section  
22 8325.1 (relating to annual compensation limit under IRC § 401(a)  
23 (17)). Final average salary shall be determined by including in  
24 compensation, payments deemed to have been made to a member  
25 reemployed from USERRA leave to the extent member contributions  
26 have been made as provided in section 8302(d)(2) (relating to  
27 credited school service) and payments made to a member on leave  
28 of absence under 51 Pa.C.S. § 4102 (relating to leaves of  
29 absence for certain government employees) as provided in section  
30 8302(d)(6).



1 "Full coverage member." Any member for whom regular member  
2 pickup contributions are being picked up or who has paid or has  
3 agreed to pay to the fund the actuarial equivalent of regular  
4 member contributions due on account of service prior to January  
5 1, 1983.

6 "Fund." The Public School Employees' Retirement Fund.

7 "Governmental entity." Board of school directors, board of  
8 public education, intermediate unit board of directors, area  
9 vocational-technical board, any governing board of any agency or  
10 authority created by them, and the Commonwealth.

11 "Inactive member." A member for whom no pickup contributions  
12 are being made, except in the case of an active member for whom  
13 such contributions otherwise required for current school service  
14 are not being made solely by reason of any provision of this  
15 part relating to the limitations under section 401(a)(17) or  
16 415(b) of the Internal Revenue Code of 1986 (Public Law 99-514,  
17 26 U.S.C. § 401(a)(17) or 415(b)) or because the member is on  
18 USERRA leave, who has accumulated deductions standing to his  
19 credit in the fund and for whom contributions have been made  
20 within the last two school years or a multiple service member  
21 who is active in the State Employees' Retirement System.

22 "Intervening military service." Active military service of a  
23 member who was a school employee immediately preceding his  
24 induction into the armed services or forces of the United States  
25 in order to meet a draft obligation excluding any voluntary  
26 extension of such obligational service and who becomes a school  
27 employee within 90 days of the expiration of such service.

28 "IRC." The Internal Revenue Code of 1986, as designated and  
29 referred to in section 2 of the Tax Reform Act of 1986 (Public  
30 Law 99-514, 100 Stat. 2085, 2095). A reference in this part to

1 "IRC § " shall be deemed to refer to the identically numbered  
2 section and subsection or other subdivision of such section in  
3 26 United States Code (relating to Internal Revenue Code).

4 "Irrevocable beneficiary." The person or persons permanently  
5 designated by a member in writing to the board pursuant to an  
6 approved domestic relations order to receive all or a portion of  
7 the accumulated deductions or lump sum benefit payable upon the  
8 death of such member.

9 "Irrevocable survivor annuitant." The person permanently  
10 designated by a member in writing to the board pursuant to an  
11 approved domestic relations order to receive an annuity upon the  
12 death of such member.

13 "Joint coverage member." Any member who agreed prior to  
14 January 1, 1966 to make joint coverage member contributions to  
15 the fund and has not elected to become a full coverage member.

16 "Joint coverage member contributions." Regular member  
17 contributions reduced for a joint coverage member.

18 "Leave for service with a collective bargaining  
19 organization." Paid leave granted to an active member by an  
20 employer for purposes of working full time for or serving full  
21 time as an officer of a Statewide employee organization or a  
22 local collective bargaining representative under the act of July  
23 23, 1970 (P.L.563, No.195), known as the Public Employe  
24 Relations Act: Provided, That greater than one-half of the  
25 members of the employee organization are active members of the  
26 system; that the employer shall fully compensate the member,  
27 including, but not limited to, salary, wages, pension and  
28 retirement contributions and benefits, other benefits and  
29 seniority, as if he were in full-time active service; and that  
30 the employee organization shall fully reimburse the employer for

1 such salary, wages, pension and retirement contributions and  
2 benefits and other benefits and seniority.

3 "Maternity leave of absence." An involuntary leave of  
4 absence required by the employer because of the pregnancy of the  
5 member and commencing prior to May 17, 1975.

6 "Member." Active member, inactive member, annuitant, or  
7 vestee.

8 "Member's annuity." The single life annuity which is  
9 actuarially equivalent on the effective date of retirement to  
10 the sum of the accumulated deductions and the shared-risk member  
11 contributions and statutory interest credited on the deductions  
12 and contributions standing to the member's credit in the  
13 members' savings account.

14 "Military service." All active military service for which a  
15 member has received a discharge other than an undesirable, bad  
16 conduct, or dishonorable discharge.

17 "Multiple service." Credited service of a member who has  
18 elected to combine his credited service in both the Public  
19 School Employees' Retirement System and the State Employees'  
20 Retirement System.

21 "Noneligible member." For the purposes of section 8325.1  
22 (relating to annual compensation limit under IRC § 401(a)(17)),  
23 a member who first became a member on or after July 1, 1996.

24 "Participating eligible annuitants." All eligible annuitants  
25 who are enrolled or elect to enroll in a health insurance  
26 program approved by the Public School Employees' Retirement  
27 Board.

28 "Pickup contributions." Regular or joint coverage member  
29 contributions and shared-risk member contributions which are  
30 made by the employer for active members for current service on

1 and after January 1, 1983.

2 "Previous school service." Service rendered as a school  
3 employee including service in any summer school conducted by a  
4 school district of the Commonwealth prior to the member's most  
5 recent entrance in the system.

6 "Public school." Any or all classes or schools within this  
7 Commonwealth conducted under the order and superintendence of  
8 the Department of Education including, but not limited to: all  
9 educational classes of any employer charged with the  
10 responsibility of public education within this Commonwealth as  
11 well as those classes financed wholly or in part by the Federal  
12 Government, State-owned colleges and universities, the  
13 Pennsylvania State University, community colleges, area  
14 vocational-technical schools, intermediate units, the State  
15 Board of Education, Scotland School for Veterans' Children,  
16 Thaddeus Stevens State School of Technology, and the  
17 Pennsylvania State Oral School for the Deaf.

18 "Public School Code." The act of March 10, 1949 (P.L.30,  
19 No.14), known as the Public School Code of 1949.

20 "Reemployed from USERRA leave." Resumption of active  
21 membership as a school employee after a period of USERRA leave,  
22 if the resumption of active membership was within the time  
23 period and under conditions and circumstances such that the  
24 school employee was entitled to reemployment rights under 38  
25 U.S.C. Ch. 43 (relating to employment and reemployment rights of  
26 members of the uniformed services).

27 "Regular member contributions." The product of the basic  
28 contribution rate and the compensation of the member.

29 "Reserve component of the armed forces." The United States  
30 Army Reserve, United States Navy Reserve, United States Marine

1 Corps Reserve, United States Coast Guard Reserve, United States  
2 Air Force Reserve, Pennsylvania Army National Guard and  
3 Pennsylvania Air National Guard.

4 "Salaried employee." A school employee who is compensated on  
5 the basis of an annual salary.

6 "Salary deductions." The amounts certified by the board,  
7 deducted from the compensation of an active member or the State  
8 service compensation of a multiple service member who is an  
9 active member of the State Employees' Retirement System and paid  
10 into the fund.

11 "School employee." Any person engaged in work relating to a  
12 public school for any governmental entity and for which work he  
13 is receiving regular remuneration as an officer, administrator  
14 or employee excluding, however, any independent contractor or a  
15 person compensated on a fee basis.

16 "School entity." A school district of any class,  
17 intermediate unit or an area vocational-technical school, as  
18 provided for under the act of March 10, 1949 (P.L.30, No.14),  
19 known as the Public School Code of 1949.

20 "School service." Service rendered as a school employee.

21 "School year." The 12-month period which the governmental  
22 entity uses for purposes of administration regardless of the  
23 actual time during which a member renders service.

24 "Severance payments." Any payments for unused vacation or  
25 sick leave and any additional compensation contingent upon  
26 retirement including payments in excess of the scheduled or  
27 customary salaries provided for members within the same  
28 governmental entity with the same educational and experience  
29 qualifications who are not terminating service.

30 "Shared-risk contribution rate." The additional contribution

1 rate that is added to the basic contribution rate for Class T-E  
2 and T-F members, as provided for in section 8321(b) (relating to  
3 regular member contributions for current service).

4 "Standard single life annuity." For Class T-A, T-B and T-C  
5 credited service of a member, an annuity equal to 2% of the  
6 final average salary, multiplied by the total number of years  
7 and fractional part of a year of credited service of a member.  
8 For Class T-D credited service of a member, an annuity equal to  
9 2.5% of the final average salary, multiplied by the total number  
10 of years and fractional part of a year of credited service. For  
11 Class T-E credited service of a member, an annuity equal to 2%  
12 of the final average salary, multiplied by the total number of  
13 years and fractional part of a year of credited service of a  
14 member. For Class T-F credited service of a member, an annuity  
15 equal to 2.5% of the final average salary, multiplied by the  
16 total number of years and fractional part of a year of credited  
17 service of a member.

18 "State Employees' Retirement System." The retirement system  
19 established by the act of June 27, 1923 (P.L.858, No.331) and  
20 codified by the act of June 1, 1959 (P.L.392, No.78) and by Part  
21 XXV of Title 71 (relating to retirement for State employees and  
22 officers), added March 1, 1974 (P.L.125, No.31).

23 "State service." Service rendered as a State employee and  
24 credited as service in the State Employees' Retirement System.

25 "Statutory interest." Interest at 4% per annum, compounded  
26 annually.

27 "Superannuation annuitant." An annuitant whose annuity first  
28 became payable on or after the attainment of superannuation age  
29 and who is not a disability annuitant.

30 "Superannuation or normal retirement age."

1	Class of service	Age
2	T-A	62 or any age upon accrual of
3		35 eligibility points
4	T-B	62
5	T-C and T-D	62 or age 60 provided the
6		member has at least 30
7		eligibility points or any
8		age upon accrual of 35
9		eligibility points
10	T-E and T-F	65 with accrual of at least
11		three eligibility points
12		or a combination of age
13		and eligibility points
14		totaling 92, provided the
15		member has accrued at
16		least 35 eligibility
17		points

18 "Survivor annuitant." The person or persons last designated  
19 by a member under a joint and survivor annuity option to receive  
20 an annuity upon the death of such member.

21 "System." The Public School Employees' Retirement System of  
22 Pennsylvania as established by the act of July 18, 1917  
23 (P.L.1043, No.343), and codified by the act of June 1, 1959  
24 (P.L.350, No.77).

25 "Total member contribution rate." The sum of the basic  
26 contribution rate and the shared-risk contribution rate.

27 "USERRA." The Uniformed Services Employment and Reemployment  
28 Rights Act, 38 U.S.C. Ch. 43 (relating to employment and  
29 reemployment rights of members of the uniformed services).

30 "USERRA leave." Any period of time for service in the

1 uniformed services as defined in 38 U.S.C. Ch. 43 (relating to  
2 employment and reemployment rights of members of the uniformed  
3 services) by a school employee or former school employee who  
4 terminated school service to perform the service in the  
5 uniformed services, if the current or former school employee is  
6 entitled to reemployment rights under 38 U.S.C. Ch. 43 with  
7 respect to the uniformed service.

8 "Valuation interest." Interest at 5 1/2% per annum,  
9 compounded annually and applied to all accounts other than the  
10 members' savings account.

11 "Vestee." A member with five or more eligibility points who  
12 has terminated school service, has left his accumulated  
13 deductions in the fund and is deferring filing of an application  
14 for receipt of an annuity. For Class T-E and Class T-F members,  
15 a member with ten or more eligibility points who has terminated  
16 school service, has left his accumulated deductions in the fund  
17 and is deferring filing of an application for receipt of an  
18 annuity.

19 Section 2. Section 8302(b.1) of Title 24 is amended by  
20 adding a paragraph and the section is amended by adding a  
21 subsection to read:

22 § 8302. Credited school service.

23 \* \* \*

24 (b.1) Optional credit for leave of absence for activated  
25 military service.--

26 \* \* \*

27 (4) This subsection shall apply to leaves of absence for  
28 activated military service that commence on or before June  
29 30, 2013.

30 \* \* \*



1 (d) Credit for military service.--

2 (1) For purposes of determining whether a member is  
3 eligible to receive credited service for a period of active  
4 military service, other than active duty service to meet  
5 periodic training requirements, rendered after August 5, 1991  
6 and that began before the effective date of this paragraph,  
7 the provisions of 51 Pa.C.S. Ch. 73 (relating to military  
8 leave of absence) shall apply to all individuals who were  
9 active members of the system when the period of military  
10 service began, notwithstanding if the member is not defined  
11 as an employee under 51 Pa.C.S. § 7301 (relating to  
12 definitions). School employees may not receive service credit  
13 or exercise the options under 51 Pa.C.S. § 7306(a), (b) and  
14 (c) (relating to retirement rights) for military leaves that  
15 begin on or after the effective date of this subsection,  
16 except otherwise provided under this subsection.

17 (2) A school employee who has performed USERRA leave may  
18 receive credit as provided by this paragraph.

19 (i) A school employee who is reemployed from USERRA  
20 leave shall be treated as not having incurred a break in  
21 school service by reason of the USERRA leave and shall be  
22 granted eligibility points as if the school employee had  
23 not been on the USERRA leave. If a school employee who is  
24 reemployed from USERRA leave subsequently makes regular  
25 member contributions, shared risk member contributions  
26 and any other member contributions in the amounts and in  
27 the time periods required by 38 U.S.C. Ch. 43 and IRC §  
28 414(u) as if the school employee had continued in his  
29 school office or employment and performed school service  
30 and been compensated during the period of USERRA leave,

1 the school employee shall be granted school service  
2 credit for the period of USERRA leave. The employee shall  
3 have his benefits, rights and obligations determined  
4 under this part as if he was an active member who  
5 performed creditable school service during the USERRA  
6 leave in the job position that he would have held had he  
7 not been on USERRA leave and received the compensation on  
8 which the member contributions to receive school service  
9 credit for the USERRA leave were determined.

10 (ii) For purposes of determining whether a school  
11 employee has made the required employee contributions for  
12 School service credit for USERRA leave, if an employee  
13 who is reemployed from USERRA leave terminates school  
14 service or dies in school service before the expiration  
15 of the allowed payment period, school service credit for  
16 the USERRA leave shall be granted as if the required  
17 member contributions were paid the day before termination  
18 or death. The amount of the required member contributions  
19 shall be treated as an incomplete payment subject to the  
20 provisions of section 8325 (relating to incomplete  
21 payments). Upon a subsequent return to school service or  
22 to State service as a multiple service member, the  
23 required member contributions treated as incomplete  
24 payments shall be treated as member contributions that  
25 were either withdrawn in a lump sum at termination, or  
26 paid as a lump sum under section 8345(a)(4) (relating to  
27 member's options). FOR THIS PURPOSE, THE EXCLUSION OF <--  
28 CLASS T-E AND CLASS T-F MEMBERS FROM ELECTING A FORM OF  
29 PAYMENT UNDER SECTION 8345(A)(4)(III) SHALL BE IGNORED.

30 (iii) A school employee who is reemployed from

1 USERRA leave and who does not make the required member  
2 contributions or makes only part of the required member  
3 contributions within the allowed payment period shall not  
4 be:

5 (A) Granted credited service for the period of  
6 USERRA leave for which the required member  
7 contributions were not timely made

8 (B) Eligible to subsequently make contributions.

9 (C) Granted either school service credit or  
10 nonschool service credit for the period of USERRA  
11 leave for which the required member contributions  
12 were not timely made.

13 (3) A school employee who performs USERRA leave from  
14 which the employee could have been reemployed from USERRA  
15 leave had the School employee returned to school service in  
16 the time frames required by 38 U.S.C. Ch. 43 for reemployment  
17 rights, but did not do so, shall be able to receive  
18 creditable nonschool service as nonintervening military  
19 service for the period of USERRA leave if the employee later  
20 returns to school service and is otherwise eligible to  
21 purchase the service as nonintervening military service.

22 (4) A school employee who, on or after the ~~effect~~ <--  
23 EFFECTIVE date of this subsection, is granted a leave of <--  
24 absence under section 1178 of the act of March 10, 1949  
25 (P.L.30, No.14), known as the Public School Code of 1949, a  
26 leave of absence under 51 Pa.C.S. § 4102 (relating to leaves  
27 of absence for certain government employees) or a military  
28 leave under the 51 Pa.C.S. Ch. 73, that is not USERRA leave  
29 shall be able to receive creditable nonschool service as  
30 nonintervening military service should the employee return to

1 school service and is otherwise eligible to purchase the  
2 service as nonintervening military service.

3 (5) If a member dies while performing USERRA leave, the  
4 beneficiaries or survivor annuitants of the deceased member  
5 shall be entitled to any additional benefits, including  
6 eligibility points, other than benefit accruals relating to  
7 the period of qualified military service, provided under this  
8 part as if the member resumed and then terminated employment  
9 on account of death.

10 (6) A school employee who is on a leave of absence from  
11 his duties as a school employee and for which 51 Pa.C.S. §  
12 4102 provides that he is not to suffer a loss of pay, time or  
13 efficiency shall not be an active member, receive service  
14 credit or make member contributions for the leave of absence  
15 except as provided for in this part. Notwithstanding this  
16 paragraph, any pay the member receives under section 1178 of  
17 the Public School Code of 1949 or 51 Pa.C.S. § 4102 shall be  
18 included in the determination of final average salary and  
19 other calculations utilizing compensation as if the payments  
20 were compensation under this part.

21 Section 3. Section 8303 of Title 24 is amended by adding a  
22 subsection to read:

23 § 8303. Eligibility points for retention and reinstatement of  
24 service credits.

25 \* \* \*

26 (b.1) USERRA leave.--A member who is reemployed from USERRA  
27 leave or who dies while performing USERRA leave shall receive  
28 eligibility points in accordance with section 8306 for the  
29 school service that would have been performed had the member not  
30 performed USERRA leave.

1 \* \* \*

2 Section 4. Sections 8304(b) and 8305.2(b) of Title 24 are  
3 amended to read:

4 § 8304. Creditable nonschool service.

5 \* \* \*

6 (b) Limitations on nonschool service.--Creditable nonschool  
7 service credit shall be limited to:

8 (1) Intervening military service, if the member returned  
9 to school service before July 1, 2013.

10 (2) Military service other than intervening military  
11 service [and], activated military service or service  
12 performed during USERRA leave not exceeding five years  
13 provided that a member with multiple service may not purchase  
14 more than a total of five years of military service in both  
15 the system and the State Employees' Retirement System.

16 (3) Service in any public school or public educational  
17 institution in any state other than this Commonwealth or in  
18 any territory or area under the jurisdiction of the United  
19 States. This paragraph includes service, prior to July 1,  
20 1965, at a community college established under the act of  
21 August 24, 1963 (P.L.1132, No.484), known as the Community  
22 College Act of 1963.

23 (4) Service as an administrator, teacher, or instructor  
24 in the field of public school education for any agency or  
25 department of the government of the United States whether or  
26 not such area was under the jurisdiction of the United  
27 States.

28 (5) Previous service as an employee of a county board of  
29 school directors which employment was terminated because of  
30 the transfer of the administration of such service or of the

1 entire agency to a governmental entity.

2 (6) Previous service as a county employee as a nurse.  
3 For every three years or major fraction thereof in previous  
4 work experience, an individual may buy one year of creditable  
5 service, not to exceed a total of five years. The purchase of  
6 this service shall begin within three years of the employee's  
7 eligibility to purchase this creditable service.

8 (7) (i) Service for the period of time spent on a  
9 maternity leave of absence required by the employer,  
10 which creditable service shall not exceed two years per  
11 leave and shall be applicable only to a maternity leave  
12 which was mandatory prior to May 17, 1975. The purchase  
13 of this service shall begin within one year of the  
14 employee's eligibility to purchase the creditable service  
15 under this subparagraph as originally enacted by the act  
16 of August 5, 1991 (P.L.183, No.23), entitled "An act  
17 amending Titles 24 (Education) and 71 (State Government)  
18 of the Pennsylvania Consolidated Statutes, further  
19 providing for the Public School Employees' Retirement  
20 System and the State Employees' Retirement System; adding  
21 and amending certain definitions; further providing for  
22 membership in the systems, for creditable nonschool and  
23 nonstate service and the purchase of credit, for  
24 incentives for special early retirement, for  
25 contributions to the retirement funds, for annuities and  
26 the rights and duties of annuitants, for health insurance  
27 premium assistance, for board membership and for the re-  
28 amortization and management of the retirement funds."

29 (ii) Service for the period of time spent on a  
30 maternity leave of absence required by the employer,

1           which creditable service shall not exceed two years per  
2           leave and shall be applicable only to a maternity leave  
3           that was mandatory and began after May 16, 1975, and  
4           prior to November 1, 1978. The purchase of this service  
5           shall begin within one year of the employee's eligibility  
6           to purchase the creditable service under this  
7           subparagraph.

8           (8) Service in the Cadet Nurse Corps with respect to any  
9           period of training as a student or graduate nurse under a  
10          plan approved under section 2 of the act of June 15, 1943  
11          (Public Law 78-73, 57 Stat. 153), if the total period of  
12          training under the plan was at least two years, the credit  
13          for such service not to exceed three years.

14          \* \* \*

15 § 8305.2. Election to become a Class T-F member.

16          \* \* \*

17          (b) Time for making election.--A member must elect to become  
18          a Class T-F member by filing a written election with the board  
19          within 45 days of notification by the board that such member is  
20          eligible for such election. A school employee who is eligible to  
21          elect to become a Class T-F member who begins USERRA leave  
22          during the election period without having elected Class T-F  
23          membership may make the election within 45 days after being  
24          reemployed from USERRA leave.

25          \* \* \*

26          Section 5. Section 8306(b) of Title 24 is amended and the  
27          section is amended by adding a subsection to read:

28 § 8306. Eligibility points.

29          \* \* \*

30          (a.1) USERRA leave.--A member who is reemployed from USERRA

1 leave or who dies while performing USERRA leave shall be granted  
2 the eligibility points that he would have accrued had he  
3 continued in his school office or employment instead of  
4 performing USERRA leave. If a school employee who is reemployed  
5 from USERRA leave makes the member contributions to be granted  
6 school service credit for the USERRA leave, no additional  
7 eligibility points may be granted.

8 (b) Transitional rule.--For the purposes of the transition:

9 (1) In determining whether a member, other than a  
10 disability annuitant who returns to school service after June  
11 30, 2001, upon termination of the disability annuity, who is  
12 not a school employee or a State employee on June 30, 2001,  
13 and July 1, 2001, and who has previous school service, has  
14 the five eligibility points required by the definition of  
15 "vestee" in sections 8102 (relating to definitions), 8307  
16 (relating to eligibility for annuities), 8308 (relating to  
17 eligibility for vesting) and 8345 (relating to member's  
18 options), only eligibility points earned by performing  
19 credited school service, USERRA leave or credited State  
20 service after June 30, 2001, shall be counted until such  
21 member earns one eligibility point by performing credited  
22 school service or credited State service after June 30, 2001,  
23 at which time all eligibility points as determined under  
24 subsection (a) shall be counted.

25 (2) A member subject to paragraph (1) shall be  
26 considered to have satisfied any requirement for five  
27 eligibility points contained in this part if the member has  
28 at least ten eligibility points determined under subsection  
29 (a).

30 Section 6. Section 8325 of Title 24 is amended to read:



1 § 8325. Incomplete payments.

2 In the event that a member terminates school service or a  
3 multiple service member who is an active member of the State  
4 Employees' Retirement System terminates State service before any  
5 agreed upon payments ~~for USERRA leave, INCLUDING USERRA LEAVE,~~ <--  
6 or return of benefits on account of returning to school service  
7 or entering State service and electing multiple service have  
8 been completed, the member or multiple service member who is an  
9 active member of the State Employees' Retirement System shall  
10 have the right to pay within 30 days of termination of school  
11 service or State service the balance due, including interest, in  
12 a lump sum, and the annuity shall be calculated including full  
13 credit for the previous school service, creditable nonschool  
14 service, or full-coverage membership. In the event a member does  
15 not pay the balance due within 30 days of termination of school  
16 service or in the event a member dies in school service or  
17 within 30 days of termination of school service or in the case  
18 of a multiple service member who is an active member of the  
19 State Employees' Retirement System does not pay the balance due  
20 within 30 days of termination of State service or dies in State  
21 service or within 30 days of termination of State service and  
22 before the agreed upon payments have been completed, the present  
23 value of the benefit otherwise payable shall be reduced by the  
24 balance due, including interest, and the benefit payable shall  
25 be calculated as the actuarial equivalent of such reduced  
26 present value.

27 Section 7. Section 8326 of Title 24 is amended by adding a  
28 section to read:

29 § 8326. Contributions by the Commonwealth.

30 \* \* \*

1 (d) Contributions resulting from members reemployed from  
2 USERRA leave.--When a school employee reemployed from USERRA  
3 leave makes the member contributions required to be granted  
4 School service credit for the USERRA leave, either by actual  
5 payment or by actuarial debt under section 8325 (relating to  
6 incomplete payments), the Commonwealth employer or other  
7 employer by whom the School employee is employed at the time the  
8 member contributions are made, or the last employer before  
9 termination in the case of payment under sections 8327 (relating  
10 to payments by employers) and 8535 (relating to payments to  
11 school entities by Commonwealth), shall make any employer  
12 contributions that would have been made under this section as if  
13 the employee making the member contributions after being  
14 reemployed from USERRA leave continued to be employed in his  
15 school office or position instead of performing USERRA leave.

16 Section 8. Section 8346(d) of Title 24 is amended and the  
17 section is amended by adding a subsection to read:

18 § 8346. Termination of annuities.

19 \* \* \*

20 (a.2) Return of benefits paid during USERRA leave.--If a  
21 former school employee is reemployed from USERRA leave who had  
22 received any payments or annuity from the system during the  
23 USERRA leave, the employee shall return to the board the amount  
24 received plus statutory interest. The amount payable shall be  
25 certified by the board in accordance with methods approved by  
26 the actuary and:

27 (1) shall be paid in a lump sum within 30 days; or

28 (2) in the case of an active member, may be amortized

29 with statutory interest through salary deductions in amounts

30 agreed upon by the member and the board for not longer than a

1 period that starts with the date of reemployment and  
2 continuing for up to three times the length of the member's  
3 immediate past period of USERRA leave. A repayment period  
4 under this paragraph may not exceed five years or a longer  
5 time as agreed to between the board and the member.

6 \* \* \*

7 (d) Elimination of the effect of frozen present value.--

8 (1) An annuitant who returns to school service and earns  
9 three eligibility points by performing credited school  
10 service or reemployment from USERRA leave following the most  
11 recent period of receipt of an annuity under this part, or an  
12 annuitant who enters State service and:

13 (i) is a multiple service member; or

14 (ii) who elects multiple service membership, and  
15 earns three eligibility points by performing credited State  
16 service, reemployment from USERRA leave or credited school  
17 service following the most recent period of receipt of an  
18 annuity under this part, and who had the present value of his  
19 annuity frozen in accordance with subsection (a), shall  
20 qualify to have the effect of the frozen present value  
21 resulting from all previous periods of retirement eliminated,  
22 provided that all payments under Option 4 and annuity  
23 payments payable during previous periods of retirement plus  
24 interest as set forth in paragraph (3) shall be returned to  
25 the fund in the form of an actuarial adjustment to his  
26 subsequent benefits or in such form as the board may  
27 otherwise direct.

28 (2) Upon subsequent discontinuance of service and the  
29 filing of an application for an annuity, a former annuitant  
30 who qualifies to have the effect of a frozen present value

1 eliminated under this subsection shall be entitled to receive  
2 the higher of either:

3 (i) an annuity (prior to optional modification)  
4 calculated as if the freezing of the former annuitant's  
5 account pursuant to subsection (a) had not occurred,  
6 adjusted by crediting Class T-C school service as Class  
7 T-D service as provided for in section 8305(c) (relating  
8 to classes of service) and further adjusted according to  
9 paragraph (3), provided that a former annuitant of the  
10 system or a former annuitant of the State Employees'  
11 Retirement System who retired under a provision of law  
12 granting additional service credit if termination of  
13 school or State service or retirement occurred during a  
14 specific period of time shall not be permitted to retain  
15 the additional service credit under the prior law when  
16 the annuity is computed for his most recent retirement;  
17 or

18 (ii) an annuity (prior to optional modification)  
19 calculated as if the former annuitant did not qualify to  
20 have the effect on the frozen present value eliminated,  
21 unless the former annuitant notifies the board in writing by  
22 the later of the date the application for annuity is filed or  
23 the effective date of retirement that the former annuitant  
24 wishes to receive the lower annuity.

25 (3) In addition to any other adjustment to the present  
26 value of the maximum single life annuity that a member may be  
27 entitled to receive that occurs as a result of any other  
28 provision of law, the present value of the maximum single  
29 life annuity shall be reduced by all amounts paid or payable  
30 to him during all previous periods of retirement plus

1 interest on these amounts until the date of subsequent  
2 retirement. The interest for each year shall be calculated  
3 based upon the annual interest rate adopted for that school  
4 year by the board for the calculation of the normal  
5 contribution rate pursuant to section 8328(b) (relating to  
6 actuarial cost method).

7 Section 9. Sections 8347(a) and (b), 8502(m) and 8505(h) of  
8 Title 24 are amended to read:

9 § 8347. Death benefits.

10 (a) Members eligible for annuities.--Any member or former  
11 member on USERRA leave, other than an annuitant, who dies and  
12 was eligible for an annuity in accordance with section 8307(a)  
13 or (b) (relating to eligibility for annuities) shall be  
14 considered as having applied for an annuity to become effective  
15 the day before his death; and, in the event he has not elected  
16 an option, it shall be assumed that he elected Option 1 and  
17 assigned as beneficiary that person last designated in writing  
18 to the board.

19 (b) Members ineligible for annuities.--In the event of the  
20 death of any member or former member on USERRA leave, other than  
21 an annuitant, who is not entitled to a death benefit as provided  
22 in subsection (a), his designated beneficiary shall be paid the  
23 full amount of his accumulated deductions.

24 \* \* \*

25 § 8502. Administrative duties of board.

26 \* \* \*

27 (m) Member contributions and interest.--The board shall  
28 cause each member's contributions, including payroll deductions,  
29 pickup contributions and all other payments, including, but not  
30 limited to, amounts collected by the State Employees' Retirement

1 System for the reinstatement of previous school service or  
2 creditable nonschool service and amounts paid to return benefits  
3 paid after the date of return to school service or entering  
4 State service representing lump sum payments made pursuant to  
5 section 8345(a)(4)(iii) (relating to member's options) and  
6 member's annuity payments, but not including other benefits  
7 returned pursuant to section 8346(a.1) (relating to termination  
8 of annuities) and section 8346(a.2), to be credited to the  
9 account of such member and shall pay all such amounts into the  
10 fund. Such contributions shall be credited with statutory  
11 interest until date of termination of service, except in the  
12 case of a vestee, who shall have such interest credited until  
13 the effective date of retirement or until the return of his  
14 accumulated deductions, if he so elects; and in the case of a  
15 multiple service member who shall have such interest credited  
16 until termination of service in both the school and the State  
17 systems.

18 \* \* \*

19 § 8505. Duties of board regarding applications and elections of  
20 members.

21 \* \* \*

22 (h) Death benefits.--Upon receipt of notification of the  
23 death of a member or former member on USERRA leave, the board  
24 shall notify the designated beneficiary or survivor annuitant of  
25 the benefits to which he is entitled and shall make the first  
26 payment to the beneficiary under the plan elected by the  
27 beneficiary within 60 days of receipt of certification of death  
28 and other necessary data. If no beneficiary designation is in  
29 effect at the date of the member's death or no notice has been  
30 filed with the board to pay the amount of such benefits to the

1 member's estate, the board is authorized to pay such benefits to  
2 the executor, administrator, surviving spouse or next-of-kin of  
3 the deceased member, and payment pursuant hereto shall fully  
4 discharge the fund from any further liability to make payment of  
5 such benefits to any other person. If the surviving spouse or  
6 next-of-kin of the deceased member cannot be found for the  
7 purpose of paying such benefits for a period of seven years from  
8 the date of death of the member, then such benefits shall be  
9 escheated to the Commonwealth for the benefit of the fund.

10 \* \* \*

11 Section 10. Section 8506 of Title 24 is amended by adding a  
12 subsection to read:

13 § 8506. Duties of employers.

14 \* \* \*

15 (k) School employees performing USERRA or military-related  
16 leave of absence.--The employer shall report to the board all of  
17 the following:

18 (1) Any school employee who:

19 (i) ceases to be an active member to perform USERRA  
20 service; or

21 (ii) is granted a leave of absence under 51 Pa.C.S.  
22 § 4102 (relating to leaves of absence for certain  
23 government employees) or a military leave of absence  
24 under 51 Pa.C.S. § 7302 (relating to granting military  
25 leaves of absence).

26 (2) The date on which the USERRA service, leave of  
27 absence or military leave of absence ~~under~~ began. <--

28 (3) The date on which the school employee is reemployed  
29 from USERRA leave or returns after the leave of absence or  
30 military leave of absence, if applicable.

1           (4) Any other information the board may require.

2           Section 11. Section 8507(c) of Title 24 is amended and the  
3 section is amended by adding a subsection to read:

4 § 8507. Rights and duties of school employees and members.

5           \* \* \*

6           (c) Multiple service membership.--Any active member who was  
7 formerly an active member in the State Employees' Retirement  
8 System may elect to become a multiple service member. Such  
9 election shall occur no later than 365 days after becoming an  
10 active member in this system. A school employee who is eligible  
11 to elect to become a multiple service member and who begins  
12 USERRA leave during the election period without having elected  
13 multiple service membership may make the election within 365  
14 days after being reemployed from USERRA leave.

15           \* \* \*

16           (d.1) School service for USERRA leave.--Any active member or  
17 inactive member ~~on leave without pay~~ who was reemployed from <--  
18 USERRA leave and who desires to receive school service credit  
19 for his USERRA leave shall notify the board within the time  
20 period required under 38 U.S.C. Chapter 43 (relating to  
21 employment and reemployment rights of members of the uniformed  
22 services) and IRC §414(u) of his desire to make the required  
23 member contributions. Upon making the required member  
24 contributions within the allowed time period, the member shall  
25 receive credit for the service as of the date the contributions  
26 are made.

27           \* \* \*

28           Section 12. Section 7306(a) of Title 51, amended October 24,  
29 2012 (P.L.1436, No.181), is amended and the section is amended  
30 by adding a subsection to read:



1 § 7306. Retirement rights.

2 (a) Options available to employees.--Any employee who is a  
3 member of a retirement system other than an active member or  
4 inactive member on leave without pay of the State Employees'  
5 Retirement System or an active or inactive member of the Public  
6 School Employees' Retirement System at the time he is granted a  
7 military leave of absence shall be entitled to exercise any one  
8 of the following options in regard thereto:

9 (1) He may continue to make regular payments into the  
10 fund during the period of his military leave of absence. The  
11 amount of such payments shall be the same as they would have  
12 been, had he not been granted a military leave of absence,  
13 but had instead remained actively in his employment. The time  
14 of making such payments shall be mutually agreed upon by the  
15 employee and the retirement association of which he is a  
16 member, but in no event shall be less frequent than  
17 semiannually. The employer shall make its contributions on  
18 the same basis as is used to compute the employee's  
19 contributions. In this case, his retirement rights shall be  
20 determined on the basis that he was in the active, continuous  
21 and uninterrupted employ of his employer for the period  
22 during which he was on military leave of absence.

23 (2) He may discontinue making payments into the fund  
24 during the period of his military leave of absence. In such  
25 event, the employer shall also discontinue making its  
26 contributions during this period. In this case, his  
27 retirement rights shall be determined by completely  
28 disregarding the period of his military leave of absence for  
29 all purposes.

30 \* \* \*

1 (e) Members of Public School Employees' Retirement System.--  
2 An employee who is an active member or inactive member of the  
3 Public School Employees' Retirement System at the time he is  
4 granted a military leave of absence shall be entitled to receive  
5 credit in the Public School Employees' Retirement System for the  
6 leave as provided under 24 Pa.C.S. Pt. IV (relating to  
7 retirement for school employees).

8 Section 13. This act shall apply as follows:

9 (1)(i) Except as provided under subparagraph (ii), the  
10 amendment of 24 Pa.C.S. Pt. IV shall apply to leaves of  
11 absence, military leaves of absence and leaves pursuant to 38  
12 U.S.C. Ch. 43 that are granted on or after the effective date  
13 of this section.

14 (ii) If a member died performing uniformed service  
15 under 38 U.S.C. Ch. 43, the amendment of 24 Pa.C.S. Pt.  
16 IV shall apply to leaves of absence, military leaves of  
17 absence and leaves pursuant to 38 U.S.C. Ch. 43 that were  
18 granted on or after December 31, 2006.

19 (2) The amendment or addition of 51 Pa.C.S. § 7306(a)  
20 and (e) shall apply to leaves of absence or military leaves  
21 of absence that are granted on or after the effective date of  
22 this section.

23 Section 14. Notwithstanding the provisions of 24 Pa.C.S. §  
24 8503(b), the statement for each member prepared by the Public  
25 School Employees' Retirement Board for the period ending June  
26 30, 2013, and any other statements or estimates of benefits  
27 prepared by the board under 24 Pa.C.S. Pt. IV from the effective  
28 date of this section to June 30, 2014, shall not be required to  
29 reflect the provisions of this act.

30 Section 15. Notwithstanding the provisions of 24 Pa.C.S. Pt.

1 IV, the obligation of the Public School Employees' Retirement  
2 Board to make payments to any individual whose rights, benefits  
3 and obligations are affected by this act within specified time  
4 periods of the receipt of applications for benefits or other  
5 information shall not apply from the effective date of this  
6 section to June 30, 2014.

7 Section 16. The board shall have the authority to:

8 (1) Implement the requirements of 24 Pa.C.S. Pt IV.  
9 pertaining to school employees on USERRA leave or who have  
10 been granted a leave of absence under 51 Pa.C.S. § 4102, a  
11 leave of absence under 24 Pa.C.S. Pt IV or a military leave  
12 of absence under 51 Pa.C.S. § 7302.

13 (2) Establish administrative, reporting and payment  
14 requirements and processes pertaining to the leaves  
15 applicable to employers and members.

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

22 Section 18. Nothing under this act shall be construed or  
23 deemed to imply that any interpretation or application of the  
24 provisions of 24 Pa.C.S. Pt. IV or benefits available to members  
25 of the Public School Employees' Retirement System was not in  
26 accordance with the provisions of 24 Pa.C.S. Pt. IV or other  
27 applicable law, including the Internal Revenue Code of 1986  
28 (Public Law 99-514, 26 U.S.C. § 1 et seq.) prior to the  
29 effective date of this section. It is the express intent of the  
30 General Assembly that nothing under this act shall be construed

1 to grant to or be deemed to imply that this act expands,  
2 contracts or otherwise affects any contractual rights, either  
3 expressed or implied, or any other constitutionally protected  
4 rights, in the terms and conditions of the Public School  
5 Employees' Retirement System or other pension or retirement  
6 benefits as a State employee, including, but not limited to,  
7 benefits, options, rights or privileges established by 24  
8 Pa.C.S. Pt. IV for any current or former public school  
9 employees.

10 Section 19. This act shall be construed and administered in  
11 such a manner that the Public School Employees' Retirement  
12 System will satisfy the requirements necessary to qualify as a  
13 qualified pension plan under section 401(a) and other applicable  
14 provisions of the Internal Revenue Code of 1986 (Public Law 99-  
15 514, 26 U.S.C. § 1 et seq.) and 38 U.S.C. Ch. 43. The rules,  
16 regulations and procedures adopted and promulgated by the ~~State~~ <--  
17 PUBLIC SCHOOL Employees' Retirement Board under 24 Pa.C.S. § <--  
18 8502(h) may include those necessary to accomplish the purpose of  
19 this section.

20 Section 20. The following shall apply:

21 (1) The amendment of 51 Pa.C.S. § 7306 or 24 Pa.C.S. Pt.  
22 IV shall not:

23 (i) Create in any member of the Public School  
24 Employees' Retirement System or in any other person  
25 claiming an interest in the account of any member a  
26 contractual right, either expressed or implied, in  
27 relation to requirements for qualification of the Public  
28 School Employees' Retirement System as a qualified  
29 pension plan under the Internal Revenue Code of 1986  
30 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

1           (ii) Establish compliance with or affect any  
2 construction of:

3           (A) 38 U.S.C. Ch. 43.

4           (B) 24 Pa.C.S. Pt. IV or any rules or  
5 regulations adopted under 24 Pa.C.S. Pt. IV.

6           (2) The provisions of 24 Pa.C.S. Pt. IV shall remain  
7 subject to the Internal Revenue Code of 1986, and the General  
8 Assembly reserves to itself the further exercise of its  
9 legislative power to amend or supplement the provisions as  
10 may be required in order to maintain the qualification of the  
11 system as a qualified pension plan under section 401(a) and  
12 other applicable provisions of the Internal Revenue Code of  
13 1986 and 38 U.S.C. Ch. 43.

14       Section 21. References in this act to the Internal Revenue  
15 Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et. Seq.) or 38  
16 U.S.C. Ch. 43, including for this purpose administrative  
17 regulations promulgated under those acts, are intended to  
18 include laws and regulations in effect on the effective date of  
19 this section and as they may be amended or supplemented or  
20 supplanted by successor provisions after the effective date of  
21 this section.

22       Section 22. This act shall take effect July 1, 2013, or  
23 immediately, whichever is later.